

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

**AMENDMENT NO. 3 TO
FORM S-11**

*FOR REGISTRATION UNDER
THE SECURITIES ACT OF 1933
OF SECURITIES OF CERTAIN REAL ESTATE COMPANIES*

Rexford Industrial Realty, Inc.

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

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

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

Howard Schwimmer
Michael S. Frankel
Co-Chief Executive Officers
Rexford Industrial Realty, Inc.
11620 Wilshire Boulevard, Suite 300
Los Angeles, CA 90025
(310) 966-1680

(Name, Address, including Zip Code, and Telephone Number, including Area Code, of Agent for Service)

Copies to:

Julian T.H. Kleindorfer, Esq.
Bradley A. Helms, Esq.
Latham & Watkins LLP
355 South Grand Avenue
Los Angeles, California 90071
Tel: (213) 485-1234
Fax: (213) 891-8763

David C. Wright, Esq.
Christopher C. Green, Esq.
Hunton & Williams LLP
Riverfront Plaza, East Tower
951 E. Byrd Street
Richmond, Virginia 23219
Tel: (804) 788-8200
Fax: (804) 788-8218

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement.

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

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

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

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

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

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

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

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

[Table of Contents](#)

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

Subject to Completion
Preliminary Prospectus dated July 15, 2013

PROSPECTUS

16,000,000 Shares



Common Stock

Rexford Industrial Realty, Inc. is a newly formed Maryland corporation that will operate as a self-administered and self-managed real estate investment trust (“REIT”) focused on owning and operating industrial properties in Southern California infill markets. Upon completion of our formation transactions and this offering, we will own interests in and operate 61 properties with approximately 6.7 million rentable square feet, including two properties that we currently have under contract to purchase, which we refer to as our initial portfolio, and we will manage an additional 20 properties with approximately 1.2 million rentable square feet.

This is our initial public offering. We are selling 16,000,000 shares of our common stock, \$0.01 par value per share.

We expect the public offering price to be between \$13.00 and \$15.00 per share. Currently, no public market exists for the shares. After pricing of the offering, we expect that the shares will trade on the New York Stock Exchange under the symbol “REXR.”

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

We are an “emerging growth company” under the Jumpstart Our Business Startups Act of 2012. Investing in our common stock involves significant risks. You should read the section entitled “Risk Factors” beginning on page 31 of this prospectus for a discussion of certain risk factors that you should consider before investing in our common stock.

	<u>Per share</u>	<u>Total</u>
Public offering price	\$	\$
Underwriting discount (1)	\$	\$
Proceeds, before expenses, to us	\$	\$

(1) See “Underwriting” for additional disclosure regarding the underwriting discounts and expenses payable to the underwriters by us.

The underwriters also may exercise their option to purchase up to an additional 2,400,000 shares from us, at the public offering price, less the underwriting discount, for 30 days after the date of this prospectus to cover over-allotments of shares, if any.

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

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

BofA Merrill Lynch

Wells Fargo Securities

FBR

J.P. Morgan

PNC Capital Markets LLC

RBS

The date of this prospectus is _____, 2013.

Rexford Industrial

Real Estate Acquisition Development & Management



Santa Fe Springs - L.A. Mid-Counties



Hall Road - L.A. Mid-Counties



Don Julian - L.A. San Gabriel Valley



Glendale Commerce - L.A. San Fernando Valley

TABLE OF CONTENTS

	<u>Page</u>
PROSPECTUS SUMMARY	1
RISK FACTORS	31
CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS	66
USE OF PROCEEDS	68
DISTRIBUTION POLICY	70
CAPITALIZATION	73
DILUTION	75
SELECTED FINANCIAL INFORMATION	77
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	81
MARKET OVERVIEW	106
BUSINESS	116
MANAGEMENT	145
EXECUTIVE COMPENSATION	155
CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS	163
STRUCTURE AND FORMATION OF OUR COMPANY	168
POLICIES WITH RESPECT TO CERTAIN ACTIVITIES	176
PRICING SENSITIVITY ANALYSIS	182
PRINCIPAL STOCKHOLDERS	184
DESCRIPTION OF STOCK	186
MATERIAL PROVISIONS OF MARYLAND LAW AND OF OUR CHARTER AND BYLAWS	192
SHARES ELIGIBLE FOR FUTURE SALE	198
DESCRIPTION OF THE PARTNERSHIP AGREEMENT OF REXFORD INDUSTRIAL REALTY, L.P.	201
U.S. FEDERAL INCOME TAX CONSIDERATIONS	215
UNDERWRITING	238
LEGAL MATTERS	245
EXPERTS	245
WHERE YOU CAN FIND MORE INFORMATION	245
INDEX TO FINANCIAL STATEMENTS	F-1

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

We use market data and industry forecasts and projections in this prospectus. We have obtained substantially all of the information under “Prospectus Summary—Market Overview” and under “Market Overview” from market research prepared or obtained by DAUM Commercial Real Estate Services (“DAUM”) in connection with this offering. Such information is included herein in reliance on DAUM’s authority as an expert on such matters. See “Experts.” In addition, DAUM in some cases has obtained market data and industry forecasts and projections from publicly available information and industry publications. These sources generally state that the information they provide has been obtained from sources believed to be reliable, but that the accuracy and completeness of the information are not guaranteed. The forecasts and projections are based on

Table of Contents

industry surveys and the preparers' experience in the industry, and there is no assurance that any of the projections or forecasts will be achieved. We believe that the surveys and market research others have performed are reliable, but we have not independently verified this information.

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

In this prospectus:

- “Rexford,” “our company,” “we,” “us” and “our” refer to Rexford Industrial Realty, Inc., a Maryland corporation, and its consolidated subsidiaries after giving effect to the formation transactions described elsewhere in this prospectus, except where it is clear from the context that the term only means the issuer of the shares of common stock in this offering;
- “annualized rent” means the monthly base rent for the applicable property or properties as of March 31, 2013, but not including billboard and antenna revenue or rent abatements, multiplied by 12 and then multiplied by our percentage ownership interest for such property, and “total annualized rent” means the annualized rent for all of our properties;
- “capitalization rate” is the ratio of a property’s annual net operating income to its purchase price;
- “concurrent private placement” refers to a private placement of approximately \$47 million of our common stock concurrently with the completion of this offering with certain accredited investors in the Rexford Funds and certain members of the Rexford management team in connection with the formation transactions at a price per share equal to the public offering price in this offering and without payment of any fees, discounts or selling commissions;
- “debt yields” means for the last 12 months, net operating income divided by period-ending debt for the referenced properties;
- “net operating income” or “NOI” means total revenue (including rental revenue, tenant reimbursements, management, leasing and development services revenue and other income) less property-level operating expenses including allocated overhead. NOI excludes depreciation and amortization, general and administrative expenses, impairments, gain/loss on sale of real estate, interest expense and other non-operating expenses;
- “on a fully diluted basis,” when used in reference to shares of our common stock, means all outstanding shares of common stock at such time plus all outstanding shares of restricted stock, shares of common stock issuable upon the exercise of outstanding options that have vested and shares of common stock exchangeable, at our discretion, for common units of partnership interest in our operating partnership, or “common units,” on a one-for-one basis, including common units issuable upon conversion of LTIP units in our operating partnership, which is not the same as the meaning of “fully-diluted” under generally accepted accounting principles in the United States (“GAAP”);
- “on a pro forma basis” means after completion of (i) this offering at an assumed price per share equal to the mid-point of the price range set forth on the front cover of this prospectus, (ii) the formation transactions described herein and (iii) the concurrent private placement described

Table of Contents

elsewhere in this prospectus, including the contribution of our predecessor business to our operating partnership and the application of the proceeds of this offering and the concurrent private placement as described under “Use of Proceeds”;

- “our operating partnership” means Rexford Industrial Realty, L.P., a Maryland limited partnership, and the subsidiary through which we will conduct substantially all of our business;
- “our predecessor business” or “Rexford Industrial Realty, Inc. Predecessor” means the entities and properties to be contributed to or purchased by our operating partnership and certain of its subsidiaries pursuant to our formation transactions described elsewhere in this prospectus;
- “prior investors” refer to the prior investors in the Rexford Funds and the management companies, including certain of our directors and executive officers and certain of their affiliates;
- “Rexford Funds” refer to the five private equity real estate funds: Rexford Industrial Fund I, LLC (“Fund I”), Rexford Industrial Fund II, LLC (“Fund II”), Rexford Industrial Fund III, LLC (“Fund III”), Rexford Industrial Fund IV, LLC (“Fund IV”), Rexford Industrial Fund V, LP (“Fund V”) and its parent, Rexford Industrial Fund V REIT, LLC (“Fund V REIT”), which are a part of our predecessor business. We were formed to acquire the assets and operations of the Rexford Funds and to succeed the business of the Rexford Funds and related management companies and the services company.
- “the management companies” means Rexford Industrial, LLC (“RI, LLC”), Rexford Sponsor V LLC (“Sponsor”) and Rexford Fund V Manager LLC, which are part of our predecessor business and provide management services to the Rexford Funds; and
- “the services company” means Rexford Industrial Realty and Management, Inc., a wholly owned subsidiary of RI, LLC.

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

PROSPECTUS SUMMARY

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

Unless indicated otherwise, the information included in this prospectus assumes (i) no exercise of the underwriters’ option to purchase up to 2,400,000 additional shares of our common stock to cover over-allotments, if any, (ii) the completion of the formation transactions and concurrent private placement described in this prospectus, (iii) the shares of common stock to be sold in this offering are sold at \$14.00 per share, which is the mid-point of the price range set forth on the front cover of this prospectus and (iv) the initial value of a common unit to be issued in the formation transactions is \$14.00 per unit. Each common unit is redeemable at the option of the holder for cash equal to the then-current market value of one share of our common stock or, at our option, one share of our common stock, commencing 14 months following the completion of this offering.

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

Overview

Rexford Industrial Realty, Inc. is a newly organized Maryland corporation formed to operate as a self-administered and self-managed REIT focused on owning and operating industrial properties in Southern California infill markets. We were formed to succeed our predecessor business, which is controlled and operated by our principals, Richard Ziman, Howard Schwimmer and Michael Frankel, who collectively have decades of experience acquiring, owning and operating industrial properties in Southern California infill markets. Upon completion of our formation transactions, our initial portfolio will consist of 61 properties with approximately 6.7 million rentable square feet, including two properties that we currently have under contract to purchase, and we will manage an additional 20 properties with approximately 1.2 million rentable square feet.

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

We own both multi-tenant and single-tenant properties comprising approximately 60% and 40% of our portfolio, respectively. Our properties are highly adaptable and appeal to a wide range of potential tenants and uses, which, in our experience, reduces re-tenanting costs, time and risk, thereby enhancing our return on investment. Our tenants generally are small and medium sized businesses that are structurally tied to the Southern California economy and therefore find that locating within our target markets is critical to the ongoing operations of their business. Our initial portfolio is highly diversified by tenant and industry. Of our 693 tenants, no single tenant accounted for more than 2.3% of our total annualized rent and no single industry accounted for more than 11.6% of our total annualized rent, as of March 31, 2013. Our average tenant size is approximately 9,000 square feet, with nearly 70% of tenants occupying less than 50,000 square feet each.

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

We plan to grow our business through disciplined acquisitions of additional industrial properties in Southern California infill markets, and believe that there are substantial and attractive acquisition opportunities available to us in our target markets. According to DAUM, the Southern California infill industrial property market consists of approximately 1.73 billion square feet of industrial properties. Our initial portfolio represents substantially less than 1.0% of this target market. Through our proprietary origination methods, we are actively monitoring, as of June 4, 2013, approximately 31.6 million square feet of properties in our markets that we believe represent attractive potential investment opportunities, including properties containing approximately 2.9 million square feet on which we have submitted non-binding offers that remain outstanding. In addition, we currently have two properties totaling 123,676 square feet under contract to purchase with the purchase expected to close before July 31, 2013. The closings are subject to satisfactory completion of our due diligence and customary closing conditions. As such, we cannot assure you that we will complete these acquisitions on the current terms or at all. Our predecessor's most recent investment fund has acquired in excess of 3.1 million square feet in our target markets with over 2.3 million square feet acquired since 2012 alone, sourced primarily through a combination of off-market and lightly marketed transactions, sale lease-backs and related transactions from illiquid owners and short sales and discounted note purchases from financial institutions. We believe the current market environment represents an attractive time in the real estate cycle to invest in our target properties as the many small and medium sized businesses that our properties seek to serve are just beginning to participate in the economic recovery. Despite being consistently one of the highest occupied markets in the United States with occupancy rates approaching 95% in recent years, particularly for multi-tenant properties, rental rates in our target markets have only recently begun to recover from their recessionary lows.

We intend to elect and qualify to be taxed as a REIT under the Internal Revenue Code of 1986, as amended (the "Code"), commencing with the year ending December 31, 2013, and generally will not be subject to U.S. federal taxes on our income to the extent we annually distribute at least 90% of our REIT taxable income, determined without regard to the deduction for dividends paid, to our stockholders and otherwise maintain our qualification as a REIT. We are structured as an umbrella partnership REIT ("UPREIT") and will own substantially all of our assets and conduct substantially all of our business through our operating partnership. We will serve as the sole general partner and expect to own an approximately 86.8% interest in our operating partnership upon completion of this offering.

Experienced Management and Vertically Integrated Team

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

Mr. Ziman contributes over 40 years of experience owning and managing industrial real estate and a successful public company track record as the founding chairman and chief executive officer of Arden Realty, Inc. ("Arden"), a REIT, which at the time of its sale to GE Real Estate in 2006 was the largest publicly traded owner of office properties in Southern California. An investment in the common stock of Arden at the time of its initial public offering until its final sale generated a total return to stockholders of approximately 338% per share for each share purchased at the initial public offering price of \$20.00 per share (assuming reinvestment of all

cash dividends since the initial public offering in 1996) compared to a total return of 248% for the MSCI US REIT Index over the same period. Mr. Schwimmer has focused exclusively on owning, operating and creating value in infill Southern California industrial property throughout his 30 year career. Mr. Schwimmer has 12 years of experience managing and co-managing our predecessor business, with expertise including the acquisition, value-add improvement, development, management, leasing and disposition of industrial property. Prior to establishing our predecessor business, from 1983 until 2001, Mr. Schwimmer held various positions including stockholder, board member, manager, executive vice president and broker of record for DAUM, California's oldest industrial brokerage company. Mr. Frankel's 28 year career has focused on real estate and private equity investment and senior management operating roles, including nine years co-managing our predecessor business, which almost exclusively focused on investing in industrial properties in Southern California infill markets.

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

Market Overview

Unless otherwise indicated, all information contained in this Market Overview section is derived from market materials prepared by DAUM as of March 31, 2013, citing CoStar Property Database, CBRE and other sources.

Southern California Infill Industrial Market

The Southern California industrial real estate market is the largest in the U.S., with approximately 2.0 billion square feet of space, approximately 1.7 times larger than the next largest industrial real estate market (Chicago, Illinois), as illustrated below:



Source: DAUM market materials, citing CoStar Property Database as of March 2013

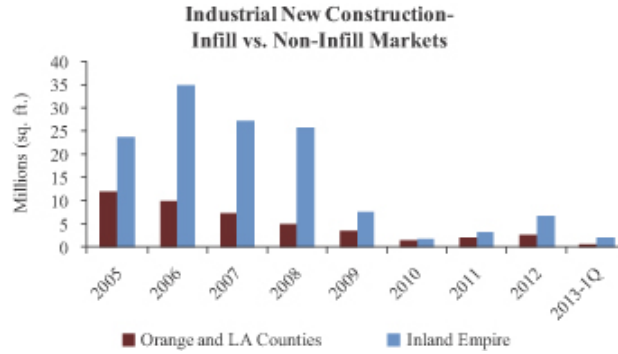
Note: Southern California market comprised of Los Angeles, Orange, Ventura, San Bernardino, Riverside, and San Diego Counties

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

Our investment strategy focuses on the 1.73 billion square foot infill market comprised of Los Angeles County, Orange County, West Inland Empire, San Diego County and Ventura County. In 2012, over \$5.9 billion of industrial property was sold in Southern California. We believe the market trends and conditions discussed below have created favorable investment opportunities that we are competitively positioned to capitalize upon.

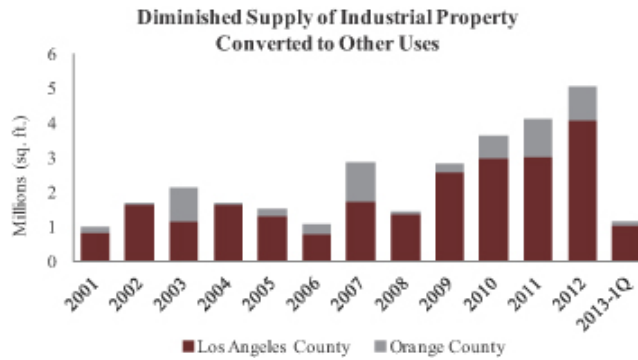
Limited, Diminishing Supply with Substantial Barriers to Entry

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



Source: DAUM market materials, citing CoStar Property Database as of March 2013

Industrial use is not typically considered the “highest and best” economic use for the few development or redevelopment sites available within our target markets. As a result, the stock of infill industrial property in our target markets generally has diminished over time, as existing properties have converted to alternate uses, primarily multi-family housing and related development. Since 2001, Los Angeles and Orange Counties have seen more than 24.2 million and 5.8 million square feet of industrial property, respectively, demolished for redevelopment.



Source: DAUM market materials, citing CoStar Property Database as of March 2013

High Current Occupancy and High Rental Rates

The Southern California infill industrial market has consistently out-performed other national markets on the basis of occupancy and asking rents. As of March 31, 2013, occupancy was 95.0% and 94.7% for Los Angeles and Orange Counties, respectively, versus the national average of 91.3%. Since 2001, average Los Angeles and Orange County asking rents were 65% higher than the average of the next nine largest markets in the nation over the same twelve-year period. As shown in the charts below, the occupancy rates for Los Angeles and Orange County have consistently been above the other large markets in the United States since the fourth quarter of 2001 and the occupancy rates never dipped below 90%, even during the most recent recession.



Source: DAUM market report, citing CoStar Property Database and data provided by CBRE as of March 2013



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

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

Source: DAUM market report, citing CoStar Property Database and data provided by CBRE as of March 2013

Diverse Tenant Demand Base

Southern California is home to the nation’s largest and most diverse manufacturing and distribution sector, as well as the largest number of high-tech jobs. We draw our tenants from over 17 industry sectors. The trend of off-shoring domestic manufacturing to Asia further fuels Southern California industrial tenant demand,

as Asian goods pass through the Los Angeles-area ports and require regional warehousing and distribution to access the broader U.S. market. As of March 31, 2013, approximately 21.3% of our tenants imported product from outside the U.S. Additionally, the emergence of e-commerce and the growth of Internet retailers and wholesalers are expanding the universe of tenants seeking industrial space in our target markets. Forrester Research Inc. projects that online shoppers in the United States will spend \$327 billion in 2016, up 45% from the \$226 billion spent in 2012, increasing to an estimated 9.0% of total retail sales by 2016. As of March 31, 2013, approximately 17.4% of our tenants cited e-commerce as a component of their business.

Large and Growing Regional Population

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

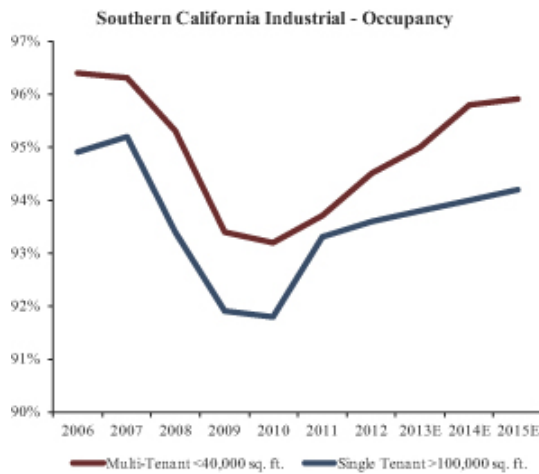
Older Properties Tend To Outperform Newer Properties

Over one billion square feet of infill industrial space in our target market was built prior to 1980. These buildings are generally more centrally located, which reduces commuting time for our tenants' employees and distribution times to the end consumers of the product. These locations are also typically more densely populated areas than locations that feature a greater proportion of newer construction. These factors have driven higher occupancy rates in pre-1980 buildings compared to post-1980 buildings. As of March 31, 2013, occupancy for pre-1980 buildings was 95.1% versus 92.9% for newer buildings. Pre-1980 buildings have maintained occupancy levels between 94.4% and 97.4% since 2001, while occupancy for post-1980 buildings has ranged from 89.6% to 94.5%.

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

Our target infill markets feature a majority of properties valued below \$25 million or sized below 300,000 square feet. We believe smaller spaces, generally under 40,000 square feet, are positioned for rental rate recovery as economic conditions improve for smaller- and mid-sized tenants in the face of ongoing scarcity of supply of these spaces. Occupancy as of March 31, 2013 for "big-box" buildings containing 100,000 square feet or more was 93.2%, while occupancy in buildings containing less than 40,000 square feet was 94.9%. Further, rental rates for larger, single-tenant spaces have recovered nearly to their pre-recession levels. Conversely, rental rates for small- and mid-sized tenants remain at cyclically low levels and have lagged in recovery compared to larger spaces. Consequently, we believe the potential for rental rates to increase in the smaller- and medium-sized spaces and buildings may be substantially greater in the near- to medium-term than for larger spaces fueled, in part, by improving liquidity and access to working capital for small and medium sized businesses as the economy continues to stabilize.

As shown in the charts below, occupancy and rental rates in the Southern California industrial infill market are projected to increase over the next three years. Moreover, multi-tenant space under 40,000 square feet, which has been slower to recover from the recent financial crisis, is projected to outperform single-tenant space containing 100,000 or more square feet according to DAUM, utilizing data provided by CBRE.



Source: DAUM market materials, citing CoStar Property Database and data provided by CBRE as of March 2013



Source: DAUM market materials, citing CoStar Property Database and data provided by CBRE as of March 2013

Competitive Strengths

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

Attractive Existing Portfolio with Diversified Tenant Mix: We have built a difficult-to-replicate portfolio of interests in 61 properties totaling over 6.7 million square feet, including two properties that we currently have under contract to purchase, almost all of which is located in Southern California infill markets. We will own 100% of the interests in 58 of these properties and will own a 15% interest in the remaining three properties. We believe our initial portfolio is attractively positioned to participate in a recovery in rental rates in our markets. Additionally, our portfolio is leased to a broad tenant base, drawn from diverse industry sectors. We believe that this diversification reduces our exposure to tenant default risk and earnings volatility. As of March 31, 2013, we had 693 individual tenants, with no single tenant accounting for more than 2.3% of our total annualized rent.

Superior Access to Deal Flow: We believe that we enjoy superior access to distressed, off-market and lightly marketed acquisition opportunities, many of which are difficult for competing investors to access. Approximately half of the acquisitions by deal count completed by our predecessor business since its inception were off-market or lightly-marketed transactions. Off-market and lightly marketed transactions are characterized by a lack of a formal marketing process and a lack of widely disseminated marketing materials. As we are principally focused on the Southern California market, our executive management and acquisition teams have developed and maintain a deep, broad network of relationships among key market participants, including property brokers, lenders, owners and tenants. We employ an extensive broker marketing, incentives and loyalty program. We also utilize data-driven and event-driven analytics and primary research to identify and pursue

events and circumstances, including financial distress, related to owners, lenders, and tenants that tend to generate early access to emerging investment opportunities. We believe that our relationship network, creative sourcing approach and research-driven originations methods contribute to a superior level of attractive investment opportunities.

Experienced Management Team: Members of our senior management team contribute over 64 years of prior public company experience, and collectively have been involved with over \$25 billion of real estate acquisitions over multiple cycles. Members of our senior management team have been working together for nearly a decade and together bring 130 years of experience focused on creating value by investing in infill Southern California industrial property.

Ability to Execute Opportunistic Transactions: The combination of our proprietary origination methods and the experience and relationships of our management team grant us access to and allow us to capitalize on unique transaction opportunities.

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

Growth-Oriented Capital Structure: We believe that a public company capital structure will enable us to capitalize effectively on the substantial volume of opportunities generated by our origination platform. Upon completion of this offering, our pro forma debt to total market capitalization will be approximately 24.2%. We expect to enter into a new approximately \$60 million term loan, which will be used at the completion of this offering to repay a portion of our outstanding mortgage debt. In addition, we have negotiated a proposed revolving credit facility with a borrowing capacity of \$200 million that we expect to have in place at the completion of this offering. This facility is expected to have an accordion feature that may provide for up to an additional \$200 million borrowing capacity as our company grows. We expect to use the proposed revolving credit facility for property acquisitions, working capital requirements and other general corporate purposes.

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

Our Business and Growth Strategies

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

External Growth through Acquisitions

We intend to grow our initial portfolio through disciplined acquisitions in prime Southern California infill markets. We believe that our relationship-, data- and event-driven research allows us to identify and exploit asset mispricing and market inefficiencies. Through these proprietary origination methods, we are actively

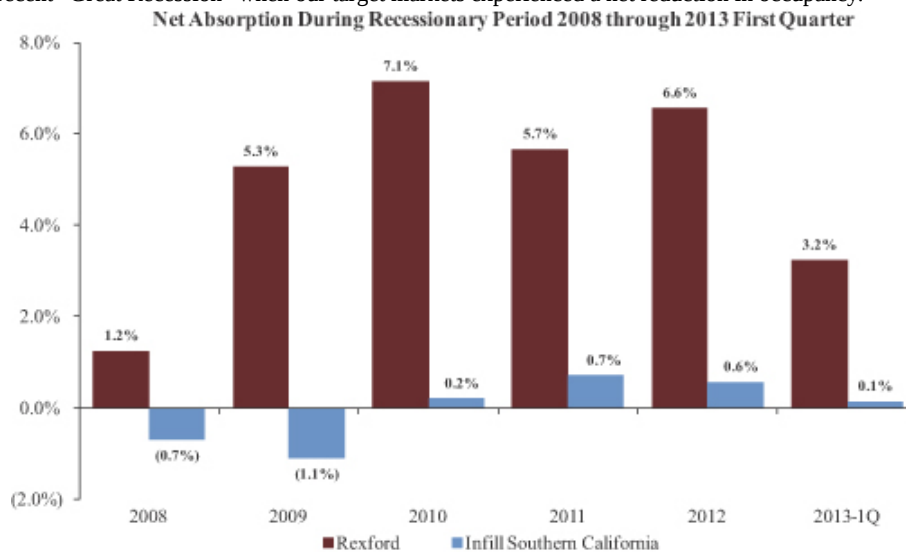
monitoring, as of June 4, 2013, approximately 31.6 million square feet of properties in our markets that we believe represent attractive potential investment opportunities, including properties containing approximately 2.9 million square feet on which we have submitted non-binding offers that remain outstanding. In addition, we currently have two properties totaling 123,676 square feet under contract to purchase with the purchase expected to close before July 31, 2013. The closings are subject to satisfactory completion of our due diligence and customary closing conditions. As such, we cannot assure you that we will complete these acquisitions on the current terms or at all. Our predecessor's most recent investment fund has acquired in excess of 3.1 million square feet in our target markets with over 2.3 million square feet acquired since 2012 alone, sourced primarily through a combination of off-market and lightly marketed transactions, sale lease-backs and related transactions, short sales and discounted note purchases from financial institutions.

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

Internal Growth through Intensive, Value-Added Asset Management

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

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



Source: DAUM market materials, citing CoStar Property Database as of March 2013.

We believe that our initial portfolio contains the potential for imbedded growth through the lease-up of currently available space. As of March 31, 2013, our initial portfolio was 89.4% leased. We believe three factors will contribute to increased cash flow from leasing in the near term:

- a number of our properties are in their final lease-up stage after being repositioned through our value-add activities,
- we expect the firming up of supply and demand in certain markets, such as San Diego, that has generally lagged the infill markets of Los Angeles County and Orange County through the 2010 to 2012 recovery, and are now experiencing net positive absorption, and
- expected market rental rate increases in the multi-tenant industrial market, as smaller and medium sized business tenants begin to gain access to increased liquidity and available credit as the economy recovers.

Financing Strategy

We intend to maintain a flexible and growth-oriented capital structure. Upon completion of this offering, we will have an initial debt-to-market capitalization of approximately 24.2%. To facilitate our

acquisition strategy, we have negotiated a proposed revolving credit facility with a borrowing capacity of \$200 million that we expect to have in place at the completion of this offering. This facility is expected to have an accordion feature that may provide for up to an additional \$200 million borrowing capacity as our company grows. The proposed revolving credit facility will be used for property acquisitions, working capital requirements and other general corporate purposes. We also expect to enter into a new approximately \$60 million term loan, which will be used at the completion of this offering to repay a portion of our outstanding mortgage debt. For more information regarding our proposed revolving credit facility and our new term loan, see “Business—Description of Certain Debt.”

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

Our Properties

Upon completion of our formation transactions, our initial portfolio will consist of 61 properties with approximately 6.7 million rentable square feet, including two properties that we currently have under contract to purchase, and we will manage an additional 20 properties with approximately 1.2 million rentable square feet. We will own 100% of 58 of these properties and own 15% of the remaining three properties. Our initial portfolio has a stable and diversified tenant base. As of March 31, 2013, the properties comprising our initial portfolio were 89.4% leased to 693 tenants, with no single tenant accounting for more than 2.3% and no single industry accounting for more than 11.6% of our total annualized rent. Our average tenant size is approximately 9,000 square feet, with nearly 70% of tenants occupying less than 50,000 square feet each. Our ten largest tenants account for 13.7% of our total annualized rent as of March 31, 2013. We intend to continue to maintain a diversified mix of tenants to limit our exposure to any single tenant or industry. We will also own one non-recourse mortgage loan with an estimated outstanding balance of approximately \$14.3 million as of March 31, 2013, secured by a first mortgage on an industrial property located in San Juan Capistrano, California, which is scheduled to mature on May 1, 2017.

The following tables portray the property type, geographic and industry diversity, respectively, of the properties and tenants comprising our initial portfolio as of March 31, 2013:

Property Type	Number of Properties	Occupancy ⁽¹⁾	Rentable Square Feet	Ownership Interest in Rentable Square Feet ⁽²⁾	Percentage of Total Rentable Square Feet	Annualized Base Rent ⁽³⁾	Percentage of Total Annualized Base Rent ⁽⁴⁾	Annualized Base Rent per Square Foot ⁽⁵⁾
Warehouse / Light Manufacturing ⁽⁶⁾	34	87.0%	2,764,624	2,764,624	48.8%	\$ 19,585,430	46.4%	\$ 8.14
Warehouse / Distribution	14	88.6%	3,035,471	2,025,325	35.7%	\$ 13,684,037	32.4%	\$ 7.63
Light Manufacturing / Flex	6	74.5%	466,319	466,319	8.2%	\$ 4,910,808	11.6%	\$ 14.14
Light Industrial / Office	7	72.1%	411,549	411,549	7.3%	\$ 4,024,596	9.5%	\$ 13.56
Total / Weighted Average⁽⁷⁾	61	85.5%	6,677,963	5,667,817	100.0%	\$ 42,204,871	100.0%	\$ 8.71

(1) Calculated as the average occupancy at such properties as of March 31, 2013, weighted by ownership interest in the properties' rentable square feet. These properties were 89.4% leased as of March 31, 2013, weighted by ownership interest in the properties' rentable square feet.

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

(3) Calculated for each property as the monthly contracted base rent per the terms of the lease(s) at such property, as of March 31, 2013, multiplied by 12 and then multiplied by our ownership interest for such property, and then aggregated by property type. Excludes billboard and antenna revenue and rent abatements. Total rent abatements with respect to our initial portfolio for leases in effect as of March 31, 2013 for the 12 months ending March 31, 2014 are \$980,117, of which our proportionate share, based on our ownership interest in the applicable properties, is \$980,117. Annualized base rent includes rent from triple net leases, modified gross leases and gross leases. See “Business—Leases.”

Table of Contents

- (4) Calculated for each property type as annualized base rent for such property type divided by annualized base rent for the total portfolio as of March 31, 2013.
- (5) Calculated for each property type as annualized base rent for such property type divided by our ownership interest in leased square feet for such property type as of March 31, 2013. Total annualized base rent per square foot, net of our proportionate share of rent abatements, for our properties is \$8.51.
- (6) Excluding our pending acquisitions of the 18310 - 18330 Oxnard St. and 8101 - 8117 Orion Ave. properties, which we refer to as Oxnard and Orion, respectively, and which we have under contract to purchase, occupancy was 87.3%, annualized base rent was \$18,472,886 and total annualized base rent per square foot was \$8.01.
- (7) Excluding our pending acquisitions of Oxnard and Orion, annualized base rent was \$41,092,327 and total annualized base rent per square foot was \$8.66.

Market	Number of Properties	Occupancy ⁽¹⁾	Rentable Square Feet	Ownership Interest in Rentable Square Feet ⁽²⁾	Percentage of Total Rentable Square Feet	Annualized Base Rent ⁽³⁾	Percentage of Total Annualized Base Rent ⁽⁴⁾	Annualized Base Rent per Square Foot ⁽⁵⁾
Los Angeles County								
Greater San Fernando Valley	14	91.2%	1,360,719	1,360,719	24.0%	\$ 12,226,117	29.0%	\$ 9.85
San Gabriel Valley	6	97.6%	612,482	612,482	10.8%	\$ 5,674,423	13.4%	\$ 9.49
Central	1	100.0%	190,663	190,663	3.4%	\$ 1,257,912	3.0%	\$ 6.60
Mid-Counties	4	82.2%	522,490	522,490	9.2%	\$ 3,015,480	7.1%	\$ 7.02
South Bay	6	77.7%	335,258	335,258	5.9%	\$ 1,959,024	4.6%	\$ 7.52
Subtotal / Weighted Average⁽⁶⁾	31	90.0%	3,021,612	3,021,612	53.3%	\$ 24,132,956	57.2%	\$ 8.87
Orange County								
North Orange County	2	97.6%	223,681	223,681	3.9%	\$ 1,801,800	4.3%	\$ 8.26
Airport	4	91.2%	289,040	289,040	5.1%	\$ 2,083,716	4.9%	\$ 7.90
Subtotal / Weighted Average	6	94.0%	512,721	512,721	9.0%	\$ 3,885,516	9.2%	\$ 8.06
San Bernardino County								
Inland Empire West	5	80.4%	495,561	495,561	8.7%	\$ 3,753,372	8.9%	\$ 9.42
Inland Empire East	2	94.9%	85,282	85,282	1.5%	\$ 447,288	1.1%	\$ 5.53
Subtotal / Weighted Average	7	82.5%	580,843	580,843	10.2%	\$ 4,200,660	10.0%	\$ 8.77
Ventura County								
Camarillo / Oxnard	6	91.5%	1,598,940	588,794	10.4%	\$ 3,849,365	9.1%	\$ 7.14
Subtotal / Weighted Average	6	91.5%	1,598,940	588,794	10.4%	\$ 3,849,365	9.1%	\$ 7.14
San Diego County								
North County	7	60.3%	709,251	709,251	12.5%	\$ 3,868,734	9.2%	\$ 9.05
Central	2	93.6%	137,989	137,989	2.4%	\$ 1,516,164	3.6%	\$ 11.74
South County	1	49.0%	78,615	78,615	1.4%	\$ 364,452	0.9%	\$ 9.46
Subtotal / Weighted Average	10	64.3%	925,855	925,855	16.3%	\$ 5,749,350	13.6%	\$ 9.66
Other⁽⁷⁾	1	75.6%	37,992	37,992	0.7%	\$ 387,024	0.9%	\$ 13.48
Portfolio—Total / Weighted Average⁽⁸⁾	61	85.5%	6,677,963	5,667,817	100.0%	\$ 42,204,871	100.0%	\$ 8.71

- (1) Calculated as the average occupancy at such properties as of March 31, 2013, weighted by our ownership interest in the properties' rentable square feet. As of June 4, 2013, we have entered into 53 new leases and 58 renewal leases, totaling 111 leases or renewals that had not yet commenced as of March 31, 2013 ("the uncommenced leases"). The table below sets forth pro forma data reflecting the uncommenced leases.

Market	Leased Square Feet Under Uncommenced Leases ^(a)	Ownership Interest in Leased Square Feet ^(b)	Pro Forma Occupancy ^(c)	Annualized Base Rent Under Uncommenced Leases ^(d)	Total Pro Forma Annualized Base Rent ^(e)	Total Pro Forma Annualized Base Rent per Square Foot ^(f)
Los Angeles County ^(g)	188,956	188,956	91.6%	\$ 1,897,926	\$ 24,579,655	\$ 8.88
Orange County	57,408	57,408	93.7%	\$ 509,913	\$ 3,859,976	\$ 8.04
San Bernardino County	79,047	79,047	87.5%	\$ 656,229	\$ 4,445,504	\$ 8.74
Ventura County	14,714	14,714	89.0%	\$ 123,904	\$ 3,714,313	\$ 7.09
San Diego County	223,807	223,807	86.4%	\$ 1,574,494	\$ 7,159,806	\$ 8.95
Other	3,381	3,381	75.6%	\$ 51,312	\$ 387,024	\$ 13.48
Total/Weighted Average^(h)	567,313	567,313	90.1%	\$ 4,813,778	\$ 44,146,278	\$ 8.64

- (a) The uncommenced leases include: 103,629 square feet being renewed and 85,327 square feet of new leases for Los Angeles County; 37,092 square feet being renewed and 20,316 square feet of new leases for Orange County; 28,289 square feet being renewed and 50,758 square feet of new leases for San Bernardino County; 14,714 square feet being renewed and no new leases for Ventura County; 19,145 square feet being renewed and 204,662 square feet of new leases for San Diego County; and 3,381 square feet being renewed and no new leases for Other.
- (b) Ownership interest in leased square feet is calculated as square feet subject to the uncommenced leases multiplied by our ownership interest in the relevant properties and then aggregated by market.
- (c) Pro forma occupancy is calculated as (i) square footage under lease as of March 31, 2013 weighted by our ownership interest in rentable square feet plus additional square footage leased pursuant to uncommenced leases (net of renewal space) as of June 4, 2013 weighted by our ownership interest minus square footage vacated between March 31, 2013 and June 4, 2013, weighted by our ownership interest in rentable square feet, divided by (ii) total rentable square feet (including new uncommenced leases) weighted by our ownership interest.
- (d) Annualized base rent under uncommenced leases is calculated by multiplying the first full month of contractual rents (before rent abatements) to be received under uncommenced leases, by 12 and then multiplying by our ownership interest in the relevant properties and then aggregating by market. Total rent abatements under leases entered into as of June 4, 2013 but that had not commenced as of March 31, 2013 for the 12 months ending March 31, 2014 are \$727,840. This figure includes \$688,799 of rent abatements for new leases and \$39,041 for renewal leases.
- (e) Total pro forma annualized base rent is calculated by adding annualized base rent as of March 31, 2013 and annualized base rent under uncommenced leases (net of renewals) and subtracting annualized base rent contributed by tenants that had vacated their applicable properties between March 31, 2013 and June 4, 2013. To avoid double counting, total pro forma annualized rent does not include annualized rent on space under lease as of March 31, 2013 that is being renewed pursuant to an uncommenced lease. Excludes billboard and antenna revenue.
- (f) Annualized base rent per square foot under uncommenced leases is calculated as (i) annualized rent base under leases entered into as of June 4, 2013 but that had not commenced as of March 31, 2013, divided by (ii) ownership interest in leased square feet under uncommenced leases.
- (g) Excluding our pending acquisitions of Oxnard and Orion, occupancy was 92.0%, annualized base rent under uncommenced leases was \$1,844,142, total pro forma annualized base rent was \$23,441,563 and total annualized base rent per square foot was \$8.80.
- (h) Excluding our pending acquisitions of Oxnard and Orion, occupancy was 90.3%, annualized base rent under uncommenced leases was \$4,759,995, total pro forma annualized base rent was \$43,008,186 and total annualized base rent per square foot was \$8.59.
- (2) Calculated for each property as rentable square feet for such property multiplied by our ownership interest for such property, and then aggregated by market.
- (3) Calculated for each property as monthly contracted base rent per the terms of the lease(s) at such property, as of March 31, 2013, multiplied by 12 and then multiplied by our ownership interest for such property, and then aggregated by market. Excludes billboard and antenna revenue and rent abatements. Total rent abatements with respect to our initial portfolio for leases in effect as of March 31, 2013 for the 12 months ending March 31, 2014 are \$980,117, of which our proportionate share, based on our ownership interest in the applicable properties, is \$980,117. Annualized base rent includes rent from triple net leases, modified gross leases and gross leases. See "Business—Leases."
- (4) Calculated as annualized base rent for such market divided by annualized base rent for the total portfolio as of March 31, 2013.
- (5) Calculated as annualized base rent for such market divided by our ownership interest in leased square feet for such market as of March 31, 2013. Total annualized base rent per square foot, net of our proportionate share of rent abatements, for our properties is \$8.51.
- (6) Excluding our pending acquisitions of Oxnard and Orion, occupancy was 90.4%, annualized base rent was \$23,020,412, percentage of total annualized base rent was 56.0% and total annualized base rent per square foot was \$8.79.
- (7) Includes one property in Glenview, Illinois.
- (8) Excluding our pending acquisitions of Oxnard and Orion, occupancy was 85.6%, annualized base rent was \$41,092,327 and total annualized base rent per square foot was \$8.66.

Table of Contents

Industry	Number of Leases ⁽¹⁾	Leased Square Feet	Ownership Interest in Leased Square Feet ⁽²⁾	Percentage of Total Leased Square Feet	Annualized Base Rent ⁽³⁾	Percentage of Total Annualized Base Rent ⁽⁴⁾	Annualized Base Rent per Square Foot ⁽⁵⁾
Wholesale/Retail ⁽⁶⁾	79	580,350	580,350	12.0%	\$ 4,883,172	11.6%	\$ 8.41
Business Services ⁽⁷⁾	96	339,542	339,542	7.0%	\$ 3,931,812	9.3%	\$ 11.58
Light Manufacturing ⁽⁸⁾	46	478,085	478,085	9.9%	\$ 3,549,504	8.4%	\$ 7.42
Apparel ⁽⁹⁾	27	720,684	465,684	9.6%	\$ 3,077,760	7.3%	\$ 6.61
Technology & Electronics ⁽¹⁰⁾	48	427,331	304,938	6.3%	\$ 3,042,102	7.2%	\$ 9.98
Industrial Equipment & Components	46	326,241	326,241	6.7%	\$ 2,647,950	6.3%	\$ 8.12
Construction ⁽¹¹⁾	53	329,807	329,807	6.8%	\$ 2,556,960	6.1%	\$ 7.75
Automotive ⁽¹²⁾	56	298,032	298,032	6.2%	\$ 2,546,904	6.0%	\$ 8.55
Paper & Printing	14	324,607	324,607	6.7%	\$ 2,382,036	5.6%	\$ 7.34
Warehousing & Storage ⁽¹³⁾	48	659,743	300,103	6.2%	\$ 2,231,347	5.3%	\$ 7.44
Pharmaceuticals	13	172,419	172,419	3.6%	\$ 2,116,128	5.0%	\$ 12.27
Food & Beverage ⁽¹⁴⁾	42	200,589	200,589	4.1%	\$ 1,885,128	4.5%	\$ 9.40
Sporting & Recreational Goods	26	163,077	163,077	3.4%	\$ 1,381,476	3.3%	\$ 8.47
Logistics & Transportation	22	159,385	159,385	3.3%	\$ 1,236,624	2.9%	\$ 7.76
Healthcare	28	120,609	120,609	2.5%	\$ 1,221,444	2.9%	\$ 10.13
Government	2	60,881	60,881	1.3%	\$ 1,071,936	2.5%	\$ 17.61
Financial Services	18	31,345	31,345	0.6%	\$ 415,512	1.0%	\$ 13.26
Other ⁽¹⁵⁾	29	188,156	188,156	3.9%	\$ 2,027,076	4.8%	\$ 10.77
Total / Weighted Average⁽¹⁶⁾	693	5,580,883	4,843,850	100.0%	\$ 42,204,871	100.0%	\$ 8.71

(1) A single lease may cover space in more than one building.

(2) Calculated for each lease as leased square feet multiplied by our ownership interest for the applicable property, and then aggregated by industry.

(3) Calculated for each lease as the monthly contracted base rent per the terms of such lease, as of March 31, 2013, multiplied by 12 and then multiplied by our ownership interest for the applicable property, and then aggregated by industry. Excludes billboard and antenna revenue and rent abatements. Total rent abatements with respect to our initial portfolio for leases in effect as of March 31, 2013 for the 12 months ending March 31, 2014 are \$980,117, of which our proportionate share, based on our ownership interest in the applicable properties, is \$980,117. Annualized base rent includes rent from triple net leases, modified gross leases and gross leases. See "Business—Leases."

(4) Calculated as annualized base rent for tenants in such industry divided by annualized base rent for the total portfolio as of March 31, 2013.

(5) Calculated as annualized base rent for tenants in such industry divided by our ownership interest in leased square feet for tenants in such industry as of March 31, 2013. Total annualized base rent per square foot, net of our proportionate share of rent abatements, for our properties is \$8.51.

(6) Excluding our pending acquisitions of Oxnard and Orion, annualized base rent was \$4,714,152, percentage of total annualized base rent was 11.5% and total annualized base rent per square foot was \$8.36.

(7) Excluding our pending acquisitions of Oxnard and Orion, annualized base rent was \$3,770,700, percentage of total annualized base rent was 9.2% and total annualized base rent per square foot was \$11.60.

(8) Excluding our pending acquisitions of Oxnard and Orion, annualized base rent was \$3,523,116, percentage of total annualized base rent was 8.6% and total annualized base rent per square foot was \$7.41.

(9) Excluding our pending acquisitions of Oxnard and Orion, annualized base rent was \$3,027,348, percentage of total annualized base rent was 7.4% and total annualized base rent per square foot was \$6.56.

(10) Excluding our pending acquisitions of Oxnard and Orion, annualized base rent was \$2,938,062, percentage of total annualized base rent was 7.1% and total annualized base rent per square foot was \$9.94.

(11) Excluding our pending acquisitions of Oxnard and Orion, annualized base rent was \$2,523,816, percentage of total annualized base rent was 6.1% and total annualized base rent per square foot was \$7.71.

(12) Excluding our pending acquisitions of Oxnard and Orion, annualized base rent was \$2,508,372, percentage of total annualized base rent was 6.1% and total annualized base rent per square foot was \$8.51.

(13) Excluding our pending acquisitions of Oxnard and Orion, annualized base rent was \$1,875,535, percentage of total annualized base rent was 4.6% and total annualized base rent per square foot was \$7.00.

(14) Excluding our pending acquisitions of Oxnard and Orion, annualized base rent was \$1,742,340, percentage of total annualized base rent was 4.2% and total annualized base rent per square foot was \$9.22.

Table of Contents

- (15) Excluding our pending acquisitions of Oxnard and Orion, annualized base rent was \$1,995,780, percentage of total annualized base rent was 4.9% and total annualized base rent per square foot was \$10.76.
- (16) Excluding our pending acquisitions of Oxnard and Orion, annualized base rent was \$41,092,327 and total annualized base rent per square foot was \$8.66.

The following table sets forth information about the 10 largest tenants in our portfolio based on total annualized rent as of March 31, 2013.

Tenant	Submarket	Number of Properties	Leased Square Feet	Ownership Interest in Leased Square Feet ⁽¹⁾	Percentage of Total Leased Square Feet	Annualized Base Rent ⁽²⁾	Percentage of Total Annualized Base Rent ⁽³⁾	Annualized Base Rent per Square Foot ⁽⁴⁾	Lease Expirations
Biosense	San Gabriel Valley	1	76,000	76,000	1.6%	\$ 967,824	2.3%	\$ 12.73	10/31/2020
Towne Inc	OC Airport	1	122,060	122,060	2.5%	\$ 678,900	1.6%	\$ 5.56	7/31/2014
Deckers Outdoor Corporation	Ventura	2	723,106	108,466	2.2%	\$ 592,223	1.4%	\$ 5.46	11/30/2018
Royal Printex	Central LA	1	78,928	78,928	1.6%	\$ 540,384	1.3%	\$ 6.85	1/31/2017
Sonic Electronix	Greater San Fernando Valley	1	71,268	71,268	1.5%	\$ 534,516	1.3%	\$ 7.50	8/31/2014
PureTek	Greater San Fernando Valley	1	76,993	76,993	1.6%	\$ 526,632	1.2%	\$ 6.84	11/30/2015
Circor Aerospace	Greater San Fernando Valley	1	77,118	77,118	1.6%	\$ 524,256	1.2%	\$ 6.80	12/31/2014
Perfect Fit Industries	Mid Counties	1	96,758	96,758	2.0%	\$ 522,492	1.2%	\$ 5.40	7/31/2013
Plastics Research Corporation	Inland Empire West	1	107,861	107,861	2.2%	\$ 440,076	1.0%	\$ 4.08	2/28/2022
Genie Air	Greater San Fernando Valley	1	81,282	81,282	1.7%	\$ 438,924	1.0%	\$ 5.40	5/31/2016
Top 10 Tenants		11	1,511,374	896,734	18.5%	\$ 5,766,227	13.7%	\$ 6.43	
All Other Tenants ⁽⁵⁾		50	4,069,509	3,947,116	81.5%	\$36,438,644	86.3%	\$ 9.23	
Total Initial Portfolio⁽⁶⁾		61	5,580,883	4,843,850	100.0%	\$42,204,871	100.0%	\$ 8.71	

(1) Calculated for each tenant as leased square feet multiplied by our ownership interest for the applicable property.

(2) Calculated for each tenant as the monthly contracted base rent per the terms of such tenant's lease, as of March 31, 2013, multiplied by 12 and then multiplied by our ownership interest for the applicable property. Excludes billboard and antenna revenue and rent abatements. Total rent abatements with respect to our initial portfolio for leases in effect as of March 31, 2013 for the 12 months ending March 31, 2014 are \$980,117, of which our proportionate share, based on our ownership interest in the applicable properties, is \$980,117. Annualized base rent includes rent from triple net leases, modified gross leases and gross leases. See "Business—Leases."

(3) Calculated as annualized base rent for such tenant divided by annualized base rent for the total portfolio as of March 31, 2013.

(4) Calculated as annualized base rent for such tenant divided by our ownership interest in leased square feet for such tenant as of March 31, 2013. Total annualized base rent per square foot, net of our proportionate share of rent abatements, for our properties is \$8.51.

(5) Excluding our pending acquisitions of Oxnard and Orion, annualized base rent was \$35,326,100, percentage of total annualized base rent was 86.0% and total annualized base rent per square foot was \$9.18.

(6) Excluding our pending acquisitions of Oxnard and Orion, annualized base rent was \$41,092,327 and total annualized base rent per square foot was \$8.66.

Table of Contents

As of March 31, 2013, our weighted average in-place remaining lease term was 2.57 years. The following table sets forth a summary schedule of lease expirations for leases in place as of March 31, 2013, plus available space, for each of the ten full and partial calendar years commencing March 31, 2013 and thereafter in our portfolio. The information set forth in the table assumes that tenants exercise no renewal options and no early termination rights.

<u>Year of Lease Expiration</u>	<u>Number of Leases Expiring</u>	<u>Total Rentable Square Feet⁽¹⁾</u>	<u>Ownership Interest in Rentable Square Feet⁽²⁾</u>	<u>Percentage of Total Owned Square Feet</u>	<u>Annualized Base Rent⁽³⁾</u>	<u>Percentage of Total Annualized Base Rent⁽⁴⁾</u>	<u>Annualized Base Rent per Square Foot⁽⁵⁾</u>
MTM Tenants ⁽⁶⁾⁽⁷⁾	49	113,339	113,339	2.0%	\$ 1,039,740	2.5%	\$ 9.17
Available ⁽⁸⁾	0	1,097,080	823,967	14.5%	\$ 0	0.0%	\$ 0.00
2013 ⁽⁹⁾	202	812,859	812,859	14.3%	\$ 7,322,400	17.3%	\$ 9.01
2014 ⁽¹⁰⁾	215	1,355,875	1,355,875	23.9%	\$ 11,164,975	26.5%	\$ 8.23
2015 ⁽¹¹⁾	140	1,102,780	980,387	17.3%	\$ 7,833,558	18.6%	\$ 7.99
2016 ⁽¹²⁾	44	526,443	526,443	9.3%	\$ 4,630,512	11.0%	\$ 8.80
2017 ⁽¹³⁾	17	342,615	342,615	6.0%	\$ 2,873,539	6.8%	\$ 8.39
2018 ⁽¹⁴⁾	15	938,080	323,440	5.7%	\$ 2,749,691	6.5%	\$ 8.50
2019	3	55,787	55,787	1.0%	\$ 582,672	1.4%	\$ 10.44
2020	4	154,526	154,526	2.7%	\$ 2,571,192	6.1%	\$ 16.64
2021	1	1,680	1,680	0.0%	\$ 29,028	0.1%	\$ 17.28
2022	1	107,861	107,861	1.9%	\$ 440,076	1.0%	\$ 4.08
Thereafter	2	69,038	69,038	1.2%	\$ 967,488	2.3%	\$ 14.01
Total Initial Portfolio⁽¹⁵⁾	693	6,677,963	5,667,817	100.0%	\$ 42,204,871	100.0%	\$ 8.71

(1) Represents the contracted square footage upon expiration.

(2) Calculated as rentable square feet for such property multiplied by our ownership interest in such property.

(3) Calculated as monthly contracted base rent per the terms of such lease, as of March 31, 2013, multiplied by 12 and then multiplied by our ownership interest in such property. Excludes billboard and antenna revenue and rent abatements. Total rent abatements with respect to our initial portfolio for leases in effect as of March 31, 2013 for the 12 months ending March 31, 2014 are \$980,117, of which our proportionate share, based on our ownership interest in the applicable properties, is \$980,117. Annualized base rent includes rent from triple net leases, modified gross leases and gross leases. See "Business—Leases."

(4) Calculated as annualized base rent set forth in this table divided by annualized base rent for the total portfolio as of March 31, 2013.

(5) Calculated as annualized base rent for such leases divided by our ownership interest in leased square feet for such leases at each of the properties so impacted by the lease expirations as of March 31, 2013. Total annualized base rent per square foot, net of our proportionate share of rent abatements, for our properties is \$8.51.

(6) Represents tenants under month-to-month leases.

(7) Excluding our pending acquisitions of Oxnard and Orion, annualized base rent was \$924,552, percentage of total annualized base rent was 2.2% and total annualized base rent per square foot was \$8.84.

(8) Excluding our pending acquisitions of Oxnard and Orion, percentage of total owned square feet was 14.4%.

(9) Excluding our pending acquisitions of Oxnard and Orion, annualized base rent was \$7,161,912, percentage of total annualized base rent was 17.4% and total annualized base rent per square foot was \$8.96.

(10) Excluding our pending acquisitions of Oxnard and Orion, annualized base rent was \$10,942,555, percentage of total annualized base rent was 26.6% and total annualized base rent per square foot was \$8.18.

(11) Excluding our pending acquisitions of Oxnard and Orion, annualized base rent was \$7,379,442, percentage of total annualized base rent was 18.0% and total annualized base rent per square foot was \$7.87.

(12) Excluding our pending acquisitions of Oxnard and Orion, annualized base rent was \$4,593,252, percentage of total annualized base rent was 11.2% and total annualized base rent per square foot was \$8.78.

(13) Excluding our pending acquisitions of Oxnard and Orion, annualized base rent was \$2,860,146, percentage of total annualized base rent was 7.0% and total annualized base rent per square foot was \$8.38.

(14) Excluding our pending acquisitions of Oxnard and Orion, annualized base rent was \$2,640,011, percentage of total annualized base rent was 6.4% and total annualized base rent per square foot was \$8.48.

(15) Excluding our pending acquisitions of Oxnard and Orion, annualized base rent was \$41,092,327 and total annualized base rent per square foot was \$8.66.

Summary Risk Factors

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

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

Structure and Formation of Our Company

Our Operating Partnership

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

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

Our Services Company

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

Formation Transactions

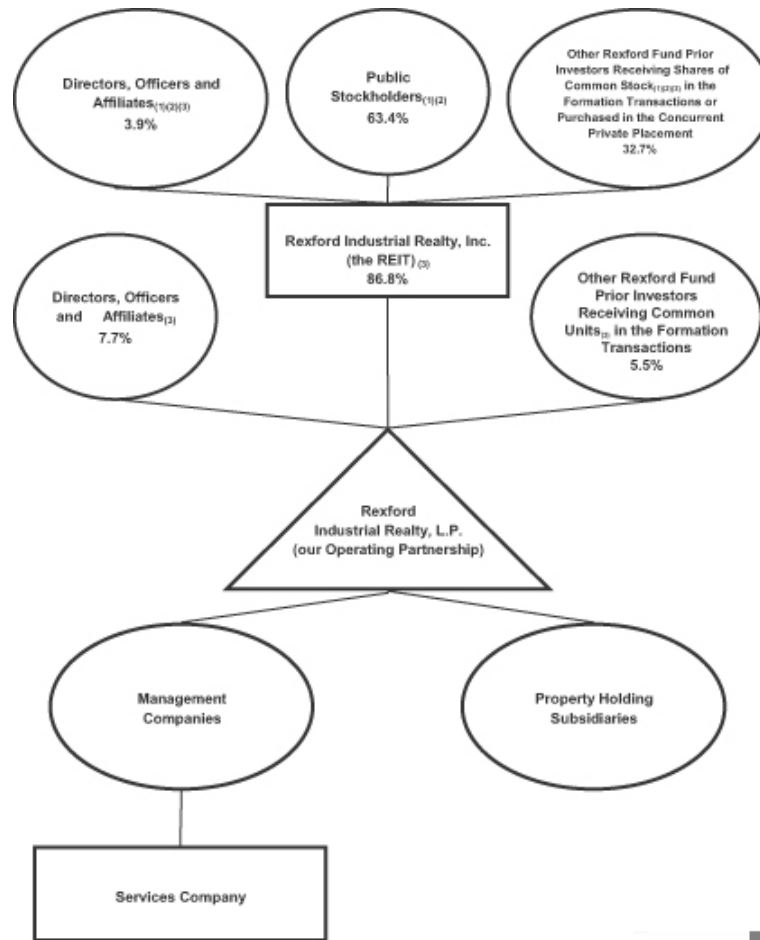
Each property that will be owned by us through our operating partnership upon the completion of this offering, the formation transactions and the concurrent private placement is currently owned indirectly by the Rexford Funds through property owning subsidiaries. We refer to these property owning subsidiaries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

Concurrent Private Placement

In connection with the formation transactions, we made available to accredited investors in the Rexford Funds and the Rexford management team the opportunity to acquire for cash additional shares of our common stock at the public offering price per share in this offering concurrently with the completion of the formation transactions and this offering. We refer to the shares issued pursuant to this opportunity as the concurrent private placement. No fees, discounts or selling commissions will be paid to the underwriters in connection with any sale of our common stock through the concurrent private placement. Rexford Fund investors and the Rexford management team have irrevocably committed to invest approximately \$47 million in the concurrent private placement, at a price per share equal to the public offering price in this offering. The shares that will be issued in the concurrent private placement will be in addition to the shares sold in this offering.

Corporate Structure

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



- (1) On a fully diluted basis, our public stockholders will own 55.3% of our outstanding common stock, our directors and executive officers and their affiliates will own 10.8% of our outstanding common stock and the other prior investors in the Rexford Funds and the management companies as a group will own 33.9% of our outstanding common stock.
- (2) If the underwriters exercise their over-allotment option in full, on a fully diluted basis, our public stockholders will own 58.7% of our outstanding common stock, our directors and executive officers and their affiliates will own 10.0% of our outstanding common stock and the other prior investors in the Rexford Funds and the management companies as a group will own 31.3% of our outstanding common stock.
- (3) If the underwriters exercise their over-allotment option in full, our public stockholders, our directors and executive officers and their affiliates and the other prior investors in the Rexford Funds and the management companies will own 66.6%, 3.5% and 29.9%, respectively, of our outstanding common stock, and we, our

directors and executive officers and their affiliates and the other prior investors in the Rexford Funds and the management companies will own 87.8%, 7.1%, and 5.1%, respectively, of the outstanding common units.

Benefits of the Formation Transactions to Related Parties

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

- Mr. Ziman, our Chairman, and his affiliates will receive 265,936 shares of our common stock and 643,446 common units in connection with the formation transactions and will purchase 40,690 shares of our common stock in the concurrent private placement, which together have an aggregate value of approximately \$13.3 million. As a result, Mr. Ziman and his affiliates will own approximately 3.3% of our outstanding common stock on a fully diluted basis (or 3.0% if the underwriters’ over-allotment option is exercised in full).
- Mr. Schwimmer, our Co-Chief Executive Officer and director, and his affiliates will receive 296,244 shares of our common stock and 852,890 common units in connection with the formation transactions and will purchase 24,209 shares of our common stock in the concurrent private placement, which together have an aggregate value of approximately \$16.4 million. As a result, Mr. Schwimmer and his affiliates will own approximately 4.1% of our outstanding common stock on a fully diluted basis (or 3.7% if the underwriters’ over-allotment option is exercised in full).
- Mr. Frankel, our Co-Chief Executive Officer and director, and his affiliates will receive 287,818 shares of our common stock and 670,923 common units in connection with the formation transactions and will purchase 14,754 shares of our common stock in the concurrent private placement, which together have an aggregate value of approximately \$13.6 million. As a result, Mr. Frankel and his affiliates will own approximately 3.4% of our outstanding common stock on a fully diluted basis (or 3.1% if the underwriters’ over-allotment option is exercised in full).
- To the extent that an ownership entity or any of the management companies has excess net working capital as determined by us within 45 days prior to the date of the preliminary prospectus in connection with this offering, the amount of such excess shall be due to the prior owners of such ownership entity or management company, as applicable, immediately prior to the completion of the offering, including our directors and executive officers who are prior investors. To the extent not distributed or paid by such ownership entity or management company prior to the completion of this offering, our operating partnership shall pay such amounts on behalf of each such ownership entity or management company, as applicable, promptly after the completion of this offering. The Rexford Funds and the management companies, in the aggregate, are expected to contribute approximately \$2.0 million of cash to us and our operating partnership in connection with the formation transactions.
- We will enter into a Tax Matters Agreement with certain limited partners of our operating partnership, pursuant to which our operating partnership will agree to indemnify such limited partners against adverse tax consequences in connection with: (1) our sale of certain specified properties in a taxable transaction prior to the seventh anniversary of the completion of the formation transactions; and (2) our failure to provide certain limited partners the opportunity to

guarantee certain debt of our operating partnership during the period ending on the twelfth anniversary of the completion of the formation transactions, or following such period, our failure to use commercially reasonable efforts to provide such opportunities; provided that, subject to certain exceptions and limitations, such indemnification rights will terminate for any such protected partner that sells, exchanges or otherwise disposes of more than 50% of his or her common units during such period. It is anticipated that the total amount of protected built-in gain on the protected properties will be approximately \$38.9 million of which \$4.0 million, \$8.8 million, and \$4.7 million is attributable to Messrs. Ziman, Schwimmer and Frankel, respectively. In addition, our operating partnership will be required to offer certain limited partners the opportunity to guarantee, in the aggregate, up to approximately \$19 million of our debt, of which Messrs. Ziman, Schwimmer and Frankel will have the opportunity to guarantee up to approximately \$2.4 million, \$6.5 million, and \$3.5 million, respectively, of our outstanding indebtedness respectively pursuant to the Tax Matters Agreement.

- In connection with the completion of this offering, we will enter into a registration rights agreement with the various persons receiving shares of our common stock and/or common units in the formation transactions and the concurrent private placement, including certain of our directors and executive officers and their affiliates. Under the registration rights agreement, subject to certain limitations, commencing not later than 14 months after the date of the completion of this offering, we will file one or more registration statements covering the resale of the shares of our common stock issued in the formation transactions and the concurrent private placement and the resale of the shares of our common stock issued or issuable, at our option, in exchange for common units issued in the formation transactions. We may, at our option, satisfy our obligation to prepare and file a resale registration statement by filing a registration statement registering the issuance by us of shares of our common stock under the Securities Act in lieu of our operating partnership's obligation to pay cash for such units. We will agree to pay all of the expenses relating to the securities registrations described above. See "Certain Relationships and Related Transactions—Registration Rights" and "Shares Eligible for Future Sale—Registration Rights."
- We intend to enter into employment agreements with certain of our executive officers that would become effective as of the completion of this offering, which we expect will provide for salary, bonus and other benefits, including severance upon a termination of employment under certain circumstances. The material terms of these agreements are described under "Executive Compensation—Executive Compensation Arrangements."
- We intend to enter into indemnification agreements with directors and executive officers at the completion of this offering, providing for procedures for indemnification by us to the fullest extent permitted by law and advancements by us of certain expenses and costs relating to claims, suits or proceedings arising from their service to us or, at our request, service to other entities, as officers or directors.
- We intend to adopt our 2013 Incentive Award Plan, under which we may grant cash or equity incentive awards to our directors, officers, employees and consultants. See "Executive Compensation—2013 Incentive Award Plan."

Conflicts of Interest

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

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

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

In addition, pursuant to a Tax Matters Agreement, our operating partnership has agreed to indemnify certain limited partners of our operating partnership, including certain of our directors and executive officers, against adverse tax consequences to them in the event that we sell, exchange or otherwise dispose of any interest in certain specified properties in a taxable transaction prior to the seventh anniversary of the completion of the formation transactions. It is anticipated that the total amount of protected built-in gain on the protected properties will be approximately \$38.9 million. Furthermore, our operating partnership will also be required to indemnify certain limited partners of our operating partnership against any resulting taxes to them if we fail to offer them an opportunity to guarantee, in the aggregate, up to approximately \$19 million of certain of our outstanding indebtedness during the period ending on the twelfth anniversary of the completion of the formation transactions or if we fail to use commercially reasonable efforts to provide such debt guarantee opportunities to such continuing limited partners following such time period. Subject to certain exceptions and limitations, such indemnification rights will terminate for any protected partner that sells, exchanges or otherwise disposes of more than 50% of his or her common units.

Prior to the formation transactions, the services company and RI, LLC provided management services to the Rexford Funds. As part of the formation transactions, the services company and RI, LLC will become wholly owned subsidiaries of our operating partnership. Mr. Schwimmer owns interests in 19 properties representing approximately 1.0 million square feet that are not part of the Rexford Funds portfolio. Mr. Schwimmer's investments in these properties are more than a decade old and pre-date the formation of the Rexford Funds. Mr. Schwimmer is the general partner, or co-general partner, of each of the entities that owns these properties. These properties are currently managed by RI, LLC, and will be managed by our services company after

completion of this offering. In 2013, these property management agreements are expected to generate revenues of approximately \$117,000 for the services company. In addition, three of these properties are held as tenancies-in-common with other parties, and are subject to tenancy-in-common agreements, which appoint RI, LLC as manager of the properties, in charge of providing day-to-day business operations and leasing services, in return for a property management fee. Following the completion of this offering, the services company and RI, LLC will continue to provide management services to these properties. Conflicts of interest may exist or could arise in the future in connection with considering whether to extend, terminate or re-negotiate these property management agreements.

Mr. Ziman currently serves as chairman of the board of directors of AVP Advisors, LLC and AVP Capital, LLC (“AVP”), a position he has held since June 2006. In connection with his AVP board service, Mr. Ziman has been involved in significant business matters of AVP, including raising \$500 million for a fund investing in third-party real estate investment funds targeting investments in a range of property types across a diverse range of U.S. property markets. AVP has deployed its capital and is not currently investing additional capital. Conflicts of interest may exist or could arise in the future as a result of Mr. Ziman’s service on the board of AVP.

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

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

Tax Status

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

Distribution Policy

We are a newly formed company that has not commenced operations, and as a result, we have not paid any distributions as of the date of this prospectus. U.S. federal income tax laws generally require that a REIT distribute annually at least 90% of its REIT taxable income, determined without regard to the deduction for dividends paid and excluding any net capital gains. To satisfy the requirements to qualify as a REIT and generally not be subject to U.S. federal income tax, we intend to make quarterly distributions of all or substantially all of our REIT taxable income, determined without regard to the deduction for dividends paid, to holders of our common stock out of assets legally available therefor. We intend to pay a pro rata initial distribution with respect to the period commencing on the completion of this offering and ending at the last day of the then-current fiscal quarter, based on a distribution of \$0.123 per share for a full quarter. On an annualized basis, this would be \$0.49 per share, or an annual distribution rate of approximately 3.5% based on the initial public offering price. We estimate this initial annual distribution rate will represent approximately 82.0% of estimated cash available for distribution to our common stockholders for the 12 months ending March 31, 2014. We intend to maintain our initial distribution rate for the 12-month period following completion of this offering unless our actual results of operations, economic conditions or other factors differ materially from the assumptions used in our estimate. These distributions and any future distributions we make will be at the discretion of our board of directors and will depend upon our earnings and financial condition, maintenance of REIT qualification, applicable restrictions contained in the Maryland General Corporation Law (“MGCL”) and such other factors as our board may determine in its sole discretion. We anticipate that our estimated cash available for distribution will exceed the annual distribution requirements applicable to REITs. However, under some circumstances, we may be required to pay distributions in excess of cash available for distribution in order to meet these distribution requirements and may need to use the proceeds from future equity and debt offerings, sell assets or borrow funds to make some distributions. We have no intention to use the net proceeds of this offering to make distributions nor do we intend to make distributions using shares of common stock. We cannot assure you that our distribution policy will not change in the future.

Restrictions on Transfer

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

Restrictions on Ownership

Due to limitations on the concentration of ownership of REIT stock imposed by the Code, our charter generally prohibits any person from actually, beneficially or constructively owning more than 9.8% in value or

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

Emerging Growth Company

We are an “emerging growth company,” as defined in the Jumpstart Our Business Startups Act, or the JOBS Act. For as long as we continue to be an emerging growth company, we may take advantage of exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. Although these exemptions will be available to us, they will not have a material impact on our public reporting and disclosure.

We could be an emerging growth company for up to five years, although circumstances could cause us to lose that status earlier. We will remain an “emerging growth company” until the earliest to occur of (i) the last day of the fiscal year during which our total annual revenues equal or exceed \$1.0 billion (subject to adjustment for inflation), (ii) the last day of the fiscal year following the fifth anniversary of our initial public offering, (iii) the date on which we have, during the previous three-year period, issued more than \$1.0 billion in non-convertible debt, or (iv) the date on which we are deemed a “large accelerated filer” under the Exchange Act.

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

The Offering

Common stock offered by us	16,000,000 shares of common stock (plus up to an additional 2,400,000 shares of common stock that we may issue and sell upon the exercise of the underwriters' over-allotment option).
Common stock and common units to be outstanding after completion of the formation transactions, the concurrent private placement and this offering	25,239,339 shares of common stock and 3,714,419 units(1)(2)(3)(4)
Use of proceeds	<p>We estimate that the net proceeds we will receive from the sale of shares of our common stock in this offering will be approximately \$201.8 million (or approximately \$233.1 million if the underwriters exercise their over-allotment option in full), in each case assuming a public offering price of \$14.00 per share, which is the mid-point of the price range set forth on the front cover of this prospectus. In addition, we expect the net proceeds of the concurrent private placement will be approximately \$47.0 million, resulting in total net proceeds of \$248.8 million. We will contribute the net proceeds we receive from this offering and the concurrent private placement to our operating partnership in exchange for common units in our operating partnership.</p> <p>We expect our operating partnership will use the net proceeds from this offering and the concurrent private placement, together with the proceeds from a new approximately \$60 million term loan, borrowings under our proposed revolving credit facility and contributions to our operating partnership of approximately \$2.0 million of cash working capital in connection with the formation transactions, as described below:</p> <ul style="list-style-type: none">• approximately \$301.6 million to repay in full certain outstanding indebtedness, and approximately \$2.8 million to pay related prepayment costs, exit fees and unpaid extension fees;• approximately \$1.5 million to pay fees associated with our proposed revolving credit facility and the new term loan;• approximately \$6.5 million to fund the excess working capital distribution;• \$0.7 million to pay non-accredited investors in connection with the formation transactions;• approximately \$0.6 million to pay transfer taxes and fees associated with the contribution of our properties to us; and• the remaining amounts to acquire and manage industrial properties and for general corporate purposes.

Prior to the full deployment of the net proceeds as described above, we intend to invest the undeployed net proceeds in interest-bearing short-term investment grade securities or money-market accounts that are consistent with our intention to qualify as a REIT, including, for example, government and government agency certificates, certificates of deposit and interest-bearing bank deposits. We expect that these initial investments will provide a lower net return than we expect to receive from investments in industrial properties. If the underwriters exercise their over-allotment option in full, we expect to use the additional \$31.2 million of net proceeds for general corporate purposes. See “Use of Proceeds” and “Business—Description of Certain Debt.”

Risk Factors

Investing in our common stock involves a high degree of risk. You should carefully read and consider the information set forth under the heading “Risk Factors” beginning on page 31 and the other information included in this prospectus before investing in our common stock.

Proposed New York Stock Exchange symbol

“REXR”

- (1) Assumes the underwriters’ over-allotment option to purchase up to an additional 2,400,000 shares of common stock is not exercised.
- (2) Includes 3,358,311 shares of our common stock issuable pursuant to the concurrent private placement and 4,957,099 shares of common stock issuable to prior investors in the formation transactions.
- (3) Does not include 1,348,760 shares of our common stock or LTIP units reserved for issuance under our 2013 Incentive Award Plan following the grant of equity awards upon the completion of this offering. Includes 923,929 shares of common stock issuable pursuant to awards to be granted under our 2013 Incentive Award Plan to our directors, executive officers and non-executive employees upon completion of this offering. See “Executive Compensation—2013 Incentive Award Plan” for additional information.
- (4) Represents common units held by limited partners (other than common units held by our company) expected to be outstanding following completion of our formation transactions.

Summary Financial Information

The following table sets forth selected financial and operating data on (i) a pro forma basis for our company and (ii) a historical basis for “Rexford Industrial Realty, Inc. Predecessor.” Rexford Industrial Realty, Inc. Predecessor consists of RI, LLC, Sponsor, Fund V REIT and their consolidated subsidiaries, which consist of one limited partnership and four limited liability companies and their subsidiaries. Each of the entities comprising Rexford Industrial Realty, Inc. Predecessor is owned, managed, and controlled (individually or jointly as discussed in more detail elsewhere in the prospectus) by our predecessor principals. As such, we have combined these entities on the basis of common ownership and common management. Upon completion of our formation transactions, the concurrent private placement and this offering, we will acquire the interests in 61 industrial properties owned directly or indirectly by Rexford Industrial Realty, Inc. Predecessor, including two properties that we currently have under contract to purchase.

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

[Table of Contents](#)

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

The unaudited pro forma condensed consolidated balance sheet data is presented as if our formation transactions, the concurrent private placement and this offering had occurred on March 31, 2013, and the unaudited pro forma statements of operations and other data for the three months ended March 31, 2013 and the year ended December 31, 2012, is presented as if our formation transactions, the concurrent private placement and this offering had occurred on January 1, 2012. The unaudited pro forma condensed consolidated financial statements include the effects of the contribution of the entities that comprise Rexford Industrial Realty, Inc. Predecessor, including (i) RI, LLC and its consolidated subsidiaries, (ii) Sponsor and Fund V REIT and their consolidated subsidiaries and (iii) other contributions or acquisitions of non-predecessor entities. The contribution of Sponsor and Fund V REIT and their consolidated subsidiaries and the other contributions or acquisitions of non-predecessor entities has been accounted for using the acquisition method of accounting as discussed in more detail elsewhere in the prospectus. The pro forma financial information is not necessarily indicative of what our actual financial condition would have been as of March 31, 2013 or what our actual results of operations would have been assuming our formation transactions, the concurrent private placement and this offering had been completed as of January 1, 2012, nor does it purport to represent our future financial position or results of operations.

The unaudited summary historical combined balance sheet information as of March 31, 2013 and statement of operations data for the three months ended March 31, 2013 and 2012 have been derived from the unaudited combined financial statements of Rexford Industrial Realty, Inc. Predecessor included elsewhere in this prospectus. The summary historical combined balance sheet information as of December 31, 2012 and 2011, and the historical combined statement of operations data for the years ended December 31, 2012 and 2011 have been derived from the combined financial statements of Rexford Industrial Realty, Inc. Predecessor, which were audited by Ernst & Young LLP, independent registered public accountants, and are included elsewhere in this prospectus.

	<u>Three Months Ended March 31,</u>			<u>Year Ended December 31,</u>			
	<u>Company Pro Forma Consolidated 2013 (Unaudited)</u>	<u>Rexford Predecessor Historical Combined</u>		<u>Company Pro Forma Consolidated 2012 (Unaudited)</u>	<u>Rexford Predecessor Historical Combined</u>		
		<u>2013 (Unaudited)</u>	<u>2012 (Unaudited)</u>		<u>2012</u>	<u>2011</u>	
		<u>(In Thousands)</u>			<u>(In Thousands)</u>		
Statement of Operations Data:							
Revenue							
Rental revenues	\$	9,592	\$ 7,902	\$ 7,039	\$ 35,500	\$28,586	\$23,696
Tenant reimbursements		1,095	904	789	4,085	3,262	2,438
Management, leasing and development services		261	261	64	519	519	316
Other income		119	118	17	115	124	149
Total rental revenues		11,067	9,185	7,909	40,219	32,491	26,599
Interest income		248	311	337	1,011	1,577	1,578
Total revenues		11,315	9,496	8,246	41,230	34,068	28,177
Expenses							
Property expenses		2,801	2,171	1,987	10,734	8,328	6,865
General and administrative		2,040	1,153	983	8,683	5,146	3,729
Depreciation and amortization		7,273	3,208	3,526	17,822	12,727	9,874
Other property expenses		349	341	276	1,324	1,302	1,030
Total operating expenses		12,463	6,873	6,772	38,563	27,503	21,498
Other (income) expense							
Acquisition expenses		—	93	68	—	599	1,022
Interest expense		939	3,906	4,209	3,754	17,452	17,970
Gain on mark-to-market interest rate swaps		—	(49)	(612)	—	(2,361)	(4,185)
Total other (income) expense		939	3,950	3,665	3,754	15,690	14,807
Total expenses		13,402	10,823	10,437	42,317	43,193	36,305

[Table of Contents](#)

	<u>Three Months Ended March 31,</u>			<u>Year Ended December 31,</u>		
	<u>Company Pro Forma Consolidated 2013 (Unaudited)</u>	<u>Rexford Predecessor Historical Combined 2013 (Unaudited) (In Thousands)</u>	<u>2012 (Unaudited)</u>	<u>Company Pro Forma Consolidated 2012 (Unaudited)</u>	<u>Rexford Predecessor Historical Combined 2012 2011 (In Thousands)</u>	<u>2011</u>
Equity in income (loss) of unconsolidated real estate entities	61	(212)	57	(105)	122	185
Gain from early repayment of note receivable	—	1,365	—	—	—	—
Loss on extinguishment of debt	—	(37)	—	—	—	—
Net income (loss) from continuing operations	<u>(2,026)</u>	<u>(211)</u>	<u>(2,134)</u>	<u>(1,192)</u>	<u>(9,003)</u>	<u>(7,943)</u>
Discontinued operations						
Income (loss) from discontinued operations before gains (losses) on settlement of debt and sale of real estate	—	64	34	—	(9)	(897)
Loss on extinguishment of debt	—	(209)	—	—	—	—
Gain on sale of real estate	—	2,409	—	—	55	2,503
Income from discontinued operations	<u>—</u>	<u>2,264</u>	<u>34</u>	<u>—</u>	<u>46</u>	<u>1,606</u>
Net income (loss)	<u>\$ (2,026)</u>	<u>\$ 2,053</u>	<u>\$ (2,100)</u>	<u>\$ (1,192)</u>	<u>\$ (8,957)</u>	<u>\$ (6,337)</u>
Balance Sheet Data						
(End of Period):						
Rental property, before accumulated depreciation	\$ 466,217	\$ 383,944			\$ 383,316	\$ 358,995
Rental property, after accumulated depreciation	\$ 418,867	\$ 324,196			\$ 326,139	\$ 311,734
Total assets	\$ 456,549	\$ 420,390			\$ 420,496	\$ 383,215
Notes payable	\$ 129,290	\$ 313,118			\$ 308,991	\$ 297,000
Total liabilities	\$ 138,340	\$ 325,483			\$ 324,248	\$ 315,535
Total equity	\$ 318,209	\$ 94,907			\$ 96,248	\$ 67,680
Other Data:						
NOI ⁽¹⁾	\$ 7,917	\$ 6,673	\$ 5,646	\$ 28,161	\$ 22,861	\$ 18,704
EBITDA ⁽¹⁾	\$ 6,186	\$ 9,167	\$ 5,635	\$ 20,384	\$ 21,222	\$ 21,507
FFO ⁽¹⁾	\$ 5,344	\$ 3,646	\$ 1,596	\$ 16,896	\$ 4,614	\$ 1,973
(1) See “Management’s Discussion and Analysis of Financial Condition and Results of Operations” for more detailed explanations of NOI, EBITDA and FFO, and reconciliations of NOI, EBITDA and FFO to net income computed in accordance with GAAP.						

RISK FACTORS

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

Risks Related to Our Business and Operations

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

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

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

Substantially all of our properties (60 out of the total 61) are located in Southern California, which exposes us to greater economic risks than if we owned a more geographically diverse portfolio. We are particularly susceptible to adverse economic or other conditions in Southern California (such as periods of economic slowdown or recession, business layoffs or downsizing, industry slowdowns, relocations of businesses, increases in real estate and other taxes and the cost of complying with governmental regulations or increased regulation), as well as to natural disasters that occur in this market (such as earthquakes, wild fires and other events). The Southern California market has experienced downturns within recent years. A further downturn in the Southern California economy could impact our tenants' ability to continue to meet its rental obligations or otherwise adversely affect the size of our tenant base, which could materially adversely affect our operations and our revenue and cash available for distribution, including cash available to pay distributions to our stockholders. We cannot assure you that the Southern California market will grow or that underlying real estate fundamentals will be favorable to owners and operators of industrial properties. Our operations may also be affected if competing properties are built in the Southern California market. In addition, the State of California continues to suffer from severe budgetary constraints and is regarded as more litigious and more highly regulated and taxed than many other states, all of which may reduce demand for industrial space in California and may make it more costly to operate our business. Any adverse economic or real estate developments in the Southern California market, or any decrease in demand for industrial space resulting from the regulatory environment, business climate or energy or fiscal problems, could adversely impact our financial condition, results of operations, cash flow, our ability to satisfy our debt service obligations and our ability to pay distributions to our stockholders.

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

Our properties are concentrated in certain industries, which, as of March 31, 2013, included the following (and accounted for the percentage of our total annualized rent indicated): Wholesale/Retail (11.6%); Business Services (9.3%); and Light Manufacturing (8.4%). Any downturn in one or more of these industries, or in any other industry in which we may have a significant concentration now or in the future, could adversely

[Table of Contents](#)

affect our tenants who are involved in such industries. If any of these tenants is unable to withstand such downturn or is otherwise unable to compete effectively in its business, it may be forced to declare bankruptcy, fail to meet its rental obligations, seek rental concessions or be unable to enter into new leases, which could materially and adversely affect us.

We expect to have approximately \$129.3 million of indebtedness outstanding following this offering, which may expose us to the risk of default under our debt obligations.

Upon completion of this offering, we anticipate that our total consolidated indebtedness will consist of approximately \$129.3 million of indebtedness, including approximately \$21.2 million outstanding under our proposed revolving credit facility,⁽¹⁾ \$60.0 million in principal amount of mortgage debt under our new term loan, and approximately \$48.1 million in principal amount of mortgage debt that we will assume as part of the formation transactions. Additionally, we will have approximately \$6.2 million of secured indebtedness allocable to our 15% joint venture interest in the three properties owned indirectly by the JV (as further described in this section below). A substantial portion of this indebtedness will be guaranteed by our operating partnership. We may incur significant additional debt to finance future acquisition and development activities.

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

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

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

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

As of March 31, 2013, leases representing 16.3% and 23.9% of the rentable square footage of the properties in our initial portfolio will expire in the remainder of 2013 and 2014 respectively, and an additional

(1) Assumes borrowings of approximately \$7.0 million we expect to borrow under our proposed revolving credit facility at the completion of this offering and an additional \$14.2 million which we expect to borrow under our proposed revolving credit facility to acquire 8101-8117 Orion Avenue and 18310-18330 Oxnard Street shortly following the completion of this offering.

[Table of Contents](#)

10.6% of the rentable square footage of the properties in our initial portfolio was available (taking into account leases signed as of March 31, 2013 that had not yet commenced on that date). We cannot assure you that our leases will be renewed or that our properties will be re-leased at rental rates equal to or above the current average rental rates or that we will not offer substantial rent abatements, tenant improvements, early termination rights or below-market renewal options to attract new tenants or retain existing tenants. If the rental rates for our properties decrease, or if our existing tenants do not renew their leases or we do not re-lease a significant portion of our available space and space for which leases will expire, our financial condition, results of operations, cash flows and our ability to pay distributions on, and the per share trading price of, our common stock could be adversely affected.

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

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

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

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

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

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

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

[Table of Contents](#)

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

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

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

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

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

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

The current market for acquisitions of industrial properties in Southern California continues to be extremely competitive. This competition may increase the demand for our target properties and, therefore, reduce the number of suitable acquisition opportunities available to us and increase the prices paid for such acquisition properties. We also face significant competition for attractive acquisition opportunities from an indeterminate number of investors, including publicly traded and privately held REITs, private equity investors and institutional investment funds, some of which have greater financial resources than we do, a greater ability to borrow funds to acquire properties and the ability to accept more risk than we can prudently manage, including risks with respect to the geographic proximity of investments and the payment of higher acquisition prices. This competition will increase if investments in real estate become more attractive relative to other forms of investment. Competition

[Table of Contents](#)

for investments may reduce the number of suitable investment opportunities available to us and may have the effect of increasing prices paid for such acquisition properties and/or reducing the rents we can charge and, as a result, adversely affecting our operating results.

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

As of March 31, 2013, approximately half of the acquisitions by deal count completed by our predecessor business since inception, were acquired in off-market or lightly marketed transactions, which are transactions that are characterized by a lack of a formal marketing process and lack of widely disseminated marketing materials. We sometimes refer to these transactions as “limited marketing” transactions. Properties that are acquired by “limited marketing” transactions are typically more attractive to us as a purchaser because of the absence of a formal or extended marketing/bidding period, the presence of which could lead to higher prices. If we cannot obtain “limited marketing” deal flow in the future, our ability to locate and acquire additional properties at attractive prices may be adversely affected.

Our future acquisitions may not yield the returns we expect.

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

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

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

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

Factors that may adversely affect our ability to control operating costs include the need to pay for insurance and other operating costs, including real estate taxes, which could increase over time, the need

[Table of Contents](#)

periodically to repair, renovate and re-lease space, the cost of compliance with governmental regulation, including zoning and tax laws, the potential for liability under applicable laws, interest rate levels and the availability of financing. If our operating costs increase as a result of any of the foregoing factors, our results of operations may be adversely affected.

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

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

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

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

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

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

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

[Table of Contents](#)

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

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

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

Subject to the rules related to maintaining our qualification as a REIT, we may enter into hedging transactions to protect us from the effects of interest rate fluctuations on floating rate debt. Our hedging transactions may include entering into interest rate cap agreements or interest rate swap agreements. These agreements involve risks, such as the risk that such arrangements would not be effective in reducing our exposure to interest rate changes or that a court could rule that such an agreement is not legally enforceable. In addition, interest rate hedging can be expensive, particularly during periods of rising and volatile interest rates. Hedging could reduce the overall returns on our investments. Failure to hedge effectively against interest rate changes could materially adversely affect our financial condition, results of operations, cash flows and our ability to pay distributions on, and the per share trading price of, our common stock. In addition, while such agreements would be intended to lessen the impact of rising interest rates on us, they could also expose us to the risk that the other parties to the agreements would not perform, we could incur significant costs associated with the settlement of the agreements or that the underlying transactions could fail to qualify as highly effective cash flow hedges under Financial Accounting Standards Board, or FASB, Accounting Standards Codification, or ASC, Topic 815, *Derivatives and Hedging*.

Our proposed revolving credit facility and new term loan will restrict our ability to engage in some business activities.

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

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

[Table of Contents](#)

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

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

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

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

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

We have no operating history as a publicly traded company and may not be able to successfully operate our business or generate sufficient cash flows to make or sustain distributions to our stockholders as a publicly traded company or maintain our qualification as a REIT.

We were organized in January 2013, and we will only commence operations upon completion of this offering. We have no operating history as a publicly traded company and may not be able to successfully operate our business or implement our operating policies and investment strategy as described in this prospectus. We cannot assure you that the past experience of our senior management team will be sufficient to successfully operate our company as a REIT or a publicly traded company, including the requirements to timely meet disclosure requirements of the SEC, and comply with the Sarbanes-Oxley Act of 2002, or Sarbanes-Oxley Act. Upon completion of this offering, we will be required to develop and implement control systems and procedures in order to qualify and maintain our qualification as a REIT, to satisfy our periodic and current reporting requirements under applicable SEC regulations, to comply with the requirements of the Sarbanes-Oxley Act and to comply with New York Stock Exchange, or NYSE, listing standards, and this transition could place a

[Table of Contents](#)

significant strain on our management systems, infrastructure and other resources. Failure to operate successfully as a publicly traded company, to develop and implement appropriate control systems and procedures in accordance with the Sarbanes-Oxley Act or maintain our qualification as a REIT would have an adverse effect on our financial condition, results of operations, cash flow and per share trading price of our common stock. See “—Risks Related to Our Status as a REIT —Failure to qualify or maintain our qualification as a REIT would have significant adverse consequences to us and the per share trading price of our common stock.” Furthermore, we may not be able to generate sufficient cash flows to pay our operating expenses, service any debt we may incur in the future and make distributions to our stockholders. Our ability to successfully operate our business and implement our operating policies and investment strategy will depend on many factors, including:

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

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

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

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

[Table of Contents](#)

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

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

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

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

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

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

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

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

[Table of Contents](#)

Our real estate development and re-development activities are subject to risks particular to development and re-development.

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

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

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

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

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

Our ability to retain our senior management, particularly Messrs. Ziman, Schwimmer and Frankel, or to attract suitable replacements should any members of our senior management leave, is dependent on the competitive nature of the employment market. We have not obtained and do not expect to obtain key man life insurance on any of our key personnel. The loss of services of one or more members of our senior management team, or our inability to attract and retain highly qualified personnel, could adversely affect our business, diminish our investment opportunities and weaken our relationships with lenders, business partners, existing and

[Table of Contents](#)

prospective tenants and industry participants. Further, the loss of a member of our senior management team could be negatively perceived in the capital markets. Any of these developments could adversely affect our financial condition, results of operations, cash flows and our ability to pay distributions on, and the value of, our common stock.

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

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

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

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

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

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

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

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

Independent environmental consultants conducted a Phase I or similar environmental site assessment on most of our properties at the time of their acquisition or in connection with subsequent financings. Such Phase Is or similar environmental site assessments are limited in scope and may not include or identify all potential

[Table of Contents](#)

environmental liabilities or risks associated with the relevant properties. We have not obtained and do not intend to obtain new or updated Phase Is or similar environmental site assessments in connection with this offering and the formation transactions, which may expose us to liability related to unknown or unanticipated environmental matters. Unless required by applicable laws or regulations, we may not further investigate, remedy or ameliorate the liabilities disclosed in the existing Phase Is or similar environmental site assessments and this failure may expose us to liability in the future.

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

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

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

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

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

We currently hold a 15% interest in a joint venture (the "JV") that indirectly owns three properties located in Ventura County, California. In addition to the general risks described above with respect to joint ventures, specifically with respect to the JV, at any time that less than two of Messrs. Ziman, Schwimmer and Frankel remain as executive officers with involvement in the day-to-day operations of our company and its subsidiaries, our joint venture partner may have the ability to remove us as a co-manager of the JV, offset against

[Table of Contents](#)

distributions to which we would otherwise be entitled, and/or force the sale of our 15% interest in the JV to our joint venture partner. Additionally, under the terms of our joint venture agreement with, until the earlier of (i) the sale of the Mission Oaks properties owned indirectly by the JV and (ii) the date upon which the property located at 3233 E. Mission Oaks Boulevard achieves 85% pre-leasing/leasing or occupancy (as applicable) for two consecutive calendar months, prior to purchasing, investing in or acquiring a direct or indirect interest in any debt or equity associated with any property located in Ventura County, California with industrial tenant space (or which is intended to have industrial tenant space) larger than 30,000 square feet and meets certain other investment criteria, we are obligated to offer our joint venture partner the opportunity to invest in such investment opportunity on substantially the same terms and conditions offered to us or our affiliates.

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

As a new publicly traded company, we will be required to comply with the applicable provisions of the Sarbanes-Oxley Act, which requires, among other things, that we establish and maintain effective internal controls and procedures for financial reporting and effective disclosure controls and procedures for making required filings with the SEC. Effective internal and disclosure controls are necessary for us to provide reliable financial reports and effectively prevent fraud and to operate successfully as a public company. If we cannot provide reliable financial reports or prevent fraud, our reputation and operating results would be harmed.

The process for designing and implementing an effective system of integrated internal controls is a continuous effort that requires significant resources and devotion of time. As part of the ongoing monitoring of internal controls required of publicly traded companies, we may discover material weaknesses in our internal controls. As a result of weaknesses that may be identified in our internal controls, we may also identify certain deficiencies in some of our disclosure controls and procedures that we believe require remediation. If we discover weaknesses, we will make efforts to improve our internal and disclosure controls. However, there is no assurance that we will be successful. In addition, as an “emerging growth company,” our independent registered public accounting firm will not be required to formally attest to the effectiveness of our internal control over financial reporting until the later of the year following our first annual report required to be filed with the SEC and the date we are no longer an “emerging growth company,” which may be up to a full five fiscal years following the offering.

Any failure to maintain effective controls or timely effect any necessary improvement of our internal and disclosure controls could harm operating results or cause us to fail to meet our reporting obligations, which could affect our ability to remain listed with the NYSE. Ineffective internal and disclosure controls could also cause investors to lose confidence in our reported financial information, which would likely have a negative effect on the per share trading price of, our common stock.

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

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

- general market conditions;

[Table of Contents](#)

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

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

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

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

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

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

Risks Related to the Real Estate Industry

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

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

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

Table of Contents

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

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

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

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

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

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

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

[Table of Contents](#)

to recover the carrying value of a real estate investment, an impairment loss will be recorded to the extent that the carrying value exceeds the estimated fair value of the property.

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

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

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

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

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

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

[Table of Contents](#)

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

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

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

We have acquired, and may continue to acquire, properties in markets that are new to us. For example, our predecessor business acquired properties in Arizona and Illinois as part of an acquisition of a portfolio of properties that included four other properties located in our target markets. When we acquire properties located in new markets, we may face risks associated with a lack of market knowledge or understanding of the local economy, forging new business relationships in the area and unfamiliarity with local government and permitting procedures.

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

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

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

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

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

We attempt to ensure that all of our properties are adequately insured to cover casualty losses. However, there are certain losses, including losses from floods, earthquakes, wildfires, acts of war, acts of terrorism or riots, that are not generally insured against or that are not generally fully insured against because it is not deemed economically feasible or prudent to do so. In addition, changes in the cost or availability of insurance could expose us to uninsured casualty losses. In the event that any of our properties incurs a casualty loss that is not

[Table of Contents](#)

fully covered by insurance, the value of our assets will be reduced by the amount of any such uninsured loss, and we could experience a significant loss of capital invested and potential revenue in these properties and could potentially remain obligated under any recourse debt associated with the property. Moreover, we, as the general partner of our operating partnership, generally will be liable for all of our operating partnership's unsatisfied recourse obligations, including any obligations incurred by our operating partnership as the general partner of joint ventures. Any such losses could adversely affect our financial condition, results of operations, cash flows and ability to pay distributions on, and the per share trading price of, our common stock. In addition, we may have no source of funding to repair or reconstruct the damaged property, and we cannot assure you that any such sources of funding will be available to us for such purposes in the future. We evaluate our insurance coverage annually in light of current industry practice through an analysis prepared by outside consultants.

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

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

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

Even if we qualify as a REIT for federal income tax purposes, we will be required to pay some state and local taxes on our properties. The real property taxes on our properties may increase as property tax rates change or as our properties are assessed or reassessed by taxing authorities. All of the properties in our initial portfolio that are located in California will be reassessed as a result of our formation transactions, the concurrent private placement and this offering. Therefore, the amount of property taxes we pay in the future may increase substantially from what we have paid in the past. If the property taxes we pay increase, our cash flow would be adversely impacted to the extent that we are not reimbursed by tenants for those taxes, and our ability to pay any expected dividends to our stockholders could be adversely affected.

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

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

Some of our properties have been or may be impacted by contamination arising from current or prior uses of the property, or adjacent properties, for commercial or industrial purposes. Such contamination may arise from spills of petroleum or hazardous substances or releases from tanks used to store such materials.

[Table of Contents](#)

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

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

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

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

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

When excessive moisture accumulates in buildings or on building materials, mold growth may occur, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Some molds may produce airborne toxins or irritants. Indoor air quality issues can also stem from inadequate ventilation, chemical contamination from indoor or outdoor sources, and other biological contaminants such as pollen, viruses and bacteria. Indoor exposure to airborne toxins or irritants above certain levels can be alleged to cause a

[Table of Contents](#)

variety of adverse health effects and symptoms, including allergic or other reactions. As a result, the presence of significant mold or other airborne contaminants at any of our properties could require us to undertake a costly remediation program to contain or remove the mold or other airborne contaminants from the affected property or increase indoor ventilation. In addition, the presence of significant mold or other airborne contaminants could expose us to liability from our tenants, employees of our tenants or others if property damage or personal injury is alleged to have occurred.

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

The properties in our initial portfolio are subject to various covenants and federal, state and local laws and regulatory requirements, including permitting and licensing requirements. Local regulations, including municipal or local ordinances and zoning restrictions may restrict our use of our properties and may require us to obtain approval from local officials or restrict our use of our properties and may require us to obtain approval from local officials of community standards organizations at any time with respect to our properties, including prior to acquiring a property or when undertaking renovations of any of our existing properties. Among other things, these restrictions may relate to fire and safety, seismic or hazardous material abatement requirements. There can be no assurance that existing laws and regulatory policies will not adversely affect us or the timing or cost of any future acquisitions or renovations, or that additional regulations will not be adopted that increase such delays or result in additional costs. Our growth strategy may be affected by our ability to obtain permits, licenses and zoning relief. Our failure to obtain such permits, licenses and zoning relief or to comply with applicable laws could have an adverse effect on our financial condition, results of operations, cash flows and our ability to pay distributions on, and the per share trading price of, our common stock.

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

Risks Related to Our Organizational Structure and Our Formation Transactions

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

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

Under Maryland law, a general partner of a Maryland limited partnership has fiduciary duties of loyalty and care to the partnership and its partners and must discharge its duties and exercise its rights as general partner

[Table of Contents](#)

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

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

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

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

[Table of Contents](#)

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

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

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

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

We have not obtained as part of our formation transactions any recent third-party appraisals of our initial properties, nor any independent third-party valuations or fairness opinions regarding the merits of the formation transactions. The amount of consideration to be paid by us to certain of our officers and directors in our formation transactions was based upon management's estimates of the fair market value of these properties and interests on an aggregate basis. However, the consideration to be paid by us to certain of our officers and directors was not based on arm's-length negotiations and was not approved by any independent directors. In addition, certain of our executive officers and directors, who had significant influence in structuring the formation transactions, had pre-existing ownership interests in those properties and assets and will receive common units as a result of the formation transactions. These common units will have an initial value of approximately \$52 million, based on the initial public offering price of \$14.00 per share (the mid-point of the price range set forth on the front cover of this prospectus), and will represent 12.8% of the outstanding equity interests of our company (on a fully diluted basis) upon completion of this offering, the formation transactions and concurrent private placement. It is possible that the consideration we will pay for the properties and assets may exceed their fair market value and that we could realize less value from these assets than we would have if the assets had been acquired after arms-length negotiation or if we had obtained independent appraisals for these assets. See "Certain Relationships and Related Transactions."

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

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

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

Our charter contains certain ownership limits with respect to our stock. Our charter authorizes our board of directors to take such actions as it determines are advisable, in its sole and absolute discretion, to preserve our qualification as a REIT. Our charter also prohibits the actual, beneficial or constructive ownership by any person of more than 9.8% in value or number of shares, whichever is more restrictive, of the outstanding shares of our common stock or more than 9.8% in value of the aggregate outstanding shares of all classes and series of our stock, in each case excluding any shares that are not treated as outstanding for federal income tax purposes. Our board of directors, in its sole and absolute discretion, may exempt a person, prospectively or retroactively, from these ownership limits if certain conditions are satisfied. The restrictions on ownership and transfer of our stock may:

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

We could increase the number of authorized shares of stock, classify and reclassify unissued stock and issue stock without stockholder approval.

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

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

- “business combination” provisions that, subject to certain exceptions, prohibit certain business combinations between us and an “interested stockholder” (defined generally as any person who beneficially owns 10% or more of the voting power of our shares or an affiliate thereof or an affiliate or associate of ours who was the beneficial owner, directly or indirectly, of 10% or more of the voting power of our then outstanding voting stock at any time within the two-year period immediately prior to the date in question) for five years after the most recent date on which the stockholder becomes an interested stockholder, and thereafter impose fair price or supermajority stockholder voting requirements on these combinations; and

[Table of Contents](#)

- “control share” provisions that provide that holders of “control shares” of our company (defined as shares that, when aggregated with other shares controlled by the stockholder, entitle the stockholder to exercise voting power in the election of directors within one of three increasing ranges) acquired in a “control share acquisition” (defined as the direct or indirect acquisition of ownership or control of the voting power of issued and outstanding “control shares,” subject to certain exceptions) have no voting rights with respect to their control shares, except to the extent approved by our stockholders by the affirmative vote of at least two-thirds of all the votes entitled to be cast on the matter, excluding all interested shares.

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

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

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

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

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

[Table of Contents](#)

premium price for our common stock or that our stockholders otherwise believe to be in their best interest. See “Description of the Partnership Agreement of Rexford Industrial Realty, L.P.—Transfers and Withdrawals—Restrictions on Transfers by the General Partner,” “Material Provisions of Maryland Law and of Our Charter and Bylaws—Removal of Directors,” “—Control Share Acquisitions,” “—Advance Notice of Director Nominations and New Business” and “Description of the Partnership Agreement of Rexford Industrial Realty, L.P.”

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

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

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

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

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

Each of Richard Ziman, Howard Schwimmer and Michael S. Frankel, are parties to or have interests in contribution and/or merger agreements with us pursuant to which we have acquired or will acquire interests in our properties and assets. None of these merger or contribution agreements was negotiated on an arm’s length basis and Messrs. Ziman, Schwimmer and Frankel faced conflicts in negotiating these agreements, including the amount of consideration to be received by them in connection with our formation transactions. In addition, certain of our executive officers may become parties to employment agreements with us, and Messrs. Ziman, Schwimmer and Frankel have entered into a representation, warranty and indemnity agreement with us pursuant to which they made certain representations and warranties to us regarding the entities and assets being acquired

[Table of Contents](#)

in the formation transactions and agreed to indemnify us and our operating partnership, subject to certain conditions, in an amount equal to up to ten percent of the consideration payable to Messrs. Ziman, Schwimmer and Frankel in the formation transaction for breaches of such representations and warranties for one year after the completion of this offering, the formation transactions and the concurrent private placement. We may choose not to enforce, or to enforce less vigorously, our rights under these agreements because of our desire to maintain our ongoing relationships with members of our senior management and their affiliates, with possible negative impact on stockholders.

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

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

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

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

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

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

[Table of Contents](#)

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

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

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

After giving effect to this offering, we will own 86.8% of the outstanding common units and we may, in connection with our acquisition of properties or otherwise, cause our operating partnership to issue additional common units to third parties. Such issuances would reduce our ownership percentage in our operating partnership and affect the amount of distributions made to us by our operating partnership and, therefore, the amount of distributions we can make to our stockholders. Because you will not directly own common units, you will not have any voting rights with respect to any such issuances or other partnership level activities of our operating partnership.

Risks Related to Our Status as a REIT

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

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

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

Any such corporate tax liability could be substantial and would reduce our cash available for, among other things, our operations and distributions to stockholders. In addition, if we fail to qualify as a REIT, we will

[Table of Contents](#)

not be required to make distributions to our stockholders. As a result of all these factors, our failure to qualify as a REIT also could impair our ability to expand our business and raise capital, and could materially and adversely affect the per share trading price of our common stock.

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

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

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

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

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

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

[Table of Contents](#)

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

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

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

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

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

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

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

To qualify as a REIT, we must continually satisfy tests concerning, among other things, the nature and diversification of our assets, the sources of our income and the amounts we distribute to our stockholders. We may be required to liquidate or forgo otherwise attractive investments in order to satisfy the asset and income tests or to qualify under certain statutory relief provisions. We also may be required to make distributions to

[Table of Contents](#)

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

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

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

Risks Related to this Offering

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

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

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

Our estimated initial annual distributions represent 82.0% of our estimated initial cash available for distribution for the 12 months ending March 31, 2014 as calculated in "Distribution Policy." Accordingly, we may be unable to pay our estimated initial annual distribution to stockholders out of cash available for distribution. If sufficient cash is not available for distribution from our operations, we may have to fund distributions from working capital, borrow to provide funds for such distributions, or reduce the amount of such distributions. If cash available for distribution generated by our assets is less than our current estimate, or if such cash available for distribution decreases in future periods from expected levels, our inability to make the expected distributions could result in a decrease in the market price of our common stock. In the event the underwriters' over-allotment option is exercised, pending investment of the proceeds therefrom, our ability to pay such distributions out of cash from our operations may be further materially adversely affected.

Our ability to make distributions may also be limited by our proposed revolving credit facility. Under the anticipated terms of our proposed revolving credit facility, our distributions may not exceed the greater of (i) 95.0% of our FFO or (ii) the amount required for us to qualify and maintain our status as a REIT and avoid the

[Table of Contents](#)

payment of federal or state income or excise tax. Additionally, if a default or event of default occurs and is continuing, we may be precluded from making certain distributions (other than those required to allow us to qualify and maintain our status as a REIT).

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

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

In connection with our formation transactions, the concurrent private placement and this offering, Messrs. Ziman, Schwimmer and Frankel will own approximately 929,651 shares of our common stock and 2,167,259 common units, representing a 10.7% beneficial interest in our company on a fully diluted basis. These transactions create a conflict of interest because Messrs. Ziman, Schwimmer and Frankel have interests in the successful completion of this offering. These interests may influence their decisions, affecting the terms and circumstances under which our formation transactions and this offering are completed. In addition, we expect that, in connection with this offering, Messrs. Ziman, Schwimmer and Frankel will enter into employment agreements that provide for compensation and benefits and will receive certain compensatory equity grants that may further influence such decisions. For more information concerning benefits to be received by Messrs. Ziman, Schwimmer and Frankel in connection with this offering, see "Structure and Formation of Our Company—Benefits of the Formation Transactions to Related Parties," "Certain Relationships and Related Transactions" and "Executive Compensation."

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

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

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

- actual or anticipated variations in our quarterly operating results or dividends;
- changes in our funds from operations or earnings estimates;
- publication of research reports about us or the real estate industry;
- increases in market interest rates that lead purchasers of our shares to demand a higher yield;
- changes in market valuations of similar companies;

Table of Contents

- adverse market reaction to any additional debt we incur in the future;
- additions or departures of key management personnel;
- actions by institutional stockholders;
- speculation in the press or investment community;
- the realization of any of the other risk factors presented in this prospectus;
- the extent of investor interest in our securities;
- the general reputation of REITs and the attractiveness of our equity securities in comparison to other equity securities, including securities issued by other real estate-based companies;
- our underlying asset value;
- investor confidence in the stock and bond markets, generally;
- changes in tax laws;
- future equity issuances;
- failure to meet earnings estimates;
- failure to qualify and maintain our qualification as a REIT;
- changes in our credit ratings; and
- general market and economic conditions.

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

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

As of March 31, 2013, the aggregate historical combined net tangible book value of the interests and assets to be transferred to our operating partnership was approximately \$84.9 million, or \$9.79 per share of our common stock held by the prior investors, assuming the exchange of common units into shares of our common stock on a one-for-one basis. As a result, the pro forma net tangible book value per share of our common stock after the completion of our formation transactions and this offering will be less than the initial public offering price. The purchasers of shares of our common stock offered hereby will experience immediate and substantial dilution of \$3.71 per share in the pro forma net tangible book value per share of our common stock.

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

One of the factors that will influence the price of our common stock will be the dividend yield on the common stock (as a percentage of the price of our common stock) relative to market interest rates. An increase in

[Table of Contents](#)

market interest rates, which are currently at low levels relative to historical rates, may lead prospective purchasers of our common stock to expect a higher dividend yield and higher interest rates would likely increase our borrowing costs and potentially decrease funds available for distribution. Thus, higher market interest rates could cause the market price of our common stock to decrease.

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

We are offering 16,000,000 shares of our common stock as described in this prospectus. Upon completion of this offering, the formation transactions and the concurrent private placement, we will have outstanding approximately 25,239,339 shares of our common stock. Of these shares, the 16,000,000 shares sold in this offering will be freely tradable, except for any shares purchased in this offering by our affiliates, as that term is defined by Rule 144 under the Securities Act. Upon completion of this offering, our directors and management and their affiliates, together with third party prior investors in the Rexford Funds, will beneficially own 12,953,758 shares of our common stock. In connection with this offering, we have entered into a lock-up agreement that prevents us from offering additional common stock until 180 days after the date of this prospectus, as described in “Underwriting.” Our executive officers, directors and participants in the formation transactions and the concurrent private placement may sell the shares of our common stock that they acquire in the formation transactions and the concurrent private placement or are granted in connection with the offering at any time following the expiration of the lock-up period for such shares, which expires 360 days after the completion of this offering for our executive officers and directors and 180 days for the other participants in the formation transactions and the concurrent private placement, or earlier with the prior written consent of Merrill Lynch, Pierce, Fenner & Smith Incorporated, Wells Fargo Securities, LLC and FBR Capital Markets & Co. These lock-up provisions, at any time and without notice, may be waived by Merrill Lynch, Pierce, Fenner & Smith Incorporated, Wells Fargo Securities, LLC and FBR Capital Markets & Co. If the restrictions under the lock-up agreements are waived, our common stock may become available for resale into the market, subject to applicable law, which could reduce the per share trading price for our common stock.

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

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

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

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

In the future, we may attempt to increase our capital resources by making additional offerings of debt or equity securities (or causing our operating partnership to issue debt or equity securities), including medium-term

[Table of Contents](#)

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

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

Any sales of a substantial number of shares of our common stock, or the perception that those sales might occur, may cause the per share trading price of the common stock to decline. Based on the mid-point of the price range set forth on the cover page of this prospectus, after this offering and the expiration of any applicable transfer restrictions imposed in connection with this offering and our partnership agreement, our directors and our executive officers will have the ability to sell approximately 10.8% of our common stock on a fully diluted basis. Although our directors and executive officers have agreed not to sell the common stock they hold for 360 days after this offering, they may sell a significant number of shares after that time, which could depress the per share trading price of our common stock.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

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

[Table of Contents](#)

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

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

USE OF PROCEEDS

We estimate that the net proceeds we will receive from the sale of shares of our common stock in this offering will be approximately \$201.8 million (or approximately \$233.1 million if the underwriters exercise their over-allotment option in full), in each case assuming an initial public offering price of \$14.00 per share, which is the mid-point of the price range set forth on the front cover of this prospectus, and after deducting underwriting discounts and commissions of approximately \$15.7 million (or approximately \$18.0 million if the underwriters exercise their over-allotment option in full) and estimated offering expenses of approximately \$7.5 million (including \$1.0 million which has been prepaid) payable by us. In addition, concurrently with the completion of this offering, we will issue 3,358,311 shares of our common stock to accredited investors in the Rexford Funds and certain members of the Rexford management team pursuant to the concurrent private placement. In addition, we estimate the incremental net proceeds from the concurrent private placement will be approximately \$47.0 million, resulting in total net proceeds of \$248.8 million.

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

We expect our operating partnership will use the net proceeds, together with the proceeds from our new \$60 million term loan, borrowings under our proposed revolving credit facility and contributions to our operating partnership of approximately \$2.0 million of cash working capital in connection with the formation transactions, as described below:

- approximately \$76.4 million (including principal and related accrued interest) to repay mortgage debt secured by certain of the properties we will acquire in our formation transactions, which bears interest at a weighted average rate of 3.7% per annum and has a weighted average remaining years to maturity of 1.3 years;
- approximately \$46.3 million (including principal and related accrued interest) to repay a loan to Fund I that is secured by certain of the properties we will acquire in our formation transactions, which bears interest at a weighted average rate of 5.3% per annum. The \$46.3 million loan is scheduled to mature on May 31, 2014;
- approximately \$40.0 million (including principal and related accrued interest) to repay a loan to Fund II that is secured by certain of the properties we will acquire in our formation transactions, which bears interest at a fixed rate of 6% and is scheduled to mature on October 1, 2013;
- approximately \$74.4 million (including principal and related accrued interest) to repay both tranches of a loan to Fund III that are secured by certain of the properties we will acquire in our formation transactions. These tranches bear interest at a fixed rate of 5.6% and 12.0% per annum. Both tranches of this loan are scheduled to mature on August 31, 2014;
- approximately \$64.5 million (including principal and related accrued interest) to repay a loan to Fund IV that is secured by certain of the properties we will acquire in our formation transactions, which bears interest at a fixed rate of 6% and is scheduled to mature on October 1, 2013;
- approximately \$2.8 million to pay prepayment costs, exit fees, unpaid expenses or fees and assumption fees in connection with the retirement of indebtedness and the attainment of lender consents on existing indebtedness;
- approximately \$1.5 million in fees associated with the proposed revolving credit facility and the new term loan;
- approximately \$0.6 million to pay transfer taxes and fees associated with the contribution of properties to us;

[Table of Contents](#)

- approximately \$0.7 million to pay non-accredited investors in connection with the formation transactions;
- approximately \$6.5 million to fund the excess working capital distribution; and
- the remaining amounts to acquire and manage industrial properties and for general corporate purposes.

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

If the underwriters exercise their over-allotment option in full, we expect to use the additional approximately \$31.2 million of net proceeds for general corporate purposes, including acquisitions of real estate assets.

The debt repayment described above is an estimate based on principal and related accrued interest outstanding as of March 31, 2013. The actual amounts of the debt repayments will depend on the principal and related accrued interest outstanding at the time of payment and may be greater than or less than our estimates above.

DISTRIBUTION POLICY

We are a newly formed company that has not commenced operations, and as a result, we have not paid any distributions as of the date of this prospectus. U.S. federal income tax laws generally require that a REIT distribute annually at least 90% of its REIT taxable income, determined without regard to the deduction for dividends paid and excluding any net capital gains. To satisfy the requirements to qualify as a REIT and generally not be subject to U.S. federal income tax, we intend to make quarterly distributions of all or substantially all of our REIT taxable income, determined without regard to the deduction for dividends paid, to holders of our common stock out of assets legally available therefor. We intend to pay a pro rata initial distribution with respect to the period commencing on the completion of this offering and ending at the last day of the then-current fiscal quarter, based on a distribution of \$0.123 per share for a full quarter. On an annualized basis, this would be \$0.49 per share, or an annual distribution rate of approximately 3.5% based on the mid-point of the price range set forth on the front cover of this prospectus. We estimate this initial annual distribution rate will represent approximately 82.0% of estimated cash available for distribution to our common stockholders for the 12 months ending March 31, 2014. We intend to maintain our initial distribution rate for the 12-month period following completion of this offering unless our actual results of operations, economic conditions or other factors differ materially from the assumptions used in our estimate. These distributions and any future distributions we make will be at the discretion of our board of directors and will depend upon our earnings and financial condition, maintenance of REIT qualification, the applicable restrictions contained in the MGCL and such other factors as our board may determine in its sole discretion. We anticipate that our estimated cash available for distribution will exceed the annual distribution requirements applicable to REITs. However, under some circumstances, we may be required to pay distributions in excess of cash available for distribution in order to meet these distribution requirements and may need to use the proceeds from future equity and debt offerings, sell assets or borrow funds to make some distributions. We have no intention to use the net proceeds of this offering to make distributions nor do we intend to make distributions using shares of common stock.

We do not intend this estimate to be a projection or forecast of our actual results of operations or our liquidity, and have estimated cash available for distribution for the sole purpose of determining the amount of our initial annual distribution rate. Our estimate of cash available for distribution should not be considered as an alternative to cash flow from operating activities (computed in accordance with GAAP) or as an indicator of our liquidity or our ability to pay dividends or make other distributions. In addition, the methodology upon which we made the adjustments described below is not necessarily intended to be a basis for determining future dividends or other distributions. We cannot assure you that our distribution policy will not change in the future.

Table of Contents

The following table describes our pro forma net income (loss) before non-controlling interest for the year ended December 31, 2012, and the adjustments we have made thereto in order to estimate our initial cash available for distribution to the holders of our common stock for the 12 months ending March 31, 2014 (dollars in thousands, except per share data). The table reflects our condensed consolidated information, including common units in our operating partnership.

Pro forma net loss before non-controlling interest for the 12 months ended December 31, 2012	\$ (1,192)
Less: pro forma net loss before non-controlling interest for the three months ended March 31, 2012	2,922
Add: pro forma net loss before non-controlling interest for the three months ended March 31, 2013	<u>(2,026)</u>
Pro forma net income (loss) before non-controlling interest for the 12 months ended March 31, 2013	\$ (296)
Add: Pro forma real estate depreciation and amortization	18,222
Add: Amortization of deferred financing costs ⁽¹⁾	514
Less: Net effects of straight-line rents and amortization of acquired above/below market lease intangibles	(385)
Add: Equity in earnings of unconsolidated real estate entities	45
Less: Note Receivable discount amortization.	(123)
Less: Note Payable premium amortization	(45)
Add: Non-cash compensation expense	3,234
Add: Net increases in contractual rent income and related revenue ⁽²⁾	1,344
Less: Net decreases in contractual rental and related revenue due to lease expirations, assuming renewals consistent with 2011, 2012 and Q1'13 historical data ⁽³⁾	<u>(1,965)</u>
Estimated cash flows provided by operations for the 12 months ending December 31, 2014	\$20,545
Estimated cash flows used in investing activities	
Less: Provision for tenant improvements and leasing commissions ⁽⁴⁾	(2,830)
Less: Estimated annual provision for recurring capital expenditures ⁽⁵⁾	(273)
Total estimated cash flows used in investing activities	\$ (3,103)
Estimated cash flows used in financing activities—scheduled debt principal payments ⁽⁶⁾	<u>(121)</u>
Estimated cash available for distribution for the 12 months ending December 31, 2014	<u>\$17,321</u>
Estimated distribution to non-controlling interests	1,820
Estimated distribution to common shareholders ⁽⁷⁾	12,367
Total estimated distribution to common stock and common unit holders	\$14,187
Estimated distribution per share and unit ⁽⁸⁾	\$ 0.49
Payout ratio based on estimated cash available for distribution to our holders of common stock ⁽⁹⁾	82%

- (1) Represents one year of amortization of deferred financing costs associated with our new term loan, our debt on Glendale Commerce Center and our debt on 10700 Jersey Blvd.
- (2) Represents the sum of (i) rent income from contractual rent increases and renewals of \$826,464, less (ii) rent abatements of \$980,117 associated with in-place leases, plus (iii) contractual rent income from uncommenced leases of \$2,185,979, less (iv) net of rent abatements totaling \$688,799 associated with uncommenced leases, all for the period from April 1, 2013 through March 31, 2014. On an annualized basis, contractual rent income from uncommenced leases equals \$4,813,779 less rent abatements equal to \$727,840.
- (3) Represents estimated net decreases in contractual rent revenue during the 12 months ending March 31, 2014 due to lease expirations, assuming a renewal rate of 63.21% based on expiring square feet, which was our full year 2011 and 2012 combined with the first quarter of 2013 renewal rate, and rental rates on renewed leases equal to the in-place rates for such leases at expiration. This adjustment gives effect only to expirations net of estimated renewals, and does not take into account new leasing. During 2011, 2012 and the first quarter of 2013, we leased approximately 3.7 million square feet, representing approximately \$31.0 million of annualized base rents. Of these amounts, approximately 1.8 million square feet related to renewals, representing approximately \$16.4 million of annualized base rents, and approximately 1.8 million square feet related to new leases, representing approximately \$14.6 million of annualized base rents.

	Gross Leasing Activity							
	Expiring Leases		Renewals		Renewal Retention %		New Leases	
	Number of leases	Rentable square feet	Number of leases	Rentable square feet	Number of leases	Rentable square feet	Number of leases	Rentable square feet
Q1-2013	93	425,011	59	337,887	63.44%	79.50%	38	283,507
Q4-2012	69	291,409	49	231,655	71.01%	79.49%	37	201,942
Q3-2012	88	367,803	55	228,677	62.50%	62.17%	44	316,567
Q2-2012	91	600,994	60	447,337	65.93%	74.43%	50	183,158
Q1-2012	48	304,793	30	148,889	62.50%	48.85%	41	132,087
Q4-2011	40	289,516	21	121,930	52.50%	42.12%	22	136,209
Q3-2011	29	79,106	18	44,881	62.07%	56.74%	22	147,636
Q2-2011	39	401,583	15	154,907	38.46%	38.57%	22	253,185
Q1-2011	31	126,238	22	108,258	70.97%	85.76%	33	172,048
Total	528	2,886,453	329	1,824,421	63.21%	63.21%	309	1,826,339

- (4) Provision for tenant improvements and leasing commissions includes (i) any contractually committed tenant improvement or leasing commission costs to be paid or incurred in the 12 months ending March 31, 2014 related to any new leases or lease renewals entered into as of March 31, 2013 and (ii) an estimate of tenant improvements and leasing commissions for the estimated lease renewals described in footnote (3) above based on tenant improvements and leasing commissions for renewal leases across our portfolio in the years ended December 31, 2011 and 2012 and the three

Table of Contents

months ended March 31, 2013. During the 12 months ending March 31, 2014, we expect to have additional tenant improvement and leasing commission expenditures related to new leasing that occurs after March 31, 2014. Any increases in such expenditures would be directly related to such new leasing in that such expenditures would only be committed to when a new lease is signed. Except for the estimate of tenant improvements and leasing commissions for the estimated lease renewals described in footnote (3) above, increases in expenditures for tenant improvements and leasing commissions for new and renewal leases are not included herein.

	Three Months Ended	Year Ended December 31,		Weighted Average January 1, 2011—March 31, 2013
	March 31, 2013	2012	2011	
Tenant Improvements				
Renewal leases	\$ 14,000	\$ 525,000	\$ 2,000	
Total square feet	25,390	208,841	32,465	
Tenant improvements per square foot	\$ 0.55	\$ 2.51	\$ 0.06	\$ 2.03
Leasing Commissions				
Renewal leases	\$ 50,000	\$ 514,000	\$ 201,000	
Total square feet	66,200	352,484	218,778	
Leasing commissions per square foot	\$ 0.76	\$ 1.46	\$ 0.92	\$ 1.20

- (5) Estimated annual provision for recurring capital expenditures is based on \$0.05 per leasable square foot of such expenditures for our consolidated portfolio. This estimate is based on the average per square foot recurring capital expenditures, for the years ended December 31, 2010, 2011 and 2012 and the three months ended March 31, 2013, multiplied by the square footage of our initial portfolio. Recurring capital expenditures is defined as expenditures made in respect of a property for maintenance of such property and replacement of items due to ordinary wear and tear including, but not limited to, expenditures made for maintenance or replacement of parking lot, roofing materials, mechanical systems, HVAC systems and other structural systems. Recurring capital expenditures shall not include any of the following: (a) improvements to the appearance of such property or any other major upgrade or renovation of such property not necessary for proper maintenance or marketability of such property; (b) capital expenditures for seismic upgrades; or (c) capital expenditures for deferred maintenance for such property existing at the time such property was acquired.

	Three Months Ended	Year Ended December 31,		Weighted Average January 1, 2010—March 31, 2013
	March 31, 2013	2012	2011	
Recurring capital expenditures	\$ 72,000	\$ 367,000	\$ 225,000	\$ 240,228
Total square feet	5,014,382	5,093,752	4,562,842	3,993,092
Recurring capital expenditures per square foot	\$ 0.01	\$ 0.07	\$ 0.05	\$ 0.06

- (6) Represents all scheduled debt repayments for the 12 months ending March 31, 2014, including both amortization and other principal repayments, excluding \$301.6 million of debt that we intend to repay with net proceeds of this offering and the new term loan that we expect to have in place at the completion of this offering.
- (7) Our estimated cash available for distribution and estimated cash distribution to our stockholders is based on an estimated ownership by us of approximately 86.8% partnership interest in our operating partnership.
- (8) Estimated distribution per share for the 12 months ending March 31, 2014 is based on 25,239,339 shares outstanding following the completion of this offering and the concurrent private placement and estimated distribution per common unit for the 12 months ending March 31, 2014 is based on 3,714,419 common units outstanding following the completion of this offering (excluding common units held by our company).
- (9) Calculated as estimated initial annual distribution per share divided by estimated cash available for distribution to common stockholders for the 12 months ending March 31, 2014.

CAPITALIZATION

The following table sets forth as of March 31, 2013:

- the actual capitalization of Rexford Industrial Realty, Inc. Predecessor; and
- our pro forma capitalization, which gives effect to the completion of the formation transactions and the sale of 16,000,000 shares of common stock in this offering at an assumed initial public offering price of \$14.00 per share (the mid-point of the offering price range on the cover of this prospectus), net of the underwriting discounts and estimated organizational and offering expenses payable by us, the sale of 3,358,311 shares of common stock in the concurrent private placement at an assumed offering price of \$14.00 per share (the mid-point of the offering price range on the cover of this prospectus), without payment of the underwriting discounts, and the grant of awards covering 923,929 shares of our common stock to our executive officers, certain employees and independent directors.

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

	<u>As of March 31, 2013</u>	
	Rexford Industrial Realty, Inc. Predecessor Historical (\$ in thousands)	Company Pro Forma⁽¹⁾⁽²⁾⁽³⁾ (\$ in thousands)
Notes payable ⁽⁴⁾	\$ 313,118	\$ 129,290
Equity	94,907	—
Stockholders’ equity:		
Preferred stock, \$0.01 par value per share, no shares authorized, issued and outstanding, actual, 10,000,000 shares authorized, no shares issued and outstanding, as adjusted	—	—
Common stock, \$0.01 par value per share; 100,000 shares authorized, 100 shares issued and outstanding, actual and 490,000,000 shares authorized, 24,315,410 shares issued and outstanding, as adjusted	—	243
Additional paid-in capital	—	275,798
Non-controlling interest in our operating partnership	—	42,168
Total equity	94,907	318,209
Total capitalization	\$ 408,025	\$ 447,499

(1) Assumes 16,000,000 shares of common stock will be sold in this offering at an initial public offering price of \$14.00 per share for net proceeds of approximately \$201.8 million after deducting the underwriting discounts and estimated organizational and offering expenses of approximately \$7.5 million (including \$1.0 million which has been prepaid), and 3,358,311 shares of common stock will be issued in the concurrent private placement. See “Use of Proceeds.”

(2) Does not include exercise of the underwriters’ option to purchase up to 2,400,000 additional shares of common stock.

(3) The common stock outstanding as adjusted includes (i) 4,957,099 shares of common stock issued to prior investors in the Rexford Funds and the management companies in connection with the formation transactions and (ii) 3,358,311 shares of common stock issued in the concurrent private placement. The common stock outstanding as adjusted does not include (i) shares issuable upon the exchange of

[Table of Contents](#)

3,714,419 common units in our operating partnership to be issued to prior investors in the Rexford Funds or the management companies in connection with the formation transactions, which are redeemable at the option of the holder beginning 14 months after the later of the completion of this offering or the date on which a person first became a holder of common units and exchangeable, under certain circumstances and at our election, into an equal number of shares of our common stock, subject to certain adjustments and the restrictions on ownership and transfer of our stock set forth in our charter, (ii) 698,215 shares of our common stock to be granted to our executive officers and certain employees under our 2013 Incentive Award Plan upon the completion of this offering, (iii) 214,286 shares of our common stock to be granted to Mr. Ziman under our 2013 Incentive Award Plan, (iv) 11,428 shares of our common stock to be granted to our independent directors under our 2013 Incentive Award Plan upon the completion of this offering or (v) shares of our common stock or LTIP units reserved for issuance under our 2013 Incentive Award Plan (in addition to the shares covered by awards to be granted in connection with this offering). See “Executive Compensation—2013 Incentive Award Plan.”

- (4) We expect to enter into a new \$60 million term loan and borrow approximately \$21.2 million on our \$200 million revolving credit facility, which will be used at the completion of this offering to repay a portion of outstanding mortgage debt and acquire the Orion and Oxnard properties which we are currently under contract to purchase, assuming that this offering prices at the mid-point of the price range set forth on the cover page of this prospectus.

DILUTION

Purchasers of our common stock offered in this prospectus will experience an immediate and substantial dilution of the net tangible book value per share of our common stock from the initial public offering price. As of March 31, 2013, we had a pro forma net tangible book value of approximately \$84.9 million, or \$9.79 per share of our common stock held by prior investors, assuming the exchange of 3,714,419 outstanding common units into shares of our common stock on a one-for-one basis. After giving effect to the sale of the shares of our common stock offered hereby and in the concurrent private placement, including the use of proceeds as described under “Use of Proceeds,” and our formation transactions, the deduction of underwriting discounts and commissions, and estimated formation transaction and offering expenses, the pro forma net tangible book value as of March 31, 2013 attributable to common stockholders, including the effects of the grants of awards covering shares of our common stock to our executive officers, directors and certain employees, would have been \$297.9 million, or \$10.29 per share of our common stock. This amount represents an immediate increase in net tangible book value of \$0.50 per share to prior investors and an immediate dilution in pro forma net tangible book value of \$3.71 per share from the assumed public offering price of \$14.00 per share of our common stock to new public investors. See “Risk Factors—Risks Related to this Offering—Differences between the book value of the assets to be acquired in the formation transactions and the price paid for our common stock will result in an immediate and material dilution of the book value of our common stock.” The following table illustrates this per share dilution:

Assumed initial public offering price per share	\$ 14.00
Net tangible book value per share before our formation transactions, the concurrent private placement and this offering ⁽¹⁾	\$ 9.79
Net increase in pro forma net tangible book value per share attributable to our formation transactions, the concurrent private placement and this offering	\$ 0.50
Pro forma net tangible book value per share after our formation transactions, the concurrent private placement and this offering ⁽²⁾	\$ 10.29
Dilution in pro forma net tangible book value per shares to new investors ⁽³⁾	\$ 3.71

- (1) Net tangible book value per share of our common stock before our formation transactions, the concurrent private placement and this offering is determined by dividing net tangible book value based on March 31, 2013 net book value of the tangible assets (consisting of total assets less intangible assets, which are comprised of goodwill (if applicable), deferred financing and leasing costs, acquired above-market leases and acquired in place lease value, net of liabilities to be assumed, excluding acquired below market leases) of our predecessor business by the number of shares of our common stock held by prior investors after this offering, assuming the exchange for shares of our common stock on a one-for-one basis of the common units to be issued to our prior investors in connection with our formation transactions.
- (2) Based on pro forma net tangible book value of approximately \$297.9 million divided by the sum of shares of our common stock and common units (other than common units held by us) to be outstanding upon completion of this offering, the formation transactions and the concurrent private placement, including 923,929 shares of restricted common stock to be issued to our executive officers, directors and certain employees upon completion of this offering.
- (3) Dilution is determined by subtracting pro forma net tangible book value per share of our common stock after giving effect to our formation transactions, the concurrent private placement and this offering from the initial public offering price paid by a new investor for a share of our common stock.

Differences Between New Investors and Prior Investors in Number of Shares and Amount Paid

The table below summarizes, as of March 31, 2013, on a pro forma basis after giving effect to this offering, the formation transactions and the concurrent private placement, the differences between the number of shares of our common stock and common units to be received by the prior investors in the formation transactions and the concurrent private placement and the new investors purchasing shares of our common stock in this offering, the total consideration paid and the average price per share or unit paid by the prior investors in the formation transactions (based on the net tangible book value attributable to the prior investors in the formation transactions) and the cash paid in the concurrent private placement and by the new investors purchasing shares of our common stock in this offering.

<u>(dollars and shares in millions, except per share data)</u>	<u>Shares Issued</u>		<u>Common Units Issued</u>		<u>Net Tangible Book Value of Contribution⁽¹⁾/Cash</u>		<u>Average Amount Per</u>
	<u>Number</u>	<u>Percentage</u>	<u>Number</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>	<u>Share/Unit</u>
Prior investors	9,239,339	36.6%	3,714,419	100.0%	\$ 97,116,000	32.7%	\$ 7.50
New investors	16,000,000	63.4%	—	0%	200,820,000	67.3%	\$ 12.55
Total	25,239,339	100.0%	3,714,419	100.0%	\$297,936,000	100.0%	\$ 10.29

(1) Represents pro forma net tangible book value as of March 31, 2013, of the assets contributed to us in the formation transactions.

SELECTED FINANCIAL INFORMATION

The following table sets forth selected financial and operating data on (i) a pro forma basis for our company and (ii) a historical basis for “Rexford Industrial Realty, Inc. Predecessor.” Rexford Industrial Realty, Inc. Predecessor consists of RI, LLC, Sponsor, Fund V REIT and their consolidated subsidiaries, which consist of one limited partnership and four limited liability companies, and their subsidiaries. Each of the entities comprising Rexford Industrial Realty, Inc. Predecessor owned, managed, and controlled (individually or jointly as discussed in more detail elsewhere in the prospectus) by our predecessor principals. As such, we have combined these entities on the basis of common ownership and common management. Upon completion of our formation transactions, the concurrent private placement and this offering, we will acquire the interests owned directly or indirectly by Rexford Industrial Realty, Inc. Predecessor in 61 industrial properties, including two properties that we currently have under contract to purchase.

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

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

The unaudited pro forma condensed consolidated balance sheet data is presented as if our formation transactions, the concurrent private placement and this offering had occurred on March 31, 2013, and the unaudited pro forma statements of operations and other data for the three months ended March 31, 2013 and the year ended December 31, 2012, is presented as if our formation transactions, the concurrent private placement and this offering had occurred on January 1, 2012. The unaudited pro forma condensed consolidated financial statements include the effects of the contribution of the entities that comprise Rexford Industrial Realty, Inc. Predecessor, including (i) RI, LLC and its consolidated subsidiaries, (ii) Sponsor and Fund V REIT and their consolidated subsidiaries and (iii) other contributions or acquisitions of non-predecessor entities. The contribution of Sponsor and Fund V REIT and their consolidated subsidiaries and the other contributions or acquisitions of non-predecessor entities has been accounted for using the acquisition method of accounting as discussed in more detail elsewhere in the prospectus. The pro forma financial information is not necessarily indicative of what our actual financial condition would have been as of March 31, 2013 or what our actual results of operations would have been assuming our formation transactions, the concurrent private placement and this offering had been completed as of January 1, 2012, nor does it purport to represent our future financial position or results of operations.

[Table of Contents](#)

The unaudited summary historical combined balance sheet information as of March 31, 2013 and statement of operations data for the three months ended March 31, 2013 and 2012 have been derived from the unaudited combined financial statements of Rexford Industrial Realty, Inc. Predecessor included elsewhere in this prospectus. The summary historical combined balance sheet information as of December 31, 2012 and 2011, and the historical combined statement of operations data for the years ended December 31, 2012 and 2011 have been derived from the combined financial statements of Rexford Industrial Realty, Inc. Predecessor, which were audited by Ernst & Young LLP, independent registered public accountants, and are included elsewhere in this prospectus.

	<u>Three Months Ended March 31,</u>			<u>Year Ended December 31,</u>		
	<u>Company Pro Forma Consolidated</u> 2013 (Unaudited)	<u>Rexford Predecessor Historical Combined</u> 2013 2012 (Unaudited)		<u>Company Pro Forma Consolidated</u> 2012 (Unaudited)	<u>Rexford Predecessor Historical Combined</u> 2012 2011	
		(in thousands)			(in thousands)	
Statement of Operations Data:						
Revenue						
Rental revenues	\$ 9,592	\$ 7,902	\$ 7,039	\$ 35,500	\$28,586	\$23,696
Tenant reimbursements	1,095	904	789	4,085	3,262	2,438
Management, leasing and development services	261	261	64	519	519	316
Other income	119	118	17	115	124	149
Total rental revenues	11,067	9,185	7,909	40,219	32,491	26,599
Interest income	248	311	337	1,011	1,577	1,578
Total revenues	11,315	9,496	8,246	41,230	34,068	28,177
Expenses						
Property expenses	2,801	2,171	1,987	10,734	8,328	6,865
General and administrative	2,040	1,153	983	8,683	5,146	3,729
Depreciation and amortization	7,273	3,208	3,526	17,822	12,727	9,874
Other property expenses	349	341	276	1,324	1,302	1,030
Total operating expenses	12,463	6,873	6,772	38,563	27,503	21,498
Other (income) expense						
Acquisition expenses	—	93	68	—	599	1,022
Interest expense	939	3,906	4,209	3,754	17,452	17,970
Gain on mark-to-market interest rate swaps	—	(49)	(612)	—	(2,361)	(4,185)
Total other (income) expense	939	3,950	3,665	3,754	15,690	14,807
Total expenses	13,402	10,823	10,437	42,317	43,193	36,305
Equity in income (loss) of unconsolidated real estate entities	61	(212)	57	(105)	122	185
Gain from early repayment of note receivable	—	1,365	—	—	—	—
Loss on extinguishment of debt	—	(37)	—	—	—	—
Net income (loss) from continuing operations	(2,026)	(211)	(2,134)	(1,192)	(9,003)	(7,943)
Discontinued operations						
Income (loss) from discontinued operations before gains on settlement of debt and sale of real estate	—	64	34	—	(9)	(897)
Loss on extinguishment of debt	—	(209)	—	—	—	—
Gain on sale of real estate	—	2,409	—	—	55	2,503
Income from discontinued operations	—	2,264	34	—	46	1,606
Net income (loss)	\$ (2,026)	\$ 2,053	\$ (2,100)	\$ (1,192)	\$ (8,957)	\$ (6,337)

[Table of Contents](#)

	<u>Three Months Ended March 31,</u>			<u>Year Ended December 31,</u>		
	<u>Company Pro Forma Consolidated</u> 2013 (Unaudited)	<u>Rexford Predecessor Historical Combined</u> 2013 2012 (Unaudited)		<u>Company Pro Forma Consolidated</u> 2012 (Unaudited)	<u>Rexford Predecessor Historical Combined</u> 2012 2011 (in thousands)	
Balance Sheet Data						
(End of Period):						
Rental property, before accumulated depreciation	\$ 466,217	\$ 383,944			\$ 383,316	\$ 358,995
Rental property, after accumulated depreciation	\$ 418,867	\$ 324,196			\$ 326,139	\$ 311,734
Total assets	\$ 456,549	\$ 420,390			\$ 420,496	\$ 383,215
Notes payable	\$ 129,290	\$ 313,118			\$ 308,991	\$ 297,000
Total liabilities	\$ 138,340	\$ 325,483			\$ 324,248	\$ 315,535
Owners'/stockholders' equity (deficit)	\$ 318,209	\$ 94,907			\$ 96,248	\$ 67,680
Other Data:						
Cash flow provided (used) by operating activities		\$ 1,372	\$ 1,591		\$ 1,080	\$ (3,349)
Cash flow provided (used) in investing activities		\$ 6,640	\$(5,181)		\$ (23,778)	\$ (42,303)
Cash flow provided (used) in financing activities		\$ (4,065)	\$ 4,944		\$ 45,269	\$ 51,569
Total number of in-service properties	61	59	54	61	60	53
NOI⁽¹⁾						
Rental revenue	\$ 9,592	\$ 7,902	\$ 7,039	\$ 35,500	\$ 28,586	\$ 23,696
Tenant recoveries	1,095	904	789	4,085	3,262	2,438
Other operating revenue	380	379	81	634	643	465
Property expenses	(2,801)	(2,171)	(1,987)	(10,734)	(8,328)	(6,865)
Other property expenses	(349)	(341)	(276)	(1,324)	(1,302)	(1,030)
NOI	<u>\$ 7,917</u>	<u>\$ 6,673</u>	<u>\$ 5,646</u>	<u>\$ 28,161</u>	<u>\$ 22,861</u>	<u>\$ 18,704</u>
EBITDA⁽¹⁾						
Net income (loss)	\$ (2,026)	\$ 2,053	\$(2,100)	\$ (1,192)	\$ (8,957)	\$ (6,337)
Interest expense	939	3,906	4,209	3,754	17,452	17,970
Depreciation and amortization	7,273	3,208	3,526	17,822	12,727	9,874
EBITDA	<u>\$ 6,186</u>	<u>\$ 9,167</u>	<u>\$ 5,635</u>	<u>\$ 20,384</u>	<u>\$ 21,222</u>	<u>\$ 21,507</u>
FFO⁽¹⁾						
Net income (loss)	\$ (2,026)	\$ 2,053	\$(2,100)	\$ (1,192)	\$ (8,957)	\$ (6,337)
Depreciation and amortization, including amounts in discontinued operations	7,273	3,286	3,657	17,822	13,217	10,687
Depreciation and amortization from unconsolidated joint ventures and tenants in common	97	470	39	266	409	126
Loss from early extinguishment of debt	—	246	—	—	—	—
Gain on sale	—	(2,409)	—	—	(55)	(2,503)
FFO	<u>\$ 5,344</u>	<u>\$ 3,646</u>	<u>\$ 1,596</u>	<u>\$ 16,896</u>	<u>\$ 4,614</u>	<u>\$ 1,973</u>

[Table of Contents](#)

-
- (1) Amounts are unaudited and include capitalized leasing and development payroll. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations” for more detailed explanations of NOI, EBITDA and FFO, and reconciliations of NOI, EBITDA and FFO to net income computed in accordance with GAAP.

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

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

The following discussion and analysis is based on, and should be read in conjunction with the unaudited financial statements and notes thereto as of March 31, 2013 and audited combined historical financial statements and related notes thereto as of and for the years ended December 31, 2012 and 2011 of Rexford Industrial Realty, Inc. Predecessor. We have not had any corporate activity since our formation, other than the issuance of 100 shares of our common stock in connection with our initial capitalization and activities in preparation for our formation transactions, the concurrent private placement and this offering. Accordingly, we believe that a discussion of our results of operations would not be meaningful, and this discussion and analysis therefore only discusses the combined results of Rexford Industrial Realty, Inc. Predecessor. For more information regarding these companies, see "Selected Financial Information." All significant intercompany balances and transactions have been eliminated in the financial statements. Where appropriate, the following discussion includes analysis of the effects of the formation transactions, the concurrent private placement, certain other transactions and this offering. These effects are reflected in the unaudited pro forma combined financial statements located elsewhere in this prospectus. As used in this section, unless the context otherwise requires, "we," "us," "our" and "our company" mean Rexford Industrial Realty, Inc. Predecessor for the periods presented and Rexford Industrial Realty, Inc. and its consolidated subsidiaries upon completion of this offering, the formation transactions and the concurrent private placement.

Overview

Rexford Industrial Realty, Inc. is a newly organized Maryland corporation formed to operate as a self-administered and self-managed REIT focused on owning and operating industrial properties in Southern California infill markets. We were formed to succeed our predecessor business, which is controlled and operated by our principals, Richard Ziman, Howard Schwimmer and Michael Frankel, who collectively have decades of experience acquiring, owning and operating industrial properties in Southern California infill markets. Upon completion of our formation transactions, our initial portfolio will consist of 61 properties with approximately 6.7 million rentable square feet, including two properties that we currently have under contract to purchase, and we will manage an additional 20 properties with approximately 1.2 million rentable square feet.

We intend to elect and qualify to be taxed as a REIT under the Code, commencing with the year ending December 31, 2013, and generally will not be subject to U.S. federal taxes on our income to the extent we annually distribute at least 90% of our REIT taxable income, determined without regard to the deduction for dividends paid, to our stockholders and otherwise maintain our qualification as a REIT. We are structured as an UPREIT and will own substantially all of our assets and conduct substantially all of our business through our operating partnership. We will serve as the sole general partner and expect to own an approximately 86.8% interest in our operating partnership upon completion of this offering.

As a result of this offering, the formation transactions and the concurrent private placement, our future financial condition and results of operations will differ significantly from, and will not be comparable with, the historical financial position and results of operations of Rexford Industrial Realty, Inc. Predecessor. Please refer to our unaudited pro forma consolidated financial statements and related notes included elsewhere in this prospectus, which present on a pro forma basis the condition and results of our company as if our formation transactions and this offering and the application of the net proceeds thereof had all occurred on March 31, 2013 for the pro forma consolidated balance sheet and on January 1, 2012 for the pro forma consolidated statements of

[Table of Contents](#)

operations. The unaudited pro forma consolidated financial statements are not necessarily indicative of what our actual financial position and results of operations would have been as of the date or for the periods indicated, nor does it propose to represent our future financial position or results of operations.

Formation Transactions

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

To acquire the ownership entities and the management companies to be included in our initial portfolio from the prior investors, we will issue to the prior investors an aggregate of 4,957,099 shares of our common stock and 3,714,419 common units, with an aggregate value of \$121,401,252, and we will pay \$663,748 in cash to those prior investors that are not accredited investors. Cash amounts will be provided from the net proceeds of this offering and the concurrent private placement. These contributions and mergers will be effected substantially concurrently with the completion of this offering and the concurrent private placement. For more information see “Structure and Formation of Our Company—Our Formation Transactions and Structure.”

We will also repay approximately \$301.6 million of debt and approximately \$2.8 million in prepayment costs, exit fees and assumption fees with the proceeds of this offering, the concurrent private placement and the proceeds of the new term loan that we expect to have in place at the completion of this offering. We also expect to have approximately \$129.3 million of indebtedness outstanding, including approximately \$21.2 million outstanding under our proposed revolving credit facility, ⁽¹⁾ \$60.0 million in principal amount of mortgage debt under our new term loan, and approximately \$48.1 million in principal amount of mortgage debt that we will assume as part of the formation transactions, based on March 31, 2013 balances. Additionally, we will have approximately \$6.2 million of secured indebtedness outstanding on our 15% joint venture interest in the three properties owned indirectly by the JV, based on March 31, 2013 balances.

We have determined that one of the entities comprising Rexford Industrial Realty, Inc. Predecessor, RI, LLC, is the acquirer for accounting purposes. In addition, we have concluded that any interests contributed by the members of the other entities comprising Rexford Industrial Realty, Inc. Predecessor (Sponsor, Fund V REIT and their consolidated subsidiaries), is a business combination since these entities have common management and ownership, but are not under common control with RI, LLC. RI, LLC is controlled by a principal of Rexford Industrial Realty, Inc. Predecessor while Sponsor and Fund V REIT are jointly controlled by a principal of Rexford Industrial Realty, Inc. Predecessor. As a result, the contribution of interests in RI, LLC as the accounting acquirer will be recorded at historical cost, and the contribution or acquisition of interests in entities other than those owned or controlled by RI, LLC in the formation transactions, including Sponsor, Fund V REIT, and their consolidated subsidiaries, will be accounted for as an acquisition under the acquisition method of accounting and recognized at the estimated fair value of acquired assets and assumed liabilities on the date of such contribution or acquisition. The fair values of tangible assets acquired are determined on an as-if-vacant basis. The as-if-vacant fair value of tangible assets will be allocated to land, building and improvements, tenant improvements and furniture and fixtures based on our market knowledge and published market data, including current rental rates, expected downtime to lease up vacant space, tenant improvement construction costs, leasing commissions and recent sales on a per square foot basis for comparable properties in our submarkets. The estimated fair value of intangible assets consisting of acquired in-place at-market leases are the costs we would have incurred to lease the property to the occupancy level of the property at the date of acquisition. Such estimates include the fair

- (1) Assumes borrowings of approximately \$7.0 million we expect to borrow under our proposed revolving credit facility at the completion of this offering and an additional \$14.2 million which we expect to borrow under our proposed revolving credit facility to acquire 8101-8117 Orion Avenue and 18310-18330 Oxnard Street shortly following this offering.

[Table of Contents](#)

value of leasing commissions and legal costs that would be incurred to lease this property to this occupancy level. Additionally, we evaluate the time period over which such occupancy level would be achieved and include an estimate of the net operating costs (primarily real estate taxes, insurance and utilities) incurred during the lease-up period, which may vary from property to property. Above-market and below-market in-place lease values are recorded as assets or liabilities based on the present value (using an interest rate that reflects the risks associated with the leases acquired) of the difference between the contractual amounts to be paid pursuant to the in-place leases and our estimate of fair market lease rates for the corresponding in-place leases, measured over a period equal to the remaining non-cancelable term of the lease for above-market leases and the remaining non-cancelable term (including the term of any below-market fixed rate renewal options) for below-market leases.

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

As a result, upon completion of the formation transactions, we expect to be a fully integrated, self-administered and self-managed REIT with approximately 31 employees providing substantial in-house expertise and resources in leasing, asset and property management, marketing, acquisitions, redevelopment and financing.

Concurrent Private Placement

In connection with the formation transactions, we made available to accredited investors in the Rexford Funds and the Rexford management team the opportunity to acquire for cash additional shares of our common stock at the public offering price per share in this offering concurrently with the completion of the formation transactions and this offering. We refer to the shares issued pursuant to this opportunity as the concurrent private placement. No fees, discounts or selling commissions will be paid to the underwriters in connection with any sale of our common stock through the concurrent private placement. Rexford Fund investors and the Rexford management team have irrevocably committed to invest approximately \$47 million in the concurrent private placement, at a price per share equal to the public offering price in this offering. The shares that will be issued in the concurrent private placement will be in addition to the shares sold in this offering. For more information see “Structure and Formation of Our Company—Our Formation Transactions and Structure.”

Proposed Revolving Credit Facility and New Term Loan

The lead arranger for our proposed revolving credit facility has secured commitments allowing borrowings of up to \$200 million, which we expect to be available to us upon completion of this offering. We also expect to have a new \$60 million term loan in place at such time. For additional information regarding our proposed revolving credit facility and our new term loan, please refer to “Business—Description of Certain Debt” below.

Factors That May Influence Future Results of Operations

Business and Strategy

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

Rental Revenue and Tenant Recoveries

We receive income primarily from rental revenue from our properties. The amount of rental revenue generated by the properties in our portfolio depends principally on the occupancy levels and lease rates at our properties, our ability to lease currently available space and space that becomes available as a result of lease expirations and on the rental rates at our properties.

[Table of Contents](#)

Occupancy Rates. As of March 31, 2013, properties owned by our predecessor business were approximately 85.5 % occupied and 89.4% leased. The difference between our occupancy rate and leased rate is attributed to our uncommenced leases. Our occupancy rate is impacted by market conditions in the areas in which we operate. In particular, we have generally experienced more challenging market conditions and slower recovery in San Diego county, where our properties were 64.3% occupied as of March 31, 2013. By way of comparison, our Los Angeles county properties and Orange county properties were 90.0% and 94.0% occupied, respectively, as of March 31, 2013, and according to DAUM, as of March 31, 2013, occupancy rates among Los Angeles and Orange County industrial properties were approximately 95.0% and 94.7%, respectively. Recently, we have noted gradual improvements in market conditions in our markets generally, as evidenced both by improved leasing velocity and stabilization of rental rates. In addition, a key component of our growth strategy is to acquire distressed, off-market and lightly marketed properties that are often operating below market occupancy at the time of acquisition. Through various redevelopment, repositioning and professional leasing and marketing strategies, we seek to increase the properties' functionality and attractiveness to prospective tenants and, over time, stabilize the properties at occupancy rates that meet or exceed market rates. Consistent with this strategy, three of our properties, representing 207,886 square feet, are currently in various stages of redevelopment and repositioning. Excluding properties in redevelopment or repositioning, our remaining properties were approximately 87.6% occupied as of March 31, 2013. On a weighted average basis, the space covered by our in-service properties not leased as of March 31, 2013 had been vacant for approximately 19.7 months and the space covered by properties in redevelopment or repositioning not leased as of March 31, 2013 had been vacant for approximately 0.4 months. Through June 4, 2013, we entered into 53 leases (excluding renewals) that had not commenced as of March 31, 2013, representing 361,063 square feet, or an additional 5.4% of our total rentable square feet (net of renewals). We believe the opportunity to increase occupancy at our properties will be a significant driver of future revenue growth.

Leasing Activity. In 2011, we entered into 99 new leases covering approximately 709,078 square feet and renewed 76 leases covering approximately 429,976 square feet, while 63 leases covering approximately 466,467 square feet terminated. On a weighted average basis, the space covered by new leases in 2011 had been vacant for approximately 22.8 months. In 2012, we entered into 172 new leases covering approximately 833,754 square feet and renewed 194 leases covering approximately 1,056,558 square feet, while 102 leases covering approximately 508,441 square feet terminated. In the three months ended March 31, 2013, we entered into 38 new leases covering approximately 283,507 square feet and renewed 59 leases covering approximately 37,887 square feet, while 34 leases covering approximately 87,124 square feet terminated. On a weighted average basis, the space covered by new leases in 2012 and in the three months ended March 31, 2013 had been vacant for approximately 22.3 months and 13.6 months, respectively. Our leasing activity is impacted both by our own redeveloping and repositioning efforts as well as by market conditions. When we redevelop or reposition a property, its space may become unavailable for leasing until completion of the redevelopment or repositioning efforts. In addition, while we have recently noted gradual improvements in market conditions in our markets, the market recovery has been uneven and some markets, particularly San Diego county, have been slower to recover.

Rental Rates. Of the 76 leases that we renewed in 2011, the rental rates under the renewed leases were approximately 1.0% below the expiring rent on a weighted average basis. Of the 194 leases that we renewed in 2012, the rental rates under the renewed leases were approximately 1.6% below the expiring rent on a weighted average basis and of the 59 leases that we renewed in the three months ended March 31, 2013, the rental rates under the renewed leases were approximately 0.3% below the expiring rent on a weighted average basis. We believe that the marginal decreases in rental rates on renewed leases generally reflects the uneven market recovery in our markets, and in particular in San Diego county. Among the factors that affect lease rates on renewal is our acquisition activity. We acquired ten properties in 2011 and seven properties in 2012 and four additional properties in 2013 as of June 4, 2013. At the time of acquisition of these properties, our underwriting and what we believe to be our value-oriented purchase prices factored in anticipated roll-downs in rent at some upcoming lease expirations. We believe that rental rates in our markets for product such as our properties are just beginning to recover from the 2008 financial crisis and subsequent economic recession, and accordingly we expect potential increases in lease rates upon renewal of upcoming lease expirations as market conditions continue to improve.

[Table of Contents](#)

Future economic downturns or regional downturns affecting our submarkets that impair our ability to renew or re-lease space and adverse developments that affect the ability of our tenants to fulfill their lease obligations, such as tenant bankruptcies, could adversely affect our ability to maintain or increase occupancy or rental rates at our properties. Adverse developments or trends in one or more of these factors could adversely affect our rental revenue in future periods.

Scheduled Lease Expirations

Our ability to re-lease space subject to expiring leases will impact our results of operations and is affected by economic and competitive conditions in our markets and by the desirability of our individual properties. As of March 31, 2013, in addition to approximately 824,000 rentable square feet of currently available space in our properties, leases representing approximately 16.3% and 23.9% of the aggregate rentable square footage of our initial portfolio are scheduled to expire during the years ending December 31, 2013 and December 31, 2014, respectively. As described in more detail above under “—Rental Revenue and Tenant Recoveries,” in 2011 and 2012 we renewed approximately 55% and 66% of leases scheduled to expire, which renewed leases represented approximately 48.0% and 67.5% of the aggregate rentable square footage under all expiring leases in those years, respectively. In 2011 and 2012, new leases and renewals had a weighted average term of approximately 2.5 years, and we expect future new and renewal leases to have terms consistent with this recent experience.

The leases scheduled to expire during the years ending December 31, 2013 and December 31, 2014 represent approximately 19.8% and 26.5%, respectively, of the total annualized rent for our portfolio. We estimate that, on a weighted average basis, in-place rents of leases scheduled to expire in 2013 and 2014 are currently at or slightly above current market rents. However, we believe that rental rates in our markets for product such as our properties are just beginning to recover, and accordingly we expect potential increases in lease rates upon renewal of upcoming 2013 and 2014 lease expirations as market conditions continue to improve.

Taxable REIT Subsidiary

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

Conditions in Our Markets

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

[Table of Contents](#)

Rental Expenses

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

General and Administrative Expenses

Following this offering, we expect to incur increased general and administrative expenses, including legal, accounting and other expenses related to corporate governance, public reporting and compliance with various provisions of the Sarbanes-Oxley Act, as compared to our Rexford Industrial Realty, Inc. Predecessor. We anticipate that our staffing levels will increase from approximately 31 employees at inception to between 35 and 40 employees during the next 12 to 24 months and, as a result, our general and administrative expenses will increase further.

Critical Accounting Policies

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

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

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

Investments in Real Estate

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

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

Capitalization of Costs and Depreciation and Amortization

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

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

As discussed above in investments in real estate, in connection with property acquisitions, we may acquire leases with rental rates above or below the market rental rates. Such differences are recorded as an intangible lease asset or liability and amortized to “rental revenues” over the reasonably assured term of the

[Table of Contents](#)

related leases. The unamortized balances of these assets and liabilities associated with the early termination of leases are fully amortized to their respective revenue line items in the combined financial statements of Rexford Industrial Realty, Inc. Predecessor over the shorter of the expected life of such assets and liabilities or the remaining lease term.

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

Impairment of Long-Lived Assets

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

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

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

Valuation of Receivables

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

Consolidation

We consolidate all entities that are wholly owned and those in which we own less than 100% but control, as well as any variable interest entities in which we are the primary beneficiary. We evaluate our ability to control an entity and whether the entity is a variable interest entity and we are the primary beneficiary through consideration of the substantive terms of the arrangement to identify which enterprise has the power to direct the activities of a variable interest entity that most significantly impacts the entity's economic performance and the

[Table of Contents](#)

obligation to absorb losses of the entity or the right to receive benefits from the entity. Investments in entities in which we do not control but over which we have the ability to exercise significant influence over operating and financial policies are presented under the equity method. Investments in entities that we do not control and over which we do not exercise significant influence are carried at the lower of cost or fair value, as appropriate. Our ability to correctly assess our influence and/or control over an entity affects the presentation of these investments in our combined financial statements.

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

Comparison of Three Months Ended March 31, 2013 to Three Months Ended March 31, 2012

Our results of operations for all periods presented were affected by acquisitions and dispositions made during the three months ended March 31, 2013 and the year ended December 31, 2012. Therefore, our results are not comparable from period to period. Our “Total Portfolio” represents all of the properties in our initial portfolio owned during the reported periods. To eliminate the effect of changes in our Total Portfolio due to acquisitions and dispositions, we have separately presented the results of our “Same Properties Portfolio.”

Properties included in our Same Properties Portfolio are the properties in our initial portfolio that were wholly-owned by us as of January 1, 2012 and still owned as of March 31, 2013, and excludes our joint venture or tenants-in-common properties and any properties that were acquired or sold during the three months ended March 31, 2013 and the year ended December 31, 2012.

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

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

	<u>Same Properties Portfolio</u>				<u>Total Portfolio</u>			
	<u>For the Three Months Ended</u>		<u>Increase/ (Decrease)</u>	<u>% Change</u>	<u>For the Three Months Ended</u>		<u>Increase/ (Decrease)</u>	<u>% Change</u>
	<u>3/31/2013 (Unaudited)</u>	<u>3/31/2012 (Unaudited)</u>			<u>3/31/2013 (Unaudited)</u>	<u>3/31/2012 (Unaudited)</u>		
RENTAL REVENUES								
Rental revenues	\$ 7,267,000	\$ 6,995,000	\$ 272,000	4%	\$ 7,902,000	\$ 7,039,000	\$ 863,000	12%
Tenant reimbursements	869,000	789,000	80,000	10%	904,000	789,000	115,000	15%
Management, leasing and development services	—	—	—	0%	261,000	64,000	197,000	308%
Other income	118,000	13,000	105,000	808%	118,000	17,000	101,000	594%
TOTAL RENTAL REVENUES	8,254,000	7,797,000	457,000	6%	9,185,000	7,909,000	1,276,000	16%
Interest income	311,000	334,000	(23,000)	-7%	311,000	337,000	(26,000)	-8%
TOTAL REVENUES	8,565,000	8,131,000	434,000	5%	9,496,000	8,246,000	1,250,000	15%
EXPENSES								
Property expenses	1,905,000	1,900,000	5,000	0%	2,171,000	1,987,000	184,000	9%
General and administrative	—	—	—	0%	1,153,000	983,000	170,000	17%
Depreciation and amortization	3,132,000	3,640,000	(508,000)	-14%	3,208,000	3,526,000	(318,000)	-9%
Other property expenses	296,000	220,000	76,000	35%	341,000	276,000	65,000	24%
TOTAL OPERATING EXPENSES	5,333,000	5,760,000	(427,000)	-7%	6,873,000	6,772,000	101,000	1%
OTHER (INCOME) EXPENSE								
Acquisition expenses	—	—	—	0%	93,000	68,000	25,000	37%
Interest expense	3,877,000	4,083,000	(206,000)	-5%	3,906,000	4,209,000	(303,000)	-7%
Gain on mark-to-market interest rate swaps	—	—	—	0%	(49,000)	(612,000)	563,000	-92%
TOTAL OTHER EXPENSE	3,877,000	4,083,000	(206,000)	-5%	3,950,000	3,665,000	285,000	8%
TOTAL EXPENSES	9,210,000	9,843,000	(633,000)	-6%	10,823,000	10,437,000	386,000	4%
Equity in income (loss) of unconsolidated real estate entities					(212,000)	57,000	(269,000)	
Gain from early repayment of note receivable	1,365,000	—	1,365,000		1,365,000	—	1,365,000	
Loss on extinguishment of debt	(37,000)	—	(37,000)		(37,000)	—	(37,000)	
NET INCOME (LOSS) FROM CONTINUING OPERATIONS	683,000	(1,712,000)	2,395,000		(211,000)	(2,134,000)	1,923,000	
DISCONTINUED OPERATIONS								
Income (loss) from discontinued operations before gains on sale of real estate	—	—	—		(145,000)	34,000	(179,000)	
Gain on sale of real estate	—	—	—		2,409,000	—	2,409,000	
INCOME (LOSS) FROM DISCONTINUED OPERATIONS	—	—	—		2,264,000	34,000	2,230,000	
NET INCOME (LOSS)	683,000	(1,712,000)	2,395,000		2,053,000	(2,100,000)	4,153,000	
NOI	6,053,000	5,677,000	376,000	7%	6,673,000	5,646,000	1,027,000	18%

[Table of Contents](#)

Rental Revenue

Our Same Properties Portfolio and Total Portfolio rental revenue increased \$0.3 million, or 3.9%, and \$0.9 million, or 12.3%, respectively, primarily due to increases in occupancy during the three months ended March 31, 2013 compared to the three months ended March 31, 2012. Our Total Portfolio rental revenue was also positively impacted by the revenues from the four properties we acquired during 2012.

Tenant Reimbursements

Our Same Properties Portfolio and Total Portfolio tenant reimbursements revenue increased \$0.1 million, or 10.1%, and \$0.1 million or 14.6%, respectively, primarily due to increases in occupancy during the three months ended March 31, 2013 compared to the three months ended March 31, 2012. The Total Portfolio tenant reimbursement revenue was also positively impacted by the revenues from the four properties we acquired during 2012.

Management, leasing and development services

Total Portfolio management, leasing, and development services revenue increased \$0.2 million or 307.8% during the three months ended March 31, 2013 compared to the three months ended March 31, 2012, due to additional management fee revenues from the properties that our JV acquired in June 2012. There are no management, leasing and development fees allocable to the Same Properties Portfolio.

Other Operating Income

Total Portfolio other operating income increased \$0.1 million, or 594.1%, during the three months ended March 31, 2013 compared to the three months ended March 31, 2012, primarily due to receipt of construction easement income at one of our properties.

Property Expenses

Same Properties Portfolio and Total Portfolio property expenses as a percentage of total rental revenues decreased to 23.1% and 23.6% respectively during the three months ended March 31, 2013 from 24.4% and 25.1%, respectively, during the three months ended March 31, 2012, due to operational efficiencies. The decreases in our Total Portfolio property expenses were partially offset by the incremental expenses from the four properties we acquired during 2012.

General and Administrative

Total Portfolio general and administrative expenses increased \$0.2 million, or 17.3%, during the three months ended March 31, 2013 compared to the three months ended March 31, 2012 due to higher corporate expenses resulting from additional head count.

