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

FORM 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2020
OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ________ to ________
Commission File Number: 001-36008

Rexford Industrial Realty, Inc.
(Exact name of registrant as specified in its charter)

Maryland	**46-2024407**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

11620 Wilshire Boulevard, Suite 1000	**Los Angeles**	**California**	**90025**
(Address of principal executive offices)			(Zip Code)

(310) 966-1680
(Registrant's telephone number, including area code)
N/A
(Former name, former address and former fiscal year, if changed since last report)
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbols	Name of each exchange on which registered
Common Stock, $0.01 par value	REXR	New York Stock Exchange
5.875% Series A Cumulative Redeemable Preferred Stock	REXR-PA	New York Stock Exchange
5.875% Series B Cumulative Redeemable Preferred Stock	REXR-PB	New York Stock Exchange
5.625% Series C Cumulative Redeemable Preferred Stock	REXR-PC	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

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

Large accelerated filer	☑	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

The number of shares of common stock outstanding at July 20, 2020 was 123,789,199.

REXFORD INDUSTRIAL REALTY, INC.
QUARTERLY REPORT FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020
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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

REXFORD INDUSTRIAL REALTY, INC.

CONSOLIDATED BALANCE SHEETS
(Unaudited and in thousands – except share and per share data)

	June 30, 2020	December 31, 2019
ASSETS		
Land	$ 2,128,243	$ 1,927,098
Buildings and improvements	1,770,930	1,680,178
Tenant improvements	77,211	72,179
Furniture, fixtures and equipment	141	141
Construction in progress	39,860	18,794
Total real estate held for investment	4,016,385	3,698,390
Accumulated depreciation	(337,938)	(296,777)
Investments in real estate, net	3,678,447	3,401,613
Cash and cash equivalents	254,373	78,857
Restricted cash	67	—
Rents and other receivables, net	4,790	5,889
Deferred rent receivable, net	37,552	29,671
Deferred leasing costs, net	20,269	18,688
Deferred loan costs, net	2,599	695
Acquired lease intangible assets, net	71,513	73,090
Acquired indefinite-lived intangible	5,156	5,156
Interest rate swap asset	—	766
Other assets	16,656	9,671
Acquisition related deposits	63,612	14,526
Total Assets	$ 4,155,034	$ 3,638,622
LIABILITIES & EQUITY		
Liabilities		
Notes payable	$ 906,687	$ 857,842
Interest rate swap liability	22,916	8,488
Accounts payable, accrued expenses and other liabilities	33,731	31,112
Dividends and distributions payable	27,532	21,624
Acquired lease intangible liabilities, net	61,108	59,340
Tenant security deposits	26,158	28,779
Prepaid rents	11,163	8,988
Total Liabilities	1,089,295	1,016,173
Equity		
Rexford Industrial Realty, Inc. stockholders' equity		
Preferred stock, $0.01 par value per share, 10,050,000 shares authorized, at June 30, 2020 and December 31, 2019		
5.875% series A cumulative redeemable preferred stock, 3,600,000 shares outstanding at June 30, 2020 and December 31, 2019 ($90,000 liquidation preference)	86,651	86,651
5.875% series B cumulative redeemable preferred stock, 3,000,000 shares outstanding at June 30, 2020 and December 31, 2019 ($75,000 liquidation preference)	72,443	72,443
5.625% series C cumulative redeemable preferred stock, 3,450,000 shares outstanding at June 30, 2020 and December 31, 2019 ($86,250 liquidation preference)	83,233	83,233
Common Stock, $0.01 par value per share, 489,950,000 authorized and 123,789,199 and 113,793,300 shares outstanding at June 30, 2020 and December 31, 2019, respectively	1,236	1,136
Additional paid in capital	2,820,216	2,439,007
Cumulative distributions in excess of earnings	(147,907)	(118,751)
Accumulated other comprehensive loss	(22,214)	(7,542)
Total stockholders' equity	2,893,658	2,556,177
Noncontrolling interests	172,081	66,272
Total Equity	3,065,739	2,622,449
Total Liabilities and Equity	$ 4,155,034	$ 3,638,622

The accompanying notes are an integral part of these consolidated financial statements.

REXFORD INDUSTRIAL REALTY, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited and in thousands – except share and per share data)

	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
REVENUES				
Rental income	$ 79,770	$ 63,613	$ 157,260	$ 123,217
Management, leasing and development services	114	109	207	211
Interest income	66	668	163	1,325
TOTAL REVENUES	79,950	64,390	157,630	124,753
OPERATING EXPENSES				
Property expenses	18,884	15,139	36,998	28,951
General and administrative	8,972	7,301	18,289	14,645
Depreciation and amortization	28,381	24,522	55,904	46,518
TOTAL OPERATING EXPENSES	56,237	46,962	111,191	90,114
OTHER EXPENSES				
Acquisition expenses	14	29	19	52
Interest expense	7,428	6,255	14,877	12,726
TOTAL EXPENSES	63,679	53,246	126,087	102,892
Gains on sale of real estate	—	4,810	—	4,810
NET INCOME	16,271	15,954	31,543	26,671
Less: net income attributable to noncontrolling interests	(1,084)	(569)	(1,801)	(770)
NET INCOME ATTRIBUTABLE TO REXFORD INDUSTRIAL REALTY, INC.	15,187	15,385	29,742	25,901
Less: preferred stock dividends	(3,637)	(2,424)	(7,273)	(4,847)
Less: earnings allocated to participating securities	(129)	(113)	(260)	(227)
NET INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS	$ 11,421	$ 12,848	$ 22,209	$ 20,827
Net income attributable to common stockholders per share - basic	$ 0.10	$ 0.12	$ 0.19	$ 0.20
Net income attributable to common stockholders per share - diluted	$ 0.10	$ 0.12	$ 0.19	$ 0.20
Weighted average shares of common stock outstanding - basic	119,810,283	105,847,557	116,932,359	102,115,849
Weighted average shares of common stock outstanding - diluted	120,068,176	106,236,309	117,191,254	102,442,780

The accompanying notes are an integral part of these consolidated financial statements.

REXFORD INDUSTRIAL REALTY, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited and in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	**2019**	**2020**	**2019**
Net income	$ 16,271	$ 15,954	$ 31,543	$ 26,671
Other comprehensive loss: cash flow hedge adjustment	(226)	(8,549)	(15,194)	(13,676)
Comprehensive income	16,045	7,405	16,349	12,995
Comprehensive income attributable to noncontrolling interests	(1,122)	(382)	(1,279)	(457)
Comprehensive income attributable to Rexford Industrial Realty, Inc.	$ 14,923	$ 7,023	$ 15,070	$ 12,538

The accompanying notes are an integral part of these consolidated financial statements.

REXFORD INDUSTRIAL REALTY, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Unaudited and in thousands – except share data)

	Preferred Stock	Number of Shares	Common Stock	Additional Paid-in Capital	Cumulative Distributions in Excess of Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance at March 31, 2020	$ 242,327	116,331,347	$ 1,162	$ 2,524,274	$ (132,843)	$ (21,950)	$ 2,612,970	$ 165,708	$ 2,778,678
Issuance of common stock	—	7,436,313	74	296,448	—	—	296,522	—	296,522
Offering costs	—	—	—	(1,571)	—	—	(1,571)	—	(1,571)
Issuance of OP Units	—	—	—	—	—	—	—	4,205	4,205
Share-based compensation	—	13,507	—	859	—	—	859	2,906	3,765
Shares acquired to satisfy employee tax withholding requirements on vesting restricted stock	—	(776)	—	(29)	—	—	(29)	—	(29)
Conversion of OP units to common stock	—	8,808	—	235	—	—	235	(235)	—
Net income	3,637	—	—	—	11,550	—	15,187	1,084	16,271
Other comprehensive loss	—	—	—	—	—	(264)	(264)	38	(226)
Preferred stock dividends ($0.367188 per series A and series B preferred shares and $0.351563 per series C preferred share)	(3,637)	—	—	—	—	—	(3,637)	—	(3,637)
Preferred unit distributions	—	—	—	—	—	—	—	(707)	(707)
Common stock dividends ($0.215 per common share)	—	—	—	—	(26,614)	—	(26,614)	—	(26,614)
Distributions	—	—	—	—	—	—	—	(918)	(918)
Balance at June 30, 2020	$ 242,327	123,789,199	$ 1,236	$ 2,820,216	$ (147,907)	$ (22,214)	$ 2,893,658	$ 172,081	$ 3,065,739

The accompanying notes are an integral part of these consolidated financial statements.

REXFORD INDUSTRIAL REALTY, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Continued)
(Unaudited and in thousands – except share data)

	Preferred Stock	Number of Shares	Common Stock	Additional Paid-in Capital	Cumulative Distributions in Excess of Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance at March 31, 2019	$ 159,094	104,028,046	$ 1,038	$ 2,042,218	$ (99,715)	$ 1,261	$ 2,103,896	$ 33,940	$ 2,137,836
Issuance of common stock	—	5,660,920	57	216,208	—	—	216,265	—	216,265
Offering costs	—	—	—	(3,465)	—	—	(3,465)	—	(3,465)
Issuance of 4.43937% cumulative redeemable convertible preferred units	—	—	—	—	—	—	—	27,359	27,359
Share-based compensation	—	11,295	—	632	—	—	632	2,119	2,751
Shares acquired to satisfy employee tax withholding requirements on vesting restricted stock	—	(681)	—	(25)	—	—	(25)	—	(25)
Conversion of OP units to common stock	—	40,000	—	281	—	—	281	(281)	—
Net income	2,424	—	—	—	12,961	—	15,385	569	15,954
Other comprehensive loss	—	—	—	—	—	(8,362)	(8,362)	(187)	(8,549)
Preferred stock dividends ($0.367188 per series A and series B preferred shares)	(2,424)	—	—	—	—	—	(2,424)	—	(2,424)
Preferred unit distributions	—	—	—	—	—	—	—	(270)	(270)
Common stock dividends ($0.185 per common share)	—	—	—	—	(20,302)	—	(20,302)	—	(20,302)
Distributions	—	—	—	—	—	—	—	(521)	(521)
Balance at June 30, 2019	$ 159,094	109,739,580	$ 1,095	$ 2,255,849	$ (107,056)	$ (7,101)	$ 2,301,881	$ 62,728	$ 2,364,609

The accompanying notes are an integral part of these consolidated financial statements.

REXFORD INDUSTRIAL REALTY, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Unaudited and in thousands – except share data)

	Preferred Stock	Number of Shares	Common Stock	Additional Paid-in Capital	Cumulative Distributions in Excess of Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance at December 31, 2019	$ 242,327	113,793,300	$ 1,136	$ 2,439,007	$ (118,751)	$ (7,542)	$ 2,556,177	$ 66,272	$ 2,622,449
Issuance of common stock	—	9,643,270	96	377,240	—	—	377,336	—	377,336
Offering costs	—	—	—	(2,954)	—	—	(2,954)	—	(2,954)
Issuance of OP Units	—	—	—	—	—	—	—	67,482	67,482
Issuance of 4.00% cumulative redeemable convertible preferred units	—	—	—	—	—	—	—	40,787	40,787
Share-based compensation	—	115,782	1	1,557	—	—	1,558	5,834	7,392
Shares acquired to satisfy employee tax withholding requirements on vesting restricted stock	—	(26,573)	—	(1,236)	—	—	(1,236)	—	(1,236)
Conversion of units to common stock	—	263,420	3	6,602	—	—	6,605	(6,605)	—
Net income	7,273	—	—	—	22,469	—	29,742	1,801	31,543
Other comprehensive loss	—	—	—	—	—	(14,672)	(14,672)	(522)	(15,194)
Preferred stock dividends ($0.734376 per series A and series B preferred share and $0.703126 per series C preferred share)	(7,273)	—	—	—	—	—	(7,273)	—	(7,273)
Preferred unit distributions	—	—	—	—	—	—	—	(1,130)	(1,130)
Common stock dividends ($0.43 per common share)	—	—	—	—	(51,625)	—	(51,625)	—	(51,625)
Distributions	—	—	—	—	—	—	—	(1,838)	(1,838)
Balance at June 30, 2020	$ 242,327	123,789,199	$ 1,236	$ 2,820,216	$ (147,907)	$ (22,214)	$ 2,893,658	$ 172,081	$ 3,065,739

The accompanying notes are an integral part of these consolidated financial statements.

REXFORD INDUSTRIAL REALTY, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Continued)
(Unaudited and in thousands – except share data)

	Preferred Stock	Number of Shares	Common Stock	Additional Paid-in Capital	Cumulative Distributions in Excess of Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance at December 31, 2018	$ 159,094	96,810,504	$ 966	$ 1,798,113	$ (88,341)	$ 6,262	$ 1,876,094	$ 32,329	$ 1,908,423
Cumulative effect of adoption of ASC 842	—	—	—	—	(222)	—	(222)	—	(222)
Issuance of common stock	—	12,809,666	128	464,531	—	—	464,659	—	464,659
Offering costs	—	—	—	(7,439)	—	—	(7,439)	—	(7,439)
Issuance of 4.43937% cumulative redeemable convertible preferred units	—	—	—	—	—	—	—	27,359	27,359
Share-based compensation	—	98,214	1	1,142	—	—	1,143	4,221	5,364
Shares acquired to satisfy employee tax withholding requirements on vesting restricted stock	—	(23,771)	—	(816)	—	—	(816)	—	(816)
Conversion of units to common stock	—	44,967	—	318	—	—	318	(318)	—
Net income	4,847	—	—	—	21,054	—	25,901	770	26,671
Other comprehensive loss	—	—	—	—	—	(13,363)	(13,363)	(313)	(13,676)
Preferred stock dividends ($0.734376 per series A and series B preferred share)	(4,847)	—	—	—	—	—	(4,847)	—	(4,847)
Preferred unit distributions	—	—	—	—	—	—	—	(270)	(270)
Common stock dividends ($0.370 per share)	—	—	—	—	(39,547)	—	(39,547)	—	(39,547)
Distributions	—	—	—	—	—	—	—	(1,050)	(1,050)
Balance at June 30, 2019	$ 159,094	109,739,580	$ 1,095	$ 2,255,849	$ (107,056)	$ (7,101)	$ 2,301,881	$ 62,728	$ 2,364,609

The accompanying notes are an integral part of these consolidated financial statements.

REXFORD INDUSTRIAL REALTY, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited and in thousands)

	Six Months Ended June 30,	
	2020	**2019**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 31,543	$ 26,671
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	55,904	46,518
Amortization of (below) above market lease intangibles, net	(5,071)	(3,651)
Amortization of debt issuance costs	724	689
Amortization of (premium) discount on notes payable, net	(75)	3
Gain on sale of real estate	—	(4,810)
Equity based compensation expense	7,279	5,288
Straight-line rent	(7,884)	(3,308)
Change in working capital components:		
Rents and other receivables	1,369	1,339
Deferred leasing costs	(3,949)	(3,436)
Other assets	(5,518)	(1,222)
Accounts payable, accrued expenses and other liabilities	(1,345)	(3,112)
Tenant security deposits	(3,320)	1,516
Prepaid rents	1,522	(937)
Net cash provided by operating activities	71,179	61,548
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of investments in real estate	(117,952)	(458,978)
Capital expenditures	(33,253)	(22,244)
Payments for deposits on real estate acquisitions	(59,112)	(4,215)
Proceeds from sale of real estate	—	11,055
Net cash used in investing activities	(210,317)	(474,382)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of common stock, net	374,382	457,220
Proceeds from notes payable	—	35,000
Repayment of notes payable	(225)	(35,078)
Debt issuance costs	(2,242)	—
Dividends paid to preferred stockholders	(7,273)	(4,847)
Dividends paid to common stockholders	(46,063)	(34,735)
Distributions paid to common unitholders	(1,492)	(977)
Distributions paid to preferred unitholders	(1,130)	(270)
Repurchase of common shares to satisfy employee tax withholding requirements	(1,236)	(816)
Net cash provided by financing activities	314,721	415,497
Increase in cash, cash equivalents and restricted cash	175,583	2,663
Cash, cash equivalents and restricted cash, beginning of period	78,857	180,601
Cash, cash equivalents and restricted cash, end of period	$ 254,440	$ 183,264
Supplemental disclosure of cash flow information:		
Cash paid for interest (net of capitalized interest of $1,943 and $1,682 for the six months ended June 30, 2020 and 2019, respectively)	$ 13,901	$ 11,884
Supplemental disclosure of noncash transactions:		
Operating lease right-of-use assets obtained in exchange for lease liabilities upon adoption of ASC 842 on January 1, 2019	$ —	$ 3,262
Operating lease right-of-use assets obtained in exchange for lease liabilities subsequent to adoption of ASC 842	$ 1,353	$ 3,457
Issuance of operating partnership units in connection with acquisition of real estate	$ 67,482	$ —
Issuance of 4.0% cumulative redeemable convertible preferred units in connection with acquisition of real estate	$ 40,787	$ —
Issuance of 4.43937% cumulative redeemable convertible preferred units in connection with acquisition of real estate	$ —	$ 27,359
Assumption of debt in connection with acquisition of real estate including loan premium	$ 48,759	$ —
Accrual for capital expenditures	$ 8,439	$ 3,221
Accrual of dividends and distributions	$ 27,532	$ 20,823

The accompanying notes are an integral part of these consolidated financial statements.

1. Organization

Rexford Industrial Realty, Inc. is a self-administered and self-managed full-service real estate investment trust ("REIT") focused on owning and operating industrial properties in Southern California infill markets. We were formed as a Maryland corporation on January 18, 2013, and Rexford Industrial Realty, L.P. (the "Operating Partnership"), of which we are the sole general partner, was formed as a Maryland limited partnership on January 18, 2013. Through our controlling interest in our Operating Partnership and its subsidiaries, we own, manage, lease, acquire and develop industrial real estate principally located in Southern California infill markets, and, from time to time, acquire or provide mortgage debt secured by industrial property. As of June 30, 2020, our consolidated portfolio consisted of 229 properties with approximately 27.6 million rentable square feet. In addition, we currently manage 20 properties with approximately 1.0 million rentable square feet.

The terms "us," "we," "our," and the "Company" as used in these financial statements refer to Rexford Industrial Realty, Inc. and its subsidiaries (including our Operating Partnership).

2. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

As of June 30, 2020 and December 31, 2019, and for the three and six months ended June 30, 2020 and 2019, the financial statements presented are the consolidated financial statements of Rexford Industrial Realty, Inc. and its subsidiaries, including our Operating Partnership. All significant intercompany balances and transactions have been eliminated in the consolidated financial statements.

Under consolidation guidance, we have determined that our Operating Partnership is a variable interest entity because the holders of limited partnership interests do not have substantive kick-out rights or participating rights. Furthermore, we are the primary beneficiary of the Operating Partnership because we have the obligation to absorb losses and the right to receive benefits from the Operating Partnership and the exclusive power to direct the activities of the Operating Partnership. As of June 30, 2020 and December 31, 2019, the assets and liabilities of the Company and the Operating Partnership are substantially the same, as the Company does not have any significant assets other than its investment in the Operating Partnership.

The accompanying unaudited interim financial statements have been prepared pursuant to the rules and regulations of the United States Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures normally included in the financial statements prepared in accordance with accounting principles generally accepted in the United States ("GAAP") may have been condensed or omitted pursuant to SEC rules and regulations, although we believe that the disclosures are adequate to make their presentation not misleading. The accompanying unaudited financial statements include, in our opinion, all adjustments, consisting of normal recurring adjustments, necessary to present fairly the financial information set forth therein. The results of operations for the interim periods are not necessarily indicative of the results that may be expected for the year ending December 31, 2020. The interim financial statements should be read in conjunction with the consolidated financial statements in our 2019 Annual Report on Form 10-K and the notes thereto.

Any references to the number of properties and square footage are unaudited and outside the scope of our independent registered public accounting firm's review of our financial statements in accordance with the standards of the United States Public Company Accounting Oversight Board.

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 consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include all cash and liquid investments with an initial maturity of three months or less. The carrying amount approximates fair value due to the short-term maturity of these investments.

Restricted Cash

Restricted cash is comprised of escrow reserves that we are required to set aside for future costs as required by certain agreements with our lenders, and from time to time, includes cash proceeds from property sales that are being held by qualified intermediaries for purposes of facilitating tax-deferred like-kind exchanges under Section 1031 of the Internal Revenue Code. As of June 30, 2020, the restricted cash balance of $0.1 million was being reserved for real estate taxes related to the property located at 960-970 Knox Street. As of June 30, 2019, the restricted cash balance of $11.1 million was comprised of cash proceeds from the sale of one of our properties. As of December 31, 2019 we did not have a balance in restricted cash.

Restricted cash balances are included with cash and cash equivalents balances as of the beginning and ending of each period presented in the consolidated statements of cash flows. The following table provides a reconciliation of our cash and cash equivalents and restricted cash at the beginning and end of the six months ended June 30, 2020 and 2019 (in thousands):

	Six Months Ended June 30,	
	2020	**2019**
Cash and cash equivalents	$ 78,857	$ 180,601
Restricted cash	—	—
Cash, cash equivalents and restricted cash, beginning of period	$ 78,857	$ 180,601
Cash and cash equivalents	$ 254,373	$ 172,209
Restricted cash	67	11,055
Cash, cash equivalents and restricted cash, end of period	$ 254,440	$ 183,264

Investments in Real Estate

Acquisitions

We account for acquisitions of properties under Accounting Standards Update ("ASU") 2017-01, Business Combinations - Clarifying the Definition of a Business ("ASU 2017-01"), which provides a framework for determining whether transactions should be accounted for as acquisitions of assets or businesses and further revises the definition of a business. Our acquisitions of properties generally no longer meet the revised definition of a business and accordingly are accounted for as asset acquisitions.

For asset acquisitions, we allocate the cost of the acquisition, which includes the purchase price and associated acquisition transaction costs, to the individual assets acquired and liabilities assumed on a relative fair value basis. These individual assets and liabilities typically include land, building and improvements, tenant improvements, intangible assets and liabilities related to above- and below-market leases, intangible assets related to in-place leases, and from time to time, assumed mortgage debt. As there is no measurement period concept for an asset acquisition, the allocated cost of the acquired assets is finalized in the period in which the acquisition occurs.

We determine the fair value of the tangible assets of an acquired property by valuing the property as if it were vacant. This "as-if vacant" value is estimated using an income, or discounted cash flow, approach that relies upon Level 3 inputs, which are unobservable inputs based on the Company's assumptions about the assumptions a market participant would use. These Level 3 inputs include discount rates, capitalization rates, market rents and comparable sales data for similar properties. Estimates of future cash flows are based on a number of factors including historical operating results, known and anticipated trends, and market and economic conditions. In determining the "as-if-vacant" value for the properties we acquired during the six months ended June 30, 2020, we used discount rates ranging from 5.75% to 7.00% and exit capitalization rates ranging from 4.75% to 5.75%.

In determining the fair value of intangible lease assets or liabilities, we also consider Level 3 inputs. Acquired above- and below-market leases are valued based on the present value of the difference between prevailing market rates and the in-place rates measured over a period equal to the remaining term of the lease for above-market leases and the initial term plus the term of any below-market fixed rate renewal options for below-market leases, if applicable. The estimated fair value of acquired in-place at-market tenant leases are the estimated costs that would have been incurred to lease the property to the occupancy level of the property at the date of acquisition. We consider estimated costs such as the value associated with leasing commissions, legal and other costs, as well as the estimated period of time necessary to lease such a property to its occupancy level at the time of its acquisition. In determining the fair value of acquisitions completed during the six months ended June 30, 2020, we used an estimated average lease-up period ranging from six months to nine months.

The difference between the fair value and the face value of debt assumed, if any, 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 are based on our estimate of the current market rates for similar liabilities in effect at the acquisition date. In determining the fair value of debt assumed during the six months ended June 30, 2020, we used estimated market interest rates ranging from 3.00% to 3.75%.

Capitalization of Costs

We capitalize direct costs incurred in developing, renovating, rehabilitating and improving real estate assets as part of the investment basis. This includes certain general and administrative costs, including payroll, bonus and non-cash equity compensation of the personnel performing development, renovations and rehabilitation if such costs are identifiable to a specific activity to get the real estate asset ready for its intended use. During the development and construction periods of a project, we also capitalize interest, real estate taxes and insurance costs. We cease capitalization of costs upon substantial completion of the project, but no later than one year from cessation of major construction activity. If some portions of a project are substantially complete and ready for use and other portions have not yet reached that stage, we cease capitalizing costs on the completed portion of the project but continue to capitalize for the incomplete portion of the project. Costs incurred in making repairs and maintaining real estate assets are expensed as incurred.

We capitalized interest costs of $1.1 million and $1.1 million during the three months ended June 30, 2020 and 2019, respectively, and $1.9 million and $1.7 million during the six months ended June 30, 2020 and 2019, respectively. We capitalized real estate taxes and insurance costs aggregating $0.3 million and $0.4 million during the three months ended June 30, 2020 and 2019, respectively, and $0.6 million and $0.6 million during the six months ended June 30, 2020 and 2019, respectively. We capitalized compensation costs for employees who provide construction services of $1.0 million and $0.6 million during the three months ended June 30, 2020 and 2019, respectively, and $2.0 million and $1.3 million during the six months ended June 30, 2020 and 2019, respectively.

Depreciation and Amortization

Real estate, including land, building and land improvements, tenant improvements, furniture, fixtures and equipment 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 regard 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.

