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, 2021
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 22, 2021 was 137,740,282.

REXFORD INDUSTRIAL REALTY, INC.
QUARTERLY REPORT FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021
TABLE OF CONTENTS

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, 2021	December 31, 2020
ASSETS		
Land	$ 2,942,639	$ 2,636,816
Buildings and improvements	2,339,640	2,201,187
Tenant improvements	93,221	84,462
Furniture, fixtures and equipment	132	132
Construction in progress	33,250	25,358
Total real estate held for investment	5,408,882	4,947,955
Accumulated depreciation	(427,387)	(375,423)
Investments in real estate, net	4,981,495	4,572,532
Cash and cash equivalents	64,219	176,293
Restricted cash	26	1,230
Rents and other receivables, net	8,228	10,208
Deferred rent receivable, net	49,933	40,893
Deferred leasing costs, net	31,183	23,148
Deferred loan costs, net	2,545	2,240
Acquired lease intangible assets, net	89,560	92,172
Acquired indefinite-lived intangible	5,156	5,156
Other assets	18,841	14,390
Acquisition related deposits	14,540	4,067
Assets associated with real estate held for sale	—	8,845
Total Assets	$ 5,265,726	$ 4,951,174
LIABILITIES & EQUITY		
Liabilities		
Notes payable	$ 1,219,021	$ 1,216,160
Interest rate swap liability	12,694	17,580
Accounts payable, accrued expenses and other liabilities	49,699	45,384
Dividends and distributions payable	34,681	29,747
Acquired lease intangible liabilities, net	65,646	67,256
Tenant security deposits	38,489	31,602
Prepaid rents	12,724	12,660
Liabilities associated with real estate held for sale	—	193
Total Liabilities	1,432,954	1,420,582
Equity		
Rexford Industrial Realty, Inc. stockholders' equity		
Preferred stock, $0.01 par value per share, 10,050,000 shares authorized, at June 30, 2021 and December 31, 2020		
5.875% series A cumulative redeemable preferred stock, 3,600,000 shares outstanding at June 30, 2021 and December 31, 2020 ($90,000 liquidation preference)	86,651	86,651
5.875% series B cumulative redeemable preferred stock, 3,000,000 shares outstanding at June 30, 2021 and December 31, 2020 ($75,000 liquidation preference)	72,443	72,443
5.625% series C cumulative redeemable preferred stock, 3,450,000 shares outstanding at June 30, 2021 and December 31, 2020 ($86,250 liquidation preference)	83,233	83,233
Common Stock, $0.01 par value per share, 489,950,000 authorized and 137,727,998 and 131,426,038 shares outstanding at June 30, 2021 and December 31, 2020, respectively	1,377	1,313
Additional paid in capital	3,499,623	3,182,599
Cumulative distributions in excess of earnings	(182,851)	(163,389)
Accumulated other comprehensive loss	(12,319)	(17,709)
Total stockholders' equity	3,548,157	3,245,141
Noncontrolling interests	284,615	285,451
Total Equity	3,832,772	3,530,592
Total Liabilities and Equity	$ 5,265,726	$ 4,951,174

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,		Six Months Ended June 30,	
	2021	**2020**	**2021**	**2020**
REVENUES				
Rental income	$ 104,236	$ 79,770	$ 203,880	$ 157,260
Management, leasing and development services	109	114	214	207
Interest income	15	66	29	163
TOTAL REVENUES	104,360	79,950	204,123	157,630
OPERATING EXPENSES				
Property expenses	24,555	18,884	48,130	36,998
General and administrative	10,695	8,972	22,175	18,289
Depreciation and amortization	36,228	28,381	71,372	55,904
TOTAL OPERATING EXPENSES	71,478	56,237	141,677	111,191
OTHER EXPENSES				
Acquisition expenses	2	14	31	19
Interest expense	9,593	7,428	19,345	14,877
TOTAL EXPENSES	81,073	63,679	161,053	126,087
Gains on sale of real estate	2,750	—	13,610	—
NET INCOME	26,037	16,271	56,680	31,543
Less: net income attributable to noncontrolling interests	(1,710)	(1,084)	(3,679)	(1,801)
NET INCOME ATTRIBUTABLE TO REXFORD INDUSTRIAL REALTY, INC.	24,327	15,187	53,001	29,742
Less: preferred stock dividends	(3,637)	(3,637)	(7,273)	(7,273)
Less: earnings allocated to participating securities	(139)	(129)	(280)	(260)
NET INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS	$ 20,551	$ 11,421	$ 45,448	$ 22,209
Net income attributable to common stockholders per share - basic	$ 0.15	$ 0.10	$ 0.34	$ 0.19
Net income attributable to common stockholders per share - diluted	$ 0.15	$ 0.10	$ 0.34	$ 0.19
Weighted average shares of common stock outstanding - basic	134,312,672	119,810,283	132,970,234	116,932,359
Weighted average shares of common stock outstanding - diluted	134,819,742	120,068,176	133,296,701	117,191,254

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,	
	2021	2020	2021	2020
Net income	$ 26,037	$ 16,271	$ 56,680	$ 31,543
Other comprehensive income (loss): cash flow hedge adjustment	1,797	(226)	5,706	(15,194)
Comprehensive income	27,834	16,045	62,386	16,349
Comprehensive income attributable to noncontrolling interests	(1,830)	(1,122)	(3,995)	(1,279)
Comprehensive income attributable to Rexford Industrial Realty, Inc.	$ 26,004	$ 14,923	$ 58,391	$ 15,070

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 Common 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, 2021	$ 242,327	133,897,360	$ 1,338	$ 3,300,333	$ (170,487)	$ (13,996)	$ 3,359,515	$ 288,703	$ 3,648,218
Issuance of common stock	—	3,607,313	37	193,304	—	—	193,341	—	193,341
Offering costs	—	—	—	(2,144)	—	—	(2,144)	—	(2,144)
Share-based compensation	—	9,896	—	963	—	—	963	3,596	4,559
Shares acquired to satisfy employee tax withholding requirements on vesting restricted stock	—	(188)	—	(10)	—	—	(10)	—	(10)
Conversion of OP units to common stock	—	213,617	2	7,177	—	—	7,179	(7,179)	—
Net income	3,637	—	—	—	20,690	—	24,327	1,710	26,037
Other comprehensive income	—	—	—	—	—	1,677	1,677	120	1,797
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	—	—	—	—	—	—	—	(708)	(708)
Common stock dividends ($0.24 per common share)	—	—	—	—	(33,054)	—	(33,054)	—	(33,054)
Distributions	—	—	—	—	—	—	—	(1,627)	(1,627)
Balance at June 30, 2021	$ 242,327	137,727,998	$ 1,377	$ 3,499,623	$ (182,851)	$ (12,319)	$ 3,548,157	$ 284,615	$ 3,832,772

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 Common 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 income (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 Common Shares	Common Stock	Additional Paid-in Capital	Cumulative Distributions in Excess of Earnings	Accumulated Other Comprehensive (Loss) Income	Total Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance at December 31, 2020	$ 242,327	131,426,038	$ 1,313	$ 3,182,599	$ (163,389)	$ (17,709)	$ 3,245,141	$ 285,451	$ 3,530,592
Issuance of common stock	—	6,022,699	61	313,115	—	—	313,176	—	313,176
Offering costs	—	—	—	(3,732)	—	—	(3,732)	—	(3,732)
Share-based compensation	—	92,791	1	1,790	—	—	1,791	7,107	8,898
Shares acquired to satisfy employee tax withholding requirements on vesting restricted stock	—	(28,334)	—	(1,365)	—	—	(1,365)	—	(1,365)
Conversion of units to common stock	—	214,804	2	7,216	—	—	7,218	(7,218)	—
Net income	7,273	—	—	—	45,728	—	53,001	3,679	56,680
Other comprehensive income	—	—	—	—	—	5,390	5,390	316	5,706
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	—	—	—	—	—	—	—	(1,416)	(1,416)
Common stock dividends ($0.48 per common share)	—	—	—	—	(65,190)	—	(65,190)	—	(65,190)
Distributions	—	—	—	—	—	—	—	(3,304)	(3,304)
Balance at June 30, 2021	$ 242,327	137,727,998	$ 1,377	$ 3,499,623	$ (182,851)	$ (12,319)	$ 3,548,157	$ 284,615	$ 3,832,772

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 Common 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 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 CASH FLOWS
(Unaudited and in thousands)

	Six Months Ended June 30,	
	2021	**2020**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 56,680	$ 31,543
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	71,372	55,904
Amortization of (below) above market lease intangibles, net	(6,098)	(5,071)
Amortization of debt issuance costs	894	724
Amortization of (premium) discount on notes payable, net	(57)	(75)
Gain on sale of real estate	(13,610)	—
Equity based compensation expense	8,724	7,279
Straight-line rent	(9,039)	(7,884)
Amortization of payment for termination of cash flow swap	820	—
Change in working capital components:		
Rents and other receivables	2,059	1,369
Deferred leasing costs	(6,701)	(3,949)
Other assets	(4,506)	(5,518)
Accounts payable, accrued expenses and other liabilities	(3,270)	(1,345)
Tenant security deposits	5,117	(3,320)
Prepaid rents	(708)	1,522
Net cash provided by operating activities	101,677	71,179
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of investments in real estate	(412,819)	(117,952)
Capital expenditures	(49,514)	(33,253)
Payments for deposits on real estate acquisitions	(14,540)	(59,112)
Proceeds from sale of real estate	27,715	—
Net cash used in investing activities	(449,158)	(210,317)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of common stock, net	309,444	374,382
Proceeds from borrowings	15,000	—
Repayment of borrowings	(15,652)	(225)
Debt issuance costs	(975)	(2,242)
Dividends paid to preferred stockholders	(7,273)	(7,273)
Dividends paid to common stockholders	(60,392)	(46,063)
Distributions paid to common unitholders	(3,168)	(1,492)
Distributions paid to preferred unitholders	(1,416)	(1,130)
Repurchase of common shares to satisfy employee tax withholding requirements	(1,365)	(1,236)
Net cash provided by financing activities	234,203	314,721
Increase (decrease) in cash, cash equivalents and restricted cash	(113,278)	175,583
Cash, cash equivalents and restricted cash, beginning of period	177,523	78,857
Cash, cash equivalents and restricted cash, end of period	$ 64,245	$ 254,440
Supplemental disclosure of cash flow information:		
Cash paid for interest (net of capitalized interest of $1,625 and $1,943 for the six months ended June 30, 2021 and 2020, respectively)	$ 18,118	$ 13,901
Supplemental disclosure of noncash transactions:		
Operating lease right-of-use assets obtained in exchange for lease liabilities	$ —	$ 1,353
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
Assumption of debt in connection with acquisition of real estate including loan premium	$ 3,346	$ 48,759
Accrual for capital expenditures	$ 11,915	$ 8,439
Accrual of dividends and distributions	$ 34,681	$ 27,532

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, 2021, our consolidated portfolio consisted of 266 properties with approximately 33.0 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, 2021 and December 31, 2020, and for the three and six months ended June 30, 2021 and 2020, 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, 2021 and December 31, 2020, 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, 2021. The interim financial statements should be read in conjunction with the consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2020 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 of 1986, as amended (the "Code").

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, 2021 and 2020 (in thousands):

	Six Months Ended June 30,	
	2021	2020
Cash and cash equivalents	$ 176,293	$ 78,857
Restricted cash	1,230	—
Cash, cash equivalents and restricted cash, beginning of period	$ 177,523	$ 78,857
Cash and cash equivalents	$ 64,219	$ 254,373
Restricted cash	26	67
Cash, cash equivalents and restricted cash, end of period	$ 64,245	$ 254,440

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, 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, 2021, we used discount rates ranging from 5.0% to 7.0% and exit capitalization rates ranging from 4.0% to 6.0%.

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, 2021, we used an estimated average lease-up period ranging from six months to twelve 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, 2021, we used an estimated market interest rate of 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 redevelopment, 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 redevelopment 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 $0.9 million and $1.1 million during the three months ended June 30, 2021 and 2020, respectively, and $1.6 million and $1.9 million during the six months ended June 30, 2021 and 2020. We capitalized real estate taxes and insurance costs aggregating $0.4 million and $0.3 million during the three months ended June 30, 2021 and 2020, respectively, and $0.8 million and $0.6 million during the six months ended June 30, 2021 and 2020, respectively. We capitalized compensation costs for employees who provide construction services of $1.4 million and $1.0 million during the three months ended June 30, 2021 and 2020, respectively, and $2.7 million and $2.0 million during the six months ended June 30, 2021 and 2020, 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, 2021, we did not have any properties classified as held for sale. As of December 31, 2020, our property located at 14723-14825.25 Oxnard Street was classified as held for sale. See Note 3.

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, 2021 and 2020, respectively.

Income Taxes

We have elected to be taxed as a REIT under 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.

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, 2021 and 2020.

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, 2021, and December 31, 2020, 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, when collectability is probable. 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.

COVID-19 Lease Concessions

From March 2020 through December 2020, we received rent relief requests from a number of tenants claiming impacts from COVID-19, many of whom we believe may have made 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, during 2020 we granted the following forms of rent relief to certain tenants: (a) application of security deposits to contractual base rent, (b) acceleration of future rent concessions in the original lease contract to cover contractual base rent and (c) deferral of contractual base rent with a typical deferral period of approximately one to two months and repayment that was generally scheduled to begin in the third or fourth quarter of 2020.

Pursuant to a FASB issued question-and-answer document which addressed frequently asked questions about accounting for concessions related to the effects of the COVID-19 pandemic, we elected to forgo the evaluation of the enforceable rights and obligations of our lease contracts and elected to account for each rent relief agreement granting lease concessions in the form of accelerated future rent concessions and/or rent deferrals as a lease modification under ASC 842. As these lease concessions generally have not substantially changed the amount of consideration in the original lease contract (only the timing of lease payments has changed), these lease concessions have not had a material impact on our consolidated financial statements to date.

During 2020, we deferred $4.6 million of contractual base rent payments which represented approximately 1.4% of our total consolidated rental income for 2020. As of June 30, 2021, we have collected approximately $3.9 million, or 97.6%, of the deferred payments due as of June 30, 2021. Additionally, as of June 30, 2021, we had $0.6 million of outstanding deferred payments, of which $0.4 million is due through the remainder of 2021.

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.

When leases contain purchase options, we assess the probability that the tenant will execute the purchase option both at lease commencement and at the time the tenant communicates its intent to exercise the purchase option. If we determine the exercise of the purchase option is reasonably certain, we will account for the lease as a sales-type lease and derecognize the associated real estate assets on our balance sheet and record a gain or loss on sale of real estate.

Valuation of Operating Lease 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. For all periods subsequent to March 2020, our assessment has specifically included the impact of the COVID-19 pandemic, including but not limited to tenants who have requested and/or received rent relief as further described above under "—COVID-19 Lease Concessions." 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 $0.1 million and $1.1 million for the three months ended June 30, 2021 and 2020, respectively, and $0.6 million and $1.5 million, for the six months ended June 30, 2021 and 2020. respectively, as a net 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 12.

Equity Offerings

Underwriting commissions and offering costs incurred in connection with common stock offerings and our at-the-market equity offering program 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.

Sales of our common stock under forward equity sale agreements (as discussed in Note 11) meet the derivatives and hedging guidance scope exception to be accounted for as equity instruments based on the following assessment: (i) none of the agreements' exercise contingencies were based on observable markets or indices besides those related to the market for our own stock price and operations; and (ii) none of the settlement provisions precluded the agreements from being indexed to our own stock.

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 potential effect of any dilutive securities including shares issuable under forward equity sale agreements and unvested share-based awards under the treasury stock method. 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 13.

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.

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.

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 in our financial statements 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.

3. Investments in Real Estate

Acquisitions

The following table summarizes the wholly-owned industrial properties we acquired during the six months ended June 30, 2021:

Property	Submarket	Date of Acquisition	Rentable Square Feet	Number of Buildings	Contractual Purchase Price[(1)] (in thousands)
15010 Don Julian Road[(2)]	Los Angeles - San Gabriel Valley	1/5/2021	92,925	1	$ 22,200
5002-5018 Lindsay Court	San Bernardino - Inland Empire West	1/11/2021	64,960	1	12,650
514 East C Street[(3)]	Los Angeles - South Bay	1/14/2021	3,436	1	9,950
17907-18001 Figueroa Street	Los Angeles - South Bay	1/26/2021	74,810	6	20,200
7817 Woodley Avenue[(4)]	Los Angeles - San Fernando Valley	1/27/2021	36,900	1	9,963
8888-8892 Balboa Avenue[(2)]	San Diego - Central	2/4/2021	86,637	2	19,800
9920-10020 Pioneer Boulevard	Los Angeles - Mid-Counties	2/19/2021	157,669	7	23,500
2553 Garfield Avenue	Los Angeles - Central	3/19/2021	25,615	1	3,900
6655 East 26th Street	Los Angeles - Central	3/19/2021	47,500	1	6,500
560 Main Street	Orange County - North	3/19/2021	17,000	1	2,600
4225 Etiwanda Avenue	San Bernardino - Inland Empire West	3/23/2021	134,500	1	32,250
12118 Bloomfield Avenue[(2)]	Los Angeles - Mid-Counties	4/14/2021	63,000	4	16,650
256 Alondra Boulevard[(3)]	Los Angeles - South Bay	4/15/2021	2,456	1	11,250
19007 Reyes Avenue[(2)(3)]	Los Angeles - South Bay	4/23/2021	—	—	16,350
19431 Santa Fe Avenue[(3)]	Los Angeles - South Bay	4/30/2021	14,793	3	10,500
4621 Guasti Road	San Bernardino - Inland Empire West	5/21/2021	64,512	1	13,335
12838 Saticoy Street	Los Angeles - San Fernando Valley	6/15/2021	100,390	1	27,250
19951 Mariner Avenue	Los Angeles - South Bay	6/15/2021	89,272	1	27,400
East 12th Street	Los Angeles - Central	6/17/2021	257,976	4	93,600
29120 Commerce Center Drive	Los Angeles - San Fernando Valley	6/22/2021	135,258	1	27,052
20304 Alameda Street	Los Angeles - South Bay	6/24/2021	77,758	2	13,500
Total 2021 Wholly-Owned Property Acquisitions			1,547,367	41	$ 420,400

(1) Represents the gross contractual purchase price before prorations, closing costs and other acquisition related costs. Each acquisition was funded with available cash on hand unless otherwise noted.

(2) Represents acquisition of a redevelopment site.

(3) Represents acquisition of an industrial outdoor storage site.

(4) The acquisition of 7817 Woodley Avenue was funded through a combination of cash on hand and the assumption of $3.2 million of debt. This property is the remaining asset in the Van Nuys Airport Industrial Center Portfolio that we acquired in December 2020.

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):

	2021 Acquisitions
Assets:	
Land	$ 309,250
Buildings and improvements	103,243
Tenant improvements	4,897
Acquired lease intangible assets(1)	12,833
Other acquired assets(2)	416
Total assets acquired	430,639
Liabilities:	
Acquired lease intangible liabilities(3)	5,228
Notes payable(4)	3,346
Other assumed liabilities(2)	5,179
Total liabilities assumed	13,753
Net assets acquired	$ 416,886

(1) Acquired lease intangible assets is comprised of $11.7 million of in-place lease intangibles with a weighted average amortization period of 5.4 years and $1.1 million of above-market lease intangibles with a weighted average amortization period of 8.1 years.

(2) Includes other working capital assets acquired and liabilities assumed at the time of acquisition.

(3) Represents below-market lease intangibles with a weighted average amortization period of 3.4 years.

(4) In connection with the acquisition of one property, we assumed a mortgage loan from the seller. At the date of acquisition, the loan had a fair value of $3.3 million and a principal balance of $3.2 million.

Dispositions

The following table summarizes information related to the properties that we sold during the six months ended June 30, 2021.

Property	Submarket	Date of Disposition	Rentable Square Feet	Contractual Sales Price(1) (in thousands)	Gain Recorded (in thousands)
14723-14825.25 Oxnard Street	Los Angeles - San Fernando Valley	2/12/2021	77,790	$ 19,250	$ 9,906
6760 Central Avenue, Unit B	San Bernardino - Inland Empire East	3/15/2021	9,943	1,530	954
11529-11547 Tuxford Street	Los Angeles - San Fernando Valley	5/20/2021	29,730	8,176	2,750
Total			117,463	$ 28,956	$ 13,610

(1) Represents the gross contractual sales price before commissions, prorations, credits and other closing costs.

Real Estate Held for Sale

As of December 31, 2020, our property located at 14723-14825.25 Oxnard Street in Van Nuys, California was classified as held for sale. As of June 30, 2021, we did not have any properties classified as held for sale.

The following table summarizes the major classes of assets and liabilities associated with real estate property classified as held for sale as of December 31, 2020 (dollars in thousands).

	December 31, 2020
Land	$ 4,458
Building and improvements	5,452
Tenant improvements	443
Real estate held for sale	10,353
Accumulated depreciation	(1,548)
Real estate held for sale, net	8,805
Other assets associated with real estate held for sale	40
Total assets associated with real estate held for sale, net	$ 8,845
Tenant security deposits	$ 137
Other liabilities associated with real estate held for sale	56
Total liabilities associated with real estate held for sale	$ 193

4. Acquired Lease Intangibles

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

	June 30, 2021	December 31, 2020
Acquired Lease Intangible Assets:		
In-place lease intangibles	$ 202,348	$ 193,653
Accumulated amortization	(121,511)	(109,789)
In-place lease intangibles, net	$ 80,837	$ 83,864
Above-market tenant leases	$ 18,208	$ 17,079
Accumulated amortization	(9,485)	(8,771)
Above-market tenant leases, net	$ 8,723	$ 8,308
Acquired lease intangible assets, net	$ 89,560	$ 92,172
Acquired Lease Intangible Liabilities:		
Below-market tenant leases	$ (105,152)	$ (101,297)
Accumulated accretion	39,506	34,041
Below-market tenant leases, net	$ (65,646)	$ (67,256)
Acquired lease intangible liabilities, net	$ (65,646)	$ (67,256)

The following table summarizes the amortization related to our acquired lease intangible assets and liabilities for the three and six months ended June 30, 2021 and 2020 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
In-place lease intangibles(1)	$ 7,379	$ 5,752	$ 14,697	$ 11,574
Net below-market tenant leases(2)	$ (3,386)	$ (2,670)	$ (6,098)	$ (5,071)

(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, 2021 and December 31, 2020 (dollars in thousands):

	June 30, 2021	December 31, 2020	Margin Above LIBOR	Interest Rate[1]	Contractual Maturity Date
Unsecured and Secured Debt					
Unsecured Debt:					
Revolving Credit Facility	$ —	$ —	0.850 % [2]	0.951 % [3]	2/13/2024 [4]
$225M Term Loan Facility	225,000	225,000	1.100 % [2]	2.474 % [5]	1/14/2023
$150M Term Loan Facility	150,000	150,000	0.950 % [2]	3.713 % [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
$400M Senior Notes	400,000	400,000	n/a	2.125 %	12/1/2030
$75M Series 2019B Notes	75,000	75,000	n/a	4.030 %	7/16/2034
Total Unsecured Debt	$ 1,100,000	$ 1,100,000			
Secured Debt:					
2601-2641 Manhattan Beach Boulevard[6]	$ 4,009	$ 4,065	n/a	4.080 %	4/5/2023
$60M Term Loan[7]	58,499	58,499	1.70 %	1.801 %	8/1/2023 [7]
960-970 Knox Street[6][8]	2,444	2,488	n/a	5.000 %	11/1/2023
7612-7642 Woodwind Drive[6]	3,851	3,895	n/a	5.240 %	1/5/2024
11600 Los Nietos Road[6]	2,706	2,785	n/a	4.190 %	5/1/2024
5160 Richton Street[6]	4,330	4,387	n/a	3.790 %	11/15/2024
22895 Eastpark Drive[6]	2,716	2,749	n/a	4.330 %	11/15/2024
701-751 Kingshill Place[9]	7,100	7,100	n/a	3.900 %	1/5/2026
13943-13955 Balboa Boulevard[6]	15,492	15,661	n/a	3.930 %	7/1/2027
2205 126th Street[10]	5,200	5,200	n/a	3.910 %	12/1/2027
2410-2420 Santa Fe Avenue[10]	10,300	10,300	n/a	3.700 %	1/1/2028
11832-11954 La Cienega Boulevard[6]	4,037	4,072	n/a	4.260 %	7/1/2028
Gilbert/La Palma[6]	2,207	2,293	n/a	5.125 %	3/1/2031
7817 Woodley Avenue[6]	3,192	—	n/a	4.140 %	8/1/2039
Total Secured Debt	$ 126,083	$ 123,494			
Total Unsecured and Secured Debt	$ 1,226,083	$ 1,223,494			
Less: Unamortized premium/discount and debt issuance costs[11]	(7,062)	(7,334)			
Total	$ 1,219,021	$ 1,216,160			

(1) Reflects the contractual interest rate under the terms of each loan as of June 30, 2021 and includes the effect of interest rate swaps that were effective as of June 30, 2021. 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 0.725% to 1.400% per annum for the unsecured revolving credit facility, 0.90% to 1.75% per annum for the $225.0 million term loan facility and 0.80% to 1.60% per annum for the $150.0 million term loan facility, depending on our investment grade rating, which may change from time to time.