Depreciation and Amortization

Same Properties Portfolio and Total Portfolio depreciation and amortization expenses decreased \$0.5 million, or 14.0%, and \$0.3 million or 9.0%, respectively, due to acquired lease related intangible and tangible assets for several of our properties being fully depreciated during 2012. The decreases in our Total Portfolio depreciation and amortization expense was partially offset by the four properties we acquired during 2012.

Other Property Expenses

Our Total Portfolio other property expenses increased \$65,000, or 23.6%, during the three months ended March 31, 2013 compared to the three months ended March 31, 2012, mainly due to higher allocated overhead expenses in our Same Properties Portfolio.

[Table of Contents](#)

Acquisition Expenses

Total Portfolio acquisition expenses increased \$25,000, or 36.8%, during the three months ended March 31, 2013 compared to the three months ended March 31, 2012 due to higher expenses incurred for 2013 transactions.

Interest Expense

Same Properties Portfolio and Total Portfolio interest expense decreased \$0.2 million, or 5.0%, and \$0.3 million, or 7.2% respectively, during the three months ended March 31, 2013 compared to the three months ended March 31, 2012, due to the expiration of our interest rate swaps during 2012, which was partially offset by increased interest expense as a result of additional debt incurred in 2012.

Gain on mark-to-market interest rate swaps

Total Portfolio gain on mark-to-market interest rate swaps decreased \$0.6 million, or 92.0%, during the three months ended March 31, 2013 compared to the three months ended March 31, 2012 due to the expiration of our interest rate swaps during 2012.

Equity in (Loss) Gain of Unconsolidated Real Estate Entities

The equity in loss of unconsolidated real estate entities of \$(0.2) million for the three months ended March 31, 2013, includes our equity interests in the operating results of two properties, La Jolla Sorrento and Mission Oaks. The Mission Oaks properties were acquired in June 2012 through the JV. The equity in income of unconsolidated real estate entities of \$0.1 million for the three months ended March 31, 2012, includes our equity interests in the operating results of only the La Jolla Sorrento property. The decrease is attributable to our share of incremental GAAP losses caused by increased depreciation expense by our two unconsolidated properties during the three months ended March 31, 2013.

Gain from Early Repayment of Note Receivable

The gain from early repayment of a note receivable for the three months ended March 31, 2013 represents the gain related to the collection of a note receivable held by us and secured by the Foothill property located at 2824 Foothill & 2801 Sierra Blvd., in Pasadena, California, or the Foothill note.

Loss on Extinguishment of Debt

The loss on extinguishment of debt for the three months ended March 31, 2013 is comprised of the loss related to the repayment of debt secured by the Foothill note receivable and property disposition which were both repaid early.

Discontinued Operations

Our income from discontinued operations of \$2.3 million for the three months ended March 31, 2013 is comprised primarily of the gain related to the disposition of our property located at 4578 Worth Street. This gain is partially offset by losses from operations of the disposed property and the properties classified as held for sale as of March 31, 2013. Our income from discontinued operations of \$34,000 for the three months ended March 31, 2012 is comprised of income from operations for the three properties classified as held for sale.

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

Our results of operations for all periods presented were affected by acquisitions and dispositions made during 2012 and 2011. Therefore, our results are not comparable from period to period. Our "Total Portfolio"

[Table of Contents](#)

represents all of the properties in our industrial portfolio as of December 31, 2012. To eliminate the effect of changes in our Total Portfolio due to acquisitions and dispositions, we have separately presented the results of our “Same Properties Portfolio.”

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

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

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

	<u>Same Properties Portfolio</u>			<u>% Change</u>	<u>Total Portfolio</u>			<u>% Change</u>
	<u>For the Year Ended 12/31/2012 (Unaudited)</u>	<u>12/31/2011 (Unaudited)</u>	<u>Increase/ (Decrease)</u>		<u>For the Year Ended 12/31/2012</u>	<u>12/31/2011</u>	<u>Increase/ (Decrease)</u>	
RENTAL REVENUES								
Rental revenues	\$ 24,304,000	\$ 23,480,000	\$ 824,000	4%	\$28,586,000	\$23,696,000	\$ 4,890,000	21%
Tenant reimbursements	2,508,000	2,383,000	125,000	5%	3,262,000	2,438,000	824,000	34%
Management, leasing and development services	—	—	—	0%	519,000	316,000	203,000	64%
Other income	76,000	151,000	(75,000)	-50%	124,000	149,000	(25,000)	-17%
TOTAL RENTAL REVENUES	26,888,000	26,014,000	874,000	3%	32,491,000	26,599,000	5,892,000	22%
Interest income	1,571,000	1,559,000	12,000	1%	1,577,000	1,578,000	(1,000)	0%
TOTAL REVENUES	28,459,000	27,573,000	886,000	3%	34,068,000	28,177,000	5,891,000	21%
EXPENSES								
Property expenses	6,921,000	7,027,000	(106,000)	-2%	8,328,000	6,865,000	1,463,000	21%
General and administrative	—	—	—	0%	5,146,000	3,729,000	1,417,000	38%
Depreciation and amortization	9,735,000	9,974,000	(239,000)	-2%	12,727,000	9,874,000	2,853,000	29%
Other property expenses	864,000	691,000	173,000	25%	1,302,000	1,030,000	272,000	26%
TOTAL OPERATING EXPENSES	17,520,000	17,692,000	(172,000)	-1%	27,503,000	21,498,000	6,005,000	28%
OTHER (INCOME) EXPENSE								
Acquisition expenses	—	12,000	(12,000)	-100%	599,000	1,022,000	(423,000)	-41%
Interest expense	16,751,000	18,240,000	(1,489,000)	-8%	17,452,000	17,970,000	(518,000)	-3%
Gain on mark-to-market interest rate swaps	—	—	—	0%	(2,361,000)	(4,185,000)	1,824,000	-44%
TOTAL OTHER EXPENSE	16,751,000	18,252,000	(1,501,000)	-8%	15,690,000	14,807,000	883,000	6%
TOTAL EXPENSES	34,271,000	35,944,000	(1,673,000)	-5%	43,193,000	36,305,000	6,888,000	19%
Equity in income of unconsolidated real estate entities	—	—	—		122,000	185,000	(63,000)	
NET LOSS FROM CONTINUING OPERATIONS	(5,812,000)	(8,371,000)	2,559,000		(9,003,000)	(7,943,000)	(1,060,000)	
DISCONTINUED OPERATIONS								
Loss from discontinued operations before gains on sale of real estate	—	—	—		(9,000)	(897,000)	888,000	
Gain on sale of real estate	—	—	—		55,000	2,503,000	(2,448,000)	
INCOME FROM DISCONTINUED OPERATIONS	—	—	—		46,000	1,606,000	(1,560,000)	
NET LOSS	(5,812,000)	(8,371,000)	2,559,000		(8,957,000)	(6,337,000)	(2,620,000)	
NOI	19,103,000	18,296,000	807,000	4%	22,861,000	18,704,000	4,157,000	22%

[Table of Contents](#)

Rental Revenue

Same Properties Portfolio and Total Portfolio rental revenue increased \$0.8 million, or 4%, and \$4.9 million, or 21%, respectively, primarily due to increases in occupancy during 2012. Our Total Portfolio rental revenue was also positively impacted by the revenues from properties we acquired during 2012 and 2011.

Tenant Reimbursements

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

Management, leasing and development services

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

Other Operating Income

Same Properties Portfolio other operating income decreased \$75,000, or 50%, while Total Portfolio other operating income decreased \$25,000, or 17%, during 2012 as compared to 2011, mainly due to lower non-recurring legal fee reimbursements from tenants and lower settlements received from former tenants. The decrease in other income for Same Properties Portfolio was partially offset by income from newly acquired assets.

Property Expenses

Same Properties Portfolio property expenses as a percentage of total rental revenues and Total Portfolio property expenses as a percentage of total rental revenues decreased to 25.7% and 25.6%, respectively, in 2012 from 27.0% and 25.8%, respectively, in 2011 due to operational efficiencies. This translated into a \$0.1 million, or 2%, decrease in Same Properties Portfolio property expenses during 2012 as compared to 2011. Total Portfolio property expenses increased \$1.5 million, or 21%, during 2012 as compared to 2011. Our Total Portfolio property expenses increased as a result of additional acquisitions during 2012 and 2011, and were partially offset by decreases resulting from dispositions and from the operational efficiencies described above.

General and Administrative

Total Portfolio general and administrative expenses increased \$1.4 million, or 38%, during 2012 as compared to 2011, due to additional acquisitions combined with higher corporate expenses resulting from additional head count.

Depreciation and Amortization

Same Properties Portfolio depreciation and amortization expenses decreased \$0.2 million, or 2%, due to expiring lives of assets at various properties, while Total Portfolio depreciation and amortization expenses increased \$2.9 million, or 29%, during 2012 as compared to 2011 due to additional acquisitions.

[Table of Contents](#)

Other Property Expenses

Same Properties Portfolio other property expenses increased \$0.2 million, or 25%, while Total Portfolio other property expenses increased \$0.3 million, or 26%, during 2012 as compared to 2011, mainly due to higher corporate overhead allocations for salaries and bonuses.

Acquisition Expenses

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

Interest Expense

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

Gain on mark-to-market interest rate swaps

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

Discontinued Operations

Our income from discontinued operations of \$46,000 in 2012 is comprised of losses from operations for the disposition of one property in 2012 combined with income from operations for the disposition of three properties in 2013. Our income from discontinued operations of \$1.6 million during 2011 is comprised primarily of gains related to the disposition of the Oxnard land parcel and income from operations from the four properties sold in 2012 and 2013.

Liquidity and Capital Resources

We believe that this offering will improve our financial position through changes in our capital structure, including an expected reduction in our leverage. Upon completion of this offering, the concurrent private placement and the formation transactions, and the use of the proceeds from this offering, the concurrent private placement and the new term loan as described in "Use of Proceeds," we expect our pro forma ratio of debt to total market capitalization will be approximately 24.2%, and we expect to have approximately \$2.0 million of available cash (assuming no exercise of the over-allotment option). In addition, the lead arranger for our proposed revolving credit facility has secured commitments allowing borrowings of up to \$200 million, which we expect to be available to us upon completion of this offering. We intend to use the proposed revolving credit facility, among other things, for property acquisitions, working capital requirements and other general corporate purposes.

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

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

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

[Table of Contents](#)

We intend to satisfy our short-term liquidity requirements through our existing cash and cash equivalents, cash flow from operating activities, the proceeds of this offering and the concurrent private placement, proceeds from a new term loan that we expect to have in place at the completion of this offering and borrowings available under our proposed revolving credit facility.

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

Commitments—Pro Forma

The following table sets forth our principal obligations and commitments, including periodic interest payments related to the pro forma indebtedness outstanding as of March 31, 2013, after paydowns using the proceeds of this offering and the new term loan that we expect to have in place at the completion of this offering:

	<u>Total</u>	<u>Payments by Period⁽¹⁾</u>			
		<u>Nine Months Ended December 31, 2013</u>	<u>2014</u>	<u>2015</u>	<u>Thereafter</u>
		(in thousands)			
Principal payments	\$ 129,290	\$ 125	\$ 175	\$ 5,013	\$ 123,977
Interest payments—fixed rate debt	520	216	281	23	—
Interest payments—variable rate debt ⁽²⁾	12,041	1,912	2,549	2,549	5,031
Total	<u>\$ 141,851</u>	<u>\$ 2,217</u>	<u>\$ 2,956</u>	<u>\$ 7,586</u>	<u>\$ 129,008</u>

(1) Does not include indebtedness outstanding on the three properties owned indirectly by the JV in which we own a 15% interest.

(2) Based on a weighted interest rate of LIBOR + 1.85%, with LIBOR as of March 31, 2013. Includes interest payments on an outstanding principal balance of \$21.2 million under our proposed revolving credit facility.

In addition to the contractual obligations set forth in the table above, we expect to enter into employment agreements with certain of our executive officers. The material terms of the agreements are described under “Executive Compensation—Executive Compensation Arrangements.” We also enter into contracts for maintenance, landscaping and other services at certain properties from time to time.

Consolidated Indebtedness to be Outstanding After this Offering

As of March 31, 2013, we had total pro forma consolidated indebtedness of approximately \$129.3 million, including approximately \$21.2 million outstanding under our proposed revolving credit facility,⁽¹⁾⁽²⁾ \$60.0 million of secured indebtedness under our new term loan and approximately \$48.1 million of secured indebtedness that we will assume as part of the formation transactions. Additionally, there is

(1) Assumes borrowings of approximately \$7.0 million we expect to borrow under our proposed revolving credit facility at the completion of this offering and an additional \$14.2 million which we expect to borrow under our proposed revolving credit facility to acquire 8101-8117 Orion Avenue and 18310-18330 Oxnard Street shortly following the completion of this offering.

(2) Assumes that our shares are sold in this offering at the mid-point of the price range set forth on the front cover of this prospectus. If our shares are sold in this offering at the low-end or high-end of the range of prices set forth on the front cover of this prospectus, then we expect to borrow approximately \$36.1 million and \$6.3 million respectively, under our proposed revolving credit facility.

Table of Contents

approximately \$6.2 million of secured indebtedness allocable to our 15% joint venture interest in the three properties owned indirectly by the JV, which is not reflected on our balance sheet. The weighted average interest rate on our total pro forma consolidated indebtedness would have been 2.19% (based on the 30-day LIBOR rate as of March 31, 2013 of 0.20% and assuming a margin of 135 basis points on our proposed revolving credit facility). On a pro forma basis as of March 31, 2013, we had approximately \$102.8 million (representing the outstanding principal amount under our new term loan, the proposed revolving credit facility and one of the secured loans being assumed as part of the formation transactions), or approximately 79.5%, of our outstanding long-term debt exposed to fluctuations in short-term interest rates.

The following table sets forth certain information with respect to the total pro forma consolidated indebtedness outstanding as of March 31, 2013:

<u>Loan</u>	<u>Principal (dollars in thousands)</u>	<u>Fixed Rate/ Floating Rate</u>	<u>Rate</u>	<u>Maturity</u>
<i>Fixed Rate</i>				
10700 Jersey Blvd	\$ 5,313	Fixed	5.45%	1/1/2015
<i>Variable Rate</i> ⁽¹⁾				
New Term Loan ⁽²⁾	\$ 60,000	Floating	2.05%	6 years, from closing date
Proposed Revolving Credit Facility ⁽³⁾	\$ 21,227	Floating	1.55%	3 years, from closing date
Glendale Commerce Center	\$ 42,750	Floating	2.20%	5/1/16
Subtotal	<u>\$123,977</u>			
Total/Weighted Average	<u>\$129,290</u>		<u>2.19%</u>	

(1) Based on a 30-day LIBOR rate as of March 31, 2013 of 0.20%.

(2) The new term loan is expected to be in place at the completion of this offering.

(3) Reflects approximately \$7.0 million we expect to borrow under our proposed revolving credit facility at the completion of this offering and an additional \$14.2 million which we expect to borrow under our proposed revolving credit facility to acquire 8101-8117 Orion Avenue and 18310-18330 Oxnard Street shortly following the completion of this offering.

The following table sets forth certain information with respect to our allocated share of the secured indebtedness outstanding on the three properties owned indirectly by the JV, in which we own a 15% interest, as of March 31, 2013:

<u>Loan</u>	<u>Principal (dollars in thousands)⁽¹⁾</u>	<u>Fixed/ Floating</u>	<u>Rate</u>	<u>Maturity</u>
<i>Variable Rate</i>				
3001 Mission Oaks Blvd	\$ 2,011	Floating	2.70% ⁽²⁾	6/28/2015 ⁽³⁾
3175 Mission Oaks Blvd	3,094	Floating	2.70% ⁽²⁾	6/28/2015 ⁽³⁾
3233 Mission Oaks Blvd	1,120	Floating	2.70% ⁽²⁾	6/28/2015 ⁽³⁾
Total/Weighted Average	<u>\$ 6,225</u>		<u>2.70%</u>	

(1) Represents 15% of the principal amount of the JV debt based on our 15% interest in the JV.

(2) Based on a 30-day LIBOR rate as of March 31, 2013 of 0.20%.

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

[Table of Contents](#)

Certain of our loan agreements contain financial covenants. The Glendale Commerce Center loan described above contains a debt service coverage ratio requirement that is tested quarterly, and a debt service coverage ratio requirement and a loan-to-value ratio requirement that are tested each time we exercise an option to extend the maturity date of the loan. In addition, pursuant to the terms of the Glendale Commerce Center loan, we must also meet certain liquidity and net worth requirements that are tested annually. The Mission Oaks Blvd loans described above each contain a combined debt yield ratio requirement that is tested annually, and a combined debt service coverage ratio requirement and a combined loan-to-value ratio requirement that are tested each time the borrowers of the Mission Oaks Blvd loans exercise an option to extend the maturity date of the loans. We and the borrowers of the Mission Oaks Blvd loans are currently in compliance with the financial covenants and net worth liquidity requirements in our and their respective loan agreements. The Glendale Commerce Center loan and the Mission Oaks Blvd loans also each contain cross-default provisions with respect to certain of our other indebtedness, and the Mission Oaks Blvd loans are cross-collateralized with each other.

We have negotiated the establishment of a proposed revolving credit facility and are currently negotiating with a number of financial institutions regarding the establishment of a new term loan prior to or contemporaneously with the completion of this offering. This proposed revolving credit facility will be used for property acquisitions, working capital requirements and other general corporate purposes. Our ability to borrow under the proposed revolving credit facility will be subject to our ongoing compliance with a number of customary restrictive covenants, as further described in “Business—Description of Certain Debt.” Additionally, the commitments under our proposed revolving credit facility are subject to closing conditions that are expected to include, among other things, satisfactory completion of due diligence by the administrative agent and the other lenders, successful completion of this offering, absence of material adverse effect, payment of fees, and the negotiation, execution and delivery of definitive documentation satisfactory to the administrative agent and the other lenders. We anticipate that the new term loan will contain customary terms, covenants and other conditions (including customary closing conditions) for credit facilities of this type. No assurances can be given that the closing conditions of the proposed revolving credit facility or the new term loan will be satisfied.

Off Balance Sheet Arrangements

As of March 31, 2013, neither Rexford Industrial Realty, Inc. Predecessor nor, on a pro forma basis, our company, had any off-balance sheet arrangements other than the two unconsolidated real estate entities which have been disclosed in the notes to our combined financial statements included elsewhere in this prospectus.

Interest Rate Risk

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

[Table of Contents](#)**Cash Flows of Rexford Industrial Realty, Inc. Predecessor**

The following table summarizes the historical cash flows of Rexford Industrial Realty, Inc. Predecessor for the three months ended March 31, 2013 and 2012 and the years ended December 31, 2012 and 2011:

	<u>Three Months Ended March 31,</u>		<u>Year Ended December 31,</u>	
	<u>2013</u>	<u>2012</u>	<u>2012</u>	<u>2011</u>
	(unaudited)	(unaudited)	(dollars in thousands)	
	(dollars in thousands)			
Cash provided by (used in) operating activities	\$ 1,372	\$ 1,591	\$ 1,080	\$ (3,349)
Cash provided by (used in) investing activities	6,640	(5,181)	(23,778)	(42,303)
Cash provided (used in) by financing activities	(4,065)	4,944	45,269	51,569

Cash Flows of Rexford Industrial Realty, Inc. Predecessor**Comparison of Three Months Ended March 31, 2013 to Three Months Ended March 31, 2012**

Net cash provided by operating activities. Net cash provided by operating activities decreased by \$0.2 million to \$1.4 million for the three months ended March 31, 2013 compared to \$1.6 million for the three months ended March 31, 2012. The decrease was primarily attributable to an increase in net working capital assets due to the timing of our April 2013 property tax payments partially offset by lower cash interest paid due to the expiration of various interest rate swaps during 2012 and incremental cash flows from property acquisitions completed during 2012.

Net cash from (used in) investing activities. Net cash provided by investing activities increased by \$11.8 million to \$6.6 million for the three months ended March 31, 2013 compared to a net use of cash totaling \$5.2 million for the three months ended March 31, 2012. The increase is primarily due to \$5.4 million from the Foothill note receivable repayment and \$3.9 million from property dispositions in the three months ended March 31, 2013 offset by a net decrease of \$2.7 million paid toward acquisitions and construction and development projects.

Net cash (used in) provided by financing activities. Net cash used in financing activities increased by \$9.0 million to \$4.1 million for the three months ended March 31, 2013 compared to a net increase in cash from financing activities totaling \$4.9 million for the three months ended March 31, 2012. The increase in cash used in financing activities is primarily attributable to a \$3.9 million decrease in cash contributions, a \$5.6 million increase in distributions and reimbursements paid to members, and \$0.5 million of prepaid offering costs, partially offset by a net increase in debt of \$1.1 million.

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

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

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

[Table of Contents](#)

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

Non-GAAP Financial Measures

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

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

NOI

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

	Three Months Ended March 31,			Year Ended December 31,		
	2013 (Unaudited)	2013 (Unaudited)	2012 (Unaudited)	2012 (Unaudited)	2012	2011
Rental Revenue	9,592	\$ 7,902	\$ 7,039	\$ 35,500	\$28,586	\$23,696
Tenant recoveries	1,095	904	789	4,085	3,262	2,438
Other operating revenues	380	379	81	634	643	465
Total revenue	11,067	\$ 9,185	\$ 7,909	\$ 40,219	\$32,491	\$26,599
Property expenses	3,150	2,512	2,263	12,058	9,630	7,895
Net operating income	7,917	\$ 6,673	\$ 5,646	\$ 28,161	\$22,861	\$18,704

Table of Contents

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

	Three Months Ended March 31,			Year Ended December 31,		
	Pro Forma			Pro Forma		
	2013	2013	2012	2012	2012	2011
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net income (loss)	(2,026)	\$ 2,053	\$ (2,100)	\$ (1,192)	\$ (8,957)	\$ (6,337)
Interest income	(248)	(311)	(337)	(1,011)	(1,577)	(1,578)
Depreciation and amortization	7,273	3,208	3,526	17,822	12,727	9,874
Interest expense	939	3,906	4,209	3,754	17,452	17,970
General and administrative	2,040	1,153	983	8,683	5,146	3,729
Gain on mark-market interest rate swaps	—	(49)	(612)	—	(2,361)	(4,185)
Acquisition expenses	—	93	68	—	599	1,022
Equity income (loss) of unconsolidated real estate entities	(61)	212	(57)	105	(122)	(185)
Gain from early repayment of note receivable	—	(1,365)	—	—	—	—
Loss on extinguishment of debt	—	37	—	—	—	—
Income from discontinued operations	—	(2,264)	(34)	—	(46)	(1,606)
Net operating income	\$ 7,917	\$ 6,673	\$ 5,646	\$ 28,161	\$22,861	\$18,704

The following are the revenue and expense items comprising our Same Properties Portfolio:

	Same Store Portfolio			
	Three Months Ended March 31,		Year Ended December 31,	
	2013	2012	2012	2011
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Rental revenue	\$ 7,267	\$ 6,995	\$ 24,304	\$ 23,480
Tenant recoveries	869	789	2,508	2,383
Other operating revenues	118	13	76	151
Total revenue	\$ 8,254	\$ 7,797	\$ 26,888	\$ 26,014
Property expenses	2,201	2,120	7,785	7,718
Net operating income	\$ 6,053	\$ 5,677	\$ 19,103	\$ 18,296

The following is a reconciliation from historical reported net income (loss) for our Same Properties Portfolio, the most directly comparable financial measure calculated and presented in accordance with GAAP, to NOI for our Same Properties Portfolio:

	Same Store Portfolio			
	Three Months Ended March 31,		Year Ended December 31,	
	2013	2012	2012	2011
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net income (loss)	\$ 683	\$ (1,712)	\$ (5,812)	\$ (8,371)
Interest income	(311)	(334)	(1,571)	(1,559)
Depreciation and amortization	3,132	3,640	9,735	9,974
Interest expense	3,877	4,083	16,751	18,240
Acquisition expenses	—	—	—	—
Gain from early repayment of note receivable	(1,365)	—	—	12
Loss on extinguishment of debt	37	—	—	—
Net operating income	\$ 6,053	\$ 5,677	\$ 19,103	\$ 18,296

EBITDA

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

	<u>Three Months Ended March 31,</u>			<u>Year Ended December 31,</u>		
	<u>Pro Forma</u>			<u>Pro Forma</u>		
	<u>2013</u>	<u>2013</u>	<u>2012</u>	<u>2012</u>	<u>2012</u>	<u>2011</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>		
Net income (loss)	(2,026)	\$ 2,053	\$ (2,100)	\$ (1,192)	\$ (8,957)	\$ (6,337)
Interest expense	939	3,906	4,209	3,754	17,452	17,970
Depreciation and amortization	7,273	3,208	3,526	17,822	12,727	9,874
EBITDA	<u>6,186</u>	<u>\$ 9,167</u>	<u>\$ 5,635</u>	<u>\$ 20,384</u>	<u>\$21,222</u>	<u>\$21,507</u>

FFO

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

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

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

[Table of Contents](#)

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

	Three Months Ended March 31,			Year Ended December 31,		
	Pro Forma 2013 (Unaudited)	2013 (Unaudited)	2012 (Unaudited)	Pro Forma 2012 (Unaudited)	2012	2011
Net income (loss)	\$ (2,026)	\$ 2,053	\$ (2,100)	\$ (1,192)	\$ (8,957)	\$ (6,337)
Add:						
Depreciation and amortization, including amounts in discontinued operations	7,273	3,286	3,657	17,822	13,217	10,687
Depreciation and amortization of real estate assets unconsolidated joint ventures and tenant in common ⁽¹⁾	97	470	39	266	409	126
Loss from early extinguishment of debt	—	246	—	—	—	—
Deduct:						
Gain on sale of real estate	—	(2,409)	—	—	(55)	(2,503)
Funds from operations (FFO)	<u>\$ 5,344</u>	<u>\$ 3,646</u>	<u>\$ 1,596</u>	<u>\$ 16,896</u>	<u>\$ 4,614</u>	<u>\$ 1,973</u>

(1) Amount represents our 15% ownership of Mission Oaks unconsolidated joint venture.

Inflation

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

Newly Issued Accounting Standards

Recent Accounting Pronouncements

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

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

During the third quarter of 2011, the FASB issued an accounting standard update to amend and simplify the rules related to testing goodwill for impairment. The update allows an entity to make an initial qualitative evaluation, based on the entity's events and circumstances, to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. The results of this qualitative assessment

[Table of Contents](#)

determine whether it is necessary to perform the currently required two-step impairment test. The new guidance is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. We adopted this standard as of January 1, 2012 and it has not had a material impact on our combined financial statements.

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

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

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

Quantitative and Qualitative Disclosure About Market Risk

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

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

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

[Table of Contents](#)

The variable rate component of our variable rate pro forma consolidated indebtedness is LIBOR-based. If LIBOR were to increase by 50 basis points, the increase in interest expense on our pro forma variable rate debt would decrease our future earnings and cash flows by approximately \$0.6 million annually. If LIBOR were to decrease by 50 basis points, the decrease in interest expense on our pro forma variable rate debt would be approximately \$0.3 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. These analyses do not consider the effect of any change in overall economic activity that could occur in that environment. Further, in the event of a change of that magnitude, we may take actions to further mitigate our exposure to the change. However, due to the uncertainty of the specific actions that would be taken and their possible effects, these analyses assume no changes in our financial structure.

As of March 31, 2013, we had total pro forma outstanding debt of approximately \$129.3 million secured by nine of our properties, including approximately \$60.0 million of secured indebtedness under our new term loan, \$21.2 million drawn on our secured credit facility and approximately \$48.1 million of secured indebtedness that we will assume as part of the formation transactions. Additionally, we will have approximately \$6.2 million of secured indebtedness allocable to our 15% joint venture interest in the three properties owned indirectly by the JV, and we expect that we will incur additional indebtedness in the future. Interest we pay reduces our cash available for distributions. Certain of our debt issuances bear interest at variable rates and, as of March 31, 2013, we had approximately \$124.0 million of variable rate debt outstanding that is not fixed with interest rate swaps.

MARKET OVERVIEW

Unless otherwise indicated, all information contained in this Market Overview section is derived from market materials prepared by DAUM compiled from original sources as of March 31, 2013, citing CoStar Property Database, CBRE and other sources.

Southern California Economy

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

Southern California is home to the largest U.S. regional population, with more than 21 million residents, projected to grow to 25 million residents by 2030. The region is home to the two largest sea ports in the U.S. (ports of Los Angeles and Long Beach), the fourth largest air freight terminal (Los Angeles International Airport) and is geographically positioned at the nexus for trade and technology flow between the U.S., China, the Pacific Rim nations and South America. The region is also resident to the largest manufacturing base in the nation, with approximately 728,500 manufacturing workers, 43% more than the next largest metropolitan area. Known as the "entertainment capital of the world," its "creative economy" employs nearly one million skilled employees. The region is home to a significant high-tech industry, with more high-tech jobs (376,400) than any other U.S. market as of 2010, and consistently ranks first nationally in space, defense systems and consumer electronics manufacturing. The proximity of leading research institutions provides leadership and capital flows to key industries.

Southern California Infill Industrial Markets

The overall Southern California industrial real estate market is the largest in the U.S., with approximately 2.0 billion square feet of space, and is approximately 1.7 times larger than the next largest industrial real estate market (Chicago, Illinois), as illustrated below:



Source: DAUM market materials, citing CoStar Property Database as of March 2013

Note: Southern California market comprised of Los Angeles, Orange, Ventura, San Bernardino, Riverside, and San Diego Counties

[Table of Contents](#)

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

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

Market Opportunity

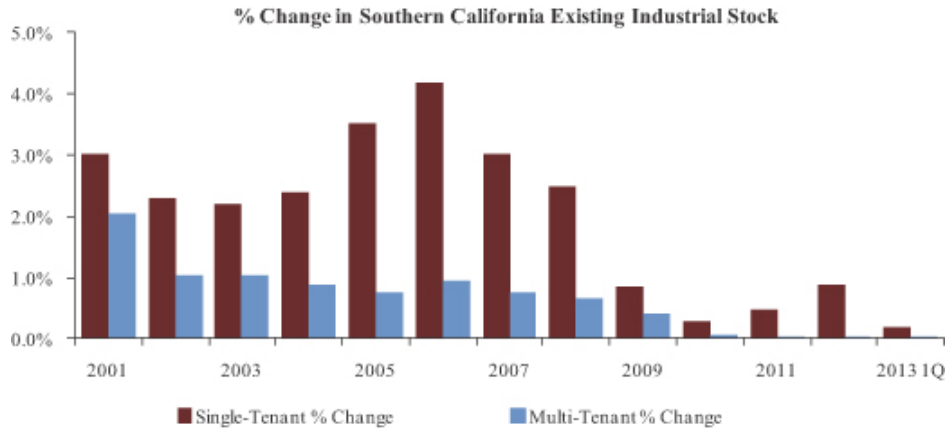
Our investment strategy focuses on the 1.73 billion square foot infill markets comprised of Los Angeles County, Orange County, West Inland Empire, San Diego County and Ventura County. In 2012, over \$5.9 billion of industrial property was sold in Southern California. We believe the market trends and conditions discussed below have created favorable investment opportunities that we are competitively positioned to capitalize upon.

Portfolio Focused on Infill Southern California Market



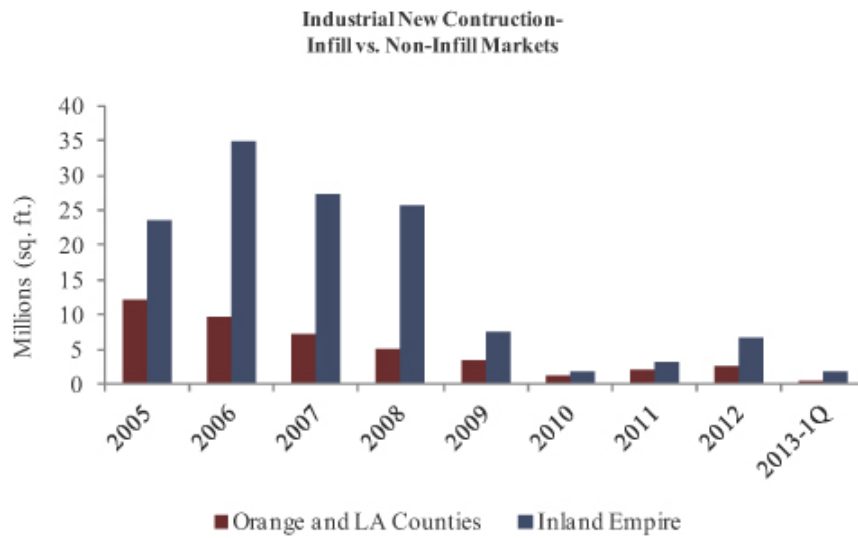
Limited, Diminishing Supply with Substantial Barriers to Entry

Southern California is generally considered to be nearly fully developed and is characterized by a scarcity of vacant or developable land. This is due in large part to the region’s permanent physical barriers, including major population centers, geographical features including numerous mountain ranges, and the Pacific Ocean. These constraints, combined with a large and growing population, have given rise to high political barriers, such as extensive land use and zoning laws and complex entitlement processes, that curtail real estate development. Further, scarcity of developable land leads to high land and development costs. Industrial lease rates typically do not justify development of new properties for lease in infill markets, which presents an economic barrier for those seeking to develop new industrial properties.



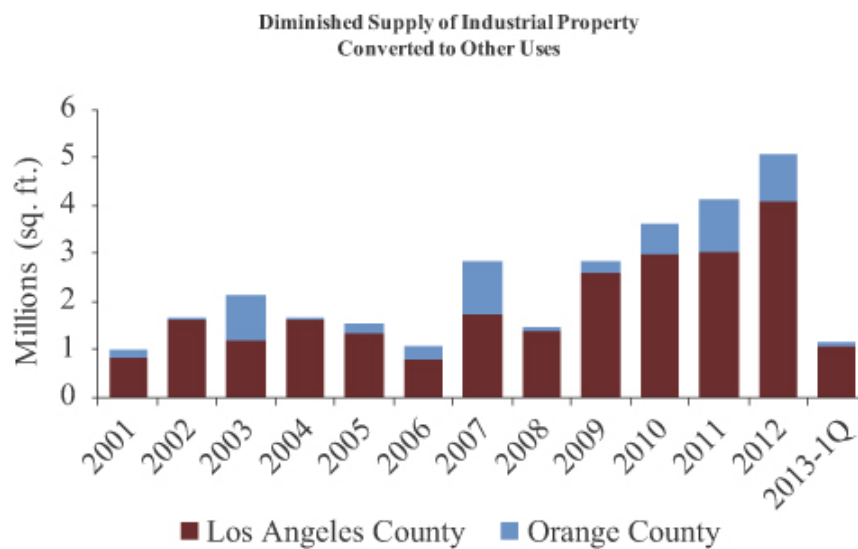
Source: DAUM market materials, citing CoStar Property Database as of March 2013

There has been a dearth of new multi-tenant industrial properties built for lease since 1999, with infill development generally limited to relatively few owner-user and build-to-suit developments. Multi-tenant development represented only 1.1% of total new industrial property construction in Southern California markets during 2011 and 2012, combined, and only 0.6% of new construction in 2012. Further, as a majority of infill product is multi-tenant, substantially all new construction occurred in the Inland Empire, much of which is non-infill and generally outside of Rexford’s primary target markets.



Source: DAUM market materials, citing CoStar Property Database as of March 2013

Industrial use is not typically considered the “highest and best” economic use for the few development or redevelopment sites available within our target markets. As a result, the stock of infill industrial property in our target markets generally has diminished over time, as existing properties have converted to alternate uses, primarily multi-family housing and related development. Since 2001, Los Angeles and Orange Counties have seen more than 24.2 million and 5.8 million square feet of industrial property, respectively, demolished for redevelopment as shown in the charts below.



Source: DAUM market materials, citing CoStar Property Database as of March 2013

High Current Occupancy and High Rental Rates

The Southern California infill industrial market has consistently out-performed other national markets on the basis of occupancy and asking rents, as illustrated in the following charts. As of March 31, 2013, occupancy was 95.0% and 94.7% for Los Angeles and Orange Counties, respectively, versus the national average of 91.3%. Since 2001, average Los Angeles and Orange County asking rents were 65% higher than the average of the next nine largest markets in the nation over the same twelve-year period. As shown in the charts below, the occupancy rates for Los Angeles and Orange County have consistently been above the other large markets in the United States since the fourth quarter of 2001 and the occupancy rates never dipped below 90%, even during the most recent recession.



Source: DAUM market report, citing CoStar Property Database and data provided by CBRE as of March 2013



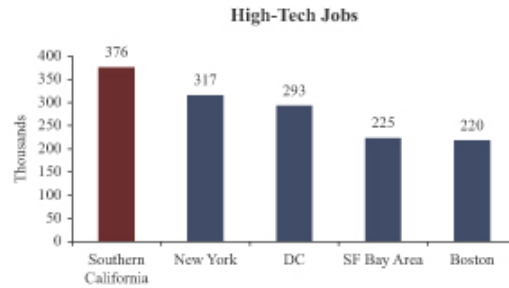
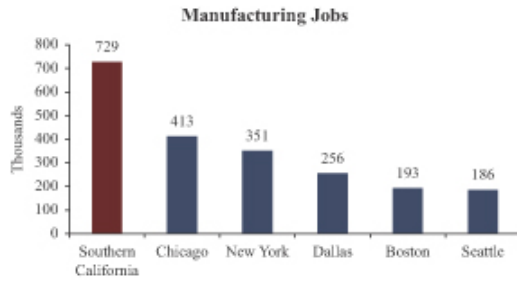
12-Year Average Asking Rent For Orange & Los Angeles County: **\$0.66/SF/Month**

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

Source: DAUM market report, citing CoStar Property Database and data provided by CBRE as of March 2013

Diverse Tenant Demand Base

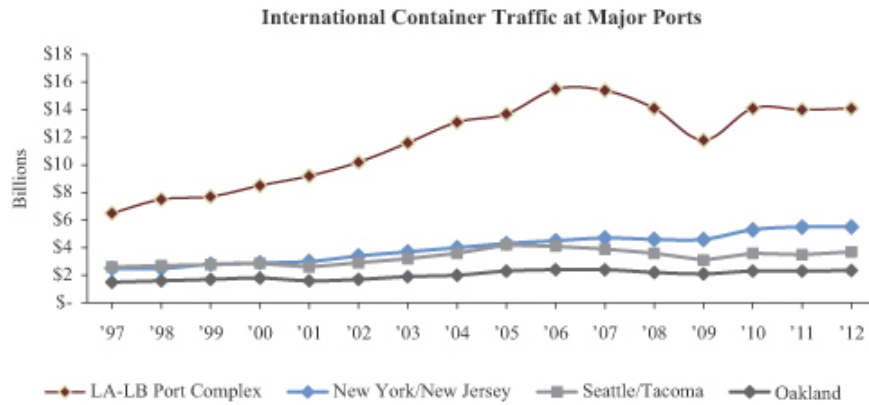
Southern California is home to the nation’s largest and most diverse manufacturing and distribution sector, as well as the largest number of high-tech jobs. We draw our tenants from over 17 industry sectors. The following charts compare Southern California’s manufacturing and high-tech employment to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



Source: DAUM market materials, citing Bureau of Labor Statistics as of March 2013

Source: DAUM market materials, citing Tech America Foundation, Cyber Cities 2010

The trend of off-shoring domestic manufacturing to Asia further fuels Southern California industrial tenant demand, as a vast share of Asian goods pass through the Los Angeles-area ports and require regional warehousing and distribution in order to access the broader U.S. market. As of March 31, 2013, approximately 21.3% of our tenants imported product from outside the U.S.

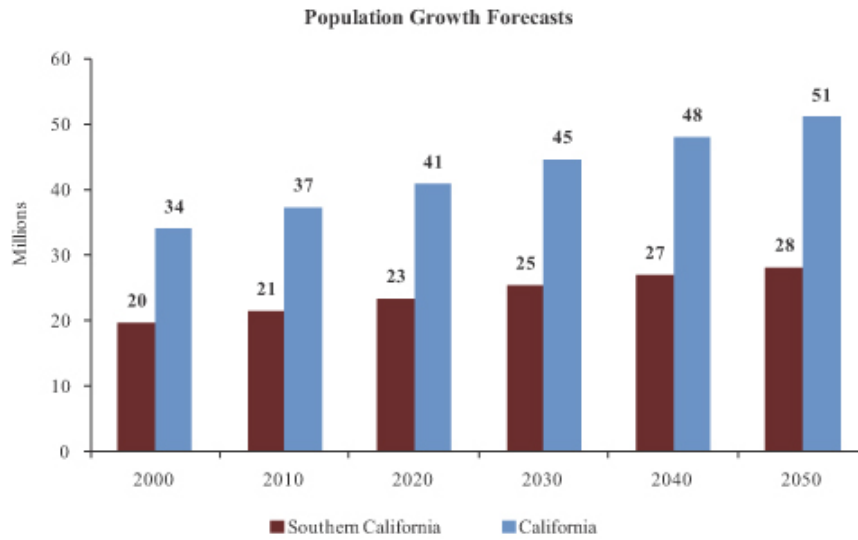


Source: DAUM market materials, citing websites for the Port of Los Angeles, Port of Long Beach, Port Authority of New York and New Jersey, Port of Seattle, Port of Tacoma and Port of Oakland as of March 2013

Additionally, the emergence of e-commerce and the growth of Internet retailers and wholesalers are expanding the universe of tenants seeking industrial space in our target markets. Forrester Research Inc. projects that online shoppers in the United States will spend \$327 billion in 2016, up 45% from the \$226 billion spent in 2012, increasing to an estimated 9.0% of total retail sales by 2016. As of March 31, 2013, approximately 17.4% of our tenants cited e-commerce as a component of their business.

Large and Growing Regional Population

Southern California represents the largest regional population in the U.S., with over 21 million residents, comprising over 57% of California residents. The population has increased by approximately 2 million since 2000 and is projected to increase to over 25 million residents by 2030. Our infill tenant base tends to disproportionately serve the direct consumption needs of this growing regional Southern California population. This contrasts with tenants of “big-box” properties, who disproportionately serve super-regional or global trade and distribution. Approximately 94.0% of our tenants sell or distribute their goods or services regionally within California.

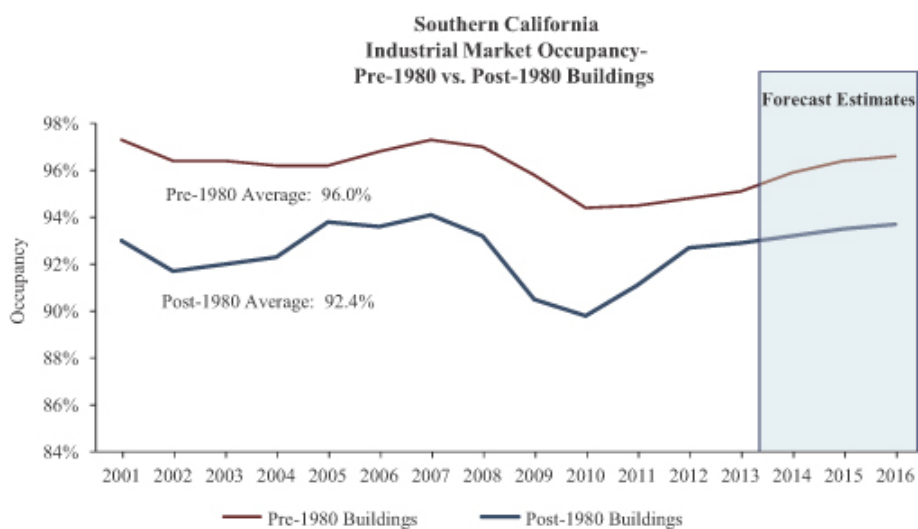


Source: DAUM market materials, citing projections prepared by Demographic Research Unit, California Department of Finance, May 2012

Relative Performance of Our Target Markets and Properties

Older Properties Tend To Outperform Newer Properties

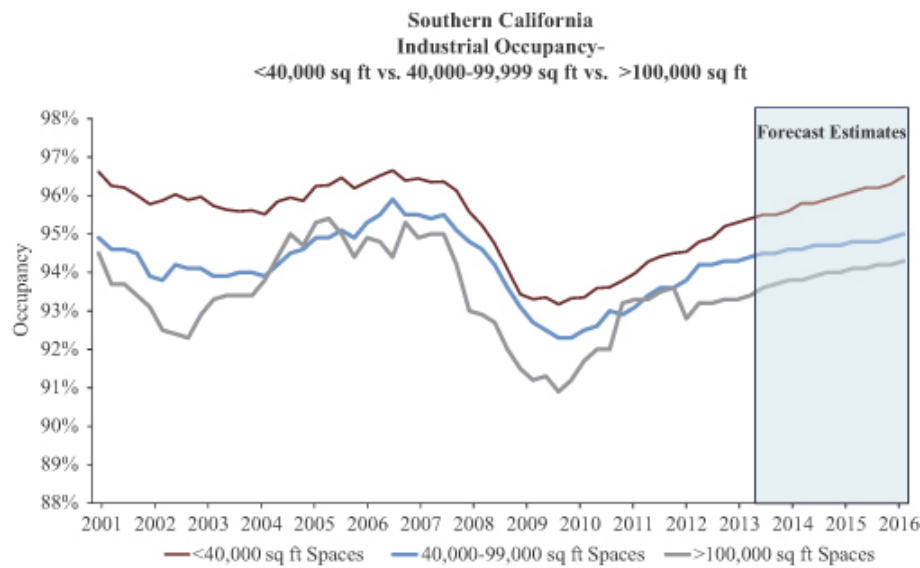
Over one billion square feet of infill industrial space in our target market was built prior to 1980. These buildings are generally more centrally located, which reduces commuting time for our tenants' employees and distribution times to the end consumers of the product. These locations are also typically more densely populated areas than locations that feature a greater proportion of newer construction. These factors have driven higher occupancy rates in pre-1980 buildings compared to post-1980 buildings. As of March 31, 2013, occupancy for pre-1980 buildings was 95.1% versus 92.9% for newer buildings. Pre-1980 buildings have maintained occupancy levels between 94.4% and 97.4% since 2001, while occupancy for post-1980 buildings has ranged from 89.6% to 94.5%, as illustrated in the chart below.



Source: DAUM market materials, citing CoStar Property Database and CBRE data as of March 2013.

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

Our target infill markets feature a majority of properties valued below \$25 million or sized below 300,000 square feet. We believe smaller spaces, generally under 40,000 square feet, are positioned for rental rate recovery as economic conditions improve for smaller- and mid-size tenants in the face of ongoing scarcity of supply of these spaces. Occupancy as of March 31, 2013 for “big-box” buildings containing 100,000 square feet or more was 93.2%, while occupancy in buildings containing less than 40,000 square feet was 94.9%.



Source: DAUM market materials, citing CoStar Property Database as of March 2013.

Projected Improvements in Occupancy and Rental Rates

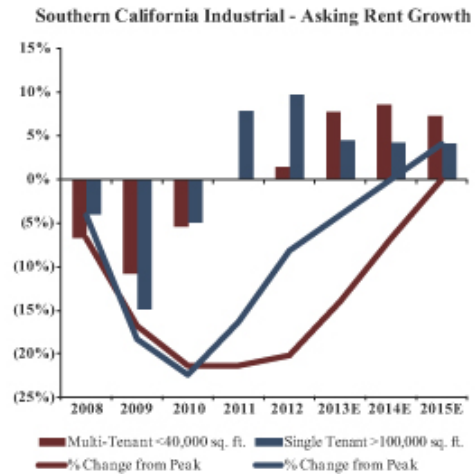
Occupancy and rental rates in our target markets are substantially higher for smaller spaces compared to larger spaces on an historical and projected basis as shown in the table below. Further, rental rates for larger, single-tenant spaces have recovered nearly to their pre-recession levels. Conversely,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

[Table of Contents](#)

As shown in the charts below, occupancy and rental rates in the Southern California industrial infill market are projected to increase over the next three years. Moreover, multi-tenant space under 40,000 square feet, which has been slower to recover from the recent financial crisis, is projected to outperform single-tenant space containing 100,000 or more square feet according to DAUM, utilizing data provided by CBRE.



Source: DAUM market materials, citing CoStar Property Database and data provided by CBRE as of March 2013



Source: DAUM market materials, citing CoStar Property Database and data provided by CBRE as of March 2013

BUSINESS

Overview

Rexford Industrial Realty, Inc. is a newly organized Maryland corporation formed to operate as a self-administered and self-managed REIT focused on owning and operating industrial properties in Southern California infill markets. We were formed to succeed our predecessor business, which is controlled and operated by our principals, Richard Ziman, Howard Schwimmer and Michael Frankel, who collectively have decades of experience acquiring, owning and operating industrial properties in Southern California infill markets. Upon completion of our formation transactions, our initial portfolio will consist of 61 properties with approximately 6.7 million rentable square feet, including two properties that we currently have under contract to purchase, and manage an additional 20 properties with approximately 1.2 million rentable square feet.

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

We own both multi-tenant and single-tenant properties comprising approximately 60% and 40% of our portfolio, respectively. Our properties are highly adaptable and appeal to a wide range of potential tenants and uses, which, in our experience, reduces re-tenanting costs, time and risk, thereby enhancing our return on investment. Our tenants generally are small and medium sized businesses that are structurally tied to the Southern California economy and therefore find that locating within our target markets is critical to the ongoing operations of their business. Our initial portfolio is highly diversified by tenant and industry. Of our 693 tenants, no single tenant accounted for more than 2.3 % of our total annualized rent and no single industry accounted for more than 11.6% of our total annualized rent, as of March 31, 2013. Our average tenant size is approximately 9,000 square feet, with nearly 70% of tenants occupying less than 50,000 square feet each.

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

We plan to grow our business through disciplined acquisitions of additional industrial properties in Southern California infill markets, and believe that there are substantial and attractive acquisition opportunities available to us in our target markets. According to DAUM, the Southern California infill industrial property market consists of approximately 1.73 billion square feet of industrial properties. Our initial portfolio represents substantially less than 1.0% of this target market. Through our proprietary origination methods, we are actively monitoring, as of June 4, 2013, approximately 31.6 million square feet of properties in our markets that we believe represent attractive potential investment opportunities, including properties containing approximately 2.9 million square feet on which we have submitted non-binding offers that remain outstanding. In addition, we currently have two properties totaling 123,676 square feet under contract to purchase with their purchase expected to close before July 31, 2013. The closings are subject to satisfactory completion of our due diligence and customary closing conditions. As such, we cannot assure you that we will complete these acquisitions on the current terms or at all. Our predecessor's recent investment fund has acquired in excess of 3.1 million square feet in our target markets with over 2.3 million square feet acquired since 2012 alone, sourced primarily through a combination of off-market and lightly marketed transactions, sale lease-backs and related transactions from

[Table of Contents](#)

illiquid owners and short sales and discounted note purchases from financial institutions. We believe the current market environment represents an attractive time in the real estate cycle to invest in our target properties as the many small and medium sized businesses that our properties seek to serve are just beginning to participate in the economic recovery. Despite being consistently one of the highest occupied markets in the United States approaching 95% occupancy rates, particularly for multi-tenant properties, rental rates in our target markets have only recently begun to recover from their recessionary lows.

We intend to elect and qualify to be taxed as a REIT under the Code, commencing with the year ending December 31, 2013, and generally will not be subject to U.S. federal taxes on our income to the extent we annually distribute at least 90% of our REIT taxable income, determined without regard to the deduction for dividends paid, to our stockholders and otherwise maintain our qualification as a REIT. We are structured as an UPREIT and will own substantially all of our assets and conduct substantially all of our business through our operating partnership. We will serve as the sole general partner and expect to own an approximately 86.8% interest in our operating partnership upon completion of this offering.

Experienced Management and Vertically Integrated Team

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

Mr. Ziman contributes over 40 years of experience owning and managing industrial real estate and a successful public company track record as the founding chairman and chief executive officer of Arden, a REIT, which at the time of its sale to GE Real Estate in 2006 was the largest publicly traded owner of office properties in Southern California. Mr. Schwimmer has focused exclusively on owning, operating and creating value in infill Southern California industrial property throughout his 30 year career. Mr. Schwimmer has 12 years of experience managing and co-managing our predecessor business, with expertise including the acquisition, value-add improvement, development, management, leasing and disposition of industrial property. Prior to establishing our predecessor business, from 1983 until 2001, Mr. Schwimmer held various positions including stockholder, board member, manager, executive vice president and broker of record for DAUM, California's oldest industrial brokerage company. Mr. Frankel's 28 year career has focused on real estate and private equity investment and senior management operating roles, including nine years co-managing our predecessor business, which almost exclusively focused on investing in industrial properties in Southern California infill markets.

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

Arden Realty, Inc.

Mr. Ziman co-founded Arden (NYSE: ARI) in 1990 and served as Chairman and Chief Executive Officer after taking the company public on the NYSE in 1996. Arden was a publicly traded REIT, engaged in owning, acquiring, managing, leasing, developing and renovating office properties located in Southern California. The company's portfolio was expanded from 4 million square feet to approximately 18.5 million square feet and became one of the largest owners of office properties in Southern California. As a senior member of Arden's management team, Mr. Ziman was instrumental in helping Arden become one of the largest owners of office properties in Southern California. In May 2006, Arden was sold to GE Real Estate, a division of General Electric Capital Corporation, for \$4.8 billion in total enterprise value, compared to an enterprise value of approximately \$500 million at the time of its initial public offering. An investment in the common stock of

[Table of Contents](#)

Arden at the time of its initial public offering until its final sale generated a total return to stockholders of approximately 338% per share for each share purchased at the initial public offering price of \$20.00 per share (assuming reinvestment of all cash dividends since the initial public offering in 1996) compared to a total return of 248% for the MSCI US REIT Index over the same period.

Competitive Strengths

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

Attractive Existing Portfolio with Diversified Tenant Mix: We have built a difficult-to-replicate portfolio of interests in 61 properties totaling approximately 6.7 million square feet, including two properties that we currently have under contract to purchase, almost all of which is located in Southern California infill markets. We will own 100% of the interests in 58 of these properties and will own a 15% interest in the remaining three properties. We believe our initial portfolio is attractively positioned to participate in a recovery in rental rates in our markets. Additionally, our portfolio is leased to a broad tenant base, drawn from diverse industry sectors. We believe that this diversification reduces our exposure to tenant default risk and earnings volatility. As of March 31, 2013, we had 693 individual tenants, with no single tenant accounting for more than 2.3% of our total annualized rent.

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

Experienced Management Team: Members of our senior management team contribute over 64 years of prior public company experience, and collectively have been involved with over \$25 billion of real estate acquisitions over multiple cycles. Members of our senior management team have been working together for nearly a decade and together bring 130 years of experience focused on creating value by investing in infill Southern California industrial property.

Ability to Execute Opportunistic Transactions: The combination of our proprietary origination methods and the experience and relationships of our management team provide us access to and allow us to capitalize on unique transaction opportunities, for example:

- **Glendale Commerce Center:** Glendale Commerce Center is a 473,345 square foot highly functional warehouse and distribution center located in Glendale, California with 100% occupancy. We acquired this property in April 2013. In this transaction we leveraged key relationships and rapid execution to capitalize on a broken portfolio sale. As a result, we were able to acquire the property at a discount to replacement cost.
- **Grand Commerce Center:** Grand Commerce Center is a 101,187 square foot highly functional light industrial property located in Santa Ana, California with 90.1% occupancy. We acquired this

[Table of Contents](#)

property in September 2010. In this transaction we were able to generally pre-empt the market by utilizing proprietary research to identify a distressed owner. As a result, we were able to acquire the property at a discount to replacement cost.

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

Growth-Oriented Capital Structure: We believe that a public company capital structure will enable us to capitalize effectively on the substantial volume of opportunities generated by our origination platform. Upon completion of this offering, our pro forma debt to total market capitalization will be approximately 24.2%. We expect to enter into a new approximately \$60 million term loan, which will be used at the completion of this offering to repay a portion of our outstanding mortgage debt. In addition, we have negotiated a proposed revolving credit facility with a borrowing capacity of \$200 million that we expect to have in place at the completion of this offering. This facility is expected to have an accordion feature that may provide for up to an additional \$200 million borrowing capacity as our company grows. We expect to use the proposed revolving credit facility for property acquisitions, working capital requirements and other general corporate purposes.

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

Our Business and Growth Strategies

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

External Growth through Acquisitions

We intend to grow our initial portfolio through disciplined acquisitions in prime Southern California infill markets. We believe that our relationship-, data- and event-driven research allows us to identify and exploit asset mispricing and market inefficiencies. Through these proprietary origination methods, we are actively monitoring, as of June 4, 2013, approximately 31.6 million square feet of properties in our markets that we believe represent attractive potential investment opportunities, including properties containing approximately 2.9 million square feet on which we have submitted non-binding offers that remain outstanding. In addition, we currently have two properties totaling 123,676 square feet under contract to purchase with their purchase expected to close before July 31, 2013. The closings are subject to satisfactory completion of our due diligence and customary closing conditions. As such, we cannot assure you that we will complete these acquisitions on the current terms or at all. Our predecessor's most recent investment fund has acquired in excess of 3.1 million square feet in our target markets with over 2.3 million square feet acquired since 2012 alone, sourced primarily through a combination of off-market and lightly marketed transactions, sale lease-backs and related transactions, short sales and discounted note purchases from financial institutions.

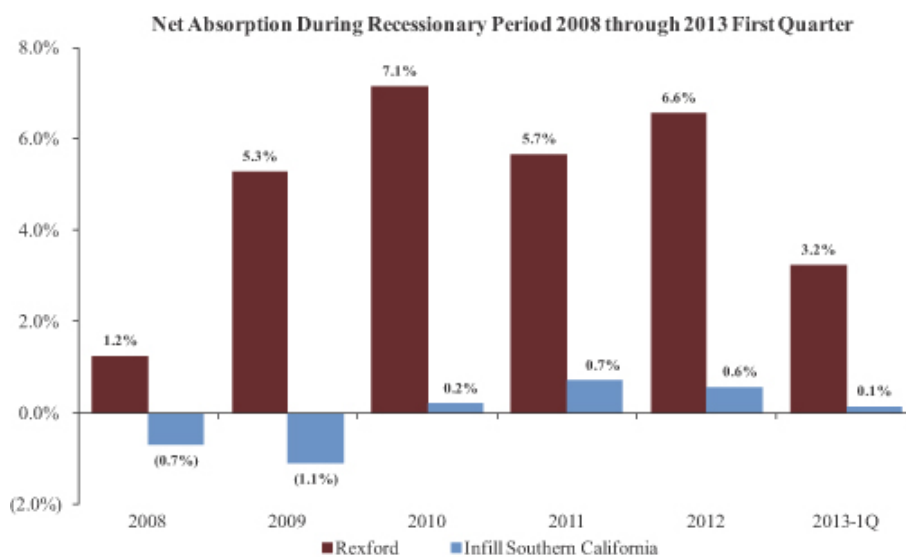
We believe there are a large number of over-leveraged industrial properties within our target markets facing loan maturities over the next several years. We seek to source transactions from owners facing pressing

liquidity needs or financial distress, including maturities of loans that lack economical refinancing options. We also seek to transact with lenders, which, following the recent financial crisis, face a heightened need to divest or resolve underperforming loans in order to meet capital and regulatory requirements.

Internal Growth through Intensive, Value-Added Asset Management

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

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



Source: DAUM market materials, citing CoStar Property Database as of March 2013.

We believe that our initial portfolio contains the potential for imbedded growth through the lease-up of currently available space. As of March 31, 2013, our initial portfolio was 89.4% leased. We believe four factors will contribute to increased cash flow from leasing in the near term:

- a number of our properties are in their final lease-up stage after being repositioned through our value-add activities,

Table of Contents

- we expect the firming up of supply and demand in certain markets, such as San Diego, that has generally lagged the infill markets of Los Angeles County and Orange County through the 2010 to 2012 recovery, and are now experiencing net positive absorption, and
- expected market rental rate increases in the multi-tenant industrial market, as smaller and medium sized business tenants begin to gain access to increased liquidity and available credit as the economy recovers.

Financing Strategy

We intend to maintain a flexible and growth-oriented capital structure. Upon completion of this offering, we will have an initial debt-to-market capitalization of approximately 24.2%. To facilitate our acquisition strategy, we have negotiated a proposed revolving credit facility with a borrowing capacity of \$200 million that we expect to have in place at the completion of this offering. This facility is expected to have an accordion feature that may provide for up to an additional \$200 million borrowing capacity as our company grows. This facility will be used for property acquisitions, working capital requirements and other general corporate purposes. We also expect to enter into a new \$60 million term loan, which will be used at the completion of this offering to repay a portion of our outstanding mortgage debt. For more information regarding our proposed revolving credit facility and our new term loan, see “Business—Description of Certain Debt.”

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

Our Properties

In connection with our formation transactions, the concurrent private placement and this offering, in exchange for an estimated combined total of 4,957,099 shares of common stock and 3,714,419 common units and approximately \$0.7 million in cash, we will acquire interests in entities that own 61 properties, including two properties that we currently have under contract to purchase. Our target properties fit into four general categories focused on industrial property located in Southern California infill markets:

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

[Table of Contents](#)

The following table provides information about the properties we will own upon completion of our formation transactions, including two properties that we currently have under contract to purchase:

Property Address	City	Number of Buildings	Asset Type	Year Built / Renovated ⁽¹⁾	Rentable Square Feet	Ownership Interest in Rentable Square Feet ⁽²⁾	Percentage of Rentable Square Feet ⁽³⁾	Number of Leases	Occupancy ⁽⁴⁾	Annualized Base Rent ⁽⁵⁾	Percentage of Total Annualized Base Rent ⁽⁶⁾	Total Annualized Base Rent per Square Foot ⁽⁷⁾	Ownership Interest
Los Angeles—Greater San Fernando Valley													
3350 Tyburn St., 3332, 3334, 3360, 3368, 3370, 3378, 3380, 3410, 3424 N. San Fernando Rd.	Los Angeles	8	Warehouse / Distribution	1966, 1992, 1993, 1994	473,345	473,345	8.4%	27	99.4%	\$ 4,471,764	10.6%	\$ 9.51	100.0%
15140 & 15148 Bledsoe St., 13065—13081 Bradley Ave.	Sylmar	2	Warehouse / Light Manufacturing	1969, 2008 / 2006	138,474	138,474	2.4%	7	94.5%	\$ 1,007,592	2.4%	\$ 7.70	100.0%
28340—28400 Avenue Crocker	Valencia	1	Warehouse / Light Manufacturing	1987 / 2006	91,788	91,788	1.6%	2	100.0%	\$ 706,884	1.7%	\$ 7.70	100.0%
28159 Avenue Stanford	Valencia	1	Light Industrial / Office	1987 / 2008	79,701	79,701	1.4%	7	63.3%	\$ 817,152	1.9%	\$ 16.19	100.0%
21-29 West Easy St. 18310-18330 Oxnard St.	Simi Valley Tarzana	5 2	Warehouse / Light Manufacturing	1991 / 2006 1973	102,327 75,288	102,327 75,288	1.8% 1.3%	12 22	93.2% 82.4%	\$ 850,236 \$ 652,116	2.0% 1.5%	\$ 8.91 \$ 10.51	100.0% 100.0%
15041 Calvert St.	Van Nuys	1	Warehouse / Light Manufacturing	1971	81,282	81,282	1.4%	1	100.0%	\$ 438,924	1.0%	\$ 5.40	100.0%
8101-8117 Orion Ave.	Van Nuys	1	Warehouse / Light Manufacturing	1978 1970-1972 /	48,388	48,388	0.9%	22	77.5%	\$ 460,428	1.1%	\$ 12.27	100.0%
6701 & 6711 Odessa Ave.	Van Nuys San Fernando	2 1	Warehouse / Light Manufacturing	2012	29,544	29,544	0.5%	2	100.0%	\$ 205,620	0.5%	\$ 6.96	100.0%
1050 Arroyo Ave.	San Fernando	1	Warehouse / Light Manufacturing	1969 / 2012	76,993	76,993	1.4%	1	100.0%	\$ 526,632	1.2%	\$ 6.84	100.0%
901 W. Alameda Ave. 700 Allen Ave., 1840 Dana St., & 1830 Flower	Burbank Glendale	1 3	Light Industrial / Office	1969 / 2009 1949, 1961 / 2011-2012	44,924 38,665	44,924 38,665	0.8% 0.7%	3 0	89.5% 0.0%	\$ 1,178,436 \$ 0	2.8% 0.0%	\$ 29.32 \$ 0.00	100.0% 100.0%
121-125 N. Vinedo Ave.	Pasadena	1	Warehouse / Light Manufacturing	1953 / 1993	48,381	48,381	0.9%	1	100.0%	\$ 476,640	1.1%	\$ 9.85	100.0%
89-91 N. San Gabriel Blvd., 2670-2674 Walnut Ave., 2675 Nina St.	Pasadena	5	Light Manufacturing / Flex	1947, 1985 / 2009	31,619	31,619	0.6%	2	84.2%	\$ 433,692	1.0%	\$ 16.28	100.0%
Subtotal / Weighted Average⁽⁸⁾		34			1,360,719	1,360,719	24.0%	109	91.2%	\$12,226,116	29.0%	\$ 9.85	100.0%

Table of Contents

Property Address	City	Number of Buildings	Asset Type	Year Built / Renovated ⁽¹⁾	Rentable Square Feet	Ownership Interest in Rentable Square Feet ⁽²⁾	Percentage of Rentable Square Feet ⁽³⁾	Number of Leases	Occupancy ⁽⁴⁾	Annualized Base Rent ⁽⁵⁾	Percentage of Total Annualized Base Rent ⁽⁶⁾	Total Annualized Base Rent per Square Foot ⁽⁷⁾	Ownership Interest
Los Angeles—San Gabriel Valley													
1400 South Shamrock	Monrovia	1	Light Manufacturing / Flex Warehouse / Light	1957, 1962 / 2004	67,838	67,838	1.2%	1	100.0%	\$ 938,304	2.2%	\$ 13.83	100.0%
15705, 15709 Arrow Highway & 5220 Fourth St.	Irwindale	3	Manufacturing Light	1987	69,592	69,592	1.2%	30	92.2%	\$ 631,176	1.5%	\$ 9.84	100.0%
15715 Arrow Highway	Irwindale	1	Light Manufacturing / Warehouse / Light	1989	76,000	76,000	1.3%	1	100.0%	\$ 967,824	2.3%	\$ 12.73	100.0%
14250-14278 Valley Blvd.	La Puente	8	Manufacturing Warehouse / Light	1974 / 2007	99,720	99,720	1.8%	25	94.4%	\$ 741,223	1.8%	\$ 7.88	100.0%
13914-13932 Valley Blvd.	La Puente	2	Manufacturing Warehouse / Light	1978, 1988 / 2012	58,084	58,084	1.0%	27	94.0%	\$ 432,276	1.0%	\$ 7.91	100.0%
15241—15277, 15317—15339 Don Julian Rd.	City of Industry	2	Warehouse / Distribution	1965, 2005 / 2003	241,248	241,248	4.3%	13	100.0%	\$ 1,963,620	4.7%	\$ 8.14	100.0%
Subtotal / Weighted Average		17			612,482	612,482	10.8%	97	97.6%	\$ 5,674,423	13.4%	\$ 9.49	100.0%
Los Angeles—Central													
1938-1946 E. 46th St.	Vernon	3	Warehouse / Light Manufacturing	1961, 1983 / 2008-2010	190,663	190,663	3.4%	3	100.0%	\$ 1,257,912	3.0%	\$ 6.60	100.0%
Los Angeles—Mid-Counties													
9641—9657 Santa Fe Springs Rd.	Santa Fe Springs	3	Warehouse / Distribution	1982 / 2009	106,995	106,995	1.9%	4	100.0%	\$ 864,276	2.0%	\$ 8.08	100.0%
14944, 14946, 14948 Shoemaker Ave.	Santa Fe Springs	3	Warehouse / Light Manufacturing	1978 / 2012	86,010	86,010	1.5%	19	82.3%	\$ 533,076	1.3%	\$ 7.53	100.0%
12910 East Mulberry Dr.	Whittier	1	Warehouse / Distribution	1962 / 2009	153,080	153,080	2.7%	2	100.0%	\$ 869,664	2.1%	\$ 5.68	100.0%
9220-9268 Hall Rd.	Downey	1	Warehouse / Light Manufacturing	2008	176,405	176,405	3.1%	25	55.8%	\$ 748,464	1.8%	\$ 7.60	100.0%
Subtotal / Weighted Average		8			522,490	522,490	9.2%	50	82.2%	\$ 3,015,480	7.1%	\$ 7.02	100.0%

[Table of Contents](#)

Property Address	City	Number of Buildings	Asset Type	Year Built / Renovated ⁽¹⁾	Rentable Square Feet	Ownership Interest in Rentable Square Feet ⁽²⁾	Percentage of Rentable Square Feet ⁽³⁾	Number of Leases	Occupancy ⁽⁴⁾	Annualized Base Rent ⁽⁵⁾	Percentage of Total Annualized Base Rent ⁽⁶⁾	Total Annualized Base Rent per Square Foot ⁽⁷⁾	Ownership Interest
Los Angeles—South Bay													
1661 240th St.	Los Angeles	1	Warehouse / Distribution	1975 / 1995	100,851	100,851	1.8%	2	39.0%	\$ 239,532	0.6%	\$ 6.09	100.0%
6423-6431 & 6407-6119 Alondra Blvd.	Paramount	2	Warehouse / Light Manufacturing	1986	30,224	30,224	0.5%	8	74.1%	\$ 174,240	0.4%	\$ 7.78	100.0%
18118-18120 S. Broadway	Carson	3	Warehouse / Distribution	1957 / 1989	78,183	78,183	1.4%	5	100.0%	\$ 500,820	1.2%	\$ 6.41	100.0%
311, 319, 329 & 333 157th St.	Gardena	4	Warehouse / Light Manufacturing	1960-1971 / 2006-2011	60,000	60,000	1.1%	7	100.0%	\$ 434,880	1.0%	\$ 7.25	100.0%
20920-20950 Normandie Ave.	Torrance	2	Warehouse / Light Manufacturing	1989	49,466	49,466	0.9%	24	89.0%	\$ 476,208	1.1%	\$ 10.82	100.0%
6010 Paramount Ave., 2708 Seaboard Lane	Long Beach	1	Warehouse / Light Manufacturing	1981-1982	16,534	16,534	0.3%	2	100.0%	\$ 133,344	0.3%	\$ 8.06	100.0%
Subtotal / Weighted Average		13			335,258	335,258	5.9%	48	77.7%	\$ 1,959,024	4.6%	\$ 7.52	100.0%
North Orange County													
2300-2386 East Walnut Ave.	Fullerton	3	Warehouse / Distribution	1985-1986 / 2005	161,286	161,286	2.8%	14	100.0%	\$ 1,155,696	2.7%	\$ 7.17	100.0%
1631 N. Placentia Ave., 2350—2384 E. Orangethorpe Ave.	Anaheim	2	Warehouse / Light Manufacturing	1973 / 2007	62,395	62,395	1.1%	29	91.2%	\$ 646,104	1.5%	\$ 11.35	100.0%
Subtotal / Weighted Average		5			223,681	223,681	3.9%	43	97.6%	\$ 1,801,800	4.3%	\$ 8.26	100.0%
Orange County Airport													
3441 West MacArthur Blvd.	Santa Ana	1	Warehouse / Distribution	1973	122,060	122,060	2.2%	1	100.0%	\$ 678,900	1.6%	\$ 5.56	100.0%
600-650 South Grand Ave.	Santa Ana	6	Warehouse / Light Manufacturing	1988	101,210	101,210	1.8%	44	85.7%	\$ 890,052	2.1%	\$ 10.27	100.0%
3720-3750 W. Warner Ave.	Santa Ana	1	Warehouse / Light Manufacturing	1973 / 2008	38,570	38,570	0.7%	11	71.9%	\$ 253,104	0.6%	\$ 9.13	100.0%
200-220 South Grand Ave.	Santa Ana	1	Warehouse / Light Manufacturing	1973 / 2008	27,200	27,200	0.5%	7	100.0%	\$ 261,660	0.6%	\$ 9.62	100.0%
Subtotal / Weighted Average		9			289,040	289,040	5.1%	63	91.2%	\$ 2,083,716	4.9%	\$ 7.90	100.0%

[Table of Contents](#)

Property Address	City	Number of Buildings	Asset Type	Year Built / Renovated ⁽¹⁾	Rentable Square Feet	Ownership Interest in Rentable Square Feet ⁽²⁾	Percentage of Rentable Square Feet ⁽³⁾	Number of Leases	Occupancy ⁽⁴⁾	Annualized Base Rent ⁽⁵⁾	Percentage of Total Annualized Base Rent ⁽⁶⁾	Total Annualized Base Rent per Square Foot ⁽⁷⁾	Ownership Interest
San Bernardino— Inland Empire West													
1400 S. Campus Ave.	Ontario	2	Warehouse / Light Manufacturing	1964-1966, 1973, 1987	107,861	107,861	1.9%	1	100.0%	\$ 440,076	1.0%	\$ 4.08	100.0%
9160—9220 Cleveland Ave., 10860 6th St.	Rancho Cucamonga	3	Warehouse / Light Manufacturing / Flex	1988-1989 / 2006	129,309	129,309	2.3%	2	64.0%	\$ 1,450,296	3.4%	\$ 17.52	100.0%
10700 Jersey Blvd.	Rancho Cucamonga	7	Industrial / Light Office	1988-1989	107,568	107,568	1.9%	49	89.5%	\$ 833,016	2.0%	\$ 8.65	100.0%
9375 Archibald Ave.	Rancho Cucamonga	8	Industrial / Light Office	1980 / 2007	62,677	62,677	1.1%	26	65.7%	\$ 369,984	0.9%	\$ 8.98	100.0%
8900-8980 Benson Ave., 5637 Arrow Highway	Montclair	5	Warehouse / Light Manufacturing	1974	88,146	88,146	1.6%	41	79.6%	\$ 660,000	1.6%	\$ 9.41	100.0%
Subtotal / Weighted Average		25			495,561	495,561	8.7%	119	80.4%	\$ 3,753,372	8.9%	\$ 9.42	100.0%
San Bernardino— Inland Empire East													
6750 Unit B-C— 6780 Central Ave.	Riverside	4	Warehouse / Light Manufacturing	1978	63,675	63,675	1.1%	5	93.2%	\$ 295,704	0.7%	\$ 4.98	100.0%
77-700 Enfield Lane	Palm Desert	1	Warehouse / Light Manufacturing	1990	21,607	21,607	0.4%	7	100.0%	\$ 151,584	0.4%	\$ 7.02	100.0%
Subtotal / Weighted Average		5			85,282	85,282	1.5%	12	94.9%	\$ 477,288	1.1%	\$ 5.53	100.0%
Ventura County													
3001 Mission Oaks Blvd. ⁽⁹⁾	Camarillo	1	Warehouse / Distribution	1969	309,500	46,425	0.8%	1	96.9%	\$ 245,700	0.6%	\$ 5.46	15.0%
3175 Mission Oaks Blvd. ⁽⁹⁾	Camarillo	1	Warehouse / Distribution	2000	423,106	63,466	1.1%	1	100.0%	\$ 346,523	0.8%	\$ 5.46	15.0%
3233 Mission Oaks Blvd. ⁽⁹⁾	Camarillo	2	Warehouse / Distribution	1980-1982 / 1960-1963 / 2006	455,801	68,370	1.2%	1	31.6%	\$ 191,178	0.5%	\$ 8.85	15.0%
300 South Lewis Rd.	Camarillo	1	Warehouse / Distribution	2006	215,128	215,128	3.8%	11	100.0%	\$ 1,558,020	3.7%	\$ 7.24	100.0%
2220-2260 Camino del Sol	Oxnard	1	Warehouse / Distribution	2005	69,891	69,891	1.2%	2	100.0%	\$ 510,024	1.2%	\$ 7.30	100.0%
701 Del Norte Blvd.	Oxnard	1	Warehouse / Light Manufacturing	2000	125,514	125,514	2.2%	17	98.5%	\$ 997,920	2.4%	\$ 8.07	100.0%
Subtotal / Weighted Average		7			1,598,940	588,794	10.4%	33	91.5%	\$ 3,849,365	9.1%	\$ 7.14	36.8%

Table of Contents

Property Address	City	Number of Buildings	Asset Type	Year Built / Renovated ⁽¹⁾	Rentable Square Feet	Ownership Interest in Rentable Square Feet ⁽²⁾	Percentage of Rentable Square Feet ⁽³⁾	Number of Leases	Occupancy ⁽⁴⁾	Annualized Base Rent ⁽⁵⁾	Percentage of Total Annualized Base Rent ⁽⁶⁾	Total Annualized Base Rent per Square Foot ⁽⁷⁾	Ownership Interest
San Diego—North County													
1335 Park Center Dr. 929, 935, 939 & 951 Poinsettia Ave.	Vista	1	Warehouse / Distribution	1999 / 2007	124,997	124,997	2.2%	1	5.1%	\$ 88,320	0.2%	\$ 13.80	100.0%
	Vista	4	Warehouse / Light Manufacturing	1989 / 2007	121,892	121,892	2.2%	11	79.6%	\$ 667,500	1.6%	\$ 6.88	100.0%
2575 Pioneer Ave.	Vista	1	Warehouse / Light Manufacturing	1988 / 2006	68,935	68,935	1.2%	6	87.2%	\$ 477,991	1.1%	\$ 7.95	100.0%
6200 & 6300 Yarrow Dr.	Carlsbad	2	Warehouse / Light Manufacturing	1977-1988 / 2006	151,433	151,433	2.7%	2	63.1%	\$ 882,624	2.1%	\$ 9.23	100.0%
2431-2465 Impala Dr.	Carlsbad	7	Warehouse / Flex	1983 / 2006	89,951	89,951	1.6%	6	60.0%	\$ 679,608	1.6%	\$ 12.58	100.0%
6231 & 6241 Yarrow Dr.	Carlsbad	2	Warehouse / Light Manufacturing	1977 / 2006	80,441	80,441	1.4%	6	92.6%	\$ 631,608	1.5%	\$ 8.48	100.0%
5803 Newton Dr.	Carlsbad	1	Warehouse / Light Manufacturing / Flex	1997-1999 / 2009	71,602	71,602	1.3%	2	56.0%	\$ 441,084	1.0%	\$ 11.01	100.0%
Subtotal / Weighted Average		18			709,251	709,251	12.5%	34	60.3%	\$ 3,868,735	9.2%	\$ 9.05	100.0%
San Diego—Central													
10439-10477 Roselle St.	San Diego	10	Warehouse / Light Manufacturing	1970 / 2007	97,967	97,967	1.7%	43	91.0%	\$ 1,077,180	2.6%	\$ 12.08	100.0%
12345 First American Way	Poway	1	Warehouse / Light Industrial / Office	2002 / 2007	40,022	40,022	0.7%	2	100.0%	\$ 438,984	1.0%	\$ 10.97	100.0%
Subtotal / Weighted Average		11			137,989	137,989	2.4%	45	93.6%	\$ 1,516,164	3.6%	\$ 11.74	100.0%
San Diego—South County													
131 W. 33rd St.	National City	2	Warehouse / Light Manufacturing	1969 / 2008	78,615	78,615	1.4%	12	49.0%	\$ 364,452	0.9%	\$ 9.46	100.0%
Other													
500-560 Zenith Dr.	Glenview	3	Warehouse / Light Industrial / Office	1978	37,992	37,992	0.7%	25	75.6%	\$ 387,024	0.9%	\$ 13.48	100.0%
Portfolio—Total / Weighted Average⁽¹⁰⁾	61 Properties	160			6,677,963	5,667,817	100.0%	693	85.5%	\$42,204,871	100.0%	\$ 8.71	84.9%⁽¹¹⁾

- (1) Year renovated means the most recent year in which a material upgrade, alteration or addition to building systems was completed resulting in increased marketability of the property.
- (2) Calculated as rentable square feet for such property multiplied by our ownership interest in such property.
- (3) Calculated as our ownership interest in rentable square feet for such property divided by our ownership interest in rentable square feet for the total portfolio as of March 31, 2013.
- (4) Calculated as the occupancy at such property as of March 31, 2013, weighted by our ownership interest in rentable square feet for such property.
- (5) Calculated as monthly contracted base rent per the terms of the lease(s) at such property, as of March 31, 2013, multiplied by 12 and then multiplied by our ownership interest in such property. Excludes billboard and antenna revenue and rent abatements. Total rent abatements with respect to our initial portfolio for leases in effect as of March 31, 2013 for the 12 months ending March 31, 2014 are \$980,117, of which our proportionate share, based on our ownership interest in the applicable properties, is \$980,117. Annualized base rent includes rent from triple net leases, modified gross leases and gross leases. See "Business—Leases."
- (6) Calculated as annualized base rent for such property divided by annualized base rent for the total portfolio as of March 31, 2013.
- (7) Calculated as annualized base rent for such property divided by our ownership interest in leased square feet for such property as of March 31, 2013. Total annualized base rent per square foot, net of our proportionate share of rent abatements, for our properties is \$8.51.
- (8) Excluding our pending acquisitions of Oxnard and Orion, occupancy was 92.3%, annualized base rent was \$11,113,572, percentage of total annualized base rent was 27.0% and total annualized base rent per square foot was \$9.73.

Table of Contents

- (9) Properties are adjacent to one another and are accounted for as three separate properties as they are located on three separate legal parcels.
 (10) Excluding our pending acquisitions of Oxnard and Orion, occupancy was 85.6%, annualized base rent was \$41,092,327 and total annualized base rent per square foot was \$8.66.
 (11) Weighted average ownership interest for the total portfolio is based on the ownership interest in rentable square feet for the total portfolio divided by rentable square feet for the total portfolio.

Property Diversification

The following table sets forth information relating to diversification by property type in our portfolio based on total annualized rent as of March 31, 2013.

Property Type	Number of Properties	Occupancy ⁽¹⁾	Rentable Square Feet	Ownership Interest in Rentable Square Feet ⁽²⁾	Percentage of Total Rentable Square Feet	Annualized Base Rent ⁽³⁾	Percentage of Total Annualized Base Rent ⁽⁴⁾	Annualized Base Rent per Square Foot ⁽⁵⁾
Warehouse / Light Manufacturing ⁽⁶⁾	34	87.0%	2,764,624	2,764,624	48.8%	\$ 19,585,430	46.4%	\$ 8.14
Warehouse / Distribution	14	88.6%	3,035,471	2,025,325	35.7%	\$ 13,684,037	32.4%	\$ 7.63
Light Manufacturing / Flex	6	74.5%	466,319	466,319	8.2%	\$ 4,910,808	11.6%	\$ 14.14
Light Industrial / Office	7	72.1%	411,549	411,549	7.3%	\$ 4,024,596	9.5%	\$ 13.56
Total / Weighted Average⁽⁷⁾	61	85.5%	6,677,963	5,667,817	100.0%	\$42,204,871	100.0%	\$ 8.71

- (1) Calculated as the average occupancy at such properties as of March 31, 2013, weighted by ownership interest in the properties' rentable square feet.
 (2) Calculated for each property as rentable square feet for such property multiplied by our ownership interest for such property, and then aggregated by property type.
 (3) Calculated for each property as the monthly contracted base rent per the terms of the lease(s) at such property, as of March 31, 2013, multiplied by 12 and then multiplied by our ownership interest for such property, and then aggregated by property type. Excludes billboard and antenna revenue and rent abatements. Total rent abatements with respect to our initial portfolio for leases in effect as of March 31, 2013 for the 12 months ending March 31, 2014 are \$980,117, of which our proportionate share, based on our ownership interest in the applicable properties, is \$980,117. Annualized base rent includes rent from triple net leases, modified gross leases and gross leases. See "Business—Leases."
 (4) Calculated for each property type as annualized base rent for such property type divided by annualized base rent for the total portfolio as of March 31, 2013.
 (5) Calculated for each property type as annualized base rent for such property type divided by our ownership interest in leased square feet for such property type as of March 31, 2013. Total annualized base rent per square foot, net of our proportionate share of rent abatements, for our properties is \$8.51.
 (6) Excluding our pending acquisitions of Oxnard and Orion, occupancy was 87.3%, annualized base rent was \$18,472,886 and total annualized base rent per square foot was \$8.01.
 (7) Excluding our pending acquisitions of Oxnard and Orion, annualized base rent was \$41,092,327 and total annualized base rent per square foot was \$8.66.

Uncommenced Leases

The following table sets forth information relating to our uncommenced leases.

Market	Leased Square Feet Under Uncommenced Leases⁽¹⁾	Ownership Interest in Leased Square Feet⁽²⁾	Pro Forma Occupancy⁽³⁾	Annualized Base Rent Under Uncommenced Leases⁽⁴⁾	Total Pro Forma Annualized Base Rent⁽⁵⁾	Total Pro Forma Annualized Base Rent per Square Foot⁽⁶⁾
Los Angeles County ⁽⁷⁾	188,956	188,956	91.6%	\$ 1,897,926	\$24,579,655	\$ 8.88
Orange County	57,408	57,408	93.7%	\$ 509,913	\$ 3,859,976	\$ 8.04
San Bernardino County	79,047	79,047	87.5%	\$ 656,229	\$ 4,445,504	\$ 8.74
Ventura County	14,714	14,714	89.0%	\$ 123,904	\$ 3,714,313	\$ 7.09
San Diego County	223,807	223,807	86.4%	\$ 1,574,494	\$ 7,159,806	\$ 8.95
Other	3,381	3,381	75.6%	\$ 51,312	\$ 387,024	\$ 13.48
Total/Weighted Average ⁽⁸⁾	567,313	567,313	90.1%	\$ 4,813,778	\$44,146,278	\$ 8.64

- (1) The uncommenced leases include: 103,629 square feet being renewed and 85,327 square feet of new leases for Los Angeles County; 37,092 square feet being renewed and 20,316 square feet of new leases for Orange County; 28,289 square feet being renewed and 50,758 square feet of new leases for San Bernardino County; 14,714 square feet being renewed and no new leases for Ventura County; 19,145 square feet being renewed and 204,662 square feet of new leases for San Diego County; and 3,381 square feet being renewed and no new leases for Other.
- (2) Ownership interest in leased square feet is calculated as square feet subject to the uncommenced leases multiplied by our ownership interest in the relevant properties and then aggregated by market.
- (3) Pro forma occupancy is calculated as (i) square footage under lease as of March 31, 2013 weighted by our ownership interest in rentable square feet plus additional square footage leased pursuant to uncommenced leases (net of renewal space) as of June 4, 2013 weighted by our ownership interest minus square footage vacated between March 31, 2013 and June 4, 2013, weighted by our ownership interest in rentable square feet, divided by (ii) total rentable square feet (including new uncommenced leases) weighted by our ownership interest.
- (4) Annualized base rent under uncommenced leases is calculated by multiplying the first full month of contractual rents (before rent abatements) to be received under uncommenced leases, by 12 and then multiplying by our ownership interest in the relevant properties and then aggregating by market. Total rent abatements under leases entered into as of June 4, 2013 but that had not commenced as of March 31, 2013 for the 12 months ending March 31, 2014 are \$727,840. This figure includes \$688,799 of rent abatements for new leases and \$39,041 for renewal leases.
- (5) Total pro forma annualized base rent is calculated by adding annualized base rent as of March 31, 2013 and annualized base rent under uncommenced leases (net of renewals) and subtracting annualized base rent contributed by tenants that had vacated their applicable properties between March 31, 2013 and June 4, 2013. To avoid double counting, total pro forma annualized rent does not include annualized rent on space under lease as of March 31, 2013 that is being renewed pursuant to an uncommenced lease. Excludes billboard and antenna revenue.
- (6) Annualized base rent per square foot under uncommenced leases is calculated as (i) annualized rent base under leases entered into as of June 4, 2013 but that had not commenced as of March 31, 2013, divided by (ii) ownership interest in leased square feet under uncommenced leases.
- (7) Excluding our pending acquisitions of Oxnard and Orion, occupancy was 92.0%, annualized base rent under uncommenced leases was \$1,844,142, total pro forma annualized base rent was \$23,441,563 and total annualized base rent per square foot was \$8.80.
- (8) Excluding our pending acquisitions of Oxnard and Orion, occupancy was 90.3%, annualized base rent under uncommenced leases was \$4,759,995, total pro forma annualized base rent was \$43,008,186 and total annualized base rent per square foot was \$8.59.

Table of Contents

Geographic Diversification

The following table sets forth information relating to geographic diversification by state in our portfolio based on total annualized rent as of March 31, 2013.

Market	Number of Properties	Occupancy ⁽¹⁾	Rentable Square Feet	Ownership Interest in Rentable Square Feet ⁽²⁾	Percentage of Total Rentable Square Feet	Annualized Base Rent ⁽³⁾	Percentage of Total Annualized Base Rent ⁽⁴⁾	Annualized Base Rent per Square Foot ⁽⁵⁾
Los Angeles County								
Greater San Fernando Valley	14	91.2%	1,360,719	1,360,719	24.0%	\$ 12,226,117	29.0%	\$ 9.85
San Gabriel Valley	6	97.6%	612,482	612,482	10.8%	\$ 5,674,423	13.4%	\$ 9.49
Central	1	100.0%	190,663	190,663	3.4%	\$ 1,257,912	3.0%	\$ 6.60
Mid-Counties	4	82.2%	522,490	522,490	9.2%	\$ 3,015,480	7.1%	\$ 7.02
South Bay	6	77.7%	335,258	335,258	5.9%	\$ 1,959,024	4.6%	\$ 7.52
Subtotal / Weighted Average (6)	31	90.0%	3,021,612	3,021,612	53.3%	\$ 24,132,956	57.2%	\$ 8.87
Orange County								
North Orange County	2	97.6%	223,681	223,681	3.9%	\$ 1,801,800	4.3%	\$ 8.26
Airport	4	91.2%	289,040	289,040	5.1%	\$ 2,083,716	4.9%	\$ 7.90
Subtotal / Weighted Average	6	94.0%	512,721	512,721	9.0%	\$ 3,885,516	9.2%	\$ 8.06
San Bernardino County								
Inland Empire West	5	80.4%	495,561	495,561	8.7%	\$ 3,753,372	8.9%	\$ 9.42
Inland Empire East	2	94.9%	85,282	85,282	1.5%	\$ 447,288	1.1%	\$ 5.53
Subtotal / Weighted Average	7	82.5%	580,843	580,843	10.2%	\$ 4,200,660	10.0%	\$ 8.77
Ventura County								
Camarillo / Oxnard	6	91.5%	1,598,940	588,794	10.4%	\$ 3,849,365	9.1%	\$ 7.14
Subtotal / Weighted Average	6	91.5%	1,598,940	588,794	10.4%	\$ 3,849,365	9.1%	\$ 7.14
San Diego County								
North County	7	60.3%	709,251	709,251	12.5%	\$ 3,868,734	9.2%	\$ 9.05
Central	2	93.6%	137,989	137,989	2.4%	\$ 1,516,164	3.6%	\$ 11.74
South County	1	49.0%	78,615	78,615	1.4%	\$ 364,452	0.9%	\$ 9.46
Subtotal / Weighted Average	10	64.3%	925,855	925,855	16.3%	\$ 5,749,350	13.6%	\$ 9.66
Other⁽⁷⁾	1	75.6%	37,992	37,992	0.7%	\$ 387,024	0.9%	\$ 13.48
Portfolio—Total / Weighted Average⁽⁸⁾	61	85.5%	6,677,963	5,667,817	100.0%	\$ 42,204,871	100.0%	\$ 8.71

- (1) Calculated as the average occupancy at such properties as of March 31, 2013, weighted by our ownership interest in the properties' rentable square feet. As of June 4, 2013, we have entered into 53 new leases and 58 renewal leases, totaling 111 leases or renewals that had not yet commenced as of March 31, 2013.
- (2) Calculated for each property as rentable square feet for such property multiplied by our ownership interest for such property, and then aggregated by market.
- (3) Calculated for each property as monthly contracted base rent per the terms of the lease(s) at such property, as of March 31, 2013, multiplied by 12 and then multiplied by our ownership interest for such property, and then aggregated by market. Excludes billboard and antenna revenue and rent abatements. Total rent abatements with respect to our initial portfolio for leases in effect as of March 31, 2013 for the 12 months ending March 31, 2014 are \$980,117, of which our proportionate share, based on our ownership interest in the applicable properties, is \$980,117. Annualized base rent includes rent from triple net leases, modified gross leases and gross leases. See "Business—Leases."
- (4) Calculated as annualized base rent for such market divided by annualized base rent for the total portfolio as of March 31, 2013.
- (5) Calculated as annualized base rent for such market divided by our ownership interest in leased square feet for such market as of March 31, 2013. Total annualized base rent per square foot, net of our proportionate share of rent abatements, for our properties is \$8.51.
- (6) Excluding our pending acquisitions of Oxnard and Orion, occupancy was 90.4%, annualized base rent was \$23,020,412, percentage of total annualized base rent was 56.0% and total annualized base rent per square foot was \$8.79.

Table of Contents

(7) Includes one property in Glenview, Illinois.

(8) Excluding our pending acquisitions of Oxnard and Orion, occupancy was 85.6%, annualized base rent was \$41,092,327 and total annualized base rent per square foot was \$8.66.

Industry Diversification

The following table sets forth information relating to tenant diversification by industry in our portfolio based on total annualized rent as of March 31, 2013.

Industry	Number of Leases ⁽¹⁾	Leased Square Feet	Ownership Interest in Leased Square Feet ⁽²⁾	Percentage of Total Leased Square Feet	Annualized Base Rent ⁽³⁾	Percentage of Total Annualized Base Rent ⁽⁴⁾	Annualized Base Rent per Square Foot ⁽⁵⁾
Wholesale/Retail ⁽⁶⁾	79	580,350	580,350	12.0%	\$ 4,883,172	11.6%	\$ 8.41
Business Services ⁽⁷⁾	96	339,542	339,542	7.0%	\$ 3,931,812	9.3%	\$ 11.58
Light Manufacturing ⁽⁸⁾	46	478,085	478,085	9.9%	\$ 3,549,504	8.4%	\$ 7.42
Apparel ⁽⁹⁾	27	720,684	465,684	9.6%	\$ 3,077,760	7.3%	\$ 6.61
Technology & Electronics ⁽¹⁰⁾	48	427,331	304,938	6.3%	\$ 3,042,102	7.2%	\$ 9.98
Industrial Equipment & Components	46	326,241	326,241	6.7%	\$ 2,647,950	6.3%	\$ 8.12
Construction ⁽¹¹⁾	53	329,807	329,807	6.8%	\$ 2,556,960	6.1%	\$ 7.75
Automotive ⁽¹²⁾	56	298,032	298,032	6.2%	\$ 2,546,904	6.0%	\$ 8.55
Paper & Printing	14	324,607	324,607	6.7%	\$ 2,382,036	5.6%	\$ 7.34
Warehousing & Storage ⁽¹³⁾	48	659,743	300,103	6.2%	\$ 2,231,347	5.3%	\$ 7.44
Pharmaceuticals	13	172,419	172,419	3.6%	\$ 2,116,128	5.0%	\$ 12.27
Food & Beverage ⁽¹⁴⁾	42	200,589	200,589	4.1%	\$ 1,885,128	4.5%	\$ 9.40
Sporting & Recreational Goods	26	163,077	163,077	3.4%	\$ 1,381,476	3.3%	\$ 8.47
Logistics & Transportation	22	159,385	159,385	3.3%	\$ 1,236,624	2.9%	\$ 7.76
Healthcare	28	120,609	120,609	2.5%	\$ 1,221,444	2.9%	\$ 10.13
Government	2	60,881	60,881	1.3%	\$ 1,071,936	2.5%	\$ 17.61
Financial Services	18	31,345	31,345	0.6%	\$ 415,512	1.0%	\$ 13.26
Other ⁽¹⁵⁾	29	188,156	188,156	3.9%	\$ 2,027,076	4.8%	\$ 10.77
Total / Weighted Average⁽¹⁶⁾	693	5,580,883	4,843,850	100.0%	\$42,204,871	100.0%	\$ 8.71

(1) A single lease may cover space in more than one building.

(2) Calculated for each lease as leased square feet multiplied by our ownership interest for the applicable property, and then aggregated by industry.

(3) Calculated for each lease as the monthly contracted base rent per the terms of such lease, as of March 31, 2013, multiplied by 12 and then multiplied by our ownership interest for the applicable property, and then aggregated by industry. Excludes billboard and antenna revenue and rent abatements. Total rent abatements with respect to our initial portfolio for leases in effect as of March 31, 2013 for the 12 months ending March 31, 2014 are \$980,117, of which our proportionate share, based on our ownership interest in the applicable properties, is \$980,117. Annualized base rent includes rent from triple net leases, modified gross leases and gross leases. See "Business—Leases."

(4) Calculated as annualized base rent for tenants in such industry divided by annualized base rent for the total portfolio as of March 31, 2013.

(5) Calculated as annualized base rent for tenants in such industry divided by our ownership interest in leased square feet for tenants in such industry as of March 31, 2013. Total annualized base rent per square foot, net of our proportionate share of rent abatements, for our properties is \$8.51.

(6) Excluding our pending acquisitions of Oxnard and Orion, annualized base rent was \$4,714,152, percentage of total annualized base rent was 11.5% and total annualized base rent per square foot was \$8.36.

(7) Excluding our pending acquisitions of Oxnard and Orion, annualized base rent was \$3,770,700, percentage of total annualized base rent was 9.2% and total annualized base rent per square foot was \$11.60.

(8) Excluding our pending acquisitions of Oxnard and Orion, annualized base rent was \$3,523,116, percentage of total annualized base rent was 8.6% and total annualized base rent per square foot was \$7.41.

Table of Contents

- (9) Excluding our pending acquisitions of Oxnard and Orion, annualized base rent was \$3,027,348, percentage of total annualized base rent was 7.4% and total annualized base rent per square foot was \$6.56.
(10) Excluding our pending acquisitions of Oxnard and Orion, annualized base rent was \$2,938,062, percentage of total annualized base rent was 7.1% and total annualized base rent per square foot was \$9.94.
(11) Excluding our pending acquisitions of Oxnard and Orion, annualized base rent was \$2,523,816, percentage of total annualized base rent was 6.1% and total annualized base rent per square foot was \$7.71.
(12) Excluding our pending acquisitions of Oxnard and Orion, annualized base rent was \$2,508,372, percentage of total annualized base rent was 6.1% and total annualized base rent per square foot was \$8.51.
(13) Excluding our pending acquisitions of Oxnard and Orion, annualized base rent was \$1,875,535, percentage of total annualized base rent was 4.6% and total annualized base rent per square foot was \$7.00.
(14) Excluding our pending acquisitions of Oxnard and Orion, annualized base rent was \$1,742,340, percentage of total annualized base rent was 4.2% and total annualized base rent per square foot was \$9.22.
(15) Excluding our pending acquisitions of Oxnard and Orion, annualized base rent was \$1,995,780, percentage of total annualized base rent was 4.9% and total annualized base rent per square foot was \$10.76.
(16) Excluding our pending acquisitions of Oxnard and Orion, annualized base rent was \$41,092,327 and total annualized base rent per square foot was \$8.66.

Tenants

Our portfolio of properties has a stable and diversified tenant base. As of March 31, 2013, our properties were 89.4% leased to 693 tenants in a variety of industries, with no single tenant accounting for more than 2.3% and no single industry accounting for more than 11.6% of our total annualized rent. Our average tenant size is approximately 9,000 square feet, with nearly 70% of tenants occupying less than 50,000 square feet each. Our 10 largest tenants account for 13.7% of our annualized rent as of March 31, 2013. We intend to continue to maintain a diversified mix of tenants in order to limit our exposure to any single tenant or industry.

The following table sets forth information about the 10 largest tenants in our portfolio based on total annualized rent as of March 31, 2013.

Tenant	Submarket	Number of Properties	Leased Square Feet	Ownership Interest in Leased Square Feet ⁽¹⁾	Percentage of Total Leased Square Feet	Annualized Base Rent ⁽²⁾	Percentage of Total Annualized Base Rent ⁽³⁾	Annualized Base Rent per Square Foot ⁽⁴⁾	Lease Expirations
Biosense	San Gabriel Valley	1	76,000	76,000	1.6%	\$ 967,824	2.3%	\$ 12.73	10/31/2020
Towne Inc	OC Airport	1	122,060	122,060	2.5%	\$ 678,900	1.6%	\$ 5.56	7/31/2014
Deckers Outdoor Corporation	Ventura	2	723,106	108,466	2.2%	\$ 592,223	1.4%	\$ 5.46	11/30/2018
Royal Printex	Central LA	1	78,928	78,928	1.6%	\$ 540,384	1.3%	\$ 6.85	1/31/2017
Sonic Electronix	Greater San Fernando Valley	1	71,268	71,268	1.5%	\$ 534,516	1.3%	\$ 7.50	8/31/2014
PureTek	Greater San Fernando Valley	1	76,993	76,993	1.6%	\$ 526,632	1.2%	\$ 6.84	11/30/2015
Circor Aerospace	Greater San Fernando Valley	1	77,118	77,118	1.6%	\$ 524,256	1.2%	\$ 6.80	12/31/2014
Perfect Fit Industries	Mid Counties	1	96,758	96,758	2.0%	\$ 522,492	1.2%	\$ 5.40	7/31/2013
Plastics Research Corporation	Inland Empire West	1	107,861	107,861	2.2%	\$ 440,076	1.0%	\$ 4.08	2/28/2022
Genie Air	Greater San Fernando Valley	1	81,282	81,282	1.7%	\$ 438,924	1.0%	\$ 5.40	5/31/2016
Top 10 Tenants		11	1,511,374	896,734	18.5%	\$ 5,766,227	13.7%	\$ 6.43	
All Other Tenants ⁽⁵⁾		50	4,069,509	3,947,116	81.5%	\$36,438,644	86.3%	\$ 9.23	
Total Initial Portfolio⁽⁶⁾		61	5,580,883	4,843,850	100.0%	\$42,204,871	100.0%	\$ 8.71	

(1) Calculated for each tenant as leased square feet multiplied by our ownership interest for the applicable property.

Table of Contents

- (2) Calculated for each tenant as the monthly contracted base rent per the terms of such tenant's lease, as of March 31, 2013, multiplied by 12 and then multiplied by our ownership interest for the applicable property. Excludes billboard and antenna revenue and rent abatements. Total rent abatements with respect to our initial portfolio for leases in effect as of March 31, 2013 for the 12 months ending March 31, 2014 are \$980,117, of which our proportionate share, based on our ownership interest in the applicable properties, is \$980,117. Annualized base rent includes rent from triple net leases, modified gross leases and gross leases. See "Business—Leases."
- (3) Calculated as annualized base rent for such tenant divided by annualized base rent for the total portfolio as of March 31, 2013.
- (4) Calculated as annualized base rent for such tenant divided by our ownership interest in leased square feet for such tenant as of March 31, 2013. Total annualized base rent per square foot, net of our proportionate share of rent abatements, for our properties is \$8.51.
- (5) Excluding our pending acquisitions of Oxnard and Orion, annualized base rent was \$35,326,100, percentage of total annualized base rent was 86.0% and total annualized base rent per square foot was \$9.18.
- (6) Excluding our pending acquisitions of Oxnard and Orion, annualized base rent was \$41,092,327 and total annualized base rent per square foot was \$8.66.

Leases

Overview

Triple net lease. In our triple net leases, the tenant is responsible for all aspects of and costs related to the property and its operation during the lease term. The landlord may have responsibility under the lease to perform or pay for certain capital repairs or replacements to the roof, structure or certain building systems, such as heating and air conditioning and fire suppression. The tenant may have the right to terminate the lease or abate rent due to a major casualty or condemnation affecting a significant portion of the property or due to the landlord's failure to perform its obligations under the lease. As of March 31, 2013, there were 76 triple net leases in our property portfolio, representing approximately 37.1% of our total annualized base rent.

Modified gross lease. In our modified gross leases, the landlord is responsible for some property related expenses during the lease term, but the cost of most of the expenses is passed through to the tenant for reimbursement to the landlord. The tenant may have the right to terminate the lease or abate rent due to a major casualty or condemnation affecting a significant portion of the property or due to the landlord's failure to perform its obligations under the lease. As of March 31, 2013, there were 395 modified gross leases in our property portfolio, representing approximately 38.2% of our total annualized base rent.

Gross lease. In our gross leases, the landlord is responsible for all aspects of and costs related to the property and its operation during the lease term. The tenant may have the right to terminate the lease or abate rent due to a major casualty or condemnation affecting a significant portion of the property or due to the landlord's failure to perform its obligations under the lease. As of March 31, 2013, there were 222 gross leases in our property portfolio, representing approximately 24.7% of our total annualized base rent.

The following table provides information regarding our leases as of March 31, 2013:

<u>Square Feet</u>	<u>Number of Leases</u>	<u>Leased Square Feet</u>	<u>Ownership Interest in Leased Square Feet⁽¹⁾</u>	<u>Percentage of Total Leased Square Feet</u>	<u>Annualized Base Rent⁽²⁾</u>	<u>Percentage of Total Annualized Base Rent⁽³⁾</u>	<u>Annualized Base Rent per Square Foot⁽⁴⁾</u>
<4,999 ⁽⁵⁾	492	984,989	984,989	20.3%	\$ 9,521,563	22.6%	\$ 9.67
5,000—9,999 ⁽⁶⁾	80	552,436	552,436	11.4%	\$ 5,015,844	11.9%	\$ 9.08
10,000—24,999	82	1,302,745	1,302,745	26.9%	\$ 11,936,274	28.3%	\$ 9.16
25,000—49,999	21	717,913	717,913	14.8%	\$ 5,926,008	14.0%	\$ 8.25
>50,000	18	2,022,800	1,285,767	26.5%	\$ 9,805,182	23.2%	\$ 7.63
Total / Weighted Average ⁽⁷⁾	693	5,580,883	4,843,850	100.0%	\$42,204,871	100.0%	\$ 8.71

- (1) Calculated for each lease as rentable square feet under the lease multiplied by our ownership interest in the applicable property, and then aggregated by square feet.

Table of Contents

- (2) Calculated for each lease as the monthly contracted base rent per the terms of such lease, as of March 31, 2013, multiplied by 12 and then multiplied by our ownership interest in the applicable property, and then aggregated by square feet. Excludes billboard and antenna revenue and rent abatements. Total rent abatements with respect to our initial portfolio for leases in effect as of March 31, 2013 for the 12 months ending March 31, 2014 are \$980,117, of which our proportionate share, based on our ownership interest in the applicable properties, is \$980,117. Annualized base rent includes rent from triple net leases, modified gross leases and gross leases. See "Business—Leases."
- (3) Calculated as annualized base rent for such leases divided by annualized base rent for the total portfolio as of March 31, 2013.
- (4) Calculated as annualized base rent for such leases divided by our ownership interest in leased square feet for such leases as of March 31, 2013. Total annualized base rent per square foot, net of our proportionate share of rent abatements, for our properties is \$8.51.
- (5) Excluding our pending acquisitions of Oxnard and Orion, annualized base rent was \$8,494,519, percentage of total annualized base rent was 20.7% and total annualized base rent per square foot was \$9.49.
- (6) Excluding our pending acquisitions of Oxnard and Orion, annualized base rent was \$4,930,344, percentage of total annualized base rent was 12.0% and total annualized base rent per square foot was \$9.08.
- (7) Excluding our pending acquisitions of Oxnard and Orion, annualized base rent was \$41,092,327 and total annualized base rent per square foot was \$8.66.

Lease Expirations

As of March 31, 2013, our weighted average in-place remaining lease term was 2.57 years. The following table sets forth a summary schedule of lease expirations for leases in place as of March 31, 2013, plus available space, for each of the 10 full and partial calendar years commencing March 31, 2013 and thereafter in our portfolio. The information set forth in the table assumes that tenants exercise no renewal options and no early termination rights.

Year of Lease Expiration	Number of Leases Expiring	Total Rentable Square Feet ⁽¹⁾	Ownership Interest in Rentable Square Feet ⁽²⁾	Percentage of Total Owned Square Feet	Annualized Base Rent ⁽³⁾	Percentage of Total Annualized Base Rent ⁽⁴⁾	Annualized Base Rent per Square Foot ⁽⁵⁾
MTM Tenants ⁽⁶⁾⁽⁷⁾	49	113,339	113,339	2.0%	\$ 1,039,740	2.5%	\$ 9.17
Available ⁽⁸⁾	0	1,097,080	823,967	14.5%	\$ 0	0.0%	\$ 0.00
2013 ⁽⁹⁾	202	812,859	812,859	14.3%	\$ 7,322,400	17.3%	\$ 9.01
2014 ⁽¹⁰⁾	215	1,355,875	1,355,875	23.9%	\$ 11,164,976	26.5%	\$ 8.23
2015 ⁽¹¹⁾	140	1,102,780	980,387	17.3%	\$ 7,833,558	18.6%	\$ 7.99
2016 ⁽¹²⁾	44	526,443	526,443	9.3%	\$ 4,630,512	11.0%	\$ 8.80
2017 ⁽¹³⁾	17	342,615	342,615	6.0%	\$ 2,873,538	6.8%	\$ 8.39
2018 ⁽¹⁴⁾	15	938,080	323,440	5.7%	\$ 2,749,691	6.5%	\$ 8.50
2019	3	55,787	55,787	1.0%	\$ 582,672	1.4%	\$ 10.44
2020	4	154,526	154,526	2.7%	\$ 2,571,192	6.1%	\$ 16.64
2021	1	1,680	1,680	0.0%	\$ 29,028	0.1%	\$ 17.28
2022	1	107,861	107,861	1.9%	\$ 440,076	1.0%	\$ 4.08
Thereafter	2	69,038	69,038	1.2%	\$ 967,488	2.3%	\$ 14.01
Total Initial Portfolio⁽¹⁵⁾	693	6,677,963	5,667,817	100.0%	\$42,204,871	100.0%	\$ 8.71

(1) Represents the contracted square footage upon expiration.

(2) Calculated as rentable square feet for such property multiplied by our ownership interest in such property.

(3) Calculated as monthly contracted base rent per the terms of such lease, as of March 31, 2013, multiplied by 12 and then multiplied by our ownership interest in such property. Excludes billboard and antenna revenue and rent abatements. Total rent abatements with respect to our initial portfolio for leases in effect as of March 31, 2013 for the 12 months ending March 31, 2014 are \$980,117, of which our proportionate share, based on our ownership interest in the applicable properties, is \$980,117. Annualized base rent includes rent from triple net leases, modified gross leases and gross leases. See "Business—Leases."

(4) Calculated as annualized base rent set forth in this table divided by annualized base rent for the total portfolio as of March 31, 2013.

(5) Calculated as annualized base rent for such leases divided by our ownership interest in leased square feet for such leases at each of the properties so impacted by the lease expirations as of March 31, 2013. Total annualized base rent per square foot, net of our proportionate share of rent abatements, for our properties is \$8.51.

(6) Represents tenants under month-to-month leases.

(7) Excluding our pending acquisitions of Oxnard and Orion, annualized base rent was \$924,552, percentage of total annualized base rent was 2.2% and total annualized base rent per square foot was \$8.84.

Table of Contents

- (8) Excluding our pending acquisitions of Oxnard and Orion, percentage of total owned square feet was 14.4%.
- (9) Excluding our pending acquisitions of Oxnard and Orion, annualized base rent was \$7,161,912, percentage of total annualized base rent was 17.4% and total annualized base rent per square foot was \$8.96.
- (10) Excluding our pending acquisitions of Oxnard and Orion, annualized base rent was \$10,942,555, percentage of total annualized base rent was 26.6% and total annualized base rent per square foot was \$8.18.
- (11) Excluding our pending acquisitions of Oxnard and Orion, annualized base rent was \$7,379,442, percentage of total annualized base rent was 18.0% and total annualized base rent per square foot was \$7.87.
- (12) Excluding our pending acquisitions of Oxnard and Orion, annualized base rent was \$4,593,252, percentage of total annualized base rent was 11.2% and total annualized base rent per square foot was \$8.78.
- (13) Excluding our pending acquisitions of Oxnard and Orion, annualized base rent was \$2,860,146, percentage of total annualized base rent was 7.0% and total annualized base rent per square foot was \$8.38.
- (14) Excluding our pending acquisitions of Oxnard and Orion, annualized base rent was \$2,640,011, percentage of total annualized base rent was 6.4% and total annualized base rent per square foot was \$8.48.
- (15) Excluding our pending acquisitions of Oxnard and Orion, annualized base rent was \$41,092,327 and total annualized base rent per square foot was \$8.66.

Description of Initial Portfolio

We are presenting additional data below for the only property that comprised 10% or more of our total consolidated assets as of March 31, 2013 or that had gross revenues that amounted to 10% or more of our consolidated gross revenues for the three months ended March 31, 2013.

Glendale Commerce Center

Glendale Commerce Center is an eight-building industrial complex located in Los Angeles, California within the Greater San Fernando Valley submarket. The property, positioned along the main industrial corridor of Glendale, California, offers regional access via the I-5 or the Glendale freeway at San Fernando Road. The complex includes six industrial buildings containing approximately 434,422 rentable square feet in the aggregate, and features both traditional dock-high 26 foot clearance warehouse/distribution units that range in size from 18,000 to 60,000 square feet as well as ground-level 18 foot clearance multi-tenant units between 2,800 and 13,500 square feet. The complex also includes two retail buildings containing approximately 38,923 rentable square feet in the aggregate. Constructed in stages between 1966 and 1995, the property is situated on 21.48 acres. Approximately 1 acre of the site is ground leased pursuant to a lease that has a remaining term of approximately 49 years and a current monthly base rent payment of \$12,000; the remaining portions of the Glendale Commerce Center are owned in fee simple.

As of March 31, 2013, Glendale Commerce Center had 27 tenants, each under a triple net lease. The property was 99.4% occupied at acquisition, and currently the property is 100% occupied. We acquired Glendale Commerce Center on April 17, 2013 for \$56.2 million from DEXUS Glendale, LLC.

The following table summarizes information regarding material tenants representing in excess of 10% of the annualized base rent of Glendale Commerce Center as of March 31, 2013:

Tenant	Principal Nature of Business	Lease Expiration	Renewal Options	Date of Early Termination Option	Total Leased Square Feet	Percentage of Property Rentable Square Feet	Annualized Base Rent ⁽²⁾	Annualized Rent Per Leased Square Foot ⁽³⁾	Percentage of Property Annualized Rent
Anderson Printing	Paper & Printing	12/31/2016	(1)	N/A	58,328	12.3%	501,444	\$ 8.60	11.2%

(1) One five-year renewal option.

(2) Calculated as the monthly contracted base rent per the terms of the lease as of March 31, 2013, multiplied by 12. Annualized base rent includes rent from triple net leases.

(3) Represents annualized base rent divided by leased square feet.

[Table of Contents](#)

The following table sets forth the lease expirations for leases in place at Glendale Commerce Center as of March 31, 2013, plus available space, for each of the ten full and partial calendar years beginning March 31, 2013. The information set forth in the table assumes that tenants exercise no renewal options and no early termination options. As of March 31, 2013, the weighted average remaining lease term for this property was 3.1 years.

<u>Year of Lease Expiration</u>	<u>Number of Leases Expiring</u>	<u>Total Rentable Square Feet</u>	<u>Percentage Of Total Owned Square Feet</u>	<u>Annualized Base Rent⁽¹⁾</u>	<u>Percentage of Total Annualized Base Rent</u>	<u>Annualized Base Rent Per Square Foot⁽²⁾</u>
Available	0	2,920	0.6%	\$ 0	0.0%	\$ 0.00
2013	2	23,160	4.9%	\$ 286,272	6.4%	\$ 12.36
2014	5	32,284	6.8%	\$ 340,884	7.6%	\$ 10.56
2015	9	175,383	37.1%	\$1,611,408	36.1%	\$ 9.19
2016	5	115,758	24.5%	\$1,006,524	22.5%	\$ 8.70
2017	3	42,966	9.1%	\$ 356,688	8.0%	\$ 8.30
2018	1	40,500	8.6%	\$ 413,088	9.2%	\$ 10.20
2019	2	40,374	8.5%	\$ 456,900	10.2%	\$ 11.32
2020	0	0	0.0%	\$ 0	0.0%	\$ 0.00
2021	0	0	0.0%	\$ 0	0.0%	\$ 0.00
2022	0	0	0.0%	\$ 0	0.0%	\$ 0.00
Thereafter	0	0	0.0%	\$ 0	0.0%	\$ 0.00
Total/Weighted Average:	27	473,345	100.0%	\$4,471,764	100.0%	\$ 9.51

- (1) Calculated as the monthly contracted base rent per the terms of the leases as of March 31, 2013, multiplied by 12. Excludes billboard and antenna revenue and rent abatements. Total rent abatements for leases in effect as of March 31, 2013 for the 12 months ending March 31, 2014 are \$15,870. Annualized base rent includes rent from triple net leases.
- (2) Represents annualized base rent divided by leased square feet.

The following table sets forth the percentage leased, annualized base rent per leased square foot and annualized net effective annual base rent per leased square foot for Glendale Commerce Center as of the dates indicated below:

<u>Date</u>	<u>Percent Leased⁽²⁾</u>	<u>Annualized Base Rent per Leased Square Foot⁽³⁾</u>	<u>Annualized Net Effective Rent per Leased Square Foot⁽⁴⁾</u>
March 31, 2013 ⁽¹⁾	99.4%	\$ 9.51	\$ 8.95

- (1) Data is not available earlier than March 31, 2013 because the property was acquired in April 2013.
- (2) Percentage leased is calculated as (i) square footage under commenced leases as of the date indicated above, divided by (ii) rentable square feet, expressed as a percentage.
- (3) Calculated as the monthly contracted base rent per the terms of the leases as of March 31, 2013, multiplied by 12. Excludes billboard and antenna revenue and rent abatements. Total rent abatements for leases in effect as of March 31, 2013 for the 12 months ending March 31, 2014 are \$15,870. Annualized base rent includes rent from triple net leases.
- (4) Calculated as (i) the contractual base rent for the leases in place as of March 31, 2013, calculated on a straight-line basis to amortize free rent periods and abatements, but without regard to tenant improvement allowances and leasing commissions, divided by (ii) square footage under commenced leases as of March 31, 2013.

Other than normally recurring capital expenditures, we have no plans with respect to the renovation, improvement or redevelopment of Glendale Commerce Center.

Upon completion of this offering and the formation transactions, Glendale Commerce Center will be encumbered with a \$42.8 million mortgage loan. For more information regarding the mortgage debt encumbering

[Table of Contents](#)

Glendale Commerce Center, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Consolidated Indebtedness to be Outstanding After this Offering.”

The current real estate tax rate for Glendale Commerce Center is 1.26775% per \$1.00 of assessed value. The total annual tax for Glendale Commerce Center at this rate for the tax year ended June 30, 2013 is \$569,175 (at a taxable assessed value of \$44,896,516). There were \$44,277 in direct assessments imposed on Glendale Commerce Center by the City of Los Angeles or County of Los Angeles for the tax year ended June 30, 2013. All of the leases at this property are triple net leases. Any increase in real estate taxes as a result of the formation transactions will be borne by our tenants under the terms of their triple net leases.

Historical Tenant Improvements and Leasing Commissions

The following table sets forth certain historical information regarding leasing related (revenue generating) tenant improvement and leasing commission costs for tenants at the properties in our initial portfolio through March 31, 2013.

	Three Months Ended March 31, 2013	Square Feet	2013 PSF ⁽¹⁾	2012	Square Feet	2012 PSF ⁽¹⁾	2011	Square Feet	2011 PSF ⁽¹⁾
Tenant Improvements									
New Leases—First Generation ⁽²⁾	\$ 19,000	38,986	\$0.49	\$ 623,000	38,068	\$16.37	\$ 415,000	184,944	\$2.24
New Leases—Second Generation ⁽²⁾	54,000	56,507	0.96	206,000	164,190	1.25	29,000	67,859	0.43
Renewal Leases	14,000	25,390	0.55	525,000	208,841	2.51	2,000	32,465	0.06
Total Tenant Improvements	\$ 87,000	120,883	\$0.72	\$1,354,000	411,100	\$ 3.29	\$ 446,000	285,268	\$1.56
Leasing Commissions									
New Leases—First Generation ⁽²⁾	\$ 42,000	34,431	\$1.22	\$ 472,000	424,803	\$ 1.11	\$ 344,000	305,572	\$1.13
New Leases—Second Generation ⁽²⁾	53,000	47,352	1.12	120,000	152,604	0.79	138,000	92,231	1.50
Renewal Leases	50,000	66,200	0.76	514,000	352,484	1.46	201,000	218,778	0.92
Total Leasing Commissions	\$145,000	147,983	\$0.98	\$1,106,000	929,891	\$ 1.19	\$ 683,000	616,581	\$1.11
Total Tenant Improvements & Leasing Commissions	\$232,000	268,866	\$1.70	\$2,460,000	1,340,991	\$ 4.48	\$1,129,000	901,849	\$2.67

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

(2) New leases represent all leases other than renewal leases.

Table of Contents

Historical Capital Expenditures

The following table sets forth certain information regarding historical maintenance (non-revenue generating) capital expenditures at the properties in our portfolio through March 31, 2013.

	Three Months Ended March 31, 2013			2012			2011			2010		
	Square			Square			Square			Square		
	Amount	Feet	PSF ⁽¹⁾	Amount	Feet	PSF ⁽¹⁾	Amount	Feet	PSF ⁽¹⁾	Amount	Feet	PSF ⁽¹⁾
Non-Recurring Capital Expenditures ⁽²⁾	\$433,000	5,014,382	\$ 0.09	\$3,056,000	5,093,752	\$ 0.60	\$1,117,000	4,562,842	\$ 0.24	\$1,016,338	3,993,092	\$ 0.25
Recurring Capital Expenditures ⁽³⁾	\$ 72,000		\$ 0.01	\$ 367,000		\$ 0.07	\$ 225,000		\$ 0.05	\$ 240,228		\$ 0.06
Total Capital Expenditures	\$505,000			\$3,423,000			\$1,342,000			\$1,256,566		

(1) PSF amounts calculated by dividing the aggregate capital expenditure costs for each period ending by the square footage of our properties for each period.

(2) Non-recurring capital expenditures is defined as expenditures made in respect of a property for improvement to the appearance of such property or any 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.

(3) Recurring capital expenditures is defined as expenditures made in respect of a property for maintenance of such property and replacement of items due to ordinary wear and tear, including, but not limited to, expenditures made for maintenance or replacement of parking lot, roofing materials, mechanical systems, HVAC systems and other structural systems.

Property Revenue and Operating Expenses

Our initial portfolio contains gross, modified gross and triple net leases. In the case of modified gross leases and triple net leases, base rent does not include tenant reimbursements for real estate taxes, insurance, common area or other operating expenses.

In order to provide a better understanding of how these expenses impact the comparability of the leases in place at the properties comprising our initial portfolio, the tables below include information regarding base rent, additional property income, billed expense reimbursements and property operating expenses associated with each of the properties in our initial portfolio for the 12 months ended March 31, 2013. Because our properties are self-managed, property operating expenses do not include property management fees.

Property Address ⁽¹⁾	Base Rent ⁽²⁾	Base Rent, Net of Abatements ⁽³⁾	Additional Property Income ⁽⁴⁾	Billed Expense Reimbursements	Property Operating Expenses ⁽⁵⁾
Los Angeles—Greater San Fernando Valley					
15140 & 15148 Bledsoe St., 13065—13081 Bradley Ave.	\$ 868,959	\$ 774,508	\$ 1,665	\$ 175,887	(\$230,627)
28340—28400 Avenue Crocker	\$ 634,053	\$ 593,029	\$ 0	\$ 62,946	(\$207,036)
28159 Avenue Stanford	\$ 871,169	\$ 854,333	\$ 10,656	\$ 27,534	(\$305,084)
21-29 West Easy St.	\$ 858,301	\$ 825,207	(\$ 6,411)	\$ 51,601	(\$215,952)
15041 Calvert St. ⁽⁶⁾	\$ 122,710	\$ 122,710	\$ 0	\$ 0	(\$ 27,386)
6701 & 6711 Odessa Ave.	\$ 184,075	\$ 149,804	\$ 0	\$ 37,317	(\$ 69,349)
1050 Arroyo Ave.	\$ 175,544	\$ 113,679	\$ 0	\$ 770	(\$ 90,336)
901 W. Alameda Ave.	\$1,145,941	\$1,145,941	\$ 16,225	\$ 6,380	(\$253,581)
700 Allen Ave., 1840 Dana St., & 1830 Flower	\$ 0	\$ 0	\$ 0	\$ 0	(\$ 96,572)

[Table of Contents](#)

Property Address ⁽¹⁾	Base Rent ⁽²⁾	Base Rent, Net of Abatements ⁽³⁾	Additional Property Income ⁽⁴⁾	Billed Expense Reimbursements	Property Operating Expenses ⁽⁵⁾
121-125 N. Vinedo Ave.	\$ 467,583	\$ 467,583	\$ 0	\$ 0	(\$ 87,353)
89-91 N. San Gabriel Blvd., 2670-2674 Walnut Ave., 2675 Nina St.	\$ 475,907	\$ 433,044	(\$ 3,506)	\$ 28,792	(\$ 91,394)
Subtotal	\$5,804,242	\$ 5,479,838	\$ 18,629	\$ 391,227	(\$1,674,670)
Los Angeles—San Gabriel Valley					
1400 South Shamrock	\$ 906,545	\$ 906,545	\$ 5,758	\$ 123,092	(\$ 129,741)
15705, 15709 Arrow Highway & 5220 Fourth St.	\$ 956,752	\$ 906,752	\$ 0	\$ 114,873	(\$ 134,836)
15715 Arrow Highway	\$ 599,886	\$ 588,394	\$ 9,785	\$ 92,520	(\$ 257,658)
14250-14278 Valley Blvd.	\$ 666,491	\$ 608,563	\$ 5,225	\$ 49,749	(\$ 185,395)
13914-13932 Valley Blvd.	\$ 321,123	\$ 308,643	\$ 6,016	\$ 13,115	(\$ 144,052)
15241—15277, 15317—15339 Don Julian Rd.	\$1,968,803	\$1,819,837	\$ 0	\$ 163,985	(\$ 448,709)
Subtotal	\$5,419,600	\$ 5,138,734	\$ 26,784	\$ 557,334	(\$1,300,391)
Los Angeles—Central					
1938-1946 E. 46th St.	\$1,193,894	\$ 1,102,246	\$ 0	\$ 111,306	(\$ 197,161)
Subtotal	\$1,193,894	\$ 1,102,246	\$ 0	\$ 111,306	(\$ 197,161)
Los Angeles—Mid-Counties					
9641—9657 Santa Fe Springs Rd.	\$ 850,018	\$ 768,280	\$ 55	\$ 112,460	(\$ 196,836)
14944, 14946, 14948 Shoemaker Ave.	\$ 477,117	\$ 434,319	(\$ 290)	\$ 45,863	(\$ 178,534)
12910 East Mulberry Dr.	\$ 879,306	\$ 763,293	\$ 0	\$ 10,960	(\$ 191,996)
9220-9268 Hall Rd.	\$ 726,488	\$ 669,213	\$ 18,339	\$ 96,561	(\$ 442,200)
Subtotal	\$2,932,929	\$ 2,635,105	\$ 18,104	\$ 265,844	(\$1,009,566)
Los Angeles—South Bay					
6423-6431 & 6407-6119 Alondra Blvd.	\$ 215,169	\$ 213,743	\$ 1,783	\$ 36,142	(\$ 74,689)
311, 319, 329 & 333 157th St.	\$ 375,281	\$ 352,041	\$ 2,465	\$ 21,163	(\$ 119,037)
20920-20950 Normandie Aven.	\$ 474,829	\$ 460,028	\$ 460	\$ 50,398	(\$ 161,427)
6010 Paramount Ave., 2708 Seaboard Lane ⁽⁷⁾	\$ 132,589	\$ 132,589	\$ 0	\$ 29,110	(\$ 25,403)
Subtotal	\$1,197,868	\$ 1,158,401	\$ 4,708	\$ 136,813	(\$ 380,556)
North Orange County					
2300-2386 East Walnut Ave.	\$1,003,243	\$ 894,680	\$ 82,555 ⁽⁶⁾	\$ 241,071	(\$ 327,551)
1631 N. Placentia Ave., 2350—2384 E. Orangethorpe Ave.	\$ 619,878	\$ 575,408	\$ 2,424	\$ 32,623	(\$ 203,224)
1255 Knollwood Circle	\$ 22,112	\$ 22,112	\$ 18,980	\$ 16,495	(\$ 46,969)
Subtotal	\$1,645,233	\$ 1,492,200	\$ 103,959	\$ 290,189	(\$ 577,744)
Orange County Airport					
3441 West MacArthur Blvd.	\$ 672,306	\$ 672,306	\$ 0	\$ 114,392	(\$ 121,058)
600-650 South Grand Ave.	\$ 853,430	\$ 787,977	(\$ 940)	\$ 64,093	(\$ 320,853)
3720-3750 W. Warner Ave.	\$ 232,798	\$ 214,885	(\$ 3,750)	\$ 15,858	(\$ 88,722)
200-220 South Grand Ave.	\$ 219,062	\$ 200,475	\$ 1,825	\$ 26,085	(\$ 73,253)
Subtotal	\$1,977,596	\$ 1,875,643	(\$ 2,865)	\$ 220,428	(\$ 603,886)

Table of Contents

Property Address ⁽¹⁾	Base Rent ⁽²⁾	Base Rent, Net of Abatements ⁽³⁾	Additional Property Income ⁽⁴⁾	Billed Expense Reimbursements	Property Operating Expenses ⁽⁵⁾
San Bernardino—Inland Empire West					
1400 S. Campus Ave. ⁽⁹⁾	\$ 427,999	\$ 427,999	\$ 0	\$ 24,175	(\$ 72,552)
9160—9220 Cleveland Ave., 10860 6th St.	\$ 1,441,389	\$ 1,342,687	\$ 0	\$ 26,098	(\$ 345,667)
10700 Jersey Blvd.	\$ 791,696	\$ 752,696	\$ 3,973	\$ 28,030	(\$ 291,847)
9375 Archibald Ave.	\$ 370,868	\$ 348,343	\$ 16,944	\$ 25,908	(\$ 209,888)
Subtotal	\$ 3,031,952	\$ 2,871,725	\$ 20,917	\$ 104,211	(\$ 919,954)
San Bernardino—Inland Empire East					
6750 Unit B-C—6780 Central Ave.	\$ 224,830	\$ 144,857	\$ 360	\$ 24,697	(\$ 115,440)
77-700 Enfield Lane	\$ 147,065	\$ 137,712	\$ 0	\$ 19	(\$ 48,864)
Subtotal	\$ 371,895	\$ 282,569	\$ 360	\$ 24,716	(\$ 164,304)
Ventura County					
300 South Lewis Rd.	\$ 1,378,247	\$ 1,279,319	\$ 5,960	\$ 120,343	(\$ 283,351)
2220-2260 Camino del Sol	\$ 499,394	\$ 484,122	\$ 1,498	\$ 88,220	(\$ 136,286)
701 Del Norte Blvd. ⁽¹⁰⁾	\$ 287,411	\$ 269,105	\$ 1,075	(\$ 1,415)	(\$ 72,925)
Subtotal	\$ 2,165,052	\$ 2,032,546	\$ 8,533	\$ 207,148	(\$ 492,562)
San Diego—North County					
1335 Park Center Dr. ⁽¹¹⁾	\$ 108,320	\$ 93,600	\$ 0	\$ 163	(\$ 222,987)
929, 935, 939 & 951 Poinsettia Ave.	\$ 470,667	\$ 424,898	\$ 5,240	\$ 62,664	(\$ 286,604)
2575 Pioneer Ave.	\$ 401,948	\$ 322,732	\$ 0	\$ 61,255	(\$ 177,154)
6200 & 6300 Yarrow Dr.	\$ 861,811	\$ 777,871	\$ 0	\$ 139,200	(\$ 279,757)
2431-2465 Impala Dr.	\$ 775,347	\$ 710,587	\$ 0	\$ 153,744	(\$ 256,035)
6231 & 6241 Yarrow Dr.	\$ 591,218	\$ 546,780	\$ 0	\$ 54,942	(\$ 203,167)
5803 Newton Dr.	\$ 343,280	\$ 250,792	\$ 0	\$ 49,233	(\$ 218,538)
Subtotal	\$ 3,552,591	\$ 3,127,260	\$ 5,240	\$ 521,201	(\$1,644,242)
San Diego—Central					
12345 First American Way	\$ 420,386	\$ 380,197	\$ 65	\$ 117,390	(\$ 163,593)
Subtotal	\$ 420,386	\$ 380,197	\$ 65	\$ 117,390	(\$ 163,593)
San Diego—South County					
131 W. 33rd St.	\$ 434,655	\$ 419,207	\$ 50	\$ 39,084	(\$ 158,545)
Subtotal	\$ 434,655	\$ 419,207	\$ 50	\$ 39,084	(\$ 158,545)
Other					
2515, 2507, 2441 W. Erie Drive & 2929 S. Fair Lane	\$ 570,557	\$ 523,879	\$ 0	\$ 269,328	(\$ 242,441)
500-560 Zenith Dr. ⁽¹²⁾	\$ 282,313	\$ 279,506	\$ 400	\$ 120,617	(\$ 306,978)
Subtotal	\$ 852,870	\$ 803,385	\$ 400	\$ 389,945	(\$ 549,419)
Consolidated Portfolio—Total					
	<u>\$31,000,763</u>	<u>\$28,799,056</u>	<u>\$204,884</u>	<u>\$ 3,376,836</u>	<u>(\$9,836,593)</u>
10439-10477 Roselle St. ⁽¹³⁾	\$ 729,000	\$ 677,991	\$ 6,696	\$ 7,980	(\$ 260,589)
3001, 3175 & 3233 Mission Oaks Blvd. ⁽¹⁴⁾	\$ 687,161	\$ 642,161	\$ 4,260	\$ 299,118	(\$ 316,773)

(1) Includes two properties sold subsequent to March 31, 2013. Excludes properties acquired since March 31, 2013. Properties acquired during the 12 months ended March 31, 2013 reflect their respective prorated ownership period.

Table of Contents

- (2) Represents base rent for the 12 months ended March 31, 2013 (before abatements) and excludes impact of straight line rent and FAS 141 adjustments in the amount of \$872,004 and (\$222,798), respectively. Total abatements for our initial total portfolio were (\$2,201,707) for the 12 months ended March 31, 2013. In the case of triple net or modified gross leases, annualized base rent does not include tenant reimbursements for real estate taxes, insurance, common area or other operating expenses.
- (3) Represents base rent for the 12 months ended March 31, 2013, adjusted for abatements, which, for our portfolio, total (\$2,201,707).
- (4) Represents additional property-related income for the 12 months ended March 31, 2013, which includes other property income (such as late fees, reimbursement for legal fees and other miscellaneous reimbursements).
- (5) Represents property operating expenses for the 12 months ended March 31, 2013. Total property operating expenses includes all rental expenses including overhead allocations in the aggregate amount of \$839,667.
- (6) Property acquired on December 26, 2012.
- (7) Portion of the property was sold on October 12, 2012.
- (8) Includes \$81,000 for an easement fee for the temporary use of a portion of the building.
- (9) Property acquired on March 7, 2012.
- (10) Property acquired on December 18, 2012.
- (11) Property executed a new 118,597 sq. ft., 11.5 year lease that commenced on June 1, 2013. The tenant commences paying rent on January 1, 2014 with a starting annualized base rent amount of \$740,045.
- (12) Property acquired on May 1, 2012.
- (13) Amounts represent 70% tenants-in-common ownership interest, presented under the equity method in the Predecessor financial statements.
- (14) Property acquired on June 27, 2012. Amounts represents our 15% joint venture ownership interest, presented under the equity method in the Predecessor financial statements.

Description of Certain Debt

The following is a summary of the material provisions of the loan agreements evidencing our material debt to be outstanding upon the completion of this offering and the completion of the formation transactions (based on pro forma balances as of March 31, 2013). The following is only a summary and it does not include all of the provisions of such agreements, copies of which are filed as exhibits to the registration statement of which this prospectus is a part. See “Where You Can Find More Information.”

Assumed Mortgage Loans

Immediately following the completion of our formation transactions and the application of the net proceeds of this offering and the concurrent private placement, we expect to assume an aggregate amount of approximately \$48.1 million in principal amount of mortgage debt secured by two of our properties, based on March 31, 2013 balances. One of the loans has a floating interest rate of LIBOR + 2.00%, is secured by our property known as the Glendale Commerce Center, and is scheduled to mature on May 1, 2016, subject to two 1-year extensions. The other loan is a securitized loan that has a fixed interest rate of 5.45% per annum, is secured by a mortgage on our property located at 10700 Jersey Boulevard, and is scheduled to mature on January 1, 2015.

In addition, the three properties owned indirectly by the JV are subject to the following mortgage debt, based on March 31, 2013 balances:

- a loan with an estimated outstanding balance of approximately \$13.4 million (\$2.0 million of which represents our 15% allocated share of such loan) and a floating interest rate of LIBOR + 2.50%, which is secured by a mortgage on our property located at 3001 Mission Oaks Boulevard and is scheduled to mature on June 28, 2015, subject to two 1-year extension options;
- a loan with an estimated outstanding balance of approximately \$20.6 million (\$3.1 million of which represents our 15% allocated share of such loan) and a floating interest rate of LIBOR + 2.50%, which is secured by a mortgage on our property located at 3175 Mission Oaks Boulevard and is scheduled to mature on June 28, 2015, subject to two 1-year extension options; and
- a loan with an estimated outstanding balance of approximately \$7.5 million (\$1.1 million of which represents our 15% allocated share of such loan) and a floating interest rate of LIBOR + 2.50%, which is secured by a mortgage on our property located at 3233 Mission Oaks Boulevard and is scheduled to mature on June 28, 2015, subject to two 1-year extension options.

[Table of Contents](#)

The Glendale Commerce Center loan agreement contains a debt service coverage ratio requirement that is tested quarterly, as well as a debt service coverage ratio requirement and a loan-to-value ratio requirement that are tested each time we exercise an option to extend the maturity date of the loan. In addition, pursuant to the terms of the Glendale Commerce Center loan, we must also meet certain liquidity and net worth requirements that are tested annually. The loan agreements for the properties owned indirectly by the JV each contain a combined debt yield ratio requirement that is tested annually, and a combined debt service coverage ratio requirement and a combined loan-to-value ratio requirement that are tested each time the borrowers of the Mission Oaks Blvd loans exercise an option to extend the maturity date of the loans. We and the borrowers of the Mission Oaks Blvd loans are currently in compliance with the financial covenants and net worth and liquidity requirements in our and their respective loan agreements. The Glendale Commerce Center loan and the Mission Oaks Blvd loans also each contain cross-default provisions with respect to certain of our other indebtedness, and the Mission Oaks Blvd loans are cross-collateralized with each other.

New Term Loan

We have negotiated a new \$60 million term loan with Bank of America, N.A., which we expect to have in place upon completion of this offering. We anticipate that the new term loan will be secured by a mortgage on approximately six of our properties, and will bear interest at a floating rate of LIBOR + 1.925%. The new term loan is expected to have an initial term of approximately 72 months, subject to one 12-month extension, and is expected to amortize on a monthly basis beginning in month 37 of the loan (based on a 30-year repayment schedule and an interest rate equal to the actual payment rate). We anticipate that the new term loan will contain customary financial covenants, including a debt service coverage ratio that will be tested quarterly, as well as liquidity and net worth requirements that will be tested annually. The new term loan may also include cross-default provisions with respect to certain of our other indebtedness, and will be subject to customary closing conditions for a loan of this type. There can be no assurance that all of the closing conditions will be satisfied.

Proposed Revolving Credit Facility

A group of lenders for which Bank of America, N.A. will act as administrative agent and Merrill Lynch, Pierce, Fenner & Smith Incorporated will act as sole bookrunner and sole lead arranger have provided commitments for a proposed revolving credit facility allowing borrowings of up to \$200 million by our operating partnership. We expect the facility to have a term of three years. We also expect the facility to have an accordion feature that may allow us to increase the availability thereunder by \$200 million to \$400 million. We intend to use this facility principally for property acquisitions, working capital requirements and other general corporate purposes. We expect to borrow approximately \$7.0 million under our proposed revolving credit facility at the completion of this offering, and an additional \$14.2 million under our proposed revolving credit facility following the completion of this offering to acquire 8101-8117 Orion Avenue and 18310-18330 Oxnard Street (as reflected in our consolidated pro forma indebtedness as of March 31, 2013).

The proposed revolving credit facility is expected to bear interest at the rate of LIBOR plus a margin of 135 basis points to 205 basis points, depending on our leverage ratio. The amount available for us to borrow under the facility will be subject to the lesser of the then-applicable facility amount, a percentage of the net operating income of our properties that form the borrowing base of the facility, and a minimum implied debt service coverage ratio.

Our operating partnership's ability to borrow under this proposed revolving credit facility will be subject to our ongoing compliance with a number of customary restrictive covenants, including a maximum leverage ratio, a maximum secured leverage ratio, a maximum recourse debt ratio, a minimum fixed charge coverage ratio, an unencumbered debt yield ratio, and a minimum tangible net worth requirement. Additionally, under the proposed revolving credit facility, our distributions may not exceed the greater of (i) 95.0% of our FFO or (ii) the amount required for us to qualify and maintain our status as a REIT and avoid the payment of federal

[Table of Contents](#)

or state income or excise tax in any 12 month period. If a default or event of default occurs and is continuing, we may be precluded from making certain distributions (other than those required to allow us to qualify and maintain our status as a REIT). The proposed revolving credit facility will also include cross-default provisions with respect to certain of our other indebtedness. We expect that we and certain of our subsidiaries will guarantee the obligations under the proposed revolving credit facility.

The commitments are subject to closing conditions that are expected to include, among other things, satisfactory completion of due diligence by Bank of America, N.A. and the other lenders, successful completion of this offering, absence of material adverse effect, payment of fees, and the negotiation, execution and delivery of definitive documentation satisfactory to Bank of America, N.A. and the other lenders. There can be no assurance that all of the closing conditions will be satisfied.

Upon completion of this offering, and after the debt pay downs discussed under “Use of Proceeds,” and after taking into account the anticipated borrowing under the new term loan at the completion of this offering, the approximately \$7.0 million expected to be drawn under the proposed revolving credit facility at the completion of this offering and the approximately \$14.2 million expected to be drawn under the proposed revolving credit facility to acquire the 8101-8117 Orion Avenue and 18310-18330 Oxnard Street properties shortly after the completion of this offering, we expect to have approximately \$180.8 million in cash and revolving credit facility capacity available to us to fund working capital and property acquisitions and to execute our business strategy.

Regulation

General

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

Americans with Disabilities Act

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

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

Environmental Matters

The properties that we acquire will be subject to various federal, state and local environmental laws. Under these laws, courts and government agencies have the authority to require us, as owner of a contaminated property, to clean up the property, even if we did not know of or were not responsible for the contamination. These laws also apply to persons who owned a property at the time it became contaminated, and therefore it is

[Table of Contents](#)

possible we could incur these costs even after we sell some of the properties we acquire. In addition to the costs of cleanup, environmental contamination can affect the value of a property and, therefore, an owner's ability to borrow using the property as collateral or to sell the property. Under applicable environmental laws, courts and government agencies also have the authority to require that a person who sent waste to a waste disposal facility, such as a landfill or an incinerator, pay for the clean-up of that facility if it becomes contaminated and threatens human health or the environment.

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

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

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

Insurance

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

Competition

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

[Table of Contents](#)

Employees

As of March 31, 2013, our predecessor business employed 31 full-time employees. We believe that our relationships with our employees are very good. None of the employees is represented by a labor union.

Legal Proceedings

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

Our Corporate Information

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

MANAGEMENT

Directors and Executive Officers

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

The following sets forth certain information with respect to our directors and executive officers as of March 31, 2013.

<u>Name*</u>	<u>Age</u>	<u>Positions</u>
Richard Ziman	70	Chairman
Howard Schwimmer	52	Co-Chief Executive Officer, Director
Michael S. Frankel	50	Co-Chief Executive Officer, Director
Adeel Khan	39	Chief Financial Officer
** Robert L. Antin	63	Director Nominee
** Leslie E. Bider	62	Director Nominee
** Steven C. Good	70	Director Nominee
** Joel S. Marcus	65	Director Nominee

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

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

Biographical Summaries of Directors and Executive Officers

Richard Ziman

Mr. Ziman will serve as our Chairman. Mr. Ziman has served as the Co-Founder, Chairman and Director of our predecessor business since its inception in December 2001. Mr. Ziman’s industrial real estate experience comprises over forty years of industrial real estate investment experience overseeing his personal, family and foundation-related investments in Southern California as well as having co-founded and served as Chairman of the management companies that we will acquire as part of the formation transactions. Mr. Ziman’s overall commercial real estate experience also includes his role as the founding Chairman and CEO of Arden Realty, Inc., a real estate investment firm focused on the commercial office real estate markets in infill Southern California. Mr. Ziman served as Arden’s Chairman of the Board and CEO from its inception in 1990 until its sale in mid-2006 to GE Real Estate in a \$4.8 billion transaction involving Arden’s portfolio of approximately 18.5 million square feet in more than 200 office buildings. Arden was publicly traded on the NYSE under the symbol “ARI.” In 2006, Mr. Ziman also co-founded AVP Advisors, LLC and AVP Capital, LLC, the exclusive advisor to American Value Partners, a real estate fund of funds deploying capital on behalf of pension funds throughout the United States. In 1979, Mr. Ziman formed Pacific Financial Group, a diversified real estate investment and development firm, of which he was Managing General Partner. Mr. Ziman also serves on the boards of directors of The Rosalinde and Arthur Gilbert Foundation and The Gilbert Collection Trust. In 2001, Mr. Ziman established and endowed the Richard S. Ziman Center for Real Estate at the Anderson Graduate School of Management at the University of California at Los Angeles. Over the years, Mr. Ziman has held many significant leadership positions in the cultural, educational and social service life of Southern California. Mr. Ziman received his Bachelor’s degree and his Juris Doctor degree from the University of Southern California and practiced law as a partner of the law firm Loeb & Loeb from 1971 to 1980, specializing in transactional and financial aspects of real estate. Mr. Ziman brings to the Board extensive executive management experience in the industrial real estate industry and in public companies and extensive knowledge of our company and our operations.

Howard Schwimmer

Mr. Schwimmer will serve as our Co-Chief Executive Officer and Director. Mr. Schwimmer has served as Co-Founder and Senior Managing Partner of our predecessor business and President of Rexford Industrial Realty & Management Inc. since December 2001. From May 1983 until November 2001, Mr. Schwimmer, a licensed California real estate broker, served at various times as manager, executive vice president and broker of record for, and until recently held a less than 7% ownership interest in, DAUM Commercial Real Estate, one of California's oldest industrial brokerage companies. Mr. Schwimmer's thirty-year professional career has been dedicated entirely and exclusively to Southern California infill industrial real estate, including its acquisition, value-add improvement, management, sales, leasing and disposition. Mr. Schwimmer has extensive experience forming real estate investment companies, managing real estate brokerage offices, serving as a real estate brokerage company board member and acquiring, repositioning, developing, leasing, selling and adding value to over thirty million square feet of industrial properties in Southern California. Mr. Schwimmer received his Bachelor's degree from the University of Southern California in 1983 where he majored in business with an emphasis in real estate finance and development. Mr. Schwimmer serves on the USC Lusk Center Real Estate Leadership Council, is Board Chair of USC Hillel, and is the Allocation Committee Chair of the Los Angeles Jewish Federation, Real Estate Principals Organization. Mr. Schwimmer brings to the Board executive management experience in the real estate industry and extensive knowledge of our company and our operations.

Michael S. Frankel

Mr. Frankel will serve as our Co-Chief Executive Officer and Director. Mr. Frankel has served as the Chief Financial Officer of Rexford Industrial Realty & Management Inc. since May 2005 and as Managing Partner of Rexford Industrial LLC and Rexford Sponsor LLC since December 2007 and September 2010, respectively. Mr. Frankel's twenty-eight year career includes nine years co-managing our predecessor business, which exclusively focused on investing in infill Southern California industrial real estate. Mr. Frankel has focused on real estate investment, private equity investments and senior management operating roles throughout his career. Mr. Frankel was previously responsible for investments at the private equity firm "C3," a subsidiary of the Comcast Corporation (NASDAQ: CMCSA). Mr. Frankel also served with LEK Consulting, providing strategic advisory services to several of the world's leading investment institutions. Mr. Frankel began his career as Vice President at Melchers & Co., an European-based firm, where he was responsible for Melchers' U.S.-Asia operations, principally based in Beijing. Mr. Frankel brings significant private equity, finance and management experience to our company. Mr. Frankel has substantial experience working in China, Southeast Asia and France, and speaks Mandarin and French. Mr. Frankel is a licensed real estate broker in the state of California and a member of the Urban Land Institute. Mr. Frankel earned his Bachelor of Arts degree in political economy from the University of California at Berkeley and his Masters of Business Administration from the Harvard Business School. Mr. Frankel brings to the Board extensive executive management and operational experience and an extensive knowledge of our company and our operations.

Adeel Khan

Mr. Khan will serve as our Chief Financial Officer. Mr. Khan served as Corporate Controller for our predecessor business since March 2012. From February 2002 until February 2012, Mr. Khan served as Vice President, Controller at MPG Office Trust, Inc. (NYSE: MPG), the largest owner of class-A office buildings in downtown Los Angeles, with an office and hotel portfolio in Southern California and Denver, Colorado. Prior to MPG, Mr. Khan served as Senior Financial Analyst at The Walt Disney Company (NYSE: DIS). Mr. Khan also served as Senior Auditor & Consultant at Arthur Andersen LLP, where Mr. Khan assumed responsibility for the audit of public real estate, financial services and media/technology companies. Mr. Khan is a Certified Public Accountant and obtained his Bachelor of Arts in Business Administration at the California State University, Fullerton. Mr. Khan brings to our company 16 years of accounting, finance and operations experience.

[Table of Contents](#)

Robert L. Antin

Mr. Antin will become a Director upon completion of the offering. Mr. Antin was a founder of VCA Antech, Inc. (“VCA”), a publicly traded national animal healthcare company (NASDAQ: WOOF) that provides veterinary services, diagnostic testing and various medical technology products and related services to the veterinary market. Mr. Antin has served as a Director, Chief Executive Officer and President at VCA since its inception in 1986. From September 1983 to 1985, Mr. Antin was President, Chief Executive Officer, a Director and co-founder of AlternaCare Corp., a publicly held company that owned, operated and developed freestanding out-patient surgical centers. From July 1978 until September 1983, Mr. Antin was an officer of American Medical International, Inc., an owner and operator of health care facilities. Mr. Antin received his Bachelor’s degree from the State University of New York at Cortland and his MBA with a certification in hospital and health administration from Cornell University. Mr. Antin brings to the Board extensive experience as an executive at a public company which enables him to make significant contributions to the deliberations of the Board, especially in relation to operations, financings and strategic planning.

Leslie E. Bider

Mr. Bider will become a Director upon completion of the offering. Since June 2008, Mr. Bider has been the Chief Executive Officer and a Director of PinnacleCare, International, a Private Health Advisory firm. From 2007 to 2008, he was the Chief Strategist at ITU Ventures, a Los Angeles based Venture Capital firm. From 2005 to 2007, Mr. Bider served as an executive in residence at Elevation Partners. From 1987 to 2005, Mr. Bider was the Chairman/Chief Executive Officer of Warner Chappell Music, Inc., one of the world’s largest music publishing companies. Prior to that, Mr. Bider served as Chief Financial Officer of Warner Bros. Music, and was a principal in an accounting firm specializing in the entertainment industry. Mr. Bider holds a Bachelor’s degree in accounting from University of Southern California and an M.S. from the Wharton School of the University of Pennsylvania. Mr. Bider has served on the board of Douglas Emmett, Inc. (NYSE: DEI) since October 2006 and was a member of the Board of Directors of OSI Systems, Inc. (NASDAQ: OSIS) from April 2006 to May 2010 and of California Pizza Kitchen (NASDAQ: CPKI) from August 2009 to June 2011. Mr. Bider brings to the Board accounting and finance skills, operating experience in several industries and extensive experience in the real estate industry.

Steven C. Good

Mr. Good will become a Director upon completion of the offering. Since February 2010, Mr. Good has served as a consultant for the accounting firm of Cohn Reznick LLP and provides business consulting and advisory services for a sizeable and varied client base which includes manufacturing, garment, medical services, and real estate development industries. Mr. Good founded the accounting firm of Good, Swartz, Brown & Berns (predecessor of Cohn Reznick LLP) in 1976, and served as an active Senior Partner until February 2010. From 1997 until 2005, Mr. Good served as a Director of Arden Realty Group, Inc., a publicly-held Real Estate Investment Trust listed on the New York Stock Exchange. Mr. Good currently serves as a Director of OSI Systems, Inc. (NASDAQ: OSIS). Mr. Good also currently serves as a Director of Kayne Anderson MLP Investment Company (NYSE: KYN) and Kayne Anderson Energy Total Return Fund, Inc. (NYSE: KYE). Mr. Good holds a Bachelor of Science degree in Accounting from the University of California, Los Angeles and attended its Graduate School of Business. Mr. Good brings to the Board extensive audit, finance and accounting expertise as well as extensive experience as a Director of several public companies.

Joel S. Marcus

Mr. Marcus will become a Director upon completion of the offering. Since May 2007, Mr. Marcus has served as Chairman of the Board of Directors of Alexandria Real Estate Equities, Inc. (“Alexandria,” NYSE: ARE), a publicly traded REIT focused on life science real estate. Mr. Marcus has also served as Chief Executive Officer since March 1997, President since February 2009, and a Director since Alexandria’s inception in 1994. Mr. Marcus co-founded Alexandria in 1994, Alexandria Venture Investments in 1996, and the annual

[Table of Contents](#)

Alexandria Summit™ in 2011. From 1986 to 1994, Mr. Marcus was a partner at the law firm of Brobeck, Phleger & Harrison LLP, specializing in corporate finance and capital markets, venture capital, and mergers and acquisitions. From 1984 to 1994, he also served as General Counsel and Secretary of Kirin-Amgen, Inc., a joint venture that financed the development of, and owned patents to, genetically engineered biopharmaceutical products. Mr. Marcus was formerly a practicing certified public accountant and tax manager with Arthur Young & Co. specializing in the financing and taxation of REITs. He received his undergraduate and Juris Doctor degrees from the University of California, Los Angeles. Mr. Marcus serves on the boards of the Accelerator Corporation, of which he was one of the original architects and co-founders, Foundation for the National Institutes of Health, Intra-Cellular Therapies, Inc., Multiple Myeloma Research Foundation, and the Partnership for New York City. Mr. Marcus received the Ernst & Young 1999 Entrepreneur of the Year Award (Los Angeles – Real Estate). Mr. Marcus served on the Board of Trustees of PennyMac Mortgage Investment Trust, a publicly traded mortgage REIT, from August 2009 to August 2012. Mr. Marcus brings to the Board over 38 years of experience in the real estate and life sciences industries, including his 15 years of operating experience as a Chief Executive Officer and 18 years of experience as a Director of a publicly traded REIT.

Other Key Employees

Patrick Schlehuber

Mr. Schlehuber will serve as our Director of Acquisitions, responsible for originating investment opportunities and managing their respective transactions. Mr. Schlehuber joined our predecessor business in May 2009 as Director of Acquisitions. From June 2004 to March 2009 Mr. Schlehuber was employed by First Industrial Realty Trust, Inc. (NYSE: FR), one of the nation's largest publicly listed REITs focused exclusively on industrial real estate investment and management. There he served first as an Investment Associate and then as a Transaction Officer responsible for the origination of industrial real estate investments in the greater Los Angeles market. Mr. Schlehuber also served as an Associate with RA Capital Advisors and as a Senior Consultant in the Arthur Andersen/KPMG Transaction Advisory Services group. Mr. Schlehuber obtained his Bachelor of Business Administration, finance degree at the University of Notre Dame and is a Chartered Financial Analyst (CFA) and Certified Public Accountant (CPA).

Bruce Herbkersman

Mr. Herbkersman will serve as our Director of Construction & Development, responsible for construction project management. Mr. Herbkersman joined our predecessor business in June 2009 as Director of Development. From November 1998 until April 2009, Mr. Herbkersman served as a Senior Vice President at Lowe Enterprises and was responsible for industrial, office and resort development, project management and construction. Prior to Lowe Enterprises, Mr. Herbkersman served as Project Manager at Turner Construction focused on industrial development in Southern California over an eight year tenure. Mr. Herbkersman obtained his Bachelor of Science in construction management from California Polytechnic State University.

Michael Levine

Mr. Levine will serve as our Construction Project Manager. Mr. Levine joined our predecessor business in January 2004 as Construction Project Manager. Mr. Levine is responsible for overseeing property renovation and new construction projects. Mr. Levine is a third-generation builder with thirty years' experience in the construction industry. As a general contractor, he has built a wide variety of projects including industrial buildings, supermarkets, retail malls, health clubs, medical facilities and artist's studios. His projects have been featured in many magazines including "Interiors and Architectural Record," and have received several awards including the Los Angeles American Institute of Architects Merit Award and the Los Angeles Business Council Award for Historical Adaptive Reuse of Commercial-Interiors. Mr. Levine received his Bachelor of Arts degree from the University of California at Los Angeles and in 2002 in association with the Building Industry Association of California he received the Professional Designation in Construction Management from the University of California, Los Angeles.

Dan Elisha

Mr. Elisha will serve as our Controller. Mr. Elisha contributes over 15 years of public company experience. From November 2005 until May 2013, Mr. Elisha was employed by Kilroy Realty Corporation (“Kilroy,” NYSE: KRC). At Kilroy, Mr. Elisha served in number of different capacities. From December 2011 until May 2013 he served as Senior Director of Internal Reporting & Planning and then as Senior Director of Construction/Development Accounting. From January 2008 until December 2011, Mr. Elisha served as Director of Accounting & Reporting. From November 2005 until January 2008, Mr. Elisha served as Manager of Accounting & Reporting. Prior to his time at Kilroy, Mr. Elisha served for six years at VCA as Manager of Operations and Property Accounting as well as in other capacities. Mr. Elisha earned his Bachelor of Science degree in Business Management with an emphasis on finance and real estate and also earned his Masters of Business Administration from Cal State University Northridge.

Cher Riban

Ms. Riban will serve as our Assistant Controller, responsible for oversight of day-to-day finance and accounting. Ms. Riban contributes over eight years of senior finance, audit and real estate experience. Ms. Riban joined our predecessor business in October 2011 as Assistant Controller. From January 2010 to October 2011, Ms. Riban served as Manager of Financial Reporting for Douglas Emmett, Inc. (NYSE: DEI), where she was responsible for corporate accounting and SEC financial reporting. From July 2007 until December 2009, Ms. Riban served as a Corporate Senior Accountant at Douglas Emmett. Prior to joining Douglas Emmett, Ms. Riban served for three years as a Senior Auditor at Deloitte & Touche. Ms. Riban obtained her Bachelor of Arts degree in business economics with an emphasis in accounting from the University of California at Santa Barbara and is a Certified Public Accountant (CPA) in the State of California.

Shannon Lewis

Ms. Lewis will serve as our Director of Leasing & Asset Management, responsible for leasing, marketing and asset management. Ms. Lewis joined our predecessor business in March 2013 as Director of Leasing & Asset Management. From August 2006 to March 2013, Ms. Lewis served as Senior Leasing Manager at Douglas Emmett, Inc. (NYSE: DEI), responsible for the leasing, marketing and tenant improvements of a multi-million square foot portfolio of office, retail and medical office properties in West Los Angeles. Prior to Douglas Emmett, Ms. Lewis served as Vice President, Asset Management at Kilroy Realty Corporation (NYSE: KRC), responsible for leasing, marketing, tenant improvements and strategic planning for a multi-million square foot portfolio of industrial and office properties, spanning a four year tenure at Kilroy. Ms. Lewis also previously served as Regional Portfolio Manager over a four year period at Legacy Partners Commercial responsible for leasing and property management of a multi-million square foot industrial and office property portfolio. Additionally, Ms. Lewis served as a Senior Property Manager and Portfolio Manager at Trammell Crow Company and The Voit Companies, respectively, responsible for multi-million square foot industrial and office property portfolios over a combined ten year period. Ms. Lewis obtained her Bachelor of Science degree in managerial economics from the University of California at Davis and received the Real Property Administrator designation from the Building Owners and Managers Association as well as the Certified Property Manager designation from the Institute of Real Estate Management.

Corporate Governance Profile

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

- our board of directors is not classified, instead, each of our directors is subject to re-election annually;

[Table of Contents](#)

- of the seven persons who will serve on our board of directors immediately after the completion of this offering, we expect our board of directors to determine that four, or 57%, of our directors satisfy the listing standards for independence of the NYSE and Rule 10A-3 under the Exchange Act;
- we anticipate that at least one of our directors will qualify as an “audit committee financial expert” as defined by the SEC;
- we have opted out of the business combination and control share acquisition statutes in the MGCL; and
- we do not have a stockholder rights plan.

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

Role of the Board in Risk Oversight

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

Board Committees

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

Audit Committee

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

- our accounting and financial reporting processes;
- the integrity of our consolidated financial statements and financial reporting process;

[Table of Contents](#)

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

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

Compensation Committee

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

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

Mr. Marcus has been designated as chair and Messrs. Bider and Good have been appointed as members of the compensation committee.

Nominating and Corporate Governance Committee

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

- identifying and recommending to the full board of directors qualified candidates for election as directors to fill vacancies on the board or at the annual meeting of stockholders;

Table of Contents

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

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

Code of Business Conduct and Ethics

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

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

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

Limitation of Liability and Indemnification

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

- the act or omission of the director or executive officer was material to the matter giving rise to the proceeding and was committed in bad faith or was the result of active and deliberate dishonesty;

Table of Contents

- the director or executive officer actually received an improper personal benefit in money, property or services; or
- with respect to any criminal action or proceeding, the director or executive officer had reasonable cause to believe his or her conduct was unlawful.

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

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

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

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

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

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

[Table of Contents](#)

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

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

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

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

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

EXECUTIVE COMPENSATION

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

- Howard Schwimmer, Co-Chief Executive Officer;
- Michael S. Frankel, Co-Chief Executive Officer; and
- Adeel Khan, Chief Financial Officer.

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

Summary Compensation Table

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

Name and Principal Position	Year	Salary(\$) ⁽¹⁾	Bonus(\$) ⁽²⁾	Stock Awards (\$)	Option Awards(\$)	Non-Equity Incentive Plan Compensation (\$)	Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total(\$)
Howard Schwimmer Co-Chief Executive Officer	2013	495,000	495,000	(3)	—	—	—	—	990,000
Michael S. Frankel Co-Chief Executive Officer	2013	495,000	495,000	(3)	—	—	—	—	990,000
Adeel Khan Chief Financial Officer	2013	275,000	215,000	(3)	—	—	—	—	490,000

- (1) Each of our named executive officers is expected to receive a pro-rata portion of his 2013 annual base salary for the period from the completion of this offering through December 31, 2013.
- (2) Amount represents the target annual cash bonus which the named executive officer is eligible to receive, at the sole discretion of our compensation committee, as described in “Executive Compensation Arrangements” below. With respect to Mr. Khan, this amount also includes a one-time \$50,000 cash bonus to be awarded to Mr. Khan in connection with the completion of this offering.
- (3) Equity awards covering shares of our common stock or common units have not previously been granted to our named executive officers. In connection with this offering, we expect to make grants to Messrs. Schwimmer, Frankel and Khan of awards of restricted stock valued at \$4,000,000, \$4,000,000 and \$275,000, respectively.

[Table of Contents](#)

Base Salaries

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

Cash Bonuses

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

In addition, in connection with the completion of this offering we expect to award Mr. Khan a one-time cash bonus equal to \$50,000.

Equity Compensation

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

We expect to make grants of restricted stock pursuant to the Plan to certain of our employees, including our named executive officers, in connection with this offering. We anticipate that the awards granted to our named executive officers in connection with this offering will vest as to 25% of the number of shares subject to the award on each of the first, second, third and fourth anniversaries of the date of grant, based on the executive's continued service with us through the applicable vesting date. In addition, the restricted stock awards granted to Messrs. Schwimmer and Frankel in connection with this offering will be subject to accelerated vesting provisions set forth in the executive's employment agreement, as described in further detail below under "Executive Compensation Arrangements." We expect to make grants of restricted common stock under the Plan in connection with this offering to our employees, including our executive officers, and our non-employee directors. Each restricted stock award is expected to be denominated as a specified dollar value, and the actual number of shares issued will be calculated at or prior to grant by dividing the total denominated dollar value of the award by the per share initial public offering price of our common stock. We expect that the aggregated denominated dollar value of all restricted stock awards granted to non-employee directors, executive officers and other employees in connection with this offering will be approximately \$12.9 million, including the following grants to our named executive officers:

<u>Named Executive Officer</u>	<u>Approximate Restricted Stock Denominated Grant Value</u>
Howard Schwimmer	\$ 4,000,000
Michael S. Frankel	\$ 4,000,000
Adeel Khan	\$ 275,000

Other Elements of Compensation

Retirement Plans

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

Employee Benefits and Perquisites

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

Additional Compensation Components

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

Executive Compensation Arrangements

We expect to enter into employment agreements with certain executive officers of the company, including Messrs. Schwimmer and Frankel, that will take effect upon the completion of this offering. While the agreements have not yet been executed and therefore remain subject to modification, the following is a summary of the material terms of the agreements, as currently contemplated.