The values allocated to buildings, site improvements, in-place lease intangibles and tenant improvements are depreciated on a straight-line basis using an estimated remaining life of 10-30 years for buildings, 5-20 years for site improvements, and the shorter of the estimated useful life or respective lease term for in-place lease intangibles and tenant improvements.

As discussed above in—*Investments in Real Estate—Acquisitions*, 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 acquired lease intangible asset or liability and amortized to "rental income" over the remaining term of the related leases.

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

Assets Held for Sale

We classify a property as held for sale when all of the criteria set forth in the Accounting Standards Codification ("ASC") Topic 360: Property, Plant and Equipment ("ASC 360") have been met. The criteria are as follows: (i) management, having the authority to approve the action, commits to a plan to sell the property; (ii) the property is available for immediate sale in its present condition, subject only to terms that are usual and customary; (iii) an active program to locate a buyer and other actions required to complete the plan to sell have been initiated; (iv) the sale of the property is probable and is expected to be completed within one year; (v) the property is being actively marketed for sale at a price that is reasonable in relation to its current fair value; and (vi) actions necessary to complete the plan of sale indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. At the time we classify a property as held for sale, we cease recording depreciation and amortization. A property classified as held for sale is measured and reported at the lower of its carrying amount or its estimated fair value less cost to sell. As of June 30, 2020, and December 31, 2019, we did not have any properties classified as held for sale.

Impairment of Long-Lived Assets

In accordance with the provisions of the Impairment or Disposal of Long-Lived Assets Subsections of ASC 360, 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. To review real estate assets for recoverability, we consider current market conditions as well as our intent with respect to holding or disposing of the asset. The intent with regards to the underlying assets might change as market conditions and other factors change. 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 estimates of future expectations and the strategic plan used 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 will 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 respect to our investment that occur subsequent to our impairment analyses could impact these assumptions and result in future impairment of our real estate properties. There were no impairment charges recorded to the carrying value of our properties during the three and six months ended June 30, 2020 and 2019, respectively.

Income Taxes

We have elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended (the “Code”) commencing with our initial taxable year ended December 31, 2013. To qualify as a REIT, we are required (among other things) to distribute at least 90% of our REIT taxable income to our stockholders and meet the various other requirements imposed by the Code relating to matters such as operating results, asset holdings, distribution levels and diversity of stock ownership. Provided we qualify for taxation as a REIT, we are generally not subject to corporate-level income tax on the earnings distributed currently to our stockholders. If we fail to qualify as a REIT in any taxable year, and were unable to avail ourselves of certain savings provisions set forth in the Code, all of our taxable income would be subject to federal corporate income tax, including any applicable alternative minimum tax for taxable years prior to 2018.

In addition, we are subject to taxation by various state and local jurisdictions, including those in which we transact business or reside. Our non-taxable REIT subsidiaries, including our Operating Partnership, are either partnerships or disregarded entities for federal income tax purposes. Under applicable federal and state income tax rules, the allocated share of net income or loss from disregarded entities and flow-through entities such as partnerships is reportable in the income tax returns of the respective equity holders. Accordingly, no income tax provision is included in the accompanying consolidated financial statements for the six months ended June 30, 2020 and 2019.

We periodically evaluate our tax positions to determine 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 June 30, 2020, and December 31, 2019, we have not established a liability for uncertain tax positions.

Derivative Instruments and Hedging Activities

ASC Topic 815: Derivatives and Hedging (“ASC 815”), provides the disclosure requirements for derivatives and hedging activities with the intent to provide users of financial statements with an enhanced understanding of: (a) how and why an entity uses derivative instruments, (b) how the entity accounts for derivative instruments and related hedged items, and (c) how derivative instruments and related hedged items affect an entity’s financial position, financial performance, and cash flows.

Further, qualitative disclosures are required that explain the Company's objectives and strategies for using derivatives, as well as quantitative disclosures about the fair value of and gains and losses on derivative instruments, and disclosures about credit-risk-related contingent features in derivative instruments.

As required by ASC 815, we record all derivatives on the balance sheet at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, and whether we have elected to designate a derivative in a hedging relationship and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. Derivatives designated and qualifying as a hedge of the exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk, such as interest rate risk, are considered fair value hedges. Derivatives designated and qualifying as a hedge of the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. Hedge accounting generally provides for the matching of the timing of gain or loss recognition on the hedging instrument with the recognition of the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk in a fair value hedge or the earnings effect of the hedged forecasted transactions in a cash flow hedge. We may enter into derivative contracts that are intended to economically hedge certain risks, even though hedge accounting does not apply or we elect not to apply hedge accounting. See Note 7.

Revenue Recognition

Our primary sources of revenue are rental income, management, leasing and development services and gains on sale of real estate.

Rental Income

We lease industrial space to tenants primarily under non-cancelable operating leases that generally contain provisions for minimum base rents plus reimbursement for certain operating expenses. Total minimum annual lease payments are recognized in rental income on a straight-line basis over the term of the related lease, regardless of when payments are contractually due. Rental revenue recognition commences when the tenant takes possession or controls the physical use of the leased space. Lease termination fees, which are included in rental income, are recognized when the related leases are canceled and we have no continuing obligation to provide services to such former tenants.

Our lease agreements with tenants generally contain provisions that require tenants to reimburse us for certain property expenses. Estimated reimbursements from tenants for these property expenses, which include real estate taxes, insurance, 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. As the timing and pattern of revenue recognition is the same, rents and tenant reimbursements are treated as a combined lease component and presented as a single line item "Rental income" in our consolidated statements of operations.

We record revenues and expenses on a gross basis for lessor costs (which include real estate taxes) when these costs are reimbursed to us by our tenants. Conversely, we record revenues and expenses on a net basis for lessor costs when they are paid by our tenants directly to the taxing authorities on our behalf.

Management, leasing and development services

We provide property management services and leasing services to related party and third-party property owners, the customer, in exchange for fees and commissions. Property management services include performing property inspections, monitoring repairs and maintenance, negotiating vendor contracts, maintaining tenant relations and providing financial and accounting oversight. For these services, we earn monthly management fees, which are based on a fixed percentage of each managed property's monthly tenant cash receipts. We have determined that control over the services is passed to the customer simultaneously as performance occurs. Accordingly, management fee revenue is earned as the services are provided to our customers.

Leasing commissions are earned when we provide leasing services that result in an executed lease with a tenant. We have determined that control over the services is transferred to the customer upon execution of each lease agreement. We earn leasing commissions based on a fixed percentage of rental income generated for each executed lease agreement and there is no variable income component.

Gain or Loss on Sale of Real Estate

We account for dispositions of real estate properties, which are considered nonfinancial assets, in accordance with

ASC 610-20: Other Income—Gains and Losses from the Derecognition of Nonfinancial Assets and recognize a gain or loss on sale of real estate upon transferring control of the nonfinancial asset to the purchaser, which is generally satisfied at the time of sale. If we were to conduct a partial sale of real estate by transferring a controlling interest in a nonfinancial asset, while retaining a noncontrolling ownership interest, we would measure any noncontrolling interest received or retained at fair value, and recognize a full gain or loss. If we receive consideration before transferring control of a nonfinancial asset, we recognize a contract liability. If we transfer control of the asset before consideration is received, we recognize a contract asset.

Valuation of Receivables

We may be subject to tenant defaults and bankruptcies that could affect the collection of outstanding receivables related to our operating leases. 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. On a quarterly basis, we perform an assessment of the collectability of operating lease receivables on a tenant-by-tenant basis, which includes reviewing the age and nature of our receivables, the payment history and financial condition of the tenant, our assessment of the tenant's ability to meet its lease obligations and the status of negotiations of any disputes with the tenant. Any changes in the collectability assessment for an operating lease is recognized as an adjustment, which can be a reduction or increase, to rental income in the consolidated statements of operations. As a result of our quarterly collectability assessments, we recognized $1.1 million and $0.4 million for the three months ended June 30, 2020 and 2019, respectively, and $1.5 million and $0.5 million, for the six months ended June 30, 2020 and 2019, respectively, as a reduction of rental income in the consolidated statements of operations.

Deferred Leasing Costs

We capitalize the incremental direct costs of originating a lease that would not have been incurred had the lease not been executed. As a result, deferred leasing costs will generally only include third-party broker commissions.

Debt Issuance Costs

Debt issuance costs related to a recognized debt liability are presented in the balance sheet as a reduction from the carrying value of the debt liability. This offset against the debt liability is treated similarly to a debt discount, which effectively reduces the proceeds of a borrowing. For line of credit arrangements, we present debt issuance costs as an asset and amortize the cost over the term of the line of credit arrangement. See Note 5.

Equity Based Compensation

We account for equity-based compensation in accordance with ASC Topic 718: Compensation - Stock Compensation. Total compensation cost for all share-based awards is based on the estimated fair market value on the grant date. For share-based awards that vest based solely on a service condition, we recognize compensation cost on a straight-line basis over the total requisite service period for the entire award. For share-based awards that vest based on a market condition, we recognize compensation cost on a straight-line basis over the requisite service period of each separately vesting tranche. For share-based awards that vest based on a performance condition, we recognize compensation cost based on the number of awards that are expected to vest based on the probable outcome of the performance condition. Compensation cost for these awards will be adjusted to reflect the number of awards that ultimately vest. Forfeitures are recognized in the period in which they occur. See Note 11.

Equity Offering Costs

Underwriting commissions and offering costs related to our common stock issuances have been reflected as a reduction of additional paid-in capital. Underwriting commissions and offering costs related to our preferred stock issuances have been reflected as a direct reduction of the preferred stock balance.

Earnings Per Share

We calculate earnings per share ("EPS") in accordance with ASC 260 - Earnings Per Share ("ASC 260"). Under ASC 260, unvested share-based payment awards that contain non-forfeitable rights to dividends are participating securities and, therefore, are included in the computation of basic EPS pursuant to the two-class method. The two-class method determines EPS for each class of common stock and participating securities according to dividends declared (or accumulated) and their respective participation rights in undistributed earnings.

Basic EPS is calculated by dividing the net income (loss) attributable to common stockholders by the weighted average number of shares of common stock outstanding for the period.

Diluted EPS is calculated by dividing the net income (loss) attributable to common stockholders by the weighted average number of shares of common stock outstanding determined for the basic EPS computation plus the effect of any dilutive securities. We include unvested shares of restricted stock and unvested LTIP units in the computation of diluted EPS by using the more dilutive of the two-class method or treasury stock method. We include unvested performance units as contingently issuable shares in the computation of diluted EPS once the market criteria are met, assuming that the end of the reporting period is the end of the contingency period. Any anti-dilutive securities are excluded from the diluted EPS calculation. See Note 12.

Segment Reporting

Management views the Company as a single reportable segment based on its method of internal reporting in addition to its allocation of capital and resources.

ASC 842 - Cumulative-Effect Adjustment to Retained Earning

On January 1, 2019, we adopted the new lease accounting standard, ASU 2016-02, Leases (Topic 842), and the various lease-related ASUs that were subsequently issued by the Financial Accounting Standards Board ("FASB") (collectively referred to as "ASC 842"), which together set out the principals for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors.

We adopted ASC 842 using the modified retrospective approach and applied the provisions as of the date of adoption on a prospective basis. Upon adoption of ASC 842, we recognized a cumulative-effect adjustment to retained earnings of $0.2 million to write off internal compensation costs that were capitalized in connection with leases that were executed but had not commenced prior to January 1, 2019, as these costs were capitalized in accordance with prior lease accounting guidance and did not qualify for capitalization under ASC 842.

Leases as a Lessee

We determine if an arrangement is a lease at inception. Operating lease right-of-use assets ("ROU assets") are included in "Other assets" and lease liabilities are included in "Accounts payable, accrued expenses and other liabilities" in our consolidated balance sheets. ROU assets represent our right to use, or control the use of, a specified asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. Because our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Our lease terms may include options to extend the lease when it is reasonably certain that we will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Additionally, for our operating leases, we do not separate non-lease components, such as common area maintenance, from associated lease components. See Note 6.

Adoption of New Accounting Pronouncements

Allowance for Credit Losses

On June 16, 2016, the FASB issued ASU 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments ("ASU 2016-13"), which amends the accounting for credit losses for certain financial instruments. ASU 2016-13 introduced the "current expected credit losses" (CECL) model, which requires companies to estimate credit losses immediately upon exposure. The guidance applies to financial assets measured at amortized cost including net investments in leases arising from sales-type and direct financing leases, financing receivables (loans) and trade receivables. On November 26, 2018, the FASB issued ASU 2018-19, *C*odification Improvements to Topic 326, Financial Instrument - Credit Losses, which clarifies that operating lease receivables are outside the scope of ASC Topic 326 and instead should be accounted for under ASC 842. ASU 2016-13 is effective for interim and annual reporting periods beginning after December 15, 2019, with early adoption permitted. Effective January 1, 2020 we adopted ASU 2016-13. As we did not have any financial assets within the scope of ASU 2016-13, there was no impact to our consolidated financial statements. In the event that any of our leases were to be classified as sales-type or direct finance leases, or if we were to acquire or provide mortgage debt secured by industrial properties in the future, we would become subject to the provisions of ASU 2016-13.

Recently Issued Accounting Pronouncements

Changes to GAAP are established by the FASB in the form of ASUs to the FASB's Accounting Standards Codification. We consider the applicability and impact of all ASUs. Other than the ASUs discussed below, the FASB has not recently issued any other ASUs that we expect to be applicable and have a material impact on our consolidated financial statements.

Reference Rate Reform

On March 12, 2020, the FASB issued ASU 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting ("ASU 2020-04"). ASU 2020-04 contains practical expedients for reference rate reform related activities that impact debt, leases, derivatives and other contracts. The guidance in ASU 2020-04 is optional and may be elected over time as reference rate reform activities occur. During the first quarter of 2020, we elected to apply the hedge accounting expedients related to probability and the assessments of effectiveness for future LIBOR-indexed cash flows to assume that the index upon which future hedged transactions will be based matches the index on the corresponding derivatives. Application of these expedients preserves the presentation of derivatives consistent with past presentation. We continue to evaluate the impact of the guidance and may apply other elections as applicable as additional changes in the market occur.

COVID-19 Lease Concessions

On April 10, 2020, the FASB issued a staff question-and-answer document (the "Q&A") to address some frequently asked questions about accounting for concessions related to the effects of the COVID-19 pandemic. Consequently, the Q&A permits an entity to elect to forgo the evaluation of the enforceable rights and obligations of a lease contract, which is required by ASC 842, as long as the total rent payments after the lease concessions are substantially the same, or less than, the total rent payments in the existing lease. An entity may then elect to account for COVID-19 related lease concessions either (i) as if they were part of the enforceable rights and obligations of the parties under the existing lease contract, or (ii) as a lease modification under ASC 842.

During the three months ended June 30, 2020, we received rent relief requests from a number of tenants claiming impacts from COVID-19, many of whom may be making such rent relief requests in response to local California governmental moratoriums on commercial tenant evictions and provisions enabling commercial tenants to defer rent. In response to these requests, for the three months ended June 30, 2020, we granted rent relief to certain tenants providing the following : (i) the application of $4.2 million of security deposits to base rents, (ii) the acceleration of $0.8 million of future rent concessions to cover base rent and (iii) the deferral of $3.6 million of base rent, with a typical deferral period of approximately one to two months and repayment generally scheduled to begin in the third or fourth quarter of 2020.

In accordance with the Q&A, we have elected to forgo the evaluation of the enforceable rights and obligations of our lease contracts and have elected to account for COVID-19 related lease concessions (which include the acceleration of future rent concessions in the original lease contract and the deferral of base rent) as lease modifications under ASC 842. As the COVID-19 related lease concessions that we provided to tenants did not substantially change the amount of consideration in the original lease contract (only the timing of rent payments has changed) and we believe that deferred rent payments remain collectible based on our tenant-by-tenant collectability assessment as of June 30, 2020, rental income recognized in each period over the term of the lease will not substantially change. Therefore, the impact of the COVID-19 related lease concessions granted above did not have a material impact on our results of operations during the three and six months ended June 30, 2020.

3. Investments in Real Estate

Acquisitions

The following table summarizes the wholly-owned industrial properties we acquired during the six months ended June 30, 2020:

Property	Submarket	Date of Acquisition	Rentable Square Feet	Number of Buildings	Contractual Purchase Price[1] (in thousands)
701-751 Kingshill Place[2]	Los Angeles - South Bay	3/5/2020	169,069	6	$ 33,251
2601-2641 Manhattan Beach Boulevard[2]	Los Angeles - South Bay	3/5/2020	126,726	6	39,481
2410-2420 Santa Fe Avenue[2]	Los Angeles - South Bay	3/5/2020	112,000	1	35,737
11600 Los Nietos Road[2]	Los Angeles - Mid-Counties	3/5/2020	103,982	1	16,626
5160 Richton Street[2]	San Bernardino - Inland Empire West	3/5/2020	94,976	1	15,653
2205 126th Street[2]	Los Angeles - South Bay	3/5/2020	63,532	1	17,712
11832-11954 La Cienega Boulevard[2]	Los Angeles - South Bay	3/5/2020	63,462	4	19,664
7612-7642 Woodwind Drive[2]	Orange County - West	3/5/2020	62,377	3	13,780
960-970 Knox Street[2]	Los Angeles - South Bay	3/5/2020	39,400	1	9,939
25781 Atlantic Ocean Drive[2]	Orange County - South	3/5/2020	27,960	1	5,516
Brady Way[3]	Orange County - West	4/1/2020	—	—	874
720-750 Vernon Avenue	Los Angeles - San Gabriel Valley	4/3/2020	71,692	3	15,515
6687 Flotilla Street	Los Angeles - Central	5/5/2020	120,000	1	21,000
1055 Sandhill Avenue	Los Angeles - South Bay	5/28/2020	—	—	14,453
22895 Eastpark Drive[2]	Orange County - North	6/19/2020	34,950	1	6,844
8745-8775 Production Avenue	San Diego - Central	6/19/2020	46,820	2	7,850
15580 Slover Avenue	San Bernardino - Inland Empire West	6/26/2020	60,127	1	9,958
Total 2020 Wholly-Owned Property Acquisitions			1,197,073	33	283,853

(1) Represents the gross contractual purchase price before prorations, closing costs and other acquisition related costs.

(2) On March 5, 2020, we acquired ten properties and on June 19, 2020, we acquired one additional property, from a group of sellers that were not affiliated with the Company (the "Properties") for an aggregate purchase price of $214.2 million, exclusive of closing costs, including assumed debt of approximately $47.5 million. In consideration for the Properties we (i) paid $60.4 million in cash, including a $10.0 million deposit paid in 2019, (ii) issued 1,406,170 common units of limited partnership interests in the Operating Partnership and (iii) issued 906,374 4.00% Cumulative Redeemable Convertible Preferred Units of partnership interest in the Operating Partnership (the "Series 2 CPOP Units"). See Note 5 and Note 11 for further details regarding the assumption of debt and Series 2 CPOP Units, respectively.

(3) Brady Way is a one-acre parcel of land adjacent to our property located at 12821 Knott Street.

The following table summarizes the fair value of amounts allocated to each major class of asset and liability for the acquisitions noted in the table above, as of the date of each acquisition (in thousands):

	2020 Acquisitions
Assets:	
Land	$ 201,145
Buildings and improvements	79,948
Tenant improvements	1,789
Acquired lease intangible assets[1]	10,645
Other acquired assets[2]	3,082
Total assets acquired	296,609
Liabilities:	
Acquired lease intangible liabilities[3]	7,487
Notes payable[4]	48,759
Other assumed liabilities[2]	1,352
Total liabilities assumed	57,598
Net assets acquired	$ 239,011

(1) Acquired lease intangible assets is comprised of $10.4 million of in-place lease intangibles with a weighted average amortization period of 4.5 years and $0.2 million of above-market lease intangibles with a weighted average amortization period of 7.9 years.

(2) Includes other working capital assets acquired and liabilities assumed at the time of acquisition. In addition, it also includes personal property that we acquired as part of the acquisition of 1055 Sandhill Avenue that we are currently in the process of selling.

(3) Represents below-market lease intangibles with a weighted average amortization period of 5.8 years.

(4) In connection with the acquisition of the Properties, we assumed ten mortgage loans from the sellers. At the date of acquisition, the loans had an aggregate fair value of $48.8 million and an aggregate principal balance of $47.5 million.

4. Intangible Assets

The following table summarizes our acquired lease intangible assets, including the value of in-place leases and above-market tenant leases, and our acquired lease intangible liabilities which includes below-market tenant leases (in thousands):

	June 30, 2020		December 31, 2019	
Acquired Lease Intangible Assets:				
In-place lease intangibles	$	164,572	$	154,370
Accumulated amortization		(99,289)		(87,955)
In-place lease intangibles, net	$	65,283	$	66,415
Above-market tenant leases	$	14,500	$	14,296
Accumulated amortization		(8,270)		(7,621)
Above-market tenant leases, net	$	6,230	$	6,675
Acquired lease intangible assets, net	$	71,513	$	73,090
Acquired Lease Intangible Liabilities:				
Below-market tenant leases	$	(89,140)	$	(81,718)
Accumulated accretion		28,032		22,378
Below-market tenant leases, net	$	(61,108)	$	(59,340)
Acquired lease intangible liabilities, net	$	(61,108)	$	(59,340)

The following table summarizes the amortization related to our acquired lease intangible assets and liabilities for the three and six months ended June 30, 2020 and 2019 (in thousands):

	Three Months Ended June 30,				Six Months Ended June 30,			
	2020		2019		2020		2019	
In-place lease intangibles(1)	$	5,752	$	5,313	$	11,574	$	9,652
Net below-market tenant leases(2)	$	(2,670)	$	(1,900)	$	(5,071)	$	(3,651)

(1) The amortization of in-place lease intangibles is recorded to depreciation and amortization expense in the consolidated statements of operations for the periods presented.

(2) The amortization of net below-market tenant leases is recorded as an increase to rental income in the consolidated statements of operations for the periods presented.

5. Notes Payable

The following table summarizes the components and significant terms of our indebtedness as of June 30, 2020 and December 31, 2019 (dollars in thousands):

	June 30, 2020	December 31, 2019	Margin Above LIBOR	Interest Rate[1]	Contractual Maturity Date
Unsecured and Secured Debt					
Unsecured Debt:					
Revolving Credit Facility	$ —	$ —	1.050% [2]	1.212% [3]	2/13/2024 [4]
$100M Term Loan Facility	100,000	100,000	1.200% [2]	2.964% [5]	2/14/2022
$225M Term Loan Facility	225,000	225,000	1.200% [2]	2.574% [5]	1/14/2023
$150M Term Loan Facility	150,000	150,000	1.500% [2]	4.263% [5]	5/22/2025
$100M Notes	100,000	100,000	n/a	4.290%	8/6/2025
$125M Notes	125,000	125,000	n/a	3.930%	7/13/2027
$25M Series 2019A Notes	25,000	25,000	n/a	3.880%	7/16/2029
$75M Series 2019B Notes	75,000	75,000	n/a	4.030%	7/16/2034
Total Unsecured Debt	$ 800,000	$ 800,000			
Secured Debt:					
$60M Term Loan[6]	$ 58,499	$ 58,499	1.700%	1.862%	8/1/2023 [6]
Gilbert/La Palma[7]	2,377	2,459	n/a	5.125%	3/1/2031
701-751 Kingshill Place[8]	7,100	—	n/a	3.900%	1/5/2026
2601-2641 Manhattan Beach Boulevard[7]	4,120	—	n/a	4.080%	4/5/2023
2410-2420 Santa Fe Avenue[7]	10,300	—	n/a	3.700%	1/1/2028
11600 Los Nietos Road[7]	2,861	—	n/a	4.190%	5/1/2024
5160 Richton Street[7]	4,443	—	n/a	3.790%	11/15/2024
2205 126th Street[9]	5,200	—	n/a	3.910%	12/1/2027
11832-11954 La Cienega Boulevard[8]	4,100	—	n/a	4.260%	7/1/2028
7612-7642 Woodwind Drive[7]	3,938	—	n/a	5.240%	1/5/2024
960-970 Knox Street[7][10]	2,530	—	n/a	5.000%	11/1/2023
22895 Eastpark Drive[7]	2,782	—	n/a	4.330%	11/15/2024
Total Secured Debt	$ 108,250	$ 60,958			
Total Unsecured and Secured Debt	$ 908,250	$ 860,958			
Less: Unamortized premium/discount and debt issuance costs[11]	(1,563)	(3,116)			
Total	$ 906,687	$ 857,842			

(1) Reflects the contractual interest rate under the terms of each loan as of June 30, 2020 and includes the effect of interest rate swaps that were effective as of June 30, 2020. See footnote (5) below. Excludes the effect of unamortized debt issuance costs and unamortized fair market value premiums and discounts.

(2) The interest rates on these loans are comprised of LIBOR plus a LIBOR margin. The LIBOR margins will range from 1.05% to 1.50% per annum for the unsecured revolving credit facility, 1.20% to 1.70% per annum for the $100.0 million term loan facility, 1.20% to 1.70% per annum for the $225.0 million term loan facility and 1.50% to 2.20% per annum for the $150 million term loan facility, depending on our leverage ratio, which is the ratio of our outstanding consolidated indebtedness to the value of our consolidated gross asset value, which is measured on a quarterly basis.

(3) The unsecured revolving credit facility is subject to an applicable facility fee which is calculated as a percentage of the total lenders' commitment amount, regardless of usage. The applicable facility fee will range from 0.15% to 0.30% per annum depending upon our leverage ratio.