(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 0.125% to 0.300% per annum depending upon our investment grade rating.

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

(5) As of June 30, 2021, interest on the $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 related to our interest rate swaps.

(6) Fixed monthly payments of interest and principal until maturity as follows: 2601-2641 Manhattan Beach Boulevard ($23,138), 960-970 Knox Street ($17,538), 7612-7642 Woodwind Drive ($24,270), 11600 Los Nietos ($22,637), 5160 Richton Street ($23,270), 22895 Eastpark Drive ($15,396), 13943-13955 Balboa Boulevard ($79,198), 11832-11954 La Cienega Boulevard ($20,194), Gilbert/La Palma ($24,008) and 7817 Woodley Avenue ($20,855).

(7) 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.

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

(9) 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.

(10) Fixed monthly payments of interest only.

(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 premiums/discounts and debt issuance costs, as of June 30, 2021, and does not consider extension options available to us as noted in the table above (in thousands):

July 1, 2021 - December 31, 2021	$	1,065
2022		2,177
2023		289,815
2024		13,415
2025		250,961
Thereafter		668,650
Total	$	1,226,083

Assumption of Mortgage Loan

On January 27, 2021, in connection with the acquisition of the property located at 7817 Woodley Avenue, we assumed a mortgage loan secured by this property. At the date of acquisition, the assumed loan had a principal balance of $3.2 million and a fair value of $3.3 million resulting in an initial net debt premium of $0.1 million. The mortgage loan bears interest at a fixed rate of 4.14% per annum.

Credit Agreement

On June 30, 2021, we exercised our option under the Third Amended and Restated Credit Agreement (the “Credit Agreement”) to utilize the accordion feature to increase the authorized borrowing capacity of our unsecured revolving credit facility (the “Revolver”) by $200.0 million from $500.0 million to $700.0 million. Subject to certain terms and conditions set forth in the Credit Agreement, we may increase the size of the Credit Agreement by a further $700.0 million, which may be comprised of additional revolving commitments under the Revolver, term loan tranches or any combination of the foregoing.

The Revolver is scheduled to mature on February 13, 2024 and has two six-month extension options available. Interest on the Revolver is generally to be paid based upon, at our option, either (i) LIBOR plus an applicable margin that is based upon our investment grade ratings 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 investment grade ratings. As of June 30, 2021, the margins for the Revolver range 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 our investment grade ratings.

In addition to the interest payable on amounts outstanding under the Revolver, we are required to pay an applicable facility fee, on each lender's commitment amount under the Revolver, regardless of usage. The applicable facility fee ranges in amount from 0.125% to 0.300% per annum, depending on our investment grade ratings.

The Revolver may be voluntarily prepaid in whole or in part at any time without premium or penalty.

The 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 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 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, 2021, we did not have any borrowings outstanding under the Revolver, leaving $700.0 million available for future borrowings.

Amendment of $150 Million Term Loan

On June 30, 2021, we amended our $150 million unsecured term loan facility (the “$150 Million Term Loan”) to, among other things, reduce the applicable margin pursuant to which amounts outstanding under the $150 Million Term Loan bear interest. Following the amendment, the applicable Eurodollar rate margin ranges from 0.80% to 1.60% per annum and the applicable base rate margin ranges from 0.00% to 0.60% per annum, in each case, based on our credit rating.

Debt Covenants

The Credit Agreement, our $225 million unsecured term loan facility (the “$225 Million Term Loan Facility”), our $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 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 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.

Our $400.0 million of 2.125% senior notes due 2030 contain the following covenants (as defined in the indentures) that we must comply with:

- Maintaining a ratio of total indebtedness to total asset value of not more than 60%.
- Maintaining a ratio of secured debt to total asset value of not more than 40%.
- Maintaining a Debt Service Coverage Ratio of at least 1.5 to 1.0; and
- Maintaining a ratio of unencumbered assets to unsecured debt of at least 1.5 to 1.0.

The 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.

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.

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, 2021.

6. Leases

Lessor – Operating Leases

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, 2021, we recognized $100.9 million and $197.8 million of rental income related to operating lease payments, of which $83.5 million and $163.6 million are for fixed lease payments and $17.4 million and $34.2 million are for variable lease payments, respectively. For the comparable three and six month-period 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 were for fixed lease payments and $12.5 million and $24.7 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, 2021 (in thousands):

Twelve Months Ended June 30,		
2022	$	325,484
2023		290,684
2024		238,078
2025		186,072
2026		142,768
Thereafter		358,438
Total	$	1,541,524

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.

Lessee

We lease office space as part of conducting our day-to-day business. As of June 30, 2021, our office space leases have remaining lease terms ranging from approximately five months to four 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. We also have one ground lease for a parcel of land that is adjacent to one of our properties and is used as a parking lot. This ground lease has a remaining lease term of approximately two years, with two additional ten-year options to renew, and monthly rent of $9,000 through expiration.

As of June 30, 2021, total ROU assets and lease liabilities were approximately $4.9 million and $5.8 million, respectively. As of December 31, 2020, total ROU assets and lease liabilities were approximately $5.6 million and $6.4 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, 2021 and 2020, and as of June 30, 2021 and December 31, 2020.

	Three Months Ended June 30,		Six Months Ended June 30,	
Lease Cost (in thousands)	**2021**	**2020**	**2021**	**2020**
Operating lease cost[1]	$ 402	$ 316	$ 804	$ 621
Variable lease cost[1]	15	12	31	24
Total lease cost	$ 417	$ 328	$ 835	$ 645

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

	Three Months Ended June 30,		Six Months Ended June 30,	
Other Information (in thousands)	**2021**	**2020**	**2021**	**2020**
Cash paid for amounts included in the measurement of operating lease liabilities	$ 375	$ 262	$ 681	$ 442
Right-of-use assets obtained in exchange for new operating lease liabilities	$ —	$ 339	$ —	$ 1,353

Lease Term and Discount Rate	**June 30, 2021**	**December 31, 2020**
Weighted-average remaining lease term	3.7 years	4.2 years
Weighted-average discount rate[1]	2.95 %	2.99 %

(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, 2021 were as follows (in thousands):

July 1, 2021 - December 31, 2021	$ 787
2022	1,615
2023	1,624
2024	1,600
2025	472
Thereafter	—
Total undiscounted lease payments	$ 6,098
Less imputed interest	(330)
Total lease liabilities	$ 5,768

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, 2021 and December 31, 2020 (dollars in thousands):

				Current Notional Value(1)		Fair Value of Interest Rate Derivative Liabilities(2)	
Derivative Instrument	**Effective Date**	**Maturity Date**	**LIBOR Interest Strike Rate**	**June 30, 2021**	**December 31, 2020**	**June 30, 2021**	**December 31, 2020**
Interest Rate Swap	2/14/2018	1/14/2022	1.3490 %	$ 125,000	$ 125,000	$ (843)	$ (1,591)
Interest Rate Swap	8/14/2018	1/14/2022	1.4060 %	$ 100,000	$ 100,000	$ (706)	$ (1,333)
Interest Rate Swap	7/22/2019	11/22/2024	2.7625 %	$ 150,000	$ 150,000	$ (11,145)	$ (14,656)

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

(2) As of June 30, 2021 and December 31, 2020, all of our derivatives were in a liability position and as such, the fair value is 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 financial statements for the periods presented (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	**2020**	**2021**	**2020**
Interest Rate Swaps in Cash Flow Hedging Relationships:				
Amount of (loss) gain recognized in AOCI on derivatives	$ (347)	$ (1,920)	$ 1,458	$ (17,318)
Amount of loss reclassified from AOCI into earnings under "Interest expense"	$ (2,144)	$ (1,694)	$ (4,248)	$ (2,124)
Total interest expense presented in the Consolidated Statement of Operations in which the effects of cash flow hedges are recorded (line item "Interest expense")	$ 9,593	$ 7,428	$ 19,345	$ 14,877

We had an interest rate swap with a notional amount of $100.0 million and maturity date of August 14, 2021 (the “Swap”), that was used to hedge the monthly cash flows associated with $100 million of LIBOR-based variable-rate debt. In November 2020, in conjunction with the repayment of our $100 million term loan facility, we paid $1.2 million to terminate the Swap, which had an unrealized loss balance of $1.2 million in AOCI at the time of termination. Beginning from the termination date of the Swap (November 12, 2020) through the original maturity date of the Swap (August 14, 2021), we are amortizing the loss on this transaction from AOCI into interest expense on a straight-line basis. During the three months and six months ended June 30, 2021, we amortized $0.4 million and $0.8 million, respectively, from AOCI into interest expense related to this transaction and we will amortize the remaining $0.2 million loss into interest expense through August 14, 2021.

During the next twelve months, we estimate that an additional $5.7 million (including the remaining $0.2 million loss noted above) 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, 2021, 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, 2021 and December 31, 2020, 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, 2021				
Interest Rate Swap Asset	$ —	$ —	$ —	$ —
Interest Rate Swap Liability	$ (12,694)	$ —	$ (12,694)	$ —
December 31, 2020				
Interest Rate Swap Asset	$ —	$ —	$ —	$ —
Interest Rate Swap Liability	$ (17,580)	$ —	$ (17,580)	$ —

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, 2021 and December 31, 2020 (in thousands):

		Fair Value Measurement Using			
Liabilities	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)	Carrying Value
Notes Payable at:					
June 30, 2021	$ 1,255,250	$ —	$ —	$ 1,255,250	$ 1,219,021
December 31, 2020	$ 1,276,217	$ —	$ —	$ 1,276,217	$ 1,216,160

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, 2021 and 2020, respectively, and $0.2 million and $0.2 million for the six months ended June 30, 2021 and 2020, 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.

As of June 30, 2021, we are not aware of any environmental liabilities that would have a material impact on our consolidated financial condition, results of operations or cash flows. However, we cannot be sure 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, 2021, we had commitments of approximately $26.2 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, 2021, 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, 2021, 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 and related state and local government reactions.

In response to COVID-19, most municipalities in Southern California, including many municipalities in which we own properties, have 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 six to twelve months after the end of the local emergency. Only a small number of municipalities have allowed their local orders to expire or modified the orders to exclude some tenants (based on the tenant's number of employees, being a publicly traded company or multinational company, or other characteristics), and in many of the local municipalities in which we operate, the eviction restrictions and rent deferment rights are set to expire by September 30, 2021, while in other municipalities the restrictions expire when the local emergency is lifted. We cannot currently predict whether or not these restrictions may be extended or for how long. Some of the orders 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, irrespective of such tenants' actual ability to pay such rent, and we are currently unable to predict the ultimate impact that the COVID-19 pandemic will have on our tenants or the number of tenants that will continue to take advantage of the relief provided by the local government mandates authorizing the deferral of rent. The continued impact of the pandemic on our and our tenants' businesses is largely dependent on efforts to stem the spread of COVID-19, including governmental efforts to distribute vaccines and overall vaccination rates in the areas in which we own properties. For details related to rent relief provided to tenants since the pandemic, see Note 2 under "—COVID-19 Lease Concessions."

Tenant Concentration

During the six months ended June 30, 2021, no single tenant accounted for more than 5% of our total consolidated rental income.

11. Stockholders' Equity

ATM Program

On November 9, 2020, we established an at-the-market equity offering program pursuant to which we may sell from time to time shares of our common stock having an aggregate sales price of up to $750.0 million (the "$750 Million ATM Program"). In connection with the $750 Million ATM Program, we may sell shares of our common stock directly through sales agents or we may enter into forward equity sales agreements with certain financial institutions acting as forward purchasers whereby, at our discretion, the forward purchasers may borrow and sell shares of our common stock under our $750 Million ATM Program. The use of a forward equity sale agreement allows us to lock in a share price on the sale of shares of our common stock at the time the agreement is executed but defer settling the forward equity sale agreements and receiving the proceeds from the sale of shares until a later date.

During the six months ended June 30, 2021, we directly sold a total of 2,415,386 shares of our common stock under the $750 Million ATM Program at a weighted average price of $49.61 per share, for gross proceeds of $119.8 million, and net proceeds of $118.3 million, after deducting the sales agents' fee.

During the six months ended June 30, 2021, we also entered into forward equity sales agreements with certain financial institutions acting as forward purchasers under the $750 Million ATM Program with respect to 1,797,787 shares of our common stock at a weighted average initial forward sale price of $50.77 per share. We did not receive any proceeds from the sale of common shares by the forward purchasers at the time of sale.

In June 2021, we physically settled the forward equity sale agreements related to the $750 Million ATM Program in full by issuing 1,797,787 shares of common stock in exchange for net proceeds of $91.2 million. The proceeds were calculated based on a weighted average net forward sale price at the time of settlement of $50.71 per share.

As of June 30, 2021, approximately $508.1 million of common stock remains available to be sold under the $750 Million ATM Program. Future sales, 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.

Forward Equity Offering

On May 24, 2021, we entered into forward equity sales agreements with certain financial institutions acting as forward purchasers in connection with an offering of 9,000,000 shares of common stock (the “Forward Sales Agreements”), pursuant to which, the forward purchasers borrowed and sold an aggregate of 9,000,000 shares of common stock in the offering. We did not receive any proceeds from the sale of common shares by the forward purchasers at the time of the offering. The net forward sale price that we will receive upon physical settlement of the agreements, which was initially $55.29 per share, will be subject to adjustment for (i) a floating interest rate factor equal to a specified daily rate less a spread, (ii) the forward purchasers’ stock borrowing costs and (iii) scheduled dividends during the term of the forward sale agreements.

On June 21, 2021, we partially settled the Forward Sales Agreements by issuing 1,809,526 shares of common stock in exchange for net proceeds of $100.0 million. The net proceeds were calculated based on the net forward sale price on the settlement date of $55.26 per share.

We currently expect to physically settle the remaining 7,190,474 shares under the Forward Sales Agreements by issuing shares of our common stock in exchange for cash proceeds upon one or more settlement dates, at our discretion, prior to the scheduled maturity date of November 23, 2022. As of June 30, 2021, the net forward sale price was $55.01 and would result in $395.5 million in cash proceeds upon physical settlement of the remaining shares under the Forward Sales Agreements.

Changes in Accumulated Other Comprehensive Income

The following table summarizes the changes in our AOCI balance for the six months ended June 30, 2021 and 2020, which consists solely of adjustments related to our cash flow hedges (in thousands):

	Six Months Ended June 30,	
	2021	**2020**
Accumulated other comprehensive loss - beginning balance	$ (17,709)	$ (7,542)
Other comprehensive income (loss) before reclassifications	1,458	(17,318)
Amounts reclassified from accumulated other comprehensive loss to interest expense	4,248	2,124
Net current period other comprehensive income (loss)	5,706	(15,194)
Less: other comprehensive (income) loss attributable to noncontrolling interests	(316)	522
Other comprehensive income (loss) attributable to common stockholders	5,390	(14,672)
Accumulated other comprehensive loss - ending balance	$ (12,319)	$ (22,214)

Noncontrolling Interests

Noncontrolling interests relate to interests in the Operating Partnership, represented by common units of partnership interests in the Operating Partnership (“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 4.00% Cumulative Redeemable Convertible Preferred Units of partnership interest in the Operating Partnership (the “Series 2 CPOP Units), that are not owned by us.

As of June 30, 2021, noncontrolling interests included 5,226,577 OP Units and 1,201,548 fully-vested LTIP units and performance units and represented approximately 4.5% 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, 2021, 214,804 OP Units were converted into an equivalent number of shares of common stock, resulting in the reclassification of $7.2 million of noncontrolling interest to Rexford Industrial Realty, Inc.’s stockholders’ equity.

12. Incentive Award Plan

Second Amended and Restated 2013 Incentive Award Plan

On June 17, 2021, our stockholders approved the Second Amended and Restated Rexford Industrial Realty, Inc. and Rexford Industrial Realty, L.P. 2013 Incentive Award Plan (the "Plan"), superseding and replacing our prior incentive award plan. Pursuant to the Plan, we may make grants of restricted stock, LTIP units of partnership interest in our Operating Partnership ("LTIP Units"), performance units in our Operating Partnership ("Performance Units"), dividend equivalents and other stock based and cash awards to our non-employee directors, employees and consultants.

As of June 30, 2021, a total of 3,121,463 shares of common stock, LTIP Units and Performance Units remain available for issuance under the Plan. 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 unvested restricted stock activity and unvested LTIP Unit activity for the six months ended June 30, 2021:

	Unvested Awards			
	Number of Shares of Restricted Common Stock	**Weighted-Average Grant Date Fair Value per Share**	**Number of LTIP Units**	**Weighted-Average Grant Date Fair Value per LTIP Unit**
Balance at January 1, 2021	232,899	$ 38.43	236,646	$ 41.49
Granted	111,870	49.26	55,503	47.34
Forfeited	(19,079)	40.98	—	—
Vested[(1)]	(89,737)	35.20	(36,236)	46.54
Balance at June 30, 2021	235,953	$ 44.59	255,913	$ 42.05

(1) During the six months ended June 30, 2021, 28,334 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, 2021:

	Unvested Awards		
	Restricted Common Stock	**LTIP Units**	**Performance Units[(1)]**
July 1, 2021 - December 31, 2021	2,757	109,234	174,917
2022	94,931	85,056	253,900
2023	66,783	49,160	476,915
2024	47,369	6,232	—
2025	24,113	6,231	—
Total	235,953	255,913	905,732

(1) Represents the maximum number of Performance Units that would become earned and vested in December 2021, 2022 and 2023, in the event that the specified maximum total shareholder return and FFO per share growth hurdles are achieved at the end of the three-year performance period for awards that were initially granted in December 2018, 2019, and 2020, respectively.

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,	
	2021	**2020**	**2021**	**2020**
Expensed share-based compensation[1]	$ 4,463	$ 3,709	$ 8,724	$ 7,279
Capitalized share-based compensation[2]	96	56	174	113
Total share-based compensation	$ 4,559	$ 3,765	$ 8,898	$ 7,392

(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, 2021 and 2020, 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, 2021, total unrecognized compensation cost related to all unvested share-based awards was $27.1 million and is expected to be recognized over a weighted average remaining period of 27 months.

13. 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,	
	2021	**2020**	**2021**	**2020**
Numerator:				
Net income	$ 26,037	$ 16,271	$ 56,680	$ 31,543
Less: Preferred stock dividends	(3,637)	(3,637)	(7,273)	(7,273)
Less: Net income attributable to noncontrolling interests	(1,710)	(1,084)	(3,679)	(1,801)
Less: Net income attributable to participating securities	(139)	(129)	(280)	(260)
Net income attributable to common stockholders –basic and diluted	$ 20,551	$ 11,421	$ 45,448	$ 22,209
Denominator:				
Weighted average shares of common stock outstanding – basic	134,312,672	119,810,283	132,970,234	116,932,359
Effect of dilutive securities	507,070	257,893	326,467	258,895
Weighted average shares of common stock outstanding – diluted	134,819,742	120,068,176	133,296,701	117,191,254
Earnings per share — Basic				
Net income attributable to common stockholders	$ 0.15	$ 0.10	$ 0.34	$ 0.19
Earnings per share — Diluted				
Net income attributable to common stockholders	$ 0.15	$ 0.10	$ 0.34	$ 0.19

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.

Shares issuable under forward equity sale agreements during the period prior to settlement are reflected in our calculation of weighted average shares of common stock outstanding – diluted using the treasury stock method.

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.

14. Subsequent Events

Acquisitions

The following table summarizes the properties we acquired subsequent to June 30, 2021:

Property	Submarket	Date of Acquisition	Rentable Square Feet	Number of Buildings	Contractual Purchase Price (in thousands)
4181 Ruffin Road	San Diego - Central	7/8/2021	150,144	1	$ 35,750
12017 Greenstone Avenue[(1)]	Los Angeles - Mid-Counties	7/16/2021	—	—	13,500
1901 East Via Burton[(2)]	Orange County - North	7/26/2021	—	—	24,211
Total			150,144	1	$ 73,461

(1) Represents acquisition of a 5.5 acre industrial outdoor storage site.

(2) Represents acquisition of a 5.8 acre redevelopment site.

Notice of Redemption of Series A Preferred Stock

On July 12, 2021, we announced that we will redeem all 3,600,000 shares of our 5.875% Series A Cumulative Redeemable Preferred Stock ("Series A Preferred Stock") on August 16, 2021 (the "Redemption Date"). The redemption price for the Series A Preferred Stock is equal to $25.00 per share, plus all accrued and unpaid dividends on such shares up to but not including the Redemption Date, in an amount equal to $0.183594 per share, for a total payment of $25.183594 per share, or $90.7 million. Upon redemption of the outstanding Series A Preferred Stock on August 16, 2021, we will incur an associated non-cash charge of $3.3 million as a reduction to net income available to common stockholders for the related original issuance costs.

Dividends Declared

On July 19, 2021, our board of directors declared the following quarterly cash dividends/distributions:

Security	Amount per Share/Unit	Record Date	Payment Date
Common stock	$ 0.24	September 30, 2021	October 15, 2021
OP Units	$ 0.24	September 30, 2021	October 15, 2021
5.875% Series A Cumulative Redeemable Preferred Stock[(1)]	$ —	—	—
5.875% Series B Cumulative Redeemable Preferred Stock	$ 0.367188	September 15, 2021	September 30, 2021
5.625% Series C Cumulative Redeemable Preferred Stock	$ 0.351563	September 15, 2021	September 30, 2021
4.43937% Cumulative Redeemable Convertible Preferred Units	$ 0.505085	September 15, 2021	September 30, 2021
4.00% Cumulative Redeemable Convertible Preferred Units	$ 0.45	September 15, 2021	September 30, 2021

(1) In connection with the redemption of our Series A Preferred Stock described above, on the Redemption Date, holders of our Series A Preferred Stock will receive a pro-rated dividend for the period commencing on and including July 1, 2021 and ending on and including August 15, 2021. See "—*Notice of Redemption of Series A Preferred Stock*" above for additional information.

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 Ratings ("Fitch"), Moody's Investors Services ("Moody's) or from Standard and Poor's Ratings Services ("S&P");
- 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, 2020.