Under the agreements, Messrs. Schwimmer and Frankel will each serve as a Co-Chief Executive Officer of our company and will report directly to the board. The initial term of the employment agreements will end on the fourth anniversary of the completion of this offering. On that date, and on each subsequent one year anniversary of such date, the term of the employment agreements will automatically be extended for one year, unless earlier terminated. Pursuant to the employment agreements, during the terms of Messrs. Schwimmer's and Frankel's employment, we will nominate each for election as a director.

Under the employment agreements, Messrs. Schwimmer and Frankel will receive initial annual base salaries in the amounts reflected in the "Summary Compensation Table" above, which are subject to increase at the discretion of our compensation committee. In addition, each of Messrs. Schwimmer and Frankel will be eligible to receive an annual discretionary cash performance bonus targeted at 100% of the executive's then-current annual base salary. The actual amount of any such bonuses will be determined by reference to the attainment of applicable Company and/or individual performance objectives, as determined by our compensation committee. In connection with entering into the employment agreements and as described above, Messrs. Schwimmer and Frankel will each be granted an award of restricted shares of our common stock. These restricted stock awards will vest in four equal, annual installments on each of the first four anniversaries of the date of this offering, subject to each executive's continued service through the applicable vesting date. In addition, beginning in calendar year 2014 and for each calendar year thereafter, Messrs. Schwimmer and Frankel will each be eligible to receive an annual equity award, as determined by our compensation committee in its sole

Table of Contents

discretion. Messrs. Schwimmer and Frankel will also be eligible to participate in customary health, welfare and fringe benefit plans, and, subject to certain restrictions, healthcare benefits will be provided to them and their eligible dependents at our sole expense. Each of Messrs. Schwimmer and Frankel will accrue four weeks of paid vacation per year.

Pursuant to the terms of the employment agreements, if Mr. Schwimmer's or Mr. Frankel's employment is terminated by our company without "cause," by the executive for "good reason" (each, as defined in the applicable employment agreement) or because our company elects not to renew the term of the employment agreement then, in addition to any accrued amounts, the executive will be entitled to receive the following:

- A lump-sum payment in an amount equal to three times the sum of (i) the executive's annual base salary then in effect, (ii) the average annual bonus earned by the executive for the three prior fiscal years (substituting target bonus in the average for any fiscal year not yet completed if fewer than three fiscal years have been completed) and (iii) the average value of any annual equity awards(s) made to the executive during the prior three fiscal years (excluding the initial grant of restricted stock described above, any award(s) granted pursuant to a multi-year, outperformance or long-term performance program and any other non-recurring awards), or if fewer than three years have elapsed, over such lesser number of years;
- a lump-sum payment in an amount equal to (i) any annual bonus relating to the year immediately preceding the year in which the termination date occurs that remains unpaid on the termination date (if any), and (ii) a pro rata portion of the executive's target bonus for the partial fiscal year in which the termination date occurs;
- accelerated vesting of all outstanding equity awards held by the executive as of the termination date; and
- company-paid continuation healthcare coverage for 18 months after the termination date.

The executive's right to receive the severance payments and benefits described above is subject to his delivery and non-revocation of an effective general release of claims in favor of our company. The employment agreements also contain customary confidentiality and non-solicitation provisions.

Upon a termination of employment by reason of death or disability, the executive or his estate will be entitled to accelerated vesting of all outstanding equity awards held by the executive as of the termination date, in addition to any accrued amounts. In addition, upon a change in control of our company (as defined in the Plan), Messrs. Schwimmer and Frankel will be entitled to accelerated vesting of all outstanding equity awards held by such executive as of the date of the change in control. In addition, under the employment agreements, to the extent that any change in control payment or benefit would be subject to an excise tax imposed in connection with Section 4999 of the Code, such payments and/or benefits may be subject to a "best pay cap" reduction to the extent necessary so that the executive receives the greater of the (i) net amount of the change in control payments and benefits reduced such that such payments and benefits will not be subject to the excise tax and (ii) net amount of the change in control payments and benefits without such reduction.

Director Compensation

We intend to approve and implement a compensation program for our non-employee directors that we expect will consist of annual retainer fees and long-term equity awards. The material terms of the program, as currently contemplated, are described below:

Cash Compensation

Under the program, each non-employee director, other than Mr. Ziman, will be entitled to receive an annual cash retainer of \$25,000, and Mr. Ziman will be entitled to receive an annual cash retainer equal to \$250,000 so long as he remains chairman of the board. In addition, each committee chairperson will receive a \$10,000 annual cash retainer and, in the event we have a lead independent director, he or she will receive a \$25,000 annual cash retainer. Annual retainers will be paid in cash quarterly in arrears.

Equity Compensation

Under the program, each non-employee director, other than Mr. Ziman, will receive an award of restricted stock in connection with the completion of this offering in a denominated dollar value equal to \$40,000. These awards will vest in substantially equal one-third installments on each of the first, second and third anniversaries of the completion of this offering, subject to continued service on our board of directors through the applicable vesting date. We expect to grant Mr. Ziman a “founders” restricted stock award in connection with the completion of this offering that will vest as to 25% of the number of shares subject to the award on each of the first, second, third and fourth anniversaries of the date of grant, based on Mr. Ziman’s continued service with us through the applicable vesting date, and will accelerate and vest in full immediately prior to a change in control. We expect that Mr. Ziman’s restricted stock award will cover a number of shares representing a dollar-denominated value equal to \$3,000,000, determined by reference to the per share initial public offering price of our common stock.

In addition, under the program, each non-employee director who is initially elected to serve on our board of directors following the completion of this offering, and each director who is serving on our board of directors as of the date of each annual meeting of stockholders, will be granted an award of restricted stock in a denominated dollar value equal to \$40,000 (or, with respect to awards to initially elected or appointed non-employee directors, a pro-rated value to reflect any partial year service). These awards will vest on the earlier to occur of (i) the date of the annual meeting of stockholders immediately following the grant date and (ii) the first anniversary of the grant date, subject in each case to continued service on our board of directors.

2013 Incentive Award Plan

2013 Incentive Award Plan

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

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

Limitation on Awards and Shares Available. The aggregate number of shares of our common stock and/or LTIP units of partnership interest in our operating partnership, or LTIP units, that will be available for issuance under awards granted pursuant to the Plan is 2,272,689 shares/LTIP units. Shares and units granted under the Plan may be authorized but unissued shares/LTIP 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/LTIP units subject to such award may, to the extent of such forfeiture, expiration or cash settlement, be used again for new grants under the Plan. However, the following shares/LTIP units may not be used again for

[Table of Contents](#)

grant under the Plan: (1) shares/LTIP units tendered or withheld to satisfy grant or exercise price or tax withholding obligations associated with an award; (2) shares subject to a stock appreciation right, or SAR, that are not issued in connection with the stock settlement of the SAR on its exercise; and (3) shares purchased on the open market with the cash proceeds from the exercise of options. The maximum number of shares that may be issued under the Plan upon the exercise of incentive stock options will be 2,272,689.

Awards granted under the Plan upon the assumption of, or in substitution for, awards authorized or outstanding under a qualifying equity plan maintained by an entity with which we enter into a merger or similar corporate transaction will not reduce the shares available for grant under the Plan. After the expiration of a transition period that may apply following the effective date of our initial public offering, the maximum number of shares of our common stock that may be subject to one or more awards granted to any one participant pursuant to the Plan during any calendar year will be 1,500,000 and the maximum amount that may be paid under a cash award pursuant to the Plan to any one participant during any calendar year period will be \$2,000,000.

Awards. The Plan provides for the grant of stock options, including incentive stock options, or ISOs, and nonqualified stock options, or NSOs, restricted stock, dividend equivalents, stock payments, restricted stock units, or RSUs, performance shares, other incentive awards, LTIP units, SARs, and cash awards. Certain awards under the Plan may constitute or provide for a deferral of compensation, subject to Section 409A of the Code, which may impose additional requirements on the terms and conditions of such awards. All awards under the Plan will be set forth in award agreements, which will detail all terms and conditions of the awards, including any applicable vesting and payment terms and post-termination exercise limitations. Awards other than cash awards and LTIP units generally will be settled in shares of our common stock, but the plan administrator may provide for cash settlement of any award. A brief description of each award type follows.

- **Stock Options.** Stock options provide for the purchase of shares of our common stock in the future at an exercise price set on the grant date. ISOs, by contrast to NSOs, may provide tax deferral beyond exercise and favorable capital gains tax treatment to their holders if certain holding period and other requirements of the Code are satisfied. The exercise price of a stock option may not be less than 100% of the fair market value of the underlying share on the date of grant (or 110% in the case of ISOs granted to certain significant stockholders), except with respect to certain substitute options granted in connection with a corporate transaction. The term of a stock option may not be longer than ten years (or five years in the case of ISOs granted to certain significant stockholders). Vesting conditions determined by the plan administrator may apply to stock options and may include continued service, performance and/or other conditions.
- **SARs.** SARs entitle their holder, upon exercise, to receive from us an amount equal to the appreciation of the shares subject to the award between the grant date and the exercise date. The exercise price of a SAR may not be less than 100% of the fair market value of the underlying share on the date of grant (except with respect to certain substitute SARs granted in connection with a corporate transaction) and the term of a SAR may not be longer than ten years. Vesting conditions determined by the plan administrator may apply to SARs and may include continued service, performance and/or other conditions.
- **Restricted Stock, RSUs and Performance Shares.** Restricted stock is an award of nontransferable shares of our common stock that remain forfeitable unless and until specified conditions are met, and which may be subject to a purchase price. RSUs are contractual promises to deliver shares of our common stock in the future, which may also remain forfeitable unless and until specified conditions are met. Delivery of the shares underlying RSUs may be deferred under the terms of the award or at the election of the participant, if the plan administrator permits such a deferral. Performance shares are contractual rights to receive a range of shares of our common stock in the future based on the attainment of specified performance goals, in addition to other conditions which may apply to these awards. Conditions applicable to restricted stock, RSUs and performance shares may be based on continuing service, the attainment of performance goals and/or such other conditions as the plan administrator may determine.

[Table of Contents](#)

- *Stock Payments, Other Incentive Awards, LTIP Units and Cash Awards.* Stock payments are awards of fully vested shares of our common stock that may, but need not, be made in lieu of base salary, bonus, fees or other cash compensation otherwise payable to any individual who is eligible to receive awards. Other incentive awards are awards other than those enumerated in this summary that are denominated in, linked to or derived from shares of our common stock or value metrics related to our shares, and may remain forfeitable unless and until specified conditions are met. LTIP units are awards of units of limited partnership interest in our operating partnership intended to constitute “profits interests” within the meaning of the relevant IRS guidance, which may be convertible into shares of our common stock. Cash awards are cash incentive bonuses subject to performance goals.
- *Dividend Equivalents.* Dividend equivalents represent the right to receive the equivalent value of dividends paid on shares of our common stock and may be granted alone or in tandem with awards other than stock options or SARs. Dividend equivalents are credited as of dividend record dates during the period between the date an award is granted and the date such award vests, is exercised, is distributed or expires, as determined by the plan administrator. Dividend equivalents may not be paid on performance awards granted under the Plan unless and until such performance awards have vested.

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

Section 162(m) of the Code imposes a \$1,000,000 cap on the compensation deduction that a public company may take in respect of compensation paid to its “covered employees” (which should include its chief executive officer and its next three most highly compensated employees other than its chief financial officer), but excludes from the calculation of amounts subject to this limitation any amounts that constitute QPBC. Under current tax law, we do not expect Section 162(m) of the Code to apply to certain awards under the Plan until the earliest to occur of (1) our annual stockholders’ meeting at which members of our board of directors are to be elected that occurs in 2017; (2) a material modification of the Plan; (3) an exhaustion of the share/unit supply under the Plan; or (4) the expiration of the Plan. However, QPBC performance criteria may be used with respect to performance awards that are not intended to constitute QPBC. In addition, our company may issue awards that are not intended to constitute QPBC even if such awards might be non-deductible as a result of Section 162(m) of the Code.

In order to constitute QPBC under Section 162(m) of the Code, in addition to certain other requirements, the relevant amounts must be payable only upon the attainment of pre-established, objective performance goals set by our compensation committee and linked to stockholder-approved performance criteria. For purposes of the Plan, one or more of the following performance criteria will be used in setting performance goals applicable to QPBC, and may be used in setting performance goals applicable to other performance awards: (1) net earnings (either before or after one or more of the following: (a) interest, (b) taxes, (c) depreciation, (d) amortization and (e) non-cash equity-based compensation expense); (2) gross or net sales or revenue; (3) net income (either before or after taxes); (4) adjusted net income; (5) operating earnings or profit; (6) cash flow (including, but not limited to, operating cash flow and free cash flow); (7) return on assets; (8) return on capital; (9) return on stockholders’ equity; (10) total stockholder return; (11) return on sales; (12) gross or net profit or operating margin; (13) costs; (14) funds from operations; (15) expenses; (16) working capital; (17) earnings per share; (18) adjusted earnings per share; (19) price per share of common stock; (20) leasing activity; (21) implementation or completion of critical projects; (22) market share; (23) economic value; (24) debt levels or reduction; (25) sales-related goals; (26) comparisons with other stock market indices; (27) operating efficiency; (28) financing and other capital raising transactions; (29) recruiting and maintaining personnel;

[Table of Contents](#)

(30) year-end cash; (31) acquisition activity; (32) investment sourcing activity; (33) customer service; and (34) marketing initiatives, any of which may be measured either in absolute terms for us or any operating unit of our company or as compared to any incremental increase or decrease or as compared to results of a peer group or to market performance indicators or indices. The Plan also permits the plan administrator to provide for objectively determinable adjustments to the applicable performance criteria in setting performance goals for QPBC awards.

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

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

Plan Amendment and Termination. Our board of directors may amend or terminate the Plan at any time; however, except in connection with certain changes in our capital structure, stockholder approval will be required for any amendment that increases the number of shares/units available under the Plan, “reprices” any stock option or SAR, or cancels any stock option or SAR in exchange for cash or another award when the option or SAR price per share exceeds the fair market value of the underlying shares. After the tenth anniversary of the date on which we adopt the Plan, no automatic annual increases to the Plan’s share limit will occur and no incentive stock options may be granted; however, the Plan does not have a specified expiration and will otherwise continue in effect until terminated by our company.

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

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Formation Transactions

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

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

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

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

[Table of Contents](#)

The following table sets forth the consideration to be received by our directors, officers and affiliates in connection with the formation transactions, assuming a \$14.00 price per share of our common stock equal to the mid-point of the price range set forth on the cover of this prospectus. For a discussion of amounts based on other prices within the range, see “Pricing Sensitivity Analysis.”

<u>Prior Investors</u>	<u>Relationship with Us</u>	<u>Number of Shares Received in Formation Transactions</u>	<u>Number of Units Received in Formation Transactions</u>	<u>Total Value of Formation Transactions Consideration</u>
Richard Ziman	Chairman	51,650	643,446	\$ 9,731,344
Howard Schwimmer	Co-CEO, Director	10,530	852,890	\$ 12,087,880
Michael S. Frankel	Co-CEO, Director	2,104	670,923	\$ 9,422,378

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

Excluded Assets

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

Concurrent Private Placement

In connection with the formation transactions, we made available to accredited investors in the Rexford Funds and the Rexford management team the opportunity to acquire for cash additional shares of our common stock at the public offering price per share in this offering concurrently with the completion of the formation transactions and this offering. We refer to the shares issued pursuant to this opportunity as the concurrent private placement. No fees, discounts or selling commissions will be paid to the underwriters in connection with any sale of our common stock through the concurrent private placement. Rexford Fund investors and the Rexford management team have irrevocably committed to invest approximately \$47 million in the concurrent private placement at a price per share equal to the public offering price in this offering. The shares that will be issued in the concurrent private placement will be in addition to the shares sold in this offering. See “Structure and Formation of Our Company—Our Formation Transactions and Structure—Concurrent Private Placement.”

The following table sets forth the amounts that our directors, officers and affiliates have elected to purchase in the concurrent private placement, assuming a \$14.00 price per share of our common stock. For a discussion of amounts based on other prices within the range, see “Pricing Sensitivity Analysis.”

<u>Prior Investors</u>	<u>Relationship with Us</u>	<u>Number of Shares</u>	<u>Total Cash Consideration</u>
Richard Ziman	Chairman	40,690	\$ 569,660
Howard Schwimmer	Co-CEO, Director	24,209	\$ 338,926
Michael S. Frankel	Co-CEO, Director	14,754	\$ 206,556

[Table of Contents](#)

Upon completion of this offering, our directors and executive officers will own 3.9% of our outstanding common stock, or 10.8% on a fully diluted basis (3.5% of our outstanding common stock, or 10.0% on a fully diluted basis, if the underwriters' over-allotment option is exercised in full) based upon the mid-point of the price range shown on the cover of this prospectus. For a discussion of amounts based on other prices within the range, see "Pricing Sensitivity Analysis."

Partnership Agreement

In connection with the completion of this offering, we will enter into an amended and restated partnership agreement with the various persons receiving common units in the formation transactions, including certain executive officers of our company. As a result, these persons will become limited partners of our operating partnership. See "Description of the Partnership Agreement of Rexford Industrial Realty, L.P." Upon completion of this offering, our directors and executive officers will own 58.3% of the outstanding common units held by limited partners and 3.9% of our outstanding common stock (3.5% if the underwriters' over-allotment option is exercised in full).

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

Registration Rights

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

Tax Matters Agreement

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

[Table of Contents](#)

have been sold, exchanged or otherwise disposed of by the limited partner, subject to certain exceptions and limitations. It is anticipated that the total amount of protected built-in gain on the protected properties will be approximately \$38.9 million, of which \$4.0 million, \$8.8 million, and \$4.7 million is attributable to Messrs. Ziman, Schwimmer and Frankel, respectively. In addition, if during the period ending on the twelfth anniversary of the completion of the formation transactions we fail to offer certain limited partners an opportunity to guarantee, in the aggregate, up to approximately \$19 million of our outstanding indebtedness, or if we fail to make commercially reasonable efforts to provide such partners who continue to own at least 50% of the common units originally received by such partners in the formation transactions with an opportunity to guarantee debt after this period, our operating partnership will be required to indemnify such limited partners against their resulting tax liabilities (plus an additional amount equal to the taxes they incur as a result of such indemnity payment). Messrs. Ziman, Schwimmer and Frankel will have the opportunity to guarantee up to approximately \$2.4 million, \$6.5 million and \$3.5 million respectively, of our outstanding indebtedness pursuant to the Tax Matters Agreement. Among other things, this opportunity to guarantee debt is intended to allow the participating limited partners to defer the recognition of gain in connection with our formation transactions. The sole and exclusive rights and remedies of any limited partner under the Tax Matters Agreement shall be a claim against our operating partnership for such limited partner's tax liabilities as calculated in the Tax Matters Agreement, and no limited partner shall be entitled to pursue a claim for specific performance or bring a claim against any person that acquires a property from our operating partnership in violation of the Tax Matters Agreement.

Employment Agreements

We intend to enter into employment agreements with certain of our executive officers that would take effect upon completion of this offering, which will provide for salary, bonus and other benefits, including severance upon a termination of employment under certain circumstances. The material terms of the agreements are described under "Executive Compensation—Executive Compensation Arrangements."

2013 Incentive Award Plan

In connection with the formation transactions, we expect to adopt a cash and equity-based incentive award plan for our directors, officers, employees and consultants. We expect that an aggregate of 2,272,689 shares of our common stock and LTIP units will be available for issuance under awards granted pursuant to the Plan. We expect that the aggregated denominated dollar value of all restricted stock awards granted under the Plan to executive officers, other employees and non-employee directors in connection with this offering will be approximately \$12.9 million. See "Executive Compensation."

Indemnification of Officers and Directors

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

Property Management Agreements

Prior to the formation transactions, the services company and RI, LLC provided management services to the Rexford Funds. As part of the formation transactions, the services company and RI, LLC will become wholly owned subsidiaries of our operating partnership. Mr. Schwimmer owns interests in 19 properties representing approximately 1.0 million square feet that are not part of the Rexford Funds portfolio. Mr. Schwimmer's investments in these properties are more than a decade old and pre-date the formation of the Rexford Funds.

[Table of Contents](#)

Mr. Schwimmer is the general partner, or co-general partner, of each of the entities that owns these properties. These properties are currently managed by RI, LLC, and will be managed by our services company after completion of this offering. In 2013, these property management agreements are expected to generate revenues of approximately \$117,000 for the services company. In addition, three of these properties are held as tenancies-in-common with other parties, and are subject to tenancy-in-common agreements, which appoint RI, LLC as manager of the properties, in charge of providing day-to-day business operations and leasing services, in return for a property management fee. Following the completion of this offering, the services company and RI, LLC will continue to provide management services to these properties. Conflicts of interest may exist or could arise in the future as a result of considering whether to extend, terminate or re-negotiate these property management agreements.

Notes Payable

Fund V is party to a promissory note issued to Sponsor. The proceeds from the promissory note were used to pay unpaid management fees. As of June 30, 2013, the outstanding balance on the promissory note was approximately \$0.9 million. The outstanding balance on the promissory note will continue to increase on a daily basis until it is repaid due to the accrual of management fees on a per diem basis. The promissory note will be repaid at the completion of this offering using a portion of the proceeds from the working capital distribution. For more information, see "Use of Proceeds."

Review and Approval of Future Transactions with Related Persons

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

STRUCTURE AND FORMATION OF OUR COMPANY

Our Formation Transactions and Structure

Our Operating Partnership

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

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

Our Services Company

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

Formation Transactions

Each property that will be owned by us through our operating partnership upon the completion of our formation transactions, the concurrent private placement and this offering is currently owned indirectly by the

[Table of Contents](#)

Rexford Funds through property owning subsidiaries. We refer to these property owning subsidiaries and the Rexford Funds collectively as the “ownership entities.” The Rexford Funds have (1) entered into contribution agreements with our operating partnership, pursuant to which they will contribute their interests in their property owning subsidiaries to our operating partnership, (2) entered into merger agreements pursuant to which they will merge with and into our operating partnership, or (3) in the case of Fund V REIT, entered into a merger agreement pursuant to which it will merge with and into us, in each case substantially concurrently with the completion of this offering. In addition, each management company will merge with and into a subsidiary of our operating partnership, with such management company as the surviving entity.

Investors in the Rexford Funds and the management companies will receive cash, shares of our common stock and/or common units in exchange for their interests in the Rexford Funds and the management companies. See “Certain Relationships and Related Transactions.” These formation transactions are designed to:

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

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

- We were formed as a Maryland corporation on January 18, 2013.
- Rexford Industrial Realty, L.P., our operating partnership, was formed as a Maryland limited partnership on January 18, 2013.
- We will sell 16,000,000 shares of our common stock in this offering and an additional 2,400,000 shares if the underwriters exercise their over-allotment option in full, and we will sell an additional 3,358,311 shares pursuant to the concurrent private placement; we will contribute the net proceeds from this offering and the concurrent private placement to our operating partnership in exchange for 19,358,311 common units.
- We will succeed the property management business currently housed in the management companies as a result of the mergers between subsidiaries of our operating partnership and the management companies.
- We and our operating partnership will consolidate the ownership of our initial portfolio of properties by acquiring the entities that directly or indirectly own such properties or by acquiring interests in such entities through a series of merger transactions and contributions pursuant to merger agreements and contribution agreements. The value of the consideration to be paid to each of the owners of such entities in the formation transactions will be determined according to the terms of such merger agreements and contribution agreements.

Table of Contents

- Prior investors in the Rexford Funds and the management companies will receive as consideration for such mergers and contributions an aggregate of 4,957,099 shares of our common stock, 3,714,419 common units (based on the mid-point of the price range set forth on the cover page of this prospectus), and, in the case of non-accredited investors in such entities, \$663,748 in cash in accordance with the terms of the relevant merger and/or contribution agreements. The aggregate value of common stock and common units to be paid to prior investors in the Rexford Funds and the management companies is \$14.00 (based on the mid-point of the price range set forth on the cover page of this prospectus).
- Messrs. Ziman, Schwimmer and Frankel have entered into a representation, warranty and indemnity agreement with us, pursuant to which they made certain representations and warranties to us regarding the entities and assets being acquired in the formation transactions and agreed to indemnify us and our operating partnership for breaches of such representations and warranties for one year after the completion of this offering. For purposes of satisfying any indemnification claims, Messrs. Ziman, Schwimmer and Frankel will deposit into escrow shares of our common stock and common units with an aggregate value equal to ten percent of the consideration payable to Messrs. Ziman, Schwimmer and Frankel in the formation transactions. Messrs. Ziman, Schwimmer and Frankel have no obligation to increase the amount of common stock and common units in the escrow in the event the trading price of our common stock declines below the initial public offering price. Any and all amounts remaining in the escrow one year after the completion of the formation transactions will be distributed to Messrs. Ziman, Schwimmer and Frankel to the extent that indemnity claims have not been made against such amounts. This indemnification is subject to a one-time aggregate deductible equal to one percent of the consideration payable to Messrs. Ziman, Schwimmer and Frankel in the formation transactions and a cap equal to the value of the consideration deposited in the escrow. Other than Messrs. Ziman, Schwimmer and Frankel, none of the prior investors or the entities that we are acquiring in the formation transactions will provide us with any indemnification.
- The current management team of the Rexford Funds will become our senior management team, and the current real estate professionals employed by the management companies will become our employees.
- Our operating partnership intends to use a portion of the net proceeds of this offering, the concurrent private placement and our new term loan that we expect to have in place at the completion of this offering to repay approximately \$301.6 million of outstanding indebtedness, and we expect to pay approximately \$2.8 million in related prepayment costs, exit fees and assumption fees. As a result of the foregoing uses of proceeds, we expect to have approximately \$129.3 million of total consolidated debt outstanding upon completion of our formation transactions, the concurrent private placement and this offering. Additionally, we expect to have approximately \$6.2 million of secured indebtedness allocable to our 15% joint venture interest in the three properties owned indirectly by the JV.
- In connection with the foregoing transactions, we expect to adopt a cash and equity-based incentive award plan and other incentive plans for our directors, officers, employees and consultants. We expect that an aggregate of 2,272,689 shares of our common stock and LTIP units will be available for issuance under awards granted pursuant to the Plan. See “Executive Compensation—2013 Incentive Award Plan.”
- In connection with the foregoing transactions, we will enter into employment agreements with certain of our executive officers that will become effective as of the completion of this offering, which will provide for salary, bonus and other benefits, including severance upon a termination of employment under certain circumstances. The material terms of these agreements are described under “Executive Compensation—Executive Compensation Arrangements.”

Concurrent Private Placement

In connection with the formation transactions, we made available to accredited investors in the Rexford Funds and the Rexford management team the opportunity to acquire for cash additional shares of our common stock at the public offering price per share in this offering concurrently with the completion of the formation transactions and this offering. We refer to the shares issued pursuant to this opportunity as the concurrent private placement. No fees, discounts or selling commissions will be paid to the underwriters in connection with any sale of our common stock through the concurrent private placement. Rexford Fund investors and the Rexford management team have irrevocably committed to invest approximately \$47 million in the concurrent private placement, at a price per share equal to the public offering price in this offering. The shares that will be issued in the concurrent private placement will be in addition to the shares sold in this offering.

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

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

- Through our interest in our operating partnership and its wholly owned subsidiaries, we will indirectly own a 100% fee simple interest in 58 of the properties in our initial portfolio and will own a 15% joint venture interest in the JV that indirectly owns the remaining three properties.
- We will indirectly own our services company through our operating partnership, which will indirectly own 100% of the common stock of the services company.
- Purchasers of shares of our common stock in this offering will own 63.4% of our outstanding common stock, or 55.3% on a fully diluted basis (66.6% of our outstanding common stock, or 58.7% on a fully diluted basis, if the underwriters’ over-allotment option is exercised in full).
- The prior investors in the Rexford Funds and the management companies will own 36.6% of our outstanding common stock, or 44.7% on a fully diluted basis (33.4% of our outstanding common stock, or 41.3% on a fully diluted basis, if the underwriters’ over-allotment option is exercised in full).
- We will be the sole general partner of our operating partnership. We will own 86.8% of the outstanding common units of partnership interest in our operating partnership, and the prior investors in the Rexford Funds and the management companies (including certain members of our board of directors and senior management team) will own 13.2% of the outstanding common units. If the underwriters’ over-allotment option is exercised in full, we will own 87.8% of the outstanding common units and the prior investors in the Rexford Funds and the management companies will own 12.2% of the outstanding common units.
- We expect to have total consolidated indebtedness of approximately \$129.3 million, including approximately \$21.2 million outstanding under our proposed revolving credit facility,⁽¹⁾ \$60.0 million of secured indebtedness under our new term loan and approximately \$48.1 million of secured indebtedness that we expect to assume as part of the formation transactions.

(1) Assumes borrowings of approximately \$7.0 million we expect to borrow under our proposed revolving credit facility at the completion of this offering and an additional \$14.2 million, which we expect to borrow under our proposed revolving credit facility to acquire 8101-8117 Orion Avenue and 18310-18330 Oxnard Street shortly following the completion of this offering.

Corporate Structure

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



- (1) On a fully diluted basis, our public stockholders will own 55.3% of our outstanding common stock, our directors and executive officers and their affiliates will own 10.8% of our outstanding common stock and the other prior investors in the Rexford Funds and the management companies as a group will own 33.9% of our outstanding common stock.
- (2) If the underwriters exercise their over-allotment option in full, on a fully diluted basis, our public stockholders will own 58.7% of our outstanding common stock, our directors and executive officers and their affiliates will own 10.0% of our outstanding common stock and the other prior investors in the entities that own properties in our initial portfolio as a group will own 31.3% of our outstanding common stock.
- (3) If the underwriters exercise their over-allotment option in full, our public stockholders, our directors and executive officers and their affiliates and the other prior investors in the entities that own the properties in our initial portfolio will own 66.6%, 3.5% and 29.9%, respectively, of our outstanding common stock, and we, our directors and executive officers and their affiliates and other prior investors in the entities that own the properties in our initial portfolio will own 87.8%, 7.1% , and 5.1%, respectively, of the outstanding common units.

Benefits of the Formation Transactions to Related Parties

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

- Mr. Ziman, our Chairman, and his affiliates will receive 265,936 shares of our common stock and 643,446 common units in connection with the formation transactions and will purchase 40,690 shares of our common stock in the concurrent private placement, which together have an aggregate value of approximately \$13.3 million. As a result, Mr. Ziman and his affiliates will own approximately 3.3% of our outstanding common stock on a fully diluted basis (or 3.0% if the underwriters’ over-allotment option is exercised in full).
- Mr. Schwimmer, our Co-Chief Executive Officer and director, and his affiliates will receive 296,244 shares of our common stock and 852,890 common units in connection with the formation transactions and will purchase 24,209 shares of our common stock in the concurrent private placement, which together have an aggregate value of approximately \$16.4 million. As a result, Mr. Schwimmer and his affiliates will own approximately 4.1% of our outstanding common stock on a fully diluted basis (or 3.7% if the underwriters’ over-allotment option is exercised in full).
- Mr. Frankel, our Co-Chief Executive Officer and director, and his affiliates will receive 287,818 shares of our common stock and 670,923 common units in connection with the formation transactions and will purchase 14,754 shares of our common stock in the concurrent private placement, which together have an aggregate value of approximately \$13.6 million. As a result, Mr. Frankel and his affiliates will own approximately 3.4% of our outstanding common stock on a fully diluted basis (or 3.1% if the underwriters’ over-allotment option is exercised in full).
- To the extent that an ownership entity or any of the management companies has excess net working capital as determined by us within 45 days prior to the date of the preliminary prospectus in connection with this offering, the amount of such excess shall be due to the prior owners of such ownership entity or management company, as applicable, immediately prior to the completion of the offering, including our directors and executive officers who are prior investors. To the extent not distributed or paid by such ownership entity or management company prior to the completion of this offering, our operating partnership shall pay such amounts on behalf of each such ownership entity or management company, as applicable, promptly after the completion of this offering. The Rexford Funds and the management companies, in the aggregate, are expected to contribute approximately \$2.0 million of cash to us and our operating partnership in connection with the formation transactions.
- We will enter into a Tax Matters Agreement with certain limited partners of our operating partnership, pursuant to which we agree to indemnify such limited partners against adverse tax consequences in connection with: (1) our sale of specified properties in a taxable transaction prior to the seventh anniversary of the completion of the formation transactions; and (2) our failure to provide certain limited partners the opportunity to guarantee certain debt of our operating

partnership during the period ending on the twelfth anniversary of the completion of the formation transactions, or following such period, our failure to use commercially reasonable efforts to provide such opportunities; provided that, subject to certain exceptions and limitations, such indemnification rights will terminate for any such protected partner that sells, exchanges or otherwise disposes of more than 50% of his or her common units during such period. It is anticipated that the total amount of protected built-in gain on the protected properties will be approximately \$38.9 million, of which \$4.0 million, \$8.8 million, and \$4.7 million is attributable to Messrs. Ziman, Schwimmer and Frankel, respectively. In addition, our operating partnership will be required to offer certain limited partners the opportunity to guarantee, in the aggregate, up to approximately \$19 million of our debt, of which Messrs. Ziman, Schwimmer and Frankel will have the opportunity to guarantee up to approximately \$2.4 million, \$6.5 million and \$3.5 million, respectively, of our outstanding indebtedness respectively pursuant to the Tax Matters Agreement.

- In connection with the completion of this offering, we will enter into a registration rights agreement with the various persons receiving shares of our common stock and/or common units in the formation transactions and the concurrent private placement, including certain of our directors and executive officers and their affiliates. Under the registration rights agreement, subject to certain limitations, commencing not later than 14 months after the date of this offering, we will file one or more registration statements covering the resale of the shares of our common stock issued in the formation transactions and the concurrent private placement and the resale of the shares of our common stock issued or issuable, at our option, in exchange for common units issued in the formation transactions. We may, at our option, satisfy our obligation to prepare and file a resale registration statement by filing a registration statement registering the issuance by us of shares of our common stock under the Securities Act in lieu of our operating partnership's obligation to pay cash for such units. We will agree to pay all of the expenses relating to the securities registrations described above. See "Certain Relationships and Related Transactions—Registration Rights" and "Shares Eligible for Future Sale—Registration Rights."
- We intend to enter into employment agreements with certain of our executive officers that would become effective as of the completion of this offering, which would be expected to provide for salary, bonus and other benefits, including severance upon a termination of employment under certain circumstances. The terms of these employment agreements have not yet been finalized and therefore remain subject to change, however the material terms of the agreements, as currently contemplated, are described under "Executive Compensation—Executive Compensation Arrangements."
- We intend to enter into indemnification agreements with directors and executive officers at the completion of this offering, providing for procedures for indemnification by us to the fullest extent permitted by law and advancements by us of certain expenses and costs relating to claims, suits or proceedings arising from their service to us or, at our request, service to other entities, as officers or directors.
- We intend to adopt the Plan, under which we may grant cash or equity incentive awards to our directors, officers, employees and consultants. See "Executive Compensation—2013 Incentive Award Plan."

Determination of Offering Price

Prior to this offering, there has been no public market for our common stock. The initial public offering price was negotiated between the underwriters and us. In determining the initial public offering price of our common stock, the underwriters considered, among other factors, the history and prospects for the industry in which we compete, our financial information, the ability of our management and our business potential and

[Table of Contents](#)

earning prospects, the prevailing securities markets at the time of this offering, and the recent market prices of, and the demand for, publicly-traded shares of companies the underwriters deemed generally comparable. The initial public offering price does not necessarily bear any relationship to the book value of our assets or the assets to be acquired in our formation transactions, our financial condition or any other established criteria of value and may not be indicative of the market price for our common stock after this offering. We have not obtained any third-party appraisals of the properties and other assets to be acquired by us in our formation transactions for purposes of determining how much we should pay for such properties and assets. The consideration to be given by us for our properties and other assets in our formation transactions may exceed their fair market value. See “Risk Factors—Risks Related to this Offering—Differences between the book value of the assets to be acquired in the formation transactions and the price paid for our common stock will result in an immediate and material dilution of the book value of our common stock.”

POLICIES WITH RESPECT TO CERTAIN ACTIVITIES

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

Investments in Real Estate or Interests in Real Estate

We plan to invest principally in industrial properties in Southern California. Upon completion of this offering, our portfolio will consist of 61 industrial properties with approximately 6.7 million rentable square feet. In addition, our executive officers will seek to identify and negotiate future acquisition opportunities. For information concerning the investing experience of these individuals, please see the section entitled "Management."

We intend to conduct substantially all of our investment activities through our operating partnership and its subsidiaries. Our goal is to generate attractive risk-adjusted returns for our stockholders by providing superior access to industrial property investments in Southern California infill markets.

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

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

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

Investments in Mortgages, Structured Financings and Other Lending Policies

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

We currently own one non-recourse mortgage loan with an estimated outstanding balance of approximately \$14.3 million as of March 31, 2013, secured by a first mortgage on a property located in San Juan Capistrano, California, and scheduled to mature on May 1, 2017. We currently receive fixed monthly payments of principal and interest in the amount of approximately \$93,000 pursuant to the loan agreement, and the loan is currently prepayable by the borrower without penalty, upon 30 days prior written notice to us. In the event of a default by the borrower, we have the standard rights and remedies available to a lender, including acceleration and foreclosure.

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

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

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

Disposition Policy

We may from time to time dispose of certain properties, based upon management’s periodic review of our portfolio, if our board of directors determines that such action would be in our best interests. The tax consequences to our directors and executive officers who hold units resulting from a proposed disposition of a property may influence their decision as to the desirability of such proposed disposition. See “Risk Factors—Risks Related to Our Organizational Structure and Our Formation Transactions—Conflicts of interest may exist or could arise in the future between the interests of our stockholders and the interests of holders of common units, which may impede business decisions that could benefit our stockholders.”

Financing and Leverage Policies

Upon completion of this offering, we will use significant amounts of cash to repay mortgage indebtedness on certain of the properties in our initial portfolio. Other uses of proceeds from this offering are described in greater detail under “Use of Proceeds” elsewhere in this prospectus. In the future, however, we anticipate using a number of different sources to finance our acquisitions and operations, including cash flows from operations, asset sales, seller financing, issuance of debt securities, private financings (such as additional bank credit facilities, which may or may not be secured by our assets), property-level mortgage debt, common or preferred equity issuances or any combination of these sources, to the extent available to us, or other sources that may become available from time to time. Any debt that we incur may be recourse or non-recourse and may be secured or unsecured. We also may take advantage of joint venture or other partnering opportunities as such opportunities arise in order to acquire properties that would otherwise be unavailable to us. We may use the proceeds of our borrowings to acquire assets, to refinance existing debt or for general corporate purposes.

Although we are not required to maintain any particular leverage ratio, we intend, when appropriate, to employ prudent amounts of leverage and to use debt as a means of providing additional funds for the acquisition of assets, to refinance existing debt or for general corporate purposes. We expect to use leverage conservatively, assessing the appropriateness of new equity or debt capital based on market conditions, including prudent assumptions regarding future cash flow, the creditworthiness of tenants and future rental rates. Our charter and bylaws do not limit the amount of debt that we may incur. Our board of directors has not adopted a policy limiting the total amount of debt that we may incur.

[Table of Contents](#)

Our board of directors will consider a number of factors in evaluating the amount of debt that we may incur. If we adopt a debt policy, our board of directors may from time to time modify such policy in light of then-current economic conditions, relative costs of debt and equity capital, market values of our properties, general conditions in the market for debt and equity securities, fluctuations in the market price of our common stock, growth and acquisition opportunities and other factors. Our decision to use leverage in the future to finance our assets will be at our discretion and will not be subject to the approval of our stockholders, and we are not restricted by our governing documents or otherwise in the amount of leverage that we may use.

Lending Policies

We may consider offering purchase money financing in connection with the sale of properties where the provision of that financing will increase the value to be received by us for the property sold. We also may make loans to joint ventures in which we participate. However, we do not intend to engage in significant lending activities. Any loan we make will be consistent with maintaining our status as a REIT.

Equity Capital Policies

To the extent that our board of directors determines to obtain additional capital, we may issue debt or equity securities, including additional units or senior securities of our operating partnership, retain earnings (subject to provisions in the Code requiring distributions of income to maintain REIT qualification) or pursue a combination of these methods. As long as our operating partnership is in existence, we will generally contribute the proceeds of all equity capital raised by us to our operating partnership in exchange for partnership interests in our operating partnership, which will dilute the ownership interests of the limited partners in our operating partnership.

Existing stockholders will have no preemptive rights to common or preferred stock or units issued in any securities offering by us, and any such offering might cause a dilution of a stockholder's investment in us. Although we have no current plans to do so, we may in the future issue shares of common stock or cause our operating partnership to issue common units in connection with acquisitions of property.

We may, under certain circumstances, purchase shares of our common stock or other securities in the open market or in private transactions with our stockholders, provided that those purchases are approved by our board of directors. Our board of directors has no present intention of causing us to repurchase any shares of our common stock or other securities, and any such action would only be taken in conformity with applicable federal and state laws and the applicable requirements for qualification as a REIT.

Conflict of Interest Policy

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

Under Maryland law, a general partner of a Maryland limited partnership has fiduciary duties of loyalty and care to the partnership and its partners and must discharge its duties and exercise its rights as general partner under the partnership agreement or Maryland law consistently with the obligation of good faith and fair dealing. The duty of loyalty requires a general partner of a Maryland limited partnership to account to the partnership and hold as trustee for it any property, profit, or benefit derived by the general partner in the conduct of the partnership business or derived from a use by the general partner of partnership property, including the

Table of Contents

appropriation of a partnership opportunity, to refrain from dealing with the partnership in the conduct of the partnership's business as or on behalf of a party having an interest adverse to the partnership and to refrain from competing with the partnership in the conduct of the partnership business, although the partnership agreement may identify specific types or categories of activities that do not violate the duty of loyalty. The partnership agreement provides that, in the event of a conflict between the interests of our operating partnership or any partner, on the one hand, and the separate interests of our company or our stockholders, on the other hand, we, in our capacity as the general partner of our operating partnership, may give priority to the separate interests of our company or our stockholders (including with respect to tax consequences to limited partners, assignees or our stockholders), and, in the event of such a conflict, any action or failure to act on our part or on the part of our directors that gives priority to the separate interests of our company or our stockholders that does not result in a violation of the contract rights of the limited partners of our operating partnership under its partnership agreement does not violate the duty of loyalty or any other duty that we, in our capacity as the general partner of our operating partnership, owe to our operating partnership and its partners, or violate the obligation of good faith and fair dealing. We, in our capacity as the general partner of our operating partnership, may, but are not obligated to, take into account the tax consequences to any partner of our operating partnership of any action we take or fail to take, and any such action or failure to act that does not take into account any such tax consequences that does not violate the contract rights of the limited partners of our operating partnership under the partnership agreement does not violate the duty of loyalty or any other duty that we, in our capacity as the general partner of our operating partnership, owe to our operating partnership or its partners, or violate the obligation of good faith and fair dealing. Further, any action that we undertake or fail to take in the good faith belief that the action or inaction is necessary or advisable to protect our ability to continue to qualify as a REIT, for us to otherwise satisfy the requirements for qualifying as a REIT under the Code, for us to avoid incurring income taxes under the Code or for any of our affiliates to continue to qualify as a "qualified REIT subsidiary" under the Code or a "taxable REIT subsidiary" under the Code does not violate the duty of loyalty or any other duty or obligation, fiduciary or otherwise, that we, in our capacity as the general partner of our operating partnership, owe to our operating partnership or any other partner. The duty of care requires a general partner to refrain from engaging in grossly negligent or reckless conduct, intentional misconduct or a knowing violation of law, and this duty may not be unreasonably reduced by the partnership agreement.

The partnership agreement provides that we will not be liable to our operating partnership or any partner for any action or omission taken in our capacity as general partner, for the debts or liabilities of our operating partnership or for the obligations of the operating partnership under the partnership agreement, except for liability for our fraud, willful misconduct or gross negligence, pursuant to any express indemnity we may give to our operating partnership or in connection with a redemption as described in "Description of the Partnership Agreement of Rexford Industrial Realty, L.P.—Redemption Rights of Qualifying Parties." The partnership agreement also provides that any obligation or liability in our capacity as the general partner of our operating partnership that may arise at any time under the partnership agreement or any other instrument, transaction or undertaking contemplated by the partnership agreement will be satisfied, if at all, out of our assets or the assets of our operating partnership only, and no obligation or liability of the general partner will be personally binding upon any of our directors, stockholders, officers, employees or agents, regardless of whether such obligation or liability is in the nature of contract, tort or otherwise, and none of our directors or officers will be directly liable or accountable in damages or otherwise to the partnership, any partner or any assignee of a partner for losses sustained, liabilities incurred or benefits not derived as a result of errors in judgment or mistakes of fact or law or any act or omission or by reason of their service as such. Our operating partnership must indemnify us, our directors and officers, officers of our operating partnership and any other person designated by us against any and all losses, claims, damages, liabilities (whether joint or several), expenses (including, without limitation, attorneys' fees and other legal fees and expenses), judgments, fines, settlements and other amounts arising from any and all claims, demands, actions, suits or proceedings, whether civil, criminal, administrative or investigative, that relate to the operations of our operating partnership, unless (1) an act or omission of the person was material to the matter giving rise to the action and either was committed in bad faith or was the result of active and deliberate dishonesty, (2) for any transaction for which such person actually received an improper personal benefit in violation or breach of any provision of the partnership agreement or (3) in the case of a criminal proceeding, the person had reasonable cause to believe the act or omission was unlawful.

[Table of Contents](#)

Our operating partnership must also pay or reimburse the reasonable expenses of any such person in advance of a final disposition of the proceeding upon its receipt of a written affirmation of the person's good faith belief that the standard of conduct necessary for indemnification has been met and a written undertaking to repay any amounts paid or advanced if it is ultimately determined that the person did not meet the standard of conduct for indemnification. Our operating partnership is not required to indemnify or advance funds to any person with respect to any action initiated by the person seeking indemnification without our approval (except for any proceeding brought to enforce such person's right to indemnification under the partnership agreement) or if the person is found to be liable to our operating partnership on any portion of any claim in the action.

No reported decision of a Maryland appellate court has interpreted provisions similar to the provisions of the partnership agreement of our operating partnership that modify or reduce the fiduciary duties and obligations of a general partner or reduce or eliminate our liability for money damages to our operating partnership and its partners, and we have not obtained an opinion of counsel as to the enforceability of the provisions set forth in the partnership agreement that purport to modify or reduce our fiduciary duties and obligations that would be in effect were it not for the partnership agreement.

Sale or Refinancing of Properties. Upon the sale of certain of the properties to be owned by us at the completion of the formation transactions, certain unitholders could incur adverse tax consequences which are different from the tax consequences to us and to holders of our common stock. Consequently, unitholders may have differing objectives regarding the appropriate pricing and timing of any such sale or repayment of indebtedness. While we will have the exclusive authority under the partnership agreement to determine whether, when, and on what terms to sell a property or when to refinance or repay indebtedness, any such decision would require the approval of our board of directors.

Policies Applicable to All Directors and Officers. Our charter and bylaws do not restrict any of our directors, officers, stockholders or affiliates from having a pecuniary interest in an investment or transaction that we have an interest in or from conducting, for their own account, business activities of the type we conduct. We intend, however, to adopt policies that are designed to eliminate or minimize potential conflicts of interest, including a policy for the review, approval or ratification of any related party transactions. This policy will provide that the audit committee of our board of directors will review the relevant facts and circumstances of each related party transaction, including if the transaction is on terms comparable to those that could be obtained in arm's length dealings with an unrelated third party before approving such transaction. We will also adopt a code of business conduct and ethics, which will provide that all of our directors, officers and employees are prohibited from taking for themselves opportunities that are discovered through the use of corporate property, information or position without our consent. See "Management—Code of Business Conduct and Ethics." However, we cannot assure you that these policies or provisions of law will always be successful in eliminating the influence of such conflicts, and if they are not successful, decisions could be made that might fail to reflect fully the interests of all stockholders.

Interested Director and Officer Transactions

Pursuant to the MGCL, a contract or other transaction between us and a director or between us and any other corporation or other entity in which any of our directors is a director or has a material financial interest is not void or voidable solely on the grounds of such common directorship or interest, the presence of such director at the meeting at which the contract or transaction is authorized, approved or ratified or the counting of the director's vote in favor thereof, provided that:

- the fact of the common directorship or interest is disclosed or known to our board of directors or a committee of our board, and our board or such committee authorizes, approves or ratifies the contract or transaction by the affirmative vote of a majority of disinterested directors, even if the disinterested directors constitute less than a quorum;

Table of Contents

- the fact of the common directorship or interest is disclosed or known to our stockholders entitled to vote thereon, and the transaction or contract is authorized, approved or ratified by a majority of the votes cast by the stockholders entitled to vote other than the votes of shares owned of record or beneficially by the interested director or corporation, firm or other entity; or
- the transaction or contract is fair and reasonable to us at the time it is authorized, ratified or approved.

Furthermore, under Maryland law (where our operating partnership is formed), we, as general partner, have a fiduciary duty of loyalty to our operating partnership and its partners and, consequently, such transactions also are subject to the duties that we, as general partner, owe to our operating partnership and its limited partners (as such duties have been modified by the partnership agreement). We will also adopt a policy that requires that all contracts and transactions between us, our operating partnership or any of our subsidiaries, on the one hand, and any of our directors or executive officers or any entity in which such director or executive officer is a director or has a material financial interest, on the other hand, must be approved by the affirmative vote of a majority of our disinterested directors even if less than a quorum. Where appropriate, in the judgment of the disinterested directors, our board of directors may obtain a fairness opinion or engage independent counsel to represent the interests of non-affiliated security holders, although our board of directors will have no obligation to do so.

Policies With Respect To Other Activities

We will have authority to offer common stock, preferred stock or options to purchase stock in exchange for property and to repurchase or otherwise acquire our common stock or other securities in the open market or otherwise, and we may engage in such activities in the future. As described in “Description of the Partnership Agreement of Rexford Industrial Realty, L.P.,” we expect, but are not obligated, to issue common stock to holders of common units upon exercise of their redemption rights. Except in connection with the initial capitalization of our company and our operating partnership, the formation transactions, the concurrent private placement or employment agreements, we have not issued common stock, units or any other securities in exchange for property or any other purpose, and our board of directors has no present intention of causing us to repurchase any common stock other than the redemption of 100 shares of common stock issued to Michael S. Frankel in connection with the initial capitalization of our company. Our board of directors has the authority, without further stockholder approval, to amend our charter to increase or decrease the number of authorized shares of common stock or preferred stock and to authorize us to issue additional shares of common stock or preferred stock, in one or more series, including senior securities, in any manner, and on the terms and for the consideration, it deems appropriate. See “Description of Stock.” We have not engaged in trading, underwriting or agency distribution or sale of securities of other issuers other than our operating partnership and do not intend to do so. At all times, we intend to make investments in such a manner as to qualify as a REIT, unless because of circumstances or changes in the Code, or the Treasury regulations, our board of directors determines that it is no longer in our best interest to qualify as a REIT. In addition, we intend to make investments in such a way that we will not be treated as an investment company under the 1940 Act.

Reporting Policies

Generally speaking, we intend to make available to our stockholders audited annual financial statements and annual reports. After this offering, we will become subject to the information reporting requirements of the Exchange Act. Pursuant to these requirements, we will file periodic reports, proxy statements and other information, including audited financial statements, with the SEC.

PRICING SENSITIVITY ANALYSIS

Throughout this prospectus, we provide certain information based on the assumption that our shares are sold in this offering at the mid-point of the pricing range set forth on the cover page of this prospectus. However, certain of this information will be affected if the actual price per share in this offering is different from that mid-point. In particular, where the prior investors and purchasers in the concurrent private placement will receive a number of common units or shares of common stock based on a fixed dollar value, the number of common units or shares of common stock they will receive will vary inversely with the public offering price. In contrast, where the prior investors will receive a fixed number of common units or shares of common stock, the value of such common units and shares of common stock will increase or decrease, respectively, as the initial public offering price increases or decreases above or below the mid-point of the range. The following table sets forth this information at low-, mid- and high-points of the range of prices set forth on the cover page of this prospectus (dollar amounts in thousands):

	Price per Share		
	\$13.00	\$14.00	\$15.00
Formation Transactions			
Number of shares of common stock to be issued to Richard Ziman in the formation transactions	54,921	51,650	48,815
Value of shares of common stock to be issued to Richard Ziman in the formation transactions	\$ 713,973	\$ 723,100	\$ 732,225
Number of shares of common stock to be issued to Howard Schwimmer in the formation transactions	11,198	10,530	9,952
Value of shares of common stock to be issued to Howard Schwimmer in the formation transactions	\$ 145,574	\$ 147,420	\$ 149,280
Number of shares of common stock to be issued to Michael S. Frankel in the formation transactions	2,238	2,104	1,988
Value of shares of common stock to be issued to Michael S. Frankel in the formation transactions	\$ 29,094	\$ 29,456	\$ 29,820
Number of common units to be issued to Richard Ziman in the formation transactions	644,769	643,446	642,299
Value of common units to be issued to Richard Ziman in the formation transactions	\$ 8,381,997	\$ 9,008,244	\$ 9,634,485
Number of common units to be issued to Howard Schwimmer in the formation transactions	854,058	852,890	851,879
Value of common units to be issued to Howard Schwimmer in the formation transactions	\$ 11,102,754	\$ 11,940,460	\$ 12,778,185
Number of common units to be issued to Michael S. Frankel in the formation transactions	679,483	670,923	663,504
Value of common units to be issued to Michael S. Frankel in the formation transactions	\$ 8,833,279	\$ 9,392,922	\$ 9,952,560
Concurrent Private Placement			
Number of shares of common stock to be purchased by Richard Ziman in the concurrent private placement	43,820	40,690	37,978
Number of shares of common stock to be purchased by Howard Schwimmer in the concurrent private placement	26,071	24,209	22,595
Number of shares of common stock to be purchased by Michael S. Frankel in the concurrent private placement	15,888	14,754	13,770

[Table of Contents](#)

	Price per Share		
	\$13.00	\$14.00	\$15.00
Grants of Restricted Stock			
Number of shares of restricted stock to be granted to Richard Ziman	230,769	214,286	200,000
Number of shares of restricted stock to be granted to Howard Schwimmer	307,692	285,714	266,667
Number of shares of restricted stock to be granted to Michael S. Frankel	307,692	285,714	266,667
Number of shares of restricted stock to be granted to other officers and directors	33,462	31,071	29,000
Number of shares remaining under the equity incentive plan	1,293,324	1,348,760	1,396,805
Number of Shares and Units after the Offering, Concurrent Private Placement and the Formation Transactions			
Number of shares of common stock to be issued and outstanding upon completion of the offering, the concurrent private placement and the formation transaction(1)	25,693,203	25,239,339	24,845,983
Number of common units of partnership interest in our operating partnership to be issued and outstanding and held by limited partners upon completion of the offering, the concurrent private placement and the formation transaction(1)	3,524,455	3,714,419	3,879,055
Equity Ownership Percentages after the Offering, Concurrent Private Placement and the Formation Transactions (Fully Diluted)(1)			
Percentage owned by public	54.8%	55.3%	55.7%
Percentage owned by prior investors other than executive officers and directors	34.2%	33.9%	33.7%
Percentage owned by executive officers and directors	11.0%	10.8%	10.6%
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

(1) Assumes no exercise of the underwriters' over-allotment option.

PRINCIPAL STOCKHOLDERS

The following table sets forth certain information, upon completion of this offering, the concurrent private placement and the formation transactions, regarding the ownership of shares of our common stock by:

- each of the persons who will be a director upon completion of this offering;
- each of our executive officers;
- each person who will be the beneficial owner of more than 5% of our outstanding common stock; and
- all directors and executive officers as a group.

In accordance with SEC rules, each listed person's beneficial ownership includes:

- all shares the person actually owns beneficially or of record;
- all shares over which the person has or shares voting or dispositive control (such as in the capacity as a general partner of an investment fund); and
- all shares the person has the right to acquire within 60 days (such as restricted shares of common stock that are currently vested or which are scheduled to vest within 60 days).

Unless otherwise indicated, all shares are owned directly, and the indicated person has sole voting and investment power. Except as indicated in the footnotes to the table below, the business address of the stockholders listed below is the address of our principal executive office, 11620 Wilshire Boulevard, Suite 300, Los Angeles, CA 90025.

<u>Name</u>	<u>Number of Shares and/or Common Units Beneficially Owned⁽¹⁾</u>	<u>Percent of All Shares⁽²⁾</u>	<u>Percent of All Shares and Common Units⁽³⁾</u>
Richard Ziman ⁽⁴⁾	950,072	3.7	3.3
Howard Schwimmer ⁽⁵⁾	1,173,343	4.5	4.1
Michael S. Frankel	973,495	3.8	3.4
Adeel Khan	32,779	*	*
Robert L. Antin	2,857	*	*
Leslie E. Bider	2,857	*	*
Steven C. Good	2,857	*	*
Joel S. Marcus	2,857	*	*
Total Held By Officers and Directors as a Group	<u>3,141,117</u>	11.5%	10.8%

* Less than 1.0%.

(1) As used herein, "voting power" is the power to vote or direct the voting of shares and "investment power" is the power to dispose or direct the disposition of shares.

Table of Contents

- (2) Assumes 25,239,339 shares of common stock will be outstanding immediately upon the completion of the completion of our formation transactions, the concurrent private placement and this offering. In computing the percentage ownership of a person or group, we have assumed that the common units held by that person or the persons in the group have been redeemed in exchange for shares of common stock and that those shares are outstanding but that no common units held by other persons have been redeemed in exchange for shares of common stock.
- (3) Assumes 28,953,758 shares of common stock and common units (other than common units held by us) will be outstanding immediately upon the completion of our formation transactions, the concurrent private placement and this offering on a fully diluted basis, comprised of 25,239,339 shares of common stock and 3,714,419 common units held by limited partners.
- (4) Includes 62,895 common units held by RSZ Trust for which Mr. Ziman is the trustee.
- (5) Includes 28,386 common units held by the Schwimmer Family Irrevocable Trust for which Mr. Schwimmer is a trustee and 3,499 common units held by the Howard Schwimmer Living Trust for which Mr. Schwimmer is the trustee.

DESCRIPTION OF STOCK

The following summary of the material terms of our shares of capital stock does not purport to be complete and is subject to and qualified in its entirety by reference to the MGCL, and to our charter and bylaws, copies of which are filed as exhibits to the registration statement of which this prospectus is part. See “Where You Can Find More Information.”

General

Our charter provides that we may issue up to 490,000,000 shares of common stock, \$0.01 par value per share, or common stock, and up to 10,000,000 shares of preferred stock, \$ 0.01 par value per share, or preferred stock. Our charter authorizes our board of directors, with the approval of a majority of the entire board of directors and without any action by our common stockholders, to amend our charter to increase or decrease the aggregate number of authorized shares of stock or the number of authorized shares of any class or series of our stock. Upon completion of our formation transactions, the concurrent private placement and this offering, 25,239,339 shares of our common stock will be issued and outstanding, and no shares of preferred stock will be issued and outstanding.

Under Maryland law, stockholders generally are not personally liable for our debts or obligations solely as a result of their status as stockholders.

Common Stock

All of the shares of our common stock offered in this offering will be duly authorized, validly issued, fully paid and nonassessable. Subject to the preferential rights of any other class or series of our stock and to the provisions of our charter regarding the restrictions on ownership and transfer of our stock, holders of shares of our common stock are entitled to receive dividends and other distributions on such shares if, as and when authorized by our board of directors out of assets legally available therefor and declared by us and to share ratably in the assets of our company legally available for distribution to our stockholders in the event of our liquidation, dissolution or winding up after payment or establishment of reserves for all known debts and liabilities of our company.

Subject to the provisions of our charter regarding the restrictions on ownership and transfer of our stock and except as may otherwise be specified in the terms of any class or series of our common stock, each outstanding share of our common stock entitles the holder to one vote on all matters submitted to a vote of stockholders, including the election of directors, and, except as provided with respect to any other class or series of stock, the holders of shares of common stock will possess the exclusive voting power. There is no cumulative voting in the election of our directors. Directors are elected by a plurality of all of the votes cast in the election of directors.

Holders of shares of our common stock have no preference, conversion, exchange, sinking fund or redemption rights and have no preemptive rights to subscribe for any securities of our company. Our charter provides that our common stockholders generally have no appraisal rights unless our board of directors determines prospectively that appraisal rights will apply to one or more transactions in which holders of our common stock would otherwise be entitled to exercise appraisal rights. Subject to the provisions of our charter regarding the restrictions on ownership and transfer of our stock, holders of our common stock will have equal dividend, liquidation and other rights.

Under the MGCL, a Maryland corporation generally cannot dissolve, amend its charter, merge, consolidate, sell all or substantially all of its assets or engage in a statutory share exchange unless declared advisable by its board of directors and approved by the affirmative vote of stockholders entitled to cast at least two-thirds of all of the votes entitled to be cast on the matter unless a lesser percentage (but not less than a majority of all of the votes entitled to be cast on the matter) is set forth in the corporation’s charter. Our charter provides for approval of any of these matters by the affirmative vote of stockholders entitled to cast a majority of

[Table of Contents](#)

the votes entitled to be cast on such matters, except that the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast generally in the election of directors is required to remove a director (and such removal must be for cause) and the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast on such matter is required to amend the provisions of our charter relating to the removal of directors or the vote required to amend such provisions. Maryland law also permits a Maryland corporation to transfer all or substantially all of its assets without the approval of the stockholders of the corporation to an entity if all of the equity interests of the entity are owned, directly or indirectly, by the corporation. Because our operating assets may be held by our operating partnership or its subsidiaries, these subsidiaries may be able to merge or transfer all or substantially all of their assets without the approval of our stockholders.

Our charter authorizes our board of directors to reclassify any unissued shares of our common stock into other classes or series of stock, to establish the designation and number of shares of each class or series and to set, subject to the provisions of our charter relating to the restrictions on ownership and transfer of our stock, the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications and terms and conditions of redemption of each such class or series.

Preferred Stock

Our charter authorizes our board of directors to classify any unissued shares of preferred stock and to reclassify any previously classified but unissued shares into one or more classes or series of preferred stock. Prior to issuance of shares of each new class or series, our board of directors is required by the MGCL and our charter to set, subject to the provisions of our charter regarding the restrictions on ownership and transfer of our stock, the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications and terms and conditions of redemption of each such class or series. As a result, our board of directors could authorize the issuance of shares of preferred stock that have priority over shares of our common stock with respect to dividends or other distributions or rights upon liquidation, exclusive or class voting rights or with other terms and conditions that could have the effect of delaying, deferring or preventing a transaction or a change of control of our company that might involve a premium price for holders of our common stock or that our common stockholders otherwise believe to be in their best interests. As of the date hereof, no shares of preferred stock are outstanding and we have no present plans to issue any preferred stock.

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

We believe that the power of our board of directors to amend our charter to increase or decrease the aggregate number of authorized shares of stock, to authorize us to issue additional authorized but unissued shares of our common stock or preferred stock and to classify or reclassify unissued shares of our common stock or preferred stock and thereafter to authorize us to issue such classified or reclassified shares of stock will provide us with increased flexibility in structuring possible future financings and acquisitions and in meeting other needs that might arise. The additional classes or series, as well as the additional authorized shares of common stock, will be available for issuance without further action by our stockholders, unless such action is required by applicable law, the terms of any class or series of preferred stock we may issue in the future or the rules of any stock exchange or automated quotation system on which our securities may be listed or traded. Although our board of directors does not currently intend to do so, it could authorize us to issue a class or series of stock that could, depending upon the terms of the particular class or series, delay, defer or prevent a transaction or a change of control of our company that might involve a premium price for holders of our common stock or that our common stockholders otherwise believe to be in their best interests. See “Material Provisions of Maryland Law and of Our Charter and Bylaws—Anti-takeover Effect of Certain Provisions of Maryland Law and of Our Charter and Bylaws.”

Restrictions on Ownership and Transfer

In order for us to qualify as a REIT under the Code, our stock must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of 12 months (other than the first year for which an election to be a REIT has been made) or during a proportionate part of a shorter taxable year. Also, not more than 50% of the value of the outstanding shares of stock (after taking into account options to acquire shares of stock) may be owned, directly, indirectly or through application of certain attribution rules by five or fewer individuals (as defined in the Code to include certain entities such as qualified pension plans) at any time during the last half of a taxable year (other than the first year for which an election to be a REIT has been made).

Our charter contains restrictions on the ownership and transfer of our stock that are intended to assist us in complying with these requirements and continuing to qualify as a REIT. The relevant sections of our charter provide that, subject to the exceptions described below, no person or entity may actually or beneficially own, or be deemed to own by virtue of the applicable constructive ownership provisions of the Code, more than 9.8% (in value or in number of shares, whichever is more restrictive) of the outstanding shares of our common stock, excluding any shares of common stock that are not treated as outstanding for federal income tax purposes, or 9.8% in value of the aggregate of the outstanding shares of all classes and series of our stock, excluding any shares of our common stock that are not treated as outstanding for federal income tax purposes. We refer to each of these restrictions as an “ownership limit” and collectively as the “ownership limits.” A person or entity that would have acquired actual, beneficial or constructive ownership of our stock but for the application of the ownership limits or any of the other restrictions on ownership and transfer of our stock discussed below is referred to as a “prohibited owner.”

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

Our board of directors, in its sole and absolute discretion, prospectively or retroactively, may exempt a person from either or both of the ownership limits if doing so would not result in us being “closely held” within the meaning of Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year) or otherwise failing to qualify as a REIT and our board of directors determines that:

- such exemption will not cause any individual to actually or beneficially own more than 9.8% in value of the aggregate of the outstanding shares of all classes and series of our stock; and
- subject to certain exceptions, the person does not and will not own, actually or constructively, an interest in a tenant of ours (or a tenant of any entity owned in whole or in part by us) that would cause us to own, actually or constructively, more than a 9.9% interest (as set forth in Section 856(d)(2)(B) of the Code) in such tenant.

As a condition of the exception, our board of directors may require an opinion of counsel or IRS ruling, in either case in form and substance satisfactory to our board of directors, in its sole and absolute discretion, in order to determine or ensure our status as a REIT and representations and undertakings from the person seeking the exemption or excepted holder limit in order to make the determinations above. Our board of directors may impose such conditions or restrictions as it deems appropriate in connection with such an exception.

Our board of directors may, in its sole and absolute discretion, increase or decrease one or both of the ownership limits for one or more persons, except that a decreased ownership limit will not be effective for any person whose actual, beneficial or constructive ownership of our stock exceeds the decreased ownership limit at the time of the decrease until the person’s actual, beneficial or constructive ownership of our stock equals or falls

[Table of Contents](#)

below the decreased ownership limit, although any further acquisition of shares of our stock or beneficial or constructive ownership of our stock will violate the decreased ownership limit. Our board of directors may not increase or decrease any ownership limit if, among other limitations, the new ownership limit would allow five or fewer persons to actually or beneficially own more than 49% in value of our outstanding stock, could cause us to be “closely held” under Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year) or could otherwise cause us to fail to qualify as a REIT.

Our charter further prohibits:

- any person from actually, beneficially or constructively owning shares of our stock that could result in us being “closely held” under Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year) or otherwise cause us to fail to qualify as a REIT (including, but not limited to, actual, beneficial or constructive ownership of shares of our stock that could result in us owning (actually or constructively) an interest in a tenant that is described in Section 856(d)(2)(B) of the Code if the income we derive from such tenant, taking into account our other income that would not qualify under the gross income requirements of Section 856(c) of the Code, would cause us to fail to satisfy any such gross income requirements imposed on REITs); and
- any person from transferring shares of our stock if such transfer would result in shares of our stock being beneficially owned by fewer than 100 persons (determined without reference to any rules of attribution).

Any person who acquires or attempts or intends to acquire actual, beneficial or constructive ownership of shares of our stock that will or may violate the ownership limits or any of the other restrictions on ownership and transfer of our stock described above must give written notice immediately to us or, in the case of a proposed or attempted transaction, provide us at least 15 days prior written notice, and provide us with such other information as we may request in order to determine the effect of such transfer on our status as a REIT.

The ownership limits and other restrictions on ownership and transfer of our stock described above will not apply until the completion of this offering and will not apply if our board of directors determines that it is no longer in our best interests to attempt to qualify, or to continue to qualify, as a REIT or that compliance is no longer required in order for us to qualify as a REIT.

Pursuant to our charter, if any purported transfer of our stock or any other event would otherwise result in any person violating the ownership limits or such other limit established by our board of directors, or could result in us being “closely held” within the meaning of Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year) or otherwise failing to qualify as a REIT, then that number of shares causing the violation (rounded up to the nearest whole share) will be automatically transferred to, and held by, a trust for the exclusive benefit of one or more charitable organizations selected by us. The prohibited owner will have no rights in shares of our stock held by the trustee. The automatic transfer will be effective as of the close of business on the business day prior to the date of the violative transfer or other event that results in the transfer to the trust. Any dividend or other distribution paid to the prohibited owner, prior to our discovery that the shares had been automatically transferred to a trust as described above, must be repaid to the trustee upon demand. If the transfer to the trust as described above is not automatically effective, for any reason, to prevent violation of the applicable restriction on ownership and transfer of our stock, then that transfer of the number of shares that otherwise would cause any person to violate the above restrictions will be void. If any transfer of our stock would result in shares of our stock being beneficially owned by fewer than 100 persons (determined without reference to any rules of attribution), then any such purported transfer will be void and of no force or effect and the intended transferee will acquire no rights in the shares.

Shares of our stock transferred to the trustee are deemed offered for sale to us, or our designee, at a price per share equal to the lesser of (i) the price per share in the transaction that resulted in the transfer of the shares to

[Table of Contents](#)

the trust (or, in the event of a gift, devise or other such transaction, the last reported sale price on the day of the transfer or other event that resulted in the transfer of such shares to the trust) and (ii) the last reported sale price on the date we accept, or our designee accepts, such offer. We must reduce the amount payable to the prohibited owner by the amount of dividends and distributions paid to the prohibited owner and owed by the prohibited owner to the trustee and pay the amount of such reduction to the trustee for the benefit of the charitable beneficiary. We have the right to accept such offer until the trustee has sold the shares of our stock held in the trust. Upon a sale to us, the interest of the charitable beneficiary in the shares sold terminates and the trustee must distribute the net proceeds of the sale to the prohibited owner and any dividends or other distributions held by the trustee with respect to such stock will be paid to the charitable beneficiary.

If we do not buy the shares, the trustee must, within 20 days of receiving notice from us of the transfer of shares to the trust, sell the shares to a person or persons designated by the trustee who could own the shares without violating the ownership limits or other restrictions on ownership and transfer of our stock. Upon such sale, the trustee must distribute to the prohibited owner an amount equal to the lesser of (i) the price paid by the prohibited owner for the shares (or, if the prohibited owner did not give value in connection with the transfer or other event that resulted in the transfer to the trust (e.g., a gift, devise or other such transaction), the last reported sale price on the day of the transfer or other event that resulted in the transfer of such shares to the trust) and (ii) the sales proceeds (net of commissions and other expenses of sale) received by the trustee for the shares. The trustee will reduce the amount payable to the prohibited owner by the amount of dividends and other distributions paid to the prohibited owner and owed by the prohibited owner to the trustee. Any net sales proceeds in excess of the amount payable to the prohibited owner will be immediately paid to the charitable beneficiary, together with any dividends or other distributions thereon. In addition, if prior to our discovery that shares of our stock have been transferred to the trustee, such shares of stock are sold by a prohibited owner, then such shares shall be deemed to have been sold on behalf of the trust and, to the extent that the prohibited owner received an amount for or in respect of such shares that exceeds the amount that such prohibited owner was entitled to receive, such excess amount shall be paid to the trustee upon demand.

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

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

- rescind as void any vote cast by a prohibited owner prior to our discovery that the shares have been transferred to the trust; and
- recast the vote in accordance with the desires of the trustee acting for the benefit of the beneficiary of the trust.

However, if we have already taken irreversible corporate action, then the trustee may not rescind and recast the vote.

If our board of directors or a committee thereof determines that a proposed transfer or other event has taken place that violates the restrictions on ownership and transfer of our stock set forth in our charter, our board of directors or such committee may take such action as it deems advisable in its sole and absolute discretion to refuse to give effect to or to prevent such transfer, including, but not limited to, causing us to redeem shares of stock, refusing to give effect to the transfer on our books or instituting proceedings to enjoin the transfer.

Every owner of 5% or more (or such lower percentage as required by the Code or the Treasury Regulations promulgated thereunder) of the outstanding shares of our stock, within 30 days after the end of each taxable year, must give written notice to us stating the name and address of such owner, the number of shares of

[Table of Contents](#)

each class and series of our stock that the owner beneficially owns and a description of the manner in which the shares are held. Each such owner also must provide us with any additional information that we request in order to determine the effect, if any, of the person's actual or beneficial ownership on our status as a REIT and to ensure compliance with the ownership limits. In addition, any person that is an actual owner, beneficial owner or constructive owner of shares of our stock and any person (including the stockholder of record) who is holding shares of our stock for an actual owner, beneficial owner or constructive owner must, on request, disclose to us such information as we may request in good faith in order to determine our status as a REIT and comply with requirements of any taxing authority or governmental authority or to determine such compliance and to ensure compliance with the ownership limits.

Any certificates representing shares of our stock will bear a legend referring to the restrictions on ownership and transfer of our stock described above.

These restrictions on ownership and transfer could delay, defer or prevent a transaction or a change of control of our company that might involve a premium price for our common stock that our stockholders believe to be in their best interest.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is American Stock Transfer & Trust Company, LLC.

MATERIAL PROVISIONS OF MARYLAND LAW AND OF OUR CHARTER AND BYLAWS

The following summary of certain provisions of Maryland law and of our charter and bylaws does not purport to be complete and is subject to and qualified in its entirety by reference to Maryland law and our charter and bylaws, copies of which are filed as exhibits to the registration statement of which this prospectus is part. See “Where You Can Find More Information.”

Our Board of Directors

Our charter and bylaws provide that the number of directors of our company may be established, increased or decreased only by a majority of our entire board of directors but may not be fewer than the minimum number required under the MGCL nor, unless our bylaws are amended, more than 15. Upon completion of this offering, we expect to have seven directors.

Our charter also provides that, at such time as we become eligible to elect to be subject to certain elective provisions of the MGCL (which we expect will be upon completion of this offering) and except as may be provided by our board of directors in setting the terms of any class or series of stock, any vacancy may be filled only by a majority of the remaining directors, even if the remaining directors do not constitute a quorum. Any director so elected will serve for the remainder of the full term of the directorship in which the vacancy occurred and until a successor is duly elected and qualifies.

Each of our directors is elected by our stockholders to serve until the next annual meeting of stockholders and until his or her successor is duly elected and qualifies under the MGCL. Holders of shares of our common stock will have no right to cumulative voting in the election of directors. Directors are elected by a plurality of the votes cast.

Removal of Directors

Our charter provides that, subject to the rights of holders of one or more classes or series of preferred stock to elect or remove one or more directors, a director may be removed only for cause (as defined in our charter) and only by the affirmative vote of at least two-thirds of the votes entitled to be cast generally in the election of directors. This provision, when coupled with the exclusive power of our board of directors to fill vacant directorships, may preclude stockholders from removing incumbent directors except for cause and by a substantial affirmative vote and filling the vacancies created by such removal with their own nominees.

Business Combinations

Under the MGCL, certain “business combinations” (including a merger, consolidation, share exchange or, in certain circumstances specified under the statute, an asset transfer or issuance or reclassification of equity securities) between a Maryland corporation and any interested stockholder, or an affiliate of such an interested stockholder, are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. Maryland law defines an interested stockholder as:

- any person who beneficially owns, directly or indirectly, 10% or more of the voting power of the corporation’s outstanding voting stock; or
- an affiliate or associate of the corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10% or more of the voting power of the then outstanding voting stock of the corporation.

A person is not an interested stockholder under the statute if the board of directors approved in advance the transaction by which the person otherwise would have become an interested stockholder. In approving a transaction, however, a board of directors may provide that its approval is subject to compliance, at or after the time of the approval, with any terms and conditions determined by it.

[Table of Contents](#)

After such five-year period, any such business combination must be recommended by the board of directors of the corporation and approved by the affirmative vote of at least:

- 80% of the votes entitled to be cast by holders of outstanding shares of voting stock of the corporation; and
- two-thirds of the votes entitled to be cast by holders of voting stock of the corporation other than shares held by the interested stockholder with whom (or with whose affiliate) the business combination is to be effected or held by an affiliate or associate of the interested stockholder.

These supermajority approval requirements do not apply if, among other conditions, the corporation's common stockholders receive a minimum price (as defined in the MGCL) for their shares and the consideration is received in cash or in the same form as previously paid by the interested stockholder for its shares.

These provisions of the MGCL do not apply, however, to business combinations that are approved or exempted by a corporation's board of directors prior to the time that the interested stockholder becomes an interested stockholder. Our board of directors has, by resolution, elected to opt out of the business combination provisions of the MGCL. We cannot provide you any assurance, however, that our board of directors will not opt to be subject to such business combination provision at any time in the future. Notwithstanding the foregoing, an alteration or repeal of this resolution will not have any effect on any business combinations that have been consummated or upon any agreements existing at the time of such modification or repeal.

Control Share Acquisitions

The MGCL provides that holders of "control shares" of a Maryland corporation acquired in a "control share acquisition" have no voting rights with respect to their control shares except to the extent approved by the affirmative vote of at least two-thirds of the votes entitled to be cast in the election of directors, generally, excluding shares of stock in a corporation in respect of which any of the following persons is entitled to exercise or direct the exercise of the voting power of such shares in the election of directors: (1) the person who made or proposes to make a control share acquisition, (2) an officer of the corporation or (3) an employee of the corporation who is also a director of the corporation. "Control shares" are voting shares of stock that, if aggregated with all other such shares of stock previously acquired by the acquirer or in respect of which the acquirer is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquirer to exercise voting power in electing directors within one of the following ranges of voting power:

- one-tenth or more but less than one-third;
- one-third or more but less than a majority; or
- a majority or more of all voting power.

Control shares do not include shares that the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval. A "control share acquisition" means the acquisition, directly or indirectly, of ownership of, or the power to direct the exercise of voting power with respect to, issued and outstanding control shares, subject to certain exceptions.

A person who has made or proposes to make a control share acquisition, upon satisfaction of certain conditions (including an undertaking to pay expenses and making an "acquiring person statement" as described in the MGCL), may compel the corporation to call a special meeting of stockholders to be held within 50 days of demand to consider the voting rights of the control shares. If no request for a special meeting is made, the corporation may itself present the question at any stockholders meeting.

[Table of Contents](#)

If voting rights of control shares are not approved at the meeting or if the acquiring person does not deliver an “acquiring person statement” as required by the statute, then, subject to certain conditions and limitations, the corporation may redeem any or all of the control shares (except those for which voting rights have previously been approved) for fair value determined, without regard to the absence of voting rights for the control shares, as of the date of the last control share acquisition by the acquirer or of any meeting of stockholders at which the voting rights of such shares are considered and not approved. If voting rights for control shares are approved at a stockholders meeting and the acquirer becomes entitled to vote a majority of the shares entitled to vote, all other stockholders may exercise appraisal rights. The fair value of the shares as determined for purposes of such appraisal rights may not be less than the highest price per share paid by the acquirer in the control share acquisition.

The control share acquisition statute does not apply to: (1) shares acquired in a merger, consolidation or share exchange if the corporation is a party to the transaction or (2) acquisitions approved or exempted by the charter or bylaws of the corporation.

Our bylaws contain a provision exempting from the control share acquisition statute any and all acquisitions by any person of shares of our stock. We cannot provide you any assurance, however, that our board of directors will not amend or eliminate this provision at any time in the future.

Subtitle 8

Subtitle 8 of Title 3 of the MGCL permits a Maryland corporation with a class of equity securities registered under the Exchange Act and at least three independent directors to elect to be subject, by provision in its charter or bylaws or a resolution of its board of directors and notwithstanding any contrary provision in the charter or bylaws, to any or all of the following five provisions:

- a classified board;
- a two-thirds vote requirement for removing a director;
- a requirement that the number of directors be fixed only by vote of the directors;
- a requirement that a vacancy on the board be filled only by the remaining directors and for the remainder of the full term of the class of directors in which the vacancy occurred; or
- a majority requirement for the calling of a special meeting of stockholders.

Our charter provides that, at such time as we become eligible to make a Subtitle 8 election (which we expect will be upon the completion of this offering) and except as may be provided by our board of directors in setting the terms of any class or series of stock, we elect to be subject to the provisions of Subtitle 8 relating to the filling of vacancies on our board of directors. Through provisions in our charter and bylaws unrelated to Subtitle 8, we already (1) require a two-thirds vote for the removal of any director from the board, which removal will be allowed only for cause, (2) vest in the board the exclusive power to fix the number of directorships, subject to limitations set forth in our charter and bylaws, and (3) require, unless called by the chairman of our board of directors, either of our presidents, either of our chief executive officers or our board of directors, the request of stockholders entitled to cast not less than a majority of all votes entitled to be cast on a matter at such meeting to call a special meeting to consider and vote on any matter that may properly be considered at a meeting of stockholders. We have not elected to create a classified board. In the future, our board of directors may elect, without stockholder approval, to create a classified board or elect to be subject to one or more of the other provisions of Subtitle 8.

Amendments to Our Charter and Bylaws

Other than amendments to certain provisions of our charter described below and amendments permitted to be made without stockholder approval under Maryland law or by a specific provision in the charter, our charter may

[Table of Contents](#)

be amended only if such amendment is declared advisable by our board of directors and approved by the affirmative vote of stockholders entitled to cast a majority of all of the votes entitled to be cast on the matter. The provisions of our charter relating to the removal of directors or the vote required to amend such provisions may be amended only if such amendment is declared advisable by our board of directors and approved by the affirmative vote of stockholders entitled to cast not less than two-thirds of all of the votes entitled to be cast on the matter. Our board of directors has the exclusive power to adopt, alter or repeal any provision of our bylaws or to make new bylaws.

Exclusive Forum

Our bylaws provide that, unless we consent in writing to the selection of an alternative forum, the sole and exclusive forum for (a) any derivative action or proceeding brought on our behalf, (b) any action asserting a claim of breach of any duty owed by us or by any director or officer or other employee to us or to our stockholders, (c) any action asserting a claim against us or any director or officer or other employee arising pursuant to any provision of the MGCL or our charter or bylaws or (d) any action asserting a claim against us or any director or officer or other employee that is governed by the internal affairs doctrine shall be the Circuit Court for Baltimore City, Maryland, or, if that Court does not have jurisdiction, the United States District Court for the District of Maryland, Baltimore Division.

Meetings of Stockholders

Under our bylaws, annual meetings of stockholders must be held each year at a date, time and place determined by our board of directors. Special meetings of stockholders may be called by the chairman of our board of directors, either of our chief executive officers, either of our presidents and our board of directors. Subject to the provisions of our bylaws, a special meeting of stockholders to act on any matter that may properly be considered at a meeting of stockholders must be called by our secretary upon the written request of stockholders entitled to cast a majority of all of the votes entitled to be cast on the matter at such meeting who have requested the special meeting in accordance with the procedures specified in our bylaws and provided the information and certifications required by our bylaws. Only matters set forth in the notice of a special meeting of stockholders may be considered and acted upon at such a meeting.

Advance Notice of Director Nominations and New Business

Our bylaws provide that:

- with respect to an annual meeting of stockholders, nominations of individuals for election to the board of directors and the proposal of business to be considered by stockholders at the annual meeting may be made only:
 - pursuant to our notice of the meeting;
 - by or at the direction of our board of directors; or
 - by a stockholder who was a stockholder of record both at the time of giving of the notice required by our bylaws and at the time of the annual meeting, who is entitled to vote at the meeting in the election of each individual so nominated or on such other business and who has provided the information and certifications required by the advance notice procedures set forth in our bylaws.
- with respect to special meetings of stockholders, only the business specified in our notice of meeting may be brought before the meeting of stockholders, and nominations of individuals for election to our board of directors may be made only:
 - by or at the direction of our board of directors; or

[Table of Contents](#)

- provided that the meeting has been called for the purpose of electing directors, by a stockholder who is a stockholder of record both at the time of giving of the notice required by our bylaws and at the time of the meeting, who is entitled to vote at the meeting in the election of each individual so nominated and who has provided the information and certifications required by the advance notice procedures set forth in our bylaws.

The purpose of requiring stockholders to give advance notice of nominations and other proposals is to afford our board of directors the opportunity to consider the qualifications of the proposed nominees or the advisability of the other proposals and, to the extent considered necessary by our board of directors, to inform stockholders and make recommendations regarding the nominations or other proposals. The advance notice procedures also permit a more orderly procedure for conducting our stockholder meetings.

Anti-takeover Effect of Certain Provisions of Maryland Law and of Our Charter and Bylaws

The restrictions on ownership and transfer of our stock, the provisions of our charter regarding the removal of directors, the exclusive power of our board of directors to fill vacancies on the board and the advance notice provisions of the bylaws could delay, defer or prevent a transaction or a change of control of our company that might involve a premium price for holders of our common stock or otherwise be in their best interests. Likewise, if our board of directors were to opt in to the business combination provisions of the MGCL or the provisions of Subtitle 8 of Title 3 of the MGCL providing for a classified board of directors, or if the provision in our bylaws opting out of the control share acquisition provisions of the MGCL were amended or rescinded, these provisions of the MGCL could have similar anti-takeover effects.

Indemnification and Limitation of Directors' and Officers' Liability

Maryland law permits a Maryland corporation to include in its charter a provision eliminating the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from actual receipt of an improper benefit or profit in money, property or services or active and deliberate dishonesty that is established by a final judgment and is material to the cause of action. Our charter contains a provision that eliminates such liability to the maximum extent permitted by Maryland law.

The MGCL requires a Maryland corporation (unless its charter provides otherwise, which our charter does not) to indemnify a director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he or she is made a party by reason of his or her service in that capacity. The MGCL permits a Maryland corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made or are threatened to be made a party by reason of their service in those or other capacities unless it is established that:

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

However, under the MGCL, a Maryland corporation may not indemnify a director or officer for an adverse judgment in a suit by or on behalf of the corporation or if the director or officer was adjudged liable on the basis that personal benefit was improperly received, unless in either case a court orders indemnification and then only for expenses. In addition, the MGCL permits a Maryland corporation to advance reasonable expenses

[Table of Contents](#)

to a director or officer, without requiring a preliminary determination of the director's or officer's ultimate entitlement to indemnification, upon the corporation's receipt of:

- a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation; and
- a written undertaking by the director or officer or on the director's or officer's behalf to repay the amount paid or reimbursed by the corporation if it is ultimately determined that the director or officer did not meet the standard of conduct.

Our charter authorizes us to obligate our company and our bylaws obligate us, to the fullest extent permitted by Maryland law in effect from time to time, to indemnify and to pay or reimburse reasonable expenses in advance of final disposition of a proceeding, without requiring a preliminary determination of the director's or officer's ultimate entitlement to indemnification, to:

- any present or former director or officer who is made or threatened to be made a party to or witness in the proceeding by reason of his or her service in that capacity; or
- any individual who, while serving as our director or officer and at our request, serves or has served as a director, officer, partner, trustee, member or manager of another corporation, real estate investment trust, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise and who is made or threatened to be made a party to or witness in the proceeding by reason of his or her service in that capacity.

Our charter and bylaws also permit us, with the approval of our board of directors, to indemnify and advance expenses to any person who served a predecessor of ours in any of the capacities described above and to any employee or agent of our company or a predecessor of our company.

The partnership agreement also provides that we, as general partner, and our directors, officers, employees, agents and designees are indemnified to the extent provided therein. See "Description of the Partnership Agreement of Rexford Industrial Realty, L.P.—Exculpation and Indemnification of General Partner."

Insofar as the foregoing provisions permit indemnification of directors, officers or persons controlling us for liability arising under the Securities Act, we have been informed that in the opinion of the SEC, this indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Indemnification Agreements

We intend to enter into indemnification agreements with each of our executive officers and directors as described in "Management—Limitation of Liability and Indemnification."

Restrictions on Ownership and Transfer

Subject to certain exceptions, our charter provides that no person or entity may actually or beneficially own, or be deemed to own by virtue of the applicable constructive ownership provisions of the Code, more than 9.8% (in value or number of shares, whichever is more restrictive) of the outstanding shares of our common stock or more than 9.8% in value of the aggregate outstanding shares of our stock. For a fuller description of this and other restrictions on ownership and transfer of our stock, see "Description of Stock—Restrictions on Ownership and Transfer."

REIT Qualification

Our charter provides that our board of directors may revoke or otherwise terminate our REIT election, without approval of our stockholders, if it determines that it is no longer in our best interests to continue to be qualified as a REIT. Our charter also provides that our board of directors may determine that compliance with one or more of the restrictions on ownership and transfer of our stock is no longer required in order for us to qualify as a REIT.

SHARES ELIGIBLE FOR FUTURE SALE

General

Upon completion of this offering, the concurrent private placement and the formation transactions, we will have 25,239,339 shares of our common stock outstanding (27,639,339 shares if the underwriters' over-allotment option is exercised in full). In addition, upon completion of this offering and the formation transactions, 3,714,419 shares of our common stock will be reserved for issuance upon exchange of common units.

Of these shares, the 16,000,000 shares sold in this offering (18,400,000 shares if the underwriters' over-allotment option is exercised in full) will be freely transferable without restriction or further registration under the Securities Act, subject to the limitations on ownership set forth in our charter, except for any shares purchased in this offering by our "affiliates," as that term is defined by Rule 144 under the Securities Act. The 12,029,829 shares of our common stock issued in the formation transactions, issued in exchange for common units issued in the formation transactions or issued in the concurrent private placement will be "restricted shares" as defined in Rule 144. We intend to file one or more resale shelf registration statements to register the common stock issued in the formation transactions or issued in the concurrent private placement or issued in exchange for common units issued in the formation transactions. See "Certain Relationships and Related Transactions—Registration Rights."

Prior to this offering, there has been no public market for our common stock. Trading of our common stock on the NYSE is expected to commence immediately following the completion of this offering. No assurance can be given as to (1) the likelihood that an active market for our shares of common stock will develop, (2) the liquidity of any such market, (3) the ability of the stockholders to sell the shares or (4) the prices that stockholders may obtain for any of the shares. No prediction can be made as to the effect, if any, that future sales of shares, or the availability of shares for future sale, will have on the market price prevailing from time to time. Sales of substantial amounts of our common stock (including shares issued upon the exchange of units tendered for redemption or the exercise of stock options), or the perception that such sales could occur, may adversely affect prevailing market prices of our common stock. See "Risk Factors—Risks Related to this Offering." For a description of certain restrictions on ownership and transfer of our shares of common stock, see "Description of Stock—Restrictions on Ownership and Transfer."

Rule 144

After giving effect to this offering, 12,029,829 shares of our outstanding shares of common stock on a fully diluted basis will be "restricted" securities under the meaning of Rule 144 under the Securities Act, and may not be sold in the absence of registration under the Securities Act unless an exemption from registration is available, including the exemption provided by Rule 144.

In general, under Rule 144 as currently in effect, beginning 90 days after the date of this prospectus, a person who is not deemed to have been an affiliate of ours at any time during the three months preceding a sale and who has beneficially owned shares considered to be restricted securities under Rule 144 for at least six months would be entitled to sell those shares, subject only to the availability of current public information about us. A non-affiliated person who has beneficially owned shares considered to be restricted securities under Rule 144 for at least one year would be entitled to sell those shares without regard to the provisions of Rule 144.

An affiliate of ours who has beneficially owned shares of our common stock for at least six months would be entitled to sell, within any three-month period, a number of shares that does not exceed the greater of:

- 1.0% of the shares of our common stock then outstanding, which will equal approximately 252,393 shares immediately after this offering (276,393 shares if the underwriters exercise their over-allotment option in full); or

[Table of Contents](#)

- the average weekly trading volume of our common stock on the NYSE during the four calendar weeks preceding the date on which notice of the sale is filed with the SEC.

Sales under Rule 144 by our affiliates or persons selling shares on behalf of our affiliates are also subject to manner of sale provisions, notice requirements and the availability of current public information about us.

Redemption/Exchange Rights

In connection with the formation transactions, our operating partnership will issue an aggregate of 3,714,419 common units to prior investors in the Rexford Funds and the management companies. Beginning on or after the date which is 14 months after the later of the completion of this offering or the date on which such person first became a holder of common units, limited partners of our operating partnership and certain qualifying assignees of a limited partner will have the right to require our operating partnership to redeem part or all of their common units for cash, or, at our election, shares of our common stock, based upon the fair market value of an equivalent number of shares of our common stock at the time of the redemption, subject to certain adjustments and the restrictions on ownership and transfer of our stock set forth in our charter and described under the section entitled “Description of Stock—Restrictions on Ownership and Transfer.” See “Description of the Partnership Agreement of Rexford Industrial Realty, L.P.”

Registration Rights

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

2013 Incentive Award Plan

We intend to adopt the Plan immediately prior to the completion of this offering. The Plan is expected to provide for the grant of incentive awards to our employees, officers, directors and consultants of our company and our subsidiaries. We intend to reserve shares of common stock and LTIP for issuance under the Plan.

We intend to file with the SEC a Registration Statement on Form S-8 covering the shares of common stock issuable under the Plan. Shares of our common stock issuable under the Plan covered by this registration statement will be eligible for transfer or resale without restriction under the Securities Act unless held by an affiliate.

Lock-up Periods

Each of our executive officers, directors and director nominees and their affiliates, has agreed not to sell or otherwise transfer any shares of our common stock or securities convertible or exchangeable into our common stock (including common units) owned by them at the completion of this offering or thereafter acquired by them for a period of 360 days after the date of this prospectus without the written consent of the Merrill Lynch, Pierce,

[Table of Contents](#)

Fenner & Smith Incorporated, Wells Fargo Securities, LLC and FBR Capital Markets & Co. In addition, we and the other participants in the formation transactions and the concurrent private placement have agreed not to sell or otherwise transfer any shares of our common stock or securities convertible or exchangeable into our common stock (including common units) owned by them at the completion of this offering or thereafter acquired by them for a period of 180 days after the date of this prospectus without the written consent of Merrill Lynch, Pierce, Fenner & Smith Incorporated, Wells Fargo Securities, LLC and FBR Capital Markets & Co.

However, in addition to certain other exceptions, (1) each of our directors, director nominees, executive officers and their affiliates, as well as prior investors may transfer or dispose of his or her shares during the lock-up period in the case of gifts or for estate planning purposes, and (2) each of the prior investors that is an entity may distribute its shares to its limited partners, members or stockholders or to its affiliates or to any investment fund or other entity controlled or managed by it, provided in each case that each transferee agrees to a similar lock-up agreement for the remainder of the lock-up period, the transfer does not involve a disposition for value, no report is required to be filed by the transferor under the Exchange Act as a result of the transfer and the transferor does not voluntarily effect any public filing or report regarding such transfer.

DESCRIPTION OF THE PARTNERSHIP AGREEMENT OF REXFORD INDUSTRIAL REALTY, L.P.

A summary of the material terms and provisions of the Amended and Restated Agreement of Limited Partnership of Rexford Industrial Realty, L.P., which we refer to as the “partnership agreement,” is set forth below. This summary is not complete and is subject to and qualified in its entirety by reference to the applicable provisions of Maryland law and the partnership agreement. For more detail, please refer to the partnership agreement itself, a copy of which is filed as an exhibit to the registration statement of which this prospectus is part. See “Where You Can Find More Information.”

General

Upon completion of the formation transactions, substantially all of our assets will be held by, and substantially all of our operations will be conducted through, our operating partnership, either directly or through its subsidiaries. We are the sole general partner of our operating partnership, and upon completion of this offering, the formation transactions and the other transactions described in this prospectus, 28,029,829 common units will be outstanding and we will own 86.8% of the outstanding common units. In connection with the formation transactions, we will enter into the partnership agreement and the prior investors in our portfolio who elect to receive common units in the formation transactions and concurrent private placement will be admitted as limited partners of the our operating partnership. Our operating partnership is also authorized to issue a class of units of partnership interest designated as LTIP Units and having the terms described below. The provisions of the partnership agreement described below will be in effect after the completion of the formation transactions and this offering. We will not list the common units on any exchange nor will they be quoted on any national market system.

Provisions in the partnership agreement may delay or make more difficult unsolicited acquisitions of us or changes in our control. These provisions could discourage third parties from making proposals involving an unsolicited acquisition of us or change of our control, although some stockholders might consider such proposals, if made, desirable. These provisions also make it more difficult for third parties to alter the management structure of our operating partnership without the concurrence of our board of directors. These provisions include, among others:

- redemption rights of limited partners and certain assignees of common units;
- transfer restrictions on common units and other partnership interests;
- a requirement that we may not be removed as the general partner of our operating partnership without our consent;
- our ability in some cases to amend the partnership agreement and to cause our operating partnership to issue preferred partnership interests in our operating partnership with terms that we may determine, in either case, without the approval or consent of any limited partner; and
- the right of the limited partners to consent to certain transfers of our general partnership interest (whether by sale, disposition, statutory merger or consolidation, liquidation or otherwise).

Purpose, Business and Management

Our operating partnership is formed for the purpose of conducting any business, enterprise or activity permitted by or under the Maryland Revised Uniform Limited Partnership Act (the “Act”). Our operating partnership may enter into any partnership, joint venture, business trust arrangement, limited liability company or other similar arrangement and may own interests in any other entity engaged in any business permitted by or under the Act, subject to any consent rights set forth in our partnership agreement.

[Table of Contents](#)

In general, our board of directors will manage the business and affairs of our operating partnership by directing our business and affairs, in our capacity as the sole general partner of our operating partnership. Except as otherwise expressly provided in the partnership agreement and subject to the rights of holders of any class or series of partnership interest, all management powers over the business and affairs of our operating partnership are exclusively vested in us, in our capacity as the sole general partner of our operating partnership. No limited partner, in its capacity as a limited partner, has any right to participate in or exercise management power over our operating partnership's business, transact any business in our operating partnership's name or sign documents for or otherwise bind our operating partnership. We may not be removed as the general partner of our operating partnership, with or without cause, without our consent, which we may give or withhold in our sole and absolute discretion. In addition to the powers granted to us under applicable law or any provision of the partnership agreement, but subject to certain rights of holders of common units or any other class or series of partnership interest, we, in our capacity as the general partner of our operating partnership, have the full and exclusive power and authority to do or authorize all things to conduct the business and affairs of our operating partnership, to exercise or direct the exercise of all of the powers of our operating partnership and the general partner of our operating partnership under Maryland law and the partnership agreement and to effectuate the purposes of our operating partnership, without the approval or consent of any limited partner. We may authorize our operating partnership to incur debt and enter into credit, guarantee, financing or refinancing arrangements for any purpose, including, without limitation, in connection with any acquisition of properties, on such terms as we determine to be appropriate, and to acquire or dispose of any, all or substantially all of its assets (including goodwill), dissolve, merge, consolidate, reorganize or otherwise combine with another entity, without the approval or consent of any limited partner. With limited exceptions, we may execute, deliver and perform agreements and transactions on behalf of our operating partnership without the approval or consent of any limited partner.

Restrictions on General Partner's Authority

The partnership agreement prohibits us, in our capacity as general partner, from taking any action that would make it impossible to carry out the ordinary business of our operating partnership or performing any act that would subject a limited partner to liability as a general partner in any jurisdiction or any other liability except as provided under the partnership agreement or under the Act. We may not, without the prior consent of the partners of our operating partnership (including us), amend, modify or terminate the partnership agreement, except for certain amendments that we may approve without the approval or consent of any limited partner, described in "—Amendment of the Partnership Agreement," and certain amendments described below that require the approval of each affected partner. Certain amendments to the partnership agreement also require the consent of limited partners holding LTIP Units, as described in "—LTIP Units—Voting Rights." We may not, in our capacity as the general partner of our operating partnership, without the consent of a majority in interest of the limited partners (excluding us and any limited partner 50% or more of whose equity is owned, directly or indirectly, by us):

- take any action in contravention of an express provision or limitation of the partnership agreement;
- transfer of all or any portion of our general partnership interest in our operating partnership or admit any person as a successor general partner, subject to the exceptions described in "—Transfers and Withdrawals—Restrictions on Transfers by the General Partner"; or
- voluntarily withdraw as the general partner.

Without the consent of each affected limited partner or in connection with a transfer of all of our interests in our partnership in connection with a merger, consolidation or other combination of our assets with another entity, a sale of all or substantially all of our assets or a reclassification, recapitalization or change in our outstanding stock permitted without the consent of the limited partners as described in "—Transfers and Withdrawals—Restrictions on Transfers by the General Partner," or a permitted termination transaction, we may not enter into any contract, mortgage, loan or other agreement that expressly prohibits or restricts us or our operating partnership from performing our or its specific obligations in connection with a redemption of units or

[Table of Contents](#)

expressly prohibits or restricts a limited partner from exercising its redemption rights in full. In addition to any approval or consent required by any other provision of the partnership agreement, we may not, without the consent of each affected partner, amend the partnership agreement or take any other action that would:

- convert a limited partner interest into a general partner interest (other than as a result of our acquisition of that interest);
- adversely modify in any material respect the limited liability of a limited partner;
- alter the rights of any partner to receive the distributions to which such partner is entitled, or alter the allocations specified in the partnership agreement, except to the extent permitted by the partnership agreement including in connection with the creation or issuance of any new class or series of partnership interest or to effect or facilitate a permitted termination transaction;
- alter or modify the redemption rights of holders of common units or the related definitions specified in the partnership agreement (except as permitted under the partnership agreement to effect or facilitate a permitted termination transaction);
- alter or modify the provisions governing the transfer of our general partnership interest in our operating partnership (except as permitted under the partnership agreement to effect or facilitate a permitted termination transaction);
- remove certain provisions of the partnership agreement relating to the requirements for us to qualify as a REIT or permitting us to avoid paying tax under Sections 857 or 4981 of the Code; or
- amend the provisions of the partnership agreement requiring the consent of each affected partner before taking any of the actions described above (except as permitted under the partnership agreement to effect or facilitate a permitted termination transaction).

Additional Limited Partners

We may cause our operating partnership to issue additional units in one or more classes or series or other partnership interests and to admit additional limited partners to our operating partnership from time to time, on such terms and conditions and for such capital contributions as we may establish in our sole and absolute discretion, without the approval or consent of any limited partner, including:

- upon the conversion, redemption or exchange of any debt, units or other partnership interests or securities issued by our operating partnership;
- for less than fair market value;
- for no consideration;
- in connection with any merger of any other entity into our operating partnership; or
- upon the contribution of property or assets to our operating partnership.

The net capital contribution need not be equal for all limited partners. Each person admitted as an additional limited partner must make certain representations to each other partner relating to, among other matters, such person's ownership of any tenant of us or our operating partnership. No person may be admitted as an additional limited partner without our consent, which we may give or withhold in our sole and absolute discretion, and no approval or consent of any limited partner is required in connection with the admission of any additional limited partner.

[Table of Contents](#)

The partnership agreement authorizes our operating partnership to issue common units and LTIP Units, and our operating partnership may issue additional partnership interests in one or more additional classes, or one or more series of any of such classes, with such designations, preferences, conversion and other rights, voting powers, restrictions, limitations as to distributions, qualifications and terms and conditions of redemption (including, without limitation, terms that may be senior or otherwise entitled to preference over existing units) as we may determine, in our sole and absolute discretion, without the approval of any limited partner or any other person. Without limiting the generality of the foregoing, we may specify, as to any such class or series of partnership interest, the allocations of items of partnership income, gain, loss, deduction and credit to each such class or series of partnership interest.

Ability to Engage in Other Businesses; Conflicts of Interest

The partnership agreement provides that we may not conduct any business other than in connection with the ownership, acquisition and disposition of partnership interests, the management of the business and affairs of our operating partnership, our operation as a reporting company with a class (or classes) of securities registered under the Exchange Act, our operations as a REIT, the offering, sale, syndication, private placement or public offering of stock, bonds, securities or other interests, financing or refinancing of any type related to our operating partnership or its assets or activities and such activities as are incidental to those activities discussed above. In general, we must contribute any assets or funds that we acquire to our operating partnership in exchange for additional partnership interests. We may, however, in our sole and absolute discretion, from time to time hold or acquire assets in our own name or otherwise other than through our operating partnership so long as we take commercially reasonable measures to ensure that the economic benefits and burdens of such property are otherwise vested in our operating partnership.

Distributions

Our operating partnership will distribute such amounts, at such times, as we may in our sole and absolute discretion determine:

- first, with respect to any partnership interests that are entitled to any preference in distribution, in accordance with the rights of the holders of such class(es) of partnership interest, and, within each such class, among the holders of such class pro rata in proportion to their respective percentage interests of such class; and
- second, with respect to any partnership interests that are not entitled to any preference in distribution, including the common units and, except as described below under “—Special Allocations and Liquidating Distributions on LTIP Units” with respect to liquidating distributions and as may be provided in any incentive award plan or any applicable award agreement, the LTIP Units, in accordance with the rights of the holders of such class(es) of partnership interest, and, within each such class, among the holders of each such class, pro rata in proportion to their respective percentage interests of such class.

Distributions payable with respect to any units that were not outstanding during the entire quarterly period in respect of which a distribution is made, other than units issued to us in connection with the issuance of shares of our common stock, will be prorated based on the portion of the period that such units were outstanding.

Allocations

Except for the special allocations to holders of LTIP Units described below under “Special Allocations and Liquidating Distributions on LTIP Units,” and subject to the rights of the holders of any other class or series of partnership interest, net income or net loss of our operating partnership will generally be allocated to our company, as the general partner, and to the limited partners in accordance with the partners’ respective percentage ownership of the aggregate outstanding common units and LTIP Units. Allocations to holders of a class or series of partnership interest will generally be made proportionately to all such holders in respect of such

[Table of Contents](#)

class or series. However, in some cases gain or loss may be disproportionately allocated to partners who have contributed appreciated property or guaranteed debt of our operating partnership. The allocations described above are subject to special rules relating to depreciation deductions and to compliance with the provisions of Sections 704(b) and 704(c) of the Code and the associated Treasury Regulations.

Special Allocations and Liquidating Distributions on LTIP Units

A partner's initial capital account balance is equal to the amount the partner paid (or contributed to our operating partnership) for its units and is subject to subsequent adjustments, including as the result of allocations of the partner's share of income or loss of our operating partnership. Because a holder of LTIP Units generally will not pay for the LTIP Units, the initial capital account balance attributable to such LTIP Units will be zero. However, the partnership agreement provides that holders of LTIP Units will receive special allocations of income in the event of a sale or "hypothetical sale" of the assets of our operating partnership, prior to the allocation of income to our company or other holders of common units with respect to our company's or their common units. Such income will be allocated to holders of LTIP Units to the extent necessary to cause the capital account of a holder of LTIP Units to be economically equivalent to our company's capital account with respect to an equal number of common units. The term "hypothetical sale" does not refer to an actual sale of our operating partnership's assets, but refers to certain adjustments to the value of our operating partnership's assets and the partners' capital account balances, determined as if there had been a sale of such assets at their fair market value, as required by applicable Treasury Regulations. Further, we may delay or accelerate allocations to holders of LTIP Units, or adjust the allocation of income or loss among the holders of LTIP Units, so that, for the year during which each LTIP Unit's distribution participation date falls, the ratio of the income and loss allocated to the LTIP Unit to the total amounts distributed with respect to each such LTIP Unit is more nearly equal to the ratio of the income and loss allocated to our company's common units to the amounts distributed to our company with respect to its common units.

Because distributions upon liquidation of our operating partnership will be made in accordance with the partners' respective capital account balances, not numbers of units, LTIP Units will not have full parity with common units with respect to liquidating distributions until the special allocations of income to the holders of LTIP Units in the event of a sale or "hypothetical sale" of our operating partnership's assets causes the capital account of a holder of LTIP Units to be economically equivalent to our company's capital account with respect to an equal number of common units. To the extent that there is not sufficient income to allocate to an LTIP unitholder's capital account to cause such capital account to become economically equivalent to our company's capital account with respect to an equal number of common units, or if such a sale or "hypothetical sale" does not occur, the holder's LTIP Units will not achieve parity with common units with respect to liquidating distributions.

Borrowing by our Operating Partnership

We may cause our operating partnership to borrow money and to issue and guarantee debt as we deem necessary for the conduct of the activities of our operating partnership. Such debt may be secured, among other things, by mortgages, deeds of trust, liens or encumbrances on the properties of our operating partnership.

Reimbursements of Expenses; Transactions with General Partner and its Affiliates

We will not receive any compensation for our services as the general partner of our operating partnership. We have the same right to distributions as other holders of common units. In addition, our operating partnership must reimburse us for all amounts expended by us in connection with our operating partnership's business, including expenses relating to the ownership of interests in and management and operation of, or for the benefit of, our operating partnership, compensation of officers and employees, including payments under future compensation plans that may provide for stock units, or phantom stock, pursuant to which our employees or employees of our operating partnership will receive payments based upon dividends on or the value of our

[Table of Contents](#)

common stock, director fees and expenses, any expenses (other than the purchase price) incurred by us in connection with the redemption or repurchase of shares of our stock, all of our costs and expenses of in connection with our operation as a reporting company (including, without limitation, costs of filings with the SEC) and reports and other distributions to our stockholders and any government agencies, all of our costs and expenses in connection with our operation as a REIT, and all of our costs and expenses in connection with the offering, sale, syndication, private placement or public offering of stock, bonds, securities or other interests and financing or refinancing of any type related to our operating partnership or its assets or activities. Any reimbursement will be reduced by the amount of any interest we earn on funds we hold on behalf of our operating partnership.

We and our affiliates may sell, transfer or convey any properties to, or purchase any property from, our operating partnership on such terms as we may determine in our sole and absolute discretion.

Exculpation and Indemnification of General Partner

The partnership agreement provides that we will not be liable to our operating partnership or any partner for any action or omission taken in our capacity as general partner, for the debts or liabilities of our operating partnership or for the obligations of our operating partnership under the partnership agreement, except for liability for our fraud, willful misconduct or gross negligence, pursuant to any express indemnity we may give to our operating partnership or in connection with a redemption as described in “—Redemption Rights of Qualifying Parties.” The partnership agreement also provides that any obligation or liability in our capacity as the general partner of our operating partnership that may arise at any time under the partnership agreement or any other instrument, transaction or undertaking contemplated by the partnership agreement will be satisfied, if at all, out of our assets or the assets of our operating partnership only, and no such obligation or liability will be personally binding upon any of our directors, stockholders, officers, employees or agents, regardless of whether such obligation or liability is in the nature of contract, tort or otherwise, and none of our directors or officers will be directly liable or accountable in damages or otherwise to the partnership, any partner or any assignee of a partner for losses sustained liabilities incurred or benefits not derived as a result of errors in judgment or mistakes of fact or law or of any act or omission or by reason of their service as such. We, as the general partner of our operating partnership, are not responsible for any misconduct or negligence on the part of our employees or agents, provided that we appoint such employees or agents in good faith. We, as the general partner of our operating partnership, may consult with legal counsel, accountants and other consultants and advisors, and any action that we take or omit to take in reliance upon the opinion of such persons, as to matters which we reasonably believe to be within their professional or expert competence, will be conclusively presumed to have been done or omitted in good faith and in accordance with such opinion.

In addition, the partnership agreement requires our operating partnership to indemnify us, our directors and officers, officers of our operating partnership and any other person designated by us against any and all losses, claims, damages, liabilities (whether joint or several), expenses (including, without limitation, attorneys’ fees and other legal fees and expenses), judgments, fines, settlements and other amounts arising from any and all claims, demands, actions, suits or proceedings, whether civil, criminal, administrative or investigative, that relate to the operations of our operating partnership, unless (i) an act or omission of the person was material to the matter giving rise to the action and either was committed in bad faith or was the result of active and deliberate dishonesty, (ii) in the case of a criminal proceeding, the person had reasonable cause to believe the act or omission was unlawful or (iii) such person actually received an improper personal benefit in violation or breach of any provision of the partnership agreement. Our operating partnership must also pay or reimburse the reasonable expenses of any such person in advance of a final disposition of the proceeding upon its receipt of a written affirmation of the person’s good faith belief that the standard of conduct necessary for indemnification has been met and a written undertaking by or on behalf of the person to repay any amounts paid or advanced if it is ultimately determined that the person did not meet the standard of conduct for indemnification. Our operating partnership is not required to indemnify or advance funds to any person with respect to any action initiated by the

[Table of Contents](#)

person seeking indemnification without our approval (except for any proceeding brought to enforce such person's right to indemnification under the partnership agreement) or if the person is found to be liable to our operating partnership on any portion of any claim in the action.

Business Combinations of our Operating Partnership

Subject to the limitations on the transfer of our interest in our operating partnership described in “—Transfers and Withdrawals—Restrictions on Transfers by the General Partner,” we generally have the exclusive power to cause our operating partnership to merge, reorganize, consolidate, sell all or substantially all of its assets or otherwise combine its assets with another entity. However, in connection with the acquisition of properties from persons to whom our operating partnership issues units or other partnership interests as part of the purchase price, in order to preserve such persons' tax deferral, our operating partnership may contractually agree, in general, not to sell or otherwise transfer the properties for a specified period of time, or in some instances, not to sell or otherwise transfer the properties without compensating the sellers of the properties for their loss of the tax deferral.

Redemption Rights of Qualifying Parties

Beginning on or after the date which is 14 months after the later of the completion of this offering or the date on which a person first became a holder of common units, each limited partner and some assignees of limited partners will have the right, subject to the terms and conditions set forth in the partnership agreement, to require our operating partnership to redeem all or a portion of the common units held by such limited partner or assignee in exchange for a cash amount per common unit equal to the value of one share of our common stock, determined in accordance with and subject to adjustment under the partnership agreement. Our operating partnership's obligation to redeem common units does not arise and is not binding against our operating partnership until the sixth business day after we receive the holder's notice of redemption or, if earlier, the day we notify the holder seeking redemption that we have declined to acquire some or all of the common units tendered for redemption. If we do not elect to acquire the common units tendered for redemption in exchange for shares of our common stock (as described below), our operating partnership must deliver the cash redemption amount, subject to certain exceptions, on or before the first business day of the month that is at least 60 calendar days after we receive the holder's notice of redemption. Among other limitations, a limited partner or qualifying assignee may not require our operating partnership to redeem its common units if the exchange of such units for shares of our common stock would cause any person to violate the restrictions on ownership and transfer of our stock.

On or before the close of business on the fifth business day after a holder of common units gives notice of redemption to us, we may, in our sole and absolute discretion but subject to the restrictions on the ownership and transfer of our stock set forth in our charter and described in “Description of Stock—Restrictions on Ownership and Transfer,” elect to acquire some or all of the common units tendered for redemption from the tendering party in exchange for shares of our common stock, based on an exchange ratio of one share of common stock for each common unit, subject to adjustment as provided in the partnership agreement. The holder of the common units tendered for redemption must provide certain information, certifications or affidavits, representations, investment letters, opinions and other instruments to ensure compliance with the restrictions on ownership and transfer of our stock set forth in our charter and the Securities Act. The partnership agreement does not require us to register, qualify or list any shares of common stock issued in exchange for common units with the SEC, with any state securities commissioner, department or agency, under the Securities Act or the Exchange Act or with any stock exchange. Shares of our common stock issued in exchange for common units pursuant to the partnership agreement may contain legends regarding restrictions under the Securities Act and applicable state securities laws.

Transfers and Withdrawals

Restrictions on Transfers by Limited Partners

Until the expiration of 14 months after the date on which a limited partner first acquires a partnership interest, the limited partner generally may not directly or indirectly transfer all or any portion of its partnership interest without our consent, which we may give or withhold in our sole and absolute discretion, except for certain permitted transfers to certain affiliates, family members and charities, and certain pledges of partnership interests to lending institutions in connection with bona fide loans.

After the expiration of 14 months after the date on which a limited partner first acquires a partnership interest, the limited partner will have the right to transfer all or any portion of its partnership interest without our consent to any person that is an “accredited investor,” within meaning set forth in Rule 501 promulgated under the Securities Act, upon ten business days prior notice to us, subject to the satisfaction of conditions specified in the partnership agreement, including minimum transfer requirements and our right of first refusal. Unless waived by us, in our sole and absolute discretion, a transferring limited partner must also deliver an opinion of counsel reasonably satisfactory to us that the proposed transfer may be effected without registration under the Securities Act, and will not otherwise violate any state securities laws or regulations applicable to our operating partnership or the partnership interest proposed to be transferred. We may exercise our right of first refusal in connection with a proposed transfer by a limited partner within ten business days of our receipt of notice of the proposed transfer, which must include the identity and address of the proposed transferee and the amount and type of consideration proposed to be paid for the partnership interest. We may deliver all or any portion of any cash consideration proposed to be paid for a partnership interest that we acquire pursuant to our right of first refusal in the form of a note payable to the transferring limited partner not more than 180 days after our purchase of such partnership interest.

Any transferee of a limited partner’s partnership interest must assume by operation of law or express agreement all of the obligations of the transferring limited partner under the partnership agreement with respect to the transferred interest, and no transfer (other than a transfer pursuant to a statutory merger or consolidation in which the obligations and liabilities of the transferring limited partner are assumed by a successor corporation by operation of law) will relieve the transferring limited partner of its obligations under the partnership agreement without our consent, which we may give or withhold in our sole and absolute discretion.

We may take any action we determine in our sole and absolute discretion to prevent our operating partnership from being taxable as a corporation for U.S. federal income tax purposes. No transfer by a limited partner of its partnership interest, including any redemption or any acquisition of partnership interests by us or by our operating partnership or conversion of LTIP Units into common units, may be made to or by any person without our consent, which we may give or withhold in our sole and absolute discretion, if the transfer could:

- result in our operating partnership being treated as an association taxable as a corporation for U.S. federal income tax purposes;
- result in a termination of our operating partnership under Section 708 of the Code;
- be treated as effectuated through an “established securities market” or a “secondary market” (or the substantial equivalent thereof) within the meaning of Section 7704 of the Code and the Treasury Regulations promulgated thereunder;
- result in our operating partnership being unable to qualify for at least one of the “safe harbors” set forth in Section 7704 of the Code and the Treasury Regulations thereunder; or
- based on the advice of counsel to us or our operating partnership, adversely affect our ability to continue to qualify as a REIT or subject us to any additional taxes under Sections 857 or 4981 of the Code.

Admission of Substituted Limited Partners

No limited partner has the right to substitute a transferee as a limited partner in its place. A transferee of a partnership interest of a limited partner may be admitted as a substituted limited partner only with our consent, which we may give or withhold in our sole and absolute discretion, and only if the transferee accepts all of the obligations of a limited partner under the partnership and executes such instruments as we may require to evidence such acceptance and to effect the assignee's admission as a limited partner. Any assignee of a partnership interest that is not admitted as a limited partner will be entitled to all the rights of an assignee of a limited partnership interest under the partnership agreement and the Act, including the right to receive distributions from our operating partnership and the share of net income, net losses and other items of income, gain, loss, deduction and credit of our operating partnership attributable to the partnership interest held by the assignee and the rights to transfer and redemption of the partnership interest provided in the partnership agreement, but will not be deemed to be a limited partner or holder of a partnership interest for any other purpose under the partnership agreement or the Act, and will not be entitled to consent to or vote on any matter presented to the limited partners for approval. The right to consent or vote, to the extent provided in the partnership agreement or under the Act, will remain with the transferring limited partner.

Restrictions on Transfers by the General Partner

Except as described below, any transfer of all or any portion of our interest in our operating partnership, whether by sale, disposition, statutory merger or consolidation, liquidation or otherwise, must be approved by the consent of a majority in interest of the limited partners (excluding us and any limited partner 50% or more of whose equity is owned, directly or indirectly, by us). Subject to the rights of holders of any class or series of partnership interest, we may transfer all (but not less than all) of our general partnership interest without the consent of the limited partners in connection with a permitted termination transaction, which is a merger, consolidation or other combination of our assets with another entity, a sale of all or substantially all of our assets or a reclassification, recapitalization or change in any outstanding shares of our stock, if:

- in connection with such event, all of the limited partners will receive or have the right to elect to receive, for each common unit, the greatest amount of cash, securities or other property paid to a holder of one share of our common stock (subject to adjustment in accordance with the partnership agreement) in the transaction and, if a purchase, tender or exchange offer is made and accepted by holders of our common stock in connection with the event, each holder of common units receives, or has the right to elect to receive, the greatest amount of cash, securities or other property that the holder would have received if it had exercised its redemption right and received shares of our common stock in exchange for its common units immediately before the expiration of the purchase, tender or exchange offer and had accepted the purchase, tender or exchange offer; or
- substantially all of the assets of our operating partnership will be owned by a surviving entity (which may be our operating partnership) in which the limited partners of our operating partnership holding common units immediately before the event will hold a percentage interest based on the relative fair market value of the net assets of our operating partnership and the other net assets of the surviving entity immediately before the event, which interest will be on terms that are at least as favorable as the terms of the common units in effect immediately before the event and as those applicable to any other limited partners or non-managing members of the surviving entity and will include a right to redeem interests in the surviving entity for the consideration described in the preceding bullet or cash on similar terms as those in effect with respect to the common units immediately before the event, or, if common equity securities of the person controlling the surviving entity are publicly traded, such common equity securities.

[Table of Contents](#)

We may also transfer all (but not less than all) of our interest in our operating partnership to an affiliate of us without the consent of any limited partner, subject to the rights of holders of any class or series of partnership interest.

In addition, any transferee of our interest in our operating partnership must be admitted as a general partner of our operating partnership, assume, by operation of law or express agreement, all of our obligations as general partner under the partnership agreement, accept all of the terms and conditions of the partnership agreement and execute such instruments as may be necessary to effectuate the transferee's admission as a general partner.

Restrictions on Transfers by Any Partner

Any transfer or purported transfer of a partnership interest other than in accordance with the partnership agreement will be void. Partnership interests may be transferred only on the first day of a fiscal quarter, and no partnership interest may be transferred to any lender under certain nonrecourse loans to us or our operating partnership, in either case, unless we otherwise consent, which we may give or withhold in our sole and absolute discretion. No transfer of any partnership interest, including in connection with any redemption or acquisition of units by us or by our operating partnership or any conversion of LTIP Units into common units, may be made:

- to a person or entity that lacks the legal right, power or capacity to own the partnership interest;
- in violation of applicable law;
- without our consent, which we may give or withhold in our sole and absolute discretion, of any component portion of a partnership interest, such as a partner's capital account or rights to distributions, separate and apart from all other components of the partner's interest in our operating partnership;
- if the proposed transfer could cause us or any of our affiliates to fail to comply with the requirements under the Code for qualifying as a REIT or as a "qualified REIT subsidiary" (within the meaning of Code Section 856(i)(2));
- without our consent, which we may give or withhold in our sole and absolute discretion, if the proposed transfer could, based on the advice of counsel to us or our operating partnership, cause a termination of our operating partnership for U.S. federal or state income tax purposes (other than a result of the redemption or acquisition by us of all units held by limited partners);
- if the proposed transfer could, based on the advice of legal counsel to us or our operating partnership, cause our operating partnership to cease to be classified as a partnership for U.S. federal income tax purposes (other than as a result of the redemption or acquisition by us of all units held by all limited partners);
- if the proposed transfer would cause our operating partnership to become, with respect to any employee benefit plan subject to Title I of the Employee Retirement Income Security Act of 1974, as amended, or ERISA, a "party-in-interest" for purposes of ERISA or a "disqualified person" as defined in Section 4975(c) of the Code;
- if the proposed transfer could, based on the advice of counsel to us or our operating partnership, cause any portion of the assets of our operating partnership to constitute assets of any employee benefit plan pursuant to applicable regulations of the United States Department of Labor;
- if the proposed transfer requires the registration of the partnership interest under any applicable federal or state securities laws;

[Table of Contents](#)

- without our consent, which we may give or withhold in our sole and absolute discretion, if the proposed transfer could (1) be treated as effectuated through an “established securities market” or a “secondary market” (or the substantial equivalent thereof) within the meaning of Section 7704 of the Code and the Treasury Regulations promulgated thereunder, (2) cause our operating partnership to become a “publicly traded partnership,” as that term is defined in Sections 469(k)(2) or 7704(b) of the Code, or (3) cause our operating partnership to fail to qualify for at least one of the “safe harbors” within the meaning of Section 7704 of the Code and the Treasury Regulations thereunder;
- if the proposed transfer would cause our operating partnership (as opposed to us) to become a reporting company under the Exchange Act; or
- if the proposed transfer subjects our operating partnership to regulation under the Investment Company Act of 1940, the Investment Advisors Act of 1940 or ERISA, each as amended.

Withdrawal of Partners

We may not voluntarily withdraw as the general partner of our operating partnership without the consent of a majority in interest of the limited partners (excluding us and any limited partner 50% or more of whose equity is owned, directly or indirectly, by us) other than upon the transfer of our entire interest in our operating partnership and the admission of our successor as a general partner of our operating partnership. A limited partner may withdraw from our operating partnership only as a result of a transfer of the limited partner’s entire partnership interest in accordance with the partnership agreement and the admission of the limited partner’s successor as a limited partner of our operating partnership or as a result of the redemption or acquisition by us of the limited partner’s entire partnership interest.

Amendment of the Partnership Agreement

Except as described below and amendments requiring the consent of each affected partner described in “—Restrictions on General Partner’s Authority,” amendments to the partnership agreement must be approved by us and by a majority in interest of the partners entitled to vote thereon, including us and our subsidiaries. Amendments to the partnership agreement may be proposed only by us or by limited partners holding 25% or more of the partnership interests held by limited partners. Following such a proposal, we must submit any proposed amendment that requires the consent, approval or vote of any partners to the partners entitled to vote on the amendment for approval and seek the consent of such partners to the amendment.

We may, without the approval or consent of any limited partner or any other person but subject to the rights of holders of any additional class or series of partnership interest, amend the partnership agreement as may be required to facilitate or implement any of the following purposes:

- to add to our obligations as general partner or surrender any right or power granted to us or any of our affiliates for the benefit of the limited partners;
- to reflect the admission, substitution or withdrawal of partners, the transfer of any partnership interest, the termination of our operating partnership in accordance with the partnership agreement or the adjustment of the number of outstanding LTIP Units, or a subdivision or combination of outstanding LTIP Units, to maintain a one-for-one conversion and economic equivalence between LTIP Units and common units;
- to reflect a change that is of an inconsequential nature or does not adversely affect the limited partners in any material respect, or to cure any ambiguity, correct or supplement any provision in the partnership agreement that is not inconsistent with law or with other provisions of the partnership agreement, or make other changes with respect to matters arising under the partnership agreement that will not be inconsistent with law or with the provisions of the partnership agreement;

Table of Contents

- to set forth or amend the designations, preferences, conversion and other rights, voting powers, restrictions, limitations as to distributions, qualifications and terms and conditions of redemption of the holders any additional classes or series of partnership interest;
- to satisfy any requirements, conditions or guidelines contained in any order, directive, opinion, ruling or regulation of a federal or state agency or contained in federal or state law;
- to reflect such changes as are reasonably necessary for us to maintain our status as a REIT or satisfy the requirements for us to qualify as a REIT or to reflect the transfer of all or any part of a partnership interest among us and any entity that is disregarded with respect to us for U.S. federal income tax purposes;
- to modify the manner in which items of net income or net loss are allocated or the manner in which capital accounts are adjusted, computed, or maintained (but in each case only to the extent provided by the partnership agreement and permitted by applicable law);
- to reflect the issuance of additional partnership interests;
- to implement certain procedures in connection with any equity incentive plan we may adopt;
- to reflect any other modification to the partnership agreement as is reasonably necessary for the business or operations of us or our operating partnership and that does not require the consent of each affected partner as described in “—Restrictions on General Partner’s Authority”; and
- to effect or facilitate a permitted termination transaction, including modification of the redemption rights of holders of common units to provide that the holders of interests in the surviving entity will have the rights described in “—Transfers and Withdrawals—Restrictions on Transfers by the General Partner” after a permitted termination transaction.

Certain amendments to the partnership agreement must be approved by limited partners holding LTIP Units, as described in “—LTIP Units—Voting Rights.”

Procedures for Actions and Consents of Partners

Meetings of partners may be called only by us, to transact any business that we determine. Notice of any meeting and the nature of the business to be transacted at the meeting must be given to all partners entitled to act at the meeting not less than seven days nor more than 60 days before the date of the meeting. Unless approval by a different number or proportion of the partners is required by the partnership agreement, the affirmative vote of the partners holding a majority of the outstanding partnership interests held by partners entitled to act on any proposal is sufficient to approve the proposal at a meeting of the partners. Partners may vote in person or by proxy. Each meeting of partners will be conducted by us or any other person we appoint, pursuant to rules for the conduct of the meeting determined by the person conducting the meeting. Whenever the vote, approval or consent of partners is permitted or required under the partnership agreement, such vote, approval or consent may be given at a meeting of partners, and any action requiring the approval or consent of any partner or group of partners or that is otherwise required or permitted to be taken at a meeting of the partners may be taken without a meeting if a consent in writing or by electronic transmission setting forth the action so taken, approved or consented to is given by partners whose affirmative vote would be sufficient to approve such action or provide such approval or consent at a meeting of the partners. If we seek partner approval of or consent to any matter in writing or by electronic transmission, we may require a response within a reasonable specified time, but not less than fifteen days, and failure to respond in such time period will constitute a partner’s consent consistent with our recommendation, if any, with respect to the matter.

Dissolution

Our operating partnership will dissolve, and its affairs will be wound up, upon the first to occur of any of the following:

- the removal or withdrawal of the last remaining general partner in accordance with the partnership agreement, the withdrawal of the last remaining general partner in violation of the partnership agreement or the involuntary withdrawal of the last remaining general partner as a result of such general partner's death, adjudication of incompetency, dissolution or other termination of legal existence or the occurrence of certain events relating to the bankruptcy or insolvency of such general partner unless, within ninety days after any such withdrawal, a majority in interest of the remaining partners agree in writing, in their sole and absolute discretion, to continue our operating partnership and to the appointment, effective as of the date of such withdrawal, of a successor general partner;
- an election to dissolve our operating partnership by us, in our sole and absolute discretion, with or without the consent of a majority in interest of the partners;
- the entry of a decree of judicial dissolution of our operating partnership pursuant to the Act; or
- the redemption or other acquisition by us or our operating partnership of all of the outstanding partnership interests other than partnership interests held by us.

Upon dissolution we or, if there is no remaining general partner, a liquidator will proceed to liquidate the assets of our operating partnership and apply the proceeds from such liquidation in the order of priority set forth in the partnership agreement and among holders of partnership interests in accordance with their capital account balances.

Tax Matters

Pursuant to the partnership agreement, we, as the general partner, are the tax matters partner of our operating partnership, and in such capacity, have the authority to handle tax audits on behalf of our operating partnership. In addition, as the general partner, we have the authority to arrange for the preparation and filing of our operating partnership's tax returns and to make tax elections under the Code on behalf of our operating partnership.

LTIP Units

Our operating partnership is authorized to issue a class of units of partnership interest designated as "LTIP Units." We may cause our operating partnership to issue LTIP Units to persons who provide services to or for the benefit of our operating partnership, for such consideration or for no consideration as we may determine to be appropriate, and we may admit such persons as limited partners of our operating partnership, without the approval or consent of any limited partner. Further, we may cause our operating partnership to issue LTIP Units in one or more classes or series, with such terms as we may determine, without the approval or consent of any limited partner. LTIP Units may be subject to vesting, forfeiture and restrictions on transfer and receipt of distributions pursuant to the terms of any applicable equity-based plan and the terms of any award agreement relating to the issuance of the LTIP Units.

Conversion Rights

Vested LTIP Units are convertible at the option of each limited partner and some assignees of limited partners (in each case, that hold vested LTIP Units) into common units, upon notice to us and our operating partnership, to the extent that the capital account balance of the LTIP unitholder with respect to all of his or her

[Table of Contents](#)

LTIP Units is at least equal to our capital account balance with respect to an equal number of common units. We may cause our operating partnership to convert vested LTIP Units eligible for conversion into an equal number of common units at any time, upon at least 10 and not more than 60 days' notice to the holder of the LTIP Units.

If we or our operating partnership is party to a transaction, including a merger, consolidation, sale of all or substantially all of our assets or other business combination, as a result of which common units are exchanged for or converted into the right, or holders of common units are otherwise entitled, to receive cash, securities or other property (or any combination thereof), we must cause our operating partnership to convert any vested LTIP Units then eligible for conversion into common units immediately before the transaction, taking into account any special allocations of income that would be made as a result of the transaction. Our operating partnership must use commercially reasonable efforts to cause each limited partner (other than a party to such a transaction or an affiliate of such a party) holding LTIP Units that will be converted into common units in such a transaction to be afforded the right to receive the same kind and amount of cash, securities and other property (or any combination thereof) for such common units that each holder of common units receives in the transaction. If holders of common units have the opportunity to elect the form or type of consideration to be received in any such transaction, we must give prompt written notice to each limited partner holding LTIP Units of such opportunity and use commercially reasonable efforts to allow limited partners holding LTIP Units the opportunity to make such elections with respect to the common units that each such limited partner will receive upon conversion of his or her LTIP Units. If an LTIP unitholder fails to make such an election, he or she will receive the same kind and amount of consideration that a holder of common units would receive if such holder failed to make such an election. Subject to the terms of an applicable incentive award plan and/or award agreement, our operating partnership must also use commercially reasonable efforts to enter into an agreement with the successor or purchasing entity in any such transaction for the benefit of the limited partners holding LTIP Units, enabling the limited partners holding LTIP Units that remain outstanding after such a transaction to convert their LTIP Units into securities as comparable as reasonably possible under the circumstances to common units and preserving as far as reasonably possible under the circumstances the distribution, special allocation, conversion, and other rights set forth in the partnership agreement for the benefit of the LTIP unitholders.

Any conversion of LTIP Units into common units will be effective as of the close of business on the effective date of the conversion.

Transfer

Unless an applicable equity-based plan or the terms of an award agreement specify additional restrictions on transfer of LTIP Units, LTIP Units are transferable to the same extent as common units, as described above in “—Transfers and Withdrawals.”

Voting Rights

Limited partners holding LTIP Units are entitled to vote together as a class with limited partners holding common units on all matters on which limited partners holding common units are entitled to vote or consent, and may cast one vote for each LTIP Unit so held.

Adjustment of LTIP Units

If our operating partnership takes certain actions, including making a distribution of units on all outstanding common units, combining or subdividing the outstanding common units into a different number of common units or reclassifying the outstanding common units, we must adjust the number of outstanding LTIP Units or subdivide or combine outstanding LTIP Units to maintain a one-for-one conversion ratio and economic equivalence between common units and LTIP Units.

U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a general summary of certain material U.S. federal income tax considerations regarding our company and holders of our common stock. For the purposes of this discussion, references to “we,” “our” and “us” mean only Rexford Industrial Realty, Inc., and do not include any of its subsidiaries, except as otherwise indicated. This summary is for general information only and is not tax advice. The information in this summary is based on:

- The Internal Revenue Code of 1986, as amended, or the Code;
- current, temporary and proposed Treasury Regulations promulgated under the Code;
- the legislative history of the Code;
- current administrative interpretations and practices of the Internal Revenue Service, or the IRS; and
- court decisions

in each case, as of the date of this prospectus. In addition, the administrative interpretations and practices of the IRS include its practices and policies as expressed in private letter rulings that are not binding on the IRS except with respect to the particular taxpayers who requested and received those rulings. Future legislation, Treasury Regulations, administrative interpretations and practices and/or court decisions may adversely affect the tax considerations contained in this discussion. Any such change could apply retroactively to transactions preceding the date of the change. We have not requested and do not intend to request a ruling from the IRS that we qualify as a REIT, and the statements in this prospectus are not binding on the IRS or any court. Thus, we can provide no assurance that the tax considerations contained in this discussion will not be challenged by the IRS or will be sustained by a court if challenged by the IRS. This summary does not discuss any state, local or non-U.S. tax consequences, or any tax consequences arising under any federal tax other than the income tax, associated with the purchase, ownership, or disposition of our common stock, or our election to be taxed as a REIT.

You are urged to consult your tax advisors regarding the tax consequences to you of:

- **the purchase, ownership or disposition of our common stock including the federal, state, local, non-U.S. and other tax consequences;**
- **our election to be taxed as a REIT for federal income tax purposes; and**
- **potential changes in applicable tax laws.**

Taxation of Our Company

General

We intend to elect and qualify to be taxed as a REIT under Sections 856 through 860 of the Code, commencing with our taxable year ending December 31, 2013. We believe that we are organized and will operate in a manner that will allow us to qualify for taxation as a REIT under the Code commencing with our taxable year ending December 31, 2013, and we intend to continue to be organized and operate in this manner. However, qualification and taxation as a REIT depend upon our ability to meet the various qualification tests imposed under the Code, including through actual annual operating results, asset composition, distribution levels and diversity of stock ownership. Accordingly, no assurance can be given that we have been organized and will operate, or will continue to be organized and operate, in a manner so as to qualify or remain qualified as a REIT. See “—Taxation of Our Company—Failure to Qualify.”

[Table of Contents](#)

The sections of the Code and the corresponding Treasury Regulations that relate to qualification and taxation as a REIT are highly technical and complex. The following sets forth certain material aspects of the sections of the Code that govern the federal income tax treatment of a REIT and the holders of its common stock. This summary is qualified in its entirety by the applicable Code provisions, relevant rules and regulations promulgated under the Code, and administrative and judicial interpretations of the Code and these rules and regulations.

Latham & Watkins LLP has acted as our tax counsel in connection with this prospectus and our election to be taxed as a REIT. Latham & Watkins LLP will render an opinion to us to the effect that, commencing with our taxable year ending December 31, 2013, we will be organized in conformity with the requirements for qualification and taxation as a REIT under Sections 856 through 860 of the Code, and our proposed method of operation will enable us to meet the requirements for qualification and taxation as a REIT under Sections 856 through 860 of the Code for such taxable year and thereafter. It must be emphasized that this opinion was based on various assumptions and representations as to factual matters, including representations made by us in a factual certificate provided by one of our officers. In addition, this opinion was based upon our factual representations set forth in this prospectus. Moreover, our qualification and taxation as a REIT depend upon our ability to meet the various qualification tests imposed under the Code, which are discussed below, including through actual annual operating results, asset composition, distribution levels and diversity of stock ownership, the results of which will not be reviewed by Latham & Watkins LLP. Accordingly, no assurance can be given that our actual results of operation for any particular taxable year will satisfy those requirements. Further, the anticipated U.S. federal income tax treatment described in this prospectus may be changed, perhaps retroactively, by legislative, administrative or judicial action at any time. Latham & Watkins LLP has no obligation to update its opinion subsequent to its date.

Provided we qualify for taxation as a REIT, we generally will not be required to pay federal corporate income taxes on our net income that is currently distributed to our stockholders. This treatment substantially eliminates the “double taxation” that ordinarily results from investment in a C corporation. A C corporation is a corporation that generally is required to pay tax at the corporate level. Double taxation means taxation once at the corporate-level when income is earned and once again at the stockholder level when the income is distributed.

We will, however, be required to pay federal income tax as follows:

- First, we will be required to pay tax at regular corporate rates on any undistributed net taxable income, including undistributed net capital gains.
- Second, we may be required to pay the “alternative minimum tax” on our items of tax preference under some circumstances.
- Third, if we have (1) net income from the sale or other disposition of “foreclosure property” held primarily for sale to customers in the ordinary course of business or (2) other nonqualifying income from foreclosure property, we will be required to pay tax at the highest corporate rate on this income. To the extent that income from foreclosure property is otherwise qualifying income for purposes of the 75% gross income test, this tax is not applicable. Subject to certain other requirements, foreclosure property generally is defined as property we acquired through foreclosure or after a default on a loan secured by the property or a lease of the property.
- Fourth, we will be required to pay a 100% tax on any net income from prohibited transactions. Prohibited transactions are, in general, sales or other taxable dispositions of property, other than foreclosure property, held as inventory or primarily for sale to customers in the ordinary course of business.
- Fifth, if we fail to satisfy the 75% gross income test or the 95% gross income test, as described below, but have otherwise maintained our qualification as a REIT because certain other

[Table of Contents](#)

requirements are met, we will be required to pay a tax equal to (1) the greater of (A) the amount by which we fail to satisfy the 75% gross income test and (B) the amount by which we fail to satisfy the 95% gross income test, multiplied by (2) a fraction intended to reflect our profitability.

- Sixth, if we fail to satisfy any of the asset tests (other than a *de minimis* failure of the 5% or 10% asset test), as described below, due to reasonable cause and not due to willful neglect, and we nonetheless maintain our REIT qualification because of specified cure provisions, we will be required to pay a tax equal to the greater of \$50,000 or the highest corporate tax rate multiplied by the net income generated by the nonqualifying assets that caused us to fail such test.
- Seventh, if we fail to satisfy any provision of the Code that would result in our failure to qualify as a REIT (other than a violation of the gross income tests or certain violations of the asset tests, as described below) and the violation is due to reasonable cause and not due to willful neglect, we may retain our REIT qualification but we will be required to pay a penalty of \$50,000 for each such failure.
- Eighth, we will be required to pay a 4% excise tax to the extent we fail to distribute during each calendar year at least the sum of (1) 85% of our ordinary income for the year, (2) 95% of our capital gain net income for the year, and (3) any undistributed taxable income from prior periods.
- Ninth, if we acquire any asset from a corporation that is or has been a C corporation in a transaction in which the basis of the asset in our hands is less than the fair market value of the asset, in each case determined at the time we acquired the asset, and we subsequently recognize gain on the disposition of the asset during the ten-year period beginning on the date on which we acquired the asset, then we will be required to pay tax at the highest regular corporate tax rate on this gain to the extent of the excess of (1) the fair market value of the asset over (2) our adjusted basis in the asset, in each case determined as of the date on which we acquired the asset. The results described in this paragraph with respect to the recognition of gain assume that the C corporation will refrain from making an election to receive different treatment under applicable Treasury Regulations on its tax return for the year in which we acquire the asset from the C corporation. The IRS has issued Proposed Treasury Regulations which would exclude from the application of this built-in gains tax any gain from the sale of property acquired by us in an exchange under Section 1031 (a like kind exchange) or 1033 (an involuntary conversion) of the Code. These Proposed Treasury Regulations will not be effective unless they are issued in their final form, and as of the date of this prospectus, it is not possible to determine whether the proposed regulations will be finalized in their current form or at all.
- Tenth, entities we own that are C corporations, including any “taxable REIT subsidiaries,” generally will be required to pay federal corporate income tax on their earnings.
- Eleventh, we will be required to pay a 100% tax on any “redetermined rents,” “redetermined deductions” or “excess interest.” See “—Taxation of Our Company—Penalty Tax.” In general, redetermined rents are rents from real property that are overstated as a result of services furnished to any of our tenants by a taxable REIT subsidiary of ours. Redetermined deductions and excess interest generally represent amounts that are deducted by a taxable REIT subsidiary of ours for amounts paid to us that are in excess of the amounts that would have been deducted based on arm’s length negotiations.

Requirements for Qualification as a REIT

The Code defines a REIT as a corporation, trust or association:

- (1) that is managed by one or more trustees or directors;

Table of Contents

- (2) that issues transferable shares or transferable certificates to evidence its beneficial ownership;
- (3) that would be taxable as a domestic corporation, but for Sections 856 through 860 of the Code;
- (4) that is not a financial institution or an insurance company within the meaning of certain provisions of the Code;
- (5) that is beneficially owned by 100 or more persons;
- (6) not more than 50% in value of the outstanding stock of which is owned, actually or constructively, by five or fewer individuals, including certain specified entities, during the last half of each taxable year; and
- (7) that meets other tests, described below, regarding the nature of its income and assets and the amount of its distributions.

The Code provides that conditions (1) to (4), inclusive, must be met during the entire taxable year and that condition (5) must be met during at least 335 days of a taxable year of 12 months, or during a proportionate part of a taxable year of less than 12 months. Conditions (5) and (6) do not apply until after the first taxable year for which an election is made to be taxed as a REIT, which is expected to be 2014 in our case. For purposes of condition (6), the term “individual” includes a supplemental unemployment compensation benefit plan, a private foundation or a portion of a trust permanently set aside or used exclusively for charitable purposes, but generally does not include a qualified pension plan or profit sharing trust.

We believe we have been organized, will operate and will issue sufficient shares of common stock with sufficient diversity of ownership to allow us to satisfy conditions (1) through (7) inclusive, during the relevant time periods. In addition, our charter provides for restrictions regarding ownership and transfer of our shares which are intended to assist us in continuing to satisfy the share ownership requirements described in (5) and (6) above. These share ownership and transfer restrictions are described under “Description of Stock—Restrictions on Ownership and Transfer” in this prospectus. These restrictions, however, do not ensure that we will, in all cases, satisfy, the share ownership requirements described in (5) and (6) above. If we fail to satisfy these share ownership requirements, except as provided in the next sentence, our status as a REIT will terminate. If, however, we comply with the rules contained in applicable Treasury Regulations that require us to ascertain the actual ownership of our shares and we do not know, or would not have known through the exercise of reasonable diligence, that we failed to meet the requirement described in condition (6) above, we will be treated as having met this requirement. See “—Taxation of Our Company—Failure to Qualify.”

In addition, we may not maintain our status as a REIT unless our taxable year is the calendar year. We have and will continue to have a calendar taxable year.

Ownership of Interests in Partnerships, Limited Liability Companies and Qualified REIT Subsidiaries

In the case of a REIT which is a partner in a partnership or a member in a limited liability company treated as a partnership for federal income tax purposes, Treasury Regulations provide that the REIT will be deemed to own its proportionate share of the assets of the partnership or limited liability company, as the case may be, based on its interest in partnership capital, subject to special rules relating to the 10% asset test described below. Also, the REIT will be deemed to be entitled to its proportionate share of the income of that entity. The assets and gross income of the partnership or limited liability company retain the same character in the hands of the REIT for purposes of Section 856 of the Code, including satisfying the gross income tests and the asset tests. Thus, our pro rata share of the assets and items of income of our operating partnership, including our operating partnership’s share of these items of any partnership or limited liability company treated as a partnership or disregarded entity for federal income tax purposes in which it owns an interest, is treated as our assets and items

[Table of Contents](#)

of income for purposes of applying the requirements described in this discussion, including the gross income and asset tests described below. A brief summary of the rules governing the federal income taxation of partnerships and limited liability companies is set forth below in “—Tax Aspects of Our Operating Partnership, the Subsidiary Partnerships and the Limited Liability Companies.”

We have control of our operating partnership and intend to control any of its subsidiary partnerships and limited liability companies, and we intend to operate them in a manner consistent with the requirements for our qualification as a REIT. We may from time to time be a limited partner or non-managing member in a partnership or limited liability company. If a partnership or limited liability company in which we own an interest takes or expects to take actions that could jeopardize our status as a REIT or require us to pay tax, we may be forced to dispose of our interest in such entity. In addition, it is possible that a partnership or limited liability company could take an action which could cause us to fail a gross income or asset test, and that we would not become aware of such action in time to dispose of our interest in the partnership or limited liability company or take other corrective action on a timely basis. In that case, we could fail to qualify as a REIT unless we were entitled to relief, as described below.

We may from time to time own and operate certain properties through wholly owned subsidiaries that we intend to be treated as “qualified REIT subsidiaries” under the Code. A corporation will qualify as our qualified REIT subsidiary if we own 100% of the corporation’s outstanding stock and do not elect with the subsidiary to treat it as a “taxable REIT subsidiary,” as described below. A qualified REIT subsidiary is not treated as a separate corporation, and all assets, liabilities and items of income, gain, loss, deduction and credit of a qualified REIT subsidiary are treated as assets, liabilities and items of income, gain, loss, deduction and credit of the parent REIT for all purposes under the Code, including all REIT qualification tests. Thus, in applying the federal tax requirements described in this discussion, any qualified REIT subsidiaries we own are ignored, and all assets, liabilities and items of income, gain, loss, deduction and credit of such corporations are treated as our assets, liabilities and items of income, gain, loss, deduction and credit. A qualified REIT subsidiary is not subject to federal income tax, and our ownership of the stock of a qualified REIT subsidiary does not violate the restrictions on ownership of securities, as described below under “—Taxation of Our Company—Asset Tests.”

Ownership of Interests in Taxable REIT Subsidiaries

We will own interests in one or more taxable REIT subsidiaries and may acquire securities in additional taxable REIT subsidiaries in the future. A taxable REIT subsidiary is a corporation other than a REIT in which a REIT directly or indirectly holds stock, and that has made a joint election with such REIT to be treated as a taxable REIT subsidiary. If a taxable REIT subsidiary owns more than 35% of the total voting power or value of the outstanding securities of another corporation, such other corporation will also be treated as a taxable REIT subsidiary. Other than some activities relating to lodging and health care facilities, a taxable REIT subsidiary may generally engage in any business, including the provision of customary or non-customary services to tenants of its parent REIT. A taxable REIT subsidiary is subject to federal income tax as a regular C corporation. In addition, a taxable REIT subsidiary may be prevented from deducting interest on debt funded directly or indirectly by its parent REIT if certain tests regarding the taxable REIT subsidiary’s debt to equity ratio and interest expense are not satisfied. A REIT’s ownership of securities of a taxable REIT subsidiary is not subject to the 5% or 10% asset test described below, and their operations will be subject to the provisions described above. See “—Taxation of Our Company—Asset Tests.”

Income Tests

We must satisfy two gross income requirements annually to maintain our qualification as a REIT. First, in each taxable year we must derive directly or indirectly at least 75% of our gross income (excluding gross income from prohibited transactions, certain hedging transactions and certain foreign currency gains) from investments relating to real property or mortgages on real property, including “rents from real property,” interest on obligations adequately secured by mortgages on real property, and certain types of temporary investments.

[Table of Contents](#)

Second, in each taxable year we must derive at least 95% of our gross income (excluding gross income from prohibited transactions, certain hedging transactions and certain foreign currency gains) from the real property investments described above or dividends, interest and gain from the sale or disposition of stock or securities, or from any combination of the foregoing.

Rents we receive from a tenant will qualify as “rents from real property” for the purpose of satisfying the gross income requirements for a REIT described above only if all of the following conditions are met:

- The amount of rent is not based in whole or in part on the income or profits of any person. However, an amount we receive or accrue generally will not be excluded from the term “rents from real property” solely because it is based on a fixed percentage or percentages of receipts or sales;
- Neither we nor an actual or constructive owner of 10% or more of our stock actually or constructively owns 10% or more of the interests in the assets or net profits of a non-corporate tenant, or, if the tenant is a corporation, 10% or more of the total combined voting power of all classes of stock entitled to vote or 10% or more of the total value of all classes of stock of the tenant. Rents we receive from such a tenant that is a taxable REIT subsidiary of ours, however, will not be excluded from the definition of “rents from real property” as a result of this condition if at least 90% of the space at the property to which the rents relate is leased to third parties, and the rents paid by the taxable REIT subsidiary are substantially comparable to rents paid by our other tenants for comparable space. Whether rents paid by a taxable REIT subsidiary are substantially comparable to rents paid by other tenants is determined at the time the lease with the taxable REIT subsidiary is entered into, extended, and modified, if such modification increases the rents due under such lease. Notwithstanding the foregoing, however, if a lease with a “controlled taxable REIT subsidiary” is modified and such modification results in an increase in the rents payable by such taxable REIT subsidiary, any such increase will not qualify as “rents from real property.” For purposes of this rule, a “controlled taxable REIT subsidiary” is a taxable REIT subsidiary in which the parent REIT owns stock possessing more than 50% of the voting power or more than 50% of the total value of the outstanding stock of such taxable REIT subsidiary;
- Rent attributable to personal property, leased in connection with a lease of real property, is not greater than 15% of the total rent received under the lease. If this condition is not met, then the portion of the rent attributable to personal property will not qualify as “rents from real property”; and
- We generally do not operate or manage the property or furnish or render services to our tenants, subject to a 1% *de minimis* exception and except as provided below. We are permitted, however, to perform directly certain services that are “usually or customarily rendered” in connection with the rental of space for occupancy only and are not otherwise considered “rendered to the occupant” of the property. Examples of these permitted services include the provision of light, heat, or other utilities, trash removal and general maintenance of common areas. In addition, we are permitted to employ an independent contractor from whom we derive no revenue to provide customary services to our tenants, or a taxable REIT subsidiary, which may be wholly or partially owned by us, to provide both customary and non-customary services to our tenants without causing the rent we receive from those tenants to fail to qualify as “rents from real property.” Any amounts we receive from a taxable REIT subsidiary with respect to the taxable REIT subsidiary’s provision of non-customary services will, however, be nonqualifying income under the 75% gross income test and, except to the extent received through the payment of dividends, the 95% gross income test.

We generally do not intend, and as a general partner of our operating partnership, do not intend to permit our operating partnership, to take actions we believe will cause us to fail to satisfy the rental conditions described above. However, we may intentionally fail to satisfy some of these conditions to the extent the failure

[Table of Contents](#)

will not, based on the advice of our tax counsel, jeopardize our tax status as a REIT. In addition, with respect to the limitation on the rental of personal property, we have not obtained appraisals of the real property and personal property leased to tenants. Accordingly, there can be no assurance that the IRS will not disagree with our determinations of the value of such property.

Income we receive that is attributable to the use of parking spaces at the properties will generally constitute rents from real property for purposes of the gross income tests if certain services we provide with respect to the parking spaces are performed by independent contractors from whom we derive no revenue, either directly or indirectly, or by a taxable REIT subsidiary, and certain other conditions are met. We believe that the income we receive that is attributable to parking spaces meets these tests and, accordingly, will constitute rents from real property for purposes of the gross income tests.

For purposes of the gross income tests, the term “interest” generally does not include any amount received or accrued, directly or indirectly, if the determination of all or some of the amount depends in any way on the income or profits of any person. However, an amount received or accrued generally will not be excluded from the term “interest” solely by reason of being based on a fixed percentage or percentages of receipts or sales. Interest income constitutes qualifying mortgage interest for purposes of the 75% gross income test to the extent that the underlying obligation is secured by a mortgage on real property. If we receive interest income with respect to a mortgage loan that is secured by both real property and other property and the loan is not fully secured by real property, the interest income must be apportioned between the real property and the other property, and our income from the arrangement will qualify for purposes of the 75% gross income test only to the extent that the interest is allocable to the real property security. In this case, we would be required to apportion our annual interest income to the real property security based on a fraction, the numerator of which is the value of the real property securing the loan, determined when we commit to acquire the loan, and the denominator of which is the highest “principal amount” of the loan during the year. Even if a loan is not secured by real property or is undersecured, the income that it generates may nonetheless qualify for purposes of the 95% gross income test.

From time to time, we may enter into hedging transactions with respect to one or more of our assets or liabilities. Our hedging activities may include entering into interest rate swaps, caps, and floors, options to purchase these items, and futures and forward contracts. Income from a hedging transaction, including gain from the sale or disposition of such a transaction, that is clearly identified as a hedging transaction as specified in the Code, will not constitute gross income and thus will be exempt from the 75% and 95% gross income tests. The term “hedging transaction,” as used above, generally means any transaction we enter into in the normal course of our business primarily to manage risk of (1) interest rate changes or fluctuations with respect to borrowings made or to be made by us to acquire or carry real estate assets, or (2) currency fluctuations with respect to an item of qualifying income under the 75% or 95% gross income test or any property which generates such income. To the extent that we do not properly identify such transactions as hedges or we hedge with other types of financial instruments, the income from those transactions is not likely to be treated as qualifying income for purposes of the gross income tests. We intend to structure any hedging transactions in a manner that does not jeopardize our status as a REIT.

To the extent we receive dividends from a taxable REIT subsidiary, we generally will derive our allocable share of such dividend income through our interest in our operating partnership. Such dividend income will qualify under the 95%, but not the 75%, gross income test.

We will monitor the amount of our nonqualifying income and will take actions intended to keep such income within the limitations of the gross income tests. Although we expect these actions will be sufficient to prevent a violation of the gross income tests, we cannot guarantee that such actions will in all cases prevent such a violation.

[Table of Contents](#)

If we fail to satisfy one or both of the 75% or 95% gross income tests for any taxable year, we may nevertheless qualify as a REIT for the year if we are entitled to relief under certain provisions of the Code. We generally may make use of the relief provisions if:

- following our identification of the failure to meet the 75% or 95% gross income tests for any taxable year, we file a schedule with the IRS setting forth each item of our gross income for purposes of the 75% or 95% gross income tests for such taxable year in accordance with Treasury Regulations to be issued; and
- our failure to meet these tests was due to reasonable cause and not due to willful neglect.

It is not possible, however, to state whether in all circumstances we would be entitled to the benefit of these relief provisions. For example, if we fail to satisfy the gross income tests because nonqualifying income that we intentionally accrue or receive exceeds the limits on nonqualifying income, the IRS could conclude that our failure to satisfy the tests was not due to reasonable cause. If these relief provisions do not apply to a particular set of circumstances, we will not qualify as a REIT. As discussed above in “—Taxation of Our Company—General,” even if these relief provisions apply, and we retain our status as a REIT, a tax would be imposed with respect to our nonqualifying income. We may not always be able to comply with the gross income tests for REIT qualification despite periodic monitoring of our income.

Prohibited Transaction Income

Any gain that we realize on the sale of property held as inventory or otherwise held primarily for sale to customers in the ordinary course of business, including our share of any such gain realized by our operating partnership, either directly or through its subsidiary partnerships and limited liability companies, will be treated as income from a prohibited transaction that is subject to a 100% penalty tax, unless certain safe harbor exceptions apply. This prohibited transaction income may also adversely affect our ability to satisfy the gross income tests for qualification as a REIT. Under existing law, whether property is held as inventory or primarily for sale to customers in the ordinary course of a trade or business is a question of fact that depends on all the facts and circumstances surrounding the particular transaction. Our operating partnership intends to hold its properties for investment with a view to long-term appreciation, to engage in the business of acquiring, developing and owning its properties and to make occasional sales of the properties as are consistent with our operating partnership’s investment objectives. We do not intend to enter into any sales that are prohibited transactions. However, the IRS may successfully contend that some or all of the sales made by our operating partnership or its subsidiary partnerships or limited liability companies are prohibited transactions. We would be required to pay the 100% penalty tax on our allocable share of the gains resulting from any such sales.

Penalty Tax

Any redetermined rents, redetermined deductions or excess interest we generate will be subject to a 100% penalty tax. In general, redetermined rents are rents from real property that are overstated as a result of any services furnished to any of our tenants by a taxable REIT subsidiary of ours, and redetermined deductions and excess interest represent any amounts that are deducted by a taxable REIT subsidiary of ours for amounts paid to us that are in excess of the amounts that would have been deducted based on arm’s length negotiations. Rents we receive will not constitute redetermined rents if they qualify for certain safe harbor provisions contained in the Code.

If a taxable REIT subsidiary of ours provides services to our tenants, we intend to set the fees paid to any such taxable REIT subsidiary for such services at arm’s length rates, although the fees paid may not satisfy the safe-harbor provisions referenced above. These determinations are inherently factual, and the IRS has broad discretion to assert that amounts paid between related parties should be reallocated to clearly reflect their respective incomes. If the IRS successfully made such an assertion, we would be required to pay a 100% penalty tax on the excess of an arm’s length fee for tenant services over the amount actually paid.

Asset Tests

At the close of each calendar quarter of our taxable year, we must also satisfy four tests relating to the nature and diversification of our assets. First, at least 75% of the value of our total assets must be represented by real estate assets, cash, cash items and government securities. For purposes of this test, the term “real estate assets” generally means real property (including interests in real property and interests in mortgages on real property) and shares (or transferable certificates of beneficial interest) in other REITs, as well as any stock or debt instrument attributable to the investment of the proceeds of a stock offering or a public offering of debt with a term of at least five years, but only for the one-year period beginning on the date the REIT receives such proceeds.

Second, not more than 25% of the value of our total assets may be represented by securities (including securities of one or more taxable REIT subsidiaries), other than those securities includable in the 75% asset test.

Third, of the investments included in the 25% asset class, and except for investments in any other REITs, any qualified REIT subsidiaries and taxable REIT subsidiaries, the value of any one issuer’s securities may not exceed 5% of the value of our total assets, and we may not own more than 10% of the total vote or value of the outstanding securities of any one issuer except, in the case of the 10% value test, securities satisfying the “straight debt” safe-harbor or securities issued by a partnership that itself would satisfy the 75% income test if it were a REIT. Certain types of securities we may own are disregarded as securities solely for purposes of the 10% value test, including, but not limited to, any loan to an individual or an estate, any obligation to pay rents from real property and any security issued by a REIT. In addition, solely for purposes of the 10% value test, the determination of our interest in the assets of a partnership or limited liability company in which we own an interest will be based on our proportionate interest in any securities issued by the partnership or limited liability company, excluding for this purpose certain securities described in the Code.

Fourth, not more than 25% of the value of our total assets may be represented by the securities of one or more taxable REIT subsidiaries. Our operating partnership may own the stock of certain corporations that elect, together with us, to be treated as our taxable REIT subsidiaries. So long as each of these companies qualifies as a taxable REIT subsidiary, we will not be subject to the 5% asset test, the 10% voting securities limitation or the 10% value limitation with respect to our ownership of their stock. We intend that the aggregate value of our taxable REIT subsidiaries will not exceed 25% of the aggregate value of our gross assets. There can be no assurance that the IRS will not disagree with our determinations of value of such assets.

In the event that we invest in a mortgage loan that is not fully secured by real property, only a portion of the mortgage loan may be treated as a real estate asset for purposes of the 75% asset test. Pursuant to Revenue Procedure 2011-16, the IRS has announced that it will not challenge a REIT’s treatment of a loan as a real estate asset in its entirety to the extent that the value of the loan is equal to or less than the value of the real property securing the loan at the relevant testing date. However, uncertainties exist regarding the application of Revenue Procedure 2011-16, particularly with respect to the proper treatment under the asset tests of mortgage loans acquired at a discount that increase in value following their acquisition, and no assurance can be given that the IRS would not challenge our treatment of such assets.

The asset tests must be satisfied at the close of each calendar quarter of our taxable year in which we (directly or through our operating partnership) acquire securities in the applicable issuer, and also at the close of each calendar quarter in which we increase our ownership of securities of such issuer (including as a result of increasing our interest in our operating partnership). For example, our indirect ownership of securities of each issuer will increase as a result of our capital contributions to our operating partnership or as limited partners exercise their redemption/exchange rights. After initially meeting the asset tests at the close of any quarter, we will not lose our status as a REIT for failure to satisfy the asset tests at the end of a later quarter solely by reason of changes in asset values. If we fail to satisfy an asset test because we acquire securities or other property during a quarter (including as a result of an increase in our interest in our operating partnership), we may cure this

[Table of Contents](#)

failure by disposing of sufficient nonqualifying assets within 30 days after the close of that quarter. We intend to maintain adequate records of the value of our assets to ensure compliance with the asset tests. If we fail to cure any noncompliance with the asset tests within the 30 day cure period, we would cease to qualify as a REIT unless we are eligible for certain relief provisions discussed below.

Certain relief provisions may be available to us if we discover a failure to satisfy the asset tests described above after the 30 day cure period. Under these provisions, we will be deemed to have met the 5% and 10% asset tests if the value of our nonqualifying assets (i) does not exceed the lesser of (a) 1% of the total value of our assets at the end of the applicable quarter or (b) \$10,000,000, and (ii) we dispose of the nonqualifying assets or otherwise satisfy such tests within (a) six months after the last day of the quarter in which the failure to satisfy the asset tests is discovered or (b) the period of time prescribed by Treasury Regulations to be issued. For violations of any of the asset tests due to reasonable cause and not due to willful neglect and that are, in the case of the 5% and 10% asset tests, in excess of the *de minimis* exception described above, we may avoid disqualification as a REIT after the 30 day cure period by taking steps including (i) the disposition of sufficient nonqualifying assets, or the taking of other actions, which allow us to meet the asset tests within (a) six months after the last day of the quarter in which the failure to satisfy the asset tests is discovered or (b) the period of time prescribed by Treasury Regulations to be issued, (ii) paying a tax equal to the greater of (a) \$50,000 or (b) the highest corporate tax rate multiplied by the net income generated by the nonqualifying assets, and (iii) disclosing certain information to the IRS.