(4) Two additional six-month extensions are available at the borrower's option, subject to certain terms and conditions.

(5) As of June 30, 2020, interest on the $100.0 million term loan facility, $225.0 million term loan facility and $150 million term loan facility have been effectively fixed through the use of interest rate swaps. See Note 7 for details.

(6) Loan is secured by six properties. One 24-month extension is available at the borrower’s option, subject to certain terms and conditions. Monthly payments of interest only through June 2021, followed by equal monthly payments of principal ($65,250), plus accrued interest until maturity.

(7) Fixed monthly payments of interest and principal until maturity as follows: Gilbert/La Palma ($24,008), 2601-2641 Manhattan Beach Boulevard ($23,138), 2410-2420 Santa Fe Avenue ($31,758), 11600 Los Nietos ($22,637), 5160 Richton Street ($23,270), 7612-7642 Woodwind Drive ($24,270), 960-970 Knox Street ($17,538), and 22895 Eastpark Drive ($15,396).

(8) For 701-751 Kingshill Place, fixed monthly payments of interest only through January 2023, followed by fixed monthly payments of interest and principal ($33,488) until maturity. For 11832-11954 La Cienega Boulevard, fixed monthly payments of interest only through July 2020, followed by fixed monthly payments of interest and principal ($20,194) until maturity.

(9) Fixed monthly payments of interest only.

(10) Loan requires monthly escrow reserve payments for real estate taxes related to the property located at 960-970 Knox Street.

(11) Excludes unamortized debt issuance costs related to our unsecured revolving credit facility, which are presented in the line item “Deferred loan costs, net” in the consolidated balance sheets.

Contractual Debt Maturities

The following table summarizes the contractual debt maturities and scheduled amortization payments, excluding debt discounts and debt issuance costs, as of June 30, 2020, and does not consider extension options available to us as noted in the table above (in thousands):

July 1, 2020 - December 31, 2020	$	418
2021		1,267
2022		101,700
2023		289,318
2024		12,886
Thereafter		502,661
Total	$	908,250

Assumption of Mortgage Loans

In connection with the acquisition of the Properties, on March 5, 2020, we assumed nine mortgage loans and on June 19, 2020, we assumed one additional mortgage loan, each secured by one of the Properties we acquired. At the date of acquisition, the assumed loans had an aggregate principal balance of $47.5 million and an aggregate fair value of $48.8 million, resulting in an aggregate initial net debt premium of $1.2 million. The mortgage loans bear interest at fixed interest rates ranging from 3.70% to 5.24% and have maturities ranging from 3.0 years to 8.3 years from the date assumed.

Third Amended and Restated Credit Facility

On February 13, 2020, we amended our $450 million credit agreement, that was scheduled to mature on February 14, 2021, by entering into a Third Amended and Restated Credit Agreement (the “Amended Credit Agreement”), which provides for a $600.0 million senior unsecured credit facility, comprised of a $500.0 million unsecured revolving credit facility (the "Amended Revolver") and a $100.0 million unsecured term loan facility (the "Amended Term Loan Facility"). The Amended Revolver is scheduled to mature on February 13, 2024, and has two six-month extension options available, and the Amended Term Loan Facility is scheduled to mature on February 14, 2022. Subject to certain terms and conditions set forth in the Amended Credit Agreement, we may request additional lender commitments up to an additional aggregate $900.0 million, which may be comprised of additional revolving commitments under the Amended Revolver, an increase to the Amended Term Loan Facility, additional term loan tranches or any combination of the foregoing.

Interest on the Amended Credit Agreement is generally to be paid based upon, at our option, either (i) LIBOR plus an applicable margin that is based upon our leverage ratio or (ii) the Base Rate (which is defined as the highest of (a) the federal funds rate plus 0.50%, (b) the administrative agent's prime rate or (c) the Eurodollar Rate plus 1.00%) plus an applicable margin that is based on our leverage ratio. The margins for the Amended Revolver range in amount from 1.05% to 1.50% per annum for LIBOR-based loans and 0.05% to 0.50% per annum for Base Rate-based loans, depending on our leverage ratio. The margins for the Amended Term Loan Facility range in amount from 1.20% to 1.70% per annum for LIBOR-based loans and 0.20% to 0.70% for Base Rate-based loans, depending on our leverage ratio.

If we attain one additional investment grade rating by one or more of S&P or Moody's to complement our current investment grade Fitch rating, we may elect to convert the pricing structure under the Amended Credit Agreement to be based on such rating. In that event, the margins for the Amended Revolver will range in amount from 0.725% to 1.40% for LIBOR-based loans and 0.00% to 0.45% for Base Rate-based loans, depending on such rating. The margins for the Amended Term Loan Facility will range in amount from 0.85% to 1.65% per annum for LIBOR-based loans and 0.00% to 0.65% per annum for Base Rate-based loans, depending on such rating.

In addition to the interest payable on amounts outstanding under the Amended Revolver, we are required to pay an applicable facility fee, based upon our leverage ratio, on each lender's commitment amount under the Amended Revolver, regardless of usage. The applicable facility fee will range in amount from 0.15% to 0.30% per annum, depending on our leverage ratio. In the event that we convert the pricing structure to be based on an investment-grade rating, the applicable facility fee will range in amount from 0.125% to 0.30% per annum, depending on such rating.

The Amended Credit Agreement is guaranteed by the Company and by substantially all of the current and to-be-formed subsidiaries of the Operating Partnership that own an unencumbered property. The Amended Credit Agreement is not secured by the Company's properties or by equity interests in the subsidiaries that hold such properties.

The Amended Revolver and the Amended Term Loan Facility may be voluntarily prepaid in whole or in part at any time without premium or penalty. Amounts borrowed under the Amended Term Loan Facility and repaid or prepaid may not be reborrowed.

The Amended Credit Agreement contains usual and customary events of default including defaults in the payment of principal, interest or fees, defaults in compliance with the covenants set forth in the Amended Credit Agreement and other loan documentation, cross-defaults to certain other indebtedness, and bankruptcy and other insolvency defaults. If an event of default occurs and is continuing under the Amended Credit Agreement, the unpaid principal amount of all outstanding loans, together with all accrued unpaid interest and other amounts owing in respect thereof, may be declared immediately due and payable.

On June 30, 2020, we did not have any borrowings outstanding under the Amended Revolver, leaving $500.0 million available for future borrowings.

Debt Covenants

The Amended Credit Agreement, our $225 million unsecured term loan facility (the "$225 Million Term Loan Facility"), our $150 million unsecured term loan facility (the "$150 Million Term Loan Facility"), our $100 million unsecured guaranteed senior notes (the "$100 Million Notes"), our $125 million unsecured guaranteed senior notes (the "$125 Million Notes") and our $25 million unsecured guaranteed senior notes and $75 million unsecured guaranteed senior notes (together the "Series 2019A and 2019B Notes") all include a series of financial and other covenants that we must comply with, including the following covenants which are tested on a quarterly basis:

- Maintaining a ratio of total indebtedness to total asset value of not more than 60%;
- For the Amended Credit Agreement, $225 Million Term Loan Facility and $150 Million Term Loan Facility, maintaining a ratio of secured debt to total asset value of not more than 45%;
- For the $100 Million Notes, $125 Million Notes and Series 2019A and 2019B Notes (together the "Senior Notes"), maintaining a ratio of secured debt to total asset value of not more than 40%;
- For the Senior Notes, maintaining a ratio of total secured recourse debt to total asset value of not more than 15%;
- For the Amended Credit Agreement, $225 Million Term Loan Facility and $150 Million Term Loan Facility, maintaining a minimum tangible net worth of at least the sum of (i) $2,061,865,500, and (ii) an amount equal to at least 75% of the net equity proceeds received by the Company after September 30, 2019;
- For the Senior Notes, maintaining a minimum tangible net worth of at least the sum of (i) $760,740,750, and (ii) an amount equal to at least 75% of the net equity proceeds received by the Company after September 30, 2016;

- Maintaining a ratio of adjusted EBITDA (as defined in each of the loan agreements) to fixed charges of at least 1.5 to 1.0;
- Maintaining a ratio of total unsecured debt to total unencumbered asset value of not more than 60%; and
- Maintaining a ratio of unencumbered NOI (as defined in each of the loan agreements) to unsecured interest expense of at least 1.75 to 1.00.

The Amended Credit Agreement, $225 Million Term Loan Facility, $150 Million Term Loan Facility and Senior Notes also provide that our distributions may not exceed the greater of (i) 95.0% of our funds from operations or (ii) the amount required for us to qualify and maintain our status as a REIT and avoid the payment of federal or state income or excise tax in any 12-month period.

Additionally, subject to the terms of the Senior Notes, upon certain events of default, including, but not limited to, (i) a default in the payment of any principal, make-whole payment amount, or interest under the Senior Notes, (ii) a default in the payment of certain of our other indebtedness, (iii) a default in compliance with the covenants set forth in the Senior Notes agreement, and (iv) bankruptcy and other insolvency defaults, the principal and accrued and unpaid interest and the make-whole payment amount on the outstanding Senior Notes will become due and payable at the option of the purchasers. In addition, we are required to maintain at all times a credit rating on the Senior Notes from either S&P, Moody's or Fitch. In November 2019, Fitch affirmed the BBB investment grade rating of the Senior Notes with a stable outlook.

Our $60 million term loan contains a financial covenant that is tested on a quarterly basis, which requires us to maintain a minimum Debt Service Coverage Ratio (as defined in the term loan agreement) of at least 1.10 to 1.0.

We were in compliance with all of our required quarterly debt covenants as of June 30, 2020.

6. Operating Leases

Lessor

We lease industrial space to tenants primarily under non-cancelable operating leases that generally contain provisions for minimum base rents plus reimbursement for certain operating expenses. Total minimum lease payments are recognized in rental income on a straight-line basis over the term of the related lease and estimated reimbursements from tenants for real estate taxes, insurance, common area maintenance and other recoverable operating expenses are recognized in rental income in the period that the expenses are incurred.

For the three and six months ended June 30, 2020, we recognized $77.1 million and $152.2 million of rental income related to operating lease payments, of which $64.6 million and $127.5 million are for fixed lease payments and $12.5 million and $24.7 million are for variable lease payments, respectively. For the comparable three and six month-period ended June 30, 2019, we recognized $61.7 million and $119.6 million of rental income related to operating lease payments, of which $51.7 million and $100.3 million were for fixed lease payments and $10.0 million and $19.3 million were for variable lease payments, respectively.

The following table sets forth the undiscounted cash flows for future minimum base rents to be received under operating leases as of June 30, 2020 (in thousands):

Twelve Months Ended June 30,		
2021	$	256,961
2022		216,923
2023		176,305
2024		134,294
2025		96,251
Thereafter		312,614
Total	$	1,193,348

The future minimum base rents in the table above excludes tenant reimbursements of operating expenses, amortization of adjustments for deferred rent receivables and the amortization of above/below-market lease intangibles.

In June 2020, we executed a five-year lease for a 58,802 rentable square feet unit at our property located at 2722 Fairview Street. The lease contains an option whereby the tenant can purchase the entire 116,575 rentable square foot property at a purchase price of $20.4 million. The tenant must give us notice on or before December 10, 2020 in order to exercise its purchase option.

Lessee

We lease office space as part of conducting our day-to-day business. As of June 30, 2020, our office space leases have remaining lease terms ranging from approximately one to five years and some include options to renew. These renewal terms can extend the lease term from three to five years and are included in the lease term when it is reasonably certain that we will exercise the option.

In connection with the acquisition of 1055 Sandhill Avenue, we assumed a ground lease from the seller for a parcel of land that is adjacent to our property and used as a parking lot. The ground lease, which expires on August 11, 2023, has a remaining lease term of approximately three years, with two additional ten-year options to renew, and monthly rent of $9,000 through expiration.

As of June 30, 2020, total ROU assets and lease liabilities were approximately $4.4 million and $5.1 million, respectively. As of December 31, 2019, total ROU assets and lease liabilities were approximately $3.5 million and $3.8 million, respectively. All operating lease expense is recognized on a straight-line basis over the lease term.

The tables below present financial information associated with our leases for the three and six months ended June 30, 2020 and 2019, and as of June 30, 2020 and December 31, 2019.

	Three Months Ended June 30,		Six Months Ended June 30,	
Lease Cost (in thousands)	**2020**	**2019**	**2020**	**2019**
Operating lease cost[1]	$ 316	$ 285	$ 621	$ 545
Variable lease cost[1]	12	10	24	23
Sublease income[2]	—	(79)	—	(158)
Total lease cost	$ 328	$ 216	$ 645	$ 410

(1) Amounts are included in “General and administrative” and “Property expenses” in the accompanying consolidated statements of operations.

(2) Amount is included in “Rental income” in the accompanying consolidated statements of operations.

	Three Months Ended June 30,		Six Months Ended June 30,	
Other Information (in thousands)	**2020**	**2019**	**2020**	**2019**
Cash paid for amounts included in the measurement of operating lease liabilities	$ 262	$ 283	$ 442	$ 522
Right-of-use assets obtained in exchange for new operating lease liabilities[1]	$ 339	$ —	$ 1,353	$ 6,720

(1) For the six months ended June 30, 2019, the reported amount includes $3.3 million for operating leases existing on January 1, 2019, the date we adopted ASC 842.

Lease Term and Discount Rate	**June 30, 2020**	**December 31, 2019**
Weighted-average remaining lease term	4.3 years	4.7 years
Weighted-average discount rate[1]	3.6%	3.9%

(1) Because the rate implicit in each of our leases was not readily determinable, we used our incremental borrowing rate. In determining our incremental borrowing rate for each lease, we considered recent rates on secured borrowings, observable risk-free interest rates and credit spreads correlating to our creditworthiness, the impact of collateralization and the term of each of our lease agreements.

Maturities of lease liabilities as of June 30, 2020 were as follows (in thousands):

July 1, 2020 - December 31, 2020	$	674
2021		1,199
2022		1,201
2023		1,198
2024		1,161
Thereafter		97
Total undiscounted lease payments	$	5,530
Less imputed interest		(440)
Total lease liabilities	$	5,090

We have one operating lease for office space of $1.9 million which has not commenced as June 30, 2020, and as such, has not been recognized on our consolidated balance sheets. This operating lease is expected to commence in 2020 and has a 5-year lease term.

7. Interest Rate Swaps

Risk Management Objective of Using Derivatives

We are exposed to certain risks arising from both our business operations and economic conditions. We principally manage our exposures to a wide variety of business and operational risks through management of our core business activities. We manage economic risks, including interest rate, liquidity, and credit risk primarily by managing the amount, sources and duration of our debt funding and through the use of derivative financial instruments. Specifically, we enter into derivative financial instruments to manage exposures that arise from business activities that result in the payment of future known and uncertain cash amounts, the value of which are determined by interest rates. Our derivative financial instruments are used to manage differences in the amount, timing and duration of our known or expected cash payments principally related to our borrowings.

Derivative Instruments

Our objectives in using interest rate derivatives are to add stability to interest expense and to manage exposure to interest rate movements. To accomplish this objective, we primarily use interest rate swaps as part of our interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for us making fixed-rate payments over the life of the agreements without exchange of the underlying notional value. We do not use derivatives for trading or speculative purposes.

The change in fair value of derivatives designated and qualifying as cash flow hedges is initially recorded in accumulated other comprehensive income/(loss) ("AOCI") and is subsequently reclassified from AOCI into earnings in the period that the hedged forecasted transaction affects earnings.

The following table sets forth a summary of our interest rate swaps at June 30, 2020 and December 31, 2019 (dollars in thousands):

				Current Notional Value[1]		Fair Value of Interest Rate Derivative Assets /(Derivative Liabilities)[2]	
Derivative Instrument	**Effective Date**	**Maturity Date**	**LIBOR Interest Strike Rate**	**June 30, 2020**	**December 31, 2019**	**June 30, 2020**	**December 31, 2019**
Interest Rate Swap	2/14/2018	1/14/2022	1.3490%	$ 125,000	$ 125,000	$ (2,347)	$ 489
Interest Rate Swap	8/14/2018	1/14/2022	1.4060%	$ 100,000	$ 100,000	$ (1,966)	$ 277
Interest Rate Swap	12/14/2018	8/14/2021	1.7640%	$ 100,000	$ 100,000	$ (1,835)	$ (332)
Interest Rate Swap	7/22/2019	11/22/2024	2.7625%	$ 150,000	$ 150,000	$ (16,768)	$ (8,156)

(1) Represents the notional value of swaps that are effective as of the balance sheet date presented.

(2) The fair value of derivative assets are included in the line item “Interest rate swap asset” in the accompanying consolidated balance sheets and the fair value of (derivative liabilities) are included in the line item “Interest rate swap liability” in the accompanying consolidated balance sheets.

The following table sets forth the impact of our interest rate swaps on our consolidated statements of operations for the periods presented (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Interest Rate Swaps in Cash Flow Hedging Relationships:				
Amount of loss recognized in AOCI on derivatives	$ (1,920)	$ (7,761)	$ (17,318)	$ (12,036)
Amount of (loss) gain reclassified from AOCI into earnings under “Interest expense”	$ (1,694)	$ 788	$ (2,124)	$ 1,640
Total interest expense presented in the Consolidated Statement of Operations in which the effects of cash flow hedges are recorded (line item “Interest expense”)	$ 7,428	$ 6,255	$ 14,877	$ 12,726

During the next twelve months, we estimate that an additional $8.3 million will be reclassified from AOCI into earnings as an increase to interest expense.

Credit-risk-related Contingent Features

Certain of our agreements with our derivative counterparties contain a provision where if we default on any of our indebtedness, including default where repayment of the indebtedness has not been accelerated by the lender within a specified time period, then we could also be declared in default on its derivative obligations.

Certain of our agreements with our derivative counterparties contain provisions where if a merger or acquisition occurs that materially changes our creditworthiness in an adverse manner, we may be required to fully collateralize our obligations under the derivative instrument.

8. Fair Value Measurements

We have adopted FASB Accounting Standards Codification Topic 820: Fair Value Measurements and Disclosure (“ASC 820”). ASC 820 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. ASC 820 applies to reported balances that are required or permitted to be measured at fair value under existing accounting pronouncements; accordingly, the standard does not require any new fair value measurements of reported balances.

ASC 820 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, ASC 820 establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity’s own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access. Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates and yield curves that are observable at commonly quoted intervals. Level 3 inputs are unobservable inputs for the asset or liability, which are typically based on an entity’s own assumptions, as there is little, if any, related market activity. In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company’s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

Recurring Measurements – Interest Rate Swaps

Currently, we use interest rate swap agreements to manage our interest rate risk. The valuation of these instruments is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected 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.

To comply with the provisions of ASC 820, 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. In adjusting the fair value of our derivative contracts for the effect of nonperformance risk, we have considered the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds, mutual puts, and guarantees.

Although we have determined that the majority of the inputs used to value our derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with our derivatives utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by ourselves and our counterparties. However, as of June 30, 2020, we have assessed the significance of the impact of the credit valuation adjustments on the overall valuation of our derivative positions and have determined that the credit valuation adjustments are not significant to the overall valuation of its derivatives. As a result, we have determined that its derivative valuations in their entirety are classified in Level 2 of the fair value hierarchy.

The table below sets forth the estimated fair value of our interest rate swaps as of June 30, 2020 and December 31, 2019, which we measure on a recurring basis by level within the fair value hierarchy (in thousands).

		Fair Value Measurement Using		
	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)**
June 30, 2020				
Interest Rate Swap Asset	$ —	$ —	$ —	$ —
Interest Rate Swap Liability	$ (22,916)	$ —	$ (22,916)	$ —
December 31, 2019				
Interest Rate Swap Asset	$ 766	$ —	$ 766	$ —
Interest Rate Swap Liability	$ (8,488)	$ —	$ (8,488)	$ —

Financial Instruments Disclosed at Fair Value

The carrying amounts of cash and cash equivalents, 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 notes payable was estimated by calculating the present value of principal and interest payments, using discount rates that best reflect current market rates for financings with similar characteristics and credit quality, and assuming each loan is outstanding through its respective contractual maturity date.

The table below sets forth the carrying value and the estimated fair value of our notes payable as of June 30, 2020 and December 31, 2019 (in thousands):

Liabilities	Total Fair Value	Fair Value Measurement Using: Quoted Price in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Carrying Value
Notes Payable at:					
June 30, 2020	$ 952,946	$ —	$ —	$ 952,946	$ 906,687
December 31, 2019	$ 882,813	$ —	$ —	$ 882,813	$ 857,842

9. Related Party Transactions

Howard Schwimmer

We engage in transactions with Howard Schwimmer, our Co-Chief Executive Officer, earning management fees and leasing commissions from entities controlled individually by Mr. Schwimmer. Fees and commissions earned from these entities are included in “Management, leasing and development services” in the consolidated statements of operations. We recorded $0.1 million and $0.1 million for the three months ended June 30, 2020 and 2019, respectively, and $0.2 million and $0.2 million for the six months ended June 30, 2020 and 2019, respectively, in management, leasing and development services revenue.

10. Commitments and Contingencies

Legal

From time to time, we are party to various lawsuits, claims and legal proceedings that arise in the ordinary course of business. We are not currently a party to any legal proceedings that we believe would reasonably be expected to have a material adverse effect on our business, financial condition or results of operations.

Environmental

We will generally perform environmental site assessments at properties we are considering acquiring. After the acquisition of such properties, we continue to monitor the properties for the presence of hazardous or toxic substances. From time to time, we acquire properties with known adverse environmental conditions. If at the time of acquisition, losses associated with environmental remediation obligations are probable and can be reasonably estimated, we record a liability.

On February 25, 2014, we acquired the property located at West 228th Street. Before purchasing the property during the due diligence phase, we engaged a third-party environmental consultant to perform various environmental site assessments to determine the presence of any environmental contaminants that might warrant remediation efforts. Based on their investigation, they determined that hazardous substances existed at the property and that additional assessment and remediation work would likely be required to satisfy regulatory requirements. The total remediation costs were estimated to be $1.3 million, which includes remediation, processing and oversight costs.

To address the estimated costs associated with the environmental issues at the West 228th Street property, we entered into an Environmental Holdback Escrow Agreement (the “Holdback Agreement”) with the former owner, whereby $1.4 million was placed into an escrow account to be used to pay remediation costs. To fund the $1.4 million, the escrow holder withheld $1.3 million of the purchase price, which would have otherwise been paid to the seller at closing, and the Company funded an additional $0.1 million. According to the Holdback Agreement, the seller has no liability or responsibility to pay for remediation costs in excess of $1.3 million.

As of June 30, 2020 and December 31, 2019, we had a $0.6 million and $0.6 million contingent liability recorded in our consolidated balance sheets included in the line item “Accounts payable and accrued expenses,” reflecting the estimated remaining cost to remediate environmental liabilities at West 228th Street that existed prior to the acquisition date. As of June 30, 2020 and December 31, 2019, we also had a $0.6 million and $0.6 million corresponding indemnification asset recorded in our consolidated balance sheets included in the line item "Other assets," reflecting the estimated costs we expect the former owner to cover pursuant to the Holdback Agreement.

We expect that the resolution of the environmental matters relating to the above will not have a material impact on our consolidated financial condition, results of operations or cash flows. However, we cannot assure you that we have identified all environmental liabilities at our properties, that all necessary remediation actions have been or will be undertaken at our properties or that we will be indemnified, in full or at all, in the event that such environmental liabilities arise. Furthermore, we cannot assure you that future changes to environmental laws or regulations and their application will not give rise to loss contingencies for future environmental remediation.

Tenant and Construction Related Commitments

As of June 30, 2020, we had commitments of approximately $33.1 million for tenant improvement and construction work under the terms of leases with certain of our tenants and contractual agreements with our construction vendors.

Concentrations of Credit Risk

We have deposited cash with financial institutions that are insured by the Federal Deposit Insurance Corporation up to $250,000 per institution. Although we have deposits at institutions in excess of federally insured limits as of June 30, 2020, we do not believe we are exposed to significant credit risk due to the financial position of the institutions in which those deposits are held.

Concentration of Properties in Southern California

As of June 30, 2020, all of our properties are located in the Southern California infill markets. 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 and other conditions, including the impact of the outbreak of COVID-19, which was declared a pandemic in March 2020 by the World Health Organization, and related state and local government reactions.

All of our properties are concentrated in Southern California, and the state of California and certain cities, including where we own properties, reacted to the COVID-19 pandemic early on by instituting quarantines, restrictions on travel, "shelter in place" rules, restrictions on types of business that may continue to operate and/or restrictions on types of construction projects that may continue as well as moratoriums on commercial tenant evictions and provisions enabling commercial tenants to defer rent. We cannot predict when restrictions currently in place will expire or if additional restrictions will be added. Additionally, in March 2020, the Governor of California issued Executive Order N-28-20, authorizing local municipalities to impose limitations on commercial evictions for nonpayment of rent for tenants impacted by COVID-19. In response to this Executive Order, most municipalities in Southern California have, in turn, mandated a moratorium on all commercial evictions and have given tenants impacted by COVID-19 the unilateral right to defer rent while the emergency orders are in effect, with repayment generally within three to six months after the end of the local emergency. In many of the local municipalities in which we operate, the eviction restrictions are set to expire by September 30, 2020, the date that Executive Order N-28-20 is currently scheduled to expire, and in other municipalities the restrictions expire when the local emergency is lifted, although we cannot currently predict whether or not these restrictions may be extended or for how long. Some of the orders, including Executive Order N-28-20, have been extended multiple times. A number of our tenants have taken advantage of the relief provided by the local government mandates authorizing deferral of rent, and we are currently unable to predict the impact that the COVID-19 pandemic will have on our tenants or the number of tenants that will take advantage of the relief provided by the local government mandates authorizing the deferral of rent.