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, redevelop, 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, 2021, our consolidated portfolio consisted of 266 properties with approximately 33.0 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 redevelopments. 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.

2021 Year to Date Highlights

Acquisitions

- During the first quarter of 2021, we completed the acquisition of 11 properties, which included 0.7 million rentable square feet of buildings and 19.0 acres of low coverage outdoor storage sites and land for future redevelopment for an aggregate purchase price of $163.5 million.
- During the second quarter of 2021, we completed the acquisition of ten properties, which included 0.8 million rentable square feet of buildings and 15.5 acres of low coverage outdoor storage sites and land for future redevelopment for an aggregate purchase price of $256.9 million.

Dispositions

- During the first quarter of 2021, we sold two properties with a combined 0.1 million rentable square feet, for a total gross sales price of $20.8 million, and recognized $10.9 million in gains on sale of real estate.
- During the second quarter of 2021, we sold one property with 29,730 rentable square feet, for a gross sales price of $8.2 million, and recognized $2.8 million in gains on sale of real estate.

Equity

- During the first quarter of 2021, we issued 2,415,386 shares of common stock under our at-the-market equity offering program for gross proceeds of $119.8 million, or approximately $49.61 per share.
- During the first half of 2021, we entered into forward equity sales agreements with certain financial institutions acting as forward purchasers under our at-the-market equity offering program with respect to respect to 1,797,787 shares of common stock at a weighted average initial forward sale price of $50.77 per share. In June 2021, we physically settled

these forward equity sales agreements by issuing 1,797,787 shares of common stock in exchange for net proceeds of $91.2 million.

- In May 2021, we entered into forward equity sales agreements with certain financial institutions acting as forward purchasers in connection with an underwritten public offering of 9,000,000 shares of our common stock at an initial forward sale price of $55.29 per share, or $497.6 million. In June 2021, we partially settled these forward equity sales agreements by issuing 1,809,526 shares of common stock in exchange for net proceeds of $100.0 million.
- On July 12, 2021, we announced that we will redeem all 3,600,000 shares of our 5.875% Series A Cumulative Redeemable Preferred Stock on August 16, 2021, at a redemption price of $25.00 per share, plus all accrued and unpaid dividends through August 15, 2021.

Financing

- On June 30, 2021, we exercised the accordion option on our existing credit facility to increase the borrowing capacity of our senior unsecured revolving credit facility by $200.0 million to $700.0 million from $500.0 million.
- On June 30, 2021, we amended our $150 million unsecured term loan facility to, among other things, reduce the applicable LIBOR margin by 60 basis points so that our current pricing is LIBOR plus 0.95% per annum, subject to our credit ratings.

Repositioning & Redevelopment

- During the second quarter of 2021:
  - We stabilized our redevelopment project that was branded as “The Merge” and our repositioning property located at 16221 Arthur Street, which have a combined 0.4 million rentable square feet;
  - We completed the repositioning of two of our properties located at 8745-8775 Production Avenue and Rancho Pacifica Buildings 1 and 6, which were 46.6% and 50.0% occupied, respectively, and both 100% leased, as of June 30, 2021. These properties will stabilize in the third quarter of 2021 upon lease commencement. We also completed the redevelopment of our property located at 851 Lawrence Drive, and subsequent to June 30, 2021, we leased all four available units; and
  - We pre-leased each of our repositioning/redevelopment properties located at 19007 Reyes Avenue and 29025-29055 Avenue Paine to a single tenant. The leases are expected to commence in the fourth quarter of 2021 subject to completion of repositioning/redevelopment site work.

Factors That May Influence Future Results of Operations

COVID-19 Update

In response to COVID-19, most municipalities in Southern California, including many municipalities in which we own properties, have 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 six to twelve months after the end of the local emergency. Only a small number of municipalities have allowed their local orders to expire or modified the orders to exclude some tenants (based on the tenant’s number of employees, being a publicly traded company or multinational company, or other characteristics), and in many of the local municipalities in which we operate, the eviction restrictions and rent deferment rights are set to expire by September 30, 2021, while in other municipalities the restrictions expire when the local emergency is lifted. We cannot currently predict whether or not these restrictions may be extended or for how long. Some of the orders 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, irrespective of such tenants’ actual ability to pay such rent, and we are currently unable to predict the ultimate impact that the COVID-19 pandemic will have on our tenants or the number of tenants that will continue to take advantage of the relief provided by the local government mandates authorizing the deferral of rent.

- As of July 22, 2021, we have collected 98.7% of our second quarter 2021 contractual billings, which includes contractual base rent (including COVID-19 related deferral billings) and tenant reimbursements charged to tenants.
- As of June 30, 2021, we had 1,532 leases representing in-place annualized base rent (“ABR”) of $340.8 million. ABR is defined/calculated as the monthly contractual base rent per the leases, excluding any rent abatements, as of June 30, 2021, multiplied by 12.
- Since the onset of the COVID-19 pandemic, we have provided rent relief to tenants in the form of deferred rent of

approximately $4.6 million, or 1.4% of our ABR.

- As of July 22, 2021, we have collected approximately $3.9 million, or 97.6% of deferred rent payments due as of June 30, 2021.
- As of June 30, 2021, we had outstanding rent deferrals of $554,000, or 0.2% of ABR, of which $413,000 is due through the remainder of 2021.
- During 2021, we did not enter into any rent relief agreements granting additional deferrals of base rent.

The continued impact of the pandemic on our and our tenants' businesses is largely dependent on efforts to stem the spread of COVID-19, including governmental efforts to distribute vaccines and overall vaccination rates in the areas in which we own properties.

Market and Portfolio Fundamentals

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

The infill Southern California industrial real estate sector has continued to exhibit strong fundamentals. These high-barrier infill markets are characterized by a relative scarcity of available product, generally operating at approximately 98% occupancy, coupled with the limited ability to introduce new supply due to high land and redevelopment costs and a dearth of developable land in markets experiencing a net reduction in supply as over time 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, underlying tenant demand within our infill target markets continues to demonstrate growth, illustrated or driven by strong re-leasing spreads and renewal activity, an expanding regional economy, substantial growth in ecommerce 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.

Tenant demand remains strong 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 of 2021 is demonstrated through the Company's strong leasing spreads and volume, achieving rental rates and related terms from new and renewing tenants that have generally exceeded those from pre-COVID-19 periods (see "—Leasing Activity and Rental Rates" below). This tenant demand has been driven by a wide range of sectors, from consumer products, healthcare and medical products to aerospace, food, construction, and logistics, as well as by an emerging electric vehicle industry, among other sectors. We have also 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. In addition, ecommerce-related delivery demand associated with last-mile distribution are driving discernible shifts in inventory-handling strategies among retailers and distributors, which we believe is driving incremental demand for our infill property locations. Our portfolio, which we believe represents prime locations with superior functionality 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 during the first half of 2021 has generally outpaced that of the infill markets within which we operate, although, as discussed in more detail 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.

General Market Conditions

The following are general market conditions and do not necessarily reflect the results of our portfolio. For our portfolio specific results see "—Rental Revenues" and "—Results of Operations" below.

In Los Angeles County, market fundamentals were strong during the second quarter of 2021. Average asking lease rates increased significantly both quarter-over-quarter and year-over-year, and vacancy decreased quarter-over-quarter, with several submarkets achieving or retaining sub 1% vacancy rates, bringing overall vacancy below pre-pandemic levels. Current market conditions indicate rents are likely to increase throughout 2021, as demand has been consistently strong, occupancy still remains at near capacity levels and new development is limited by a lack of land availability and an increase in land and development costs.

In Orange County, market fundamentals were strong during the second quarter of 2021. Average asking lease rates increased both quarter-over-quarter and year-over-year and vacancy was unchanged quarter-over-quarter, remaining at low levels. Current market conditions indicate rents are likely to continue to increase throughout 2021, as demand has accelerated over the year and there remains a continued low availability of industrial product in this region.

In San Diego, vacancy decreased quarter-over-quarter to a record low and average asking lease rates were increased quarter-over-quarter and year-over-year.

In Ventura County, vacancy decreased quarter-over-quarter and average asking lease rates increased quarter-over-quarter and year-over-year.

Lastly, in the Inland Empire, new industrial product continues to be absorbed well in the market. In the Inland Empire West, which contains infill markets in which we operate, vacancy decreased quarter-over-quarter and year-over-year, reaching a new historic low, and average asking lease rates increased significantly both quarter-over-quarter and year-over-year. Current market conditions indicate rents are likely to continue to increase throughout 2021. We generally do not focus on properties located within the non-infill 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 Redevelopment 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 redevelopment projects. Acquisitions may comprise single property investments as well as the purchase of portfolios of properties, with transaction values ranging from approximately $10 million 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 repositioning, redevelopment, 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 provide a range of property improvements. 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, in each case designed to improve the cash flow and value of the property. We have a number of significant repositioning properties, which are presented in the tables below, as well as range of smaller spaces in repositioning, that due to their smaller size, relative scope, projected repositioning costs or relatively nominal amount of down-time, are not presented below, however, in the aggregate, may be substantial.

A repositioning property that is considered significant is typically defined as a property where a significant amount of space is held vacant in order to implement capital improvements, the cost to complete repositioning work and lease-up is estimated to be greater than $1 million and the repositioning and lease-up time frame is estimated to be greater than six months. A repositioning is considered complete once the investment is fully or nearly fully deployed and the property is marketable for leasing. 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.

A redevelopment property is defined as a property where we plan to fully or partially demolish an existing building(s) due to building obsolescence and/or a property with excess or vacant land where we plan to construct a ground-up building.

As of June 30, 2021, seven of our properties were under current repositioning or redevelopment and three of our properties were in the lease-up stage. In addition, we have a pipeline of 12 additional properties for which we anticipate beginning repositioning/redevelopment construction work between the third quarter of 2021 and the third quarter of 2022. The tables below set forth a summary of these properties, as well the properties that were most recently stabilized in 2021 and 2020, as the timing of these stabilizations have a direct impact on our current and comparative results of operations. We consider a repositioning/redevelopment property to be stabilized upon the earlier of (i) reaching 90% occupancy or (ii) one year from the date construction work is completed.

Property (Submarket)	Market	Total Property Rentable Square Feet[2]	Repositioning/ Lease-up Rentable Square Feet[2]	Estimated Construction Period[1]		Total Property Leased % at 6/30/21
				Start	Completion	
Current Repositioning:						
12821 Knott Street (West OC)[3]	OC	165,171	165,171	1Q-2019	4Q-2021	—%
12133 Greenstone Avenue (Mid-Counties)[4]	LA	12,586	—	1Q-2021	1Q-2022	—%
19007 Reyes Avenue (South Bay)[5]	LA	—	—	2Q-2021	4Q-2021	100%
11600 Los Nietos Road (Mid-Counties)	LA	103,982	103,982	2Q-2021	1Q-2022	—%
Total Current Repositioning		281,739	269,153			
Lease-up (Repositioning):						
8745-8775 Production Avenue (Central SD)	SD	46,820	26,200	1Q-2021	2Q-2021	100%
Rancho Pacifica Buildings 1 & 6 (South Bay)[6]	LA	488,114	488,114	4Q-2020	2Q-2021	100%
Total Lease-up		534,934	514,314			
Future Repositioning:						
15650-15700 Avalon Boulevard (South Bay)[7]	LA	98,259	98,259	3Q-2021	1Q-2022	92%
900 East Ball Road (North OC)	OC	62,607	62.607	4Q-2021	2Q-2022	100%
8985 Crestmar Point (Central SD)	SD	56,550	56,550	4Q-2021	2Q-2022	87%
3441 MacArthur Boulevard (OC Airport)	OC	122,060	122,060	1Q-2022	4Q-2022	100%
Total Future Repositioning		339,476	339,476			

– See footnotes starting on page 44 –

Property (Submarket)	Market	Estimated Redevelopment Rentable Square Feet[8]	Estimated Construction Period[1] Start	Estimated Construction Period[1] Completion	Total Property Leased % at 6/30/21
Current Redevelopment:					
29025-29055 Avenue Paine (San Fernando Valley)[9]	LA	111,260	1Q-2021	4Q-2021	100% [9]
415-435 Motor Avenue (San Gabriel Valley)	LA	94,315	2Q-2021	2Q-2022	—%
1055 Sandhill Avenue (South Bay)	LA	127,853	2Q-2021	1Q-2023	—%
Total Current Redevelopment		333,428			
Lease-up (Redevelopment):					
851 Lawrence Drive (Ventura)[10]	VC	90,773	4Q-2019	2Q-2021	—% [10]
Future Redevelopment:					
9615 Norwalk Boulevard (Mid-Counties)[11]	LA	201,467	3Q-2021	4Q-2022	100%
15601 Avalon Boulevard (South Bay)[12]	LA	86,830	3Q-2021	4Q-2022	100%
9920-10020 Pioneer Blvd (Mid-Counties)	LA	165,449	3Q-2021	1Q-2023	5%
12752-12822 Monarch Street (West OC)[13]	OC	275,695	4Q-2021	4Q-2022	100%
4416 Azusa Canyon Road (San Gabriel Valley)[14]	LA	129,830	1Q-2022	4Q-2022	—%
8888-8892 Balboa Avenue (Central SD)	SD	120,900	1Q-2022	4Q-2022	21%
15010 Don Julian Road (San Gabriel Valley)	LA	219,242	1Q-2022	2Q-2023	100%
12772 San Fernando Road (San Fernando Valley)	LA	146,746	3Q-2022	3Q-2023	52%
Total Future Redevelopment		1,346,159			

Stabilized[15]	Market	Stabilized Rentable Square Feet	Period Stabilized	Total Property Leased % at 6/30/21
The Merge (Inland Empire West)	SB	333,544	2Q-2021	91%
16221 Arthur Street (Mid-Counties)	LA	61,372	2Q-2021	100%
Total 2021 Stabilized		394,916		
2455 Conejo Spectrum Street (Ventura)	VC	98,218	1Q-2020	100%
635 8th Street (San Fernando Valley)	LA	72,250	1Q-2020	100%
16121 Carmenita Road (Mid-Counties)	LA	105,477	3Q-2020	100%
10015 Waples Court (Central SD)	SD	106,412	3Q-2020	100%
1210 North Red Gum Street (North OC)	OC	64,570	3Q-2020	100%
7110 E. Rosecrans Avenue - Unit B (South Bay)	LA	37,417	3Q-2020	100%
29003 Avenue Sherman (San Fernando Valley)	LA	68,123	4Q-2020	100%
727 Kingshill Place (South Bay)	LA	46,005	4Q-2020	100%
Total 2020 Stabilized		598,472		

(1) The estimated start period is the period we anticipate starting physical construction on a project. Prior to physical construction, we engage in pre-construction activities, which include design work, securing permits or entitlements, site work, and other necessary activities preceding construction. The estimated completion period is our current estimate of the period in which we will have substantially completed a project and the project is made available for occupancy. We expect to update our timing estimates on a quarterly basis. 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) "Total Property Rentable Square Feet" is the total rentable square footage of the entire property or particular building(s)

(footnoted if applicable) under repositioning/lease-up. “Repositioning/Lease-up Rentable Square Feet ” is the actual rentable square footage that is subject to repositioning at the property/building, and may be less than Total Property Rentable Square Feet.

(3) At 12821 Knott Street, we are repositioning the existing 120,800 rentable square foot building and are constructing approximately 45,000 rentable square feet of new warehouse space.

(4) 12133 Greenstone Avenue is a single tenant container storage facility with a 12,586 rentable square foot truck terminal building on 4.8 acres with excess land. As part of the repositioning, we plan to demolish the existing building.

(5) At 19007 Reyes Avenue, a 4.5 acre industrial site, we are clearing dysfunctional improvements and converting to a single tenant paved container storage facility. As of June 30, 2021, this property has been pre-leased with the lease expected to commence in the fourth quarter of 2021, subject to completion of repositioning work.

(6) Rancho Pacifica Buildings 1 & 6 are located at 2301-2329 Pacifica Place and 2332-2366 Pacifica Place, and represent two buildings totaling 488,114 rentable square feet, out of six buildings at our Rancho Pacifica Park property, which have a total 1,152,883 rentable square feet. As of June 30, 2021, the two remaining vacant units have been leased with leases expected to commence in August/September 2021.

(7) As of June 30, 2021, 15650-15700 Avalon Boulevard contains two buildings totaling 166,088 rentable square feet. Upon termination of the current short-term lease, we plan to demolish one of the existing buildings and reposition the property into a single-tenant low coverage facility which will have one 98,259 rentable square foot building at completion.

(8) Represents the estimated rentable square footage of the project upon completion of redevelopment.

(9) As of June 30, 2021, 29025-29055 Avenue Paine has been pre-leased with the lease expected to commence in December 2021, subject to completion of redevelopment work.

(10) Subsequent to June 30, 2021, we leased all four units at 851 Lawrence Drive. As of the filing date of this Quarterly Report on Form 10-Q, this property is 100% leased.

(11) 9615 Norwalk Boulevard is a 10.26 acre storage-yard with buildings totaling 26,362 rentable square feet. The property was leased to a tenant under a short term lease through June 30, 2021. We plan to demolish the existing buildings and construct a new 201,467 rentable square foot building.

(12) In February 2021, we leased 15601 Avalon Boulevard to a tenant under a short-term lease. Upon termination of the lease, we will demolish the existing building (63,690 rentable square feet) and construct a new 86,830 rentable square foot building.

(13) As of June 30, 2021, 12752-12822 Monarch Street contains two buildings totaling 276,585 rentable square feet. We plan to demolish one building with 98,360 rentable square feet and add a new 97,470 rentable square foot building after the in-place lease terminates. At completion, the total project will contain 275,695 rentable square feet.

(14) At 4416 Azusa Canyon Road, we will demolish the existing building (70,510 rentable square feet) and construct a new 129,830 rentable square foot building upon termination of the in-place lease.

(15) 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 redevelopment 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 $0.9 million and $1.6 million of interest expense and $0.4 million and $0.8 million of insurance and real estate tax expenses during the three and six months ended June 30, 2021, 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, 2021, 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 98.2% 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 completion and lease-up of repositioning and redevelopment projects that are currently under construction.

As summarized in the tables under "—*Acquisitions and Value-Add Repositioning and Redevelopment of Properties*" above, as of June 30, 2021, seven of our properties with a combined 0.6 million rentable square feet at completion are under current repositioning or redevelopment, and three additional properties with a combined 0.6 million rentable square feet are in the lease-up stage. Additionally, we have a near-term pipeline of 12 repositioning and redevelopment projects with a combined 1.7 million of estimated rentable square feet at completion. Vacant space at these properties is concentrated in our Los Angeles, Orange County, San Diego and Ventura markets and represents 2.9% of our total consolidated portfolio square footage as of June 30, 2021. Including vacant space at these properties, our weighted average occupancy rate as of June 30, 2021 in our Los Angeles, Orange County, San Diego and Ventura markets was 95.0%, 95.1%, 94.7% and 93.5%, respectively. Excluding vacant space at these properties, our weighted average occupancy rate as of June 30, 2021, in these markets was 98.4%, 98.6%, 97.7% and 97.0%, respectively. We believe that an important portion of our long-term future growth will come from the completion of these projects currently under or scheduled for repositioning, as well as through the identification or acquisition of new opportunities for repositioning and redevelopment, 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 County and San Diego 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. We believe that general market conditions will remain positive in 2021, and the opportunity to increase occupancy and rental rates at our properties will be an important driver of future revenue growth; however, 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 three and six months ended June 30, 2021:

	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)**
Q1-2021	52	909,694	5.2	$ 12.52	43.8 %	26.7 %
Q2-2021	71	1,207,516	5.7	$ 15.48	38.9 %	25.3 %
Total/Weighted Average	**123**	**2,117,210**	**5.5**	**$ 14.21**	**40.8 %**	**25.8 %**

	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**
Q1-2021	70	1,049,547	4.6	$ 12.93	48.5 %	35.4 %	120	1,781,667	79.2 %
Q2-2021	68	981,781	4.1	$ 11.96	30.7 %	18.8 %	121	1,881,074	74.0 %
Total/Weighted Average	**138**	**2,031,328**	**4.3**	**$ 12.46**	**39.2 %**	**26.7 %**	**241**	**3,662,741**	**76.6 %**

(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, 2021, exclude 33 leases aggregating 1,144,913 rentable square feet for which there was no comparable lease data. Of these 33 excluded leases, 11 leases aggregating 687,102 rentable square feet are leases of recently repositioned/redeveloped 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, 2021, exclude four leases totaling 102,577 rentable square feet for which there was no comparable lease data. Comparable leases generally exclude space with lease terms shorter than six months.

(6) Includes leases totaling 789,989 rentable square feet that expired during the six months ended June 30, 2021, for which the space has been or will be placed into repositioning or redevelopment.

(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 square footage related to the following: (i) expiring leases associated with space that is placed into repositioning after the tenant vacates, (ii) early terminations with pre-negotiated replacement leases and (iii) move outs where space is directly leased by subtenants.

Our leasing activity is impacted both by our repositioning and redevelopment 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. As of June 30, 2021, we have seven current repositioning/redevelopment projects with estimated construction completion periods ranging from the fourth quarter of 2021 through the first quarter of 2023, and additional repositioning and redevelopment projects in our pipeline with estimated completion dates through the third quarter of 2023. We expect these properties to have positive impacts on our leasing activity and revenue generation as we complete our value-add plans and place these properties in service.

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, 2021, for each of the 10 full and partial calendar years beginning with 2021 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)	—	920,299	2.8 %	$ —	— %	$ —
Current Repositioning(6)	—	599,896	1.8 %	—	— %	$ —
MTM Tenants	12	202,097	0.6 %	2,783	0.8 %	$ 13.77
Remainder of 2021	171	1,779,375	5.4 %	19,815	5.8 %	$ 11.14
2022	403	4,821,913	14.6 %	53,539	15.7 %	$ 11.10
2023	358	4,732,192	14.4 %	54,088	15.9 %	$ 11.43
2024	273	5,245,138	15.9 %	55,944	16.4 %	$ 10.67
2025	129	4,028,996	12.2 %	40,522	11.9 %	$ 10.06
2026	115	5,028,637	15.3 %	52,022	15.3 %	$ 10.35
2027	16	1,202,372	3.6 %	11,390	3.4 %	$ 9.47
2028	12	591,074	1.8 %	6,810	2.0 %	$ 11.52
2029	9	550,549	1.7 %	6,917	2.0 %	$ 12.56
2030	12	1,320,331	4.0 %	15,132	4.4 %	$ 11.46
Thereafter	22	1,932,516	5.9 %	21,864	6.4 %	$ 11.31
Total Consolidated Portfolio	1,532	32,955,385	100.0 %	$ 340,826	100.0 %	$ 10.84

(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, 2021, 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, 2021.

(4) Calculated as annualized base rent for such leases divided by the occupied square feet for such leases as of June 30, 2021.

(5) Represents vacant space (not under repositioning) as of June 30, 2021. Includes leases aggregating 415,219 rentable square feet that had been signed but had not yet commenced as of June 30, 2021.

(6) Represents vacant space at properties that were classified as repositioning or redevelopment properties as of June 30, 2021. Excludes stabilized properties and properties in lease-up. Refer to the table under "—Acquisitions and Value-Add Repositioning and Redevelopment of Properties" for additional details related to these properties

As of June 30, 2021, in addition to 0.9 million rentable square feet of currently available space in our portfolio and 0.6 million rentable square feet of vacant space under current repositioning, leases representing 5.4% and 14.6% of the aggregate rentable square footage of our portfolio are scheduled to expire during the remainder of 2021 and 2022, respectively. During the six months ended June 30, 2021, we renewed 138 leases for 2.0 million rentable square feet, resulting in a 76.6% 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, 2021, new and renewal leases had a weighted average term of 5.5 and 4.3 years, and we expect future new and renewal leases to have similar terms.