Although we intend to satisfy the asset tests described above and plan to take steps to ensure that we satisfy such tests for any quarter with respect to which retesting is to occur, there can be no assurance we will always be successful, or will not require a reduction in our operating partnership's overall interest in an issuer (including in a taxable REIT subsidiary). If we fail to cure any noncompliance with the asset tests in a timely manner, and the relief provisions described above are not available, we would cease to qualify as a REIT.

Annual Distribution Requirements

To maintain our qualification as a REIT, we are required to distribute dividends, other than capital gain dividends, to our stockholders in an amount at least equal to the sum of:

- 90% of our "REIT taxable income"; and
- 90% of our after tax net income, if any, from foreclosure property; minus
- the excess of the sum of certain items of non-cash income over 5% of our "REIT taxable income."

For these purposes, our "REIT taxable income" is computed without regard to the dividends paid deduction and our net capital gain. In addition, for purposes of this test, non-cash income means income attributable to leveled stepped rents, original issue discount on purchase money debt, cancellation of indebtedness, or a like-kind exchange that is later determined to be taxable.

Also, our "REIT taxable income" will be reduced by any taxes we are required to pay on any gain we recognize from the disposition of any asset we acquired from a corporation which is or has been a C corporation in a transaction in which our basis in the asset is less than the fair market value of the asset, in each case determined at the time we acquired the asset, within the ten-year period following our acquisition of such asset.

We generally must pay, or be treated as paying, the distributions described above in the taxable year to which they relate. At our election, a distribution will be treated as paid in a taxable year if it is declared before we timely file our tax return for such year and paid on or before the first regular dividend payment after such declaration, provided such payment is made during the 12-month period following the close of such year. These distributions are treated as received by our stockholders in the year in which paid even though these distributions relate to the prior year for purposes of the 90% distribution requirement. In order to be taken into account for

[Table of Contents](#)

purposes of our distribution requirement, the amount distributed must not be preferential—i.e., every stockholder of the class of stock to which a distribution is made must be treated the same as every other stockholder of that class, and no class of stock may be treated other than according to its dividend rights as a class. To the extent that we do not distribute all of our net capital gain, or distribute at least 90%, but less than 100%, of our “REIT taxable income,” as adjusted, we will be required to pay tax on the undistributed amount at regular corporate tax rates. We intend to make timely distributions sufficient to satisfy these annual distribution requirements and to minimize our corporate tax obligations. In this regard, the partnership agreement of our operating partnership authorizes us, as general partner of our operating partnership, to take such steps as may be necessary to cause our operating partnership to distribute to its partners an amount sufficient to permit us to meet these distribution requirements and to minimize our corporate tax obligation.

We expect that our REIT taxable income will be less than our cash flow because of depreciation and other non-cash charges included in computing REIT taxable income. Accordingly, we anticipate that we generally will have sufficient cash or liquid assets to enable us to satisfy the distribution requirements described above. However, from time to time, we may not have sufficient cash or other liquid assets to meet these distribution requirements due to timing differences between the actual receipt of income and actual payment of deductible expenses, and the inclusion of income and deduction of expenses in determining our taxable income. In addition, we may decide to retain our cash, rather than distribute it, in order to repay debt or for other reasons. In these cases, we may borrow funds to pay dividends or pay dividends through the distribution of other property in order to meet the distribution requirements while preserving our cash.

Under certain circumstances, we may be able to rectify an inadvertent failure to meet the 90% distribution requirement for a year by paying “deficiency dividends” to our stockholders in a later year, which may be included in our deduction for dividends paid for the earlier year. Thus, we may be able to avoid being taxed on amounts distributed as deficiency dividends, subject to the 4% excise tax described below. However, we will be required to pay interest to the IRS based upon the amount of any deduction claimed for deficiency dividends. While the payment of a deficiency dividend will apply to a prior year for purposes of our REIT distribution requirements, it will be treated as an additional distribution to our stockholders in the year such dividend is paid.

Furthermore, we will be required to pay a 4% excise tax to the extent we fail to distribute during each calendar year at least the sum of 85% of our ordinary income for such year, 95% of our capital gain net income for the year and any undistributed taxable income from prior periods. Any ordinary income and net capital gain on which this excise tax is imposed for any year is treated as an amount distributed during that year for purposes of calculating such tax.

For purposes of the 90% distribution requirement and excise tax described above, dividends declared during the last three months of the taxable year, payable to stockholders of record on a specified date during such period and paid during January of the following year, will be treated as paid by us and received by our stockholders on December 31 of the year in which they are declared.

Like-Kind Exchanges

We may dispose of properties in transactions intended to qualify as like-kind exchanges under the Code. Such like-kind exchanges are intended to result in the deferral of gain for federal income tax purposes. The failure of any such transaction to qualify as a like-kind exchange could subject us to federal income tax, possibly including the 100% prohibited transaction tax, depending on the facts and circumstances surrounding the particular transaction.

Failure To Qualify

If we discover a violation of a provision of the Code that would result in our failure to qualify as a REIT, specified cure provisions may be available to us. Except with respect to violations of the gross income

[Table of Contents](#)

tests and asset tests (for which the cure provisions are described above), and provided the violation is due to reasonable cause and not due to willful neglect, these cure provisions generally impose a \$50,000 penalty for each violation in lieu of a loss of REIT status. If we fail to satisfy the requirements for taxation as a REIT in any taxable year, and the relief provisions do not apply, we will be required to pay tax, including any applicable alternative minimum tax, on our taxable income at regular corporate rates. Distributions to stockholders in any year in which we fail to qualify as a REIT will not be deductible by us, and we will not be required to distribute any amounts to our stockholders. As a result, we anticipate that our failure to qualify as a REIT would reduce the cash available for distribution by us to our stockholders. In addition, if we fail to qualify as a REIT, all distributions to stockholders will be taxable as regular corporate dividends to the extent of our current and accumulated earnings and profits. In this event, corporate distributees may be eligible for the dividends-received deduction. In addition, non-corporate stockholders, including individuals, may be eligible for the preferential tax rates on qualified dividend income. Unless entitled to relief under specific statutory provisions, we will also be ineligible to elect to be treated as a REIT for the four taxable years following the year for which we lost our qualification. It is not possible to state whether in all circumstances we would be entitled to this statutory relief.

Tax Aspects of Our Operating Partnership, the Subsidiary Partnerships and the Limited Liability Companies

General

All of our investments will be held indirectly through our operating partnership. In addition, our operating partnership will hold certain of its investments indirectly through subsidiary partnerships and limited liability companies which we expect will be treated as partnerships or disregarded entities for federal income tax purposes. In general, entities that are treated as partnerships or disregarded entities for federal income tax purposes are “pass-through” entities which are not required to pay federal income tax. Rather, partners or members of such entities are allocated their shares of the items of income, gain, loss, deduction and credit of the partnership or limited liability company, and are potentially required to pay tax on this income, without regard to whether they receive a distribution from the partnership or limited liability company. We will include in our income our share of these partnership and limited liability company items for purposes of the various gross income tests, the computation of our REIT taxable income, and the REIT distribution requirements. Moreover, for purposes of the asset tests, we will include our pro rata share of assets held by our operating partnership, including its share of its subsidiary partnerships and limited liability companies, based on our capital interests in each such entity. See “—Taxation of Our Company—General.”

Entity Classification

Our interests in our operating partnership and the subsidiary partnerships and limited liability companies involve special tax considerations, including the possibility that the IRS might challenge the status of these entities as partnerships or disregarded entities. For example, an entity that would otherwise be classified as a partnership for federal income tax purposes may nonetheless be taxable as a corporation if it is a “publicly traded partnership” and certain other requirements are met. A partnership or limited liability company would be treated as a publicly traded partnership if its interests are traded on an established securities market or are readily tradable on a secondary market or a substantial equivalent thereof, within the meaning of applicable Treasury Regulations. Interests in a partnership are not treated as readily tradable on a secondary market, or the substantial equivalent thereof, if all interests in the partnership were issued in one or more transactions that were not required to be registered under the Securities Act, and the partnership does not have more than 100 partners at any time during the taxable year of the partnership, taking into account certain ownership attribution and anti-avoidance rules (the “100 Partner Safe Harbor”). Our operating partnership does not expect to qualify for the 100 Partner Safe Harbor at the completion of the formation transactions. However, interests in our operating partnership will nonetheless be viewed as not readily tradable on a secondary market or the substantial equivalent thereof if the sum of the percentage interests in capital or profits of our operating partnership transferred during any taxable year of our operating partnership does not exceed 2% of the total interests in our operating

[Table of Contents](#)

partnership's capital or profits, subject to certain exceptions. For purpose of this 2% trading safe harbor, our interests in our operating partnership are excluded from the determination of the percentage interests in capital or profits of our operating partnership. In addition, this 2% trading safe harbor does not apply to transfers by a limited partner in one or more transactions during any 30-day period representing in the aggregate more than 2% of the total interests in our operating partnership's capital or profits. We, as general partner of our operating partnership, have the authority to take any steps we determine to prevent any trading of interests in our operating partnership that would cause our operating partnership to become a publicly traded partnership, including any steps necessary to ensure compliance with this 2% trading safe harbor.

We believe our operating partnership and each of our other partnerships and limited liability companies will be classified as partnerships or disregarded entities for federal income tax purposes, and we do not anticipate that our operating partnership or any subsidiary partnership or limited liability company will be treated as a publicly traded partnership that is taxable as a corporation. However, if our operating partnership does not qualify for the 100 Partner Safe Harbor and certain other safe harbor provisions of applicable Treasury Regulations are not available, our operating partnership could be classified as a publicly traded partnership.

If our operating partnership or any of our other partnerships or limited liability companies were to be treated as a publicly traded partnership, it would be taxable as a corporation unless it qualified for the statutory "90% qualifying income exception." Under that exception, a publicly traded partnership is not subject to corporate-level tax if 90% or more of its gross income consists of dividends, interest, "rents from real property" (as that term is defined for purposes of the rules applicable to REITs, with certain modifications), gain from the sale or other disposition of real property, and certain other types of qualifying income. However, if any such entity did not qualify for this exception or was otherwise taxable as a corporation, it would be required to pay an entity-level tax on its income. In this situation, the character of our assets and items of gross income would change and could prevent us from satisfying the REIT asset tests and possibly the REIT income tests. See "[Taxation of Our Company—Asset Tests](#)" and "[Taxation of Our Company—Income Tests](#)." This, in turn, could prevent us from qualifying as a REIT. See "[Taxation of Our Company—Failure to Qualify](#)" for a discussion of the effect of our failure to meet these tests. In addition, a change in the tax status of our operating partnership or a subsidiary partnership or limited liability company might be treated as a taxable event. If so, we might incur a tax liability without any related cash payment.

Allocations of Income, Gain, Loss and Deduction

Our operating partnership agreement generally provides that allocations of net income to holders of common units will be made proportionately to all such holders in respect of such units. Certain limited partners will have the opportunity to guarantee debt of our operating partnership. As a result of these guaranties, and notwithstanding the foregoing discussion of allocations of income and loss of our operating partnership to holders of units, such limited partners could under limited circumstances be allocated a disproportionate amount of net loss upon a liquidation of our operating partnership, which net loss would have otherwise been allocable to us. In addition, the partnership agreement provides that holders of LTIP units may be entitled to receive special allocations of gain in the event of a sale or hypothetical sale of assets of our operating partnership prior to the allocation of gain to holders of common units. This special allocation of gain is intended to enable the holders of LTIP units to convert such units into common units.

Generally, Section 704(b) of the Code and the Treasury Regulations thereunder require that partnership allocations respect the economic arrangement of the partners. If an allocation of partnership income or loss does not comply with the requirements of Section 704(b) of the Code and the Treasury Regulations thereunder, the item subject to the allocation will be reallocated in accordance with the partners' interests in the partnership. This reallocation will be determined by taking into account all of the facts and circumstances relating to the economic arrangement of the partners with respect to such item. Our operating partnership's allocations of taxable income and loss are intended to comply with the requirements of Section 704(b) of the Code and the Treasury Regulations thereunder.

Tax Allocations With Respect to the Properties

Under Section 704(c) of the Code, income, gain, loss and deduction attributable to appreciated or depreciated property that is contributed to a partnership in exchange for an interest in the partnership, must be allocated in a manner so that the contributing partner is charged with the unrealized gain or benefits from the unrealized loss associated with the property at the time of the contribution. The amount of the unrealized gain or unrealized loss generally is equal to the difference between the fair market value or book value and the adjusted tax basis of the contributed property at the time of contribution, as adjusted from time to time. These allocations are solely for federal income tax purposes and do not affect the book capital accounts or other economic or legal arrangements among the partners.

Appreciated property will be contributed to our operating partnership in exchange for interests in our operating partnership in connection with the formation transactions. As a result, the tax basis of these property interests generally will carry over to our operating partnership, notwithstanding their different book (i.e., fair market) value (this difference is referred to as a book-tax difference). The partnership agreement requires that income and loss allocations with respect to these properties be made in a manner consistent with Section 704(c) of the Code. Treasury Regulations issued under Section 704(c) of the Code provide partnerships with a choice of several methods of accounting for book-tax differences. We and our operating partnership have agreed to use the “traditional method” for accounting for book-tax differences for the properties initially contributed to our operating partnership. Under the traditional method, which is the least favorable method from our perspective, the carryover basis of each of the contributed interests in the properties in the hands of our operating partnership (1) could cause us to be allocated lower amounts of depreciation deductions for tax purposes than would be allocated to us if any of the contributed properties were to have a tax basis equal to its respective fair market value at the time of the contribution and (2) could cause us to be allocated taxable gain in the event of a sale of such contributed interests or properties in excess of the economic or book income allocated to us as a result of such sale, with a corresponding benefit to the other partners in our operating partnership. An allocation described in clause (2) above might cause us or the other partners to recognize taxable income in excess of cash proceeds in the event of a sale or other disposition of property, which might adversely affect our ability to comply with the REIT distribution requirements. See “—Taxation of Our Company—Requirements for Qualification as a REIT” and “—Taxation of Our Company—Annual Distribution Requirements.”

Certain Tax Considerations Related to the Formation Transactions

As described under “Structure and Formation of Our Company,” we intend to acquire Fund V REIT through the merger of Fund V REIT with and into us in exchange for shares of our common stock in a transaction intended to qualify as a “reorganization” within the meaning of Section 368(a) of the Code. However, we have not received a ruling from the IRS or an opinion of counsel that the transaction qualifies as a reorganization. If the merger qualifies as a reorganization for U.S. federal income tax purposes, we will succeed to the earnings and profits, if any, of Fund V REIT, and our tax basis of the assets we acquire from Fund V REIT will be determined by reference to the tax basis of the asset in the hands of Fund V REIT.

Fund V REIT has elected to be taxed as a REIT since its formation; however, we have not received an opinion of counsel that Fund V REIT qualified for taxation as a REIT through the closing of the merger. If Fund V REIT failed to qualify as a REIT for any of its taxable years, it would have been required to pay U.S. federal income tax (including any applicable alternative minimum tax) on its taxable income at regular corporate rates. As the successor-in-interest to Fund V REIT, we would be required to pay any of Fund V REIT’s unpaid income tax liabilities.

In addition, to qualify as a REIT, any earnings and profits we acquire from a C corporation which has not always been a REIT must be distributed as of the close of the taxable year in which we acquired such earnings and profits. While we believe Fund V REIT will have no earnings and profits accumulated in a year in which Fund V REIT was not a REIT, if Fund V REIT did not qualify for taxation as a REIT through the closing

[Table of Contents](#)

of the merger, we may succeed to its earnings and profits, which we would be required to distribute by the close of the taxable year in which the merger occurs. If the IRS were to determine that we acquired such earnings and profits that we failed to distribute prior to the end of the appropriate taxable year, we could avoid disqualification as a REIT by using “deficiency dividend” procedures. Under these procedures, we generally would be required to distribute any such earnings and profits to our stockholders within 90 days of the determination and pay a statutory interest charge at a specified rate to the IRS.

Also, if we acquire any asset from a corporation that is or has been a C corporation in a transaction in which the basis of the asset in our hands is less than the fair market value of the asset, in each case determined at the time we acquired the asset, and we subsequently recognize gain on the disposition of the asset during the ten-year period beginning on the date on which we acquired the asset, then we will be required to pay tax at the highest regular corporate tax rate on this gain to the extent of the excess of (a) the fair market value of the asset over (b) our adjusted basis in the asset, in each case determined as of the date on which we acquired the asset. The foregoing rules regarding the recognition of gain assume that the C corporation will refrain from making an election to receive different treatment under applicable Treasury Regulations on its tax return for the year in which we acquire the asset from the C corporation. The IRS has issued Proposed Treasury Regulations which would exclude from the application of this built-in gains tax any gain from the sale of property acquired by us in an exchange under Section 1031 (a like kind exchange) or 1033 (an involuntary conversion) of the Code. These Proposed Treasury Regulations will not be effective unless they are issued in their final form, and as of the date of this prospectus, it is not possible to determine whether the proposed regulations will be finalized in their current form or at all. Provided Fund V REIT has always qualified for tax as a REIT, as we believe to be the case, these rules would not apply to our disposition of the assets of Fund V REIT acquired by us in the formation transactions. Furthermore, our tax basis in the assets we acquire from Fund V REIT in the merger will be lower than the assets’ fair market values. This lower tax basis could cause us to have lower depreciation deductions and more gain on a subsequent sale of the assets than would be the case if we had directly purchased the assets in a taxable transaction.

If the merger with Fund V REIT does not qualify as a reorganization within the meaning of Section 368(a) of the Code, the merger would be treated as a sale of the assets of Fund V REIT to us in a taxable transaction, and Fund V REIT would recognize taxable gain, though any taxable income from such deemed asset sale would be reduced by the fair market value of our common stock deemed distributed in liquidation of Fund V REIT to the Pre-Formation Participants holding interests in Fund V REIT. In such a case, as the successor-in-interest to Fund V REIT, we would be required to pay any unpaid tax liabilities of such entity, but we would not succeed to the earnings and profits, if any, of Fund V REIT and our tax basis of the assets we acquire from Fund V REIT would not be determined by reference to the basis of the asset in the hands of Fund V REIT.

U.S. Federal Income Tax Considerations for Holders of Our Common Stock

The following summary describes the principal U.S. federal income tax consequences to you of purchasing, owning and disposing of our common stock. This summary assumes you hold shares of our common stock as a “capital asset” (generally, property held for investment within the meaning of Section 1221 of the Code). It does not address all the tax consequences that may be relevant to you in light of your particular circumstances. In addition, this discussion does not address the tax consequences relevant to persons who receive special treatment under the federal income tax law, except where specifically noted. Holders receiving special treatment include, without limitation:

- financial institutions, banks and thrifts;
- insurance companies;
- tax-exempt organizations;

[Table of Contents](#)

- “S” corporations;
- traders in securities that elect to mark to market;
- partnerships, pass-through entities and persons holding our common stock through a partnership or other pass-through entity;
- holders subject to the alternative minimum tax;
- regulated investment companies and REITs;
- non-U.S. corporations or partnerships, and persons who are not residents or citizens of the United States;
- broker-dealers or dealers in securities or currencies;
- U.S. expatriates;
- persons holding our common stock as part of a hedge, straddle, conversion, integrated or other risk reduction or constructive sale transaction; or
- U.S. persons whose functional currency is not the U.S. dollar.

If you are considering purchasing our common stock, you should consult your tax advisors concerning the application of U.S. federal income tax laws to your particular situation as well as any consequences of the purchase, ownership and disposition of our common stock arising under the laws of any state, local or non-U.S. taxing jurisdiction.

When we use the term “U.S. holder,” we mean a holder of shares of our common stock who, for U.S. federal income tax purposes, is:

- an individual who is a citizen or resident of the United States;
- a corporation, including an entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States or of any state thereof or in the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust that (1) is subject to the primary supervision of a U.S. court and the control of one or more U.S. persons or (2) has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

If you hold shares of our common stock and are not a U.S. holder, a partnership or an entity classified as a partnership for U.S. federal income tax purposes, you are a “non-U.S. holder.”

If a partnership or other entity treated as a partnership for U.S. federal income tax purposes holds shares of our common stock, the tax treatment of a partner generally will depend on the status of the partner and on the activities of the partnership. Partners of partnerships holding shares of our common stock are encouraged to consult their tax advisors.

Taxation of Taxable U.S. Holders of our Common Stock

Distributions Generally

Distributions out of our current or accumulated earnings and profits will be treated as dividends and, other than with respect to capital gain dividends and certain amounts which have previously been subject to corporate level tax, as discussed below, will be taxable to our taxable U.S. holders as ordinary income when actually or constructively received. See “—Tax Rates” below. As long as we qualify as a REIT, these distributions will not be eligible for the dividends-received deduction in the case of U.S. holders that are corporations, or, except to the extent provided in “—Tax Rates” below, the preferential rates on qualified dividend income applicable to non-corporate U.S. holders, including individuals. For purposes of determining whether distributions to holders of our stock are out of current or accumulated earnings and profits, our earnings and profits will be allocated first to our outstanding preferred stock and then to our outstanding common stock.

To the extent that we make distributions on our common stock in excess of our current and accumulated earnings and profits allocable to such stock, these distributions will be treated first as a tax-free return of capital to a U.S. holder. This treatment will reduce the U.S. holder’s adjusted tax basis in such shares of stock by the amount of the distribution, but not below zero. Distributions in excess of our current and accumulated earnings and profits and in excess of a U.S. holder’s adjusted tax basis in its shares will be taxable as capital gain. Such gain will be taxable as long-term capital gain if the shares have been held for more than one year. Dividends we declare in October, November, or December of any year and which are payable to a holder of record on a specified date in any of these months will be treated as both paid by us and received by the holder on December 31 of that year, provided we actually pay the dividend on or before January 31 of the following year. U.S. holders may not include in their own income tax returns any of our net operating losses or capital losses.

Capital Gain Dividends

Dividends that we properly designate as capital gain dividends will be taxable to our taxable U.S. holders as a gain from the sale or disposition of a capital asset held for more than one year, to the extent that such gain does not exceed our actual net capital gain for the taxable year. If we properly designate any portion of a dividend as a capital gain dividend then, except as otherwise required by law, we presently intend to allocate a portion of the total capital gain dividends paid or made available to holders of all classes of our capital stock for the year to the holders of each class of our capital stock in proportion to the amount that our total dividends, as determined for U.S. federal income tax purposes, paid or made available to the holders of each such class of our capital stock for the year bears to the total dividends, as determined for U.S. federal income tax purposes, paid or made available to holders of all classes of our capital stock for the year. In addition, except as otherwise required by law, we will make a similar allocation with respect to any undistributed long term capital gains which are to be included in our stockholders’ long term capital gains, based on the allocation of the capital gains amount which would have resulted if those undistributed long term capital gains had been distributed as “capital gain dividends” by us to our stockholders.

Retention of Net Capital Gains

We may elect to retain, rather than distribute as a capital gain dividend, all or a portion of our net capital gains. If we make this election, we would pay tax on our retained net capital gains. In addition, to the extent we so elect, a U.S. holder generally would:

- include its pro rata share of our undistributed net capital gains in computing its long-term capital gains in its return for its taxable year in which the last day of our taxable year falls, subject to certain limitations as to the amount that is includable;
- be deemed to have paid its share of the capital gains tax imposed on us on the designated amounts included in the U.S. holder’s income as long-term capital gain;

[Table of Contents](#)

- receive a credit or refund for the amount of tax deemed paid by it;
- increase the adjusted basis of its stock by the difference between the amount of includable gains and the tax deemed to have been paid by it; and
- in the case of a U.S. holder that is a corporation, appropriately adjust its earnings and profits for the retained capital gains in accordance with Treasury Regulations to be promulgated by the IRS.

Passive Activity Losses and Investment Interest Limitations

Distributions we make and gain arising from the sale or exchange by a U.S. holder of our common stock will not be treated as passive activity income. As a result, U.S. holders generally will not be able to apply any “passive losses” against this income or gain. A U.S. holder may elect to treat capital gain dividends, capital gains from the disposition of our common stock and income designated as qualified dividend income, described in “—Tax Rates” below, as investment income for purposes of computing the investment interest limitation, but in such case, the holder will be taxed as ordinary income rates on such amount. Other distributions made by our company, to the extent they do not constitute a return of capital, generally will be treated as investment income for purposes of computing the investment interest limitation.

Dispositions of Our Common Stock

A U.S. holder that sells or disposes of shares of common stock will recognize gain or loss for federal income tax purposes in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale or other disposition and the holder’s adjusted basis in the shares of common stock for tax purposes. This gain or loss, except as provided below, will be long-term capital gain or loss if the holder has held such common stock for more than one year. However, if a U.S. holder recognizes loss upon the sale or other disposition of common stock that it has held for six months or less, after applying certain holding period rules, the loss recognized will be treated as a long-term capital loss to the extent the U.S. holder received distributions from us which were required to be treated as long-term capital gains

Foreign Accounts

Certain payments made to “foreign financial institutions” in respect of accounts of U.S. stockholders at such financial institutions may be subject to withholding at a rate of 30%. U.S. stockholders should consult their tax advisors regarding the effect, if any, of this withholding provision on their ownership and disposition of our common stock and the effective date of such provision. See “—Foreign Accounts.”

Information Reporting and Backup Withholding

We are required to report to our U.S. holders and the IRS the amount of dividends paid during each calendar year, and the amount of any tax withheld. Under the backup withholding rules, a U.S. holder may be subject to backup withholding with respect to dividends paid unless the U.S. holder is a corporation or comes within certain other exempt categories and, when required, demonstrates this fact, or provides a taxpayer identification number, certifies as to no loss of exemption from backup withholding, and otherwise complies with applicable requirements of the backup withholding rules. A U.S. holder that does not provide us with its correct taxpayer identification number may also be subject to penalties imposed by the IRS. Backup withholding is not an additional tax. Any amount paid as backup withholding will be creditable against the U.S. holder’s federal income tax liability, provided the required information is timely furnished to the IRS. In addition, we may be required to withhold a portion of capital gain distributions to any holders who fail to certify their non-foreign status. See “—Taxation of Non-U.S. Holders of our Common Stock.”

Taxation of Tax-Exempt Holders of our Common Stock

Dividend income from us and gain arising upon a sale of our shares of common stock generally will not be unrelated business taxable income to a tax-exempt holder, except as described below. This income or gain will be unrelated business taxable income, however, if a tax-exempt holder holds its shares as “debt-financed property” within the meaning of the Code. Generally, “debt-financed property” is property the acquisition or holding of which was financed through a borrowing by the tax-exempt holder.

For tax-exempt holders which are social clubs, voluntary employee benefit associations, supplemental unemployment benefit trusts, or qualified group legal services plans exempt from federal income taxation under Sections 501(c)(7), (c)(9), (c)(17) or (c)(20) of the Code, respectively, income from an investment in our shares will constitute unrelated business taxable income unless the organization is able to properly claim a deduction for amounts set aside or placed in reserve for specific purposes so as to offset the income generated by its investment in our shares. These prospective investors should consult their tax advisors concerning these “set aside” and reserve requirements.

Notwithstanding the above, however, a portion of the dividends paid by a “pension-held REIT” may be treated as unrelated business taxable income as to certain trusts that hold more than 10%, by value, of the interests in the REIT. A REIT will not be a “pension-held REIT” if it is able to satisfy the “not closely held” requirement without relying on the “look-through” exception with respect to certain trusts or if such REIT is not “predominantly held” by “qualified trusts.” As a result of restrictions on the transfer and ownership of our stock contained in our charter, we do not expect to be classified as a “pension-held REIT,” and as a result, the tax treatment described above should be inapplicable to our holders. However, because our stock is publicly traded, we cannot guarantee that this will always be the case.

Taxation of Non-U.S. Holders of our Common Stock

The following discussion addresses the rules governing U.S. federal income taxation of the purchase, ownership and disposition of our common stock by non-U.S. holders. These rules are complex, and no attempt is made herein to provide more than a brief summary of such rules. Accordingly, the discussion does not address all aspects of U.S. federal income taxation and does not address state, local or non-U.S. tax consequences that may be relevant to a non-U.S. holder in light of its particular circumstances. We urge non-U.S. holders to consult their tax advisors to determine the impact of federal, state, local and non-U.S. income tax laws on the purchase, ownership, and disposition of shares of our common stock, including any reporting requirements.

Distributions Generally

Distributions that are neither attributable to gain from sales or exchanges by us of U.S. real property interests, or USRPIs, nor designated by us as capital gain dividends (except as described below) will be treated as dividends of ordinary income to the extent that they are made out of our current or accumulated earnings and profits. Such distributions ordinarily will be subject to withholding of U.S. federal income tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty, unless the distributions are treated as effectively connected with the conduct by the non-U.S. holder of a U.S. trade or business (through a U.S. permanent establishment, where applicable). Under certain treaties, however, lower withholding rates generally applicable to dividends do not apply to dividends from a REIT. Certain certification and disclosure requirements must be satisfied to be exempt from withholding under the effectively connected income exemption. Dividends that are treated as effectively connected with such a trade or business (through a U.S. permanent establishment, where applicable) will generally not be subject to withholding but will be subject to federal income tax on a net basis at graduated rates, in the same manner as dividends paid to U.S. holders are subject to federal income tax. Any such dividends received by a non-U.S. holder that is a corporation may also be subject to an additional branch profits tax at a 30% rate (applicable after deducting federal income taxes paid on such effectively connected income) or such lower rate as may be specified by an applicable income tax treaty.

[Table of Contents](#)

Except as otherwise provided below, we expect to withhold U.S. federal income tax at the rate of 30% on any distributions made to a non-U.S. holder unless:

- 1) a lower treaty rate applies and the non-U.S. holder files with us an IRS Form W-8BEN evidencing eligibility for that reduced treaty rate; or
- 2) the non-U.S. holder files an IRS Form W-8ECI with us claiming that the distribution is income effectively connected with the non-U.S. holder's trade or business.

Distributions in excess of our current and accumulated earnings and profits will not be taxable to a non-U.S. holder to the extent that such distributions do not exceed the adjusted basis of the holder's common stock, but rather will reduce the adjusted basis of such stock. To the extent that such distributions exceed the non-U.S. holder's adjusted basis in such common stock, they will give rise to gain from the sale or exchange of such stock, the tax treatment of which is described below. For withholding purposes, we expect to treat all distributions as made out of our current or accumulated earnings and profits. However, amounts withheld should generally be refundable if it is subsequently determined that the distribution was, in fact, in excess of our current and accumulated earnings and profits, provided that certain conditions are met.

Capital Gain Dividends and Distributions Attributable to a Sale or Exchange of USRPIs

Distributions to a non-U.S. holder that we properly designate as capital gain dividends, other than those arising from the disposition of a USRPI, generally should not be subject to U.S. federal income taxation, unless:

- 1) the investment in our stock is treated as effectively connected with the non-U.S. holder's U.S. trade or business (through a U.S. permanent establishment, where applicable), in which case the non-U.S. holder will be subject to the same treatment as U.S. holders with respect to such gain, except that a non-U.S. holder that is a non-U.S. corporation may also be subject to the 30% branch profits tax or such lower rate as may be specified by an applicable income tax treaty, as discussed above; or
- 2) the non-U.S. holder is a nonresident alien individual who is present in the U.S. for 183 days or more during the taxable year and certain other conditions are met, in which case the nonresident alien individual will be subject to a 30% tax on the individual's capital gains (reduced by certain capital losses).

Pursuant to the Foreign Investment in Real Property Tax Act of 1980, which is referred to as "FIRPTA," distributions to a non-U.S. holder that are attributable to gain from sales or exchanges by us of USRPI, whether or not designated as capital gain dividends, will cause the non-U.S. holder to be treated as recognizing such gain as income effectively connected with a U.S. trade or business. Non-U.S. holders would generally be taxed at the same rates applicable to U.S. holders, subject to any applicable alternative minimum tax, and any non-U.S. holder that is a foreign corporation may also be subject to the 30% branch profits tax or such lower rate as may be specified by an applicable income tax treaty. We also will be required to withhold and to remit to the IRS 35% (or 20% to the extent provided in Treasury Regulations) of any distribution to non-U.S. holders attributable to gain from sales or exchanges by us of USRPIs. The amount withheld is creditable against the non-U.S. holder's U.S. federal income tax liability. However, any distribution with respect to any class of stock which is "regularly traded" on an established securities market located in the U.S. is not subject to FIRPTA, and therefore, not subject to the 35% U.S. withholding tax described above, if the non-U.S. holder did not own more than 5% of such class of stock at any time during the one-year period ending on the date of the distribution. Instead, such distributions generally will be treated as ordinary dividend distributions and subject to withholding in the manner described above with respect to ordinary dividends.

Retention of Net Capital Gains

Although the law is not clear on the matter, it appears that amounts designated by us as retained net capital gains in respect of the stock held by U.S. holders generally should be treated with respect to non-U.S. holders in the same manner as actual distributions of capital gain dividends. Under this approach, the non-U.S. holders would be able to offset as a credit against their U.S. federal income tax liability resulting from their proportionate share of the tax paid by us on such retained net capital gains and to receive from the IRS a refund to the extent their proportionate share of such tax paid by us exceeds their actual U.S. federal income tax liability. If we designate any portion of our net capital gain as retained net capital gain, a non-U.S. stockholder should consult its tax advisor regarding the taxation of such retained net capital gain.

Sale of Our Common Stock

Gain recognized by a non-U.S. holder upon the sale, exchange or other taxable disposition of our common stock generally will not be subject to U.S. taxation unless such stock constitutes a USRPI. In general, stock of a domestic corporation that constitutes a “U.S. real property holding corporation,” or USRPHC, will constitute a USRPI. We believe that we are a USRPHC. Our common stock will not, however, constitute a USRPI so long as we are a “domestically controlled qualified investment entity.” A “domestically controlled qualified investment entity” includes a REIT in which at all times during a specified testing period less than 50% in value of its stock is held directly or indirectly by non-U.S. holders. We believe, but cannot guarantee, that we are a “domestically controlled qualified investment entity.” In addition, because our common stock will be publicly traded, no assurance can be given that we will continue to be a “domestically controlled qualified investment entity.”

Notwithstanding the foregoing, gain from the sale, exchange or other taxable disposition of our common stock not otherwise subject to FIRPTA will be taxable to a non-U.S. holder if either (a) the investment in our common stock is treated as effectively connected with the non-U.S. holder’s U.S. trade or business (through a U.S. permanent establishment, where applicable), in which case the non-U.S. holder will be subject to the same treatment as U.S. holders with respect to such gain, except that a non-U.S. holder that is a foreign corporation may also be subject to the 30% branch profits tax or such lower rate as may be specified by an applicable income tax treaty, or (b) the non-U.S. holder is a nonresident alien individual who is present in the U.S. for 183 days or more during the taxable year and certain other conditions are met, in which case the nonresident alien individual will be subject to a 30% tax on the individual’s capital gains (reduced by certain capital losses). In addition, even if we are a domestically controlled qualified investment entity, upon disposition of our common stock, a non-U.S. holder may be treated as having gain from the sale or other taxable disposition of a USRPI if the non-U.S. holder (1) disposes of our common stock within a 30-day period preceding the ex-dividend date of a distribution, any portion of which, but for the disposition, would have been treated as gain from the sale or exchange of a USRPI and (2) acquires, or enters into a contract or option to acquire, or is deemed to acquire, other shares of that stock during the 61-day period beginning with the first day of the 30-day period described in clause (1). The preceding sentence shall not apply to a non-U.S. holder if the non-U.S. holder did not own more than 5% of the stock at any time during the one-year period ending on the date of the distribution described in clause (1) of the preceding sentence and the class of stock as “regularly traded,” as defined by applicable Treasury Regulations.

Even if we do not qualify as a “domestically controlled qualified investment entity” at the time a non-U.S. holder sells our common stock, gain arising from the sale or other taxable disposition by a non-U.S. holder of such common stock would not be subject to U.S. taxation under FIRPTA as a sale of a USRPI if:

- 1) such class of common stock is “regularly traded,” as defined by applicable Treasury Regulations, on an established securities market such as the NYSE; and
- 2) such non-U.S. holder owned, actually and constructively, 5% or less of such class of common stock throughout the five-year period ending on the date of the sale or exchange.

[Table of Contents](#)

If gain on the sale, exchange or other taxable disposition of our common stock were subject to taxation under FIRPTA, the non-U.S. holder would be required to file a U.S. federal income tax return and would be subject to regular U.S. federal income tax with respect to such gain in the same manner as a taxable U.S. holder (subject to any applicable alternative minimum tax and a special alternative minimum tax in the case of nonresident alien individuals). In addition, if the sale, exchange or other taxable disposition of our common stock were subject to taxation under FIRPTA, and if shares of the applicable class of our common stock were not “regularly traded” on an established securities market, the purchaser of such common stock would be required to withhold and remit to the IRS 10% of the purchase price.

Information Reporting and Backup Withholding Tax

Generally, we must report annually to the IRS the amount of dividends paid to a non-U.S. holder, such holder’s name and address, and the amount of tax withheld, if any. A similar report is sent to the non-U.S. holder. Pursuant to tax treaties or other agreements, the IRS may make its reports available to tax authorities in the non-U.S. holder’s country of residence.

Payments of dividends or of proceeds from the disposition of stock made to a non-U.S. holder may be subject to information reporting and backup withholding unless such holder establishes an exemption, for example, by properly certifying its non-U.S. status on an IRS Form W-8BEN or another appropriate version of IRS Form W-8. Notwithstanding the foregoing, backup withholding and information reporting may apply if either we have or our paying agent has actual knowledge, or reason to know, that a non-U.S. holder is a U.S. person.

Backup withholding is not an additional tax. Rather, the U.S. federal income tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund or credit may be obtained, provided that the required information is timely furnished to the IRS.

Tax Rates

Beginning January 1, 2013, the maximum tax rate for non-corporate taxpayers for long-term capital gains, including certain “capital gain dividends,” is generally 20% (although depending on the characteristics of the assets which produced these gains and on designations which we may make, certain capital gain dividends may be taxed at a 25% rate). Capital gain dividends will only be eligible for the rates described above to the extent they are properly designated by us as “capital gain dividends.” In general, dividends payable by a REIT that are not “capital gains dividends” are subject to tax at the tax rates applicable to ordinary income. Dividends that a REIT properly designates as “qualified dividend income,” however, are subject to a maximum tax rate of 20% in the case of non-corporate taxpayers. In general, dividends payable by a REIT are only eligible to be taxed as qualified dividend income to the extent that the taxpayer satisfies certain holding requirements with respect to the REIT’s stock and the REIT’s dividends are attributable to dividends received by the REIT from certain taxable corporations (such as its taxable REIT subsidiaries) or to income that was subject to tax at the corporate/REIT level (for example, if the REIT distributed taxable income that it retained and paid tax on in the prior taxable year). In addition, certain U.S. stockholders that are individuals, estates or trusts are required to pay an additional 3.8% Medicare tax on, among other things, dividends and capital gains from the sale or other disposition of stock. Prospective investors should consult their tax advisors regarding the tax rates applicable to them in light of their particular circumstances.

Foreign Accounts

Withholding taxes may apply to certain types of payments made to “foreign financial institutions” (as specially defined in the Code) and certain other non-U.S. entities. Specifically, a 30% withholding tax may be imposed on dividends on, and gross proceeds from the sale or other disposition of, our common stock paid to a

[Table of Contents](#)

foreign financial institution or to a non-financial foreign entity, unless (1) the foreign financial institution undertakes certain diligence and reporting, (2) the non-financial foreign entity either certifies it does not have any substantial U.S. owners or furnishes identifying information regarding each substantial U.S. owner, or (3) the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from these rules. If the payee is a foreign financial institution and is subject to the diligence and reporting requirements in clause (1) above, it must enter into an agreement with the United States Treasury requiring, among other things, that it undertake to identify accounts held by certain U.S. persons or U.S.-owned foreign entities, annually report certain information about such accounts, and withhold 30% on payments to non-compliant foreign financial institutions and certain other account holders. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States governing these withholding and reporting requirements may be subject to different rules.

The withholding provisions described above will generally apply to payments of dividends made on or after July 1, 2014 and to payments of gross proceeds from a sale or other disposition of stock on or after January 1, 2017. Because we may not know the extent to which a distribution is a dividend for U.S. federal income tax purposes at the time it is made, for purposes of these withholding rules we may treat the entire distribution as a dividend. Prospective investors should consult their tax advisors regarding these withholding provisions.

Other Tax Consequences

State, local and non-U.S. income tax laws may differ substantially from the corresponding federal income tax laws, and this discussion does not purport to describe any aspect of the tax laws of any state, local or non-U.S. jurisdiction, or any federal tax other than the income tax. Prospective investors should consult their tax advisor regarding the effect of state, local and non-U.S. tax laws with respect to our tax treatment as a REIT and on an investment in our common stock.

UNDERWRITING

Merrill Lynch, Pierce, Fenner & Smith Incorporated, Wells Fargo Securities, LLC, FBR Capital Markets & Co. and J.P. Morgan Securities LLC are acting as representatives of each of the underwriters named below. Subject to the terms and conditions set forth in an underwriting agreement among us and the underwriters, we have agreed to sell to the underwriters, and each of the underwriters has agreed, severally and not jointly, to purchase from us, the number of shares of common stock set forth opposite its name below.

Underwriter	<u>Number of Shares</u>
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
Wells Fargo Securities, LLC	
FBR Capital Markets & Co.	
J.P. Morgan Securities LLC	
PNC Capital Markets LLC	
RBS Securities Inc.	
Total	<u>16,000,000</u>

Subject to the terms and conditions set forth in the underwriting agreement, the underwriters have agreed, severally and not jointly, to purchase all of the shares sold under the underwriting agreement if any of these shares are purchased. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the nondefaulting underwriters may be increased or the underwriting agreement may be terminated.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters are offering the shares, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the shares, and other conditions contained in the underwriting agreement, such as the receipt by the underwriters of officer's certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Commissions and Discounts

The representatives have advised us that the underwriters propose initially to offer the shares to the public at the public offering price set forth on the cover page of this prospectus and to dealers at that price less a concession not in excess of \$ per share. After the initial offering, the public offering price, concession or any other term of the offering may be changed.

The following table shows the public offering price, underwriting discount and proceeds before expenses to us. The information assumes either no exercise or full exercise by the underwriters of their option to purchase additional shares to cover over-allotments, if any.

	<u>Per Share</u>	<u>Without Option</u>	<u>With Option</u>
Public offering price	\$	\$	\$
Underwriting discount	\$	\$	\$
Proceeds, before expenses, to us	\$	\$	\$

[Table of Contents](#)

The expenses of the offering, not including the underwriting discount, are estimated at \$7.5 million and are payable by us. The expenses include up to \$10,000 for the reasonable fees and disbursements to counsel of the underwriters in connection with filings required by the Financial Industry Regulatory Authority, Inc. The underwriters have agreed to reimburse us for certain expenses in connection with this offering not to exceed one percent of the aggregate underwriting commissions and discounts.

Option to Purchase Additional Shares

We have granted an option to the underwriters, exercisable for 30 days after the date of this prospectus, to purchase up to 2,400,000 additional shares at the public offering price, less the underwriting discount, to cover over-allotments, if any. If the underwriters exercise this option, each will be obligated, subject to conditions contained in the underwriting agreement, to purchase a number of additional shares proportionate to that underwriter's initial amount reflected in the above table.

Reserved Shares

At our request, the underwriters have reserved for sale, at the initial public offering price, up to 5.0% of the shares offered by this prospectus for sale to some of our directors, officers, employees and related persons. If these persons purchase reserved shares, this will reduce the number of shares available for sale to the general public. Any reserved shares that are not so purchased will be offered by the underwriters to the general public on the same terms as the other shares offered by this prospectus.

No Sales of Similar Securities

We have agreed not to sell or transfer any common stock or securities convertible into, exchangeable for, exercisable for, or repayable with common stock, for 180 days after the date of this prospectus without first obtaining the written consent of Merrill Lynch, Pierce, Fenner & Smith Incorporated, Wells Fargo Securities, LLC and FBR Capital Markets & Co. In addition, our executive officers and directors have agreed not to sell or transfer any common stock or securities convertible into, exchangeable for, exercisable for, or repayable with common stock, for 360 days after the date of this prospectus without first obtaining written consent of Merrill Lynch, Pierce, Fenner & Smith Incorporated, Wells Fargo Securities, LLC and FBR Capital Markets & Co. Specifically, we and these other persons have agreed, with certain limited exceptions, not to directly or indirectly

- offer, pledge, sell or contract to sell any common stock,
- sell any option or contract to purchase any common stock,
- purchase any option or contract to sell any common stock,
- grant any option, right or warrant for the sale of any common stock,
- lend or otherwise dispose of or transfer any common stock,
- request or demand that we file a registration statement related to the common stock, or
- enter into any swap or other agreement that transfers, in whole or in part, the economic consequence of ownership of any common stock whether any such swap or transaction is to be settled by delivery of shares or other securities, in cash or otherwise.

This lock-up provision applies to common stock and to securities convertible into or exchangeable or exercisable for or repayable with common stock, such as common units. It also applies to common stock owned now or acquired later by the person executing the agreement or for which the person executing the agreement

[Table of Contents](#)

later acquires the power of disposition. In the event that either (x) during the last 17 days of the lock-up period referred to above, we issue an earnings release or material news or a material event relating to us occurs or (y) prior to the expiration of the lock-up period, we announce that we will release earnings results or become aware that material news or a material event will occur during the 16-day period beginning on the last day of the lock-up period, the restrictions described above shall continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

The representatives have informed us that they do not have a present intent or arrangement to release any of the securities subject to these lock-up agreements. The waiver of any lock-up will be considered on a case-by-case basis. Factors in deciding whether to release shares may include the length of time before the lock-up expires, the number of shares involved, the reason for the requested release, market conditions, the trading price of our common stock, historical trading volumes of our common stock and whether the person seeking the release is one of our officers, directors or affiliates.

New York Stock Exchange Listing

We expect the shares to be approved for listing on the NYSE under the symbol “REXR.” In order to meet the requirements for listing on the NYSE, the underwriters have undertaken to sell a minimum number of shares to a minimum number of beneficial owners as required by the NYSE.

Prior to completion of this offering, there has been no public market for the shares. The initial public offering price will be negotiated by us and the representatives of the underwriters. Among the factors to be considered in determining the initial public offering price of the shares, in addition to prevailing market conditions, will be our historical performance, estimates of the business potential and our earnings prospects, an assessment of our management and the consideration of the above factors in relation to market valuation of companies in related businesses.

An active trading market for the shares may not develop. It is also possible that after the offering the shares will not trade in the public market at or above the initial public offering price.

The underwriters do not expect to sell more than 5% of the shares in the aggregate to accounts over which they exercise discretionary authority.

Price Stabilization, Short Positions and Penalty Bids

Until the distribution of the shares is completed, SEC rules may limit underwriters and selling group members from bidding for and purchasing our common stock. However, the representatives may engage in transactions that stabilize the price of the common stock, such as bids or purchases to peg, fix or maintain that price.

In connection with the offering, the underwriters may purchase and sell our common stock in the open market. These transactions may include short sales, purchases on the open market to cover positions created by short sales and stabilizing transactions. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in the offering. “Covered” short sales are sales made in an amount not greater than the underwriters’ option to purchase additional shares described above. The underwriters may close out any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to close out the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the option granted to them. “Naked” short sales are sales in excess of such option. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of our common stock in the open market after pricing that could adversely affect

[Table of Contents](#)

investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of shares of common stock made by the underwriters in the open market prior to the completion of the offering.

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

Similar to other purchase transactions, the underwriters' purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of our common stock. As a result, the price of our common stock may be higher than the price that might otherwise exist in the open market. The underwriters may conduct these transactions on the NYSE, in the over-the-counter market or otherwise.

Neither we nor any of the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our common stock. In addition, neither we nor any of the underwriters make any representation that the representatives will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Electronic Distribution

In connection with the offering, certain of the underwriters or securities dealers may distribute prospectuses by electronic means, such as e-mail.

Other Relationships

Some of the underwriters and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions. For instance, we intend to enter into the \$60 million new term loan described under "Business—Description of Certain Debt" with an affiliate of Merrill Lynch, Pierce, Fenner & Smith Incorporated that will be in place at the completion of this offering. In addition, we have also negotiated a proposed revolving credit facility with a borrowing capacity of \$200 million that we expect to have in place following the completion of this offering with affiliates of Merrill Lynch, Pierce, Fenner & Smith Incorporated, Wells Fargo Securities, LLC, J.P. Morgan Securities LLC, PNC Capital Markets LLC and RBS Securities Inc. An affiliate of Merrill Lynch, Pierce, Fenner & Smith Incorporated will serve as the sole arranger and administrative agent of the proposed revolving credit facility. In addition, an affiliate of Wells Fargo Securities, LLC is a lender of approximately \$16.6 million of certain mortgage indebtedness outstanding as of March 31, 2013 incurred by subsidiaries of Fund I and Fund II that will be repaid with a portion of the net proceeds from this offering. Also, an affiliate of J.P. Morgan Securities LLC is a lender of the loan secured by the three properties owned by the JV and an affiliate of Wells Fargo Securities, LLC is a lender of certain of our mortgage indebtedness that will be outstanding upon completion of this offering.

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

Notice to Prospective Investors in the European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), with effect from and including the date on which the

[Table of Contents](#)

Prospectus Directive is implemented in that Relevant Member State (the “Relevant Implementation Date”), no offer of shares may be made to the public in that Relevant Member State other than:

- A. to any legal entity which is a qualified investor as defined in the Prospectus Directive;
 - (a) (in the case of Relevant Member States that have not implemented the 2010 PD Amending Directive), legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities, or any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; and
 - (b) (in the case of Relevant Member States that have implemented the 2010 PD Amending Directive), persons or entities that are described in points (1) to (4) of Section I of Annex II to Directive 2004/39/EC, and those who are treated on request as professional clients in accordance with Annex II to Directive 2004/39/EC, or recognized as eligible counterparties in accordance with Article 24 of Directive 2004/39/EC unless they have requested that they be treated as non-professional clients; or
- B. to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the representatives; or
- C. in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of shares shall require us or the representatives to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

Each person in a Relevant Member State who initially acquires any shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed that (A) it is a “qualified investor” within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive, and (B) in the case of any shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, the shares acquired by it in the offering have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than “qualified investors” as defined in the Prospectus Directive, or in circumstances in which the prior consent of the representatives has been given to the offer or resale. In the case of any shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, each such financial intermediary will be deemed to have represented, acknowledged and agreed that the shares acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any shares to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of the representatives has been obtained to each such proposed offer or resale.

Our company, the representatives and their affiliates will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements.

This prospectus has been prepared on the basis that any offer of shares in any Relevant Member State will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of shares. Accordingly any person making or intending to make an offer in that Relevant Member State of shares which are the subject of the offering contemplated in this prospectus may only do so in circumstances in which no obligation arises for us or any of the underwriters to publish a prospectus pursuant to Article 3 of the Prospectus Directive in relation to such offer. Neither we nor the underwriters have authorized,

[Table of Contents](#)

nor do they authorize, the making of any offer of shares in circumstances in which an obligation arises for us or the underwriters to publish a prospectus for such offer.

For the purpose of the above provisions, the expression “an offer to the public” in relation to any shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase or subscribe the shares, as the same may be varied in the Relevant Member State by any measure implementing the Prospectus Directive in the Relevant Member State and the expression “Prospectus Directive” means Directive 2003/71/EC (including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member States) and includes any relevant implementing measure in the Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

Notice to Prospective Investors in the United Kingdom

In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are “qualified investors” (as defined in the Prospectus Directive) (i) who have professional experience in matters relating to investments falling within Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Order”) and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “relevant persons”). This document must not be acted on or relied on in the United Kingdom by persons who are not relevant persons. In the United Kingdom, any investment or investment activity to which this document relates is only available to, and will be engaged in with, relevant persons.

Notice to Prospective Investors in Switzerland

The shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (“SIX”) or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, our company, or the shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of shares will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA (FINMA), and the offer of shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes (“CISA”). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of shares.

Notice to Prospective Investors in the Dubai International Financial Centre

This prospectus supplement relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (“DFSA”). This prospectus supplement is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus supplement nor taken steps to verify the information set forth herein and has no responsibility for the prospectus supplement. The shares to which this prospectus supplement relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares offered should conduct their own due diligence on the shares. If you do not understand the contents of this prospectus supplement you should consult an authorized financial advisor.

Notice to Prospective Investors in Germany

Any offer or solicitation of securities within Germany must be in full compliance with the German Securities Prospectus Act (Wertpapierprospektgesetz—WpPG). The offer and solicitation of securities to the public in Germany requires the publication of a prospectus that has to be filed with and approved by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht—BaFin). This prospectus has not been and will not be submitted for filing and approval to the BaFin and, consequently, will not be published. Therefore, this prospectus does not constitute a public offer under the German Securities Prospectus Act (Wertpapierprospektgesetz). This prospectus and any other document relating to our common stock, as well as any information contained therein, must therefore not be supplied to the public in Germany or used in connection with any offer for subscription of our common stock to the public in Germany, any public marketing of our common stock or any public solicitation for offers to subscribe for or otherwise acquire our common stock. This prospectus and other offering materials relating to the offer of our common stock are strictly confidential and may not be distributed to any person or entity other than the designated recipients hereof.

Notice to Prospective Investors in Australia

No placement document, prospectus, product disclosure statement or other disclosure document has been lodged with the Australian Securities and Investments Commission (“ASIC”), in relation to the offering. This prospectus does not constitute a prospectus, product disclosure statement or other disclosure document under the Corporations Act 2001 (the “Corporations Act”), and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act.

Any offer in Australia of the shares may only be made to persons (the “Exempt Investors”) who are “sophisticated investors” (within the meaning of section 708(8) of the Corporations Act), “professional investors” (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer the shares without disclosure to investors under Chapter 6D of the Corporations Act.

The shares applied for by Exempt Investors in Australia must not be offered for sale in Australia in the period of 12 months after the date of allotment under the offering, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act. Any person acquiring shares must observe such Australian on-sale restrictions.

This prospectus contains general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this prospectus is appropriate to their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

Notice to Prospective Investors in Hong Kong

The shares have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the shares has been or may be issued or has been or may be in the possession of any person for the purposes of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

LEGAL MATTERS

Certain legal matters will be passed upon for us by Latham & Watkins LLP and for the underwriters by Hunton & Williams LLP. Venable LLP will pass upon the validity of the shares of common stock sold in this offering and certain other matters of Maryland law.

EXPERTS

Ernst & Young LLP, independent registered public accounting firm, has audited (i) our consolidated balance sheet as of March 31, 2013, (ii) the combined financial statements and schedule of Rexford Industrial Realty, Inc. Predecessor as of and for the years ended December 31, 2012 and 2011 and (iii) the statement of revenues and certain expenses of the Glendale Commerce Center property for the year ended December 31, 2012, as set forth in their reports. We have included our balance sheet, the financial statements and schedule of Rexford Industrial Realty, Inc. Predecessor and the statement of revenues and certain expenses of Glendale Commerce Center in the prospectus and elsewhere in the registration statement in reliance on Ernst & Young LLP's reports, given on their authority as experts in accounting and auditing.

Information relating to the industrial markets set forth in "Prospectus Summary—Market Overview" and "Market Overview" is derived from the DAUM's market materials and is included in reliance on DAUM's authority as an expert on such matters.

WHERE YOU CAN FIND MORE INFORMATION

We maintain a web site at www.rexfordindustrial.com. Information contained on, or accessible through our website is not incorporated by reference into and does not constitute a part of this prospectus or any other report or documents we file with or furnish to the SEC.

We have filed with the SEC a registration statement on Form S-11, including exhibits and schedules filed with the registration statement of which this prospectus is a part, under the Securities Act, with respect to the shares of common stock to be sold in this offering. This prospectus does not contain all of the information set forth in the registration statement and exhibits and schedules to the registration statement. For further information with respect to us and the shares of common stock to be sold in this offering, reference is made to the registration statement, including the exhibits and schedules to the registration statement. Copies of the registration statement, including the exhibits and schedules to the registration statement, may be examined without charge at the public reference room of the SEC, 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Information about the operation of the public reference room may be obtained by calling the SEC at 1-800-SEC-0300. Copies of all or a portion of the registration statement may be obtained from the public reference room of the SEC upon payment of prescribed fees. Our SEC filings, including our registration statement, are also available to you, free of charge, on the SEC's website at www.sec.gov.

As a result of this offering, we will become subject to the information and reporting requirements of the Exchange Act and will file periodic reports, proxy statements and will make available to our stockholders annual reports containing audited financial information for each year and quarterly reports for the first three quarters of each fiscal year containing unaudited interim financial information.

INDEX TO FINANCIAL STATEMENTS

	<u>Page</u>
Rexford Industrial Realty, Inc. Pro Forma Consolidated Financial Statements (Unaudited)	
Pro Forma Consolidated Balance Sheet as of March 31, 2013	F-5
Pro Forma Consolidated Income Statement for the Three Months Ended March 31, 2013	F-6
Pro Forma Consolidated Income Statement for the Year Ended December 31, 2012	F-7
Notes to Pro Forma Consolidated Financial Statements	F-8
Rexford Industrial Realty, Inc. Consolidated Historical Financial Statements	
Report of Independent Registered Public Accounting Firm	F-14
Consolidated Balance Sheet at March 31, 2013	F-15
Notes to Consolidated Balance Sheet as of March 31, 2013	F-16
Rexford Industrial Realty, Inc. Predecessor Combined Financial Statements	
Combined Balance Sheets as of March 31, 2013 (unaudited) and December 31, 2012	F-18
Combined Statements of Operations for the Three Months Ended March 31, 2013 and 2012 (unaudited)	F-19
Combined Statements of Changes in Equity for the Three Months ended March 31, 2013 (unaudited)	F-20
Combined Statements of Cash Flows for the Three Months ended March 31, 2013 and 2012 (unaudited)	F-21
Notes to Combined Financial Statements	F-22
Report of Independent Registered Public Accounting Firm	F-36
Combined Balance Sheets as of December 31, 2012 and 2011	F-37
Combined Statements of Operations For the Years Ended December 31, 2012 and 2011	F-38
Combined Statements of Changes in Equity For the Years Ended December 31, 2012 and 2011	F-39
Combined Statements of Cash Flows For the Years Ended December 31, 2012 and 2011	F-40
Notes to the Combined Financial Statements	F-41
Schedule III—Real Estate and Accumulated Depreciation	F-61
Glendale Commerce Center Property	
Report of Independent Auditors	F-63
Statements of Revenues and Certain Operating Expenses for the Three Months Ended March 31, 2013 (unaudited) and the Year Ended December 31, 2012	F-64
Notes to Statements of Revenues and Certain Operating Expenses	F-65

REXFORD INDUSTRIAL REALTY, INC.
PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited and in thousands, except share data)

The unaudited pro forma consolidated financial statements of Rexford Industrial Realty, Inc. (together with its combined entities, the “Company,” “we,” “our” or “us”) as of and for the three months ended March 31, 2013 and year ended December 31, 2012 are derived from the financial statements of the combined entities consisting of Rexford Industrial, LLC, Rexford Sponsor V LLC, Rexford Industrial Fund V REIT, LLC and their consolidated subsidiaries which consist of one limited partnership and four limited liability companies, referred to as the industrial funds, and their subsidiaries (collectively, the “Predecessor”), and are presented as if this offering, the concurrent private placement and the formation transactions (including the application of the net proceeds therefrom as set forth under “Use of Proceeds”), had occurred on March 31, 2013 for the pro forma consolidated balance sheet and on January 1, 2012 for the pro forma consolidated statement of operations.

As discussed above, our Predecessor includes Rexford Industrial, LLC, Rexford Sponsor V LLC, Rexford Industrial Fund V REIT, LLC and their consolidated subsidiaries which in turn, own our Predecessor’s assets. Each of these Predecessor entities and its assets are owned, managed and controlled (individually or jointly as discussed in more detail below) by our predecessor principals. As such, we have combined these entities as our Predecessor on the basis of common ownership and common management. Our Predecessor’s assets consist of investments in 61 industrial properties and are owned through the industrial funds.

Our pro forma consolidated financial statements are presented for informational purposes only and should be read in conjunction with the historical financial statements and related notes thereto included elsewhere in this prospectus. The adjustments to our pro forma consolidated financial statements are based on available information and assumptions that we consider reasonable. Our pro forma consolidated financial statements do not purport to (1) represent our financial position that would have actually occurred had this offering, the concurrent private placement and the formation transactions occurred on March 31, 2013, (2) represent the results of our operations that would have actually occurred had this offering, the concurrent private placement and the formation transactions occurred on January 1, 2012 and (3) project our financial position or results of operations as of any future date or for any future period, as applicable.

We were formed as a Maryland corporation on January 18, 2013 to acquire the entities owning various real estate assets and to succeed the business of Rexford Industrial, LLC, a Los Angeles-based real estate investment firm. Rexford Industrial Realty, L.P., our operating partnership, was formed as a Maryland limited partnership on January 18, 2013. Upon completion of the offering and the formation transactions, we expect our operations to be carried on through our operating partnership. At such time, the Company, as the general partner of the operating partnership will own 86.8% of the operating partnership and will have control of the operating partnership. Accordingly, the Company will consolidate the assets, liabilities and results of operations of the operating partnership.

The Company has not had any corporate activity since its formation, other than the issuance of 100 shares of its common stock to Michael S. Frankel in connection with the initial capitalization of the Company and activities in preparation for this offering and the formation transactions. Accordingly, we believe that a discussion of the results of the Company would not be meaningful, and we have, therefore, set forth below a discussion regarding the historical operations of the Predecessor only. The Predecessor owns investments in 61 industrial properties through the five controlled industrial funds.

Concurrently with this offering, we will complete the formation transactions, pursuant to which we will acquire, through a series of acquisition and contribution transactions, 100% of the ownership interests in the entities that own interests in our initial portfolio. To acquire the interests in the entities that own the properties to be included in our initial portfolio from the holders thereof, or the prior investors, we will issue to the prior

[Table of Contents](#)

investors an aggregate of 4,957,099 shares of our common stock and 3,714,419 of our common units in our operating partnership, with an aggregate value of \$121.4 million, and we will pay \$664 in cash in accordance with the terms of the relevant merger and/or contribution agreements to acquire the interests of our prior investors that do not meet the criteria of an accredited investor. Cash amounts will be provided from the net proceeds of this offering.

In connection with the formation transactions, we also made available to our prior investors that met the criteria of an accredited investor the opportunity to acquire for cash additional shares of our common stock at the public offering price per share in our concurrent private placement.

Upon completion of this offering, the concurrent private placement and the formation transactions, we expect net proceeds from this offering of approximately \$248.8 million, or approximately \$280.1 million if the underwriters' over-allotment option is exercised in full (after deducting the underwriting discount and commissions and estimated expenses of this offering and the formation transactions). We will contribute the net proceeds of this offering and the concurrent private placement to our operating partnership in exchange for common units, and our operating partnership will use the proceeds received from us as well as cash on hand, if any, as described under "Use of Proceeds" elsewhere in this prospectus.

Upon consummation of this offering and the formation transactions, we expect our operations to be carried on through our operating partnership and subsidiaries of our operating partnership, including our taxable REIT subsidiary. Consummation of the formation transactions will enable us to (i) consolidate our asset management, property management, property development, leasing, tenant improvement construction, acquisition and financing businesses into our operating partnership; (ii) consolidate the ownership of our property portfolio under our operating partnership; (iii) facilitate this offering; and (iv) qualify as a real estate investment trust for U.S. federal income tax purposes commencing with the taxable year ending December 31, 2013.

We have determined that one of the entities comprising the Predecessor, Rexford Industrial, LLC, is the acquirer for accounting purposes. In addition, we have concluded that any interests contributed by the members of the other entities comprising the Predecessor (Rexford Fund V Sponsor, LLC, Rexford Industrial Fund V REIT, LLC and their controlled subsidiaries), is a business combination since these entities have common management and ownership, but are not under common control with Rexford Industrial, LLC. Rexford Industrial, LLC is controlled by one of the predecessor principals while Rexford Fund V Sponsor, LLC and Rexford Industrial Fund V REIT, LLC are jointly controlled by the predecessor principals. As a result, the contribution of interests in Rexford Industrial, LLC as the accounting acquirer will be recorded at historical cost, and the contribution or acquisition of interests in entities other than those owned or controlled by Rexford Industrial, LLC in the formation transactions, including Rexford Fund V Sponsor, LLC, Rexford Industrial Fund V REIT, LLC, and their controlled subsidiaries, will be accounted for as an acquisition under the acquisition method of accounting and recognized at the estimated fair value of acquired assets and assumed liabilities on the date of such contribution or acquisition. The fair value of these assets and liabilities has been allocated in accordance with Accounting Standards Codification ("ASC") section 805-10, *Business Combinations*. The fair values of tangible assets acquired are determined on an as-if-vacant basis. The as-if-vacant fair value of tangible assets will be allocated to land, building and improvements, tenant improvements and furniture and fixtures based on our own market knowledge and published market data, including current rental rates, expected downtime to lease up vacant space, tenant improvement construction costs, leasing commissions and recent sales on a per square foot basis for comparable properties in our submarkets. The estimated fair value of intangible assets consisting of acquired in-place at-market leases are the costs we would have incurred to lease the property to the occupancy level of the property at the date of acquisition. Such estimates include the fair value of leasing commissions and legal costs that would be incurred to lease this property to this occupancy level. Additionally, we evaluate the time period over which such occupancy level would be achieved and include an estimate of the net operating costs (primarily real estate taxes, insurance and utilities) incurred during the lease-up period, which may vary from property to property. Above-market and below-market in-place lease values are recorded as an asset or liability based on the present value (using an interest rate that reflects the risks associated with the leases

[Table of Contents](#)

acquired) of the difference between the contractual amounts to be paid pursuant to the in-place leases and our estimate of fair market lease rates for the corresponding in-place leases, measured over a period equal to the remaining non-cancelable term of the lease for above-market leases and the remaining non-cancelable term plus the term of any below-market fixed rate renewal options for below-market leases.

REXFORD INDUSTRIAL REALTY, INC.
PRO FORMA CONSOLIDATED BALANCE SHEET
As of March 31, 2013
(Unaudited and in thousands, except share data)

	Rexford Industrial Realty, Inc. (A)	Predecessor (B)	Contribution of Rexford Sponsor LLC and Rexford Fund V REIT LLC (C)	Other Acquisitions, Dispositions and Contributions (D)	Other Adjustments (E)	Pro Forma before Offering & Financing Transactions (F)	Proceeds from Offering (F)	Financing Transactions (G)	Use of Proceeds (H)	Other Adjustments (I)	Other Acquisitions (J)	Company Pro Forma
ASSETS												
Investments in real estate, net	\$ —	\$ 324,196	\$ 11,362	\$ 70,911	\$ —	\$ 406,469	\$ —	\$ —	\$ —	\$ —	\$ 12,398	\$ 418,867
Cash and cash equivalents	—	47,446	—	(21,574)	(25,872)	—	248,822	65,477	(312,299)	—	—	2,000
Restricted cash	—	2,086	—	—	(1,842)	244	—	—	—	—	—	244
Notes receivable	—	7,903	—	—	—	7,903	—	—	—	—	—	7,903
Rents and other receivables, net	—	477	—	(20)	—	457	—	—	—	—	—	457
Deferred rent receivable	—	3,996	(483)	(48)	—	3,465	—	—	—	—	—	3,465
Deferred leasing costs and acquisition related intangible assets, net	—	4,651	3,212	4,257	—	12,120	—	—	—	—	1,852	13,972
Deferred loan costs, net	—	1,169	(345)	252	—	1,076	—	1,500	(810)	—	—	1,766
Acquired above-market leases, net	—	186	210	1,618	—	2,014	—	—	—	—	—	2,014
Other assets	—	3,912	—	171	—	4,083	(999)	—	—	—	—	3,084
Acquisition related deposits	—	2,483	—	(2,475)	—	8	—	—	—	—	—	8
Investment in unconsolidated real estate entities	—	12,361	—	(9,592)	—	2,769	—	—	—	—	—	2,769
Assets associated with real estate held for sale	—	9,524	—	(9,524)	—	—	—	—	—	—	—	—
Total Assets	\$ —	\$ 420,390	\$ 13,956	\$ 33,976	\$ (27,714)	\$ 440,608	\$ 247,823	\$ 66,977	\$ (313,109)	\$ —	\$ 14,250	\$ 456,549
LIABILITIES & EQUITY												
Liabilities												
Notes payable	\$ —	\$ 313,118	\$ —	\$ 36,590	\$ —	\$ 349,708	\$ —	\$ 66,977	\$(301,645)	\$ —	\$ 14,250	\$ 129,290
Accounts payable and other liabilities	—	3,066	—	(16)	—	3,050	—	—	—	—	—	3,050
Due to members	—	—	—	—	—	—	—	—	—	—	—	—
Interest rate contracts	—	—	—	—	—	—	—	—	—	—	—	—
Acquired below-market leases, net	—	32	840	72	—	944	—	—	—	—	—	944
Tenant security deposits	—	4,192	—	450	—	4,642	—	—	—	—	—	4,642
Prepaid rents	—	408	—	6	—	414	—	—	—	—	—	414
Liabilities associated with real estate held for sale	—	4,667	—	(4,667)	—	—	—	—	—	—	—	—
Total Liabilities	—	325,483	840	32,435	—	358,758	—	66,977	(301,645)	—	14,250	138,340
Equity												
Rexford Industrial LLC and affiliates	—	11,968	296	(161)	(738)	11,365	247,823	—	(975)	17,828	—	276,041
Accumulated deficit and distributions	—	(25,271)	—	160	—	(25,111)	—	—	(3,823)	28,934	—	—
Total Rexford Industrial Realty, Inc. Stockholders' Equity	—	(13,303)	296	(1)	(738)	(13,746)	247,823	—	(4,798)	46,762	—	276,041
Noncontrolling Interests	—	108,210	12,820	1,542	(26,976)	95,596	—	—	(6,666)	(46,762)	—	42,168
Total Equity	—	94,907	13,116	1,541	(27,714)	81,850	247,823	—	(11,464)	—	—	318,209
Total Liabilities and Equity	\$ —	\$ 420,390	\$ 13,956	\$ 33,976	\$ (27,714)	\$ 440,608	\$ 247,823	\$ 66,977	\$ (313,109)	\$ —	\$ 14,250	\$ 456,549

REXFORD INDUSTRIAL REALTY, INC.
PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
For the Three Months Ended March 31, 2013
(Unaudited and in thousands, except share data)

	Rexford Industrial Realty, Inc.	Predecessor (AA)	Contribution of Rexford Sponsor LLC and Rexford Fund V REIT LLC (BB)	Other Acquisitions, Dispositions and Contributions (CC)	Pro Forma before Offering & Financing Transactions	Financing Transactions (DD)	Use of Proceeds (EE)	Other Adjustments (FF)	Other Acquisitions (GG)	Company Pro Forma
RENTAL REVENUES										
Rental revenues	\$ —	\$ 7,902	\$ 73	\$ 1,291	\$ 9,266	\$ —	\$ —	\$ —	\$ 326	\$ 9,592 (JJ)
Tenant reimbursements	—	904	—	191	1,095	—	—	—	—	1,095
Management, leasing and development services	—	261	—	—	261	—	—	—	—	261
Other income	—	118	—	1	119	—	—	—	—	119
TOTAL RENTAL REVENUES	—	9,185	73	1,483	10,741	—	—	—	326	11,067
Interest income	—	311	—	(63)	248	—	—	—	—	248
TOTAL REVENUES	—	9,496	73	1,420	10,989	—	—	—	326	11,315
OPERATING EXPENSES										
Property operating expenses	—	2,171	—	425	2,596	—	—	—	205	2,801
General and administrative	—	1,153	—	(9)	1,144	—	—	896	—	2,040
Depreciation and amortization	—	3,208	342	1,201	4,751	—	—	—	2,522	7,273
Other property expenses	—	341	—	8	349	—	—	—	—	349
TOTAL OPERATING EXPENSES	—	6,873	342	1,625	8,840	—	—	896	2,727	12,463
INCOME FROM OPERATIONS	—	2,623	(269)	(205)	2,149	—	—	(896)	(2,401)	(1,148)
OTHER INCOME (EXPENSE)										
Equity in loss from unconsolidated real estate entities	—	(212)	—	273	61	—	—	—	—	61
Acquisition expenses	—	(93)	—	(222)	(315)	—	—	315	—	—
Interest expense	—	(3,906)	416	(194)	(3,684)	(557)	3,359	—	(57)	(939)
Gain on mark-to-market on interest rate swaps	—	49	—	—	49	—	(49)	—	—	—
Gain from early repayment of note receivable	—	1,365	—	(1,365)	—	—	—	—	—	—
Loss on extinguishment of debt	—	(37)	—	37	—	—	—	—	—	—
NET INCOME (LOSS) FROM CONTINUING OPERATIONS	\$ —	\$ (211)	\$ 147	\$ (1,676)	\$ (1,740)	\$ (557)	\$ 3,310	\$ (581)	\$ (2,458)	\$ (2,026)
										Net (income) loss attributable to noncontrolling interests (HH) 268
										Net (income) loss attributable to restricted shares (HH) (85)
										NET INCOME (LOSS) ATTRIBUTABLE TO REXFORD INDUSTRIAL REALTY, INC. STOCKHOLDERS (1,843)
										Pro Forma income (loss) per share-basic (II) (0.08)
										Pro Forma income (loss) per share-diluted (II) (0.08)
										Pro Forma weighted average shares outstanding-basic (II) 24,546,392
										Pro Forma weighted average shares outstanding-diluted (II) 24,546,392

REXFORD INDUSTRIAL REALTY, INC.
PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended December 31, 2012
(Unaudited and in thousands, except share data)

	Rexford Industrial Realty, Inc.	Predecessor (AA)	Contribution of Rexford Sponsor LLC and Rexford Fund V REIT LLC (BB)	Other Acquisitions, Dispositions and Contributions (CC)	Pro Forma before Offering & Financing Transactions	Financing Transactions (DD)	Use of Proceeds (EE)	Other Adjustments (FF)	Other Acquisitions (GG)	Company Pro Forma	
RENTAL REVENUES											
Rental revenues	\$ —	\$ 28,586	\$ 323	\$ 5,323	\$ 34,232	\$ —	\$ —	\$ —	\$ 1,268	\$ 35,500	(JJ)
Tenant reimbursements	—	3,262	—	823	4,085	—	—	—	—	4,085	
Management, leasing and development services	—	519	—	—	519	—	—	—	—	519	
Other income	—	124	—	(9)	115	—	—	—	—	115	
TOTAL RENTAL REVENUES	—	32,491	323	6,137	38,951	—	—	—	1,268	40,219	
Interest income	—	1,577	—	(566)	1,011	—	—	—	—	1,011	
TOTAL REVENUES	—	34,068	323	5,571	39,962	—	—	—	1,268	41,230	
OPERATING EXPENSES											
Property operating expenses	—	8,328	—	1,872	10,200	—	—	—	534	10,734	
General and administrative	—	5,146	—	(47)	5,099	—	—	3,584	—	8,683	
Depreciation and amortization	—	12,727	1,424	2,846	16,997	—	—	—	825	17,822	
Other property expenses	—	1,302	—	22	1,324	—	—	—	—	1,324	
TOTAL OPERATING EXPENSES	—	27,503	1,424	4,693	33,620	—	—	3,584	1,359	38,563	
INCOME FROM OPERATIONS	—	6,565	(1,101)	878	6,342	—	—	(3,584)	(91)	2,667	
OTHER INCOME (EXPENSE)											
Equity in loss from unconsolidated real estate entities	—	122	—	(227)	(105)	—	—	—	—	(105)	
Acquisition expenses	—	(599)	—	(399)	(998)	—	—	998	—	—	
Interest expense	—	(17,452)	1,430	(694)	(16,716)	(2,226)	15,409	—	(221)	(3,754)	
Gain on mark-to-market on interest rate swaps	—	2,361	—	—	2,361	—	(2,361)	—	—	—	
Gain from early repayment of note receivable	—	—	—	—	—	—	—	—	—	—	
Loss on extinguishment of debt	—	—	—	—	—	—	—	—	—	—	
NET INCOME (LOSS) FROM CONTINUING OPERATIONS	\$ —	\$ (9,003)	\$ 329	\$ (442)	\$ (9,116)	\$ (2,226)	\$ 13,048	\$ (2,586)	\$ (312)	\$ (1,192)	
											Net (income) loss attributable to noncontrolling interests (HH) 158
											Net (income) loss attributable to restricted shares (HHI) (453)
											NET INCOME (LOSS) ATTRIBUTABLE TO REXFORD INDUSTRIAL REALTY, INC. STOCKHOLDERS (1,487)
											Pro Forma income (loss) per share-basic (II) (0.06)
											Pro Forma income (loss) per share-diluted (II) (0.06)
											Pro Forma weighted average shares outstanding-basic (II) 24,315,410
											Pro Forma weighted average shares outstanding-diluted (II) 24,315,410

REXFORD INDUSTRIAL REALTY, INC.
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited and in thousands, except share data)

1. Adjustments to the Pro Forma Consolidated Balance Sheet

The adjustments to the pro forma consolidated balance sheet as of March 31, 2013 are as follows:

- (A) Represents the balance sheet of Rexford Industrial Realty, Inc. as of March 31, 2013. The Company was formed on January 18, 2013 and has had no activity since its inception other than the issuance of 100 shares of common stock for \$1 per share that was initially funded on March 4, 2013 by the sole shareholder, Michael S. Frankel.
- (B) Reflects the historical combined balance sheet of our Predecessor as of March 31, 2013, which is comprised of Rexford Industrial, LLC, Rexford Fund V Sponsor, LLC, Rexford Industrial Fund V REIT, LLC and their consolidated subsidiaries. We will issue shares of common stock, common units in our operating partnership and pay cash in exchange for all of the ownership interests in our Predecessor. We have determined that one of the entities comprising the Predecessor, Rexford Industrial, LLC, is the acquirer for accounting purposes. In addition, we have concluded that any interests contributed by the members of the other entities comprising the Predecessor (Rexford Fund V Sponsor, LLC, Rexford Industrial Fund V REIT, LLC and their controlled subsidiaries), is a business combination since these entities have common management and ownership, but are not under common control with Rexford Industrial, LLC. Rexford Industrial, LLC is controlled by one of the predecessor principals while Rexford Fund V Sponsor, LLC and Rexford Industrial Fund V REIT, LLC are jointly controlled by the predecessor principals. As a result, the contribution of interests in Rexford Industrial, LLC as the accounting acquirer will be recorded at historical cost, and the contribution or acquisition of interests in entities other than those owned or controlled by Rexford Industrial, LLC in the formation transactions, including Rexford Fund V Sponsor, LLC, Rexford Industrial Fund V REIT, LLC and their controlled subsidiaries, will be accounted for as an acquisition under the acquisition method of accounting and recognized at the estimated fair value of acquired assets and assumed liabilities on the date of such contribution or acquisition.

The historical combined financial statements of our Predecessor as of and for the three months ended March 31, 2013 and the year ended December 31, 2012 have been included elsewhere in this prospectus.

- (C) As noted in (B) above, the contribution of Rexford Fund V Sponsor, LLC and Rexford Industrial Fund V REIT, LLC as part of the formation transactions will be accounted for as a business combination in accordance with ASC Section 805-10, *Business Combinations*, and recorded at the estimated fair value of the acquired assets and assumed liabilities. The following pro forma adjustments are necessary to reflect the initial allocation of the estimated fair value of Rexford Fund V Sponsor, LLC and Rexford Industrial Fund V REIT, LLC and their controlled subsidiaries. The allocation of fair value shown in the table below is based on the Company's preliminary estimates and is subject to change based on the final determination of the fair value of the assets and liabilities acquired. The consideration reflected below represents the issuance of operating partnership units in our Operating Partnership for the contribution of ownership interests in Rexford Fund V Sponsor, LLC and Rexford Industrial Fund V REIT, LLC and their controlled subsidiaries.

[Table of Contents](#)

	Fair value of Rexford Sponsor LLC and Rexford Fund V REIT LLC	Historical Basis	Pro-forma Adjustment
Investments in real estate, net	\$ 68,945	\$ 57,583	\$ 11,362
Acquired above market leases, net	277	67	210
Value of in-place leases, net	4,941	1,729	3,212
Acquired lease obligation, net	(863)	(23)	(840)
Other assets and liabilities	—	828	(828)
Rexford Industrial LLC and affiliates	—	—	296
Noncontrolling interests	—	—	\$ 12,820

- (D) Subsequent to March 31, 2013, our Predecessor acquired (i) 18118-18120 S. Broadway Street located in Carson, California, (ii) 8900 & 8980 Benson Avenue and 5637 Arrow Highway both located in Montclair, California, (iii) 3332-3380 & 3410-3424 N. San Fernando Road and 3550 Tyburn Street (“Glendale Commerce Center”) located in Glendale, California and (iv) 1661 240th Street located in Los Angeles, California. We will also acquire the 30% tenant-in-common interest in the La Jolla Sorrento property that we do not own through a contribution transaction. The acquisitions will be accounted for as business combinations under the purchase method of accounting in accordance with ASC Section 805-10, *Business Combinations*, and recorded at the estimated fair value of the acquired assets and assumed liabilities. The following pro forma adjustments are necessary to reflect the initial allocation of the estimated fair value of the acquired property. The allocation of fair value shown in the table below is based on the Company’s preliminary estimates and is subject to change based on the final determination of the fair value of the assets and liabilities acquired. As it relates to the acquisition of the La Jolla Sorrento Property, the consideration reflected below represents the issuance of operating partnership units in our Operating Partnership to acquire 30% tenants-in-common interest in the La Jolla Sorrento property.

During the second quarter of 2013, we sold our Williams property located in Oxnard, California, our Interstate property located in Tempe, Arizona, our Glenoaks property located in Sun Valley, California and our Knollwood property located in Anaheim, California. Our pro-forma adjustment reflects the sale of these properties as an adjustment to remove our assets and liabilities associated with real estate held for sale.

	Glendale Acquisition	Other Acquisitions	Dispositions	Total
Investment in real estate, net	\$ 52,211	\$ 24,009	\$ (5,309)	\$ 70,911
Other	(9,112)	(24,740)	(3,083)	(36,935)
	<u>\$ 43,099</u>	<u>\$ (731)</u>	<u>\$ (8,392)</u>	<u>\$ 33,976</u>
Mortgage loan	\$ 42,750	\$ —	\$ (6,160)	\$ 36,590
Accounts payable and other liabilities	274	292	(4,721)	(4,155)
	<u>\$ 43,024</u>	<u>\$ 292</u>	<u>\$ (10,881)</u>	<u>\$ 32,435</u>

- (E) As part of the formation transactions, our Predecessor will distribute to the prior investors the pre-closing property distributions, consisting of the positive net working capital balance in the industrial funds as of a date not later than forty-five days prior to date of the preliminary prospectus to be used in connection with this offering. Currently, the pre-closing distribution is estimated to be approximately \$27.7 million. Approximately \$20.7 million of this amount will be re-invested into the Company by prior investors and management as part of the approximately \$47 million concurrent private placement.

Table of Contents

- (F) Reflects the sale of 16,000,000 shares of common stock in this offering and 3,358,311 shares of common stock in the concurrent private placement, based on an offering price of \$14.00 per share, and net of underwriting discounts, commissions and offering expenses as follows:

Gross proceeds from offering	\$224,000
Gross proceeds from concurrent private placement	47,003
Less:	
Underwriting discounts, commissions and offering expenses applicable to the gross proceeds from this offering ⁽¹⁾	(23,180)
Available proceeds	<u>\$247,823</u>

- (1) Includes offering costs totaling approximately \$999 that have been paid by us as of March 31, 2013 with funds advanced by our Predecessor. These costs have been capitalized on Predecessor's balance sheet and will be charged against offering proceeds upon completion of this offering.
- (G) In connection with this offering and the formation transactions, we expect to complete an agreement with affiliates of certain of our underwriters, to provide a \$200 million revolving credit facility of which \$140 million will be available to us upon completion of the offering with an accordion feature that may provide for up to an additional \$200 million borrowing capacity. We expect to initially borrow approximately \$21.2 million under our revolving credit facility upon completion of the formation transactions, offering and concurrent private placement, including approximately \$14.2 million to acquire Orion and Oxnard (see Note J). In addition, we will also complete an agreement to borrow \$60 million term loan from affiliates of certain of our underwriters upon completion of this offering. For purposes of this presentation, \$1,500 of the proceeds from the financing transactions have been applied to payment of \$1,500 in fees associated with the revolving credit facility and term loan. These fees will be amortized over a three year period for the revolving credit facility and a five year period for the term loan.
- (H) We will use the net proceeds received by us from this offering, the concurrent private placement, the new term loan, borrowings under our proposed revolving credit facility and contributions to our operating partnership of approximately \$2.0 million of cash working capital in connection with the formation transactions to repay \$304.4 million (including approximately \$2.8 million of pre-payment penalties and unpaid extension fees) of debt secured by the assets of the industrial funds, distribute \$6.5 million in excess working capital (including a repayment of \$0.9 million in connection with an existing promissory note issued by Fund V to Sponsor), pay \$664 to non-accredited investors and pay approximately \$600 to pay transfer taxes and fees associated with the contribution of our properties to us.
- (I) As consideration for the contributions of the Predecessor's assets, the prior investors in the Predecessor entities will receive 3,714,419 common units and 4,957,099 shares of our common stock.
- (J) In June 2013, we entered into a contract to acquire (i) 8101-8117 Orion Avenue, and (ii) 18310-18330 Oxnard Street both located in Los Angeles, California. The acquisitions will be accounted for as business combinations under the purchase method of accounting in accordance with ASC Section 805-10, Business Combinations, and recorded at the estimated fair value of the acquired assets and assumed liabilities. The following pro forma adjustments are necessary to reflect the initial allocation of the estimated fair value of the acquired property. The allocation of fair values is based on our preliminary estimates and is subject to change based on the final determination of the fair value of the assets and liabilities acquired. Finally, we expect to borrow \$14.2 million from our proposed revolving credit facility to acquire these properties (see Note G).

2. Adjustments to the Pro Forma Combined Statement of Operations

The adjustments to the pro forma statements of operations for the three months ended March 31, 2013 and the year ended December 31, 2012 are as follows:

- (AA) Reflects the historical combined statements of operations of the Predecessor for the three months ended March 31, 2013 and the year ended December 31, 2012.
- (BB) Reflects the contribution of Rexford Fund V Sponsor, LLC, Rexford Industrial Fund V REIT, LLC and their controlled subsidiaries as discussed in (C) above, as if this had occurred on January 1, 2012. The contribution of the ownership interests in Rexford Fund V Sponsor, LLC, Rexford Industrial Fund V REIT, LLC and their controlled subsidiaries will be accounted for as a business combination in accordance with ASC Section 805-10, *Business Combinations*, and recorded at the estimated fair value of the acquired assets and assumed liabilities. Adjustments for revenues represent the impact of the amortization of the net amount of above- and below-market rents. Depreciation and amortization represent the additional depreciation expense and amortization of intangibles as a result of these purchase accounting adjustments. Depreciation and amortization amounts were determined based on management's evaluation of the estimated useful lives of the properties and intangibles. In utilizing these useful lives for determining the pro forma adjustments, management considered the length of time the property had been in existence, the maintenance history as well as anticipated future maintenance, and any contractual stipulations that might limit the useful life.
- (CC) Subsequent to March 31, 2013, our Predecessor acquired (i) 18118-18120 S. Broadway Street located in Carson, California, (ii) 8900 & 8980 Benson Avenue and 5637 Arrow Highway both located in Montclair, California, (iii) 3332-3380 & 3410-3424 N. San Fernando Road and 3550 Tyburn Street ("Glendale Commerce Center") located in Glendale, California and (iv) 1661 240th Street located in Los Angeles, California, as discussed in Note (D) above. The table reflects these property acquisitions and the contribution of the 30% tenant-in-common interest in the La Jolla Sorrento property as discussed in (D) above, as if the transactions had occurred on January 1, 2012. The acquisitions and contribution of the 30% tenant-in-common interest in the La Jolla Sorrento property will be accounted for as acquisitions under the purchase method of accounting in accordance with ASC Section 805-10, *Business Combinations*, and recorded at the estimated fair value of the acquired assets and assumed liabilities. Adjustments for revenues represent the impact of the amortization of the net amount of above- and below-market rents. Depreciation and amortization represent the additional depreciation expense and amortization of intangibles as a result of these purchase accounting adjustments. Depreciation and amortization amounts were determined based on management's evaluation of the estimated useful lives of the properties and intangibles. In utilizing these useful lives for determining the pro forma adjustments, management considered the length of time the property had been in existence, the maintenance history as well as anticipated future maintenance, and any contractual stipulations that might limit the useful life.

Also reflects the impact of note receivable pay off for our Pasadena Foothill Center loan. The borrower paid the note on February 8, 2013. In addition, during the second quarter of 2013, we sold our Interstate property located in Tempe, Arizona and our Knollwood property located in Anaheim, California. Adjustments for revenue and expenses represent the full-year and full quarter impact of removing these assets from the Predecessor statements of operations.

Table of Contents

	March 31, 2013					December 31, 2012				
	Glendale Acquisition	Other Acquisitions	Foothill Loan Payoff	Dispositions	Total	Glendale Acquisition	Other Acquisitions	Foothill Loan Payoff	Dispositions	Total
Revenues	\$ 1,143	\$ 519	\$ (63)	\$ (179)	\$ 1,420	\$ 4,758	\$ 2,301	\$ (567)	\$ (921)	\$ 5,571
Operating Expenses	(287)	(202)	7	58	(424)	(1,285)	(827)	10	255	(1,847)
Interest Expense	(258)	—	14	50	(194)	(1,030)	—	127	209	(694)
Depreciation Expense	(481)	(753)	—	33	(1,201)	(2,136)	(1,387)	—	677	(2,846)
Acquisition Expense	(131)	(91)	—	—	(222)	(131)	(274)	—	6	(399)
Gain from early repayment of note receivable	—	—	(1,365)	—	(1,365)	—	—	—	—	—
Loss on extinguishment of debt	—	—	37	—	37	—	—	—	—	—
Equity in loss from unconsolidated real estate entities	—	273	—	—	273	—	(227)	—	—	(227)
	\$ (14)	\$ (254)	\$ (1,370)	\$ (38)	\$ (1,676)	\$ 176	\$ (414)	\$ (430)	\$ 226	\$ (442)

- (DD) Reflects \$113 and \$450 in amortization of the \$1,500 in fees associated with the anticipated revolving credit facility and term loan for the three months ended March 31, 2013 and for the year ended December 31, 2012, respectively, plus \$89 and \$356 for the unused fee on the \$200 million revolving credit facility for the three months ended March 31, 2013 and for the year ended December 31, 2012, respectively. In addition, we expect to borrow \$60.0 million from a term loan (see (G) above) at a rate of LIBOR plus 1.925%, or currently 2.13% and initially borrow approximately \$21.2 million from our revolving credit facility including \$14.2 million to acquire Orion and Oxnard (see Note J and GG) at a rate of LIBOR plus 1.35%, or currently 1.55%. On a pro-forma basis, if LIBOR were to increase by 1/8%, interest expense would have increased by and net income from continuing operations would have decreased by \$39 and \$155 for the three months ended March 31, 2013 and for the year ended December 31, 2012, respectively. Conversely, if LIBOR were to decrease by 1/8%, interest expense would have decreased by and net income from continuing operations would have increased by \$39 and \$155 for the three months ended March 31, 2013 and for the year ended December 31, 2012, respectively.
- (EE) Reflects approximately \$3,359 and \$15,409 of interest expense and \$49 and \$2,361 of gain on mark-to-market on interest rate swaps incurred by our Predecessor for the three months ended March 31, 2013 and for the year ended December 31, 2012, respectively, on debt (and the related interest rate swap) secured by our Predecessor's assets that will be repaid from proceeds raised in this offering (see (H) above).
- (FF) We expect to incur additional general and administrative expenses as a result of becoming a public company, including, but not limited to, incremental salaries, board of directors' fees and expenses, directors' and officers' insurance, Sarbanes-Oxley Act of 2002 compliance costs, SEC reporting expenses and incremental audit and tax fees. We estimate that these costs could result in general and administrative expenses of approximately \$6.0 million per year, before additional non-cash compensation expenses of approximately \$3.2 million per year from the grant of 923,929 shares of restricted stock. The total value of the restricted shares granted is expected to be approximately \$12.9 million vesting over four years. Our pro-forma adjustment includes our estimate of non-cash compensation expenses for the three-months ended March 31, 2013 of \$808 and \$3.2 million for the year ended December 31, 2012. As we have not yet entered into contracts with third parties to provide all of the services included within this estimate, not all of the estimated expenses appear in the accompanying pro forma consolidated statement of operations. Amounts corresponding to services and expenses under contract have been reflected as an adjustment in the pro forma consolidated statement of operations as additional general and administrative expenses, without duplication, to the general and administrative expenses appearing in the historical statements of operations.

Table of Contents

- (GG) In June 2013, we entered into contract to acquire (i) 8101-8117 Orion Avenue, and (ii) 18310-18330 Oxnard Street both located in Los Angeles, California as discussed in Note (J) above. The acquisitions will be accounted for as business combinations under the purchase method of accounting in accordance with ASC Section 805-10, Business Combinations, and recorded at the estimated fair value of the acquired assets and assumed liabilities. Adjustments for revenues represent the impact of the amortization of the net amount of above- and below-market rents. Depreciation and amortization represent the additional depreciation expense and amortization of intangibles as a result of these purchase accounting adjustments. Depreciation and amortization amounts were determined based on management's evaluation of the estimated useful lives of the properties and intangibles. In utilizing these useful lives for determining the pro forma adjustments, management considered the length of time the property had been in existence, the maintenance history as well as anticipated future maintenance, and any contractual stipulations that might limit the useful life. Finally, we expect to borrow \$14.2 million from our proposed revolving credit facility to acquire these properties. We have included in our pro forma adjustment approximately \$57 and \$221 of interest expense related to our expected borrowings.
- (HH) Reflects the allocation of income attributable to the income (loss) attributable to common non-controlling partnership interests issued as part of this offering and formation transactions (see (I) above). Also reflects the net income allocable to restricted shares which will be paid non-forfeitable dividends.
- (II) Pro forma earnings (loss) per share—basic and diluted are calculated by dividing pro forma consolidated net income (loss) allocable to common stockholders by the number of shares of common stock issued in this offering and the formation transactions. Set forth below is a reconciliation of pro forma weighted average shares outstanding:

	<u>Three-months ended March 31, 2013</u>	<u>Year ended December 31, 2012</u>
Shares issued in the offering	16,000,000	16,000,000
Shares issued in the concurrent private placement	3,358,311	3,358,311
Shares issued to prior investors	4,957,099	4,957,099
Vested restricted stock	230,982	—
Pro-forma weighted average shares outstanding—basic and diluted	<u>24,546,392</u>	<u>24,315,410</u>

- (JJ) Rental revenues reflects fair value lease revenue of \$(130) and \$(412) decrease to rental revenues and straight line rent adjustment of \$179 and \$891 increase to rental revenues for the three months ended March 31, 2013 and the year ended December 31, 2012, respectively.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Stockholder of Rexford Industrial Realty, Inc.

We have audited the accompanying consolidated balance sheet of Rexford Industrial Realty, Inc. as of March 31, 2013. This balance sheet is the responsibility of the Company's management. Our responsibility is to express an opinion on this balance sheet based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated balance sheet is free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the balance sheet, assessing the accounting principles used and significant estimates made by management, and evaluating the overall balance sheet presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated balance sheet referred to above presents fairly, in all material respects, the financial position of Rexford Industrial Realty, Inc. at March 31, 2013, in conformity with U.S. generally accepted accounting principles.

/s/ ERNST & YOUNG LLP

Los Angeles, California

May 23, 2013

REXFORD INDUSTRIAL REALTY, INC.
CONSOLIDATED BALANCE SHEET
As of March 31, 2013

ASSETS	
Cash	<u>\$ 100</u>
	<u>\$ 100</u>
STOCKHOLDER'S EQUITY	
Common stock \$0.01 par value per share, 100,000 shares authorized, 100 shares issued and outstanding	\$ 1
Additional paid-in capital	<u>99</u>
	<u>\$ 100</u>

See Accompanying Notes

REXFORD INDUSTRIAL REALTY, INC.
NOTES TO CONSOLIDATED BALANCE SHEET
March 31, 2013

1. Organization

Rexford Industrial Realty, Inc. (the “Company,” “we,” “our” or “us”) was formed as a Maryland corporation on January 18, 2013 to operate as a self-administered and self-managed REIT focused on owning and operating industrial properties in Southern California infill markets. We were formed to succeed our predecessor business, which is controlled and operated by our principals, Richard Ziman, Howard Schwimmer and Michael Frankel, respectively. The Company has submitted a Registration Statement on Form S-11 with the Securities and Exchange Commission with respect to a proposed public offering (the “Offering”) of common stock. The Company is the sole general partner of Rexford Industrial Realty, L.P., our “operating partnership,” which was also formed as a Maryland limited partnership on January 18, 2013. From January 18, 2013 (inception) through March 5, 2013, the Company had no operations other than the issuance of 100 shares of common stock, \$0.01 par value per share, for \$100 to Michael Frankel and his affiliate in connection with our initial capitalization. The operations are planned to commence upon completion of the Offering. Upon completion of the Offering and the Formation Transactions (defined below), we expect our operations to be carried on through our operating partnership and a, wholly owned subsidiary, Rexford Industrial Realty and Management, Inc. At such time, the Company, as the general partner of our operating partnership, will control the operating partnership. The Company will consolidate the assets, liabilities, and results of operations of the operating partnership.

Concurrently with the Offering, we will complete certain formation transactions pursuant to which we will acquire, through a series of purchase and contribution transactions, the entities that own interests in our initial portfolio, in exchange for cash, shares of our common stock and/or units in our operating partnership. The formation transactions are designed to consolidate our asset management, property management, property development, leasing, tenant improvement construction, acquisition and financing businesses into our operating partnership; consolidate the ownership of our industrial properties under our operating partnership; facilitate the Offering; and allow us to qualify as a real estate investment trust for federal income tax purposes commencing with the taxable year ending December 31, 2013.

We intend to elect to be taxed and to operate in a manner that will allow us to qualify as a real estate investment trust (“REIT”) under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended, for federal income tax purposes commencing with our taxable year ending December 31, 2013.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements are presented on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (“GAAP”).

Income taxes

Subject to qualification as a REIT, the Company will be permitted to deduct distributions paid to its stockholders, eliminating the federal taxation of income represented by such distributions at the Company level.

REITs are subject to a number of organizational and operational requirements. If the Company fails to qualify as a REIT in any taxable year, the Company will be subject to federal income tax (including any applicable alternative minimum tax) on its taxable income at regular corporate tax rates.

[Table of Contents](#)

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the reported amounts in the balance sheet and accompanying notes. Actual results could differ from those estimates.

Underwriting Commissions and Costs

Underwriting commissions and costs to be incurred in connection with the Offering will be reflected as a reduction of additional paid-in-capital.

3. Offering Costs

In connection with the Offering, affiliates have or will incur legal, accounting, and related costs, which will be reimbursed by the Company upon the consummation of the Offering. Such costs will be deducted from the gross proceeds of the Offering.

4. Subsequent Events

We have evaluated subsequent events through the date on which these financial statements were issued.

REXFORD INDUSTRIAL REALTY, INC. PREDECESSOR
COMBINED BALANCE SHEETS

	March 31, 2013 (Unaudited)	December 31, 2012
ASSETS		
Land	\$156,836,000	\$ 156,836,000
Buildings and improvements	214,214,000	213,557,000
Tenant improvements	12,706,000	12,735,000
Furniture, fixtures, and equipment	188,000	188,000
Total real estate held for investment	383,944,000	383,316,000
Accumulated depreciation	(59,748,000)	(57,177,000)
Investments in real estate, net	324,196,000	326,139,000
Cash and cash equivalents	47,446,000	43,499,000
Restricted cash	2,086,000	1,882,000
Notes receivable	7,903,000	11,911,000
Rents and other receivables, net	477,000	554,000
Deferred rent receivable	3,996,000	3,799,000
Deferred leasing costs and in-place lease intangibles, net	4,651,000	5,194,000
Deferred loan costs, net	1,169,000	1,414,000
Acquired above-market leases, net	186,000	249,000
Other assets	3,912,000	1,873,000
Acquisition related deposits	2,483,000	260,000
Investment in unconsolidated real estate entities	12,361,000	12,697,000
Assets associated with real estate held for sale	9,524,000	11,025,000
Total Assets	\$420,390,000	\$ 420,496,000
LIABILITIES & EQUITY		
Liabilities		
Notes payable	\$313,118,000	\$ 308,991,000
Accounts payable, accrued expenses and other liabilities	3,066,000	2,627,000
Due to members	—	1,221,000
Interest rate contracts	—	49,000
Acquired below-market leases, net	32,000	39,000
Tenant security deposits	4,192,000	3,768,000
Prepaid rents	408,000	355,000
Liabilities associated with real estate held for sale	4,667,000	7,198,000
Total Liabilities	325,483,000	324,248,000
Equity		
Rexford Industrial Realty, Inc. Predecessor	11,968,000	11,962,000
Accumulated deficit and distributions	(25,271,000)	(24,653,000)
Total Rexford Industrial Realty, Inc. Predecessor (deficit)	(13,303,000)	(12,691,000)
Noncontrolling interests	108,210,000	108,939,000
Total Equity	94,907,000	96,248,000
Total Liabilities and Equity	\$420,390,000	\$ 420,496,000

See Accompanying Notes

REXFORD INDUSTRIAL REALTY, INC. PREDECESSOR
COMBINED STATEMENTS OF OPERATIONS (UNAUDITED)

	<u>Three Months Ended</u> <u>March 31, 2013</u>	<u>Three Months Ended</u> <u>March 31, 2012</u>
RENTAL REVENUES		
Rental revenues	\$ 7,902,000	\$ 7,039,000
Tenant reimbursements	904,000	789,000
Management, leasing and development services	261,000	64,000
Other income	118,000	17,000
TOTAL RENTAL REVENUES	<u>9,185,000</u>	<u>7,909,000</u>
Interest income	311,000	337,000
TOTAL REVENUES	<u>9,496,000</u>	<u>8,246,000</u>
EXPENSES		
Property expenses	2,171,000	1,987,000
General and administrative	1,153,000	983,000
Depreciation and amortization	3,208,000	3,526,000
Other property expense	341,000	276,000
TOTAL OPERATING EXPENSES	<u>6,873,000</u>	<u>6,772,000</u>
OTHER (INCOME) EXPENSE		
Acquisition expenses	93,000	68,000
Interest expense	3,906,000	4,209,000
Gain on mark-to-market interest rate swaps	(49,000)	(612,000)
TOTAL OTHER EXPENSE	<u>3,950,000</u>	<u>3,665,000</u>
TOTAL EXPENSES	<u>10,823,000</u>	<u>10,437,000</u>
Equity in income (loss) of unconsolidated real estate entities	(212,000)	57,000
Gain from early repayment of note receivable	1,365,000	—
Loss on extinguishment of debt	(37,000)	—
NET LOSS FROM CONTINUING OPERATIONS	<u>(211,000)</u>	<u>(2,134,000)</u>
DISCONTINUED OPERATIONS		
Income from discontinued operations before (losses) on settlement of debt and gains on sale of real estate	64,000	34,000
Loss on extinguishment of debt	(209,000)	—
Gain on sale of real estate	2,409,000	—
INCOME FROM DISCONTINUED OPERATIONS	<u>2,264,000</u>	<u>34,000</u>
NET INCOME (LOSS)	<u>2,053,000</u>	<u>(2,100,000)</u>
Net (income) loss attributable to noncontrolling interests	(1,726,000)	1,933,000
NET INCOME (LOSS) ATTRIBUTABLE TO REXFORD INDUSTRIAL REALTY, INC. PREDECESSOR	<u>\$ 327,000</u>	<u>\$ (167,000)</u>

See Accompanying Notes

REXFORD INDUSTRIAL REALTY, INC. PREDECESSOR
COMBINED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

	<u>Rexford Industrial Realty, Inc. Predecessor</u>	<u>Noncontrolling Interests</u>	<u>Total</u>
Balance as of December 31, 2012	\$ (12,691,000)	\$108,939,000	\$96,248,000
Capital contributions	6,000	1,326,000	1,332,000
Equity based compensation expense	—	66,000	66,000
Net income	327,000	1,726,000	2,053,000
Distributions	(945,000)	(3,847,000)	(4,792,000)
Balance as of March 31, 2013	<u>\$ (13,303,000)</u>	<u>\$108,210,000</u>	<u>\$94,907,000</u>

See Accompanying Notes

REXFORD INDUSTRIAL REALTY, INC. PREDECESSOR
COMBINED STATEMENTS OF CASH FLOWS (UNAUDITED)

	<u>Three Months Ended March 31, 2013</u>	<u>Three Months Ended March 31, 2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ 2,053,000	\$ (2,100,000)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Equity in (earnings) loss of unconsolidated real estate entities	212,000	(57,000)
Depreciation and amortization	3,208,000	3,526,000
Depreciation and amortization real estate held for sale	78,000	131,000
Amortization of above market lease intangibles	56,000	62,000
Accretion of discount on notes receivable	(62,000)	(31,000)
Loss on extinguishment of debt	245,000	—
Net gain on asset dispositions	(2,409,000)	—
Amortization of loan costs	263,000	176,000
Gain on mark-to-market interest rate swaps	(49,000)	(611,000)
Deferred interest expense	271,000	263,000
Equity based compensation expense	66,000	—
Gain from early repayment of notes receivable	(1,365,000)	—
Change in working capital components:		
Tenant receivables	77,000	(117,000)
Deferred rent receivables	(197,000)	(141,000)
Change in restricted cash	(173,000)	(361,000)
Leasing commissions	(135,000)	(94,000)
Other assets	(1,459,000)	33,000
Accounts payable, accrued expenses and other liabilities	198,000	1,197,000
Tenant security deposits	441,000	(149,000)
Prepaid rent	53,000	(136,000)
Net cash provided by operating activities	<u>1,372,000</u>	<u>1,591,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of investment in real estate	—	(4,284,000)
Capital expenditures	(495,000)	(1,178,000)
Acquisition related deposits	(2,223,000)	—
Contributions to unconsolidated real estate entities	—	—
Distributions from unconsolidated real estate entities	124,000	85,000
Change in restricted cash	(52,000)	135,000
Principal repayments of notes receivable	5,435,000	61,000
Disposition of investment in real estate	3,851,000	—
Net cash provided by (used in) investing activities	<u>6,640,000</u>	<u>(5,181,000)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable	6,730,000	161,000
Repayment of notes payable	(5,577,000)	(110,000)
Deferred loan costs	(40,000)	(5,000)
Prepaid offering costs	(518,000)	—
Capital contributions	1,332,000	5,300,000
Distributions to members	(4,792,000)	(402,000)
Reimbursements due to members	(1,221,000)	—
Change in restricted cash	21,000	—
Net cash provided by (used in) financing activities	<u>(4,065,000)</u>	<u>4,944,000</u>
Net increase in cash and cash equivalents	3,947,000	1,354,000
Cash and cash equivalents, beginning of period	43,499,000	20,928,000
Cash and cash equivalents, end of period	<u>\$ 47,446,000</u>	<u>\$ 22,282,000</u>

See Accompanying Notes

REXFORD INDUSTRIAL REALTY, INC. PREDECESSOR
NOTES TO COMBINED FINANCIAL STATEMENTS

1. Organization and Basis of Presentation

Rexford Industrial Realty, Inc. Predecessor is not a legal entity but rather a combination of numerous real estate entities and management companies engaged in the acquisition, ownership, development, leasing and management of industrial real estate, and in the acquisition of debt instruments connected with industrial real estate. Rexford Industrial Realty, Inc. Predecessor is the predecessor of Rexford Industrial Realty, Inc. (the "REIT"), which is expected to complete an initial public offering (the "IPO") of the common stock of the REIT in 2013. In connection with the IPO, the Company will engage in formation transactions that are designed to consolidate its asset management, property management, property development, leasing, tenant improvement construction, acquisition and financing businesses into Rexford Industrial Realty, L.P., the operating partnership formed by and managed by the REIT; consolidate the ownership of our portfolio of industrial properties under the operating partnership; facilitate the IPO; and allow the REIT to qualify as a real estate investment trust for U.S. federal income tax purposes commencing with the taxable year ending December 31, 2013. Below is a background summary of the entities comprising Rexford Industrial Realty, Inc. Predecessor.

The combined financial statements presented herein consist of Rexford Industrial, LLC ("RILLC"), Rexford Sponsor V, LLC and Rexford Industrial Fund V REIT, LLC ("RIF V REIT") and their consolidated subsidiaries which consists of Rexford Industrial Fund I, LLC ("RIF I"), Rexford Industrial Fund II, LLC ("RIF II"), Rexford Industrial Fund III, LLC ("RIF III"), Rexford Industrial Fund IV, LLC ("RIF IV") and Rexford Industrial Fund V, LP ("RIF V"). The terms "Company," "us," "we" and "our" as used in these financial statements refer to Rexford Industrial Realty, Inc. Predecessor. The entities comprising Rexford Industrial Realty, Inc. Predecessor are combined on the basis of common management and common ownership.

As of March 31, 2013, we control and own the equity interests of the entities that own, on a combined basis, a portfolio of 54 industrial properties and one loan secured by the deed of trust on real property. We also manage, and own a partial equity interest in five additional industrial properties, for a total of 59 industrial properties in our total managed portfolio.

Below is a summary of the industrial properties in our total managed portfolio as of March 31, 2013:

	<u>Number of</u>		<u>Total Portfolio</u>	<u>Effective Portfolio⁽¹⁾</u>
	<u>Properties</u>	<u>Buildings</u>	<u>Square Feet</u>	<u>Square Feet</u>
RIF I	7	17	1,008,191	963,418
RIF II	8	23	726,905	697,515
RIF III	11	37	1,012,889	1,012,889
RIF IV	14	29	947,113	945,682
RIF V	19	45	2,403,573	1,393,427
	<u>59</u>	<u>151</u>	<u>6,098,671</u>	<u>5,012,931</u>
Notes receivables	1	5	99,447	99,447
	<u>60</u>	<u>156</u>	<u>6,198,138</u>	<u>5,112,378</u>

(1) Effective portfolio square feet includes 100% of the square footage of our combined portfolio of 55 properties, and our respective ownership percentage of square footage for our tenants-in-common and joint venture interest properties, which includes 72.24% of Walnut Center Business Park, 70.0% of La Jolla Sorrento Business Park, and 15.0% of 3001-3223 Mission Oaks Boulevard.

Any reference to the number of properties, buildings and square footage are outside the scope of our independent auditor's review of our financial statements in accordance with the standards of the Public Company Accounting Oversight Board.

Basis of Presentation

The accompanying interim combined financial statements include the accounts of the Company. All significant intercompany accounts and transactions have been eliminated in combination. All the outside ownership interests in entities we consolidate are included in non-controlling interests. The accompanying interim financial statements have been prepared in conformity with U.S. Generally Accepted Accounting Principles (“GAAP”) as established by the Financial Accounting Standards Board (“FASB”) in the Accounting Standards Codification (“ASC”) including modifications issued under Accounting Standards Updates (“ASUs”). The accompanying financial statements include, in our opinion, all adjustments, consisting of normal recurring adjustments, necessary to present fairly the financial information set forth therein. These interim financial statements should be read in conjunction with the annual combined financial statements included in this Form S-11 and the notes thereto.

The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the reported amounts in the combined financial statements and accompanying notes. Actual results could differ from those estimates.

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

2. Summary of Significant Accounting Policies

Discontinued Operations

The revenue, expenses, impairment and/or gain on sale of operating properties that meet the applicable criteria are reported as discontinued operations in the combined statements of operations for all periods presented. A gain on sale, if any, is recognized in the period during which the property is disposed.

In determining whether to report the results of operations, impairment and/or gain on sale of operating properties as discontinued operations, we evaluate whether we have any significant continuing involvement in the operations, leasing or management of the property after disposition. If we determine that we have significant continuing involvement after disposition, we report the revenue, expenses, impairment and/or gain on sale as part of continuing operations.

Held for Sale Assets

We classify properties as held for sale when certain criteria set forth in the Long-Lived Assets Classified as Held for Sale Subsections of ASC Topic 360: *Property, Plant, and Equipment*, are met. At that time, we present the assets and liabilities of the property held for sale separately in our combined balance sheet and cease recording depreciation and amortization expense at the time a property is classified as held for sale. Properties held for sale are reported at the lower of their carrying value or their estimated fair value, less estimated costs to sell.

[Table of Contents](#)

Investment in Real Estate

Acquisitions of properties are accounted for utilizing the purchase accounting method and accordingly, the results of operations of acquired properties are included in our results of operations from the respective dates of acquisition. Transaction costs related to acquisitions are expensed, rather than included with the consideration paid. Estimates of future cash flows and other valuation techniques are used to allocate the purchase price of acquired property between land, buildings and improvements, equipment and identifiable intangible assets and liabilities such as amounts related to in-place at-market leases, and acquired above- and below-market leases. Initial valuations are subject to change until such information is finalized, but no later than 12 months from the acquisition date.

The fair values of tangible assets are determined on an “as-if-vacant” basis. The “as-if-vacant” fair value is allocated to land, where applicable, buildings, tenant improvements and equipment based on comparable sales and other relevant information obtained in connection with the acquisition of the property.

The estimated fair value of acquired in-place at-market tenant leases are the costs we would have incurred to lease the property to the occupancy level of the property at the date of acquisition. Such estimates include the fair value of leasing commissions and legal costs that would be incurred to lease the property to this occupancy level. Additionally, we evaluate the time period over which such occupancy level would be achieved and include an estimate of the net operating costs (primarily real estate taxes, insurance and utilities) incurred during the lease-up period, which is generally six months.

Above- and below-market in-place lease intangibles are recorded as an asset or liability based on the present value (using a discount rate which reflects the risks associated with the leases acquired) of the difference between the contractual amounts to be received or paid pursuant to the in-place tenant lease, and our estimate of fair market lease rates for the corresponding in-place leases, measured over a period equal to the remaining noncancelable term of the lease and bargain renewal periods for below market in-place lease intangibles, if applicable.

We capitalize costs incurred in developing, renovating, rehabilitating, and improving real estate assets as part of the investment basis. Costs incurred in making repairs and maintaining real estate assets are expensed as incurred. During the land development and construction periods, we capitalize interest costs, insurance, real estate taxes and certain general and administrative costs of the personnel performing development, renovations, and rehabilitation if such costs are incremental and identifiable to a specific activity to get the asset ready for its intended use. Capitalized costs are included in the investment basis of real estate assets.

When assets are sold or retired, their costs and related accumulated depreciation are removed from the accounts with the resulting gains or losses reflected in operations for the period.

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

Impairment of Long-Lived Assets

In accordance with the provisions of the Impairment or Disposal of Long-Lived Assets Subsections of ASC Topic 360: *Property, Plant, and Equipment*, we assess the carrying values of our respective long-lived assets, including goodwill, whenever events or changes in circumstances indicate that the carrying amounts of these assets may not be fully recoverable.

Recoverability of real estate assets is measured by comparison of the carrying amount of the asset to the estimated future undiscounted cash flows. In order to review our real estate assets for recoverability, we consider

[Table of Contents](#)

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

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

At March 31, 2013 and December 31, 2012, our investment in real estate has been recorded net of a cumulative impairment of \$19.6 million.

Income Taxes

RIF I, RIF II, RIF III, and RIF IV are limited liability companies or limited partnerships. As it relates to the limited liability companies, we have elected to be taxed as a partnership for tax purposes. As such, the allocated share of net income or loss from the limited liability companies and limited partnerships is reportable in the income tax returns of the respective partners and investors. Accordingly, no income tax provision is included in the accompanying combined financial statements.

RIF V REIT has elected to be taxed as a REIT under Sections 856 to 860 of the Internal Revenue Code of 1986, as amended (the "Code"), commencing with its tax period ended December 31, 2010.

To qualify as a REIT, RIF V REIT must distribute annually at least 90% of its adjusted taxable income, as defined in the Code, to its security holders and satisfy certain other organizational and operating requirements. If RIF V REIT fails to qualify as a REIT in any taxable year, it will be subject to federal income taxes (including any applicable alternative minimum tax) on our taxable income at regular corporate rates and we may not be able to qualify as a REIT for four subsequent taxable years. Even if RIF V REIT qualifies for taxation as a REIT, it may be subject to certain state and local taxes on our income and property and to federal income taxes and excise taxes on our undistributed taxable income. We believe that RIF V REIT has met all of the REIT distribution and technical requirements for the three months ended March 31, 2013 and 2012 and intends to continue to adhere to these requirements and maintain its REIT status. Accordingly, we have not recognized any provision for income taxes.

The Company periodically evaluates its tax positions to evaluate whether it is more likely than not that such positions would be sustained upon examination by a tax authority for all open tax years, as defined by the statute of limitations, based on their technical merits. As of March 31, 2013 and December 31, 2012, the Company has not established a liability for uncertain tax positions.

Revenue Recognition

We recognize revenue from rent, tenant reimbursements, and other revenue sources once all of the following criteria are met: persuasive evidence of an arrangement exists, the delivery has occurred or services rendered, the fee is fixed and determinable, and collectability is reasonably assured. Minimum annual rental revenues are recognized in rental revenues on a straight-line basis over the term of the related lease. Rental revenue recognition commences when the tenant takes possession or controls the physical use of the leased space.

[Table of Contents](#)

Estimated recoveries from tenants for real estate taxes, common area maintenance, and other recoverable operating expenses are recognized as revenues in the period that the expenses are incurred. Subsequent to year-end, we perform final reconciliations on a lease-by-lease basis and bill or credit each tenant for any cumulative annual adjustments. Lease termination fees, which are included in rental revenues in the accompanying consolidated statements of operations, are recognized when the related lease is canceled and we have no continuing obligation to provide services to such former tenant.

Revenues from management, leasing and development services are recognized when the related services have been provided and earned.

The recognition of gains on sales of real estate requires that we measure the timing of a sale against various criteria related to the terms of the transaction, as well as any continuing involvement in the form of management or financial assistance associated with the property. If the sales criteria are not met, we defer gain recognition and account for the continued operations of the property by applying the finance, profit-sharing or leasing method. If the sales criteria have been met, we further analyze whether profit recognition is appropriate using the full accrual method. If the criteria to recognize profit using the full accrual method have not been met, we defer the gain and recognize it when the criteria are met or use the installment or cost recovery method as appropriate under the circumstances. See Note 3 for discussion of dispositions.

Segment Reporting

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

Recently issued accounting pronouncements

Changes to GAAP are established by the FASB in the form of ASUs to the FASB's Accounting Standards Codification. The Company considers the applicability and impact of all ASUs. Newly issued ASUs not listed below are expected to not have any material impact on its combined financial position and results of operations because either the ASU is not applicable or the impact is expected to be immaterial.

In April 2013, the FASB issued ASU No. 2013-07 to *Presentation of Financial Statements (Topic 205): Liquidation Basis of Accounting*. This amendment requires an entity to prepare its financial statements using the liquidation basis of accounting when they cease operating and begin selling assets to settle debts with creditors. This ASU is effective for fiscal years beginning after December 15, 2012, with early adoption permitted, and should be applied prospectively from the day that liquidation becomes imminent. We do not expect the adoption of this accounting standard to have a material impact on our Combined Financial Statements.

In December 2011, the FASB issued ASU No. 2011-10 to clarify the scope of current U.S. GAAP. The update clarifies that the real estate sales guidance applies to the derecognition of a subsidiary that is in-substance real estate as a result of default on the subsidiary's nonrecourse debt. That is, even if the reporting entity ceases to have a controlling financial interest under the consolidation guidance, the reporting entity would continue to include the real estate, debt, and the results of the subsidiary's operations in its consolidated financial statements until legal title to the real estate is transferred to legally satisfy the debt. The adoption of this accounting standard update on January 1, 2013 did not have a material impact on our Combined Financial Statements.

[Table of Contents](#)

3. Investment in Real Estate

Acquisitions

We did not make any property acquisitions during the three months ended March 31, 2013. During the three months ended March 31, 2012, we acquired one property for a total purchase price of \$4.8 million. The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition.

<u>Property</u>	<u>Acquisition Date</u>	<u>Real estate assets:</u>		<u>Acquisition-related intangibles</u>		<u>Total Purchase Price</u>	<u>Other assets</u>	<u>Notes payable, accounts payable, accrued expenses and tenant security deposits</u>	<u>Net Assets Acquired</u>
		<u>Land</u>	<u>Buildings and improvements</u>	<u>In-place Lease Intangibles⁽¹⁾</u>	<u>Net Above (Below) Market Lease Intangibles⁽¹⁾</u>				
Campus	3/7/2012	\$2,600,000	\$ 1,631,000	\$ 588,000	\$ (20,000)	\$ 4,799,000	\$13,000	\$ (529,000)	\$ 4,283,000

(1) The amortization period of acquired in-place lease intangibles and below market leases was 10 years as of March 31, 2012.

Dispositions

On January 31, 2013, we disposed of the 4578 Worth Street property located in Los Angeles, California. We received gross proceeds from this transaction of \$4.1 million (\$3.9 million after transaction costs), of which \$2.5 million was used to repay the portion of the RIF I portfolio loan secured by the property. The remaining proceeds were paid out as a distribution to investors in RIF I.

Assets Held for Sale

As of March 31, 2013, our Williams and Glenoaks properties were classified as held for sale. As of December 31, 2012, our Worth Bonnie Beach, Williams and Glenoaks properties were classified as held for sale. The major classes of assets and liabilities of real estate held for sale were as follows:

	<u>March 31, 2013</u>	<u>December 31, 2012</u>
Investment in real estate, net	\$ 9,419,000	\$ 10,882,000
Other	105,000	143,000
	<u>\$ 9,524,000</u>	<u>\$ 11,025,000</u>
Notes payable	\$ 4,618,000	\$ 7,118,000
Accounts payable and other liabilities	49,000	80,000
	<u>\$ 4,667,000</u>	<u>\$ 7,198,000</u>

[Table of Contents](#)**Discontinued Operations**

Loss from discontinued operations for three months ended March 31, 2013 and 2012 includes the results of operations and gain (loss) related to the disposition properties, the note receivable that was paid off, and the assets held for sale, and is summarized as follows:

	<u>For the Three Months Ended March 31,</u>	
	<u>2013</u>	<u>2012</u>
Revenues	\$ 211,000	\$ 330,000
Operating expenses	(43,000)	(83,000)
Interest expense	(26,000)	(82,000)
Depreciation expense	(78,000)	(131,000)
Loss on extinguishment of debt	(209,000)	—
Gain on sale of real estate	2,409,000	—
Income from discontinued operations	<u>\$ 2,264,000</u>	<u>\$ 34,000</u>

4. Intangible Assets

The following summarizes our identifiable intangible assets and acquired above/below market lease assets as of:

	<u>March 31, 2013</u>	<u>December 31, 2012</u>
Acquired in-place lease intangibles		
Gross amount	\$ 18,717,000	\$ 18,717,000
Accumulated amortization	<u>(16,093,000)</u>	<u>(15,647,000)</u>
Net balance	<u>\$ 2,624,000</u>	<u>\$ 3,070,000</u>
Acquired above market leases		
Gross amount	\$ 731,000	\$ 731,000
Accumulated amortization	<u>(545,000)</u>	<u>(482,000)</u>
Net balance	<u>\$ 186,000</u>	<u>\$ 249,000</u>
Below market leases		
Gross amount	\$ (3,711,000)	\$ (3,711,000)
Accumulated amortization	<u>3,679,000</u>	<u>3,672,000</u>
Net balance	<u>\$ (32,000)</u>	<u>\$ (39,000)</u>

5. Notes Receivable

On February 8, 2013 the mortgage note borrower for our Pasadena Foothill Center loan early repaid the outstanding principal in full. We received gross proceeds from this payoff of \$5.4 million, including \$6,310 in per diem interest, of which \$2.5 million was used to repay the loan secured by this note. The remaining proceeds were paid as a distribution to investors in RIF V. We recorded a \$1.4 million gain on collection of notes receivable during the three months ended March 31, 2013.

The following table summarizes the balance of our notes receivable:

	<u>Face Amount</u>	<u>Unrecognized Non- Accretable Yield</u>	<u>Unrecognized Accretable Yield</u>	<u>Note Receivable</u>
At March 31, 2013:				
Calle Perfecto	\$ 14,346,000	\$ (5,816,000)	\$ (627,000)	\$ 7,903,000
At December 31, 2012:				
Foothill	\$ 5,370,000	\$ —	\$ (1,394,000)	\$ 3,976,000
Calle Perfecto	<u>14,410,000</u>	<u>(5,816,000)</u>	<u>(659,000)</u>	<u>7,935,000</u>
Total	<u>\$ 19,780,000</u>	<u>\$ (5,816,000)</u>	<u>\$ (2,053,000)</u>	<u>\$ 11,911,000</u>

6. Notes Payable

A summary of our notes payable is as follows:

	<u>Principal Amount as of</u>		<u>Contractual Maturity Date</u>	<u>Interest Rate</u>
	<u>March 31, 2013</u>	<u>December 31, 2012</u>		
Fixed Rate Debt				
RIF I Holdings, LLC	\$ 38,764,000	\$ 41,238,000	5/31/2014	6.13%
RIF I—Walnut, LLC	11,350,000	11,350,000	9/1/2013	6.23%
RIF II—Orangethorpe, LLC	4,427,000	4,451,000	7/1/2013	5.147% ⁽¹⁾
RIF II—Easy Street, LLC	5,284,000	5,310,000	4/1/2014	5.32% ⁽¹⁾
RIF III Holdings, LLC (Note A)	78,609,000	78,338,000	8/31/2014	5.60% ⁽²⁾
RIF III Holdings, LLC (Note B)	410,000	410,000	8/31/2014	12.00% ⁽³⁾
RIF V—Foothill, LLC	—	2,542,000	9/1/2014 ⁽⁴⁾	4.00% ⁽⁵⁾
RIF V—Calle Perfecto, LLC	5,404,000	5,429,000	9/1/2014 ⁽⁴⁾	4.00% ⁽⁶⁾
RIV V—Jersey, LLC	5,313,000 ⁽⁷⁾	5,355,000 ⁽⁷⁾	1/1/2015	5.45% ⁽¹⁾
RIF V—Arroyo, LLC	3,000,000	3,000,000	9/30/2014	4.50%
Variable Rate Debt				
RIF I Holdings, LLC	\$ 7,605,000	7,605,000	5/31/2014	LIBOR + 1.00%
RIF I—Mulberry, LLC	5,917,000	5,978,000	5/20/2014 ⁽⁸⁾	LIBOR + 2.75%
RIF II Holdings, LLC	39,972,000	40,152,000	7/1/2013 ⁽⁹⁾	LIBOR + 3.50% ⁽¹⁰⁾
RIF IV Holdings, LLC	67,136,000	67,136,000	4/1/2013 ⁽⁹⁾	LIBOR + 4.00% ⁽¹¹⁾
RIF V—Grand Commerce Center, LLC	6,000,000	6,000,000	3/4/2014 ⁽⁴⁾	LIBOR + 2.75%
RIF V—Vinedo, LLC	3,470,000	3,470,000	8/4/2014 ⁽⁸⁾	LIBOR + 2.75%
RIF V—MacArthur, LLC	5,475,000	5,475,000	12/5/2014 ⁽⁴⁾	LIBOR + 2.50%
RIF V—Campus, LLC	3,360,000	3,360,000	7/1/2015	LIBOR + 2.50% ⁽¹²⁾⁽¹³⁾
RIF V—Golden Valley, LLC	2,900,000	2,900,000	6/1/2015 ⁽⁴⁾	LIBOR + 2.75% ⁽¹⁴⁾
Cornerstone Portfolio	16,610,000	16,610,000	12/9/2014 ⁽⁴⁾	LIBOR + 2.50%
RIF V—Del Norte, LLC	6,730,000	—	3/1/2016	LIBOR + 2.25% ⁽⁴⁾⁽¹⁵⁾
	<u>\$ 317,736,000</u>	<u>\$ 316,109,000</u>		
Less: Mortgage Loans Associated with Real Estate Held for Sale				
	<u>(4,618,000)</u>	<u>(7,118,000)</u>		
	<u>\$ 313,118,000</u>	<u>\$ 308,991,000</u>		

Table of Contents

- (1) Monthly payments of interest and principal based on 30-year amortization table.
- (2) Loan bears interest at 5.60%, with the option to pay a minimum interest rate of 4.25% per annum and to have the remaining 1.35% of the interest added to the principal outstanding. We have added \$1.5 million and \$1.2 million to the principal balance under the payment in kind election as of March 31, 2013 and December 31, 2012, respectively
- (3) Loan bears interest at 12.00%, with the option to pay a minimum interest rate of 6.00% per annum and to have the remaining 6.00% of the interest accruing added to the principal outstanding.
- (4) Two additional one year extensions available at the borrower's option.
- (5) Monthly payments will include \$3,900 of principal repayment together with accrued interest.
- (6) Monthly payments will include \$8,100 of principal repayment together with accrued interest.
- (7) Includes unamortized debt premium of \$0.1 million at March 31, 2013 and December 31, 2012.
- (8) One additional one year extension available at the borrower's option.
- (9) This loan was extended subsequent to March 31, 2013. Please see Note 14—Subsequent Events, for additional information.
- (10) Loan bears interest at LIBOR + 3.50% per annum through 12/31/12 and LIBOR +3.75% per annum thereafter. Monthly payments are interest only until 1/15/12. From 2/15/12 through 7/15/12, monthly payments include \$25,000 of principal repayment, and \$60,000 thereafter.
- (11) Loan bears interest at LIBOR + 3.25% per annum through March 31, 2012 and LIBOR +4.00% per annum thereafter.
- (12) Monthly payments are interest only until 7/31/13. Commencing on 8/1/13 through the maturity date, monthly payments will include \$9,583 of principal repayment together with accrued interest.
- (13) Loan bears interest at the Lender's Prime Rate or LIBOR + 2.50%, based on our election on a monthly basis, but subject to a Floor Rate of 2.50%.
- (14) Monthly payments are interest only until 6/30/14. Commencing on 7/1/14 through the maturity date, there will be payments of interest and principal based upon a 25-year amortization table.
- (15) Loan bears interest at the Lender's Prime Rate or LIBOR + 2.25%, based on our election on a monthly basis, but subject to a Floor Rate of 2.50%.

The following table summarizes aggregate future principal payments of consolidated debt (including debt classified as Held for Sale) as of March 31, 2013 and does not consider the extension options available to the Company as noted above:

April—December 2013	\$ 123,172,000
2014	176,639,000
2015	11,110,000
2016	6,730,000
Total ⁽¹⁾	<u>\$ 317,651,000</u>

- (1) Includes gross principal balance of outstanding debt before impact of \$0.1 million debt premium.

On March 22, 2013 we obtained a \$6.7 million loan. This loan bears interest at a floating rate of LIBOR +225 basis points per annum, subject to a floor of 2.50%, and matures on March 1, 2016. The loan is secured by our property located at 701 Del Norte Boulevard in Oxnard, California.

Based on information currently available to the Company, we expect to repay, extend or refinance debt coming due during the remainder of 2013. Specifically, the maturing principal balances include the \$40.0 million RIF II Holdings, LLC debt, \$67.1 million of RIF IV Holdings, LLC debt, \$4.4 million of RIF II—Orangethorpe, LLC debt, and \$11.4 million of RIF I—Walnut, LLC debt. As it relates to the RIF II Holdings, LLC and RIF IV Holdings, LLC debt, on April 1, 2013 we extended the maturities to October 1, 2013. The financial statements have been prepared assuming the Company is successful in repaying, extending or refinancing these maturities.

[Table of Contents](#)

However, in the event the Company is not successful in repaying, extending or refinancing the debt coming due in the remainder of 2013, we believe the Company's financial exposure is limited by the non-recourse nature of the collateral securing the respective debt.

As of March 31, 2013 our RIF IV Holdings, LLC and RIF II Holdings, LLC portfolio loans have a remaining holdback reserve of \$1.4 million and \$1.1 million, available for tenant improvements, leasing commissions, capital renovations and loan extension related fees.

Our secured debt arrangements contain covenants and restrictions requiring us to meet certain financial ratios and reporting requirements. Some of the more restrictive financial covenants include a minimum debt service coverage ratio, a minimum interest coverage ratio, a minimum net worth requirement, and a minimum unrestricted liquid assets requirement. Noncompliance with one or more of the covenants and restrictions could result in the full or partial principal balance of the associated debt becoming immediately due and payable. We believe we were in compliance with all of our debt covenants as of March 31, 2013 and December 31, 2012.

7. Operating Leases

We lease space to tenants primarily under non-cancelable operating leases that generally contain provisions for a base rent plus reimbursement for certain operating expenses. Operating expense reimbursements are reflected in our combined statements of operations as tenant recoveries.

Future minimum base rent under operating leases as of March 31, 2013 is summarized as follows:

Twelve months ending March 31,	
2014	\$28,670,000
2015	18,952,000
2016	12,293,000
2017	8,025,000
2018	5,173,000
Thereafter	9,903,000
Total	<u>\$83,016,000</u>

The future minimum lease payments in the table above exclude (i) tenant reimbursements, amortization of adjustments for deferred rent receivables and the amortization of above/below-market lease intangibles and (ii) assume that the termination options in some leases, which generally require payment of a termination fee, are not exercised.

8. Interest Rate Contracts

We use interest rate swap agreements to manage our exposure to interest rate movements associated with certain of our existing LIBOR-based variable rate debt. The accounting for changes in fair value (i.e., gains or losses) of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and further, on the type of hedging relationship. None of our interest rate swaps are designated as hedges, and as such, changes in fair value are recognized in earnings under "Gain on mark-to-market interest rate swaps." We recognized \$49,000 and \$0.6 million of gain on mark-to-market of our interest rate swaps during the three months ending March 31, 2013 and 2012, respectively.

The fair value of each interest rate swap agreement is obtained through independent third-party valuation sources that use widely accepted valuation techniques including discounted cash flow analyses on the expected cash flows of each derivative. These analyses reflect the contractual terms of the derivatives, including the period to maturity, and use observable market-based inputs, including interest rate curves and implied volatilities (also referred to as "significant other observable inputs"). The fair values of our interest rate swap

[Table of Contents](#)

agreements are determined using the market standard methodology of netting the discounted future fixed cash payments and the discounted expected variable cash receipts. The variable cash receipts are based on an expectation of future interest rates (forward curves) derived from observable market interest rate curves. The fair value calculation also includes an amount for risk of non-performance using “significant unobservable inputs” such as estimates of current credit spreads to evaluate the likelihood of default, which we have determined to be insignificant to the overall fair value of our interest rate swap agreements. We recognize our interest rate swap agreements as either assets or liabilities on the balance sheet at fair value, disclosed as “Interest rate contracts.”

The following table is a summary of our interest rate swap agreements as of March 31, 2013 and December 31, 2012.

Description	Effective Date	Termination Date	Interest Strike Rate	Fair Value as of		Notional Amount in Effect as of	
				March 31, 2013	December 31, 2012	March 31, 2013	December 31, 2012
Rexford Industrial Fund III, LLC	11/15/2006	3/15/2013	5.1100%	\$ —	\$ (49,000)	\$ —	\$ 5,000,000

9. Fair Value Measurements

The FASB fair value framework includes a hierarchy that distinguishes between assumptions based on market data obtained from sources independent of the reporting entity and the reporting entity’s own assumptions about market-based inputs. Level 1 inputs utilize unadjusted quoted prices in active markets for identical assets or liabilities. Level 2 inputs are observable either directly or indirectly for similar assets and liabilities in active markets. Level 3 inputs are unobservable assumptions generated by the reporting entity.

Recurring Measurements—Interest Rate Contracts

The valuation of our interest rate swaps is determined using widely accepted valuation techniques, including discounted cash flow analysis on the expected future cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves and implied volatilities. We incorporate credit valuation adjustments to appropriately reflect both our own nonperformance risk and the respective counterparty’s nonperformance risk in the fair value measurements.

The following table sets forth the liabilities that we measure at fair value on a recurring basis by level within the fair value hierarchy as of March 31, 2013 and December 31, 2012:

Liabilities	Total Fair Value	Fair Value Measurement Using		
		Quoted Price in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<i>Interest rate swap at:</i>				
March 31, 2013	\$ —	\$ —	\$ —	\$ —
December 31, 2012	\$ 49,000	\$ —	\$ 49,000	\$ —

Financial Instruments Disclosed at Fair Value

The carrying amounts of cash and cash equivalents, restricted cash, rents and other receivables, other assets, accounts payable, accrued expenses and other liabilities, and tenant security deposits approximate fair value because of their short-term nature.

[Table of Contents](#)

The fair value of our secured notes payable was estimated by calculating the present value of principal and interest payments, using currently available market rates, adjusted with a credit spread, and assuming the loans are outstanding through maturity.

The following table sets forth the carrying value and the estimated fair value of our notes payable as of March 31, 2013 and December 31, 2012:

	<u>Total Fair Value</u>	<u>Fair Value Measurement Using</u>			<u>Carrying Value</u>
		<u>Quoted Price in Active Markets for Identical Assets and Liabilities (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	
Liabilities					
Notes Payable at:					
March 31, 2013	\$ 323,086,000	\$ —	\$ 323,086,000	\$ —	\$317,736,000
December 31, 2012	\$ 322,802,000	\$ —	\$ 322,802,000	\$ —	\$316,109,000

10. Related Party Transactions

Howard Schwimmer

We engage in transactions with Howard Schwimmer, our senior managing partner. We earn management and development fees and leasing commissions from entities controlled individually by Mr. Schwimmer. Fees and commissions earned from Mr. Schwimmer are included in management, leasing and development services in our combined statements of operations. We recorded \$29,000 and \$27,000 in management and leasing services revenue for the three months ended March 31, 2013 and 2012, respectively.

11. Commitments and Contingencies

Legal—From time to time, we are subject to various legal proceedings that arise in the ordinary course of business. Management is not aware of any legal proceedings where the likelihood of a loss contingency is reasonably possible and the amount or range of reasonably possible losses is material to our results of operations, financial condition or cash flows.

Environmental—We monitor our properties for the presence of hazardous or toxic substances. While there can be no assurance that a material environmental liability does not exist, we are not currently aware of any environmental liability with respect to the properties that would have a material effect on our combined financial condition, results of operations and cash flows. Further, we are not aware of any environmental liability or any unasserted claim or assessment with respect to an environmental liability that we believe would require additional disclosure or the recording of a loss contingency.

12. Investment in Unconsolidated Real Estate Entities

We own interests in two industrial properties through noncontrolling interests (i) in joint venture entities that we do not control but over which we exercise significant influence or (ii) as tenants-in-common subject to common control. We account for these investments under the equity method of accounting (i.e., at cost, increased or decreased by our share of earnings or losses, less distributions, plus contributions and other adjustments required by equity method accounting, such as basis differences from other-than-temporary impairments, if applicable).

[Table of Contents](#)

The following table sets forth our ownership interests in our equity method investments in real estate and their respective carrying values. The carrying values of these investments are affected by the timing and nature of distributions:

<u>Investment Property</u>	<u>Ownership Interest</u>	<u>Carrying Value at</u>	
		<u>March 31, 2013</u>	<u>December 31, 2012</u>
La Jolla Sorrento Business Park ⁽¹⁾	70.00%	\$ 9,592,000	\$ 9,988,000
3001-3223 Mission Oaks Boulevard	15.00%	2,769,000	2,709,000
		<u>\$ 12,361,000</u>	<u>\$ 12,697,000</u>

(1) This is a tenancy-in-common interest in which we share control equally with the other tenant-in-common partners.

The following tables present combined summarized financial information of our equity method investment properties. Amounts provided are the total amounts attributable to the entities and do not represent our proportionate share:

	<u>Three Months Ended March 31,</u>	
	<u>2013</u>	<u>2012</u>
Revenues	\$ 2,146,000	\$ 254,000
Expenses	(2,220,000)	(255,000)
Net income (loss)	<u>\$ (74,000)</u>	<u>\$ (1,000)</u>
	<u>March 31, 2013</u>	<u>December 31, 2012</u>
Assets	\$ 70,927,000	\$ 71,242,000
Liabilities	(42,063,000)	(42,265,000)
Partners'/members' equity	<u>\$ 28,864,000</u>	<u>\$ 28,977,000</u>

During the three months ended March 31, 2013 and 2012, our unconsolidated real estate entities incurred \$0.1 million and \$9,000, respectively of management, leasing and development fees which was payable to us. We recognized \$0.1 million and \$5,000, respectively, of management, leasing and development fees for the three months ended March 31, 2013 and 2012, which has been recorded in management, leasing and development services.

13. Equity

Controlling interests in the Company include the interests owned by partners of RILLC, and Rexford Sponsor V, LLC, and any interests held by their spouses and children ("RILLC and Affiliates"). Noncontrolling interests relate to all other interests not held by RILLC and Affiliates. Noncontrolling interests also includes the 27.76% interest of 10 investors in RIF I—Walnut, LLC, and the 3.23% interest of one investor in RIF IV—Burbank, LLC, both consolidated subsidiaries in the Company's financial statements as of March 31, 2013 and December 31, 2012.

Equity distributions by our Funds are allocated between the General Partner and Limited Partners (collectively "Partners") in accordance with each Fund's Operating Agreements. Generally this provides for distributions to be allocated to Partners, pari passu, in accordance with their respective percentage interests. After Partners have exceeded certain cash distribution thresholds, as defined in each Funds's Operating Agreement, then the General Partner may receive incentive promote cash distributions commensurate with the cash return performance hurdles also detailed in the Fund's Operating Agreement. Each Fund's Operating Agreement generally provides for income, expenses, gains and losses to be allocated in a manner consistent with cash distributions described above.

[Table of Contents](#)

During November and December 2012, we granted to our employees a 9% equity interest in Rexford Fund V Manager, LLC's profits interest in RIF V. Rexford Fund V Manager, LLC is the controlling member of RIF V and is a wholly-owned subsidiary of Rexford Sponsor V, LLC. During the three months ended March 31, 2013 we granted an additional 2% equity interest in Rexford Fund V Manager, LLC's profit interest in RIF V. The equity interests are considered performance-based equity interests and are subject to graded vesting over a 7-year period subject to continued employment. The grant date fair value of these interests has been estimated to be approximately \$1.3 million which will be amortized over the vesting period using the accelerated attribution method to the extent the required achievement and vesting of these interests remain probable.

During the three months ended March 31, 2013 and 2012, \$66,000 and \$0 have been expensed related to this equity awards.

As of March 31, 2013 and December 31, 2012, RIF V had unfunded capital commitments of \$37.5 million and \$39.0 million, respectively.

14. Subsequent Events

Loan Extensions

On March 31, 2013, our RIF IV Holdings loan, LLC reached its maturity date. On April 1, 2013 we amended the loan to extend the maturity out to October 1, 2013. Going forward, the loan will bear interest at a rate of 6.0% per annum. At the same time, we also extended the maturity of our RIF II Holdings, LLC loan to October 1, 2013, from an originally scheduled maturity date of July 1, 2013. Effective July 1, 2013, this loan will also bear interest at a rate of 6.0% per annum.

Acquisitions

On April 9, 2013, we acquired the property located at 5637 Arrow Highway and 8900-8980 Benson Avenue in Montclair, CA for a contract price of \$7.2 million. The property consists of six multi-tenant industrial buildings totaling 88,146 square feet situated on 5.2 acres of land.

On April 17, 2013, we acquired the Glendale Commerce Center property located in Los Angeles, CA for a contract price of \$56.2 million. The property consists of six industrial buildings and two retail buildings totaling 473,345 square feet situated on 21.48 acres of fee-simple land. As part of this acquisition, we also assumed the ground lease for a 1.0 acre parking lot adjacent to the acquired buildings.

Dispositions

On April 4, 2013 we disposed of our Williams property located in Oxnard, California. We received gross proceeds from this transaction of \$8.5 million. The proceeds were partially used to acquire another property located at 18118-18120 S. Broadway Street in Carson, California with a contract price of \$5.5 million. The \$3.0 million remaining proceeds were used to repay a portion of the RIF III portfolio loan secured by the property.

On May 10, 2013 we disposed of our Glenoaks property located in Sun Valley, California. We received gross proceeds from this transaction of \$1.7 million which were used to repay the indebtedness secured by the property.

We have evaluated subsequent events through the date on which these financial statements were issued.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Members of Rexford Industrial Realty, Inc. Predecessor

We have audited the accompanying combined balance sheets of the entities listed in Note 1 (collectively, referred to as the “Rexford Industrial Realty, Inc. Predecessor” or the “Company”) as of December 31, 2012 and 2011, and the related combined statements of operations, equity, and cash flows for the years then ended. Our audits also included the financial statement schedule of real estate and accumulated depreciation. These financial statements and schedule are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company’s internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined financial position of Rexford Industrial Realty, Inc. Predecessor at December 31, 2012 and 2011, and the combined results of its operations and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic combined financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ ERNST & YOUNG LLP

Los Angeles, California

March 6, 2013, except for the Combined Balance Sheets, Combined Statements of Operations, Note 2 “Summary of Significant Accounting Policies,” Note 3 “Investment in Real Estate,” Note 4 “Intangible Assets”, Note 6 “Notes Payable”, and Note 14 “Subsequent Events” as to which the date is May 23, 2013.

REXFORD INDUSTRIAL REALTY, INC. PREDECESSOR
COMBINED BALANCE SHEETS

	<u>December 31, 2012</u>	<u>December 31, 2011</u>
ASSETS		
Land	\$ 156,836,000	\$ 146,513,000
Buildings and improvements	213,557,000	201,252,000
Tenant improvements	12,735,000	11,042,000
Furniture, fixtures, and equipment	188,000	188,000
Total real estate held for investment	383,316,000	358,995,000
Accumulated depreciation	(57,177,000)	(47,261,000)
Investments in real estate, net	326,139,000	311,734,000
Cash and cash equivalents	43,499,000	20,928,000
Restricted cash	1,882,000	1,787,000
Notes receivable	11,911,000	11,758,000
Rents and other receivables, net	554,000	539,000
Deferred rent receivable	3,799,000	2,983,000
Deferred leasing costs and in-place lease intangibles, net	5,194,000	5,154,000
Deferred loan costs, net	1,414,000	1,315,000
Acquired above-market leases, net	249,000	495,000
Other assets	1,873,000	1,387,000
Acquisition related deposits	260,000	—
Investment in unconsolidated real estate entities	12,697,000	10,191,000
Assets associated with real estate held for sale	11,025,000	14,944,000
Total Assets	<u>\$ 420,496,000</u>	<u>\$ 383,215,000</u>
LIABILITIES & EQUITY		
Liabilities		
Notes payable	\$ 308,991,000	\$ 297,000,000
Accounts payable, accrued expenses and other liabilities	2,627,000	1,756,000
Due to members	1,221,000	—
Interest rate contracts	49,000	2,410,000
Acquired below-market leases, net	39,000	106,000
Tenant security deposits	3,768,000	3,133,000
Prepaid rents	355,000	399,000
Liabilities associated with real estate held for sale	7,198,000	10,731,000
Total Liabilities	324,248,000	315,535,000
Equity		
Rexford Industrial Realty, Inc. Predecessor	11,962,000	10,941,000
Accumulated deficit and distributions	(24,653,000)	(19,455,000)
Total Rexford Industrial Realty, Inc. Predecessor (deficit)	(12,691,000)	(8,514,000)
Noncontrolling interests	108,939,000	76,194,000
Total Equity	96,248,000	67,680,000
Total Liabilities and Equity	<u>\$ 420,496,000</u>	<u>\$ 383,215,000</u>

See Accompanying Notes

REXFORD INDUSTRIAL REALTY, INC. PREDECESSOR
COMBINED STATEMENTS OF OPERATIONS

	Year Ended December 31, 2012	Year Ended December 31, 2011
RENTAL REVENUES		
Rental revenues	\$ 28,586,000	\$ 23,696,000
Tenant reimbursements	3,262,000	2,438,000
Management, leasing and development services	519,000	316,000
Other operating income	124,000	149,000
TOTAL RENTAL REVENUES	32,491,000	26,599,000
Interest income	1,577,000	1,578,000
TOTAL REVENUES	34,068,000	28,177,000
EXPENSES		
Property expenses	8,328,000	6,865,000
General and administrative	5,146,000	3,729,000
Depreciation and amortization	12,727,000	9,874,000
Other property expenses	1,302,000	1,030,000
TOTAL OPERATING EXPENSES	27,503,000	21,498,000
OTHER (INCOME) EXPENSE		
Acquisition expenses	599,000	1,022,000
Interest expense	17,452,000	17,970,000
Gain on mark-to-market interest rate swaps	(2,361,000)	(4,185,000)
TOTAL OTHER (INCOME) EXPENSE	15,690,000	14,807,000
TOTAL EXPENSES	43,193,000	36,305,000
Equity in income of unconsolidated real estate entities	122,000	185,000
NET LOSS FROM CONTINUING OPERATIONS	(9,003,000)	(7,943,000)
DISCONTINUED OPERATIONS		
Loss from discontinued operations before gains on sale of real estate	(9,000)	(897,000)
Gain on sale of real estate	55,000	2,503,000
INCOME (LOSS) FROM DISCONTINUED OPERATIONS	46,000	1,606,000
NET LOSS	(8,957,000)	(6,337,000)
Net loss attributable to noncontrolling interests	4,066,000	2,585,000
NET LOSS ATTRIBUTABLE TO REXFORD INDUSTRIAL REALTY, INC. PREDECESSOR	\$ (4,891,000)	\$ (3,752,000)

See Accompanying Notes

REXFORD INDUSTRIAL REALTY, INC. PREDECESSOR
COMBINED STATEMENTS OF CHANGES IN EQUITY

	Rexford Industrial Realty, Inc. Predecessor	Noncontrolling Interests	Total
Balance as of January 1, 2011	\$ (5,110,000)	\$ 47,956,000	\$42,846,000
Capital contributions	397,000	31,590,000	31,987,000
Net loss	(3,752,000)	(2,585,000)	(6,337,000)
Distributions	(49,000)	(767,000)	(816,000)
Balance, December 31, 2011	<u>\$ (8,514,000)</u>	<u>\$ 76,194,000</u>	<u>\$67,680,000</u>
Capital contributions	1,021,000	39,346,000	40,367,000
Net loss	(4,891,000)	(4,066,000)	(8,957,000)
Distributions	(307,000)	(2,535,000)	(2,842,000)
Balance, December 31, 2012	<u>\$ (12,691,000)</u>	<u>\$108,939,000</u>	<u>\$96,248,000</u>

See Accompanying Notes

REXFORD INDUSTRIAL REALTY, INC. PREDECESSOR
COMBINED STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2012	Year Ended December 31, 2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (8,957,000)	\$ (6,337,000)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Equity in earnings of unconsolidated real estate entities	(122,000)	(185,000)
Depreciation and amortization	13,215,000	10,687,000
(Accretion) Amortization of above (below) market lease intangibles	188,000	(163,000)
Accretion of discount on notes receivable	(360,000)	(330,000)
Net gain on asset dispositions	(55,000)	(2,503,000)
Amortization of loan costs	843,000	1,046,000
Gain on mark-to-market interest rate swaps	(2,361,000)	(4,186,000)
Deferred interest expense	1,065,000	176,000
Change in working capital components:		
Tenant receivables	58,000	25,000
Deferred rent receivables	(843,000)	(495,000)
Change in restricted cash	(274,000)	(512,000)
Leasing commissions	(1,090,000)	(736,000)
Other assets	(718,000)	117,000
Accounts payable, accrued expenses and other liabilities	663,000	133,000
Tenant security deposits	(36,000)	256,000
Prepaid rent	(136,000)	(342,000)
Net cash provided by (used in) operating activities	<u>1,080,000</u>	<u>(3,349,000)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of investment in real estate	(20,673,000)	(44,324,000)
Capital expenditures	(4,620,000)	(1,321,000)
Contributions to unconsolidated real estate entities	(2,814,000)	(24,000)
Distributions from unconsolidated real estate entities	430,000	412,000
Change in restricted cash	210,000	(512,000)
Principal repayments of notes receivable	207,000	217,000
Disposition of investment in real estate	3,482,000	3,249,000
Net cash used in investing activities	<u>(23,778,000)</u>	<u>(42,303,000)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable	11,984,000	46,082,000
Repayment of notes payable	(4,479,000)	(24,757,000)
Deferred loan costs	(935,000)	(927,000)
Capital contributions	40,367,000	31,987,000
Distributions to members	(2,842,000)	(816,000)
Reimbursements due to members	1,221,000	—
Change in restricted cash	(47,000)	—
Net cash provided by financing activities	<u>45,269,000</u>	<u>51,569,000</u>
Net increase in cash and cash equivalents	22,571,000	5,917,000
Cash and cash equivalents, beginning of period	20,928,000	15,011,000
Cash and cash equivalents, end of period	<u>\$ 43,499,000</u>	<u>\$ 20,928,000</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 15,787,000	\$ 17,307,000
Supplemental disclosure of noncash investing and financing transactions:		
Assumption of loan in connection with acquisition of real estate	—	\$ 5,528,000
Mortgage loan satisfied in connection with deed-in-lieu of foreclosure	—	\$ (15,068,000)

See Accompanying Notes

REXFORD INDUSTRIAL REALTY, INC. PREDECESSOR
NOTES TO COMBINED FINANCIAL STATEMENTS

1. Organization and Description of Business

Rexford Industrial Realty, Inc. Predecessor is not a legal entity but rather a combination of numerous real estate entities and management companies engaged in the acquisition, ownership, development, leasing and management of industrial real estate, and in the acquisition of debt instruments connected with industrial real estate. Rexford Industrial Realty, Inc. Predecessor is the predecessor of Rexford Industrial Realty, Inc. (the "REIT"), which is expected to complete an initial public offering (the "IPO") of the common stock of the REIT in 2013. In connection with the IPO, the Company will engage in formation transactions that are designed to consolidate its asset management, property management, property development, leasing, tenant improvement construction, acquisition and financing businesses into Rexford Industrial Realty, L.P., the operating partnership formed by and managed by the REIT; consolidate the ownership of our portfolio of industrial properties under the operating partnership; facilitate the IPO; and allow the REIT to qualify as a real estate investment trust for U.S. federal income tax purposes commencing with the taxable year ending December 31, 2013. Below is a background summary of the entities comprising Rexford Industrial Realty, Inc. Predecessor.

The combined financial statements presented herein consist of Rexford Industrial, LLC ("RILLC"), Rexford Sponsor V, LLC and Rexford Industrial Fund V REIT, LLC ("RIF V REIT") and their consolidated subsidiaries which consists of Rexford Industrial Fund I, LLC ("RIF I"), Rexford Industrial Fund II, LLC ("RIF II"), Rexford Industrial Fund III, LLC ("RIF III"), Rexford Industrial Fund IV, LLC ("RIF IV") and Rexford Industrial Fund V, LP ("RIF V"). The terms "Company," "us," "we" and "our" as used in these financial statements refer to Rexford Industrial Realty, Inc. Predecessor. The entities comprising Rexford Industrial Realty, Inc. Predecessor are combined on the basis of common management and common ownership.

As of December 31, 2012, we control and own the equity interests of the entities that own, on a combined basis, a portfolio of 55 industrial properties and two loans secured by the deed of trust on real property. We also manage, and own a partial equity interest in five additional industrial properties, for a total of 60 industrial properties in our total managed portfolio.

[Table of Contents](#)

Below is a summary of the industrial properties in our total managed portfolio as of December 31, 2012:

	Number of		Total Portfolio Square Feet	Effective Portfolio ⁽¹⁾ Square Feet
	Properties	Buildings		
RIF I	8	18	1,087,561	1,042,788
RIF II	8	23	726,905	697,515
RIF III	11	37	1,012,889	1,012,889
RIF IV	14	29	947,133	945,682
RIF V	19	45	2,403,573	1,393,427
	<u>60</u>	<u>152</u>	<u>6,178,061</u>	<u>5,092,301</u>
Notes receivables	2	11	154,567	154,567
	<u>62</u>	<u>163</u>	<u>6,332,628</u>	<u>5,246,868</u>

(1) Effective portfolio square feet includes 100% of the square footage of our combined portfolio of 55 properties, and our respective ownership percentage of square footage for our tenants-in-common and joint venture interest properties, which includes 72.24% of Walnut Center Business Park, 70.0% of La Jolla Sorrento Business Park, 15.0% of 3001-3223 Mission Oaks Boulevard and 96.77% of 901 W. Alameda Avenue.

Any reference to the number of properties, buildings and square footage are unaudited and outside the scope of our independent auditor's audit of our financial statements in accordance with the standards of the Public Company Accounting Oversight Board.

2. Summary of Significant Accounting Policies

Basis of Accounting and Consolidation

The accompanying combined financial statements include the accounts of the Company. All significant intercompany accounts and transactions have been eliminated in combination. All the outside ownership interests in entities we consolidate are included in non-controlling interests.

The accompanying financial statements have been prepared in conformity with U.S. Generally Accepted Accounting Principles ("GAAP") as established by the Financial Accounting Standards Board ("FASB") in the Accounting Standards Codification ("ASC") including modifications issued under Accounting Standards Updates ("ASUs"). The accompanying financial statements include, in our opinion, all adjustments, consisting of normal recurring adjustments, necessary to present fairly the financial information set forth therein.

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

Discontinued Operations

The revenue, expenses, impairment and/or gain on sale of operating properties that meet the applicable criteria are reported as discontinued operations in the combined statements of operations for all periods presented. A gain on sale, if any, is recognized in the period during which the property is disposed.

In determining whether to report the results of operations, impairment and/or gain on sale of operating properties as discontinued operations, we evaluate whether we have any significant continuing involvement in the operations, leasing or management of the property after disposition. If we determine that we have significant continuing involvement after disposition, we report the revenue, expenses, impairment and/or gain on sale as part of continuing operations.

Held for Sale Assets

We classify properties as held for sale when certain criteria set forth in the Long-Lived Assets Classified as Held for Sale Subsections of ASC Topic 360: Property, Plant, and Equipment, are met. At that time, we present the assets and liabilities of the property held for sale separately in our combined balance sheet and cease recording depreciation and amortization expense at the time a property is classified as held for sale. Properties held for sale are reported at the lower of their carrying value or their estimated fair value, less estimated costs to sell. As of December 31, 2012 and 2011, our Worth Bonnie Beach property which was sold on January 31, 2013, our Williams property which was sold on April 4, 2013 and our Glenoaks property which was sold on May 10, 2013, is classified as held for sale. Additionally, one of the buildings at our Long Carson (639-641 E. Walnut) property was sold on October 16, 2012, and is therefore classified as held for sale as of December 31, 2011.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the reported amounts in the combined financial statements and accompanying notes. Actual results could differ from those estimates.

Reclassification

Certain general and administrative expenses of the Predecessor have been reclassified to other property expenses to conform with our current presentation, as they relate to operations of the underlying properties. In addition, current assets, liabilities, revenues and expenses have been reclassified to reflect the sale of certain properties as discontinued operations more fully discussed elsewhere in Note 2 and Note 3.

Investment in Real Estate

Acquisitions of properties are accounted for utilizing the purchase accounting method and accordingly, the results of operations of acquired properties are included in our results of operations from the respective dates of acquisition. Transaction costs related to acquisitions are expensed, rather than included with the consideration paid. Estimates of future cash flows and other valuation techniques are used to allocate the purchase price of acquired property between land, buildings and improvements, equipment and identifiable intangible assets and liabilities such as amounts related to in-place at-market leases, and acquired above- and below-market leases. Initial valuations are subject to change until such information is finalized, but no later than 12 months from the acquisition date.

The fair values of tangible assets are determined on an "as-if-vacant" basis. The "as-if-vacant" fair value is allocated to land, where applicable, buildings, tenant improvements and equipment based on comparable sales and other relevant information obtained in connection with the acquisition of the property.

[Table of Contents](#)

The estimated fair value of acquired in-place at-market tenant leases are the costs we would have incurred to lease the property to the occupancy level of the property at the date of acquisition. Such estimates include the fair value of leasing commissions and legal costs that would be incurred to lease the property to this occupancy level. Additionally, we evaluate the time period over which such occupancy level would be achieved and include an estimate of the net operating costs (primarily real estate taxes, insurance and utilities) incurred during the lease-up period, which is generally six months.

Above- and below-market in-place lease intangibles are recorded as an asset or liability based on the present value (using a discount rate which reflects the risks associated with the leases acquired) of the difference between the contractual amounts to be received or paid pursuant to the in-place tenant lease, and our estimate of fair market lease rates for the corresponding in-place leases, measured over a period equal to the remaining noncancelable term of the lease.

We capitalize costs incurred in developing, renovating, rehabilitating, and improving real estate assets as part of the investment basis. Costs incurred in making repairs and maintaining real estate assets are expensed as incurred. During the land development and construction periods, we capitalize interest costs, insurance, real estate taxes and certain general and administrative costs of the personnel performing development, renovations, and rehabilitation if such costs are incremental and identifiable to a specific activity to get the asset ready for its intended use. Capitalized costs are included in the investment basis of real estate assets.

When assets are sold or retired, their costs and related accumulated depreciation are removed from the accounts with the resulting gains or losses reflected in operations for the period.

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

Impairment of Long-Lived Assets

In accordance with the provisions of the Impairment or Disposal of Long-Lived Assets Subsections of ASC Topic 360: Property, Plant, and Equipment, we assess the carrying values of our respective long-lived assets, including goodwill, whenever events or changes in circumstances indicate that the carrying amounts of these assets may not be fully recoverable.

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

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

[Table of Contents](#)

At December 31, 2012 and 2011, our investment in real estate has been recorded net of previous impairments of \$19.6 million and \$21.9 million, respectively.

Investments in Unconsolidated Real Estate

We present our investments in unconsolidated real estate which we do not control using the equity method of accounting. The equity method of accounting is used when we have the ability to exercise significant influence over the operating and financial policies of the joint venture but do not control the joint venture. Under the equity method, our investments (including advances to the joint venture) are initially recorded on our combined balance sheets at our cost and are subsequently adjusted to reflect our proportionate share of net earnings or losses of each of the joint ventures, as applicable, contributions made, distributions received, and certain other adjustments, as appropriate. Such investments are included in investment in unconsolidated real estate on the accompanying combined balance sheets (see Note 12 for additional information). Distributions from these investments that are related to earnings from operations are included in cash flow from operations and distributions that are related to capital transactions are included in cash flow from investing activities in the statements of cash flows.

Cash and Cash Equivalents

We consider all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Such investments are stated at cost, which approximates market value.

Restricted Cash

Restricted cash consists primarily of deposits for tenant improvements and leasing commissions, real estate taxes and insurance reserves, and other items as required by our loan agreements.

Notes Receivable

Notes receivable consist of loans acquired by us at a discount to the original principal balance of the loan and are recorded at the initial investment in the loans. The discount is then accreted to the estimated cash flows expected to be collected measured at the acquisition date. The excess cash flows expected to be collected measured at the acquisition date over the initial investment (accretable yield) are recognized in interest income over the remaining life of the loan using the effective-interest method. Subsequent increases in cash flows expected to be collected are recognized prospectively through the adjustment of the yield over the remaining life of the loan. Decreases in cash flows expected to be collected result in a charge to provision for loan losses. The excess of contractually required payments at the acquisition date over expected cash flows (nonaccretable difference) is not recognized as an adjustment of yield, loss accrual, or valuation allowance. We determine whether loans are impaired based on the requirements of the applicable accounting literature. We consider a loan to be impaired when, based on current information and events, we determine that it is probable we will not be able to collect all amounts due according to the loan contractual terms. When we identify a loan as impaired, we use the current estimated fair value of the collateral to measure the impairment. See Note 5.

Rents and Other Receivables, Net

Accounts receivable consists of tenant receivables arising in the normal course of business. Accounts receivable are uncollateralized customer obligations requiring payment within 30 days of invoice date. Tenant receivables are recorded and carried at the amount billable per the applicable lease agreement, less any allowance for doubtful accounts. An allowance for doubtful accounts is made when collection of the full amounts is no longer considered probable. We take into consideration factors including historical termination, default activity and current economic conditions to evaluate the level of reserve necessary. We had a \$0.7 million and \$0.3 million reserve for allowance for doubtful accounts as of December 31, 2012 and 2011, respectively.

Concentrations of Credit Risk

We are subject to risks incident to the ownership, development and sale of industrial real estate. These include, among others, the risks normally associated with changes in the general economic climate, trends in the real estate industry, availability of industrial real estate, changes in tax laws, interest rate levels, availability of financing and the potential liability under environmental and other laws.

Substantially all our properties are located in Southern California, with the exception of one property located in the state of Arizona and one property located in the state of Illinois. The ability of the tenants to honor the terms of their respective leases is dependent upon the economic, regulatory and social factors affecting the markets in which the tenants operate.