See Note 2 "Summary of Significant Accounting Policies—COVID-19 Lease Concessions" for information related to rent relief requests received and rent relief agreements executed during the six months ended June 30, 2020.

Tenant Concentration

During the six months ended June 30, 2020, no single tenant accounted for more than 5% of our total consolidated rental income.

11. Equity

Common Stock Offering

During the second quarter of 2020, we completed an underwritten public offering of 7,187,500 shares of our common stock, including the underwriters exercise in full of its option to purchase 937,500 shares of our common stock, at an offering price per share of $39.85. The net proceeds of the offering were approximately $285.1 million after deducting the underwriting discount and offering costs totaling $1.4 million. We contributed the net proceeds of the offering to our Operating Partnership in exchange for 7,187,500 common units of partnership interests in the Operating Partnership.

ATM Program

On June 13, 2019, we established an at-the-market equity offering program (the “$550 Million ATM Program”) pursuant to which we may sell from time to time up to an aggregate of $550.0 million of our common stock through sales agents.

During the six months ended June 30, 2020, we sold a total of 2,455,770 shares of our common stock under the $550 Million ATM Program at a weighted average price of $37.02 per share, for gross proceeds of $90.9 million, and net proceeds of $89.6 million, after deducting the sales agents’ fee.

As of June 30, 2020, we had the capacity to issue up to an additional $259.8 million of common stock under the $550 Million ATM Program. Actual sales going forward, if any, will depend on a variety of factors, including among others, market conditions, the trading price of our common stock, determinations by us of the appropriate sources of funding for us and potential uses of funding available to us.

Noncontrolling Interests

Noncontrolling interests relate to interests in the Operating Partnership, represented by OP Units, fully-vested LTIP units, fully-vested performance units, 4.43937% cumulative redeemable convertible preferred units of partnership interest in the Operating Partnership (the “Series 1 CPOP Units”) and Series 2 CPOP Units, as more fully described below, that are not owned by us.

Operating Partnership Units

As of June 30, 2020, noncontrolling interests included 3,044,588 OP Units and 863,888 fully-vested LTIP units and performance units and represented approximately 3.1% of our Operating Partnership. OP Units and shares of our common stock have essentially the same economic characteristics, as they share equally in the total net income or loss and distributions of our Operating Partnership. Investors who own OP Units have the right to cause our Operating Partnership to redeem any or all of their units in our Operating Partnership for an amount of cash per unit equal to the then current market value of one share of common stock, or, at our election, shares of our common stock on a one-for-one basis.

During the six months ended June 30, 2020, 263,420 OP Units were converted into an equivalent number of shares of common stock, resulting in the reclassification of $6.6 million of noncontrolling interest to Rexford Industrial Realty, Inc.’s stockholders’ equity.

Issuance of OP Units and Series 2 CPOP Units in Connection with the Acquisition of the Properties

As previously described in Note 3, on March 5, 2020, we acquired ten industrial properties and on June 19, 2020, we acquired one additional property, from a group of sellers that were not affiliated with the Company for an aggregate purchase price of $214.2 million. As partial consideration for the Properties, we issued the Sellers 1,406,170 OP Units, valued at $67.5 million, and 906,374 newly issued 4.00% Cumulative Redeemable Convertible Preferred Units of partnership interest in the Operating Partnership (the “Series 2 CPOP Units”), valued at $40.8 million.

Holders of Series 2 CPOP Units, when and as authorized by the Company as general partner of the Operating Partnership, are entitled to cumulative cash distributions at the rate of 4.00% per annum of the $45.00 per unit liquidation preference, payable quarterly in arrears on or about the last day of March, June, September and December of each year, beginning on March 31, 2020. The holders of Series 2 CPOP Units are entitled to receive the liquidation preference, which is $45.00 per unit and approximately $40.8 million in the aggregate for all of the Series 2 CPOP Units, before the holders of OP Units are entitled to receive distributions in the event of any voluntary or involuntary liquidation, dissolution or winding-up of the affairs of the Operating Partnership.

The Series 2 CPOP Units are convertible (i) at the option of the holder anytime from time to time (the "Holder Conversion Right"), or (ii) at the option of the Operating Partnership, at any time on or after March 5, 2025, (the "Company Conversion Right"), in each case, into 0.7722 OP Units per Series 2 CPOP Unit, subject to adjustment to eliminate fractional units or to the extent that there are any accrued and unpaid distributions on the Series 2 CPOP Units. As noted above, investors who own OP Units have the right to cause our Operating Partnership to redeem any or all of their units in our Operating Partnership for an amount of cash per unit equal to the then current market value of one share of common stock, or, at our election, shares of our common stock on a one-for-one basis (the "Subsequent Redemption Right").

The Series 2 CPOP Units rank senior to the Operating Partnership's OP Units, on parity with the Operating Partnership's 5.875% series A and series B cumulative redeemable preferred units and 5.625% series C cumulative redeemable preferred units, the Series 1 CPOP Units, and with any future class or series of partnership interest of the Operating Partnership expressly designated as ranking on parity with the Series 2 CPOP Units, and junior to any other class or series of partnership interest of the Operating Partnership expressly designated as ranking senior to the Series 2 CPOP Units.

Pursuant to relevant accounting guidance, we analyzed the Series 2 CPOP Units for any embedded derivatives that should be bifurcated and accounted for separately and also considered the conditions that would require classification of the Series 2 CPOP Units in temporary equity versus permanent equity. In carrying out our analyses, we evaluated the key features of the Series 2 CPOP Units including the right to discretionary distributions, the Holder Conversion Right, the Company Conversion Right and the Subsequent Redemption Right to determine whether we control the actions or events necessary to issue the maximum number of shares that could be required to be delivered under the share settlement if the Series 2 CPOP Units are converted into shares of our common stock (subsequent to conversion into OP Units). Based on the results of our analyses, we concluded that (i) none of the embedded features of the Series 2 CPOP Units require bifurcation and separate accounting, and (ii) the Series 2 CPOP Units met the criteria to be classified within equity, and accordingly are presented as noncontrolling interests within permanent equity in the consolidated balance sheets.

Amended and Restated 2013 Incentive Award Plan

On June 11, 2018, our stockholders approved the Amended and Restated Rexford Industrial Realty, Inc. and Rexford Industrial Realty, L.P. 2013 Incentive Award Plan (the "Plan"), superseding and replacing the Rexford Industrial Realty, Inc. and Rexford Industrial Realty, L.P. 2013 Incentive Award Plan (the "Prior Plan"). Pursuant to the Plan, we may continue to make grants of stock options, restricted stock, dividend equivalents, stock payments, restricted stock units, performance shares, LTIP units of partnership interest in our Operating Partnership ("LTIP Units"), performance units in our Operating Partnership ("Performance Units"), and other stock based and cash awards to our non-employee directors, employees and consultants.

The aggregate number of shares of our common stock, LTIP Units and Performance Units that may be issued or transferred pursuant to the Plan is 1,770,000, plus any shares that have not been issued under the Prior Plan, including shares subject to outstanding awards under the Prior Plan that are not issued or delivered to a participant for any reason or that are forfeited by a participant prior to vesting. As of June 30, 2020, a total of 1,115,502 shares of common stock, LTIP Units and Performance Units remain available for issuance. Shares and units granted under the Plan may be authorized but unissued shares or units, or, if authorized by the board of directors, shares purchased in the open market. If an award under the Plan is forfeited, expires, or is settled for cash, any shares or units subject to such award will generally be available for future awards.

LTIP Units and Performance Units

LTIP Units and Performance Units are each a class of limited partnership units in the Operating Partnership. Initially, LTIP Units and Performance Units do not have full parity with OP Units with respect to liquidating distributions. However, upon the occurrence of certain events described in the Operating Partnership's partnership agreement, the LTIP Units and Performance Units can over time achieve full parity with the OP Units for all purposes. If such parity is reached, vested LTIP Units and vested Performance Units may be converted into an equal number of OP Units, and, upon conversion, enjoy all rights of OP Units. LTIP Units, whether vested or not, receive the same quarterly per-unit distributions as OP Units, which equal the per-share distributions on shares of our common stock. Performance Units that have not vested receive a quarterly per-unit distribution equal to 10% of the distributions paid on OP Units.

Share-Based Award Activity

The following table sets forth our share-based award activity for the six months ended June 30, 2020:

	Unvested Awards		
	Restricted Common Stock	LTIP Units	Performance Units
Balance at January 1, 2020	212,545	298,412	687,761
Granted	120,639	36,292	—
Forfeited	(4,857)	—	—
Vested[(1)]	(85,288)	(41,953)	—
Balance at June 30, 2020	243,039	292,751	687,761

(1) During the six months ended June 30, 2020, 26,573 shares of the Company's common stock were tendered in accordance with the terms of the Plan to satisfy minimum statutory tax withholding requirements associated with the vesting of restricted shares of common stock.

The following table sets forth the vesting schedule of all unvested share-based awards outstanding as of June 30, 2020:

	Unvested Awards		
	Restricted Common Stock	LTIP Units	Performance Units[(1)]
July 1, 2020 - December 31, 2020	2,640	154,422	188,250
2021	98,773	90,031	204,517
2022	67,586	45,740	294,994
2023	47,919	2,558	—
2024	26,121	—	—
Total	243,039	292,751	687,761

(1)Represents the maximum number of Performance Units that would become earned and vested on December 14, 2020, in the event that the specified maximum total shareholder return ("TSR") hurdles are achieved over the three-year performance period from December 15, 2017 through December 14, 2020, and the maximum number of Performance Units that would become earned and vested on December 31, 2021 and December 31, 2022, in the event that the specified maximum TSR and FFO per share growth hurdles are achieved over the three-year performance period from January 1, 2019 through December 31, 2021 and the three-year performance period from January 1, 2020 through December 31, 2022.

Compensation Expense

The following table sets forth the amounts expensed and capitalized for all share-based awards for the reported periods presented below (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Expensed share-based compensation[(1)]	$ 3,709	$ 2,709	$ 7,279	$ 5,288
Capitalized share-based compensation[(2)]	56	42	113	76
Total share-based compensation	$ 3,765	$ 2,751	$ 7,392	$ 5,364

(1) Amounts expensed are included in "General and administrative" and "Property expenses" in the accompanying consolidated statements of operations.

(2) For the three and six months ended June 30, 2020 and 2019, amounts capitalized relate to employees who provide construction services, and are included in "Building and improvements" in the consolidated balance sheets.

As of June 30, 2020, total unrecognized compensation cost related to all unvested share-based awards was $20.5 million and is expected to be recognized over a weighted average remaining period of 27 months.

Changes in Accumulated Other Comprehensive Income

The following table summarizes the changes in our AOCI balance for the six months ended June 30, 2020 and 2019, which consists solely of adjustments related to our cash flow hedges (in thousands):

	Six Months Ended June 30,	
	2020	**2019**
Accumulated other comprehensive (loss) income - beginning balance	$ (7,542)	$ 6,262
Other comprehensive loss before reclassifications	(17,318)	(12,036)
Amounts reclassified from accumulated other comprehensive loss (income) to interest expense	2,124	(1,640)
Net current period other comprehensive loss	(15,194)	(13,676)
Less other comprehensive loss attributable to noncontrolling interests	522	313
Other comprehensive loss attributable to common stockholders	(14,672)	(13,363)
Accumulated other comprehensive (loss) income - ending balance	$ (22,214)	$ (7,101)

12. Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share (in thousands, except share and per share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	**2019**	**2020**	**2019**
Numerator:				
Net income	$ 16,271	$ 15,954	$ 31,543	$ 26,671
Less: Preferred stock dividends	(3,637)	(2,424)	(7,273)	(4,847)
Less: Net income attributable to noncontrolling interests	(1,084)	(569)	(1,801)	(770)
Less: Net income attributable to participating securities	(129)	(113)	(260)	(227)
Net income attributable to common stockholders	$ 11,421	$ 12,848	$ 22,209	$ 20,827
Denominator:				
Weighted average shares of common stock outstanding – basic	119,810,283	105,847,557	116,932,359	102,115,849
Effect of dilutive securities - performance units	257,893	388,752	258,895	326,931
Weighted average shares of common stock outstanding – diluted	120,068,176	106,236,309	117,191,254	102,442,780
Earnings per share — Basic				
Net income attributable to common stockholders	$ 0.10	$ 0.12	$ 0.19	$ 0.20
Earnings per share — Diluted				
Net income attributable to common stockholders	$ 0.10	$ 0.12	$ 0.19	$ 0.20

Unvested share-based payment awards that contain non-forfeitable rights to dividends, whether paid or unpaid, are accounted for as participating securities. As such, unvested shares of restricted stock, unvested LTIP Units and unvested Performance Units are considered participating securities. Participating securities are included in the computation of basic EPS pursuant to the two-class method. The two-class method determines EPS for each class of common stock and each participating security according to dividends declared (or accumulated) and their respective participation rights in undistributed earnings.

Participating securities are also included in the computation of diluted EPS using the more dilutive of the two-class method or treasury stock method for unvested shares of restricted stock and LTIP Units, and by determining if certain market conditions have been met at the reporting date for unvested Performance Units.

The effect of including unvested shares of restricted stock and unvested LTIP Units using the treasury stock method was excluded from our calculation of weighted average shares of common stock outstanding – diluted, as their inclusion would have been anti-dilutive.

Performance Units, which are subject to vesting based on the Company achieving certain TSR levels over a three-year performance period, are included as contingently issuable shares in the calculation of diluted EPS when TSR has been achieved at or above the threshold levels specified in the award agreements, assuming the reporting period is the end of the performance period, and the effect is dilutive.

We also consider the effect of other potentially dilutive securities, including the Series 1 CPOP Units, Series 2 CPOP Units and OP Units, which may be redeemed for shares of our common stock under certain circumstances, and include them in our computation of diluted EPS when their inclusion is dilutive.

13. Subsequent Events

Acquisitions

On July 1, 2020, we acquired a three-property portfolio located at 11308-11350 Penrose Street, 11076-11078 Fleetwood Street and 11529-11547 Tuxford Street in Sun Valley, California for a contract price of $35.1 million. The portfolio consists of four multi-tenant buildings with a combined 207,374 rentable square feet.

On July 1, 2020, we acquired the property located at 15650-15700 South Avalon Boulevard in Los Angeles, California for a contract price of $28.1 million. The property consists of two buildings with a combined 166,088 rentable square feet.

On July 17, 2020, we acquired the property located at 12133 Greenstone Avenue in Santa Fe Springs, California for a contract price of $5.5 million. The property consists of one single-tenant building with 12,586 rentable square feet.

Dividends Declared

On July 20, 2020, our board of directors declared the following quarterly cash dividends/distributions:

Security		Amount per Share/Unit	Record Date	Payment Date
Common stock	$	0.215	September 30, 2020	October 15, 2020
OP Units	$	0.215	September 30, 2020	October 15, 2020
5.875% Series A Cumulative Redeemable Preferred Stock	$	0.367188	September 15, 2020	September 30, 2020
5.875% Series B Cumulative Redeemable Preferred Stock	$	0.367188	September 15, 2020	September 30, 2020
5.625% Series C Cumulative Redeemable Preferred Stock	$	0.351563	September 15, 2020	September 30, 2020
4.43937% Cumulative Redeemable Convertible Preferred Units	$	0.505085	September 15, 2020	September 30, 2020
4.00% Cumulative Redeemable Convertible Preferred Units	$	0.45	September 15, 2020	September 30, 2020

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the consolidated financial statements and the related notes thereto that appear in Part I, Item 1 "Financial Statements" of this Quarterly Report on Form 10-Q. The terms "Company," "we," "us," and "our" refer to Rexford Industrial Realty, Inc. and its consolidated subsidiaries except where the context otherwise requires.

Forward-Looking Statements

We make statements in this quarterly report that are forward-looking statements, which are usually identified by the use of words such as "anticipates," "believes," "expects," "intends," "may," "might," "plans," "estimates," "projects," "seeks," "should," "will," "result" 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 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 expectations;
- the timing of acquisitions and dispositions;
- potential natural disasters such as earthquakes, wildfires or floods;
- the consequence of any future security alerts and/or terrorist attacks;
- national, international, regional and local economic conditions, including impacts and uncertainty from trade disputes and tariffs on goods imported to the United States and goods exported to other countries;
- 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 real estate investment trust ("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 failure to complete acquisitions;
- our failure to successfully integrate acquired properties;
- our ability to qualify and maintain our qualification as a REIT;
- our ability to maintain our current investment grade rating by Fitch;
- litigation, including costs associated with prosecuting or defending pending or threatened claims and any adverse outcomes;
- 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;
- an epidemic or pandemic (such as the outbreak and worldwide spread of novel coronavirus ("COVID-19"), and the measures that international, federal, state and local governments, agencies, law enforcement and/or health authorities may implement to address it, which may (as with COVID-19) precipitate or exacerbate one or more of the above-mentioned factors and/or other risks, and significantly disrupt or prevent us from operating our business in the ordinary course for an extended period; and
- other events outside of our control.

Accordingly, there is no assurance that our expectations will be realized. Except as otherwise required by the federal securities laws, we disclaim any obligations or undertaking to publicly release any updates or revisions to any forward-looking statement contained herein (or elsewhere) to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. The reader should carefully review our financial statements and the notes thereto, as well as the section entitled "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2019.

Company Overview

Rexford Industrial Realty, Inc. is a self-administered and self-managed full-service REIT focused on owning and operating industrial properties in Southern California infill markets. We were formed as a Maryland corporation on January 18, 2013, and Rexford Industrial Realty, L.P. (the "Operating Partnership"), of which we are the sole general partner, was formed as a Maryland limited partnership on January 18, 2013. Through our controlling interest in our Operating Partnership and its subsidiaries, we acquire, own, improve, develop, lease and manage industrial real estate principally located in Southern California infill markets, and, from time to time, acquire or provide mortgage debt secured by industrial property. We are organized and conduct our operations to qualify as a REIT under the Internal Revenue Code of 1986 (the "Code"), as amended, and generally are not subject to federal taxes on our income to the extent we distribute our income to our shareholders and maintain our qualification as a REIT.

As of June 30, 2020, our consolidated portfolio consisted of 229 properties with approximately 27.6 million rentable square feet. In addition, we currently manage an additional 20 properties with approximately 1.0 million rentable square feet.

Our goal is to generate attractive risk-adjusted returns for our stockholders by providing superior access to industrial property investments and mortgage debt investments secured by industrial property in high-barrier Southern California infill markets. Our target markets provide us with opportunities to acquire both stabilized properties generating favorable cash flow, as well as properties or land parcels where we can enhance returns through value-add renovations and redevelopment or the development of new industrial buildings. Scarcity of available space and high barriers limiting new construction of for-lease product all contribute to create superior long-term supply/demand fundamentals within our target infill Southern California industrial property markets. With our vertically integrated operating platform and extensive value-add investment and management capabilities, we believe we are positioned to capitalize upon the opportunities in our markets to achieve our objectives.

2020 Year to Date Highlights

Acquisitions

- During the first quarter of 2020, we acquired from a group of sellers (the "Sellers") 10 industrial properties (the "Properties") with a combined 0.9 million rentable square feet, for an aggregate purchase price of $207.4 million.
- During the second quarter of 2020, we completed the acquisition of one small land parcel and six properties with a combined 0.3 million rentable square feet, for an aggregate purchase price of $76.5 million.

Repositioning

- During the first quarter of 2020, we stabilized two of our value-add repositioning properties located at 2455 Conejo Spectrum Street and 635 8th Street with a combined 0.2 million rentable square feet.

Equity

- During the first quarter of 2020, we sold 2,206,957 shares of common stock under our at-the-market equity offering program for gross proceeds of $80.8 million, or approximately $36.62 per share.
- During the second quarter of 2020, we sold 248,813 shares of common stock under our at-the-market equity offering program for gross proceeds of $10.1 million, or approximately $40.59 per share.
- In March 2020, in connection with the acquisition of the Properties, we issued to the Sellers 1,406,170 common units of limited partnership interests in the Operating Partnership valued at $67.5 million and 906,374 newly issued 4.00% cumulative redeemable convertible preferred units of partnership interest in the Operating Partnership (the "Series 2 CPOP Units") valued at $40.8 million.
- During the second quarter of 2020, we completed an underwritten public offering of 7,187,500 shares of our common stock, including the underwriters exercise in full of its option to purchase 937,500 shares of our common stock, at an offering price per share of $39.85. The net proceeds of the offering were approximately $285.1 million after deducting the underwriting discount and offering costs totaling $1.4 million.

Financing

- In February 2020, we amended our senior unsecured credit facility to, among other changes, increase the aggregate commitment for our unsecured revolving credit facility to $500 million from $350 million and to extend the maturity date of the unsecured revolving credit facility to February 2024 from February 2021.
- In connection with the acquisition of the Properties and one additional property that we acquired from the Sellers in March 2020 and June 2020, respectively, we assumed total debt of $47.5 million. The $47.5 million is comprised of 10 secured fixed-rate mortgage loans with interest rates ranging from 3.70% to 5.24% and with maturities ranging from 3.0 years to 8.3 years from the date assumed.

Human Capital

- In July 2020, we announced the appointment of Laura Clark as Chief Financial Officer of the Company effective as of September 1, 2020. Ms. Clark will replace Adeel Khan as Chief Financial Officer. Mr. Khan will continue to serve the Company in a transitional role to assist in the transition of his prior responsibilities to Ms. Clark.

Factors That May Influence Future Results of Operations

COVID-19 Update

The outbreak of COVID-19, which was declared a global pandemic by the World Health Organization on March 11, 2020, and the related responses by public health and governmental authorities to contain its outbreak and spread has significantly impacted the global and national economies, our industry and the industries in which our tenants operate.

In Southern California, where all of our industrial properties are located, local government authorities reacted to the COVID-19 pandemic early on by instituting quarantines, restrictions on travel, “shelter in place” rules, restrictions on types of businesses that may continue to operate, and/or restrictions on the types of construction projects that may continue. While local government authorities had begun relaxing restrictions as early as May 2020, allowing many businesses to resume operations, most recently on July 13, 2020, the Governor of California re-instituted a number of restrictions in response to a resurgence in COVID-19 cases, which could have a continued impact on us and our tenants. We cannot predict when restrictions currently in place will expire or if additional restrictions will be added. In March 2020, the Governor of California issued Executive Order N-28-20, authorizing local municipalities to impose limitations on commercial evictions for nonpayment of rent for tenants impacted by COVID-19. In response to this Executive Order, most municipalities in Southern California have, in turn, mandated a moratorium on all commercial evictions and have given tenants impacted by COVID-19 the unilateral right to defer rent while the emergency orders are in effect, with repayment generally within three to six months after the end of the local emergency. In many of the local municipalities in which we operate, the eviction restrictions are set to expire by September 30, 2020, the date that Executive Order N-28-20 is currently scheduled to expire, and in other municipalities the restrictions expire when the local emergency is lifted, although we cannot currently predict whether or not these restrictions may be extended or for how long. Some of the orders, including Executive Order N-28-20, have been extended multiple times. A number of our tenants have taken advantage of the relief provided by the local government mandates authorizing deferral of rent, and we are currently unable to predict the impact that the COVID-19 pandemic will have on our tenants or the number of tenants that will take advantage of the relief provided by the local government mandates authorizing the deferral of rent.

While we are currently unable to completely estimate the impact that the COVID-19 pandemic and efforts to contain its spread, as well as the California emergency orders authorizing tenant deferral of rent, will have on our business and our tenants for the remainder of 2020, as of July 23, 2020 we have taken the following steps and seen the following impact on our portfolio (using tenant counts and in-place annualized base rent (defined below) as of June 30, 2020):

- We had 1,453 leases representing in-place annualized base rent (“ABR”) of $263.3 million. ABR is defined/calculated as the monthly contractual base rent per the leases, excluding any rent abatements, as of June 30, 2020, multiplied by 12.
- We have received rent relief requests from 334 tenants, representing 26.7% or $70.3 million of ABR.
- We have executed rent relief agreements with 259 tenants, representing 23.7% or $62.4 million of ABR. See the table below for a summary of rent relief provided to tenants for the second quarter of 2020 and July 2020.
- We have executed rent relief agreements with four of our top ten tenants, pursuant to which we permitted the tenants to apply their security deposit to contractual base rent, permitted the acceleration of future existing contractual rent concessions and/or granted the deferral of contractual base rent for one to two months.
- Based on loan-level data announced by the U.S. Small Business Administration, in consultation with the Treasury Department, regarding the loans made under the Paycheck Protection Program (“PPP”), we believe approximately 255 tenants (including five of our top ten tenants), representing 26.5% or $69.8 million of ABR, received PPP loans in

excess of $150,000 (the loan amount above which the borrowers' names were published), of which 65.6% representing $45.8 million of ABR, did not request rent relief. We are unable to determine or speculate whether receipt of such PPP loans signifies tenant distress or tenants opportunistically taking advantage of the loan forgiveness money available under the PPP.