The leases scheduled to expire during the remainder of 2021 and 2022 represent approximately 5.8% and 15.7% respectively, of the total annualized base rent for our portfolio as of June 30, 2021. We estimate that, on a weighted average basis, in-place rents of leases scheduled to expire during the remainder of 2021 and 2022 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 and Portfolio Fundamentals” above, we expect market dynamics to remain strong and that these positive trends will continue to provide a favorable environment for additional increases in lease renewal rates. Accordingly, we expect the remainder of 2021 will show positive renewal rates and leasing spreads.

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, 2021, 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, 2021 and 2020.

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 Annual Report on Form 10-K for the year ended December 31, 2020, 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 or redevelopment 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/redevelopment 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, 2021 and 2020, our Stabilized Same Properties Portfolio includes all properties in our industrial portfolio that were wholly-owned by us for the period from January 1, 2020 through June 30, 2021, and that were stabilized prior to January 1, 2020, which consisted of 195 properties aggregating approximately 24.7 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, 2020 through June 30, 2021, properties classified as current or future repositioning, redevelopment or lease-up during 2021 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 59 properties aggregating approximately 6.5 million rentable square feet that were purchased between January 1, 2020 and June 30, 2021, and the seven properties aggregating approximately 0.4 million rentable square feet that were sold between January 1, 2020 and June 30, 2021.

At June 30, 2021 and 2020, our Stabilized Same Properties Portfolio occupancy was approximately 98.4% and 97.4%, respectively. For the three months ended June 30, 2021 and 2020, our Stabilized Same Properties Portfolio weighted average occupancy was approximately 98.5% and 97.5%, respectively. Comparatively, for the six months ended June 30, 2021 and 2020, our Stabilized Same Properties Portfolio weighted average occupancy was approximately 98.4% and 97.7%.

Comparison of the Three Months Ended June 30, 2021 to the Three Months Ended June 30, 2020

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, 2021 and 2020 (dollars in thousands):

	Stabilized Same Properties Portfolio				**Total Portfolio**			
	Three Months Ended June 30,			**% Change**	**Three Months Ended June 30,**			**% Change**
	2021	**2020**	**Increase/(Decrease)**		**2021**	**2020**	**Increase/(Decrease)**	
REVENUES								
Rental income	$ 79,376	$ 72,682	$ 6,694	9.2 %	$ 104,236	$ 79,770	$ 24,466	30.7 %
Management, leasing and development services	—	—	—	— %	109	114	(5)	(4.4)%
Interest income	—	—	—	— %	15	66	(51)	(77.3)%
TOTAL REVENUES	79,376	72,682	6,694	9.2 %	104,360	79,950	24,410	30.5 %
OPERATING EXPENSES								
Property expenses	17,940	16,887	1,053	6.2 %	24,555	18,884	5,671	30.0 %
General and administrative	—	—	—	— %	10,695	8,972	1,723	19.2 %
Depreciation and amortization	24,329	25,480	(1,151)	(4.5)%	36,228	28,381	7,847	27.6 %
TOTAL OPERATING EXPENSES	42,269	42,367	(98)	(0.2)%	71,478	56,237	15,241	27.1 %
OTHER EXPENSES								
Acquisition expenses	—	—	—	— %	2	14	(12)	(85.7)%
Interest expense	—	—	—	— %	9,593	7,428	2,165	29.1 %
TOTAL EXPENSES	42,269	42,367	(98)	(0.2)%	81,073	63,679	17,394	27.3 %
Gains on sale of real estate	—	—	—	— %	2,750	—	2,750	— %
NET INCOME	$ 37,107	$ 30,315	$ 6,792	22.4 %	$ 26,037	$ 16,271	$ 9,766	60.0 %

Rental Income

Under current lease accounting guidance, 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. In the following table, we present the components of rental income separately, which includes rental revenue, tenant reimbursements and other income related to leases. 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 understand and evaluate the Company's performance.

	Stabilized Same Properties Portfolio				Total Portfolio			
	Three Months Ended June 30,				Three Months Ended June 30,			
Category	2021	2020	Increase/(Decrease)	% Change	2021	2020	Increase/(Decrease)	% Change
Rental revenue[1]	$ 66,563	$ 61,451	$ 5,112	8.3 %	$ 86,814	$ 67,349	$ 19,465	28.9 %
Tenant reimbursements[2]	12,595	11,254	1,341	11.9 %	17,119	12,433	4,686	37.7 %
Other income[3]	218	(23)	241	1,047.8 %	303	(12)	315	2,625.0 %
Rental income	$ 79,376	$ 72,682	$ 6,694	9.2 %	$ 104,236	$ 79,770	$ 24,466	30.7 %

Our Stabilized Same Properties Portfolio and Total Portfolio rental income increased by $6.7 million, or 9.2%, and $24.5 million, or 30.7%, respectively, during the three months ended June 30, 2021, compared to the three months ended June 30, 2020, for the reasons described below:

(1) Rental Revenue

Our Stabilized Same Properties Portfolio and Total Portfolio rental revenue increased by $5.1 million, or 8.3%, and $19.5 million, or 28.9%, respectively, during the three months ended June 30, 2021, compared to the three months ended June 30, 2020. The increase in our Stabilized Same Properties Portfolio rental revenue is primarily due to an increase in average rental rates on new and renewal leases, an increase in the weighted average occupancy of the portfolio and a net increase in rental revenue due to bad debt recoveries and a decrease in reserves for tenant and deferred rent receivables, partially offset by a decrease in amortization of net below-market lease intangibles. Our Total Portfolio rental revenue was also positively impacted by the incremental revenues from the 59 properties we acquired between January 1, 2020, and June 30, 2021.

(2) Tenant Reimbursements

Our Stabilized Same Properties Portfolio tenant reimbursements revenue increased by $1.3 million, or 11.9%, and our Total Portfolio tenant reimbursements revenue increased by $4.7 million, or 37.7%, during the three months ended June 30, 2021, compared to the three months ended June 30, 2020. The increase in our Stabilized Same Properties Portfolio tenant reimbursements revenue is primarily due to an increase in the weighted average occupancy of the portfolio, an increase in recoverable property expenses, and an increase 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 59 properties we acquired between January 1, 2020 and June 30, 2021.

(3) Other Income

Our Stabilized Same Properties Portfolio and Total Portfolio other income increased by $0.2 million, or 1,047.8%, and $0.3 million, or 2,625.0%, respectively, during the three months ended June 30, 2021, compared to the three months ended June 30, 2020, due to an increase in miscellaneous income and the reversal of prior period late fee income in 2020.

Management, Leasing and Development Services

Our Total Portfolio management, leasing and development services revenue decreased by $5 thousand, or 4.4%, during the three months ended June 30, 2021, compared to the three months ended June 30, 2020.

Interest Income

Interest income decreased by $0.1 million, or 77.3%, during the three months ended June 30, 2021, compared to the three months ended June 30, 2020, 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 $1.1 million, or 6.2%, and $5.7 million, or 30.0%, respectively, during the three months ended June 30, 2021, compared to the three months ended June 30, 2020. The increase in our Stabilized Same Properties Portfolio property expenses is primarily due to increases in repairs and maintenance expense, including non-recoverable costs related to fire and water damage at two properties, real estate tax expense relating to California Proposition 13 annual increases, allocated overhead costs reflecting a higher employee headcount and insurance expense due to increased premiums. Our Total Portfolio property expenses were also impacted by incremental expenses from the 59 properties we acquired between January 1, 2020, and June 30, 2021.

General and Administrative

Our Total Portfolio general and administrative expenses increased by $1.7 million, or 19.2%, during the three months ended June 30, 2021, compared to the three months ended June 30, 2020, primarily due to increases in non-cash equity compensation expense, accrued bonus expense and payroll related costs due to a higher employee headcount.

Depreciation and Amortization

Our Stabilized Same Properties Portfolio depreciation and amortization expense decreased by $1.2 million, or 4.5%, during the three months ended June 30, 2021, compared to the three months ended June 30, 2020, primarily due to acquisition-related in-place lease intangibles becoming fully depreciated at certain of our properties subsequent to January 1, 2020, partially offset by an increase in depreciation expense related to capital improvements placed into service subsequent to January 1, 2020. Our Total Portfolio depreciation and amortization expense increased by $7.8 million, or 27.6%, during the three months ended June 30, 2021, compared to the three months ended June 30, 2020, primarily due to the incremental expense from the 59 properties we acquired between January 1, 2020, and June 30, 2021.

Acquisition Expenses

Our Total Portfolio acquisition expenses decreased by $12 thousand, or 85.7%, during the three months ended June 30, 2021, compared to the three months ended June 30, 2020.

Interest Expense

Our Total Portfolio interest expense increased by $2.2 million, or 29.1%, during the three months ended June 30, 2021, compared to the three months ended June 30, 2020. The increase in interest expense is primarily comprised of the following: (i) a $2.1 million increase due to the issuance of $400.0 million of 2.125% senior notes in November 2020, (ii) a $0.2 million increase due to the assumption of $66.4 million of debt as part of the consideration for the acquisition of 11 properties during 2020 and one additional property during 2021 and (iii) a $0.2 million decrease in capitalized interest related to our repositioning and redevelopment properties. These increases were partially offset by a $0.3 million net decrease in interest expense related to the repayment of our $100.0 million term loan facility and termination of the related interest rate swap in November 2020 (see Note 7 to the consolidated financial statements for additional details).

Gains on Sale of Real Estate

During the three months ended June 30, 2021, we recognized gains on sale of real estate of $2.8 million from the disposition of one property that was sold for a gross sales price of $8.2 million. During the three months ended June 30, 2020, we did not complete any property dispositions.

Comparison of the Six Months Ended June 30, 2021 to the Six Months Ended June 30, 2020

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, 2021 and 2020 (dollars in thousands):

	Stabilized Same Properties Portfolio				Total Portfolio			
	Six Months Ended June 30,			%	Six Months Ended June 30,			%
	2021	2020	Increase/(Decrease)	Change	2021	2020	Increase/(Decrease)	Change
REVENUES								
Rental income	$ 156,724	$ 145,648	$ 11,076	7.6 %	$ 203,880	$ 157,260	$ 46,620	29.6 %
Management, leasing and development services	—	—	—	— %	214	207	7	3.4 %
Interest income	—	—	—	— %	29	163	(134)	(82.2)%
TOTAL REVENUES	156,724	145,648	11,076	7.6 %	204,123	157,630	46,493	29.5 %
OPERATING EXPENSES								
Property expenses	35,294	33,683	1,611	4.8 %	48,130	36,998	11,132	30.1 %
General and administrative	—	—	—	— %	22,175	18,289	3,886	21.2 %
Depreciation and amortization	48,959	51,607	(2,648)	(5.1)%	71,372	55,904	15,468	27.7 %
TOTAL OPERATING EXPENSES	84,253	85,290	(1,037)	(1.2)%	141,677	111,191	30,486	27.4 %
OTHER EXPENSES								
Acquisition expenses	—	—	—	— %	31	19	12	63.2 %
Interest expense	—	—	—	— %	19,345	14,877	4,468	30.0 %
TOTAL EXPENSES	84,253	85,290	(1,037)	(1.2)%	161,053	126,087	34,966	27.7 %
Gains on sale of real estate	—	—	—	— %	13,610	—	13,610	— %
NET INCOME	$ 72,471	$ 60,358	$ 12,113	20.1 %	$ 56,680	$ 31,543	$ 25,137	79.7 %

Rental Income

The following table reports the breakdown of 2021 and 2020 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	2021	2020	Increase/(Decrease)	Change	2021	2020	Increase/(Decrease)	Change
Rental revenue[(1)]	$ 131,494	$ 122,957	$ 8,537	6.9 %	$ 169,667	$ 132,604	$ 37,063	28.0 %
Tenant reimbursements [(2)]	24,911	22,509	2,402	10.7 %	33,763	24,426	9,337	38.2 %
Other income[(3)]	319	182	137	75.3 %	450	230	220	95.7 %
Rental income	$ 156,724	$ 145,648	$ 11,076	7.6 %	$ 203,880	$ 157,260	$ 46,620	29.6 %

Our Stabilized Same Properties Portfolio and Total Portfolio rental income increased by $11.1 million, or 7.6%, and $46.6 million, or 29.6%, respectively, during the six months ended June 30, 2021, compared to the six months ended June 30, 2020, for the reasons described below:

(1) Rental Revenue

Our Stabilized Same Properties Portfolio and Total Portfolio rental revenue increased by $8.5 million, or 6.9%, and $37.1 million, or 28.0%, respectively, during the six months ended June 30, 2021, compared to the six months ended June 30, 2020. The increase in our Stabilized Same Properties Portfolio rental revenue is primarily due to the increase in average rental rates on new and renewal leases, an increase in the weighted average occupancy of the portfolio, and a net increase in rental revenue due to bad debt recoveries and a decrease in reserves for tenant and deferred rent receivables, partially offset by a decrease in amortization of net below-market lease intangibles. Our Total Portfolio rental revenue was also positively impacted by the incremental revenues from the 59 properties we acquired between January 1, 2020, and June 30, 2021.

(2) Tenant Reimbursements

Our Stabilized Same Properties Portfolio tenant reimbursements revenue increased by $2.4 million, or 10.7%, and our Total Portfolio tenant reimbursements revenue increased by $9.3 million, or 38.2% during the six months ended June 30, 2021, compared to the six months ended June 30, 2020. The increase in our Stabilized Same Properties Portfolio tenant reimbursements revenue is primarily due to an increase in the weighted average occupancy of the portfolio, an increase in recoverable property expenses and an increase 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 59 properties we acquired between January 1, 2020 and June 30, 2021.

(3) Other Income

Our Stabilized Same Properties Portfolio and Total Portfolio other income increased by $0.1 million, or 75.3%, and $0.2 million, or 95.7%, respectively, during the six months ended June 30, 2021, compared to the six months ended June 30, 2020, due to an increase in miscellaneous income and the reversal of prior period late fee income in 2020.

Management, Leasing and Development Services

Our Total Portfolio management, leasing and development services revenue increased by $7 thousand, or 3.4%, during the six months ended June 30, 2021, compared to the six months ended June 30, 2020.

Interest Income

Interest income decreased by $0.1 million, or 82.2%, during the six months ended June 30, 2021, compared to the six months ended June 30, 2020, due to a decrease in both the average cash balance invested in money market accounts and the average interest rate earned.

Property Expenses

Our Stabilized Same Properties Portfolio and Total Portfolio property expenses increased by $1.6 million, or 4.8%, and $11.1 million, or 30.1%, respectively, during the six months ended June 30, 2021, compared to the six months ended June 30, 2020. The increase in our Stabilized Same Properties Portfolio property expenses is primarily due to increases in real estate tax expense relating to California Proposition 13 annual increases, repairs and maintenance expense, including non-recoverable costs related to fire and water damage at two properties, allocated overhead costs reflecting a higher employee headcount, insurance expense and utilities expense. Our Total Portfolio property expenses were also impacted by incremental expenses from the 59 properties we acquired between January 1, 2020, and June 30, 2021.

General and Administrative

Our Total Portfolio general and administrative expenses increased by $3.9 million, or 21.2%, during the six months ended June 30, 2021, compared to the six months ended June 30, 2020, primarily due to increases in non-cash equity compensation expense, payroll related costs due to a higher employee headcount and accrued bonus expense.

Depreciation and Amortization

Our Stabilized Same Properties Portfolio depreciation and amortization expense decreased by $2.6 million, or 5.1%, during the six months ended June 30, 2021, compared to the six months ended June 30, 2020, primarily due to acquisition-related in-place lease intangibles becoming fully depreciated at certain of our properties subsequent to January 1, 2020, partially offset by an increase in depreciation expense related to capital improvements placed into service subsequent to January 1, 2020. Our Total Portfolio depreciation and amortization expense increased by $15.5 million, or 27.7%, during the six months ended June 30, 2021, compared to the six months ended June 30, 2020, primarily due to the incremental expense from the 59 properties we acquired between January 1, 2020, and June 30, 2021.

Acquisition Expenses

Our Total Portfolio acquisition expenses increased by $12 thousand or 63.2%, during the six months ended June 30, 2021, compared to the six months ended June 30, 2020.

Interest Expense

Our Total Portfolio interest expense increased by $4.5 million, or 30.0%, during the six months ended June 30, 2021, compared to the six months ended June 30, 2020. The increase in interest expense is primarily comprised of the following: (i) a $4.3 million increase related to the issuance of $400.0 million of 2.125% senior notes in November 2020, (ii) a $0.7 million increase due to the assumption of $66.4 million of debt as part of the consideration for the acquisition of 11 properties during 2020 and one additional property during 2021 and (iii) a $0.3 million decrease in capitalized interest related to our repositioning and redevelopment properties. These increases were partially offset by the following decreases: (i) a $0.7 million net decrease related to the repayment of our $100.0 million term loan facility and termination of the related interest rate swap in November 2020 (see Note 7 to the consolidated financial statements for additional details) and (ii) a $0.4 million decrease related to our variable rate $60 million term loan due to a decrease in LIBOR.

Gains on Sale of Real Estate

During the six months ended June 30, 2021, we recognized gains on sale of real estate of $13.6 million from the disposition of three properties that were sold for an aggregate gross sales price of $29.0 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 or assets incidental to our business, impairment losses of depreciable operating property or assets incidental to our business, real estate related depreciation and amortization (excluding amortization of deferred financing costs and amortization of above/below-market lease intangibles) 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,	
	2021	2020	2021	2020
Net income	$ 26,037	$ 16,271	$ 56,680	$ 31,543
Add:				
Depreciation and amortization	36,228	28,381	71,372	55,904
Deduct:				
Gains on sale of real estate	2,750	—	13,610	—
Funds From Operations (FFO)	$ 59,515	$ 44,652	$ 114,442	$ 87,447
Less: preferred stock dividends	(3,637)	(3,637)	(7,273)	(7,273)
Less: FFO attributable to noncontrolling interest(1)	(3,256)	(2,005)	(6,390)	(3,455)
Less: FFO attributable to participating securities(2)	(224)	(192)	(433)	(387)
FFO attributable to common stockholders	$ 52,398	$ 38,818	$ 100,346	$ 76,332

(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,	
	2021	2020	2021	2020
Rental income	$ 104,236	$ 79,770	203,880	157,260
Property expenses	24,555	18,884	48,130	36,998
Net Operating Income	$ 79,681	$ 60,886	$ 155,750	$ 120,262
Amortization of (below) above market lease intangibles, net	(3,386)	(2,669)	(6,098)	(5,071)
Straight line rental revenue adjustment	(4,840)	(6,212)	(9,039)	(7,884)
Cash Net Operating Income	$ 71,455	$ 52,005	$ 140,613	$ 107,307

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,	
	2021	2020	2021	2020
Net income	$ 26,037	$ 16,271	$ 56,680	$ 31,543
Add:				
General and administrative	10,695	8,972	22,175	18,289
Depreciation and amortization	36,228	28,381	71,372	55,904
Acquisition expenses	2	14	31	19
Interest expense	9,593	7,428	19,345	14,877
Deduct:				
Management, leasing and development services	109	114	214	207
Interest income	15	66	29	163
Gains on sale of real estate	2,750	—	13,610	—
Net Operating Income	$ 79,681	$ 60,886	$ 155,750	$ 120,262
Amortization of (below) above market lease intangibles, net	(3,386)	(2,669)	(6,098)	(5,071)
Straight line rental revenue adjustment	(4,840)	(6,212)	(9,039)	(7,884)
Cash Net Operating Income	$ 71,455	$ 52,005	$ 140,613	$ 107,307

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,	
	2021	2020	2021	2020
Net income	$ 26,037	$ 16,271	$ 56,680	$ 31,543
Interest expense	9,593	7,428	19,345	14,877
Depreciation and amortization	36,228	28,381	71,372	55,904
Gains on sale of real estate	(2,750)	—	(13,610)	—
EBITDA*re*	$ 69,108	$ 52,080	$ 133,787	$ 102,324

Supplemental Guarantor Information

In March 2020, the Securities and Exchange Commission (SEC) adopted amendments to Rule 3-10 of Regulation S-X and created Rule 13-01 to simplify disclosure requirements related to certain registered securities. The rule became effective January 4, 2021. The Company and the Operating Partnership have filed a registration statement on Form S-3 with the SEC registering, among other securities, debt securities of the Operating Partnership, which will be fully and unconditionally guaranteed by the Company. At June 30, 2021, the Operating Partnership had issued and outstanding $400.0 million of 2.125% senior notes due 2030 (the "$400 Million Notes"). The obligations of the Operating Partnership to pay principal, premiums, if any, and interest on the $400 Million Notes are guaranteed on a senior basis by the Company. The guarantee is full and unconditional, and the Operating Partnership is a consolidated subsidiary of the Company.

As a result of the amendments to Rule 3-10 of Regulation S-X, subsidiary issuers of obligations guaranteed by the parent are not required to provide separate financial statements, provided that the subsidiary obligor is consolidated into the parent company's consolidated financial statements, the parent guarantee is "full and unconditional" and, subject to certain exceptions as set forth below, the alternative disclosure required by Rule 13-01 is provided, which includes narrative disclosure and summarized financial information. Accordingly, separate consolidated financial statements of the Operating Partnership have not been presented. Furthermore, as permitted under Rule 13-01(a)(4)(vi), the Company has excluded the summarized financial information for the Operating Partnership as the assets, liabilities and results of operations of the Company and the Operating Partnership are not materially different than the corresponding amounts presented in the consolidated financial statements of the Company, and management believes such summarized financial information would be repetitive and not provide incremental value to investors.

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 or issuing other securities as 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 debt and/or equity securities, including preferred stock, and proceeds from selective real estate dispositions as we identify capital recycling opportunities.

As of June 30, 2021, our cash and cash equivalents were $64.2 million, and we did not have any borrowings outstanding under our unsecured revolving credit facility, leaving $700.0 million available for future borrowings.

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 November 9, 2020, we established an at-the-market equity offering program pursuant to which we may sell from time to time shares of our common stock having an aggregate sales price of up to $750.0 million (the "$750 Million ATM Program") through sales agents or by entering into forward equity sale agreements with certain financial institutions acting as forward purchasers.

During the six months ended June 30, 2021, we directly sold a total of 2,415,386 shares of our common stock under the $750 Million ATM Program at a weighted average price of $49.61 per share, for gross proceeds of $119.8 million, and net proceeds of $118.3 million, after deducting the sales agents' fee.

During the six months ended June 30, 2021, we also entered into forward equity sales agreements with certain financial institutions acting as a forward purchasers under the $750 Million ATM Program with respect to 1,797,787 shares of our common stock at a weighted average initial forward sale price of $50.77 per share. We did not receive any proceeds from the sale of common shares by the forward purchasers at the time of sale.

In June 2021, we physically settled the forward equity sale agreements related to the $750 Million ATM Program in full by issuing 1,797,787 shares of common stock in exchange for net proceeds of $91.2 million. The net proceeds were calculated based on a weighted average net forward sale price at the time of settlement of $50.71 per share.

As of June 30, 2021, approximately $508.1 million of common stock remains available to be sold under the $750 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 $750 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 repositioning or redevelopment activities and/or for general corporate purposes.

Securities Offerings

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. Such securities may include common equity, preferred equity and/or debt of us or our subsidiaries. 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.