We perform ongoing credit evaluations of our tenants for potential credit losses. In addition, we have financial instruments that subject us to credit risk, which consist primarily of accounts receivable, deferred rents receivable and interest rate contracts.

We have deposited cash with financial institutions that are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per institution. As of December 31, 2012 and 2011, we had cash accounts in excess of FDIC insured limits. We have not realized any losses in such cash investments and we believe that these investments are not exposed to any significant credit risk.

Acquired Above- and Below-market Leases, Net

Above-market lease values are amortized as a reduction of rental revenue in the combined statements of operations over the remaining non-cancelable terms of the respective leases.

Below-market lease values are accreted as an increase to rental revenue in the combined statements of operations over the remaining non-cancelable terms and below-market extension periods, if any, of the respective leases

The value of in-place leases, exclusive of the value of above- and below -market in-place leases, is amortized over the remaining non-cancelable period of the respective leases and is included in depreciation and amortization expense in the combined statements of operations.

Deferred Leasing Costs

Deferred leasing commissions which include the net carrying value of acquired-in-place leases and tenant relationships are amortized over the term of the lease and is included in depreciation and amortization expense in the combined statements of operations.

Deferred Loan Costs

Loan costs are capitalized and amortized to interest expense over the term of the related loans. Any unamortized amounts upon early repayment of secured notes payable are written off in the period of repayment. We incurred deferred loan cost amortization expense of \$0.8 million and \$1.0 million in 2012 and 2011, respectively.

Other Assets

Other assets include prepaid expenses, deposits, and other miscellaneous assets.

[Table of Contents](#)

Notes Payable

Mortgage and other loans assumed upon acquisition of related real estate properties are stated at estimated fair value upon their respective dates of assumption, net of unamortized discounts or premiums to their outstanding contractual balances.

Amortization of discount and the accretion of premiums on mortgage and other loans assumed upon acquisition of related real estate properties are recognized from the date of assumption through their contractual maturity date.

Interest Rate Contracts

We are exposed to the effect of interest rate changes in the normal course of business. Under certain circumstances, we manage our interest rate risk associated with floating rate borrowings by entering into interest rate swap agreements. We recognize our interest rate swap agreements as either assets or liabilities on the balance sheet at fair value, disclosed as “Interest rate contracts.” The accounting for changes in fair value (i.e., gains or losses) of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and further, on the type of hedging relationship. As of December 31, 2012 and 2011, none of our derivatives are designated as hedges, and as such, changes in fair value are recognized in earnings under “Gain on mark-to-market interest rate swaps.”

Our interest rate swap agreements involve the receipt of variable rate amounts from a counterparty in exchange for the Company making fixed rate payments over the life of the interest rate swap agreements without exchange of the underlying notional amount. Receipts or payments resulting from these agreements are recognized as a component of interest expense.

The fair value of each interest rate swap agreement is obtained through independent third-party valuation sources that use widely accepted valuation techniques including discounted cash flow analyses on the expected cash flows of each derivative. These analyses reflect the contractual terms of the derivatives, including the period to maturity, and use observable market-based inputs, including interest rate curves and implied volatilities (also referred to as “significant other observable inputs”). The fair values of our interest rate swap agreements are determined using the market standard methodology of netting the discounted future fixed cash payments and the discounted expected variable cash receipts. The variable cash receipts are based on an expectation of future interest rates (forward curves) derived from observable market interest rate curves. The fair value calculation also includes an amount for risk of non-performance using “significant unobservable inputs” such as estimates of current credit spreads to evaluate the likelihood of default, which we have determined to be insignificant to the overall fair value of our interest rate swap agreements. See Note 8.

Revenue Recognition

We recognize revenue from rent, tenant reimbursements, and other revenue sources once all of the following criteria are met: persuasive evidence of an arrangement exists, the delivery has occurred or services rendered, the fee is fixed and determinable, and collectability is reasonably assured. Minimum annual rental revenues are recognized in rental revenues on a straight-line basis over the term of the related lease. Rental revenue recognition commences when the tenant takes possession or controls the physical use of the leased space. In order for the tenant to take possession, the leased space must be substantially ready for its intended use. To determine whether the leased space is substantially ready for its intended use, management evaluates whether we or the tenant is the owner of tenant improvements for accounting purposes. When management concludes that we are the owner of tenant improvements, rental revenue recognition begins when the tenant takes possession of the finished space, which is when such tenant improvements are substantially complete. In certain instances, when management concludes that we are not the owner (the tenant is the owner) of tenant improvements, rental revenue recognition begins when the tenant takes possession of or controls the space.

[Table of Contents](#)

When management concludes that we are the owner of tenant improvements for accounting purposes, management records the cost to construct the tenant improvements as a capital asset. When management concludes that the tenant is the owner of tenant improvements for accounting purposes, management records our contribution towards those improvements as a lease incentive, which is included in deferred leasing costs on our combined balance sheets and amortized as a reduction to rental revenue on a straight-line basis over the term of the lease.

Estimated recoveries from tenants for real estate taxes, common area maintenance, and other recoverable operating expenses are recognized as revenues in the period that the expenses are incurred. Subsequent to year-end, we perform final reconciliations on a lease-by-lease basis and bill or credit each tenant for any cumulative annual adjustments. Lease termination fees, which are included in rental revenues in the accompanying consolidated statements of operations, are recognized when the related lease is canceled and we have no continuing obligation to provide services to such former tenant.

Revenues from management, leasing and development services are recognized when the related services have been provided and earned.

The recognition of gains on sales of real estate requires that we measure the timing of a sale against various criteria related to the terms of the transaction, as well as any continuing involvement in the form of management or financial assistance associated with the property. If the sales criteria are not met, we defer gain recognition and account for the continued operations of the property by applying the finance, profit-sharing or leasing method. If the sales criteria have been met, we further analyze whether profit recognition is appropriate using the full accrual method. If the criteria to recognize profit using the full accrual method have not been met, we defer the gain and recognize it when the criteria are met or use the installment or cost recovery method as appropriate under the circumstances. See Note 3 for discussion of dispositions.

Income Taxes

RIF I, RIF II, RIF III, and RIF IV are limited liability companies or limited partnerships. As it relates to the limited liability companies, we have elected to be taxed as a partnership for tax purposes. As such, the allocated share of net income or loss from the limited liability companies and limited partnerships is reportable in the income tax returns of the respective partners and investors. Accordingly, no income tax provision is included in the accompanying combined financial statements

RIF V REIT has elected to be taxed as a REIT under Sections 856 to 860 of the Internal Revenue Code of 1986, as amended (the "Code"), commencing with its tax period ended December 31, 2010.

To qualify as a REIT, RIF V REIT must distribute annually at least 90% of its adjusted taxable income, as defined in the Code, to its security holders and satisfy certain other organizational and operating requirements. If RIF V REIT fails to qualify as a REIT in any taxable year, it will be subject to federal income taxes (including any applicable alternative minimum tax) on our taxable income at regular corporate rates and we may not be able to qualify as a REIT for four subsequent taxable years. Even if RIF V REIT qualifies for taxation as a REIT, it may be subject to certain state and local taxes on our income and property and to federal income taxes and excise taxes on our undistributed taxable income. We believe that RIF V REIT has met all of the REIT distribution and technical requirements for the periods ended December 31, 2012 and 2011 and intends to continue to adhere to these requirements and maintain its REIT status. Accordingly, we have not recognized any provision for income taxes.

The Company periodically evaluates its tax positions to evaluate whether it is more likely than not that such positions would be sustained upon examination by a tax authority for all open tax years, as defined by the statute of limitations, based on their technical merits. As of December 31, 2012 and 2011, the Company has not established a liability for uncertain tax positions.

[Table of Contents](#)

Segment Reporting

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

Recently issued accounting pronouncements

Changes to GAAP are established by the FASB in the form of ASUs to the FASB's Accounting Standards Codification. The Company considers the applicability and impact of all ASUs. Newly issued ASUs not listed below are expected to not have any material impact on its combined financial position and results of operations because either the ASU is not applicable or the impact is expected to be immaterial.

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

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

During the second quarter of 2011, the FASB issued Accounting Standards Update No. 2011-04, Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS, which generally aligns the principles for fair value measurements and the related disclosure requirements under US GAAP and International Financial Reporting Standards ("IFRS"). This standard requires new disclosures, with a particular focus on Level 3 measurements, including; quantitative information about the significant unobservable inputs used for all Level 3 measurements; qualitative discussion about the sensitivity of recurring Level 3 measurements to changes in the unobservable inputs disclosed, including the interrelationship between inputs and a description of the company's valuation processes. This standard also requires disclosure of any transfers between Levels 1 and 2 of the fair value hierarchy; information about when the current use of a non-financial asset measured at fair value differs from its highest and best use and the hierarchy classification for items whose fair value is not recorded on the balance sheet but is disclosed in the notes. This standard was effective for interim and annual periods beginning after December 15, 2011. We adopted this standard effective January 1, 2012. See Note 9.

3. Investment in Real Estate

Acquisitions

During 2012, the Company through RIF V acquired four properties consisting of seven buildings and approximately 353,000 square feet. The properties are located throughout Southern California except for one property located in Glenview, Illinois. The total contract price for the 2012 acquisitions was \$21.5 million.

During 2011, the Company through RIF V acquired 10 properties consisting of 27 buildings and approximately 684,000 square feet. The properties are located throughout Southern California except for one property located in Tempe, Arizona. The total contract price for the 2011 acquisitions was \$50.5 million.

We expensed \$0.6 million and \$1.0 million for the year ended December 31, 2012 and 2011, respectively, for acquisition costs related to the above transactions.

Table of Contents

The following table summarizes the allocations of estimated fair values of the assets acquired and liabilities assumed at the date of acquisition.

Property	Acquisition Date	Real estate assets:		Acquisition-related intangibles		Total Purchase Price	Other assets	Notes payable, accounts payable, accrued expenses and tenant security deposits	Net Assets Acquired
		Land	Buildings and improvements	In-place Lease Intangibles ⁽¹⁾	Net Above (Below) Market Lease Intangibles ⁽²⁾				
2012 Acquisitions⁽³⁾:									
Zenith Business Park	5/1/2012	\$ 658,000	\$ 688,000	\$ 279,000	\$ —	\$ 1,625,000	\$ 6,000	\$ (213,000)	\$ 1,418,000
Campus	3/7/2012	2,600,000	1,631,000	588,000	(20,000)	4,799,000	13,000	(529,000)	4,283,000
Del Norte	12/18/2012	3,276,000	5,623,000	532,000	70,000	9,501,000	7,000	(113,000)	9,395,000
Calvert	12/21/2012	3,790,000	1,448,000	382,000	—	5,620,000	2,000	(45,000)	5,577,000
Total		<u>\$10,324,000</u>	<u>\$ 9,390,000</u>	<u>\$1,781,000</u>	<u>\$ 50,000</u>	<u>\$ 21,545,000</u>	<u>\$28,000</u>	<u>\$ (900,000)</u>	<u>\$20,673,000</u>
2011 Acquisitions:									
Vinedo	5/24/2011	\$ 2,623,000	\$ 2,081,000	\$ 452,000	\$ —	\$ 5,156,000	\$ —	\$ (10,000)	\$ 5,146,000
Odessa	8/18/2011	1,218,000	1,542,000	—	—	2,760,000	—	(3,000)	2,757,000
MacArthur	8/4/2011	3,273,000	4,576,000	652,000	—	8,501,000	—	(338,000)	8,163,000
Golden Valley	11/1/2011	1,611,000	1,804,000	199,000	(14,000)	3,600,000	9,000	(21,000)	3,588,000
Jersey ⁽⁴⁾	11/8/2011	2,540,000	4,453,000	527,000	122,000	7,642,000	11,000	(5,506,000)	2,147,000
Arrow Business Center	12/14/2011	3,223,000	1,766,000	348,000	112,000	5,449,000	6,000	(88,000)	5,367,000
Normandie Business Center	12/14/2011	3,077,000	1,077,000	244,000	27,000	4,425,000	5,000	(64,000)	4,366,000
Shoemaker Industrial Park	12/14/2011	3,504,000	1,937,000	210,000	34,000	5,685,000	7,000	(66,000)	5,626,000
Paramount Business Center	12/14/2011	1,387,000	963,000	151,000	49,000	2,550,000	3,000	(43,000)	2,510,000
Interstate Commerce Center	12/14/2011	1,223,000	2,860,000	501,000	166,000	4,750,000	3,000	(99,000)	4,654,000
Total		<u>\$23,679,000</u>	<u>\$23,059,000</u>	<u>\$3,284,000</u>	<u>\$ 496,000</u>	<u>\$ 50,518,000</u>	<u>\$44,000</u>	<u>\$ (6,238,000)</u>	<u>\$44,324,000</u>

(1) The weighted average amortization period of acquired in-place lease intangibles was approximately 4.3 years as of December 31, 2012.

(2) The weighted average amortization period of acquired above and below market leases was approximately 2.2 years as of December 31, 2012.

(3) 2012 Acquisitions does not include the acquisition of a 15.0% ownership interest in the unconsolidated joint venture entity that owns 3001-3233 Mission Oaks Boulevard. See Note 10 for additional information.

(4) In connection with this acquisition, we assumed secured debt with an outstanding principal balance of \$5.4 million and initial fair value premium of \$0.1 million.

Table of Contents

The following table summarizes the results of operations for the properties acquired during 2011, noted in the tables above, as of their date of acquisition, through December 31, 2011. The results of operations for the 2012 acquisitions were not material individually or in aggregate to our combined financial statements and therefore, have not been disclosed.

	<u>Year Ended December 31, 2011</u>
Revenues	1,006,000
Net Income ⁽¹⁾	113,000

(1) Reflects the net operating income less depreciation for these properties and amortization of acquired intangibles.

The following table of pro-forma combined results of operations of the Company for the year ended December 31, 2011 assumes that the properties acquired during 2011, noted in the tables above, were completed as of January 1, 2011. Pro-forma data may not be indicative of the results that would have been reported had the acquisitions actually occurred as of January 1, 2011, nor does it intend to be a projection of future results. The pro-forma results of operations for the 2012 acquisitions were not material individually or in aggregate to our combined financial statements and therefore, have not been disclosed.

	<u>Year Ended December 31, 2011</u> (unaudited)
Revenues	32,988,000
Net Income	(10,678,000)

Dispositions

A summary of our property dispositions for the years ended December 31, 2012 and 2011 is as follows:

<u>Property</u>	<u>Location</u>	<u>Date of Disposition</u>	<u>Rentable Square Feet</u>	<u>Sales Price</u>	<u>Debt Satisfied</u>	<u>Gain/(Loss) Recorded</u>
639-641 Walnut Street ⁽¹⁾	Carson, CA	Oct 2012	36,825	\$ 3,683,000	\$ 3,366,000 ⁽²⁾	\$ 55,000
400 Lombard Street ⁽³⁾	Oxnard, CA	Jan 2011	—	\$ 4,475,000	\$ 4,262,000 ⁽²⁾	\$ 2,503,000
4108-4122 Sorrento Valley Blvd. ⁽⁴⁾	San Diego, CA	Oct 2011	114,564	\$ —	\$ 15,068,000	\$ —

- (1) On October 16, 2012, we disposed of 639-641 Walnut Street located in Carson, California. We received gross proceeds from this transaction of \$3.7 million, of which \$3.4 million was used to repay indebtedness secured by the property. We recorded a \$55,000 gain on sale of real estate as part of discontinued operations during the year ended December 31, 2012 upon disposition of this property.
- (2) Amount represents the principal paid back to the lender to release the property from a larger pool of properties serving as collateral for the respective portfolio loan.
- (3) On January 6, 2011, we disposed of a parcel of land located at 400 Lombard Street in Oxnard, California. We received gross proceeds of \$4.5 million, of which \$4.3 million were used to repay the indebtedness secured by the property. We recorded a \$2.5 million gain on sale of real estate as part of discontinued operations during the year ended December 31, 2011 upon disposition of this property.
- (4) On October 1, 2011, we disposed of 4108-4122 Sorrento Valley Blvd. located in San Diego, California to the property's lender through a deed-in-lieu foreclosure. We did not report any gain or loss upon disposition of this property as the property had been previously impaired.

[Table of Contents](#)

Assets Held for Sale

As of December 31, 2012, our Worth Bonnie Beach, Williams and Glenoaks properties are classified as held for sale. As of December 31, 2011, our Worth Bonnie Beach, Williams, Glenoaks and Long Carson properties were classified as held for sale. The major classes of assets and liabilities of real estate held for sale were as follows:

	<u>December 31, 2012</u>	<u>December 31, 2011</u>
Investment in real estate, net	\$ 10,882,000	\$ 14,731,000
Other	143,000	213,000
	<u>\$ 11,025,000</u>	<u>\$ 14,944,000</u>
Notes payable	\$ 7,118,000	\$ 10,584,000
Accounts payable and other liabilities	80,000	147,000
	<u>\$ 7,198,000</u>	<u>\$ 10,731,000</u>

Discontinued Operations

Loss from discontinued operations for the years ended December 31, 2012 and 2011 includes the results of operations and gain (loss) related to the property dispositions and assets held for sale summarized as follows:

	<u>For the Years Ended December,</u>	
	<u>2012</u>	<u>2011</u>
Revenues	\$ 1,229,000	\$ 2,079,000
Operating expenses	(414,000)	(1,085,000)
Interest expense	(334,000)	(1,078,000)
Depreciation expense	(490,000)	(813,000)
Gain on sale of real estate	55,000	2,503,000
Income from discontinued operations	<u>\$ 46,000</u>	<u>\$ 1,606,000</u>

4. Intangible Assets

The following summarizes our identifiable intangible assets and acquired above/below market lease assets at December 31:

	<u>2012</u>	<u>2011</u>
Acquired in-place lease intangibles		
Gross amount	\$ 18,717,000	\$ 16,936,000
Accumulated amortization	(15,647,000)	(13,498,000)
Net balance	<u>\$ 3,070,000</u>	<u>\$ 3,438,000</u>
Acquired above market leases		
Gross amount	\$ 731,000	\$ 661,000
Accumulated amortization	(482,000)	(166,000)
Net balance	<u>\$ 249,000</u>	<u>\$ 495,000</u>
Below market leases		
Gross amount	\$ (3,711,000)	\$ (3,692,000)
Accumulated accretion	3,672,000	3,586,000
Net balance	<u>\$ (39,000)</u>	<u>\$ (106,000)</u>

[Table of Contents](#)

We recorded net (amortization)/accretion of above/(below) market lease intangibles of \$(0.2) million as a decrease to rental income for the year ended December 31, 2012 and \$0.2 million as an increase to rental income for the year ended December 31 2011. We recorded amortization of in-place lease intangibles of \$2.2 million and \$1.0 million in the depreciation and amortization line item for the years ended December 31, 2012 and 2011, respectively.

The following table summarizes the estimated net amortization expense of above market leases and in-place lease intangibles at December 31, 2012 for the next five years:

<u>Years Ending December 31,</u>	<u>In-place Leases</u>	<u>Net Above/(Below) Market Leases</u>	<u>Total</u>
2013	1,284,000	146,000	1,430,000
2014	574,000	48,000	622,000
2015	354,000	23,000	377,000
2016	289,000	1,000	290,000
2017	261,000	1,000	262,000
Thereafter	308,000	(9,000)	299,000
Total	<u>\$3,070,000</u>	<u>\$ 210,000</u>	<u>\$3,280,000</u>

5. Notes Receivable

On December 2, 2010, we paid \$3.7 million to acquire a \$5.6 million mortgage loan secured by the Pasadena Foothill Center, an industrial property located in Pasadena, California. The note, which matures on August 1, 2017, is a 30-year amortizing loan which bears interest at a fixed rate of 6.06%.

On December 3, 2010, we paid \$7.9 million to acquire a \$14.6 mortgage loan secured by Calle Perfecto Business Park, an industrial property located in San Juan Capistrano, California. The loan, which matures on May 1, 2017, is a 30-year amortizing loan which bears interest at a fixed rate of 6.001%.

The following table summarizes the balance of our notes receivable:

	<u>Face Amount</u>	<u>Unrecognized Non-Accretable Yield</u>	<u>Unrecognized Accretable Yield</u>	<u>Note Receivable</u>
At December 31, 2012:				
Foothill	\$ 5,370,000	—	\$ (1,394,000)	\$ 3,976,000
Calle Perfecto	14,410,000	(5,816,000)	(659,000)	7,935,000
Total	<u>\$ 19,780,000</u>	<u>\$ (5,816,000)</u>	<u>\$ (2,053,000)</u>	<u>\$ 11,911,000</u>
At December 31, 2011:				
Foothill	\$ 5,462,000	—	\$ (1,634,000)	\$ 3,828,000
Calle Perfecto	14,525,000	(5,816,000)	(779,000)	7,930,000
Total	<u>\$ 19,987,000</u>	<u>\$ (5,816,000)</u>	<u>\$ (2,413,000)</u>	<u>\$ 11,758,000</u>

6. NOTES PAYABLE

A summary of our notes payable is as follows:

	Principal Amount as of		Contractual Maturity Date	Interest Rate
	December 31, 2012	December 31, 2011		
Fixed Rate Debt				
RIF I Holdings, LLC	\$ 41,238,000	\$ 41,238,000	5/31/2014	6.13%
RIF I—Walnut, LLC	11,350,000	11,350,000	9/1/2013	6.23%
RIF II—Orangethorpe, LLC	4,451,000	4,540,000	7/1/2013	5.147% ⁽¹⁾
RIF II—Easy Street, LLC	5,310,000	5,407,000	4/1/2014	5.32% ⁽¹⁾
RIF III Holdings, LLC (Note A)	78,338,000	77,273,000	8/31/2014	5.60% ⁽²⁾
RIF III Holdings, LLC (Note B)	410,000	—	8/31/2014	12.00% ⁽³⁾
RIF V—Foothill, LLC	2,542,000	2,588,000	9/1/2014 ⁽⁴⁾	4.00% ⁽⁵⁾
RIF V—Calle Perfecto, LLC	5,429,000	5,526,000	9/1/2014 ⁽⁴⁾	4.00% ⁽⁶⁾
RIV V—Jersey, LLC	5,355,000 ⁽⁷⁾	5,512,000 ⁽⁷⁾	1/1/2015	5.45% ⁽¹⁾
RIF V—Arroyo, LLC	3,000,000	—	9/30/2014	4.50%
Variable Rate Debt				
RIF I Holdings, LLC	\$ 7,605,000	\$ 7,605,000	5/31/2014	LIBOR + 1.00%
RIF I—Mulberry, LLC	5,978,000	6,100,000	5/20/2014 ⁽⁸⁾	LIBOR + 2.75%
RIF II Holdings, LLC	40,152,000	40,602,000	7/1/2013 ⁽⁸⁾	LIBOR + 3.50% ⁽⁹⁾
RIF IV Holdings, LLC	67,136,000	69,485,000	4/1/2013 ⁽⁸⁾	LIBOR + 4.00% ⁽¹⁰⁾
RIF V—Grand Commerce Center, LLC	6,000,000	6,000,000	3/4/2014 ⁽⁴⁾	LIBOR + 2.75% ⁽¹¹⁾
RIF V—Vinedo, LLC	3,470,000	3,470,000	8/4/2014 ⁽⁸⁾	LIBOR + 2.75% ⁽¹²⁾
RIF V—MacArthur, LLC	5,475,000	5,475,000	12/5/2014 ⁽⁴⁾	LIBOR + 2.50% ⁽¹³⁾
RIF V—Campus, LLC	3,360,000	—	7/1/2015	LIBOR + 2.50% ⁽¹⁴⁾ ⁽¹⁵⁾
RIF V—Golden Valley, LLC	2,900,000	—	6/1/2015 ⁽⁴⁾	LIBOR + 2.75% ⁽¹⁶⁾
Cornerstone Portfolio	16,610,000	15,413,000	12/9/2014 ⁽⁴⁾	LIBOR + 2.50%
	<u>\$ 316,109,000</u>	<u>\$ 307,584,000</u>		
Less: Mortgage Loans Associated with Real Estate Held for Sale	<u>(7,118,000)</u>	<u>(10,584,000)</u>		
	<u>\$ 308,991,000</u>	<u>\$ 297,000,000</u>		

- (1) Monthly payments of interest and principal based on 30-year amortization table.
- (2) Loan bears interest at 5.60%, with the option to pay a minimum interest rate of 4.25% per annum and to have the remaining 1.35% of the interest added to the principal outstanding.
- (3) Loan bears interest at 12.00%, with the option to pay a minimum interest rate of 6.00% per annum and to have the remaining 6.00% of the interest accruing added to the principal outstanding.
- (4) Two additional one year extensions available at the borrower's option.
- (5) Monthly payments will include \$3,900 of principal repayment together with accrued interest.
- (6) Monthly payments will include \$8,100 of principal repayment together with accrued interest.
- (7) Includes unamortized debt premium of \$0.1 million at December 31, 2012 and 2011 as discussed in further detail below.
- (8) One additional one year extension available at the borrower's option. On April 1, 2013, we extended the maturity on these notes to October 1, 2013.
- (9) Loan bears interest at LIBOR + 3.50% per annum through 12/31/12 and LIBOR +3.75% per annum thereafter. Monthly payments are interest only until 1/15/12. From 2/15/12 through 7/15/12, monthly payments include \$25,000 of principal repayment, and \$60,000 thereafter.
- (10) Loan bears interest at LIBOR + 3.25% per annum through March 31, 2012 and LIBOR +4.00% per annum thereafter.

Table of Contents

- (11) Monthly payments are interest-only during the initial loan term. During the extension option period there will be fixed amortization of \$8,600 per month based upon a 30-year amortization table.
- (12) Monthly payments are interest-only during the initial loan term. During the extension option period there will be fixed amortization of \$5,600 per month based upon a 30-year amortization table.
- (13) Monthly payments are interest-only during the initial loan term. During the extension period there will be payments of interest and principal based upon a 25-year amortization table.
- (14) Monthly payments are interest only until 7/31/13. Commencing on 8/1/13 through the maturity date, monthly payments will include \$9,583 of principal repayment together with accrued interest.
- (15) Loan bears interest at the Prime Rate + 2.50% or LIBOR + 2.50%, based on our election on a monthly basis, but subject to a Floor Rate of 2.50%.
- (16) Monthly payments are interest only until 6/30/14. Commencing on 7/1/14 through the maturity date, there will be payments of interest and principal based upon a 25-year amortization table.

Effective November 1, 2011, we amended and restated our RIF III portfolio loan with a principal balance of \$77.1 million ("Note A"). Note A bears interest at a fixed rate of 5.60% per annum, with an optional payment in kind election available, and has a maturity date of August 31, 2014. The payment in kind election allows us to pay monthly interest under Note A at the minimum payment rate of 4.25% per annum, and to have the remainder of the interest accruing hereunder added to the principal outstanding hereunder. We have added \$1.0 million and \$0.2 million to the principal balance under the payment in kind election as of December 31, 2012 and 2011, respectively. Additionally, there is \$3.0 million available under a B-Note facility that can be used for tenant improvements and leasing commissions subject to certain terms and conditions of the loan. The B-Note facility bears interest at a rate of 12.0% per annum, with an optional payment in kind election available, and has a maturity date of August 31, 2014. The payment in kind election allows us to pay monthly interest under Note B at the minimum payment rate of 6.0% per annum, and to have the remainder of the interest accruing hereunder added to the principal outstanding hereunder.

On November 8, 2011, in connection with the acquisition of Jersey Business Park, we assumed a mortgage loan that is secured by the project. The assumed mortgage loan had a principal balance of \$5.4 million at the acquisition date and was recorded at fair value at the date of acquisition resulting in an initial premium of \$0.1 million. The loan, which was put in place in 2004 by the seller, is a non-recourse loan secured by the property which bears interest at a fixed rate of 5.45% with amortization over 30 years. As part of the loan assumption, we paid an assumption fee of 1.0% and funded a re-tenanting reserve of \$0.1 million at the close of escrow. In addition, we are required to contribute \$9,000 monthly to this reserve until the loan matures on January 1, 2015.

For our RIF II Holdings, LLC and RIF IV Holdings, LLC portfolio loans, there is a remaining holdback reserve of \$1.1 million and \$1.4 million available for tenant improvements, leasing commissions and capital renovations, as of December 31, 2012.

The following table summarizes aggregate future principal payments of consolidated debt (including debt classified as Held for Sale) as of December 31, 2012 and does not consider the extension options available to the Company as noted above:

Years Ending December 31,	
2013	\$ 123,504,000
2014	181,438,000
2015	11,070,000
Total ⁽¹⁾	<u>\$ 316,012,000</u>

- (1) Includes gross principal balance of outstanding debt before impact of \$0.1 million debt premium.

[Table of Contents](#)

Based on information currently available to the Company, we expect to repay, extend or refinance debt coming due during the remainder of 2013. Specifically, the maturing principal balances include the \$40.2 million RIF II Holdings, LLC debt, \$67.1 million of RIF IV Holdings, LLC debt, \$4.4 million of RIF II – Orangethorpe, LLC debt, \$11.4 million of RIF I—Walnut, LLC debt, and \$0.4 million of other scheduled principal payments. As it relates to the RIF II Holdings, LLC and RIF IV Holdings, LLC debt, we have a one year extension available to us at our option and under certain conditions. The financial statements have been prepared assuming the Company is successful in repaying, extending or refinancing these maturities. In the event the Company is unable to repay, extend, or refinance the debt coming due in the remainder of 2013, a significant adverse impact on its financial condition and results of operations may occur. However, we believe the Company’s financial exposure is limited by the non-recourse nature of the collateral securing the respective debt.

Our secured debt arrangements contain covenants and restrictions requiring us to meet certain financial ratios and reporting requirements. Some of the more restrictive financial covenants include a minimum debt service coverage ratio, a minimum interest coverage ratio, a minimum net worth requirement, and a minimum unrestricted liquid assets requirement. Noncompliance with one or more of the covenants and restrictions could result in the full or partial principal balance of the associated debt becoming immediately due and payable. We were in compliance with all of our debt covenants as of December 31, 2012 and 2011.

7. Operating Leases

We lease space to tenants primarily under non-cancelable operating leases that generally contain provisions for a base rent plus reimbursement for certain operating expenses. Operating expense reimbursements are reflected in our combined statements of operations as tenant recoveries.

Future minimum base rent under operating leases as of December 31, 2012 is summarized as follows:

Years Ending December 31,	
2013	\$ 28,819,000
2014	19,396,000
2015	12,380,000
2016	7,753,000
2017	5,110,000
Thereafter	6,880,000
Total	<u>\$ 80,338,000</u>

The future minimum lease payments in the table above exclude (i) tenant reimbursements, amortization of adjustments for deferred rent receivables and the amortization of above/below-market lease intangibles and (ii) assume that the termination options in some leases, which generally require payment of a termination fee, are not exercised.

8. Interest Rate Contracts

We recognized \$2.4 million and \$4.2 million, respectively, of gain on mark-to-market of our interest rate swaps. Our interest rate swap agreements were used to manage our exposure to interest rate movements associated with certain of our existing LIBOR-based variable rate debt, during the years ended December 31, 2012 and 2011.

On September 15, 2011, two of our interest rate swaps with a total notional value of \$20.0 million and a strike rates of 4.745% reached maturity. On December 15, 2011, two additional interest rate swaps with a total notional value of \$32.0 million and a strike rates of 5.0725%, reached maturity.

[Table of Contents](#)

The following table is a summary of our interest rate swap agreements as of December 31, 2012 and 2011.

Description	Effective Date	Termination Date	Interest Strike Rate	Fair Value as of December 31,		Notional Amount in Effect as of December 31,	
				2012	2011	2012	2011
Rexford Industrial Fund II, LLC	5/15/2006	12/15/2012	5.0925%	—	\$ (269,000)	—	\$ 6,100,000
Rexford Industrial Fund III, LLC	8/15/2006	12/15/2012	5.0965%	—	(1,286,000)	—	29,000,000
Rexford Industrial Fund III, LLC	11/15/2006	3/15/2013	5.1100%	(49,000)	(275,000)	5,000,000	5,000,000
Rexford Industrial Fund IV, LLC	9/17/2007	9/15/2012	4.8075%	—	(157,000)	—	5,000,000
Rexford Industrial Fund IV, LLC	3/15/2008	12/15/2012	3.3900%	—	(423,000)	—	15,000,000
				<u>\$ (49,000)</u>	<u>\$ (2,410,000)</u>	<u>\$5,000,000</u>	<u>\$60,100,000</u>

9. Fair Value Measurements

The FASB fair value framework includes a hierarchy that distinguishes between assumptions based on market data obtained from sources independent of the reporting entity and the reporting entity's own assumptions about market-based inputs. Level 1 inputs utilize unadjusted quoted prices in active markets for identical assets or liabilities. Level 2 inputs are observable either directly or indirectly for similar assets and liabilities in active markets. Level 3 inputs are unobservable assumptions generated by the reporting entity.

Recurring Measurements—Interest Rate Contracts

The valuation of our interest rate swaps is determined using widely accepted valuation techniques, including discounted cash flow analysis on the expected future cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves and implied volatilities. We incorporate credit valuation adjustments to appropriately reflect both our own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements.

The following table sets forth the liabilities that we measure at fair value on a recurring basis by level within the fair value hierarchy as of December 31, 2012 and 2011:

Liabilities	Total Fair Value	Fair Value Measurements Using		
		Quoted Price in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<i>Interest rate swap at:</i>				
December 31, 2012	\$ 49,000	\$ —	\$ 49,000	\$ —
December 31, 2011	\$ 2,410,000	\$ —	\$ 2,410,000	\$ —

Financial Instruments Disclosed at Fair Value

The carrying amounts of cash and cash equivalents, restricted cash, rents and other receivables, other assets, accounts payable, accrued expenses and other liabilities, and tenant security deposits approximate fair value because of their short-term nature.

[Table of Contents](#)

The fair value of our secured notes payable was estimated by calculating the present value of principal and interest payments, using currently available market rates, adjusted with a credit spread, and assuming the loans are outstanding through maturity.

The following table sets forth the carrying value and the estimated fair value of our notes payable as of December 31, 2012 and 2011:

<u>Liabilities</u>	<u>Total Fair Value</u>	<u>Fair Value Measurements Using</u>			<u>Carrying Value</u>
		<u>Quoted Price in Active Markets for Identical Assets and Liabilities (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	
<i>Notes Payable at:</i>					
December 31, 2012	\$322,802,000	\$ —	\$ 322,802,000	\$ —	\$316,109,000
December 31, 2011	\$314,015,000	\$ —	\$ 314,015,000	\$ —	\$307,584,000

10. Related Party Transactions

Notes Payable

On December 3, 2010, in connection with the acquisition of the note receivable secured by Calle Perfecto Business Park, RIF V issued two \$2.0 million promissory notes, totaling \$4.0 million, to investors of RIF V. The notes bore interest at a fixed rate of 8.0% for the first three months, and 10.0% thereafter, until maturity. These notes were repaid on September 7, 2011. We incurred interest expense in connection with these notes totaling \$0.3 million in 2011, which are included in interest expense in our combined statements of operations.

Howard Schwimmer

We engage in transactions with Howard Schwimmer, our senior managing partner. We earn management and development fees and leasing commissions from entities controlled individually by Mr. Schwimmer. Fees and commissions earned from Mr. Schwimmer are included in management, leasing and development services in our combined statements of operations. We recorded \$0.2 million and \$0.1 million in management and leasing services revenue in 2012 and 2011, respectively.

11. Commitments and Contingencies

Legal—From time to time, we are subject to various legal proceedings that arise in the ordinary course of business. Management is not aware of any legal proceedings where the likelihood of a loss contingency is reasonably possible and the amount or range of reasonably possible losses is material to our results of operations, financial condition or cash flows.

Environmental—We monitor our properties for the presence of hazardous or toxic substances. While there can be no assurance that a material environmental liability does not exist, we are not currently aware of any environmental liability with respect to the properties that would have a material effect on our combined financial condition, results of operations and cash flows. Further, we are not aware of any environmental liability or any unasserted claim or assessment with respect to an environmental liability that we believe would require additional disclosure or the recording of a loss contingency.

12. Investment in Unconsolidated Real Estate Entities

We own interests in two industrial properties through noncontrolling interests (i) in joint venture entities that we do not control but over which we exercise significant influence or (ii) as tenants-in-common subject to common control. We account for these investments under the equity method of accounting (i.e., at cost, increased

[Table of Contents](#)

or decreased by our share of earnings or losses, less distributions, plus contributions and other adjustments required by equity method accounting, such as basis differences from other-than-temporary impairments, if applicable). Under current authoritative accounting guidance for investments in unconsolidated entities, we are required to periodically compare an investment's carrying value to its estimated fair value and recognize an impairment charge to the extent that the carrying value exceeds fair value and is considered to be other-than-temporary. As of December 31, 2012 and 2011, no other-than-temporary impairments have been recognized.

During the years ended December 31, 2012 and 2011, our unconsolidated real estate entities incurred \$0.3 million and \$39,000, respectively of management, leasing and development fees which was payable to us. We recognized \$0.2 million and \$26,000, respectively, of management, leasing and development fees for the years ended December 31, 2012 and 2011 which has been recorded in management, leasing and development services.

The following table sets forth our ownership interests in our equity method investments in real estate and their respective carrying values. The carrying values of these investments are affected by the timing and nature of distributions:

<u>Investment Property</u>	<u>Ownership Interest at December 31, 2012</u>	<u>Carrying Value at December 31,</u>	
		<u>2012</u>	<u>2011</u>
La Jolla Sorrento Business Park ⁽¹⁾	70.00%	\$ 9,988,000	\$ 10,191,000
3001-3223 Mission Oaks Boulevard ⁽²⁾	15.00%	2,709,000	—
		<u>\$ 12,697,000</u>	<u>\$ 10,191,000</u>

(1) This is a tenancy-in-common interest in which we share control equally with the other tenant-in-common partners.

(2) We acquired our interest in this investment in June 2012 as described below.

The following tables present combined summarized financial information of our equity method investment properties. Amounts provided are the total amounts attributable to the entities and do not represent our proportionate share:

	<u>Year Ended December 31,</u>	
	<u>2012</u>	<u>2011</u>
Revenues	\$ 5,402,000	\$ 975,000
Expenses	(6,110,000)	(1,060,000)
Net income (loss)	<u>\$ (708,000)</u>	<u>\$ (85,000)</u>

	<u>At December 31,</u>	
	<u>2012</u>	<u>2011</u>
Assets	\$ 71,242,000	\$ 11,148,000
Liabilities	(42,265,000)	(128,000)
Partners'/members' equity	<u>\$ 28,977,000</u>	<u>\$ 11,020,000</u>

Acquisitions of Equity Investments

On June 29, 2012, we entered into a joint venture with an institutional real estate investment manager for the purpose of acquiring an institutional-quality, Class "A," industrial portfolio located at 3001-3223 Mission Oaks Boulevard in Camarillo, California. The portfolio consists of three high-image single and multi-tenant industrial buildings totaling 1,184,717 square feet situated on 70.75 acres of land. We own a 15% interest and provide property management, asset management and leasing management services on behalf of the joint venture.

13. Equity

Controlling interests in the Company include the interests owned by partners of RILLC, and Rexford Sponsor V, LLC, and any interests held by their spouses and children (“RILLC and Affiliates”). Noncontrolling interests relate to all other interests not held by RILLC and Affiliates. Noncontrolling interests also includes the 27.76% interest of 10 investors in RIF I – Walnut, LLC, and the 3.23% interest of one investor in RIF IV – Burbank, LLC, both consolidated subsidiaries in the Company’s financial statements as of December 31, 2012 and 2011.

Equity distributions by our Funds are allocated between the General Partner and Limited Partners (collectively “Partners”) in accordance with each Fund’s Operating Agreements. Generally this provides for distributions to be allocated to Partners, *pari passu*, in accordance with their respective percentage interests. After Partners have exceeded certain cash distribution thresholds, as defined in each Funds’s Operating Agreement, then the General Partner may receive incentive promote cash distributions commensurate with the cash return performance hurdles also detailed in the Fund’s Operating Agreement. Each Fund’s Operating Agreement generally provides for income, expenses, gains and losses to be allocated in a manner consistent with cash distributions described above.

During November and December 2012, we granted to our employees a 9% equity interest in Rexford Fund V Manager, LLC’s profits interest in RIF V. Rexford Fund V Manager, LLC is the controlling member of RIF V and is a wholly-owned subsidiary of Rexford Sponsor V, LLC. The equity interests are considered performance-based equity interests and are subject to graded vesting over a 7-year period subject to continued employment. The grant date fair value of these interests has been estimated to be approximately \$1.1 million which will be amortized over the vesting period using the accelerated attribution method to the extent the required achievement and vesting of these interests remain probable.

As of December 31, 2012, RIF V had unfunded capital commitments of \$39.0 million.

14. Subsequent Events

On January 31, 2013, we disposed of the 4578 Worth Street property located in Los Angeles, California. We received gross proceeds from this transaction of \$4.1 million and recorded a gain on disposition after closing costs, of which \$2.5 million was used to repay the portion of the RIF I portfolio loan secured by the property. The remaining proceeds were paid out as a distribution to investors in RIF I.

On February 8, 2013 the mortgage note borrower for our Pasadena Foothill Center loan paid the outstanding principal in full. We received gross proceeds from this payoff of \$5.4 million, including \$6,310 in *per diem* interest, of which \$2.5 million was used to repay the loan secured by this note. The remaining proceeds were paid as a distribution to investors in RIF V.

On April 9, 2013, we acquired the property located at 5637 Arrow Highway and 8900-8980 Benson Avenue in Montclair, CA for a contract price of \$7.2 million. The property consists of six multi-tenant industrial buildings totaling 88,146 square feet situated on 5.2 acres of land.

On April 17, 2013, we acquired the Glendale Commerce Center property located in Los Angeles, CA for a contract price of \$56.2 million. The property consists of six industrial buildings and two retail buildings totaling 473,345 square feet situated on 20.48 acres of fee-simple land. As part of this acquisition, we also assumed the ground lease for a 1.0 acre parking lot adjacent to the acquired buildings.

We have evaluated subsequent events through the date on which these financial statements were issued.

REXFORD INDUSTRIAL REALTY, INC. PREDECESSOR
SCHEDULE III—REAL ESTATE AND ACCUMULATED DEPRECIATION
December 31, 2012
(in thousands)

Property Name	Location	Encumbrances	Initial Cost		Costs Capitalized Subsequent to Acquisition		Gross Amounts at Which Carried at Close of Period ⁽¹⁰⁾			Accumulated Depreciation ⁽²⁾	Year Build / Year Renovated	Year Acquired
			Land	Building & Improvements	Building & Improvements	Land ⁽¹⁾	Building & Improvements ⁽¹⁾	Total				
RIF I—Don Julian, LLC	City of Industry, CA	(3)	3,875	2,407	8,917	3,875	11,324	15,199	(4,351)	1965, 2005 / 2003	2002	
RIF I—Lewis Road, LLC	Camarillo, CA	(3)	4,150	3,050	6,819	4,150	9,869	14,019	(3,969)	1960-1963 / 2006	2003	
RIF I—Monrovia, LLC	Monrovia, CA	(3)	2,317	2,534	705	2,317	3,239	5,556	(1,440)	1957, 1962 / 2004	2003	
RIF I—Mulberry, LLC	Whittier, CA	5,978	3,469	1,629	1,013	3,469	2,642	6,111	(615)	1962 / 2009	2003	
RIF I—Oxnard, LLC	Oxnard, CA	(3)	868	—	3,962	868	3,962	4,830	(1,232)	2005	2003	
RIF I—Valley Blvd., LLC	La Puente, CA	(3)	2,539	2,020	2,129	2,539	4,149	6,688	(1,569)	1974 / 2007	2003	
RIF I—Walnut, LLC	Fullerton, CA	11,898 ⁽³⁾⁽⁴⁾	6,817	6,089	534	6,817	6,623	13,440	(2,370)	1985-1986 / 2005	2004	
RIF II—Bledsoe Avenue, LLC	Sylmar, CA	(5)	2,525	3,380	3,895	2,525	7,275	9,800	(1,612)	1969, 2008 / 2006	2004	
RIF II—Crocker, LLC	Valencia, CA	(5)	2,666	3,343	1,461	2,666	4,804	7,470	(1,016)	1987 / 2006	2004	
RIF II—Easy Street, LLC	Simi Valley, CA	5,310	2,346	4,522	348	2,346	4,870	7,216	(1,226)	1991 / 2006	2004	
RIF II—First American Way, LLC	Poway, CA	(5)	2,469	2,489	2,710	800	3,668	4,468	(831)	2002 / 2007	2005	
RIF II—Kaiser, LLC	Vista, CA	(5)	3,357	4,512	717	3,357	5,229	8,586	(1,230)	1999 / 2007	2004	
RIF II—Orangethorpe, LLC	Anaheim, CA	4,451	4,893	1,386	889	4,893	2,275	7,168	(673)	1973 / 2007	2005	
RIF II—Pioneer Avenue, LLC	Vista, CA	(5)	1,784	2,974	1,413	1,784	4,387	6,171	(928)	1988 / 2006	2004	
RIF III—157th Street, LLC	Gardena, CA	(6)	3,100	786	932	3,100	1,718	4,818	(749)	1960-1971 / 2006-2011	2006	
RIF III—Archibald, LLC	Rancho Cucamonga, CA	(6)	3,572	3,239	1,389	1,808	3,205	5,013	(1,200)	1980 / 2007	2007	
RIF III—Avenue Stanford, LLC	Valencia, CA	(6)	1,849	6,776	2,055	1,849	8,831	10,680	(1,989)	1987 / 2008	2006	
RIF III—Empire Lakes, LLC	Rancho Cucamonga, CA	(6)	3,647	11,867	2,454	3,647	14,321	17,968	(4,460)	1988-1989 / 2006	2006	
RIF III—Glenoaks, LLC	Sun Valley, CA	(6)	1,000	594	73	949	641	1,590	(190)	1974	2006	
RIF III—Impala, LLC	Carlsbad, CA	(6)	5,470	7,308	1,136	5,470	8,444	13,914	(1,971)	1983 / 2006	2006	
RIF III—Irwindale, LLC	Irwindale, CA	(6)	3,604	5,056	173	3,604	5,229	8,833	(1,559)	1989	2006	
RIF III—Santa Fe Springs, LLC	Santa Fe Springs, CA	(6)	3,740	260	6,860	3,740	7,120	10,860	(942)	1982 / 2009	2006	
RIF III—Williams, LLC	Oxnard, CA	(6)	4,414	5,773	584	4,414	6,357	10,771	(2,696)	1969 / 2006-2011	2005	
RIF III—Yarrow Drive, LLC	Carlsbad, CA	(6)	5,001	7,658	2,216	5,001	9,874	14,875	(3,189)	1977-1988 / 2006	2005	
RIF III—Yarrow Drive II, LLC	Carlsbad, CA	(6)	3,473	5,119	751	3,473	5,870	9,343	(1,762)	1977 / 2006	2006	
RIF IV—Burbank, LLC	Burbank, CA	(7)	6,304	2,996	4,808	6,304	7,804	14,108	(1,716)	1969 / 2009	2007	
RIF IV—Central, LLC	Riverside, CA	(7)	3,323	1,118	987	1,441	1,581	3,022	(506)	1978	2007	
RIF IV—Comerstone, LLC	Downey, CA	(7)	6,974	2,902	29	6,974	2,931	9,905	(318)	2008	2009	
RIF IV—East 46th Street, LLC	Vernon, CA	(7)	7,015	7,078	1,268	7,015	8,346	15,361	(1,565)	1961, 1983 / 2008-2010	2007	
RIF IV—Enfield, LLC	Palm Desert, CA	(7)	1,110	1,189	216	397	698	1,095	(212)	1990	2007	
RIF IV—Glendale, LLC	Glendale, CA	(7)	4,845	1,163	1,233	4,845	2,396	7,241	(393)	1949, 1961 / 2011-2012	2008	

Table of Contents

Property Name	Location	Encumbrances	Initial Cost			Costs Capitalized Subsequent to Acquisition	Gross Amounts at Which Carried at Close of Period ⁽¹⁰⁾			Accumulated Depreciation ⁽²⁾	Year Build / Year Renovated	Year Acquired
			Land	Building & Improvements	Building & Improvements	Improvements	Land ⁽¹⁾	Building & Improvements ⁽¹⁾	Total			
RIF IV—Grand, LLC	Santa Ana, CA	(7)	2,579	667	173	2,371	794	3,165	(255)	1973 / 2008	2007	
RIF IV—Harbor Warner, LLC	Santa Ana, CA	(7)	3,028	1,058	507	3,028	1,565	4,593	(523)	1973 / 2008	2007	
RIF IV—Knollwood, LLC	Anaheim, CA	(7)	1,893	465	52	1,200	364	1,564	(187)	1975	2007	
RIF IV—Long Carson, LLC	Long Beach, CA	(7)	1,004	175	558	1,004	733	1,737	(213)	1981-1982	2007	
RIF IV—Newton, LLC	Carlsbad, CA	(7)	3,152	7,155	946	1,692	4,981	6,673	(1,187)	1997-1999 / 2009	2007	
RIF IV—Poinsettia, LLC	Vista, CA	(7)	4,453	5,900	542	2,830	4,480	7,310	(1,020)	1989 / 2007	2008	
RIF IV—San Gabriel, LLC	Pasadena, CA	(7)	1,759	2,834	1,856	1,759	4,690	6,449	(3,129)	1985 / 2009	2008	
RIF IV—West 33rd Street, LLC	National City, CA	(7)	2,390	5,029	428	2,390	5,457	7,847	(1,528)	1969 / 2008	2006	
RIF V—Arrow Business Center, LLC	Irwindale, CA	(8)	3,223	1,766	224	3,223	1,990	5,213	(164)	1987	2011	
RIF V—Arroyo, LLC	San Fernando, CA	3,000	2,085	1,290	545	2,085	1,835	3,920	(279)	1969 / 2012	2010	
RIF V—Calvert, LLC	Van Nuys, CA	—	3,790	1,448	—	3,790	1,448	5,238	—	1971	2012	
RIF V—Campus Avenue, LLC	Ontario, CA	3,360	2,600	1,631	3	2,600	1,634	4,234	(163)	1966, 1973, 1987	2012	
RIF V—Del Norte, LLC	Oxnard, CA	—	3,276	5,623	—	3,276	5,623	8,899	—	2000	2012	
RIF V—Golden Valley, LLC	La Puente, CA	2,900	1,611	1,804	793	1,611	2,597	4,208	(161)	1988 / 2012	2011	
RIF V—Grand Commerce Center, LLC	Santa Ana, CA	6,000	3,401	3,995	174	3,401	4,169	7,570	(510)	1988	2010	
RIF V—Interstate Commerce Center, LLC	Tempe, AZ	(8)	1,223	2,860	56	1,223	2,916	4,139	(339)	1987	2011	
RIF V—Jersey, LLC	Rancho Cucamonga, CA	6,228 ⁽⁹⁾	2,540	4,453	263	2,540	4,716	7,256	(347)	1988-1989	2011	
RIF V—MacArthur, LLC	Santa Ana, CA	5,475	3,273	4,576	45	3,273	4,621	7,894	(491)	1973	2011	
RIF V—Normandie Business Center, LLC	Torrance, CA	(8)	3,077	1,077	44	3,077	1,121	4,198	(96)	1989	2011	
RIF V—Odessa, LLC	Van Nuys, CA	—	1,218	1,542	360	1,218	1,902	3,120	(97)	1970-1972 / 2012	2011	
RIF V—Paramount Business Center, LLC	Paramount, CA	(8)	1,387	963	33	1,387	996	2,383	(75)	1986	2011	
RIF V—Shoemaker Industrial Park, LLC	Santa Fe Springs, CA	(8)	3,504	1,937	373	3,504	2,310	5,814	(179)	1978 / 2012	2011	
RIF V—Vinedo, LLC	Pasadena, CA	3,470	2,623	2,081	34	2,623	2,115	4,738	(247)	1953 / 1993	2011	
RIF V—Zenith Business Park, LLC	Glenview, IL	(8)	658	688	98	658	786	1,444	(45)	1978	2011	
			<u>58,070</u>	<u>172,263</u>	<u>172,234</u>	<u>70,783</u>	<u>162,200</u>	<u>233,525</u>	<u>395,725</u>	<u>(59,714)</u>		

- (1) During 2009, we recorded impairment charges totaling \$19.6 million in continuing operations to write down our investments in real estate to fair value. Of this amount, \$10.1 million in included as a reduction of "Land" in the table above, with the remaining \$9.5 million included as a reduction of "Buildings and Improvements."
- (2) The depreciable life for buildings and improvements ranges from 10-30 years for buildings, 20 years for site improvements, and the shorter of the estimated useful life or respective lease term for tenant improvements.
- (3) These properties secure a \$48.8 million loan.
- (4) This property secures a \$11.4 million loan.
- (5) These properties secure a \$40.2 million loan.
- (6) These properties secure a \$78.7 million loan.
- (7) These properties secure a \$67.1 million loan.
- (8) These properties secure a \$16.6 million loan.
- (9) Includes unamortized premium of \$0.1 million.
- (10) The aggregate cost of properties for federal income tax purposes is approximately \$371.0 million (unaudited) at December 31, 2012.

REPORT OF INDEPENDENT AUDITORS

To the Stockholder of
Rexford Industrial Realty, Inc.

We have audited the accompanying statement of revenues and certain operating expenses of the Glendale Commerce Center (“Property”) for the year ended December 31, 2012, and the related notes to the financial statement.

Management’s Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of the statement of revenues and certain operating expenses in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the statement of revenues over certain operating expenses that are free of material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on the statement of revenues and certain operating expenses based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of revenues over certain operating expenses is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement of revenues and certain operating expenses. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the statement of revenues over certain operating expenses, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the statement of revenues and certain operating expenses in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the statement of revenues and certain operating expenses.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the statement of revenues and certain operating expenses referred to above presents fairly, in all material respects, the revenues and certain operating expenses described in Note 2 of the Property for the year ended December 31, 2012, in conformity with U.S. generally accepted accounting principles.

Basis of Accounting

As described in Note 2 to the financial statement, the statement of revenues and certain operating expenses was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission, and is not intended to be a complete presentation of the Property’s revenues and expenses. Our opinion is not modified with respect to this matter.

/s/ Ernst & Young LLP

Los Angeles, California
May 23, 2013

GLENDALE COMMERCE CENTER
STATEMENTS OF REVENUE AND CERTAIN OPERATING EXPENSES
(dollars in thousands)

	<u>Three Months Ended March 31, 2013 (Unaudited)</u>	<u>Year Ended December 31, 2012</u>
RENTAL REVENUES		
Rental revenues	\$ 1,061	\$ 4,285
Tenant reimbursements	231	1,069
TOTAL RENTAL REVENUES	<u>1,292</u>	<u>5,354</u>
CERTAIN OPERATING EXPENSES		
Property expenses	287	1,285
TOTAL OPERATING EXPENSES	<u>287</u>	<u>1,285</u>
REVENUES IN EXCESS OF CERTAIN OPERATING EXPENSES	<u>\$ 1,005</u>	<u>\$ 4,069</u>

See Accompanying Notes

GLENDALE COMMERCE CENTER
NOTES TO STATEMENTS OF REVENUE AND CERTAIN OPERATING EXPENSES
(dollars in thousands)

1. ORGANIZATION

Glendale Commerce Center (the “Property”) is comprised of industrial and retail office buildings with 473,345 square feet on four tax parcels totaling 892,181 square feet of fee-simple land (20.48 acres), and assigned rights/position on one 43,560 square feet ground leased parcel of paved parking lot located at 3332-3380 & 3410-3424 N. San Fernando Road and 3550 Tyburn Street in Glendale, California.

These properties were acquired by RIF V—Glendale Commerce Center, LLC, RIF V—3360 San Fernando, LLC, and RIF V—GGC Alcorn, LLC which are all wholly-owned subsidiaries of Rexford Industrial Fund V, L.P. on April 17, 2013. Rexford Industrial Fund V, L.P. is jointly owned and controlled by Rexford Sponsor V, LLC and Rexford Industrial Fund V REIT, LLC. Both Rexford Sponsor V, LLC and Rexford Industrial Fund V, LLC and their subsidiaries are two of the entities that comprise Rexford Industrial Realty, Inc.’s Predecessor.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICES

Presented herein is the statement of revenues and certain expenses related to the operations of the Property.

The accompanying statement of revenues and certain operating expenses has been prepared for the purpose of complying with Rule 3-14 of Regulation S-X promulgated under the Securities Act of 1933, as amended, for inclusion in Rexford Industrial Realty, Inc.’s Registration Statement on Form S-11. Accordingly, the statement is not representative of the actual operations for the period presented as revenues and certain operating expenses, which may not be directly attributable to the revenues and expenses expected to be incurred through the future operations of the Property, have been excluded. Such items include depreciation, amortization, interest expense, interest income, management fee expense, and amortization of above and below market leases.

Revenue Recognition

The Property recognizes rental revenue from tenants on a straight-line basis over the lease term when collectability is reasonably assured and the tenant has taken possession or controls the physical use of the leased asset.

Tenant recoveries related to reimbursement of real estate taxes, insurance, repairs and maintenance, and other operating expenses are recognized as revenue in the period the applicable expenses are incurred. The reimbursements are recognized and presented gross, as the Property is generally the primary obligor with respect to purchasing goods and services from third-party suppliers, has discretion in selecting the supplier and bears the associated credit risk.

Use of Estimates

A number of estimates and assumptions have been made relating to the reporting and disclosure of revenues and certain expenses during the reporting period to prepare the statement of revenues and certain expenses in conformity with U.S. generally accepted accounting principles. Actual results could differ from those estimates.

3. MINIMUM FUTURE LEASE RENTALS

There are various lease agreements in place with tenants to lease space in the Property. As of March 31, 2013, the minimum future cash rents receivable under non-cancelable operating leases in each of the next five years and thereafter are as follows (unaudited and in thousands):

Years Ending December 31	
2013	\$ 3,292
2014	4,065
2013	2,866
2016	2,028
2017	998
Thereafter	904
Total	<u>\$14,153</u>

Leases generally require reimbursement of the tenant's proportional share of common area, real estate taxes and other operating expenses, which are excluded from the amounts above.

4. TENANT CONCENTRATIONS

For the three months ended March 31, 2013 and the year ended December 31, 2012, one tenant represented 9% (unaudited) and 11%, respectively, of the Property's rental revenue.

5. COMMITMENTS AND CONTINGENCIES

The Property is subject to various legal proceedings and claims that arise in the ordinary course of business. These matters are generally covered by insurance and the ultimate settlement of these actions will not have a material adverse effect on the Property's results of operations.

6. SUBSEQUENT EVENTS

Management evaluated subsequent events through May 23, 2013, the date the financial statements were available to be issued.

Until _____, 2013 (25 days after the date of this prospectus), all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

16,000,000 Shares



Common Stock

PROSPECTUS

BofA Merrill Lynch
Wells Fargo Securities
FBR
J.P. Morgan
PNC Capital Markets LLC
RBS

, 2013

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

Item 31. Other Expenses of Issuance and Distribution.

The following table shows the fees and expenses, other than underwriting discounts, to be paid by us in connection with the sale and distribution of the securities being registered hereby. All amounts except the SEC registration fee and the FINRA fee are estimated.

SEC Registration Fee	\$ *
NYSE Listing Fee	*
FINRA Filing Fee	*
Printing and Engraving Expenses	*
Legal Fees and Expenses (other than Blue Sky)	*
Accounting and Fees and Expenses	*
Transfer Agent and Registrar Fees	*
Total	*

* To be completed by amendment.

Item 32. Sales to Special Parties.

See response to Item 33 below.

Item 33. Recent Sales of Unregistered Securities.

In connection with the initial capitalization of our company, we issued 100 shares of our common stock to Michael S. Frankel. In connection with the formation transactions, an aggregate of 8,671,518 shares of common stock and common units with an aggregate value of \$121.4 million, at the price per share in this offering, will be issued to certain persons owning interests in the entities that own the properties comprising our initial portfolio as consideration in the formation transactions. All such persons had a substantive, pre-existing relationship with us and made irrevocable elections to receive such securities in the formation transactions prior to the filing of this registration statement with the SEC. Prior to the filing of this registration statement, each such person consented to the contribution or merger of the entity or entities in which he or she holds an investment either to or with and into us or our operating partnership or with and into a wholly owned subsidiary of our operating partnership (or, in the case of reverse mergers, certain subsidiaries of our operating partnership will merge with and into such entities). All of such persons are “accredited investors” as defined under Regulation D of the Securities Act. The issuance of such shares and units will be effected in reliance upon exemptions from registration provided by Section 4(2) of the Securities Act and Regulation D of the Securities Act.

Item 34. Indemnification of Directors and Officers.

Maryland law permits a Maryland corporation to include in its charter a provision eliminating the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from (a) actual receipt of an improper benefit or profit in money, property or services or (b) active and deliberate dishonesty that is established by a final judgment and is material to the cause of action. Our charter contains a provision which eliminates our directors’ and officers’ liability to the maximum extent permitted by Maryland law.

Maryland law requires a Maryland corporation (unless its charter provides otherwise, which our charter does not) to indemnify a director or officer who has been successful in the defense of any proceeding to which he or she is made a party by reason of his or her service in that capacity. Maryland law permits a Maryland corporation to indemnify its present and former directors and officers, among others, against judgments,

Table of Contents

penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made or threatened to be made a party by reason of their service in those or other capacities unless it is established that: (a) the act or omission of the director or officer was material to the matter giving rise to the proceeding and (i) was committed in bad faith or (ii) was the result of active and deliberate dishonesty; (b) the director or officer actually received an improper personal benefit in money, property or services; or (c) in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful. However, under Maryland law, a Maryland corporation may not indemnify for an adverse judgment in a suit by or in the right of the corporation or for a judgment of liability on the basis that personal benefit was improperly received, unless in either case a court orders indemnification and then only for expenses. In addition, Maryland law permits a Maryland corporation to advance reasonable expenses to a director or officer upon the corporation's receipt of (a) a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation and (b) a written undertaking by him or her or on his or her behalf to repay the amount paid or reimbursed by the corporation if it is ultimately determined that the standard of conduct was not met.

Our charter authorizes us to obligate ourselves and our bylaws obligate us, to the maximum extent permitted by Maryland law in effect from time to time, to indemnify any present or former director or officer or any individual who, while a director or officer of our company and at our request, serves or has served as a director, officer, partner, trustee, member or manager of another corporation, real estate investment trust, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise and who is made or threatened to be made a party to, or witness in, the proceeding by reason of his or her service in that capacity from and against any claim or liability to which that individual may become subject or which that individual may incur by reason of his or her service in any of the foregoing capacities and to pay or reimburse his or her reasonable expenses in advance of final disposition of a proceeding. Our charter and bylaws also permit us to indemnify and advance expenses to any individual who served a predecessor of our company in any of the capacities described above and any employees or agents of our company or a predecessor of our company. Furthermore, our officers and directors are indemnified against specified liabilities by the underwriters, and the underwriters are indemnified against certain liabilities by us, under the underwriting agreement relating to this offering. See "Underwriting."

We intend to enter into indemnification agreements with each of our executive officers and directors whereby we indemnify such executive officers and directors to the fullest extent permitted by Maryland law against all expenses and liabilities, subject to limited exceptions. These indemnification agreements also provide that upon an application for indemnity by an executive officer or director to a court of appropriate jurisdiction, such court may order us to indemnify such executive officer or director.

In addition, our directors and officers are indemnified for specified liabilities and expenses pursuant to the partnership agreement of Rexford Industrial Realty, L.P., the partnership of which we serve as sole general partner.

Item 35. Treatment of Proceeds From Stock Being Registered.

None of the proceeds will be credited to an account other than the appropriate capital share account.

Item 36. Financial Statements and Exhibits.

(a) Financial Statements. See page F-1 for an index to the financial statements included in this registration statement.

Table of Contents

(b) Exhibit. The following is a complete list of exhibits filed as part of the registration statement, which are incorporated herein:

<u>Exhibit</u>	
1.1*	Form of Underwriting Agreement
2.1 ⁽³⁾	Form of Contribution Agreement by and among Rexford Industrial Realty, L.P., and Rexford Industrial Fund I, LLC
2.2 ⁽³⁾	Form of Contribution Agreement by and among Rexford Industrial Realty, L.P., and Rexford Industrial Fund II, LLC
2.3 ⁽³⁾	Form of Contribution Agreement by and among Rexford Industrial Realty, L.P., and Rexford Industrial Fund III, LLC
2.4 ⁽³⁾	Form of Contribution Agreement by and among Rexford Industrial Realty, L.P., and Rexford Industrial Fund IV, LLC
2.5 ⁽³⁾	Form of Agreement and Plan of Merger by and among Rexford Industrial Realty, Inc. and Rexford Industrial Fund V REIT, LLC
2.6 ⁽³⁾	Form of Agreement and Plan of Merger by and among Rexford Industrial Realty, Inc., Rexford Industrial Realty, L.P., and Rexford Industrial Fund V, LP
2.7 ⁽³⁾	Form of Contribution Agreement by and among Rexford Industrial Realty, L.P., and Allan Ziman, as Special Trustee of the Declaration of Trust of Jeanette Rubin trust, dated August 16, 1978, as amended
2.8 ⁽³⁾	Form of Contribution Agreement by and among Rexford Industrial Realty, L.P., and the Contributors named therein
2.9 ⁽³⁾	Form of Contribution Agreement by and among Rexford Industrial Realty, L.P., and Christopher Baer
2.10 ⁽³⁾	Form of Agreement and Plan of Merger by and among Rexford Industrial Realty, Inc., Rexford Industrial Realty, L.P., Rexford Industrial Merger Sub LLC, and Rexford Industrial, LLC
2.11 ⁽³⁾	Form of Agreement and Plan of Merger by and among Rexford Industrial Realty, Inc., Rexford Industrial Realty, L.P., Rexford Fund V Manager Merger Sub LLC, and Rexford Fund V Manager LLC
2.12 ⁽³⁾	Form of Agreement and Plan of Merger by and among Rexford Industrial Realty, Inc., Rexford Industrial Realty, L.P., Rexford Sponsor V Merger Sub LLC, and Rexford Sponsor V LLC
2.13 ⁽²⁾	Form of Representation, Warranty and Indemnity Agreement by and among Rexford Industrial Realty, Inc., Rexford Industrial Realty, L.P., Richard Ziman, Howard Schwimmer and Michael S. Frankel
2.14 ⁽²⁾	Form of Indemnity Escrow Agreement, by and among Rexford Industrial Realty, Inc., Rexford Industrial Realty, L.P., Rexford Industrial Realty, Inc., acting in the capacity of escrow agent, Richard Ziman, Howard Schwimmer and Michael S. Frankel
3.1*	Articles of Amendment and Restatement of Rexford Industrial Realty, Inc.
3.2*	Amended and Restated Bylaws of Rexford Industrial Realty, Inc.
4.1*	Form of Certificate of Common Stock of Rexford Industrial Realty, Inc.
5.1*	Opinion of Venable LLP
8.1*	Opinion of Latham & Watkins LLP with respect to tax matters
10.1 ⁽²⁾	Form of Amended and Restated Agreement of Limited Partnership of Rexford Industrial Realty, L.P.
10.2 ⁽²⁾	Form of Registration Rights Agreement among Rexford Industrial Realty, Inc. and the persons named therein
10.3 ^{(3)†}	Form of Rexford Industrial Realty, Inc. and Rexford Industrial Realty, L.P., 2013 Incentive Award Plan
10.4 ^{*†}	Form of Restricted Stock Award Agreement under 2013 Incentive Award Plan
10.5 ⁽³⁾	Form of Indemnification Agreement between Rexford Industrial Realty, Inc. and its directors and officers
10.6 ⁽²⁾	Form of Tax Matters Agreement by and among Rexford Industrial Realty, Inc., Rexford Industrial Realty, L.P., and each partner set forth in Schedule I, Schedule II and Schedule III thereto
10.7 ⁽²⁾	Form of Guaranty Agreement by and among the guarantors identified on Exhibit A thereto and Rexford Industrial Realty, L.P. in favor of a to be named lender
10.8 ^{(3)†}	Form of Employment Agreement between Michael S. Frankel and Rexford Industrial Realty, Inc.
10.9 ^{(3)†}	Form of Employment Agreement between Howard Schwimmer and Rexford Industrial Realty, Inc.
10.10 ^{*†}	Form of Rexford Industrial Realty, Inc. Non-Employee Director Compensation Program

Table of Contents

Exhibit

10.11*	Form of Credit Agreement among Rexford Industrial Realty, L.P., as Borrower, Rexford Industrial Realty, Inc., as Parent, Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer, The Other Lenders Party Thereto, Wells Fargo Bank, National Association and JPMorgan Chase Bank, N.A., as Co-Syndication Agents and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Sole Lead Arranger and Sole Bookrunner
10.12*	Form of Term Loan Agreement among RIF I—Don Julian, LLC, RIF I—Lewis Road, LLC, RIF I—Walnut, LLC, RIF I—Oxnard, LLC, RIF II—Kaiser, LLC and RIF III—Irwindale, LLC, collectively as Borrower, and Bank of America, N.A., as Lender
10.13 ⁽³⁾	Form of Consent Agreement by and among RIF V – Jersey, LLC, Rexford Industrial Realty, Inc., Rexford Industrial Realty, L.P., and U.S. Bank National Association, as trustee, successor-in-interest to Bank of America, N. A., as trustee, successor by merger to LaSalle Bank, National Association, as trustee for Morgan Stanley Capital I Inc., Commercial Mortgage Pass-Through Certificates, Series 2005-TOP17, as Noteholder, whose master servicer is Wells Fargo Bank, National Association
10.14 ⁽³⁾	Promissory Note Secured by Security Instrument dated November 29, 2004 by Jersey Business Park (predecessor in interest to RIF V – Jersey, LLC), as Borrower, in favor of Wells Fargo Bank, National Association (as predecessor in interest to Noteholder), as Lender
10.15 ⁽³⁾	Deed of Trust and Absolute Assignment of Rents and Leases and Security Agreement (and Fixture Filing) dated as of November 29, 2004 by Jersey Business Park (predecessor in interest to RIF V – Jersey, LLC), in favor of Mortgage Electronic Registration Systems, Inc., as Beneficiary, for the benefit of Wells Fargo Bank, National Association (as predecessor in interest to Noteholder), as Lender
10.16 ⁽³⁾	Term Loan Agreement dated as of April 16, 2013 by and among RIF V – Glendale Commerce Center, LLC, RIF V – GGC Alcorn, LLC and RIF V – 3360 San Fernando, LLC, collectively as Borrower, and Bank of America, N.A., as Lender
10.17 ⁽³⁾	Term Loan Agreement dated as of June 28, 2012 between 3001 Mission Oaks Blvd LLC, as Borrower, and JPMorgan Chase Bank, N.A., as Lender
10.18 ⁽³⁾	Term Loan Agreement dated as of June 28, 2012 between 3175 Mission Oaks Blvd LLC, as Borrower, and JPMorgan Chase Bank, N.A., as Lender
10.19 ⁽³⁾	Term Loan Agreement dated as of June 28, 2012 between 3233 Mission Oaks Blvd LLC, as Borrower, and JPMorgan Chase Bank, N.A., as Lender
21.1*	List of Subsidiaries of the Registrant
23.1*	Consent of Venable LLP (included in Exhibit 5.1)
23.2*	Consent of Latham & Watkins LLP (included in Exhibit 8.1)
23.3 ⁽¹⁾	Consent of DAUM Commercial Real Estate Services
23.4*	Consent of Ernst & Young LLP
24.1 ⁽¹⁾	Power of Attorney (included on the Signature Page)
99.1 ⁽²⁾	Consent of Robert L. Antin to be named as a director nominee
99.2 ⁽²⁾	Consent of Leslie E. Bider to be named as a director nominee
99.3 ⁽²⁾	Consent of Steven C. Good to be named as a director nominee
99.4 ⁽²⁾	Consent of Joel S. Marcus to be named as a director nominee

* Filed herein

† Compensatory plan or arrangement

(1) Previously filed with the Registration Statement on Form S-11 filed by the Registrant on May 23, 2013

(2) Previously filed with Amendment No. 1 to the Registration Statement on Form S-11 filed by the Registrant on June 10, 2013

(3) Previously filed with Amendment No. 2 to the Registration Statement on Form S-11 filed by the Registrant on July 9, 2013

Item 37. Undertakings

(a) The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Table of Contents

(b) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

(c) The undersigned registrant hereby undertakes that:

- (i) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.
- (ii) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-11 and has duly caused this Amendment No. 3 to the registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Los Angeles, State of California, on the 15th day of July, 2013.

Rexford Industrial Realty, Inc.

By: /s/ Howard Schwimmer
Name: Howard Schwimmer
Title: *Co-Chief Executive Officer*

By: /s/ Michael Frankel
Name: Michael Frankel
Title: *Co-Chief Executive Officer*

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>*</u> Richard Ziman	Chairman of the Board of Directors	July 15, 2013
<u>/s/ Howard Schwimmer</u> Howard Schwimmer	Co-Chief Executive Officer and Director (Principal Executive Officer)	July 15, 2013
<u>/s/ Michael Frankel</u> Michael S. Frankel	Co-Chief Executive Officer and Director (Principal Executive Officer)	July 15, 2013
<u>/s/ Adeel Khan</u> Adeel Khan	Chief Financial Officer (Principal Financial and Accounting Officer)	July 15, 2013

*By: /s/ Michael Frankel
Attorney-in-Fact

EXHIBIT INDEX

<u>Exhibit</u>	
1.1*	Form of Underwriting Agreement
2.1 ⁽³⁾	Form of Contribution Agreement by and among Rexford Industrial Realty, L.P., and Rexford Industrial Fund I, LLC
2.2 ⁽³⁾	Form of Contribution Agreement by and among Rexford Industrial Realty, L.P., and Rexford Industrial Fund II, LLC
2.3 ⁽³⁾	Form of Contribution Agreement by and among Rexford Industrial Realty, L.P., and Rexford Industrial Fund III, LLC
2.4 ⁽³⁾	Form of Contribution Agreement by and among Rexford Industrial Realty, L.P., and Rexford Industrial Fund IV, LLC
2.5 ⁽³⁾	Form of Agreement and Plan of Merger by and among Rexford Industrial Realty, Inc. and Rexford Industrial Fund V REIT, LLC
2.6 ⁽³⁾	Form of Agreement and Plan of Merger by and among Rexford Industrial Realty, Inc., Rexford Industrial Realty, L.P., and Rexford Industrial Fund V, LP
2.7 ⁽³⁾	Form of Contribution Agreement by and among Rexford Industrial Realty, L.P., and Allan Ziman, as Special Trustee of the Declaration of Trust of Jeanette Rubin trust, dated August 16, 1978, as amended
2.8 ⁽³⁾	Form of Contribution Agreement by and among Rexford Industrial Realty, L.P., and the Contributors named therein
2.9 ⁽³⁾	Form of Contribution Agreement by and among Rexford Industrial Realty, L.P., and Christopher Baer
2.10 ⁽³⁾	Form of Agreement and Plan of Merger by and among Rexford Industrial Realty Inc., Rexford Industrial Realty, L.P., Rexford Industrial Merger Sub LLC, and Rexford Industrial, LLC
2.11 ⁽³⁾	Form of Agreement and Plan of Merger by and among Rexford Industrial Realty Inc., Rexford Industrial Realty, L.P., Rexford Fund V Manager Merger Sub LLC, and Rexford Fund V Manager LLC
2.12 ⁽³⁾	Form of Agreement and Plan of Merger by and among Rexford Industrial Realty Inc., Rexford Industrial Realty, L.P., Rexford Sponsor V Merger Sub LLC, and Rexford Sponsor V LLC
2.13 ⁽²⁾	Form of Representation, Warranty and Indemnity Agreement by and among Rexford Industrial Realty, Inc., Rexford Industrial Realty, L.P., Richard Ziman, Howard Schwimmer and Michael S. Frankel
2.14 ⁽²⁾	Form of Indemnity Escrow Agreement, by and among Rexford Industrial Realty, Inc., Rexford Industrial Realty, L.P., Rexford Industrial Realty, Inc., acting in the capacity of escrow agent, Richard Ziman, Howard Schwimmer and Michael S. Frankel
3.1*	Articles of Amendment and Restatement of Rexford Industrial Realty, Inc.
3.2*	Amended and Restated Bylaws of Rexford Industrial Realty, Inc.
4.1*	Form of Certificate of Common Stock of Rexford Industrial Realty, Inc.
5.1*	Opinion of Venable LLP
8.1*	Opinion of Latham & Watkins LLP with respect to tax matters
10.1 ⁽²⁾	Form of Amended and Restated Agreement of Limited Partnership of Rexford Industrial Realty, L.P.
10.2 ⁽²⁾	Form of Registration Rights Agreement among Rexford Industrial Realty, Inc. and the persons named therein
10.3 ^{(3)†}	Form of Rexford Industrial Realty, Inc. and Rexford Industrial Realty, L.P., 2013 Incentive Award Plan
10.4*†	Form of Restricted Stock Award Agreement under 2013 Incentive Award Plan
10.5 ⁽³⁾	Form of Indemnification Agreement between Rexford Industrial Realty, Inc. and its directors and officers
10.6 ⁽²⁾	Form of Tax Matters Agreement by and among Rexford Industrial Realty, Inc., Rexford Industrial Realty, L.P., and each partner set forth in Schedule I, Schedule II and Schedule III thereto
10.7 ⁽²⁾	Form of Guaranty Agreement by and among the guarantors identified on Exhibit A thereto and Rexford Industrial Realty, L.P. in favor of a to be named lender
10.8 ^{(3)†}	Form of Employment Agreement between Michael S. Frankel and Rexford Industrial Realty, Inc.
10.9 ^{(3)†}	Form of Employment Agreement between Howard Schwimmer and Rexford Industrial Realty, Inc.
10.10*†	Form of Rexford Industrial Realty, Inc. Non-Employee Director Compensation Program
10.11*	Form of Credit Agreement among Rexford Industrial Realty, L.P., as Borrower, Rexford Industrial Realty, Inc., as Parent, Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer, The Other Lenders Party Thereto, Wells Fargo Bank, National Association and JPMorgan Chase Bank, N.A., as Co-Syndication Agents and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Sole Lead Arranger and Sole Bookrunner

Table of Contents

<u>Exhibit</u>	
10.12*	Form of Term Loan Agreement among RIF I—Don Julian, LLC, RIF I—Lewis Road, LLC, RIF I—Walnut, LLC, RIF I—Oxnard, LLC, RIF II—Kaiser, LLC and RIF III—Irwindale, LLC, collectively as Borrower, and Bank of America, N.A., as Lender
10.13 ⁽³⁾	Form of Consent Agreement by and among RIF V – Jersey, LLC, Rexford Industrial Realty, Inc., Rexford Industrial Realty, L.P., and U.S. Bank National Association, as trustee, successor-in-interest to Bank of America, N. A., as trustee, successor by merger to LaSalle Bank, National Association, as trustee for Morgan Stanley Capital I Inc., Commercial Mortgage Pass-Through Certificates, Series 2005-TOP17, as Noteholder, whose master servicer is Wells Fargo Bank, National Association
10.14 ⁽³⁾	Promissory Note Secured by Security Instrument dated November 29, 2004 by Jersey Business Park (predecessor in interest to RIF V – Jersey, LLC), as Borrower, in favor of Wells Fargo Bank, National Association (as predecessor in interest to Noteholder), as Lender
10.15 ⁽³⁾	Deed of Trust and Absolute Assignment of Rents and Leases and Security Agreement (and Fixture Filing) dated as of November 29, 2004 by Jersey Business Park (predecessor in interest to RIF V – Jersey, LLC), in favor of Mortgage Electronic Registration Systems, Inc., as Beneficiary, for the benefit of Wells Fargo Bank, National Association (as predecessor in interest to Noteholder), as Lender
10.16 ⁽³⁾	Term Loan Agreement dated as of April 16, 2013 by and among RIF V – Glendale Commerce Center, LLC, RIF V – GGC Alcorn, LLC and RIF V – 3360 San Fernando, LLC, collectively as Borrower, and Bank of America, N.A., as Lender
10.17 ⁽³⁾	Term Loan Agreement dated as of June 28, 2012 between 3001 Mission Oaks Blvd LLC, as Borrower, and JPMorgan Chase Bank, N.A., as Lender
10.18 ⁽³⁾	Term Loan Agreement dated as of June 28, 2012 between 3175 Mission Oaks Blvd LLC, as Borrower, and JPMorgan Chase Bank, N.A., as Lender
10.19 ⁽³⁾	Term Loan Agreement dated as of June 28, 2012 between 3233 Mission Oaks Blvd LLC, as Borrower, and JPMorgan Chase Bank, N.A., as Lender
21.1*	List of Subsidiaries of the Registrant
23.1*	Consent of Venable LLP (included in Exhibit 5.1)
23.2*	Consent of Latham & Watkins LLP (included in Exhibit 8.1)
23.3 ⁽¹⁾	Consent of DAUM Commercial Real Estate Services
23.4*	Consent of Ernst & Young LLP
24.1 ⁽¹⁾	Power of Attorney (included on the Signature Page)
99.1 ⁽²⁾	Consent of Robert L. Antin to be named as a director nominee
99.2 ⁽²⁾	Consent of Leslie E. Bider to be named as a director nominee
99.3 ⁽²⁾	Consent of Steven C. Good to be named as a director nominee
99.4 ⁽²⁾	Consent of Joel S. Marcus to be named as a director nominee

* Filed herein

† Compensatory plan or arrangement

(1) Previously filed with the Registration Statement on Form S-11 filed by the Registrant on May 23, 2013

(2) Previously filed with Amendment No. 1 to the Registration Statement on Form S-11 filed by the Registrant on June 10, 2013

(3) Previously filed with Amendment No. 2 to the Registration Statement on Form S-11 filed by the Registrant on July 9, 2013

REXFORD INDUSTRIAL REALTY, INC.

(a Maryland corporation)

[] Shares of Common Stock

UNDERWRITING AGREEMENT

Dated: —, 2013

REXFORD INDUSTRIAL REALTY, INC.

(a Maryland corporation)

[] Shares of Common Stock

UNDERWRITING AGREEMENT

—, 2013

Merrill Lynch, Pierce, Fenner & Smith
Incorporated

FBR Capital Markets & Co.

Wells Fargo Securities, LLC

J.P. Morgan Securities LLC

as Representative(s) of the several Underwriters

c/o Merrill Lynch, Pierce, Fenner & Smith
Incorporated

One Bryant Park
New York, New York 10036

Ladies and Gentlemen:

Rexford Industrial Realty, Inc., a Maryland corporation (the “Company”), and Rexford Industrial Realty, L.P., a Maryland limited partnership (the “Operating Partnership”), confirm their respective agreements with Merrill Lynch, Pierce, Fenner & Smith Incorporated (“Merrill Lynch”), FBR Capital Markets & Co. (“FBR”), Wells Fargo Securities, LLC (“Wells Fargo”), J.P. Morgan Securities LLC (“J.P. Morgan”) and each of the other Underwriters named in Schedule A hereto (collectively, the “Underwriters,” which term shall also include any underwriter substituted as hereinafter provided in Section 10 hereof), for whom Merrill Lynch, FBR, Wells Fargo and J.P. Morgan are acting as representatives (in such capacity, the “Representatives”), with respect to (i) the sale by the Company and the purchase by the Underwriters, acting severally and not jointly, of the respective numbers of shares of common stock, par value \$0.01 per share, of the Company (“Common Stock”) set forth in Schedule A hereto and (ii) the grant by the Company to the Underwriters, acting severally and not jointly, of the option described in Section 2(b) hereof to purchase all or any part of [] additional shares of Common Stock. The aforesaid [] shares of Common Stock (the “Initial Securities”) to be purchased by the Underwriters and all or any part of the [] shares of Common Stock subject to the option described in Section 2(b) hereof (the “Option Securities”) are herein called, collectively, the “Securities.”

The Company understands that the Underwriters propose to make a public offering of the Securities as soon as the Representatives deem advisable after this Agreement has been executed and delivered.

The Company and the Underwriters agree that up to [—] shares of the Initial Securities to be purchased by the Underwriters (the “Reserved Securities”) shall be reserved for sale by the Underwriters to certain persons designated by the Company (the “Invitees”), as part of the distribution of the Securities by the Underwriters, subject to the terms of this Agreement, the applicable rules, regulations and interpretations of the Financial Industry Regulatory Authority, Inc. (“FINRA”) and all other applicable laws, rules and regulations. The Company solely determined, without any direct or indirect participation by the Underwriters, the Invitees who will purchase Reserved Securities (including the amount to be purchased by such persons) sold by the Underwriters. To the extent that such Reserved Securities are not orally confirmed for purchase by the Invitees by 8:00 A.M. (New York City time) on the first business day after the date of this Agreement, such Reserved Securities may be offered to the public as part of the public offering contemplated hereby.

The Company has filed with the Securities and Exchange Commission (the “Commission”) a registration statement on Form S-11 (No. 333-188806), including the related preliminary prospectus or prospectuses, covering the registration of the sale of the Securities under the Securities Act of 1933, as amended (the “1933 Act”). Promptly after execution and delivery of this Agreement, the Company will prepare and file a prospectus in accordance with the provisions of Rule 430A (“Rule 430A”) of the rules and regulations of the Commission under the 1933 Act (the “1933 Act Regulations”) and Rule 424(b) (“Rule 424(b)”) of the 1933 Act Regulations. The information included in such prospectus that was omitted from such registration statement at the time it became effective but that is deemed to be part of such registration statement at the time it became effective pursuant to Rule 430A(b) is herein called the “Rule 430A Information.” Such registration statement, including the amendments thereto, the exhibits thereto and any schedules thereto, at the time it became effective, and including the Rule 430A Information, is herein called the “Registration Statement.” Any registration statement filed pursuant to Rule 462(b) of the 1933 Act Regulations is herein called the “Rule 462(b) Registration Statement” and, after such filing, the term “Registration Statement” shall include the Rule 462(b) Registration Statement. Each prospectus used prior to the effectiveness of the Registration Statement, and each prospectus that omitted the Rule 430A Information that was used after such effectiveness and prior to the execution and delivery of this Agreement, is herein called a “preliminary prospectus.” The final prospectus, in the form first furnished to the Underwriters for use in connection with the offering of the Securities, is herein called the “Prospectus.” For purposes of this Agreement, all references to the Registration Statement, any preliminary prospectus, the Prospectus or any amendment or supplement to any of the foregoing shall be deemed to include the copy filed with the Commission pursuant to its Electronic Data Gathering, Analysis and Retrieval system or any successor system (“EDGAR”).

As used in this Agreement:

“Applicable Time” means [:00 P./A.M.], New York City time, on [INSERT DATE] or such other time as agreed by the Company and the Representatives.

“General Disclosure Package” means any Issuer General Use Free Writing Prospectuses issued at or prior to the Applicable Time, the most recent preliminary prospectus that is distributed to investors prior to the Applicable Time and the information included on Schedule B-1 hereto, all considered together.

“Issuer Free Writing Prospectus” means any “issuer free writing prospectus,” as defined in Rule 433 of the 1933 Act Regulations (“Rule 433”), including without limitation any “free writing prospectus” (as defined in Rule 405 of the 1933 Act Regulations (“Rule 405”)) relating to the Securities that is (i) required to be filed with the Commission by the Company, (ii) a “road show that is a written communication” within the meaning of Rule 433(d)(8) (i), whether or not required to be filed with the Commission, or (iii) exempt from filing with the Commission

pursuant to Rule 433(d)(5)(i) because it contains a description of the Securities or of the offering that does not reflect the final terms, in each case in the form filed or required to be filed with the Commission or, if not required to be filed, in the form retained in the Company's records pursuant to Rule 433(g).

"Issuer General Use Free Writing Prospectus" means any Issuer Free Writing Prospectus that is intended for general distribution to prospective investors (other than a "bona fide electronic road show," as defined in Rule 433 (the "Bona Fide Electronic Road Show")), as evidenced by its being specified in Schedule B-2 hereto.

"Issuer Limited Use Free Writing Prospectus" means any Issuer Free Writing Prospectus that is not an Issuer General Use Free Writing Prospectus.

"Testing-the-Waters Communication" means any oral or written communication with potential investors undertaken in reliance on Section 5(d) of the 1933 Act.

"Written Testing-the-Waters Communication" means any Testing-the-Waters Communication that is a written communication within the meaning of Rule 405 under the 1933 Act.

All references in this Agreement to financial statements and schedules and other information which is "contained," "included" or "stated" in the Registration Statement, any preliminary prospectus or the Prospectus (or other references of like import) shall include all such financial statements and schedules and other information which is incorporated by reference in or otherwise deemed by 1933 Act Regulations to be a part of or included in the Registration Statement, any preliminary prospectus or the Prospectus, as the case may be, prior to the execution and delivery of this Agreement.

At the Closing Time (as defined below), or as soon thereafter as is practicable, the Company, the Operating Partnership and certain of their existing and newly formed subsidiaries will complete or use their reasonable best efforts to complete, as the case may be, a series of transactions described more fully in the Preliminary Prospectus and the Prospectus under the captions "Prospectus Summary—Structure and Formation of Our Company—Formation Transactions," "Prospectus Summary—Structure and Formation of Our Company—Concurrent Private Placement," "Management's Discussion and Analysis of Financial Condition and Results of Operations—Overview—Formation Transactions," "Management's Discussion and Analysis of Financial Condition and Results of Operation—Overview—Concurrent Private Placement," "Certain Relationships and Related Transactions—Concurrent Private Placement," "Structure and Formation of our Company—Our Formation Transactions and Structure—Formation Transactions" and "Structure and Formation of our Company—Our Formation Transactions and Structure—Concurrent Private Placement" (collectively, the "Formation Transactions"). As part of the Formation Transactions, the Company will, among other things, (1) consolidate the ownership of the properties described in the Prospectus (the "Properties") under the Company and the Operating Partnership by directly or indirectly acquiring, in a series of transactions, the equity interests in certain predecessor entities of the Company (collectively, the "Predecessor Entities") and (2) contribute the net proceeds from the offering of the Securities to the Operating Partnership in exchange for common units of partnership interests in the Operating Partnership (the "OP Units"). A list of agreements pursuant to which the Formation Transactions will be completed is set forth on Schedule C hereto (collectively, the "Formation Transaction Documents").

SECTION 1. Representations and Warranties.

(a) *Representations and Warranties by the Company.* Each of the Company and the Operating Partnership represents and warrants to each Underwriter as of the date hereof, the Applicable Time, the Closing Time and any Date of Delivery (as defined below), and agrees with each Underwriter, as follows:

(i) Registration Statement and Prospectuses. Each of the Registration Statement and any amendment thereto has become effective under the 1933 Act. No stop order suspending the effectiveness of the Registration Statement or any post-effective amendment thereto has been issued under the 1933 Act, no order preventing or suspending the use of any preliminary prospectus or the Prospectus has been issued and no proceedings for any of those purposes have been instituted or are pending or, to the Company's knowledge, contemplated. The Company has complied with each request (if any) from the Commission for additional information.

Each of the Registration Statement and any post-effective amendment thereto, at the time it became effective, complied in all material respects with the requirements of the 1933 Act and the 1933 Act Regulations. Each preliminary prospectus, the Prospectus and any amendment or supplement thereto, at the time each was filed with the Commission, complied in all material respects with the requirements of the 1933 Act and the 1933 Act Regulations. Each preliminary prospectus delivered to the Underwriters for use in connection with this offering and the Prospectus was or will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(ii) Accurate Disclosure. Neither the Registration Statement nor any amendment thereto, at its effective time, at the Closing Time or at any Date of Delivery, contained, contains or will contain an untrue statement of a material fact or omitted, omits or will omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. As of the Applicable Time, none of (A) the General Disclosure Package, (B) any individual Issuer Limited Use Free Writing Prospectus, when considered together with the General Disclosure Package and (C) any individual Written Testing-the-Waters Communication, when considered together with the General Disclosure Package, included, includes or will include an untrue statement of a material fact or omitted, omits or will omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. Neither the Prospectus nor any amendment or supplement thereto (including any prospectus wrapper), as of its issue date, at the time of any filing with the Commission pursuant to Rule 424(b), at the Closing Time or at any Date of Delivery, included, includes or will include an untrue statement of a material fact or omitted, omits or will omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

The representations and warranties in this subsection shall not apply to statements in or omissions from the Registration Statement (or any amendment thereto), the General Disclosure Package or the Prospectus (or any amendment or supplement thereto) made in reliance upon and in conformity with written information furnished to the Company by any Underwriter through the Representatives expressly for use therein. For purposes of this Agreement, the only information so furnished shall be the information contained in the first sentence of the fifth paragraph (regarding selling concessions), the first sentence of the twelfth paragraph (regarding present intent to release shares subject to lock-up agreements), the sixteenth paragraph (regarding sales to accounts over which the Underwriters exercise discretionary authority), the eighteenth paragraph (regarding short sales and stabilizing transactions) and the nineteenth paragraph (regarding penalty bids), each under the heading "Underwriting" contained in the Prospectus (collectively, the "Underwriter Information").

(iii) Issuer Free Writing Prospectuses. No Issuer Free Writing Prospectus conflicts or will conflict with the information contained in the Registration Statement or the Prospectus, and any preliminary or other prospectus deemed to be a part thereof that has not been superseded or modified. The Company has made available a Bona Fide Electronic Road Show in compliance with Rule 433(d)(8)(ii) such that no filing of any “road show” (as defined in Rule 433(h)) is required in connection with the offering of the Securities.

(iv) Testing-the-Waters Materials. The Company (A) has not engaged in any Testing-the-Waters Communications other than Testing-the-Waters Communications with the consent of the Representatives with entities that are “qualified institutional buyers” within the meaning of Rule 144A under the 1933 Act or institutions that are “accredited investors” within the meaning of Rule 501 under the 1933 Act and (B) has not authorized anyone other than the Representatives to engage in Testing-the-Waters Communications. The Company reconfirms that the Representatives have been authorized to act on its behalf in undertaking Testing-the-Waters Communications. The Company has not distributed any Written Testing-the-Waters Communications.

(v) Company Not Ineligible Issuer. At the time of filing the Registration Statement and any post-effective amendment thereto, at the earliest time thereafter that the Company or another offering participant made a *bona fide* offer (within the meaning of Rule 164(h)(2) of the 1933 Act Regulations) of the Securities and at the date hereof, the Company was not and is not an “ineligible issuer,” as defined in Rule 405, without taking account of any determination by the Commission pursuant to Rule 405 that it is not necessary that the Company be considered an ineligible issuer.

(vi) Emerging Growth Company Status. From the time of the initial confidential submission of the Registration Statement to the Commission through the date hereof, the Company has been and is an “emerging growth company,” as defined in Section 2(a) of the Securities Act (an “Emerging Growth Company”).

(vii) Independent Accountants. Ernst & Young LLP, who certified the financial statements and supporting schedules included in the Registration Statement, the General Disclosure Package and the Prospectus, are independent public accountants as required by the 1933 Act, the 1933 Act Regulations and the Public Accounting Oversight Board.

(viii) Financial Statements; Non-GAAP Financial Measures. The financial statements included in the Registration Statement, the General Disclosure Package and the Prospectus, together with the related schedules and notes, present fairly in all material respects: (1) the financial position of the Company and the Operating Partnership on a consolidated basis at the date indicated and (2) the financial position of the Predecessor Entities on a combined basis at the dates indicated and the statements of operations, equity (deficit) and cash flows of the Predecessor Entities for the periods specified; said financial statements have been prepared in conformity with U.S. generally accepted accounting principles (“GAAP”) applied on a consistent basis throughout the periods involved. The supporting schedules, if any, present fairly in all material respects in accordance with GAAP the information required to be stated therein. The selected financial data and the summary financial information included in the Registration Statement, the General Disclosure Package and the Prospectus present fairly in all material respects the information shown therein and have been compiled on a basis consistent with that of

the audited financial statements included therein. The pro forma financial statements and the related notes thereto included in the Registration Statement, the General Disclosure Package and the Prospectus present fairly in all material respects the information shown therein, have been prepared in accordance with the Commission's rules and guidelines with respect to pro forma financial statements and have been properly compiled on the bases described therein, and the assumptions used in the preparation thereof are reasonable and the adjustments used therein are appropriate to give effect to the transactions and circumstances referred to therein. The pro forma financial statements in the Registration Statement comply as to form with the applicable requirements of Regulation S-X of the 1933 Act. No other financial statements or supporting schedules of the Company or any of its subsidiaries are required to be included in the Registration Statement, the General Disclosure Package or the Prospectus under the 1933 Act or the 1933 Act Regulations. All disclosures contained in the Registration Statement, the General Disclosure Package or the Prospectus regarding "non-GAAP financial measures" (as such term is defined by the rules and regulations of the Commission) comply in all material respects with Regulation G of the Securities Exchange Act of 1934, as amended (the "1934 Act") and Item 10 of Regulation S-K of the 1933 Act, to the extent applicable. The interactive data in eXtensible Business Reporting Language incorporated by reference in the Registration Statement, the General Disclosure Package and the Prospectus, if any, fairly presents the information called for in all material respects and has been prepared in accordance with the Commission's rules and guidelines applicable thereto.

(ix) No Material Adverse Change in Business. Except as otherwise stated therein, since the respective dates as of which information is given in the Registration Statement, the General Disclosure Package or the Prospectus, (A) there has been no material adverse change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Company, the Operating Partnership, their respective subsidiaries and the Predecessor Entities (and their subsidiaries) considered as one enterprise (including all of the Properties), whether or not arising in the ordinary course of business (a "Material Adverse Effect"), (B) there have been no transactions entered into by the Company or any of its subsidiaries or any Predecessor Entity (or subsidiary thereof), other than those in the ordinary course of business, which are material with respect to such entities considered as one enterprise or incurred any liability or obligation, direct or contingent, that is material to such entities considered as one enterprise, and (C) there has been no dividend or other distribution of any kind declared, paid or made by the Company or any of its subsidiaries or, except as permitted by the Formation Transaction Documents, any Predecessor Entity (or subsidiary thereof) on any class of the capital stock or other equity interest of such entity.

(x) Good Standing of the Company. The Company has been duly organized and is validly existing as a corporation in good standing under the laws of the State of Maryland and has corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Registration Statement, the General Disclosure Package and the Prospectus and to enter into and perform its obligations under this Agreement and the Formation Transaction Documents, to the extent it is a party to such agreements, and, as the sole general partner of the Operating Partnership, to cause the Operating Partnership to enter into and perform the Operating Partnership's obligations under this Agreement and the Formation Transaction Documents, to the extent the Operating Partnership is a party to such agreements; and the Company is duly qualified as a foreign corporation to transact business and is in good standing in each other jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or to be in good standing would not result in a Material Adverse Effect.

(xi) Good Standing of the Operating Partnership; Partnership Agreement. The Operating Partnership has been duly formed and is validly existing as a limited partnership in good standing under the laws of the State of Maryland and has partnership power and authority to own or lease, as the case may be, and to operate its properties and to conduct its business as described in the General Disclosure Package and the Prospectus and to enter into and perform its obligations under this Agreement and the Formation Transaction Documents, to the extent it is a party to such agreements; and the Operating Partnership is duly qualified as a foreign partnership to transact business and is in good standing in each other jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or to be in good standing would not result in a Material Adverse Effect. The Company is the sole general partner of the Operating Partnership. The aggregate percentage interests of the Company and the limited partners in the Operating Partnership at the Closing Time, after giving effect to the Formation Transactions, will be as set forth in the Prospectus; provided, that to the extent that any portion of the option to purchase additional shares described in Section 2(b) hereof is exercised at the Closing Time, the percentage interest of the Company and of such limited partners in the Operating Partnership will be adjusted accordingly. The Amended and Restated Partnership Agreement of the Operating Partnership has been duly and validly authorized, executed and delivered by or on behalf of the partners of the Operating Partnership and constitutes a valid and binding agreement of the parties thereto, enforceable in accordance with its terms, except to the extent that such enforceability may be limited by applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity and, with respect to rights to indemnity and contribution thereunder, except as rights may be limited by applicable law or policies underlying such law.

(xii) Good Standing of Subsidiaries. Each "significant subsidiary" of the Company (as such term is defined in Rule 1-02 of Regulation S-X) (each a "Subsidiary" and, collectively the "Subsidiaries") has been duly organized and is validly existing in good standing under the laws of the jurisdiction of its incorporation or organization, has corporate or similar power and authority to own, lease and operate its properties and to conduct its business as described in the Registration Statement, the General Disclosure Package and the Prospectus and is duly qualified to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure to so qualify or to be in good standing would not result in a Material Adverse Effect. Except as otherwise disclosed in the Registration Statement, the General Disclosure Package and the Prospectus, all of the issued and outstanding capital stock or other ownership interests of each Subsidiary has been duly authorized and validly issued, is (as applicable) fully paid and non-assessable and is, or upon consummation of the Formation Transactions will be, owned by the Company, directly or through subsidiaries, free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim or equity. None of the outstanding shares of capital stock or other ownership interests of any Subsidiary was issued in violation of the preemptive or similar rights of any securityholder of such Subsidiary. The Company does not, and will not upon consummation of the Formation Transactions, own or control, directly or indirectly, any corporation, association or other entity that is or will be a Subsidiary other than the entities listed on Exhibit 21 to the Registration Statement.

(xiii) Capitalization. The authorized, issued and outstanding shares of capital stock of the Company are as set forth in the Registration Statement, the General Disclosure Package and the Prospectus under the caption "Capitalization" (except for subsequent issuances, if any, pursuant to this Agreement, pursuant to reservations, agreements or employee benefit plans

referred to in the Registration Statement, the General Disclosure Package and the Prospectus or pursuant to the exercise, redemption, or exchange of convertible or exchangeable securities, options or warrants referred to in the Registration Statement, the General Disclosure Package and the Prospectus, including OP Units). The issued and outstanding shares of capital stock of the Company, have been duly authorized and validly issued and are fully paid and non-assessable. None of the outstanding shares of capital stock of the Company was issued in violation of the preemptive or other similar rights of any securityholder of the Company. The OP Units to be issued in the Formation Transactions have been duly authorized for issuance by the Operating Partnership to the holders thereof and, at the Closing Time, will be validly issued and fully paid. Other than the OP Units to be issued in the Formation Transactions, there are no other OP Units outstanding. All securities issued in connection with the Formation Transactions were, are or will be issued pursuant to an exemption from registration or qualification under the 1933 Act and applicable state securities laws. None of such OP Units were issued in violation of the preemptive or other similar rights of any securityholder of the Operating Partnership or any other person or entity. Except as set forth in the General Disclosure Package and the Prospectus, there are no outstanding options, warrants or other rights to purchase, agreements or other obligations to issue, or rights to convert any obligations into or exchange any securities or interests for shares of the Company's or its subsidiaries' capital stock, including OP Units or other ownership interests of the Operating Partnership.

(xiv) Authorization of Agreement. This Agreement has been duly authorized, executed and delivered by the Company and the Operating Partnership.

(xv) Formation Transactions. The Company and its subsidiaries and the Predecessor Entities, in each case, to the extent that each such entity is a party thereto, have the legal right and power to enter into each of the Formation Transaction Documents. The Company and its subsidiaries and the Predecessor Entities, in each case, to the extent that each such entity is a party thereto, have duly authorized, executed and delivered, or will execute and deliver prior to or concurrent with the Closing Time, each of the Formation Transaction Documents. Each Formation Transaction Document has been filed as an exhibit to the Registration Statement (to the extent that it is required to be so filed) and each of the Formation Transaction Documents constitutes a legally valid and binding obligation of the Company and its subsidiaries and the Predecessor Entities, in each case, to the extent that it is a party thereto, enforceable against each of them that is a party thereto in accordance with its terms, except to the extent that such enforceability may be limited by applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity and, with respect to rights to indemnity and contribution thereunder, except as rights may be limited by applicable law or policies underlying such law.

(xvi) Authorization and Description of Securities. The Securities to be purchased by the Underwriters from the Company have been duly authorized for issuance and sale to the Underwriters pursuant to this Agreement and, when issued and delivered by the Company pursuant to this Agreement against payment of the consideration set forth herein, will be validly issued and fully paid and non-assessable; and the issuance of the Securities is not subject to the preemptive, resale rights, rights of first refusal or other similar rights of any securityholder of the Company. The Common Stock conforms in all material respects to all statements relating thereto contained in the Registration Statement, the General Disclosure Package and the Prospectus and such description conforms to the rights set forth in the instruments defining the same. No holder of Securities will be subject to personal liability solely by reason of being such a holder. The certificates to be used to represent any certified shares of Common Stock will be in substantially the form filed as an exhibit to the Registration Statement and will, at the Closing Time and on each Date of Delivery (if any) be substantially in such form.

(xvii) Registration Rights. There are no persons with registration rights or other similar rights to have any securities registered for sale pursuant to the Registration Statement or otherwise registered for sale or sold by the Company under the 1933 Act pursuant to this Agreement, other than those rights that have been disclosed in the Registration Statement, the General Disclosure Package and the Prospectus.

(xviii) Absence of Violations, Defaults and Conflicts. Neither the Company nor any of its subsidiaries is (A) in violation of its charter, bylaws or similar organizational document, (B) in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which it or any of them may be bound or to which any of the properties or assets of the Company or any subsidiary is subject (collectively, "Agreements and Instruments"), except for such defaults that would not, singly or in the aggregate, result in a Material Adverse Effect, or (C) in violation of any law, statute, rule, regulation, judgment, order, writ or decree of any arbitrator, court, governmental body, regulatory body, administrative agency or other authority, body or agency having jurisdiction over the Company or any of its subsidiaries or any of their respective properties, assets or operations (each, a "Governmental Entity"), except for such violations that would not, singly or in the aggregate, result in a Material Adverse Effect. The execution, delivery and performance of this Agreement and the Formation Transaction Documents and the consummation of the transactions contemplated herein, therein and in the Registration Statement, the General Disclosure Package and the Prospectus (including the issuance and sale of the Securities and the use of the proceeds from the sale of the Securities as described therein under the caption "Use of Proceeds") and compliance by the Company and the Operating Partnership with their respective obligations hereunder and under the Formation Transactions Documents have been duly authorized by all necessary corporate action and do not and will not, whether with or without the giving of notice or passage of time or both, conflict with or constitute a breach of, or default or Repayment Event (as defined below) under, or result in the creation or imposition of any lien, charge or encumbrance upon any properties or assets of the Company or any subsidiary pursuant to, the Agreements and Instruments (except for such conflicts, breaches, defaults or Repayment Events or liens, charges or encumbrances as are described in or contemplated by the Prospectus or that would not, singly or in the aggregate, result in a Material Adverse Effect), nor will such action result in any violation of the provisions of the charter, bylaws or similar organizational document of the Company or any of its subsidiaries or any law, statute, rule, regulation, judgment, order, writ or decree of any Governmental Entity, except, in the case of violations of law, statute, rule, regulation, judgment, order, writ or decree, for such violations that would not result in a Material Adverse Effect. As used herein, a "Repayment Event" means any event or condition which gives the holder of any note, debenture or other evidence of indebtedness (or any person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by the Company or any of its subsidiaries.

(xix) Absence of Labor Dispute. No labor dispute with the employees of the Company or any of its subsidiaries exists or, to the knowledge of the Company, is imminent, and the Company is not aware of any existing or imminent labor disturbance by the employees of any of its or any subsidiary's principal suppliers, manufacturers, customers or contractors, which, in any case, would result in a Material Adverse Effect. Except as listed on Schedule E to the Company's knowledge, no officer or other key person of the Company, is subject to any noncompete,

nondisclosure, confidentiality, employment, consulting or similar agreement that would be violated by the present or proposed business activities of the Company or the Operating Partnership as described in the Registration Statement, the General Disclosure Package and the Prospectus.

(xx) Employee Benefits. (i) The Company and each of its subsidiaries or their “ERISA Affiliates” (as defined below) are in compliance in all respects with all applicable provisions of the Employee Retirement Income Security Act of 1974, as amended, including the regulations and published interpretations thereunder (“ERISA”); (ii) no “reportable event” (as defined in ERISA) has occurred with respect to any “employee benefit plan” (as defined in ERISA) for which the Company or any of its subsidiaries or ERISA Affiliates has any liability, whether actual or contingent, excluding any reportable event for which the notice requirements have been waived; (iii) the Company and each of its subsidiaries or their ERISA Affiliates have not incurred and do not reasonably expect to incur liability under Title IV of ERISA, including with respect to termination of, or withdrawal from, any “employee benefit plan”; and (iv) each “employee benefit plan” maintained or contributed to by the Company and each of its subsidiaries that is intended to be qualified under Section 401(a) of the U.S. Internal Revenue Code of 1986, as amended, and the regulations and published interpretations thereunder (collectively the “Code”) is the subject of a favorable determination or opinion letter from the Internal Revenue Service to the effect that it is so qualified and, to the knowledge of the Company, nothing has occurred, whether by action or by failure to act, which would cause the loss of such qualification; except, in the cases of (i), (ii), and (iii), as would not reasonably be expected to have a Material Adverse Effect. “ERISA Affiliate” means, with respect to the Company or any of its subsidiaries, any member of any group of organizations described in Sections 414(b), (c) or (m) of the Code or Section 4001(b) (1) of ERISA of which the Company or such subsidiary is a member.

(xxi) Absence of Proceedings. There is no action, suit, proceeding, inquiry or investigation before or brought by any Governmental Entity now pending or, to the knowledge of the Company, threatened against the Company or any subsidiary or Predecessor Entity (or subsidiary thereof), which is required to be disclosed in the Registration Statement, or which would reasonably be expected to result in a Material Adverse Effect, or would reasonably be expected to materially and adversely affect their respective properties or assets or the consummation of the transactions contemplated in this Agreement, the Formation Transaction Documents or the performance by the Company and its subsidiaries of their obligations hereunder or thereunder; and the aggregate of all pending legal or governmental proceedings to which the Company or any subsidiary or Predecessor Entity (or subsidiary thereof) is a party or of which any of their respective properties or assets is the subject which are not described in the Registration Statement, the General Disclosure Package and the Prospectus, including ordinary routine litigation incidental to the business, would not reasonably be expected to result in a Material Adverse Effect.

(xxii) Accuracy of Descriptions. The statements in the Registration Statement, the General Disclosure Package and the Prospectus under the headings “Prospectus Summary—Structure and Formation of Our Company,” “Prospectus Summary—Benefits of the Formation Transactions to Related Parties,” “Prospectus Summary—Conflicts of Interest,” “Prospectus Summary—Emerging Growth Company,” “Risk Factors—Risks Relating to Our Organizational Structure and Our Formation Transactions,” “Risk Factors Risks Relating to Our Organizational Structure and Our Formation Transactions Risks Relating to Our Status as a REIT,” “Certain Relationships and Related Transactions,” “Structure and Formation of Our Company,” “Description of Stock,” “Material Provisions of Maryland Law and of Our Charter and Bylaws,” “Description of the Partnership Agreement of Rexford Industrial Realty, L.P.” and “U.S. Federal

Income Tax Considerations”, insofar as such statements summarize legal matters, agreements, documents, proceedings or affiliate transactions discussed therein, are accurate and fair summaries of such legal matters, agreements, documents, proceedings or affiliate transactions in all material respects.

(xxiii) Accuracy of Exhibits. There are no contracts or documents which are required to be described in the Registration Statement, the General Disclosure Package or the Prospectus or to be filed as exhibits to the Registration Statement which have not been so described and filed as required.

(xxiv) Absence of Further Requirements. No filing with, or authorization, approval, consent, license, order, registration, qualification or decree of, any Governmental Entity is necessary or required for the performance by the Company or any subsidiary or Predecessor Entity of its obligations hereunder, in connection with its offering, issuance or sale of the Securities hereunder or its consummation of the transactions contemplated by this Agreement or the Formation Transaction Documents, as applicable, except (A) such as have been already obtained or as may be required under the 1933 Act, the 1933 Act Regulations, the rules of the New York Stock Exchange (“NYSE”), state securities laws or the rules of FINRA and (B) such as have been obtained under the laws and regulations of jurisdictions outside the United States in which the Reserved Securities were offered.

(xxv) Possession of Licenses and Permits. The Company and its subsidiaries possess such permits, licenses, approvals, consents and other authorizations (collectively, “Governmental Licenses”) issued by the appropriate Governmental Entities necessary to conduct the business now operated by them, except where the failure so to possess would not, singly or in the aggregate, result in a Material Adverse Effect. The Company and its subsidiaries are in compliance with the terms and conditions of all Governmental Licenses, except where the failure so to comply would not, singly or in the aggregate, result in a Material Adverse Effect. All of the Governmental Licenses are valid and in full force and effect, except when the invalidity of such Governmental Licenses or the failure of such Governmental Licenses to be in full force and effect would not, singly or in the aggregate, result in a Material Adverse Effect. Neither the Company nor any subsidiary, or Predecessor Entity (or subsidiary thereof) has received any notice of proceedings relating to the revocation or modification of any Governmental Licenses which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would result in a Material Adverse Effect.

(xxvi) Title to Personal Property. Each of the Company and its subsidiaries and the Predecessor Entities (and subsidiaries thereof) have good and marketable title to, or have valid and marketable rights to lease or otherwise use, all items of personal property, in each case free and clear of all liens, encumbrances, claims and defects and imperfections of title except those that (i) do not materially interfere with the use made and proposed to be made of such property by the Company and its subsidiaries and the Predecessor Entities (and subsidiaries thereof) or (ii) could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect.

(xxvii) Real Property. (i) Upon consummation of the Formation Transactions, the Company and its subsidiaries will have good and marketable fee simple title (or in the case of ground leases, a valid leasehold interest) to all real property owned by them and the improvements (exclusive of improvements owned by tenants or by landlords, if applicable) located thereon, in each case, free and clear of all mortgages, pledges, liens, security interests, claims, restrictions or encumbrances of any kind except such as (A) are described in the

Registration Statement, the General Disclosure Package and the Prospectus or (B) will not, singly or in the aggregate, materially affect the value of such property and do not interfere in any material respect with the use made and proposed to be made of such property by the Company or any of its subsidiaries; (ii) all of the leases and subleases material to the business of the Company and its subsidiaries and the Predecessor Entities, considered as one enterprise, and under which the Company or any of its subsidiaries, upon consummation of the Formation Transactions, will hold Properties described in the Registration Statement, the General Disclosure Package and the Prospectus, are in full force and effect, and neither the Company nor any subsidiary or Predecessor Entity (or subsidiary thereof) has any notice of any material claim of any sort that has been asserted by anyone adverse to the rights of the Company or any subsidiary or Predecessor Entity (or subsidiary thereof) under any of the leases or subleases mentioned above, or affecting or questioning the rights of the Company or such subsidiary or Predecessor Entity (or subsidiary thereof) to the continued possession of the leased or subleased premises under any such lease or sublease; (iii) except as otherwise set forth in or described in the Registration Statement, the General Disclosure Package and the Prospectus, the mortgages and deeds of trust encumbering the Properties are not convertible into debt or equity securities of the entity owning such Property or of the Company or any of its subsidiaries or any Predecessor Entity (or subsidiary thereof), and such mortgages and deeds of trust, upon consummation of the Formation Transactions and application of the proceeds of the offering contemplated by this Agreement, will not be cross-defaulted or cross-collateralized to any property not owned, or to be owned upon consummation of the Formation Transactions, directly or indirectly, in whole or in part, by the Company or its subsidiaries; (iv) to the knowledge of the Company and its subsidiaries and the Predecessor Entities (or subsidiaries thereof), none of the tenants under any lease of space at any of the Properties that, singly or in the aggregate, is material to the Company and its subsidiaries and the Predecessor Entities considered as one enterprise is the subject of bankruptcy, reorganization or similar proceedings; (v) none of the Company or any of its subsidiaries or any Predecessor Entity (or subsidiary thereof) has received from any Governmental Entities any written notice of any condemnation or zoning change affecting the Properties or any part thereof, and none of the Company or any of its subsidiaries or any Predecessor Entity (or subsidiary thereof) knows of any such condemnation or zoning change which is threatened and, in each case, which if consummated would reasonably be expected to materially affect the value of such Property or interfere in any material respect with the use made or proposed to be made of such Property by the Company or any of its subsidiaries or any Predecessor Entity (or subsidiary thereof); (vi) each of the Properties complies with all applicable codes, ordinances, laws and regulations (including without limitation, building and zoning codes, laws and regulations and laws relating to access to the Properties), except for failures to the extent disclosed in the Registration Statement, the General Disclosure Package and the Prospectus and except for such failures to comply that would not individually or in the aggregate reasonably be expected to materially affect the value of such Property or interfere in any material respect with the use made or proposed to be made of such Property by the Company or any of its subsidiaries; (vii) neither the Company nor any subsidiary or Predecessor Entity (or subsidiary thereof) has received written notice of proposed material special assessment or any proposed change in any property tax, zoning or land use law or availability of water affecting any Property that would materially affect the value of such Property or interfere in any material respect with the use made or proposed to be made of such Property by the Company or any of its subsidiaries or any Predecessor Entity (or subsidiary thereof); (viii) there are no subleases with respect to any Property or portion thereof; (ix) the Company or one or more of its subsidiaries or one or more of the Predecessor Entities or one or more of their subsidiaries has obtained, on or prior to the date hereof, one or more title insurance policies on, whether directly or through assignment or endorsements, or a so-called "fairway-endorsement" on existing title policies covering, the fee interests (or leasehold interests as the case may be) from a nationally recognized title insurance company, or, if such title insurance

policy has not yet been issued, a binding commitment by such title insurance company to issue such a policy, in any event covering each Property, with coverage in an amount at least equal to 80% to the cost of acquisition of such Property (including the principal amount of any indebtedness assumed in connection with such acquisition) by the Company or its subsidiary or a Predecessor Entity or its subsidiary in which title to such property is vested, including the principal amount of any indebtedness assumed with respect to the Property, and such title insurance policies, fairway endorsements or binding commitments, as the case may be, are in full force and effect; (x) except as would not individually or in the aggregate materially affect the value of such property or interfere in any material respect with the use made and proposed to be made of such property by the Company or any of its subsidiaries, (a) there are no encroachments upon any Property by improvements on an adjacent property, and (b) none of the improvements on any Property encroach on any adjacent property, streets or alleys; (xi) except as set forth in the Registration Statement, the General Disclosure Package and the Prospectus, neither the Company nor any of its subsidiaries is party to any material Lease that is required to be disclosed in the Registration Statement or the Prospectus; (xii) except as set forth in the Registration Statement, the General Disclosure Package and the Prospectus, neither the Company nor any of its subsidiaries holds any Property under a ground lease, and true and complete copies of each ground lease described in the Registration Statement, the General Disclosure Package and the Prospectus have been provided to the Underwriters or their counsel; (xiii) all real property owned or leased by the Company or a Subsidiary is free of material structural defects and all building systems contained therein are in good working order in all material respects, subject to ordinary wear and tear or, in each instance, the Company has created an adequate reserve to effect reasonably required repairs, maintenance and capital expenditures; to the knowledge of the Company and the Operating Partnership, water, storm water, sanitary sewer, electricity and telephone service are all available at the property lines of such property over duly dedicated streets or perpetual easements of record benefiting such property; except as described in the General Disclosure Package and the Prospectus, to the knowledge of the Company and the Operating Partnership, there is no pending or threatened special assessment, tax reduction proceeding or other action that, individually or in the aggregate, could reasonably be expected to increase or decrease the real property taxes or assessments of any of such property, that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect; and (xv) to the knowledge of the Company and the Operating Partnership, except as set forth in or described in the Registration Statement, the General Disclosure Package and the Prospectus or reflected in the pro forma financial statements, and, with respect to (A) through (G) below, except as would not, individually or in the aggregate, reasonably be expected have a Material Adverse Effect: (A) no rentals or other amounts due under any lease have been paid more than one (1) month in advance; (B) no tenant has asserted in writing any defense or set-off against the payment of rent in connection with any lease nor has any tenant contested any tax, operating cost or other escalation payment or occupancy charge, or any other amounts payable under its leases; (C) all tenants, licensees, franchisees or other parties under any lease, exhibit, schedule, amendment or other document related to the lease of space at the Properties (the "Leases") are in possession of their respective premises; (D) none of the Leases has been assigned, mortgaged, pledged, sublet, hypothecated or otherwise encumbered, except in connection with secured debt described in the Registration Statement, the General Disclosure Package and the Prospectus; (E) none of the Company or any of its subsidiaries or Predecessor Entities (or subsidiary thereof) has waived any material provision under any of the Leases; (F) there are no uncured events of default, or events that with the giving of notice or passage of time, or both, would constitute an event of default, by any tenant under any of the terms and provisions of the Leases; and (G) no tenant under any of the Leases and no third party has a right of first refusal or other right to purchase the premises demised under such Lease.

(xxviii) Possession of Intellectual Property. The Company and its subsidiaries own or possess, or can acquire on reasonable terms, adequate patents, patent rights, licenses, inventions, copyrights, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), trademarks, service marks, trade names or other intellectual property (collectively, "Intellectual Property") reasonably necessary to carry on the business now operated or proposed to be operated by them, and neither the Company nor any of its subsidiaries nor any Predecessor Entity (or subsidiaries thereof) has received any notice or is otherwise aware of any infringement of or conflict with asserted rights of others with respect to any Intellectual Property or of any facts or circumstances which would render any Intellectual Property invalid or inadequate to protect the interest of the Company or any subsidiary or Predecessor Entity (or subsidiaries thereof) therein, and which infringement or conflict (if the subject of any unfavorable decision, ruling or finding) or invalidity or inadequacy, singly or in the aggregate, would reasonably be expected to result in a Material Adverse Effect.

(xxix) No Acquisitions or Dispositions. (i) There are no contracts, letters of intent, term sheets, agreements, arrangements or understandings with respect to the direct or indirect acquisition or disposition by any of the Company or its subsidiaries or Predecessor Entities (or subsidiary thereof) of interests in assets or real property that are required to be described in the Registration Statement, the General Disclosure Package and the Prospectus that are not so described; and (ii) except as described in the Registration Statement and the Prospectus, neither the Company nor any of its subsidiaries or Predecessor Entities (or subsidiary thereof) has sold any real property to a third party during the immediately preceding twelve (12) calendar months, except for such sales as would not reasonably be expected to have a Material Adverse Effect.

(xxx) Mortgages; Deeds of Trust. The Company has provided to the Representatives true and complete copies of all credit agreements, mortgages, deeds of trust, guaranties, side letters, and other material documents evidencing, securing or otherwise relating to any secured or unsecured indebtedness of the Company or any of its subsidiaries and all material documents evidencing, securing or otherwise relating to any secured or unsecured indebtedness of the Predecessor Entities (or subsidiary thereof), and none of the Company, its subsidiaries and the Predecessor Entities (and their subsidiaries) that is party to any such document is in default thereunder, nor has an event occurred which with the passage of time or the giving of notice, or both, would become a default by any of them under any such document.

(xxxi) Environmental Laws. Except as described in the Registration Statement, the General Disclosure Package and the Prospectus or would not, singly or in the aggregate, be expected to result in a Material Adverse Effect, (A) neither the Company nor any of its subsidiaries nor any Predecessor Entity (or subsidiary thereof) is in violation of any binding federal, state, local or foreign statute, law, rule, regulation, ordinance, code, policy or rule of common law, including any binding judicial or administrative order, consent, decree or judgment, relating to pollution or protection of human health, the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata) or wildlife, including, without limitation, laws and regulations relating to the release or threatened release of chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum products, asbestos-containing materials, mold or any hazardous materials as defined by or regulated under any Environmental Laws, as defined below (collectively, "Hazardous Materials") or to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials (collectively, "Environmental Laws"), (B) the Company and its subsidiaries have all permits, authorizations and approvals required under any applicable Environmental Laws and are each in compliance with their requirements, and (C) there are no pending administrative, regulatory or judicial actions, suits, demands, demand letters,

claims, liens, notices of noncompliance or violation, investigation or proceedings, including any action, suit or proceeding by any private party, relating to any Environmental Law against the Company or any of its subsidiaries or any Predecessor Entity (or subsidiary thereof), and none are threatened in writing, and (D) there are no events or circumstances that would reasonably be expected to form the basis of an order for clean-up or remediation, or an action, suit or proceeding by any private party or Governmental Entity, against or affecting the Company or any of its subsidiaries or any Predecessor Entity (or subsidiary thereof) relating to Hazardous Materials or any Environmental Laws. Except as otherwise set forth in the Registration Statement, the General Disclosure Package and the Prospectus, and except as would not individually or in the aggregate reasonably be expected to result in a Material Adverse Effect, there have been no and are no (i) aboveground or underground storage tanks; (ii) polychlorinated biphenyls ("PCBs") or PCB-containing equipment; (iii) asbestos or asbestos containing materials; (iv) lead based paints; (v) mold or other airborne contaminants; or (vi) dry-cleaning facilities in, on, under, or about any Property owned, or to be owned upon consummation of the Formation Transactions, directly or indirectly by the Company or its subsidiaries. The Company or a subsidiary of the Company or a Predecessor Entity (or subsidiary thereof) has valid pollution and remediation legal liability insurance policies covering its Glendale Commerce Center, 15041 Calvert Street (Van Nuys), and 1661 240th Street (Los Angeles) properties, and except as otherwise set forth in the Registration Statement, the General Disclosure Package and the Prospectus, (A) neither the Company nor any of its subsidiaries or Predecessor Entities (or subsidiary thereof) has made any material claims under such pollution and remediation legal liability insurance policies within the last five (5) years; (B) consummation of the Formation Transactions will not affect the validity of, or the amount of coverage available under, such policies; and (C) neither the Company nor any of its subsidiaries or Predecessor Entities (or subsidiary thereof) has any reason to believe that it will not be able to renew its existing pollution and remediation legal liability insurance coverage as and when such coverage expires or to obtain similar coverage at reasonable cost or similar insurers as may be necessary to continue its business.

In the ordinary course of their business, the Company and its subsidiaries and the Predecessor Entities (and their subsidiaries) periodically review the effect of Environmental Laws on their business, operations and properties, in the course of which they identify and evaluate associated costs and liabilities (including, without limitation, any capital or operating expenditures required for clean-up, closure of properties or compliance with Environmental Laws, or any permit, license or approval, any related constraints on operating activities and any potential liabilities to third parties). On the basis of such review, the Company and its subsidiaries have reasonably concluded that such associated costs and liabilities would not, singly or in the aggregate, reasonably be expected to have a Material Adverse Effect, except as set forth in the Registration Statement, the General Disclosure Package and the Prospectus.

(xxxii) Accounting Controls and Disclosure Controls. The Company and each of its subsidiaries (i) have taken all necessary actions to ensure that, within the time period required, the Company and its subsidiaries will maintain effective internal control over financial reporting (as defined under Rule 13-a15 and 15d-15 under the 1934 Act Regulations) and (ii) currently maintain a system of internal accounting controls sufficient to provide reasonable assurances that (A) transactions are executed in accordance with management's general or specific authorization; (B) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain accountability for assets; (C) access to assets is permitted only in accordance with management's general or specific authorization; and (D) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. Except as described in the

Registration Statement, the General Disclosure Package and the Prospectus, since the Company's inception, there has been (1) no material weakness in the Company's internal control over financial reporting (whether or not remediated) and (2) no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

(xxxiii) Compliance with the Sarbanes-Oxley Act. The Company has taken all necessary actions to ensure that, upon the effectiveness of the Registration Statement, it will be in compliance with all provisions of the Sarbanes-Oxley Act of 2002 and all rules and regulations promulgated thereunder or implementing the provisions thereof (the "Sarbanes-Oxley Act") that are then in effect and with which the Company is required to comply as of the effectiveness of the Registration Statement, and is actively taking steps to ensure that it will be in compliance in all material respects with other provisions of the Sarbanes-Oxley Act not currently in effect, upon the effectiveness of such provisions, or which will become applicable to the Company at all times after the effectiveness of the Registration Statement.

(xxxiv) Federal Tax Status. Commencing with its taxable year ending December 31, 2013, the Company will be organized in conformity with the requirements for qualification and taxation as a real estate investment trust (a "REIT") under the Code, and will operate in a manner that will enable it to meet the requirements for qualification and taxation as a REIT under the Code. All statements regarding the Company's qualification and taxation as a REIT and descriptions of the Company's organization and proposed method of operation (inasmuch as they relate to the Company's qualification and taxation as a REIT) set forth in the Registration Statement, the General Disclosure Package and the Prospectus are accurate and fair summaries of the legal or tax matters described therein in all material respects. Each of the Company's direct or indirect corporate subsidiaries will qualify as a "taxable REIT subsidiary" within the meaning of Section 856(1) of the Code. The Operating Partnership will be treated as a partnership and not as an association taxable as a corporation for U.S. federal income tax purposes.

(xxxv) Federal Tax Status of Rexford Industrial Fund V REIT, LLC. Commencing with its taxable year ended December 31, 2010 and through the Closing Time, Rexford Industrial Fund V REIT, LLC has been organized and has operated in conformity with the requirements for qualification and taxation as a real estate investment trust under the Code.

(xxxvi) Payment of Taxes. The Company and its current (and, with respect to (A) and (B), former) subsidiaries and the Predecessor Entities and their subsidiaries (A) have paid all material federal, state, local and foreign taxes (whether imposed directly, through withholding or otherwise and including any interest, additions to tax or penalties applicable thereto) required to be paid through the date hereof, other than those being contested in good faith by appropriate proceedings and for which adequate reserves have been provided on the books of the applicable entity, (B) have timely filed all material tax returns required to be filed through the date hereof, and all such tax returns are correct and complete in all material respects, and (C) have established adequate reserves for all taxes that have accrued but are not yet due and payable. The charges, accruals and reserves on the books of the Company, the Predecessor Entities and their subsidiaries in respect of any income and corporation tax liability for any years not finally determined are adequate to meet any assessments or re-assessments for additional income tax for any years not finally determined, except to the extent of any inadequacy that would not result in a Material Adverse Effect. No tax deficiency has been asserted against the Company, any Predecessor Entity, or any of their current or former subsidiaries, nor does any such entity know of any tax deficiency that is likely to be asserted and, if determined adversely to any such entity, would reasonably be expected to have a Material Adverse Effect.

(xxxvii) Transfer Taxes. Except as disclosed in the Registration Statement, the General Disclosure Package and the Prospectus, there are no transfer taxes or other similar fees or charges under federal law or the laws of any state or any political subdivision thereof, required to be paid in connection with the execution and delivery of this Agreement or the issuance or sale by the Company of the Securities.

(xxxviii) Insurance. Each of the Company and its subsidiaries and the Predecessor Entities (and their subsidiaries) carry or are entitled to the benefits of insurance with financially sound and reputable insurers, in such amounts and covering such risks as is generally maintained by companies of established repute engaged in the same or similar business and in such amounts as is commercially reasonable for the value of the assets owned, in the aggregate, by the Company and its subsidiaries and the Predecessor Entities (and their subsidiaries), and all such insurance is in full force and effect. Neither the Company nor the Operating Partnership has any reason to believe that it or any subsidiaries will not be able (A) to renew its existing insurance coverage as and when such policies expire or (B) to obtain comparable coverage from similar institutions as may be necessary or appropriate to conduct its business as now conducted and at a cost that would not result in a Material Adverse Effect. Neither the Company nor any of its subsidiaries nor any Predecessor Entity (or subsidiaries thereof) has been denied any insurance coverage which it has sought or for which it has applied.

(xxxix) Investment Company Act. Neither the Company nor the Operating Partnership is required, or upon the issuance and sale of the Securities as herein contemplated and the application of the net proceeds therefrom as described in the General Disclosure Package and the Prospectus will be required, to register as an “investment company” under the Investment Company Act of 1940, as amended (the “1940 Act”).

(xl) Absence of Manipulation. Neither the Company nor any affiliate of the Company has taken, nor will the Company or any affiliate take, directly or indirectly, any action which is designed, or would be expected, to cause or result in, or which constitutes, the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Securities.

(xli) Foreign Corrupt Practices Act. None of the Company, any of its subsidiaries, any Predecessor Entity (or subsidiaries thereof) or, to the knowledge of the Company, any director, officer, agent, employee, affiliate or other person acting on behalf of the Company or any of its subsidiaries, is aware of or has taken any action, directly or indirectly, that would result in a violation by such persons of the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder (the “FCPA”), including, without limitation, making use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of an offer, payment, promise to pay or authorization of the payment of any money, or other property, gift, promise to give, or authorization of the giving of anything of value to any “foreign official” (as such term is defined in the FCPA) or any foreign political party or official thereof or any candidate for foreign political office, in contravention of the FCPA and the Company and, to the knowledge of the Company, its affiliates have conducted their businesses in compliance with the FCPA and have instituted and maintain policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance therewith.

(xlii) Money Laundering Laws. The operations of the Company and its subsidiaries and the Predecessor Entities (and their subsidiaries) are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements of the Currency

and Foreign Transactions Reporting Act of 1970, as amended, the money laundering statutes of all jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any Governmental Entity (collectively, the “Money Laundering Laws”); and no action, suit or proceeding by or before any Governmental Entity involving the Company or any subsidiary or Predecessor Entity (or subsidiary thereof) with respect to the Money Laundering Laws is pending or, to the best knowledge of the Company, threatened.

(xliv) OFAC. None of the Company, any of its subsidiaries or, to the knowledge of the Company, any director, officer, agent, employee, affiliate or representative of the Company or any of its subsidiaries is an individual or entity (“Person”) currently the subject or target of any sanctions administered or enforced by the United States Government, including, without limitation, the U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”), the United Nations Security Council (“UNSC”), the European Union, Her Majesty’s Treasury (“HMT”), or other relevant sanctions authority (collectively, “Sanctions”), nor is the Company located, organized or resident in a country or territory that is the subject of Sanctions; and the Company will not directly or indirectly use the proceeds of the sale of the Securities, or lend, contribute or otherwise make available such proceeds to any subsidiaries, joint venture partners or other Person, to fund any activities of or business with any Person, or in any country or territory, that, at the time of such funding, is the subject of Sanctions or in any other manner that will result in a violation by any Person (including any Person participating in the transaction, whether as underwriter, advisor, investor or otherwise) of Sanctions.

(xlv) Distribution of Offering Material. The Company and its subsidiaries have not distributed, and prior to the later of the Closing Time and the completion of the distribution of the Securities, will not distribute, any offering material in connection with the offering or sale of the Securities other than any preliminary prospectus, the Prospectus, any issuer free writing prospectus, or any other materials, if any, permitted by the 1933 Act.

(xlvi) Restrictions on Distributions. No subsidiary of the Company is currently prohibited, directly or indirectly, from paying any distributions to the Company or the Operating Partnership or from making any other distribution on such subsidiary’s equity interests, except (A) pursuant to the agreements set forth in Schedule F and (B) as described in or contemplated by the Prospectus and as prohibited by applicable law.

(xlvii) Prior Sales of Common Stock. Except as disclosed in the Registration Statement, the General Disclosure Package and the Prospectus, the Company has not sold, issued or distributed any shares of Common Stock.

(xlviii) No Equity Awards. Except for grants (i) pursuant to equity incentive plans disclosed in the Registration Statement, the General Disclosure Package and the Prospectus or (ii) representing conversions of the equity interests in the Predecessor Entities, the Company has not granted to any person or entity, a compensatory stock option or other compensatory equity-based award to purchase or receive common stock of the Company or OP Units of the Operating Partnership pursuant to an equity-based compensation plan or otherwise.

(xlix) No Finder’s Fee. Except for the Underwriters’ discounts and commissions payable by the Company to the Underwriters in connection with the offering of the Securities contemplated herein or as otherwise disclosed in the Registration Statement, the General Disclosure Package and the Prospectus, the Company has not incurred any liability for any brokerage commission, finder’s fees or similar payments in connection with the offering of the Securities contemplated hereby.

(xlix) Approval of Listing. The Securities have been approved for listing on the NYSE, subject to notice of issuance.

(l) Absence of Certain Relationships. No relationship, direct or indirect, exists between or among the Company or its subsidiaries, on the one hand, and the directors, officers or stockholders of the Company, on the other hand, which is required to be described in the Registration Statement, the General Disclosure Package or the Prospectus which is not so described. The Company has not, directly or indirectly, including through any subsidiary, extended credit, arranged to extend credit, or renewed any extension of credit, in the form of a personal loan, to or for any executive officer of the Company or the Operating Partnership, or to or for any family member or affiliate of any director or executive officer of the Company or the Operating Partnership.

(li) No Integration. Neither the Company nor the Operating Partnership has sold or issued any securities that would be integrated with the offering of Securities pursuant to the 1933 Act and the 1933 Act Regulations or the interpretations thereof by the Commission.

(lii) Sales of Reserved Securities. In connection with any offer and sale of Reserved Securities outside the United States, each preliminary prospectus, the Prospectus, any prospectus wrapper and any amendment or supplement thereto, at the time it was distributed, complied and will comply in all material respects with any applicable laws or regulations of foreign jurisdictions. The Company has not offered, or caused the Representatives to offer, Reserved Securities to any person with the specific intent to unlawfully influence (i) a customer or supplier of the Company or any of its affiliates to alter the customer's or supplier's level or type of business with any such entity or (ii) a trade journalist or publication to write or publish favorable information about the Company or any of its affiliates, or their respective businesses or products.

(liii) Lending Relationship. Except as disclosed in the Registration Statement, the General Disclosure Package and the Prospectus, the Company (i) does not have any material lending or other relationship with any bank or lending affiliate of any Underwriter and (ii) does not intend to use any of the proceeds from the sale of the Securities to repay any outstanding debt owed to any affiliate of any Underwriter.

(liv) No FINRA Affiliations. There are no affiliations or associations between any member of FINRA and any of the Company's officers, directors or 5% or greater securityholders.

(lv) Statistical and Market-Related Data. Any statistical and market-related data included in the Registration Statement, the General Disclosure Package or the Prospectus are based on or derived from sources that the Company believes to be reliable and accurate in all material respects, and, to the extent required, the Company has obtained the written consent to the use of such data from such sources.

(c) Officer's Certificates. Any certificate signed by any officer of the Company or any of its subsidiaries delivered to the Representatives or to counsel for the Underwriters shall be deemed a representation and warranty by the Company and the Operating Partnership to each Underwriter as to the matters covered thereby.

SECTION 2. Sale and Delivery to Underwriters; Closing.

(a) *Initial Securities.* On the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, the Company agrees to sell to each Underwriter, severally and not jointly, and each Underwriter, severally and not jointly, agrees to purchase from the Company, at the price per share set forth in Schedule A, the number of Initial Securities set forth in Schedule A opposite the name of such Underwriter, plus any additional number of Initial Securities which such Underwriter may become obligated to purchase pursuant to the provisions of Section 10 hereof, subject, in each case, to such adjustments among the Underwriters as Merrill Lynch in its sole discretion shall make to eliminate any sales or purchases of fractional shares.

(b) *Option Securities.* In addition, on the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, the Company hereby grants an option to the Underwriters, severally and not jointly, to purchase up to an additional [—] shares of Common Stock, as set forth in Schedule A, at the price per share set forth in Schedule A, less an amount per share equal to any dividends or distributions declared by the Company and payable on the Initial Securities but not payable on the Option Securities. The option hereby granted may be exercised for 30 days after the date hereof and may be exercised in whole or in part at any time from time to time upon notice by the Representatives to the Company setting forth the number of Option Securities as to which the several Underwriters are then exercising the option and the time and date of payment and delivery for such Option Securities. Any such time and date of delivery (a "Date of Delivery") shall be determined by the Representatives, but shall not be later than seven full business days after the exercise of said option, nor in any event prior to the Closing Time. If the option is exercised as to all or any portion of the Option Securities, each of the Underwriters, acting severally and not jointly, will purchase that proportion of the total number of Option Securities then being purchased which the number of Initial Securities set forth in Schedule A opposite the name of such Underwriter bears to the total number of Initial Securities, subject, in each case, to such adjustments as the Representatives in its sole discretion shall make to eliminate any sales or purchases of fractional shares.

(c) *Payment.* Payment of the purchase price for, and delivery of certificates for, the Initial Securities shall be made at the offices of Hunton & Williams LLP, 200 Park Avenue, New York, New York 10166, or at such other place as shall be agreed upon by the Representatives and the Company, at 9:00 A.M. (New York City time) on the third (fourth, if the pricing occurs after 4:30 P.M. (New York City time) on any given day) business day after the date hereof (unless postponed in accordance with the provisions of Section 10), or such other time not later than ten business days after such date as shall be agreed upon by the Representatives and the Company (such time and date of payment and delivery being herein called "Closing Time"). In addition, in the event that any or all of the Option Securities are purchased by the Underwriters, payment of the purchase price for, and delivery of certificates for, such Option Securities shall be made at the above-mentioned offices, or at such other place as shall be agreed upon by the Representatives and the Company, on each Date of Delivery as specified in the notice from the Representatives to the Company. Payment shall be made to the Company by wire transfer of immediately available funds to a bank account designated by the Company against delivery to the Representatives for the respective accounts of the Underwriters of certificates for the Securities to be purchased by them. It is understood that each Underwriter has authorized the Representatives, for its account, to accept delivery of, receipt for, and make payment of the purchase price for, the Initial Securities and the Option Securities, if any, which it has agreed to purchase. The Representatives, individually and not as representatives of the Underwriters, may (but shall not be obligated to) make payment of the purchase price for the Initial Securities or the Option Securities, if any, to be purchased by any Underwriter whose funds have not been received by the Closing Time or the relevant Date of Delivery, as the case may be, but such payment shall not relieve such Underwriter from its obligations hereunder.

SECTION 3. Covenants of the Company and the Operating Partnership. The Company and the Operating Partnership, jointly and severally, covenant with each Underwriter as follows:

(a) *Compliance with Securities Regulations and Commission Requests*. The Company, subject to Section 3(b), will comply with the requirements of Rule 430A, and will notify the Representatives immediately, and confirm the notice in writing, (i) when any post-effective amendment to the Registration Statement shall become effective or any amendment or supplement to the Prospectus shall have been filed, (ii) of the receipt of any comments from the Commission, (iii) of any request by the Commission for any amendment to the Registration Statement or any amendment or supplement to the Prospectus or for additional information, (iv) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or any post-effective amendment or of any order preventing or suspending the use of any preliminary prospectus or the Prospectus, or of the suspension of the qualification of the Securities for offering or sale in any jurisdiction, or of the initiation or threatening of any proceedings for any of such purposes or of any examination pursuant to Section 8(e) of the 1933 Act concerning the Registration Statement and (v) if the Company becomes the subject of a proceeding under Section 8A of the 1933 Act in connection with the offering of the Securities. The Company will effect all filings required under Rule 424(b), in the manner and within the time period required by Rule 424(b) (without reliance on Rule 424(b)(8)), and will take such steps as it deems necessary to ascertain promptly whether the form of prospectus transmitted for filing under Rule 424(b) was received for filing by the Commission and, in the event that it was not, it will promptly file such prospectus. The Company will make commercially reasonable efforts to prevent the issuance of any stop order, prevention or suspension and, if any such order is issued, to obtain the lifting thereof at the earliest possible moment.

(b) *Continued Compliance with Securities Laws*. The Company will comply with the 1933 Act and the 1933 Act Regulations so as to permit the completion of the distribution of the Securities as contemplated in this Agreement and in the Registration Statement, the General Disclosure Package and the Prospectus. If at any time when a prospectus relating to the Securities is (or, but for the exception afforded by Rule 172 of the 1933 Act Regulations (“Rule 172”), would be) required by the 1933 Act to be delivered in connection with sales of the Securities, any event shall occur or condition shall exist as a result of which it is necessary, in the opinion of counsel for the Underwriters or for the Company, to (i) amend the Registration Statement in order that the Registration Statement will not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) amend or supplement the General Disclosure Package or the Prospectus in order that the General Disclosure Package or the Prospectus, as the case may be, will not include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in the light of the circumstances existing at the time it is delivered to a purchaser or (iii) amend the Registration Statement or amend or supplement the General Disclosure Package or the Prospectus, as the case may be, in order to comply with the requirements of the 1933 Act or the 1933 Act Regulations, the Company will (A) promptly give the Representatives notice of such event, (B) furnish the Representatives with copies of any such documents prior to such proposed filing or use, as the case may be, (C) promptly prepare any amendment or supplement as may be necessary to correct such statement or omission or to make the Registration Statement, the General Disclosure Package or the Prospectus comply with such requirements and, a reasonable amount of time prior to any proposed filing or use, furnish the Representatives with copies of any such amendment or supplement and (D) promptly file with the Commission any such amendment or supplement; provided that the Company shall not file or use any such amendment or supplement to which the Representatives or counsel for the Underwriters shall reasonably object. The Company will furnish to the Underwriters such number of copies of such amendment or supplement as the Underwriters may request. The Company has given the Representatives notice of any filings made pursuant to the 1934 Act or 1934 Act Regulations within 24 hours prior to the Applicable Time; the Company will give the Representatives notice of its

intention to make any such filing from the Applicable Time to the Closing Time and will furnish the Representatives with copies of any such documents a reasonable amount of time prior to such proposed filing, as the case may be, and will not file or use any such document to which the Representatives or counsel for the Underwriters shall reasonably object.

(c) *Delivery of Registration Statements.* The Company has furnished or will deliver to the Representatives and counsel for the Underwriters, without charge, signed copies of the Registration Statement as originally filed and each amendment thereto (including exhibits filed therewith) and signed copies of all consents and certificates of experts, and will also deliver to the Representatives, without charge, a conformed copy of the Registration Statement as originally filed and each amendment thereto (without exhibits) for each of the Underwriters. The copies of the Registration Statement and each amendment thereto furnished to the Underwriters will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(d) *Delivery of Prospectuses.* The Company has delivered to each Underwriter, without charge, as many copies of each preliminary prospectus as such Underwriter reasonably requested, and the Company hereby consents to the use of such copies for purposes permitted by the 1933 Act. The Company will furnish to each Underwriter, without charge, during the period when a prospectus relating to the Securities is (or, but for the exception afforded by Rule 172, would be) required to be delivered under the 1933 Act, such number of copies of the Prospectus (as amended or supplemented) as such Underwriter may reasonably request. The Prospectus and any amendments or supplements thereto furnished to the Underwriters will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(e) *Delivery of Formation Transaction Documents.* The Company will deliver to the Representatives a true and correct copy of each of the executed Formation Transaction Documents, together with all related agreements and all schedules and exhibits thereto, promptly upon its execution.

(f) *Blue Sky Qualifications.* The Company will use its best efforts, in cooperation with the Underwriters, to qualify the Securities for offering and sale under the applicable securities laws of such states and other jurisdictions (domestic or foreign) as the Representatives may designate and to maintain such qualifications in effect so long as required to complete the distribution of the Securities; provided, however, that the Company shall not be obligated to file any general consent to service of process or to qualify as a foreign corporation or as a dealer in securities in any jurisdiction in which it is not so qualified or to subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject.

(g) *Rule 158.* The Company will timely file such reports pursuant to the 1934 Act as are necessary in order to make generally available to its securityholders as soon as practicable an earnings statement for the purposes of, and to provide to the Underwriters the benefits contemplated by, the last paragraph of Section 11(a) of the 1933 Act.

(h) *Use of Proceeds.* The Company will use the net proceeds received by it from the sale of the Securities in the manner specified in the Registration Statement, the General Disclosure Package and the Prospectus under "Use of Proceeds."

(i) *Listing.* The Company will use its best efforts to effect and maintain the listing of the Common Stock (including the Securities) on the NYSE.

(j) *Restriction on Sale of Securities.* During a period of 180 days from the date of the Prospectus, the Company will not, without the prior written consent of Merrill Lynch, FBR and Wells Fargo, (i) directly or

indirectly, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of any shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock or file any registration statement under the 1933 Act with respect to any of the foregoing (except for a registration statement on Form S-8 relating to the Company's equity incentive plan) or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Common Stock, whether any such swap or transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise. The foregoing sentence shall not apply to (A) the Securities to be sold hereunder, (B) any shares of Common Stock issued by the Company upon the exercise of an option or warrant or the conversion of a security outstanding on the date hereof and referred to in the Registration Statement, the General Disclosure Package and the Prospectus, (C) any shares of Common Stock issued or options to purchase Common Stock granted pursuant to existing employee benefit plans of the Company referred to in the Registration Statement, the General Disclosure Package and the Prospectus or (D) any shares of Common Stock issued pursuant to any non-employee director stock plan or dividend reinvestment plan referred to in the Registration Statement, the General Disclosure Package and the Prospectus, (E) any shares of Common Stock issued in connection with the Formation Transactions and the Company's concurrent private placement (as defined in the Prospectus) or (G) shares of Common Stock transferred in order to comply with the ownership limitations set forth in Article VI of the Company's charter.

(k) *Reporting Requirements.* The Company, during the period when a Prospectus relating to the Securities is (or, but for the exception afforded by Rule 172, would be) required to be delivered under the 1933 Act, will file all documents required to be filed with the Commission pursuant to the 1934 Act within the time periods required by the 1934 Act and 1934 Act Regulations. Additionally, the Company shall report the use of proceeds from the issuance of the Securities as may be required under Rule 463 under the 1933 Act.

(l) *Issuer Free Writing Prospectuses.* The Company agrees that, unless it obtains the prior written consent of the Representatives, it will not make any offer relating to the Securities that would constitute an Issuer Free Writing Prospectus or that would otherwise constitute a "free writing prospectus," or a portion thereof, required to be filed by the Company with the Commission or retained by the Company under Rule 433; provided that the Representatives will be deemed to have consented to the Issuer Free Writing Prospectuses listed on Schedule B-2 hereto and any "road show that is a written communication" within the meaning of Rule 433(d)(8)(i) that has been reviewed by the Representatives. The Company represents that it has treated or agrees that it will treat each such free writing prospectus consented to, or deemed consented to, by the Representatives as an "issuer free writing prospectus," as defined in Rule 433, and that it has complied and will comply with the applicable requirements of Rule 433 with respect thereto, including timely filing with the Commission where required, legending and record keeping. If at any time following issuance of an Issuer Free Writing Prospectus there occurred or occurs an event or development as a result of which such Issuer Free Writing Prospectus conflicted or would conflict with the information contained in the Registration Statement, any preliminary prospectus or the Prospectus or included or would include an untrue statement of a material fact or omitted or would omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at that subsequent time, not misleading, the Company will promptly notify the Representatives and will promptly amend or supplement, at its own expense, such Issuer Free Writing Prospectus to eliminate or correct such conflict, untrue statement or omission; provided that any statements in or omissions from any such Issuer Free Writing Prospectus based upon and in conformity with the Underwriter Information shall be at the expense of the Underwriters.

(m) *Compliance with FINRA Rules.* The Company hereby agrees that it will ensure that the Reserved Securities will be restricted as required by FINRA or the FINRA rules from sale, transfer, assignment, pledge or hypothecation for a period of three months following the date of this Agreement. The Underwriters will notify the Company as to which persons will need to be so restricted. At the request of the Underwriters, the Company will direct the transfer agent to place a stop transfer restriction upon such securities for such period of time. Should the Company release, or seek to release, from such restrictions any of the Reserved Securities, the Company agrees to reimburse the Underwriters for any reasonable expenses (including, without limitation, legal expenses) they incur in connection with such release.

(n) *Testing-the-Waters Materials.* If at any time following the distribution of any Written Testing-the-Waters Communication there occurred or occurs an event or development as a result of which such Written Testing-the-Waters Communication included or would include an untrue statement of a material fact or omitted or would omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at that subsequent time, not misleading, the Company will promptly notify the Representatives and will promptly amend or supplement, at its own expense, such Written Testing-the-Waters Communication to eliminate or correct such untrue statement or omission; provided that any statements in or omissions from any such Testing-the-Waters Materials based upon and in conformity with the Underwriter Information shall be at the expense of the Underwriters.

(o) *Emerging Growth Company Status.* The Company will promptly notify the Representatives if the Company ceases to be an Emerging Growth Company at any time prior to the later of (i) completion of the distribution of the Securities within the meaning of the Securities Act and (ii) completion of the 180-day restricted period referred to in Section 3(j).

(p) *Absence of Manipulation.* Except as contemplated herein or in the General Disclosure Package and the Prospectus, each of the Company and the Operating Partnership will not take, directly or indirectly, any action designed to or that would constitute or that might reasonably be expected to cause or result in, stabilization or manipulation of the price of any securities of the Company to facilitate the sale or resale of the Securities.

(q) *Qualification and Taxation as a REIT.* The Company will use its best efforts to meet the requirements for qualification and taxation as a REIT under the Code for its taxable year ending December 31, 2013, and the Company will use its best efforts to continue to qualify for taxation as a REIT under the Code and will not take any action to revoke or otherwise terminate the Company's REIT election, unless the Company's board of directors determines in good faith that it is no longer in the best interests of the Company to be so qualified.

(r) *Sarbanes-Oxley.* The Company will comply in all material respects with all applicable provisions of the Sarbanes-Oxley Act that are in effect.

(s) *Notification of Material Events.* The Company, during the period when the Prospectus is (or but for the exemption in Rule 172 would be) required to be delivered under the 1933 Act or the 1934 Act, shall notify the Representatives of the occurrence of any material events respecting its (including those of the Operating Partnership) activities, affairs or condition, financial or otherwise, if, but only if, as a result of any such event it is necessary, in the opinion of counsel, to amend or supplement the Prospectus in order to make the Prospectus not misleading in the light of the circumstances existing at the time it is (or but for the exemption in Rule 172 would be) delivered to a purchaser, and the Company will forthwith supply such information as shall be necessary in the opinion of counsel to the Company and the Underwriters for the Company to prepare any necessary amendment or supplement to the Prospectus so that, as so amended or supplemented, the Prospectus will not contain an untrue statement of a material

fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time it is (or but for the exemption in Rule 172 would be) delivered to a purchaser, not misleading.

SECTION 4. Payment of Expenses.

(a) *Expenses.* The Company will pay or cause to be paid all expenses incident to the performance of its obligations under this Agreement, including (i) the preparation, printing and filing of the Registration Statement (including financial statements and exhibits) as originally filed and each amendment thereto, (ii) the preparation, printing and delivery to the Underwriters of copies of each preliminary prospectus, each Issuer Free Writing Prospectus and the Prospectus and any amendments or supplements thereto and any costs associated with electronic delivery of any of the foregoing by the Underwriters to investors, (iii) the preparation, issuance and delivery of the certificates for the Securities to the Underwriters, including any stock or other transfer taxes and any stamp or other duties payable upon the sale, issuance or delivery of the Securities to the Underwriters, (iv) the fees and disbursements of the Company's counsel, accountants and other advisors, (v) the qualification of the Securities under securities laws in accordance with the provisions of Section 3(e) hereof, including filing fees and the reasonable fees and disbursements of counsel for the Underwriters in connection therewith and in connection with the preparation of the Blue Sky Survey and any supplement thereto, (vi) the fees and expenses of any transfer agent or registrar for the Securities, (vii) the costs and expenses of the Company relating to investor presentations on any "road show" undertaken in connection with the marketing of the Securities, including without limitation, expenses associated with the production of road show slides and graphics, fees and expenses of any consultants engaged in connection with the road show presentations, the cost of travel and lodging expenses of the representatives and officers of the Company and any such consultants, and one-half of the cost of aircraft and other transportation chartered in connection with the road show (except that the Underwriters shall pay all lodging, commercial airfare and other expenses attributable to employees of the Underwriters and one-half of the cost of any aircraft or other transportation chartered in connection with the road show), (viii) the filing fees incident to, and the reasonable fees and disbursements of counsel to the Underwriters in connection with, the review by FINRA of the terms of the sale of the Securities (in an amount not to exceed \$10,000), (ix) the fees and expenses incurred in connection with the listing of the Securities on the NYSE, (x) the costs and expenses (including, without limitation, any damages or other amounts payable in connection with legal or contractual liability) associated with the reforming of any contracts for sale of the Securities made by the Underwriters caused by a breach of the representation contained in the third sentence of Section 1(a)(ii) and (xi) all costs and expenses of the Underwriters, including the fees and disbursements of counsel for the Underwriters, in connection with matters related to the Reserved Securities which are designated by the Company for sale to Invitees. Except as explicitly provided in this Section 4(a), Section 4(b), Section 6 and Section 7, the Underwriters shall pay their own expenses.

(b) *Termination of Agreement.* If this Agreement is terminated by the Representatives in accordance with the provisions of Section 5 or Section 9(a)(i) or (iii) hereof, the Company shall reimburse the Underwriters for all of their out-of-pocket expenses, including the reasonable fees and disbursements of counsel for the Underwriters.

SECTION 5. Conditions of Underwriters' Obligations. The obligations of the several Underwriters hereunder are subject to the accuracy of the representations and warranties of the Company and the Operating Partnership contained herein or in certificates of any officer of the Company or the Operating Partnership or any of their subsidiaries delivered pursuant to the provisions hereof, to the performance by the Company and the Operating Partnership of their respective covenants and other obligations hereunder, and to the following further conditions:

(a) *Effectiveness of Registration Statement; Rule 430A Information.* The Registration Statement, including any Rule 462(b) Registration Statement, has become effective and at Closing Time no stop order suspending the effectiveness of the Registration Statement or any post-effective amendment thereto has been issued under the 1933 Act, no order preventing or suspending the use of any preliminary prospectus or the Prospectus has been issued and no proceedings for any of those purposes have been instituted or are pending or, to the Company's knowledge, contemplated; and the Company has complied with each request (if any) from the Commission for additional information. A prospectus containing the Rule 430A Information shall have been filed with the Commission in the manner and within the time frame required by Rule 424(b) without reliance on Rule 424(b)(8) or a post-effective amendment providing such information shall have been filed with, and declared effective by, the Commission in accordance with the requirements of Rule 430A.

(b) *Opinion of Counsel for the Company and the Operating Partnership.* At the Closing Time, the Representatives shall have received the favorable opinion, dated the Closing Time, of Latham & Watkins LLP, counsel for the Company and the Operating Partnership, in form and substance satisfactory to counsel for the Underwriters, together with signed or reproduced copies of such letter for each of the other Underwriters, to the effect set forth in Exhibit A hereto.

(c) *Opinion of Tax Counsel for Company and the Operating Partnership.* At the Closing Time, the Representatives shall have received the favorable opinion, dated as of the Closing Time, of Latham & Watkins LLP, tax counsel for the Company and the Operating Partnership, in form and substance satisfactory to counsel for the Underwriters, together with signed or reproduced copies of such letter for each of the other Underwriters, to the effect set forth in Exhibit B hereto.

(d) *Opinion of Maryland Counsel for Company and the Operating Partnership.* At the Closing Time, the Representatives shall have received the favorable opinion, dated as of the Closing Time, of Venable LLP, Maryland counsel for the Company and the Operating Partnership, in form and substance satisfactory to counsel for the Underwriters, together with signed or reproduced copies of such letter for each of the other Underwriters, to the effect set forth in Exhibit C hereto.

(e) *Opinion of Counsel for Underwriters.* At the Closing Time, the Representatives shall have received the favorable opinion, dated the Closing Time, of Hunton & Williams LLP, counsel for the Underwriters, together with signed or reproduced copies of such letter for each of the other Underwriters, with respect to such matters as the Underwriters may reasonably request.

(f) *Officers' Certificate.* At the Closing Time, there shall not have been, since the date hereof or since the respective dates as of which information is given in the General Disclosure Package or the Prospectus, any material adverse change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Company and its subsidiaries, the Predecessor Entities (and their subsidiaries) considered as one enterprise, whether or not arising in the ordinary course of business, and the Representatives shall have received a certificate of each of the Co-Chief Executive Officers and the Chief Financial Officer of the Company, dated the Closing Time, to the effect that (i) there has been no such material adverse change, (ii) the representations and warranties in Section 1(a) of this Agreement are true and correct with the same force and effect as though expressly made at and as of the Closing Time, (iii) each of the Company and the Operating Partnership have complied with all agreements and satisfied all conditions on its part to be performed or satisfied at or prior to the Closing Time, and (iv) no stop order suspending the effectiveness of the Registration Statement under the 1933 Act has been issued, no order preventing or suspending the use of any preliminary prospectus or the Prospectus has been issued and no proceedings for any of those purposes have been instituted or are pending or, to their knowledge, contemplated.

(g) *Certificate of Chief Financial Officer.* The Representatives shall have received certificates of the Chief Financial Officer of the Company, dated as of the Applicable Time and as of the Closing Time, certifying to the matters set forth on Exhibit D hereto.

(h) *Accountant's Comfort Letter.* At the time of the execution of this Agreement, the Representatives shall have received from Ernst & Young LLP a letter, dated such date, in form and substance satisfactory to the Representatives, together with signed or reproduced copies of such letter for each of the other Underwriters containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained in the Registration Statement, the General Disclosure Package and the Prospectus.

(i) *Bring-down Comfort Letter.* At the Closing Time, the Representatives shall have received from Ernst & Young LLP a letter, dated as of the Closing Time, to the effect that they reaffirm the statements made in the letter furnished pursuant to subsection (g) of this Section, except that the specified date referred to shall be a date not more than three business days prior to the Closing Time.

(j) *Approval of Listing.* At the Closing Time, the Securities shall have been approved for listing on the NYSE, subject only to official notice of issuance.

(k) *No Objection.* FINRA has confirmed that it has not raised any objection with respect to the fairness and reasonableness of the underwriting terms and arrangements relating to the offering of the Securities.

(l) *Lock-up Agreements.* At the date of this Agreement, the Representatives shall have received an agreement substantially in the form of Exhibit E hereto signed by the persons listed on Schedule D hereto.

(m) *No Amendments or Supplements.* No amendment or supplement to the Registration Statement, the Prospectus, any preliminary prospectus or any Issuer Free Writing Prospectus shall be filed to which the Underwriters shall have reasonably objected in writing.

(n) *Completion of Formation Transactions.* All of the transactions which are to occur to consummate the Formation Transactions shall have been consummated on terms satisfactory to the Representatives.

(o) *Conditions to Purchase of Option Securities.* In the event that the Underwriters exercise their option provided in Section 2(b) hereof to purchase all or any portion of the Option Securities, the representations and warranties of the Company and the Operating Partnership contained herein and the statements in any certificates furnished by the Company and any of their subsidiaries hereunder shall be true and correct as of each Date of Delivery and, at the relevant Date of Delivery, the Representatives shall have received:

(i) Officers' Certificate. A certificate, dated such Date of Delivery, of the Co-Chief Executive Officers of the Company and the Chief Financial Officer of the Company confirming that the certificate delivered at the Closing Time pursuant to Section 5(f) hereof remains true and correct as of such Date of Delivery.

(ii) Opinion of Counsel for the Company and the Operating Partnership. The favorable opinion of Latham & Watkins LLP, counsel for the Company and the Operating Partnership, in form and substance satisfactory to counsel for the Underwriters, dated such Date of Delivery, relating to the Option Securities to be purchased on such Date of Delivery and otherwise to the same effect as the opinion required by Section 5(b) hereof.

(iii) Opinion of Tax Counsel for Company and the Operating Partnership. The favorable opinion of Latham & Watkins LLP, tax counsel for the Company and the Operating Partnership, dated such Date of Delivery, relating to the Option Securities to be purchased on such Date of Delivery and otherwise to the same effect as the opinion required by Section 5(c) hereof.

(iv) Opinion of Maryland Counsel for Company and the Operating Partnership. The favorable opinion of Venable LLP, Maryland counsel for the Company and the Operating Partnership, in form and substance satisfactory reasonably to counsel for the Underwriters, dated such Date of Delivery, relating to the Option Securities to be purchased on such Date of Delivery and otherwise to the same effect as the opinion required by Section 5(d) hereof.

(v) Opinion of Counsel for Underwriters. The favorable opinion of Hunton & Williams LLP, counsel for the Underwriters, dated such Date of Delivery, relating to the Option Securities to be purchased on such Date of Delivery and otherwise to the same effect as the opinion required by Section 5(e) hereof.

(vi) Bring-down Comfort Letter. A letter from Ernst & Young LLP, in form and substance satisfactory to the Representatives and dated such Date of Delivery, substantially in the same form and substance as the letter furnished to the Representatives pursuant to Section 5(g) hereof, except that the "specified date" in the letter furnished pursuant to this paragraph shall be a date not more than three business days prior to such Date of Delivery.

(p) Additional Documents. At the Closing Time and at each Date of Delivery (if any) counsel for the Underwriters shall have been furnished with such documents and opinions as they may require for the purpose of enabling them to pass upon the issuance and sale of the Securities as herein contemplated, or in order to evidence the accuracy of any of the representations or warranties, or the fulfillment of any of the conditions, herein contained; and all proceedings taken by the Company in connection with the issuance and sale of the Securities as herein contemplated shall be satisfactory in form and substance to the Representatives and counsel for the Underwriters.

(q) Termination of Agreement. If any condition specified in this Section shall not have been fulfilled when and as required to be fulfilled, this Agreement, or, in the case of any condition to the purchase of Option Securities on a Date of Delivery which is after the Closing Time, the obligations of the several Underwriters to purchase the relevant Option Securities, may be terminated by the Representatives by notice to the Company at any time at or prior to Closing Time or such Date of Delivery, as the case may be, and such termination shall be without liability of any party to any other party except as provided in Section 4 and except that Sections 1, 6, 7, 8, 11, 12, 14 and 15 shall survive any such termination and remain in full force and effect.