- We cannot be certain of the number of tenants not paying or deferring rent out of need versus those merely taking advantage of their local California government-mandated right to unilaterally defer rent without an agreement.
- We may in the future amend or enter into additional rent relief agreements.

The following table sets forth the following information regarding April 2020, May 2020, June 2020 and July 2020 contractual rent: (i) amount billed, (ii) percentage collected (as of July 23, 2020) prior to the impact of consummated rent relief agreements, (iii) the amount of rent relief provided to tenants by the (a) application of security deposits to contractual base rent, (b) acceleration of future existing contractual rent concessions to cover contractual base rent and (c) deferral of contractual base rent and (iv) percentage collected (as of July 23, 2020) after adjusting for rent relief provided by rent relief agreements.

			Rent Relief				
Period	**Contractual Billings[(1)]**	**% of Contractual Billings Collected[(2)(3)]**	**Security Deposits**	**Acceleration of Concessions**	**Deferral of Base Rent[(4)]**	**Total**	**% of Contractual Billings Collected after Relief[(3)(5)]**
April 2020	$ 26,165	86.7%	$ 2,357	$ 337	$ 589	$ 3,283	99.1%
May 2020	25,665	84.0%	1,389	369	1,825	3,583	97.7%
June 2020	25,231	90.9%	460	119	1,221	1,800	97.9%
Total Q2-2020	**$ 77,061**	**87.2%**	**$ 4,206**	**$ 825**	**$ 3,635**	**$ 8,666**	**98.2%**
July 2020	$ 25,544	92.2%	$ 206	$ —	$ 309	$ 515	94.1%

(1) Contractual Billings include contractual base rent and tenant reimbursements (including prior year recoverable expense reconciliation adjustments) charged to tenants before the impact of consummated COVID-19 related rent relief agreements.

(2) Represents the cash collection percentage of Contractual Billings.

(3) Reflects collections through July 23, 2020 for all periods presented. Based on collection patterns over the last several months, we believe the collection percentage for July 2020 Contractual Billings may increase during the remainder of July 2020 and into August 2020.

(4) The typical deferral period is approximately one to two months with repayment generally scheduled to begin in the third or fourth quarter of 2020.

(5) Represents the cash collection percentage of Contractual Billings after adjusting for Rent Relief provided by rent relief agreements.

While the volume of rent relief requests has significantly decreased from its peak in April 2020, for any rent relief requests we might receive in the future, we will continue to perform an evaluation of each tenant's individual circumstances prior to executing such rent relief agreements. Not all tenant rent relief requests will ultimately result in rent relief agreements, nor are we forgoing our contractual rights under any of our lease agreements. Rent collections and rent relief requests received to-date may not be indicative of collections or requests in any future period.

The long-term impacts of the ongoing COVID-19 pandemic and efforts to contain its spread, as well as the actions of California municipalities enabling tenants impacted by COVID-19 to unilaterally defer their rent, on our operations is uncertain. A prolonged outbreak could have a material adverse impact on our financial results and business operations, including our timing and ability to collect rents, including rents that have been recently deferred pursuant to consummated rent relief agreements. Further, the impacts of a potential worsening of global economic conditions and the continued disruptions to, and volatility in, the credit and financial markets, consumer spending as well as other unanticipated consequences remain unknown. The situation surrounding the COVID-19 pandemic remains fluid, and we are actively managing our ongoing response in collaboration with tenants and government officials and assessing potential impacts to our financial position and operating results, as well as potential adverse developments in our business. For further information regarding the impact of COVID-19 on the Company, see Part II, Item 1A titled "Risk Factors."

Market and Portfolio Fundamentals

Our operating results depend upon the infill Southern California industrial real estate market.

In recent years, the infill Southern California industrial real estate sector has continued to exhibit strong fundamentals. These high-barrier infill markets have been characterized by a relative scarcity of available product, generally operating at above or just below 98% occupancy, coupled with the limited ability to introduce new supply due to high land and development costs and a dearth of developable land in markets experiencing a net reduction in supply as more industrial property is converted to non-industrial uses than can be delivered. Consequently, available industrial supply has continued to decrease in many of our target infill submarkets and construction deliveries have fallen short of demand. Meanwhile, preceding the COVID-19 pandemic, underlying tenant demand within our infill target markets continued to demonstrate growth, illustrated or driven by strong re-leasing spreads and renewal activity over the last several years, an expanding regional economy, substantial growth in e-commerce transaction and delivery volumes, as well as further compression of delivery time-frames to consumers and to businesses, increasing the significance of last-mile facilities for timely fulfillment. Although we have observed a number of positive trends within our target infill markets over the last several years, the COVID-19 pandemic, the government-mandated commercial shut-down and the actions taken by California municipalities enabling tenants impacted by COVID-19 to unilaterally defer their rent are unprecedented events and the long-term impact on the global economy and our infill Southern California markets cannot be determined at present.

Despite the above-mentioned challenges, as the government-mandated commercial shutdown restrictions were eased through the second half of the second quarter of 2020, we observed a marked recovery in tenant demand within our portfolio, which is strategically located within prime infill Southern California industrial markets. The quality and intensity of tenant demand through the second quarter is demonstrated through the Company's favorable leasing spreads and leasing volume, which continue at pre-COVID-19 levels, as well as achieving rental rates and related terms from new and renewing tenants that continue to generally meet and exceed budgeted targets set during pre-COVID-19 periods (see "—Leasing Activity and Rental Rates" below). Although this tenant demand has been driven by a wide range of sectors, from consumer products, healthcare and medical products to aerospace, food and logistics, among other sectors, we have observed a notable increase in ecommerce-oriented tenants securing space within our portfolio, in part driven by the impacts of the COVID-19 pandemic, which has accelerated the growth in the range and volume of goods and customers transacting through ecommerce. Our portfolio, positioned within the largest last-mile logistics distribution market in the nation, is well-positioned to attract incremental ecommerce-oriented demand. We believe our portfolio's leasing performance through the second quarter has generally outpaced that of the infill markets within which we operate, although, as discussed in more details below, our target infill markets continue to operate at or near historically high levels of occupancy. We believe this performance has been driven by our highly entrepreneurial business model focused on acquiring and improving industrial property in superior locations so that our portfolio reflects a higher level of quality and functionality, on average, as compared to typical available product within the markets within which we operate. We also believe the quality and entrepreneurial approach demonstrated by our team of real estate professionals actively managing our properties and our tenants enables the potential to outcompete within our markets that we believe are generally otherwise owned by more passive, less-focused real estate owners. However, there can be no assurance that tenant demand may continue at strong levels to the extent impacts from the COVID-19 pandemic referenced above persist into future periods.

In Los Angeles County, while negative absorption caused overall occupancy to decrease quarter-over-quarter, vacancy still remained at relatively low levels. Additionally, while average asking lease rates decreased quarter-over-quarter, average asking lease rates still had positive growth year-over-year. Although there is still continued uncertainty as to the long-term impact of the COVID-19 pandemic, the stable supply and demand fundamentals of the Los Angeles County market puts it in a strong position to weather market uncertainty.

In Orange County, steady activity and tenant demand showed market resiliency during the quarter. While overall vacancy increased quarter-over-quarter, it remained below last year's vacancy rate and average asking lease rates increased quarter-over-quarter.

In San Diego, there was a slight increase in vacancy quarter-over-quarter and average asking lease rates increased slightly quarter-over-quarter.

In Ventura County, there was a decrease in vacancy quarter-over-quarter and average asking lease rates decreased quarter-over-quarter.

Lastly, in the Inland Empire, new industrial product continues to be absorbed well in the market. In the Inland Empire West, which contains the infill markets in which we operate, vacancy increased quarter-over-quarter and average asking lease rates increased slightly quarter-over-quarter and were unchanged year over year. We generally do not focus on properties located within the Inland Empire East sub-market where available land and the development and construction pipeline for new supply is substantial.

Acquisitions and Value-Add Repositioning and Development of Properties

The Company's growth strategy comprises acquiring leased, stabilized properties as well as properties with value-add opportunities to improve functionality and to deploy our value-driven asset management programs in order to increase cash flow and value. Additionally, from time to time, we may acquire land parcels or properties with excess land for ground-up development projects. Acquisitions may comprise single property investments as well as the purchase of portfolios of properties, with transaction values ranging from approximately $10 million dollar single-property investments to portfolios potentially valued in the billions of dollars. The Company's geographic focus remains infill Southern California. However, from time-to-time, portfolios could be acquired comprising a critical mass of infill Southern California industrial property that could include some assets located in markets outside of infill Southern California. In general, to the extent non-infill-Southern California assets were to be acquired as part of a larger portfolio, the Company may underwrite such investments with the potential to dispose such assets over a certain period of time in order to maximize its core focus on infill Southern California, while endeavoring to take appropriate steps to satisfy REIT safe harbor requirements to avoid prohibited transactions under REIT tax laws.

A key component of our growth strategy is to acquire properties through off-market and lightly marketed transactions that are often operating at below-market occupancy or below-market rent at the time of acquisition or that have near-term lease roll-over or that provide opportunities to add value through functional or physical repositioning and improvements. Through various redevelopment, repositioning, and professional leasing and marketing strategies, we seek to increase the properties' functionality and attractiveness to prospective tenants and, over time, to stabilize the properties at occupancy rates that meet or exceed market rates.

A repositioning can consist of a range of improvements to a property. This may include a complete structural renovation of a property whereby we convert large underutilized spaces into a series of smaller and more functional spaces, or it may include the creation of additional square footage, the modernization of the property site, the elimination of functional obsolescence, the addition or enhancement of loading areas and truck access, the enhancement of fire-life-safety systems or other accretive improvements. Because each repositioning effort is unique and determined based on the property, targeted tenants and overall trends in the general market and specific submarket, the timing and effect of the repositioning on our rental revenue and occupancy levels will vary, and, as a result, will affect the comparison of our results of operations from period to period with limited predictability.

As of June 30, 2020, ten of our properties were in various stages of repositioning or development and two of our properties were in the lease-up stage. In addition, we anticipate beginning development work on two additional properties over the next couple of years. The tables below set forth a summary of these properties, as well the two properties that were stabilized during the first half of 2020 and the seven properties that were stabilized during 2019, as the timing of these stabilizations have a direct impact on our current and comparative results of operations. In addition to the properties in the tables below, we also have a range of smaller spaces in value-add repositioning or renovation, that due to their smaller size and relatively nominal amount of down-time, are not presented below, however, in the aggregate, may be substantial.

The ongoing COVID-19 pandemic and restrictions intended to prevent its spread, including impacts to our employees, may cause delays or increase costs associated with building materials or construction services necessary for construction, which could adversely impact our ability to continue or complete construction as planned, on budget or at all for our repositioning and development projects. Additionally, most municipalities are taking longer to issue construction permits and complete inspections as their employees are permitting remotely and inspections occasionally experience delays, which has had and may continue to have an impact on project completion timing. For further information regarding the impact of COVID-19 on the Company, see Part II, Item 1A titled "Risk Factors."

Property (Submarket)	Market	Estimated New Development Rentable Square Feet[2]	Estimated Construction Period[1] Start	Completion	Total Property Leased % at 6/30/20
Current Development:					
Avenue Paine (San Fernando Valley)	LA	111,024	3Q-2019	4Q-2021	—%
851 Lawrence Drive (Ventura)	VC	90,856	2Q-2018	1Q-2021	—%
12821 Knott Street (West OC)[3]	OC	164,368	1Q-2019	1Q-2021	—%
The Merge (Inland Empire West)[4]	SB	333,491	2Q-2019	3Q-2020	—%
415 Motor Avenue (San Gabriel Valley)	LA	96,950	4Q-2019	3Q-2021	—%
1055 Sandhill Avenue (South Bay)	LA	126,013	2Q-2020	1Q-2023	—%
Total Current Development		922,702			
Future Development:					
9615 Norwalk Boulevard (Mid-Counties)[3][5]	LA	201,808	1Q-2021	2022	100%
4416 Azusa Canyon Road (San Gabriel Valley)[3]	LA	128,350	1Q-2021	4Q-2021	100%
Total Future Development		330,158			

Property (Submarket)	Market	Total Property Rentable Square Feet	Vacant Rentable Square Feet Under Repositioning/ Lease-up	Estimated Construction Period[1] Start	Completion	Total Property Leased % at 6/30/20
Current Repositioning:						
16121 Carmenita Road (Mid-Counties)	LA	105,477	53,552	1Q-2019	3Q-2020	49%
10015 Waples Court (Central SD)	SD	106,412	106,412	2Q-2019	3Q-2020	—%
1210 North Red Gum Street (North OC)	OC	64,570	64,570	1Q-2020	3Q-2020	—%
727 Kingshill Place (South Bay)[6]	LA	45,160	45,160	1Q-2020	4Q-2020	—%
Total Current Repositioning		321,619	269,694			
Lease-up Stage:						
29003 Avenue Sherman (San Fernando Valley)	LA	68,123	16,672	3Q-2018	4Q-2019	76%
7110 E. Rosecrans Avenue - Unit B (South Bay)	LA	74,856	37,417	1Q-2019	3Q-2019	50%
Total Lease-up Stage		142,979	54,089			
Total Current Repositioning and Lease-up Stage		464,598	323,783			

Stabilized:[7]	Market	Stabilized Rentable Square Feet	Stabilized Period	Total Property Leased % at 6/30/20
2455 Conejo Spectrum Street (Ventura)	VC	98,218	1Q-2020	100%
635 8th Street (San Fernando Valley)	LA	72,250	1Q-2020	100%
Total 2020 Stabilized		170,468		
14748-14750 Nelson Avenue - (San Gabriel Valley)	LA	201,990	1Q-2019	93%
1998 Surveyor Avenue (Ventura)	VC	56,306	1Q-2019	100%
15401 Figueroa Street (South Bay)	LA	38,584	1Q-2019	100%
1332-1340 Rocky Point Drive (North SD)	SD	73,747	1Q-2019	100%
1580 Carson Street (South Bay)	LA	43,787	3Q-2019	100%
3233 Mission Oaks Blvd. - Unit 3233 (Ventura)	VC	109,636	4Q-2019	97%
2722 Fairview Street (OC Airport)	OC	116,575	4Q-2019	100%
Total 2019 Stabilized		640,625		

(1) The estimated construction period is subject to change as a result of a number of factors including but not limited to permit requirements, delays in construction (including delays related to the COVID-19 pandemic), changes in scope, and other unforeseen circumstances.

(2) Represents the estimated rentable square footage of the project upon completion of development.

(3) As of June 30, 2020, these projects have existing buildings aggregating 217,672 rentable square feet that are included in our total portfolio rentable square feet. Includes the following projects: 12821 Knott Street (120,800 rentable square feet), 9615 Norwalk Boulevard (26,362 rentable square feet) and 4416 Azusa Canyon Road (70,510 rentable square feet). For the last two projects we intend to fully or partially demolish the existing buildings prior to constructing new buildings.

(4) The Merge is a fully entitled industrial development site on which we are under construction of six industrial buildings totaling 333,491 rentable square feet.

(5) 9615 Norwalk Boulevard is a 10.26 acre storage-yard with buildings totaling 26,362 rentable square feet. In January 2019, we converted the tenant's month to month land lease to a term lease with an expiration date of March 31, 2021. We will demolish the existing buildings and construct a new 201,808 rentable square foot building upon termination of this land lease.

(6) We acquired 701-727 Kingshill Place, a six-building property, on March 5, 2020. The information presented above is related to only one of the six buildings which is located at 727 Kingshill Place.

(7) We consider a repositioning property to be stabilized upon the earlier of (i) reaching 90% occupancy or (ii) one year from the date construction work is completed.

Properties that are nonoperational as a result of repositioning or redevelopment activity may qualify for varying levels of interest, insurance and real estate tax capitalization during the development and construction period. An increase in our repositioning and redevelopment activities resulting from value-add acquisitions could cause an increase in the asset balances qualifying for interest, insurance and tax capitalization in future periods. We capitalized $1.1 million and $1.9 million of interest expense and $0.3 million and $0.6 million of insurance and real estate tax expenses during the three and six months ended June 30, 2020, respectively, related to our repositioning and redevelopment projects.

Rental Revenues

Our operating results depend primarily upon generating rental revenue from the properties in our portfolio. The amount of rental revenue generated by these properties is affected by our ability to maintain or increase occupancy levels and rental rates at our properties, which will depend upon our ability to lease vacant space and re-lease expiring space at favorable rates.

Occupancy Rates

As of June 30, 2020, our consolidated portfolio, inclusive of space in repositioning as described in the subsequent paragraph, was approximately 95.4% occupied, while our stabilized consolidated portfolio exclusive of such space was approximately 97.0% occupied. We believe the opportunity to increase occupancy at our properties will be an important driver of future revenue growth. An opportunity to drive this growth will derive from the lease-up of recently completed repositioning projects and the completion and lease-up of repositioning and development projects that are currently under construction.

As summarized in the tables under "*Acquisitions and Value-Add Repositioning and Development of Properties*" above, as of June 30, 2020, ten of our properties with a combined 1.2 million rentable square feet at completion are in current repositioning or development and two additional properties with a combined 0.1 million rentable square feet are in lease-up. Vacant repositioning space and lease-up space at these 12 properties are concentrated in our Los Angeles, Orange County, Ventura and San Diego markets, and represent 1.6% of our total consolidated portfolio square footage as of June 30, 2020. Including vacant repositioning space and lease-up space at these 12 properties, our weighted average occupancy rate as of June 30, 2020, in Los Angeles, Orange County, Ventura and San Diego was 97.3%, 91.6%, 95.0% and 90.3%, respectively. Excluding vacant repositioning space and lease-up space at these 12 properties, our weighted average occupancy rate as of June 30, 2020, in these markets was 98.3%, 96.8%, 95.0% and 93.7%, respectively. We believe that an important portion of our long-term future growth will come from the completion of these projects, as well as through the identification or acquisition of new opportunities for redevelopment and repositioning, whether in our existing portfolio or through new investments, which may vary from period to period subject to market conditions.

The occupancy rate of properties not undergoing repositioning is affected by regional and local economic conditions in our Southern California infill markets. In the last several years, the Los Angeles, Orange and San Diego county markets have continued to show historically low vacancy and positive absorption, resulting from high tenant demand combined with low product availability. Accordingly, our properties in these markets have generally exhibited a similar trend. While we believe the opportunity to increase occupancy and rental rates at our properties will be an important driver of future revenue growth, there can be no assurance that recent positive market trends will continue, due in part to the ongoing COVID-19 pandemic and the impact it will have on the global economy and our local infill Southern California markets.

Leasing Activity and Rental Rates

The following tables set forth our leasing activity for new and renewal leases for the six months ended June 30, 2020:

	New Leases					
Quarter	**Number of Leases**	**Rentable Square Feet**	**Weighted Average Lease Term (in years)**	**Effective Rent Per Square Foot[1]**	**GAAP Leasing Spreads[2][4]**	**Cash Leasing Spreads[3][4]**
Q1-2020	47	424,435	4.3	$ 12.46	33.5%	22.1%
Q2-2020	49	550,977	4.0	$ 11.57	37.9%	17.9%
Total/Weighted Average	**96**	**975,412**	**4.1**	**$ 11.95**	**35.9%**	**19.7%**

	Renewal Leases						Expired Leases		Retention %[7]
Quarter	**Number of Leases**	**Rentable Square Feet**	**Weighted Average Lease Term (in years)**	**Effective Rent Per Square Foot[1]**	**GAAP Leasing Spreads[2][5]**	**Cash Leasing Spreads[3][5]**	**Number of Leases**	**Rentable Square Feet[6]**	**Rentable Square Feet**
Q1-2020	60	1,169,923	4.3	$ 12.28	37.2%	24.8%	107	1,685,186	79.7%
Q2-2020	74	818,529	5.0	$ 11.87	30.4%	18.3%	131	1,328,499	62.3%
Total/Weighted Average	**134**	**1,988,452**	**4.6**	**$ 12.12**	**34.6%**	**22.3%**	**238**	**3,013,685**	**71.5%**

(1) Effective rent per square foot is the average base rent calculated in accordance with GAAP, over the term of the lease, expressed in dollars per square foot per year. Includes all new and renewal leases that were executed during the quarter.

(2) Calculated as the change between GAAP rents for new or renewal leases and the expiring GAAP rents on the expiring leases for the same space.

(3) Calculated as the change between starting cash rents for new or renewal leases and the expiring cash rents on the expiring leases for the same space.

(4) The GAAP and cash re-leasing spreads for new leases executed during the six months ended June 30, 2020, exclude 28 leases aggregating 538,016 rentable square feet for which there was no comparable lease data. Of these 28 excluded leases, two leases aggregating 65,494 rentable square feet are leases of recently repositioned space. Comparable leases generally exclude: (i) space that has never been occupied under our ownership, (ii) recently repositioned/redeveloped space, (iii) space that has been vacant for over one year or (iv) space with lease terms shorter than six months.

(5) The GAAP and cash re-leasing rent spreads for renewal leases executed during the six months ended June 30, 2020, excludes three leases totaling 59,121 rentable square feet for which there was no comparable lease data. Comparable leases generally exclude: (i) space with different lease structures or (ii) space with lease terms shorter than six months.

(6) Includes three leases totaling 198,762 rentable square feet that expired during the six months ended June 30, 2020, for which the space was placed into repositioning after each tenant vacated.

(7) Retention is calculated as renewal lease square footage plus relocation/expansion square footage, divided by the square footage of leases expiring during the period. Retention excludes expiring leases associated with space that is placed into repositioning after the tenant vacates.

Our leasing activity is impacted both by our redevelopment and repositioning efforts, as well as by market conditions. While we reposition a property, its space may become unavailable for leasing until completion of our repositioning efforts. During the six months ended June 30, 2020, we stabilized 2455 Conejo Spectrum Street and 635 8th Street with a combined 170,468 rentable square feet. As of June 30, 2020, we have four current repositioning projects and six development projects with estimated construction completion periods ranging from the third quarter of 2020 through the first quarter of 2023. Additionally, we have two properties in the lease-up stage. Based on current market activity, we expect these properties to have positive impacts on our leasing activity and revenue generation as we complete our value-add repositioning plans and place these properties in service. However, the ultimate impact of the ongoing COVID-19 pandemic on the timing of the completion of these projects and the rental rates at which we are able to negotiate leases is uncertain. For further information regarding the impact of COVID-19 on the Company, see Part II, Item 1A titled "Risk Factors."

Scheduled Lease Expirations

Our ability to re-lease space subject to expiring leases is affected by economic and competitive conditions in our markets and by the relative desirability of our individual properties, which may impact our results of operations. The following table sets forth a summary schedule of lease expirations for leases in place as of June 30, 2020, for each of the 10 full and partial calendar years beginning with 2020 and thereafter, plus space that is available and under current repositioning.

Year of Lease Expiration	Number of Leases Expiring	Total Rentable Square Feet[(1)]	Percentage of Total Owned Square Feet	Annualized Base Rent[(2)]	Percentage of Total Annualized Base Rent[(3)]	Annualized Base Rent per Square Foot[(4)]
Vacant[(5)]	—	880,000	3.2%	$ —	—%	$ —
Current Repositioning[(6)]	—	390,494	1.4%	$ —	—%	$ —
MTM Tenants[(7)]	67	88,378	0.3%	$ 1,454	0.6%	$ 16.45
Remainder of 2020	135	1,500,959	5.4%	$ 13,457	5.1%	$ 8.97
2021	356	5,398,430	19.5%	$ 51,474	19.6%	$ 9.54
2022	360	4,000,130	14.5%	$ 42,994	16.3%	$ 10.75
2023	262	3,499,601	12.7%	$ 39,582	15.0%	$ 11.31
2024	126	3,854,764	14.0%	$ 37,200	14.1%	$ 9.65
2025	76	2,609,774	9.4%	$ 24,505	9.3%	$ 9.39
2026	21	1,383,987	5.0%	$ 12,488	4.7%	$ 9.02
2027	11	669,948	2.4%	$ 5,912	2.2%	$ 8.83
2028	6	348,447	1.3%	$ 3,304	1.3%	$ 9.48
2029	8	550,549	2.0%	$ 5,986	2.3%	$ 10.87
Thereafter	25	2,458,317	8.9%	$ 24,933	9.5%	$ 10.14
Total Consolidated Portfolio	1,453	27,633,778	100.0%	$ 263,289	100.0%	$ 9.99

(1) Represents the contracted square footage upon expiration.

(2) Calculated as monthly contracted base rent (before rent abatements) per the terms of such lease, as of June 30, 2020, multiplied by 12. Excludes billboard and antenna revenue and tenant reimbursements. Amounts in thousands.

(3) Calculated as annualized base rent set forth in this table divided by annualized base rent for the total portfolio as of June 30, 2020.
(4) Calculated as annualized base rent for such leases divided by the occupied square feet for such leases as of June 30, 2020.
(5) Represents vacant space (not under repositioning) as of June 30, 2020. Includes new leases aggregating 175,057 rentable square feet that have been signed but had not yet commenced as of June 30, 2020.
(6) Represents 0.3 million rentable square feet of vacant space at our properties that were classified as current repositioning and 0.1 million rentable square feet at our development properties that we intend to demolish prior to constructing new buildings as of June 30, 2020. Refer to the table under "*Acquisitions and Value-Add Repositioning and Development of Properties*" for a summary of these properties. Excludes stabilized properties and properties in lease-up.
(7) Represents tenants under month-to-month ("MTM") leases or having holdover tenancy. Of the 67 MTM leases, 56 MTM leases aggregating 59,390 rentable square feet are at our property located at 14723-14825 Oxnard Street, where due to number and the small size of spaces, we typically only enter into MTM leases.