On May 24, 2021, we entered into forward equity sales agreements with certain financial institutions acting as forward purchasers in connection with an offering of 9,000,000 shares of common stock (the “Forward Sales Agreements”), pursuant to which the forward purchasers borrowed and sold an aggregate of 9,000,000 shares of common stock in the offering. We did not receive any proceeds from the sale of common shares by the forward purchasers at the time of the offering. The net forward sale price that we will receive upon physical settlement of the agreements, which was initially $55.29 per share, will be subject to adjustment for (i) a floating interest rate factor equal to a specified daily rate less a spread, (ii) the forward purchasers’ stock borrowing costs and (iii) scheduled dividends during the term of the forward sale agreements.

On June 21, 2021, we partially settled the Forward Sales Agreements by issuing 1,809,526 shares of common stock in exchange for net proceeds of $100.0 million. The net proceeds were calculated based on the net forward sale price on the settlement date of $55.26 per share.

We currently expect to physically settle the remaining 7,190,474 shares under the Forward Sales Agreements by issuing shares of our common stock in exchange for cash proceeds upon one or more settlement dates, at our discretion, prior to the scheduled maturity date of November 23, 2022. As of June 30, 2021, the net forward sale price was $55.01 and would result in $395.5 million in cash proceeds upon physical settlement of the remaining shares under the Forward Sales Agreements.

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 Code (“1031 Exchange”), when possible, to defer some or all of the taxable gains, if any, on dispositions.

During the six months ended June 30, 2021, we completed the sale of three properties for a total gross sales price of $29.0 million and total net cash proceeds of $27.7 million. The net cash proceeds were used to partially fund the acquisition of five properties during the six months ended June 30, 2021, through 1031 Exchange transactions.

We anticipate continuing to 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 ongoing COVID-19 pandemic.

Investment Grade Rating

On October 29, 2020, we received an investment grade rating of Baa3 from Moody’s and an investment grade rating of BBB from S&P, and in November 2020, Fitch affirmed our investment grade credit rating of BBB with a stable outlook on our Credit Agreement (described below), 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”). They also affirmed our investment grade credit rating of BB+ on our 5.875% Series A Cumulative Redeemable Preferred Stock, our 5.875% Series B Cumulative Redeemable Preferred Stock and our 5.625% Series C Cumulative Redeemable 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.

Credit Agreement

On June 30, 2021, we exercised our option under the Third Amended and Restated Credit Agreement (the “Credit Agreement”) to utilize the accordion feature to increase the authorized borrowing capacity of our unsecured revolving credit facility (the “Revolver”) by $200.0 million from $500.0 million to $700.0 million. Subject to certain terms and conditions set forth in the Credit Agreement, we may increase the size of the Credit Agreement by an additional $700.0 million, which may be comprised of additional revolving commitments under the Revolver, term loan tranches or any combination of the foregoing.

The Revolver is scheduled to mature on February 13, 2024 and has two six-month extension options available. Interest on the Revolver is generally to be paid based upon, at our option, either (i) LIBOR plus an applicable margin that is based upon our investment grade ratings 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 investment grade ratings. As of June 30, 2021, the margins for the Revolver range 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 our investment grade ratings.

In addition to the interest payable on amounts outstanding under the Revolver, we are required to pay an applicable facility fee on each lender's commitment amount under the Revolver, regardless of usage. The applicable facility fee ranges in amount from 0.125% to 0.300% per annum, depending on our investment grade ratings.

The Revolver may be voluntarily prepaid in whole or in part at any time without premium or penalty.

The 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 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 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 had $62.0 million outstanding under the Revolver, leaving $638.0 million available for future borrowings.

Uses of Liquidity

Acquisitions

One of our most significant liquidity needs has historically been for the acquisition of real estate properties. Year to date including properties acquired subsequent to quarter end, we have acquired 24 properties with 1.7 million rentable square feet of buildings and 45.8 acres of low coverage outdoor storage sites and land for future redevelopment for an aggregate purchase price of $493.9 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 over $650 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 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. See Note 3 "Investments in Real Estate" to the Consolidated Financial Statements for a summary of the properties we acquired during the six months ended June 30, 2021.

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 Redevelopment of Properties, as of June 30, 2021, 10 of our properties were under current repositioning, redevelopment, or lease-up and we have a pipeline of 12 additional properties for which we anticipate beginning construction work during 2021/2022. We currently estimate that approximately $201.0 million of capital will be required over the next three full and partial years (2021-2023), to complete the repositioning/redevelopment of these properties. 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 $750 Million ATM Program and borrowings available under the 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, 2021				
	Total[(1)]		Square Feet[(2)]	Per Square Foot[(3)]	
Non-Recurring Capital Expenditures[(4)]	$	38,552	18,826,541	$	2.05
Recurring Capital Expenditures[(5)]		4,594	32,065,289	$	0.14
Total Capital Expenditures	$	43,146			

(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 redevelopment, renovation and rehabilitation activity and (ii) interest, property taxes and insurance costs incurred during the pre-construction and construction periods of repositioning or redevelopment 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 (1) and (2) above.

(4) Non-recurring capital expenditures are expenditures made with respect to improvements to the appearance of such property or any redevelopment 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.

Contractual Obligations

Refer to our Annual Report on Form 10-K for the year ended December 31, 2020, for a discussion of our contractual obligations. There have been no material changes, outside of the ordinary course of business, to these contractual obligations during the six months ended June 30, 2021. See Note 5 “Notes Payable” to the Consolidated Financial Statements for information regarding our minimum future principal payments due on our outstanding debt. See Note 6 “Leases” to the Consolidated Financial Statements for information regarding our future minimum office lease payments. See Note 10 “Commitments and Contingencies” to the Consolidated Financial Statements for information regarding our commitments for tenant improvement and construction work.

Notice of Redemption of Series A Preferred Stock

On July 12, 2021, we announced that we will redeem all 3,600,000 shares of our 5.875% Series A Cumulative Redeemable Preferred Stock (“Series A Preferred Stock”) on August 16, 2021 (the “Redemption Date”). The redemption price for the Series A Preferred Stock is equal to $25.00 per share, plus all accrued and unpaid dividends on such shares up to but not including the Redemption Date, in an amount equal to $0.183594 per share, for a total payment of $25.183594 per share, or $90.7 million. Upon redemption of the outstanding Series A Preferred Stock on August 16, 2021, we will incur an associated non-cash charge of $3.3 million as a reduction to net income available to common stockholders for the related original issuance costs.

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 19, 2021, our board of directors declared the following quarterly cash dividends/distributions:

Security		Amount per Share/Unit	Record Date	Payment Date
Common stock	$	0.24	September 30, 2021	October 15, 2021
OP Units	$	0.24	September 30, 2021	October 15, 2021
5.875% Series A Cumulative Redeemable Preferred Stock(1)	$	—	—	—
5.875% Series B Cumulative Redeemable Preferred Stock	$	0.367188	September 15, 2021	September 30, 2021
5.625% Series C Cumulative Redeemable Preferred Stock	$	0.351563	September 15, 2021	September 30, 2021
4.43937% Cumulative Redeemable Convertible Preferred Units	$	0.505085	September 15, 2021	September 30, 2021
4.00% Cumulative Redeemable Convertible Preferred Units	$	0.45	September 15, 2021	September 30, 2021

(1) In connection with the redemption of our Series A Preferred Stock described above, on the Redemption Date, holders of our Series A Preferred Stock will receive a pro-rated dividend for the period commencing on and including July 1, 2021 and ending on and including August 15, 2021. See "—*Notice of Redemption of Series A Preferred Stock*" above for additional information.

Consolidated Indebtedness

The following table sets forth certain information with respect to our consolidated indebtedness outstanding as of June 30, 2021:

	Contractual Maturity Date	Margin Above LIBOR	Effective Interest Rate(1)	Principal Balance (in thousands)(2)	Maturity Date of Effective Swaps
Unsecured and Secured Debt:					
Unsecured Debt:					
Revolving Credit Facility(3)	2/13/2024 (4)	0.850 % (5)	0.951 %	$ —	
$225M Term Loan Facility	1/14/2023	1.100 % (5)	2.474 % (6)	225,000	1/14/2022
$150M Term Loan Facility	5/22/2025	0.950 % (5)(7)	3.713 % (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	
$400M Senior Notes	12/1/2030	n/a	2.125 %	400,000	
$75M Series 2019B Senior Notes	7/16/2034	n/a	4.030 %	75,000	
Total Unsecured Debt				$ 1,100,000	
Secured Debt:					
2601-2641 Manhattan Beach Boulevard	4/5/2023	n/a	4.080 %	$ 4,009	
$60M Term Loan	8/1/2023 (9)	1.700 %	1.801 %	58,499	
960-970 Knox Street	11/1/2023	n/a	5.000 %	2,444	
7612-7642 Woodwind Drive	1/5/2024	n/a	5.240 %	3,851	
11600 Los Nietos Road	5/1/2024	n/a	4.190 %	2,706	
5160 Richton Street	11/15/2024	n/a	3.790 %	4,330	
22895 Eastpark Drive	11/15/2024	n/a	4.330 %	2,716	
701-751 Kingshill Place	1/5/2026	n/a	3.900 %	7,100	
13943-13955 Balboa Boulevard	7/1/2027	n/a	3.930 %	15,492	
2205 126th Street	12/1/2027	n/a	3.910 %	5,200	
2410-2420 Santa Fe Avenue	1/1/2028	n/a	3.700 %	10,300	
11832-11954 La Cienega Boulevard	7/1/2028	n/a	4.260 %	4,037	
Gilbert/La Palma	3/1/2031	n/a	5.125 %	2,207	
7817 Woodley Avenue	8/1/2039	n/a	4.140 %	3,192	
Total Secured Debt				$ 126,083	
Total Consolidated Debt			2.990 %	$ 1,226,083	

(1) Includes the effect of interest rate swaps that were effective as of June 30, 2021. Assumes a 1-month LIBOR rate of 0.10050% as of June 30, 2021, as applicable. Excludes the effect of amortization of debt issuance costs, premiums/discounts and the facility fee on the Revolver.

(2) Excludes unamortized debt issuance costs and premiums/discounts totaling $7.1 million as of June 30, 2021.

(3) The 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 0.125% to 0.30% per annum depending upon our investment grade rating.

(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 0.725% to 1.400% per annum for the Revolver, 0.90% to 1.75% per annum for the $225 Million Term Loan Facility and 0.80% to 1.60% per annum for the $150 Million Term Loan Facility, depending on our investment grade rating, which may change from time to time.

(6) As of June 30, 2021, 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.

(7) On June 30, 2021, we amended the $150 Million Term Loan to reduce the applicable LIBOR margin from a range of 1.40% to 2.35% per annum to a range of 0.80% to 1.60% per annum, based on our credit ratings.

(8) As of June 30, 2021, 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) The $60 million term 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, 2021:

	Average Term Remaining (in years)	Stated Interest Rate	Effective Interest Rate[1]	Principal Balance (in thousands)[2]	% of Total
Fixed vs. Variable:					
Fixed	6.4	3.05%	3.05%	$ 1,167,584	95%
Variable	2.1	LIBOR + 1.70%	1.80%	$ 58,499	5%
Secured vs. Unsecured:					
Secured	4.0		3.03%	$ 126,083	10%
Unsecured	6.4		2.98%	$ 1,100,000	90%

(1) Includes the effect of interest rate swaps that were effective as of June 30, 2021. Excludes the effect of amortization of debt issuance costs, premiums/discounts and the facility fee on the Revolver. Assumes a one-month LIBOR rate of 0.10050% as of June 30, 2021, as applicable.

(2) Excludes unamortized debt issuance costs and discounts totaling $7.1 million as of June 30, 2021.

At June 30, 2021, we had total consolidated indebtedness of $1.2 billion, excluding unamortized debt issuance costs and premiums/discounts, with a weighted average interest rate of 2.99% and an average term-to-maturity of 6.2 years. As of June 30, 2021, $1.2 billion, or 95% of our outstanding indebtedness had an interest rate that was effectively fixed under either the terms of the loan ($792.6 million) or an interest rate swap ($375.0 million).

At June 30, 2021, we had consolidated indebtedness of $1.2 billion, reflecting a net debt to total combined market capitalization of approximately 12.0%. 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 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 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 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 $400 Million Notes contains the following covenants that we must comply with:

- Maintaining a ratio of total indebtedness to total asset value of not more than 60%;
- Maintaining a ratio of secured debt to total asset value of not more than 40%;
- Maintaining a Debt Service Coverage Ratio of at least 1.5 to 1.0; and
- Maintaining a ratio of unencumbered assets to unsecured debt of at least 1.5 to 1.0.

The 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 (i) 95% of our FFO (as defined in the credit agreement) and (ii) 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.

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, 2021.

Cash Flows

Comparison of the Six Months Ended June 30, 2021 to the Six Months Ended June 30, 2020

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, 2021 and 2020 (in thousands):

	Six Months Ended June 30,		
	2021	2020	Change
Cash provided by operating activities	$ 101,677	$ 71,179	$ 30,498
Cash used in investing activities	$ (449,158)	$ (210,317)	$ (238,841)
Cash provided by financing activities	$ 234,203	$ 314,721	$ (80,518)

Net cash provided by operating activities. Net cash provided by operating activities increased by $30.5 million to $101.7 million for the six months ended June 30, 2021, compared to $71.2 million for the six months ended June 30, 2020. The increase was primarily attributable to the incremental cash flows from property acquisitions completed subsequent to January 1, 2020, the increase in Cash NOI from our Stabilized Same Properties Portfolio and changes in working capital, partially offset by an increase in cash interest paid for comparable periods.

Net cash used in investing activities. Net cash used in investing activities increased by $238.8 million to $449.2 million for the six months ended June 30, 2021, compared to $210.3 million for the six months ended June 30, 2020. The increase was primarily attributable to a $250.3 million increase in cash paid for property acquisitions and acquisition related deposits and a $16.3 million increase in cash paid for construction and repositioning/redevelopment projects, partially offset by a $27.7 million increase in proceeds from the sale of three properties during the current period.

Net cash provided by financing activities. Net cash provided by financing activities decreased by $80.5 million to $234.2 million for the six months ended June 30, 2021, compared to $314.7 million for the six months ended June 30, 2020. The decrease was primarily attributable to a decrease of $64.9 million in net cash proceeds from the issuance of shares of our common stock and an increase of $16.0 million in dividends and distributions paid to common stockholders and unit holders resulting from the increase in the number of common shares and units outstanding and the increase in our quarterly per share cash dividend, partially offset by a decrease of $1.3 million in deferred loan costs paid for comparable periods.

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, 2021, 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, 2021, 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, 2021, we had total consolidated indebtedness, excluding unamortized debt issuance costs and premiums/discounts, of $1.23 billion. Of this total amount, $1.17 billion, or 95%, 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 5%, comprises our variable-rate debt. Based upon the amount of variable-rate debt outstanding as of June 30, 2021, 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, assuming an interest rate floor of 0%, 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, of the effectiveness of the design and operation of our disclosure controls and procedures as of June 30, 2021, 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, 2021, 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

Please refer to our Risk Factors as set forth in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2020. There have been no material changes to the risk factors as set forth in that document.

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, 2021 to April 30, 2021(1)	67	$ 55.55	N/A	N/A
May 1, 2021 to May 31, 2021(1)	121	$ 55.17	N/A	N/A
June 1, 2021 to June 30, 2021	—	$ —	N/A	N/A
	188	$ 55.31	N/A	N/A

(1) In April 2021 and May 2021, 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 3.1 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	Confirmation of Registered Forward Transaction, dated May 24, 2021, by and between Rexford Industrial Realty, Inc. and JPMorgan Chase Bank, National Association. (incorporated by reference to Exhibit 1.2 of Form 8-K, filed by the registrant on May 27, 2021)
10.2	Confirmation of Registered Forward Transaction, dated May 24, 2021, by and between Rexford Industrial Realty, Inc. and Bank of America, N.A. (incorporated by reference to Exhibit 1.3 of Form 8-K, filed by the registrant on May 27, 2021)
10.3	Joinder Agreement to the Third Amended and Restated Credit Agreement, dated as of June 30, 2021, by each of Goldman Sachs Bank USA, Mizuho Bank, Ltd. and The Bank of Nova Scotia (incorporated by reference to Exhibit 10.2 of Form 8-K, filed by the registrant on July 1, 2021)
10.4	Second Amendment to Credit Agreement, dated as of June 30, 2021, among Rexford Industrial Realty, Inc., Rexford Industrial Realty, L.P., Capital One, National Association, as administrative agent and lender, and the other lenders named therein (incorporated by reference to Exhibit 10.2 of Form 8-K, filed by the registrant on July 1, 2021)
10.5*†	Second Amended and Restated Rexford Industrial Realty, Inc. and Rexford Industrial Realty, L.P., 2013 Incentive Award Plan
22.1*	List of Issuers of Guaranteed Securities
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, 2021, 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 26, 2021	/s/ Michael S. Frankel
	Michael S. Frankel Co-Chief Executive Officer (Principal Executive Officer)
July 26, 2021	/s/ Howard Schwimmer
	Howard Schwimmer Co-Chief Executive Officer (Principal Executive Officer)
July 26, 2021	/s/ Laura E. Clark
	Laura E. Clark Chief Financial Officer (Principal Financial and Accounting Officer)

Exhibit 10.5

SECOND AMENDED AND RESTATED
REXFORD INDUSTRIAL REALTY, INC.
AND REXFORD INDUSTRIAL REALTY, L.P.
2013 INCENTIVE AWARD PLAN

ARTICLE 1.
PURPOSE

The purpose of this Second Amended and Restated Rexford Industrial Realty, Inc. and Rexford Industrial Realty, L.P. 2013 Incentive Award Plan (the "Plan") is to promote the success and enhance the value of Rexford Industrial Realty, Inc., a Maryland corporation (the "Company"), Rexford Industrial Realty and Management, Inc., a California corporation (the "Services Company"), and Rexford Industrial Realty, L.P. (the "Partnership") by linking the individual interests of Employees, Consultants, members of the Board and Services Company Directors to those of the Company's stockholders and by providing such individuals with an incentive for outstanding performance to generate superior returns to the Company's stockholders. The Plan is further intended to provide flexibility to the Company, the Services Company, the Partnership and their subsidiaries in their ability to motivate, attract, and retain the services of those individuals upon whose judgment, interest, and special effort the successful conduct of the Company's, the Services Company's and the Partnership's operation is largely dependent. The Plan succeeds the Amended and Restated Rexford Industrial Realty, Inc. and Rexford Industrial Realty, L.P. 2013 Incentive Award Plan (the "Prior Plan"). In the event that the Company's stockholders do not approve the Plan, the Prior Plan will continue in full force and effect on its terms and conditions as in effect immediately prior to the date the Plan was approved by the Board.

ARTICLE 2.

DEFINITIONS AND CONSTRUCTION

Wherever the following terms are used in the Plan they shall have the meanings specified below, unless the context clearly indicates otherwise. The singular pronoun shall include the plural where the context so indicates.

2.1 "Administrator" shall mean the entity that conducts the general administration of the Plan as provided in Article 11 hereof. With reference to the duties of the Committee under the Plan which have been delegated to one or more persons pursuant to Section 11.6 hereof, or which the Board has assumed, the term "Administrator" shall refer to such person(s) unless the Committee or the Board has revoked such delegation or the Board has terminated the assumption of such duties.

2.2 "Affiliate" shall mean the Partnership, the Services Company, any Parent or any Subsidiary.

2.3 "Applicable Law" shall mean any applicable law, including without limitation, (a) provisions of the Code, the Securities Act, the Exchange Act and any rules or regulations thereunder; (b) corporate, securities, tax or other laws, statutes, rules, requirements or regulations, whether federal, state, local or foreign; and (c) rules of any securities exchange or automated quotation system on which the Shares are listed, quoted or traded.

2.4 "Award" shall mean an Option, a Restricted Stock award, a Performance Award, a Dividend Equivalent award, a Stock Payment award, a Restricted Stock Unit award, a Performance Share award, an Other Incentive Award, an LTIP Unit award or a Stock Appreciation Right, which may be awarded or granted under the Plan.

2.5 "Award Agreement" shall mean any written notice, agreement, contract or other instrument or document evidencing an Award, including through electronic medium, which shall contain such terms and conditions with respect to an Award as the Administrator shall determine, consistent with the Plan.

2.6 "Board" shall mean the Board of Directors of the Company.

2.7 "Change in Control" shall mean the occurrence of any of the following events:

(a) A transaction or series of transactions (other than an offering of Shares to the general public through a registration statement filed with the Securities and Exchange Commission) whereby any "person" or related "group" of "persons" (as such terms are used in Sections 13(d) and 14(d)(2) of the Exchange Act) (other than the Company, the Services Company, the Partnership or any Subsidiary, an employee benefit plan maintained by any of the foregoing entities or a "person" that, prior to such transaction, directly or indirectly controls, is controlled by, or is under common control with, the Company) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company possessing more than thirty percent (30%) of the total combined voting power of the Company's securities outstanding immediately after such acquisition; or

(b) During any period of two (2) consecutive years, individuals who, at the beginning of such period, constitute the Board together with any new director(s) (other than a director designated by a person who shall have entered into an agreement with the Company to effect a transaction described in Section 2.7(a) or Section 2.7(c) hereof) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the two (2)-year period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or

(c) The consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination, (y) a sale or other disposition of all or substantially all of the Company's assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case, other than a transaction:

(i) Which results in the Company's voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the business of the Company (the Company or such person, the "Successor Entity")) directly or indirectly, at least a majority of the combined voting power of the Successor Entity's outstanding voting securities immediately after the transaction, and

(ii) After which no person or group beneficially owns voting securities representing thirty percent (30%) or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this Section 2.7(c)(ii) as beneficially owning thirty percent (30%) or more of the combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction; or

(d) Approval by the Company's stockholders of a liquidation or dissolution of the Company.

Notwithstanding the foregoing, if a Change in Control constitutes a payment event with respect to any Award (or any portion of an Award) that provides for the deferral of compensation that is subject to Section 409A of the Code, to the extent required to avoid the imposition of additional taxes under Section 409A of the Code, the transaction or event described in subsection (a), (b), (c) or (d) with respect to such Award (or portion thereof) shall only constitute a Change in Control for purposes of the payment timing of such Award if such transaction also constitutes a "change in control event" (within the meaning of Code Section 409A). Consistent with the terms of this Section 2.7, the Administrator shall have full and final authority to determine conclusively whether a Change in Control of the Company has occurred pursuant to the above definition, the date of the occurrence of such Change in Control and any incidental matters relating thereto.

2.8 "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, together with the regulations and official guidance promulgated thereunder, whether issued prior or subsequent to the grant of any Award.

2.9 "Committee" shall mean the Compensation Committee of the Board, or another committee or subcommittee of the Board described in Article 11 hereof.

2.10 "Common Stock" shall mean the common stock of the Company, par value $0.01 per share.

2.11 "Company" shall mean Rexford Industrial Realty, Inc., a Maryland corporation.

2.12 "Consultant" shall mean any consultant or advisor of the Company, the Services Company, the Partnership or any Subsidiary who qualifies as a consultant or advisor under the applicable rules of Form S-8 Registration Statement.

2.13 "Director" shall mean a member of the Board, as constituted from time to time.

2.14 "Director Limit" shall mean the limits applicable to Awards granted to Non-Employee Directors under the Plan, as set forth in Section 3.4 hereof.

2.15 "Dividend Equivalent" shall mean a right to receive the equivalent value (in cash or Shares) of dividends paid on Shares, awarded under Section 8.2 hereof.

2.16 "DRO" shall mean a "domestic relations order" as defined by the Code or Title I of the Employee Retirement Income Security Act of 1974, as amended from time to time, or the rules thereunder.