SECTION 6. Indemnification.

(a) *Indemnification of Underwriters.* The Company and the Operating Partnership agree, jointly and severally, to indemnify and hold harmless each Underwriter, its affiliates (as such term is defined in Rule 501(b) under the 1933 Act (each, an “Affiliate”)), its selling agents and each person, if any, who controls any Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act as follows:

(i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or any amendment thereto), including the Rule 430A Information, or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading or arising out of any untrue statement or alleged untrue statement of a material fact included in (A) any preliminary prospectus, any Issuer Free Writing Prospectus, any Written Testing-the-Waters Communication, the General Disclosure Package or the Prospectus (or any amendment or supplement thereto), or (B) in any materials or information provided to investors by, or with the approval of, the Company in connection with the marketing of the offering of the Securities (“Marketing Materials”), including any road show or investor presentation made to investors by the Company (whether in person or electronically), or the omission or alleged omission in any preliminary prospectus, Issuer Free Writing Prospectus, any Written Testing-the-Waters Communication, the Prospectus or in Marketing Materials of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(ii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission; provided that (subject to Section 6(d) below) any such settlement is effected with the written consent of the Company; and

(iii) against any and all expense whatsoever, as incurred (including the fees and disbursements of counsel chosen by the Representatives), reasonably incurred in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under (i) or (ii) above;

provided, however, that this indemnity agreement shall not apply to any loss, liability, claim, damage or expense to the extent arising out of any untrue statement or omission or alleged untrue statement or omission made in the Registration Statement (or any amendment thereto), including the Rule 430A Information, or any preliminary prospectus, any Issuer Free Writing Prospectus or any preliminary prospectus, any Issuer Free Writing Prospectus, the General Disclosure Package or the Prospectus (or any amendment or supplement thereto) in reliance upon and in conformity with the Underwriter Information.

(b) *Indemnification of Company and Directors and Officers.* Each Underwriter severally agrees to indemnify and hold harmless the Company, its directors, each of its officers who signed the Registration Statement, and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act, against any and all loss, liability, claim, damage and expense described in the indemnity contained in subsection (a) of this Section, as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration Statement (or any amendment thereto), including the Rule 430A Information, or any preliminary prospectus, any Issuer Free Writing Prospectus, the General Disclosure Package or the Prospectus (or any amendment or supplement thereto) in reliance upon and in conformity with the Underwriter Information.

(c) *Actions against Parties; Notification.* Each indemnified party shall give notice as promptly as reasonably practicable to each indemnifying party of any action commenced against it in respect of which indemnity may be sought hereunder, but failure to so notify an indemnifying party shall

not relieve such indemnifying party from any liability hereunder to the extent it is not materially prejudiced as a result thereof and in any event shall not relieve it from any liability which it may have otherwise than on account of this indemnity agreement. In the case of parties indemnified pursuant to Section 6(a) above, counsel to the indemnified parties shall be selected by the Representatives, and, in the case of parties indemnified pursuant to Section 6(b) above, counsel to the indemnified parties shall be selected by the Company. An indemnifying party may participate at its own expense in the defense of any such action; provided, however, that counsel to the indemnifying party shall not (except with the consent of the indemnified party) also be counsel to the indemnified party. In no event shall the indemnifying parties be liable for fees and expenses of more than one counsel (in addition to any local counsel) separate from their own counsel for all indemnified parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances. No indemnifying party shall, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever in respect of which indemnification or contribution could be sought under this Section 6 or Section 7 hereof (whether or not the indemnified parties are actual or potential parties thereto), unless such settlement, compromise or consent (i) includes an unconditional release of each indemnified party from all liability arising out of such litigation, investigation, proceeding or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(d) *Settlement without Consent if Failure to Reimburse.* If at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel, such indemnifying party agrees that it shall be liable for any settlement of the nature contemplated by Section 6(a)(ii) or settlement of any claim in connection with any violation referred to in Section 6(e) effected without its written consent if (i) such settlement is entered into more than 45 days after receipt by such indemnifying party of the aforesaid request, (ii) such indemnifying party shall have received notice of the terms of such settlement at least 30 days prior to such settlement being entered into and (iii) such indemnifying party shall not have reimbursed such indemnified party in accordance with such request prior to the date of such settlement.

(e) *Indemnification for Reserved Securities.* In connection with the offer and sale of the Reserved Securities, the Company agrees to indemnify and hold harmless the Underwriters, their Affiliates and selling agents and each person, if any, who controls any Underwriter within the meaning of either Section 15 of the 1933 Act or Section 20 of the 1934 Act, from and against any and all loss, liability, claim, damage and expense (including, without limitation, any legal or other expenses reasonably incurred in connection with defending, investigating or settling any such action or claim), as incurred, (i) arising out of the violation of any applicable laws or regulations of foreign jurisdictions where Reserved Securities have been offered, (ii) arising out of any untrue statement or alleged untrue statement of a material fact contained in any prospectus wrapper or other material prepared by or with the consent of the Company for distribution to Invitees in connection with the offering of the Reserved Securities or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, (iii) caused by the failure of any Invitee to pay for and accept delivery of Reserved Securities which have been orally confirmed for purchase by any Invitee by 8:00 A.M. (New York City time) on the first business day after the date of the Agreement or (iv) related to, or arising out of or in connection with, the offering of the Reserved Securities.

SECTION 7. Contribution. If the indemnification provided for in Section 6 hereof is for any reason unavailable to or insufficient to hold harmless an indemnified party in respect of any losses, liabilities, claims, damages or expenses referred to therein, then each indemnifying party shall contribute

to the aggregate amount of such losses, liabilities, claims, damages and expenses incurred by such indemnified party, as incurred, (i) in such proportion as is appropriate to reflect the relative benefits received by the Company and the Operating Partnership, on the one hand, and the Underwriters, on the other hand, from the offering of the Securities pursuant to this Agreement or (ii) if the allocation provided by clause (i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company and the Operating Partnership, on the one hand, and of the Underwriters, on the other hand, in connection with the statements or omissions, or in connection with any violation of the nature referred to in Section 6(e) hereof, which resulted in such losses, liabilities, claims, damages or expenses, as well as any other relevant equitable considerations.

The relative benefits received by the Company and the Operating Partnership, on the one hand, and the Underwriters, on the other hand, in connection with the offering of the Securities pursuant to this Agreement shall be deemed to be in the same respective proportions as the total net proceeds from the offering of the Securities pursuant to this Agreement (before deducting expenses) received by the Company and the Operating Partnership, on the one hand, and the total underwriting discount received by the Underwriters, on the other hand, in each case as set forth on the cover of the Prospectus, bear to the aggregate initial public offering price of the Securities as set forth on the cover of the Prospectus.

The relative fault of the Company and the Operating Partnership, on the one hand, and the Underwriters, on the other hand, shall be determined by reference to, among other things, whether any such untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company and the Operating Partnership or by the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission or any violation of the nature referred to in Section 6(e) hereof.

The Company, the Operating Partnership and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section 7 were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section 7. The aggregate amount of losses, liabilities, claims, damages and expenses incurred by an indemnified party and referred to above in this Section 7 shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue or alleged untrue statement or omission or alleged omission.

Notwithstanding the provisions of this Section 7, no Underwriter shall be required to contribute any amount in excess of the underwriting commissions received by such Underwriter in connection with the Shares underwritten by it and distributed to the public.

No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

For purposes of this Section 7, each person, if any, who controls an Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act and each Underwriter's Affiliates and selling agents shall have the same rights to contribution as such Underwriter, and each director of the Company, each officer of the Company who signed the Registration Statement, and each person, if any, who controls the Company or the Operating Partnership within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as the Company or the Operating Partnership. The Underwriters' respective obligations to contribute pursuant to this Section 7 are several in proportion to the number of Initial Securities set forth opposite their respective names in Schedule A hereto and not joint.

The provisions of this Section shall not affect any agreement among the Company and the Operating Partnership with respect to contribution.

SECTION 8. Representations, Warranties and Agreements to Survive. All representations, warranties and agreements contained in this Agreement or in certificates of officers of the Company or any of its subsidiaries submitted pursuant hereto, shall remain operative and in full force and effect regardless of (i) any investigation made by or on behalf of any Underwriter or its Affiliates or selling agents, any person controlling any Underwriter, its officers or directors, any person controlling the Company or the Operating Partnership and (ii) delivery of and payment for the Securities.

SECTION 9. Termination of Agreement.

(a) *Termination*. The Representatives may terminate this Agreement, by notice to the Company, at any time at or prior to the Closing Time (i) if there has been, in the judgment of the Representatives, since the time of execution of this Agreement or since the respective dates as of which information is given in the Registration Statement, the General Disclosure Package or the Prospectus, any material adverse change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Company and its subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business, or (ii) if there has occurred any material adverse change in the financial markets in the United States or the international financial markets, any outbreak of hostilities or escalation thereof or other calamity or crisis or any change or development involving a prospective change in national or international political, financial or economic conditions, in each case the effect of which is such as to make it, in the judgment of the Representatives, impracticable or inadvisable to proceed with the completion of the offering or to enforce contracts for the sale of the Securities, or (iii) if trading in any securities of the Company has been suspended or materially limited by the Commission or the NYSE, or (iv) if trading generally on the NYSE Amex or the NYSE or in the Nasdaq Global Market has been suspended or materially limited, or minimum or maximum prices for trading have been fixed, or maximum ranges for prices have been required, by any of said exchanges or by order of the Commission, FINRA or any other governmental authority, or (v) a material disruption has occurred in commercial banking or securities settlement or clearance services in the United States or with respect to Clearstream or Euroclear systems in Europe, or (vi) if a banking moratorium has been declared by either Federal or New York authorities.

(b) *Liabilities*. If this Agreement is terminated pursuant to this Section, such termination shall be without liability of any party to any other party except as provided in Section 4 hereof, and provided further that Sections 1, 6, 7, 8, 14 and 15 shall survive such termination and remain in full force and effect.

SECTION 10. Default by One or More of the Underwriters. If one or more of the Underwriters shall fail at Closing Time or a Date of Delivery to purchase the Securities which it or they are obligated to purchase under this Agreement (the "Defaulted Securities"), the Representatives shall have the right, within 24 hours thereafter, to make arrangements for one or more of the non-defaulting Underwriters, or any other underwriters, to purchase all, but not less than all, of the Defaulted Securities in such amounts as may be agreed upon and upon the terms herein set forth; if, however, the Representatives shall not have completed such arrangements within such 24-hour period, then:

(i) if the number of Defaulted Securities does not exceed 10% of the number of Securities to be purchased on such date, each of the non-defaulting Underwriters shall be

obligated, severally and not jointly, to purchase the full amount thereof in the proportions that their respective underwriting obligations hereunder bear to the underwriting obligations of all non-defaulting Underwriters, or

(ii) if the number of Defaulted Securities exceeds 10% of the number of Securities to be purchased on such date, this Agreement or, with respect to any Date of Delivery which occurs after the Closing Time, the obligation of the Underwriters to purchase, and the Company to sell, the Option Securities to be purchased and sold on such Date of Delivery shall terminate without liability on the part of any non-defaulting Underwriter.

No action taken pursuant to this Section shall relieve any defaulting Underwriter from liability in respect of its default.

In the event of any such default which does not result in a termination of this Agreement or, in the case of a Date of Delivery which is after the Closing Time, which does not result in a termination of the obligation of the Underwriters to purchase and the Company to sell the relevant Option Securities, as the case may be, either the (i) Representatives or (ii) the Company shall have the right to postpone Closing Time or the relevant Date of Delivery, as the case may be, for a period not exceeding seven days in order to effect any required changes in the Registration Statement, the General Disclosure Package or the Prospectus or in any other documents or arrangements. As used herein, the term "Underwriter" includes any person substituted for an Underwriter under this Section 10.

SECTION 11. Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if mailed or transmitted by any standard form of telecommunication. Notices to the Underwriters shall be directed to Merrill Lynch at One Bryant Park, New York, New York 10036, attention of Syndicate Department (facsimile: (646) 855-3073), with a copy to ECM Legal (facsimile: (212) 230-8730) with a copy to (which shall not constitute notice) Hunton & Williams LLP, Bank of America Plaza, Suite 4100, 60 Peachtree Street, NE, Atlanta, Georgia 30308, attention of Christopher C. Green (facsimile (404) 888-4190); notices to the Company shall be directed to it at 11620 Wilshire Boulevard, Suite 300, attention of Michael S. Frankel.

SECTION 12. No Advisory or Fiduciary Relationship. The Company and its subsidiaries acknowledge and agree that (a) the purchase and sale of the Securities pursuant to this Agreement, including the determination of the initial public offering price of the Securities and any related discounts and commissions, is an arm's-length commercial transaction between the Company and its subsidiaries, on the one hand, and the several Underwriters, on the other hand, (b) in connection with the offering of the Securities and the process leading thereto, each Underwriter is and has been acting solely as a principal and is not the agent or fiduciary of the Company, any of its subsidiaries, or their respective stockholders, equity interest holders, creditors, employees or any other party, (c) no Underwriter has assumed or will assume an advisory or fiduciary responsibility in favor of the Company or its subsidiaries with respect to the offering of the Securities or the process leading thereto (irrespective of whether such Underwriter has advised or is currently advising the Company or any of its subsidiaries on other matters) and no Underwriter has any obligation to the Company or any of its subsidiaries with respect to the offering of the Securities except the obligations expressly set forth in this Agreement, (d) the Underwriters and their respective affiliates may be engaged in a broad range of transactions that involve interests that differ from those of each of the Company and its subsidiaries, and (e) none of the Underwriters or legal counsel for the Underwriters has provided any legal, accounting, regulatory or tax advice to the Company or its subsidiaries with respect to the offering of the Securities and the Company and its subsidiaries have consulted their own respective legal, accounting, regulatory and tax advisors to the extent they deemed appropriate.

SECTION 13. Parties. This Agreement shall each inure to the benefit of and be binding upon the Underwriters, the Company and the Operating Partnership and their respective successors. Nothing expressed or mentioned in this Agreement is intended or shall be construed to give any person, firm or corporation, other than the Underwriters, the Company and the Operating Partnership and their respective successors and the controlling persons and officers and directors referred to in Sections 6 and 7 and their heirs and legal representatives, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision herein contained. This Agreement and all conditions and provisions hereof are intended to be for the sole and exclusive benefit of the Underwriters, the Company and the Operating Partnership and their respective successors, and said controlling persons and officers and directors and their heirs and legal representatives, and for the benefit of no other person, firm or corporation. No purchaser of Securities from any Underwriter shall be deemed to be a successor by reason merely of such purchase.

SECTION 14. Trial by Jury. The Company (on its behalf and, to the extent permitted by applicable law, on behalf of its stockholders and affiliates), the Operating Partnership and each of the Underwriters hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

SECTION 15. GOVERNING LAW. THIS AGREEMENT AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF, THE STATE OF NEW YORK.

SECTION 16. TIME. TIME SHALL BE OF THE ESSENCE OF THIS AGREEMENT. EXCEPT AS OTHERWISE SET FORTH HEREIN, SPECIFIED TIMES OF DAY REFER TO NEW YORK CITY TIME.

SECTION 17. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same Agreement.

SECTION 18. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to the Company a counterpart hereof, whereupon this instrument, along with all counterparts, will become a binding agreement among the Underwriters, the Company and the Operating Partnership in accordance with its terms.

Very truly yours,

REXFORD INDUSTRIAL REALTY, INC.

By: _____

Name:

Title:

By: _____

Name:

Title:

REXFORD INDUSTRIAL REALTY, L.P.

By: Rexford Industrial Realty, Inc., its general partner

By: _____

Name:

Title:

By: _____

Name:

Title:

[Signature page to Underwriting Agreement.]

CONFIRMED AND ACCEPTED,
as of the date first above written:

MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED

By _____
Authorized Signatory

FBR CAPITAL MARKETS & CO.

By _____
Authorized Signatory

WELLS FARGO SECURITIES, LLC

By _____
Authorized Signatory

J.P. MORGAN SECURITIES LLC

By _____
Authorized Signatory

For themselves and as Representatives of the other Underwriters named in Schedule A hereto.

[Signature page to Underwriting Agreement.]

REXFORD INDUSTRIAL REALTY, INC.
ARTICLES OF AMENDMENT AND RESTATEMENT

FIRST: Rexford Industrial Realty, Inc., a Maryland corporation (the "Corporation"), desires to amend and restate its charter (the "Charter") as currently in effect and as hereinafter amended.

SECOND: The following provisions are all the provisions of the Charter currently in effect and as hereinafter amended:

ARTICLE I

NAME

The name of the Corporation is:

RexfordIndustrial Realty, Inc.

ARTICLE II

PURPOSE

The purposes for which the Corporation is formed are to engage in any lawful act or activity (including, without limitation or obligation, engaging in business as a real estate investment trust (a "REIT") under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended, or any successor statute (the "Code")) for which corporations may be organized under the general laws of the State of Maryland as now or hereafter in force.

ARTICLE III

PRINCIPAL OFFICE IN STATE AND RESIDENT AGENT

The address of the principal office of the Corporation in the State of Maryland is c/o The Corporation Trust Incorporated, 351 West Camden Street, Baltimore, Maryland 21201. The name of the resident agent of the Corporation in the State of Maryland is The Corporation Trust Incorporated, whose post address is 351 West Camden Street, Baltimore, Maryland 21201. The resident agent is a Maryland corporation.

ARTICLE IV
PROVISIONS FOR DEFINING, LIMITING
AND REGULATING CERTAIN POWERS OF THE
CORPORATION AND OF THE STOCKHOLDERS AND DIRECTORS

Section 4.1 *Number of Directors*. The business and affairs of the Corporation shall be managed under the direction of the board of directors (the “Board of Directors”). The number of directors of the Corporation is three (3), which number may be increased or decreased only by the Board of Directors pursuant to the Bylaws of the Corporation (the “Bylaws”), but shall never be less than the minimum number required by the Maryland General Corporation Law (the “MGCL”). The names of the directors who shall serve until the next annual meeting of stockholders and until their successors are duly elected and qualify are:

Michael Frankel
Howard Schwimmer
Richard Ziman

The Board of Directors may fill any vacancy, whether resulting from an increase in the number of directors or otherwise, on the Board of Directors in the manner provided in the Bylaws.

The Corporation elects, at such time as it becomes eligible under Section 3-802 of the MGCL to make the election provided for under Section 3-804(c) of the MGCL, that, except as may be provided by the Board of Directors in setting the terms of any class or series of stock, any and all vacancies on the Board of Directors may be filled only by the affirmative vote of a majority of the remaining directors in office, even if the remaining directors do not constitute a quorum, and any director elected to fill a vacancy shall serve for the remainder of the full term of the directorship in which such vacancy occurred and until his or her successor is duly elected and qualified.

Section 4.2 *Extraordinary Actions*. Except as specifically provided in Section 4.8 (relating to removal of directors) and in Article VII (relating to certain amendments of the Charter), notwithstanding any provision of law permitting or requiring any action to be taken or approved by the affirmative vote of the holders of shares entitled to cast a greater number of votes, any such action shall be effective and valid if declared advisable by the Board of Directors and taken or approved by the affirmative vote of holders of shares entitled to cast a majority of all the votes entitled to be cast on the matter.

Section 4.3 *Authorization by Board of Stock Issuance*. The Board of Directors may authorize the issuance from time to time of shares of stock of the Corporation of any class or series, whether now or hereafter authorized, or securities or rights convertible into shares of its stock of any class or series, whether now or hereafter authorized, for such consideration as the Board of Directors may deem advisable (or without consideration in the case of a stock split or stock dividend), subject to such restrictions or limitations, if any, as may be set forth in the MGCL, the Charter or the Bylaws.

Section 4.4 *Preemptive and Appraisal Rights*. Except as may be provided by the Board of Directors in setting the terms of classified or reclassified shares of stock pursuant to Section 5.4 or as may otherwise be provided by a contract approved by the Board of Directors, no holder of shares of stock of the Corporation shall, as such holder, have any preemptive right to purchase or subscribe for any additional shares of stock of the Corporation or any other security of the Corporation which it may issue or sell. Holders of shares of stock shall not be entitled to exercise any rights of an objecting stockholder provided for under Title 3, Subtitle 2 of the MGCL or any successor statute unless the Board of Directors, upon the affirmative vote of a majority of the Board of Directors, shall determine that such rights apply, with respect to all or any classes or series of stock, to one or more transactions occurring after the date of such determination in connection with which holders of such shares would otherwise be entitled to exercise such rights. Notwithstanding the foregoing, in the event the Corporation is subject to the Maryland Control Share Acquisition Act, holders of shares of stock shall be entitled to exercise rights of an objecting stockholder under Section 3-708(a) of the Maryland General Corporation Law.

Section 4.5 *Indemnification*. The Corporation shall have the power, to the maximum extent permitted by Maryland law in effect from time to time, to obligate itself to indemnify, and to pay or reimburse reasonable expenses in advance of final disposition of a proceeding to, (a) any individual who is a present or former director or officer of the Corporation or (b) any individual who, while a director or officer of the Corporation and at the request of the Corporation, serves or has served as a director, officer, partner, member, manager or trustee of another corporation, real estate investment trust, partnership, limited liability company, joint venture, trust, employee benefit plan or any other enterprise from and against any claim or liability to which such person may become subject or which such person may incur by reason of his or her service in such capacity. The Corporation shall have the power, with the approval of the Board of Directors, to provide such indemnification and advancement of expenses to a person who served a predecessor of the Corporation in any of the capacities described in (a) or (b) above and to any employee or agent of the Corporation or a predecessor of the Corporation.

Section 4.6 *Determinations by Board*. The determination as to any of the following matters, made in good faith by or pursuant to the direction of the Board of Directors consistent with the Charter, shall be final and conclusive and shall be binding upon the Corporation and every holder of shares of its stock: the amount of the net income of the Corporation for any period and the amount of assets at any time legally available for the payment of dividends, redemption of its stock or the payment of other distributions on its stock; the amount of paid-in surplus, net assets, other surplus, annual or other cash flow, funds from operations, net profit, net assets in excess of capital, undivided profits or excess of profits over losses on sales of assets; the amount, purpose, time of creation, increase or decrease, alteration or cancellation of any reserves or charges and the propriety thereof (whether or not any obligation or liability for which such reserves or charges shall have been created shall have been paid or discharged); any interpretation of the terms, preferences, conversion or other rights, voting powers or rights, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption of any class or series of stock of the Corporation; the fair value, or any sale, bid or asked price to be applied in determining the fair value, of any asset owned or held by the Corporation or of any shares of stock of the Corporation; the number of shares of stock of any class of the Corporation; any matter relating to the acquisition, holding and disposition of any assets by the Corporation; or any other matter relating to the business and affairs of the Corporation or required or permitted by applicable law, the Charter or Bylaws or otherwise to be determined by the Board of Directors.

Section 4.7 *REIT Qualification*. If the Corporation elects to qualify as a REIT for U.S. federal income tax purposes, the Board of Directors shall use its reasonable best efforts to take such actions as it determines are necessary or appropriate to preserve the qualification of the Corporation as a REIT; however, if the Board of Directors determines that it is no longer in the best interests of the Corporation to continue to be qualified as a REIT, the Board of Directors may authorize the Corporation to revoke or otherwise terminate its REIT election pursuant to Section 856(g) of the Code. The Board of Directors also may determine that compliance with one or more of the restrictions or limitations on stock ownership and transfers set forth in Article VI is no longer required for REIT qualification.

Section 4.8 *Removal of Directors*. Subject to the rights of holders of one or more classes or series of Preferred Stock to elect or remove one or more directors, any director, or the entire Board of Directors, may be removed from office at any time, but only for cause and then only by the affirmative vote of at least two-thirds of the votes entitled to be cast generally in the election of directors. For the purpose of this paragraph, "cause" shall mean, with respect to any particular director, conviction of a felony or a final judgment of a court of competent jurisdiction holding that such director caused demonstrable, material harm to the Corporation through bad faith or active and deliberate dishonesty.

ARTICLE V

STOCK

Section 5.1 *Authorized Shares*. The Corporation has authority to issue 500,000,000 shares of stock, consisting of 490,000,000 shares of Common Stock, \$0.01 par value per share ("Common Stock"), and 10,000,000 shares of Preferred Stock, \$0.01 par value per share ("Preferred Stock"). The aggregate par value of all authorized shares of stock having par value is \$5,000,000. If shares of one class of stock are classified or reclassified into shares of another class of stock pursuant to Section 5.2, 5.3 or 5.4 of this Article V, the number of authorized shares of the former class shall be automatically decreased and the number of shares of the latter class shall be automatically increased, in each case by the number of shares so classified or reclassified, so that the aggregate number of shares of stock of all classes that the Corporation has authority to issue shall not be more than the total number of shares of stock set forth in the first sentence of this paragraph. The Board of Directors, with the approval of a majority of the entire Board and without any action by the stockholders of the Corporation, may amend the Charter from time to time to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that the Corporation has authority to issue.

Section 5.2 *Common Stock*. Subject to the provisions of Article VI and except as may otherwise be specified in the Charter, each share of Common Stock shall entitle the holder thereof to one vote. The Board of Directors may reclassify any unissued shares of Common Stock from time to time into one or more classes or series of stock.

Section 5.3 *Preferred Stock*. The Board of Directors may classify any unissued shares of Preferred Stock and reclassify any previously classified but unissued shares of Preferred Stock of any series from time to time, into one or more classes or series of stock.

Section 5.4 *Classified or Reclassified Shares*. Prior to issuance of classified or reclassified shares of any class or series, the Board of Directors by resolution shall: (a) designate the class or series to distinguish it from all other classes and series of stock of the Corporation; (b) specify the number of shares to be included in the class or series; (c) set or change, subject to the provisions of Article VI and subject to the express terms of any class or series of stock of the Corporation outstanding at the time, the preferences, conversion or other rights, voting powers, restrictions, including, without limitation, restrictions on transferability, limitations as to dividends or other distributions, qualifications and terms and conditions of redemption for each class or series; and (d) cause the Corporation to file articles supplementary with the State Department of Assessments and Taxation of Maryland. Any of the terms of any class or series of stock set or changed pursuant to clause (c) of this Section 5.4 may be made dependent upon facts or events ascertainable outside the Charter (including determinations by the Board of Directors or other facts or events within the control of the Corporation) and may vary among holders thereof, provided that the manner in which such facts, events or variations shall operate upon the terms of such class or series of stock is clearly and expressly set forth in the articles supplementary or other Charter document.

Section 5.5 *Charter and Bylaws*. The rights of all stockholders and the terms of all stock are subject to the provisions of the Charter and the Bylaws.

ARTICLE VI

RESTRICTION ON TRANSFER AND OWNERSHIP OF SHARES

Section 6.1 *Definitions*. For the purpose of this Article VI, the following terms shall have the following meanings:

Aggregate Stock Ownership Limit. The term “Aggregate Stock Ownership Limit” shall mean not more than 9.8% in value of the aggregate of the outstanding shares of Capital Stock, subject to adjustment from time to time by the Board of Directors in accordance with Section 6.2.8, excluding any such outstanding Capital Stock which is not treated as outstanding for federal income tax purposes. Notwithstanding the foregoing, for purposes of determining the percentage ownership of Capital Stock by any Person, shares of Capital Stock that are treated as Beneficially Owned or Constructively Owned by such Person shall be deemed outstanding. The value of the outstanding shares of Capital Stock shall be determined by the Board of Directors in good faith, which determination shall be conclusive for all purposes hereof.

Beneficial Ownership. The term “Beneficial Ownership” shall mean ownership of shares of Capital Stock by a Person, whether the interest in the shares of Capital Stock is held directly or indirectly (including by a nominee), and shall include interests that are actually owned or would be treated as owned through the application of Section 544 of the Code, as modified by Sections 856(h)(1)(B) and 856(h)(3)(A) of the Code. The terms “Beneficial Owner,” “Beneficially Owns” and “Beneficially Owned” shall have the correlative meanings.

Business Day. The term “Business Day” shall mean any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions in New York City are authorized or required by law, regulation or executive order to close.

Capital Stock. The term “Capital Stock” shall mean all classes or series of stock of the Corporation, including, without limitation, Common Stock and Preferred Stock.

Charitable Beneficiary. The term “Charitable Beneficiary” shall mean one or more beneficiaries of the Trust as determined pursuant to Section 6.3.6, provided that each such organization must be described in Section 501(c)(3) of the Code and contributions to each such organization must be eligible for deduction under each of Sections 170(b)(1)(A), 2055 and 2522 of the Code.

Common Stock Ownership Limit. The term “Common Stock Ownership Limit” shall mean 9.8% (in value or in number of shares, whichever is more restrictive, and subject to adjustment from time to time by the Board of Directors in accordance with Section 6.2.8) of the aggregate of the outstanding shares of Common Stock of the Corporation, excluding any such outstanding Common Stock which is not treated as outstanding for federal income tax purposes. Notwithstanding the foregoing, for purposes of determining the percentage ownership of Common Stock by any Person, shares of Common Stock that are treated as Beneficially Owned or Constructively Owned by such Person shall be deemed to be outstanding. The number and value of shares of outstanding Common Stock of the Corporation shall be determined by the Board of Directors in good faith, which determination shall be conclusive for all purposes hereof.

Constructive Ownership. The term “Constructive Ownership” shall mean ownership of shares of Capital Stock by a Person, whether the interest in the shares of Capital Stock is held directly or indirectly (including by a nominee), and shall include interests that are actually owned or would be treated as owned through the application of Section 318(a) of the Code, as modified by Section 856(d)(5) of the Code. The terms “Constructive Owner,” “Constructively Owns” and “Constructively Owned” shall have the correlative meanings.

Excepted Holder. The term “Excepted Holder” shall mean a stockholder of the Corporation for whom an Excepted Holder Limit is created by the Charter or by the Board of Directors pursuant to Section 6.2.7.

Excepted Holder Limit. The term “Excepted Holder Limit” shall mean for each Excepted Holder, the percentage limit established by the Board of Directors pursuant to Section 6.2.7, which limit may be expressed, in the discretion of the Board of Directors, as one or more percentages and/or numbers of shares of Capital Stock, and may apply with respect to one or more classes of Capital Stock or to all classes of Capital Stock in the aggregate, provided that the affected Excepted Holder agrees to comply with any requirements established by the Board of Directors pursuant to Section 6.2.7 and subject to adjustment pursuant to Section 6.2.8.

Individual. The term “Individual” means an individual, a trust qualified under Section 401(a) or 501(c)(17) of the Code, a portion of a trust permanently set aside for or to be used exclusively for the purposes described in Section 642(c) of the Code, or a private foundation within the meaning of Section 509(a) of the Code, provided that, except as set forth in Section 856(h)(3)(A)(ii) of the Code, a trust described in Section 401(a) of the Code and exempt from tax under Section 501(a) of the Code shall be excluded from this definition.

Initial Date. The term “Initial Date” means the earlier of (i) the closing date of the issuance of Common Stock pursuant to the initial public offering of the Corporation or (ii) such other date as determined by the Board of Directors in its sole and absolute discretion.

Market Price. The term “Market Price” on any date shall mean, with respect to any class or series of outstanding shares of Capital Stock, the Closing Price for such Capital Stock on such date. The “Closing Price” on any date shall mean the last sale price for such Capital Stock, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, for such Capital Stock, in either case as reported on the principal Stock Exchange on which such Capital Stock is listed or admitted to trading or, if such Capital Stock is not listed or admitted to trading on any Stock Exchange, the last quoted price, or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the National Association of Securities Dealers, Inc. Automated Quotation System or, if such system is no longer in use, the principal other automated quotation system that may then be in use or, if such Capital Stock is not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in such Capital Stock selected by the Board of Directors or, in the event that no trading price is available for such Capital Stock, the fair market value of the Capital Stock, as determined in good faith by the Board of Directors.

Person. The term “Person” shall mean an Individual, corporation, partnership, limited liability company, estate, trust, association, joint stock company, government, government subdivision, agency or instrumentality or other entity and also includes a group as that term is used for purposes of Rule 13d-5(6) or Section 13(d)(3) of the Securities Exchange Act of 1934, as amended.

Prohibited Owner. The term “Prohibited Owner” shall mean, with respect to any purported Transfer, any Person who, but for the provisions of Section 6.2.1, would Beneficially Own or Constructively Own shares of Capital Stock, and if appropriate in the context, shall also mean any Person who would have been the record owner of the shares that the Prohibited Owner would have so owned.

Restriction Termination Date. The term “Restriction Termination Date” shall mean the first day after the Initial Date on which the Board of Directors determines pursuant to Section 4.7 of the Charter that it is no longer in the best interests of the Corporation to attempt to, or continue to, qualify as a REIT or that compliance with the restrictions and limitations on Beneficial Ownership, Constructive Ownership and Transfers of shares of Capital Stock set forth herein is no longer required in order for the Corporation to qualify as a REIT.

Stock Exchange. The term “Stock Exchange” shall mean any national securities exchange or automated inter-dealer quotation system.

Transfer. The term “Transfer” shall mean any issuance, sale, transfer, gift, assignment, devise or other disposition, as well as any other event that causes any Person to acquire, or change its level of, Beneficial Ownership or Constructive Ownership, or any agreement to take any such actions or cause any such events, of Capital Stock or the right to vote or receive dividends on Capital Stock, including (a) the granting or exercise of any option (or any disposition of any option), (b) any disposition of any securities or rights convertible into or exchangeable for Capital Stock or any interest in Capital Stock or any exercise of any such conversion or exchange right and (c) Transfers of interests in other entities that result in changes in Beneficial Ownership or Constructive Ownership of Capital Stock; in each case, whether voluntary or involuntary, whether owned of record, Beneficially Owned or Constructively Owned and whether by operation of law or otherwise. The terms “Transferring” and “Transferred” shall have the correlative meanings.

Trust. The term “Trust” shall mean any trust provided for in Section 6.3.1.

Trustee. The term “Trustee” shall mean the Person unaffiliated with the Corporation and a Prohibited Owner, that is appointed by the Corporation to serve as trustee of the Trust.

Section 6.2 *Capital Stock.*

Section 6.2.1 *Ownership Limitations.* During the period commencing on the Initial Date and prior to the Restriction Termination Date, but subject to Section 6.4:

(a) Basic Restrictions.

(i) (1) No Person, other than an Excepted Holder, shall Beneficially Own or Constructively Own shares of Capital Stock in excess of the Aggregate Stock Ownership Limit, (2) no Person, other than an Excepted Holder, shall Beneficially Own or Constructively Own shares of Common Stock in excess of the Common Stock Ownership Limit and (3) no Excepted Holder shall Beneficially Own or Constructively Own shares of Capital Stock or Common Stock in excess of the Excepted Holder Limit for such Excepted Holder.

(ii) No Person shall Beneficially or Constructively Own shares of Capital Stock to the extent that such Beneficial or Constructive Ownership of shares of Capital Stock could result in the Corporation being “closely held” within the meaning of Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year), or otherwise failing to qualify as a REIT (including, but not limited to, Beneficial or Constructive Ownership that could result in the Corporation Constructively Owning an interest in a tenant that is described in Section 856(d)(2)(B) of the Code if the income derived by the Corporation from such tenant, taking into account any other income of the Corporation that would not qualify under the gross income requirements of Section 856(c) of the Code, would cause the Corporation to fail to satisfy any of such gross income requirements).

(iii) Any Transfer of shares of Capital Stock that, if effective, would result in the Capital Stock being beneficially owned by fewer than 100 Persons (determined under the principles of Section 856(a)(5) of the Code) shall be void *ab initio*, and the intended transferee shall acquire no rights in such shares of Capital Stock.

Without limitation of the application of any other provision of this Article VI, it is expressly intended that the restrictions on ownership and Transfer described in this Section 6.2.1 of Article VI shall apply to restrict the rights of any members or partners in limited liability companies or partnerships to exchange their interest in such entities for shares of Capital Stock of the Corporation.

(b) *Transfer in Trust.* If any Transfer of shares of Capital Stock (whether or not such Transfer is the result of a transaction entered into through the facilities of any Stock Exchange) occurs which, if effective, would result in any Person Beneficially Owning or Constructively Owning shares of Capital Stock in violation of Section 6.2.1(a)(i) or (ii),

(i) then that number of shares of the Capital Stock, the Beneficial Ownership or Constructive Ownership of which otherwise would cause such Person to violate Section 6.2.1(a)(i) or (ii) (rounded up to the nearest whole share) shall be automatically transferred to a Trust for the benefit of a Charitable Beneficiary, as described in Section 6.3, effective as of the close of business on the Business Day prior to the date of such Transfer, and such Person shall acquire no rights in such shares; or

(ii) if the transfer to the Trust described in clause (i) of this sentence would not be effective for any reason to prevent the violation of Section 6.2.1(a)(i) or (ii), then the Transfer of that number of shares of Capital Stock that otherwise would cause any Person to violate Section 6.2.1(a)(i) or (ii) shall be void *ab initio*, and the intended transferee shall acquire no rights in such shares of Capital Stock.

(iii) In determining which shares of Capital Stock are to be transferred to a Trust in accordance with this Section 6.2.1(b) and Section 6.3 hereof, shares shall be so transferred to a Trust in such manner as minimizes the aggregate value of the shares that are transferred to the Trust (except as provided in Section 6.2.6) and, to the extent not inconsistent therewith, on a pro rata basis.

(iv) To the extent that, upon a transfer of shares of Capital Stock pursuant to this Section 6.2.1(b), a violation of any provision of Section 6.2.1(a) would nonetheless be continuing, then shares of Capital Stock shall be transferred to that number of Trusts, each having a Trustee and a Charitable Beneficiary or Beneficiaries that are distinct from those of each other Trust, such that there is no violation of any provision of Section 6.2.1(a) hereof.

Section 6.2.2 *Remedies for Breach*. If the Board of Directors or any duly authorized committee thereof shall at any time determine that a Transfer or other event has taken place that results in a violation of Section 6.2.1 or that a Person intends or has attempted to acquire Beneficial Ownership or Constructive Ownership of any shares of Capital Stock in violation of Section 6.2.1 (whether or not such violation is intended), the Board of Directors or a committee thereof may take such action as it deems advisable, in its sole and absolute discretion, to refuse to give effect to or to prevent such Transfer or other event, including, without limitation, causing the Corporation to redeem shares of Capital Stock, refusing to give effect to such Transfer on the books of the Corporation or instituting proceedings to enjoin such Transfer or other event; *provided, however*, that any Transfer or attempted Transfer or other event in violation of Section 6.2.1 shall automatically result in the transfer to the Trust described above, or, where applicable, such Transfer (or other event) shall be void *ab initio* as provided above irrespective of any action (or non-action) by the Board of Directors or a committee thereof.

Section 6.2.3 *Notice of Restricted Transfer*. Any Person who acquires or attempts or intends to acquire Beneficial Ownership or Constructive Ownership of shares of Capital Stock that will or may violate Section 6.2.1(a) or any Person who would have owned shares of Capital Stock that resulted in a transfer to the Trust pursuant to the provisions of Section 6.2.1(b) shall immediately give written notice to the Corporation of such event or, in the case of such a proposed or attempted transaction, give at least 15 days prior written notice, and shall provide to the Corporation such other information as the Corporation may request in order to determine the effect, if any, of such Transfer on the Corporation's status as a REIT.

Section 6.2.4 *Owners Required To Provide Information*. From the Initial Date and prior to the Restriction Termination Date:

(a) every owner of five percent or more (or such lower percentage as required by the Code or the Treasury Regulations promulgated thereunder) of the outstanding shares of Capital Stock, within 30 days after the end of each taxable year, shall give written notice to the Corporation stating the name and address of such owner, the number of shares of each class or series of Capital Stock Beneficially Owned and a description of the manner in which such shares are held. Each such owner shall provide promptly to the Corporation in writing such additional information as the Corporation may request in order to determine the effect, if any, of such Beneficial Ownership on the Corporation's status as a REIT and to ensure compliance with the Aggregate Stock Ownership Limit and the Common Stock Ownership Limit; and

(b) each Person who is a Beneficial or Constructive Owner of shares of Capital Stock and each Person (including the stockholder of record) who is holding shares of Capital Stock for a Beneficial or Constructive Owner shall, on demand, provide to the Corporation such information as the Corporation may request in order to determine the Corporation's status as a REIT and to comply with requirements of any taxing authority or governmental authority or to determine such compliance and to ensure compliance with the Aggregate Stock Ownership Limit and the Common Stock Ownership Limit.

Section 6.2.5 *Remedies Not Limited*. Subject to Section 4.7 of this Charter, nothing contained in this Section 6.2 shall limit the authority of the Board of Directors to take such other action as it deems necessary or advisable to protect the Corporation and the interests of its stockholders in preserving the Corporation's status as a REIT.

Section 6.2.6 *Ambiguity*. In the case of an ambiguity in the application of any of the provisions of this Article VI, including Section 6.2, Section 6.3, or any definition contained in Section 6.1 or any defined term used in this Article VI but defined elsewhere in the Charter, the Board of Directors shall have the power to determine the application of the provisions of this Article VI with respect to any situation based on the facts known to it. In the event Section 6.2 or 6.3 requires an action by the Board of Directors and the Charter fails to provide specific guidance with respect to such action, the Board of Directors shall have the power to determine the action to be taken so long as such action is not contrary to the provisions of Sections 6.1, 6.2 or 6.3.

Section 6.2.7 *Exceptions*.

(a) Subject to Section 6.2.1(a)(ii), the Board of Directors, in its sole and absolute discretion, may exempt (prospectively or retroactively) a Person from the Aggregate Stock Ownership Limit or the Common Stock Ownership Limit, as the case may be, or may establish or increase an Excepted Holder Limit for such Person if:

(i) the Board of Directors determines, based on such representations and undertakings from such Person as it may request, that such exemption will not cause or permit any Individual's Beneficial Ownership of shares of Capital Stock to violate the Aggregate Stock Ownership Limit; and

(ii) the Board of Directors determines, based on such representations and undertakings as it may request, that such Person does not and will not Constructively Own an interest in a tenant of the Corporation (or a tenant of any entity directly or indirectly owned, in whole or in part, by the Corporation) that would cause the Corporation to Constructively Own more than a 9.9% interest (as set forth in Section 856(d)(2)(B) of the Code) in such tenant (for this purpose, in the Board of Director's sole and absolute discretion, a tenant from whom the Corporation (or an entity directly or indirectly owned, in whole or in part, by the Corporation) derives (and is expected to continue to derive) a sufficiently small amount of revenue such that, in the opinion of the Board of Directors, rent from such tenant would not adversely affect the Corporation's ability to qualify as a REIT shall not be treated as a tenant of the Corporation).

(b) Prior to granting any exception pursuant to Section 6.2.7(a), the Board of Directors may require a ruling from the Internal Revenue Service, or an opinion of counsel, in either case in form and substance satisfactory to the Board of Directors in its sole and absolute discretion, as it may deem necessary or advisable in order to determine or ensure the Corporation's status as a REIT. Notwithstanding the receipt of any ruling or opinion, the Board of Directors may impose such conditions or restrictions as it deems appropriate in connection with granting such exception.

(c) Subject to Section 6.2.1(a)(ii), an underwriter, placement agent or initial purchaser which participates in a public offering, private placement or other private offering of Capital Stock (or securities convertible into or exchangeable for Capital Stock) may Beneficially Own or Constructively Own shares of Capital Stock (or securities convertible into or exchangeable for Capital Stock) in excess of the Common Stock Ownership Limit, the Aggregate Stock Ownership Limit, or both such limits, but only to the extent necessary to facilitate such public offering, private placement or immediate resale.

(d) The Board of Directors may only reduce the Excepted Holder Limit for an Excepted Holder: (i) with the written consent of such Excepted Holder at any time, or (ii) pursuant to the terms and conditions of the agreements and undertakings entered into with such Excepted Holder in connection with the establishment of the Excepted Holder Limit for that Excepted Holder. No Excepted Holder Limit shall be reduced to a percentage that is less than the Common Stock Ownership Limit or the Aggregate Stock Ownership Limit, as applicable.

Section 6.2.8 *Increase or Decrease in Common Stock Ownership or Aggregate Stock Ownership Limits*. Subject to Section 6.2.1(a)(ii) and the rest of this Section 6.2.8, the Board of Directors may, in its sole and absolute discretion, from time to time increase or decrease the Common Stock Ownership Limit or the Aggregate Stock Ownership Limit for one or more Persons; provided, however, that a decreased Common Stock Ownership Limit or Aggregate Stock Ownership Limit will not be effective for any Person who Beneficially Owns or Constructively Owns, as applicable, shares of Capital Stock in excess of such decreased Common Stock Ownership Limit or Aggregate Stock Ownership Limit at the time such limit is decreased, until such time as such Person's Beneficial Ownership or Constructive Ownership of shares of Capital Stock, as applicable, equals or falls below the decreased Common Stock Ownership Limit and/or Aggregate Stock Ownership Limit, but any further acquisition of shares of Capital Stock or increased Beneficial Ownership or Constructive Ownership of shares of Capital Stock will be in violation of the Common Stock Ownership Limit or Aggregate Stock Ownership Limit and, provided further, that the new Common Stock Ownership Limit and/or Aggregate Stock Ownership Limit would not allow five or fewer Persons to Beneficially Own more than 49% in value of the outstanding Capital Stock.

Section 6.2.9 *Legend*. Each certificate representing shares of Capital Stock, if any, shall bear substantially the following legend:

The shares represented by this certificate are subject to restrictions on Beneficial and Constructive Ownership and Transfer for the purpose of the Corporation's maintenance of its status as a Real Estate Investment Trust under the Internal Revenue Code of 1986, as amended (the "Code"). Subject to certain further restrictions and except as expressly provided in the Corporation's Charter, (i) no Person may Beneficially or Constructively Own shares of the Corporation's Common Stock in excess of the Common Stock Ownership Limit unless such Person is an Excepted Holder (in which case the Excepted Holder Limit shall be applicable); (ii) no Person may Beneficially or Constructively Own shares of Capital Stock of the Corporation in excess of the Aggregate Stock Ownership Limit, unless such Person is an Excepted Holder (in which case the Excepted Holder Limit shall be applicable); (iii) no Person may Beneficially or Constructively Own Capital Stock that could result in the Corporation being "closely held" under Section 856(h) of the Code or otherwise cause the Corporation to fail to qualify as a REIT; and (iv) no Person may Transfer shares of Capital Stock if such Transfer would result in the Capital Stock of the Corporation being owned by fewer than 100 Persons. Any Person who Beneficially or Constructively Owns or attempts to Beneficially or Constructively Own shares of Capital Stock which causes or may cause a Person to Beneficially or Constructively Own shares of Capital Stock in excess or in violation of the above limitations must immediately notify the Corporation or, in the case of such a proposed or attempted transaction, give at least 15 days prior written notice. If any of the restrictions on transfer or ownership set forth in (i) through (iii) above are violated, the shares of Capital Stock represented hereby will be automatically transferred to a Trustee of a Trust for the benefit of one or more Charitable Beneficiaries. In addition, the Corporation may take other actions, including redeeming shares upon the terms and conditions specified by the Board of Directors in its sole and absolute discretion if the Board of Directors determines that ownership or a Transfer or other event may violate the restrictions described above. Furthermore, upon the occurrence of certain events, attempted Transfers in violation of the restrictions described above may be void *ab initio*. All capitalized terms in this legend have the meanings defined in the Charter of the Corporation, as the same may be amended from time to time, a copy of which, including the restrictions on transfer and ownership, will be furnished to each holder of Capital Stock of the Corporation on request and without charge. Requests for such a copy may be directed to the Secretary of the Corporation at its Principal Office.

Instead of the foregoing legend, a certificate may state that the Corporation will furnish a full statement about certain restrictions on ownership and transfer of the shares to a stockholder on request and without charge.

Section 6.3 *Transfer of Capital Stock in Trust.*

Section 6.3.1 *Ownership in Trust.* Upon any purported Transfer or other event described in Section 6.2.1(b) that would result in a transfer of shares of Capital Stock to a Trust, such shares of Capital Stock shall be deemed to have been transferred to the Trustee as trustee of a Trust for the exclusive benefit of one or more Charitable Beneficiaries. Such transfer to the Trustee shall be deemed to be effective as of the close of business on the Business Day prior to the purported Transfer or other event that results in the transfer to the Trust pursuant to Section 6.2.1(b). The Trustee shall be appointed by the Corporation and shall be a Person unaffiliated with the Corporation and any Prohibited Owner. Each Charitable Beneficiary shall be designated by the Corporation as provided in Section 6.3.6.

Section 6.3.2 *Status of Shares Held by the Trustee.* Shares of Capital Stock held by the Trustee shall be issued and outstanding shares of Capital Stock of the Corporation. The Prohibited Owner shall have no rights in the shares held by the Trustee. The Prohibited Owner shall not benefit economically from ownership of any shares held in trust by the Trustee, shall have no rights to dividends or other distributions and shall not possess any rights to vote or other rights attributable to the shares held in the Trust. The Prohibited Owner shall have no claim, cause of action, or any other recourse whatsoever against the purported transferor of such Capital Stock.

Section 6.3.3 *Dividend and Voting Rights.* The Trustee shall have all voting rights and rights to dividends or other distributions with respect to shares of Capital Stock held in the Trust, which rights shall be exercised for the exclusive benefit of the Charitable Beneficiary. Any dividend or other distribution paid prior to the discovery by the Corporation that the shares of Capital Stock have been transferred to the Trustee shall be paid by the recipient of such dividend or other distribution to the Trustee upon demand and any dividend or other distribution authorized but unpaid shall be paid when due to the Trustee. Any dividend or distribution so paid to the Trustee shall be held in trust for the Charitable Beneficiary. The Prohibited Owner shall have no voting rights with respect to shares held in the Trust and, subject to Maryland law, effective as of the date that the shares of Capital Stock have been transferred to the Trustee, the Trustee shall have the authority (at the Trustee's sole and absolute discretion) (i) to rescind as void any vote cast by a Prohibited Owner prior to the discovery by the Corporation that the shares of Capital Stock have been transferred to the Trustee and (ii) to recast such vote in accordance with the desires of the Trustee acting for the benefit of the Charitable Beneficiary; provided, however, that if the Corporation has already taken irreversible corporate action, then the Trustee shall not have the authority to rescind and recast such vote. Notwithstanding the provisions of this Article VI, until the Corporation has received notification that shares of Capital Stock have been transferred into a Trust, the Corporation shall be entitled to rely on its share transfer and other stockholder records for purposes of preparing lists of stockholders entitled to vote at meetings, determining the validity and authority of proxies and otherwise conducting votes of stockholders.

Section 6.3.4 *Sale of Shares by Trustee*. Within 20 days of receiving notice from the Corporation that shares of Capital Stock have been transferred to the Trust, the Trustee of the Trust shall sell the shares held in the Trust to a person or persons, designated by the Trustee, whose ownership of the shares will not violate the ownership limitations set forth in Section 6.2.1(a). Upon such sale, the interest of the Charitable Beneficiary in the shares sold shall terminate and the Trustee shall distribute the net proceeds of the sale to the Prohibited Owner and to the Charitable Beneficiary as provided in this Section 6.3.4. The Prohibited Owner shall receive the lesser of (1) the price paid by the Prohibited Owner for the shares or, if the Prohibited Owner did not give value for the shares in connection with the event causing the shares to be held in the Trust (*e.g.*, in the case of a gift, devise or other such transaction), the Market Price of the shares on the day of the event causing the shares to be held in the Trust and (2) the price per share received by the Trustee (net of any commissions and other expenses of sale) from the sale or other disposition of the shares held in the Trust. The Trustee shall reduce the amount payable to the Prohibited Owner by the amount of dividends and other distributions which have been paid to the Prohibited Owner and are owed by the Prohibited Owner to the Trustee pursuant to Section 6.3.3 of this Article VI. Any net sales proceeds in excess of the amount payable to the Prohibited Owner shall be immediately paid to the Charitable Beneficiary. If, prior to the discovery by the Corporation that shares of Capital Stock have been transferred to the Trustee, such shares are sold by a Prohibited Owner, then (i) such shares shall be deemed to have been sold on behalf of the Trust and (ii) to the extent that the Prohibited Owner received an amount for such shares that exceeds the amount that such Prohibited Owner was entitled to receive pursuant to this Section 6.3.4, such excess shall be paid to the Trustee upon demand.

Section 6.3.5 *Purchase Right in Capital Stock Transferred to the Trustee*. Shares of Capital Stock transferred to the Trustee shall be deemed to have been offered for sale to the Corporation, or its designee, at a price per share equal to the lesser of (i) the price per share in the transaction that resulted in such transfer to the Trust (or, in the case of a devise, gift or other transaction, the Market Price at the time of such devise, gift or other transaction) and (ii) the Market Price on the date the Corporation, or its designee, accepts such offer. The Corporation shall reduce the amount payable to the Prohibited Owner by the amount of dividends and distributions which has been paid to the Prohibited Owner and are owed by the Prohibited Owner to the Trustee pursuant to Section 6.3.3 of this Article VI. The Corporation shall pay the amount of such reduction to the Trustee for the benefit of the Charitable Beneficiary. The Corporation shall have the right to accept such offer until the Trustee has sold the shares held in the Trust pursuant to Section 6.3.4. Upon such a sale to the Corporation, the interest of the Charitable Beneficiary in the shares sold shall terminate and the Trustee shall distribute the net proceeds of the sale to the Prohibited Owner.

Section 6.3.6 *Designation of Charitable Beneficiaries*. By written notice to the Trustee, the Corporation shall designate one or more nonprofit organizations to be the Charitable Beneficiary of the interest in the Trust such that the shares of Capital Stock held in the Trust would not violate the restrictions set forth in Section 6.2.1(a) in the hands of such Charitable Beneficiary. Neither the failure of the Corporation to make such designation nor the failure of the Corporation to appoint the Trustee before the automatic transfer provided for in Section 6.2.1(b)(i) shall make such transfer ineffective, provided that the Corporation thereafter makes such designation and appointment.

Section 6.4 *Stock Exchange Transactions*. Nothing in this Article VI shall preclude the settlement of any transaction entered into through the facilities of any applicable Stock Exchange. The fact that the settlement of any transaction occurs shall not negate the effect of any other provision of this Article VI and any transferee in such a transaction shall be subject to all of the provisions and limitations set forth in this Article VI.

Section 6.5 *Enforcement*. The Corporation is authorized specifically to seek equitable relief, including injunctive relief, to enforce the provisions of this Article VI.

Section 6.6 *Non-Waiver*. No delay or failure on the part of the Corporation or the Board of Directors in exercising any right hereunder shall operate as a waiver of any right of the Corporation or the Board of Directors, as the case may be, except to the extent specifically waived in writing.

Section 6.7 *Severability*. If any provision of this Article VI or any application of any such provision is determined to be invalid by any federal or state court having jurisdiction over the issues, the validity of the remaining provisions shall not be affected and other applications of such provisions shall be affected only to the extent necessary to comply with the determination of such court.

ARTICLE VII AMENDMENTS

The Corporation reserves the right from time to time to make any amendment to its Charter, now or hereafter authorized by law, including any amendment altering the terms or contract rights, as expressly set forth in the Charter, of any shares of outstanding stock. All rights and powers conferred by the Charter on stockholders, directors and officers are granted subject to this reservation. Except for amendments to Section 4.8 or the next sentence of the Charter and except for those amendments permitted to be made without stockholder approval under Maryland law or by specific provision in the Charter, any amendment to the Charter shall be valid only if declared advisable by the Board of Directors and approved by the affirmative vote of a majority of all the votes entitled to be cast on the matter. However, any amendment to Section 4.8 or to this sentence of the Charter shall be valid only if declared advisable by the Board of Directors and approved by the affirmative vote of two-thirds of all the votes entitled to be cast on the matter.

ARTICLE VIII LIMITATION OF LIABILITY

To the maximum extent that Maryland law in effect from time to time permits limitation of the liability of directors and officers of a corporation, no present or former director or officer of the Corporation shall be liable to the Corporation or its stockholders for money damages. Neither the amendment nor repeal of this Article VIII, nor the adoption or amendment of any other provision of the Charter or Bylaws inconsistent with this Article VIII, shall apply to or affect in any respect the applicability of the preceding sentence with respect to any act or failure to act which occurred prior to such amendment, repeal or adoption.

THIRD: The amendment to and restatement of the charter as hereinabove set forth have been duly advised by the Board of Directors and approved by the stockholders of the Corporation as required by law.

FOURTH: The current address of the principal office of the Corporation is as set forth in Article III of the foregoing amendment and restatement of the Charter.

FIFTH: The name and address of the Corporation's current resident agent is as set forth in Article III of the foregoing amendment and restatement of the Charter.

SIXTH: The number of directors of the Corporation and the names of those currently in office are as set forth in Article IV of the foregoing amendment and restatement of the Charter.

SEVENTH: The total number of shares of stock which the Corporation had authority to issue immediately prior to this amendment and restatement was 100,000 shares, \$0.01 par value per share of common stock. The aggregate par value of all shares of stock having par value was \$1,000.

EIGHTH: The total number of shares of stock which the Corporation has authority to issue pursuant to the foregoing amendment and restatement of the charter is 500,000,000, consisting of 490,000,000 shares of Common Stock, \$0.01 par value per share, and 10,000,000 shares of Preferred Stock, \$0.01 par value per share. The aggregate par value of all authorized shares of stock having par value is \$5,000,000.

NINTH: The undersigned acknowledges these Articles of Amendment and Restatement to be the corporate act of the Corporation and as to all matters or facts required to be verified under oath, the undersigned acknowledges that, to the best of his knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties for perjury.

IN WITNESS WHEREOF, the Corporation has caused these Articles of Amendment and Restatement to be signed in its name and on its behalf by its Co-Chief Executive Officer and attested to by its Secretary as of the 11th day of July, 2013.

ATTEST:

REXFORD INDUSTRIAL REALTY, INC.:

/s/ Michael Frankel

Name: Michael Frankel

Title: Secretary

By: /s/ Howard Schwimmer

Name: Howard Schwimmer

Title: Co-Chief Executive Officer

REXFORD INDUSTRIAL REALTY, INC.
AMENDED AND RESTATED BYLAWS

ARTICLE I
OFFICES

Section 1. *PRINCIPAL OFFICE*. The principal office of the Corporation in the State of Maryland shall be located at such place as the Board of Directors may designate.

Section 2. *ADDITIONAL OFFICES*. The Corporation may have additional offices, including a principal executive office, at such places as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE II
MEETINGS OF STOCKHOLDERS

Section 1. *PLACE*. All meetings of stockholders shall be held at the principal executive office of the Corporation or at such other place as shall be set in accordance with these Bylaws and stated in the notice of the meeting.

Section 2. *ANNUAL MEETING*. An annual meeting of stockholders for the election of directors and the transaction of any business within the powers of the Corporation shall be held on the date and at the time and place set by the Board of Directors.

Section 3. *SPECIAL MEETINGS*.

(a) *General*. Each of the chairman of the board, chief executive officer, president and Board of Directors may call a special meeting of stockholders, and the person or group who has called a special meeting shall, except as provided in Section 3(b)(5) of this Article II, set the date, time and place of such special meeting. Subject to Section 3(b) of this Article II, a special meeting of stockholders shall also be called by the secretary to act on any matter that may properly be considered at a meeting of stockholders upon the written request of stockholders entitled to cast not less than a majority of all the votes entitled to be cast on such matter at such meeting.

(b) *Stockholder Requested Special Meetings.*

(1) Any stockholder of record seeking to have stockholders request a special meeting shall, by sending written notice to the secretary (the "Record Date Request Notice") by registered mail, return receipt requested, request the Board of Directors to fix a record date to determine the stockholders entitled to request a special meeting (the "Request Record Date"). To be in proper form, such Record Date Request Notice shall set forth:

(i) as to the purpose of the special meeting and to any business that the requesting stockholder proposes to bring before the special meeting, (A) a reasonably detailed description of such purpose and the business to be conducted, the stockholder's reasons for proposing such business at the special meeting, and any material interest in such business of such stockholder or any Stockholder Associated Person (as defined below), individually or in the aggregate, including any anticipated benefit to the stockholder or the Stockholder Associated Person therefrom, (B) the text of the proposal or business (including the text of any resolutions proposed for consideration) and (C) a reasonably detailed description of all agreements, arrangements and understandings (I) between or among the stockholder and/or any of the Stockholder Associated Persons or (II) between or among the stockholder and/or any of the Stockholder Associated Persons, on the one hand, and any other person or entity (including their names), on the other hand, in connection with the request for the special meeting or the business proposed to be conducted at the special meeting;

(ii) as to each requesting stockholder and Stockholder Associated Person, (A) the name and address of such stockholder or Stockholder Associated Person, as they appear on the Corporation's stock ledger, and the current name and business address, if different, of each such Stockholder Associated Person, (B) the class, series and number of all shares of stock or other securities of the Corporation or any subsidiary thereof (collectively, the "Company Securities"), if any, which are owned (beneficially or of record) by such stockholder or Stockholder Associated Person, the date on which each such Company Security was acquired and the investment intent of such acquisition, and any short interest (including any opportunity to profit or share in any benefit from any decrease in the price of such stock or other security) in any Company Securities of any such person; provided, that, for purposes of the foregoing and wherever else used in this Article II, references to "beneficial" ownership or other correlative terms shall be deemed to have the meaning given thereto under Rule 13d-3 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), except that such person or entity shall in all events be deemed to beneficially own any shares of any class or series of the Corporation as to which such person or entity has a right to acquire beneficial ownership at any time in the future;

(iii) as to each requesting stockholder or Stockholder Associated Person, any Disclosable Interests (as defined below) or Other Disclosable Interests (as defined below);

(iv) all information relating to each requesting stockholder or Stockholder Associated Person and each matter of business proposed to be acted on at the special meeting that must be disclosed in connection with the solicitation of proxies for the election of directors in an election contest (even if an election contest is not involved), or would otherwise be required in connection with such a solicitation, in each case pursuant to, and in accordance with, Regulation 14A (or any successor provision) under the Exchange Act and the rules and regulations promulgated thereunder; and

(v) the signature and date of signature of each requesting stockholder (or of their agents, duly authorized in a writing accompanying the Record Date Request Notice).

In addition, each stockholder submitting a Record Date Request Notice and each Stockholder Associated Person shall comply with all requirements of applicable law, including all requirements of the Exchange Act, with respect to any request to fix a Request Record Date.

(2) Upon receiving the Record Date Request Notice, the Board of Directors may fix a Request Record Date. The Request Record Date shall not precede and shall not be more than ten days after the close of business on the date on which the resolution fixing the Request Record Date is adopted by the Board of Directors. If the Board of Directors, within ten days after the date on which a valid Record Date Request Notice is received, fails to adopt a resolution fixing the Request Record Date, the Request Record Date shall be the close of business on the tenth day after the first date on which the Record Date Request Notice is received by the secretary. If the Board of Directors shall determine that any request to fix a record date or demand to call and hold a special meeting was not properly made in accordance with this Article II, or shall determine that the stockholder or stockholders requesting that the Board of Directors fix such record date or submitting a demand to call the special meeting have not otherwise complied with this Article II, then the Board of Directors shall not be required to fix a Request Record Date and the secretary shall not be required to call a special meeting of stockholders.

(3) In order for any stockholder to request a special meeting to act on any matter described in a Record Date Request Notice that may properly be considered at a meeting of stockholders, one or more written requests for a special meeting (collectively, the “Special Meeting Request”) signed and dated by stockholders of record (or by their agents duly authorized in a writing accompanying the Special Meeting Request) as of the applicable Request Record Date entitled to cast not less than a majority (the “Special Meeting Percentage”) of all of the votes entitled to be cast on such matter at such meeting shall be delivered to the secretary. No business may be considered at a special meeting called by the secretary in accordance with Section 3(b) of this Article II (a “Stockholder-Requested Special Meeting”) except as described in the applicable

Record Date Request Notice or at the direction of the Board of Directors. The Special Meeting Request shall be sent to the secretary by registered mail, return receipt requested, and be received by the secretary within 60 days after the Request Record Date. Any requesting stockholder (or agent duly authorized in a writing accompanying the revocation of the Special Meeting Request) may revoke his, her or its Special Meeting Request at any time by written revocation delivered to the secretary.

Each stockholder providing a Special Meeting Request (other than a stockholder that provides a Special Meeting Request in response to a solicitation made pursuant to a solicitation statement filed on Schedule 14A pursuant to, and in accordance with, Regulation 14A under the Exchange Act) shall provide the information about such stockholder and any Stockholder Associated Person required to be provided in a Record Date Request Notice pursuant to Section 3(b)(1) of this Article II (or, if applicable, shall update any information provided by such stockholder in a Record Date Request Notice), so that such information with respect to the stockholder and each Stockholder Associated Person is true and correct as of the record date for the Stockholder-Requested Special Meeting (the "Meeting Record Date") and as of the date that is ten (10) Business Days (as defined below) prior to the date of the Stockholder-Requested Special Meeting and the date(s) of any adjournment or postponement thereof. Any such update and supplement shall be sent to the secretary by courier or registered mail, return receipt requested, and shall be received by the secretary, in the case of information required to be provided as of the Meeting Record Date, not later than five (5) Business Days after the Meeting Record Date and, in the case of information required to be provided as of the date that is ten Business Days prior to the date of such Stockholder-Requested Special Meeting and the date(s) of any adjournment or postponement thereof, not later than eight (8) Business Days prior to the date of the Stockholder-Requested Special Meeting or, if practicable, the date(s) of any adjournment or postponement thereof (and, if not practicable, on the first practicable date prior to the date to which the Stockholder-Requested Special Meeting has been adjourned or postponed). In addition, each stockholder providing a Special Meeting Request and each Stockholder Associated Person shall comply with all requirements of applicable law, including all requirements of the Exchange Act, with respect to any request to call a Stockholder-Requested Special Meeting.

(4) The secretary shall inform the requesting stockholders of the reasonably estimated cost of preparing and mailing or delivering the notice of the meeting (including the Corporation's proxy materials). The secretary shall not be required to call a Stockholder-Requested Special Meeting and such meeting shall not be held unless, in addition to the Special Meeting Request required by Section 3(b)(3) of this Article II, the secretary receives payment of such reasonably estimated cost prior to the preparation and mailing or delivery of such notice of the meeting.

(5) A Stockholder-Requested Meeting shall be held at such place, date and time as may be designated by the Board of Directors; provided, however, that the date of any Stockholder-Requested Meeting shall be not more than 90 days after the Meeting Record Date; and provided further that if the Board of Directors fails to designate, within ten days after the date that a valid Special Meeting Request is actually received by the secretary (the "Delivery Date"), a date and time for a Stockholder-Requested Meeting, then such meeting shall be held at 2:00 p.m., Eastern Time, on the 90th day after the Meeting Record Date, or, if such 90th day is not a Business Day, on the first preceding Business Day; and provided further that in the event that the Board of Directors fails to designate a place for a Stockholder-Requested Meeting within ten days after the Delivery Date, then such meeting shall be held at the principal executive office of the Corporation. In fixing a date for any Stockholder-Requested Meeting, the chairman of the board, chief executive officer, president or Board of Directors may consider such factors as he, she or it deems relevant, including, without limitation, the nature of the matters to be considered, the facts and circumstances surrounding any request for the meeting and any plan of the Board of Directors to call an annual meeting or other special meeting. In the case of any Stockholder-Requested Meeting, if the Board of Directors fails to fix a Meeting Record Date that is a date within 30 days after the Delivery Date, then the close of business on the 30th day after the Delivery Date shall be the Meeting Record Date. The Board of Directors may revoke the notice for any Stockholder-Requested Meeting in the event that the requesting stockholders fail to comply with the provisions of Section 3(b)(4) of this Article II.

(6) If written revocations of the Special Meeting Request have been delivered to the secretary and the result is that stockholders of record (or their agents duly authorized in writing), as of the Request Record Date, entitled to cast less than the Special Meeting Percentage have delivered, and not revoked, requests for a special meeting on the matter to the secretary: (i) if the notice of meeting has not already been delivered, the secretary shall refrain from delivering the notice of the meeting and send to all requesting stockholders who have not revoked such requests written notice of any revocation of a request for a special meeting on the matter, or (ii) if the notice of meeting has been delivered and if the secretary first sends to all requesting stockholders who have not revoked requests for a special meeting on the matter written notice of any revocation of a request for the special meeting and written notice of the Corporation's intention to revoke the notice of the meeting or for the chairman of the meeting to adjourn the meeting without action on the matter, (A) the secretary may revoke the notice of the meeting at any time before ten days before the commencement of the meeting or (B) the chairman of the meeting may call the meeting to order and adjourn the meeting without acting on the matter. Any request for a special meeting received after a revocation by the secretary of a notice of a meeting shall be considered a request for a new special meeting.

(7) The chairman of the board, chief executive officer, president or Board of Directors may appoint regionally or nationally recognized independent inspectors of elections to act as the agents of the Corporation for the purpose of promptly performing a ministerial review of the validity of any purported Special Meeting Request received by the secretary. For the purpose of permitting the inspectors to perform such review, no such purported Special Meeting Request shall be deemed to have been received by the secretary until the earlier of (i) five (5) Business Days after actual receipt by the secretary of such purported request and (ii) such date as the independent inspectors certify to the Corporation that the valid requests received by the secretary represent, as of the Request Record Date, stockholders of record entitled to cast not less than the Special Meeting Percentage. Nothing contained in this paragraph shall in any way be construed to suggest or imply that the Corporation or any stockholder shall not be entitled to contest the validity of any request, whether during or after such five Business Day period, or to take any other action (including, without limitation, the commencement, prosecution or defense of any litigation with respect thereto, and the seeking of injunctive relief in such litigation).

(8) For purposes of this Article II, “Stockholder Associated Person” of any stockholder means (i) the beneficial owner or beneficial owners, if different, of shares of stock of the Corporation at whose request the notice is given pursuant to this Article II, (ii) any affiliate or associate (each within the meaning of Rule 12b-2 under the Exchange Act) of such stockholder or, if applicable, such beneficial owner and (iii) any other person with whom such stockholder or, if applicable, such beneficial owner (or any of their respective affiliates or associates) is Acting in Concert (as defined below).

(9) For purposes of this Article II, a person shall be deemed to be “Acting in Concert” with another person if such person knowingly acts (whether or not pursuant to an express agreement, arrangement or understanding) in concert with, or towards a common goal relating to the management, governance or control of the Corporation in parallel with, such other person where (i) each person is conscious of the other person’s conduct or intent and this awareness is an element in their decision-making processes and (ii) at least one additional factor suggests that such persons intend to act in concert or in parallel, which such additional factors may include, without limitation, exchanging information (whether publicly or privately), attending meetings, conducting discussions, or making or soliciting invitations to act in concert or in parallel; provided, that a person shall not be deemed to be Acting in Concert with any other person solely as a result of the solicitation or receipt of revocable proxies or consents from such other person in response to a solicitation made pursuant to, and in accordance with, Regulation 14A under the Exchange Act by way of a proxy or consent solicitation statement filed on Schedule 14A. A person Acting in Concert with another person shall be deemed to be Acting in Concert with any third party who is also Acting in Concert with such other person.

(10) For purposes of these Bylaws, “Business Day” shall mean any day other than a Saturday, a Sunday or a day on which banking institutions in New York City are authorized or obligated by law or executive order to close.

Section 4. *NOTICE*. Not less than ten nor more than 90 days before each meeting of stockholders, the secretary shall give notice in writing or by electronic transmission of such meeting to each stockholder entitled to vote at such meeting and to each stockholder not entitled to vote who is entitled to notice of the meeting. Such notice shall state the time and place of the meeting and, in the case of a special meeting or as otherwise may be required by any statute, the purpose for which the meeting is called. Such notice may be delivered by mail, by presenting it to such stockholder personally, by leaving it at the stockholder's residence or usual place of business, by electronic transmission or by any other means permitted by Maryland law. If mailed, such notice shall be deemed to be given when deposited in the United States mail addressed to the stockholder at the stockholder's address as it appears on the records of the Corporation, with postage thereon prepaid. If transmitted electronically, such notice shall be deemed to be given when transmitted to the stockholder by an electronic transmission to any address or number of the stockholder at which the stockholder receives electronic transmissions. The Corporation may give a single notice to all stockholders who share an address, which single notice shall be effective as to any stockholder at such address, unless such stockholder objects to receiving such single notice or revokes a prior consent to receiving such single notice. Failure to give notice of any meeting to one or more stockholders, or any irregularity in such notice, shall not affect the validity of any meeting fixed in accordance with this Article II or the validity of any proceedings at any such meeting.

Subject to Section 11(a) of this Article II, any business of the Corporation may be transacted at an annual meeting of stockholders without being specifically designated in the notice, except such business as is required by any statute to be stated in such notice. No business shall be transacted at a special meeting of stockholders except as specifically designated in the notice. The Corporation may postpone or cancel a meeting of stockholders by making a Public Announcement (as defined in Section 11(c)(3) of this Article II) of such postponement or cancellation prior to the meeting. Notice of the date, time and place to which the meeting is postponed shall be given not less than ten days prior to such date and otherwise in the manner set forth in this section.

Section 5. *ORGANIZATION AND CONDUCT*. Every meeting of stockholders shall be conducted by an individual appointed by the Board of Directors to be chairman of the meeting or, in the absence of such appointment or appointed individual, by the chairman of the board or, in the case of a vacancy in the office or absence of the chairman of the board, by one of the following officers present at the meeting in the following order: the vice chairman of the board, if there is one, the chief executive officer, the president, the vice presidents in their order of rank and seniority, the secretary or, in the absence of such officers, a chairman chosen by the stockholders by the vote of a majority of the votes cast by stockholders present in person or by proxy. The secretary, or, in the secretary's absence, an assistant secretary, or, in the absence of both the secretary and assistant secretaries, an individual appointed by the Board of Directors or, in the absence of such appointment, an individual appointed by the chairman of the meeting shall act as secretary. In the event that the secretary presides at a meeting of stockholders, an

assistant secretary, or, in the absence of all assistant secretaries, an individual appointed by the Board of Directors or the chairman of the meeting, shall record the minutes of the meeting. The order of business and all other matters of procedure at any meeting of stockholders shall be determined by the chairman of the meeting. The chairman of the meeting may prescribe such rules, regulations and procedures and take such action as, in the discretion of the chairman and without any action by the stockholders, are appropriate for the proper conduct of the meeting, including, without limitation, (a) restricting admission to the time set for the commencement of the meeting; (b) limiting attendance at the meeting to stockholders of record of the Corporation, their duly authorized proxies and such other individuals as the chairman of the meeting may determine; (c) limiting participation at the meeting on any matter to stockholders of record of the Corporation entitled to vote on such matter, their duly authorized proxies and other such individuals as the chairman of the meeting may determine; (d) limiting the time allotted to questions or comments; (e) determining when and for how long the polls should be opened and when the polls should be closed; (f) maintaining order and security at the meeting; (g) removing any stockholder or any other individual who refuses to comply with meeting procedures, rules or guidelines as set forth by the chairman of the meeting; (h) concluding a meeting or recessing or adjourning the meeting to a later date and time and at a place announced at the meeting; and (i) complying with any state and local laws and regulations concerning safety and security. Unless otherwise determined by the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

Section 6. *QUORUM; ADJOURNMENTS*. At any meeting of stockholders, the presence in person or by proxy of stockholders entitled to cast a majority of all the votes entitled to be cast at such meeting on any matter shall constitute a quorum; but this section shall not affect any requirement under any statute or the charter of the Corporation (the "Charter") for the vote necessary for the approval of any matter. If, however, such quorum is not established at any meeting of the stockholders, the chairman of the meeting may adjourn the meeting *sine die* or from time to time to a date not more than 120 days after the original record date without notice other than announcement at the meeting. At such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally notified.

The stockholders present either in person or by proxy, at a meeting which has been duly called and at which a quorum has been established, may continue to transact business until adjournment, notwithstanding the withdrawal from the meeting of enough stockholders to leave fewer than would be required to establish a quorum.

Section 7. *VOTING*. A plurality of all the votes cast at a meeting of stockholders duly called and at which a quorum is present shall be sufficient to elect a director. Each share may be voted for as many individuals as there are directors to be elected and for whose election the share is entitled to be voted. A majority of the votes cast at a meeting of stockholders duly called and at which a quorum is

present shall be sufficient to approve any other matter which may properly come before the meeting, unless more than a majority of the votes cast is required by statute or by the Charter. Unless otherwise provided by statute or by the Charter, each outstanding share, regardless of class, shall be entitled to one vote on each matter submitted to a vote at a meeting of stockholders. Voting on any question or in any election may be *viva voce* unless the chairman of the meeting shall order that voting be by ballot or otherwise.

Section 8. *PROXIES*. A stockholder of the Corporation may vote in person or by proxy executed by the stockholder or by the stockholder's duly authorized agent in any manner permitted by law. Such proxy or evidence of authorization of such proxy shall be filed with the secretary before or at the meeting. No proxy shall be valid more than eleven months after its date unless otherwise provided in the proxy.

Section 9. *VOTING OF STOCK BY CERTAIN HOLDERS*. Stock of the Corporation registered in the name of a corporation, partnership, limited liability company, trust or other entity, if entitled to be voted, may be voted by the president or a vice president, general partner, managing member, manager or trustee thereof, as the case may be, or a proxy appointed by any of the foregoing individuals, unless some other person who has been appointed to vote such stock pursuant to a bylaw or a resolution of the governing body of such corporation or other entity or agreement of the partners of a partnership presents a certified copy of such bylaw, resolution or agreement, in which case such person may vote such stock. Any director or fiduciary may vote stock registered in the name of such person in the capacity of such director or fiduciary, either in person or by proxy.

Shares of stock of the Corporation directly or indirectly owned by it shall not be voted at any meeting and shall not be counted in determining the total number of outstanding shares entitled to be voted at any given time, unless they are held by it in a fiduciary capacity, in which case they may be voted and shall be counted in determining the total number of outstanding shares at any given time.

The Board of Directors may adopt by resolution a procedure by which a stockholder may certify in writing to the Corporation that any shares of stock registered in the name of the stockholder are held for the account of a specified person other than the stockholder. The resolution shall set forth the class of stockholders who may make the certification, the purpose for which the certification may be made, the form of certification and the information to be contained in it; if the certification is with respect to a record date, the time after the record date within which the certification must be received by the Corporation; and any other provisions with respect to the procedure which the Board of Directors considers necessary or desirable. On receipt by the Corporation of such certification, the person specified in the certification shall be regarded as, for the purposes set forth in the certification, the holder of record of the specified stock in place of the stockholder who makes the certification.

Section 10. *INSPECTORS*. The Board of Directors or the chairman of the meeting, in advance of or at any meeting, may, but need not, appoint one or more inspectors for the meeting and any successor to an inspector. The inspectors, if any, shall (a) determine the number of shares of stock represented at the meeting, in person or by proxy, and the validity and effect of proxies, (b) receive and tabulate all votes, ballots or consents, (c) report such tabulation to the chairman of the meeting, (d) hear and determine all challenges and questions arising in connection with the right to vote and (e) do such acts as are proper to fairly conduct the election or vote. Each such report shall be in writing and signed by the inspector or by a majority of them if there is more than one inspector acting at such meeting. If there is more than one inspector, the report of a majority shall be the report of the inspectors. The report of the inspector or inspectors on the number of shares represented at the meeting and the results of the voting shall be *prima facie* evidence thereof.

Section 11. *ADVANCE NOTICE OF STOCKHOLDER NOMINEES FOR DIRECTOR AND OTHER STOCKHOLDER PROPOSALS*.

(a) *Annual Meetings of Stockholders*.

(1) At an annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be brought (i) pursuant to the Corporation's notice of meeting, (ii) by or at the direction of the Board of Directors or (iii) by any stockholder of the Corporation who (A) was a stockholder of record both at the time of giving of notice by the stockholder as provided for in this Section 11(a) of this Article II and at the time of the annual meeting, (B) is entitled to vote at the meeting in the election of each individual so nominated or on any such other business and (C) has complied with this Section 11(a) of this Article II. Except for proposals properly made pursuant to, and in accordance with, Rule 14a-8 under the Exchange Act, and included in the notice of meeting given by or at the direction of the Board of Directors, the foregoing clause (iii) shall be the exclusive means for a stockholder to propose business to be brought before an annual meeting of the stockholders.

(2) For any nomination or other business to be properly brought before an annual meeting by a stockholder pursuant to Section 11(a)(1)(iii) of this Article II, the stockholder must have given timely notice (as defined below) thereof in writing and in proper form to the secretary, provided any updates or supplements to such notice at the times and in the forms required by this Section 11 of this Article II and any such other business must otherwise be a proper matter for action by the stockholders. To be timely, a stockholder's notice shall set forth all information required under this Section 11 of this Article II and shall be delivered to the secretary at the principal executive office of the Corporation not earlier than the 150th day nor later than 5:00 p.m., Eastern Time, on the 120th day prior to the first anniversary of the date of the proxy statement (as defined in Section 11(c)(3) of this Article II) for the preceding year's annual meeting; provided, however, that in connection with the Corporation's first annual meeting or in the event that the date of the annual meeting is advanced or delayed by more than 30 days from the

first anniversary of the date of the preceding year's annual meeting, in order for notice by the stockholder to be timely, such notice must be so delivered not earlier than the 150th day prior to the date of such annual meeting and not later than 5:00 p.m., Eastern Time, on the later of the 120th day prior to the date of such annual meeting, as originally convened, or the tenth day following the day on which Public Announcement of the date of such meeting is first made. The Public Announcement of a postponement or adjournment of an annual meeting shall not commence a new time period for the giving of a stockholder's notice as described above.

(3) To be in proper form, such stockholder's notice to the secretary shall set forth:

(i) as to each individual whom the stockholder proposes to nominate for election or reelection as a director (each, a "Proposed Nominee"), all information relating to the Proposed Nominee that would be required to be disclosed in connection with the solicitation of proxies for the election of the Proposed Nominee as a director in an election contest (even if an election contest is not involved), or would otherwise be required in connection with such solicitation, in each case pursuant to, and in accordance with, Regulation 14A (or any successor provision) under the Exchange Act (including the Proposed Nominee's written consent to being named in the proxy statement as a nominee and to serving as a director if elected);

(ii) as to any other business that the stockholder proposes to bring before the meeting, (A) a reasonably detailed description of such business, the stockholder's reasons for proposing such business at the meeting and any material interest in such business of such stockholder or any Stockholder Associated Person, individually or in the aggregate, including any anticipated benefit to the stockholder or the Stockholder Associated Person therefrom, (B) the text of the proposal or business (including the text of any resolutions proposed for consideration) and (C) a reasonably detailed description of all agreements, arrangements and understandings (I) between or among the stockholder and/or any of the Stockholder Associated Persons or (II) between or among the stockholder and/or any of the Stockholder Associated Persons, on the one hand, and any other person or entity (including their names), on the other hand, in connection with the proposal of such business by such stockholder;

(iii) as to the stockholder giving the notice, any Proposed Nominee and any Stockholder Associated Person,

(A) the class, series and number of all shares of Company Securities, if any, which are owned (beneficially or of record) by such stockholder, Proposed Nominee or Stockholder Associated Person, the date on which each

such Company Security was acquired and the investment intent of such acquisition, and any short interest (including any opportunity to profit or share in any benefit from any decrease in the price of such stock or other security) in any Company Securities of any such person,

(B) the nominee holder for, and number of, any Company Securities owned beneficially but not of record by such stockholder, Proposed Nominee or Stockholder Associated Person,

(C) (I) any derivative, swap or other transaction or series of transactions engaged in, directly or indirectly, by such stockholder, any Proposed Nominee and any Stockholder Associated Person, the purpose or effect of which is to give such stockholder, Proposed Nominee or Stockholder Associated Person economic risk similar to ownership of shares or units of any Company Securities, including due to the fact that the value of such derivative, swap or other transactions are determined by reference to the price, value or volatility of any shares or units of any Company Securities, or which derivative, swap or other transactions provide, directly or indirectly, the opportunity to profit from any increase in the price or value of shares or units of any Company Securities ("Synthetic Equity Interests"), which Synthetic Equity Interests shall be disclosed without regard to whether (x) the derivative, swap or other transactions convey any voting rights in such shares or units to such stockholder, Proposed Nominee or Stockholder Associated Person, (y) the derivative, swap or other transactions are required to be, or are capable of being, settled through delivery of such shares or units or (z) such stockholder, Proposed Nominee or Stockholder Associated Person may have entered into other transactions that hedge or mitigate the economic effect of such derivative, swap or other transactions, (II) any proxy (other than a revocable proxy or consent given in response to a solicitation made pursuant to, and in accordance with, Regulation 14A under the Exchange Act by way of a solicitation statement filed on Schedule 14A), agreement, arrangement, understanding or relationship pursuant to which such stockholder, Proposed Nominee or Stockholder Associated Person has or shares a right to vote any shares or units of any Company Securities, (III) any agreement, arrangement, understanding or relationship, including any repurchase or similar so-called "stock borrowing" agreement or arrangement, engaged in, directly or

indirectly, by such stockholder, Proposed Nominee or Stockholder Associated Person, the purpose or effect of which is to mitigate loss to, reduce the economic risk (of ownership or otherwise) of shares or units of any Company Securities held by, manage the risk of price changes for, or increase or decrease the voting power of, such stockholder, Proposed Nominee or Stockholder Associated Person with respect to the shares or units of any Company Securities, or which provides, directly or indirectly, the opportunity to profit from any decrease in the price or value of the shares or units of any Company Securities (“Short Interests”), (IV) any rights to dividends on the shares or units of any Company Securities owned beneficially by such stockholder, Proposed Nominee or Stockholder Associated Person that are separated or separable from the underlying Company Securities, (V) any performance-related fees (other than an asset based fee) that such stockholder, Proposed Nominee or any Stockholder Associated Person is entitled to based on any increase or decrease in the price or value of shares or units of any Company Securities, or any Synthetic Equity Interests or Short Interests, if any, (VI) (x) if such stockholder or any Stockholder Associated Person with an interest or ownership, or that has taken an action referred to in Section 11(a)(3)(ii) or (iii) (other than this Section 11(a)(3)(C)(VI)) is not a natural person, the identity of the natural person or persons associated with such stockholder or Stockholder Associated Person responsible for the formulation of and decision to propose the business to be brought before the meeting or nominate any such Proposed Nominee (such person or persons, the “Responsible Person”), the manner in which such Responsible Person was selected, any fiduciary duties owed by such Responsible Person to the equity holders or other beneficiaries of such stockholder or Stockholder Associated Person, the qualifications and background of such Responsible Person and any material interests or relationships of such Responsible Person that are not shared generally by any other record or beneficial holder of the shares or units of any Company Securities and that reasonably could have influenced the decision of such stockholder or Stockholder Associated Person to propose such business to be brought before the meeting or nominate any such Proposed Nominee, and (y) if such stockholder or any such Stockholder Associated Person is a natural person, the qualifications and background of such natural person and any material interests or relationships of such natural

person that are not shared generally by any other record or beneficial holder of the shares or units of any Company Securities and that reasonably could have influenced the decision of such stockholder or Stockholder Associated Person to propose such business to be brought before the meeting or nominate any such Proposed Nominee, (VII) any significant equity interests or any Synthetic Equity Interests or Short Interests in any principal competitor of the Corporation held by such stockholder, any Proposed Nominee and any Stockholder Associated Person, (VIII) any direct or indirect interest of such stockholder, any Proposed Nominee and any Stockholder Associated Person in any contract with the Corporation, any affiliate of the Corporation or any principal competitor of the Corporation (including, in any such case, any employment agreement, collective bargaining agreement or consulting agreement), (IX) any pending or threatened litigation in which such stockholder, any Proposed Nominee or any Stockholder Associated Person is a party or material participant involving the Corporation or any of its officers or directors, or any affiliate of the Corporation, (X) any material transaction occurring during the prior twelve months between such stockholder, Proposed Nominee and any Stockholder Associated Person, on the one hand, and the Corporation, any affiliate of the Corporation or any principal competitor of the Corporation, on the other hand, (XI) a summary of any material discussions regarding the business proposed to be brought before the meeting or the nomination or identify of the Proposed Nominee (x) between or among any stockholder, Proposed Nominee and any Stockholder Associated Person or (y) between or among any stockholder, Proposed Nominee and any Stockholder Associated Person and any other record or beneficial holder of the shares or units of any Company Securities (including their names) and (XII) any other information relating to such stockholder, Proposed Nominee and any Stockholder Associated Person that would be required to be disclosed in a proxy statement or other filing required to be made in connection with solicitations of proxies or consents by such stockholder and any Stockholder Associated Person in support of the business proposed to be brought before the meeting or the election of any Proposed Nominee pursuant to, and in accordance with, Regulation 14A under the Exchange Act (the disclosures to be made pursuant to the foregoing clauses (I) and (XII) are referred to as “Disclosable”

Interests"); provided, however, that the Disclosable Interests shall not include any such disclosures with respect to the ordinary course business activities of any broker, dealer, commercial bank, trust company or other nominee solely as a result of being the stockholder directed to prepare and submit the notice required by these Bylaws on behalf of a beneficial owner,

(D) Without limiting the foregoing, any other substantial interest, direct or indirect (including, without limitation, any existing or prospective commercial, business or contractual relationship with the Corporation), by security holdings or otherwise, of such stockholder, Proposed Nominee or Stockholder Associated Person, in the Corporation or any subsidiary thereof, other than an interest arising from the ownership of Company Securities where such stockholder, Proposed Nominee or Stockholder Associated Person receives no extra or special benefit not shared on a *pro rata* basis by all other holders of the same class or series (the disclosures to be made pursuant this Sub-Section (D) are referred to as "Other Disclosable Interests"); provided, however, that the Other Disclosable Interests shall not include any such disclosures with respect to the ordinary course business activities of any broker, dealer, commercial bank, trust company or other nominee solely as a result of being the stockholder directed to prepare and submit the notice required by these Bylaws on behalf of a beneficial owner, and

(E) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among the stockholder and/or any Stockholder Associated Person, on the one hand, and each Proposed Nominee, his or her respective affiliates and associates and any other persons with whom such Proposed Nominee (or any of his or her respective affiliates and associates) is Acting in Concert, on the other hand, including, without limitation, all information that would be required to be disclosed pursuant to Item 404 under Regulation S-K if such stockholder and any Stockholder Associated Person were the "registrant" for purposes of such rule and the Proposed Nominee were a director or executive officer of such registrant (the disclosures to be made pursuant to this paragraph are referred to as "Nominee Information");

(iv) as to the stockholder giving the notice, any Stockholder Associated Person with an interest or ownership referred to in Sections 11(a)(3)(ii) or (iii) of this Article II and any Proposed Nominee,

(A) the name and address of such stockholder, as they appear on the Corporation's stock ledger, and the current name and business address, if different, of each such Stockholder Associated Person and any Proposed Nominee, and

(B) the investment strategy or objective, if any, of such stockholder and each such Stockholder Associated Person who is not an individual and a copy of the prospectus, offering memorandum or similar document, if any, provided to investors or potential investors in such stockholder and each such Stockholder Associated Person; and

(v) to the extent known by the stockholder giving the notice, the name and address of any other stockholder supporting the nominee for election or reelection as a director or the proposal of other business on the date of such stockholder's notice.

(4) Such stockholder's notice shall, with respect to any Proposed Nominee, be accompanied by (i) a certificate executed by the Proposed Nominee certifying that such Proposed Nominee (A) will serve as a director of the Corporation if elected, (B) is not and will not become a party to (I) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such Proposed Nominee, if elected as a director of the Corporation, will act or vote on any issue or question (a "Voting Commitment") that has not been disclosed to the Corporation or (II) any Voting Commitment that could limit or interfere with such Proposed Nominee's ability to comply, if elected as a director of the Corporation, with such Proposed Nominee's duties under applicable law, (C) is not, and will not become a party to, any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed to the Corporation and (D) would be in compliance, if elected as a director of the Corporation, and will comply with applicable publicly disclosed corporate governance, conflict of interest, confidentiality, stock ownership and trading policies and guidelines of the Corporation; and (ii) an attached completed Proposed Nominee questionnaire (which questionnaire shall be provided by the Corporation, upon request, to the stockholder providing the notice and shall include all information relating to the Proposed Nominee that would be required to be disclosed in connection with the solicitation of proxies for the election of the Proposed Nominee as a director in an election contest (even if an election contest is not involved), or would otherwise be required in connection with such

solicitation, in each case pursuant to, and in accordance with, Regulation 14A (or any successor provision) under the Exchange Act and the rules thereunder, or would be required pursuant to the rules of any national securities exchange or over-the-counter market on which the Corporation's stock is listed or admitted to trading).

(5) Notwithstanding anything in this Section 11(a) of this Article II to the contrary, in the event that the number of directors to be elected to the Board of Directors is increased, and there is no Public Announcement of such action at least 130 days prior to the first anniversary of the date of the proxy statement (as defined in Section 11(c)(3) of this Article II) for the preceding year's annual meeting, a stockholder's notice required by this Section 11(a) of this Article II shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the secretary at the principal executive office of the Corporation not later than 5:00 p.m., Eastern Time, on the tenth day following the day on which such Public Announcement is first made by the Corporation.

(b) *Special Meetings of Stockholders*. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of individuals for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected only (i) by or at the direction of the Board of Directors, **or** (ii) provided that the special meeting has been called in accordance with Section 3(a) of this Article II for the purpose of electing directors, by any stockholder of the Corporation who is a stockholder of record both at the time of giving of notice provided for in this Section 11 of this Article II and at the time of the special meeting, who is entitled to vote at the meeting in the election of each individual so nominated and who has complied with the notice procedures set forth in this Section 11 of this Article II. In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more individuals to the Board of Directors, any stockholder may nominate an individual or individuals (as the case may be) for election as a director as specified in the Corporation's notice of meeting, if the stockholder's notice, containing the information required by Section 11(a)(3) of this Article II, shall be delivered to the secretary at the principal executive office of the Corporation not earlier than the 120th day prior to such special meeting and not later than 5:00 p.m., Eastern Time on the later of the 90th day prior to such special meeting or the tenth day following the day on which Public Announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. The Public Announcement of a postponement or adjournment of a special meeting shall not commence a new time period for the giving of a stockholder's notice as described above.

(c) *General.*

(1) If information submitted pursuant to this Section 11 of this Article II by any stockholder proposing a nominee for election as a director or any proposal for other business at a meeting of stockholders shall be inaccurate in any material respect, such information may be deemed not to have been provided in accordance with this Section 11 of this Article II. Any such stockholder shall notify the Corporation of any inaccuracy or change (within two (2) Business Days of becoming aware of such inaccuracy or change) in any such information. Upon written request by the secretary or the Board of Directors, any such stockholder shall provide, within five (5) Business Days of delivery of such request (or such other period as may be specified in such request), (A) written verification, satisfactory, in the discretion of the Board of Directors or any authorized officer of the Corporation, to demonstrate the accuracy of any information submitted by the stockholder pursuant to this Section 11 of this Article II, and (B) a written update of any information (including, if requested, by the Corporation, written confirmation by such stockholder that it continues to bring such nomination or other business proposal before the meeting) submitted by the stockholder pursuant to this Section 11 of this Article II as of an earlier date. If a stockholder fails to provide such written verification or written update within such period, the information as to which written verification or a written update was requested may be deemed not to have been provided in accordance with this Section 11 of this Article II.

(2) Only such individuals who are nominated in accordance with this Section 11 of this Article II shall be eligible for election by stockholders as directors, and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with this Section 11 of this Article II. The chairman of the meeting shall have the power to determine whether a nomination or any other business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with this Section 11 of this Article II.

(3) For purposes of this Section 11, (a) “the date of the proxy statement” shall have the same meaning as “the date of the company’s proxy statement released to shareholders” as used in Rule 14a-8(e) promulgated under the Exchange Act, as interpreted by the Securities and Exchange Commission (“SEC”) from time to time, and “Public Announcement” shall mean disclosure (i) in a press release reported by the Dow Jones News Service, Associated Press, Business Wire, PR Newswire or other widely circulated news or wire service or (ii) in a document publicly filed by the Corporation with the SEC pursuant to the Exchange Act.

(4) Notwithstanding the foregoing provisions of this Section 11 of this Article II, a stockholder shall also comply with all applicable requirements of state law and of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 11 of this Article II. Nothing in this Section 11 of this Article II shall be deemed to affect any right of a stockholder to request inclusion of a proposal in, or the right of the Corporation to omit a proposal from, the Corporation’s proxy statement pursuant to, and in accordance with, Rule 14a-8 (or any successor provision) under the Exchange Act. Nothing in this Section 11 of this Article II shall require disclosure of revocable proxies

received by the stockholder or Stockholder Associated Person pursuant to a solicitation of proxies after the filing of an effective Schedule 14A by such stockholder or Stockholder Associated Person pursuant to, and in accordance with, Regulation 14A under the Exchange Act.

Section 12. *CONTROL SHARE ACQUISITION ACT*. Notwithstanding any other provision of the Charter or these Bylaws, Title 3, Subtitle 7 of the Maryland General Corporation Law, or any successor statute (the "MGCL"), shall not apply to any acquisition by any person of shares of stock of the Corporation.

Section 13. *TELEPHONIC MEETINGS*. The Board of Directors or chairman of the meeting may permit one or more stockholders to participate in a meeting of stockholders by means of a conference telephone or other communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means constitutes presence in person at the meeting.

ARTICLE III DIRECTORS

Section 1. *GENERAL POWERS*. The business and affairs of the Corporation shall be managed under the direction of its Board of Directors.

Section 2. *NUMBER, TENURE AND RESIGNATIONS*. At any regular meeting or at any special meeting called for that purpose, a majority of the entire Board of Directors may establish, increase or decrease the number of directors, provided that the number thereof shall never be less than the minimum number required by the MGCL, nor more than 15, and further provided that the tenure of office of a director shall not be affected by any decrease in the number of directors. Any director of the Corporation may resign at any time by delivering his or her resignation to the Board of Directors, the chairman of the board or the secretary. Any resignation shall take effect immediately upon its receipt or at such later time specified in the resignation. The acceptance of a resignation shall not be necessary to make it effective unless otherwise stated in the resignation.

Section 3. *ANNUAL AND REGULAR MEETINGS*. An annual meeting of the Board of Directors shall be held immediately after and at the same place as the annual meeting of stockholders, no notice other than this Bylaw being necessary. In the event such meeting is not so held, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors. The Board of Directors may provide, by resolution, the time and place for the holding of regular meetings of the Board of Directors without other notice than such resolution.

Section 4. *SPECIAL MEETINGS*. Special meetings of the Board of Directors may be called by or at the request of the chairman of the board, the chief executive officer, the president or a majority of the directors then in office. The person or persons authorized to call special meetings of the Board of Directors may fix any place as the place for holding any special meeting of the Board of Directors called by them. The Board of Directors may provide, by resolution, the time and place for the holding of special meetings of the Board of Directors without other notice than such resolution.

Section 5. *NOTICE*. Notice of any special meeting of the Board of Directors shall be delivered personally or by telephone, electronic mail, facsimile transmission, courier or United States mail to each director at his or her business or residence address. Notice by personal delivery, telephone, electronic mail or facsimile transmission shall be given at least 24 hours prior to the meeting. Notice by United States mail shall be given at least three days prior to the meeting. Notice by courier shall be given at least two days prior to the meeting. Telephone notice shall be deemed to be given when the director or his or her agent is personally given such notice in a telephone call to which the director or his or her agent is a party. Electronic mail notice shall be deemed to be given upon transmission of the message to the electronic mail address given to the Corporation by the director. Facsimile transmission notice shall be deemed to be given upon completion of the transmission of the message to the number given to the Corporation by the director and receipt of a completed answer-back indicating receipt. Notice by United States mail shall be deemed to be given when deposited in the United States mail properly addressed, with postage thereon prepaid. Notice by courier shall be deemed to be given when deposited with or delivered to a courier properly addressed. Neither the business to be transacted at, nor the purpose of, any annual, regular or special meeting of the Board of Directors need be stated in the notice, unless specifically required by statute or these Bylaws.

Section 6. *QUORUM*. A majority of the directors shall constitute a quorum for transaction of business at any meeting of the Board of Directors, provided that, if less than a majority of such directors is present at such meeting, a majority of the directors present may adjourn the meeting from time to time without further notice, and provided further that if, pursuant to applicable law, the Charter or these Bylaws, the vote of a majority or other percentage of a particular group of directors is required for action, a quorum must also include a majority or such other percentage of such group.

The directors present at a meeting which has been duly called and at which a quorum has been established may continue to transact business until adjournment, notwithstanding the withdrawal from the meeting of enough directors to leave fewer than required to establish a quorum.

Section 7. *VOTING*. The action of a majority of the directors present at a meeting at which a quorum is present shall be the action of the Board of Directors, unless the concurrence of a greater proportion is required for such action by applicable law, the Charter or these Bylaws. If enough directors have withdrawn from a meeting to leave fewer than required to establish a quorum, but the meeting is not adjourned, the action of the majority of that number of directors necessary to constitute a quorum at such meeting shall be the action of the Board of Directors, unless the concurrence of a greater proportion is required for such action by applicable law, the Charter or these Bylaws.

Section 8. *ORGANIZATION*. At each meeting of the Board of Directors, the chairman of the board or, in the absence of the chairman, the vice chairman of the board, if any, shall act as chairman of the meeting. In the absence of both the chairman and vice chairman of the board, the chief executive officer or, in the absence of the chief executive officer, the president or, in the absence of the president, a director chosen by a majority of the directors present, shall act as chairman of the meeting. The secretary or, in his or her absence, an assistant secretary, or, in the absence of the secretary and all assistant secretaries, an individual appointed by the chairman of the meeting, shall act as secretary of the meeting.

Section 9. *TELEPHONE MEETINGS*. Directors may participate in a meeting by means of a conference telephone or other communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means shall constitute presence in person at the meeting.

Section 10. *CONSENT BY DIRECTORS WITHOUT A MEETING*. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting, if a consent in writing or by electronic transmission to such action is given by each director and is filed with the minutes of proceedings of the Board of Directors.

Section 11. *VACANCIES*. If for any reason any or all of the directors cease to be directors, such event shall not terminate the Corporation or affect these Bylaws or the powers of the remaining directors hereunder. At such time as the Corporation becomes subject to Section 3-804(c) of the MGCL, and except as may be provided by the Board of Directors in setting the terms of any class or series of preferred stock, any vacancy on the Board of Directors may be filled only by a majority of the remaining directors, even if the remaining directors do not constitute a quorum. Any director elected to fill a vacancy shall serve for the remainder of the full term of the directorship in which the vacancy occurred and until a successor is elected and qualifies.

Section 12. *COMPENSATION*. Directors shall not receive any stated salary for their services as directors but, by resolution of the Board of Directors, may receive compensation per year and/or per meeting and/or per visit to real property or other facilities owned or leased by the Corporation and for any service or activity they performed or engaged in as directors. Directors may be reimbursed for expenses of attendance, if any, at each annual, regular or special meeting of the Board of

Directors or of any committee thereof and for their expenses, if any, in connection with each property visit and any other service or activity they perform or engage in as directors; but nothing herein contained shall be construed to preclude any directors from serving the Corporation in any other capacity and receiving compensation therefor.

Section 13. *RELIANCE*. Each director and officer of the Corporation shall, in the performance of his or her duties with respect to the Corporation, be entitled to rely on any information, opinion, report or statement, including any financial statement or other financial data, prepared or presented by an officer or employee of the Corporation whom the director or officer reasonably believes to be reliable and competent in the matters presented, by a lawyer, certified public accountant or other person, as to a matter which the director or officer reasonably believes to be within the person's professional or expert competence, or, with respect to a director, by a committee of the Board of Directors on which the director does not serve, as to a matter within its designated authority, if the director reasonably believes the committee to merit confidence.

Section 14. *RATIFICATION*. The Board of Directors or the stockholders may ratify and make binding on the Corporation any action or inaction by the Corporation or its officers to the extent that the Board of Directors or the stockholders could have originally authorized the matter. Moreover, any action or inaction questioned in any stockholders' derivative proceeding or any other proceeding on the ground of lack of authority, defective or irregular execution, adverse interest of a director, officer or stockholder, non-disclosure, miscomputation, the application of improper principles or practices of accounting or otherwise, may be ratified, before or after judgment, by the Board of Directors or by the stockholders, and if so ratified, shall have the same force and effect as if the questioned action or inaction had been originally duly authorized, and such ratification shall be binding upon the Corporation and its stockholders and shall constitute a bar to any claim or execution of any judgment in respect of such questioned action or inaction.

Section 15. *CERTAIN RIGHTS OF DIRECTORS AND OFFICERS*. A director who is not also an officer of the Corporation shall have no responsibility to devote his or her full time to the affairs of the Corporation. Any director or officer, in his or her personal capacity or in a capacity as an affiliate, employee, or agent of any other person, or otherwise, may have business interests and engage in business activities similar to, in addition to or in competition with those of or relating to the Corporation.

ARTICLE IV COMMITTEES

Section 1. *NUMBER, TENURE AND QUALIFICATIONS*. The Board of Directors may appoint from among its members an Audit Committee, a Compensation Committee, a Nominating and Corporate Governance Committee and one or more other committees, composed of one or more directors, to serve at the pleasure of the Board of Directors.

Section 2. *POWERS*. The Board of Directors may delegate to committees appointed under Section 1 of this Article IV any of the powers of the Board of Directors, except as prohibited by law.

Section 3. *MEETINGS*. Notice of committee meetings shall be given in the same manner as notice for special meetings of the Board of Directors. A majority of the members of the committee shall constitute a quorum for the transaction of business at any meeting of the committee. The act of a majority of the committee members present at a meeting shall be the act of such committee. The Board of Directors may designate a chairman of any committee, and such chairman or, in the absence of a chairman, any two members of any committee (if there are at least two members of the committee) may fix the time and place of its meeting unless the Board shall otherwise provide. In the absence of any member of any such committee, the members thereof present at any meeting, whether or not they constitute a quorum, may appoint another director to act in the place of such absent member.

Section 4. *TELEPHONE MEETINGS*. Members of a committee of the Board of Directors may participate in a meeting by means of a conference telephone or other communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means shall constitute presence in person at the meeting.

Section 5. *CONSENT BY COMMITTEES WITHOUT A MEETING*. Any action required or permitted to be taken at any meeting of a committee of the Board of Directors may be taken without a meeting, if a consent in writing or by electronic transmission to such action is given by each member of the committee and is filed with the minutes of proceedings of such committee.

Section 6. *VACANCIES*. Subject to the provisions hereof, the Board of Directors shall have the power at any time to change the membership of any committee, to fill any vacancy, to designate an alternate member to replace any absent or disqualified member or to dissolve any such committee.

ARTICLE V

OFFICERS

Section 1. *GENERAL PROVISIONS*. The officers of the Corporation shall include a president (or two or more co-presidents), a secretary and a treasurer and may include a chairman of the board, a vice chairman of the board, a chief executive officer (or two or more co-chief executive officers), one or more vice presidents, a chief operating officer, a chief financial officer, one or more assistant secretaries and one or more assistant treasurers. In addition, the Board of Directors may

from time to time elect such other officers with such powers and duties as it shall deem necessary or desirable. The officers of the Corporation shall be elected annually by the Board of Directors, except that the chief executive officer or president may from time to time appoint one or more vice presidents, assistant secretaries and assistant treasurers or other officers. Each officer shall serve until his or her successor is elected and qualifies or until his or her death, or his or her resignation or removal in the manner hereinafter provided. Any two or more offices except president and vice president may be held by the same person. Election of an officer or agent shall not of itself create contract rights between the Corporation and such officer or agent.

Section 2. *REMOVAL AND RESIGNATION*. Any officer or agent of the Corporation may be removed, with or without cause, by the Board of Directors if in its judgment the best interests of the Corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Any officer of the Corporation may resign at any time by delivering his or her resignation to the Board of Directors, the chairman of the board, the chief executive officer, the president or the secretary. Any resignation shall take effect immediately upon its receipt or at such later time specified in the resignation. The acceptance of a resignation shall not be necessary to make it effective unless otherwise stated in the resignation. Such resignation shall be without prejudice to the contract rights, if any, of the Corporation.

Section 3. *VACANCIES*. A vacancy in any office may be filled by the Board of Directors for the balance of the term.

Section 4. *CHIEF EXECUTIVE OFFICER*. The Board of Directors may designate a chief executive officer (or two or more co-chief executive officers). In the absence of such designation, the chairman of the board shall be the chief executive officer of the Corporation. The chief executive officer shall have general responsibility for implementation of the policies of the Corporation, as determined by the Board of Directors, and for the management of the business and affairs of the Corporation. He or she may execute any deed, mortgage, bond, contract or other instrument, except in cases where the execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Corporation or shall be required by law to be otherwise executed; and in general shall perform all duties incident to the office of chief executive officer and such other duties as may be prescribed by the Board of Directors from time to time. The powers or duties of the chief executive officer hereunder may be performed by either of the co-chief executive officers.

Section 5. *CHIEF OPERATING OFFICER*. The Board of Directors may designate a chief operating officer. The chief operating officer shall have the responsibilities and duties as determined by the Board of Directors or the chief executive officer.

Section 6. *CHIEF FINANCIAL OFFICER.* The Board of Directors may designate a chief financial officer. The chief financial officer shall have the responsibilities and duties as determined by the Board of Directors or the chief executive officer.

Section 7. *CHAIRMAN OF THE BOARD.* The Board of Directors may designate from among its members a chairman of the board. The Board of Directors may designate the chairman of the board as an executive or non-executive chairman. The chairman of the board shall preside over the meetings of the Board of Directors. The chairman of the board shall perform such other duties as may be assigned to him or her by the Board of Directors.

Section 8. *PRESIDENT.* In the absence of a chief executive officer, the president shall in general supervise and control all of the business and affairs of the Corporation. In the absence of a designation of a chief operating officer by the Board of Directors, the president shall be the chief operating officer. He or she may execute any deed, mortgage, bond, contract or other instrument, except in cases where the execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Corporation or shall be required by law to be otherwise executed; and in general shall perform all duties incident to the office of president and such other duties as may be prescribed by the Board of Directors from time to time. The powers or duties of the president hereunder may be performed by either of the co-presidents.

Section 9. *VICE PRESIDENTS.* In the absence of the president or in the event of a vacancy in such office, the vice president (or in the event there be more than one vice president, the vice presidents in the order designated at the time of their election or, in the absence of any designation, then in the order of their election) shall perform the duties of the president and when so acting shall have all the powers of and be subject to all the restrictions upon the president; and shall perform such other duties as from time to time may be assigned to such vice president by the chief executive officer, the president or the Board of Directors. The Board of Directors may designate one or more vice presidents as executive vice president, senior vice president, or vice president for particular areas of responsibility.

Section 10. *SECRETARY.* The secretary shall (a) keep the minutes of the proceedings of the stockholders, the Board of Directors and committees of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the Corporation; (d) keep a register of the post office address of each stockholder which shall be furnished to the secretary by such stockholder; (e) have general charge of the stock transfer books of the Corporation; and (f) in general perform such other duties as from time to time may be assigned to him or her by the chief executive officer, the president or the Board of Directors.

Section 11. *TREASURER*. The treasurer shall have the custody of the funds and securities of the Corporation, shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation, shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors and in general perform such other duties as from time to time may be assigned to him or her by the chief executive officer, the president or the Board of Directors. In the absence of a designation of a chief financial officer by the Board of Directors, the treasurer shall be the chief financial officer of the Corporation.

The treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the president and Board of Directors, at the regular meetings of the Board of Directors or whenever it may so require, an account of all his or her transactions as treasurer and of the financial condition of the Corporation.

Section 12. *ASSISTANT SECRETARIES AND ASSISTANT TREASURERS*. The assistant secretaries and assistant treasurers, in general, shall perform such duties as shall be assigned to them by the secretary or treasurer, respectively, or by the chief executive officer, the president or the Board of Directors.

Section 13. *COMPENSATION*. The compensation of the officers shall be fixed from time to time by or under the authority of the Board of Directors and no officer shall be prevented from receiving such compensation by reason of the fact that he or she is also a director.

ARTICLE VI CONTRACTS, CHECKS AND DEPOSITS

Section 1. *CONTRACTS*. The Board of Directors may authorize any officer or agent to enter into any contract or to execute and deliver any instrument in the name of and on behalf of the Corporation and such authority may be general or confined to specific instances. Any agreement, deed, mortgage, lease or other document shall be valid and binding upon the Corporation when duly authorized or ratified by action of the Board of Directors and executed by an authorized person.

Section 2. *CHECKS AND DRAFTS*. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or agent of the Corporation in such manner as shall from time to time be determined by the Board of Directors.

Section 3. *DEPOSITS*. All funds of the Corporation not otherwise employed shall be deposited or invested from time to time to the credit of the Corporation in such banks, trust companies or other financial institutions as the Board of Directors, the chief executive officer, the president, the chief financial officer, or any other officer designated by the Board of Directors may determine.

ARTICLE VII

STOCK

Section 1. *CERTIFICATES*. Except as may be otherwise provided by the Board of Directors, stockholders of the Corporation are not entitled to certificates representing the shares of stock held by them. In the event that the Corporation issues shares of stock represented by certificates, such certificates shall be in such form as prescribed by the Board of Directors or a duly authorized officer, shall contain the statements and information required by the MGCL and shall be signed by the officers of the Corporation in any manner permitted by the MGCL. In the event that the Corporation issues shares of stock without certificates, to the extent then required by the MGCL, the Corporation shall provide to the record holders of such shares a written statement of the information required by the MGCL to be included on stock certificates. There shall be no differences in the rights and obligations of stockholders based on whether or not their shares are represented by certificates.

Section 2. *TRANSFERS*. All transfers of shares of stock shall be made on the books of the Corporation, by the holder of the shares, in person or by his or her attorney, in such manner as the Board of Directors or any officer of the Corporation may prescribe and, if such shares are certificated, upon surrender of certificates duly endorsed. The issuance of a new certificate upon the transfer of certificated shares is subject to the determination of the Board of Directors that such shares shall no longer be represented by certificates. Upon the transfer of any uncertificated shares, to the extent then required by the MGCL, the Corporation shall provide to the record holders of such shares a written statement of the information required by the MGCL to be included on stock certificates.

The Corporation shall be entitled to treat the holder of record of any share of stock as the holder in fact thereof and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share or on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise expressly provided by the laws of the State of Maryland.

Notwithstanding the foregoing, transfers of shares of any class or series of stock will be subject in all respects to the Charter and all of the terms and conditions contained therein.

Section 3. *REPLACEMENT CERTIFICATE*. Any officer of the Corporation may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost, destroyed, stolen or mutilated, upon the making of an affidavit of that fact by the person claiming the certificate to be lost, destroyed, stolen or mutilated; provided, however, if such shares have ceased to be certificated, no new certificate shall be issued unless requested in writing by such stockholder and the Board of Directors has determined that such certificates may be issued. Unless otherwise determined by an officer of the Corporation, the owner of such lost, destroyed, stolen or

mutilated certificate or certificates, or his or her legal representative, shall be required, as a condition precedent to the issuance of a new certificate or certificates, to give the Corporation a bond in such sums as it may direct as indemnity against any claim that may be made against the Corporation.

Section 4. *FIXING OF RECORD DATE.* The Board of Directors may set, in advance, a record date for the purpose of determining stockholders entitled to notice of or to vote at any meeting of stockholders or determining stockholders entitled to receive payment of any dividend or the allotment of any other rights, or in order to make a determination of stockholders for any other proper purpose. Such date, in any case, shall not be prior to the close of business on the day the record date is fixed and shall be not more than 90 days and, in the case of a meeting of stockholders, not less than ten days, before the date on which the meeting or particular action requiring such determination of stockholders of record is to be held or taken.

When a record date for the determination of stockholders entitled to notice of and to vote at any meeting of stockholders has been set as provided in this section, such record date shall continue to apply to the meeting if adjourned or postponed, except if the meeting is adjourned or postponed to a date more than 120 days after the record date originally fixed for the meeting, in which case a new record date for such meeting may be determined as set forth herein.

Section 5. *STOCK LEDGER.* The Corporation shall maintain at its principal office or at the office of its counsel, accountants or transfer agent, an original or duplicate stock ledger containing the name and address of each stockholder and the number of shares of each class held by such stockholder.

Section 6. *FRACTIONAL STOCK; ISSUANCE OF UNITS.* The Board of Directors may authorize the Corporation to issue fractional stock or authorize the issuance of scrip, all on such terms and under such conditions as it may determine. Notwithstanding any other provision of the Charter or these Bylaws, the Board of Directors may issue units consisting of different securities of the Corporation. Any security issued in a unit shall have the same characteristics as any identical securities issued by the Corporation, except that the Board of Directors may provide that for a specified period securities of the Corporation issued in such unit may be transferred on the books of the Corporation only in such unit.

ARTICLE VIII ACCOUNTING YEAR

The Board of Directors shall have the power, from time to time, to fix the fiscal year of the Corporation by a duly adopted resolution.

**ARTICLE IX
DISTRIBUTIONS**

Section 1. *AUTHORIZATION*. Dividends and other distributions upon the stock of the Corporation may be authorized by the Board of Directors, subject to the provisions of law and the Charter. Dividends and other distributions may be paid in cash, property or stock of the Corporation, subject to the provisions of law and the Charter.

Section 2. *CONTINGENCIES*. Before payment of any dividends or other distributions, there may be set aside out of any assets of the Corporation available for dividends or other distributions such sum or sums as the Board of Directors may from time to time, in its absolute discretion, think proper as a reserve fund for contingencies, for equalizing dividends or other distributions, for repairing or maintaining any property of the Corporation or for such other purpose as the Board of Directors shall determine, and the Board of Directors may modify or abolish any such reserve.

**ARTICLE X
INVESTMENT POLICY**

Subject to the provisions of the Charter, the Board of Directors may from time to time adopt, amend, revise or terminate any policy or policies with respect to investments by the Corporation as it shall deem appropriate in its sole discretion.

**ARTICLE XI
SEAL**

Section 1. *SEAL*. The Board of Directors may authorize the adoption of a seal by the Corporation. The seal shall contain the name of the Corporation and the year of its incorporation and the words "Incorporated Maryland." The Board of Directors may authorize one or more duplicate seals and provide for the custody thereof.

Section 2. *AFFIXING SEAL*. Whenever the Corporation is permitted or required to affix its seal to a document, it shall be sufficient to meet the requirements of any law, rule or regulation relating to a seal to place the word "(SEAL)" adjacent to the signature of the person authorized to execute the document on behalf of the Corporation.

ARTICLE XII
INDEMNIFICATION AND ADVANCE OF EXPENSES

To the maximum extent permitted by Maryland law in effect from time to time, the Corporation shall indemnify and, without requiring a preliminary determination of the ultimate entitlement to indemnification, shall pay or reimburse reasonable expenses in advance of final disposition of a proceeding to (a) any individual who is a present or former director or officer of the Corporation and who is made or threatened to be made a party to, or witness in, the proceeding by reason of his or her service in that capacity or (b) any individual who, while a director or officer of the Corporation and at the request of the Corporation, serves or has served as a director, officer, partner, trustee, member or manager of another corporation, real estate investment trust, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise and who is made or threatened to be made a party to, or witness in, the proceeding by reason of his or her service in that capacity. The rights to indemnification and advance of expenses provided by the Charter and these Bylaws shall vest immediately upon election of a director or officer. The Corporation may, with the approval of its Board of Directors, provide such indemnification and advance for expenses to an individual who served a predecessor of the Corporation in any of the capacities described in (a) or (b) above and to any employee or agent of the Corporation or a predecessor of the Corporation. The indemnification and payment or reimbursement of expenses provided in these Bylaws shall not be deemed exclusive of or limit in any way other rights to which any person seeking indemnification or payment or reimbursement of expenses may be or may become entitled under any bylaw, resolution, insurance, agreement or otherwise.

Neither the amendment nor repeal of this Article, nor the adoption or amendment of any other provision of the Charter or these Bylaws inconsistent with this Article, shall apply to or affect in any respect the applicability of the preceding paragraph of this Article XII with respect to any act or failure to act which occurred prior to such amendment, repeal or adoption.

ARTICLE XIII
WAIVER OF NOTICE

Whenever any notice of a meeting is required to be given pursuant to the Charter or these Bylaws or pursuant to applicable law, a waiver thereof in writing or by electronic transmission, given by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Neither the business to be transacted at nor the purpose of any meeting need be set forth in the waiver of notice of such meeting, unless specifically required by statute. The attendance of any person at any meeting shall constitute a waiver of notice of such meeting, except where such person attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened.

ARTICLE XIV
EXCLUSIVE FORUM FOR CERTAIN LITIGATION

Unless the Corporation consents in writing to the selection of an alternative forum, the sole and exclusive forum for (a) any derivative action or proceeding brought on behalf of the Corporation, (b) any action asserting a claim of breach of any duty owed by the Corporation or by any director or officer or other employee of the Corporation to the Corporation or to the stockholders of the Corporation, (c) any action asserting a claim against the Corporation or any

director or officer or other employee of the Corporation arising pursuant to any provision of the Maryland General Corporation Law or the charter or Bylaws of the Corporation, or (d) any action asserting a claim against the Corporation or any director or officer or other employee of the Corporation that is governed by the internal affairs doctrine shall be the Circuit Court for Baltimore City, Maryland, or, if that Court does not have jurisdiction, the United States District Court for the District of Maryland, Baltimore Division.

ARTICLE XV
AMENDMENT OF BYLAWS

The Board of Directors shall have the exclusive power to adopt, alter or repeal any provision of these Bylaws and to make new Bylaws.

COMMON STOCK

NUMBER

RIR

COMMON STOCK

SHARES

Rexford Industrial

Real Estate Acquisition Development & Management

INCORPORATED UNDER THE LAWS OF THE STATE OF MARYLAND

CUSIP 76169C 10 0

SEE REVERSE FOR IMPORTANT
NOTICE ON TRANSFER RESTRICTIONS
AND OTHER INFORMATION

THIS CERTIFIES THAT

is the owner of

FULLY PAID AND NON-ASSESSABLE SHARES OF THE COMMON STOCK, \$0.01 PAR VALUE PER SHARE, OF

Rexford Industrial Realty, Inc.

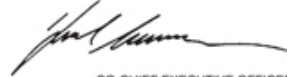
(the "Corporation"), transferable on the books of the Corporation by the holder thereof in person or by its duly authorized attorney, upon surrender of this Certificate properly endorsed. This Certificate and the shares represented hereby are issued and shall be held subject to all of the provisions of the charter of the Corporation (the "Charter") and the Bylaws of the Corporation and any amendments thereto. This certificate is not valid unless countersigned by the Transfer Agent and registered by the Registrar.

Witness the facsimile signatures of the Corporation's duly authorized officers.

Dated:



SECRETARY, TREASURER AND
CO-CHIEF EXECUTIVE OFFICER



CO-CHIEF EXECUTIVE OFFICER

COUNTERSIGNED AND REGISTERED
BY
AMERICAN STOCK TRANSFER & TRUST COMPANY, LLC
TRANSFER AGENT AND REGISTRAR

AUTHORIZED SIGNATURE

IMPORTANT NOTICE

The Corporation will furnish to any stockholder, on request and without charge, a full statement of the information required by Section 2-211(b) of the Corporations and Associations Article of the Annotated Code of Maryland with respect to the designations and any preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications, and terms and conditions of redemption of the stock of each class which the Corporation has authority to issue and, if the Corporation is authorized to issue any preferred or special class in series, (i) the differences in the relative rights and preferences between the shares of each series to the extent set, and (ii) the authority of the Board of Directors to set such rights and preferences of subsequent series. The foregoing summary does not purport to be complete and is subject to and qualified in its entirety by reference to the Charter, a copy of which will be sent without charge to each stockholder who so requests. Such request must be made to the Secretary of the Corporation at its principal office.

The shares represented by this certificate are subject to restrictions on Beneficial and Constructive Ownership and Transfer for the purpose of the Corporation's maintenance of its status as a Real Estate Investment Trust under the Internal Revenue Code of 1986, as amended (the "Code"). Subject to certain further restrictions and except as expressly provided in the Charter, (i) no Person may Beneficially or Constructively Own shares of the Corporation's Common Stock in excess of the Common Stock Ownership Limit unless such Person is an Excepted Holder (in which case the Excepted Holder Limit shall be applicable); (ii) no Person may Beneficially or Constructively Own shares of Capital Stock of the Corporation in excess of the Aggregate Stock Ownership Limit, unless such Person is an Excepted Holder (in which case the Excepted Holder Limit shall be applicable); (iii) no Person may Beneficially or Constructively Own Capital Stock that could result in the Corporation being "closely held" under Section 856(h) of the Code or otherwise cause the Corporation to fail to qualify as a REIT; and (iv) no Person may Transfer shares of Capital Stock if such Transfer would result in the Capital Stock of the Corporation being owned by fewer than 100 Persons. Any Person who Beneficially or Constructively Owns or attempts to Beneficially or Constructively Own shares of Capital Stock which causes or may cause a Person to Beneficially or Constructively Own shares of Capital Stock in excess or in violation of the above limitations must immediately notify the Corporation or, in the case of such a proposed or attempted transaction, give at least 15 days prior written notice. If any of the restrictions on transfer or ownership set forth in (i) through (iii) above are violated, the shares of Capital Stock represented hereby will be automatically transferred to a Trustee of a Trust for the benefit of one or more Charitable Beneficiaries. In addition, the Corporation may take other actions, including redeeming shares upon the terms and conditions specified by the Board of Directors in its sole and absolute discretion if the Board of Directors determines that ownership or a Transfer or other event may violate the restrictions described above. Furthermore, upon the occurrence of certain events, attempted Transfers in violation of the restrictions described above may be void ab initio. All capitalized terms in this legend have the meanings defined in the Charter of the Corporation, as the same may be amended from time to time, a copy of which, including the restrictions on transfer and ownership, will be furnished to each holder of Capital Stock of the Corporation on request and without charge. Requests for such a copy may be directed to the Secretary of the Corporation at its Principal Office.

KEEP THIS CERTIFICATE IN A SAFE PLACE. IF IT IS LOST, STOLEN OR DESTROYED, THE CORPORATION WILL REQUIRE A BOND OF INDEMNITY AS A CONDITION TO THE ISSUANCE OF A REPLACEMENT CERTIFICATE.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	- as tenants in common	UNIF GIFT MIN ACT	-.....Custodian.....
TEN ENT	- as tenants by the entireties		(Cust) (Minor)
JT TEN	- as joint tenants with right of survivorship and not as tenants in common		under Uniform Gifts to Minors Act
			(State)

Additional abbreviations may also be used though not in the above list.

For value received, _____ hereby sell, assign and transfer unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS INCLUDING POSTAL ZIP CODE OF ASSIGNEE

_____ Shares of the shares of Common Stock represented by this Certificate, and do hereby irrevocably constitute and appoint _____

Attorney to transfer the said stock on the books of the within-named Corporation with full power of substitution in the premises.

Dated, _____

NOTICE: THE SIGNATURE TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE, IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT, OR ANY CHANGE WHATSOEVER.

SIGNATURE(S) GUARANTEED:

THE SIGNATURE(S) MUST BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (BANKS, STOCKBROKERS, SAVINGS AND LOAN ASSOCIATIONS AND CREDIT UNIONS WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM), PURSUANT TO S.E.C. RULE 17A0-15.

July 15, 2013

Rexford Industrial Realty, Inc.
11620 Wilshire Boulevard, Suite 300
Los Angeles, CA 90025

Re: Registration Statement on Form S-11
Commission File No 333-188806

Ladies and Gentlemen:

We have served as Maryland counsel to Rexford Industrial, Inc., a Maryland corporation (the "Company"), in connection with certain matters of Maryland law arising out of the registration of the issuance and sale of up to 18,400,000 shares (the "Shares") of the Company's common stock, \$0.01 par value per share (the "Common Stock"), including up to 2,400,000 shares of Common Stock which the underwriters in the Offering (as defined herein) have the option to purchase, in the underwritten initial public offering (the "Offering") of the Common Stock covered by the above-referenced Registration Statement, and all amendments thereto (collectively, the "Registration Statement"), to be filed by the Company with the United States Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Securities Act").

In connection with our representation of the Company, and as a basis for the opinion hereinafter set forth, we have examined originals, or copies certified or otherwise identified to our satisfaction, of the following documents (hereinafter collectively referred to as the "Documents"):

1. The Registration Statement and the Prospectus included therein, substantially in the form in which they will be transmitted to the Commission for filing under the Securities Act;
2. The charter of the Company (the "Charter"), certified by the State Department of Assessments and Taxation of Maryland (the "SDAT");
3. The Bylaws of the Company, certified as of the date hereof by an officer of the Company;
4. A certificate of the SDAT as to the good standing of the Company, dated as of a recent date;
5. Resolutions adopted by the Board of Directors of the Company (the "Board") relating to, among other matters, the registration and issuance of the Shares (the "Resolutions"), certified as of the date hereof by an officer of the Company;
6. A certificate executed by an officer of the Company, dated as of the date hereof; and

Rexford Industrial, Inc.

July 15, 2013

Page 2

7. Such other documents and matters as we have deemed necessary or appropriate to express the opinion set forth below, subject to the assumptions, limitations and qualifications stated herein.

In expressing the opinion set forth below, we have assumed the following:

1. Each individual executing any of the Documents, whether on behalf of such individual or another person, is legally competent to do so.

2. Each individual executing any of the Documents on behalf of a party (other than the Company) is duly authorized to do so.

3. Each of the parties (other than the Company) executing any of the Documents has duly and validly executed and delivered each of the Documents to which such party is a signatory, and each such party's obligations set forth therein are legal, valid and binding and are enforceable in accordance with all stated terms.

4. All Documents submitted to us as originals are authentic. The form and content of all Documents submitted to us as unexecuted drafts do not differ in any respect relevant to this opinion from the form and content of such Documents as executed and delivered. All Documents submitted to us as certified or photostatic copies conform to the original documents. All signatures on all Documents are genuine. All public records reviewed or relied upon by us or on our behalf are true and complete. All representations, warranties, statements and information contained in the Documents are true and complete. There has been no oral or written modification of or amendment to any of the Documents, and there has been no waiver of any provision of any of the Documents, by action or omission of the parties or otherwise.

5. The Shares will not be issued or transferred in violation of any restriction or limitation contained in Article VI of the Charter.

Based upon the foregoing, and subject to the assumptions, limitations and qualifications stated herein, it is our opinion that:

1. The Company is a corporation duly incorporated and existing under and by virtue of the laws of the State of Maryland and is in good standing with the SDAT.

2. The issuance of the Shares has been duly authorized and, when and if issued and delivered against payment therefor in accordance with the Registration Statement, the Resolutions and any other resolutions adopted by the Board or any duly authorized committee thereof relating thereto, the Shares will be validly issued, fully paid and nonassessable.

Rexford Industrial, Inc.

July 15, 2013

Page 3

The foregoing opinion is limited to the laws of the State of Maryland and we do not express any opinion herein concerning any other law. We express no opinion as to compliance with any federal or state securities laws, including the securities laws of the State of Maryland, or as to federal or state laws regarding fraudulent transfers. To the extent that any matter as to which our opinion is expressed herein would be governed by the laws of any jurisdiction other than the State of Maryland, we do not express any opinion on such matter. The opinion expressed herein is subject to the effect of any judicial decision which may permit the introduction of parol evidence to modify the terms or the interpretation of agreements.

The opinion expressed herein is limited to the matters specifically set forth herein and no other opinion shall be inferred beyond the matters expressly stated. We assume no obligation to supplement this opinion if any applicable law changes after the date hereof or if we become aware of any fact that might change the opinion expressed herein after the date hereof.

This opinion is being furnished to you for submission to the Commission as an exhibit to the Registration Statement. We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the use of the name of our firm therein. In giving this consent, we do not admit that we are within the category of persons whose consent is required by Section 7 of the Securities Act.

Very truly yours,

/s/ Venable LLP

355 South Grand Avenue
 Los Angeles, California 90071-1560
 Tel: +1.213.485.1234 Fax: +1.213.891.8763
 www.lw.com

LATHAM & WATKINS LLP

July 15, 2013

Rexford Industrial Realty, Inc.
 11620 Wilshire Boulevard, Suite 300
 Los Angeles, CA 90025

Re: Registration Statement on Form S-11 Commission File No 333-188806

Ladies and Gentlemen:

We have acted as tax counsel to Rexford Industrial Realty, Inc., a Maryland corporation (the "Company"), in connection with its filing of a registration statement on Form S-11 dated May 23, 2013 (File No. 333-188806) (as amended through the date hereof, the "Registration Statement") with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Act"), relating to the registration of up to 18,400,000 shares of common stock, par value \$.01 per share (the "Common Stock"), as set forth in the prospectus contained in the Registration Statement.

You have requested our opinion concerning certain of the federal income tax considerations relating to the Company. This opinion is based on various facts and assumptions, including the facts set forth in the Registration Statement concerning the business, assets and governing documents of the Company and its subsidiaries. We have also been furnished with, and with your consent have relied upon, certain representations made by the Company and its subsidiaries with respect to certain factual matters through a certificate of an officer of the Company, dated as of the date hereof (the "Officer's Certificate"). With your permission, we have assumed that the conclusion reached in the opinion of Venable LLP, counsel for the Company, dated as of the date hereof, with respect to certain matters of Maryland law is correct and accurate.

In our capacity as tax counsel to the Company, we have made such legal and factual examinations and inquiries, including an examination of originals or copies certified or otherwise identified to our satisfaction of such documents, corporate records and other instruments as we have deemed necessary or appropriate for purposes of this opinion. For the purposes of our opinion, we have not made an independent investigation or audit of all of the facts set forth in the above referenced documents or in the Officer's Certificate. In addition, in rendering this opinion we have assumed the truth and accuracy of all representations and statements made to us that are qualified as to knowledge or belief, without regard to such qualification. In our examination, we have assumed the authenticity of all documents submitted to us as originals, the genuineness of all signatures thereon, the legal capacity of natural persons executing such documents and the conformity to authentic original documents of all documents submitted to us as copies.

FIRM / AFFILIATE OFFICES

Abu Dhabi	Moscow
Barcelona	Munich
Beijing	New Jersey
Boston	New York
Brussels	Orange County
Chicago	Paris
Doha	Riyadh
Dubai	Rome
Frankfurt	San Diego
Hamburg	San Francisco
Hong Kong	Shanghai
Houston	Silicon Valley
London	Singapore
Los Angeles	Tokyo
Madrid	Washington, D.C.
Milan	

We are opining herein only as to the federal income tax laws of the United States, and we express no opinion with respect to the applicability thereto, or the effect thereon, of other federal laws or the laws of any state or other jurisdiction, or as to any matters of municipal law or the laws of any other local agencies within any state.

Based on such facts, assumptions and representations, it is our opinion that:

1. Commencing with its taxable year ending December 31, 2013, the Company will be organized in conformity with the requirements for qualification and taxation as a real estate investment trust (a "REIT") under Sections 856-860 of the Internal Revenue Code of 1986, as amended (the "Code"), and its proposed method of operation will enable it to meet the requirements for qualification and taxation as a REIT under Sections 856-860 of the Code for such taxable year and thereafter; and
2. The statements set forth in the Registration Statement under the caption "U.S. Federal Income Tax Considerations," insofar as they purport to describe or summarize certain provisions of the statutes or regulations referred to therein, are accurate descriptions or summaries in all material respects.

No opinion is expressed as to any matter not discussed herein.

This opinion is rendered to you as of the date of this letter, and we undertake no obligation to update this opinion subsequent to the date hereof. This opinion is based on various statutory provisions, regulations promulgated thereunder and interpretations thereof by the Internal Revenue Service and the courts having jurisdiction over such matters, all of which are subject to change either prospectively or retroactively. Any such change may affect the conclusions stated herein. Also, any variation or difference in the facts from those set forth in the Registration Statement or the Officer's Certificate may affect the conclusions stated herein. As described in the Registration Statement, the Company's qualification and taxation as a REIT depend upon the Company's ability to meet the various qualification tests imposed under the Code, including through actual annual operating results, asset composition, distribution levels and diversity of stock ownership, the results of which have not been and will not be reviewed by Latham & Watkins LLP. Accordingly, no assurance can be given that the actual results of the Company's operation for any particular taxable year will satisfy such requirements.

This opinion is rendered for your benefit in connection with the transaction described above. This opinion may not be relied upon by you for any other purpose, or furnished to, assigned to, quoted to or relied upon by any other person, firm or other entity for any purpose without our prior written consent, which may be granted or withheld in our discretion, provided that this opinion may be relied upon by persons entitled to rely on it pursuant to applicable provisions of federal securities law and persons purchasing Common Stock.

LATHAM & WATKINS LLP

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the reference to our firm name in the Registration Statement under the captions "U.S. Federal Income Tax Considerations" and "Legal Matters." In giving this consent, we do not hereby admit that we are within the category of persons whose consent is required under Section 7 of the Act or the rules or regulations of the Commission promulgated thereunder.

Very truly yours,

/s/ Latham & Watkins LLP

REXFORD INDUSTRIAL REALTY, INC. AND REXFORD INDUSTRIAL REALTY, L.P.

2013 INCENTIVE AWARD PLAN

RESTRICTED STOCK AWARD GRANT NOTICE

Rexford Industrial Realty, Inc., a Maryland corporation, (the “*Company*”), pursuant to the Rexford Industrial Realty, Inc. and Rexford Industrial Realty, L.P. 2013 Incentive Award Plan, as amended from time to time (the “*Plan*”), hereby grants to the individual listed below (the “*Participant*”), in consideration of the mutual agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the number of shares of the Company’s Common Stock set forth below (the “*Shares*”). This Restricted Stock award is subject to all of the terms and conditions as set forth herein and in the Restricted Stock Award Agreement attached hereto as Exhibit A (the “*Restricted Stock Agreement*”) (including without limitation the Restrictions on the Shares set forth in the Restricted Stock Agreement) and the Plan, each of which is incorporated herein by reference. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Restricted Stock Award Grant Notice (the “*Grant Notice*”) and the Restricted Stock Agreement.

Participant: _____
Grant Date: _____
Total Number of Shares of Restricted Stock: _____ Shares
Vesting Commencement Date: _____
Vesting Schedule: _____

By his or her signature and the Company’s signature below, the Participant agrees to be bound by the terms and conditions of the Plan, the Restricted Stock Agreement and this Grant Notice. The Participant has reviewed the Restricted Stock Agreement, the Plan and this Grant Notice in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of this Grant Notice, the Restricted Stock Agreement and the Plan. The Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator of the Plan upon any questions arising under the Plan, this Grant Notice and/or the Restricted Stock Agreement. In addition, by signing below, the Participant also agrees that the Company or any Affiliate, in its sole discretion, may satisfy any withholding obligations in accordance with Section 2.2(c) of the Restricted Stock Agreement by (i) withholding shares of Common Stock otherwise issuable to the Participant upon vesting of the shares of Restricted Stock, (ii) instructing a broker on the Participant’s behalf to sell shares of Common Stock otherwise issuable to the Participant upon vesting of the shares of Restricted Stock and remit the proceeds of such sale to the Company, or (iii) using any other method permitted by Section 2.2(c) of the Restricted Stock Agreement or the Plan. If the Participant is married, his or her spouse has signed the Consent of Spouse attached to this Grant Notice as Exhibit B.

REXFORD INDUSTRIAL REALTY, INC.:

By: _____
 Print Name: _____
 Title: _____
 Address: _____

PARTICIPANT:

By: _____
 Print Name: _____
 Address: _____

EXHIBIT A
TO RESTRICTED STOCK AWARD GRANT NOTICE
RESTRICTED STOCK AWARD AGREEMENT

Pursuant to the Restricted Stock Award Grant Notice (the “**Grant Notice**”) to which this Restricted Stock Award Agreement (the “**Agreement**”) is attached, Rexford Industrial Realty, Inc., a Maryland corporation (the “**Company**”) has granted to the Participant the number of shares of Restricted Stock (the “**Shares**”) under the Rexford Industrial Realty, Inc. and Rexford Industrial Realty, L.P. 2013 Incentive Award Plan, as amended from time to time (the “**Plan**”), as set forth in the Grant Notice. Capitalized terms not specifically defined herein shall have the meanings specified in the Plan and the Grant Notice.

ARTICLE I.

GENERAL

1.1 Incorporation of Terms of Plan. The Award (as defined below) is subject to the terms and conditions of the Plan, which are incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan shall control.

ARTICLE II.

AWARD OF RESTRICTED STOCK

2.1 Award of Restricted Stock.

(a) Award. Pursuant to the Grant Notice and upon the terms and conditions set forth in the Plan and this Agreement, effective as of the Grant Date set forth in the Grant Notice, the Company has granted to the Participant an award of Restricted Stock (the “**Award**”) under the Plan in consideration of the Participant’s past and/or continued employment with or service to the Company or its Affiliates, and for other good and valuable consideration which the Administrator has determined exceeds the aggregate par value of the Common Stock subject to the Award as of the Grant Date. The number of Shares subject to the Award is set forth in the Grant Notice. The Participant is an Employee, Director or Consultant of the Company or one of its Affiliates.

(b) Book Entry Form; Certificates. At the sole discretion of the Administrator, the Shares will be issued in either (i) uncertificated form, with the Shares recorded in the name of the Participant in the books and records of the Company’s transfer agent with appropriate notations regarding the restrictions on transfer imposed pursuant to this Agreement, and upon vesting and the satisfaction of all conditions set forth in Sections 2.2(b) and (d) hereof, the Company shall remove such notations on any such vested Shares in accordance with Section 2.1(e) below; or (ii) certificated form pursuant to the terms of Sections 2.1(c), (d) and (e) below.

(c) Legend. Certificates representing Shares issued pursuant to this Agreement shall, until all Restrictions (as defined below) imposed pursuant to this Agreement lapse or have been removed and the Shares have thereby become vested or the Shares represented thereby have been forfeited hereunder, bear the following legend (or such other legend as shall be determined by the Administrator):

“THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN VESTING REQUIREMENTS AND MAY BE SUBJECT TO FORFEITURE UNDER THE TERMS OF A RESTRICTED STOCK AWARD AGREEMENT, BY AND BETWEEN REXFORD INDUSTRIAL REALTY, INC. AND THE REGISTERED OWNER OF SUCH SHARES, AND SUCH SHARES MAY NOT BE, DIRECTLY OR INDIRECTLY, OFFERED, TRANSFERRED, SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF UNDER ANY CIRCUMSTANCES, EXCEPT PURSUANT TO THE PROVISIONS OF SUCH AGREEMENT.”

(d) Escrow. The Secretary of the Company or such other escrow holder as the Administrator may appoint may retain physical custody of any certificates representing the Shares until all of the Restrictions lapse or shall have been removed; in such event, the Participant shall not retain physical custody of any certificates representing unvested Shares issued to him or her. The Participant, by acceptance of the Award, shall be deemed to appoint, and does so appoint, the Company and each of its authorized representatives as the Participant’s attorney(s)-in-fact to effect any transfer of unvested forfeited Shares (or Shares otherwise reacquired by the Company hereunder) to the Company as may be required pursuant to the Plan or this Agreement and to execute such documents as the Company or such representatives deem necessary or advisable in connection with any such transfer.

(e) Removal of Notations; Delivery of Certificates Upon Vesting. As soon as administratively practicable after the vesting of any Shares subject to the Award pursuant to Section 2.2(b) hereof, the Company shall, as applicable, either remove the notations on any Shares subject to the Award issued in book entry form which have vested or deliver to the Participant a certificate or certificates evidencing the number of Shares subject to the Award which have vested (or, in either case, such lesser number of Shares as may be permitted pursuant to Section 11.2 of the Plan). The Participant (or the beneficiary or personal representative of the Participant in the event of the Participant’s death or incapacity, as the case may be) shall deliver to the Company any representations or other documents or assurances required by the Company. The Shares so delivered shall no longer be subject to the Restrictions hereunder.

2.2 Restrictions.

(a) Forfeiture. Notwithstanding any contrary provision of this Agreement, upon the Participant’s Termination of Service for any or no reason, any portion of the Award (and the Shares subject thereto) which has not vested prior to or in connection with such Termination of Service (after taking into consideration any accelerated vesting and lapsing of Restrictions, if any, which may occur in connection with such Termination of Service) shall thereupon be forfeited immediately and without any further action by the Company or the Participant, and the Participant shall have no further right or interest in or with respect to such Shares or such portion of the Award. For purposes of this Agreement, “**Restrictions**” shall mean the restrictions on sale or other transfer set forth in Section 3.2 hereof and the exposure to forfeiture set forth in this Section 2.2(a).

(b) Vesting and Lapse of Restrictions. Subject to Section 2.2(a) above, the Award shall vest and Restrictions shall lapse in accordance with the vesting schedule set forth in the Grant Notice (rounding down to the nearest whole Share, except in the case of the final vesting event). [In addition, the Company and the Participant acknowledge that the vesting of the Award and lapsing of Restrictions may be subject to acceleration under certain circumstances in accordance with the Participant’s employment agreement with the Company dated as of [_____].][In addition, if a Change in Control occurs and the Participant remains an Employee, Director or Consultant at least until immediately prior to the Change in Control, then the Award shall vest in full and Restrictions thereon shall lapse immediately prior to the occurrence of such Change in Control.] Notwithstanding anything contained herein, the Award shall not vest and the Restrictions shall not lapse to the extent that such lapsing of Restrictions and vesting is prohibited by Section 13.8 of the Plan.

(c) Tax Withholding. The Company or its Affiliates shall be entitled to require a cash payment (or to elect, or permit the Participant to elect, such other form of payment determined in accordance with Section 11.2 of the Plan) by or on behalf of the Participant and/or to deduct from other compensation payable to the Participant any sums required by federal, state or local tax law to be withheld with respect to the grant or vesting of the Award or the lapse of the Restrictions hereunder. In satisfaction of the foregoing requirement with respect to the grant or vesting of the Award or the lapse of the Restrictions hereunder, unless otherwise determined by the Company, the Company or its Affiliates shall withhold Shares otherwise issuable under the Award having a fair market value equal to the sums required to be withheld by federal, state and/or local tax law. The number of Shares which shall be so withheld in order to satisfy such federal, state and/or local withholding tax liabilities shall be limited to the number of shares which have a fair market value on the date of withholding equal to the aggregate amount of such liabilities based on the minimum applicable federal, state and/or local tax withholding rates. Notwithstanding any other provision of this Agreement (including without limitation Section 2.1(b) hereof), the Company shall not be obligated to deliver any new certificate representing Shares to the Participant or the Participant's legal representative or to enter any such Shares in book entry form unless and until the Participant or the Participant's legal representative, as applicable, shall have paid or otherwise satisfied in full the amount of all federal, state and local taxes applicable to the taxable income of the Participant resulting from the grant or vesting of the Award or the issuance of Shares hereunder.

(d) Conditions to Delivery of Shares. Subject to Section 2.1 above, the Shares deliverable under this Award may be either previously authorized but unissued Shares, treasury Shares or Shares purchased on the open market. Such Shares shall be fully paid and nonassessable. The Company shall not be required to issue or deliver any Shares under this Award prior to fulfillment of the conditions set forth in Section 11.4 of the Plan.

Notwithstanding the foregoing, the issuance of such Shares shall not be delayed if and to the extent that such delay would result in a violation of Section 409A of the Code. In the event that the Company delays the issuance of such Shares because it reasonably determines that the issuance of such Shares will violate Applicable Law, such issuance shall be made at the earliest date at which the Company reasonably determines that issuing such Shares will not cause such violation, as required by Treasury Regulation Section 1.409A-2(b)(7)(ii).

(e) To ensure compliance with the Restrictions, the Common Stock Ownership Limit, the Aggregate Stock Ownership Limit (each as defined in the Company's charter, as amended from time to time), any other provision of Section 6.2.1 of the Company's charter, and/or Applicable Law and for other proper purposes, the Company may issue appropriate "stop transfer" and other instructions to its transfer agent with respect to the Restricted Stock. The Company shall notify the transfer agent as and when the Restrictions lapse.

2.3 Consideration to the Company. In consideration of the grant of the Award pursuant hereto, the Participant agrees to render faithful and efficient services to the Company or any Affiliate.

ARTICLE III.
OTHER PROVISIONS

3.1 Section 83(b) Election. The Participant covenants that he or she will not make an election under Section 83(b) of the Code with respect to the receipt of any Share without the consent of the Administrator, which the Administrator may grant or withhold in its sole discretion. If, with the consent of the Administrator, the 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 hereby agrees to deliver a copy of such election to the Company promptly after filing such election with the Internal Revenue Service.

3.2 Restricted Stock Not Transferable. Until the Restrictions hereunder lapse or expire pursuant to this Agreement and the Shares vest, the Restricted Stock (including any Shares received by holders thereof with respect to Restricted Stock as a result of stock dividends, stock splits or any other form of recapitalization) shall be subject to the restrictions on transferability set forth in Section 11.3 of the Plan; *provided, however*, that this Section 3.2 notwithstanding, with the consent of the Administrator, the Shares may be transferred to one or more Permitted Transferees, subject to and in accordance with Section 11.3 of the Plan.

3.3 Rights as Stockholder. Except as otherwise provided herein, upon the Grant Date, the Participant shall have all the rights of a stockholder of the Company with respect to the Shares, subject to the Restrictions, including, without limitation, voting rights and rights to receive any cash or stock dividends, in respect of the Shares subject to the Award and deliverable hereunder.

3.4 Not a Contract of Service Relationship. Nothing in this Agreement or in the Plan shall confer upon the Participant any right to continue to serve as an Employee or other service provider of the Company or any of its Affiliates or shall interfere with or restrict in any way the rights of the Company and its Affiliates, which rights are hereby expressly reserved, to discharge or terminate the services of the Participant at any time for any reason whatsoever, with or without cause, except to the extent expressly provided otherwise in a written agreement between the Company or an Affiliate and the Participant.

3.5 Governing Law. The laws of the State of Maryland shall govern the interpretation, validity, administration, enforcement and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

3.6 Conformity to Securities Laws. The Participant acknowledges that the Plan and this Agreement are intended to conform to the extent necessary with all provisions of the Securities Act and the Exchange Act, and any and all Applicable Law. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the Award is granted, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by Applicable Law, the Plan and this Agreement shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

3.7 Amendment, Suspension and Termination. To the extent permitted by the Plan, this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Administrator or the Board; *provided, however*, that, except as may otherwise be provided by the Plan, no amendment, modification, suspension or termination of this Agreement shall adversely affect the Award in any material way without the prior written consent of the Participant.

3.8 Notices. Any notice to be given under the terms of this Agreement shall be addressed to the Company in care of the Secretary of the Company at the Company's principal office, and any notice to be given to the Participant shall be addressed to the Participant at the Participant's last address reflected on the Company's records. Any notice shall be deemed duly given when sent via email or when sent by reputable overnight courier or by certified mail (return receipt requested) through the United States Postal Service.

3.9 Successors and Assigns. The Company or any Affiliate may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company and its Affiliates. Subject to the restrictions on transfer set forth in Section 3.2 hereof, this Agreement shall be binding upon the Participant and his or her heirs, executors, administrators, successors and assigns.

3.10 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if the Participant is subject to Section 16 of the Exchange Act, then the Plan, the Award and this Agreement shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by Applicable Law, this Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

3.11 [Full Satisfaction;] Entire Agreement. [This Award is made in full and final satisfaction of the Company's and its Affiliates' obligations arising under Section [] of [].] The Plan, the Grant Notice and this Agreement (including all Exhibits thereto, if any) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and its Affiliates and the Participant with respect to the subject matter hereof.

3.12 Limitation on the Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and shall not be construed as creating a trust. The Plan, in and of itself, has no assets. The Participant shall have only the rights of a general unsecured creditor of the Company and its Affiliates with respect to amounts credited and benefits payable, if any, with respect to the Shares issuable hereunder.

EXHIBIT B
TO RESTRICTED STOCK AWARD GRANT NOTICE
CONSENT OF SPOUSE

I, _____, spouse of _____, have read and approve the Restricted Stock Award Grant Notice (the "**Grant Notice**") to which this Consent of Spouse is attached and the Restricted Stock Award Agreement (the "**Agreement**") attached to the Grant Notice. In consideration of issuing to my spouse the shares of the common stock of Rexford Industrial Realty, Inc. set forth in the Grant Notice, I hereby appoint my spouse as my attorney-in-fact in respect to the exercise of any rights under the Agreement and agree to be bound by the provisions of the Agreement insofar as I may have any rights in said Agreement or any shares of the common stock of Rexford Industrial Realty, Inc. issued pursuant thereto under the community property laws or similar laws relating to marital property in effect in the state of our residence as of the date of the signing of the foregoing Agreement.

Dated: _____

Signature of Spouse

REXFORD INDUSTRIAL REALTY, INC.
NON-EMPLOYEE DIRECTOR COMPENSATION PROGRAM

This Rexford Industrial Realty, Inc. (the “Company”) Non-Employee Director Compensation Program (this “Program”) for non-employee directors (the “Directors”) of the board of directors of the Company (the “Board”) shall be effective upon the closing of the Company’s initial public offering of its common stock (the “IPO”). Capitalized terms not otherwise defined herein shall have the meaning ascribed in the Rexford Industrial Realty, Inc. and Rexford Industrial Realty, L.P. 2013 Incentive Award Plan (the “Plan”).

Cash Compensation

Effective upon the IPO, our Directors will become entitled to receive annual retainers in the following amounts, pro-rated for any partial year of service:

Director:	\$25,000
Chair of Audit Committee:	\$10,000
Chair of Compensation Committee:	\$10,000
Chair of Nominating and Corporate Governance Committee:	\$10,000
Lead Independent Director:	\$25,000

The individual serving as Chairman of the Board on the date of the IPO shall receive an annual retainer equal to \$250,000 (pro-rated for any partial year of service) in lieu of the \$25,000 annual retainer payable to Directors.

All annual retainers will be paid in cash quarterly in arrears promptly following the end of the applicable calendar quarter, but in no event more than thirty (30) days after the end of such quarter. For the avoidance of doubt, no Director will receive any annual retainer (or portion thereof) with respect to services provided to the Company prior to the IPO.

Equity Compensation

IPO Restricted Stock Grant:	Each Director who is serving at the IPO, other than the Chairman of the Board on the date of the IPO, shall be granted Restricted Stock with a value of \$40,000, granted on the date of the closing of the Company’s IPO (the “ <u>IPO Grant</u> ”). The IPO Grant shall vest in substantially equal one-third installments on the first, second and third anniversaries of the closing of the Company’s IPO, subject to continued service.
Initial Restricted Stock Grant:	Each Director who is initially elected to serve on the Board after the IPO shall be granted on the date of such initial election or appointment Restricted Stock with a value equal to \$40,000, <i>provided</i> , that if such initial election or appointment does not occur at an annual meeting of the Company’s stockholders, the value of this Restricted Stock grant shall equal the product of (i) \$40,000 multiplied by (ii) a fraction, the

numerator of which equals the number of full calendar months from the date of such election or appointment through the first anniversary of the most recent annual meeting of the Company's stockholders (or the IPO, if no such annual meeting has yet occurred) and the denominator of which equals twelve (the "Initial Grant").

The Initial Grant shall vest in full on the earlier of (i) the date of the annual meeting of the Company's stockholders next following the grant date (it being understood that the Initial Grant shall vest on the date of such annual meeting whether or not the Director is re-elected at such meeting, so long as the Director serves through such meeting) and (ii) the first anniversary of the grant date, subject in each case to continued service.

Annual Restricted Stock Grant:

Each Director who is serving on the Board as of the date of each annual meeting of the Company's stockholders and who is re-elected for another year of service as a Director at such annual meeting shall be granted Restricted Stock with a value of \$40,000 on the date of the applicable annual shareholder meeting (the "Annual Grant").

Each Annual Grant will vest in full on the earlier of (i) the date of the annual meeting of the Company's stockholders next following the grant date (it being understood that the Annual Grant shall vest on the date of such annual meeting whether or not the Director is re-elected at such meeting, so long as the Director serves through such meeting) and (ii) the first anniversary of the grant date, subject in each case to continued service.

Miscellaneous

For purposes of determining the number of shares subject to each IPO Grant, each Initial Grant and each Annual Grant, (i) in the case of an IPO Grant, the dollar value of such grant shall be divided by the initial public offering price of a share of the Common Stock, and (ii) in the case of an Initial Grant or an Annual Grant, the dollar value of such grant shall be divided by the market closing price of a share of the Common Stock on the date of such grant, in each case rounded up to the nearest whole share of Common Stock.

All applicable terms of the Plan apply to this Program as if fully set forth herein, and all grants of Restricted Stock hereby are subject in all respects to the terms of such Plan (as applicable). The grant of any Restricted Stock under this Program shall be made solely by and subject to the terms set forth in a written agreement in a form to be approved by the Board and duly executed by an executive officer of the Company.

Effectiveness, Amendment, Modification and Termination

This Program shall become effective upon the IPO. This Program may be amended, modified or terminated on a prospective basis by the Board in the future at its sole discretion.

Published CUSIP Number:

CREDIT AGREEMENT

Dated as of June [], 2013

among

REXFORD INDUSTRIAL REALTY, L.P.,
as Borrower,

REXFORD INDUSTRIAL REALTY, INC.,
as Parent,

BANK OF AMERICA, N.A.,
as Administrative Agent, Swing Line Lender
and
L/C Issuer,

and

The Other Lenders Party Hereto

WELLS FARGO BANK, NATIONAL ASSOCIATION
and
JPMORGAN CHASE BANK, N.A.,

as
Co-Syndication Agents

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED,
as
Sole Lead Arranger and Sole Bookrunner

TABLE OF CONTENTS

<u>Section</u>	<u>Page</u>
Article I. Definitions and Accounting Terms	1
1.01 Defined Terms	1
1.02 Other Interpretive Provisions	27
1.03 Accounting Terms	28
1.04 Rounding	28
1.05 Times of Day	28
1.06 Letter of Credit Amounts	28
Article II. The Commitments and Credit Extensions	28
2.01 Committed Loans	28
2.02 Borrowings, Conversions and Continuations of Committed Loans	29
2.03 Letters of Credit	30
2.04 Swing Line Loans	38
2.05 Prepayments	41
2.06 Termination or Reduction of Commitments	42
2.07 Repayment of Loans	42
2.08 Interest	42
2.09 Fees	43
2.10 Computation of Interest and Fees; Retroactive Adjustments of Applicable Rate	43
2.11 Evidence of Debt	44
2.12 Payments Generally; Administrative Agent's Clawback	44
2.13 Sharing of Payments by Lenders	46
2.14 Extension of Maturity Date	47
2.15 Increase in Commitments	48
2.16 Cash Collateral	49
2.17 Defaulting Lenders	50
Article III. Taxes, Yield Protection and Illegality	52
3.01 Taxes	52
3.02 Illegality	56
3.03 Inability to Determine Rates	57
3.04 Increased Costs; Reserves on Eurodollar Rate Loans	57
3.05 Compensation for Losses	59
3.06 Mitigation Obligations; Replacement of Lenders	59
3.07 Survival	60
Article IV. Parent Guaranty	60
4.01 The Guaranty	60
4.02 Obligations Unconditional	60
4.03 Reinstatement	61
4.04 Certain Waivers	61
4.05 Remedies	62
4.06 Rights of Contribution	62
4.07 Guaranty of Payment; Continuing Guaranty	62
Article V. Borrowing Base	62
5.01 Initial Borrowing Base	62

5.02	Requests for Admission into Borrowing Base	62
5.03	Eligibility	63
5.04	Approvals and Notices	64
5.05	Exclusion Event	64
5.06	Release of Borrowing Base Property	64
5.07	Appraisals of Borrowing Base Properties	65
5.08	Minimum Borrowing Base Requirements	65
Article VI. Conditions Precedent to Credit Extensions		65
6.01	Conditions of Initial Credit Extension	65
6.02	Conditions to all Credit Extensions	67
Article VII. Representations and Warranties		67
7.01	Existence, Qualification and Power; Compliance with Laws	67
7.02	Authorization; No Contravention	68
7.03	Governmental Authorization; Other Consents	68
7.04	Binding Effect	68
7.05	Financial Statements; No Material Adverse Effect	68
7.06	Litigation	69
7.07	No Default	69
7.08	Ownership of Property; Liens	69
7.09	Environmental Compliance	69
7.10	Insurance	70
7.11	Taxes	70
7.12	ERISA Compliance	70
7.13	Subsidiaries; Equity Interests	71
7.14	Margin Regulations; Investment Company Act	71
7.15	Disclosure	71
7.16	Compliance with Laws	71
7.17	Taxpayer Identification Number	72
7.18	Borrowing Base Properties	72
7.19	Ground Leases	72
7.20	Solvency	73
7.21	REIT Status	73
7.22	OFAC	73
Article VIII. Affirmative Covenants		73
8.01	Financial Statements	73
8.02	Certificates; Other Information	74
8.03	Notices	76
8.04	Payment of Obligations	77
8.05	Preservation of Existence, Etc	77
8.06	Maintenance of Properties	77
8.07	Maintenance of Insurance	78
8.08	Compliance with Laws	79
8.09	Books and Records	79
8.10	Inspection Rights	79
8.11	Use of Proceeds	80
8.12	Environmental Matters	80
8.13	Acceptable Ground Leases	81
8.14	Reports and Testing	81

8.15	Guaranties	81
8.16	Keepwell	81
8.17	REIT Status	81
8.18	Further Assurances	82
Article IX. Negative Covenants		82
9.01	Liens	82
9.02	Investments	83
9.03	Fundamental Changes	84
9.04	Dispositions	84
9.05	Restricted Payments	85
9.06	Change in Nature of Business	85
9.07	Transactions with Affiliates	86
9.08	Burdensome Agreements	86
9.09	Use of Proceeds	86
9.10	Borrowing Base Properties	86
9.11	Acceptable Ground Leases	87
9.12	Amendments of Organization Documents	87
9.13	Accounting Changes	87
9.14	Sanctions	87
9.15	Financial Covenants	87
9.16	ERISA Compliance	88
Article X. Events of Default and Remedies		88
10.01	Events of Default	88
10.02	Remedies Upon Event of Default	90
10.03	Application of Funds	91
Article XI. Administrative Agent		91
11.01	Appointment and Authority	91
11.02	Rights as a Lender	92
11.03	Exculpatory Provisions	92
11.04	Reliance by Administrative Agent	93
11.05	Delegation of Duties	93
11.06	Resignation of Administrative Agent.	93
11.07	Non-Reliance on Administrative Agent and Other Lenders	95
11.08	No Other Duties, Etc	95
11.09	Administrative Agent May File Proofs of Claim	95
11.10	Guaranty Matters	96
Article XII. Miscellaneous		96
12.01	Amendments, Etc	96
12.02	Notices; Effectiveness; Electronic Communication.	97
12.03	No Waiver; Cumulative Remedies; Enforcement	99
12.04	Expenses; Indemnity; Damage Waiver.	100
12.05	Payments Set Aside	101
12.06	Successors and Assigns.	102
12.07	Treatment of Certain Information; Confidentiality	106
12.08	Right of Setoff	107
12.09	Interest Rate Limitation	107
12.10	Counterparts; Integration; Effectiveness	107

12.11	Survival of Representations and Warranties	108
12.12	Severability	108
12.13	Replacement of Lenders	108
12.14	Governing Law; Jurisdiction; Etc.	109
12.15	Waiver of Jury Trial	110
12.16	No Advisory or Fiduciary Responsibility	110
12.17	Electronic Execution of Assignments and Certain Other Documents	110
12.18	USA PATRIOT Act	111
12.19	Time of the Essence	111
12.20	ENTIRE AGREEMENT	111

SCHEDULES

- 2.01 Commitments and Applicable Percentages
- 5.01 Initial Borrowing Base Properties
- 7.06 Litigation
- 7.09 Environmental Matters
- 7.13 Subsidiaries; Other Equity Investments; Equity Interests in Borrower
- 9.02 Existing Investments
- 12.02 Administrative Agent's Office; Certain Addresses for Notices

EXHIBITS

Form of

- A Committed Loan Notice
- B Swing Line Loan Notice
- C Note
- D Compliance Certificate
- E-1 Assignment and Assumption
- E-2 Administrative Questionnaire
- F Borrowing Base Report
- G U.S. Tax Compliance Certificates

CREDIT AGREEMENT

This CREDIT AGREEMENT ("**Agreement**") is entered into as of June [], 2013, among REXFORD INDUSTRIAL REALTY, L.P., a Maryland limited partnership ("**Borrower**"), REXFORD INDUSTRIAL REALTY, INC., a Maryland corporation ("**Parent**"), each lender from time to time party hereto (collectively, the "**Lenders**" and individually, a "**Lender**"), and BANK OF AMERICA, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer.

Borrower has requested that the Lenders provide a revolving credit facility, and the Lenders are willing to do so on the terms and conditions set forth herein.