As of June 30, 2020, in addition to 0.9 million rentable square feet of currently available space in our portfolio and 0.4 million rentable square feet of vacant space under current repositioning, leases representing 5.4% and 19.5% of the aggregate rentable square footage of our portfolio are scheduled to expire during the remainder of 2020 and 2021, respectively. During the six months ended June 30, 2020, we renewed 134 leases for 1,988,452 rentable square feet, resulting in a 71.5% retention rate. Our retention rate during the period was impacted by the combination of low vacancy and high demand in many of our key markets. During the six months ended June 30, 2020, both new and renewal leases had a weighted average term of 4.6 years, and we expect future new and renewal leases to have similar terms.

The leases scheduled to expire during the remainder of 2020 and 2021 represent approximately 5.1% and 19.6% respectively, of the total ABR for our portfolio as of June 30, 2020. We estimate that, on a weighted average basis, in-place rents of leases scheduled to expire during the remainder of 2020 and 2021 are currently below current market asking rates, although individual units or properties within any particular submarket may currently be leased either above, below, or at the current market asking rates within that submarket.

As described under "—Market Fundamentals" above, while second quarter market indicators, including changes in vacancy rates and average asking lease rates, varied by submarket due to the COVID-19 pandemic, overall there was comparatively low market vacancy and pervasive supply and demand imbalance across our submarkets, which continues to support strong market fundamentals including positive rental growth. Therefore, while we still expect the remainder of 2020 will show positive renewal rates and leasing spreads, due to the continued uncertainty created by the ongoing COVID-19 pandemic, we cannot guarantee that they will be as strong as the rental rates and leasing spreads we have experienced during the first half of 2020 and prior to 2020. For further information regarding the impact of COVID-19 on the Company, see Part II, Item 1A titled "Risk Factors."

Conditions in Our Markets

The properties in our portfolio are located primarily in Southern California infill markets. Positive or negative changes in economic or other conditions, including the impact of the ongoing COVID-19 pandemic, and related state and local government reactions, adverse weather conditions and natural disasters in this market may affect our overall performance.

Property Expenses

Our property expenses generally consist of utilities, real estate taxes, insurance, site repair and maintenance costs, and the allocation of overhead costs. For the majority of our properties, our property expenses are recovered, in part, by either the triple net provisions or modified gross expense reimbursements in tenant leases. The majority of our leases also comprise contractual three percent annual rental rate increases meant, in part, to help mitigate potential increases in property expenses over time. However, the terms of our leases vary, and, in some instances, we may absorb property expenses. Our overall financial results will be impacted by the extent to which we are able to pass-through property expenses to our tenants.

Taxable REIT Subsidiary

As of June 30, 2020, our Operating Partnership indirectly and wholly owns Rexford Industrial Realty and Management, Inc., which we refer to as our services company. We have elected, 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 or our subsidiaries (other than a taxable REIT subsidiary) 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 health care facility or provide rights to any brand name under which any lodging facility or health care facility is operated. 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. 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. Our taxable REIT subsidiary is a C-corporation subject to federal and state income tax. However, it has a cumulative unrecognized net operation loss carryforward and therefore there is no income tax provision for the six months ended June 30, 2020 and 2019.

Critical Accounting Policies

The preparation of 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 revenues and expenses for the reporting periods. Actual amounts may differ from these estimates and assumptions. 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 affect the comparability of our results of operations and financial condition to those of other companies.

In our 2019 Annual Report on Form 10-K, we identified certain critical accounting policies that affect certain of our more significant estimates and assumptions used in preparing our consolidated financial statements. We have not made any material changes to our critical accounting policies during the period covered by this report.

Results of Operations

Our consolidated results of operations are often not comparable from period to period due to the effect of (i) property acquisitions, (ii) property dispositions and (iii) properties that are taken out of service for repositioning, redevelopment or development during the comparative reporting periods. Our “Total Portfolio” represents all of the properties owned during the reported periods. To eliminate the effect of changes in our Total Portfolio due to acquisitions, dispositions, and repositioning/development and to highlight the operating results of our on-going business, we have separately presented the results of our “Stabilized Same Properties Portfolio.”

For the three and six months ended June 30, 2020 and 2019, our Stabilized Same Properties Portfolio includes all properties in our industrial portfolio that were wholly-owned by us for the period from January 1, 2019 through June 30, 2020, and that were stabilized prior to January 1, 2019, which consisted of 161 properties aggregating approximately 19.8 million rentable square feet. Results for our Stabilized Same Properties Portfolio exclude any properties that were acquired or sold during the period from January 1, 2019 through June 30, 2020, properties classified as current or future repositioning, development or lease-up during 2019 or 2020, interest income, interest expense and corporate general and administrative expenses. In addition to the properties included in our Stabilized Same Properties Portfolio, our Total Portfolio includes the 56 properties aggregating approximately 6.6 million rentable square feet that were purchased between January 1, 2019 and June 30, 2020, and the four properties aggregating approximately 0.2 million rentable square feet that were sold between January 1, 2019 and June 30, 2020.

As of June 30, 2020 and 2019, our Stabilized Same Properties Portfolio occupancy was approximately 97.6% and 98.0%, respectively. For the three months ended June 30, 2020 and 2019, our Stabilized Same Properties Portfolio weighted average occupancy was approximately 97.8% and 98.1%, respectively. Comparatively, for the six months ended June 30, 2020 and 2019, our Stabilized Same Properties Portfolio weighted average occupancy was approximately 97.9% and 97.9%, respectively.

Comparison of the Three Months Ended June 30, 2020 to the Three Months Ended June 30, 2019

The following table summarizes the historical results of operations for our Stabilized Same Properties Portfolio and Total Portfolio for the three months ended June 30, 2020 and 2019 (dollars in thousands):

	Stabilized Same Properties Portfolio				Total Portfolio			
	Three Months Ended June 30,			%	Three Months Ended June 30,			%
	2020	2019	Increase/(Decrease)	Change	2020	2019	Increase/(Decrease)	Change
REVENUES								
Rental income	$ 57,513	$ 55,851	$ 1,662	3.0 %	$ 79,770	$ 63,613	$ 16,157	25.4 %
Management, leasing and development services	—	—	—	— %	114	109	5	4.6 %
Interest income	—	—	—	— %	66	668	(602)	(90.1)%
TOTAL REVENUES	57,513	55,851	1,662	3.0 %	79,950	64,390	15,560	24.2 %
OPERATING EXPENSES								
Property expenses	13,178	12,850	328	2.6 %	18,884	15,139	3,745	24.7 %
General and administrative	—	—	—	— %	8,972	7,301	1,671	22.9 %
Depreciation and amortization	19,567	20,297	(730)	(3.6)%	28,381	24,522	3,859	15.7 %
TOTAL OPERATING EXPENSES	32,745	33,147	(402)	(1.2)%	56,237	46,962	9,275	19.8 %
OTHER EXPENSES								
Acquisition expenses	—	—	—	— %	14	29	(15)	(51.7)%
Interest expense	—	—	—	— %	7,428	6,255	1,173	18.8 %
TOTAL EXPENSES	32,745	33,147	(402)	(1.2)%	63,679	53,246	10,433	19.6 %
Gains on sale of real estate	—	—	—	— %	—	4,810	(4,810)	(100.0)%
NET INCOME	$ 24,768	$ 22,704	$ 2,064	9.1 %	$ 16,271	$ 15,954	$ 317	2.0 %

Rental Income

On January 1, 2019, we adopted Accounting Standards Codification Topic 842: Leases ("ASC 842") using the modified retrospective approach and elected the "non-separation practical expedient" in ASC 842 that alleviates the requirement to separately present lease and non-lease components of lease contracts if certain criteria are met. As a result, we account for and present all rental income earned pursuant to tenant leases, including tenant reimbursements, as a single component in one line, "Rental income," in our consolidated statements of operations. Prior to the adoption ASC 842, we presented rental revenue, tenant reimbursements and other income related to leases separately in our consolidated statements of operations.

The following table reports the breakdown of 2020 and 2019 rental income, as reported prior to the adoption of ASC 842 (dollars in thousands). We believe that the below presentation of rental income is not, and is not intended to be, a presentation in accordance with GAAP. We are presenting this information because we believe it is frequently used by management, investors, securities analysts and other interested parties to evaluate the Company's performance.

	Stabilized Same Properties Portfolio				Total Portfolio			
	Three Months Ended June 30,			%	Three Months Ended June 30,			%
Category	**2020**	**2019**	**Increase/(Decrease)**	**Change**	**2020**	**2019**	**Increase/(Decrease)**	**Change**
Rental revenue[(1)]	$ 49,027	$ 47,150	$ 1,877	4.0 %	$ 67,349	$ 53,599	$ 13,750	25.7 %
Tenant reimbursements [(2)]	8,501	8,468	33	0.4 %	12,433	9,776	2,657	27.2 %
Other income[(3)]	(15)	233	(248)	(106.4)%	(12)	238	(250)	(105.0)%
Rental income	$ 57,513	$ 55,851	$ 1,662	3.0 %	$ 79,770	$ 63,613	$ 16,157	25.4 %

Our Stabilized Same Properties Portfolio and Total Portfolio rental income increased by $1.7 million, or 3.0%, and $16.2 million, or 25.4%, respectively, during the three months ended June 30, 2020, compared to the three months ended June 30, 2019, for the reasons described below:

(1) Rental Revenue

Our Stabilized Same Properties Portfolio and Total Portfolio rental revenue increased by $1.9 million, or 4.0%, and $13.8 million, or 25.7%, respectively, during the three months ended June 30, 2020, compared to the three months ended June 30, 2019. The increase in our Stabilized Same Properties Portfolio rental revenue is primarily due to increases in average rental rates on new and renewal leases of the portfolio for comparable periods. Our Total Portfolio rental revenue was also positively impacted by the incremental revenues from the 56 properties we acquired between January 1, 2019, and June 30, 2020.

Refer to "—COVID-19 Update" above for a summary of COVID-19 related rent relief provided to tenants during the second quarter of 2020 and July 2020. Because rent relief provided to tenants (e.g., acceleration of future contractual rent concessions and the deferral of contractual base rent) did not substantially change the total amount of rent payments in the original lease contracts (only the timing of rent payments has changed) and we believe that deferred rent payments remain collectible based on our tenant-by-tenant collectability assessment as of June 30, 2020, rental revenue for the three months ended June 30, 2020, was not impacted by such COVID-19 rent relief agreements. See Note 2 "Summary of Significant Accounting Policies—COVID-19 Lease Concessions" to our consolidated financial statements under Item 1 of this report on Form 10-Q for additional information.

(2) Tenant Reimbursements

Our Stabilized Same Properties Portfolio tenant reimbursements revenue increased by $33 thousand, or 0.4%, and our Total Portfolio tenant reimbursements revenue increased by $2.7 million, or 27.2%, during the three months ended June 30, 2020, compared to the three months ended June 30, 2019. The increase in our Stabilized Same Properties Portfolio tenant reimbursements revenue is primarily due to an increase in recoverable operating expenses, partially offset by a decrease in tenant reimbursements due to timing differences in completing prior year recoverable expense reconciliations for comparable periods. Our Total Portfolio tenant reimbursements revenue was also impacted by the incremental tenant reimbursements from the 56 properties we acquired between January 1, 2019 and June 30, 2020.

(3) Other Income

Our Stabilized Same Properties Portfolio and Total Portfolio other income decreased by $0.2 million, or 106.4%, and $0.3 million, or 105.0%, respectively, during the three months ended June 30, 2020, compared to the three months ended June 30, 2019, due to a decrease in late fee income as a result of COVID-19 related California governmental measures, many of which prohibit landlords from charging tenants late fees, and the reversal of prior period late fees.

Management, Leasing and Development Services

Our Total Portfolio management, leasing and development services revenue increased by $5 thousand, or 4.6%, during the three months ended June 30, 2020, compared to the three months ended June 30, 2019.

Interest Income

Interest income decreased by $0.6 million, or 90.1%, during the three months ended June 30, 2020, compared to the three months ended June 30, 2019, primarily due to a decrease in the average cash balance invested in money market accounts.

Property Expenses

Our Stabilized Same Properties Portfolio and Total Portfolio property expenses increased by $0.3 million, or 2.6%, and $3.7 million, or 24.7%, respectively, during the three months ended June 30, 2020, compared to the three months ended June 30, 2019. The increase in our Stabilized Same Properties Portfolio property expenses is primarily due to an increase in real estate tax expense relating to California Proposition 13 annual increases and an increase in insurance expense, partially offset by a decrease in repairs and maintenance expense. Our Total Portfolio property expenses were also impacted by incremental expenses from the 56 properties we acquired between January 1, 2019, and June 30, 2020.

General and Administrative

Our Total Portfolio general and administrative expenses increased by $1.7 million, or 22.9%, during the three months ended June 30, 2020, compared to the three months ended June 30, 2019, primarily due to increases in non-cash equity compensation expense, payroll related costs due to a higher headcount and accrued bonus expense.

Depreciation and Amortization

Our Stabilized Same Properties Portfolio depreciation and amortization expense decreased by $0.7 million, or 3.6%, during the three months ended June 30, 2020, compared to the three months ended June 30, 2019, primarily due to acquisition-related in-place lease intangibles becoming fully depreciated at certain of our properties subsequent to January 1, 2019, partially offset by an increase in depreciation expense related to capital improvements placed into service subsequent to January 1, 2019. Our Total Portfolio depreciation and amortization expense increased by $3.9 million, or 15.7%, during the three months ended June 30, 2020, compared to the three months ended June 30, 2019, primarily due to the incremental expense from the 56 properties we acquired between January 1, 2019, and June 30, 2020.

Acquisition Expenses

Our Total Portfolio acquisition expenses decreased by $15 thousand, or 51.7%, during the three months ended June 30, 2020, compared to the three months ended June 30, 2019.

Interest Expense

Our Total Portfolio interest expense increased by $1.2 million, or 18.8%, during the three months ended June 30, 2020, compared to the three months ended June 30, 2019, primarily due to a $1.0 million increase related to the private placement of $100.0 million of senior notes that we completed in July 2019 and a $0.4 million increase due to the assumption of $47.5 million of debt as part of the consideration for the acquisition of 10 properties during the first half of 2020, partially offset by a $0.3 million decrease related to our variable rate $60 million term loan due to a decrease in the LIBOR rate.

Gains on Sale of Real Estate

During the three months ended June 30, 2019, we recognized gains on sale of real estate of $4.8 million from the disposition of one property that was sold for a gross sale price of $11.6 million. During the three months ended June 30, 2020, we did not complete any property dispositions.

Comparison of the Six Months Ended June 30, 2020 to the Six Months Ended June 30, 2019

The following table summarizes the historical results of operations for our Stabilized Same Properties Portfolio and Total Portfolio for the six months ended June 30, 2020 and 2019 (dollars in thousands):

	Stabilized Same Properties Portfolio				Total Portfolio			
	Six Months Ended June 30,			%	Six Months Ended June 30,			%
	2020	2019	Increase/(Decrease)	Change	2020	2019	Increase/(Decrease)	Change
REVENUES								
Rental income	$ 115,291	$ 111,544	$ 3,747	3.4 %	$ 157,260	$ 123,217	$ 34,043	27.6 %
Management, leasing and development services	—	—	—	— %	207	211	(4)	(1.9)%
Interest income	—	—	—	— %	163	1,325	(1,162)	(87.7)%
TOTAL REVENUES	115,291	111,544	3,747	3.4 %	157,630	124,753	32,877	26.4 %
OPERATING EXPENSES								
Property expenses	26,316	25,489	827	3.2 %	36,998	28,951	8,047	27.8 %
General and administrative	—	—	—	— %	18,289	14,645	3,644	24.9 %
Depreciation and amortization	39,382	40,305	(923)	(2.3)%	55,904	46,518	9,386	20.2 %
TOTAL OPERATING EXPENSES	65,698	65,794	(96)	(0.1)%	111,191	90,114	21,077	23.4 %
OTHER EXPENSES								
Acquisition expenses	—	—	—	— %	19	52	(33)	(63.5)%
Interest expense	—	—	—	— %	14,877	12,726	2,151	16.9 %
TOTAL EXPENSES	65,698	65,794	(96)	(0.1)%	126,087	102,892	23,195	22.5 %
Gains on sale of real estate	—	—	—	— %	—	4,810	(4,810)	(100.0)%
NET INCOME	$ 49,593	$ 45,750	$ 3,843	8.4 %	$ 31,543	$ 26,671	$ 4,872	18.3 %

Rental Income

The following table reports the breakdown of 2020 and 2019 rental income, as reported prior to the adoption of ASC 842 (dollars in thousands). We believe that the below presentation of rental income is not, and is not intended to be, a presentation in accordance with GAAP. We are presenting this information because we believe it is frequently used by management, investors, securities analysts and other interested parties to evaluate the Company's performance.

	Stabilized Same Properties Portfolio				Total Portfolio			
	Six Months Ended June 30,			%	Six Months Ended June 30,			%
Category	2020	2019	Increase/(Decrease)	Change	2020	2019	Increase/(Decrease)	Change
Rental revenue[(1)]	$ 98,193	$ 94,019	$ 4,174	4.4 %	$ 132,604	$ 103,885	$ 28,719	27.6 %
Tenant reimbursements [(2)]	16,921	17,037	(116)	(0.7)%	24,426	18,817	5,609	29.8 %
Other income[(3)]	177	488	(311)	(63.7)%	230	515	(285)	(55.3)%
Rental income	$ 115,291	$ 111,544	$ 3,747	3.4 %	$ 157,260	$ 123,217	$ 34,043	27.6 %

Our Stabilized Same Properties Portfolio and Total Portfolio rental income increased by $3.7 million, or 3.4%, and $34.0 million, or 27.6%, respectively, during the six months ended June 30, 2020, compared to the six months ended June 30, 2019, for the reasons described below:

(1) Rental Revenue

Our Stabilized Same Properties Portfolio and Total Portfolio rental revenue increased by $4.2 million, or 4.4%, and $28.7 million, or 27.6%, respectively, during the six months ended June 30, 2020, compared to the six months ended June 30, 2019. The increase in our Stabilized Same Properties Portfolio rental revenue is primarily due to increases in average rental rates on new and renewal leases. Our Total Portfolio rental revenue was also positively impacted by the incremental revenues from the 56 properties we acquired between January 1, 2019, and June 30, 2020.

(2) Tenant Reimbursements

Our Stabilized Same Properties Portfolio tenant reimbursements revenue decreased by $0.1 million, or 0.7%, and our Total Portfolio tenant reimbursements revenue increased by $5.6 million, or 29.8% during the six months ended June 30, 2020, compared to the six months ended June 30, 2019. The decrease in our Stabilized Same Properties Portfolio tenant reimbursements revenue is primarily due to timing differences in completing prior year recoverable expense reconciliations for comparable periods, partially offset by an increase in recoverable operating expenses. Our Total Portfolio tenant reimbursements revenue was also impacted by the incremental tenant reimbursements from the 56 properties we acquired between January 1, 2019 and June 30, 2020.

(3) Other Income

Our Stabilized Same Properties Portfolio and Total Portfolio other income decreased by $0.3 million, or 63.7%, and $0.3 million, or 55.3%, respectively, during the six months ended June 30, 2020, compared to the six months ended June 30, 2019, due to a decrease in late fee income as a result of COVID-19 related California governmental measures, many of which prohibit landlords from charging tenants late fees, and the reversal of prior period late fees.

Management, Leasing and Development Services

Our Total Portfolio management, leasing and development services revenue decreased by $4 thousand, or 1.9%, during the six months ended June 30, 2020, compared to the six months ended June 30, 2019.

Interest Income

Interest income decreased by $1.2 million, or 87.7%, during the six months ended June 30, 2020, compared to the six months ended June 30, 2019, primarily due to a decrease in the average cash balance invested in money market accounts.

Property Expenses

Our Stabilized Same Properties Portfolio and Total Portfolio property expenses increased by $0.8 million, or 3.2%, and $8.0 million, or 27.8%, respectively, during the six months ended June 30, 2020, compared to the six months ended June 30, 2019. The increase in our Stabilized Same Properties Portfolio property expenses is primarily due to an increase in real estate tax expense relating to California Proposition 13 annual increases and an increase in insurance expense. Our Total Portfolio property expenses were also impacted by incremental expenses from the 56 properties we acquired between January 1, 2019, and June 30, 2020.

General and Administrative

Our Total Portfolio general and administrative expenses increased by $3.6 million, or 24.9%, during the six months ended June 30, 2020, compared to the six months ended June 30, 2019, primarily due to increases in non-cash equity compensation expense, payroll related costs due to a higher headcount and accrued bonus expense.

Depreciation and Amortization

Our Stabilized Same Properties Portfolio depreciation and amortization expense decreased by $0.9 million, or 2.3%, during the six months ended June 30, 2020, compared to the six months ended June 30, 2019, primarily due to acquisition-related in-place lease intangibles becoming fully depreciated at certain of our properties subsequent to January 1, 2019, partially offset by an increase in depreciation expense related to capital improvements placed into service subsequent to January 1, 2019. Our Total Portfolio depreciation and amortization expense increased by $9.4 million, or 20.2%, during the six months ended June 30, 2020, compared to the six months ended June 30, 2019, primarily due to the incremental expense from the 56 properties we acquired between January 1, 2019, and June 30, 2020.

Acquisition Expenses

Our Total Portfolio acquisition expenses decreased by $33 thousand or 63.5%, during the six months ended June 30, 2020, compared to the six months ended June 30, 2019.

Interest Expense

Our Total Portfolio interest expense increased by $2.2 million, or 16.9%, during the six months ended June 30, 2020, compared to the six months ended June 30, 2019, primarily due to a $2.0 million increase related to the private placement of $100.0 million of senior notes that we completed in July 2019 and a $0.5 million increase due to the assumption of $47.5 million of debt as part of the consideration for the acquisition of ten properties during the first half of 2020, partially offset by a $0.3 million increase in capitalized interest related to our repositioning and redevelopment properties.

Gains on Sale of Real Estate

During the six months ended June 30, 2019, we recognized gains on sale of real estate of $4.8 million from the disposition of one property that was sold for a gross sale price of $11.6 million. During the six months ended June 30, 2020, we did not complete any property dispositions.

Non-GAAP Supplemental Measure: Funds From Operations

We calculate funds from operations ("FFO") attributable to common stockholder 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 accounting principles generally accepted in the United States ("GAAP")), excluding gains (or losses) from sales of depreciable operating property, impairment losses, real estate related depreciation and amortization (excluding amortization of deferred financing costs) and after adjustments for unconsolidated 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, and asset impairments, 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.

The following table sets forth a reconciliation of net income, the most directly comparable financial measure calculated and presented in accordance with GAAP, to FFO (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net income	$ 16,271	$ 15,954	$ 31,543	$ 26,671
Add:				
Depreciation and amortization	28,381	24,522	55,904	46,518
Deduct:				
Gains on sale of real estate	—	4,810	—	4,810
Funds From Operations (FFO)	$ 44,652	$ 35,666	$ 87,447	$ 68,379
Less: preferred stock dividends	(3,637)	(2,424)	(7,273)	(4,847)
Less: FFO attributable to noncontrolling interest[(1)]	(2,005)	(1,021)	(3,455)	(1,754)
Less: FFO attributable to participating securities[(2)]	(192)	(182)	(387)	(358)
FFO attributable to common stockholders	$ 38,818	$ 32,039	$ 76,332	$ 61,420

(1) Noncontrolling interests represent (i) holders of outstanding common units of the Company's Operating Partnership that are owned by unit holders other than the Company and (ii) holders of Series 1 CPOP Units and Series 2 CPOP Units.

(2) Participating securities include unvested shares of restricted stock, unvested LTIP units and unvested performance units.

Non-GAAP Supplemental Measures: NOI and Cash NOI

Net operating income ("NOI") is a non-GAAP measure which includes the revenue and expense directly attributable to our real estate properties. NOI is calculated as rental income less property expenses (before interest expense, depreciation and amortization).

We use NOI as a supplemental performance measure because, in excluding real estate depreciation and amortization expense, general and administrative expenses, interest expense, gains (or losses) on sale of real estate and other non-operating items, 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 NOI will be useful to investors as a basis to compare our operating performance with that of other REITs. However, because NOI excludes depreciation and amortization expense 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 effect and could materially impact our results from operations), the utility of NOI as a measure of our performance is limited. Other equity REITs may not calculate NOI in a similar manner and, accordingly, our NOI may not be comparable to such other REITs' NOI. Accordingly, NOI should be considered only as a supplement to net income as a measure of our performance. NOI should not be used as a measure of our liquidity, nor is it indicative of funds available to fund our cash needs. NOI should not be used as a substitute for cash flow from operating activities in accordance with GAAP.

NOI on a cash-basis ("Cash NOI") is a non-GAAP measure, which we calculate by adding or subtracting the following items from NOI: i) fair value lease revenue and ii) straight-line rental revenue adjustments. We use Cash NOI, together with NOI, as a supplemental performance measure. Cash NOI should not be used as a measure of our liquidity, nor is it indicative of funds available to fund our cash needs. Cash NOI should not be used as a substitute for cash flow from operating activities computed in accordance with GAAP.