2.17 "Effective Date" shall mean for purposes of the Plan (as amended and restated), the date on which the Plan is approved by the Company's stockholders; provided, however, that solely for purposes of the last sentence of Section 12.1 hereof, the Effective Date shall be the date on which the Plan (as amended and restated) is adopted by the Board, subject to approval of the Plan (as amended and restated) by the Company's stockholders. Notwithstanding the foregoing, the Prior Plan shall remain in effect on its existing terms unless and until the Plan (as amended and restated) is approved by the Company's stockholders.

2.18 "Eligible Individual" shall mean any person who is an Employee, a Consultant or a Non-Employee Director, as determined by the Administrator.

2.19 "Employee" shall mean any officer or other employee (within the meaning of Section 3401(c) of the Code) of the Company, the Services Company, the Partnership or any Subsidiary.

2.20 "Equity Restructuring" shall mean a nonreciprocal transaction between the Company and its stockholders, such as a stock dividend, stock split, spin-off, rights offering or recapitalization through a large, nonrecurring cash dividend, that affects the number or kind of Shares (or other securities of the Company) or the share price of Common Stock (or other securities) and causes a change in the per share value of the Common Stock underlying outstanding stock-based Awards.

2.21 "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.

2.22 "Fair Market Value" shall mean, as of any given date, the value of a Share determined as follows:

(a) If the Common Stock is (i) listed on any established securities exchange (such as the New York Stock Exchange, the NASDAQ Capital Market, the NASDAQ Global Market and the NASDAQ Global Select Market), (ii) listed on any national market system or (iii) listed, quoted or traded on any automated quotation system, its Fair Market Value shall be the closing sales price for a Share as quoted on such exchange or system for such date or, if there is no closing sales price for a Share on the date in question, the closing sales price for a Share on the last preceding date for which such quotation exists, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;

(b) If the Common Stock is not listed on an established securities exchange, national market system or automated quotation system, but the Common Stock is regularly quoted by a recognized securities dealer, its Fair Market Value shall be the mean of the high bid and low asked prices for such date or, if there are no high bid and low asked prices for a Share on such date, the high bid and low asked prices for a Share on the last preceding date for which such information exists, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable; or

(c) If the Common Stock is neither listed on an established securities exchange, national market system or automated quotation system nor regularly quoted by a recognized securities dealer, its Fair Market Value shall be established by the Administrator in good faith.

2.23 "Greater Than 10% Stockholder" shall mean an individual then-owning (within the meaning of Section 424(d) of the Code) more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any "parent corporation" or "subsidiary corporation" (as defined in Sections 424(e) and 424(f) of the Code, respectively).

2.24 "Incentive Stock Option" or "ISO" shall mean an Option that is intended to qualify as an incentive stock option and conforms to the applicable provisions of Section 422 of the Code.

2.25 "Individual Award Limit" shall mean the cash and share limits applicable to Awards granted under the Plan, as set forth in Section 3.3 hereof.

2.26 "LTIP Unit" shall mean, to the extent authorized by the Partnership Agreement, a unit of the Partnership that is granted pursuant to Section 8.7 hereof and is intended to constitute a "profits interest" within the meaning of the Code.

2.27 "Non-Employee Director" shall mean a Director of the Company or a Services Company Director, in either case, who is not an Employee.

2.28 "Non-Qualified Stock Option" shall mean an Option that is not an Incentive Stock Option or which is designated as an Incentive Stock Option but does not meet the applicable requirements of Section 422 of the Code.

2.29 "Option" shall mean a right to purchase Shares at a specified exercise price, granted under Article 5 hereof. An Option shall be either a Non-Qualified Stock Option or an Incentive Stock Option; provided, however, that Options granted to Non-Employee Directors and Consultants shall only be Non-Qualified Stock Options.

2.30 "Other Incentive Award" shall mean an Award denominated in, linked to or derived from Shares or value metrics related to Shares, granted pursuant to Section 8.6 hereof.

2.31 "Parent" shall mean any entity (other than the Company), whether domestic or foreign, in an unbroken chain of entities ending with the Company if each of the entities other than the Company beneficially owns, at the time of the determination, securities or interests representing more than fifty percent (50%) of the total combined voting power of all classes of securities or interests in one of the other entities in such chain.

2.32 "Participant" shall mean an Eligible Individual who has been granted an Award pursuant to the Plan.

2.33 "Partnership" shall mean Rexford Industrial Realty, L.P.

2.34 "Partnership Agreement" shall mean the Amended and Restated Agreement of Limited Partnership of Rexford Industrial Realty, L.P., as the same may be amended, modified or restated from time to time.

2.35 "Performance Award" shall mean an Award that is granted under Section 8.1 hereof.

2.36 "Performance Criteria" shall mean the criteria (and adjustments) that the Committee selects for an Award for purposes of establishing the Performance Goal or Performance Goals for a Performance Period, determined by the Administrator in its sole discretion as follows:

(a) The Performance Criteria used to establish Performance Goals may include (but shall not be limited to) one or more of the following: (i) net earnings (either before or after one or more of the following: (A) interest, (B) taxes, (C) depreciation, (D) amortization, and (E) non-cash equity-based compensation expense); (ii) gross or net sales or revenue; (iii) net income (either before or after taxes); (iv) adjusted net income; (v) operating earnings or profit; (vi) cash flow (including, but not limited to, operating cash flow and free cash flow); (vii) return on assets; (viii) return on capital; (ix) return on stockholders' equity; (x) total stockholder return; (xi) return on sales; (xii) gross or net profit or operating margin; (xiii) costs; (xiv) funds from operations; (xv) expenses; (xvi) working capital; (xvii) earnings per share; (xviii) adjusted earnings per share; (xix) price per Share; (xx) leasing activity; (xxi) implementation or completion of critical projects; (xxii) market share; (xxiii) economic value; (xxiv) debt levels or reduction; (xxv) sales-related goals; (xxvi) comparisons with other stock market indices; (xxvii) operating efficiency; (xxviii) financing and other capital raising transactions; (xxix) human capital management (including diversity and inclusion); (xxx) year-end cash; (xxxi) acquisition activity; (xxxii) investment sourcing activity; (xxxiii) customer service; (xxxiv) marketing initiatives, and (xxxv) occupancy level, and (xxxvi) environmental, social or governance, any of which may be measured either in absolute terms for the Company or any operating unit of the Company or as compared to any incremental increase or decrease or as compared to results of a peer group or to market performance indicators or indices.

(b) Notwithstanding anything herein to the contrary, the Administrator may, in its sole discretion, provide that one or more adjustments shall be made to one or more of the Performance Goals (including any individual component of any of the Performance Goals) to reflect any items that it deems appropriate, including (but not limited to), items relating to any unusual or nonrecurring events or changes in Applicable Law, accounting principles or business conditions.

2.37 "Performance Goals" shall mean, for a Performance Period, one or more goals established by the Administrator for the Performance Period, which may be based upon, but need not be limited to, one or more Performance Goals. Performance Goals may be expressed in terms of overall performance of the Company, the Services Company, the Partnership, any Subsidiary, any division or business unit thereof or an individual.

2.38 "Performance Period" shall mean one or more periods of time, which may be of varying and overlapping durations, as the Administrator may select, over which the attainment of one or more Performance Goals may be measured for the purpose of determining a Participant's right to, and the payment of, a Performance Award.

2.39 "Performance Share" shall mean a contractual right awarded under Section 8.5 hereof to receive a number of Shares or the cash value of such number of Shares based on the attainment of specified Performance Goals or other criteria determined by the Administrator.

2.40 "Permitted Transferee" shall mean, with respect to a Participant, any "family member" of the Participant, as defined under the General Instructions to Form S-8 Registration Statement under the Securities Act or any successor Form thereto, or any other transferee specifically approved by the Administrator, after taking into account Applicable Law.

2.41 "Plan" shall mean this Second Amended and Restated Rexford Industrial Realty, Inc. and Rexford Industrial Realty, L.P. 2013 Incentive Award Plan, as it may be amended from time to time.

2.42 "Prior Plan" shall mean the Amended and Restated Rexford Industrial Realty, Inc. and Rexford Industrial Realty, L.P. 2013 Incentive Award Plan.

2.43 "Program" shall mean any program adopted by the Administrator pursuant to the Plan containing the terms and conditions intended to govern a specified type of Award granted under the Plan and pursuant to which such type of Award may be granted under the Plan.

2.44 "REIT" shall mean a real estate investment trust within the meaning of Sections 856 through 860 of the Code.

2.45 "Restricted Stock" shall mean an award of Shares made under Article 7 hereof that is subject to certain restrictions and may be subject to risk of forfeiture.

2.46 "Restricted Stock Unit" shall mean a contractual right awarded under Section 8.4 hereof to receive in the future a Share or the cash value of a Share.

2.47 "Securities Act" shall mean the Securities Act of 1933, as amended.

2.48 "Services Company" shall mean Rexford Industrial Realty and Management, Inc., a California corporation.

2.49 "Services Company Director" shall mean a member of the Board of Directors of the Services Company.

2.50 "Share Limit" shall have the meaning provided in Section 3.1(a) hereof.

2.51 "Shares" shall mean shares of Common Stock.

2.52 "Stock Appreciation Right" shall mean a stock appreciation right granted under Article 9 hereof.

2.53 "Stock Payment" shall mean a payment in the form of Shares awarded under Section 8.3 hereof.

2.54 "Subsidiary" shall mean (a) a corporation, association or other business entity of which fifty percent (50%) or more of the total combined voting power of all classes of capital stock is owned, directly or indirectly, by the Company, the Partnership, the Services Company and/or by one or more Subsidiaries, (b) any partnership or limited liability company of which fifty percent (50%) or more of the equity interests are owned, directly or indirectly, by the Company, the Partnership, the Services Company and/or by one or more Subsidiaries, and (c) any other entity not described in clauses (a) or (b) above of which fifty percent (50%) or more of the ownership and the power (whether voting interests or otherwise), pursuant to a written contract or agreement, to direct the policies and management or the financial and the other affairs thereof, are owned or controlled by the Company, the Partnership, the Services Company and/or by one or more Subsidiaries.

2.55 "Substitute Award" shall mean an Award granted under the Plan in connection with a corporate transaction, such as a merger, combination, consolidation or acquisition of property or stock, in any case, upon the assumption of, or in substitution for, an outstanding equity award previously granted by a company or other entity that is a party to such transaction; provided, however, that in no event shall the term "Substitute Award" be construed to refer to an award made in connection with the cancellation and repricing of an Option or Stock Appreciation Right.

2.56 "Successor Entity" shall have the meaning provided in Section 2.7(c)(i) hereof.

2.57 "Termination of Service" shall mean:

(a) As to a Consultant, the time when the engagement of a Participant as a Consultant to the Company and its Affiliates is terminated for any reason, with or without cause, including, without limitation, by resignation, discharge, death or retirement, but excluding terminations where the Consultant simultaneously commences or remains in employment and/or service as an Employee and/or Director with the Company or any Affiliate.

(b) As to a Non-Employee Director, the time when a Participant who is a Non-Employee Director ceases to be a Director for any reason, including, without limitation, a termination by resignation, failure to be elected, death or retirement, but excluding terminations where the Participant simultaneously commences or remains in employment and/or service as an Employee and/or Consultant with the Company or any Affiliate.

(c) As to an Employee, the time when the employee-employer relationship between a Participant and the Company and its Affiliates is terminated for any reason, including, without limitation, a termination by resignation, discharge, death, disability or retirement, but excluding terminations where the Participant simultaneously commences or remains in service as a Consultant and/or Director with the Company or any Affiliate.

The Administrator, in its sole discretion, shall determine the effect of all matters and questions relating to any Termination of Service, including, without limitation, whether a Termination of Service has occurred, whether any Termination of Service resulted from a discharge for cause and whether any particular leave of absence constitutes a Termination of Service; provided, however, that, with respect to Incentive Stock Options, unless the Administrator otherwise provides in the terms of any Program, Award Agreement or otherwise, or as otherwise required by Applicable Law, a leave of absence, change in status from an employee to an independent contractor or other change in the employee-employer relationship shall constitute a Termination of Service only if, and to the extent that, such leave of absence, change in status or other change interrupts employment for the purposes of Section 422(a)(2) of the Code. For purposes of the Plan, a Participant's employee-employer relationship or consultancy relationship shall be deemed to be terminated in the event that the Affiliate employing or contracting with such Participant ceases to remain an Affiliate following any merger, sale of stock or other corporate transaction or event (including, without limitation, a spin-off).

ARTICLE 3.

SHARES SUBJECT TO THE PLAN

3.1 Number of Shares.

(a) Subject to Section 3.1(b) and Section 12.2 hereof, the aggregate number of Shares which may be issued or transferred pursuant to Awards under the Plan is the sum of (i) two million six hundred fifty thousand (2,650,000) Shares, plus (ii) the number of Shares authorized for grants available for issuance under the Prior Plan as of the Effective Date and the number of Shares subject to awards granted under the Prior Plan on or prior to the Effective Date that become available for issuance under the Plan pursuant to Section 3.1(b) hereof (the "Share Limit"). In order that the applicable regulations under the Code relating to Incentive Stock Options be satisfied, the maximum number of Shares that may be issued under the Plan upon the exercise of Incentive Stock Options shall be two million six hundred fifty thousand (2,650,000) Shares. Subject to Section 12.2 hereof, each LTIP Unit issued pursuant to an Award shall count as one Share for purposes of calculating the aggregate number of Shares available for issuance under the Plan as set forth in this Section 3.1(a) and for purposes of calculating the Individual Award Limit set forth in Section 3.3 hereof. After the Effective Date, no awards may be granted under the Prior Plan; however, any awards under the Prior Plan that are outstanding as of the Effective Date shall continue to be subject to the terms and conditions of the Prior Plan.

(b) If any Shares subject to an Award or subject to an award granted under the Prior Plan prior to the Effective Date (a "Prior Plan Award") (or portion thereof), in either case, are forfeited or expire or such Award or Prior Plan Award is settled for cash (in whole or in part), the Shares subject to such Award or Prior Plan Award shall, to the extent of such forfeiture, expiration or cash settlement, again be available for future grants of Awards under the Plan and shall be added back to the Share Limit in the same number of Shares as were debited from the Share Limit in respect of the grant of such Award or, with respect to any Prior Plan Award, in the same number of Shares as were debited from the share limit applicable under the Prior Plan in respect of the grant of such Prior Plan Award (in each case, as may be adjusted in accordance with Section 12.2 hereof). Notwithstanding anything to the contrary contained herein, the following Shares shall not be added back to the Share Limit and will not be available for future grants of Awards: (i) Shares tendered by a Participant or withheld by the Company in payment of the exercise price of an Option or stock option granted under the Prior Plan; (ii) Shares tendered by the Participant or withheld by the Company to satisfy any tax withholding obligation with respect to an Award or a Prior Plan Award; (iii) Shares subject to a Stock Appreciation Right or a stock appreciation right granted under the Prior Plan that are not issued in connection with the stock settlement of the Stock Appreciation Right or stock appreciation right granted under the Prior Plan on exercise thereof; and (iv) Shares purchased on the open market with the cash proceeds from the exercise of Options or stock options granted under the Prior Plan. Any Shares covered by an Award or Prior Plan Award that are repurchased by the Company under Section 7.4 hereof at the same price paid by the Participant so that such Shares are returned to the Company will again be available for Awards. The payment of Dividend Equivalents in cash in conjunction with any outstanding Awards (including dividend equivalents paid in cash in conjunction with any outstanding Prior Plan Awards) shall not be counted against the Shares available for issuance under the Plan. Notwithstanding the provisions of this Section 3.1(b), no Shares may again be optioned, granted or awarded if such action would cause an Incentive Stock Option to fail to qualify as an incentive stock option under Section 422 of the Code.

(c) Substitute Awards shall not reduce the Shares authorized for grant under the Plan. Additionally, in the event that a company acquired by the Company or any Affiliate, or with which the Company or any Affiliate combines, has shares available under a pre-existing plan approved by its stockholders and not adopted in contemplation of such acquisition or combination, the shares available for grant pursuant to the terms of such pre-existing plan (as adjusted, to the extent appropriate, using the exchange ratio or other adjustment or valuation ratio or formula used in such acquisition or combination to determine the consideration payable to the holders of common stock of the entities party to such acquisition or combination) may be used for Awards under the Plan and shall not reduce the Shares authorized for grant under the Plan; provided, however, that Awards using such available shares shall not be made after the date awards or grants could have been made under the terms of the pre-existing plan, absent the acquisition or combination, and shall only be made to individuals who were not employed by or providing services to the Company or its Affiliates immediately prior to such acquisition or combination.

3.2 Stock Distributed. Any Shares distributed pursuant to an Award may consist, in whole or in part, of authorized and unissued Common Stock or, if authorized by the Board, Common Stock purchased on the open market.

3.3 Limitation on Number of Shares Subject to Awards. Notwithstanding any provision in the Plan to the contrary, and subject to Section 12.2 hereof, (a) the maximum aggregate number of Shares with respect to one or more Awards that may be granted to any one person during any calendar year shall be one million five hundred thousand (1,500,000) Shares and the maximum aggregate amount of cash that may be paid in cash during any calendar year with respect to one or more Awards payable in cash shall be ten million dollars ($10,000,000) (together, the "Individual Award Limits").

3.4 Non-Employee Director Award Limit. The Administrator may establish compensation for Non-Employee Directors from time to time, subject to the limitations in the Plan, including setting the terms, conditions and amounts of all such Non-Employee Director compensation in its discretion and pursuant to the exercise of its business judgment, taking into account such factors, circumstances and considerations as it shall deem relevant from time to time. Notwithstanding any provision in the Plan to the contrary, the sum of any cash compensation, taken together with the grant date fair value (determined as of the date of the grant under Financial Accounting Standards Board Accounting Standards Codification Topic 718, or any successor thereto) of all Awards granted to a Non-Employee Director during any calendar year as compensation for services as a Non-Employee Director, shall not exceed the amount equal to $500,000 (the "Director Limit") in the aggregate for such calendar year. For clarity, if a Non-Employee Director receives an Award representing compensation for more than one calendar year of service as a Non-Employee Director, then the value of such Award shall be calculated for purposes of this Section 3.4 as an Award for services over the applicable service period to which such Award pertains (rather than solely for services in the fiscal year of grant).

ARTICLE 4.

GRANTING OF AWARDS

4.1 Participation. The Administrator may, from time to time, select from among all Eligible Individuals, those to whom one or more Awards shall be granted and shall determine the nature and amount of each Award, which shall not be inconsistent with the requirements of the Plan. No Eligible Individual shall have any right to be granted an Award pursuant to the Plan.

4.2 Award Agreement. Each Award shall be evidenced by an Award Agreement stating the terms and conditions applicable to such Award, consistent with the requirements of the Plan and any applicable Program.

4.3 Limitations Applicable to Section 16 Persons. Notwithstanding anything contained herein to the contrary, with respect to any Award granted or awarded to any individual who is then subject to Section 16 of the Exchange Act, the Plan, any applicable Program and the applicable Award Agreement shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including Rule 16b-3 of the Exchange Act and any amendments thereto) that are requirements for the application of such exemptive rule, and such additional limitations shall be deemed to be incorporated by reference into such Award to the extent permitted by Applicable Law.

4.4 At-Will Service. Nothing in the Plan or in any Program or Award Agreement hereunder shall confer upon any Participant any right to continue as an Employee, Director or Consultant of the Company or any Affiliate, or shall interfere with or restrict in any way the rights of the Company or any Affiliate, which rights are hereby expressly reserved, to discharge any Participant at any time for any reason whatsoever, with or without cause, and with or without notice, or to terminate or change all other terms and conditions of any Participant's employment or engagement, except to the extent expressly provided otherwise in a written agreement between the Participant and the Company or any Affiliate.

4.5 Foreign Participants. Notwithstanding any provision of the Plan to the contrary, in order to comply with the laws in other countries in which the Company and its Affiliates operate or have Employees, Non-Employee Directors or Consultants, or in order to comply with the requirements of any foreign securities exchange, the Administrator, in its sole discretion, shall have the power and authority to: (a) determine which Affiliates shall be covered by the Plan; (b) determine which Eligible Individuals outside the United States are eligible to participate in the Plan; (c) modify the terms and conditions of any Award granted to Eligible Individuals outside the United States to comply with applicable foreign laws or listing requirements of any such foreign securities exchange; (d) establish subplans and modify exercise procedures and other terms and procedures, to the extent such actions may be necessary or advisable; provided, however, that no such subplans and/or modifications shall increase the Share Limit or Individual Award Limits or the Director Limit contained in Sections 3.1, 3.3 and 3.4 hereof, respectively; and (e) take any action, before or after an Award is made, that it deems advisable to obtain approval or comply with any necessary local governmental regulatory exemptions or approvals or listing requirements of any such foreign securities exchange. Notwithstanding the foregoing, the Administrator may not take any actions hereunder, and no Awards shall be granted, that would violate Applicable Law.

4.6 Stand-Alone and Tandem Awards. Awards granted pursuant to the Plan may, in the sole discretion of the Administrator, be granted either alone, in addition to, or in tandem with, any other Award granted pursuant to the Plan. Awards granted in addition to or in tandem with other Awards may be granted either at the same time as or at a different time from the grant of such other Awards.

ARTICLE 5.

GRANTING OF OPTIONS

5.1 Granting of Options to Eligible Individuals. The Administrator is authorized to grant Options to Eligible Individuals from time to time, in its sole discretion, on such terms and conditions as it may determine which shall not be inconsistent with the Plan.

5.2 Qualification of Incentive Stock Options. No Incentive Stock Option shall be granted to any person who is not an Employee of the Company or any "parent corporation" or "subsidiary corporation" of the Company (as defined in Sections 424(e) and 424(f) of the Code, respectively). No person who qualifies as a Greater Than 10% Stockholder may be granted an Incentive Stock Option unless such Incentive Stock Option conforms to the applicable provisions of Section 422 of the Code. Any Incentive Stock Option granted under the Plan may be modified by the Administrator, with the consent of the Participant, to disqualify such Option from treatment as an "incentive stock option" under Section 422 of the Code. To the extent that the aggregate fair market value of stock with respect to which "incentive stock options" (within the meaning of Section 422 of the Code, but without regard to Section 422(d) of the Code) are exercisable for the first time by a Participant during any calendar year under the Plan and all other plans of the Company or any "parent corporation" or "subsidiary corporation" of the Company (as defined in Section 424(e) and 424(f) of the Code, respectively) exceeds one hundred thousand dollars ($100,000), the Options shall be treated as Non-Qualified Stock Options to the extent required by Section 422 of the Code. The rule set forth in the preceding sentence shall be applied by taking Options and other "incentive stock options" into account in the order in which they were granted and the Fair Market Value of stock shall be determined as of the time the respective options were granted. In addition, to the extent that any Options otherwise fail to qualify as Incentive Stock Options, such Options shall be treated as Nonqualified Stock Options.

5.3 Option Exercise Price. The exercise price per Share subject to each Option shall be set by the Administrator, but shall not be less than one hundred percent (100%) of the Fair Market Value of a Share on the date the Option is granted (or, as to Incentive Stock Options, on the date the Option is modified, extended or renewed for purposes of Section 424(h) of the Code). In addition, in the case of Incentive Stock Options granted to a Greater Than 10% Stockholder, such price shall not be less than one hundred ten percent (110%) of the Fair Market Value of a Share on the date the Option is granted (or the date the Option is modified, extended or renewed for purposes of Section 424(h) of the Code).