In consideration of the mutual covenants and agreements herein contained, the parties hereto covenant and agree as follows:

Article I. Definitions and Accounting Terms

1.01 **Defined Terms.** As used in this Agreement, the following terms shall have the meanings set forth below:

"**Acceptable Ground Lease**" means each ground lease with respect to any Borrowing Base Property executed by a member of the Consolidated Group, as lessee, (a) that has a remaining lease term (including extension or renewal rights) of at least thirty (30) years, calculated as of the date such Property becomes a Borrowing Base Property, (b) that is in full force and effect, (c) is transferable and assignable either without the landlord's prior consent or with such consent, which, however, will not be unreasonably withheld or conditioned by landlord, (d) pursuant to which (i) no default or terminating event exists thereunder, and (ii) no event has occurred which but for the passage of time, or notice, or both would constitute a default or terminating event thereunder, and (e) that is otherwise reasonably acceptable to Administrative Agent, *provided that* such acceptance shall be deemed to have occurred if Administrative Agent has not indicated that a ground lease is not acceptable within ten (10) Business Days after receipt of a copy of such ground lease.

"**Adjusted EBITDA**" means, as of any date, EBITDA for the Consolidated Group for the most recently ended Calculation Period *minus* the aggregate Annual Capital Expenditure Adjustment for all Properties owned or leased (as ground lessee) by the Consolidated Group.

"**Administrative Agent**" means Bank of America in its capacity as administrative agent under any of the Loan Documents, or any successor administrative agent.

"**Administrative Agent's Office**" means Administrative Agent's address and, as appropriate, account as set forth on **Schedule 12.02**, or such other address or account as Administrative Agent may from time to time notify Borrower and the Lenders.

"**Administrative Questionnaire**" means an Administrative Questionnaire in substantially the form of **Exhibit E-2** or any other form approved by Administrative Agent.

"**Affiliate**" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

“**Aggregate Commitments**” means the Commitments of all the Lenders, as adjusted from time to time in accordance with the terms of this Agreement. The Aggregate Commitments as of the Closing Date shall be \$200,000,000.

“**Agreement**” means this Credit Agreement.

“**Annual Capital Expenditure Adjustment**” means, with respect to any Property as of any date, an amount equal to the *product of* (a) \$0.10 multiplied by (b) the aggregate net rentable area (determined on a square feet basis) of such Property.

“**Applicable Mortgage Constant**” means, as of any date, a debt constant based upon a thirty (30) year, mortgage-style principal amortization at an interest rate per annum equal to the greater of (a) the ten (10) year Treasury Bill yield as of such date plus two and one-half percent (2.50%), and (b) six percent and one-half percent (6.50%).

“**Applicable Percentage**” means with respect to any Lender at any time, the percentage (carried out to the ninth decimal place) of the Aggregate Commitments represented by such Lender’s Commitment at such time, subject to adjustment as provided in **Section 2.17**. If the commitment of each Lender to make Loans and the obligation of L/C Issuer to make L/C Credit Extensions have been terminated pursuant to **Section 10.02** or if the Aggregate Commitments have expired, then the Applicable Percentage of each Lender shall be determined based on the Applicable Percentage of such Lender most recently in effect, giving effect to any subsequent assignments. The initial Applicable Percentage of each Lender is set forth opposite the name of such Lender on **Schedule 2.01** or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable.

“**Applicable Rate**” means, from time to time, the following percentages per annum, based upon the Leverage Ratio as set forth in the most-recent Compliance Certificate received by Administrative Agent pursuant to **Section 8.02(a)**:

Applicable Rate

<u>Pricing Level</u>	<u>Leverage Ratio</u>	<u>Letters of Credit</u>	<u>Eurodollar Rate</u>	<u>Base Rate</u>
1	< 30%	1.35%	1.35%	0.40%
2	³ 30% but < 40%	1.50%	1.50%	0.50%
3	³ 40% but < 50%	1.70%	1.70%	0.70%
4	³ 50% but < 55%	1.85%	1.85%	0.85%
5	³ 55%	2.05%	2.05%	1.05%

Any increase or decrease in the Applicable Rate resulting from a change in the Leverage Ratio shall become effective as of the first (1st) Business Day immediately following the date a Compliance Certificate is delivered pursuant to **Section 8.02(a)**; *provided that* if a Compliance Certificate is not delivered when due in accordance with such Section, then, upon the request of Required Lenders, Pricing Level 5 shall apply as of the first (1st) Business Day after the date on which such Compliance Certificate was required to have been delivered and shall remain in effect until the date on which such Compliance Certificate is delivered. The Applicable Rate in effect from the Closing Date until adjusted as set forth above shall be set at Pricing Level [].

“**Approved Fund**” means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

“**Arranger**” means Merrill Lynch, Pierce, Fenner & Smith Incorporated, in its capacity as sole lead arranger and sole bookrunner.

“**Assignment and Assumption**” means an assignment and assumption entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by **Section 12.06(b)**), and accepted by Administrative Agent, in substantially the form of **Exhibit E-1** or any other form (including electronic documentation generated by MarkitClear or other electronic platform) approved by Administrative Agent.

“**Attributable Indebtedness**” means, on any date, (a) in respect of any capital lease of any Person, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP, and (b) in respect of any Synthetic Lease Obligation, the capitalized amount of the remaining lease payments under the relevant lease that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP if such lease were accounted for as a capital lease.

“**Availability Period**” means the period from and including the Closing Date to the earliest of (a) the Maturity Date, (b) the date of termination of the Aggregate Commitments pursuant to **Section 2.06**, and (c) the date of termination of the commitment of each Lender to make Loans and of the obligation of L/C Issuer to make L/C Credit Extensions pursuant to **Section 10.02**.

“**Bank of America**” means Bank of America, N.A. and its successors.

“**Base Rate**” means for any day a fluctuating rate per annum equal to the highest of (a) the Federal Funds Rate plus one half of one percent (0.5%), (b) the rate of interest in effect for such day as publicly announced from time to time by Bank of America as its “prime rate,” and (c) the Eurodollar Rate plus one percent (1%). The “prime rate” is a rate set by Bank of America based upon various factors including Bank of America’s costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in such prime rate announced by Bank of America shall take effect at the opening of business on the day specified in the public announcement of such change.

“**Base Rate Committed Loan**” means a Committed Loan that is a Base Rate Loan.

“**Base Rate Loan**” means a Loan that bears interest based on the Base Rate.

“**Borrower**” has the meaning specified in the introductory paragraph hereto.

“**Borrower Materials**” has the meaning specified in **Section 8.02**.

“**Borrowing**” means a Committed Borrowing or a Swing Line Borrowing, as the context may require.

“**Borrowing Base**” means, as of any date, the Properties identified by Borrower in the most-recent Borrowing Base Report that meet the criteria set forth in **Section 5.03**.

“**Borrowing Base Amount**” means, as of any date, the sum of (a) Borrowing Base NOI attributable to the Borrowing Base Properties which have been owned and operated for at least one (1) full fiscal quarter divided by the Capitalization Rate plus (b) the book value of the Borrowing Base Properties which have not been owned and operated for at least one (1) full fiscal quarter; provided that the aggregate amount of the Borrowing Base Amount attributable to Borrowing Base Properties described

in **clause (b)** above shall not exceed ten percent (10%). For purposes of determining the “**Borrowing Base Amount**”, (i) no more than twenty percent (20%) of the Borrowing Base Amount shall be attributable to any single Borrowing Base Property, (ii) no more than fifteen percent (15%) of the Borrowing Base NOI may be from a single tenant, with any excess over such limit being deducted from the Borrowing Base NOI, and (iii) no more than fifteen percent (15%) of the Borrowing Base Amount shall be attributable to Borrowing Base Properties that are ground leased pursuant to Acceptable Ground Leases.

“**Borrowing Base NOI**” means, for the Borrowing Base Properties, (a) in the case of any Borrowing Base Property that has been owned and operated for at least four (4) fiscal quarters, the Net Operating Income from such Borrowing Base Property for the then most recently ended Calculation Period *minus* the Annual Capital Expenditure Adjustment with respect to such Borrowing Base Property, *plus* (b) in the case of any Borrowing Base Property that has been owned and operated for more than one (1) full but less than four (4) full fiscal quarters as of the most recently ended Calculation Period, the Net Operating Income from such Borrowing Base Property for the period from the first day of the first full fiscal quarter during which such Borrowing Base Property was owned and operated through the end of the most recently ended fiscal quarter for which financial statements have been delivered, divided by the number of quarters in such period and multiplied by four (4) *minus* the Annual Capital Expenditure Adjustment with respect to such Borrowing Base Property, *plus* (c) in the case of any Borrowing Base Property that has been owned and operated for less than one (1) full fiscal quarter, an estimated amount of quarterly Net Operating Income from such Borrowing Base Property (as determined based on rent rolls and operating statements provided in connection with the acquisition of such Borrowing Base Property and calculated in a manner satisfactory to Administrative Agent) multiplied by four (4) *minus* the Annual Capital Expenditure Adjustment with respect to such Borrowing Base Property; *provided that* the aggregate amount of the Borrowing Base NOI from Borrowing Base Properties described in **clause (c)** above shall not exceed ten percent (10%) of the aggregate Borrowing Base NOI. For the avoidance of doubt, (i) the Net Operating Income of a Borrowing Base Property that is sold within a fiscal quarter will be excluded in calculating Borrowing Base NOI and (ii) income from, and identifiable and avoidable expenses directly related to, tenants in bankruptcy will be excluded in calculating Borrowing Base NOI.

“**Borrowing Base Properties**” means, as of any date, the Properties that are included in the Borrowing Base as of such date, and “**Borrowing Base Property**” means any one of the Borrowing Base Properties.

“**Borrowing Base Report**” means a report in substantially the form of **Exhibit F** (or such other form reasonably approved by Administrative Agent) certified by a Responsible Officer of Parent, for itself and on behalf of Borrower.

“**Business Day**” means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the Laws of, or are in fact closed in, the state where Administrative Agent’s Office is located or Los Angeles, California and, if such day relates to any Eurodollar Rate Loan, means any such day that is also a London Banking Day.

“**Calculation Period**” means, as of any date, the most recent four (4) fiscal quarter period ending on or prior to such date for which financial statements have been delivered or were required to be delivered pursuant to **Section 8.01(a)** or **Section 8.01(b)**.

“**Capitalization Rate**” means seven and one-quarter percent (7.25%).

“**Cash Collateralize**” means to pledge and deposit with or deliver to Administrative Agent, for the benefit of one or more of L/C Issuer or the Lenders, as collateral for L/C Obligations or obligations of

the Lenders to fund participations in respect of L/C Obligations, cash or deposit account balances or, if Administrative Agent and L/C Issuer shall agree in their sole discretion, other credit support, in each case pursuant to documentation in form and substance reasonably satisfactory to Administrative Agent and L/C Issuer. **“Cash Collateral”** shall have a meaning correlative to the foregoing and shall include the proceeds of such cash collateral and other credit support.

“Casualty” means, with respect to any Borrowing Base Property, such Borrowing Base Property shall be damaged or destroyed, in whole or in part, by fire or other casualty.

“CERCLIS” means the Comprehensive Environmental Response, Compensation and Liability Information System maintained by the U.S. Environmental Protection Agency.

“Change in Law” means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation (including, without limitation, Regulation D of the Board of Governors of the Federal Reserve System) or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; *provided that* notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a **“Change in Law,”** regardless of the date enacted, adopted or issued.

“Change of Control” means an event or series of events by which:

(a) any **“person”** or **“group”** (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, but excluding any employee benefit plan of such person or its subsidiaries, and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan) becomes the **“beneficial owner”** (as defined in Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934, except that a person or group shall be deemed to have **“beneficial ownership”** of all securities that such person or group has the right to acquire, whether such right is exercisable immediately or only after the passage of time (such right, an **“option right”**)), directly or indirectly, of thirty-five percent (35%) or more of the equity securities of Parent entitled to vote for members of the board of directors or equivalent governing body of Parent on a fully-diluted basis (and taking into account all such securities that such person or group has the right to acquire pursuant to any option right); or

(b) during any period of twelve (12) consecutive months, a majority of the members of the board of directors or other equivalent governing body of Parent cease to be composed of individuals (i) who were members of that board or equivalent governing body on the first day of such period, (ii) whose election or nomination to that board or equivalent governing body was approved by individuals referred to in **clause (i)** above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body or (iii) whose election or nomination to that board or other equivalent governing body was approved by individuals referred to in **clauses (i) and (ii)** above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body (excluding, in the case of both **clause (ii)** and **clause (iii)**, any individual whose initial nomination for, or assumption of office as, a member of that board or equivalent governing body occurs as a result of an actual or threatened solicitation of proxies or consents for the election or removal of one or more directors by any person or group other than a solicitation for the election of one or more directors by or on behalf of the board of directors); or

(c) the passage of thirty (30) days from the date upon which any Person or two or more Persons acting in concert shall have acquired by contract or otherwise, or shall have entered into a contract or arrangement (excluding any contract or arrangement which, by its terms, requires as a condition to the closing of such transaction that the Obligations under this Agreement (other than Unmatured Surviving Obligations) be refinanced or paid in full) that, upon consummation thereof, will result in its or their acquisition of the power to exercise, directly or indirectly, a controlling influence over the management or policies of Parent, or control over the equity securities of Parent entitled to vote for members of the board of directors or equivalent governing body of Parent on a fully-diluted basis (and taking into account all such securities that such Person or group has the right to acquire pursuant to any option right) representing twenty-five percent (25%) or more of the combined voting power of such securities; or

(d) Parent shall cease to be the sole general partner of Borrower; or

(e) Parent shall cease to own, directly or indirectly, at least fifty percent (50%) of the issued and outstanding Equity Interests of Borrower; or

(g) Borrower shall cease to own, directly or indirectly, all of the issued and outstanding Equity Interests in each Guarantor (other than Parent).

“**Closing Date**” means the first date all the conditions precedent in **Section 6.01** are satisfied or waived in accordance with **Section 12.01**.

“**Code**” means the Internal Revenue Code of 1986.

“**Commitment**” means, as to each Lender, its obligation to (a) make Committed Loans to Borrower pursuant to **Section 2.01**, (b) purchase participations in L/C Obligations, and (c) purchase participations in Swing Line Loans, in an aggregate principal amount at any one time outstanding not to exceed the amount set forth opposite such Lender’s name on **Schedule 2.01** or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable, as such amount may be adjusted from time to time in accordance with this Agreement.

“**Committed Borrowing**” means a borrowing consisting of simultaneous Committed Loans of the same Type and, in the case of Eurodollar Rate Loans, having the same Interest Period made by each of the Lenders pursuant to **Section 2.01**.

“**Committed Loan**” has the meaning specified in **Section 2.01**.

“**Committed Loan Notice**” means a notice of (a) a Committed Borrowing, (b) a conversion of Committed Loans from one Type to the other, or (c) a continuation of Eurodollar Rate Loans, pursuant to **Section 2.02(a)**, which, if in writing, shall be substantially in the form of **Exhibit A**.

“**Commodity Exchange Act**” means the Commodity Exchange Act (7 U.S.C. § 1 *et seq.*) and any successor statute.

“**Compliance Certificate**” means a certificate substantially in the form of **Exhibit D**.

“**Condemnation**” means a temporary or permanent taking by any Governmental Authority as the result, in lieu, or in anticipation, of the exercise of the right of condemnation or eminent domain of all or any part of any Property, or any interest therein or right accruing thereto, including any right of access thereto or any change of grade affecting any Property or any part thereof.

“**Connection Income Taxes**” means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

“**Consolidated Group**” means the Loan Parties and their Subsidiaries.

“**Contractual Obligation**” means, as to any Person, any provision of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

“**Control**” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “**Controlling**” and “**Controlled**” have meanings correlative thereto.

“**Credit Extension**” means each of the following: (a) a Borrowing; and (b) an L/C Credit Extension.

“**Customary Recourse Exceptions**” means, with respect to any Indebtedness, personal recourse that is limited to fraud, misrepresentation, misapplication of cash, waste, environmental claims and liabilities, prohibited transfers, violations of single-purpose entity covenants, voluntary insolvency proceedings and other circumstances customarily excluded by institutional lenders from exculpation provisions and/or included in separate guaranty or indemnification agreements in non-recourse financing of real property.

“**Debtor Relief Laws**” means the Bankruptcy Code of the United States, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect.

“**Debt Service Coverage Ratio**” means, as of any date, the ratio of (a) the Borrowing Base NOI for all Borrowing Base Properties for the then most recently ended Calculation Period to (b) the *product of* (i) a hypothetical maximum amount of principal of Loans *times* (ii) the Applicable Mortgage Constant.

“**Default**” means any event or condition that constitutes an Event of Default or that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

“**Default Rate**” means (a) when used with respect to Obligations other than Letter of Credit Fees, an interest rate equal to (i) the Base Rate *plus* (ii) the Applicable Rate, if any, applicable to Base Rate Loans *plus* (iii) two percent (2%) per annum; *provided, however*, that with respect to a Eurodollar Rate Loan, the Default Rate shall be an interest rate equal to the interest rate (including any Applicable Rate) otherwise applicable to such Loan *plus* two percent (2%) per annum, and (b) when used with respect to Letter of Credit Fees, a rate equal to the Applicable Rate for Letters of Credit *plus* two percent (2%) per annum.

“**Defaulting Lender**” means, subject to **Section 2.17(b)**, any Lender that (a) has failed to (i) fund all or any portion of its Loans within two (2) Business Days of the date such Loans were required to be funded hereunder unless such Lender notifies Administrative Agent and Borrower in writing that such failure is the result of such Lender’s determination that one or more conditions precedent to funding (each

of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, or (ii) pay to Administrative Agent, L/C Issuer, Swing Line Lender or any other Lender any other amount required to be paid by it hereunder (including in respect of its participation in Letters of Credit or Swing Line Loans) within two (2) Business Days of the date when due, (b) has notified Borrower, Administrative Agent, L/C Issuer or Swing Line Lender in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Lender's obligation to fund a Loan hereunder and states that such position is based on such Lender's determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) has failed, within three (3) Business Days after written request by Administrative Agent or Borrower, to confirm in writing to Administrative Agent and Borrower that it will comply with its prospective funding obligations hereunder (*provided that* such Lender shall cease to be a Defaulting Lender pursuant to this **clause (c)** upon receipt of such written confirmation by Administrative Agent and Borrower), or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, or (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity; *provided that* a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any Equity Interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by Administrative Agent that a Lender is a Defaulting Lender under any one or more of **clauses (a)** through **(d)** above, and of the effective date of such status, shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to **Section 2.17(b)**) as of the date established therefor by Administrative Agent in a written notice of such determination, which shall be delivered by Administrative Agent to Borrower, L/C Issuer, Swing Line Lender and each other Lender promptly following such determination.

"Designated Jurisdiction" means any country or territory to the extent that such country or territory itself is the subject of any Sanction.

"Disposition" or **"Dispose"** means the sale, transfer, license, lease (other than a real estate lease entered into in the ordinary course of business as part of Property leasing operations) or other disposition (including any sale and leaseback transaction) of any property by any Person, including any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith.

"Dollar" and **"\$"** mean lawful money of the United States.

"EBITDA" means, for the Consolidated Group, on a consolidated basis (without duplication), for any period, an amount equal to (a) Net Income of the Consolidated Group for such period, in each case, excluding (i) any non-recurring or extraordinary gains and losses for such period (including gains and losses on Dispositions not made in the ordinary course of business), (ii) any income or gain and any loss or expense in each case resulting from early extinguishment of Indebtedness, and (iii) any income or gain or any expense or loss resulting from a Swap Contract (including by virtue of a termination thereof), *plus* (b) an amount which, in the determination of Net Income for such period pursuant to **clause (a)** above, has been deducted for or in connection with (i) Interest Expense (including amortization of deferred financing costs, to the extent included in the determination of Interest Expense per GAAP), (ii) income

taxes, (iii) depreciation and amortization, (iv) amounts deducted as a result of the application of FAS 141, (v) non-cash losses and expenses, and (vi) adjustments as a result of the straight lining of rents, all as determined in accordance with GAAP, plus (c) without duplication of amounts included in **clauses (a)** and **(b)** above with respect to Unconsolidated Affiliates, the amounts described in **clauses (a)** and **(b)** above of each Unconsolidated Affiliate of the Consolidated Group multiplied by the respective Unconsolidated Affiliate Interest of each member of the Consolidated Group in such Unconsolidated Affiliate, minus (d) all cash payments made during such period on account of non-cash losses and expenses added to EBITDA pursuant to **clause (b)(v)** above in a previous period.

“**Eligible Assignee**” means any Person that meets the requirements to be an assignee under **Section 12.06(b)(iii)** and **(v)** (subject to such consents, if any, as may be required under **Section 12.06(b)(iii)**).

“**Environmental Assessment**” has the meaning specified in **Section 8.12**.

“**Environmental Claim**” means any investigative, enforcement, cleanup, removal, containment, remedial, or other private or governmental or regulatory action at any time threatened, instituted, or completed pursuant to any applicable Environmental Law against any member of the Consolidated Group or against or with respect to any Property or any condition, use, or activity on any Property (including any such action against Administrative Agent or any Lender), and any claim at any time threatened or made by any Person against any member of the Consolidated Group or against or with respect to any Property or any condition, use, or activity on any Property (including any such claim against Administrative Agent or any Lender), relating to damage, contribution, cost recovery, compensation, loss, or injury resulting from or in any way arising in connection with any Hazardous Material or any Environmental Law.

“**Environmental Laws**” means any and all applicable Federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including those related to Hazardous Materials.

“**Environmental Liability**” means, with respect to any member of the Consolidated Group, any liability (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities) of such member of the Consolidated Group resulting from (a) any violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed by or imposed on any member of the Consolidated Group with respect to any of the foregoing.

“**Equity Interests**” means, with respect to any Person, all of the shares of capital stock of (or other ownership or profit interests in) such Person, all of the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, all of the securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests), and all of the other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination.

“**ERISA**” means the Employee Retirement Income Security Act of 1974.

“**ERISA Affiliate**” means any trade or business (whether or not incorporated) under common control with any Loan Party within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code).

“**ERISA Event**” means (a) a Reportable Event with respect to a Pension Plan; (b) the withdrawal of any Loan Party or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which such entity was a “*substantial employer*” as defined in Section 4001(a)(2) of ERISA or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal (within the meaning of Section 4203 and 4205 of ERISA) by any Loan Party or any ERISA Affiliate from a Multiemployer Plan if any Loan Party has any potential liability therefor or receipt of notification that a Multiemployer Plan is in reorganization pursuant to Section 4241 of ERISA; (d) the filing of a notice of intent to terminate a Pension Plan or Multiemployer Plan or the treatment of a Pension Plan or Multiemployer Plan amendment as a termination under Section 4041 or 4041A of ERISA; (e) the institution by the PBGC of proceedings to terminate a Pension Plan or Multiemployer Plan; (f) any event or condition which constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan; (g) the determination that any Pension Plan or Multiemployer Plan is considered an at-risk plan or a plan in endangered or critical status within the meaning of Sections 430, 431 and 432 of the Code or Sections 303, 304 and 305 of ERISA, as applicable; or (h) the imposition of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon any Loan Party or any ERISA Affiliate.

“**Eurocurrency liabilities**” has the meaning specified in Section 3.04(e).

“**Eurodollar Rate**” means:

(a) for any Interest Period with respect to a Eurodollar Rate Loan, the rate per annum equal to (i) the British Bankers Association LIBOR Rate or the successor thereto if the British Bankers Association is no longer making a LIBOR rate available (“**LIBOR**”), as published by Reuters (or such other commercially available source providing quotations of LIBOR as may be designated by Administrative Agent from time to time) at approximately 11:00 a.m., London time, two (2) London Banking Days prior to the commencement of such Interest Period, for Dollar deposits (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period or, (ii) if such rate is not available at such time for any reason, the rate per annum determined by Administrative Agent to be the rate at which deposits in Dollars for delivery on the first day of such Interest Period in same day funds in the approximate amount of the Eurodollar Rate Loan being made, continued or converted and with a term equivalent to such Interest Period would be offered by Bank of America’s London Branch to major banks in the London interbank eurodollar market at their request at approximately 11:00 a.m. (London time) two (2) London Banking Days prior to the commencement of such Interest Period; and

(b) for any interest calculation with respect to a Base Rate Loan on any date, the rate per annum equal to (i) LIBOR, at approximately 11:00 a.m., London time determined two (2) London Banking Days prior to such date for Dollar deposits being delivered in the London interbank market for a term of one month commencing that day or (ii) if such published rate is not available at such time for any reason, the rate per annum determined by Administrative Agent to be the rate at which deposits in Dollars for delivery on the date of determination in same day funds in the approximate amount of the Base Rate Loan being made or maintained and with a term equal to one month would be offered by Bank of America’s London Branch to major banks in the London interbank eurodollar market at their request at the date and time of determination.

“**Eurodollar Rate Loan**” means a Committed Loan that bears interest at a rate based on **clause (a)** of the definition of “**Eurodollar Rate**.”

“**Event of Default**” has the meaning specified in **Section 10.01**.

“**Excluded Taxes**” means any of the following Taxes imposed on or with respect to any Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its Lending Office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan or Commitment (other than pursuant to an assignment request by Borrower under **Section 3.06(b)**) or (ii) such Lender changes its Lending Office, except in each case to the extent that, pursuant to **Section 3.01(a)(ii)** or **3.01(c)**, amounts with respect to such Taxes were payable either to such Lender’s assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its Lending Office, (c) Taxes attributable to such Recipient’s failure to comply with **Section 3.01(e)** and (d) any U.S. federal withholding Taxes imposed pursuant to FATCA.

“**Exclusion Event**” means (a) a Borrowing Base Property fails to satisfy the criteria set forth in **Section 5.03** to be a Borrowing Base Property after the date such Borrowing Base Property was admitted into the Borrowing Base, or (b) a Borrowing Base Property is subject to any Casualty or Condemnation that could reasonably be expected to result in a Material Property Event.

“**FASB ASC**” means the Accounting Standards Codification of the Financial Accounting Standards Board.

“**FATCA**” means **Sections 1471** through **1474** of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with) and any current or future regulations or official interpretations thereof and any agreements entered into pursuant to **Section 1471(b)(1)** of the Code.

“**Federal Funds Rate**” means, for any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; *provided that* (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of one one-hundredth of one percent (1/100 of 1%)) charged to Bank of America on such day on such transactions as determined by Administrative Agent.

“**Fee Letter**” means the fee letter agreement dated May 13, 2013, among Borrower, Parent, Administrative Agent and Arranger.

“**First Extended Maturity Date**” means June [], 2017.

“**Fixed Charges**” means, for the Consolidated Group, on a consolidated basis, for any period, the sum (without duplication) of (a) Interest Expense required to be paid in cash during such period, *plus*

(b) scheduled principal payments on account of Indebtedness of the Consolidated Group (excluding any balloon payments on any Indebtedness, but only to the extent that the amount of such balloon payment is greater than the scheduled principal payment immediately preceding such balloon payment), plus (c) Restricted Payments paid in cash (other than to a member of the Consolidated Group) with respect to preferred Equity Interests of any member of the Consolidated Group, plus (d) the amounts described in **clauses (a) and (b)** above of each Unconsolidated Affiliate of the Consolidated Group multiplied by the respective Unconsolidated Affiliate Interest of each member of the Consolidated Group in such Unconsolidated Affiliate, all for such period.

“**Foreign Lender**” means a Lender that is not a U.S. Person.

“**FRB**” means the Board of Governors of the Federal Reserve System of the United States.

“**Fronting Exposure**” means, at any time there is a Defaulting Lender, (a) with respect to L/C Issuer, such Defaulting Lender’s Applicable Percentage of the outstanding L/C Obligations other than L/C Obligations as to which such Defaulting Lender’s participation obligation has been reallocated to other Lenders or Cash Collateralized in accordance with the terms hereof, and (b) with respect to Swing Line Lender, such Defaulting Lender’s Applicable Percentage of Swing Line Loans other than Swing Line Loans as to which such Defaulting Lender’s participation obligation has been reallocated to other Lenders in accordance with the terms hereof.

“**Fund**” means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its activities.

“**Funds from Operations**” means, for any Person for any period, the sum of (a) Net Income plus (b) depreciation and amortization expense determined in accordance with GAAP excluding amortization expense attributable to capitalized debt costs; provided that there shall not be included in such calculation (i) any proceeds of any insurance policy other than rental or business interruption insurance received by such Person, (ii) any gain or loss which is classified as “extraordinary” in accordance with GAAP, (iii) any capital gains and taxes on capital gains, (iv) income (or loss) associated with third-party ownership of non-controlling Equity Interests, and (v) gains or losses on the sale of discontinued operations.

“**GAAP**” means generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or such other principles as may be approved by a significant segment of the accounting profession in the United States, that are applicable to the circumstances as of the date of determination, consistently applied.

“**Governmental Authority**” means the government of the United States or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

“**Guarantee**” means, as to any Person, (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation payable or performable by another Person (the “**primary obligor**”) in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or

supply funds for the purchase or payment of) such Indebtedness or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Indebtedness or other obligation of the payment or performance of such Indebtedness or other obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation, or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Indebtedness or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part), or (b) any Lien on any assets of such Person securing any Indebtedness or other obligation of any other Person, whether or not such Indebtedness or other obligation is assumed by such Person (or any right, contingent or otherwise, of any holder of such Indebtedness to obtain any such Lien). The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term “**Guarantee**” as a verb has a corresponding meaning.

“**Guaranteed Obligations**” has the meaning specified in **Section 4.01**.

“**Guaranties**” means the Subsidiary Guaranty and the Guaranty given by Parent pursuant to **Article IV** of this Agreement, and “**Guaranty**” means any one of the Guaranties.

“**Guarantors**” means, collectively, (a) Parent, (b) the Subsidiary Guarantors and (c) with respect to the payment and performance by each Specified Loan Party of its obligations under its Guaranty with respect to all Swap Obligations, Borrower; and “**Guarantor**” means any one of the Guarantors.

“**Hazardous Materials**” means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Law.

“**Historical Financial Statements**” means (a) the audited statements and balance sheets and the related statements of income or operations, changes in shareholders’ equity, and cash flows of the predecessor of Parent for the fiscal years ending December 31, 2011 and December 31, 2012, and (b) the balance sheets and the related statements of income or operations, changes in shareholders’ equity, and cash flows of the predecessor of Parent for the fiscal quarter ended March 31, 2013, certified by the chief financial officer or treasurer of Parent that such statements fairly present the consolidated financial condition of the predecessor of Parent as of such dates and the consolidated results of operations of the predecessor of Parent for the period ended on such dates, all in accordance with GAAP.

“**Immaterial Subsidiaries**” means one (1) or more Subsidiaries of Parent (other than any Subsidiary Guarantor) whose assets that are used in the calculation of Total Asset Value do not exceed (a) two percent (2%) of Total Asset Value for any one (1) Subsidiary or (b) five percent (5%) of Total Asset Value in the aggregate for all such Subsidiaries, and “**Immaterial Subsidiary**” means any one of the Immaterial Subsidiaries.

“**Improvements**” means any member of the Consolidated Group’s interest in and to all onsite and offsite improvements to any Property, together with all fixtures, tenant improvements, and appurtenances now or later to be located on such Property and/or in such improvements.

“Increase Effective Date” has the meaning specified in **Section 2.15(d)**.

“Indebtedness” means, for any Person at a particular time, without duplication, all of the following, whether or not included as indebtedness or liabilities in accordance with GAAP:

- (a) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments;
- (b) all direct or contingent obligations of such Person arising under letters of credit (including standby and commercial), bankers’ acceptances, bank guaranties, surety bonds and similar instruments to the extent such instruments or agreements support financial, rather than performance, obligations;
- (c) net obligations of such Person under any Swap Contract;
- (d) all obligations of such Person to pay the deferred purchase price of property or services (other than trade accounts payable that are not past due for more than ninety (90) days, unless such obligations are being contested in good faith);
- (e) indebtedness (excluding prepaid interest thereon) secured by a Lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse;
- (f) capital leases and Synthetic Lease Obligations;
- (g) all obligations of such Person to purchase, redeem, retire, defease or otherwise make any payment in respect of any Equity Interest in such Person or any other Person, valued, in the case of a redeemable preferred interest, at the greater of its voluntary or involuntary liquidation preference *plus* accrued and unpaid dividends; and
- (h) all Guarantees of such Person in respect of any of the foregoing.

For all purposes hereof, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which such Person is a general partner or a joint venturer, unless such Indebtedness is expressly made non-recourse to such Person. The amount of any net obligation under any Swap Contract on any date shall be determined in accordance with GAAP. The amount of any capital lease or Synthetic Lease Obligation as of any date shall be deemed to be the amount of Attributable Indebtedness in respect thereof as of such date.

“Indemnified Taxes” means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document and (b) to the extent not otherwise described in **clause (a)**, Other Taxes.

“Indemnitees” has the meaning specified in **Section 12.04(b)**.

“Information” has the meaning specified in **Section 12.07**.

“Initial Borrowing Base Properties” means the Properties listed on **Schedule 5.01**, and **“Initial Borrowing Base Property”** means any one of the Initial Borrowing Base Properties.

“**Initial Maturity Date**” means June [], 2016.

“**Interest Expense**” means, for the Consolidated Group, on a consolidated basis, for any period, without duplication, total interest expense determined in accordance with GAAP (including for the avoidance of doubt capitalized interest and interest expense attributable to the Consolidated Group’s ownership interests in Unconsolidated Affiliates) for such period.

“**Interest Payment Date**” means: (a) as to any Loan other than a Base Rate Loan, the last day of each Interest Period applicable to such Loan and the Maturity Date; *provided, however*, that if any Interest Period for a Eurodollar Rate Loan exceeds three (3) months, the respective dates that fall every three (3) months after the beginning of such Interest Period shall also be Interest Payment Dates; and (b) as to any Base Rate Loan (including a Swing Line Loan), the first (1st) Business Day of each calendar month and the Maturity Date.

“**Interest Period**” means as to each Eurodollar Rate Loan, the period commencing on the date such Eurodollar Rate Loan is disbursed or converted to or continued as a Eurodollar Rate Loan and ending on the date one (1), two (2), three (3), or six (6) months, or, subject to availability, fourteen (14) days thereafter, as selected by Borrower in its Committed Loan Notice; *provided that*:

(a) any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless, in the case of a Eurodollar Rate Loan, such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day;

(b) any Interest Period pertaining to a Eurodollar Rate Loan that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(c) no Interest Period shall extend beyond the Maturity Date.

“**Investment**” means, as to any Person, any direct or indirect acquisition or investment by such Person, whether by means of (a) the purchase or other acquisition of capital stock or other securities of another Person, (b) a loan, advance or capital contribution to, Guarantee or assumption of debt of, or purchase or other acquisition of any other debt or equity participation or interest in, another Person, including any partnership or joint venture interest in such other Person and any arrangement pursuant to which the investor Guarantees Indebtedness of such other Person, or (c) the purchase or other acquisition (in one transaction or a series of transactions) of assets of another Person that constitute a business unit. For purposes of covenant compliance, the amount of any Investment shall be the amount actually invested, without adjustment for subsequent increases or decreases in the value of such Investment.

“**IPO**” means the initial public offering and private placement of Parent’s common Equity Interests (a) pursuant to which Parent has received gross proceeds of at least \$185,000,000, and (b) resulting in common Equity Interests of Parent being traded on the New York Stock Exchange.

“**IRS**” means the United States Internal Revenue Service.

“**ISP**” means, with respect to any Letter of Credit, the “International Standby Practices 1998” published by the Institute of International Banking Law & Practice, Inc. (or such later version thereof as may be in effect at the time of issuance).

“Issuer Documents” means with respect to any Letter of Credit, the Letter of Credit Application, and any other document, agreement and instrument entered into by L/C Issuer and Borrower (or any Subsidiary) or in favor of L/C Issuer and relating to such Letter of Credit.

“Laws” means, collectively, all international, foreign, Federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

“L/C Advance” means, with respect to each Lender, such Lender’s funding of its participation in any L/C Borrowing in accordance with its Applicable Percentage.

“L/C Borrowing” means an extension of credit resulting from a drawing under any Letter of Credit which has not been reimbursed on the date when made or refinanced as a Committed Borrowing.

“L/C Credit Extension” means, with respect to any Letter of Credit, the issuance thereof or extension of the expiry date thereof, or the increase of the amount thereof.

“L/C Issuer” means Bank of America in its capacity as issuer of Letters of Credit hereunder, or any successor issuer of Letters of Credit hereunder.

“L/C Obligations” means, as at any date, the aggregate amount available to be drawn under all outstanding Letters of Credit *plus* the aggregate of all Unreimbursed Amounts, including all L/C Borrowings. For purposes of computing the amount available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with **Section 1.06**. For all purposes of this Agreement, if on any date of determination a Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason of the operation of *Rule 3.14* of the ISP, such Letter of Credit shall be deemed to be “outstanding” in the amount so remaining available to be drawn.

“Lease” means each existing or future lease, sublease (to the extent of any Member of the Consolidated Group’s rights thereunder), or other agreement (other than an Acceptable Ground Lease) under the terms of which any Person has or acquires any right to occupy or use any Property, or any part thereof, or interest therein, and each existing or future guaranty of payment or performance thereunder.

“Lender” has the meaning specified in the introductory paragraph hereto and, unless the context requires otherwise, includes Swing Line Lender.

“Lending Office” means, as to any Lender, the office or offices of such Lender described as such in such Lender’s Administrative Questionnaire, or such other office or offices as a Lender may from time to time notify Borrower and Administrative Agent.

“Letter of Credit” means any standby letter of credit issued hereunder providing for the payment of cash upon the honoring of a presentation thereunder.

“Letter of Credit Application” means an application and agreement for the issuance or amendment of a Letter of Credit in the form from time to time in use by L/C Issuer.

“Letter of Credit Expiration Date” means the day that is seven (7) days prior to the Maturity Date then in effect (or, if such day is not a Business Day, the next preceding Business Day).

“**Letter of Credit Fee**” has the meaning specified in **Section 2.03(h)**.

“**Letter of Credit Sublimit**” means, on any date, an amount equal to the greater of (a) \$20,000,000 and (b) ten percent (10%) of the Aggregate Commitments on such date. The Letter of Credit Sublimit is part of, and not in addition to, the Aggregate Commitments.

“**Leverage Ratio**” means, as of any date, the ratio of (a) Total Indebtedness to (b) Total Asset Value.

“**Lien**” means any mortgage, deed of trust, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to any Property, and any financing lease having substantially the same economic effect as any of the foregoing).

“**Loan**” means an extension of credit by a Lender to Borrower under **Article II** in the form of a Committed Loan or a Swing Line Loan.

“**Loan Documents**” means this Agreement, each Note, each Issuer Document, any agreement creating or perfecting rights in Cash Collateral pursuant to the provisions of **Section 2.16** of this Agreement, the Subsidiary Guaranty, and the Fee Letter.

“**Loan Parties**” means, collectively, Borrower and each Guarantor, and “**Loan Party**” means any one of the Loan Parties.

“**London Banking Day**” means any day on which dealings in Dollar deposits are conducted by and between banks in the London interbank eurodollar market.

“**Master Agreement**” has the meaning specified in the definition of “**Swap Contract**.”

“**Material Adverse Effect**” means: (a) a material adverse change in, or a material adverse effect upon, the operations, business, assets, properties, liabilities (actual or contingent), or condition (financial or otherwise) of Parent and its Subsidiaries, taken as a whole; (b) a material adverse effect on the rights and remedies of Administrative Agent or any Lender under any Loan Documents, or of the ability of the Loan Parties, taken as a whole, to perform their obligations under the Loan Documents; or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against any Loan Party of any Loan Document to which it is a party.

“**Material Environmental Event**” means, with respect to any Property, (a) a violation of any Environmental Law with respect to such Property, or (b) the presence of any Hazardous Materials on, about, or under such Property that, under or pursuant to any Environmental Law, would require remediation, if in the case of either **clause (a)** or **(b)**, such event or circumstance could reasonably be expected to result in (i) a Material Adverse Effect, if such Property is not a Borrowing Base Property, or (ii) a Material Property Event, if such Property is a Borrowing Base Property.

“**Material Property Event**” means, with respect to any Property, the occurrence of any event or circumstance occurring or arising after the date of this Agreement that could reasonably be expected to result in a material adverse effect on the value of such Property.

“Material Title Defects” means, with respect to any Property, defects, Liens (other than Permitted Liens), and other encumbrances in the nature of easements, servitudes, restrictions, and rights-of-way that would customarily be deemed unacceptable title exceptions for a prudent lender (i.e., a prudent lender would reasonably determine that such exceptions, individually or in the aggregate, materially impair the value of such Property) or would prevent such Property from being used in the manner in which it is currently being used.

“Maturity Date” means (a) if the Initial Maturity Date is not extended to the First Extended Maturity Date pursuant to **Section 2.14**, then the Initial Maturity Date, (b) if the Initial Maturity Date is extended to the First Extended Maturity Date pursuant to **Section 2.14** and the First Extended Maturity Date is not extended to the Second Extended Maturity Date pursuant to **Section 2.14**, then the First Extended Maturity Date, and (c) if the Initial Maturity Date is extended to the First Extended Maturity Date pursuant to **Section 2.14** and the First Extended Maturity Date is extended to the Second Extended Maturity Date pursuant to **Section 2.14**, then the Second Extended Maturity Date; *provided, however*, that in each case, if such date is not a Business Day, then the Maturity Date shall be the next preceding Business Day.

“Maximum Availability” means, as of any date, an amount equal to the least of (a) the Aggregate Commitments; (b) the *product* of (i) sixty percent (60%) and the Borrowing Base Amount; and (c) the Mortgageability Amount. Each change in the Borrowing Base Amount and the Mortgageability Amount shall be effective upon receipt of a new Borrowing Base Report pursuant to the terms of this Agreement; *provided that* any increase in the Borrowing Base Amount or the Mortgageability Amount reflected in such Borrowing Base Report shall not become effective until the fifth (5th) Business Day (or such lesser period agreed to in writing by Administrative Agent) following delivery thereof.

“Minimum Collateral Amount” means, at any time, (a) with respect to Cash Collateral consisting of cash or deposit account balances provided to reduce or eliminate Fronting Exposure during the existence of a Defaulting Lender, an amount equal to one hundred percent (100%) of the Fronting Exposure of L/C Issuer with respect to Letters of Credit issued and outstanding at such time, and (b) otherwise, an amount equal to one hundred and five percent (105%) of the Outstanding Amount of all L/C Obligations.

“Mortgageability Amount” means the maximum amount of principal of Loans that would result in a Debt Service Coverage Ratio equal to 1.50 to 1.0. For purposes of determining the **“Mortgageability Amount”**, (i) no more than twenty percent (20%) of the Mortgageability Amount shall be attributable to any single Borrowing Base Property, (ii) no more than fifteen percent (15%) of the Borrowing Base NOI may be from a single tenant, with any excess over such limit being deducted from the Borrowing Base NOI, and (iii) no more than fifteen percent (15%) of the Mortgageability Amount shall be attributable to Borrowing Base Properties that are ground leased pursuant to Acceptable Ground Leases.

“Multiemployer Plan” means any employee benefit plan of the type described in *Section 4001(a)(3)* of ERISA, to which any Loan Party or any ERISA Affiliate makes or is obligated to make contributions, or during the preceding five plan years, has made or been obligated to make contributions.

“Multiple Employer Plan” means a Plan which has two or more contributing sponsors (including any Loan Party or any ERISA Affiliate) at least two of whom are not under common control, as such a plan is described in *Section 4064* of ERISA.

“Negative Pledge” means a provision of any agreement (other than this Agreement or any other Loan Document) that prohibits the creation of any Lien on any assets of a Person; *provided, however*, that

an agreement that establishes a maximum ratio of unsecured debt to unencumbered assets, or of secured debt to total assets, or that otherwise conditions a Person's ability to encumber its assets upon the maintenance of one or more specified ratios that limit such Person's ability to encumber its assets but that do not generally prohibit the encumbrance of its assets, or the encumbrance of specific assets, shall not constitute a "*Negative Pledge*" for purposes of this Agreement.

"*Net Income*" means the net income (or loss) of the Consolidated Group for any period; *provided, however*, that Net Income shall exclude (a) extraordinary gains and extraordinary losses for such period, (b) the net income of any Subsidiary of Parent during such period to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary of such income is not permitted by operation of the terms of its organization documents or any agreement, instrument or law applicable to such Subsidiary during such period, except that Parent's equity in any net loss of any such Subsidiary for such period shall be included in determining Net Income, and (c) any income (or loss) for such period of any Person if such Person is not a Subsidiary of Parent, except that Parent's equity in the net income of any such Person for such period shall be included in Net Income up to the aggregate amount of cash actually distributed by such Person during such period to Parent or a Subsidiary thereof as a Restricted Payment (and in the case of a Restricted Payment to a Subsidiary of Parent, such Subsidiary is not precluded from further distributing such amount to Parent as described in *clause (b)* of this proviso).

"*Net Operating Income*" means, for any Property for any period, an amount equal to (a) the aggregate gross revenues from the operations of such Property during such period from tenants that were in occupancy and paying rent during such period, *minus* (b) the sum of (i) all expenses and other proper charges incurred in connection with the operation of such Property during such period (including accruals for real estate taxes and insurance, but excluding debt service charges, income taxes, depreciation, amortization, capital expenditures and expenses and other non-cash expenses), and (ii) an amount equal to the greater of (x) two and one-half percent (2.50%) of rents and (y) actual management fees paid in cash, which expenses and accruals shall be calculated in accordance with GAAP.

"*Non-Consenting Lender*" means any Lender that does not approve any consent, waiver or amendment that (a) requires the approval of all Lenders or all affected Lenders in accordance with the terms of **Section 12.01** and (b) has been approved by Required Lenders.

"*Non-Defaulting Lender*" means, at any time, each Lender that is not a Defaulting Lender at such time.

"*Non-Recourse Debt*" means, for any Person, any Indebtedness of such Person in which recourse of the applicable holder of such Indebtedness for non-payment is limited to such holder's Liens on a particular asset or group of assets (other than for Customary Recourse Exceptions).

"*Note*" means a promissory note made by Borrower in favor of a Lender evidencing Loans made by such Lender, substantially in the form of **Exhibit C**.

"*Obligations*" means all advances to, and debts, liabilities, obligations, covenants and duties of, any Loan Party arising under any Loan Document or otherwise with respect to any Loan or Letter of Credit, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against any Loan Party or any Affiliate thereof of any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding; *provided* that all references to "*Obligations*" in the Guaranties, and any other Guarantees, security agreement, or pledge agreements delivered to

Administrative Agent to Guarantee, or create or evidence Liens securing, the Obligations shall, in addition to the foregoing, include all present and future indebtedness, liabilities, and obligations now or hereafter arising from, by virtue of, or pursuant to any Swap Contract that relates solely to the Obligations owed to any Person who was Administrative Agent, a Lender or an Affiliate of Administrative Agent or a Lender at the time such Swap Contract was entered into, excluding in each case Excluded Swap Obligations (as defined in the Subsidiary Guaranty).

“**Occupancy Rate**” means, for any Property, the percentage of the rentable area of such Property leased by tenants pursuant to bona fide tenant Leases, which tenants are not more than thirty (30) days late on all rent or other payments due under such Leases and paying cash rent.

“**OFAC**” means the Office of Foreign Assets Control of the United States Department of the Treasury.

“**Organization Documents**” means, (a) with respect to any corporation, the certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-U.S. jurisdiction); (b) with respect to any limited liability company, the certificate or articles of formation or organization and operating agreement; and (c) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity.

“**Other Connection Taxes**” means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

“**Other Taxes**” means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to **Section 3.06**).

“**Outstanding Amount**” means (a) with respect to Committed Loans and Swing Line Loans on any date, the aggregate outstanding principal amount thereof after giving effect to any borrowings and prepayments or repayments of Committed Loans and Swing Line Loans, as the case may be, occurring on such date; and (b) with respect to any L/C Obligations on any date, the outstanding amount of such L/C Obligations on such date after giving effect to any L/C Credit Extension occurring on such date and any other changes in the aggregate amount of the L/C Obligations as of such date, including as a result of any reimbursements by Borrower of Unreimbursed Amounts.

“**Parent**” has the meaning specified in the introductory paragraph hereto.

“**Participant**” has the meaning specified in **Section 12.06(d)**.

“**Participant Register**” has the meaning specified in **Section 12.06(d)**.

“**PBGC**” means the Pension Benefit Guaranty Corporation.

“**Pension Act**” means the Pension Protection Act of 2006.

“**Pension Funding Rules**” means the rules of the Code and ERISA regarding minimum required contributions (including any installment payment thereof) to Pension Plans and Multiemployer Plans and set forth in, with respect to plan years ending prior to the effective date of the Pension Act, *Section 412* of the Code and *Section 302* of ERISA, each as in effect prior to the Pension Act and, thereafter, *Section 412, 430, 431, 432 and 436* of the Code and *Sections 302, 303, 304 and 305* of ERISA.

“**Pension Plan**” means any employee pension benefit plan as defined in *Section 3(2)* of ERISA (including a Multiple Employer Plan but not a Multiemployer Plan) that is maintained or is contributed to by any Loan Party and any ERISA Affiliate and is either covered by Title IV of ERISA or is subject to the minimum funding standards under *Section 412* of the Code.

“**Permitted Liens**” means Liens permitted by *Section 9.01*.

“**Person**” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“**Plan**” means any employee benefit plan within the meaning of *Section 3(3)* of ERISA (including a Pension Plan), other than a Multiemployer Plan, maintained for employees of any Loan Party or any ERISA Affiliate or any such Plan to which any Loan Party or any ERISA Affiliate is required to contribute on behalf of any of its employees.

“**Plan Assets**” means the assets of an “*employee benefit plan*,” as defined in *Section 3(3)* of ERISA that is covered by Title I of ERISA or any “*plan*” defined in *Section 4975(e)* of the Code, as described in the Plan Assets Regulation.

“**Plan Assets Regulation**” means 29 C.F.R. *Section 2510.3-101, et seq.*, as modified by *Section 3(42)* of ERISA.

“**Platform**” has the meaning specified in *Section 8.02*.

“**Pro Forma Financial Statements**” has the meaning specified in *Section 7.05(b)*.

“**Properties**” means real estate properties owned by any member of the Consolidated Group, and “**Property**” means any one of the Properties.

“**Property Information**” has the meaning specified in *Section 5.02*.

“**Public Lender**” has the meaning specified in *Section 8.02*.

“**Recipient**” means Administrative Agent, any Lender, L/C Issuer or any other recipient of any payment to be made by or on account of any obligation of any Loan Party hereunder.

“**Recourse Debt**” means, for any Person, Indebtedness of such Person that is not Non-Recourse Debt; *provided that* Indebtedness of a single-purpose entity which is secured by substantially all of the assets of such single-purpose entity but for which there is no recourse to another member of the Consolidated Group (other than with respect to Customary Recourse Exceptions) shall not be considered Recourse Debt even if such Indebtedness is fully recourse to such single-purpose entity and unsecured

Guarantees with respect to Customary Recourse Exceptions provided by a member of the Consolidated Group of mortgage loans to Subsidiaries or Unconsolidated Affiliates shall not be Recourse Debt as long as no demand for payment or performance thereof has been made.

“**Register**” has the meaning specified in **Section 12.06(c)**.

“**REIT**” means any Person that qualifies as a “real estate investment trust” under *Sections 856 through 860* of the Code.

“**Related Parties**” means, with respect to any Person, such Person’s Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person’s Affiliates.

“**Reportable Event**” means any of the events set forth in *Section 4043(c)* of ERISA, other than events for which the thirty (30) day notice period has been waived.

“**Request for Credit Extension**” means (a) with respect to a Borrowing, conversion or continuation of Committed Loans, a Committed Loan Notice, (b) with respect to an L/C Credit Extension, a Letter of Credit Application, and (c) with respect to a Swing Line Loan, a Swing Line Loan Notice.

“**Required Lenders**” means, at any time, Lenders having Total Credit Exposures representing more than fifty percent (50%) of the Total Credit Exposures of all Lenders. The Total Credit Exposure of any Defaulting Lender shall be disregarded in determining Required Lenders at any time; *provided that*, the amount of any participation in any Swing Line Loan and Unreimbursed Amounts that such Defaulting Lender has failed to fund that have not been reallocated to and funded by another Lender shall be deemed to be held by the Lender that is Swing Line Lender or L/C Issuer, as the case may be, in making such determination.

“**Responsible Officer**” means the chief executive officer, president, chief financial officer, treasurer, assistant treasurer or controller of a Loan Party and solely for purposes of the delivery of incumbency certificates pursuant to **Section 6.01**, the secretary or any assistant secretary of a Loan Party. Any document delivered hereunder that is signed by a Responsible Officer of a Loan Party shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Loan Party and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Loan Party.

“**Restricted Payment**” means any dividend or other distribution (whether in cash, securities or other property) with respect to any capital stock or other Equity Interest of Borrower or any Subsidiary, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such capital stock or other Equity Interest, or on account of any return of capital to Borrower’s stockholders, partners or members (or the equivalent Person thereof).

“**Revolving Credit Exposure**” means, as to any Lender at any time, the aggregate principal amount at such time of its outstanding Committed Loans and such Lender’s participation in L/C Obligations and Swing Line Loans outstanding at such time.

“**Sanction(s)**” means any international economic sanction administered or enforced by the United States Government (including OFAC), the United Nations Security Council, the European Union, Her Majesty’s Treasury or other relevant sanctions authority.

“**SEC**” means the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions.

“**Second Extended Maturity Date**” means June [], 2018

“**Secured Debt**” means, for any Person as of any date, Indebtedness of such Person that is secured by a Lien.

“**Solvent**” means, with respect to any Person on any date of determination, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including contingent liabilities, of such Person, (b) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person’s ability to pay such debts and liabilities as they mature, (d) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person’s property would constitute an unreasonably small capital, and (e) such Person is able to pay its debts and liabilities, contingent obligations and other commitments as they mature in the ordinary course of business. The amount of contingent liabilities at any time shall be computed as the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

“**Specified Loan Party**” means any Loan Party that is not an “eligible contract participant” under the Commodity Exchange Act (determined prior to giving effect to **Section 8.16**).

“**Subsidiary**” of a Person means a corporation, partnership, joint venture, limited liability company or other business entity of which a majority of the shares of securities or other interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise specified, all references herein to a “**Subsidiary**” or to “**Subsidiaries**” shall refer to a Subsidiary or Subsidiaries of Borrower.

“**Subsidiary Guarantors**” means, as of any date, all Subsidiaries of Borrower that have executed the Subsidiary Guaranty (or an addendum thereto in the form attached to the Subsidiary Guaranty), but excluding all Subsidiaries of Borrower that have been released from the Subsidiary Guaranty, and “**Subsidiary Guarantor**” means any one of the Subsidiary Guarantors.

“**Subsidiary Guaranty**” means the Guaranty Agreement executed by each Subsidiary Guarantor in favor of Administrative Agent, for the benefit of the Lenders, in form and substance reasonably acceptable to Administrative Agent.

“**Swap Contract**” means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and

Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a “**Master Agreement**”), including any such obligations or liabilities under any Master Agreement.

“**Swap Obligations**” means, with respect to any Subsidiary Guarantor, any obligation to pay or perform under any agreement, contract or transaction that constitutes a “swap” within the meaning of *Section 1a(47)* of the Commodity Exchange Act.

“**Swap Termination Value**” means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in **clause (a)**, the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts (which may include a Lender or any Affiliate of a Lender).

“**Swing Line Borrowing**” means a borrowing of a Swing Line Loan pursuant to **Section 2.04**.

“**Swing Line Lender**” means Bank of America in its capacity as provider of Swing Line Loans, or any successor swing line lender hereunder.

“**Swing Line Loan**” has the meaning specified in **Section 2.04(a)**.

“**Swing Line Loan Notice**” means a notice of a Swing Line Borrowing pursuant to **Section 2.04(b)**, which, if in writing, shall be substantially in the form of **Exhibit B**.

“**Swing Line Sublimit**” means an amount equal to the lesser of (a) \$35,000,000 and (b) the Aggregate Commitments. The Swing Line Sublimit is part of, and not in addition to, the Aggregate Commitments.

“**Synthetic Lease Obligation**” means the monetary obligation of a Person under (a) a so-called synthetic, off-balance sheet or tax retention lease, or (b) an agreement for the use or possession of property creating obligations that do not appear on the balance sheet of such Person but which, upon the insolvency or bankruptcy of such Person, would be characterized as the indebtedness of such Person (without regard to accounting treatment).

“**Tangible Net Worth**” means, for the Consolidated Group as of any date, (a) total equity on a consolidated basis determined in accordance with GAAP, minus (b) all intangible assets on a consolidated basis determined in accordance with GAAP plus (c) all depreciation determined in accordance with GAAP.

“**Taxes**” means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“**Tax Matters Agreement**” means that certain Tax Matters Agreement entered into as of [], 2013, by and among Parent, Borrower and each limited partner of Borrower named therein.

“**Total Asset Value**” means, for the Consolidated Group as of any date, the sum of (without duplication) the following: (a) an amount equal to (i)(A) the aggregate Net Operating Income from all

Properties owned or leased (as ground lessee) by the Consolidated Group for the then most recently ended Calculation Period, *minus* Net Operating Income attributable to all Properties that were sold or otherwise Disposed of during then most recently ended Calculation Period *minus* (B) the Annual Capital Expenditure Adjustment with respect to such Properties, *divided by* (ii) the Capitalization Rate; *provided that* in no event shall the amounts calculated in this **clause (a)** for any Property be less than zero (0); *plus* (b) in the case of any Property that is owned or leased (as ground lessee) for more than one (1) full fiscal quarter but less than four (4) full fiscal quarters, an amount equal to (i)(A) the Net Operating Income from such Property for the period from the first day of the first full fiscal quarter during which such Property was owned and operated through the end of the last fiscal quarter in the most recently ended Calculation Period, *divided by* the number of quarters in such period and *multiplied by* four (4) *minus* (B) the Annual Capital Expenditure Adjustment with respect to such Property, *divided by* (ii) the Capitalization Rate; *provided that* in no event shall the amounts calculated in this **clause (b)** for any Property be less than zero (0); *plus* (c) the aggregate book value of all Properties owned or leased (as ground lessee) by the Consolidated Group for less than one (1) full fiscal quarter and all unimproved land holdings, mortgage or mezzanine loans, notes receivable and/or construction in progress owned by the Consolidated Group; *plus* (d) without duplication of the amounts included in **clauses (a), (b), and (c)** above with respect to Unconsolidated Affiliates, the amounts described in **clauses (a), (b), and (c)** above of each Unconsolidated Affiliate of the Consolidated Group multiplied by the respective Unconsolidated Affiliate Interest of each member of the Consolidated Group in such Unconsolidated Affiliate; *plus* (e) all Unrestricted Cash; *provided that* in the case of the Property located at _____, Glendale, California, from the Closing Date until the earlier of the date that such Property has an Occupancy Rate of at least fifty (50%) and the date that is twelve (12) months following the Closing Date, the value included in the calculation of Total Asset Value for such Property shall be *the greater of* (x) the value of such property calculated in accordance with **clause (b)** above and (y) the book value of such Property.

“Total Credit Exposure” means, as to any Lender at any time, the unused outstanding Commitments and Revolving Credit Exposure of such Lender at such time.

“Total Indebtedness” means, as of any date, the sum of (a) all Indebtedness of the Consolidated Group, on a consolidated basis, as of such date, *plus* (b) without duplication of the amount included in **clause (a)** above with respect to Unconsolidated Affiliates, the amount described in **clause (a)** above of each Unconsolidated Affiliate of the Consolidated Group multiplied by the respective Unconsolidated Affiliate Interest of each member of the Consolidated Group in such Unconsolidated Affiliate.

“Total Outstandings” means the aggregate Outstanding Amount of all Loans and all L/C Obligations.

“Total Recourse Debt” means, as of any date, (a) all Recourse Debt of the Consolidated Group as of such date, *plus* (b) without duplication of the amount included in **clause (a)** above with respect to Unconsolidated Affiliates, all Recourse Debt of each Unconsolidated Affiliate of the Consolidated Group multiplied by the respective Unconsolidated Affiliate Interest of each member of the Consolidated Group in such Unconsolidated Affiliate.

“Total Secured Debt” means, as of any date, the sum of (a) all Secured Debt of the Consolidated Group as of such date, *plus* (b) without duplication of the amount included in **clause (a)** above with respect to Unconsolidated Affiliates, all Secured Debt of each Unconsolidated Affiliate of the Consolidated Group multiplied by the respective Unconsolidated Affiliate Interest of each member of the Consolidated Group in such Unconsolidated Affiliate.

“Type” means, with respect to a Committed Loan, its character as a Base Rate Loan or a Eurodollar Rate Loan.

“**UCC**” means, at any time, the Uniform Commercial Code as in effect in the applicable jurisdiction at such time.

“**UCP**” means, with respect to any Letter of Credit, the Uniform Customs and Practice for Documentary Credits, International Chamber of Commerce (“**ICC**”) Publication No. 600 (or such later version thereof as may be in effect at the time of issuance).

“**Unconsolidated Affiliate**” means an affiliate of Parent whose financial statements are not required to be consolidated with the financial statements of Parent in accordance with GAAP.

“**Unconsolidated Affiliate Interest**” means, with respect to any Unconsolidated Affiliate at any time, the fraction expressed as a percentage, obtained by dividing (a) the total book value in accordance with GAAP (but determined without giving effect to any depreciation) of all Equity Interests in such Unconsolidated Affiliate held by the members of the Consolidated Group at such time by (b) the total book value in accordance with GAAP (but determined without giving effect to any depreciation) of all outstanding Equity Interests in such Unconsolidated Affiliate at such time.

“**Unencumbered NOI**” means Net Operating Income from all Unencumbered Properties for the most recently ended Calculation Period.

“**Unencumbered Properties**” means Properties owned by the Consolidated Group that are not subject to any Liens (other than Liens that would be Permitted Liens if each such Property were a Borrowing Base Property).

“**United States**” and “**U.S.**” mean the United States of America.

“**Unmatured Surviving Obligation**” means, at any time, any Obligation that is not due and payable (and for which no claim with respect thereto has been asserted or demanded) at such time and by the terms of the applicable Loan Document survives the termination of such Loan Document.

“**Unreimbursed Amount**” has the meaning specified in **Section 2.03(c)(i)**.

“**Unrestricted Cash**” means, as of any date, an amount equal to all cash and cash equivalents of the Consolidated Group that are not subject to a Lien (other than customary Liens in favor of any depository bank where such cash is maintained) or Negative Pledge (other than under the Loan Documents or pursuant to a customary account agreement with the applicable depository bank).

“**Unsecured Debt**” means, for any Person, Indebtedness of such Person that is not Secured Debt. For purposes hereof, Unsecured Debt of a Person shall include Indebtedness of such Person that is secured solely by Liens on Equity Interests issued by such Person or any Affiliate of such Person.

“**Unused Rate**” means the following percentages per annum based upon the Daily Usage of the Aggregate Commitments as set forth below:

<u>Daily Usage</u>	<u>Unused Rate</u>
£50%	0.30%
>50%	0.20%

“**U.S. Person**” means any Person that is a “United States Person” as defined in *Section 7701(a)(30)* of the Code.

“**U.S. Tax Compliance Certificate**” has the meaning specified in *Section 3.01(e)(ii)(B)(3)*.

“**Wholly-Owned**” means, with respect to the ownership by any Person of any Property, that one hundred percent (100%) of the title to such Property is held directly or indirectly by, or one hundred percent (100%) of such Property is leased pursuant to an Acceptable Ground Lease directly or indirectly by, such Person.

“**Wholly-Owned Subsidiary**” means, with respect to any Person on any date, any corporation, partnership, limited liability company or other entity of which one hundred percent (100%) of the Equity Interests and one hundred percent (100%) of the ordinary voting power are, as of such date, owned and Controlled by such Person.

1.02 Other Interpretive Provisions. With reference to this Agreement and each other Loan Document, unless otherwise specified herein or in such other Loan Document:

(a) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “*include*,” “*includes*” and “*including*” shall be deemed to be followed by the phrase “*without limitation*.” The word “*will*” shall be construed to have the same meaning and effect as the word “*shall*.” Unless the context requires otherwise, (i) any definition of or reference to any agreement, instrument or other document (including any Organization Document) shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or in any other Loan Document), (ii) any reference herein to any Person shall be construed to include such Person’s successors and permitted assigns, (iii) the words “*hereto*,” “*herein*,” “*hereof*” and “*hereunder*,” and words of similar import when used in any Loan Document, shall be construed to refer to such Loan Document in its entirety and not to any particular provision thereof, (iv) all references in a Loan Document to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, the Loan Document in which such references appear, (v) any reference to any law shall include all statutory and regulatory provisions consolidating, amending, replacing or interpreting such law and any reference to any law or regulation shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time, and (vi) the words “*asset*” and “*property*” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

(b) In the computation of periods of time from a specified date to a later specified date, the word “*from*” means “*from and including*,” the words “*to*” and “*until*” each mean “*to but excluding*,” and the word “*through*” means “*to and including*.”

(c) Section headings herein and in the other Loan Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Loan Document.

1.03 Accounting Terms.

(a) **Generally.** All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP applied on a consistent basis, as in effect from time to time, subject to **Section 1.03(b)**, applied in a manner consistent with that used in preparing the Historical Financial Statements, *except* as otherwise specifically prescribed herein. Notwithstanding the foregoing, for purposes of determining compliance with any covenant (including the computation of any financial covenant) contained herein, Indebtedness of the Consolidated Group shall be deemed to be carried at one hundred percent (100%) of the outstanding principal amount thereof, and the effects of FASB ASC 825 on financial liabilities shall be disregarded.

(b) **Changes in GAAP.** If at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in any Loan Document, and either Parent or Required Lenders shall so request, Administrative Agent, the Lenders, Parent and Borrower shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of Parent, Borrower and Required Lenders); *provided that*, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) concurrently with the delivery of financial statements under **Section 8.01(a)** or **Section 8.01(b)**, Borrower shall provide to Administrative Agent and the Lenders financial statements and other documents setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP.

1.04 **Rounding.** Any financial ratios required to be maintained by Borrower pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

1.05 **Times of Day.** Unless otherwise specified, all references herein to times of day shall be references to Pacific time (daylight or standard, as applicable).

1.06 **Letter of Credit Amounts.** Unless otherwise specified herein, the amount of a Letter of Credit at any time shall be deemed to be the stated amount of such Letter of Credit in effect at such time; *provided, however*, that with respect to any Letter of Credit that, by its terms or the terms of any Issuer Document related thereto, provides for one or more automatic increases in the stated amount thereof, the amount of such Letter of Credit shall be deemed to be the maximum stated amount of such Letter of Credit after giving effect to all such increases, whether or not such maximum stated amount is in effect at such time.

Article II.

The Commitments and Credit Extensions

2.01 **Committed Loans.** Subject to the terms and conditions set forth herein, each Lender severally agrees to make loans (each such loan, a “**Committed Loan**”) to Borrower from time to time, on any Business Day during the Availability Period, in an aggregate amount not to exceed at any time outstanding the amount of such Lender’s Commitment; *provided, however*, that after giving effect to any Committed Borrowing, (a) the Total Outstandings shall not exceed the Maximum Availability, and (b) the Revolving Credit Exposure of any Lender shall not exceed such Lender’s Commitment. Within the limits of each Lender’s Commitment, and subject to the other terms and conditions hereof, Borrower may borrow under this **Section 2.01**, prepay under **Section 2.05**, and reborrow under this **Section 2.01**. Committed Loans may be Base Rate Loans or Eurodollar Rate Loans, as further provided herein.

2.02 Borrowings, Conversions and Continuations of Committed Loans.

(a) Each Committed Borrowing, each conversion of Committed Loans from one Type to the other, and each continuation of Eurodollar Rate Loans shall be made upon Borrower's irrevocable notice to Administrative Agent, which may be given by telephone. Each such notice must be received by Administrative Agent not later than (i) 11:00 a.m. three (3) Business Days prior to the requested date of any Borrowing of, conversion to or continuation of Eurodollar Rate Loans or of any conversion of Eurodollar Rate Loans to Base Rate Committed Loans, and (ii) 3:00 p.m. one (1) Business Day prior to the requested date of any Borrowing of Base Rate Committed Loans; *provided, however*, that if Borrower wishes to request Eurodollar Rate Loans having an Interest Period other than one (1), two (2), three (3) or six (6) months in duration as provided in the definition of "**Interest Period**," the applicable notice must be received by Administrative Agent not later than 11:00 a.m. four (4) Business Days prior to the requested date of such Borrowing, conversion or continuation, whereupon Administrative Agent shall give prompt notice to the Lenders of such request and determine whether the requested Interest Period is acceptable to all of them. Not later than 11:00 a.m., three (3) Business Days before the requested date of such Borrowing, conversion or continuation, Administrative Agent shall notify Borrower (which notice may be by telephone) whether or not the requested Interest Period has been consented to by all the Lenders. Each telephonic notice by Borrower pursuant to this **Section 2.02(a)** must be confirmed promptly by delivery to Administrative Agent of a written Committed Loan Notice, appropriately completed and signed by a Responsible Officer of Parent, on behalf of Borrower. Each Borrowing of, conversion to or continuation of Eurodollar Rate Loans shall be in a principal amount of \$5,000,000 or a whole multiple of \$500,000 in excess thereof. Except as provided in **Sections 2.03(c)** and **2.04(c)**, each Borrowing of or conversion to Base Rate Committed Loans shall be in a principal amount of \$500,000 or a whole multiple of \$100,000 in excess thereof. Each Committed Loan Notice (whether telephonic or written) shall specify (i) whether Borrower is requesting a Committed Borrowing, a conversion of Committed Loans from one Type to the other, or a continuation of Eurodollar Rate Loans, (ii) the requested date of the Borrowing, conversion or continuation, as the case may be (which shall be a Business Day), (iii) the principal amount of Committed Loans to be borrowed, converted or continued, (iv) the Type of Committed Loans to be borrowed or to which existing Committed Loans are to be converted, and (v) if applicable, the duration of the Interest Period with respect thereto. If Borrower fails to specify a Type of Committed Loan in a Committed Loan Notice or if Borrower fails to give a timely notice requesting a conversion or continuation, then the applicable Committed Loans shall be made as, or converted to, Base Rate Loans. Any such automatic conversion to Base Rate Loans shall be effective as of the last day of the Interest Period then in effect with respect to the applicable Eurodollar Rate Loans. If Borrower requests a Borrowing of, conversion to, or continuation of Eurodollar Rate Loans in any such Committed Loan Notice, but fails to specify an Interest Period, it will be deemed to have specified an Interest Period of one (1) month.

(b) Following receipt of a Committed Loan Notice, Administrative Agent shall promptly notify each Lender of the amount of its Applicable Percentage of the applicable Committed Loans, and if no timely notice of a conversion or continuation is provided by Borrower, Administrative Agent shall notify each Lender of the details of any automatic conversion to Base Rate Loans described in the preceding subsection. In the case of a Committed Borrowing, each Lender shall make the amount of its Committed Loan available to Administrative Agent in immediately available funds at Administrative Agent's Office not later than 1:00 p.m. on

the Business Day specified in the applicable Committed Loan Notice. Upon satisfaction of the applicable conditions set forth in **Section 6.02** (and, if such Borrowing is the initial Credit Extension, **Section 6.01**), Administrative Agent shall make all funds so received available to Borrower in like funds as received by Administrative Agent either by (i) crediting the account of Borrower on the books of Bank of America with the amount of such funds or (ii) wire transfer of such funds, in each case in accordance with instructions provided to (and reasonably acceptable to) Administrative Agent by Borrower; *provided, however*, that if, on the date the Committed Loan Notice with respect to such Borrowing is given by Borrower, there are L/C Borrowings outstanding, then the proceeds of such Borrowing, *first*, shall be applied to the payment in full of any such L/C Borrowings, and *second*, shall be made available to Borrower as provided above.

(c) A Eurodollar Rate Loan may be continued or converted only on the last day of an Interest Period for such Eurodollar Rate Loan unless Borrower makes all payments required pursuant to **Section 3.05** resulting therefrom. During the existence of a Default, no Loans may be requested as, converted to or continued as Eurodollar Rate Loans (other than Eurodollar Rate Loans with Interest Periods of one (1) month) without the consent of Required Lenders.

(d) Administrative Agent shall promptly notify Borrower and the Lenders of the interest rate applicable to any Interest Period for Eurodollar Rate Loans upon determination of such interest rate. At any time that Base Rate Loans are outstanding, Administrative Agent shall notify Borrower and the Lenders of any change in Bank of America's prime rate used in determining the Base Rate promptly following the public announcement of such change.

(e) After giving effect to all Committed Borrowings, all conversions of Committed Loans from one Type to the other, and all continuations of Committed Loans as the same Type, there shall not be more than eight (8) Interest Periods in effect with respect to Committed Loans.

2.03 Letters of Credit.

(a) The Letter of Credit Commitment.

(i) Subject to the terms and conditions set forth herein, (A) L/C Issuer agrees, in reliance upon the agreements of the Lenders set forth in this **Section 2.03**, (1) from time to time on any Business Day during the period from the Closing Date until the Letter of Credit Expiration Date, to issue Letters of Credit for the account of Borrower or its Subsidiaries, and to amend or extend Letters of Credit previously issued by it, in accordance with **subsection (b)** below, and (2) to honor drawings under the Letters of Credit; and (B) the Lenders severally agree to participate in Letters of Credit issued for the account of Borrower or its Subsidiaries and any drawings thereunder; *provided that* after giving effect to any L/C Credit Extension with respect to any Letter of Credit, (x) the Total Outstandings shall not exceed the Maximum Availability, (y) the Revolving Credit Exposure of any Lender shall not exceed such Lender's Commitment, and (z) the Outstanding Amount of the L/C Obligations shall not exceed the Letter of Credit Sublimit. Each request by Borrower for the issuance or amendment of a Letter of Credit shall be deemed to be a representation by Borrower that the L/C Credit Extension so requested complies with the conditions set forth in the proviso to the preceding sentence. Within the foregoing limits, and subject to the terms and conditions hereof, Borrower's ability to obtain Letters of Credit shall be fully revolving, and accordingly Borrower may, during the foregoing period, obtain Letters of Credit to replace Letters of Credit that have expired or that have been drawn upon and reimbursed.

(ii) L/C Issuer shall not issue any Letter of Credit, if:

(A) subject to **Section 2.03(b)(iii)**, the expiry date of the requested Letter of Credit would occur more than twelve months after the date of issuance or last extension, unless Required Lenders have approved such expiry date; or

(B) the expiry date of the requested Letter of Credit would occur after the Letter of Credit Expiration Date, unless all the Lenders have approved such expiry date.

(iii) L/C Issuer shall not be under any obligation to issue any Letter of Credit if:

(A) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain L/C Issuer from issuing the Letter of Credit, or any Law applicable to L/C Issuer or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over L/C Issuer shall prohibit, or request that L/C Issuer refrain from, the issuance of letters of credit generally or the Letter of Credit in particular or shall impose upon L/C Issuer with respect to the Letter of Credit any restriction, reserve or capital requirement (for which L/C Issuer is not otherwise compensated hereunder) not in effect on the Closing Date, or shall impose upon L/C Issuer any unreimbursed loss, cost or expense which was not applicable on the Closing Date and which L/C Issuer in good faith deems material to it;

(B) the issuance of the Letter of Credit would violate one or more policies of L/C Issuer applicable to letters of credit generally;

(C) except as otherwise agreed by Administrative Agent and L/C Issuer, the Letter of Credit is in an initial stated amount less than \$200,000;

(D) the Letter of Credit is to be denominated in a currency other than Dollars; or

(E) any Lender is at that time a Defaulting Lender, unless L/C Issuer has entered into arrangements, including the delivery of Cash Collateral, satisfactory to L/C Issuer (in its sole discretion) with Borrower or such Lender to eliminate L/C Issuer's actual or potential Fronting Exposure (after giving effect to **Section 2.17(a)(iv)**) with respect to the Defaulting Lender arising from either the Letter of Credit then proposed to be issued or that Letter of Credit and all other L/C Obligations as to which L/C Issuer has Fronting Exposure, as it may elect in its sole discretion.

(iv) L/C Issuer shall not amend any Letter of Credit if L/C Issuer would not be permitted at such time to issue the Letter of Credit in its amended form under the terms hereof.

(v) L/C Issuer shall be under no obligation to amend any Letter of Credit if (A) L/C Issuer would have no obligation at such time to issue the Letter of Credit in its amended form under the terms hereof, or (B) the beneficiary of the Letter of Credit does not accept the proposed amendment to the Letter of Credit.

(vi) L/C Issuer shall act on behalf of the Lenders with respect to any Letters of Credit issued by it and the documents associated therewith, and L/C Issuer shall have all of the benefits and immunities (A) provided to Administrative Agent in **Article XI** with respect to any acts taken or omissions suffered by L/C Issuer in connection with Letters of Credit issued by it or proposed to be issued by it and Issuer Documents pertaining to such Letters of Credit as fully as if the term "**Administrative Agent**" as used in **Article XI** included L/C Issuer with respect to such acts or omissions, and (B) as additionally provided herein with respect to L/C Issuer.

(b) Procedures for Issuance and Amendment of Letters of Credit; Auto-Extension Letters of Credit.

(i) Each Letter of Credit shall be issued or amended, as the case may be, upon the request of Borrower delivered to L/C Issuer (with a copy to Administrative Agent) in the form of a Letter of Credit Application, appropriately completed and signed by a Responsible Officer of Parent, on behalf of Borrower. Such Letter of Credit Application may be sent by facsimile, by United States mail, by overnight courier, by electronic transmission using the system provided by L/C Issuer, by personal delivery or by any other means acceptable to L/C Issuer. Such Letter of Credit Application must be received by L/C Issuer and Administrative Agent not later than 11:00 a.m. at least three (3) Business Days (or such later date and time as Administrative Agent and L/C Issuer may agree in a particular instance in their sole discretion) prior to the proposed issuance date or date of amendment, as the case may be. In the case of a request for an initial issuance of a Letter of Credit, such Letter of Credit Application shall specify in form and detail reasonably satisfactory to L/C Issuer: (A) the proposed issuance date of the requested Letter of Credit (which shall be a Business Day); (B) the amount thereof; (C) the expiry date thereof; (D) the name and address of the beneficiary thereof; (E) the documents to be presented by such beneficiary in case of any drawing thereunder; (F) the full text of any certificate to be presented by such beneficiary in case of any drawing thereunder; (G) the purpose and nature of the requested Letter of Credit; and (H) such other matters as L/C Issuer may reasonably require. In the case of a request for an amendment of any outstanding Letter of Credit, such Letter of Credit Application shall specify in form and detail reasonably satisfactory to L/C Issuer (A) the Letter of Credit to be amended; (B) the proposed date of amendment thereof (which shall be a Business Day); (C) the nature of the proposed amendment; and (D) such other matters as L/C Issuer may reasonably require. Additionally, Borrower shall furnish to L/C Issuer and Administrative Agent such other documents and information pertaining to such requested Letter of Credit issuance or amendment, including any Issuer Documents, as L/C Issuer or Administrative Agent may reasonably require.

(ii) Promptly after receipt of any Letter of Credit Application, L/C Issuer will confirm with Administrative Agent (by telephone or in writing) that Administrative Agent has received a copy of such Letter of Credit Application from Borrower and, if not, L/C Issuer will provide Administrative Agent with a copy thereof. Unless L/C Issuer has received written notice from any Lender, Administrative Agent or any Loan Party, at least one Business Day prior to the requested date of issuance or amendment of the applicable Letter of Credit, that one or more applicable conditions contained in **Article VI** shall not then be satisfied, then, subject to the terms and conditions hereof, L/C Issuer

shall, on the requested date, issue a Letter of Credit for the account of Borrower or the applicable Subsidiary or enter into the applicable amendment, as the case may be, in each case in accordance with L/C Issuer's usual and customary business practices. Immediately upon the issuance of each Letter of Credit, each Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from L/C Issuer a risk participation in such Letter of Credit in an amount equal to the product of such Lender's Applicable Percentage *times* the amount of such Letter of Credit.

(iii) If Borrower so requests in any applicable Letter of Credit Application, then, subject to the terms and conditions set forth herein, L/C Issuer agrees to issue Letters of Credit that have automatic extension provisions (each, an "**Auto-Extension Letter of Credit**"); *provided that* any such Auto-Extension Letter of Credit must permit L/C Issuer to prevent any such extension at least once in each twelve (12)- month period (commencing with the date of issuance of such Letter of Credit) by giving prior notice to the beneficiary thereof not later than a day (the "**Non-Extension Notice Date**") in each such twelve (12)- month period to be agreed upon at the time such Letter of Credit is issued. Unless otherwise directed by L/C Issuer, Borrower shall not be required to make a specific request to L/C Issuer for any such extension. Once an Auto-Extension Letter of Credit has been issued, the Lenders shall be deemed to have authorized (but may not require) L/C Issuer to permit the extension of such Letter of Credit at any time to an expiry date not later than the Letter of Credit Expiration Date; *provided, however*, that L/C Issuer shall not permit any such extension if (A) L/C Issuer has determined that it would not be permitted, or would have no obligation, at such time to issue such Letter of Credit in its revised form (as extended) under the terms hereof (by reason of the provisions of **clause (ii) or (iii) of Section (a)2.03(a)** or otherwise), or (B) it has received notice (which may be by telephone or in writing) on or before the day that is seven (7) Business Days before the Non-Extension Notice Date (1) from Administrative Agent that Required Lenders have elected not to permit such extension or (2) from Administrative Agent, any Lender or Borrower that one or more of the applicable conditions specified in **Section 6.02** is not then satisfied, and in each such case directing L/C Issuer not to permit such extension.

(iv) Promptly after its delivery of any Letter of Credit or any amendment to a Letter of Credit to an advising bank with respect thereto or to the beneficiary thereof, L/C Issuer will also deliver to Borrower and Administrative Agent a true and complete copy of such Letter of Credit or amendment.

(c) Drawings and Reimbursements; Funding of Participations.

(i) Upon receipt from the beneficiary of any Letter of Credit of any notice of a drawing under such Letter of Credit, L/C Issuer shall notify Borrower and Administrative Agent thereof (such notice, the "**Drawing Notice**"). Not later than the date that is the later (each such date, a "**Reimbursement Date**") of (A) 11:00 a.m. on the first (1st) Business Day following the date of the delivery by L/C Issuer of the Drawing Notice and (B) 11:00 a.m. on the date of any payment by L/C Issuer under a Letter of Credit (each such date, an "**Honor Date**"), Borrower shall reimburse L/C Issuer through Administrative Agent in an amount equal to the amount of such drawing; *provided that* if Borrower has not made such reimbursement payment, then Administrative Agent shall promptly notify each Lender of the Reimbursement Date, the amount of the unreimbursed drawing (the "**Unreimbursed Amount**"), and the amount of such Lender's Applicable Percentage thereof. In such event, Borrower shall be deemed to have

requested a Committed Borrowing of Base Rate Loans to be disbursed on the Honor Date in an amount equal to the Unreimbursed Amount, without regard to the minimum and multiples specified in **Section 2.02** for the principal amount of Base Rate Loans, but subject to the amount of the unutilized portion of the Aggregate Commitments and the conditions set forth in **Section 6.02** (other than (x) the delivery of a Committed Loan Notice and (y) the existence of a Default (other than a Default under **Section 10.01(f)**) that is not an Event of Default). Any notice given by L/C Issuer or Administrative Agent pursuant to this **Section 2.03(c)(i)** may be given by telephone if immediately confirmed in writing; *provided that* the lack of such an immediate confirmation shall not affect the conclusiveness or binding effect of such notice.

(ii) Each Lender shall upon any notice pursuant to **Section 2.03(c)(i)** make funds available (and Administrative Agent may apply Cash Collateral provided for this purpose) for the account of L/C Issuer at Administrative Agent's Office in an amount equal to its Applicable Percentage of the Unreimbursed Amount not later than 1:00 p.m. on the Business Day specified in such notice by Administrative Agent, whereupon, subject to the provisions of **Section 2.03(c)(iii)**, each Lender that so makes funds available shall be deemed to have made a Base Rate Committed Loan to Borrower in such amount. Administrative Agent shall remit the funds so received to L/C Issuer.

(iii) If the Honor Date for any drawing on any Letter of Credit is prior to the Reimbursement Date for such Letter of Credit, then Borrower shall pay L/C Issuer interest on the amount of such drawing from the Honor Date to the Reimbursement Date at a rate per annum equal to the rate then applicable to Base Rate Loans. With respect to any Unreimbursed Amount that is not fully refinanced by a Committed Borrowing of Base Rate Loans for any reason, Borrower shall be deemed to have incurred from L/C Issuer an L/C Borrowing in the amount of the Unreimbursed Amount that is not so refinanced, which L/C Borrowing shall be due and payable on demand (together with interest) and shall bear interest at the Default Rate. In such event, each Lender's payment to Administrative Agent for the account of L/C Issuer pursuant to **Section 2.03(c)(ii)** shall be deemed payment in respect of its participation in such L/C Borrowing and shall constitute an L/C Advance from such Lender in satisfaction of its participation obligation under this **Section 2.03**.

(iv) Until each Lender funds its Committed Loan or L/C Advance pursuant to this **Section 2.03(c)** to reimburse L/C Issuer for any amount drawn under any Letter of Credit, interest in respect of such Lender's Applicable Percentage of such amount shall be solely for the account of L/C Issuer.

(v) Each Lender's obligation to make Committed Loans or L/C Advances to reimburse L/C Issuer for amounts drawn under Letters of Credit, as contemplated by this **Section 2.03(c)**, shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any setoff, counterclaim, recoupment, defense or other right which such Lender may have against L/C Issuer, Borrower or any other Person for any reason whatsoever; (B) the occurrence or continuance of a Default, or (C) any other occurrence, event or condition, whether or not similar to any of the foregoing; *provided, however*, that each Lender's obligation to make Committed Loans pursuant to this **Section 2.03(c)** is subject to the conditions set forth in **Section 6.02** (other than (x) the delivery of a Committed Loan Notice and (y) the existence of a Default (other than a Default under **Section 10.01(f)**) that is not an Event of Default). No such making of an L/C Advance shall relieve or otherwise impair the obligation of Borrower to reimburse L/C Issuer for the amount of any payment made by L/C Issuer under any Letter of Credit, together with interest as provided herein.

(vi) If any Lender fails to make available to Administrative Agent for the account of L/C Issuer any amount required to be paid by such Lender pursuant to the foregoing provisions of this **Section 2.03(c)** by the time specified in **Section 2.03(c)(ii)**, then, without limiting the other provisions of this Agreement, L/C Issuer shall be entitled to recover from such Lender (acting through Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to L/C Issuer at a rate per annum equal to the greater of the Federal Funds Rate and a rate determined by L/C Issuer in accordance with banking industry rules on interbank compensation, plus any administrative, processing or similar fees customarily charged by L/C Issuer in connection with the foregoing. If such Lender pays such amount (with interest and fees as aforesaid), the amount so paid shall constitute such Lender's Committed Loan included in the relevant Committed Borrowing or L/C Advance in respect of the relevant L/C Borrowing, as the case may be. A certificate of L/C Issuer submitted to any Lender (through Administrative Agent) with respect to any amounts owing under this **clause (vi)** shall be conclusive absent manifest error.

(d) Repayment of Participations.

(i) At any time after L/C Issuer has made a payment under any Letter of Credit and has received from any Lender such Lender's L/C Advance in respect of such payment in accordance with **Section 2.03(c)**, if Administrative Agent receives for the account of L/C Issuer any payment in respect of the related Unreimbursed Amount or interest thereon (whether directly from Borrower or otherwise, including proceeds of Cash Collateral applied thereto by Administrative Agent), Administrative Agent will distribute to such Lender its Applicable Percentage thereof in the same funds as those received by Administrative Agent.

(ii) If any payment received by Administrative Agent for the account of L/C Issuer pursuant to **Section 2.03(c)(i)** is required to be returned under any of the circumstances described in **Section 12.05** (including pursuant to any settlement entered into by L/C Issuer in its discretion), each Lender shall pay to Administrative Agent for the account of L/C Issuer its Applicable Percentage thereof on demand of Administrative Agent, plus interest thereon from the date of such demand to the date such amount is returned by such Lender, at a rate per annum equal to the *greater* of the Federal Funds Rate from time to time in effect and a rate determined by L/C Issuer in accordance with banking industry rules on interbank compensation. The obligations of the Lenders under this **clause** shall survive the payment in full of the Obligations and the termination of this Agreement.

(e) Obligations Absolute. The obligation of Borrower to reimburse L/C Issuer for each drawing under each Letter of Credit and to repay each L/C Borrowing shall be absolute, unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including the following:

- (i) any lack of validity or enforceability of such Letter of Credit, this Agreement, or any other Loan Document;

(ii) the existence of any claim, counterclaim, setoff, defense or other right that Borrower or any Subsidiary thereof may have at any time against any beneficiary or any transferee of such Letter of Credit (or any Person for whom any such beneficiary or any such transferee may be acting), L/C Issuer or any other Person, whether in connection with this Agreement, the transactions contemplated hereby or by such Letter of Credit or any agreement or instrument relating thereto, or any unrelated transaction;

(iii) any draft, demand, certificate or other document presented under such Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; or any loss or delay in the transmission or otherwise of any document required in order to make a drawing under such Letter of Credit;

(iv) waiver by L/C Issuer of any requirement that exists for L/C Issuer's protection and not the protection of Borrower or any waiver by L/C Issuer which does not in fact materially prejudice Borrower;

(v) honor of a demand for payment presented electronically even if such Letter of Credit requires that demand be in the form of a draft;

(vi) any payment made by L/C Issuer in respect of an otherwise complying item presented after the date specified as the expiration date of, or the date by which documents must be received under such Letter of Credit if presentation after such date is authorized by the UCC, the ISP or the UCP, as applicable;

(vii) any payment by L/C Issuer under such Letter of Credit against presentation of a draft or certificate that does not strictly comply with the terms of such Letter of Credit; or any payment made by L/C Issuer under such Letter of Credit to any Person purporting to be a trustee in bankruptcy, debtor-in-possession, assignee for the benefit of creditors, liquidator, receiver or other representative of or successor to any beneficiary or any transferee of such Letter of Credit, including any arising in connection with any proceeding under any Debtor Relief Law; or

(viii) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, including any other circumstance that might otherwise constitute a defense available to, or a discharge of, Borrower or any Subsidiary thereof.

Borrower shall promptly examine a copy of each Letter of Credit and each amendment thereto that is delivered to it and, in the event of any claim of noncompliance with Borrower's instructions or other irregularity, Borrower will immediately notify L/C Issuer. Borrower shall be conclusively deemed to have waived any such claim against L/C Issuer and its correspondents unless such notice is given as aforesaid.

(f) Role of L/C Issuer. Each Lender and Borrower agree that, in paying any drawing under a Letter of Credit, L/C Issuer shall not have any responsibility to obtain any document (other than any sight draft, certificates and documents expressly required by the Letter of Credit) or to ascertain or inquire as to the validity or accuracy of any such document or the authority of the Person executing or delivering any such document. None of L/C Issuer, Administrative Agent, any of their respective Related Parties nor any correspondent, participant or assignee of L/C Issuer shall be liable to any Lender for

(i) any action taken or omitted in connection herewith at the request or with the approval of the Lenders or Required Lenders, as

applicable; (ii) any action taken or omitted in the absence of gross negligence or willful misconduct; or (iii) the due execution, effectiveness, validity or enforceability of any document or instrument related to any Letter of Credit or Issuer Document. Borrower hereby assumes all risks of the acts or omissions of any beneficiary or transferee with respect to its use of any Letter of Credit; *provided, however*, that this assumption is not intended to, and shall not, preclude Borrower's pursuing such rights and remedies as it may have against the beneficiary or transferee at law or under any other agreement. None of L/C Issuer, Administrative Agent, any of their respective Related Parties nor any correspondent, participant or assignee of L/C Issuer shall be liable or responsible for any of the matters described in **clauses (i) through (viii) of Section 2.03(e)**; *provided, however*, that anything in such clauses to the contrary notwithstanding, Borrower may have a claim against L/C Issuer, and L/C Issuer may be liable to Borrower, to the extent, but only to the extent, of any direct, as opposed to consequential or exemplary, damages suffered by Borrower which Borrower proves were caused by L/C Issuer's willful misconduct or gross negligence or L/C Issuer's willful failure to pay under any Letter of Credit after the presentation to it by the beneficiary of a sight draft and certificate(s) strictly complying with the terms and conditions of a Letter of Credit. In furtherance and not in limitation of the foregoing, L/C Issuer may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary, and L/C Issuer shall not be responsible for the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign a Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason. L/C Issuer may send a Letter of Credit or conduct any communication to or from the beneficiary via the Society for Worldwide Interbank Financial Telecommunication ("SWIFT") message or overnight courier, or any other commercially reasonable means of communicating with a beneficiary.

(g) **Applicability of ISP and UCP; Limitation of Liability.** Unless otherwise expressly agreed by L/C Issuer and Borrower when a Letter of Credit is issued, the rules of the ISP shall apply to each Letter of Credit. Notwithstanding the foregoing, L/C Issuer shall not be responsible to Borrower for, and L/C Issuer's rights and remedies against Borrower shall not be impaired by, any action or inaction of L/C Issuer required or permitted under any law, order, or practice that is required or permitted to be applied to any Letter of Credit or this Agreement, including the Law or any order of a jurisdiction where L/C Issuer or the beneficiary is located, the practice stated in the ISP or UCP, as applicable, or in the decisions, opinions, practice statements, or official commentary of the ICC Banking Commission, the Bankers Association for Finance and Trade - International Financial Services Association (BAFT-IFSA), or the Institute of International Banking Law & Practice, whether or not any Letter of Credit chooses such law or practice.

(h) **Letter of Credit Fees.** Borrower shall pay to Administrative Agent for the account of each Lender in accordance, subject to **Section 2.17**, with its Applicable Percentage a Letter of Credit fee (the "**Letter of Credit Fee**") for each Letter of Credit equal to the Applicable Rate for Letters of Credit *times* the daily amount available to be drawn under such Letter of Credit. For purposes of computing the daily amount available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with **Section 1.06**. Letter of Credit Fees shall be (i) due and payable on the first (1st) Business Day after the end of each March, June, September and December, commencing with the first such date to occur after the issuance of such Letter of Credit, on the Letter of Credit Expiration Date and thereafter on demand and (ii) computed on a quarterly basis in arrears. If there is any change in the Applicable Rate during any quarter, the daily amount available to be drawn under each Letter of Credit shall be computed and multiplied by the Applicable Rate separately for each period during such quarter that such Applicable Rate was in effect. Notwithstanding anything to the contrary contained herein, upon the request of Required Lenders, while any Event of Default exists, all Letter of Credit Fees shall accrue at the Default Rate.

(i) **Fronting Fee and Documentary and Processing Charges Payable to L/C Issuer.** Borrower shall pay directly to L/C Issuer for its own account a fronting fee with respect to each issued and outstanding Letter of Credit, at the rate per annum specified in the Fee Letter, computed on the daily amount available to be drawn under such Letter of Credit on a quarterly basis in arrears. Such fronting fee shall be due and payable on the first (1st) Business Day after the end of each March, June, September and December in respect of the most recently-ended quarterly period (or portion thereof, in the case of the first payment), commencing with the first such date to occur after the issuance of such Letter of Credit, on the Letter of Credit Expiration Date and thereafter on demand. For purposes of computing the daily amount available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with **Section 1.06**. In addition, Borrower shall pay directly to L/C Issuer for its own account the customary issuance, presentation, amendment and other processing fees, and other standard costs and charges, of L/C Issuer relating to letters of credit as from time to time in effect. Such customary fees and standard costs and charges are due and payable on demand and are nonrefundable.

(j) **Conflict with Issuer Documents.** In the event of any conflict between the terms hereof and the terms of any Issuer Document, the terms hereof shall control.

(k) **Letters of Credit Issued for Subsidiaries.** Notwithstanding that a Letter of Credit issued or outstanding hereunder is in support of any obligations of, or is for the account of, a Subsidiary, Borrower shall be obligated to reimburse L/C Issuer hereunder for any and all drawings under such Letter of Credit. Borrower hereby acknowledges that the issuance of Letters of Credit for the account of Subsidiaries inures to the benefit of Borrower, and that Borrower's business derives substantial benefits from the businesses of such Subsidiaries.

2.04 Swing Line Loans.

(a) **The Swing Line.** Subject to the terms and conditions set forth herein, Swing Line Lender, in reliance upon the agreements of the other Lenders set forth in this **Section 2.04**, shall make loans (each such loan, a "**Swing Line Loan**") to Borrower from time to time on any Business Day during the Availability Period in an aggregate amount not to exceed at any time outstanding the amount of the Swing Line Sublimit, notwithstanding the fact that such Swing Line Loans, when aggregated with the Applicable Percentage of the Outstanding Amount of Committed Loans and L/C Obligations of the Lender acting as Swing Line Lender, may exceed the amount of such Lender's Commitment; *provided, however*, that (x) after giving effect to any Swing Line Loan, (i) the Total Outstandings shall not exceed the Maximum Availability, and (ii) the Revolving Credit Exposure of any Lender shall not exceed such Lender's Commitment, (y) Borrower shall not use the proceeds of any Swing Line Loan to refinance any outstanding Swing Line Loan, and (z) Swing Line Lender shall not be under any obligation to make any Swing Line Loan if it shall determine (which determination shall be conclusive and binding absent manifest error) that it has, or by such Credit Extension may have, Fronting Exposure. Within the foregoing limits, and subject to the other terms and conditions hereof, Borrower may borrow under this **Section 2.04**, prepay under **Section 2.05**, and reborrow under this **Section 2.04**. Each Swing Line Loan shall be a Base Rate Loan. Immediately upon the making of a Swing Line Loan, each Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from Swing Line Lender a risk participation in such Swing Line Loan in an amount equal to the product of such Lender's Applicable Percentage times the amount of such Swing Line Loan.

(b) **Borrowing Procedures.** Each Swing Line Borrowing shall be made upon Borrower's irrevocable notice to Swing Line Lender and Administrative Agent, which may be given by telephone. Each such notice must be received by Swing Line Lender and Administrative Agent not later than 1:00 p.m. on the requested borrowing date, and shall specify (i) the amount to be borrowed, which shall be a minimum of \$500,000, and (ii) the requested borrowing date, which shall be a Business Day. Each such telephonic notice must be confirmed promptly by delivery to Swing Line Lender and Administrative Agent of a written Swing Line Loan Notice, appropriately completed and signed by a Responsible Officer of Parent, on behalf of Borrower. Promptly after receipt by Swing Line Lender of any telephonic Swing Line Loan Notice, Swing Line Lender will confirm with Administrative Agent (by telephone or in writing) that Administrative Agent has also received such Swing Line Loan Notice and, if not, Swing Line Lender will notify Administrative Agent (by telephone or in writing) of the contents thereof. Unless Swing Line Lender has received notice (by telephone or in writing) from Administrative Agent (including at the request of any Lender) prior to 2:00 p.m. on the date of the proposed Swing Line Borrowing (A) directing Swing Line Lender not to make such Swing Line Loan as a result of the limitations set forth in the first proviso to the first sentence of **Section 2.04(a)**, or (B) that one or more of the applicable conditions specified in **Article VI** is not then satisfied, then, subject to the terms and conditions hereof, Swing Line Lender will, not later than 3:00 p.m. on the borrowing date specified in such Swing Line Loan Notice, make the amount of its Swing Line Loan available to Borrower.

(c) **Refinancing of Swing Line Loans.**

(i) Swing Line Lender at any time in its sole discretion may request, on behalf of Borrower (which hereby irrevocably authorizes Swing Line Lender to so request on its behalf), that each Lender make a Base Rate Committed Loan in an amount equal to such Lender's Applicable Percentage of the amount of Swing Line Loans then outstanding. Such request shall be made in writing (which written request shall be deemed to be a Committed Loan Notice for purposes hereof) and in accordance with the requirements of **Section 2.02**, without regard to the minimum and multiples specified therein for the principal amount of Base Rate Loans, but subject to the unutilized portion of the Aggregate Commitments and the conditions set forth in **Section 6.02** (other than (x) the delivery of a Committed Loan Notice and (y) the existence of a Default (other than a Default under **Section 10.01(f)**) that is not an Event of Default). Swing Line Lender shall furnish Borrower with a copy of the applicable Committed Loan Notice promptly after delivering such notice to Administrative Agent. Each Lender shall make an amount equal to its Applicable Percentage of the amount specified in such Committed Loan Notice available to Administrative Agent in immediately available funds (and Administrative Agent may apply Cash Collateral available with respect to the applicable Swing Line Loan) for the account of Swing Line Lender at Administrative Agent's Office not later than 1:00 p.m. on the day specified in such Committed Loan Notice, whereupon, subject to **Section 2.04(c)(ii)**, each Lender that so makes funds available shall be deemed to have made a Base Rate Committed Loan to Borrower in such amount. Administrative Agent shall remit the funds so received to Swing Line Lender.

(ii) If for any reason any Swing Line Loan cannot be refinanced by such a Committed Borrowing in accordance with **Section 2.04(c)(i)**, the request for Base Rate Committed Loans submitted by Swing Line Lender as set forth herein shall be deemed to be a request by Swing Line Lender that each of the Lenders fund its risk participation in the relevant Swing Line Loan and each Lender's payment to Administrative Agent for the account of Swing Line Lender pursuant to **Section 2.04(c)(i)** shall be deemed payment in respect of such participation.

(iii) If any Lender fails to make available to Administrative Agent for the account of Swing Line Lender any amount required to be paid by such Lender pursuant to the foregoing provisions of this **Section 2.04(c)** by the time specified in **Section 2.04(c)(i)**, Swing Line Lender shall be entitled to recover from such Lender (acting through Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to Swing Line Lender at a rate per annum equal to the greater of the Federal Funds Rate and a rate determined by Swing Line Lender in accordance with banking industry rules on interbank compensation, plus any administrative, processing or similar fees customarily charged by Swing Line Lender in connection with the foregoing. If such Lender pays such amount (with interest and fees as aforesaid), the amount so paid shall constitute such Lender's Committed Loan included in the relevant Committed Borrowing or funded participation in the relevant Swing Line Loan, as the case may be. A certificate of Swing Line Lender submitted to any Lender (through Administrative Agent) with respect to any amounts owing under this **clause (iii)** shall be conclusive absent manifest error.

(iv) Each Lender's obligation to make Committed Loans or to purchase and fund risk participations in Swing Line Loans pursuant to this **Section 2.04(c)** shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any setoff, counterclaim, recoupment, defense or other right which such Lender may have against Swing Line Lender, Borrower or any other Person for any reason whatsoever, (B) the occurrence or continuance of a Default, or (C) any other occurrence, event or condition, whether or not similar to any of the foregoing; *provided, however*, that each Lender's obligation to make Committed Loans pursuant to this **Section 2.04(c)** is subject to the conditions set forth in **Section 6.02** (other than (x) the delivery of a Committed Loan Notice and (y) the existence of a Default (other than a Default under **Section 10.01(f)**) that is not an Event of Default). No such funding of risk participations shall relieve or otherwise impair the obligation of Borrower to repay Swing Line Loans, together with interest as provided herein.

(d) Repayment of Participations.

(i) At any time after any Lender has purchased and funded a risk participation in a Swing Line Loan, if Swing Line Lender receives any payment on account of such Swing Line Loan, Swing Line Lender will distribute to such Lender its Applicable Percentage thereof in the same funds as those received by Swing Line Lender.

(ii) If any payment received by Swing Line Lender in respect of principal or interest on any Swing Line Loan is required to be returned by Swing Line Lender under any of the circumstances described in **Section 12.05** (including pursuant to any settlement entered into by Swing Line Lender in its discretion), each Lender shall pay to Swing Line Lender its Applicable Percentage thereof on demand of Administrative Agent, plus interest thereon from the date of such demand to the date such amount is returned, at a rate per annum equal to the Federal Funds Rate. Administrative Agent will make such demand upon the request of Swing Line Lender. The obligations of the Lenders under this clause shall survive the payment in full of the Obligations and the termination of this Agreement.

(e) Interest for Account of Swing Line Lender. Swing Line Lender shall be responsible for invoicing Borrower for interest on the Swing Line Loans. Until each Lender funds

its Base Rate Committed Loan or risk participation pursuant to this **Section 2.04** to refinance such Lender's Applicable Percentage of any Swing Line Loan, interest in respect of such Applicable Percentage shall be solely for the account of Swing Line Lender.

(f) **Payments Directly to Swing Line Lender.** Borrower shall make all payments of principal and interest in respect of the Swing Line Loans directly to Swing Line Lender.

2.05 Prepayments.

(a) Borrower may, upon notice to Administrative Agent, at any time or from time to time voluntarily prepay Committed Loans in whole or in part without premium or penalty; *provided that* (i) such notice must be received by Administrative Agent not later than 11:00 a.m. (A) three (3) Business Days prior to any date of prepayment of Eurodollar Rate Loans and (B) on the date of prepayment of Base Rate Committed Loans; (ii) any prepayment of Eurodollar Rate Loans shall be in a principal amount of \$5,000,000 or a whole multiple of \$1,000,000 in excess thereof; and (iii) any prepayment of Base Rate Committed Loans shall be in a principal amount of \$500,000 or a whole multiple of \$100,000 in excess thereof or, in each case, if less, the entire principal amount thereof then outstanding. Each such notice shall specify the date and amount of such prepayment and the Type(s) of Committed Loans to be prepaid and, if Eurodollar Rate Loans are to be prepaid, the Interest Period(s) of such Loans. Administrative Agent will promptly notify each Lender of its receipt of each such notice, and of the amount of such Lender's Applicable Percentage of such prepayment. If such notice is given by Borrower, Borrower shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein; *provided, however,* that Borrower shall be entitled to make any such payment conditional on the receipt of other financing or the proceeds of other transactions (if such payment is made in connection with a refinancing or other payment in full of the Loans) to the extent specified in such notice. Any prepayment of a Eurodollar Rate Loan shall be accompanied by all accrued interest on the amount prepaid, together with any additional amounts required pursuant to **Section 3.05**. Subject to **Section 2.17**, each such prepayment shall be applied to the Committed Loans of the Lenders in accordance with their respective Applicable Percentages.

(b) Borrower may, upon notice to Swing Line Lender (with a copy to Administrative Agent), at any time or from time to time, voluntarily prepay Swing Line Loans in whole or in part without premium or penalty; *provided that* (i) such notice must be received by Swing Line Lender and Administrative Agent not later than 1:00 p.m. on the date of the prepayment, and (ii) any such prepayment shall be in a minimum principal amount of \$100,000 or, if less, the entire principal amount of Swing Line Loans then outstanding. Each such notice shall specify the date and amount of such prepayment. If such notice is given by Borrower, Borrower shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein; *provided, however,* that Borrower shall be entitled to make any such payment conditional on the receipt of other financing or the proceeds of other transactions (if such prepayment is made in connection with a refinancing or other payment in full of the Loans) to the extent specified in such notice.

(c) If for any reason the Total Outstandings at any time exceed the Maximum Availability then in effect, then Borrower shall, within five (5) Business Days, prepay Loans and/or Cash Collateralize the L/C Obligations in an aggregate amount equal to such excess; *provided, however,* that Borrower shall not be required to Cash Collateralize the L/C Obligations pursuant to this **Section 2.05(c)** unless after the prepayment in full of the Committed Loans and Swing Line Loans the Total Outstandings exceed the Maximum Availability then in effect.

2.06 Termination or Reduction of Commitments. Borrower may, upon notice to Administrative Agent, terminate the Aggregate Commitments, or from time to time permanently reduce the Aggregate Commitments; *provided that* (a) any such notice shall be received by Administrative Agent not later than 11:00 a.m. three (3) Business Days prior to the date of termination or reduction, (b) any such partial reduction shall be in an aggregate amount of \$10,000,000 or any whole multiple of \$1,000,000 in excess thereof, (c) Borrower shall not terminate or reduce the Aggregate Commitments if, after giving effect thereto and to any concurrent prepayments hereunder, the Total Outstandings would exceed the Aggregate Commitments, and (d) if, after giving effect to any reduction of the Aggregate Commitments, the Letter of Credit Sublimit or the Swing Line Sublimit exceeds the amount of the Aggregate Commitments, such Sublimit shall be automatically reduced by the amount of such excess. Administrative Agent will promptly notify the Lenders of any such notice of termination or reduction of the Aggregate Commitments. Any reduction of the Aggregate Commitments shall be applied to the Commitment of each Lender according to its Applicable Percentage. All fees accrued until the effective date of any termination of the Aggregate Commitments shall be paid on the effective date of such termination. Borrower shall be entitled to make any such termination of the Aggregate Commitments hereunder conditional on the receipt of other financing or the proceeds of other transactions (if such termination is made in connection with a refinancing or other payment in full of the Loans) to the extent specified in the termination notice.

2.07 Repayment of Loans.

(a) Borrower shall repay to the Lenders on the Maturity Date the aggregate principal amount of Committed Loans outstanding on such date.

(b) Borrower shall repay each Swing Line Loan on the earlier to occur of (i) the date five (5) Business Days after such Loan is made and (ii) the Maturity Date.

2.08 Interest.

(a) Subject to the provisions of **subsection (b)** below, (i) each Eurodollar Rate Loan shall bear interest on the outstanding principal amount thereof for each Interest Period at a rate per annum equal to the Eurodollar Rate for such Interest Period *plus* the Applicable Rate for Eurodollar Rate Loans; (ii) each Base Rate Committed Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the Base Rate *plus* the Applicable Rate for Base Rate Loans; and (iii) each Swing Line Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the Base Rate plus the Applicable Rate for Base Rate Loans.

(b) (i) If any amount of principal of any Loan is not paid when due (without regard to any applicable grace periods), whether at stated maturity, by acceleration or otherwise, such amount shall thereafter bear interest at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws.

(ii) If any amount (other than principal of any Loan) payable by Borrower under any Loan Document is not paid when due (without regard to any applicable grace periods), whether at stated maturity, by acceleration or otherwise, then such amount shall thereafter bear interest at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws.

(iii) Upon the occurrence of an Event of Default pursuant to **Section 10.01(f)** or **10.01(g)** and upon the request of Required Lenders if any other Event of Default exists

(other than as set forth in *clauses (b)(i)* and *(b)(ii)* above), Borrower shall pay interest on the principal amount of all outstanding Obligations hereunder at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws.

(iv) Accrued and unpaid interest on past due amounts (including interest on past due interest) shall be due and payable upon demand.

(c) Interest on each Loan shall be due and payable in arrears on each Interest Payment Date applicable thereto and at such other times as may be specified herein. Interest hereunder shall be due and payable in accordance with the terms hereof before and after judgment, and before and after the commencement of any proceeding under any Debtor Relief Law.

2.09 Fees. In addition to certain fees described in *subsections (h)* and *(i)* of *Section 2.03*:

(a) **Unused Fee.** Borrower shall pay to Administrative Agent for the account of each Lender in accordance with its Applicable Percentage, an unused fee equal to the Unused Rate times the actual daily amount by which the Aggregate Commitments exceed the sum of (i) the Outstanding Amount of Committed Loans and (ii) the Outstanding Amount of L/C Obligations, subject to adjustment as provided in *Section 2.17*. For the avoidance of doubt, the Outstanding Amount of Swing Line Loans shall not be counted towards or considered usage of the Aggregate Commitments for purposes of determining the unused fee. The unused fee shall accrue at all times during the Availability Period, including at any time during which one or more of the conditions in *Article VI* is not met, and shall be due and payable quarterly in arrears on the first (1st) Business Day after the end of each March, June, September and December, commencing with the first such date to occur after the Closing Date, and on the last day of the Availability Period. The unused fee shall be calculated quarterly in arrears, and if there is any change in the Unused Rate during any quarter, the actual daily amount shall be computed and multiplied by the Unused Rate separately for each period during such quarter that such Applicable Rate was in effect.

(b) **Other Fees.**

(i) Borrower shall pay to Arranger and Administrative Agent for their own respective accounts fees in the amounts and at the times specified in the Fee Letter. Such fees shall be fully earned when paid and shall not be refundable for any reason whatsoever.

(ii) Borrower shall pay to the Lenders such fees as shall have been separately agreed upon in writing in the amounts and at the times so specified. Such fees shall be fully earned when paid and shall not be refundable for any reason whatsoever.

2.10 Computation of Interest and Fees; Retroactive Adjustments of Applicable Rate.

(a) All computations of interest for Base Rate Loans (including Base Rate Loans determined by reference to the Eurodollar Rate) shall be made on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed. All other computations of fees and interest shall be made on the basis of a 360-day year and actual days elapsed (which results in more fees or interest, as applicable, being paid than if computed on the basis of a 365-day year). Interest shall accrue on each Loan for the day on which the Loan is made, and shall not accrue on a Loan, or any portion thereof, for the day on which the Loan or such portion is paid, *provided that* any Loan that is repaid on the same day on which it is made shall, subject to *Section 2.12(a)*, bear interest for one day. Each determination by Administrative Agent of an interest rate or fee hereunder shall be conclusive and binding for all purposes, absent manifest error.

(b) If, as a result of any restatement of or other adjustment to the financial statements of Borrower or for any other reason, Borrower or the Lenders determine that (i) the Leverage Ratio as calculated by Borrower as of any applicable date was inaccurate and (ii) a proper calculation of the Leverage Ratio would have resulted in higher pricing for such period, Borrower shall immediately and retroactively be obligated to pay to Administrative Agent for the account of the applicable Lenders or L/C Issuer, as the case may be, promptly on demand by Administrative Agent (or, after the occurrence of an actual or deemed entry of an order for relief with respect to Borrower under the Bankruptcy Code of the United States, automatically and without further action by Administrative Agent, any Lender or L/C Issuer), an amount equal to the excess of the amount of interest and fees that should have been paid for such period over the amount of interest and fees actually paid for such period. This paragraph shall not limit the rights of Administrative Agent, any Lender or L/C Issuer, as the case may be, under **Section 2.03(c)(iii)** or **2.03(i)** or under **Article X**. Borrower's obligations under this paragraph shall survive for the nine (9)- month period immediately following the termination of the Aggregate Commitments and the repayment of all other Obligations hereunder.

2.11 Evidence of Debt.

(a) The Credit Extensions made by each Lender shall be evidenced by one or more accounts or records maintained by such Lender and by Administrative Agent in the ordinary course of business. The accounts or records maintained by Administrative Agent and each Lender shall be conclusive absent manifest error of the amount of the Credit Extensions made by the Lenders to Borrower and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of Borrower hereunder to pay any amount owing with respect to the Obligations. In the event of any conflict between the accounts and records maintained by any Lender and the accounts and records of Administrative Agent in respect of such matters, the accounts and records of Administrative Agent shall control in the absence of manifest error. Upon the request of any Lender made through Administrative Agent, Borrower shall execute and deliver to such Lender (through Administrative Agent) a Note, which shall evidence such Lender's Loans in addition to such accounts or records. Each Lender may attach schedules to its Note and endorse thereon the date, Type (if applicable), amount and maturity of its Loans and payments with respect thereto.

(b) In addition to the accounts and records referred to in **subsection (a)** above, each Lender and Administrative Agent shall maintain in accordance with its usual practice accounts or records evidencing the purchases and sales by such Lender of participations in Letters of Credit and Swing Line Loans. In the event of any conflict between the accounts and records maintained by Administrative Agent and the accounts and records of any Lender in respect of such matters, the accounts and records of Administrative Agent shall control in the absence of manifest error.

2.12 Payments Generally; Administrative Agent's Clawback.

(a) **General.** All payments to be made by Borrower shall be made free and clear of and without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein, all payments by Borrower hereunder shall be made to Administrative Agent, for the account of the respective Lenders to which such payment is owed, at Administrative Agent's Office in Dollars and in immediately available funds not later than 2:00 p.m. on the date specified herein. Administrative Agent will promptly distribute to each

Lender its Applicable Percentage (or other applicable share as provided herein) of such payment in like funds as received by wire transfer to such Lender's Lending Office. All payments received by Administrative Agent after 2:00 p.m. shall be deemed received on the next succeeding Business Day and any applicable interest or fee shall continue to accrue. If any payment to be made by Borrower shall come due on a day other than a Business Day, payment shall be made on the next following Business Day, and such extension of time shall be reflected in computing interest or fees, as the case may be.

(b) Clawback.

(i) Funding by Lenders; Presumption by Administrative Agent. Unless Administrative Agent shall have received notice from a Lender prior to the proposed date of any Committed Borrowing of Eurodollar Rate Loans (or, in the case of any Committed Borrowing of Base Rate Loans, prior to 12:00 noon on the date of such Committed Borrowing) that such Lender will not make available to Administrative Agent such Lender's share of such Committed Borrowing, Administrative Agent may assume that such Lender has made such share available on such date in accordance with **Section 2.02** (or, in the case of a Committed Borrowing of Base Rate Loans, that such Lender has made such share available in accordance with and at the time required by **Section 2.02**) and may, in reliance upon such assumption, make available to Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Committed Borrowing available to Administrative Agent, then the applicable Lender and Borrower severally agree to pay to Administrative Agent forthwith on demand such corresponding amount in immediately available funds with interest thereon, for each day from and including the date such amount is made available to Borrower to but excluding the date of payment to Administrative Agent, at (A) in the case of a payment to be made by such Lender, the greater of the Federal Funds Rate and a rate determined by Administrative Agent in accordance with banking industry rules on interbank compensation, plus any administrative, processing or similar fees customarily charged by Administrative Agent in connection with the foregoing, and (B) in the case of a payment to be made by Borrower, the interest rate applicable to such Loans. If Borrower and such Lender shall pay such interest to Administrative Agent for the same or an overlapping period, Administrative Agent shall promptly remit to Borrower the amount of such interest paid by Borrower for such period. If such Lender pays its share of the applicable Committed Borrowing to Administrative Agent, then the amount so paid shall constitute such Lender's Committed Loan included in such Committed Borrowing. Any payment by Borrower shall be without prejudice to any claim Borrower may have against a Lender that shall have failed to make such payment to Administrative Agent.

(ii) Payments by Borrower; Presumptions by Administrative Agent. Unless Administrative Agent shall have received notice from Borrower prior to the date on which any payment is due to Administrative Agent for the account of the Lenders or L/C Issuer hereunder that Borrower will not make such payment, Administrative Agent may assume that Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or L/C Issuer, as the case may be, the amount due. In such event, if Borrower has not in fact made such payment, then each of the Lenders or L/C Issuer, as the case may be, severally agrees to repay to Administrative Agent forthwith on demand the amount so distributed to such Lender or L/C Issuer, in immediately available funds with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to Administrative Agent, at the greater of the Federal Funds Rate and a rate determined by Administrative Agent in accordance with banking industry rules on interbank compensation.

A notice of Administrative Agent to any Lender or Borrower with respect to any amount owing under this **subsection (b)** shall be conclusive, absent manifest error.

(c) **Failure to Satisfy Conditions Precedent.** If any Lender makes available to Administrative Agent funds for any Loan to be made by such Lender as provided in the foregoing provisions of this **Article II**, and such funds are not made available to Borrower by Administrative Agent because the conditions to the applicable Credit Extension set forth in **Article VI** are not satisfied or waived in accordance with the terms hereof, Administrative Agent shall return such funds (in like funds as received from such Lender) to such Lender, without interest.

(d) **Obligations of Lenders Several.** The obligations of the Lenders hereunder to make Committed Loans, to fund participations in Letters of Credit and Swing Line Loans and to make payments pursuant to **Section 12.04(c)** are several and not joint. The failure of any Lender to make any Committed Loan, to fund any such participation or to make any payment under **Section 12.04(c)** on any date required hereunder shall not relieve any other Lender of its corresponding obligation to do so on such date, and no Lender shall be responsible for the failure of any other Lender to so make its Committed Loan, to purchase its participation or to make its payment under **Section 12.04(c)**.

(e) **Funding Source.** Nothing herein shall be deemed to obligate any Lender to obtain the funds for any Loan in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for any Loan in any particular place or manner.

2.13 Sharing of Payments by Lenders. If any Lender shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of the Committed Loans made by it, or the participations in L/C Obligations or in Swing Line Loans held by it resulting in such Lender's receiving payment of a proportion of the aggregate amount of such Committed Loans or participations and accrued interest thereon greater than its pro rata share thereof as provided herein, then the Lender receiving such greater proportion shall (a) notify Administrative Agent of such fact, and (b) purchase (for cash at face value) participations in the Committed Loans and subparticipations in L/C Obligations and Swing Line Loans of the other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Committed Loans and other amounts owing them, *provided that*:

(i) if any such participations or subparticipations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations or subparticipations shall be rescinded and the purchase price restored to the extent of such recovery, without interest; and

(ii) the provisions of this **Section** shall not be construed to apply to (x) any payment made by or on behalf of Borrower pursuant to and in accordance with the express terms of this Agreement (including the application of funds arising from the existence of a Defaulting Lender), (y) the application of Cash Collateral provided for in **Section 2.16**, or (z) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Committed Loans or subparticipations in L/C Obligations or Swing Line Loans to any assignee or participant, other than an assignment to Borrower or any Affiliate thereof (as to which the provisions of this **Section** shall apply).

Each Loan Party consents to the foregoing and agrees, to the extent it may effectively do so under applicable Law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against such Loan Party rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of such Loan Party in the amount of such participation.

2.14 Extension of Maturity Date.

(a) **Requests for Extension.** Borrower may, by written notice to Administrative Agent (who shall promptly notify the Lenders) not earlier than one hundred twenty (120) days and not later than thirty (30) days prior to the Initial Maturity Date, request that the Initial Maturity Date be extended to the First Extended Maturity Date. If the Initial Maturity Date is extended to the First Extended Maturity Date, then Borrower may, by written notice to Administrative Agent (who shall promptly notify the Lenders) not earlier than one hundred twenty (120) days and not later than thirty (30) days prior to the First Extended Maturity Date, request that the First Extended Maturity Date be extended to the Second Extended Maturity Date.

(b) **Conditions Precedent.** As a condition precedent to the extension of the Initial Maturity Date to the First Extended Maturity Date and, if applicable, the First Extended Maturity Date to the Second Extended Maturity Date, in each case pursuant to this **Section 2.14**:

(i) Borrower shall deliver to Administrative Agent a certificate of (in sufficient copies for each Lender) signed by a Responsible Officer of Parent, for itself and on behalf of Borrower, certifying as of the date of the notice described in **Section 2.14(a)**, as of the Initial Maturity Date or the First Extended Maturity Date, as applicable, and after giving effect to such extension, that (1) the resolutions adopted by Parent, for itself and on behalf of Borrower, with respect to the transactions contemplated hereunder (including the extensions provided for herein) and delivered on the Closing Date remain in full force and effect or certifying new resolutions of Parent, for itself or on behalf of Borrower, approving or consenting to the applicable extension, (2) the representations and warranties contained in **Article VII** and the other Loan Documents are true and correct in all material respects (without duplication of any materiality qualifiers therein) on and as of the Initial Maturity Date or the First Extended Maturity Date, as applicable, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct in all material respects (without duplication of any materiality qualifiers therein) as of such earlier date, and except that for purposes of this **Section 2.14**, the representations and warranties contained in each of **Sections 7.05(a)** and **7.05(b)** shall be deemed to refer to the most recent statements furnished pursuant to **Sections 8.01(a)** and **8.01(b)**, respectively, and shall refer to the Consolidated Group rather than to the predecessor of Parent, and (3) no Default exists;

(ii) on the date of the extension of the Maturity Date to the First Extended Maturity Date or the Second Extended Maturity Date, as applicable, (each such date, an “**Extension Date**”), Borrower shall pay to Administrative Agent, for the pro rata account of each Lender in accordance with their respective Applicable Percentages, an extension fee equal to (A) for the extension to the First Extended Maturity Date, fifteen hundredths of one percent (0.15%) of the Aggregate Commitments as of the applicable Extension Date and (B) if applicable, for the extension to the Second Extended Maturity Date, two

tenths of one percent (0.20%) of the Aggregate Commitments as of the applicable Extension Date, which fees shall, when paid, be fully earned and non-refundable under any circumstances; and

(iii) on the date of the notice described in **Section 2.14(a)** and the applicable Extension Date and after giving effect thereto, (A) the representations and warranties contained in **Article VII** and the other Loan Documents are true and correct in all material respects (without duplication of any materiality qualifiers therein) on and as of such Extension Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct in all material respects (without duplication of any materiality qualifiers therein) as of such earlier date, and except that for purposes of this **Section 2.14**, the representations and warranties contained in each of **Sections 7.05(a)** and **7.05(b)** shall be deemed to refer to the most recent statements furnished pursuant to **Sections 8.01(a)** and **8.01(b)**, respectively, and shall refer to the Consolidated Group rather than to the predecessor of Parent and (B) no Default exists; and

(c) **Conflicting Provisions.** This **Section 2.14** shall supersede any provisions in **Section 12.01** to the contrary.

2.15 Increase in Commitments.

(a) **Request for Increase.** Provided there exists no Default, upon notice to Administrative Agent (which shall promptly notify the Lenders), Borrower may from time to time, request an increase in the Aggregate Commitments by an amount (for all such requests) not exceeding \$200,000,000; *provided that* (i) any such request for an increase shall be in a minimum amount of \$20,000,000 or, if less, the unused portion of the increase permitted under this **Section 2.15**, (ii) Borrower may make a maximum of four (4) such requests, and (iii) after giving effect to each such request, the Aggregate Commitments shall not exceed \$400,000,000 (less the amount of any termination or reduction of the Aggregate Commitments pursuant to **Section 2.06**). At the time of sending such notice, Borrower (in consultation with Administrative Agent) shall specify the time period within which each Lender is requested to respond (which shall in no event be less than ten (10) Business Days from the date of delivery of such notice to the Lenders).

(b) **Lender Elections to Increase.** Each Lender shall notify Administrative Agent within such time period whether or not it agrees to increase its Commitment and, if so, whether by an amount equal to, greater than, or less than its Applicable Percentage of such requested increase. Any Lender not responding within such time period shall be deemed to have declined to increase its Commitment.

(c) **Notification by Administrative Agent; Additional Lenders.** Administrative Agent shall notify Borrower and each Lender of the Lenders' responses to each request made hereunder. To achieve the full amount of a requested increase and subject to the approval of Administrative Agent, L/C Issuer and Swing Line Lender (which approvals shall not be unreasonably withheld, delayed or conditioned), Borrower may also invite additional Eligible Assignees to become Lenders pursuant to a joinder agreement in form and substance reasonably satisfactory to Administrative Agent and its counsel.

(d) **Effective Date and Allocations.** If the Aggregate Commitments are increased in accordance with this **Section 2.15**, Administrative Agent and Borrower shall determine the effective date (the "**Increase Effective Date**") and the final allocation of such increase. Administrative Agent shall promptly notify Borrower and the Lenders of the final allocation of such increase and the Increase Effective Date.

(e) **Conditions to Effectiveness of Increase.** As a condition precedent to such increase, Borrower shall deliver to Administrative Agent a certificate of each Loan Party dated as of the Increase Effective Date (in sufficient copies for each Lender) signed by a Responsible Officer of such Loan Party (x) certifying and attaching the resolutions adopted by such Loan Party approving or consenting to such increase, and (y) in the case of Borrower, certifying that, before and after giving effect to such increase, (A) the representations and warranties contained in **Article VII** and the other Loan Documents are true and correct in all material respects (without duplication of any materiality qualifiers therein) on and as of the Increase Effective Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct in all material respects (without duplication of any materiality qualifiers therein) as of such earlier date, and except that for purposes of this **Section 2.15**, the representations and warranties contained in each of **Sections 7.05(a)** and **7.05(b)** shall be deemed to refer to the most recent statements furnished pursuant to **Sections 8.01(a)** and **8.01(b)**, respectively, and shall refer to the Consolidated Group rather than to the predecessor of Parent, and (B) no Default exists. Borrower shall prepay any Committed Loans outstanding on the Increase Effective Date (and pay any additional amounts required pursuant to **Section 3.05**) to the extent necessary to keep the outstanding Committed Loans ratable with any revised Applicable Percentages arising from any nonratable increase in the Commitments under this **Section**.

(f) **Conflicting Provisions.** This **Section 2.15** shall supersede any provisions in **Section 2.13** or **12.01** to the contrary.

2.16 Cash Collateral.

(a) **Certain Credit Support Events.** If (i) as of the Letter of Credit Expiration Date, any L/C Obligation for any reason remains outstanding, (ii) Borrower shall be required to provide Cash Collateral pursuant to **Section 10.02**, or (iii) there shall exist a Defaulting Lender, Borrower shall immediately (in the case of **clause (ii)** above) or within one Business Day (in all other cases) following any request by Administrative Agent or L/C Issuer, provide Cash Collateral in an amount not less than the applicable Minimum Collateral Amount (determined in the case of Cash Collateral provided pursuant to **clause (iii)** above, after giving effect to **Section 2.17(a)(iv)** and any Cash Collateral provided by the Defaulting Lender).

(b) **Grant of Security Interest.** Borrower, and to the extent provided by any Defaulting Lender, such Defaulting Lender, hereby grants to (and subjects to the control of) Administrative Agent, for the benefit of Administrative Agent, L/C Issuer and the Lenders, and agrees to maintain, a first priority security interest in all such cash, deposit accounts and all balances therein, and all other property so provided as collateral pursuant hereto, and in all proceeds of the foregoing, all as security for the obligations to which such Cash Collateral may be applied pursuant to **Section 2.16(c)**. If at any time Administrative Agent determines that Cash Collateral is subject to any right or claim of any Person other than Administrative Agent or L/C Issuer as herein provided (other than the applicable depository bank, subject to the applicable control agreement with Administrative Agent), or that the total amount of such Cash Collateral is less than the Minimum Collateral Amount, Borrower will, promptly upon demand by Administrative Agent, pay or provide to Administrative Agent additional Cash Collateral in an amount sufficient to eliminate such deficiency. All Cash Collateral (other than credit support not constituting funds subject to deposit) shall be maintained in blocked, interest bearing deposit accounts at Bank of America. Borrower shall pay on demand therefor from time to time all customary account opening, activity and other administrative fees and charges in connection with the maintenance and disbursement of Cash Collateral.

(c) **Application.** Notwithstanding anything to the contrary contained in this Agreement, Cash Collateral provided under any of this **Section 2.16** or **Sections 2.03, 2.04, 2.05, 2.17** or **10.02** in respect of Letters of Credit shall be held and applied to the satisfaction of the specific L/C Obligations, obligations to fund participations therein (including, as to Cash Collateral provided by a Defaulting Lender, any interest accrued on such obligation) and other obligations for which the Cash Collateral was so provided, prior to any other application of such property as may otherwise be provided for herein.

(d) **Release.** Cash Collateral (or the appropriate portion thereof) provided to reduce Fronting Exposure or to secure other obligations shall be released promptly following (i) the elimination of the applicable Fronting Exposure or other obligations giving rise thereto (including by the termination of Defaulting Lender status of the applicable Lender (or, as appropriate, its assignee following compliance with **Section 12.06(b)(vi)**)) or (ii) the determination by Administrative Agent and L/C Issuer that there exists excess Cash Collateral; *provided, however*, (x) any such release shall be without prejudice to, and any disbursement or other transfer of Cash Collateral shall be and remain subject to, any other Lien conferred under the Loan Documents and the other applicable provisions of the Loan Documents, and (y) the Person providing Cash Collateral and L/C Issuer may agree that Cash Collateral shall not be released but instead held to support future anticipated Fronting Exposure or other obligations.

2.17 Defaulting Lenders.

(a) **Adjustments.** Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as that Lender is no longer a Defaulting Lender, to the extent permitted by applicable Law:

(i) **Waivers and Amendments.** Such Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in the definition of "**Required Lenders**" and **Section 12.01**.

(ii) **Defaulting Lender Waterfall.** Any payment of principal, interest, fees or other amounts received by Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to **Article X** or otherwise) or received by Administrative Agent from a Defaulting Lender pursuant to **Section 12.08** shall be applied at such time or times as may be determined by Administrative Agent as follows: *first*, to the payment of any amounts owing by such Defaulting Lender to Administrative Agent hereunder; *second*, to the payment on a pro rata basis of any amounts owing by such Defaulting Lender to L/C Issuer or Swing Line Lender hereunder; *third*, to Cash Collateralize L/C Issuer's Fronting Exposure with respect to such Defaulting Lender in accordance with **Section 2.16**; *fourth*, as Borrower may request (so long as no Default or Event of Default exists), to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by Administrative Agent; *fifth*, if so determined by Administrative Agent and Borrower, to be held in a deposit account and released pro rata in order to (x) satisfy such Defaulting Lender's potential future funding obligations with respect to Loans under this Agreement and (y) Cash Collateralize L/C Issuer's future Fronting Exposure with respect to such Defaulting Lender with respect to future Letters of Credit issued under this Agreement, in accordance with **Section 2.16**; *sixth*, to the

payment of any amounts owing to the Lenders, L/C Issuer or Swing Line Lender as a result of any judgment of a court of competent jurisdiction obtained by any Lender, L/C Issuer or Swing Line Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; *seventh*, so long as no Default or Event of Default exists, to the payment of any amounts owing to Borrower as a result of any judgment of a court of competent jurisdiction obtained by Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and *eighth*, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; *provided that* if (x) such payment is a payment of the principal amount of any Loans or L/C Borrowings in respect of which such Defaulting Lender has not fully funded its appropriate share and (y) such Loans were made or the related Letters of Credit were issued at a time when the conditions set forth in **Section 6.02** were satisfied or waived, such payment shall be applied solely to pay the Loans of, and L/C Obligations owed to, all Non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Loans of, or L/C Obligations owed to, such Defaulting Lender until such time as all Loans and funded and unfunded participations in L/C Obligations and Swing Line Loans are held by the Lenders pro rata in accordance with the Commitments hereunder without giving effect to **Section 2.17(a)(iv)**. Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or to post Cash Collateral pursuant to this **Section 2.17(a)(ii)** shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

(iii) **Certain Fees.**

(A) No Defaulting Lender shall be entitled to receive any fee payable under **Section 2.09(a)** for any period during which that Lender is a Defaulting Lender (and Borrower shall not be required to pay any such fee that otherwise would have been required to have been paid to that Defaulting Lender).

(B) Each Defaulting Lender shall be entitled to receive Letter of Credit Fees for any period during which that Lender is a Defaulting Lender only to the extent allocable to its Applicable Percentage of the stated amount of Letters of Credit for which it has provided Cash Collateral pursuant to **Section 2.16**.

(C) With respect to any Letter of Credit Fee not required to be paid to any Defaulting Lender pursuant to **clause (A)** or **(B)** above, Borrower shall (1) pay to each Non-Defaulting Lender that portion of any such fee otherwise payable to such Defaulting Lender with respect to such Defaulting Lender's participation in L/C Obligations or Swing Line Loans that has been reallocated to such Non-Defaulting Lender pursuant to **clause (iv)** below, (2) pay to L/C Issuer and Swing Line Lender, as applicable, the amount of any such fee otherwise payable to such Defaulting Lender to the extent allocable to such L/C Issuer's or Swing Line Lender's Fronting Exposure to such Defaulting Lender, unless such Fronting Exposure has been Cash Collateralized by Borrower in accordance with the provisions of this Agreement, and (3) not be required to pay the remaining amount of any such fee.

(iv) **Reallocation of Applicable Percentages to Reduce Fronting Exposure.** All or any part of such Defaulting Lender's participation in L/C Obligations

and Swing Line Loans shall be reallocated among the Non-Defaulting Lenders in accordance with their respective Applicable Percentages (calculated without regard to such Defaulting Lender's Commitment) but only to the extent that (A) the conditions set forth in **Section 6.02** are satisfied at the time of such reallocation, and (B) such reallocation does not cause the aggregate Revolving Credit Exposure of any Non-Defaulting Lender to exceed such Non-Defaulting Lender's Commitment. No reallocation hereunder shall constitute a waiver or release of any claim of any party hereunder against a Defaulting Lender arising from that Lender having become a Defaulting Lender, including any claim of a Non-Defaulting Lender as a result of such Non-Defaulting Lender's increased exposure following such reallocation.

(v) **Cash Collateral, Repayment of Swing Line Loans.** If the reallocation described in **Section 2.17(a)(iv)** above cannot, or can only partially, be effected, Borrower shall, without prejudice to any right or remedy available to it hereunder or under applicable Law, (A) *first*, prepay Swing Line Loans in an amount equal to Swing Line Lender's Fronting Exposure and (B) *second*, Cash Collateralize L/C Issuer's Fronting Exposure in accordance with the procedures set forth in **Section 2.16**.

(b) **Defaulting Lender Cure.** If Borrower, Administrative Agent, Swing Line Lender and L/C Issuer agree in writing that a Lender is no longer a Defaulting Lender, Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any Cash Collateral), that Lender will, to the extent applicable, purchase at par that portion of outstanding Loans of the other Lenders or take such other actions as Administrative Agent may determine to be necessary to cause the Committed Loans and funded and unfunded participations in Letters of Credit and Swing Line Loans to be held on a pro rata basis by the Lenders in accordance with their Applicable Percentages (without giving effect to **Section 2.17(a)(iv)**), whereupon such Lender will cease to be a Defaulting Lender; *provided that* no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of Borrower while that Lender was a Defaulting Lender; and *provided, further*, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

Article III. Taxes, Yield Protection and Illegality

3.01 Taxes.

(a) Payments Free of Taxes; Obligation to Withhold; Payments on Account of Taxes.

(i) Any and all payments by or on account of any obligation of any Loan Party under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable Laws. If any applicable Laws (as determined in the good faith discretion of Administrative Agent) require the deduction or withholding of any Tax from any such payment by Administrative Agent or a Loan Party, then Administrative Agent or such Loan Party shall be entitled to make such deduction or withholding, upon the basis of the information and documentation to be delivered pursuant to **subsection (e)** below.

(ii) If any Loan Party or Administrative Agent shall be required by the Code to withhold or deduct any Taxes, including both United States federal backup withholding and withholding Taxes, from any payment, then (A) Administrative Agent shall withhold or make such deductions as are determined by Administrative Agent to be required based upon the information and documentation it has received pursuant to **subsection (e)** below, (B) Administrative Agent shall timely pay the full amount withheld or deducted to the relevant Governmental Authority in accordance with the Code, and (C) to the extent that the withholding or deduction is made on account of Indemnified Taxes, the sum payable by the applicable Loan Party shall be increased as necessary so that after any required withholding or the making of all required deductions (including deductions applicable to additional sums payable under this **Section 3.01**) the applicable Recipient receives an amount equal to the sum it would have received had no such withholding or deduction been made.

(iii) If any Loan Party or Administrative Agent shall be required by any applicable Laws other than the Code to withhold or deduct any Taxes from any payment, then (A) such Loan Party or Administrative Agent, as required by such Laws, shall withhold or make such deductions as are determined by it to be required based upon the information and documentation it has received pursuant to **subsection (e)** below, (B) such Loan Party or Administrative Agent, to the extent required by such Laws, shall timely pay the full amount withheld or deducted to the relevant Governmental Authority in accordance with such Laws, and (C) to the extent that the withholding or deduction is made on account of Indemnified Taxes, the sum payable by the applicable Loan Party shall be increased as necessary so that after any required withholding or the making of all required deductions (including deductions applicable to additional sums payable under this **Section 3.01**) the applicable Recipient receives an amount equal to the sum it would have received had no such withholding or deduction been made.

(b) **Payment of Other Taxes by Borrower.** Without limiting the provisions of **subsection (a)** above, the Loan Parties shall timely pay to the relevant Governmental Authority in accordance with applicable Law, or at the option of Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(c) **Tax Indemnifications.**

(i) Each of the Loan Parties shall, and does hereby, jointly and severally indemnify each Recipient, and shall make payment in respect thereof within ten (10) days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this **Section 3.01**) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to Borrower by a Lender or L/C Issuer (with a copy to Administrative Agent), or by Administrative Agent on its own behalf or on behalf of a Lender or L/C Issuer, shall be conclusive absent manifest error.

(ii) Each Lender and L/C Issuer shall, and do hereby, severally indemnify, and shall make payment in respect thereof within ten (10) days after demand therefor, (A) Administrative Agent against any Indemnified Taxes attributable to such Lender or L/C Issuer (but only to the extent that any Loan Party has not already indemnified

Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Loan Parties to do so), (B) Administrative Agent against any Taxes attributable to such Lender's failure to comply with the provisions of **Section 12.06(d)** relating to the maintenance of a Participant Register and (C) Administrative Agent against any Excluded Taxes attributable to such Lender or L/C Issuer, in each case, that are payable or paid by Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by Administrative Agent shall be conclusive absent manifest error. Each Lender and L/C Issuer hereby authorizes Administrative Agent to set off and apply any and all amounts at any time owing to such Lender or L/C Issuer, as the case may be, under this Agreement or any other Loan Document against any amount due to Administrative Agent under this **Section 3.01(c)(ii)**.

(d) **Evidence of Payments.** Upon request by Borrower or Administrative Agent, as the case may be, after any payment of Taxes by Borrower or by Administrative Agent to a Governmental Authority as provided in this **Section 3.01**, Borrower shall deliver to Administrative Agent or Administrative Agent shall deliver to Borrower, as the case may be, the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of any return required by Laws to report such payment or other evidence of such payment reasonably satisfactory to Borrower or Administrative Agent, as the case may be.

(e) Status of Lenders; Tax Documentation.

(i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to Borrower and Administrative Agent, at the time or times reasonably requested by Borrower or Administrative Agent, such properly completed and executed documentation reasonably requested by Borrower or Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by Borrower or Administrative Agent, shall deliver such other documentation prescribed by applicable Law or reasonably requested by Borrower or Administrative Agent as will enable Borrower or Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in **Sections 3.01(e)(ii)(A)**, **3.01(e)(ii)(B)** and **3.01(e)(ii)(D)** below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing:

(A) any Lender that is a U.S. Person shall deliver to Borrower and Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of Borrower or Administrative Agent), executed originals of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding Tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to Borrower and Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of Borrower or Administrative Agent), whichever of the following is applicable:

(1) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed originals of IRS Form W-8BEN establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “interest” article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “business profits” or “other income” article of such tax treaty;

(2) executed originals of IRS Form W-8ECI,

(3) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under *Section 881(c)* of the Code, (x) a certificate substantially in the form of **Exhibit G-1** to the effect that such Foreign Lender is not a “bank” within the meaning of *Section 881(c)(3)(A)* of the Code, a “10 percent shareholder” of Borrower within the meaning of *Section 881(c)(3)(B)* of the Code, or a “controlled foreign corporation” described in *Section 881(c)(3)(C)* of the Code (a “**U.S. Tax Compliance Certificate**”) and (y) executed originals of IRS Form W-8BEN; or

(4) to the extent a Foreign Lender is not the beneficial owner, executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, a U.S. Tax Compliance Certificate substantially in the form of **Exhibit G-2** or **Exhibit G-3**, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; *provided that* if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of **Exhibit G-4** on behalf of each such direct and indirect partner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to Borrower and Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of Borrower or Administrative Agent), executed originals of any other form prescribed by applicable Law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable Law to permit Borrower or Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in *Section 1471(b)* or *1472(b)* of the Code, as applicable), such Lender shall deliver to Borrower and Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by Borrower or Administrative Agent such documentation prescribed by applicable Law (including as prescribed by *Section 1471(b)(3)(C)(i)* of the Code) and such additional documentation reasonably requested by Borrower or Administrative Agent as may be necessary for Borrower and Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this **Section 3.01(e)(ii)(D)**, "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

(iii) Each Lender agrees that if any form or certification it previously delivered pursuant to this **Section 3.01** expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify Borrower and Administrative Agent in writing of its legal inability to do so.

(f) **Treatment of Certain Refunds.** Unless required by applicable Laws, at no time shall Administrative Agent have any obligation to file for or otherwise pursue on behalf of a Lender or L/C Issuer, or have any obligation to pay to any Lender or L/C Issuer, any refund of Taxes withheld or deducted from funds paid for the account of such Lender or L/C Issuer, as the case may be. If any Recipient determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified by any Loan Party or with respect to which any Loan Party has paid additional amounts pursuant to this **Section 3.01**, it shall pay to such Loan Party an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by a Loan Party under this **Section 3.01** with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) incurred by such Recipient, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund), *provided that* such Loan Party, upon the request of the Recipient, agrees to repay the amount paid over to such Loan Party (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Recipient in the event the Recipient is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this subsection, in no event will the applicable Recipient be required to pay any amount to any Loan Party pursuant to this **Section 3.01(f)** the payment of which would place the Recipient in a less favorable net after-Tax position than such Recipient would have been in if the indemnification payments or additional amounts giving rise to such refund had never been paid. This **Section 3.01(f)** shall not be construed to require any Recipient to make available its tax returns (or any other information relating to its taxes that it deems confidential) to any Loan Party or any other Person.

(g) **Survival.** Each party's obligations under this **Section 3.01** shall survive the resignation or replacement of Administrative Agent or any assignment of rights by, or the replacement of, a Lender or L/C Issuer, the termination of the Commitments and the repayment, satisfaction or discharge of all other Obligations.

3.02 Illegality. If any Lender determines that any Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its Lending Office to make,

maintain or fund Loans whose interest is determined by reference to the Eurodollar Rate, or to determine or charge interest rates based upon the Eurodollar Rate, or any Governmental Authority has imposed material restrictions on the authority of such Lender to purchase or sell, or to take deposits of, Dollars in the London interbank market, then, on notice thereof by such Lender to Borrower through Administrative Agent, (i) any obligation of such Lender to make or continue Eurodollar Rate Loans or to convert Base Rate Committed Loans to Eurodollar Rate Loans shall be suspended and replaced with an obligation to make Base Rate Loans in lieu thereof, and (ii) if such notice asserts the illegality of such Lender making or maintaining Base Rate Loans the interest rate on which is determined by reference to the Eurodollar Rate component of the Base Rate, the interest rate on which Base Rate Loans of such Lender shall, if necessary to avoid such illegality, be determined by Administrative Agent without reference to the Eurodollar Rate component of the Base Rate, in each case until such Lender notifies Administrative Agent and Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, (x) Borrower shall, upon demand from such Lender (with a copy to Administrative Agent), prepay or, if applicable, convert all Eurodollar Rate Loans of such Lender to Base Rate Loans (the interest rate on which Base Rate Loans of such Lender shall, if necessary to avoid such illegality, be determined by Administrative Agent without reference to the Eurodollar Rate component of the Base Rate), either on the last day of the Interest Period therefor, if such Lender may lawfully continue to maintain such Eurodollar Rate Loans to such day, or immediately, if such Lender may not lawfully continue to maintain such Eurodollar Rate Loans and (y) if such notice asserts the illegality of such Lender determining or charging interest rates based upon the Eurodollar Rate, Administrative Agent shall during the period of such suspension compute the Base Rate applicable to such Lender without reference to the Eurodollar Rate component thereof until Administrative Agent is advised in writing by such Lender that it is no longer illegal for such Lender to determine or charge interest rates based upon the Eurodollar Rate. Upon any such prepayment or conversion, Borrower shall also pay accrued interest on the amount so prepaid or converted.

3.03 Inability to Determine Rates. If in connection with any request for a Eurodollar Rate Loan or a conversion to or continuation thereof

(a) Administrative Agent determines that (i) Dollar deposits are not being offered to banks in the London interbank eurodollar market for the applicable amount and Interest Period of such Eurodollar Rate Loan, or (ii) adequate and reasonable means do not exist for determining the Eurodollar Rate for any requested Interest Period with respect to a proposed Eurodollar Rate Loan or in connection with an existing or proposed Base Rate Loan, or (b) Required Lenders determine that for any reason the Eurodollar Rate for any requested Interest Period with respect to a proposed Eurodollar Rate Loan does not adequately and fairly reflect the cost to such Lenders of funding such Loan, Administrative Agent will promptly so notify Borrower and each Lender. Thereafter, (x) the obligation of the Lenders to make or maintain Eurodollar Rate Loans shall be suspended (to the extent of the affected Eurodollar Rate Loans or Interest Periods), and (y) in the event of a determination described in the preceding sentence with respect to the Eurodollar Rate component of the Base Rate, the utilization of the Eurodollar Rate component in determining the Base Rate shall be suspended, in each case until Administrative Agent (upon the instruction of Required Lenders) revokes such notice. Upon receipt of such notice, Borrower may revoke any pending request for a Borrowing of, conversion to or continuation of Eurodollar Rate Loans (to the extent of the affected Eurodollar Rate Loans or Interest Periods) or, failing that, will be deemed to have converted such request into a request for a Committed Borrowing of Base Rate Loans in the amount specified therein.

3.04 Increased Costs; Reserves on Eurodollar Rate Loans.

(a) **Increased Costs Generally.** If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender (except any reserve requirement contemplated by **Section 3.04(e)**) or L/C Issuer;

(ii) subject any Recipient to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in *clauses (b)* through *(d)* of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(iii) impose on any Lender or L/C Issuer or the London interbank market any other condition, cost or expense affecting this Agreement or Eurodollar Rate Loans made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender of making, converting to, continuing or maintaining any Loan the interest on which is determined by reference to the Eurodollar Rate (or of maintaining its obligation to make any such Loan), or to increase the cost to such Lender or L/C Issuer of participating in, issuing or maintaining any Letter of Credit (or of maintaining its obligation to participate in or to issue any Letter of Credit), or to reduce the amount of any sum received or receivable by such Lender or L/C Issuer hereunder (whether of principal, interest or any other amount) then, upon request of such Lender or L/C Issuer, Borrower will pay to such Lender or L/C Issuer, as the case may be, such additional amount or amounts as will compensate such Lender or L/C Issuer, as the case may be, for such additional costs incurred or reduction suffered.

(b) **Capital Requirements.** If any Lender or L/C Issuer determines that any Change in Law affecting such Lender or L/C Issuer or any Lending Office of such Lender or such Lender's or L/C Issuer's holding company, if any, regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Lender's or L/C Issuer's capital or on the capital of such Lender's or L/C Issuer's holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or the Loans made by, or participations in Letters of Credit or Swing Line Loans held by, such Lender, or the Letters of Credit issued by L/C Issuer, to a level below that which such Lender or L/C Issuer or such Lender's or L/C Issuer's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or L/C Issuer's policies and the policies of such Lender's or L/C Issuer's holding company with respect to capital adequacy), then from time to time Borrower will pay to such Lender or L/C Issuer, as the case may be, such additional amount or amounts as will compensate such Lender or L/C Issuer or such Lender's or L/C Issuer's holding company for any such reduction suffered.

(c) **Certificates for Reimbursement.** A certificate of a Lender or L/C Issuer setting forth the amount or amounts necessary to compensate such Lender or L/C Issuer or its holding company, as the case may be, as specified in *subsection (a)* or *(b)* of this *Section* and delivered to Borrower shall be conclusive absent manifest error. Borrower shall pay such Lender or L/C Issuer, as the case may be, the amount shown as due on any such certificate within ten (10) Business Days after receipt thereof.

(d) **Delay in Requests.** Failure or delay on the part of any Lender or L/C Issuer to demand compensation pursuant to the provisions of this *Section 3.04* (including *clause (e)* below) shall not constitute a waiver of such Lender's or L/C Issuer's right to demand such compensation, *provided that* Borrower shall not be required to compensate a Lender or L/C Issuer pursuant to the foregoing provisions of this *Section* for any increased costs incurred or reductions suffered more than six (6) months prior to the date that such Lender or L/C Issuer, as the case may be, notifies

Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's or L/C Issuer's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the six (6)- month period referred to above shall be extended to include the period of retroactive effect thereof).

(e) **Reserves on Eurodollar Rate Loans.** Borrower shall pay to each Lender, as long as such Lender shall be required to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency funds or deposits (currently known as "**Eurocurrency liabilities**"), additional interest on the unpaid principal amount of each Eurodollar Rate Loan equal to the actual costs of such reserves allocated to such Loan by such Lender (as determined by such Lender in good faith, which determination shall be conclusive), which shall be due and payable on each date on which interest is payable on such Loan, *provided* Borrower shall have received at least ten (10) Business Days' prior notice (with a copy to Administrative Agent) of such additional interest from such Lender. If a Lender fails to give notice ten (10) Business Days prior to the relevant Interest Payment Date, such additional interest shall be due and payable ten (10) Business Days from receipt of such notice.

3.05 Compensation for Losses. Upon demand of any Lender (with a copy to Administrative Agent) from time to time, Borrower shall promptly compensate such Lender for and hold such Lender harmless from any loss, cost or expense incurred by it as a result of:

(a) any continuation, conversion, payment or prepayment of any Loan other than a Base Rate Loan on a day other than the last day of the Interest Period for such Loan (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise);

(b) any failure by Borrower (for a reason other than (i) the failure of such Lender to make a Loan, (ii) the delivery by such Lender of a notice under **Section 3.02** or (iii) the delivery of a notice by Administrative Agent under **Section 3.03**) to prepay, borrow, continue or convert any Loan other than a Base Rate Loan on the date or in the amount notified by Borrower; or

(c) any assignment of a Eurodollar Rate Loan on a day other than the last day of the Interest Period therefor as a result of a request by Borrower pursuant to **Section 12.13**;

including any loss of anticipated profits and any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain such Loan or from fees payable to terminate the deposits from which such funds were obtained. Borrower shall also pay any customary administrative fees charged by such Lender in connection with the foregoing.

For purposes of calculating amounts payable by Borrower to the Lenders under this **Section 3.05**, each Lender shall be deemed to have funded each Eurodollar Rate Loan made by it at the Eurodollar Rate for such Loan by a matching deposit or other borrowing in the London interbank eurodollar market for a comparable amount and for a comparable period, whether or not such Eurodollar Rate Loan was in fact so funded.

3.06 Mitigation Obligations; Replacement of Lenders.

(a) **Designation of a Different Lending Office.** If any Lender requests compensation under **Section 3.04**, or requires Borrower to pay any Indemnified Taxes or additional amounts to any Lender, L/C Issuer, or any Governmental Authority for the account of any Lender or L/C Issuer pursuant to **Section 3.01**, or if any Lender gives a notice pursuant to **Section 3.02**, then at the request of Borrower such Lender or L/C Issuer shall, as applicable, use

reasonable efforts to designate a different Lending Office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender or L/C Issuer, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to **Section 3.01** or **3.04**, as the case may be, in the future, or eliminate the need for the notice pursuant to **Section 3.02**, as applicable, and (ii) in each case, would not subject such Lender or L/C Issuer, as the case may be, to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender or L/C Issuer, as the case may be. Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender or L/C Issuer in connection with any such designation or assignment.

(b) **Replacement of Lenders.** If any Lender requests compensation under **Section 3.04**, or if Borrower is required to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to **Section 3.01** or if any Lender gives a notice pursuant to **Section 3.02**, and, in each case, such Lender has declined or is unable to designate a different lending office in accordance with **Section 3.06(a)**, Borrower may replace such Lender in accordance with **Section 12.13**.

3.07 Survival. All of Borrower's obligations under this **Article III** shall survive termination of the Aggregate Commitments, repayment of all other Obligations hereunder, and resignation of Administrative Agent.

Article IV. Parent Guaranty

4.01 The Guaranty. Parent hereby guarantees to Administrative Agent and each of the holders of the Obligations, as hereinafter provided, as primary obligor and not as surety, the prompt payment of the Obligations (the "**Guaranteed Obligations**") in full when due (whether at stated maturity, as a mandatory prepayment, by acceleration, as a mandatory cash collateralization or otherwise) strictly in accordance with the terms thereof. Parent hereby further agrees that if any of the Guaranteed Obligations are not paid in full when due (whether at stated maturity, as a mandatory prepayment, by acceleration, as a mandatory Cash Collateral or otherwise), Parent will promptly pay the same, without any demand or notice whatsoever, and that in the case of any extension of time of payment or renewal of any of the Guaranteed Obligations, the same will be promptly paid in full when due (whether at extended maturity, as a mandatory prepayment, by acceleration, as a mandatory cash collateralization or otherwise) in accordance with the terms of such extension or renewal.

4.02 Obligations Unconditional. The obligations of Parent under **Section 4.01** are absolute and unconditional, irrespective of the value, genuineness, validity, regularity or enforceability of any of the Loan Documents or other documents relating to the Obligations, or any substitution, compromise, release, impairment or exchange of any other guarantee of or security for any of the Guaranteed Obligations, and, to the fullest extent permitted by applicable Laws, irrespective of any other circumstance whatsoever that might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor, it being the intent of this **Section 4.02** that the obligations of Parent hereunder shall be absolute and unconditional under any and all circumstances. Parent agrees that Parent shall have no right of subrogation, indemnity, reimbursement or contribution against Borrower or any other Guarantor for amounts paid under this **Article IV** until such time as the Obligations have been irrevocably paid in full and the commitments relating thereto have expired or been terminated. Without limiting the generality of the foregoing, it is agreed that, to the fullest extent permitted by applicable Laws, the occurrence of any one or more of the following shall not alter or impair the liability of Parent hereunder, which shall remain absolute and unconditional as described above:

(a) at any time or from time to time, without notice to Parent, the time for any performance of or compliance with any of the Guaranteed Obligations shall be extended, or such performance or compliance shall be waived;

(b) any of the acts mentioned in any of the provisions of any of the Loan Documents, or other documents relating to the Guaranteed Obligations or any other agreement or instrument referred to therein shall be done or omitted;

(c) the maturity of any of the Guaranteed Obligations shall be accelerated, or any of the Obligations shall be modified, supplemented or amended in any respect, or any right under any of the Loan Documents or other documents relating to the Guaranteed Obligations, or any other agreement or instrument referred to therein shall be waived or any other guarantee of any of the Guaranteed Obligations or any security therefor shall be released, impaired or exchanged in whole or in part or otherwise dealt with;

(d) any Lien granted to, or in favor of, Administrative Agent or any of the holders of the Guaranteed Obligations as security for any of the Guaranteed Obligations shall fail to attach or be perfected; or

(e) any of the Guaranteed Obligations shall be determined to be void or voidable (including for the benefit of any creditor of Parent) or shall be subordinated to the claims of any Person (including any creditor of Parent).

With respect to its obligations hereunder, Parent hereby expressly waives diligence, presentment, demand of payment, protest notice of acceptance of the guaranty given hereby and of Credit Extensions that may constitute obligations guaranteed hereby, notices of amendments, waivers and supplements to the Loan Documents and other documents relating to the Guaranteed Obligations, or the compromise, release or exchange of collateral or security, and all notices whatsoever, and any requirement that Administrative Agent or any holder of the Guaranteed Obligations exhaust any right, power or remedy or proceed against any Person under any of the Loan Documents or any other documents relating to the Guaranteed Obligations or any other agreement or instrument referred to

4.03 Reinstatement. Neither Parent's obligations hereunder nor any remedy for the enforcement thereof shall be impaired, modified, changed or released in any manner whatsoever by an impairment, modification, change, release or limitation of the liability of Borrower, by reason of Borrower's bankruptcy or insolvency or by reason of the invalidity or unenforceability of all or any portion of the Guaranteed Obligations. The obligations of Parent under this **Article IV** shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of any Person in respect of the Guaranteed Obligations is rescinded or must be otherwise restored by any holder of any of the Obligations, whether as a result of any proceedings pursuant to any Debtor Relief Law or otherwise, and Parent agrees that it will indemnify Administrative Agent and each holder of Guaranteed Obligations on demand for all reasonable out-of-pocket costs and expenses (including all reasonable fees, expenses and disbursements of any law firm or other outside counsel incurred by Administrative Agent) incurred by Administrative Agent or such holder of Guaranteed Obligations in connection with such rescission or restoration, including any such costs and expenses incurred in defending against any claim alleging that such payment constituted a preference, fraudulent transfer or similar payment under any Debtor Relief Law.

4.04 Certain Waivers. Parent acknowledges and agrees that (a) the guaranty given hereby may be enforced without the necessity of resorting to or otherwise exhausting remedies in respect of any other security or collateral interests, and without the necessity at any time of having to take recourse

against Borrower hereunder or against any collateral securing the Guaranteed Obligations or otherwise, (b) it will not assert any right to require the action first be taken against Borrower or any other Person (including any co-guarantor) or pursuit of any other remedy or enforcement any other right and (c) nothing contained herein shall prevent or limit action being taken against Borrower hereunder, under the other Loan Documents or the other documents and agreements relating to the Guaranteed Obligations or from foreclosing on any security or collateral interests relating hereto or thereto, or from exercising any other rights or remedies available in respect thereof, if neither Borrower nor Guarantors shall timely perform their obligations, and the exercise of any such rights and completion of any such foreclosure proceedings shall not constitute a discharge of Parent's obligations hereunder unless as a result thereof, the Guaranteed Obligations shall have been paid in full and the commitments relating thereto shall have expired or been terminated, it being the purpose and intent that Parent's obligations hereunder be absolute, irrevocable, independent and unconditional under all circumstances.

4.05 Remedies. Parent agrees that, to the fullest extent permitted by applicable Laws, as between Guarantors, on the one hand, and Administrative Agent and the holders of the Guaranteed Obligations, on the other hand, the Guaranteed Obligations may be declared to be forthwith due and payable as provided in **Section 10.02** (and shall be deemed to have become automatically due and payable in the circumstances provided in **Section 10.02**) for purposes of **Section 4.01**, notwithstanding any stay, injunction or other prohibition preventing such declaration (or preventing the Guaranteed Obligations from becoming automatically due and payable) as against any other Person and that, in the event of such declaration (or the Guaranteed Obligations being deemed to have become automatically due and payable), the Guaranteed Obligations (whether or not due and payable by any other Person) shall forthwith become due and payable by Parent for purposes of **Section 4.01**.

4.06 Rights of Contribution. Parent hereby agrees that, in connection with payments made hereunder, Parent shall have a right of contribution from each other Guarantor in accordance with applicable Laws. Such contribution rights shall be subordinate and subject in right of payment to the Guaranteed Obligations until such time as the Guaranteed Obligations have been irrevocably paid in full and the commitments relating thereto shall have expired or been terminated, and Parent shall not exercise any such contribution rights until the Guaranteed Obligations have been irrevocably paid in full and the commitments relating thereto shall have expired or been terminated.

4.07 Guaranty of Payment; Continuing Guaranty. The guaranty in this **Article IV** is a guaranty of payment and performance, and not merely of collection, and is a continuing guaranty, and shall apply to all Guaranteed Obligations whenever arising.

Article V. Borrowing Base

5.01 Initial Borrowing Base. As of the Closing Date, the Borrowing Base shall consist of the Initial Borrowing Base Properties.

5.02 Requests for Admission into Borrowing Base. Borrower shall provide Administrative Agent with a written request for a Property to be admitted into the Borrowing Base. Such request shall be accompanied by the following information regarding such Property (the "**Property Information**"): (a) a general description of such Property's location, market, and amenities; (b) a legal description of such Property; (c) if such Property was purchased during the most recent six (6) months, purchase information (including any contracts of sale and closing statements); (d) cash flow projections for the next two (2) years and operating statements for at least the previous two (2) years or since opening or acquisition by Borrower or a Subsidiary Guarantor, as applicable, if open or acquired less than two (2) years before such date; (e) if available, copies of any inspection reports; (f) if available, a copy of the most-recent appraisal,

if any, obtained by Borrower; (g) if available, an Environmental Assessment; (h) if available, a survey; (i) title and Lien information; (j) current rent rolls; (k) evidence of insurance (property and liability); and (l) such other information with respect to such Property reasonably requested by Administrative Agent to determine whether such Property meets the requirements in this Agreement to make it eligible for inclusion in the Borrowing Base.

5.03 **Eligibility.** In order for a Property to be eligible for inclusion in the Borrowing Base, such Property shall satisfy the following conditions:

- (a) such property is primarily an industrial, light manufacturing, mixed or flex property;
- (b) such Property is located within the United States;
- (c) such Property is Wholly-Owned by Borrower or a Subsidiary Guarantor in fee simple or leased pursuant to an Acceptable Ground Lease;
- (d) if such Property is owned by a Subsidiary Guarantor, then such Subsidiary Guarantor may not incur, Guarantee, or otherwise be liable for any Indebtedness (other than Unsecured Debt permitted pursuant to this Agreement and so long as Parent and Borrower are in compliance with **Sections 9.15(a), 9.15(c) and 9.15(f)**);
- (e) such Property is not subject to any ground lease with a member of the Consolidated Group as tenant (other than an Acceptable Ground Lease), any ground lease with a Person as a tenant (other than a member of the Consolidated Group pursuant to an Acceptable Ground Lease), any Lien (other than Permitted Liens), or any Negative Pledge; solely for purposes of this subsection, "ground lease" means a long-term lease of a Property in which the lessee owns the improvements on such Property;
- (f) except for restrictions set forth herein in the Tax Matters Agreement, and any future tax sharing agreement containing substantially the same restrictions as are set forth in the Tax Matters Agreement, Borrower or the applicable Subsidiary Guarantor that owns such Property has the unilateral right to (i) Dispose of such Property, and (ii) create a Lien on such Property as security for Indebtedness of Borrower or such Subsidiary Guarantor;
- (g) such Property is not unimproved land or property under development;
- (h) such Property is free of all structural defects or major architectural deficiencies, Material Title Defects, any event or circumstance that could reasonably be expected to result in a Material Environmental Event, or other adverse matters which, individually or collectively, could reasonably be expected to result in a Material Property Event;
- (i) such Property has an Occupancy Rate of at least seventy percent (70%) and, after giving pro forma effect to such Property's inclusion in the Borrowing Base, the Occupancy Rate for all Borrowing Base Properties is at least eighty percent (80%); and
- (j) Administrative Agent is reasonably satisfied that, based on the Property Information, such Property meets the requirements set forth herein for inclusion in the Borrowing Base.