The following table sets forth the revenue and expense items comprising NOI and the adjustments to calculate Cash NOI (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Rental income	$ 79,770	$ 63,613	157,260	123,217
Property expenses	18,884	15,139	36,998	28,951
Net Operating Income	$ 60,886	$ 48,474	$ 120,262	$ 94,266
Amortization of (below) above market lease intangibles, net	(2,669)	(1,900)	(5,071)	(3,651)
Straight line rental revenue adjustment	(6,212)	(1,241)	(7,884)	(3,308)
Cash Net Operating Income	$ 52,005	$ 45,333	$ 107,307	$ 87,307

The following table sets forth a reconciliation of net income, the most directly comparable financial measure calculated and presented in accordance with GAAP, to NOI and Cash NOI (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net income	$ 16,271	$ 15,954	$ 31,543	$ 26,671
Add:				
General and administrative	8,972	7,301	18,289	14,645
Depreciation and amortization	28,381	24,522	55,904	46,518
Acquisition expenses	14	29	19	52
Interest expense	7,428	6,255	14,877	12,726
Deduct:				
Management, leasing and development services	114	109	207	211
Interest income	66	668	163	1,325
Gains on sale of real estate	—	4,810	—	4,810
Net Operating Income	$ 60,886	$ 48,474	$ 120,262	$ 94,266
Amortization of (below) above market lease intangibles, net	(2,669)	(1,900)	(5,071)	(3,651)
Straight line rental revenue adjustment	(6,212)	(1,241)	(7,884)	(3,308)
Cash Net Operating Income	$ 52,005	$ 45,333	$ 107,307	$ 87,307

Non-GAAP Supplemental Measure: EBITDA*re*

We calculate earnings before interest expense, income taxes, depreciation and amortization for real estate ("EBITDA*re*") in accordance with the standards established by NAREIT. EBITDA*re* is calculated as net income (loss) (computed in accordance with GAAP), before interest expense, income tax expense, depreciation and amortization, gains (or losses) from sales of depreciable operating property, impairment losses and adjustments for unconsolidated joint ventures.

We believe that EBITDA*re* 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 properties. We also use this measure in ratios to compare our performance to that of our industry peers. In addition, we believe EBITDA*re* is frequently used by securities analysts, investors and other interested parties in the evaluation of equity REITs. However, our industry peers may not calculate EBITDA*re* in accordance with the NAREIT definition as we do and, accordingly, our EBITDA*re* may not be comparable to our peers' EBITDA*re*. Accordingly, EBITDA*re* should be considered only as a supplement to net income (loss) as a measure of our performance.

The following table sets forth a reconciliation of net income, the most directly comparable financial measure calculated and presented in accordance with GAAP, to EBITDA*re* (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net income	$ 16,271	$ 15,954	$ 31,543	$ 26,671
Interest expense	7,428	6,255	14,877	12,726
Depreciation and amortization	28,381	24,522	55,904	46,518
Gains on sale of real estate	—	(4,810)	—	(4,810)
EBITDA*re*	$ 52,080	$ 41,921	$ 102,324	$ 81,105

Liquidity and Capital Resources

Overview

Our short-term liquidity requirements consist primarily of funds to pay for operating expenses, interest expense, general and administrative expenses, capital expenditures, tenant improvements and leasing commissions, and distributions to our common and preferred stockholders and holders of common units of partnership interests in our Operating Partnership ("OP Units"). We expect to meet our short-term liquidity requirements through available cash on hand, cash flow from operations, by drawing on our unsecured revolving credit facility and by issuing shares of common stock pursuant to our at-the-market equity offering program described below.

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 net cash flow from operations, proceeds from long-term unsecured and secured financings, borrowings available under our unsecured revolving credit facility, the issuance of equity securities, including preferred stock, and proceeds from selective real estate dispositions as we identify capital recycling opportunities.

As of June 30, 2020, our cash and cash equivalents were $254.4 million, and we did not have any borrowings outstanding under our unsecured revolving credit facility, leaving $500.0 million available for future borrowings. We believe that this available liquidity makes us well positioned to navigate any macroeconomic uncertainty resulting from the COVID-19 pandemic.

Sources of Liquidity

Cash Flow from Operations

Cash flow from operations is one of our key sources of liquidity and is primarily dependent upon: (i) the occupancy levels and lease rates at our properties, (ii) our ability to collect rent, (iii) the level of operating costs we incur and (iv) our ability to pass through operating expenses to our tenants. Our ability to use cash from operations to continue to meet our liquidity needs could be affected by various risks and uncertainties, including, but not limited to, the effects of the COVID-19 pandemic. We are subject to a number of risks, which have been heightened as the result of the COVID-19 pandemic, related to general economic conditions, including reduced occupancy levels, tenant defaults and bankruptcies and potential reductions in rental rates on new and renewal leases, which have the potential to affect our overall performance and resulting cash flows from operations.

ATM Program

On June 13, 2019, we established an at-the-market equity offering program (the “$550 Million ATM Program”) pursuant to which we may sell from time to time up to an aggregate of $550.0 million of our common stock through sales agents. During the six months ended June 30, 2020, we sold a total of 2,455,770 shares of our common stock under the $550 Million ATM Program at a weighted average price of $37.02 per share, for gross proceeds of $90.9 million, and net proceeds of $89.6 million, after deducting the sales agents’ fee. As of June 30, 2020, we had the capacity to issue up to an additional $259.8 million of common stock under the $550 Million ATM Program.

Future sales, if any, will depend on a variety of factors to be determined by us from time to time, including among others, market conditions, the trading price of our common stock and capital needs. We intend to use the net proceeds from the offering of shares under the $550 Million ATM Program, if any, to fund potential acquisition opportunities, repay amounts outstanding from time to time under our unsecured revolving credit facility or other debt financing obligations, to fund our development or redevelopment activities and/or for general corporate purposes.

Equity Offerings

During the second quarter of 2020, we completed an underwritten public offering of 7,187,500 shares of our common stock, including the underwriters exercise in full of its option to purchase 937,500 shares of our common stock, at an offering price per share of $39.85. The net proceeds of the offering were approximately $285.1 million after deducting the underwriting discount and offering costs totaling $1.4 million. We intend to use the net proceeds from this offering to fund future acquisitions, fund our development or redevelopment activities and for general corporate purposes.

We evaluate the capital markets on an ongoing basis for opportunities to raise capital, and as circumstances warrant, we may issue additional securities, from time to time, to fund acquisitions, for the repayment of long-term debt upon maturity and for other general corporate purposes. Any future issuance, however, is dependent upon market conditions, available pricing and capital needs and there can be no assurance that we will be able to complete any such offerings of securities.

Capital Recycling

We continuously evaluate opportunities for the potential disposition of properties in our portfolio when we believe such disposition is appropriate in view of our business objectives. In evaluating these opportunities, we consider a variety of criteria including, but not limited to, local market conditions and lease rates, asset type and location, as well as potential uses of proceeds and tax considerations. Tax considerations include entering into tax-deferred like-kind exchanges under Section 1031 of the Internal Revenue Code, when possible, to defer some or all of the taxable gains, if any, on dispositions.

During the six months ended June 30, 2020, we did not complete any property dispositions. In the future, we may selectively and opportunistically dispose of properties, however, the timing of any potential future dispositions will depend on market conditions, asset-specific circumstances or opportunities, and our capital needs. Our ability to dispose of selective properties on advantageous terms, or at all, is dependent upon a number of factors including the availability of credit to potential buyers to purchase properties at prices that we consider acceptable, which may be impacted by the current COVID-19 pandemic. For further information regarding the impact of COVID-19 on the Company, see Part II, Item 1A titled “Risk Factors.”

Amended Credit Agreement

On February 13, 2020, we amended our prior $450 million credit facility (the “Prior Credit Agreement”) by entering into a Third Amended and Restated Credit Agreement (the “Amended Credit Agreement”), which provides for a $600.0 million senior unsecured credit facility, comprised of a $500.0 million unsecured revolving credit facility (the “Amended Revolver”) and a $100.0 million unsecured term loan facility (the “$100 Million Term Loan Facility”). The Amended Revolver is scheduled to mature on February 13, 2024, and has two six-month extension options available for a maximum maturity date of February 13, 2025, subject to certain conditions and the payment of an additional fee. The $100 Million Term Loan Facility is scheduled to mature on February 14, 2022. Subject to certain terms and conditions set forth in the Amended Credit Agreement, we may request additional lender commitments up to an additional aggregate $900.0 million, which may be comprised of additional revolving commitments under the Amended Revolver, an increase to the $100 Million Term Loan Facility, additional term loan tranches or any combination of the foregoing.

Interest on the Amended Credit Agreement is generally to be paid based upon, at our option, either (i) LIBOR plus an applicable margin that is based upon our leverage ratio or (ii) the Base Rate (which is defined as the highest of (a) the federal funds rate plus 0.50%, (b) the administrative agent’s prime rate or (c) the Eurodollar Rate plus 1.00%) plus an applicable margin that is based on our leverage ratio. The margins for the Amended Revolver range in amount from 1.05% to 1.50% per annum for LIBOR-based loans and 0.05% to 0.50% per annum for Base Rate-based loans, depending on our leverage ratio. The margins for the $100 Million Term Loan Facility range in amount from 1.20% to 1.70% per annum for LIBOR-based loans and 0.20% to 0.70% per annum for Base Rate-based loans, depending on our leverage ratio.

If we attain one additional investment grade rating by one or more of Standard & Poor’s (“S&P”) or Moody’s Investor Services (“Moody’s”) to complement our current investment grade Fitch rating, we may elect to convert the pricing structure under the Amended Credit Agreement to be based on such rating. In that event, the margins for the Amended Revolver will range in amount from 0.725% to 1.40% per annum for LIBOR-based loans and 0.00% to 0.45% per annum for Base Rate-based loans, depending on such rating, and the margins for the $100 Million Term Loan Facility will range in amount from 0.85% to 1.65% per annum for LIBOR-based loans and 0.00% to 0.65% per annum for Base Rate-based loans, depending on such rating.

In addition to the interest payable on amounts outstanding under the Amended Revolver, we are required to pay an applicable facility fee, based upon our leverage ratio, on the aggregate amount of each lender's Revolving Credit Commitment (whether or not such Revolving Credit Commitment is drawn), as defined in the Amended Credit Agreement. The applicable facility fee will range in amount from 0.15% to 0.30% per annum, depending on our leverage ratio. In the event that we convert the pricing structure to be based on an investment-grade rating, the applicable facility fee will range in amount from 0.125% to 0.30% per annum, depending on such rating.

The Amended Credit Agreement is guaranteed by the Company and by substantially all of the current and to-be-formed subsidiaries of the Operating Partnership that own an unencumbered property. The Amended Credit Agreement is not secured by the Company’s properties or by equity interests in the subsidiaries that hold such properties.

The Amended Revolver and the Amended Term Loan Facility may be voluntarily prepaid in whole or in part at any time without premium or penalty. Amounts borrowed under the $100 Million Term Loan Facility and repaid or prepaid may not be reborrowed.

The Amended Credit Agreement contains usual and customary events of default including defaults in the payment of principal, interest or fees, defaults in compliance with the covenants set forth in the Amended Credit Agreement and other loan documentation, cross-defaults to certain other indebtedness, and bankruptcy and other insolvency defaults. If an event of default occurs and is continuing under the Amended Credit Agreement, the unpaid principal amount of all outstanding loans, together with all accrued unpaid interest and other amounts owing in respect thereof, may be declared immediately due and payable.

As of the filing date of this Quarterly Report on Form 10-Q, we did not have any borrowings outstanding under the Amended Revolver, leaving $500.0 million available for future borrowings.

Investment Grade Rating

In November 2019, Fitch Ratings affirmed our investment grade credit rating of BBB with a stable outlook on the Prior Credit Agreement, our $225 million unsecured term loan facility (the “$225 Million Term Loan Facility”), our $150 million unsecured term loan facility (the “$150 Million Term Loan Facility”), our $100 million unsecured guaranteed senior notes (the “$100 Million Notes”), our $125 million unsecured guaranteed senior notes (the “$125 Million Notes”), our $25.0 million unsecured guaranteed senior notes (the “Series 2019A Notes”) and our $75.0 million unsecured guaranteed senior notes (the “Series 2019B Notes”). They also affirmed our investment grade credit rating of BB+ on our 5.875% Series A Cumulative Redeemable Preferred Stock, 5.875% Series B Cumulative Redeemable Preferred Stock and 5.625% Series C Cumulative Redeemable Preferred Stock (the “Series C Preferred Stock”). Our credit ratings are based on our operating performance, liquidity and leverage ratios, overall financial position and other factors employed by the credit rating agencies in their rating analysis of us, and, although it is our intent to maintain our investment grade credit rating, there can be no assurance that we will be able to maintain our current credit ratings. In the event our current credit ratings are downgraded, it may become difficult or more expensive to obtain additional financing or refinance existing indebtedness as maturities become due.

Uses of Liquidity

Acquisitions

One of our most significant liquidity needs has historically been for the acquisition of real estate properties. Year to date, we have acquired one small land parcel and 21 properties with a combined 1.6 million rentable square feet for a total gross purchase price of $352.6 million, and we are actively monitoring a volume of properties in our markets that we believe represent attractive potential investment opportunities to continue to grow our business. As of the filing date of this Quarterly Report on Form 10-Q, we have approximately $51.9 million of acquisitions under contract or letter of intent. There can be no assurance we will complete any such acquisitions. While the actual number of acquisitions that we complete will be dependent upon a number of factors, in the short term, we expect to fund our acquisitions through available cash on hand, cash flows from operations, borrowings available under the Amended Revolver, recycling capital through property dispositions and, in the long term, through the issuance of equity securities or proceeds from long-term secured and unsecured financings.

Recurring and Nonrecurring Capital Expenditures

Capital expenditures are considered part of both our short-term and long-term liquidity requirements. As discussed above under — Factors that May Influence Future Results —Acquisitions and Value-Add Repositioning and Development of Properties, as of June 30, 2020, 14 of our properties were in various stages of repositioning, development or lease-up. We currently estimate that approximately $106.1 million of capital will be required through the first quarter of 2023, to bring these projects to completion. However, this estimate is based on our current construction plans and budgets, both of which are subject to change as a result of a number of factors, including as a result of the COVID-19 pandemic and restrictions intended to prevent its spread, which has and may continue to cause delays or which may increase costs associated with building materials or construction services. If we are unable to complete construction on schedule or within budget, we could incur increased construction costs and experience potential delays in leasing the properties. We expect to fund these projects through a combination of cash flow from operations, the issuance of common stock under the $550 Million ATM Program and borrowings available under the Amended Revolver.

The following table sets forth certain information regarding non-recurring and recurring capital expenditures at the properties in our portfolio as follows:

	Six Months Ended June 30, 2020		
	Total[(1)]	**Square Feet[(2)]**	**Per Square Foot[(3)]**
Non-Recurring Capital Expenditures[(4)]	$ 27,184	18,359,169	$ 1.48
Recurring Capital Expenditures[(5)]	2,898	27,076,230	$ 0.11
Total Capital Expenditures	$ 30,082		

(1) Cost is reported in thousands. Excludes the following capitalized costs: (i) compensation costs of personnel directly responsible for and who spend their time on development, renovation and rehabilitation activity and (ii) interest, property taxes and insurance costs incurred during the development and construction periods of repositioning or development projects.

(2) For non-recurring capital expenditures, reflects the aggregate square footage of the properties in which we incurred such capital expenditures. For recurring capital expenditures, reflects the weighted average square footage of our consolidated portfolio during the period.

(3) Per square foot amounts are calculated by dividing the aggregate capital expenditure costs by the square footage as defined in (2) above.

(4) Non-recurring capital expenditures are expenditures made with respect to improvements to the appearance of such property or any development or other major upgrade or renovation of such property, and further includes capital expenditures for seismic upgrades, or capital expenditures for deferred maintenance existing at the time such property was acquired.

(5) Recurring capital expenditures are expenditures made with respect to the maintenance of such property and replacement of items due to ordinary wear and tear including, but not limited to, expenditures made for maintenance of parking lots, roofing materials, mechanical systems, HVAC systems and other structural systems.

Commitments and Contractual Obligations

The following table sets forth our principal obligations and commitments as of June 30, 2020, including (i) scheduled principal payments and debt maturities, (ii) periodic interest payments related to our outstanding indebtedness and interest rate swaps, (iii) office lease payments and (iv) other contractual obligations (in thousands):

	Payments by Period						
	Total	Remainder of 2020	2021	2022	2023	2024	Thereafter
Principal payments and debt maturities	$ 908,250	$ 418	$ 1,267	$ 101,700	$ 289,318	$ 12,886	$ 502,661
Interest payments - fixed-rate debt(1)	123,415	7,627	15,225	15,186	15,029	14,586	55,762
Interest payments - variable-rate debt(2)	48,829	8,183	15,641	10,809	7,177	6,036	983
Ground and office lease payments(3)	7,452	674	1,536	1,617	1,626	1,602	397
Contractual obligations(4)	33,136	33,136	—	—	—	—	—
Total	$ 1,121,082	$ 50,038	$ 33,669	$ 129,312	$ 313,150	$ 35,110	$ 559,803

(1) Reflects scheduled interest payments on our fixed rate debt, including the $100 Million Notes, $125 Million Notes, Series 2019A Notes, Series 2019B Notes and our various mortgage loans.

(2) Reflects an estimate of interest payments due on variable rate debt, including the impact of interest rate swaps. For variable rate debt where interest is paid based on LIBOR plus an applicable LIBOR margin, we used the applicable LIBOR margin in effect as of June 30, 2020, and the one-month LIBOR rate of 0.16225%, as of June 30, 2020. Furthermore, it is assumed that any maturity extension options available are not exercised.

(3) See Note 6 to our consolidated financial statements for further details regarding leases. As of June 30, 2020, we have one additional office lease for office space which has not commenced of $1.9 million which has been included above.

(4) Includes total commitments for tenant improvements related to obligations under certain tenant leases and construction work related to obligations under contractual agreements with our construction vendors. We anticipate these obligations to be paid as incurred through the remainder of 2020 and 2021, however, as the timing of these obligations is subject to a number of factors, for purposes of this table, we have included the full amount under "Remainder of 2020".

Dividends and Distributions

In order to maintain our qualification as a REIT, we are required to distribute annually at least 90% of our REIT taxable income, determined without regard to the dividends paid deduction 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 distribute a percentage of our cash flow on a quarterly basis to holders of our common stock. In addition, we intend to make distribution payments to holders of OP Units and preferred units and dividend payments to holders of our preferred stock.

On July 20, 2020, our board of directors declared the following quarterly cash dividends/distributions:

Security	Amount per Share/Unit	Record Date	Payment Date
Common stock	$ 0.215	9/30/2020	10/15/2020
OP Units	$ 0.215	9/30/2020	10/15/2020
5.875% Series A Cumulative Redeemable Preferred Stock	$ 0.367188	9/15/2020	9/30/2020
5.875% Series B Cumulative Redeemable Preferred Stock	$ 0.367188	9/15/2020	9/30/2020
5.625% Series C Cumulative Redeemable Preferred Stock	$ 0.351563	9/15/2020	9/30/2020
4.43937% Cumulative Redeemable Convertible Preferred Units	$ 0.505085	9/15/2020	9/30/2020
4.00% Cumulative Redeemable Convertible Preferred Units	$ 0.45	9/15/2020	9/30/2020

Consolidated Indebtedness

The following table sets forth certain information with respect to our consolidated debt outstanding as of June 30, 2020:

	Maturity Date		Margin Above LIBOR	Effective Interest Rate[1]	Principal Balance (in thousands)[2]	Maturity Date of Effective Swaps
Secured and Unsecured Debt:						
Unsecured Debt:						
Revolver[3]	2/13/2024	[4]	1.050% [5]	1.212%	$ —	
$100M Term Loan Facility	2/14/2022		1.200% [5]	2.964% [6]	100,000	8/14/2021
$225M Term Loan Facility	1/14/2023		1.200% [5]	2.574% [7]	225,000	1/14/2022
$150M Term Loan Facility	5/22/2025		1.500% [5]	4.263% [8]	150,000	11/22/2024
$100M Senior Notes	8/6/2025		n/a	4.290%	100,000	
$125M Senior Notes	7/13/2027		n/a	3.930%	125,000	
$25M Series 2019A Senior Notes	7/16/2029		n/a	3.880%	25,000	
$75M Series 2019B Senior Notes	7/16/2034		n/a	4.030%	75,000	
Total Unsecured Debt					$ 800,000	
Secured Debt:						
$60M Term Loan	8/1/2023	[9]	1.700%	1.862%	$ 58,499	
Gilbert/La Palma	3/1/2031		n/a	5.125%	2,377	
701-751 Kingshill Place	1/5/2026		n/a	3.900%	7,100	
2601-2641 Manhattan Beach Boulevard	4/5/2023		n/a	4.080%	4,120	
2410-2420 Santa Fe Avenue	1/1/2028		n/a	3.700%	10,300	
11600 Los Nietos Road	5/1/2024		n/a	4.190%	2,861	
5160 Richton Street	11/15/2024		n/a	3.790%	4,443	
2205 126th Street	12/1/2027		n/a	3.910%	5,200	
11832-11954 La Cienega Boulevard	7/1/2028		n/a	4.260%	4,100	
7612-7642 Woodwind Drive	1/5/2024		n/a	5.240%	3,938	
960-970 Knox Street	11/1/2023		n/a	5.000%	2,530	
22895 Eastpark Drive	11/15/2024		n/a	4.330%	2,782	
Total Secured Debt					$ 108,250	
Total Consolidated Debt				3.468%	$ 908,250	

(1) Includes the effect of interest rate swaps that were effective as of June 30, 2020. See footnotes (6), (7) and (8) below. Assumes a 1-month LIBOR rate of 0.16225% as of June 30, 2020, as applicable. Excludes the effect of amortization of debt issuance costs, premiums/discounts and the facility fee on the Amended Revolver.

(2) Excludes unamortized debt issuance costs and premiums/discounts totaling $1.6 million as of June 30, 2020.

(3) The Amended Revolver is subject to an applicable facility fee which is calculated as a percentage of the total lenders' commitment amount, regardless of usage. The applicable facility fee will range from 0.15% to 0.30% depending upon our leverage ratio.

(4) Two additional six-month extensions are available at the borrower's option, subject to certain terms and conditions.

(5) The interest rates on these loans are comprised of LIBOR plus a LIBOR margin. The LIBOR margin will range from 1.05% to 1.50% per annum for the Amended Revolver, 1.20% to 1.70% per annum for the $100 Million Term Loan Facility, 1.20% to 1.70% per annum for the $225 Million Term Loan Facility and 1.50% to 2.20% per annum for the $150 Million Term Loan Facility, depending on our leverage ratio, which is the ratio of our outstanding consolidated indebtedness to the value of our consolidated gross asset value. This leverage ratio is measured on a quarterly basis, and as a result, the effective interest rate will fluctuate from period to period.

(6) As of June 30, 2020, the $100 Million Term Loan Facility has been effectively fixed at 1.764% plus an applicable LIBOR margin through the use of an interest rate swap with a notional value of $100.0 million and an effective date of December 14, 2018.

(7) As of June 30, 2020, the $225 Million Term Loan Facility has been effectively fixed at 1.374% plus the applicable LIBOR margin through the use of two interest rate swaps as follows: (i) $125 million with a strike rate of 1.349% and an effective date of February 14, 2018, and (ii) $100 million with a strike rate of 1.406% and an effective date of August 14, 2018, plus the applicable LIBOR margin.

(8) As of June 30, 2020, the $150 Million Term Loan Facility has been effectively fixed at 2.7625% plus an applicable LIBOR margin through the use of an interest rate swap with a notional value of $150.0 million and an effective date of July 22, 2019.

(9) Loan is secured by six properties. One 24-month extension is available at the borrower's option, subject to certain terms and conditions.

The following table summarizes the composition of our consolidated debt between fixed-rate and variable-rate and secured and unsecured debt as of June 30, 2020:

	Average Term Remaining (in years)	Stated Interest Rate	Effective Interest Rate[1]	Principal Balance (in thousands)[2]	% of Total
Fixed vs. Variable:					
Fixed	5.2	3.58%	3.58%	$ 849,751	94%
Variable	3.1	LIBOR + 1.70%	1.86%	$ 58,499	6%
Secured vs. Unsecured:					
Secured	4.3		2.92%	$ 108,250	12%
Unsecured	5.2		3.54%	$ 800,000	88%

(1) Includes the effect of interest rate swaps that were effective as of June 30, 2020. Excludes the effect of amortization of debt issuance costs, premiums/discounts and the facility fee on the Amended Revolver. Assumes a 1-month LIBOR rate of 0.16225% as of June 30, 2020, as applicable.

(2) Excludes unamortized debt issuance costs and discounts totaling $1.6 million as of June 30, 2020.

At June 30, 2020, we had total consolidated indebtedness of $908.3 million, excluding unamortized debt issuance costs and premiums/discounts, with a weighted average interest rate of 3.47% and an average term-to-maturity of 5.1 years. As of June 30, 2020, $849.8 million, or 94% of our outstanding indebtedness had an interest rate that was effectively fixed under either the terms of the loan ($372.1 million) or an interest rate swap ($475.0 million).

At June 30, 2020, we had consolidated indebtedness of $908.3 million, reflecting a net debt to total combined market capitalization of approximately 10.5%. Our total market capitalization is defined as the sum of the liquidation preference of our outstanding preferred stock and preferred units plus the market value of our common stock excluding shares of nonvested restricted stock, plus the aggregate value of common units not owned by us, plus the value of our net debt. Our net debt is defined as our consolidated indebtedness less cash and cash equivalents.