5.4 Option Term. The term of each Option shall be set by the Administrator in its sole discretion; provided, however, that the term shall not be more than ten (10) years from the date the Option is granted, or five (5) years from the date an Incentive Stock Option is granted to a Greater Than 10% Stockholder. The Administrator shall determine the time period, including the time period following a Termination of Service, during which the Participant has the right to exercise the vested Options, which time period may not extend beyond the stated term of the Option. Except as limited by the requirements of Section 409A or Section 422 of the Code, the Administrator may extend the term of any outstanding Option, and may extend the time period during which vested Options may be exercised, in connection with any Termination of Service of the Participant, and may amend any other term or condition of such Option relating to such a Termination of Service.

5.5 Option Vesting.

(a) The terms and conditions pursuant to which an Option vests in the Participant and becomes exercisable shall be determined by the Administrator and set forth in the applicable Award Agreement. Such vesting may be based on service with the Company or any Affiliate, any Performance Goal, or any other criteria selected by the Administrator. At any time after the grant of an Option, the Administrator may, in its sole discretion and subject to whatever terms and conditions it selects, accelerate the vesting of the Option.

(b) No portion of an Option which is unexercisable at a Participant's Termination of Service shall thereafter become exercisable, except as may be otherwise provided by the Administrator either in an applicable Program, the applicable Award Agreement or by action of the Administrator following the grant of the Option.

5.6 Substitute Awards. Notwithstanding the foregoing provisions of this Article 5 to the contrary, in the case of an Option that is a Substitute Award, the price per Share of the Shares subject to such Option may be less than the Fair Market Value per share on the date of grant, provided, however, that the exercise price of any Substitute Award shall be determined in accordance with the applicable requirements of Sections 424 and 409A of the Code.

5.7 Substitution of Stock Appreciation Rights. The Administrator may, in its sole discretion, substitute an Award of Stock Appreciation Rights for an outstanding Option at any time prior to or upon exercise of such Option; provided, however, that such Stock Appreciation Rights shall be exercisable with respect to the same number of Shares for which such substituted Option would have been exercisable, and shall also have the same exercise price and remaining term as the substituted Option.

ARTICLE 6.

EXERCISE OF OPTIONS

6.1 Partial Exercise. An exercisable Option may be exercised in whole or in part. However, an Option shall not be exercisable with respect to fractional shares and the Administrator may require that, by the terms of the Option, a partial exercise must be with respect to a minimum number of Shares.

6.2 Manner of Exercise. All or a portion of an exercisable Option shall be deemed exercised upon delivery of all of the following to the Secretary of the Company, or such other person or entity designated by the Administrator, or his, her or its office, as applicable:

(a) A written or electronic notice complying with the applicable rules established by the Administrator stating that the Option, or a portion thereof, is exercised. The notice shall be signed by the Participant or other person then entitled to exercise the Option or such portion of the Option;

(b) Such representations and documents as the Administrator, in its sole discretion, deems necessary or advisable to effect compliance with Applicable Law. The Administrator may, in its sole discretion, also take such additional actions as it deems appropriate to effect such compliance including, without limitation, placing legends on share certificates and issuing stop-transfer notices to agents and registrars;

(c) In the event that the Option shall be exercised pursuant to Section 10.3 hereof by any person or persons other than the Participant, appropriate proof of the right of such person or persons to exercise the Option, as determined in the sole discretion of the Administrator; and

(d) Full payment of the exercise price and applicable withholding taxes to the stock administrator of the Company for the Shares with respect to which the Option, or portion thereof, is exercised, in a manner permitted by the Administrator in accordance with Sections 10.1 and 10.2 hereof.

6.3 Notification Regarding Disposition. The Participant shall give the Company prompt written or electronic notice of any disposition of Shares acquired by exercise of an Incentive Stock Option which occurs within (a) two (2) years after the date of granting (including the date the Option is modified, extended or renewed for purposes of Section 424(h) of the Code) of such Option to such Participant, or (b) one (1) year after the date of transfer of such Shares to such Participant.

ARTICLE 7.

RESTRICTED STOCK

7.1 Award of Restricted Stock.

(a) The Administrator is authorized to grant Restricted Stock to Eligible Individuals, and shall determine the terms and conditions, including the restrictions applicable to each award of Restricted Stock, which terms and conditions shall not be inconsistent with the Plan, and may impose such conditions on the issuance of such Restricted Stock as it deems appropriate.

(b) The Administrator shall establish the purchase price, if any, and form of payment for Restricted Stock; provided, however, that if a purchase price is charged, such purchase price shall be no less than the par value of the Shares to be purchased, unless otherwise permitted by Applicable Law. In all cases, legal consideration shall be required for each issuance of Restricted Stock to the extent required by Applicable Law.

7.2 Rights as Stockholders. Subject to Section 7.4 hereof, upon issuance of Restricted Stock, the Participant shall have, unless otherwise provided by the Administrator, all the rights of a stockholder with respect to said shares, subject to the restrictions in an applicable Program or in the applicable Award Agreement, including the right to receive all dividends and other distributions paid or made with respect to the shares; provided, however, that, in the sole discretion of the Administrator, any extraordinary distributions with respect to the shares shall be subject to the restrictions set forth in Section 7.3 hereof.

7.3 Restrictions. All shares of Restricted Stock (including any shares received by Participants thereof with respect to shares of Restricted Stock as a result of stock dividends, stock splits or any other form of recapitalization) shall, in the terms of an applicable Program or the applicable Award Agreement, be subject to such restrictions and vesting requirements as the Administrator shall provide. Such restrictions may include, without limitation, restrictions concerning voting rights and transferability and such restrictions may lapse separately or in combination at such times and pursuant to such circumstances or based on such criteria as selected by the Administrator, including, without limitation, criteria based on the Participant's continued employment, directorship or consultancy with the Company, any Performance Goal, Company or Affiliate performance, individual performance or other criteria selected by the Administrator. By action taken after the Restricted Stock is issued, the Administrator may, on such terms and conditions as it may determine to be appropriate, accelerate the vesting of such Restricted Stock by removing any or all of the restrictions imposed by the terms of any Program or by the applicable Award Agreement. Restricted Stock may not be sold or encumbered until all restrictions are terminated or expire.

7.4 Repurchase or Forfeiture of Restricted Stock. If no purchase price was paid by the Participant for the Restricted Stock, upon a Termination of Service, the Participant's rights in unvested Restricted Stock then subject to restrictions shall lapse, and such Restricted Stock shall be surrendered to the Company and cancelled without consideration. If a purchase price was paid by the Participant for the Restricted Stock, upon a Termination of Service the Company shall have the right to repurchase from the Participant the unvested Restricted Stock then-subject to restrictions at a cash price per share equal to the price paid by the Participant for such Restricted Stock or such other amount as may be specified in an applicable Program or the applicable Award Agreement. The Administrator in its sole discretion may provide that, upon certain events, including without limitation a Change in Control, the Participant's death, retirement or disability, any other specified Termination of Service or any other event, the Participant's rights in unvested Restricted Stock shall not terminate, such Restricted Stock shall vest and cease to be forfeitable and, if applicable, the Company shall cease to have a right of repurchase.

7.5 Certificates for Restricted Stock. Restricted Stock granted pursuant to the Plan may be evidenced in such manner as the Administrator shall determine. Certificates or book entries evidencing shares of Restricted Stock must include an appropriate legend referring to the terms, conditions, and restrictions applicable to such Restricted Stock, and the Company may, in its sole discretion, retain physical possession of any stock certificate until such time as all applicable restrictions lapse.

ARTICLE 8.

PERFORMANCE AWARDS; DIVIDEND EQUIVALENTS; STOCK PAYMENTS; RESTRICTED STOCK UNITS; PERFORMANCE SHARES; OTHER INCENTIVE AWARDS; LTIP UNITS

8.1 Performance Awards.

(a) The Administrator is authorized to grant Performance Awards to any Eligible Individual. The value of Performance Awards may be linked to any one or more Performance Goals or other specific criteria determined by the Administrator, in each case on a specified date or dates or over any period or periods determined by the Administrator.

(b) Without limiting Section 8.1(a) hereof, the Administrator may grant Performance Awards to any Eligible Individual in the form of a cash bonus payable upon the attainment of such Performance Goals, or such other criteria, whether or not objective, which are established by the Administrator, in each case on a specified date or dates or over any period or periods determined by the Administrator.

8.2 Dividend Equivalents.

(a) Subject to Section 8.2(b) hereof, Dividend Equivalents may be granted by the Administrator, either alone or in tandem with another Award, based on dividends declared on the Common Stock, to be credited as of dividend payment dates during the period between the date the Dividend Equivalents are granted to a Participant and the date such Dividend Equivalents terminate or expire, as determined by the Administrator. Such Dividend Equivalents shall be converted to cash or additional Shares by such formula and at such time and subject to such limitations as may be determined by the Administrator. In addition, Dividend Equivalents with respect to Shares covered by a Performance Award shall only be paid out to the Participant at the same time or times and to the same extent that the vesting conditions, if any, are subsequently satisfied and the Performance Award vests with respect to such Shares.

(b) Notwithstanding the foregoing, no Dividend Equivalents shall be payable with respect to Options or Stock Appreciation Rights.

8.3 Stock Payments. The Administrator is authorized to make one or more Stock Payments to any Eligible Individual. The number or value of Shares of any Stock Payment shall be determined by the Administrator and may be based upon the attainment of such Performance Goals, or such other criteria as may be established by the Administrator, in each case, on a specified date or dates or over any period or periods determined by the Administrator. Stock Payments may, but are not required to be made in lieu of base salary, bonus, fees or other cash compensation otherwise payable to such Eligible Individual.

8.4 Restricted Stock Units. The Administrator is authorized to grant Restricted Stock Units to any Eligible Individual. The number and terms and conditions of Restricted Stock Units shall be determined by the Administrator. The Administrator shall specify the date or dates on which the Restricted Stock Units shall become fully vested and nonforfeitable, and may specify such conditions to vesting as it deems appropriate, including conditions based on one or more Performance Goals or such other criteria, including service to the Company or any Affiliate, in each case, on a specified date or dates or over any period or periods, as determined by the Administrator. The Administrator shall specify, or permit the Participant to elect, the conditions and dates upon which the Shares underlying the Restricted Stock Units shall be issued, which dates shall not be earlier than the date as of which the Restricted Stock Units vest and become nonforfeitable and which conditions and dates shall be consistent with the applicable provisions of Section 409A of the Code or an exemption therefrom. On the distribution dates, the Company shall issue to the Participant one unrestricted, fully transferable Share (or the Fair Market Value of one such Share in cash) for each vested and nonforfeitable Restricted Stock Unit.

8.5 Performance Share Awards. Any Eligible Individual selected by the Administrator may be granted one or more Performance Share awards which shall be denominated in a number of Shares and the vesting of which may be linked to any one or more of Performance Goals or such other performance criteria (in each case on a specified date or dates or over any period or periods determined by the Administrator) and/or time-vesting or other criteria, as determined by the Administrator.

8.6 Other Incentive Awards. The Administrator is authorized to grant Other Incentive Awards to any Eligible Individual, which Awards may cover Shares or the right to purchase Shares or have a value derived from the value of, or an exercise or conversion privilege at a price related to, or that are otherwise payable in or based on, Shares, shareholder value or shareholder return, in each case, on a specified date or dates or over any period or periods determined by the Administrator. Other Incentive Awards may be linked to any one or more Performance Goals or such other criteria determined appropriate by the Administrator.

8.7 LTIP Units. The Administrator is authorized to grant LTIP Units in such amount and subject to such terms and conditions as may be determined by the Administrator; provided, however, that LTIP Units may only be issued to a Participant for the performance of services to or for the benefit of the Partnership (a) in the Participant's capacity as a partner of the Partnership, (b) in anticipation of the Participant becoming a partner of the Partnership, or (c) as otherwise determined by the Administrator, provided that the LTIP Units are intended to constitute "profits interests" within the meaning of the Code, including, to the extent applicable, Revenue Procedure 93-27, 1993-2 C.B. 343 and Revenue Procedure 2001-43, 2001-2 C.B. 191. The Administrator shall specify the conditions and dates upon which the LTIP Units shall vest and become nonforfeitable. LTIP Units shall be subject to the terms and conditions of the Partnership Agreement and such other restrictions, including restrictions on transferability, as the Administrator may impose. These restrictions may lapse separately or in combination at such times, pursuant to such circumstances, in such installments, or otherwise, as the Administrator determines at the time of the grant of the Award or thereafter.

8.8 Other Terms and Conditions. All applicable terms and conditions of each Award described in this Article 8, including without limitation, as applicable, the term, vesting conditions and exercise/purchase price applicable to the Award, shall be set by the Administrator in its sole discretion, provided, however, that the value of the consideration paid by a Participant for an Award shall not be less than the par value of a Share, unless otherwise permitted by Applicable Law.

8.9 Exercise upon Termination of Service. Awards described in this Article 8 are exercisable or distributable, as applicable, only while the Participant is an Employee, Director or Consultant, as applicable. The Administrator, however, in its sole discretion may provide that such Award may be exercised or distributed subsequent to a Termination of Service as provided under an applicable Program, Award Agreement, payment deferral election and/or in certain events, including without limitation, a Change in Control, the Participant's death, retirement or disability or any other specified Termination of Service.

ARTICLE 9.

STOCK APPRECIATION RIGHTS

9.1 Grant of Stock Appreciation Rights.

(a) The Administrator is authorized to grant Stock Appreciation Rights to Eligible Individuals from time to time, in its sole discretion, on such terms and conditions as it may determine consistent with the Plan.

(b) A Stock Appreciation Right shall entitle the Participant (or other person entitled to exercise the Stock Appreciation Right pursuant to the Plan) to exercise all or a specified portion of the Stock Appreciation Right (to the extent then-exercisable pursuant to its terms) and to receive from the Company an amount determined by multiplying the difference obtained by subtracting the exercise price per Share of the Stock Appreciation Right from the Fair Market Value on the date of exercise of the Stock Appreciation Right by the number of Shares with respect to which the Stock Appreciation Right shall have been exercised, subject to any limitations the Administrator may impose. Except as described in Section 9.1(c) hereof, the exercise price per Share subject to each Stock Appreciation Right shall be set by the Administrator, but shall not be less than one hundred percent (100%) of the Fair Market Value on the date the Stock Appreciation Right is granted.

(c) Notwithstanding the foregoing provisions of Section 9.1(b) hereof to the contrary, in the case of a Stock Appreciation Right that is a Substitute Award, the price per share of the shares subject to such Stock Appreciation Right may be less than 100% of the Fair Market Value per share on the date of grant; provided, however, that the exercise price of any Substitute Award shall be determined in accordance with the applicable requirements of Sections 424 and 409A of the Code.

9.2 Stock Appreciation Right Vesting.

(a) The Administrator shall determine the period during which the Participant shall vest in a Stock Appreciation Right and have the right to exercise such Stock Appreciation Rights (subject to Section 9.4 hereof) in whole or in part. Such vesting may be based on service with the Company or any Affiliate, any Performance Goal or any other criteria selected by the Administrator. At any time after grant of a Stock Appreciation Right, the Administrator may, in its sole discretion and subject to whatever terms and conditions it selects, accelerate the period during which the Stock Appreciation Right vests.

(b) No portion of a Stock Appreciation Right which is unexercisable at Termination of Service shall thereafter become exercisable, except as may be otherwise provided by the Administrator either in an applicable Program or Award Agreement or by action of the Administrator following the grant of the Stock Appreciation Right.

9.3 Manner of Exercise. All or a portion of an exercisable Stock Appreciation Right shall be deemed exercised upon delivery of all of the following to the stock administrator of the Company, or such other person or entity designated by the Administrator, or his, her or its office, as applicable:

(a) A written or electronic notice complying with the applicable rules established by the Administrator stating that the Stock Appreciation Right, or a portion thereof, is exercised. The notice shall be signed by the Participant or other person then-entitled to exercise the Stock Appreciation Right or such portion of the Stock Appreciation Right;

(b) Such representations and documents as the Administrator, in its sole discretion, deems necessary or advisable to effect compliance with all applicable provisions of the Securities Act and any other federal, state or foreign securities laws or regulations. The Administrator may, in its sole discretion, also take whatever additional actions it deems appropriate to effect such compliance;

(c) In the event that the Stock Appreciation Right shall be exercised pursuant to this Section 9.3 by any person or persons other than the Participant, appropriate proof of the right of such person or persons to exercise the Stock Appreciation Right; and

(d) Full payment of the applicable withholding taxes for the Shares with respect to which the Stock Appreciation Rights, or portion thereof, are exercised, in a manner permitted by the Administrator in accordance with Sections 10.1 and 10.2 hereof.

9.4 Stock Appreciation Right Term. The term of each Stock Appreciation Right shall be set by the Administrator in its sole discretion; provided, however, that the term shall not be more than ten (10) years from the date the Stock Appreciation Right is granted. The Administrator shall determine the time period, including the time period following a Termination of Service, during which the Participant has the right to exercise the vested Stock Appreciation Rights, which time period may not extend beyond the expiration date of the Stock Appreciation Right term. Except as limited by the requirements of Section 409A of the Code, the Administrator may extend the term of any outstanding Stock Appreciation Right, and may extend the time period during which vested Stock Appreciation Rights may be exercised, in connection with any Termination of Service of the Participant, and may amend any other term or condition of such Stock Appreciation Right relating to such a Termination of Service.

ARTICLE 10.

ADDITIONAL TERMS OF AWARDS

10.1 Payment. The Administrator shall determine the methods by which payments by any Participant with respect to any Awards granted under the Plan shall be made, including, without limitation: (a) cash or check, (b) Shares (including, in the case of payment of the exercise price of an Award, Shares issuable pursuant to the exercise of the Award) held for such period of time as may be required by the Administrator in order to avoid adverse accounting consequences, in each case, having a Fair Market Value on the date of delivery equal to the aggregate payments required, (c) delivery of a written or electronic notice that the Participant has placed a market sell order with a broker with respect to Shares then-issuable upon exercise or vesting of an Award, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the aggregate payments required; provided, however, that payment of such proceeds is then made to the Company upon settlement of such sale, or (d) other form of legal consideration acceptable to the Administrator. The Administrator shall also determine the methods by which Shares shall be delivered or deemed to be delivered to Participants. Notwithstanding any other provision of the Plan to the contrary, no Participant who is a Director or an "executive officer" of the Company within the meaning of Section 13(k) of the Exchange Act shall be permitted to make payment with respect to any Awards granted under the Plan, or continue any extension of credit with respect to such payment with a loan from the Company or a loan arranged by the Company in violation of Section 13(k) of the Exchange Act.

10.2 Tax Withholding. The Company and its Affiliates shall have the authority and the right to deduct or withhold, or require a Participant to remit to the Company or an Affiliate, an amount sufficient to satisfy federal, state, local and foreign taxes (including the Participant's social security, Medicare and any other employment tax obligation) required by law to be withheld with respect to any taxable event concerning a Participant arising in connection with any Award. The Administrator may in its sole discretion and in satisfaction of the foregoing requirement allow a Participant to satisfy such obligations by any payment means described in Section 10.1 hereof, including without limitation, by allowing such Participant to elect to have the Company or an Affiliate withhold Shares otherwise issuable under an Award (or allow the surrender of Shares). The number of Shares which may be so withheld or surrendered shall be limited to the number of Shares which have a Fair Market Value on the date of withholding or repurchase no greater than the aggregate amount of such liabilities based on the maximum applicable statutory withholding rates for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such supplemental taxable income. The Administrator shall determine the fair market value of the Shares, consistent with applicable provisions of the Code, for tax withholding obligations due in connection with a broker-assisted cashless Option or Stock Appreciation Right exercise involving the sale of Shares to pay the Option or Stock Appreciation Right exercise price or any tax withholding obligation.

10.3 Transferability of Awards.

(a) Except as otherwise provided in Section 10.3(b) or (c) hereof:

(i) No Award under the Plan may be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution or, subject to the consent of the Administrator, pursuant to a DRO, unless and until such Award has been exercised, or the Shares underlying such Award have been issued, and all restrictions applicable to such Shares have lapsed;

(ii) No Award or interest or right therein shall be subject to the debts, contracts or engagements of the Participant or his successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, hypothecation, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy) unless and until such Award has been exercised, or the Shares underlying such Award have been issued, and all restrictions applicable to such Shares have lapsed, and any attempted disposition of an Award prior to the satisfaction of these conditions shall be null and void and of no effect, except to the extent that such disposition is permitted by clause (i) of this provision; and

(iii) During the lifetime of the Participant, only the Participant may exercise an Award (or any portion thereof) granted to him under the Plan, unless it has been disposed of pursuant to a DRO; after the death of the Participant, any exercisable portion of an Award may, prior to the time when such portion becomes unexercisable under the Plan or the applicable Program or Award Agreement, be exercised by his personal representative or by any person empowered to do so under the deceased Participant's will or under the then-applicable laws of descent and distribution.

(b) Notwithstanding Section 10.3(a) hereof, the Administrator, in its sole discretion, may determine to permit a Participant or a Permitted Transferee of such Participant to transfer an Award other than an Incentive Stock Option (unless such Incentive Stock Option is to become a Non-Qualified Stock Option) to any one or more Permitted Transferees of such Participant, subject to the following terms and conditions: (i) an Award transferred to a Permitted Transferee shall not be assignable or transferable by the Permitted Transferee (other than to another Permitted Transferee of the applicable Participant) other than by will or the laws of descent and distribution; (ii) an Award transferred to a Permitted Transferee shall continue to be subject to all the terms and conditions of the Award as applicable to the original Participant (other than the ability to further transfer the Award); and (iii) the Participant (or transferring Permitted Transferee) and the Permitted Transferee shall execute any and all documents requested by the Administrator, including without limitation, documents to (A) confirm the status of the transferee as a Permitted Transferee, (B) satisfy any requirements for an exemption for the transfer under applicable federal, state and foreign securities laws and (C) evidence the transfer. In addition, and further notwithstanding Section 10.3(a) hereof, the Administrator, in its sole discretion, may determine to permit a Participant to transfer Incentive Stock Options to a trust that constitutes a Permitted Transferee if, under Section 671 of the Code and applicable state law, the Participant is considered the sole beneficial owner of the Incentive Stock Option while it is held in the trust.

(c) Notwithstanding Section 10.3(a) hereof, a Participant may, in the manner determined by the Administrator, designate a beneficiary to exercise the rights of the Participant and to receive any distribution with respect to any Award upon the Participant's death. A beneficiary, legal guardian, legal representative, or other person claiming any rights pursuant to the Plan is subject to all terms and conditions of the Plan and any Program or Award Agreement applicable to the Participant, except to the extent the Plan, the Program and the Award Agreement otherwise provide, and to any additional restrictions deemed necessary or appropriate by the Administrator. If the Participant is married or a domestic partner in a domestic partnership qualified under Applicable Law and resides in a "community property" state, a designation of a person other than the Participant's spouse or domestic partner, as applicable, as his or her beneficiary with respect to more than fifty percent (50%) of the Participant's interest in the Award shall not be effective without the prior written or electronic consent of the Participant's spouse or domestic partner. If no beneficiary has been designated or survives the Participant, payment shall be made to the person entitled thereto pursuant to the Participant's will or the laws of descent and distribution.

Subject to the foregoing, a beneficiary designation may be changed or revoked by a Participant at any time provided the change or revocation is delivered to the Administrator prior to the Participant's death.

10.4 Conditions to Issuance of Shares.

(a) Notwithstanding anything herein to the contrary, neither the Company nor its Affiliates shall be required to issue or deliver any certificates or make any book entries evidencing Shares pursuant to the exercise of any Award, unless and until the Administrator has determined, with advice of counsel, that the issuance of such Shares is in compliance with Applicable Law, and the Shares are covered by an effective registration statement or applicable exemption from registration. In addition to the terms and conditions provided herein, the Administrator may require that a Participant make such reasonable covenants, agreements, and representations as the Administrator, in its discretion, deems advisable in order to comply with any such laws, regulations, or requirements.