Debt Covenants

The Amended Credit Agreement, $225 Million Term Loan Facility, $150 Million Term Loan Facility, $100 Million Notes, $125 Million Notes and Series 2019A and 2019B Notes all include a series of financial and other covenants that we must comply with, including the following covenants which are tested on a quarterly basis:

- Maintaining a ratio of total indebtedness to total asset value of not more than 60%;
- For the Amended Credit Agreement, $225 Million Term Loan Facility and $150 Million Term Loan Facility, maintaining a ratio of secured debt to total asset value of not more than 45%;
- For the $100 Million Notes, $125 Million Notes and Series 2019A and 2019B Notes (together the "Senior Notes"), maintaining a ratio of secured debt to total asset value of not more than 40%;
- For the Senior Notes, maintaining a ratio of total secured recourse debt to total asset value of not more than 15%;

- For the Amended Credit Agreement, $225 Million Term Loan Facility and $150 Million Term Loan Facility, maintaining a minimum tangible net worth of at least the sum of (i) $2,061,865,500, and (ii) an amount equal to at least 75% of the net equity proceeds received by the Company after September 30, 2019;
- For the Senior Notes, maintaining a minimum tangible net worth of at least the sum of (i) $760,740,750, and (ii) an amount equal to at least 75% of the net equity proceeds received by the Company after September 30, 2016;
- Maintaining a ratio of adjusted EBITDA (as defined in each of the loan agreements) to fixed charges of at least 1.5 to 1.0;
- Maintaining a ratio of total unsecured debt to total unencumbered asset value of not more than 60%; and
- Maintaining a ratio of unencumbered NOI (as defined in each of the loan agreements) to unsecured interest expense of at least 1.75 to 1.00.

The Amended Credit Agreement, $225 Million Term Loan Facility, $150 Million Term Loan Facility and Senior Notes also contain limitations on our ability to pay distributions on our common stock. Specifically, our cash dividends may not exceed the greater of (1) 95% of our FFO (as defined in the credit agreement) and (2) the amount required for us to qualify and maintain our REIT status. If an event of default exists, we may only make distributions sufficient to qualify and maintain our REIT status.

Additionally, subject to the terms of the Senior Notes, upon certain events of default, including, but not limited to, (i) a default in the payment of any principal, make-whole payment amount, or interest under the Senior Notes, (ii) a default in the payment of certain of our other indebtedness, (iii) a default in compliance with the covenants set forth in the Senior Notes agreement and (iv) bankruptcy and other insolvency defaults, the principal and accrued and unpaid interest and the make-whole payment amount on the outstanding Senior Notes will become due and payable at the option of the purchasers. In addition, we are required to maintain at all times a credit rating on the Senior Notes from either S&P, Moody's or Fitch. As noted above, most recently in November 2019, Fitch affirmed the investment grade rating of the Senior Notes at BBB with a stable outlook.

The $60 Million Term Loan contains the following financial covenants:

- Maintaining a Debt Service Coverage Ratio (as defined in the term loan agreement) of at least 1.10 to 1.00, to be tested quarterly;
- Maintaining Unencumbered Liquid Assets (as defined in the term loan agreement) of not less than (i) $5 million, or (ii) $8 million if we elect to have Line of Credit Availability (as defined in the term loan agreement) included in the calculation, of which $2 million must be cash or cash equivalents, to be tested annually as of December 31 of each year;
- Maintaining a minimum Fair Market Net Worth (as defined in the term loan agreement) of at least $75 million, to be tested annually as of December 31 of each year.

We were in compliance with all of our quarterly debt covenants as of June 30, 2020.

Off Balance Sheet Arrangements

As of June 30, 2020, we did not have any off-balance sheet arrangements.

Cash Flows

Comparison of the Six Months Ended June 30, 2020 to the Six Months Ended June 30, 2019

The following table summarizes the changes in net cash flows associated with our operating, investing, and financing activities for the six months ended June 30, 2020 and 2019 (in thousands):

	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019	Change
Cash provided by operating activities	$ 71,179	$ 61,548	$ 9,631
Cash used in investing activities	$ (210,317)	$ (474,382)	$ 264,065
Cash provided by financing activities	$ 314,721	$ 415,497	$ (100,776)

Net cash provided by operating activities. Net cash provided by operating activities increased by $9.6 million to $71.2 million for the six months ended June 30, 2020, compared to $61.5 million for the six months ended June 30, 2019. The increase was primarily attributable to incremental cash flows from property acquisitions completed subsequent to January 1, 2019, and the increase in Cash NOI from our Stabilized Same Properties Portfolio, partially offset by changes in working capital and an increase in cash interest paid for comparable periods.

Net cash used in investing activities. Net cash used in investing activities decreased by $264.1 million to $210.3 million for the six months ended June 30, 2020, compared to $474.4 million for the six months ended June 30, 2019. The decrease was primarily attributable to a $286.1 million decrease in cash paid for property acquisitions and acquisition related deposits, partially offset by an $11.1 million decrease in proceeds from the sale of real estate and a $11.0 million increase in cash paid for construction and repositioning projects for comparable periods.

Net cash provided by financing activities. Net cash provided by financing activities decreased by $100.8 million to $314.7 million for the six months ended June 30, 2020, compared to $415.5 million for the six months ended June 30, 2019. The decrease was primarily attributable to the following: (i) a decrease of $82.8 million in net cash proceeds from the sale of shares of our common stock (ii) an increase of $11.8 million in dividends and distributions paid to common stockholders and unit holders resulting from the increase in the number of common shares outstanding and the increase in our quarterly per share cash dividend, (iii) an increase of $3.3 million in dividends and distributions paid to preferred stockholders and preferred unit holders resulting from the issuance of the Series C Preferred Stock in September 2019, the Series 1 CPOP Units in April 2019, and the Series 2 CPOP Units in March 2020, and (iii) an increase of $2.2 million in deferred loan costs paid related to the amendment of our senior unsecured credit facility in February 2020.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Market risk refers to the risk of loss from adverse changes in market prices and interest rates. A key market risk we face is interest rate risk. We are exposed to interest rate changes primarily as a result of using variable-rate debt to satisfy various short-term and long-term liquidity needs, which have interest rates based upon LIBOR. We use interest rate swaps to manage, or hedge, interest rate risks related to our borrowings. Because actual interest rate movements over time are uncertain, our swaps pose potential interest rate risks, notably if interest rates fall. We also expose ourselves to credit risk, which we attempt to minimize by contracting with highly-rated banking financial counterparties. For a summary of our outstanding variable-rate debt, see Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources. For a summary of our interest rate swaps, see Note 7 to our consolidated financial statements.

As of June 30, 2020, the $100 Million Term Loan Facility has been effectively fixed through the use of an interest rate swap. The interest rate swap has a notional value of $100.0 million, an effective date of December 14, 2018, a maturity date of August 14, 2021, and currently fixes the annual interest rate payable on the $100 Million Term Loan Facility at 1.764% plus an applicable LIBOR margin under the terms of the Credit Facility.

As of June 30, 2020, the $225 Million Term Loan Facility has been effectively fixed through the use of two interest rate swaps. The first interest rate swap has a notional value of $125.0 million, an effective date of February 14, 2018, a maturity date of January 14, 2022, and currently fixes the annual interest rate payable at 1.349% plus an applicable LIBOR margin under the terms of the $225 Million Term Loan Facility. The second interest rate swap has a notional value of $100.0 million, an effective date of August 14, 2018, a maturity date of January 14, 2022, and currently fixes the annual interest rate payable at 1.406% plus an applicable LIBOR margin under the terms of the $225 Million Term Loan Facility.

As of June 30, 2020, the $150 Million Term Loan Facility has been effectively fixed through the use of an interest rate swap. The interest rate swap has a notional value of $150.0 million, an effective date of July 22, 2019, a maturity date of November 22, 2024, and currently fixes the annual interest rate payable on the $150 Million Term Loan Facility at 2.7625% plus an applicable margin under the terms of the $150 Million Term Loan Facility.

At June 30, 2020, we had total consolidated indebtedness, excluding unamortized debt issuance costs and premiums/discounts, of $908.3 million. Of this total amount, $849.8 million, or 94%, had an interest rate that was effectively fixed under the terms of the loan or an interest rate swap. The remaining $58.5 million, or 6%, comprises our variable-rate debt. Based upon the amount of variable-rate debt outstanding as of June 30, 2020, if LIBOR were to increase by 50 basis points, the increase in interest expense on our variable-rate debt would decrease our future earnings and cash flows by approximately $0.3 million annually. If LIBOR were to decrease by 50 basis points, the decrease in interest expense on our variable-rate debt would increase our future earnings and cash flows by approximately $0.1 million annually.

Interest risk amounts are our management's estimates and were determined by considering the effect of hypothetical interest rates on our financial instruments. We calculate interest sensitivity by multiplying the amount of variable rate debt outstanding by the respective change in rate. The sensitivity analysis does not take into consideration possible changes in the balances or fair value of our floating rate debt or 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, this analysis assumes no changes in our financial structure.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rule 13a-15(e) or Rule 15d-15(e) under the Securities Exchange Act of 1934, as amended, (the “Exchange Act”)) that are designed to ensure that information required to be disclosed in our reports under the Exchange Act is processed, recorded, summarized, and reported within the time periods specified in the Security and Exchange Commission’s rules and forms and that such information is accumulated and communicated to management, including the Co-Chief Executive Officers and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure.

In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As required by SEC Rule 13a-15(b), we carried out an evaluation, under the supervision and with the participation of management, including our Co-Chief Executive Officers and Chief Financial Officer, regarding the effectiveness of our disclosure controls and procedures as of June 30, 2020, the end of the period covered by this report.

Based on the foregoing, our Co-Chief Executive Officers and Chief Financial Officer concluded that, as of June 30, 2020, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting. No changes to our internal control over financial reporting were identified that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II. OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we are party to various lawsuits, claims and legal proceedings that arise in the ordinary course of business. We are not currently a party to any legal proceedings that we believe would reasonably be expected to have a material adverse effect on our business, financial condition or results of operations.

Item 1A. Risk Factors

With the exception of the following, there have been no other material changes in our risk factors from those previously disclosed in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2019.

The ongoing COVID-19 pandemic, restrictions intended to prevent its spread and local governments' actions impacting our ability to collect rent could adversely impact our business, financial condition, results of operations, cash flows, liquidity and ability to satisfy our debt service obligations.

In December 2019, a novel strain of coronavirus (COVID-19) was reported to have surfaced in Wuhan, China. On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic, and on March 13, 2020, the United States declared a national emergency with respect to COVID-19. The ongoing COVID-19 pandemic and restrictions intended to prevent its spread has already had a significant adverse impact on economic and market conditions around the world, including the United States and the infill Southern California markets in which we own properties and have development projects, to date in 2020 and could further trigger a period of sustained global and U.S. economic downturn or recession. In particular, our properties are concentrated in Southern California, and the state of California and certain cities, including where we own properties and/or have development projects have reacted to the COVID-19 pandemic by instituting quarantines, restrictions on travel, "shelter in place" rules, restrictions on types of business that may continue to operate and/or restrictions on types of construction projects that may continue, although, exceptions are available for essential retail, food processing and distribution, shipping businesses, essential building services, such as cleaning and maintenance, manufacturing that enables the continued operating of other essential businesses and certain essential construction projects. There can be no assurance that such exceptions will enable us to avoid adverse impacts on our business, financial condition, results of operations, cash flows, liquidity and ability to satisfy our debt service obligations. For instance, our properties are concentrated in certain industries, which, as of June 30, 2020, included the following (and accounted for the percentage of our total annualized base rent indicated): Wholesale Trade (22.7%); Manufacturing (17.8%); Warehousing (16.8%); Retail Trade (9.0%); and Transportation Services (6.5%), and these and other industries may not be covered by the exceptions listed above and have already been negatively impacted by reductions in demand resulting from the COVID-19 pandemic and/or restrictions intended to prevent its spread. These trends may influence occupancy levels and the immediate ability or willingness of certain of our tenants to pay rent in full on a timely basis.

Numerous state, local, federal and industry-initiated efforts have also affected or may affect landlords and their ability to collect rent and or enforce remedies for the failure to pay rent. For example, in March 2020, the Governor of California issued Executive Order N-28-20, authorizing local municipalities to impose limitations on commercial evictions for nonpayment of rent for tenants impacted by COVID-19. In response to this Executive Order, most municipalities in Southern California have, in turn, mandated a moratorium on all commercial evictions and have given tenants impacted by COVID-19 the unilateral right to defer rent while the emergency orders are in effect, with repayment generally within three to six months after the end of the local emergency. In many of the local municipalities in which we operate, the eviction restrictions are set to expire by September 30, 2020, the date that Executive Order N-28-20 is currently scheduled to expire, and in other municipalities the restrictions expire when the local emergency is lifted, although we cannot currently predict whether or not this date may be extended or for how long. As of July 23, 2020, we have executed rent relief agreements granting rent relief to 259 tenants that represented approximately 23.7% of our ABR at June 30, 2020. Rent relief agreements executed through July 23, 2020 cover April 2020 contractual base rent and/or contractual base rent for subsequent months. For the second quarter of 2020, we have collected 87.2% of Contractual Billings (which includes contractual base rent and tenant reimbursements) charged to tenants before the impact of consummated COVID-19 related rent relief agreements, and we have collected 98.2% of Contractual Billings after adjusting for rent relief provided by rent relief agreements. For the month of July 2020, we have, as of July 23, 2020, collected 92.2% of Contractual Billings before the impact of rent relief agreements, and 94.1% of Contractual Billings after adjusting for rent relief provided by rent relief agreements. There can be no assurance as to if or when tenants who request or receive rent relief and/or fail to timely make rent payments for any particular month will resume making payments at all or that such tenants will not default on their obligations under their respective leases or rent relief agreements.

At this time, we cannot predict the number of tenants that will not pay rent for the month of July 2020, nor can we predict whether tenants who have paid or will pay rent for July 2020 will continue to do so in future months, including with respect to our largest tenants. We also cannot be certain of the number of tenants not paying or deferring rent out of need versus those merely taking advantage of their government-mandated ability to unilaterally defer rent. As the COVID-19 pandemic continues, additional tenants may cease to pay their rent obligations to us in full or at all, and tenants may elect not to renew their leases, seek to terminate their leases, seek relief from their leases (including through negotiation, restructuring or bankruptcy), or decline to renew expiring leases or enter into new leases, all of which may adversely impact our rental revenue and occupancy rates, generate additional expenses, and adversely impact our results of operations and financial condition. Likewise, the deterioration of global economic conditions as a result of the pandemic may ultimately lead to a decrease in occupancy levels and rental rates across our portfolio as tenants reduce or defer their spending, institute restructuring plans or file for bankruptcy. Some of our major tenants have announced temporary closures of some or all of their places of business or have substantially reduced their operations in response to the COVID-19 pandemic, and additional tenants may do so in the future. In addition, the measures taken to prevent the spread of COVID-19 (including quarantine, shelter-in-place or similar orders requiring that people remain in their homes) have lead and may lead to further closures, or other operational issues at, our properties.

Moreover, the ongoing COVID-19 pandemic and restrictions intended to prevent its spread could have significant adverse impacts on our business, financial condition, results of operations, cash flows, liquidity and ability to satisfy our debt service obligations in a variety of ways that are difficult to predict. Such adverse impacts could depend on, among other factors:

- our tenants’ ability or willingness to pay rent in full on a timely basis;
- state, local, federal and industry-initiated efforts that may adversely affect landlords, including us, and their ability to collect rent and/or enforce remedies for the failure to pay rent;
- our need to restructure leases with our tenants and our ability to do so on favorable terms or at all;
- our ability to renew leases or re-lease available space in our proprieties on favorable terms or at all, including as a result of a deterioration in the economic and market conditions in the markets in which where we own properties or due to restrictions intended to prevent the spread of COVID-19 that frustrate our leasing activities;
- a severe and prolonged disruption and instability in the global financial markets, including the debt and equity capital markets, all of which have already experienced and may continue to experience significant volatility, or deteriorations in credit and financing conditions may affect our or our tenants’ ability to access capital necessary to fund our respective business operations or replace or renew maturing liabilities on a timely basis, on attractive terms or at all and may adversely affect the valuation of financial assets and liabilities, any of which could affect our and our tenants’ ability to meet liquidity and capital expenditure requirements;
- complete or partial shutdowns of one or more of our tenants’ manufacturing facilities or distribution centers, temporary or long-term disruptions in our tenants’ supply chains from local, national and international suppliers or delays in the delivery of products, services or other materials necessary for our tenants’ operations, which could force our tenants’ to reduce, delay or eliminate offerings of their products and services, reduce or eliminate their revenues and liquidity and/or result in their bankruptcy or insolvency;
- our ability to avoid delays or cost increases associated with building materials or construction services necessary for construction that could adversely impact our ability to continue or complete construction as planned, on budget or at all;
- our and our tenants’ ability to manage our respective businesses to the extent our and their management or personnel are impacted in significant numbers by the COVID-19 pandemic and are not willing, available or allowed to conduct work; and
- our and our tenants’ ability to ensure business continuity in the event our continuity of operations plan is not effective or improperly implemented or deployed during the COVID-19 pandemic.

Since March 13, 2020, there have been a number of federal, state and local government initiatives implemented to manage the spread of COVID-19 and its impact on the economy, financial markets and continuity of businesses of all sizes and industries. We are encouraging our tenants to review the these initiatives to determine whether any of the provisions may provide them with loans or additional liquidity to enable them to continue to meet their lease obligations to us; however, there can be no assurance that our tenants will do so or that such initiatives will provide them with any such assistance. In addition, we are analyzing different aspects of these initiatives to determine whether (in addition to any general support it may provide to the economy and our tenants) any specific provisions may more directly benefit us.

The rapid development and fluidity of this situation precludes any prediction as to the ultimate adverse impact of COVID-19. Nevertheless, COVID-19 and the current financial, economic and capital markets environment, and future developments in these and other areas present material risks and uncertainties with respect to our business, financial condition, results of operations, cash flows, liquidity and ability to satisfy our debt service obligations and could also have a material adverse effect on the value and trading price of our common stock. Moreover, to the extent any of these risks and uncertainties adversely impact us in the ways described above or otherwise, they may also have the effect of heightening many of the other risks set forth in this “Risk Factors” section and in our Annual Report on Form 10-K for the year ended December 31, 2019.

Historical data regarding our business, properties, results of operations, financial condition and liquidity does not reflect the impact of the COVID-19 pandemic and related containment measures and therefore does not purport to be representative of our future performance.

The information included in this quarterly report and our other reports filed with the SEC includes information regarding our business, properties, results of operations, financial condition and liquidity as of dates and for periods before the impact of COVID-19 and related containment measures (including quarantines and governmental orders requiring the closure of certain businesses, limiting travel, requiring that individuals stay at home or shelter in place and closing borders). This historical information therefore does not reflect the adverse impacts of the COVID-19 pandemic and the related containment measures. Accordingly, investors are cautioned not to unduly rely on historical information regarding our business, properties, results of operations, financial condition or liquidity, as that data does not reflect the adverse impact of COVID-19 and therefore does not purport to be representative of the future results of operations, financial condition, liquidity or other financial or operating results of us, our properties or our business.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) Unregistered Sales of Equity Securities

None.

(b) Use of Proceeds

None.

(c) Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased		Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or approximate dollar value) of Shares that May Yet Be Purchased Under the Plans or Programs
April 1, 2020 to April 30, 2020(1)	776	$	37.30	N/A	N/A
May 1, 2020 to May 31, 2020	—	$	—	N/A	N/A
June 1, 2020 to June 30, 2020	—	$	—	N/A	N/A
	776	$	37.30	N/A	N/A

(1) In April 2020, these shares were tendered by certain of our employees to satisfy minimum statutory tax withholding obligations related to the vesting of restricted shares.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit	
3.1	Articles of Amendment and Restatement of Rexford Industrial Realty, Inc. (incorporated by reference to Exhibit 3.1 of Form S-11/A, filed by the registrant on July 15, 2013 (Registration No. 333-188806))
3.2	Fourth Amended and Restated Bylaws of Rexford Industrial Realty, Inc. (incorporated by reference to Exhibit 3.2 of Form 8-K, filed by the registrant on February 14, 2020)
3.3	Articles Supplementary designating the Series A Preferred Stock of Rexford Industrial Realty, Inc. (incorporated by reference to Exhibit 3.3 of Form 8-A, filed by the registrant on August 15, 2016)
3.4	Articles Supplementary designating the Series B Preferred Stock of Rexford Industrial Realty, Inc. (incorporated by reference to Exhibit 3.3 of Form 8-A, filed by the registrant on November 9, 2017)
3.5	Articles Supplementary designating the Series C Preferred Stock of Rexford Industrial Realty, Inc. (incorporated by reference to Exhibit 3.3 of Form 8-A, filed by the registrant on September 19, 2019)
3.6	Seventh Amended and Restated Agreement of Limited Partnership of Rexford Industrial Realty, L.P. (incorporated by reference to Exhibit 10.1 of Form 8-K, filed by the registrant on March 5, 2020)
4.1	Form of Certificate of Common Stock of Rexford Industrial Realty, Inc. (incorporated by reference to Exhibit 4.1 of Form S-11/A, filed by the registrant on July 15, 2013 (Registration No. 333-188806))
4.2	Form of Specimen Certificate of Series A Preferred Stock of Rexford Industrial Realty, Inc. (incorporated by reference to Exhibit 4.1 of Form 8-A, filed by the registrant on August 15, 2016)
4.3	Form of Specimen Certificate of Series B Preferred Stock of Rexford Industrial Realty, Inc. (incorporated by reference to Exhibit 4.1 of Form 8-A, filed by the registrant on November 9, 2017)
4.4	Form of Specimen Certificate of Series C Preferred Stock of Rexford Industrial Realty, Inc. (incorporated by reference to Exhibit 4.1 of Form 8-A, filed by the registrant on September 19, 2019)
10.1	Second Amendment to Employment Agreement, effective May 15, 2020, between Michael S. Frankel, Rexford Industrial Realty, Inc. and Rexford Industrial Realty, L.P. (incorporated by reference to Exhibit 10.1 of Form 8-K, filed by the registrant on May 20, 2020)
10.2	Second Amendment to Employment Agreement, effective May 15, 2020, between Howard Schwimmer, Rexford Industrial Realty, Inc. and Rexford Industrial Realty, L.P. (incorporated by reference to Exhibit 10.2 of Form 8-K, filed by the registrant on May 20, 2020)
10.3	Second Amendment to Employment Agreement, effective May 15, 2020, between Adeel Khan, Rexford Industrial Realty, Inc. and Rexford Industrial Realty, L.P. (incorporated by reference to Exhibit 10.3 of Form 8-K, filed by the registrant on May 20, 2020)
10.4	First Amendment to Employment Agreement, effective May 15, 2020, between David Lanzer, Rexford Industrial Realty, Inc. and Rexford Industrial Realty, L.P. (incorporated by reference to Exhibit 10.4 of Form 8-K, filed by the registrant on May 20, 2020)
31.1*	Certification of the Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of the Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.3*	Certification of the Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.3*	Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.1*	The registrant’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2020, formatted in inline XBRL (Extensible Business Reporting Language): (i) Consolidated Balance Sheets (unaudited), (ii) Consolidated Statements of Operations (unaudited), (iii) Consolidated Statements of Comprehensive Income, (iv) Consolidated Statements of Changes in Equity (unaudited), (v) Consolidated Statements of Cash Flows (unaudited) and (vi) the Notes to the Consolidated Financial Statements (unaudited) that have been detail tagged.
104.1*	Cover Page Interactive Data File - The cover page interactive data file does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.

* Filed herein

† Compensatory plan or arrangement

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto authorized.

	Rexford Industrial Realty, Inc.
July 24, 2020	/s/ Michael S. Frankel
	Michael S. Frankel
	Co-Chief Executive Officer (Principal Executive Officer)
July 24, 2020	/s/ Howard Schwimmer
	Howard Schwimmer
	Co-Chief Executive Officer (Principal Executive Officer)
July 24, 2020	/s/ Adeel Khan
	Adeel Khan
	Chief Financial Officer (Principal Financial and Accounting Officer)

Exhibit 31.1

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael S. Frankel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Rexford Industrial Realty, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

July 24, 2020

By: /s/ Michael S. Frankel

Michael S. Frankel

Co-Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Howard Schwimmer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Rexford Industrial Realty, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

July 24, 2020

By: /s/ Howard Schwimmer

Howard Schwimmer

Co-Chief Executive Officer

Exhibit 31.3

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Adeel Khan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Rexford Industrial Realty, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

July 24, 2020

By: /s/ Adeel Khan

Adeel Khan

Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Rexford Industrial Realty, Inc. (the “Company”) for the quarter ended June 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Michael S. Frankel, Co-Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Michael S. Frankel

Michael S. Frankel
Co-Chief Executive Officer
July 24, 2020

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Rexford Industrial Realty, Inc. (the “Company”) for the quarter ended June 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Howard Schwimmer, Co-Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Howard Schwimmer

Howard Schwimmer
Co-Chief Executive Officer
July 24, 2020

Exhibit 32.3

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Rexford Industrial Realty, Inc. (the “Company”) for the quarter ended June 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Adeel Khan, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Adeel Khan

Adeel Khan
Chief Financial Officer
July 24, 2020