(b) All Share certificates delivered pursuant to the Plan and all Shares issued pursuant to book entry procedures are subject to any stop-transfer orders and other restrictions as the Administrator deems necessary or advisable to comply with Applicable Law. The Administrator may place legends on any Share certificate or book entry to reference restrictions applicable to the Shares.

(c) The Administrator shall have the right to require any Participant to comply with any timing or other restrictions with respect to the settlement, distribution or exercise of any Award, including a window-period limitation, as may be imposed in the sole discretion of the Administrator.

(d) No fractional Shares shall be issued and the Administrator shall determine, in its sole discretion, whether cash shall be given in lieu of fractional Shares or whether such fractional Shares shall be eliminated by rounding down.

(e) Notwithstanding any other provision of the Plan, unless otherwise determined by the Administrator or required by Applicable Law, the Company and/or its Affiliates may, in lieu of delivering to any Participant certificates evidencing Shares issued in connection with any Award, record the issuance of Shares in the books of the Company (or, as applicable, its transfer agent or stock plan administrator).

10.5 Forfeiture and Claw-Back Provisions.

(a) Pursuant to its general authority to determine the terms and conditions applicable to Awards under the Plan, the Administrator shall have the right to provide, in the terms of Awards made under the Plan, or to require a Participant to agree by separate written or electronic instrument, that: (i) any proceeds, gains or other economic benefit actually or constructively received by the Participant upon any receipt or exercise of the Award, or upon the receipt or resale of any Shares underlying the Award, must be paid to the Company, and (ii) the Award shall terminate and any unexercised portion of the Award (whether or not vested) shall be forfeited, if (x) a Termination of Service occurs prior to a specified date, or within a specified time period following receipt or exercise of the Award, (y) the Participant at any time, or during a specified time period, engages in any activity in competition with the Company, or which is inimical, contrary or harmful to the interests of the Company, as further defined by the Administrator or (z) the Participant incurs a Termination of Service for cause; and

(b) All Awards (including any proceeds, gains or other economic benefit actually or constructively received by the Participant upon any receipt or exercise of any Award or upon the receipt or resale of any Shares underlying the Award) shall be subject to the applicable provisions of any claw-back policy implemented by the Company, whether implemented prior to or after the grant of such Award, including without limitation, any claw-back policy adopted to comply with the requirements of Applicable Law.

10.6 Prohibition on Repricing. Subject to Section 12.2 hereof, the Administrator shall not, without the approval of the stockholders of the Company, (a) authorize the amendment of any outstanding Option or Stock Appreciation Right to reduce its price per share, or (b) cancel any Option or Stock Appreciation Right in exchange for cash or another Award when the Option or Stock Appreciation Right price per share exceeds the Fair Market Value of the underlying Shares. Subject to Section 12.2 hereof, the Administrator shall have the authority, without the approval of the stockholders of the Company, to amend any outstanding award to increase the price per share or to cancel and replace an Award with the grant of an Award having a price per share that is greater than or equal to the price per share of the original Award.

10.7 Cash Settlement. Without limiting the generality of any other provision of the Plan, the Administrator may provide, in an Award Agreement or subsequent to the grant of an Award, in its discretion, that any Award may be settled in cash, Shares or a combination thereof.

10.8 Leave of Absence. Unless the Administrator provides otherwise, vesting of Awards granted hereunder shall be suspended during any unpaid leave of absence. A Participant shall not cease to be considered an Employee, Non-Employee Director or Consultant, as applicable, in the case of any (a) leave of absence approved by the Company, (b) transfer between locations of the Company or between the Company and any of its Affiliates or any successor thereof, or (c) change in status (Employee to Director, Employee to Consultant, etc.), provided that such change does not affect the specific terms applying to the Participant's Award.

10.9 Terms May Vary Between Awards. The terms and conditions of each Award shall be determined by the Administrator in its sole discretion and the Administrator shall have complete flexibility to provide for varied terms and conditions as between any Awards, whether of the same or different Award type and/or whether granted to the same or different Participants (in all cases, subject to the terms and conditions of the Plan).

ARTICLE 11.

ADMINISTRATION

11.1 Administrator. The Committee (or another committee or a subcommittee of the Board assuming the functions of the Committee under the Plan) shall administer the Plan (except as otherwise permitted herein) and, unless otherwise determined by the Board, shall consist solely of two or more Non-Employee Directors appointed by and holding office at the pleasure of the Board, each of whom is intended to qualify as a "non-employee director" as defined by Rule 16b-3 of the Exchange Act, and an "independent director" under the rules of any securities exchange or automated quotation system on which the Shares are listed, quoted or traded, in each case, to the extent required under such provision; provided, however, that any action taken by the Committee shall be valid and effective, whether or not members of the Committee at the time of such action are later determined not to have satisfied the requirements for membership set forth in this Section 11.l or otherwise provided in the Company's charter or Bylaws or any charter of the Committee. Except as may otherwise be provided in any charter of the Committee, appointment of Committee members shall be effective upon acceptance of appointment, Committee members may resign at any time by delivering written or electronic notice to the Board, and vacancies in the Committee may only be filled by the Board. Notwithstanding the foregoing, (a) the full Board, acting by a majority of its members in office, shall conduct the general administration of the Plan with respect to Awards granted to Non-Employee Directors and (b) the Board or Committee may delegate its authority hereunder to the extent permitted by Section 11.6 hereof.

11.2 Duties and Powers of Administrator. It shall be the duty of the Administrator to conduct the general administration of the Plan in accordance with its provisions. The Administrator shall have the power to interpret the Plan and all Programs and Award Agreements, and to adopt such rules for the administration, interpretation and application of the Plan and any Program as are not inconsistent with the Plan, to interpret, amend or revoke any such rules and to amend any Program or Award Agreement provided that the rights or obligations of the holder of the Award that is the subject of any such Program or Award Agreement are not affected adversely by such amendment, unless the consent of the Participant is obtained or such amendment is otherwise permitted under Section 12.12 hereof. Any such grant or award under the Plan need not be the same with respect to each Participant. Any such interpretations and rules with respect to Incentive Stock Options shall be consistent with the provisions of Section 422 of the Code. In its sole discretion, the Board may at any time and from time to time exercise any and all rights and duties of the Committee under the Plan except with respect to matters which under Rule 16b-3 under the Exchange Act or the rules of any securities exchange or automated quotation system on which the Shares are listed, quoted or traded are required to be determined in the sole discretion of the Committee.

11.3 Action by the Committee. Unless otherwise established by the Board, in the Company's charter or Bylaws or in any charter of the Committee or as required by Applicable Law or, a majority of the Committee shall constitute a quorum and the acts of a majority of the members present at any meeting at which a quorum is present, and acts approved in writing by all members of the Committee in lieu of a meeting, shall be deemed the acts of the Committee. To the greatest extend permitted by Applicable Law, each member of the Committee is entitled to, in good faith, rely or act upon any report or other information furnished to that member by any officer or other employee of the Company or any Affiliate, the Company's independent certified public accountants, or any executive compensation consultant or other professional retained by the Company to assist in the administration of the Plan.

11.4 Authority of Administrator. Subject to any specific designation in the Plan and Applicable Law, the Administrator has the exclusive power, authority and sole discretion to:

(a) Designate Eligible Individuals to receive Awards;

(b) Determine the type or types of Awards to be granted to each Eligible Individual;

(c) Determine the number of Awards to be granted and the number of Shares to which an Award will relate;

(d) Determine the terms and conditions of any Award granted pursuant to the Plan, including, but not limited to, the exercise price, grant price, or purchase price, any performance goal, any restrictions or limitations on the Award, any schedule for vesting, lapse of forfeiture restrictions or restrictions on the exercisability of an Award, and accelerations or waivers thereof, and any provisions related to non-competition and recapture of gain on an Award, based in each case on such considerations as the Administrator in its sole discretion determines;

(e) Determine whether, to what extent, and under what circumstances an Award may be settled in, or the exercise price of an Award may be paid in cash, Shares, other Awards, or other property, or an Award may be canceled, forfeited, or surrendered;

(f) Prescribe the form of each Award Agreement, which need not be identical for each Participant;

(g) Determine as between the Company, the Services Company, the Partnership and any Subsidiary which entity will make payments with respect to an Award, consistent with applicable securities laws and other Applicable Law;

(h) Decide all other matters that must be determined in connection with an Award;

(i) Establish, adopt, or revise any rules and regulations as it may deem necessary or advisable to administer the Plan;

(j) Interpret the terms of, and any matter arising pursuant to, the Plan, any Program or any Award Agreement; and

(k) Make all other decisions and determinations that may be required pursuant to the Plan or as the Administrator deems necessary or advisable to administer the Plan.

11.5 Decisions Binding. The Administrator's interpretation of the Plan, any Awards granted pursuant to the Plan, any Program, any Award Agreement and all decisions and determinations by the Administrator with respect to the Plan are final, binding, and conclusive on all parties.

11.6 Delegation of Authority. To the extent permitted by Applicable Law, the Board or Committee may from time to time delegate to a committee of one or more members of the Board or one or more officers of the Company the authority to grant or amend Awards or to take other administrative actions pursuant to this Article 11; provided, however, that in no event shall an officer of the Company be delegated the authority to grant Awards to, or amend Awards held by, the following individuals: (a) individuals who are subject to Section 16 of the Exchange Act, or (b) officers of the Company (or Directors) to whom authority to grant or amend Awards has been delegated hereunder; provided, further, that any delegation of administrative authority shall only be permitted to the extent it is permissible under Applicable Law. Any delegation hereunder shall be subject to the restrictions and limits that the Board or Committee specifies at the time of such delegation, and the Board may at any time rescind the authority so delegated or appoint a new delegatee. At all times, the delegatee appointed under this Section 11.6 shall serve in such capacity at the pleasure of the Board and the Committee.

ARTICLE 12.

MISCELLANEOUS PROVISIONS

12.1 Amendment, Suspension or Termination of the Plan. Except as otherwise provided in this Section 12.1, the Plan may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Board. However, without approval of the Company's stockholders given within twelve (12) months before or after the action by the Administrator, no action of the Administrator may, except as provided in Section 12.2 hereof, (i) increase the Share Limit or the Director Limit, (ii) reduce the price per share of any outstanding Option or Stock Appreciation Right granted under the Plan, or (iii) cancel any Option or Stock Appreciation Right in exchange for cash or another Award in violation of Section 10.6 hereof. Except as provided in Section 12.12 hereof, no amendment, suspension or termination of the Plan shall, without the consent of the Participant, impair any rights or obligations under any Award theretofore granted or awarded, unless the Award itself otherwise expressly so provides. Notwithstanding anything herein to the contrary, no Award shall be granted under the Plan after the tenth (10^{th}) anniversary of the Effective Date.

12.2 Changes in Common Stock or Assets of the Company, Acquisition or Liquidation of the Company and Other Corporate Events.

(a) In the event of any stock dividend, stock split, combination or exchange of shares, merger, consolidation or other distribution (other than normal cash dividends) of Company assets to stockholders, or any other change affecting the shares of the Company's stock or the share price of the Company's stock other than an Equity Restructuring, the Board may make equitable adjustments, if any, to reflect such change with respect to (i) the aggregate number and kind of shares that may be issued under the Plan (including, but not limited to, adjustments of the Share Limit, the Director Limit and Individual Award Limits); (ii) the number and kind of Shares (or other securities or property) subject to outstanding Awards; (iii) the terms and conditions of any outstanding Awards (including, without limitation, any applicable performance targets or criteria with respect thereto); and/or (iv) the grant or exercise price per share for any outstanding Awards under the Plan.

(b) In the event of any transaction or event described in Section 12.2(a) hereof or any unusual or nonrecurring transactions or events affecting the Company, any Affiliate, or the financial statements of the Company or any Affiliate, or of changes in Applicable Law or accounting principles, the Board, in its sole discretion, and on such terms and conditions as it deems appropriate, either by the terms of the Award or by action taken prior to the occurrence of such transaction or event, is hereby authorized to take any one or more of the following actions whenever the Board determines that such action is appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan or with respect to any Award under the Plan, to facilitate such transactions or events or to give effect to such changes in laws, regulations or principles:

(i) To provide for either (A) termination of any such Award in exchange for an amount of cash and/or other property, if any, equal to the amount that would have been attained upon the exercise of such Award or realization of the Participant's rights (and, for the avoidance of doubt, if as of the date of the occurrence of the transaction or event described in this Section 12.2, the Board determines in good faith that no amount would have been attained upon the exercise of such Award or realization of the Participant's rights, then such Award may be terminated by the Company without payment) or (B) the replacement of such Award with other rights or property selected by the Board in its sole discretion having an aggregate value not exceeding the amount that could have been attained upon the exercise of such Award or realization of the Participant's rights had such Award been currently exercisable or payable or fully vested;

(ii) To provide that such Award be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by similar options, rights or awards covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices;

(iii) To make adjustments in the number and type of securities subject to outstanding Awards and Awards which may be granted in the future and/or in the terms, conditions and criteria included in such Awards (including the grant or exercise price, as applicable);

(iv) To provide that such Award shall be exercisable or payable or fully vested with respect to all securities covered thereby, notwithstanding anything to the contrary in the Plan or an applicable Program or Award Agreement; and

(v) To provide that the Award cannot vest, be exercised or become payable after such event.

(c) In connection with the occurrence of any Equity Restructuring, and notwithstanding anything to the contrary in Sections 12.2(a) and 12.2(b) hereof:

(i) The number and type of securities subject to each outstanding Award and the exercise price or grant price thereof, if applicable, shall be equitably adjusted; and/or

(ii) The Board shall make such equitable adjustments, if any, as the Board in its discretion may deem appropriate to reflect such Equity Restructuring with respect to the aggregate number and kind of shares that may be issued under the Plan (including, but not limited to, adjustments to the Share Limit, the Director Limit and the Individual Award Limits).

The adjustments provided under this Section 12.2(c) shall be nondiscretionary and shall be final and binding on the affected Participant and the Company.

(d) Except as may otherwise be provided in any applicable Award Agreement or other written agreement entered into between the Company (or an Affiliate) and a Participant, if a Change in Control occurs and a Participant's outstanding Awards are not continued, converted, assumed, or replaced by the surviving or successor entity in such Change in Control, then immediately prior to the Change in Control such outstanding Awards, to the extent not continued, converted, assumed, or replaced, shall become fully vested and, as applicable, exercisable and shall be deemed exercised immediately prior to the consummation of such transaction, and all forfeiture, repurchase and other restrictions on such Awards shall lapse immediately prior to such transaction. If an Award vests and, as applicable, is exercised in lieu of continuation, conversion, assumption or replacement in connection with a Change in Control, the Administrator shall notify the Participant of such vesting and any applicable deemed exercise, and the Award shall terminate upon the Change in Control. Upon, or in anticipation of, a Change in Control, the Administrator may cause any and all Awards outstanding hereunder to terminate at a specific time in the future, including but not limited to the date of such Change in Control, and shall give each Participant the right to exercise such Awards during a period of time as the Administrator, in its sole and absolute discretion, shall determine. For the avoidance of doubt, if the value of an Award that is terminated in connection with this Section 12.2(d) is zero or negative at the time of such Change in Control, such Award shall be terminated upon the Change in Control without payment of consideration therefor.

(e) The Administrator may, in its sole discretion, include such further provisions and limitations in any Award, agreement or certificate, as it may deem equitable and in the best interests of the Company that are not inconsistent with the provisions of the Plan.

(f) No adjustment or action described in this Section 12.2 or in any other provision of the Plan shall be authorized to the extent that such adjustment or action would cause the Plan to violate Section 422(b)(1) of the Code. Furthermore, no such adjustment or action shall be authorized with respect to any Award to the extent such adjustment or action would result in short-swing profits liability under Section 16 of the Exchange Act or violate the exemptive conditions of Rule 16b-3 of the Exchange Act unless the Administrator determines that the Award is not to comply with such exemptive conditions.

(g) The existence of the Plan, any Program, any Award Agreement and/or any Award granted hereunder shall not affect or restrict in any way the right or power of the Company, the stockholders of the Company or any Affiliate to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's or such Affiliate's capital structure or its business, any merger or consolidation of the Company or any Affiliate, any issue of stock or of options, warrants or rights to purchase stock or of bonds, debentures, preferred or prior preference stocks whose rights are superior to or affect the Common Stock, the securities of any Affiliate or the rights thereof or which are convertible into or exchangeable for Common Stock or securities of any Affiliate, or the dissolution or liquidation of the Company or any Affiliate, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

(h) No action shall be taken under this Section 12.2 which shall cause an Award to fail to comply with Section 409A of the Code or an exemption therefrom, in either case, to the extent applicable to such Award, unless the Administrator determines any such adjustments to be appropriate.

(i) In the event of any pending stock dividend, stock split, combination or exchange of shares, merger, consolidation or other distribution (other than normal cash dividends) of Company assets to stockholders, or any other change affecting the Shares or the share price of the Common Stock including any Equity

Restructuring, for reasons of administrative convenience, the Company in its sole discretion may refuse to permit the exercise of any Award during a period of thirty (30) days prior to the consummation of any such transaction.

12.3 No Stockholders Rights. Except as otherwise provided herein or in an applicable Program or Award Agreement, a Participant shall have none of the rights of a stockholder with respect to Shares covered by any Award until the Participant becomes the record owner of such Shares.

12.4 Paperless Administration. In the event that the Company establishes, for itself or using the services of a third party, an automated system for the documentation, granting or exercise of Awards, such as a system using an internet website or interactive voice response, then the paperless documentation, granting or exercise of Awards by a Participant may be permitted through the use of such an automated system.

12.5 Section 83(b) Election. No Participant may make an election under Section 83(b) of the Code with respect to any Award under the Plan without the consent of the Administrator, which the Administrator may grant (prospectively or retroactively) or withhold in its sole discretion. If, with the consent of the Administrator, a Participant makes an election under Section 83(b) of the Code to be taxed with respect to the Restricted Stock as of the date of transfer of the Restricted Stock rather than as of the date or dates upon which the Participant would otherwise be taxable under Section 83(a) of the Code, the Participant shall be required to deliver a copy of such election to the Company promptly after filing such election with the Internal Revenue Service.

12.6 Grant of Awards to Certain Employees or Consultants. The Company, the Services Company, the Partnership or any Subsidiary may provide through the establishment of a formal written policy (which shall be deemed a part of this Plan) or otherwise for the method by which Shares or other securities of the Company or the Partnership may be issued and by which such Shares or other securities and/or payment therefor may be exchanged or contributed among such entities, or may be returned upon any forfeiture of Shares or other securities by the Participant.

12.7 REIT Status. The Plan shall be interpreted and construed in a manner consistent with the Company's status as a REIT. No Award shall be granted or awarded, and with respect to any Award granted under the Plan, such Award shall not vest, be exercisable or be settled:

(a) to the extent that the grant, vesting, exercise or settlement of such Award could cause the Participant or any other person to be in violation of the Common Stock Ownership Limit or the Aggregate Stock Ownership Limit (each as defined in the Company's charter, as amended from time to time) or any other provision of Section 6.2.1 of the Company's charter; or

(b) if, in the discretion of the Administrator, the grant, vesting, exercise or settlement of such award could impair the Company's status as a REIT.

12.8 Effect of Plan upon Other Compensation Plans. The adoption of the Plan shall not affect any other compensation or incentive plans in effect for the Company or any Affiliate. Nothing in the Plan shall be construed to limit the right of the Company or any Affiliate: (a) to establish any other forms of incentives or compensation for Employees, Directors or Consultants of the Company or any Affiliate or (b) to grant or assume options or other rights or awards otherwise than under the Plan in connection with any proper corporate purpose including without limitation, the grant or assumption of options in connection with the acquisition by purchase, lease, merger, consolidation or otherwise, of the business, stock or assets of any corporation, partnership, limited liability company, firm or association.

12.9 Compliance with Laws. The Plan, the granting and vesting of Awards under the Plan, the issuance and delivery of Shares and LTIP Units and the payment of money under the Plan or under Awards granted or awarded hereunder are subject to compliance with all Applicable Law and to such approvals by any listing, regulatory or governmental authority as may, in the opinion of counsel for the Company, be necessary or advisable in connection therewith. Any securities delivered under the Plan shall be subject to such restrictions, and the person acquiring such securities shall, if requested by the Company, provide such assurances and representations to the Company as the Company may deem necessary or desirable to assure compliance with all Applicable Law. To the extent permitted by Applicable Law, the Plan and Awards granted or awarded hereunder shall be deemed amended to the extent necessary to conform to such Applicable Law.

12.10 Titles and Headings, References to Sections of the Code or Exchange Act. The titles and headings of the sections in the Plan are for convenience of reference only and, in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control. References to sections of the Code or the Exchange Act shall include any amendment or successor thereto.

12.11 Governing Law. The Plan and any Programs or Award Agreements hereunder shall be administered, interpreted and enforced under the internal laws of the State of Maryland without regard to conflicts of laws thereof.

12.12 Section 409A. To the extent that the Administrator determines that any Award granted under the Plan is subject to Section 409A of the Code, the Plan, any applicable Program and the Award Agreement covering such Award shall be interpreted in accordance with Section 409A of the Code. Notwithstanding any provision of the Plan to the contrary, in the event that, following the Effective Date, the Administrator determines that any Award may be subject to Section 409A of the Code, the Administrator may adopt such amendments to the Plan, any applicable Program and the Award Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Administrator determines are necessary or appropriate to avoid the imposition of taxes on the Award under Section 409A of the Code, either through compliance with the requirements of Section 409A of the Code or with an available exemption therefrom.

12.13 No Rights to Awards. No Eligible Individual or other person shall have any claim to be granted any Award pursuant to the Plan, and neither the Company nor the Administrator is obligated to treat Eligible Individuals, Participants or any other persons uniformly.

12.14 Unfunded Status of Awards. The Plan is intended to be an “unfunded” plan for incentive compensation. With respect to any payments not yet made to a Participant pursuant to an Award, nothing contained in the Plan or any Program or Award Agreement shall give the Participant any rights that are greater than those of a general creditor of the Company or any Affiliate.

12.15 Indemnification. To the extent allowable pursuant to Applicable Law and the Company’s charter and Bylaws, each member of the Board and any officer or other employee to whom authority to administer any component of the Plan is delegated shall be indemnified and held harmless by the Company from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by such member in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action or failure to act pursuant to the Plan and against and from any and all amounts paid by him or her in satisfaction of judgment in such action, suit, or proceeding against him or her; provided, however, that he or she gives the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled pursuant to the Company’s Certificate of Incorporation or Bylaws, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

12.16 Relationship to other Benefits. No payment pursuant to the Plan shall be taken into account in determining any benefits under any pension, retirement, savings, profit sharing, group insurance, welfare or other benefit plan of the Company or any Affiliate except to the extent otherwise expressly provided in writing in such other plan or an agreement thereunder.

12.17 Expenses. The expenses of administering the Plan shall be borne by the Company and its Affiliates.

List of Issuers of Guaranteed Securities

As of June 30, 2021, the following subsidiary was the issuer of the 2.125% Senior Notes due 2030 guaranteed by Rexford Industrial Realty, Inc.

Name of Subsidiary	Jurisdiction of Organization
Rexford Industrial Realty, L.P.	Maryland

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 26, 2021

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 26, 2021

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, Laura E. Clark, 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 26, 2021	By:	/s/ Laura E. Clark
		Laura E. Clark
		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, 2021 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 26, 2021

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, 2021 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 26, 2021

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, 2021 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Laura E. Clark, 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/ Laura E. Clark
Laura E. Clark
Chief Financial Officer
July 26, 2021