5.04 Approvals and Notices. If, after the date of this Agreement, a Property meets all the requirements to be included in the Borrowing Base set forth in **Section 5.03**, then (a) Administrative Agent shall notify Borrower and Lenders in writing that such Property is admitted into the Borrowing Base, and (b) Borrower shall provide to Administrative Agent a Borrowing Base Report setting forth in reasonable detail the calculations required to establish the amount of the Borrowing Base with such Property admitted into the Borrowing Base and a Compliance Certificate setting forth in reasonable detail the calculations required to show that the Consolidated Group is in compliance with the terms of this Agreement with the inclusion of such Property in the Borrowing Base. Any Property that does not meet the criteria set forth in **Section 5.03** shall be subject to Required Lenders' approval for admission into the Borrowing Base. Notwithstanding the foregoing guidelines, Administrative Agent and Required Lenders hereby approve all Initial Borrowing Base Properties for admission into the Borrowing Base.

5.05 Exclusion Event.

(a) After the occurrence of an Exclusion Event, Required Lenders shall have the right in their sole discretion at any time and from time to time to notify Borrower that, effective ten (10) Business Days after the giving of such notice (the "**Exclusion Notice**") and for so long as the circumstances giving rise to such Exclusion Event exist, such Property shall no longer be included in the Borrowing Base.

(b) Borrowing Base Properties which have been subject to an Exclusion Event may, at Borrower's request, be released from the Borrowing Base; *provided that* such release shall be subject to the conditions for release set forth in **Section 5.06**.

(c) If Administrative Agent delivers an Exclusion Notice and such Exclusion Event no longer exists, then Borrower may give Administrative Agent written notice thereof (together with reasonably detailed evidence of the cure of such condition) and such Borrowing Base Property shall, effective with the delivery by Borrower of the next Borrowing Base Report, be considered a Borrowing Base Property for purposes of calculating the Borrowing Base as long as such Borrowing Base Property meets all the requirements to be included in the Borrowing Base set forth in this **Article V**.

5.06 Release of Borrowing Base Property. Upon ten (10) days' (or such shorter period as Administrative Agent shall agree) prior written request of Borrower, Administrative Agent shall release a Borrowing Base Property from the Borrowing Base; *provided that* (a) no Default exists after giving effect thereto (other than Defaults solely with respect to such Borrowing Base Property that would no longer exist after giving effect to the release of such Borrowing Base Property from the Borrowing Base), (b) after giving effect thereto, there are at least twenty-five (25) Borrowing Base Properties, unless Required Lenders approve a lesser amount, (c) such removal of a Borrowing Base Property from the Borrowing Base (i) would not result in a mandatory prepayment becoming due or (ii) would result in a mandatory prepayment becoming due and Borrower has made such mandatory prepayment prior to such removal of such Borrowing Base Property from the Borrowing Base, and (d) all representations and warranties of Borrower and each other Loan Party contained in **Article VII** or any other Loan Document shall be true and correct in all material respects (without duplication of any materiality qualifiers therein) after giving effect to such requested release, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects (without duplication of any materiality qualifiers therein) as of such earlier date; *provided, further*, that Administrative Agent shall have no obligation to release any such Property without a Borrowing Base Report setting forth in reasonable detail the calculations required to establish the amount of the Borrowing Base without such Borrowing Base Property and a Compliance Certificate setting forth in reasonable detail the calculations required to show that the Consolidated Group is in compliance with the

terms of this Agreement without the inclusion of such Borrowing Base Property in the calculation of the Borrowing Base, in each case as of the date of such release and after giving effect to any such release. At the request of Borrower and upon satisfaction of the conditions set forth in this **Section 5.06**, Administrative Agent shall confirm in writing that a Property has been removed from the Borrowing Base.

5.07 Appraisals of Borrowing Base Properties. Administrative Agent will be entitled to obtain, at Borrower's expense, an appraisal of each Borrowing Base Property or any part thereof if: (a) an Event of Default has occurred and is continuing at the time Administrative Agent orders such appraisal; or (b) an appraisal is required under applicable Law.

5.08 Minimum Borrowing Base Requirements. Each of Parent and Borrower shall, at all times, cause:

- (a) **Occupancy Rate.** The aggregate Occupancy Rate for all Borrowing Base Properties to be eighty percent (80%) or greater.
- (b) **Minimum Borrowing Base Properties.** There to be at least twenty-five (25) Properties in the Borrowing Base.
- (c) **Borrowing Base Amount.** The lesser of (i) the Borrowing Base Amount and (ii) the Mortgageability Amount to be \$140,000,000 or greater.

Article VI.

Conditions Precedent to Credit Extensions

6.01 Conditions of Initial Credit Extension. The obligation of L/C Issuer and each Lender to make its initial Credit Extension hereunder is subject to satisfaction of the following conditions precedent:

(a) Administrative Agent's receipt of the following, each of which shall be originals or facsimiles (followed promptly by originals) or electronic copies (followed promptly by originals) unless otherwise specified, each properly executed by a Responsible Officer of the signing Loan Party, each dated the Closing Date (or, in the case of certificates of governmental officials, a recent date before the Closing Date) and each in form and substance reasonably satisfactory to Administrative Agent and each of the Lenders:

(i) executed counterparts of this Agreement and the Subsidiary Guaranty, in each case sufficient in number for distribution to Administrative Agent, each Lender, Parent, and Borrower;

(ii) a Note executed by Borrower in favor of each Lender requesting a Note;

(iii) such certificates of resolutions or other action, incumbency certificates and/or other certificates of Responsible Officers of each Loan Party as Administrative Agent may require evidencing the identity, authority and capacity of each Responsible Officer thereof authorized to act as a Responsible Officer in connection with this Agreement and the other Loan Documents to which such Loan Party is a party;

(iv) such documents and certifications as Administrative Agent may reasonably require to evidence that each Loan Party is duly organized or formed, and that

each Loan Party is validly existing, in good standing and qualified to engage in business in each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification, except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect;

(v) a favorable opinion of Latham & Watkins LLP, counsel to the Loan Parties, addressed to Administrative Agent and each Lender, as to the matters concerning the Loan Parties and the Loan Documents as Administrative Agent may reasonably request;

(vi) a certificate of a Responsible Officer of each Loan Party either (A) attaching copies of all consents, licenses and approvals of any Governmental Authority required in connection with the execution, delivery and performance by such Loan Party and the validity against such Loan Party of the Loan Documents to which it is a party, and such consents, licenses and approvals shall be in full force and effect, or (B) stating that no such consents, licenses or approvals are so required;

(vii) a certificate signed by a Responsible Officer of Parent, for itself and on behalf of Borrower, certifying (A) that the conditions specified in **Sections 6.02(a)** and **(b)** have been satisfied, (B) that there has been no event or circumstance since December 31, 2012 that has had or could be reasonably expected to have, either individually or in the aggregate, a Material Adverse Effect, and (C) a proforma calculation of the Leverage Ratio as of the Closing Date;

(viii) a duly completed Borrowing Base Report and Compliance Certificate certifying compliance with the financial covenants set forth in **Section 9.15** (other than **Sections 9.15(e)** and **9.15(f)**), in each case prepared as of the Closing Date on a proforma basis and signed by a Responsible Officer of Parent, for itself and on behalf of Borrower;

(ix) the Property Information with respect to each of the Initial Borrowing Base Properties;

(x) evidence that all insurance required to be maintained pursuant to the Loan Documents has been obtained and is in effect; and

(xi) such other certificates, documents, instruments or information as Administrative Agent, L/C Issuer, Swing Line Lender or Required Lenders may reasonably require.

(b) Any fees required to be paid pursuant to the Loan Documents on or before the Closing Date shall have been paid.

(c) Unless waived by Administrative Agent, Borrower shall have paid all fees, charges and disbursements of counsel to Administrative Agent (directly to such counsel if requested by Administrative Agent) required to be paid pursuant to the Loan Documents to the extent invoiced prior to or on the Closing Date, plus such additional amounts of such fees, charges and disbursements as shall constitute its reasonable estimate of such fees, charges and disbursements incurred or to be incurred by it through the closing proceedings (*provided that* such estimate shall not thereafter preclude a final settling of accounts between Borrower and Administrative Agent).

(d) Administrative Agent and Lenders shall have received and be reasonably satisfied with the Historical Financial Statements and the Pro Forma Financial Statements.

(e) The IPO shall have occurred.

Without limiting the generality of the provisions of the last paragraph of **Section 11.03**, for purposes of determining compliance with the conditions specified in this **Section 6.01**, each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless Administrative Agent shall have received notice from such Lender prior to the proposed Closing Date specifying its objection thereto.

6.02 Conditions to all Credit Extensions. The obligation of each Lender to honor any Request for Credit Extension (other than a Committed Loan Notice requesting only a conversion of Committed Loans to the other Type, or a continuation of Eurodollar Rate Loans) is subject to the following conditions precedent:

(a) The representations and warranties of Borrower and each other Loan Party contained in **Article VII** or any other Loan Document, or which are contained in any document furnished at any time under or in connection herewith or therewith, shall be true and correct in all material respects (without duplication of any materiality qualifiers therein) on and as of the date of such Credit Extension, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects (without duplication of any materiality qualifiers therein) as of such earlier date, and except that for purposes of this **Section 6.02**, the representations and warranties contained in **subsections (a) and (b) of Section 7.05** shall be deemed to refer to the most recent statements furnished pursuant to **clauses (a) and (b)**, respectively, of **Section 8.01** and shall refer to the Consolidated Group rather than to the predecessor of Parent.

(b) No Default shall exist, or would result from such proposed Credit Extension or from the application of the proceeds thereof.

(c) Administrative Agent and, if applicable, L/C Issuer or Swing Line Lender shall have received a Request for Credit Extension in accordance with the requirements hereof.

(d) After giving effect to such proposed Credit Extension, the Total Outstandings do not exceed the Maximum Availability.

Each Request for Credit Extension (other than a Committed Loan Notice requesting only a conversion of Committed Loans to the other Type or a continuation of Eurodollar Rate Loans) submitted by Borrower shall be deemed to be a representation and warranty that the conditions specified in **Sections 6.02(a) and (b)** have been satisfied on and as of the date of the applicable Credit Extension.

Article VII. Representations and Warranties

Each of Parent and Borrower represents and warrants to Administrative Agent and the Lenders that:

7.01 Existence, Qualification and Power; Compliance with Laws. Each member of the Consolidated Group (a) is duly organized or formed, validly existing and, as applicable, in good standing

under the Laws of the jurisdiction of its incorporation or organization, (b) has all requisite power and authority and all requisite governmental licenses, authorizations, consents and approvals to (i) own or lease its assets and carry on its business and (ii) in the case of the Loan Parties, execute, deliver and perform its obligations under the Loan Documents to which it is a party, and (c) is duly qualified and is licensed and, as applicable, in good standing under the Laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification or license; except in each case referred to in **clause (b)(i)** or **(c)** to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

7.02 Authorization; No Contravention. The execution, delivery and performance by each Loan Party of each Loan Document to which such Person is party, have been duly authorized by all necessary corporate or other organizational action, and do not and will not (a) contravene the terms of any of such Person's Organization Documents; (b) conflict with or result in any breach or contravention of, or the creation of any Lien under, or require any payment to be made under (i) any material Contractual Obligation to which such Person is a party or affecting such Person or the properties of such Person or any of its Subsidiaries or (ii) any material order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Person or its property is subject; or (c) violate in any material respect any Law.

7.03 Governmental Authorization; Other Consents. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, any Loan Party of this Agreement or any other Loan Document, except for approvals, consents, exemptions, actions, notices or filings which have been duly obtained, taken, given or made and are in full force and effect.

7.04 Binding Effect. This Agreement has been, and each other Loan Document, when delivered hereunder, will have been, duly executed and delivered by each Loan Party that is party thereto. This Agreement constitutes, and each other Loan Document when so delivered will constitute, a legal, valid and binding obligation of such Loan Party, enforceable against each Loan Party that is party thereto in accordance with its terms, except to the extent such enforceability may be limited by any applicable Debtor Relief Laws and by general principles of equity.

7.05 Financial Statements; No Material Adverse Effect.

(a) The Historical Financial Statements (i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein; and (ii) fairly present the financial condition of the predecessor of Parent as of the date thereof and its results of operations for the period covered thereby in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein.

(b) The consolidated pro forma balance sheets of the Consolidated Group as of the Closing Date, and the related consolidated pro forma statements of income and cash flows for the portion of the fiscal year then ended (the "**Pro Forma Financial Statements**"), certified by the chief financial officer or treasurer of Parent, copies of which have been furnished to Administrative Agent and each Lender, fairly present the consolidated pro forma financial condition of the Consolidated Group as of such date and the consolidated pro forma results of operations of Consolidated Group for the period ended on such date.

(c) Since December 31, 2012, there has been no event or circumstance, either individually or in the aggregate, that has had or could reasonably be expected to have a Material Adverse Effect.

7.06 Litigation. There are no actions, suits, proceedings, claims or disputes pending or, to the knowledge of Borrower, threatened or contemplated, at law, in equity, in arbitration or before any Governmental Authority, by or against any member of the Consolidated Group or against any of their properties or revenues that (a) purport to adversely affect this Agreement or any other Loan Document, or any of the loan transactions contemplated hereby, or (b) except as specifically disclosed in **Schedule 7.06**, either individually or in the aggregate could reasonably be expected to have a Material Adverse Effect, and there has been no material adverse change in the status, or financial effect on any member of the Consolidated Group, of the matters described on **Schedule 7.06**.

7.07 No Default. No member of the Consolidated Group is in default under or with respect to any Contractual Obligation that could, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. No Default has occurred and is continuing or would result from the consummation of the transactions contemplated by this Agreement or any other Loan Document.

7.08 Ownership of Property; Liens. Each member of the Consolidated Group has good record and marketable title in fee simple to, or valid leasehold interests in, all Properties necessary or used in the ordinary conduct of its business, except for such defects in title as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. No Borrowing Base Property is subject to any Liens (other than Permitted Liens).

7.09 Environmental Compliance.

(a) The members of the Consolidated Group conduct from time to time in the ordinary course of business a review of the effect of existing Environmental Laws and claims alleging potential liability or responsibility for violation of any Environmental Law on their respective businesses, operations and properties, and as a result thereof Borrower has reasonably concluded that, except as specifically disclosed in **Schedule 7.09**, such Environmental Laws and claims could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(b) Except as otherwise set forth on **Schedule 7.09**, and except as could not reasonably be expected to result in a Material Environmental Event: (a) none of the Properties currently or formerly owned or operated by any member of the Consolidated Group is listed or proposed for listing on the National Priorities List or on the CERCLIS or any analogous foreign, state or local list or is adjacent to any such Property; (b) there are no and never have been any underground or above-ground storage tanks or any surface impoundments, septic tanks, pits, sumps or lagoons in which Hazardous Materials are being or have been treated, stored or disposed on any property currently owned or operated by any member of the Consolidated Group or, to the best of the knowledge of any member of the Consolidated Group, on any property formerly owned or operated by any member of the Consolidated Group; (c) there is no asbestos or asbestos-containing material on any Property currently owned or operated by any Company; and (d) Hazardous Materials have not been released, discharged or disposed of on any Property currently or formerly owned or operated by any member of the Consolidated Group.

(c) Except as otherwise set forth on **Schedule 7.09**, and except as could not reasonably be expected to result in a Material Environmental Event: (a) member of the Consolidated Group is undertaking, and has not completed, either individually or together with

other potentially responsible parties, any investigation or assessment or remedial or response action relating to any actual or threatened release, discharge or disposal of Hazardous Materials at any site, location or operation, either voluntarily or pursuant to the order of any Governmental Authority or the requirements of any Environmental Law; and (b) all Hazardous Materials generated, used, treated, handled or stored at, or transported to or from, any property currently or formerly owned or operated by any member of the Consolidated Group have been disposed of in a manner not reasonably expected to result in material liability to any member of the Consolidated Group.

(d) The representations and warranties contained in this **Section 7.09** are the sole and exclusive representations and warranties in this Agreement pertaining to Environmental Laws, Environmental Claims or Hazardous Materials.

7.10 Insurance. The properties of the Consolidated Group are insured with financially sound and reputable insurance companies not Affiliates of any member of the Consolidated Group (after giving effect to reasonable and prudent self-insurance), in such amounts, with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where the members of the Consolidated Group operate.

7.11 Taxes. The members of the Consolidated Group have filed all Federal, state and other material tax returns and reports required to be filed, and have paid all Federal, state and other material taxes, assessments, fees and other governmental charges levied or imposed upon them or their properties, income or assets otherwise due and payable, except those which are being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves have been provided in accordance with GAAP. There is no proposed tax assessment against any member of the Consolidated Group that would, if made, have a Material Adverse Effect. No member of the Consolidated Group is in breach of any obligations under the Tax Matters Agreement or other similar agreements.

7.12 ERISA Compliance.

(a) Except as, individually or in the aggregate, would not reasonably be expected to result in liability of the Consolidated Group of \$20,000,000 or more, (i) each Plan is in compliance with the applicable provisions of ERISA, the Code and other Federal or state laws; (ii) each Pension Plan that is intended to be a qualified plan under *Section 401(a)* of the Code has received a favorable determination letter from the IRS to the effect that the form of such Plan is qualified under *Section 401(a)* of the Code and the trust related thereto has been determined by the IRS to be exempt from federal income tax under *Section 501(a)* of the Code, or an application for such a letter is currently being processed by the IRS; and (iii) to the knowledge of Parent and Borrower, nothing has occurred that would prevent or cause the loss of such tax-qualified status.

(b) There are no pending or, to the knowledge of Parent and Borrower, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan that could reasonably be expected to have a Material Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan that has resulted or could reasonably be expected to result in a Material Adverse Effect.

(c) Except as, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect, (i) no ERISA Event has occurred, and no Loan Party or any ERISA Affiliate is aware of any fact, event or circumstance that could reasonably be expected to constitute or result in an ERISA Event with respect to any Pension Plan or Multiemployer Plan; (ii) each Loan Party and each ERISA Affiliate has met all applicable requirements under the

Pension Funding Rules in respect of each Pension Plan, and no waiver of the minimum funding standards under the Pension Funding Rules has been applied for or obtained; (iii) no Loan Party or any ERISA Affiliate has incurred any liability to the PBGC other than for the payment of premiums, and there are no premium payments which have become due that are unpaid; (iv) no Loan Party or any ERISA Affiliate has engaged in a transaction that is subject to *Section 4069* or *Section 4212(c)* of ERISA; and (v) no Pension Plan or Multiemployer Plan has been terminated by the plan administrator thereof nor by the PBGC, and no event or circumstance has occurred or exists that could reasonably be expected to cause the PBGC to institute proceedings under Title IV of ERISA to terminate any such plan. With respect to any Pension Plan, as of the most recent annual valuation date for such Pension Plan, the funding target attainment percentage (as defined in *Section 430(d)(2)* of the Code) is sixty percent (60%) or higher, except to the extent that a Pension Plan with a funding target attainment percentage lower than sixty percent (60%) would not be underfunded by an amount in excess of \$20,000,000 in order to achieve a funding target attainment percentage of at least sixty percent (60%) with respect to such Pension Plan.

(d) The underlying assets of each Loan Party do not constitute Plan Assets.

7.13 Subsidiaries; Equity Interests. As of the Closing Date, Parent has no Subsidiaries other than those specifically disclosed in Part (a) of **Schedule 7.13**, and all of the outstanding Equity Interests in such Subsidiaries have been validly issued, are fully paid and nonassessable and are owned by the applicable member of the Consolidated Group in the amounts specified on Part (a) of **Schedule 7.13** free and clear of all Liens. As of the Closing Date, Parent has no direct or indirect equity investments in any other corporation or entity other than those specifically disclosed in Part (b) of **Schedule 7.13**.

7.14 Margin Regulations; Investment Company Act.

(a) Neither Parent nor Borrower is engaged and will not engage, principally or as one of their important activities, in the business of purchasing or carrying margin stock (within the meaning of Regulation U issued by the FRB), or extending credit for the purpose of purchasing or carrying margin stock.

(b) None of Parent, Borrower, any Person Controlling Borrower, or any other member of the Consolidated Group is or is required to be registered as an "investment company" under the Investment Company Act of 1940.

7.15 Disclosure. Parent and Borrower have disclosed to Administrative Agent and the Lenders all agreements, instruments and corporate or other restrictions to which any member of the Consolidated Group is subject that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect. No report, financial statement, certificate or other information furnished (whether in writing or orally) by or on behalf of any member of the Consolidated Group to Administrative Agent or any Lender in connection with the transactions contemplated hereby and the negotiation of this Agreement or delivered hereunder or under any other Loan Document (in each case, as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; *provided that*, with respect to projected financial information, Borrower represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

7.16 Compliance with Laws. Each member of the Consolidated Group is in compliance in all material respects with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its properties, except in such instances in which (a) such requirement of Law or

order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted or (b) the failure to comply therewith, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

7.17 **Taxpayer Identification Number.** Each Loan Party's true and correct U.S. taxpayer identification number is set forth on **Schedule 12.02**.

7.18 **Borrowing Base Properties.**

(a) Each Borrowing Base Property satisfies the criteria set forth in **Section 5.03** and no Exclusion Event has occurred and is continuing with respect to any such Borrowing Base Property.

(b) Each Borrowing Base Property complies with all Laws, including all zoning, subdivision and platting requirements, without reliance on any adjoining or neighboring property, except where the failure to so comply could not reasonably be expected to result in a Material Property Event.

(c) The Improvements with respect to each Borrowing Base Property comply with all Laws regarding access and facilities for handicapped or disabled persons, except where the failure to so comply could not reasonably be expected to result in a Material Property Event.

(d) The Improvements with respect to each Borrowing Base Property have not suffered any Casualty or otherwise been damaged (ordinary wear and tear excepted) and not repaired, except as could not reasonably be expected to result in a Material Property Event.

(e) No Borrowing Base Property is the subject of any pending or, to any Loan Party's knowledge, threatened Condemnation or adverse zoning proceeding, except as could not reasonably be expected to result in a Material Property Event.

(f) No Loan Party has made any contract or arrangement of any kind the performance of which by the other party thereto would give rise to Liens (other than Permitted Liens) on any Borrowing Base Property, except for any contract or arrangement for the sale of any Property or a financing with any such Property as collateral, which requires as a condition to the closing of such sale or financing that such Property no longer be a Borrowing Base Property.

7.19 **Ground Leases.**

(a) The Loan Parties have delivered true and correct copies of each Acceptable Ground Lease.

(b) Each such Acceptable Ground Lease is in full force and effect.

(c) To each member of the Consolidated Group's knowledge, (i) there are no defaults or terminating events under any such Acceptable Ground Lease by any Loan Party or, to the knowledge of the applicable Loan Party, any ground lessor thereunder, and (ii) no event has occurred which but for the passage of time, or notice, or both would constitute a default or terminating event under any such Acceptable Ground Lease except for such defaults or terminating events which are either specifically disclosed to Administrative Agent in writing or could not reasonably be expected to result in a Material Property Event.

(d) All rents, additional rents, and other material sums due and payable under each such Acceptable Ground Lease have been paid in full.

(e) No Loan Party nor the ground lessor under any such Acceptable Ground Lease has commenced any action or given or received any notice for the purpose of terminating any such Acceptable Ground Lease.

(f) Each such Acceptable Ground Lease or a memorandum thereof has been duly recorded.

(g) No Loan Party's interest in any such Acceptable Ground Lease is subject to any Liens or encumbrances other than the ground lessor's related fee interest and other Permitted Liens.

7.20 Solvency. Each of Parent and Borrower is, individually, Solvent, and each other Loan Party is, individually, Solvent if the contribution rights that such Loan Party will have against the other Loan Parties and the subrogation rights that such Loan Party may have, if any, against Borrower are taken into account.

7.21 REIT Status. Parent is in compliance with **Section 8.17**.

7.22 OFAC. Neither Parent, nor any of its Subsidiaries, nor, to the knowledge of Parent and the Loan Parties, any director, officer, employee, agent, affiliate or representative thereof, is an individual or entity currently the subject of any Sanctions, nor is Parent or any Subsidiary located, organized or resident in a Designated Jurisdiction.

Article VIII. Affirmative Covenants

So long as any Lender shall have any Commitment hereunder, any Loan or other Obligation (other than any Unmatured Surviving Obligation) hereunder shall remain unpaid or unsatisfied, or any Letter of Credit shall remain outstanding:

8.01 Financial Statements. Each of Parent and Borrower shall deliver to Administrative Agent and each Lender, in form and detail substantially similar to those delivered to Administrative Agent on or prior to the Closing Date or otherwise reasonably satisfactory to Administrative Agent:

(a) as soon as available, but in any event within one hundred twenty (120) days after the end of each fiscal year of Parent (or, if earlier, fifteen (15) days after the date required to be filed with the SEC (without giving effect to any extension permitted by the SEC)) (commencing with the fiscal year ended December 31, 2013), a consolidated and consolidating balance sheet of Parent as at the end of such fiscal year (including consolidating financial information with respect to Borrower), and the related consolidated and consolidating statements of income or operations, changes in shareholders' equity, and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail and prepared in accordance with GAAP, such consolidated statements to be audited and accompanied by a report and opinion of an independent certified public accountant of nationally recognized standing reasonably acceptable to Required Lenders, which report and opinion shall be prepared in accordance with generally accepted auditing standards and shall not be subject to any "going concern" or like qualification or exception or any qualification or exception as to the scope of such audit, and such consolidating statements to be certified by the chief executive officer, chief

financial officer, treasurer or controller of Parent to the effect that such statements are fairly stated in all material respects when considered in relation to the consolidated financial statements of Parent;

(b) as soon as available, but in any event within sixty (60) days after the end of each fiscal quarter in any fiscal year of Parent (or, if earlier, five (5) Business Days after the date required to be filed with the SEC (without giving effect to any extension permitted by the SEC)) (commencing with the fiscal quarter ended June 30, 2013), a consolidated balance sheet of Parent as at the end of such fiscal quarter, the related consolidated statements of income or operations for such fiscal quarter and for the portion of Parent's fiscal year then ended, and the related consolidated statements of changes in shareholders' equity, and cash flows for the portion of Parent's fiscal year then ended, in each case setting forth in comparative form, as applicable, the figures for the corresponding fiscal quarter of the previous fiscal year and the corresponding portion of the previous fiscal year, all in reasonable detail, such consolidated statements to be certified by the chief executive officer, chief financial officer, treasurer or controller of Parent as fairly presenting the financial condition, results of operations, shareholders' equity and cash flows of the Consolidated Group in accordance with GAAP, subject only to normal year-end audit adjustments and the absence of footnotes;

(c) as soon as available, but in any event not later than ninety (90) days after the end of each fiscal year of Parent, forecasts prepared by management of Parent of consolidated balance sheets and statements of income or operations and cash flows of the Consolidated Group on a quarterly basis for the immediately following fiscal year (including the fiscal year in which the Maturity Date occurs); and

(d) (i) as soon as reasonably practicable, but in any event not later than ninety (90) days after the end of each fiscal year of Parent, a capital and operating budget for each Borrowing Base Property; and (ii) as soon as reasonably practicable but in any event within sixty (60) days after the end of each fiscal quarter in any fiscal year of Parent (A) a statement of all income and expenses in connection with each Borrowing Base Property, certified by a Responsible Officer of Parent, for itself and on behalf of Borrower, in writing as fairly presenting the financial information contained therein and (B) a current rent roll, certified by a Responsible Officer of Parent, for itself and on behalf of Borrower, as true and correct in all material respects.

As to any information contained in materials furnished pursuant to **Section 8.02(f)**, Parent and Borrower shall not be separately required to furnish such information under **clause (a)** or **(b)** above, but the foregoing shall not be in derogation of the obligation of Parent and Borrower to furnish the information and materials described in **clauses (a)** and **(b)** above at the times specified therein.

8.02 Certificates; Other Information. Each of Parent and Borrower shall deliver to Administrative Agent and each Lender:

(a) concurrently with the delivery of the financial statements referred to in **Sections 8.01(a)** and **8.01(b)**, a duly completed Compliance Certificate signed by the chief executive officer, chief financial officer, treasurer or controller of Parent (which delivery may, unless Administrative Agent, or a Lender requests executed originals, be by electronic communication including fax or email and shall be deemed to be an original authentic counterpart thereof for all purposes);

(b) concurrently with the delivery of the financial statements referred to in **Sections 8.01(a)** and **8.01(b)**, a duly completed Borrowing Base Report signed by the chief

executive officer, chief financial officer, treasurer or controller of Parent (which delivery may, unless Administrative Agent, or a Lender requests executed originals, be by electronic communication including fax or email and shall be deemed to be an original authentic counterpart thereof for all purposes);

(c) promptly after any request by Administrative Agent or any Lender, copies of any detailed audit reports, management letters or recommendations submitted to the board of directors (or the audit committee of the board of directors) of Parent by independent accountants in connection with the accounts or books of any member of the Consolidated Group, or any audit of any of them;

(d) promptly after the same are available, copies of each annual report, proxy or financial statement or other report or communication sent to the stockholders of Parent, and copies of all annual, regular, periodic and special reports and registration statements which Parent may file or be required to file with the SEC under *Section 13* or *15(d)* of the Securities Exchange Act of 1934, and not otherwise required to be delivered to Administrative Agent pursuant hereto;

(e) promptly upon reasonable request by Administrative Agent, but no more often than once per calendar quarter unless a Default exists, information in a form reasonably satisfactory to Administrative Agent concerning the Borrowing Base Properties including copies of leases, copies of tenant financial statements, agings of rent payments, copies of existing Environmental Assessments, and copies of existing property inspection reports;

(f) promptly after the furnishing thereof, copies of any notice of default sent to, or received from, any holder of debt securities in a principal amount greater than \$20,000,000 of any member of the Consolidated Group pursuant to the terms of any indenture, loan or credit or similar agreement;

(g) promptly, and in any event within five (5) Business Days after receipt thereof by any member of the Consolidated Group, copies of each notice or other correspondence received from the SEC (or comparable agency in any applicable non-U.S. jurisdiction) concerning any investigation or possible investigation or other inquiry by such agency regarding financial or other operational results of any member of the Consolidated Group; and

(h) promptly, such additional information regarding the business, financial or corporate affairs of the Consolidated Group, as Administrative Agent or any Lender may from time to time reasonably request.

Documents required to be delivered pursuant to **Section 8.01(a)** or **(b)**, or **Section 8.02(d)** (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (i) on which Parent posts such documents, or provides a link thereto on Parent's website on the Internet at the website address listed on **Schedule 12.02**; or (ii) on which such documents are posted on Parent's behalf on an Internet or intranet website, if any, to which each Lender and Administrative Agent have access (whether a commercial, third-party website or whether sponsored by Administrative Agent); *provided that*: (i) Parent or Borrower shall deliver paper copies of such documents to Administrative Agent or any Lender upon its request to Parent or Borrower to deliver such paper copies until a written request to cease delivering paper copies is given by Administrative Agent or such Lender and (ii) Borrower shall notify Administrative Agent (by facsimile or electronic mail) of the posting of any such documents and provide to Administrative Agent by electronic mail electronic versions (*i.e.*, soft copies) of such documents. Administrative Agent shall have no obligation to request the delivery of or to maintain paper copies of the

documents referred to above, and in any event shall have no responsibility to monitor compliance by Borrower with any such request by a Lender for delivery, and each Lender shall be solely responsible for requesting delivery to it or maintaining its copies of such documents.

Borrower hereby acknowledges that (a) Administrative Agent and/or Arranger may, but shall not be obligated to, make available to the Lenders and L/C Issuer materials and/or information provided by or on behalf of Borrower hereunder (collectively, "**Borrower Materials**") by posting Borrower Materials on Debt Domain, IntraLinks, Syndtrak or another similar electronic system (the "**Platform**") and (b) certain of the Lenders (each, a "**Public Lender**") may have personnel who do not wish to receive material non-public information with respect to Parent or its Subsidiaries, or the respective securities of any of the foregoing, and who may be engaged in investment and other market-related activities with respect to such Persons' securities. Borrower hereby agrees that (w) all Borrower Materials that are to be made available to Public Lenders shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof; (x) by marking Borrower Materials "PUBLIC," Borrower shall be deemed to have authorized Administrative Agent, Arranger, L/C Issuer and the Lenders to treat such Borrower Materials as not containing any material non-public information with respect to Borrower or its securities for purposes of United States Federal and state securities laws (*provided, however*, that to the extent such Borrower Materials constitute Information, they shall be treated as set forth in **Section 12.07**); (y) all Borrower Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated "Public Side Information;" and (z) Administrative Agent and Arranger shall be entitled to treat any Borrower Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform not designated "Public Side Information."

8.03 Notices. Each of Parent and Borrower shall promptly notify Administrative Agent and each Lender:

(a) of the occurrence of any Default;

(b) of any matter that has resulted or could reasonably be expected to result in a Material Adverse Effect, including (i) breach or non-performance of, or any default under, a Contractual Obligation of any member of the Consolidated Group; (ii) any dispute, litigation, investigation, proceeding or suspension between any member of the Consolidated Group and any Governmental Authority; or (iii) the commencement of, or any material development in, any litigation or proceeding affecting any member of the Consolidated Group, including pursuant to any applicable Environmental Laws, in each case which has resulted or could reasonably be expected to result in a Material Adverse Effect;

(c) of the occurrence of any ERISA Event;

(d) any material litigation, arbitration or governmental investigation or proceeding instituted or, to the knowledge of any Loan Party, threatened in writing against any Borrowing Base Property, and any material development in any such litigation, arbitration or governmental investigation or proceeding;

(e) any actual or, to the knowledge of any Loan Party, threatened in writing Condemnation of any material portion of any Borrowing Base Property or any Casualty or other loss of or substantial damage to any Borrowing Base Property;

(f) any notice received by any Loan Party with respect to the cancellation, alteration or non-renewal of any insurance coverage maintained with respect to any Borrowing Base Property;

(g) any required and material permit, license, certificate or approval with respect to any Borrowing Base Property lapses or ceases to be in full force and effect or claim from any person that any Borrowing Base Property, or any material use, activity, operation or maintenance thereof or thereon, is not in compliance in all material respects with any Law;

(h) of any material change in accounting policies or financial reporting practices by Parent; and

(i) any material labor controversy pending or threatened against any member of the Consolidated Group or any contractor performing work on any Borrowing Base Property, and any material development in any labor controversy which has had or could reasonably be expected to result in a Material Property Event.

Each notice pursuant to this **Section 8.03** shall be accompanied by a statement of a Responsible Officer of Parent, for itself and on behalf of Borrower, setting forth details of the occurrence referred to therein and stating what action Borrower has taken and proposes to take with respect thereto. Each notice pursuant to **Section 8.03(a)** shall describe with particularity any and all provisions of this Agreement and any other Loan Document that have been breached.

8.04 Payment of Obligations. Each of Parent and Borrower shall, and shall cause each other member of the Consolidated Group to, pay and discharge as the same shall become due and payable, all its obligations and liabilities, including (a) all material tax liabilities, assessments and governmental charges or levies upon a member of the Consolidated Group or its properties or assets, unless the same are being contested in good faith by appropriate proceedings diligently conducted and adequate reserves in accordance with GAAP are being maintained by such member of the Consolidated Group; and (b) all lawful and material claims which, if unpaid, would by law become a Lien upon its property, unless the same are being contested in good faith by appropriate proceedings diligently conducted and adequate reserves in accordance with GAAP are being maintained by such member of the Consolidated Group.

8.05 Preservation of Existence, Etc. Each of Parent and Borrower shall, and shall cause each other member of the Consolidated Group to: (a) preserve, renew and maintain in full force and effect its legal existence and good standing under the Laws of the jurisdiction of its organization except in a transaction permitted by **Section 9.03** or **9.04**; (b) take all reasonable action to maintain all rights, privileges, permits, licenses and franchises necessary or desirable in the normal conduct of its business, except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect; and (c) preserve or renew all of its registered patents, trademarks, trade names and service marks, the non-preservation of which could reasonably be expected to have a Material Adverse Effect.

8.06 Maintenance of Properties. Each of Parent and Borrower shall, and shall cause each other Loan Party to, keep the Borrowing Base Properties in good order, repair, operating condition, and appearance, causing all necessary repairs, renewals, replacements, additions, and improvements to be promptly made, and not allow any of the Borrowing Base Properties to be misused, abused or wasted or to deteriorate (ordinary wear and tear excepted). Notwithstanding the foregoing, no Loan Party shall, without the prior written consent of Administrative Agent (such consent not to be unreasonably withheld, delayed or conditioned), make any structural or other alteration to a Borrowing Base Property which materially impairs the value thereof.

8.07 Maintenance of Insurance.

(a) Each of Parent and Borrower shall, and shall cause each other member of the Consolidated Group to, maintain with financially sound and reputable insurance companies not Affiliates of any member of the Consolidated Group (after giving effect to reasonable and prudent self-insurance, including self-insurance through captive insurance Subsidiaries), insurance with respect to its properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts as are customarily carried under similar circumstances by such other Persons.

(b) Each of Parent and Borrower shall, and shall cause each other Loan Party to, obtain and maintain, at Borrower's or the applicable Loan Party's sole expense: (i) property insurance with respect to each Borrowing Base Property, against loss or damage by fire, lightning, windstorm, explosion, hail, tornado and such additional hazards as are presently included in special form (also known as "*all-risk*") coverage and against any and all acts of terrorism as covered by the Terrorism Risk Insurance Act of 2002 ("*TRIA*") and such other insurable hazards as Administrative Agent may reasonably require and as is available at commercially reasonable prices, in an amount not less than one hundred percent (100%) of the full replacement cost, including the cost of debris removal, without deduction for depreciation and sufficient to prevent the applicable Loan Party, Administrative Agent, and Lenders from becoming coinsurers; (ii) if and to the extent any portion of any Borrowing Base Property or the Improvements is, under the Flood Disaster Protection Act of 1973 (for purposes of this **Section 8.07**, "*FDPA*"), as it may be amended from time to time, in a Special Flood Hazard Area, within a Flood Zone designated A or V in a participating community, a flood insurance policy in an amount sufficient to meet the requirements of applicable Law and the FDPA, as such requirements may from time to time be in effect; (iii) general liability insurance, on an "occurrence" basis against claims for "personal injury" liability, including bodily injury, death, or property damage liability, for the benefit of the Loan Parties as named insureds; (iv) statutory workers' compensation insurance (either by such Loan Party or by the applicable contractor) with respect to any work on or about any of the Borrowing Base Properties, covering all employees and contractors of each Loan Party; and (v) such other insurance on the Borrowing Base Properties and endorsements as may from time to time be reasonably required by Administrative Agent (including but not limited to soft cost coverage, automobile liability insurance, business interruption insurance, or delayed rental insurance, boiler and machinery insurance, earthquake insurance, wind insurance, sinkhole coverage, and/or permit to occupy endorsement) and against other insurable hazards or casualties which at the time are commonly insured against in the case of premises similarly situated, due regard being given to the height, type, construction, location, use and occupancy of buildings and Improvements. All insurance policies shall be issued and maintained by insurers, in amounts, with deductibles, limits and retentions, and in forms reasonably satisfactory to Administrative Agent. All insurance companies providing insurance required pursuant to this Agreement or any other Loan Document must have an A. M. Best Company financial and performance ratings of A-:VIII or better. All insurance policies maintained, or caused to be maintained, with respect to the Borrowing Base Properties, except for general liability insurance, shall provide that each such policy shall be primary without right of contribution from any other insurance that may be carried, Administrative Agent or any Lender and that all of the provisions thereof, except the limits of liability, shall operate in the same manner as if there were a separate policy covering each insured. If any insurer which has issued a policy of hazard, liability, or other insurance required pursuant to this Agreement or any other Loan Document becomes insolvent or is the subject of any petition, case, proceeding or other action pursuant to any Debtor Relief Law, or if in Administrative Agent's reasonable opinion the financial responsibility of such insurer is or becomes inadequate, then each Loan Party shall in each instance promptly upon its discovery thereof or upon the

request of Administrative Agent therefor, promptly obtain and deliver to Administrative Agent a like policy (or, if and to the extent permitted by Administrative Agent, acceptable evidence of insurance) issued by another insurer, which insurer and policy meet the requirements of this Agreement or such other Loan Document, as the case may be.

(c) Each of Parent and Borrower shall, and shall cause each Loan Party to, cause all certificates of insurance or other evidence of each initial insurance policy with respect to each Borrowing Base Property to be delivered to Administrative Agent on or prior to the date such Borrowing Base Property is admitted into the Borrowing Base, with all payments required pursuant to such policies to be paid currently, and each renewal or substitute policy (or evidence of insurance) shall be delivered to Administrative Agent, with all premiums fully paid current, at least ten (10) days before the termination of the policy it renews or replaces.

(d) Each of Parent and Borrower shall, and shall cause each other Loan Party to, pay all premiums on policies required pursuant to this **Section 8.07** as they become due and payable and promptly deliver to Administrative Agent evidence satisfactory to Administrative Agent of the timely payment thereof.

8.08 Compliance with Laws. Each of Parent and Borrower shall, and shall cause each other member of the Consolidated Group to, comply in all material respects with the requirements of all Laws (including Environmental Laws) and all orders, writs, injunctions and decrees applicable to it or to its business or property, except in such instances in which (a) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted; or (b) the failure to comply therewith could not reasonably be expected to have a Material Adverse Effect.

8.09 Books and Records. Each of Parent and Borrower shall, and shall cause each other member of the Consolidated Group to, maintain: (a) proper books of record and account, in which full, true and correct entries in conformity with GAAP consistently applied shall be made of all financial transactions and matters involving the assets and business of Borrower or such member of the Consolidated Group, as the case may be; and (b) such books of record and account in material conformity with all applicable requirements of any Governmental Authority having regulatory jurisdiction over Borrower or such Subsidiary, as the case may be.

8.10 Inspection Rights. Each of Parent and Borrower shall, and shall cause each other member of the Consolidated Group to, permit representatives and independent contractors of Administrative Agent (who may be accompanied by any Lender or any representative of any Lender) to visit and inspect and photograph any of its properties (including Borrowing Base Properties), to examine its corporate, financial and operating records, and all recorded data of any kind or nature, regardless of the medium of recording including all software, writings, plans, specifications and schematics, and make copies thereof or abstracts therefrom, and to discuss its affairs, finances and accounts with its directors, officers, and independent public accountants (with a representative of the Consolidated Group being provided an opportunity to be present in such discussions), all at the expense of Borrower and at such reasonable times during normal business hours and as often as may be reasonably desired, upon reasonable advance notice to Parent, Borrower or such other member of the Consolidated Group, as applicable; *provided, however*, that (i) when an Event of Default has occurred and is continuing Administrative Agent (or any of its representatives or independent contractors) may do any of the foregoing at the expense of Borrower at any time during normal business hours and without advance notice; and (ii) unless an Event of Default has occurred and is continuing, (x) Borrower shall not be required to pay the expenses for Administrative Agent for more than one visit in any calendar year and (y) shall not be required to pay the expenses for any visit by any Lender.

8.11 **Use of Proceeds.** Borrower shall use the proceeds of the Credit Extensions for general corporate purposes not in contravention of any Law or of any Loan Document.

8.12 **Environmental Matters.** Each of Parent and Borrower shall, and shall cause each other member of the Consolidated Group to:

(a) **Violations; Notice to Administrative Agent.**

(i) Keep each Borrowing Base Property free of releases of Hazardous Material, or cause the releases to be addressed, to the extent such action is necessary to prevent contamination which would reasonably be expected to result in a Material Environmental Event;

(ii) Comply with all Environmental Laws except where the failure to so comply could not reasonably be expected to result in a Material Adverse Effect or a Material Environmental Event;

(iii) Maintain each Borrowing Base Property free of the attachment of any environmental Liens (other than Liens being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves have been provided in accordance with GAAP);

(iv) Promptly deliver to Administrative Agent a copy of each report pertaining to any Borrowing Base Property or to any member of the Consolidated Group prepared by or on behalf of such member of the Consolidated Group pursuant to any Environmental Law, in each case, other than any reports describing matters that could reasonably be expected to result in a Material Environmental Event; and

(v) Advise Administrative Agent in writing of any Environmental Claim, any Environmental Liability, or of the discovery of any material release of any Hazardous Material on any Borrowing Base Property, within a reasonable period of time from when any member of the Consolidated Group first obtains knowledge thereof, including a full description of the known nature and extent of the Environmental Claim, Environmental Liability, and/or Hazardous Material and all relevant circumstances.

(b) **Site Assessments and Information.** If Administrative Agent shall ever have reason to believe that any Hazardous Material affects any Borrowing Base Property, other than as would not reasonably be expected to result in a Material Environmental Event, or if any Environmental Claim is made or threatened or Environmental Liability suffered or incurred, or if a Default shall have occurred and be continuing, then if requested by Administrative Agent, at Borrower's expense, deliver to Administrative Agent from time to time, in each case within sixty (60) days after Administrative Agent's request, an Environmental Assessment (hereinafter defined) made after the date of Administrative Agent's request. As used in this Agreement, the term "**Environmental Assessment**" means a report (including all drafts thereof) of an environmental assessment of any Borrowing Base Property and of such scope (including the taking of soil borings and air and groundwater samples and other above and below ground testing) as Administrative Agent may reasonably request, by a consulting firm reasonably acceptable to Administrative Agent. Each member of the Consolidated Group shall cooperate with each consulting firm making any such Environmental Assessment and shall supply to the consulting firm, from time to time and promptly on request, all information available to such member of the Consolidated Group necessary to facilitate the completion of the Environmental Assessment.

8.13 Acceptable Ground Leases. Each of Parent and Borrower shall, and shall cause each other Loan Party to:

(a) pay or cause to be paid all rents, additional rents, and other sums required to be paid by such Loan Party, as tenant under and pursuant to the provisions of each Acceptable Ground Lease;

(b) diligently perform and observe all of the terms, covenants, and conditions of each Acceptable Ground Lease as tenant under such Acceptable Ground Lease; and

(c) promptly notify Administrative Agent of (i) the giving to any Loan Party of any notice of any default by such Loan Party under any Acceptable Ground Lease and deliver to Administrative Agent a true copy of each such notice, and (ii) any bankruptcy, reorganization, or insolvency of the landlord under any Acceptable Ground Lease or of any notice thereof, and deliver to Administrative Agent a true copy of such notice;

8.14 Reports and Testing. Each of Parent and Borrower shall, and shall cause each other member of the Consolidated Group to, promptly deliver to Administrative Agent copies of all material reports, studies, inspections, and tests made on the Borrowing Base Properties, the Improvements thereon, or any materials to be incorporated into the Improvements thereon. In addition, each of Parent and Borrower shall, and shall cause each other member of the Consolidated Group to, immediately notify Administrative Agent of any report, study, inspection, or test that indicates any material adverse condition relating to the Borrowing Base Properties, the Improvements, or any such materials which could reasonably be expected to result in a Material Property Event.

8.15 Guaranties. Each of Parent and Borrower shall cause each Subsidiary of Borrower that owns a Borrowing Base Property and each other member of the Consolidated Group that is a direct or indirect holder of such Subsidiary's Equity Interests to (a) become a Subsidiary Guarantor by executing and delivering to Administrative Agent the Subsidiary Guaranty (or an addendum thereto in the form attached to the Subsidiary Guaranty), and (b) deliver to Administrative Agent documents of the types referred to in **Sections 6.01(a)(iii), 6.01(a)(iv), 6.01(a)(v) and 6.01(a)(vi)**, all such documentation and opinion to be in form, content and scope substantially the same as those delivered under such Sections or otherwise reasonably satisfactory to Administrative Agent.

8.16 Keepwell. Each of Borrower and Parent at the time the Subsidiary Guaranty by any Specified Loan Party becomes effective with respect to any Swap Obligation, hereby jointly and severally, absolutely, unconditionally and irrevocably undertakes to provide such funds or other support to each Specified Loan Party with respect to such Swap Obligation as may be needed by such Specified Loan Party from time to time to honor all of its obligations under the Subsidiary Guaranty and the other Loan Documents in respect of such Swap Obligation (but, in each case, only up to the maximum amount of such liability that can be hereby incurred without rendering Borrower's or Parent's obligations and undertakings under this **Section 8.16** voidable under applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). The obligations and undertakings of each of Borrower and Parent under this **Section 8.16** shall remain in full force and effect until the Obligations have been indefeasibly paid and performed in full. Each of Borrower and Parent intends this **Section 8.16** to constitute, and this **Section 8.16** shall be deemed to constitute, a Guarantee of the obligations of, and a "keepwell, support, or other agreement" for the benefit of, each Specified Loan Party for all purposes of the Commodity Exchange Act.

8.17 REIT Status. Parent shall elect to be taxed as a REIT for its taxable year ending December 31, 2013 and will at all times continue to operate in a manner to qualify for taxation as a REIT.

8.18 Further Assurances. Each of Parent, Borrower and each Loan Party shall, promptly upon request by Administrative Agent, or any Lender through Administrative Agent, (a) correct any material defect or error that may be discovered in any Loan Document or in the execution, acknowledgment, filing or recordation thereof, and (b) do, execute, acknowledge, deliver, record, re-record, file, re-file, register and re-register any and all such further acts, deeds, certificates, assurances and other instruments as Administrative Agent, or any Lender through Administrative Agent, may reasonably require from time to time in order to (i) carry out more effectively the provisions of the Loan Documents, and (ii) assure, convey, grant, assign, transfer, preserve, protect and confirm more effectively unto Administrative Agent or any Lender the rights granted to Administrative Agent or any Lender under any Loan Document or under any other instrument executed in connection with any Loan Document to which any Loan Party or any of its Subsidiaries is or is to be a party, and cause each of its Subsidiaries to do so.

Article IX.
Negative Covenants

So long as any Lender shall have any Commitment hereunder, any Loan or other Obligation (other than any Unmatured Surviving Obligation) hereunder shall remain unpaid or unsatisfied, or any Letter of Credit shall remain outstanding:

9.01 Liens. Each of Parent and Borrower shall not, and shall not permit any other member of the Consolidated Group to, directly or indirectly create, incur, assume or suffer to exist any Lien upon any Borrowing Base Property, other than the following:

(a) Liens pursuant to any Loan Document;

(b) Liens for taxes, assessments and governmental charges and levies not yet delinquent or which are being contested in good faith and by appropriate proceedings diligently conducted, if adequate reserves with respect thereto are maintained on the books of the applicable Person in accordance with GAAP;

(c) carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like Liens arising in the ordinary course of business which are (i) not overdue for a period of more than thirty (30) days, (ii) do not materially and adversely affect the operation of such Borrowing Base Property, or (iii) being contested in good faith and by appropriate proceedings diligently conducted, if adequate reserves with respect thereto are maintained on the books of the applicable Person in accordance with GAAP;

(d) pledges or deposits in the ordinary course of business in connection with workers' compensation, unemployment insurance and other social security legislation, other than any Lien imposed by ERISA;

(e) deposits to secure the performance of bids, trade contracts and leases (other than Indebtedness), statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(f) easements, rights-of-way, restrictions, restrictive covenants, encroachments, protrusions, and other similar encumbrances affecting any Property which, in the aggregate, are not substantial in amount, and which do not in any case materially detract from the value of such Property subject thereto or materially interfere with the ordinary conduct of the business of the applicable Person;

- (g) tenant Leases and other interests of lessees and lessors under leases of real property made in the ordinary course of business; and
- (h) Liens securing judgments and attachments not constituting an Event of Default under **Section 10.01(h)**.

9.02 **Investments.** Each of Parent and Borrower shall not, and shall not permit any other member of the Consolidated Group to, make any Investments, except:

- (a) Investments held by a member of the Consolidated Group on the Closing Date and listed on **Schedule 9.02**;
- (b) Investments held by a member of the Consolidated Group in the form of cash or cash equivalents;
- (c) advances to officers, directors and employees of a member of the Consolidated Group in an aggregate amount not to exceed \$2,000,000 at any time outstanding, for travel, entertainment, relocation and analogous ordinary business purposes;
- (d) Investments of any member of the Consolidated Group in any other member of the Consolidated Group;
- (e) Investments consisting of extensions of credit in the nature of accounts receivable or notes receivable arising from the grant of trade credit in the ordinary course of business, and Investments received in satisfaction or partial satisfaction from financially troubled account debtors to the extent reasonably necessary in order to prevent or limit loss;
- (f) Investments in income producing Properties and assets incidental thereto (including Investments in Equity Interests of Persons who own such Properties and assets);
- (g) Investments in unimproved land holdings and construction in progress (including Investments in the Equity Interests of Persons who own such unimproved land holdings and construction in progress) in an aggregate amount not exceeding fifteen percent (15%) of Total Asset Value;
- (h) Investments in mortgages, mezzanine loans and notes receivable (including Investments in the Equity Interests of Persons who own such mortgages, mezzanine loans and notes receivable) in an aggregate amount not exceeding fifteen percent (15%) of Total Asset Value;
- (i) Investments in Unconsolidated Affiliates in an aggregate amount not exceeding twenty-five percent (25%) of Total Asset Value; and
- (j) additional Investments in an aggregate amount not to exceed \$5,000,000;

provided that any determination as to whether an Investment shall be permitted hereunder will be made at the time of, and after giving effect to, such Investment; *provided, further,* that Investments under **Sections 9.02(g)** through **(j)** shall not exceed thirty percent (30%) of Total Asset Value.

9.03 Fundamental Changes. Each of Parent and Borrower shall not, and shall not permit any other member of the Consolidated Group to, merge, dissolve, liquidate, consolidate with or into another Person, or Dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favor of any Person, except that, so long as no Default exists or would result therefrom:

(a) any Subsidiary may merge or consolidate with (i) Borrower, *provided that* Borrower shall be the continuing or surviving Person, or (ii) any one or more other Subsidiaries, *provided that* when any Subsidiary Guarantor is merging with another Subsidiary, the continuing or surviving Person shall be or become a Subsidiary Guarantor;

(b) any Subsidiary may dissolve or liquidate into (i) Borrower, *provided that* Borrower shall be the continuing or surviving Person, or (ii) another Subsidiary; *provided that* when any Subsidiary Guarantor is dissolving or liquidating into another Subsidiary, the continuing or surviving Person shall be or become a Subsidiary Guarantor;

(c) any Subsidiary may Dispose of all or substantially all of its assets (upon voluntary liquidation or otherwise) to Borrower or to another Subsidiary; *provided that* if the transferor in such a transaction is a Subsidiary Guarantor, then the transferee must either be Borrower or a Subsidiary Guarantor;

(d) Borrower or any Subsidiary may merge or consolidate with any Person that is not a member of the Consolidated Group so long as: (i) after giving effect to such merger or consolidation, no Default has occurred and is continuing; (ii) if such merger or consolidation is with Borrower, then Borrower shall be the continuing or surviving Person; and (iii) if such merger or consolidation is with a Subsidiary Guarantor, then the continuing or surviving Person shall be or become a Subsidiary Guarantor; and

(e) any Subsidiary may Dispose of all or substantially all of its assets in a Disposition permitted pursuant to **Section 9.04** (other than **Section 9.04(f)**).

9.04 Dispositions. Each of Parent and Borrower shall not, and shall not permit any other member of the Consolidated Group to, make any Disposition or enter into any agreement to make any Disposition, except:

(a) Dispositions of obsolete, worn out or surplus property, whether now owned or hereafter acquired, in the ordinary course of business;

(b) Dispositions in the ordinary course of business;

(c) Dispositions of equipment to the extent that (i) such property is exchanged for credit against the purchase price of similar replacement property or (ii) the proceeds of such Disposition are reasonably promptly applied to the purchase price of such replacement property;

(d) Dispositions of property by any Subsidiary to Borrower or to a Wholly-Owned Subsidiary; *provided that* if the transferor of such property is a Subsidiary Guarantor, the transferee thereof must either be Borrower or a Subsidiary Guarantor;

(e) Dispositions of Properties so long as no Default exists or would result therefrom; *provided that* if any Disposition is of a Borrowing Base Property, then Borrower shall have complied with **Section 5.06**; and

(f) Dispositions permitted by **Section 9.03** (other than **Section 9.03(e)**).

9.05 Restricted Payments. Each of Parent and Borrower shall not, and shall not permit any other member of the Consolidated Group to, declare or make, directly or indirectly, any Restricted Payment, or incur any obligation (contingent or otherwise) to do so, except:

(a) each Subsidiary may make Restricted Payments to Borrower and any other Person that owns an Equity Interest in such Subsidiary, ratably according to their respective holdings of the type of Equity Interest in respect of which such Restricted Payment is being made;

(b) each member of the Consolidated Group may declare and make dividend payments or other distributions payable solely in the common stock or other common Equity Interests of such Person;

(c) so long as no Default shall have occurred and be continuing at the time thereof or would result therefrom, each member of the Consolidated Group may purchase, redeem or otherwise acquire Equity Interests issued by it with the proceeds received from an issue of new shares of its common stock or other Equity Interests within ninety (90) days before such Restricted Payment;

(d) Borrower may make Restricted Payments to Parent and, to the extent corresponding distributions to other holders of its Equity Interests are required by its Organization Documents, to such other holders of Equity Interests, in amounts sufficient to permit Parent to make, and Parent may make, Restricted Payments, for any twelve (12)- month period, not to exceed an amount equal to the greater of: (i)(A) ninety-five percent (95%) *multiplied by* (B) Funds From Operations for such period and (ii) the aggregate amount of Restricted Payments required to be made by Parent in order for it to (A) maintain its REIT status and (B) avoid the payment of federal or state income or excise tax; *provided that* to the extent a Default is then-existing or would result from the making of such Restricted Payment by Parent (other than a Default specified in **Sections 10.01(f)** or **10.01(g)** or a Default that has resulted in Administrative Agent exercising its remedies under **Section 10.02(b)**, in which case no Restricted Payments otherwise permitted under this **clause (d)** may be made), Borrower may only make Restricted Payments to Parent and, to the extent corresponding distributions to other holders of its Equity Interests are required by its Organization Documents, to such other holders of Equity Interests, in amounts sufficient to permit Parent to make, and Parent may make, Restricted Payments in the minimum amount required in order for Parent to maintain its REIT status;

(e) any member of the Consolidated Group may make non-cash Restricted Payments in connection with employee, trustee and director stock option plans or similar employee, trustee and director incentive arrangements; and

(f) so long as no Default shall have occurred and be continuing at the time thereof or would result therefrom, with respect to an equity award granted pursuant to an equity incentive compensation plan to any current or former director, employee, independent contractor or other service provider, in each case, of any of Parent, Borrower or Subsidiary thereof, (i) the withholding of Equity Interests to satisfy any applicable withholding Tax obligations and/or exercise or purchase price, (ii) the repurchase or acquisition by Parent or Borrower of such entity's Equity Interests or (iii) the grant, award, modification or payment of any such equity award.

9.06 Change in Nature of Business. Each of Parent and Borrower shall not, and shall not permit any other member of the Consolidated Group to, engage in any material line of business substantially different from those lines of business conducted by the Consolidated Group on the date hereof or any business substantially related or incidental thereto.

9.07 Transactions with Affiliates. Each of Parent and Borrower shall not, and shall not permit any other member of the Consolidated Group to, enter into any transaction of any kind with any Affiliate of a member of the Consolidated Group, whether or not in the ordinary course of business; *provided that* the foregoing shall not apply to:

- (a) any transaction in the ordinary course of business (i) on fair and reasonable terms substantially as favorable to such member of the Consolidated Group as would be obtainable by such member of the Consolidated Group at the time in a comparable arm's length transaction with a Person other than an Affiliate or (ii) that comply with the requirements of the North America Security Administrators Association's Statement of Policy of Real Estate Investment Trusts;
- (b) payments to or from such Affiliates under leases of commercial space on market terms;
- (c) payment of fees under asset or property management agreements under terms and conditions available from qualified management companies;
- (d) Investments by members of the Consolidated Group in Unconsolidated Affiliates otherwise permitted pursuant to this Agreement;
- (e) transactions between members of the Consolidated Group otherwise permitted (or not prohibited) hereunder; and
- (f) Restricted Payments permitted under **Section 9.05**.

9.08 Burdensome Agreements. Each of Parent and Borrower shall not, and shall not permit any other member of the Consolidated Group to, enter into or permit to exist any Contractual Obligation (other than the Loan Documents) that (a) constitutes a Negative Pledge with respect to any Borrowing Base Property or the Equity Interests in any member of the Consolidated Group (other than Borrower) that directly owns a Borrowing Base Property, or (b) limits the ability of any member of the Consolidated Group to transfer ownership of any Borrowing Base Property or the Equity Interests in any member of the Consolidated Group (other than Borrower) that directly owns a Borrowing Base Property.

9.09 Use of Proceeds. Each of Parent and Borrower shall not use the proceeds of any Credit Extension, whether directly or indirectly, and whether immediately, incidentally or ultimately, to purchase or carry margin stock (within the meaning of Regulation U of the FRB) or to extend credit to others for the purpose of purchasing or carrying margin stock or to refund indebtedness originally incurred for such purpose.

9.10 Borrowing Base Properties. Each of Parent and Borrower shall not, and shall not permit any other member of the Consolidated Group to:

- (a) use or occupy or conduct any activity on, or allow the use or occupancy of or the conduct of any activity on any Borrowing Base Properties in any manner which violates any Law or which constitutes a public or private nuisance or which makes void, voidable, or cancelable any insurance then in force with respect thereto or makes the maintenance of insurance in accordance with **Section 8.07** commercially unreasonable (including by way of increased premium);

(b) without the prior written consent of Administrative Agent, initiate or permit any zoning reclassification of any Borrowing Base Property or seek any variance under existing zoning ordinances applicable to any Borrowing Base Property or use or permit the use of any Borrowing Base Property in such a manner which would result in such use becoming a nonconforming use under applicable zoning ordinances or other Laws;

(c) without the prior written consent of Administrative Agent, (i) impose any material easement, restrictive covenant, or encumbrance upon any Borrowing Base Property, (ii) execute or file any subdivision plat or condominium declaration affecting any Borrowing Base Property or (iii) consent to the annexation of any Borrowing Base Property to any municipality; or

(d) without the prior written consent of Administrative Agent, permit any drilling or exploration for or extraction, removal or production of any mineral, hydrocarbon, gas, natural element, compound or substance (including sand and gravel) from the surface or subsurface of any Borrowing Base Property regardless of the depth thereof or the method of mining or extraction thereof.

in each case to the extent that any of the foregoing could, individually or in the aggregate, reasonably be expected to result in a Material Property Event.

9.11 Acceptable Ground Leases. Each of Parent and Borrower shall not, and shall not permit any other Loan Party to, without the prior written consent of Administrative Agent, surrender the leasehold estate created by any Acceptable Ground Lease or terminate or cancel any Acceptable Ground Lease.

9.12 Amendments of Organization Documents. Each of Parent and Borrower shall not, and shall not permit any other member of the Consolidated Group to, amend any of its Organization Documents in any manner that would adversely affect any Loan Party's ability to pay its Obligations hereunder or materially and adversely impairs any rights or remedies of Administrative Agent or any Lender under the Loan Documents or applicable Laws.

9.13 Accounting Changes. Each of Parent and Borrower shall not, and shall not permit any other member of the Consolidated Group to, make any change in fiscal year.

9.14 Sanctions. Each of Parent and Borrower shall not, and shall not permit any other member of the Consolidated Group to, directly or indirectly, use the proceeds of any Credit Extension or lend, contribute or otherwise make available such proceeds to any Subsidiary, joint venture partner or other individual or entity, to fund any activities of or business with any individual or entity, or in any Designated Jurisdiction, that, at the time of such funding, is the subject of Sanctions, or in any other manner that will result in a violation by any individual or entity (including any individual or entity participating in the transaction, whether as Lender, Arranger, Administrative Agent, L/C Issuer, Swing Line Lender or otherwise) of Sanctions.

9.15 Financial Covenants. Each of Parent and Borrower shall not:

(a) **Maximum Leverage Ratio.** Permit the Leverage Ratio, as of the last day of any fiscal quarter of Parent, to exceed sixty percent (60%).

(b) **Maximum Secured Leverage Ratio.** Permit Total Secured Debt, as of the last day of any fiscal quarter of Parent, to be greater than forty-five percent (45%) of Total Asset Value.

(c) **Maximum Recourse Debt.** Permit Total Recourse Debt, as of the last day of any fiscal quarter of Parent, to be greater than fifteen percent (15%) of Total Asset Value

(d) **Minimum Tangible Net Worth.** Permit Tangible Net Worth, at any time, to be less than the sum of (i) [Amount to be inserted at closing equal to an amount equal to seventy-five percent (75%) of Tangible Net Worth on March 30, 2013, as adjusted to give effect to the IPO], and (ii) an amount equal to seventy-five percent (75%) of the net equity proceeds received by Parent after the Closing Date (other than any such proceeds that are received within ninety (90) days before or after any redemption of Equity Interests of Parent or Borrower permitted hereunder).

(e) **Minimum Fixed Charge Coverage Ratio.** Permit the ratio of (i) Adjusted EBITDA to (ii) Fixed Charges for the Calculation Period ending as of the last day of any fiscal quarter of Parent, to be less than 1.50 to 1.0.

(f) **Minimum Unencumbered Debt Yield.** Permit the ratio of (i) Unencumbered NOI to (ii) Unsecured Debt of the Consolidated Group, as of the last day of any fiscal quarter of Parent, to be less than eleven percent (11%).

9.16 **ERISA Compliance.** No Loan Party shall take any action that would cause its underlying assets to constitute Plan Assets.

Article X. Events of Default and Remedies

10.01 **Events of Default.** Any of the following shall constitute an Event of Default (each, an “*Event of Default*”):

(a) **Non-Payment.** Borrower or any other Loan Party fails to pay (i) when and as required to be paid herein, any amount of principal of any Loan or any L/C Obligation, or (ii) within three (3) Business Days after the same becomes due, any interest on any Loan or on any L/C Obligation, or any fee due hereunder, or (iii) within five (5) Business Days after the same becomes due, any other amount payable hereunder or under any other Loan Document; or

(b) **Specific Covenants.** Any member of the Consolidated Group fails to perform or observe any term, covenant or agreement contained in any of **Section 8.01, 8.02, 8.03, 8.05(a)** (as it relates to any Loan Party), **8.10, 8.11 or 8.15** or **Article IX** (other than **Section 9.10**); or

(c) **Other Defaults.** Any Loan Party fails to perform or observe any other covenant or agreement (not specified in **subsection (a)** or **(b)** above) contained in any Loan Document on its part to be performed or observed and such failure continues for thirty (30) days; or

(d) **Representations and Warranties.** Any representation, warranty, certification or statement of fact made or deemed made by or on behalf of Borrower or any other Loan Party herein, in any other Loan Document, or in any document delivered in connection herewith or therewith shall be incorrect or misleading in any material respect (without duplication of any materiality qualifiers therein) when made or deemed made; or

(e) **Cross-Default.** (i) any member of the Consolidated Group (A) fails to make any payment when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) in respect of any Indebtedness or Guarantee (other than Indebtedness hereunder and

Indebtedness under Swap Contracts) having an aggregate principal amount (including amounts owing to all creditors under any combined or syndicated credit arrangement) of more than (x) \$20,000,000, either individually or in the aggregate, with respect to Recourse Debt or (y) \$50,000,000, either individually or in the aggregate with respect to Non-Recourse Debt, and such failure continues after the expiration of any applicable period of grace or notice, or (B) fails to observe or perform any other agreement or condition relating to any such Indebtedness or Guarantee or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event occurs, the effect of which default or other event is to cause, or to permit the holder or holders of such Indebtedness or the beneficiary or beneficiaries of such Guarantee (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause such Indebtedness to be demanded or to become due or to be repurchased, prepaid, defeased or redeemed (automatically or otherwise), or an offer to repurchase, prepay, defease or redeem such Indebtedness to be made, prior to its stated maturity, or such Guarantee to become payable or cash collateral in respect thereof to be demanded; or (ii) there occurs under any Swap Contract an Early Termination Date (as defined in such Swap Contract) resulting from (A) any event of default under such Swap Contract as to which any member of the Consolidated Group is the Defaulting Party (as defined in such Swap Contract) or (B) any Termination Event (as defined in such Swap Contract) under such Swap Contract as to which any member of the Consolidated Group is an Affected Party (as defined in such Swap Contract) and, in either event, the Swap Termination Value owed by such member of the Consolidated Group as a result thereof is greater than \$20,000,000; or

(f) **Insolvency Proceedings, Etc.** Any member of the Consolidated Group (other than Immaterial Subsidiaries) institutes or consents to the institution of any proceeding under any Debtor Relief Law, or makes an assignment for the benefit of creditors; or applies for or consents to the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer for it or for all or any material part of its property; or any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer is appointed without the application or consent of such Person and the appointment continues undischarged or unstayed for sixty (60) calendar days; or any proceeding under any Debtor Relief Law relating to any such Person or to all or any material part of its property is instituted without the consent of such Person and continues undismissed or unstayed for sixty (60) calendar days, or an order for relief is entered in any such proceeding; or

(g) **Inability to Pay Debts; Attachment.** (i) Any member of the Consolidated Group (other than Immaterial Subsidiaries) becomes unable or admits in writing its inability or fails generally to pay its debts as they become due, or (ii) any writ or warrant of attachment or execution or similar process is issued or levied against all or any material part of the property of any such Person and remains unreleased, unvacated or not fully bonded for a period of thirty (30) days after its issue or levy; or

(h) **Judgments.** There is entered against any member of the Consolidated Group and remains outstanding (i) one or more final judgments or orders for the payment of money in an aggregate amount (as to all such judgments or orders) exceeding \$20,000,000 (to the extent not covered by independent third-party insurance as to which the insurer does not dispute coverage), or (ii) any one or more non-monetary final judgments that have, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect and, in either case, (A) enforcement proceedings are commenced by any creditor upon such judgment or order, or (B) there is a period of ten (10) consecutive Business Days during which a stay of enforcement of such judgment, by reason of a pending appeal or otherwise, is not in effect; or

(i) **ERISA.** An ERISA Event occurs with respect to a Pension Plan or Multiemployer Plan which has resulted or could reasonably be expected to result, individually or in the aggregate with any other ERISA Event, in liability of any member of the Consolidated Group under Title IV of ERISA to the Pension Plan, Multiemployer Plan or the PBGC in an aggregate amount in excess of \$20,000,000; or

(j) **Invalidity of Loan Documents.** Any provision of any Loan Document, at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or thereunder or satisfaction in full of all the Obligations (other than Unmatured Surviving Obligations), ceases to be in full force and effect; or any Loan Party or any other Person contests in any manner the validity or enforceability of any provision of Loan Document; or any Loan Party denies that it has any or further liability or obligation under any Loan Document, or purports to revoke, terminate or rescind any provision of Loan Document; or

(k) **Change of Control.** There occurs any Change of Control; or

(l) **REIT Status.** Parent ceases to be treated as a REIT in any taxable year; or

(m) **Stock Exchange Listing.** Parent's common Equity Interests shall cease to be traded on the New York Stock Exchange, NASDAQ, or other nationally recognized exchange reasonably acceptable to Required Lenders.

10.02 **Remedies Upon Event of Default.** If any Event of Default occurs and is continuing, Administrative Agent shall, at the request of, or may, with the consent of, Required Lenders, take any or all of the following actions:

(a) declare the commitment of each Lender to make Loans and any obligation of L/C Issuer to make L/C Credit Extensions to be terminated, whereupon such commitments and obligation shall be terminated;

(b) declare the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Loan Document to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by Borrower;

(c) require that Borrower Cash Collateralize the L/C Obligations (in an amount equal to the Minimum Collateral Amount with respect thereto); and

(d) exercise on behalf of itself, the Lenders and L/C Issuer all rights and remedies available to it, the Lenders and L/C Issuer under the Loan Documents;

provided, however, that upon the occurrence of an actual or deemed entry of an order for relief with respect to Borrower under the Bankruptcy Code of the United States, the obligation of each Lender to make Loans and any obligation of L/C Issuer to make L/C Credit Extensions shall automatically terminate, the unpaid principal amount of all outstanding Loans and all interest and other amounts as aforesaid shall automatically become due and payable, and the obligation of Borrower to Cash Collateralize the L/C Obligations as aforesaid shall automatically become effective, in each case without further act of Administrative Agent or any Lender.

10.03 Application of Funds. After the exercise of remedies provided for in **Section 10.02** (or after the Loans have automatically become immediately due and payable and the L/C Obligations have automatically been required to be Cash Collateralized as set forth in the proviso to **Section 10.02**), any amounts received on account of the Obligations shall, subject to the provisions of **Sections 2.16** and **2.17**, be applied by Administrative Agent in the following order:

First, to payment of that portion of the Obligations constituting fees, indemnities, expenses and other amounts (including fees, charges and disbursements of counsel to Administrative Agent and amounts payable under **Article III**) payable to Administrative Agent in its capacity as such;

Second, to payment of that portion of the Obligations constituting fees, indemnities and other amounts (other than principal, interest and Letter of Credit Fees) payable to the Lenders and L/C Issuer (including fees, charges and disbursements of counsel to the respective Lenders and L/C Issuer (including the reasonable allocated cost of internal counsel) and amounts payable under **Article III**), ratably among them in proportion to the respective amounts described in this **clause Second** payable to them;

Third, to payment of that portion of the Obligations constituting accrued and unpaid Letter of Credit Fees and interest on the Loans, L/C Borrowings and other Obligations, ratably among the Lenders and L/C Issuer in proportion to the respective amounts described in this **clause Third** payable to them;

Fourth, to payment of that portion of the Obligations constituting (i) unpaid principal of the Loans and L/C Borrowings and (ii) breakage, termination or other payments due under any Swap Contract (that relates solely to the Obligations) between any Loan Party and Administrative Agent, any Lender or any Affiliate of Administrative Agent or a Lender, ratably among the Lenders, the applicable Affiliates (with respect to **clause (ii)**) and L/C Issuer in proportion to the respective amounts described in this **clause Fourth** held by them;

Fifth, to Administrative Agent for the account of L/C Issuer, to Cash Collateralize that portion of L/C Obligations comprised of the aggregate undrawn amount of Letters of Credit to the extent not otherwise Cash Collateralized by Borrower pursuant to **Sections 2.03 and 2.16**; and

Last, the balance, if any, after all of the Obligations have been indefeasibly paid in full, to Borrower or as otherwise required by Law;

provided that Excluded Swap Obligations with respect to any Subsidiary Guarantor shall not be paid with amounts received from such Subsidiary Guarantor or its assets, but appropriate adjustments shall be made with respect to payments from other Loan Parties to preserve the allocation to Obligations otherwise set forth in this **Section 10.03**. Subject to **Sections 2.03(c) and 2.16**, amounts used to Cash Collateralize the aggregate undrawn amount of Letters of Credit pursuant to **clause Fifth** above shall be applied to satisfy drawings under such Letters of Credit as they occur. If any amount remains on deposit as Cash Collateral after all Letters of Credit have either been fully drawn or expired, such remaining amount shall be applied to the other Obligations, if any, in the order set forth above.

Article XI. Administrative Agent

11.01 Appointment and Authority. Each of the Lenders and L/C Issuer hereby irrevocably appoints Bank of America to act on its behalf as Administrative Agent hereunder and under the other Loan Documents and authorizes Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this **Article** are solely for the benefit of Administrative Agent, the Lenders and L/C Issuer, and except for any provision which provides specific rights to Borrower or any other Loan Party, neither Borrower nor any other Loan Party shall have

rights as a third party beneficiary of any of such provisions. It is understood and agreed that the use of the term “agent” herein or in any other Loan Documents (or any other similar term) with reference to Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable Law. Instead such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties.

11.02 Rights as a Lender. The Person serving as Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not Administrative Agent and the term “**Lender**” or “**Lenders**” shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with Borrower or any Subsidiary thereof or other Affiliate thereof as if such Person were not Administrative Agent hereunder and without any duty to account therefor to the Lenders.

11.03 Exculpatory Provisions. Administrative Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents, and its duties hereunder shall be administrative in nature. Without limiting the generality of the foregoing, Administrative Agent:

(a) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;

(b) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that Administrative Agent is required to exercise as directed in writing by Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents), *provided that* Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose Administrative Agent to liability or that is contrary to any Loan Document or applicable Law, including for the avoidance of doubt any action that may be in violation of the automatic stay under any Debtor Relief Law or that may effect a forfeiture, modification or termination of property of a Defaulting Lender in violation of any Debtor Relief Law; and

(c) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to Borrower or any of its Affiliates that is communicated to or obtained by the Person serving as Administrative Agent or any of its Affiliates in any capacity.

Administrative Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as Administrative Agent shall believe in good faith shall be necessary, under the circumstances as provided in **Sections 12.01** and **10.02**) or (ii) in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction by a final and nonappealable judgment. Administrative Agent shall not be deemed to have knowledge of any Default, unless and until notice describing such Default is given in writing to Administrative Agent by Borrower, a Lender or L/C Issuer.

Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other

Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in **Article VI** or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to Administrative Agent.

11.04 Reliance by Administrative Agent. Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan, or the issuance, extension, renewal or increase of a Letter of Credit, that by its terms must be fulfilled to the satisfaction of a Lender or L/C Issuer, Administrative Agent may presume that such condition is satisfactory to such Lender or L/C Issuer unless Administrative Agent shall have received notice to the contrary from such Lender or L/C Issuer prior to the making of such Loan or the issuance of such Letter of Credit. Administrative Agent may consult with legal counsel (who may be counsel for Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

11.05 Delegation of Duties. Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by Administrative Agent. Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this **Article** shall apply to any such sub-agent and to the Related Parties of Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent. Administrative Agent shall not be responsible for the negligence or misconduct of any sub-agents except to the extent that a court of competent jurisdiction determines in a final and non-appealable judgment that Administrative Agent acted with gross negligence or willful misconduct in the selection of such sub-agents.

11.06 Resignation of Administrative Agent.

(a) Administrative Agent may at any time give notice of its resignation to the Lenders, L/C Issuer and Borrower. Upon receipt of any such notice of resignation, Required Lenders shall have the right, in consultation with Borrower and subject to Borrower's approval (such approval not to be unreasonably withheld, delayed or conditioned) so long as no Event of Default exists, to appoint a successor, which shall be a bank with an office in the United States, or an Affiliate of any such bank with an office in the United States. If no such successor shall have been so appointed by Required Lenders, shall have been approved by Borrower (so long as no Event of Default exists and pursuant to the requirements above) and shall have accepted such appointment within thirty (30) days after the retiring Administrative Agent gives notice of its resignation (or such earlier day as shall be agreed by Required Lenders) (the "**Resignation Effective Date**"), then the retiring Administrative Agent may (but shall not be obligated to) on behalf of the Lenders and L/C Issuer, appoint a successor Administrative Agent meeting the qualifications set forth above. Whether or not a successor has been appointed, such resignation shall become effective in accordance with such notice on the Resignation Effective Date.

(b) If the Person serving as Administrative Agent is a Defaulting Lender pursuant to **clause (d)** of the definition thereof, Required Lenders may, to the extent permitted by applicable Law, by notice in writing to Borrower and such Person remove such Person as Administrative Agent and, in consultation with Borrower and subject to Borrower's approval (such approval not to be unreasonably withheld, delayed or conditioned) so long as no Event of Default exists, appoint a successor. If no such successor shall have been so appointed by Required Lenders, shall have been approved by Borrower (so long as no Event of Default exists and pursuant to the requirements above) and shall have accepted such appointment within thirty (30) days (or such earlier day as shall be agreed by Required Lenders) (the "**Removal Effective Date**"), then such removal shall nonetheless become effective in accordance with such notice on the Removal Effective Date.

(c) With effect from the Resignation Effective Date or the Removal Effective Date (as applicable) (i) the retiring or removed Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents and (ii) except for any indemnity payments or other amounts then owed to the retiring or removed Administrative Agent, all payments, communications and determinations provided to be made by, to or through Administrative Agent shall instead be made by or to each Lender and L/C Issuer directly, until such time, if any, as Required Lenders appoint a successor Administrative Agent as provided for above. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or removed) Administrative Agent (other than as provided in **Section 3.01(g)** and other than any rights to indemnity payments or other amounts owed to the retiring or removed Administrative Agent as of the Resignation Effective Date or the Removal Effective Date, as applicable), and the retiring or removed Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents (if not already discharged therefrom as provided above in this **Section 11.06**). The fees payable by Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between Borrower and such successor. After the retiring or removed Administrative Agent's resignation or removal hereunder and under the other Loan Documents, the provisions of this **Article XI** and **Section 12.04** shall continue in effect for the benefit of such retiring or removed Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring or removed Administrative Agent was acting as Administrative Agent.

(d) Any resignation by Bank of America as Administrative Agent pursuant to this **Section 11.06** shall also constitute its resignation as L/C Issuer and Swing Line Lender. If Bank of America resigns as an L/C Issuer, it shall retain all the rights, powers, privileges and duties of L/C Issuer hereunder with respect to all Letters of Credit outstanding as of the effective date of its resignation as L/C Issuer and all L/C Obligations with respect thereto, including the right to require the Lenders to make Base Rate Loans or fund risk participations in Unreimbursed Amounts pursuant to **Section 2.03(c)**. If Bank of America resigns as Swing Line Lender, it shall retain all the rights of Swing Line Lender provided for hereunder with respect to Swing Line Loans made by it and outstanding as of the effective date of such resignation, including the right to require the Lenders to make Base Rate Loans or fund risk participations in outstanding Swing Line Loans pursuant to **Section 2.04(c)**. Upon the appointment by Borrower of a successor L/C Issuer or Swing Line Lender hereunder (which successor shall in all cases be a Lender other than a Defaulting Lender), (i) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring L/C Issuer or Swing Line Lender, as applicable, (ii) the retiring L/C Issuer and Swing Line Lender shall be discharged from all of their respective duties and obligations hereunder or under the other Loan Documents, and (iii) the successor L/C

Issuer shall issue letters of credit in substitution for the Letters of Credit, if any, outstanding at the time of such succession or make other arrangements satisfactory to Bank of America to effectively assume the obligations of Bank of America with respect to such Letters of Credit.

11.07 Non-Reliance on Administrative Agent and Other Lenders. Each Lender and L/C Issuer acknowledges that it has, independently and without reliance upon Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender and L/C Issuer also acknowledges that it will, independently and without reliance upon Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

11.08 No Other Duties, Etc. Anything herein to the contrary notwithstanding, none of the Bookrunners, Arrangers or Syndication Agents listed on the cover page hereof shall have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity, as applicable, as Administrative Agent, a Lender or L/C Issuer hereunder.

11.09 Administrative Agent May File Proofs of Claim. In case of the pendency of any proceeding under any Debtor Relief Law or any other judicial proceeding relative to any Loan Party, Administrative Agent (irrespective of whether the principal of any Loan or L/C Obligation shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether Administrative Agent shall have made any demand on Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans, L/C Obligations and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders, L/C Issuer and Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders, L/C Issuer and Administrative Agent and their respective agents and counsel and all other amounts due the Lenders, L/C Issuer and Administrative Agent under **Sections 2.03(i) and (j), 2.09 and 12.04**) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender and L/C Issuer to make such payments to Administrative Agent and, in the event that Administrative Agent shall consent to the making of such payments directly to the Lenders and L/C Issuer, to pay to Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of Administrative Agent and its agents and counsel, and any other amounts due Administrative Agent under **Sections 2.09 and 12.04**.

Nothing contained herein shall be deemed to authorize Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender or L/C Issuer any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or L/C Issuer to authorize Administrative Agent to vote in respect of the claim of any Lender or L/C Issuer in any such proceeding.

11.10 **Guaranty Matters.** The Lenders and L/C Issuer irrevocably authorize Administrative Agent, and Administrative Agent hereby agrees for the benefit of the Loan Parties, to release any Subsidiary Guarantor from its obligations under any Subsidiary Guaranty if such Subsidiary Guarantor (a) no longer owns a Borrowing Base Property (or no longer holds a direct or indirect interest in any Subsidiary that owns a Borrowing Base Property), or (b) otherwise ceases to be required to be a Subsidiary Guarantor pursuant to the terms of this Agreement or the Subsidiary Guaranty. Upon request by Administrative Agent at any time, Required Lenders will confirm in writing Administrative Agent's authority to release any Subsidiary Guarantor from its obligations under the Subsidiary Guaranty pursuant to this **Section 11.10**.

Article XII.
Miscellaneous

12.01 **Amendments, Etc.** No amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent to any departure by Borrower or any other Loan Party therefrom, shall be effective unless in writing signed by Required Lenders and Borrower or the applicable Loan Party, as the case may be, and acknowledged by Administrative Agent, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; *provided, however*, that no such amendment, waiver or consent shall:

- (a) waive any condition set forth in **Section 6.01** (other than **Section 6.01(c)**) without the written consent of each Lender;
- (b) extend or increase the Commitment of any Lender (or reinstate any Commitment terminated pursuant to **Section 10.02**) without the written consent of such Lender;
- (c) postpone any date fixed by this Agreement or any other Loan Document for any payment or mandatory prepayment of principal, interest, fees or other amounts due to the Lenders (or any of them) hereunder or under any other Loan Document without the written consent of each Lender directly affected thereby;
- (d) reduce the principal of, or the rate of interest specified herein on, any Loan or L/C Borrowing, or any fees or other amounts payable hereunder or under any other Loan Document, or change the manner of computation of any financial ratio (including any change in any applicable defined term) used in determining the Applicable Rate that would result (on the date of the effectiveness of such amendment) in a reduction of any interest rate on any Loan or any fee payable hereunder without the written consent of each Lender directly affected thereby; *provided, however*, that only the consent of Required Lenders shall be necessary to amend the definition of "**Default Rate**" or to waive any obligation of Borrower to pay interest or Letter of Credit Fees at the Default Rate;
- (e) change **Section 10.03** in a manner that would alter the pro rata sharing of payments required thereby without the written consent of each Lender;
- (f) change any provision of this **Section** or the definition of "**Required Lenders**" or any other provision hereof specifying the number or percentage of Lenders required to amend, waive or otherwise modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender;
- (g) release Parent from the Guaranty provided by Parent, without the written consent of each Lender; or
- (h) release all or substantially all of the value of the Subsidiary Guaranty without the written consent of each Lender, except to the extent the release of any Subsidiary Guarantor is permitted pursuant to **Sections 11.10** (in which case such release may be made by Administrative Agent acting alone);

and, *provided further*, that (i) no amendment, waiver or consent shall, unless in writing and signed by L/C Issuer in addition to the Lenders required above, affect the rights or duties of L/C Issuer under this Agreement or any Issuer Document relating to any Letter of Credit issued or to be issued by it; (ii) no amendment, waiver or consent shall, unless in writing and signed by Swing Line Lender in addition to the Lenders required above, affect the rights or duties of Swing Line Lender under this Agreement; (iii) no amendment, waiver or consent shall, unless in writing and signed by Administrative Agent in addition to the Lenders required above, affect the rights or duties of Administrative Agent under this Agreement or any other Loan Document; and (iv) the Fee Letter may be amended, or rights or privileges thereunder waived, in a writing executed only by the parties thereto. Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder (and any amendment, waiver or consent which by its terms requires the consent of all Lenders or each affected Lender may be effected with the consent of the applicable Lenders other than Defaulting Lenders), except that (x) the Commitment of any Defaulting Lender may not be increased or extended without the consent of such Lender and (y) any waiver, amendment or modification requiring the consent of all Lenders or each affected Lender that by its terms affects any Defaulting Lender disproportionately adversely relative to other affected Lenders shall require the consent of such Defaulting Lender.

12.02 Notices; Effectiveness; Electronic Communication.

(a) **Notices Generally.** Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in **subsection (b)** below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile as follows, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, as follows:

(i) if to Borrower, Administrative Agent, L/C Issuer or Swing Line Lender, to the address, facsimile number, electronic mail address or telephone number specified for such Person on **Schedule 12.02**; and

(ii) if to any other Lender, to the address, facsimile number, electronic mail address or telephone number specified in its Administrative Questionnaire (including, as appropriate, notices delivered solely to the Person designated by a Lender on its Administrative Questionnaire then in effect for the delivery of notices that may contain material non-public information relating to Borrower).

Notices and other communications sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices and other communications sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient). Notices and other communications delivered through electronic communications to the extent provided in **subsection (b)** below, shall be effective as provided in such **subsection (b)**.

(b) **Electronic Communications.** Notices and other communications to the Lenders and L/C Issuer hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by Administrative Agent, *provided that* the foregoing shall not apply to notices to any Lender or L/C Issuer pursuant to **Article II** if such Lender or L/C Issuer, as applicable, has notified Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. Administrative Agent, Swing Line Lender, L/C Issuer or Borrower may each, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, *provided that* approval of such procedures may be limited to particular notices or communications.

Unless Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing **clause (i)** of notification that such notice or communication is available and identifying the website address therefore; *provided that*, for both **clauses (i)** and **(ii)**, if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice, email or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient.

(c) **The Platform.** THE PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE." THE AGENT PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE BORROWER MATERIALS OR THE ADEQUACY OF THE PLATFORM, AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS IN OR OMISSIONS FROM THE BORROWER MATERIALS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY ANY AGENT PARTY IN CONNECTION WITH THE BORROWER MATERIALS OR THE PLATFORM. In no event shall Administrative Agent or any of its Related Parties (collectively, the "**Agent Parties**") have any liability to Borrower, any Lender, L/C Issuer or any other Person for losses, claims, damages, liabilities or expenses of any kind (whether in tort, contract or otherwise) arising out of Borrower's or Administrative Agent's transmission of Borrower Materials through the Internet, except to the extent that such losses, claims, damages, liabilities or expenses are determined by a court of competent jurisdiction by a final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Agent Party; *provided that* in no event shall any Agent Party have any liability to any Loan Party, any Lender, any L/C Issuer or any other Person for indirect, special, incidental, consequential or punitive damages (as opposed to direct or actual damages).

(d) **Change of Address, Etc.** Each of Borrower, Administrative Agent, L/C Issuer and Swing Line Lender may change its address, facsimile or telephone number for notices and other communications hereunder by notice to the other parties hereto. Each other Lender may change its address, facsimile or telephone number for notices and other communications hereunder by notice to Borrower, Administrative Agent, L/C Issuer and Swing Line Lender. In addition, each Lender agrees to notify Administrative Agent from time to time to ensure that Administrative Agent has on record (i) an effective address, contact name, telephone number, facsimile number and electronic mail address to which notices and other communications may be sent and (ii) accurate wire instructions for such Lender. Furthermore, each Public Lender agrees to cause at

least one individual at or on behalf of such Public Lender to at all times have selected the “Private Side Information” or similar designation on the content declaration screen of the Platform in order to enable such Public Lender or its delegate, in accordance with such Public Lender’s compliance procedures and applicable Law, including United States Federal and state securities Laws, to make reference to Borrower Materials that are not made available through the “Public Side Information” portion of the Platform and that may contain material non-public information with respect to Borrower or its securities for purposes of United States Federal or state securities laws.

(e) **Reliance by Administrative Agent, L/C Issuer and Lenders.** Administrative Agent, L/C Issuer and the Lenders shall be entitled to rely and act upon any notices (including telephonic or electronic Committed Loan Notices, Letter of Credit Applications and Swing Line Loan Notices) purportedly given by or on behalf of Borrower even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. Borrower shall indemnify Administrative Agent, L/C Issuer, each Lender and the Related Parties of each of them from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of Borrower. All telephonic notices to and other telephonic communications with Administrative Agent may be recorded by Administrative Agent, and each of the parties hereto hereby consents to such recording.

12.03 No Waiver; Cumulative Remedies; Enforcement. No failure by any Lender, L/C Issuer or Administrative Agent to exercise, and no delay by any such Person in exercising, any right, remedy, power or privilege hereunder or under any other Loan Document shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided, and provided under each other Loan Document, are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

Notwithstanding anything to the contrary contained herein or in any other Loan Document, the authority to enforce rights and remedies hereunder and under the other Loan Documents against the Loan Parties or any of them shall be vested exclusively in, and all actions and proceedings at law in connection with such enforcement shall be instituted and maintained exclusively by, Administrative Agent in accordance with **Section 10.02** for the benefit of all the Lenders and L/C Issuer; *provided, however*, that the foregoing shall not prohibit (a) Administrative Agent from exercising on its own behalf the rights and remedies that inure to its benefit (solely in its capacity as Administrative Agent) hereunder and under the other Loan Documents, (b) L/C Issuer or Swing Line Lender from exercising the rights and remedies that inure to its benefit (solely in its capacity as L/C Issuer or Swing Line Lender, as the case may be) hereunder and under the other Loan Documents, (c) any Lender from exercising setoff rights in accordance with **Section 12.08** (subject to the terms of **Section 2.13**), or (d) any Lender from filing proofs of claim or appearing and filing pleadings on its own behalf during the pendency of a proceeding relative to any Loan Party under any Debtor Relief Law; and *provided, further*, that if at any time there is no Person acting as Administrative Agent hereunder and under the other Loan Documents, then (i) Required Lenders shall have the rights otherwise ascribed to Administrative Agent pursuant to **Section 10.02** and (ii) in addition to the matters set forth in **clauses (b), (c) and (d)** of the preceding proviso and subject to **Section 2.13**, any Lender may, with the consent of Required Lenders, enforce any rights and remedies available to it and as authorized by Required Lenders.

12.04 Expenses; Indemnity; Damage Waiver.

(a) **Costs and Expenses.** Borrower shall pay (i) all reasonable and documented direct, out-of-pocket third party expenses incurred by Administrative Agent and its Affiliates (including the reasonable fees, charges and disbursements of a single counsel (and appropriate local counsel) for Administrative Agent), in connection with the syndication of the credit facilities provided for herein, the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable and documented direct, out-of-pocket third party expenses incurred by L/C Issuer in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (iii) all reasonable and documented direct, out-of-pocket third party expenses incurred by Administrative Agent, any Lender or L/C Issuer (including the fees, charges and disbursements of any counsel for Administrative Agent, any Lender or L/C Issuer; *provided that* absent a conflict of interest, Borrower shall not be required to pay for more than one (1) counsel (and appropriate local and special counsel)), in connection with the enforcement or protection of the rights (A) in connection with this Agreement and the other Loan Documents, including the rights of Administrative Agent, Lenders and L/C Issuer under this **Section**, or (B) in connection with the Loans made or Letters of Credit issued hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit.

(b) **Indemnification by Loan Parties.** Each Loan Party shall indemnify Administrative Agent (and any sub-agent thereof), each Lender and L/C Issuer, and each Related Party of any of the foregoing Persons (each such Person being called an “**Indemnitee**”) against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses (including the reasonable and documented fees, disbursements and other charges of a single counsel to all Indemnified Parties taken as a whole and, if reasonably necessary, a single local counsel for all Indemnified Parties taken as a whole in each relevant jurisdiction, and in the case of an actual or perceived conflict of interest, additional counsel in each relevant jurisdiction to the affected Indemnified Parties), incurred by any Indemnitee or asserted against any Indemnitee by any Person (including Borrower or any other Loan Party) other than such Indemnitee and its Related Parties arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder, the consummation of the transactions contemplated hereby or thereby, or, in the case of Administrative Agent (and any sub-agent thereof) and its Related Parties only, the administration of this Agreement and the other Loan Documents (including in respect of any matters addressed in **Section 3.01**), (ii) any Loan or Letter of Credit or the use or proposed use of the proceeds therefrom (including any refusal by L/C Issuer to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by Borrower or any of its Subsidiaries, or any Environmental Claim or Environmental Liability related in any way to any member of the Consolidated Group, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by any member of the Consolidated Group, and regardless of whether any Indemnitee is a party thereto, **IN ALL CASES, WHETHER OR NOT CAUSED BY OR ARISING, IN WHOLE OR IN PART, OUT OF THE COMPARATIVE, CONTRIBUTORY OR SOLE NEGLIGENCE OF THE INDEMNITEE**; *provided that* such indemnity shall not, as to any Indemnitee, be available to the

extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee. Without limiting the provisions of **Section 3.01(c)**, this **Section 12.04(b)** shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim.

(c) **Reimbursement by Lenders.** To the extent that Borrower for any reason fails to indefeasibly pay any amount required under **subsection (a)** or **(b)** of this **Section** to be paid by it to Administrative Agent (or any sub-agent thereof), L/C Issuer, Swing Line Lender or any Related Party of any of the foregoing, each Lender severally agrees to pay to Administrative Agent (or any such sub-agent), L/C Issuer, Swing Line Lender or such Related Party, as the case may be, such Lender's pro rata share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought based on each Lender's share of the Total Credit Exposure at such time) of such unpaid amount (including any such unpaid amount in respect of a claim asserted by such Lender), such payment to be made severally among them based on such Lenders' Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought), *provided further* that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against Administrative Agent (or any such sub-agent), L/C Issuer or Swing Line Lender in its capacity as such, or against any Related Party of any of the foregoing acting for Administrative Agent (or any such sub-agent), L/C Issuer or Swing Line Lender in connection with such capacity. The obligations of the Lenders under this **subsection (c)** are subject to the provisions of **Section 2.12(d)**.

(d) **Waiver of Consequential Damages, Etc.** To the fullest extent permitted by applicable Law, Borrower shall not assert, and hereby waives, and acknowledges that no other Person shall have, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or Letter of Credit or the use of the proceeds thereof. No Indemnitee referred to in **subsection (b)** above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed to such unintended recipients by such Indemnitee through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby other than for direct or actual damages resulting from the gross negligence or willful misconduct of such Indemnitee as determined by a final and nonappealable judgment of a court of competent jurisdiction.

(e) **Payments.** All amounts due under this **Section** shall be payable not later than ten (10) Business Days after demand therefor.

(f) **Survival.** The agreements in this **Section 12.04** and the indemnity provisions of **Section 12.02(e)** shall survive the resignation of Administrative Agent, L/C Issuer and Swing Line Lender, the replacement of any Lender, the termination of the Aggregate Commitments and the repayment, satisfaction or discharge of all the other Obligations.

12.05 Payments Set Aside. To the extent that any payment by or on behalf of Borrower is made to Administrative Agent, L/C Issuer or any Lender, or Administrative Agent, L/C Issuer or any Lender exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including

pursuant to any settlement entered into by Administrative Agent, L/C Issuer or such Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred, and (b) each Lender and L/C Issuer severally agrees to pay to Administrative Agent upon demand its applicable share (without duplication) of any amount so recovered from or repaid by Administrative Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the Federal Funds Rate from time to time in effect. The obligations of the Lenders and L/C Issuer under **clause (b)** of the preceding sentence shall survive the payment in full of the Obligations and the termination of this Agreement.

12.06 Successors and Assigns.

(a) **Successors and Assigns Generally.** The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that neither Borrower nor Parent may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of Administrative Agent and each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with the provisions of **subsection (b)** of this **Section**, (ii) by way of participation in accordance with the provisions of **subsection (d)** of this **Section**, or (iii) by way of pledge or assignment of a security interest subject to the restrictions of **subsection (e)** of this **Section** (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in **subsection (d)** of this **Section** and, to the extent expressly contemplated hereby, the Related Parties of each of Administrative Agent, L/C Issuer and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) **Assignments by Lenders.** Any Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans (including for purposes of this **subsection (b)**, participations in L/C Obligations and in Swing Line Loans) at the time owing to it); *provided that* any such assignment shall be subject to the following conditions:

(i) **Minimum Amounts.**

(A) in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and the Loans at the time owing to it or contemporaneous assignments to related Approved Funds that equal at least the amount specified in **Section 12.06(b)(i)(B)** in the aggregate or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and

(B) in any case not described in **Section 12.06(b)(i)(A)**, the aggregate amount of the Commitment (which for this purpose includes Loans outstanding thereunder) or, if the Commitment is not then in effect, the principal outstanding balance of the Loans of the assigning Lender subject to each such assignment, determined as of the date the Assignment and Assumption with respect to such assignment is delivered to Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date, shall

not be less than \$5,000,000 unless each of Administrative Agent and, so long as no Event of Default has occurred and is continuing, Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed).

(ii) **Proportionate Amounts.** Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loans or the Commitment assigned, except that this *clause (ii)* shall not apply to Swing Line Lender's rights and obligations in respect of Swing Line Loans;

(iii) **Required Consents.** No consent shall be required for any assignment except to the extent required by *subsection (b)(i)(B)* of this *Section* and, in addition:

(A) the consent of Borrower (such consent not to be unreasonably withheld or delayed) shall be required unless (1) an Event of Default has occurred and is continuing at the time of such assignment or (2) such assignment is to a Lender (other than a Defaulting Lender), an Affiliate of a Lender (other than a Defaulting Lender) or an Approved Fund with respect to such Lender; *provided that* Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to Administrative Agent within ten (10) Business Days after having received notice thereof;

(B) the consent of Administrative Agent (such consent not to be unreasonably withheld or delayed) shall be required if such assignment is to a Person that is not a Lender (other than a Defaulting Lender), an Affiliate of such Lender (other than a Defaulting Lender) or an Approved Fund with respect to such Lender; and

(C) the consent of L/C Issuer and Swing Line Lender (such consent not to be unreasonably withheld or delayed) shall be required for any assignment.

(iv) **Assignment and Assumption.** The parties to each assignment shall execute and deliver to Administrative Agent an Assignment and Assumption, together with a processing and recordation fee in the amount of \$3,500; *provided, however,* that Administrative Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment. The assignee, if it is not a Lender, shall deliver to Administrative Agent an Administrative Questionnaire.

(v) **No Assignment to Certain Persons.** No such assignment shall be made (A) to Borrower or any member of the Consolidated Group, or (B) to any Defaulting Lender or any of its Subsidiaries, or any Person who, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this *clause (B)*, or (C) to a natural person.

(vi) **Certain Additional Payments.** In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of Borrower and

Administrative Agent, the applicable pro rata share of Loans previously requested but not funded by the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (x) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to Administrative Agent, L/C Issuer, any Lender or Borrower hereunder (and interest accrued thereon) and (y) acquire (and fund as appropriate) its full pro rata share of all Loans and participations in Letters of Credit and Swing Line Loans in accordance with its Applicable Percentage. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under applicable Law without compliance with the provisions of this paragraph, then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

Subject to acceptance and recording thereof by Administrative Agent pursuant to **subsection (c)** of this **Section**, from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of **Sections 3.01, 3.04, 3.05, and 12.04** with respect to facts and circumstances occurring prior to the effective date of such assignment; *provided that* except to the extent otherwise expressly agreed by the affected parties, no assignment by a Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender. Upon request, Borrower (at its expense) shall execute and deliver a Note to the assignee Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this **subsection** shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with **subsection (d)** of this **Section**.

(c) **Register.** Administrative Agent, acting solely for this purpose as an agent of Borrower (and such agency being solely for tax purposes), shall maintain at Administrative Agent's Office a copy of each Assignment and Assumption delivered to it (or the equivalent in electronic form) and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts (and stated interest) of the Loans and L/C Obligations owing to, each Lender pursuant to the terms hereof from time to time (the "**Register**"). The entries in the Register shall be conclusive absent manifest error, and Borrower, Administrative Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) **Participations.** Any Lender may at any time, without the consent of, or notice to, Borrower or Administrative Agent, sell participations to any Person (other than a natural person, a Defaulting Lender or Borrower or any of Borrower's Affiliates or Subsidiaries) (each, a "**Participant**") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans (including such Lender's participations in L/C Obligations and/or Swing Line Loans) owing to it); *provided that* (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) Borrower, Administrative Agent, the Lenders and L/C Issuer shall continue to deal solely and

directly with such Lender in connection with such Lender's rights and obligations under this Agreement. For the avoidance of doubt, each Lender shall be responsible for the indemnity under **Section 12.04(c)** without regard to the existence of any participation.

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; *provided that* such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, waiver or other modification described in the first proviso to **Section 12.01** that affects such Participant. Subject to **subsection (b)** of this **Section**, Borrower agrees that each Participant shall be entitled to the benefits of, and be subject to the obligations in, **Sections 3.01, 3.04 and 3.05** to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to **subsection (b)** of this **Section** (it being understood that the documentation required under **Section 3.01(e)** shall be delivered to the Lender who sells the participation) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to **paragraph (b)** of this **Section**; *provided that* such Participant (A) agrees to be subject to the provisions of **Sections 3.06 and 12.13** as if it were an assignee under **paragraph (b)** of this **Section** and (B) shall not be entitled to receive any greater payment under **Sections 3.01 or 3.04**, with respect to any participation, than the Lender from whom it acquired the applicable participation would have been entitled to receive. Each Lender that sells a participation agrees, at Borrower's request and expense, to use reasonable efforts to cooperate with Borrower to effectuate the provisions of **Section 3.06** with respect to any Participant. To the extent permitted by law, each Participant also shall be entitled to the benefits of **Section 12.08** as though it were a Lender; *provided that* such Participant agrees to be subject to **Section 2.13** as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as an agent of Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the "**Participant Register**"); *provided that* no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under **Section 5f.103-1(c)** of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(e) **Certain Pledges.** Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (including under its Note, if any) to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; *provided that* no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(f) **Resignation as L/C Issuer or Swing Line Lender after Assignment.** Notwithstanding anything to the contrary contained herein, if at any time Bank of America assigns all of its Commitment and Loans pursuant to **subsection (b)** above, Bank of America may, (i) upon thirty (30) days' notice to Borrower and the Lenders, resign as L/C Issuer and/or upon thirty (30) days' notice to Borrower, resign as Swing Line Lender. In the event of any such resignation as L/C Issuer or Swing Line Lender, Borrower shall be entitled to appoint from among the Lenders a successor L/C Issuer or Swing Line Lender hereunder; *provided, however,* that no failure by

Borrower to appoint any such successor shall affect the resignation of Bank of America as L/C Issuer or Swing Line Lender, as the case may be. If Bank of America resigns as L/C Issuer, it shall retain all the rights, powers, privileges and duties of L/C Issuer hereunder with respect to all Letters of Credit outstanding as of the effective date of its resignation as L/C Issuer and all L/C Obligations with respect thereto (including the right to require the Lenders to make Base Rate Committed Loans or fund risk participations in Unreimbursed Amounts pursuant to **Section 2.03(c)**). If Bank of America resigns as Swing Line Lender, it shall retain all the rights of Swing Line Lender provided for hereunder with respect to Swing Line Loans made by it and outstanding as of the effective date of such resignation, including the right to require the Lenders to make Base Rate Committed Loans or fund risk participations in outstanding Swing Line Loans pursuant to **Section 2.04(c)**. Upon the appointment of a successor L/C Issuer and/or Swing Line Lender, (x) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring L/C Issuer or Swing Line Lender, as the case may be, and (y) the successor L/C Issuer shall issue letters of credit in substitution for the Letters of Credit, if any, outstanding at the time of such succession or make other arrangements satisfactory to Bank of America to effectively assume the obligations of Bank of America with respect to such Letters of Credit.

12.07 Treatment of Certain Information; Confidentiality. Each of Administrative Agent, the Lenders and L/C Issuer agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its and its Related Parties (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential and shall either have a legal obligation or shall agree to keep such information confidential), (b) to the extent required or requested by any regulatory authority purporting to have jurisdiction over such Person or its Related Parties (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable Laws or regulations or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this **Section**, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or any Eligible Assignee invited to be a Lender pursuant to **Section 2.15(c)** or (ii) any actual or prospective party (or its Related Parties) to any swap, derivative or other transaction under which payments are to be made by reference to Borrower and its obligations, this Agreement or payments hereunder, (g) on a confidential basis to (i) any rating agency in connection with rating Borrower or its Subsidiaries or the credit facilities provided hereunder or (ii) the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers or other market identifiers with respect to the credit facilities provided hereunder, (h) with the prior written consent of Borrower or (i) to the extent such Information (x) becomes publicly available other than as a result of a breach of this **Section** or (y) becomes available to Administrative Agent, any Lender, L/C Issuer or any of their respective Affiliates on a nonconfidential basis from a source other than Borrower. For purposes of this **Section**, "**Information**" means all information received from Parent or any Subsidiary relating to Parent or any Subsidiary or any of their respective businesses, other than any such information that is available to Administrative Agent, any Lender or L/C Issuer on a nonconfidential basis prior to disclosure by Parent or any Subsidiary. Any Person required to maintain the confidentiality of Information as provided in this **Section** shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

Each of Administrative Agent, the Lenders and L/C Issuer acknowledges that (a) the Information may include material non-public information concerning Parent or a Subsidiary, as the case may be, (b) it has developed compliance procedures regarding the use of material non-public information and (c) it will handle such material non-public information in accordance with applicable Law, including United States Federal and state securities Laws.

12.08 Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender, L/C Issuer and each of their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by applicable Law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Lender, L/C Issuer or any such Affiliate to or for the credit or the account of Borrower or any other Loan Party against any and all of the obligations of Borrower or such Loan Party now or hereafter existing under this Agreement or any other Loan Document to such Lender or L/C Issuer or their respective Affiliates, irrespective of whether or not such Lender, L/C Issuer or Affiliate shall have made any demand under this Agreement or any other Loan Document and although such obligations of Borrower or such Loan Party may be contingent or unmatured or are owed to a branch, office or Affiliate of such Lender or L/C Issuer different from the branch, office or Affiliate holding such deposit or obligated on such indebtedness; *provided that* in the event that any Defaulting Lender shall exercise any such right of setoff, (x) all amounts so set off shall be paid over immediately to Administrative Agent for further application in accordance with the provisions of **Section 2.17** and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of Administrative Agent, L/C Issuer and the Lenders, and (y) the Defaulting Lender shall provide promptly to Administrative Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Lender as to which it exercised such right of setoff. The rights of each Lender, L/C Issuer and their respective Affiliates under this **Section** are in addition to other rights and remedies (including other rights of setoff) that such Lender, L/C Issuer or their respective Affiliates may have. Each Lender and L/C Issuer agrees to notify Borrower and Administrative Agent promptly after any such setoff and application, *provided that* the failure to give such notice shall not affect the validity of such setoff and application.

12.09 Interest Rate Limitation. Notwithstanding anything to the contrary contained in any Loan Document, the interest paid or agreed to be paid under the Loan Documents shall not exceed the maximum rate of non-usurious interest permitted by applicable Law (the "**Maximum Rate**"). If Administrative Agent or any Lender shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the principal of the Loans or, if it exceeds such unpaid principal, refunded to Borrower. In determining whether the interest contracted for, charged, or received by Administrative Agent or a Lender exceeds the Maximum Rate, such Person may, to the extent permitted by applicable Law, (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the Obligations hereunder.

12.10 Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Loan Documents, and any separate letter agreements with respect to fees payable to Administrative Agent or L/C Issuer, constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in **Section 6.01**, this Agreement shall become effective when it shall have been executed by Administrative Agent and when Administrative Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto.

Delivery of an executed counterpart of a signature page of this Agreement by facsimile or other electronic imaging means (*e.g.* “pdf” or “tif”) shall be effective as delivery of a manually executed counterpart of this Agreement.

12.11 Survival of Representations and Warranties. All representations and warranties made hereunder and in any other Loan Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by Administrative Agent and each Lender, regardless of any investigation made by Administrative Agent or any Lender or on their behalf and notwithstanding that Administrative Agent or any Lender may have had notice or knowledge of any Default at the time of any Credit Extension, and shall continue in full force and effect as long as any Loan or any other Obligation (other than Unmatured Surviving Obligations) hereunder shall remain unpaid or unsatisfied or any Letter of Credit shall remain outstanding.

12.12 Severability. If any provision of this Agreement or the other Loan Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Loan Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Without limiting the foregoing provisions of this **Section 12.12**, if and to the extent that the enforceability of any provisions in this Agreement relating to Defaulting Lenders shall be limited by Debtor Relief Laws, as determined in good faith by Administrative Agent, L/C Issuer or Swing Line Lender, as applicable, then such provisions shall be deemed to be in effect only to the extent not so limited.

12.13 Replacement of Lenders. If Borrower is entitled to replace a Lender pursuant to the provisions of **Section 3.06**, or if any Lender is a Defaulting Lender or a Non-Consenting Lender, then Borrower may, at its sole expense and effort, upon notice to such Lender and Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, **Section 12.06**), all of its interests, rights (other than its exiting rights to payments pursuant to **Sections 3.01** and **3.04**) and obligations under this Agreement and the related Loan Documents to an Eligible Assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment), *provided that*:

- (a) Borrower shall have paid, or caused to be paid, to Administrative Agent the assignment fee specified in **Section 12.06(b)**;
- (b) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and L/C Advances, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any amounts under **Section 3.05**) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or Borrower (in the case of all other amounts);
- (c) in the case of any such assignment resulting from a claim for compensation under **Section 3.04** or payments required to be made pursuant to **Section 3.01**, such assignment will result in a reduction in such compensation or payments thereafter;
- (d) such assignment does not conflict with applicable Laws; and
- (e) in the case of an assignment resulting from a Lender becoming a Non-Consenting Lender, the applicable assignee shall have consented to the applicable amendment, waiver or consent.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling Borrower to require such assignment and delegation cease to apply.

12.14 Governing Law; Jurisdiction; Etc.

(a) **GOVERNING LAW.** THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT (EXCEPT, AS TO ANY OTHER LOAN DOCUMENT, AS EXPRESSLY SET FORTH THEREIN) AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

(b) **SUBMISSION TO JURISDICTION.** PARENT, BORROWER AND EACH OTHER LOAN PARTY IRREVOCABLY AND UNCONDITIONALLY AGREES THAT IT WILL NOT COMMENCE ANY ACTION, LITIGATION OR PROCEEDING OF ANY KIND OR DESCRIPTION, WHETHER IN LAW OR EQUITY, WHETHER IN CONTRACT OR IN TORT OR OTHERWISE, AGAINST ADMINISTRATIVE AGENT, ANY LENDER, L/C ISSUER, OR ANY RELATED PARTY OF THE FOREGOING IN ANY WAY RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS RELATING HERETO OR THERETO, IN ANY FORUM OTHER THAN THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE JURISDICTION OF SUCH COURTS AND AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION, LITIGATION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION, LITIGATION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR IN ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT ADMINISTRATIVE AGENT, ANY LENDER OR L/C ISSUER MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AGAINST PARENT, BORROWER OR ANY OTHER LOAN PARTY OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(c) **WAIVER OF VENUE.** EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO IN **PARAGRAPH (b)** OF THIS **SECTION**. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) **SERVICE OF PROCESS.** EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN **SECTION 12.02**. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

12.15 Waiver of Jury Trial. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS **SECTION**.

12.16 No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), Borrower and each other Loan Party acknowledges and agrees, and acknowledges its Affiliates' understanding, that: (i)(A) the arranging and other services regarding this Agreement provided by Administrative Agent and Arranger, and the Lenders are arm's-length commercial transactions between Borrower, each other Loan Party and their respective Affiliates, on the one hand, and Administrative Agent and Arranger, and the Lenders, on the other hand, (B) each of Borrower and the other Loan Parties has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (C) Borrower and each other Loan Party is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents; (ii)(A) Administrative Agent and Arranger and each Lender is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for Borrower, any other Loan Party or any of their respective Affiliates, or any other Person and (B) neither Administrative Agent, Arranger nor any Lender has any obligation to Borrower, any other Loan Party or any of their respective Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; and (iii) Administrative Agent, Arranger and the Lenders and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of Borrower, the other Loan Parties and their respective Affiliates, and neither Administrative Agent, Arranger nor any Lender has any obligation to disclose any of such interests to Borrower, any other Loan Party or any of their respective Affiliates. To the fullest extent permitted by law, each of Borrower and the other Loan Parties hereby waives and releases any claims that it may have against Administrative Agent and Arranger or any Lender with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

12.17 Electronic Execution of Assignments and Certain Other Documents. The words "execute," "execution," "signed," "signature," and words of like import in any Assignment and Assumption or in any amendment or other modification hereof (including waivers and consents) shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract

formations on electronic platforms approved by Administrative Agent or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

12.18 USA PATRIOT Act. Each Lender that is subject to the Act (as hereinafter defined) and Administrative Agent (for itself and not on behalf of any Lender) hereby notifies Borrower that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "**Act**"), it is required to obtain, verify and record information that identifies the Loan Parties, which information includes the name and address of the Loan Parties and other information that will allow such Lender or Administrative Agent, as applicable, to identify the Loan Parties in accordance with the Act. Borrower shall, and shall cause all other Loan Parties to, promptly following a request by Administrative Agent or any Lender, provide all documentation and other information that Administrative Agent or such Lender requests in order to comply with its ongoing obligations under applicable "know your customer" and anti-money laundering rules and regulations, including the Act.

12.19 Time of the Essence. Time is of the essence of the Loan Documents.

12.20 ENTIRE AGREEMENT. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

[Remainder of page intentionally blank. Signature pages follow.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

Signature Page to
Credit Agreement



TERM LOAN AGREEMENT

by and between

RIF I – Don Julian, LLC,
a California limited liability company

RIF I – Lewis Road, LLC,
a California limited liability company

RIF I – Oxnard, LLC,
a California limited liability company

RIF I – Walnut, LLC,
a California limited liability company

Rexford Business Center – Fullerton, LLC,
a California limited liability company

RIF II – Kaiser, LLC,
a California limited liability company

and

RIF III – Irwindale, LLC,
a California limited liability company

as Borrower,

and

BANK OF AMERICA, N.A.,
a national banking association,

as Lender,

with respect to

15317 - 15339 & 15241 - 15277 Don Julian Road, City of Industry, CA,

300 South Lewis Road, Camarillo, Los Angeles, CA

2220 - 2260 Camino Del Sol, Oxnard, CA

2300 - 2320, 2340 - 2358 and 2380 - 2386 E. Walnut Avenue, Fullerton, CA

1335 Park Center Drive, Vista, CA

and

15715 E. Arrow Highway, Irwindale, CA

Table of Contents

Article I General Information.	1
Section 1.1 Conditions to Closing.	1
Section 1.2 Schedules.	1
Section 1.3 Defined Terms.	1
Article II Terms of the Loan.	1
Section 2.1 The Loan.	1
Section 2.2 Initial Advance.	2
Section 2.3 Intentionally Omitted.	2
Section 2.4 Intentionally Omitted.	2
Section 2.5 Liability of Lender.	2
Section 2.6 Reconveyances.	2
Section 2.7 Substitution of Collateral.	4
Section 2.8 Additional Guarantys.	4
Article III Representations and Warranties.	5
Section 3.1 Organization, Power and Authority of Borrower; Loan Documents.	5
Section 3.2 Other Documents; Laws.	5
Section 3.3 Taxes.	5
Section 3.4 Legal Actions.	5
Section 3.5 Nature of Loan.	5
Section 3.6 Trade Names.	5
Section 3.7 Financial Statements.	6
Section 3.8 No Material Adverse Change.	6
Section 3.9 ERISA and Prohibited Transactions.	6
Section 3.10 Compliance with Laws and Zoning and Other Requirements; Encroachments.	6
Section 3.11 Certificates of Occupancy.	6
Section 3.12 Utilities; Roads; Access.	6
Section 3.13 Other Liens.	7
Section 3.14 No Defaults.	7
Section 3.15 Representations and Warranties.	7
Article IV Affirmative Covenants and Agreements.	8
Section 4.1 Compliance with Laws; Use of Proceeds.	8
Section 4.2 Inspections; Cooperation.	8
Section 4.3 Payment and Performance of Contractual Obligations.	9
Section 4.4 Insurance.	9
Section 4.5 Adjustment of Condemnation and Insurance Claims.	10
Section 4.6 Utilization of Net Proceeds.	11
Section 4.7 Management.	11
Section 4.8 Books and Records; Financial Statements; Tax Returns.	11
Section 4.9 Estoppel Certificates.	12

Section 4.10	Taxes; Tax Receipts.	13
Section 4.11	Lender's Rights to Pay and Perform.	13
Section 4.12	Reimbursement; Interest.	13
Section 4.13	Notification by Borrower.	13
Section 4.14	Indemnification by Borrower.	13
Section 4.15	Fees and Expenses.	14
Section 4.16	Appraisals.	14
Section 4.17	Leasing and Tenant Matters.	14
Section 4.18	Preservation of Rights.	14
Section 4.19	Income from Property.	15
Section 4.20	Representations and Warranties.	15
Section 4.21	Deposit Accounts; Principal Depository.	15
Section 4.22	Intentionally Omitted.	15
Section 4.23	Intentionally Omitted.	15
Section 4.24	Swap Contracts.	15
Section 4.25	Financial Covenants	15
Section 4.26	Intentionally Omitted.	15
Section 4.27	Separateness.	15
Section 4.28	Post-Closing Covenants.	17
Article V Negative Covenants.		17
Section 5.1	Conditional Sales.	17
Section 5.2	Insurance Policies and Bonds.	17
Section 5.3	Commingling.	17
Section 5.4	Additional Debt.	17
Article VI Events of Default.		18
Section 6.1	Payment Default.	18
Section 6.2	Default Under Other Loan Documents.	18
Section 6.3	Accuracy of Information; Representations and Warranties.	18
Section 6.4	Deposits.	18
Section 6.5	Insurance Obligations.	18
Section 6.6	Other Obligations.	19
Section 6.7	Damage to Improvements.	19
Section 6.8	Lapse of Permits or Approvals.	19
Section 6.9	Mechanic's Lien.	19
Section 6.10	Bankruptcy.	19
Section 6.11	Appointment of Receiver, Trustee, Liquidator.	19
Section 6.12	Inability to Pay Debts.	20
Section 6.13	Judgment.	20
Section 6.14	Dissolution; Change in Business Status.	20
Section 6.15	Default Under Other Indebtedness.	20
Section 6.16	Intentionally Omitted.	20
Section 6.17	Change in Controlling Interest.	20
Section 6.18	Material Adverse Change.	20
Section 6.19	Intentionally Omitted.	20
Section 6.20	Intentionally Omitted.	20

Article VII Remedies on Default.	21
Section 7.1 Remedies on Default.	21
Section 7.2 No Release or Waiver; Remedies Cumulative and Concurrent.	22
Article VIII Miscellaneous.	23
Section 8.1 Further Assurances; Authorization to File Documents.	23
Section 8.2 No Warranty by Lender.	23
Section 8.3 Standard of Conduct of Lender.	23
Section 8.4 No Partnership.	23
Section 8.5 Severability.	24
Section 8.6 Authorized Signers.	24
Section 8.7 Notices.	24
Section 8.8 Permitted Successors and Assigns; Disclosure of Information	25
Section 8.9 Modification; Waiver.	28
Section 8.10 Third Parties; Benefit.	28
Section 8.11 Rules of Construction.	28
Section 8.12 Counterparts.	28
Section 8.13 Signs; Publicity.	28
Section 8.14 Governing Law.	29
Section 8.15 Time of Essence.	29
Section 8.16 Electronic Communications.	29
Section 8.17 Dispute Resolution Provision.	29
Section 8.18 Forum.	34
Section 8.19 USA Patriot Act Notice.	34
Section 8.20 Entire Agreement.	34

Schedules to Term Loan Agreement

Schedule 1	Definitions
Schedule 2	Intentionally Omitted
Schedule 3	Intentionally Omitted
Schedule 4	Leasing and Tenant Matters
Schedule 5	Intentionally Omitted
Schedule 6	Intentionally Omitted
Schedule 7	Swap Contracts
Schedule 8	Financial Covenants

TERM LOAN AGREEMENT

This Term Loan Agreement (this "Agreement") is made as of the _____ day of July, 2013, by and between RIF I – DON JULIAN, LLC, a California limited liability company, RIF I – LEWIS ROAD, LLC, a California limited liability company, RIF I – OXNARD, LLC, a California limited liability company, RIF I – WALNUT, LLC, a California limited liability company, REXFORD BUSINESS CENTER – FULLERTON, LLC, a California limited liability company, RIF II – KAISER, LLC, a California limited liability company, and RIF III – IRWINDALE, LLC, a California limited liability company (individually and collectively, jointly and severally, "Borrower"), and BANK OF AMERICA, N.A., a national banking association ("Lender").

Recitals

Borrower has applied to Lender for a loan for the purpose of acquiring the real property that will serve as security for the loan. Lender has agreed to make the loan on the terms and conditions set forth in this Agreement and in the other documents evidencing and securing the loan.

Now, therefore, in consideration of the premises, and in further consideration of the mutual covenants and agreements herein set forth, the parties covenant and agree as follows:

Agreements

Article I
General Information.

Section 1.1 Conditions to Closing.

The conditions precedent to closing the Loan and recording the Mortgage are set forth in the Closing Checklist.

Section 1.2 Schedules.

The Schedules attached to this Agreement are incorporated herein and made a part hereof.

Section 1.3 Defined Terms.

Capitalized terms in this Agreement shall have the meanings ascribed to such terms in the Preamble hereto and in Schedule 1.

Article II
Terms of the Loan.

Section 2.1 The Loan.

Borrower agrees to borrow the Loan from Lender, and Lender agrees to lend the Loan to Borrower, subject to the terms and conditions herein set forth, in an amount not to exceed the Loan Amount. Interest shall accrue and be payable in arrears only on sums advanced hereunder for the period of time outstanding. The Loan is not a revolving loan; amounts repaid may not be re-borrowed.

Section 2.2 Initial Advance.

At closing, Lender shall credit Borrower for its \$50,000 good faith deposit against the costs specified in subsections (a) through (c) below and shall advance Loan proceeds in the amount of \$60,000,000 as follows:

(a) First, to Lender, the sum of \$300,000.00 for the Loan Fee;

(b) Second, to Lender, the sum of \$ for appraisal fees;

(c) Third, to Lender, the sum of \$ for environmental fees; and

(d) Fourth, to the Title Company, an amount equal to \$ which shall be used to pay Lender's legal fees and other expenses incurred in connection with the closing of the Loan, to pay certain costs and expenses of the Title Company, to pay a portion of Borrower's cost of acquiring the Property, and to pay or reimburse Borrower for other documented third party costs incurred by Borrower in connection with the closing of the escrow as specified in Borrower's written instructions to the Title Company as shown on the settlement statement approved by Lender in writing.

Section 2.3 Intentionally Omitted.

Section 2.4 Intentionally Omitted.

Section 2.5 Liability of Lender.

Lender shall in no event be responsible or liable to any Person other than Borrower for the disbursement of or failure to disburse the Loan proceeds or any part thereof and no Person other than Borrower shall have any right or claim against Lender under this Agreement or the other Loan Documents.

Section 2.6 Reconveyances.

Upon request of the Borrower to obtain the release and reconveyance of the RIF I - Don Julian Mortgage, the RIF I - Lewis Road Mortgage, the RIF I - Oxnard Mortgage, the RIF I - Walnut Mortgage, the RIF II - Kaiser Mortgage or the RIF III - Irwindale Mortgage to be designated and described at the time of request (the Property to be conveyed being referred to herein as the "Release Parcel"), Lender will grant such release and execute and deliver to Borrower, with respect to the Release Parcel, a Deed of Reconveyance and modifications to the financing statements in connection with the Loan, provided the following conditions are met:

(a) Borrower provides, and Lender will have approved, in its reasonable discretion, any easements, reciprocal easement agreements, covenants, conditions and restrictions or any modification to existing easements, reciprocal easement agreements, covenants, conditions and restrictions or other documents or agreements necessitated by the release for the use, maintenance and operation of the Release Parcel and the remaining portion of the Property which burden or benefit the Release Parcel or the remainder of the Property;

(b) not less than 30 days prior to the proposed date of the reconveyance, Borrower deliver to Lender a notice setting forth (i) the identity of the Release Parcel, (ii) the date of the reconveyance; (iii) the name of the proposed transferee or proposed lender; and (iv) any other information reasonably necessary for Lender to analyze the terms of the reconveyance. The notice will be accompanied by a copy of the documents effecting the transfer of the Release Parcel

(c) on the date Borrower delivers to Lender notice of the proposed reconveyance and on the date of the reconveyance, there is no Default or Event of Default under the Loan Documents on either the notice date or the release date;

(d) Borrower delivers to Lender evidence satisfactory to Lender that Borrower have complied with any applicable requirements of easements, covenants conditions and restrictions affecting the Property or the leases applicable to the reconveyance, that the reconveyance does not violate any of the provisions thereof and, to the extent necessary to comply therewith or the leases, that the transferee has assumed all of Borrower's obligations relating to the Release Parcel thereunder;

(e) Borrower delivers to Lender an endorsement to Lender's title insurance policy or policies satisfactory to Lender that (i) extends the effective date of the policy to the effective date of the reconveyance; (ii) confirms no change in the priority of the Mortgages on the balance of the Property or in the amount of coverage; (iii) consents to the reconveyance; (iv) waives any defense resulting from the reconveyance; (v) to the extent of the value of the Release Parcel, waives any right of subrogation; and (vi) confirms that the Release Parcel and the balance of the Property constitute a separate tax lot;

(f) not less than ten (10) days prior to the date of the reconveyance, Borrower deliver to Lender consents to the reconveyance by and estoppels from entities holding liens affecting the Property or holding any other interests in the Property that would be affected by the reconveyance, including parties to any Leases;

(g) Borrower deliver to Lender evidence satisfactory to Lender that the Release Parcel and the balance of the Property each separately conforms to and is in compliance with all subdivision laws (as evidenced by the issuance of an endorsement to Lender's title insurance policy or policies satisfactory to Lender) and the balance of the Property is a self-contained unit, having direct on-site connection to all utilities or via easements acceptable to Lender in its sole discretion and direct access to one or more public streets, all in a location and configuration acceptable to Lender;

(h) Borrower pay Lender all of Lender's reasonable costs and expenses relating to the reconveyance, including Lender's attorneys' fees, appraisal fees, engineering fees, title fees and Trustee's attorneys' fees;

(i) Borrower deliver to Lender copies of the executed documents evidencing the transfer or refinancing of the Release Parcel;

(j) Borrower deliver to Lender any other information, approvals and documents reasonably required by Lender relating to the reconveyance; and

(k) prior to or concurrently with the reconveyance of the Release Parcel, Lender shall have received a repayment on the Loan in an amount equal to the greatest of (x) the Allocated Loan Amount for such Release Parcel, (y) such amount, as determined by Lender in its sole discretion, as would cause the Debt Service Coverage Ratio (using the definitions set forth in Schedule 8) to equal 1.35 to 1.00 after the reconveyance and after taking into account the paydown required by this subsection, or (z) such amount, as determined by Lender in its sole discretion, as would cause the Loan-to-Value Ratio to equal to sixty-five percent (65%) after taking into account the paydown required by this subsection. "Loan-to-Value Ratio" means the current Net Commitment Amount of the Loan divided by the appraised "As-Is" value of the Property which will remain subject to the lien of the Mortgage following the reconveyance. The appraised "As-Is" value of the Property shall be based upon appraisals prepared by a third-party appraiser acceptable to, and engaged directly by, Lender. Each appraisal shall be satisfactory to Lender in all respects, as reviewed, adjusted and approved by Lender.

Upon the reconveyance of a Mortgage pursuant to this Section 2.6, the obligations of the Grantor named therein under the Loan Documents shall terminate as and to the same extent as said obligations would terminate upon the full repayment of the Loan.

Section 2.7 Substitution of Collateral.

Borrower may from time-to-time request that Lender accept substitute real property collateral in place of all or a portion of the Property then encumbered by the Mortgage. Any proposed substitute property collateral must, in the aggregate, result in the new real property collateral and that portion of the Property which will remain encumbered by the Mortgage following the collateral substitution having:

(a) a combined Debt Service Coverage Ratio equal to or greater than the higher of (i) 1.35 to 1.00 or (ii) the Debt Service Coverage Ratio of that portion of the Property which is encumbered by the Mortgage at the time of Borrower's request; and

(b) a combined Loan-to-Value Ratio equal to or lesser than the lower of (i) sixty-five percent (65%), or (ii) the Loan-to-Value Ratio of that portion of the Property which is encumbered by the Mortgage at the time of Borrower's request.

The applicable Debt Service Coverage Ratios and Loan-to-Value Ratios specified above in this Section 2.7 shall be determined by an appraisal or appraisals prepared by a third-party appraiser acceptable to, and engaged directly by, Lender, which appraisal(s) shall be satisfactory to Lender in all respects, as reviewed, adjusted and approved by Lender. If any of the Debt Service Coverage Ratio or Loan-to-Value Ratio requirements specified above in this Section 2.7 are not met, Borrower may satisfy such requirements by making a voluntary paydown of the Loan, subject to the satisfaction of any conditions to prepayment, including the payment of any prepayment fee or premium, together with a mutually agreed-upon reduction in the committed amount of the Loan.

The acceptance of such substitute collateral shall be in Lender's sole discretion but shall be determined by Lender in good faith based on the factors and criteria upon which Lender, at the time of Borrower's request, bases its determination of whether or not to make loans similar to the Loan and secured by industrial property in Southern California (except that in the case of debt service coverage ratio and loan-to-value ratio underwriting criteria, the Debt Service Coverage Ratio and Loan-to-Value Ratio tests specified above shall control over any current underwriting standards then in place), and if Lender agrees to accept such substitute collateral based on such factors and criteria, then the acceptance of such substitute collateral such shall be subject to all of the underwriting and due diligence requirements and loan documentation as were applicable to the making of the Loan, including the requirements set forth in the closing checklist and in Schedule C to the term sheet for the Loan, and the requirements set forth herein.

Section 2.8 Additional Guarantys.

At any time prior to the Maturity Date one or more of the limited partners of Rexford L.P. and/or other Affiliates of Borrower or Rexford L.P. may, from time to time, elect to execute and deliver a guaranty (such as, by way of example only, bottom dollar guarantys) to Lender in form provided by Borrower and acceptable to Lender. Lender shall accept such guaranty(s) upon the delivery thereof provided that (a) Lender in good faith determines that Lender's rights, remedies and security under the Loan Documents will not be materially and adversely diminished, limited, impaired, restricted or otherwise jeopardized as a result of such acceptance, and (b) Lender is not precluded by Law from doing so (including under all anti-money laundering rules and regulations, including the Act, and the Dodd-Frank Wall Street Reform And Consumer Protection Act).

Article III
Representations and Warranties.

Borrower represents and warrants to Lender that:

Section 3.1 Organization, Power and Authority of Borrower; Loan Documents.

Borrower (a) is a limited liability company duly organized, existing and in good standing under the Laws of the state in which it is organized and is duly qualified to do business and in good standing in the state in which the Land is located (if different from the state of its formation) and in any other state where the nature of Borrower's business or property requires it to be qualified to do business, and (b) has the power, authority and legal right to own its property and carry on the business now being conducted by it and to engage in the transactions contemplated by the Loan Documents. The Loan Documents to which Borrower is a party have been duly executed and delivered by Borrower, and the execution and delivery of, and the carrying out of the transactions contemplated by, such Loan Documents, and the performance and observance of the terms and conditions thereof, have been duly authorized by all necessary organizational action by and on behalf of Borrower. The Loan Documents to which Borrower is a party constitute the valid and legally binding obligations of Borrower and are fully enforceable against Borrower in accordance with their respective terms, except to the extent that such enforceability may be limited by Laws generally affecting the enforcement of creditors' rights.

Section 3.2 Other Documents; Laws.

The execution and performance of the Loan Documents to which Borrower is a party and the consummation of the transactions contemplated thereby will not conflict with, result in any breach of, or constitute a default under, the organizational documents of Borrower, or any contract, agreement, document or other instrument to which Borrower is a party or by which Borrower or any of its properties may be bound or affected, and such actions do not and will not violate or contravene any Law to which Borrower is subject.

Section 3.3 Taxes.

Borrower has filed all federal, state, county and municipal tax returns required to have been filed by Borrower and has paid all Taxes which have become due pursuant to such returns or pursuant to any tax assessments received by Borrower.

Section 3.4 Legal Actions.

There are no Claims or investigations by or before any court or Governmental Authority, pending, or to the best of Borrower's knowledge and belief, threatened against or affecting Borrower, Borrower's business or the Property. Borrower is not in default with respect to any order, writ, injunction, decree or demand of any court or any Governmental Authority affecting Borrower or the Property.

Section 3.5 Nature of Loan.

Borrower is a business or commercial organization. The Loan is being obtained solely for business or investment purposes, and will not be used for personal, family, household or agricultural purposes.

Section 3.6 Trade Names.

Borrower conducts its business solely under the name set forth in the Preamble to this Agreement and makes use of no trade names in connection therewith, unless such trade names have been previously disclosed to Lender in writing.

Section 3.7 Financial Statements.

The financial statements heretofore delivered by Borrower and each Guarantor to Lender are true and correct in all respects, have been prepared in accordance with sound accounting principles consistently applied, and fairly present the respective financial conditions of the subjects thereof as of the respective dates thereof.

Section 3.8 No Material Adverse Change.

No material adverse change has occurred in the financial conditions reflected in the financial statements of Borrower or any Guarantor since the respective dates of such statements, and no material additional liabilities have been incurred by Borrower since the dates of such statements other than the borrowings contemplated herein or as approved in writing by Lender.

Section 3.9 ERISA and Prohibited Transactions.

As of the date hereof and throughout the term of the Loan: (a) Borrower is not and will not be (i) an "employee benefit plan," as defined in Section 3(3) of ERISA, (ii) a "governmental plan" within the meaning of Section 3(32) of ERISA, or (iii) a "plan" within the meaning of Section 4975(e) of the Code; (b) the assets of Borrower do not and will not constitute "plan assets" within the meaning of the United States Department of Labor Regulations set forth in Section 2510.3-101 of Title 29 of the Code of Federal Regulations; (c) transactions by or with Borrower are not and will not be subject to state statutes applicable to Borrower regulating investments of fiduciaries with respect to governmental plans; and (d) Borrower will not engage in any transaction that would cause any Obligation or any action taken or to be taken hereunder (or the exercise by Lender of any of its rights under the Mortgage or any of the other Loan Documents) to be a non-exempt (under a statutory or administrative class exemption) prohibited transaction under ERISA or Section 4975 of the Code. Borrower agrees to deliver to Lender such certifications or other evidence of compliance with the provisions of this Section as Lender may from time to time request.

Section 3.10 Compliance with Laws and Zoning and Other Requirements; Encroachments.

Borrower is in compliance with the requirements of all applicable Laws. To the best of Borrower's knowledge, the use of the Property complies with applicable zoning ordinances, regulations and restrictive covenants affecting the Land. All use and other requirements of any Governmental Authority having jurisdiction over the Property have been satisfied. No violation of any Law exists with respect to the Property. The Improvements are constructed entirely on the Land and do not encroach upon any easement or right-of-way, or upon the land of others. The Improvements comply with all applicable building restriction lines and set-backs, however established, and are in strict compliance with all applicable use or other restrictions and the provisions of all applicable agreements, declarations and covenants and all applicable zoning and subdivision ordinances and regulations.

Section 3.11 Certificates of Occupancy.

To the best of Borrower's knowledge, all certificates of occupancy and other permits and licenses necessary or required in connection with the use and occupancy of the Improvements have been validly issued.

Section 3.12 Utilities; Roads; Access.

To the best of Borrower's knowledge, all utility services necessary for the operation of the Improvements for their intended purposes have been fully installed, including telephone service, cable television, water supply, storm and sanitary sewer facilities, natural gas and electric facilities, including cabling for telephonic and data communication, and the capacity to send and receive wireless communication. All roads and other accesses necessary to serve the Land and Improvements have been completed, are serviceable in all weather, and where required by the appropriate Governmental Authority, have been dedicated to and formally accepted by such Governmental Authority.

Section 3.13 Other Liens.

Except for contracts for labor, materials and services furnished or to be furnished in connection with any construction at the Property, including any construction of tenant improvements, Borrower has made no contract or arrangement of any kind the performance of which by the other party thereto would give rise to a lien on the Property.

Section 3.14 No Defaults.

There is no Default or Event of Default under any of the Loan Documents, and there is no default or event of default under any material contract, agreement or other document related to the construction or operation of the Improvements.

Section 3.15 Representations and Warranties.

Notwithstanding anything to the contrary contained in Article 3 of this Agreement, Article 3 of the Mortgage, and/or Section 2 of the Environmental Indemnity, all of Borrower's representations and warranties contained therein, as applicable, shall be subject to the condition of the Property as disclosed in:

(i) that certain "Phase I Environmental Site Assessment for Multi-Tenant Office-Warehouse Buildings, 15241-15277 and 15317-15339 East Don Julian Road, City of Industry, California 91745" dated June 17, 2013 prepared by ADR Environmental Group, Inc.,

(ii) that certain "Seismic Damageability Assessment Probable Maximum Loss Assessment, 15241-15277 and 15317-15339 Don Julian Road, City of Industry, California 91745" dated June 11, 2013 (Andersen Environmental Project No. 1305-826) prepared by Andersen Environmental,

(iii) that certain "Phase I Environmental Site Assessment for Multi-Tenant Industrial Building, 300 South Lewis Road, Camarillo, California 93012" dated June 7, 2013 prepared by ADR Environmental Group, Inc.,

(iv) that certain "Seismic Damageability Assessment Probable Maximum Loss Assessment, 300 South Lewis Road, Camarillo, California 93013" dated June 11, 2013 (Andersen Environmental Project No. 1305-826) prepared by Andersen Environmental,

(v) that certain "Phase I Environmental Site Assessment for Multi-Tenant Industrial Building, 2220-2260 Camino Del Sol, Oxnard, California 93030" dated June 7, 2013 prepared by ADR Environmental Group, Inc.,

(vi) that certain "Seismic Damageability Assessment Probable Maximum Loss Assessment, 2220-2260 Camino Del Sol, Oxnard, California 93030" dated June 11, 2013 (Andersen Environmental Project No. 1305-826) prepared by Andersen Environmental,

(vii) that certain "Phase I Environmental Site Assessment for Fullerton Business Park, 2300-2386 East Walnut Avenue, Fullerton, California 92831" dated June 7, 2013 prepared by ADR Environmental Group, Inc.,

(viii) that certain "Seismic Damageability Assessment Probable Maximum Loss Assessment, 2300-2386 East Walnut Avenue, Fullerton, California 92831" dated June 11, 2013 (Andersen Environmental Project No. 1302-305) prepared by Andersen Environmental;

(ix) that certain "Phase I Environmental Site Assessment for Light Industrial Property, 1335 Park Center Drive, Vista, California 92081" dated June 7, 2013 prepared by ADR Environmental Group, Inc.,

(x) that certain "Seismic Damageability Assessment Probable Maximum Loss Assessment, 1335 Park Center Drive, Vista, California 92081" dated June 11, 2013 (Andersen Environmental Project No. 1305-826) prepared by Andersen Environmental,

(xi) that certain "Phase I Environmental Site Assessment for Biosense Webster, 15715 Arrow Highway, Irwindale, California 91706" dated June 7, 2013 prepared by ADR Environmental Group, Inc., and

(xii) that certain "Seismic Damageability Assessment Probable Maximum Loss Assessment, 15715 East Arrow Highway, Irwindale, California 91706" dated June 11, 2013 (Andersen Environmental Project No. 1305-826) prepared by Andersen Environmental.

Article IV

Affirmative Covenants and Agreements.

Borrower covenants as of the date hereof and until such time as all Obligations shall be indefeasibly paid and performed in full, that:

Section 4.1 Compliance with Laws; Use of Proceeds.

Borrower shall comply with all Laws and all orders, writs, injunctions, decrees and demands of any court or any Governmental Authority affecting Borrower or the Property, provided, however that so long as Lender determines that neither the operation of the Property nor Lender's security for the Loan is diminished or jeopardized thereby, Borrower shall have the right to contest any such laws orders, injunction, decree or demand, provided that Borrower does so diligently and without prejudice to Lender. Borrower shall use all proceeds of the Loan for business purposes which are not in contravention of any Law or any Loan Document.

Section 4.2 Inspections; Cooperation.

Subject to the security requirements of tenants pursuant to applicable leases, Borrower shall permit representatives of Lender to enter upon the Land, to inspect the Improvements and any and all materials to be used in connection with any construction at the Property, including any construction of tenant improvements, to examine all detailed plans and shop drawings and similar materials as well as all records and books of account maintained by or on behalf of Borrower relating thereto and to discuss the affairs, finances and accounts pertaining to the Loan and the Improvements with representatives of Borrower. Borrower shall at all times cooperate and cause each and every one of its contractors, subcontractors and material suppliers to cooperate with the representatives of Lender in connection with or in aid of the performance of Lender's functions under this Agreement. Except in the event of an emergency, Lender shall give Borrower at least one (1) Banking Day's prior notice by telephone in each instance before entering upon the Land and/or exercising any other rights granted in this Section.

Section 4.3 Payment and Performance of Contractual Obligations.

Borrower shall perform in a timely manner all of its obligations under any and all contracts and agreements related to any construction activities at the Property or the maintenance or operation of the Improvements, and Borrower will pay when due all bills for services or labor performed and materials supplied in connection with such construction, maintenance and/or operation. Within sixty (60) days after the filing of any mechanic's lien or other lien or encumbrance against the Property, Borrower will promptly discharge the same by payment or filing a bond or otherwise as permitted by Law. So long as Lender's security has been protected by the filing of a bond or otherwise in a manner satisfactory to Lender in its sole and absolute discretion, Borrower shall have the right to contest in good faith any claim, lien or encumbrance, provided that Borrower does so diligently and without prejudice to Lender or delay in completing construction of any tenant improvements.

Section 4.4 Insurance.

Borrower shall maintain the following insurance at its sole cost and expense:

(a) Insurance against Casualty to the Property under a policy or policies covering such risks as are presently included in "special form" (also known as "all risk") coverage, including such risks as are ordinarily insured against by similar businesses, but in any event including fire, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, damage from aircraft, smoke, vandalism, malicious mischief and acts of terrorism. Such insurance shall name Lender as mortgagee and loss payee. Unless otherwise agreed in writing by Lender, such insurance shall be for the full insurable value of the Property on a replacement cost basis, with a deductible amount, if any, satisfactory to Lender. No policy of insurance shall be written such that the proceeds thereof will produce less than the minimum coverage required by this Section by reason of co-insurance provisions or otherwise. The term "full insurable value" means one hundred percent (100%) of the actual replacement cost of the Property, including tenant improvements (excluding excavation costs and costs of underground flues, pipes, drains and other uninsurable items).

(b) Comprehensive (also known as commercial) general liability insurance on an "occurrence" basis against claims for "personal injury" liability and liability for death, bodily injury and damage to property, products and completed operations, in limits satisfactory to Lender with respect to any one occurrence and the aggregate of all occurrences during any given annual policy period. Such insurance shall name Lender as an additional insured.

(c) Workers' compensation insurance for all employees of Borrower in such amount as is required by Law and including employer's liability insurance, if required by Lender.

(d) During any period of construction of tenant improvements, Borrower shall maintain, or cause others to maintain, such insurance as may be required by Lender of the type customarily carried in the case of similar construction for one hundred percent (100%) of the full replacement cost of materials stored at or upon the Property. During any period of other construction upon the Property, Borrower shall maintain, or cause others to maintain, builder's risk insurance (non-reporting form) of the type customarily carried in the case of similar construction for one hundred percent (100%) of the full replacement cost of work in place and materials stored at or upon the Property.

(e) If at any time any portion of any structure on the Property is insurable against Casualty by flood and is located in a Special Flood Hazard Area under the Flood Disaster Protection Act of 1973, as amended, a flood insurance policy on the structure and Borrower owned contents in form and amount acceptable to Lender but in no amount less than the amount sufficient to meet the requirements of applicable Law as such requirements may from time to time be in effect.

(f) Loss of rental value insurance and business interruption insurance in an amount equal to twelve (12) months of the projected gross income of the Property.

(g) Such other and further insurance as may be required from time to time by Lender in order to comply with regular requirements and practices of Lender in similar transactions including, if required by Lender, boiler and machinery insurance, pollution liability insurance, wind insurance and earthquake insurance, so long as any such insurance is generally available at commercially reasonable premiums as determined by Lender from time to time and, with respect to earthquake insurance, only if the probably maximum loss for all of the Improvements exceeds 20% of the appraised value of the Improvements, as reasonably determined by Lender.

Each policy of insurance (i) shall be issued by one or more insurance companies each of which must have an A.M. Best Company financial and performance rating of A-IX or better and are qualified or authorized by the Laws of the State to assume the risks covered by such policy, (ii) with respect to the insurance described under the preceding Subsections (a), (d), (e) and (f), shall have attached thereto standard non-contributing, non-reporting mortgagee clauses in favor of and entitling Lender without contribution to collect any and all proceeds payable under such insurance, either as sole payee or as joint payee with Borrower, (iii) shall provide that such policy shall not be canceled or modified without at least thirty (30) days prior written notice to Lender, and (iv) shall provide that any loss otherwise payable thereunder shall be payable notwithstanding any act or negligence of Borrower which might, absent such agreement, result in a forfeiture of all or a part of such insurance payment. Borrower shall promptly pay all premiums when due on such insurance and, not less than ten (10) days prior to the expiration dates of each such policy, Borrower will deliver to Lender acceptable evidence of insurance, such as a renewal policy or policies marked "premium paid" or other evidence satisfactory to Lender reflecting that all required insurance is current and in force. Borrower will immediately give Notice to Lender of any cancellation of, or change in, any insurance policy. Lender shall not, because of accepting, rejecting, approving or obtaining insurance, incur any liability for (A) the existence, nonexistence, form or legal sufficiency thereof, (B) the solvency of any insurer, or (C) the payment of losses. Borrower may satisfy any insurance requirement hereunder by providing one or more "blanket" insurance policies, subject to Lender's approval in each instance as to limits, coverages, forms, deductibles, inception and expiration dates, and cancellation provisions.

Section 4.5 Adjustment of Condemnation and Insurance Claims.

Borrower shall give prompt Notice to Lender of any Casualty or any Condemnation or threatened Condemnation. Lender is authorized, at its sole and absolute option, to commence, appear in and prosecute, in its own or Borrower's name, any action or proceeding relating to any Condemnation or Casualty, and to make proof of loss for and to settle or compromise any Claim in connection therewith. In such case, Lender shall have the right to receive all Condemnation Awards and Insurance Proceeds, and may deduct therefrom any and all of its Expenses. However, so long as no Event of Default has occurred and if any Casualty or Condemnation individually or in the aggregate is less than \$250,000 in Claims, and if Borrower is diligently pursuing its rights and remedies with respect to a Claim, then Lender shall allow Borrower to make proof of loss for or settle or compromise such Claim. Borrower agrees to diligently assert its rights and remedies with respect to each Claim and to promptly pursue the settlement and compromise of each Claim subject to Lender's approval, which approval shall not be unreasonably withheld or delayed. If, prior to the receipt by Lender of any Condemnation Award or Insurance Proceeds, the Property shall have been sold pursuant to the provisions of the Mortgage, Lender shall have the right to receive such funds (a) to the extent of any deficiency found to be due upon such sale with interest thereon (whether or not a deficiency judgment on the Mortgage shall have been sought or recovered or denied), and (b) to the extent necessary to reimburse Lender for its Expenses. If any Condemnation Awards or Insurance Proceeds are paid to Borrower, Borrower shall receive the same in trust for Lender. Within ten (10) days after Borrower's receipt of any Condemnation Awards or Insurance Proceeds, Borrower shall deliver such awards or proceeds to Lender in the form in which they were received, together with any endorsements or documents that may be necessary to effectively negotiate or transfer the same to Lender. Borrower agrees to execute and deliver from time to time, upon the request of Lender, such further instruments or documents as may be requested by Lender to confirm the grant and assignment to Lender of any Condemnation Awards or Insurance Proceeds.

Section 4.6 Utilization of Net Proceeds.

(a) Net Proceeds must be utilized either for payment of the Obligations or for the restoration of the Property. Net Proceeds may be utilized for the restoration of the Property only if no Default or Event of Default shall exist and only if in the reasonable judgment of Lender (i) there has been no material adverse change in the financial viability of the Improvements, (ii) the Net Proceeds, together with other funds deposited with Lender for that purpose, are sufficient to pay the cost of the restoration pursuant to a budget and plans and specifications approved by Lender, (iii) the restoration can be completed prior to the final maturity of the Loan and prior to the date required by any permanent loan commitment or any purchase and sale agreement or by any Lease, and (iv) following restoration, the Property will have a fair market value at least equal to its fair market value immediately prior to the Casualty or Condemnation. Otherwise, Net Proceeds shall be utilized for payment of the Obligations.

(b) If Net Proceeds are to be utilized for the restoration of the Property, the Net Proceeds, together with any other funds deposited with Lender for that purpose, must be deposited in a Borrower's Deposit Account, which shall be an interest-bearing account, with all accrued interest to become part of Borrower's deposit. Borrower agrees that it shall include all interest and earnings on any such deposit as its income (and, if Borrower is a partnership or other pass-through entity, the income of its partners, members or beneficiaries, as the case may be), and shall be the owner of all funds on deposit in the Borrower's Deposit Account for federal and applicable state and local tax purposes. Lender shall have the exclusive right to manage and control all funds in the Borrower's Deposit Account, but Lender shall have no fiduciary duty with respect to such funds. Prior to the advance by Lender of any funds so deposited and the commencement of such restoration, Borrower shall take all steps necessary to avoid the imposition of any mechanics' liens on the Property or the Improvements. Thereafter, Lender will advance the deposited funds from time to time to Borrower for the payment of costs of restoration of the Property upon presentation of evidence acceptable to Lender that such restoration has been completed satisfactorily and lien-free. If at any time Lender determines that there is a deficiency in the funds available in the Borrower's Deposit Account to complete the restoration as contemplated, then Borrower will promptly deposit in the Borrower's Deposit Account additional funds equal to the amount of the deficiency. Any account fees and charges may be deducted from the balance, if any, in the Borrower's Deposit Account. Borrower grants to Lender a security interest in the Borrower's Deposit Account and all funds hereafter deposited to such deposit account, and any proceeds thereof, as security for the Obligations. Such security interest shall be governed by the Uniform Commercial Code of the State, and Lender shall have available to it all of the rights and remedies available to a secured party thereunder. The Borrower's Deposit Account may be established and held in such name or names as Lender shall deem appropriate, including in the name of Lender. Borrower hereby constitutes and appoints Lender and any officer or agent of Lender its true and lawful attorneys-in-fact with full power of substitution to open the Borrower's Deposit Account and to do any and every act that Borrower might do on its own behalf to fulfill the terms of this Section. To the extent permitted by Law, Borrower hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. It is understood and agreed that this power of attorney, which shall be deemed to be a power coupled with an interest, cannot be revoked.

Section 4.7 Management.

Borrower at all times shall provide for the competent and responsible management and operation of the Property by an Approved Manager. Any management contract or contracts affecting the Property must be approved in writing by Lender prior to the execution of the same.

Section 4.8 Books and Records; Financial Statements.

Borrower shall provide or cause to be provided to Lender all of the following:

(a) For each calendar quarter (and for the calendar year through the end of that quarter) (A) unaudited property operating reports which include all income and expenses in connection with the Property, and (B) rent rolls, as soon as reasonably practicable but in any event within sixty (60) days after the end of each such calendar quarter. Items provided under this paragraph shall be in form and detail satisfactory to Lender.

(b) Annual Financial Statements of Guarantor for each fiscal year of Guarantor, as soon as reasonably practicable and in any event within one hundred twenty (120) days after the close of each fiscal year.

(c) Compliance certificates evidencing Borrower's compliance with the financial covenants of Borrower set forth in Schedule 8, such certificates to be in such form, and be accompanied by such supporting information, as Lender shall specify and delivered by Borrower within sixty (60) days after each Determination Date.

(d) Compliance certificates evidencing Guarantor's compliance with the financial covenants of Guarantor set forth in Schedule 8, such certificates to be in such form, and be accompanied by such supporting information, as Lender shall specify and delivered by Borrower within one hundred twenty (120) days after the end of each fiscal year of Guarantor.

(e) From time to time promptly after Lender's request, such additional information, reports and statements respecting the Property and the Improvements, or the business operations and financial condition of each reporting party, as Lender may reasonably request.

Borrower will keep and maintain full and accurate books and records administered in accordance with sound accounting principles, consistently applied, showing in detail the earnings and expenses of the Property and the operation thereof. All Financial Statements shall be in form and detail satisfactory to Lender (Lender hereby acknowledging that so long as Guarantor's annual Financial Statements comply with all state and federal securities laws applicable to Guarantor, such form will be satisfactory to Lender) and shall contain or be attached to the signed and dated written certification of the reporting party in form specified by Lender to certify that the Financial Statements are furnished to Lender in connection with the extension of credit by Lender and constitute a true and correct statement of the reporting party's financial position. All certifications and signatures on behalf of corporations, partnerships, limited liability companies or other entities shall be by a representative of the reporting party satisfactory to Lender. All Financial Statements for a reporting party who is an individual shall be on Lender's then-current personal financial statement form or in another form satisfactory to Lender. All fiscal year-end Financial Statements of Guarantor shall be audited and certified, without any qualification or exception not acceptable to Lender, by independent certified public accountants acceptable to Lender, and shall contain all reports and disclosures required by generally accepted accounting principles for a fair presentation. All quarterly Financial Statements may be prepared by the applicable reporting party and shall include a minimum of a balance sheet, income statement, and statement of cash flow. Borrower shall provide, upon Lender's request, convenient facilities for the audit and verification of any such statement. Additionally, Borrower will provide Lender at Borrower's expense with all evidence that Lender may from time to time reasonably request as to compliance with all provisions of the Loan Documents. Borrower shall promptly notify Lender of any event or condition that could reasonably be expected to have a material adverse change in the financial condition of Borrower, of Guarantor (if known by Borrower), or in the construction progress of the Improvements.

Section 4.9 Estoppel Certificates.

Within ten (10) Banking Days after any request by Lender or a proposed assignee or purchaser of the Loan or any interest therein, Borrower shall certify in writing to Lender, or to such proposed assignee or purchaser, the then unpaid balance of the Loan and whether Borrower claims any right of defense or setoff to the payment or performance of any of the Obligations, and if Borrower claims any such right of defense or setoff, Borrower shall give a detailed written description of such claimed right.

Section 4.10 Taxes; Tax Receipts.

Borrower shall pay and discharge all Taxes prior to the date on which penalties are attached thereto unless and to the extent only that such Taxes are contested in accordance with the terms of the Mortgage. If Borrower fails, following demand, to provide Lender the tax receipts required under the Mortgage, without limiting any other remedies available to Lender, Lender may, at Borrower's sole expense, obtain and enter into a tax services contract with respect to the Property with a tax reporting agency satisfactory to Lender.

Section 4.11 Lender's Rights to Pay and Perform.

If, after any required notice, Borrower fails to promptly pay or perform any of the Obligations within any applicable grace or cure periods, Lender, without Notice to or demand upon Borrower, and without waiving or releasing any Obligation or Default, may (but shall be under no obligation to) at any time thereafter make such payment or perform such act for the account and at the expense of Borrower. Lender may enter upon the Property for that purpose and take all action thereon as Lender considers necessary or appropriate.

Section 4.12 Reimbursement; Interest.

If Lender shall incur any Expenses or pay any Claims by reason of the Loan or the rights and remedies provided under the Loan Documents (regardless of whether or not any of the Loan Documents expressly provide for an indemnification by Borrower against such Claims), Lender's payment of such Expenses and Claims shall constitute advances to Borrower which shall be paid by Borrower to Lender on demand, together with interest thereon from the date incurred until paid in full at the rate of interest then applicable to the Loan under the terms of the Note. Each advance arising out of the Environmental Agreement shall be unsecured. All other advances shall be secured by the Mortgage and the other Loan Documents as fully as if made to Borrower, regardless of the disposition thereof by the party or parties to whom such advance is made. Notwithstanding the foregoing, however, in any action or proceeding to foreclose the Mortgage or to recover or collect the Obligations, the provisions of Law governing the recovery of costs, disbursements and allowances shall prevail unaffected by this Section.

Section 4.13 Notification by Borrower.

Borrower will promptly give Notice to Lender of the occurrence of any Default or Event of Default hereunder or under any of the other Loan Documents. Borrower will also promptly give Notice to Lender of any claim of a default by Borrower, or any claim by Borrower of a default by any other party, under any property management contract or any Lease.

Section 4.14 Indemnification by Borrower.

Borrower agrees to indemnify Lender and to hold Lender harmless from and against, and to defend Lender by counsel approved by Lender against, any and all Claims directly or indirectly arising out of or resulting from any transaction, act, omission, event or circumstance in any way connected with the Property or the Loan, including any Claim arising out of or resulting from (a) any construction activity at the Property, including any defective workmanship or materials; (b) any failure by Borrower to comply with the requirements of any Laws or to comply with any agreement that applies or pertains to the Property, including any agreement with a broker or "finder" in connection with the Loan or other financing of the Property; (c) any failure by Borrower to observe and perform any of the obligations imposed upon the landlord under the Leases; (d) any other Default or Event of Default hereunder or under any of the other Loan Documents; or (e) any assertion or allegation that Lender is liable for any act or omission of Borrower or any other Person in connection with the ownership, development, financing, leasing, operation or sale of the Property; provided, however, that Borrower shall not be obligated to indemnify Lender with respect to any Claim arising solely from the gross negligence or willful misconduct of Lender. The agreements and indemnifications contained in this Section shall apply to Claims arising both before and after the repayment of the Loan and shall survive the repayment of the Loan, any foreclosure or deed, assignment or conveyance in lieu thereof and any other action by Lender to enforce the rights and remedies of Lender hereunder or under the other Loan Documents.

Section 4.15 Fees and Expenses.

Borrower shall pay all fees, charges, costs and expenses required to satisfy the conditions of the Loan Documents. Without limitation of the foregoing, Borrower will pay, when due, and if paid by Lender will reimburse Lender on demand for, all fees and expenses of any construction inspector (if any), the title insurer, environmental engineers, appraisers, surveyors and Lender's counsel in connection with the closing, administration, modification or any "workout" of the Loan, or the enforcement of Lender's rights and remedies under any of the Loan Documents; provided that Borrower shall not be obligated for any cost of any construction consultant (a) for any construction project, the reasonably anticipate total cost of which is below \$1,000,000, or (b) in excess of \$15,000 in the aggregate for any single construction project, except to the extent any such excess amounts are a result of (i) the construction consultant in good faith being required by Lender to perform services above and beyond its customary and typical scope of services because of a defect or problem with the construction or (ii) the work of the construction consultant is in connection with or a result of a Default.

Section 4.16 Appraisals.

Lender may obtain from time to time an appraisal of all or any part of the Property, prepared in accordance with written instructions from Lender, from a third-party appraiser satisfactory to, and engaged directly by, Lender. The cost of one such appraisal, including any costs for internal review thereof, obtained by Lender in each calendar year and the cost of each such appraisal obtained by Lender following the occurrence of an Event of Default shall be borne by Borrower and shall be paid by Borrower on demand.

Section 4.17 Leasing and Tenant Matters.

Borrower shall comply with the terms and conditions of Schedule 4 in connection with the leasing of space within the Improvements. In addition, Borrower shall deposit with Lender on the date of Borrower's receipt thereof any and all termination fees or other similar funds paid by tenant in connection with any tenant's election to exercise an early termination option contained in its respective Lease or otherwise at the Property (the "Termination Fee Deposit"). Lender shall have the right, in its sole and absolute discretion, at any time when an uncured Event of Default exists, to either (a) make the Termination Fee Deposit available to reimburse Borrower for Tenant Improvements and Leasing Commissions paid with respect to reletting the vacated space at the Property which shall be disbursed in accordance with the terms and conditions of Schedule 2 attached hereto, or (b) apply the Termination Fee Deposit to repay a portion of the outstanding principal balance of the Loan in accordance with Section 4 of the Note at any time when an unsecured Event of Default exists; provided that if no uncured Event of Default exists Lender shall make the Termination Fee Deposit available for the purposes specified in clause (a).

Section 4.18 Preservation of Rights.

Borrower shall obtain, preserve and maintain in good standing, as applicable, all rights, privileges and franchises necessary or desirable for the operation of the Property and the conduct of Borrower's business thereon or therefrom.

Section 4.19 Income from Property.

Borrower shall first apply all income derived from the Property, including all income from Leases, to pay costs and expenses incurred in connection with the ownership, maintenance, operation and leasing of the Property which are currently due and payable, including all amounts then required to be paid under the Loan Documents, before using or applying such income for any other purpose. No such income shall be distributed or paid to any member, partner, shareholder or, if Borrower is a trust, to any beneficiary or trustee, unless and until all such costs and expenses which are then due shall have been paid in full.

Section 4.20 Representations and Warranties.

Borrower shall take all actions and shall do all things necessary or desirable to cause all of Borrower's representations and warranties in this Agreement to be true and correct at all times.

Section 4.21 Deposit Accounts; Principal Depository.

Borrower shall maintain with Lender all deposit accounts related to the Property at all times that Bank of America, N.A., is the lender hereunder, including all operating accounts, any reserve or escrow accounts, any accounts from which Borrower may from time to time authorize Lender or Swap Counterparty to debit payments due on the Loan and any Swap Contracts, and any lockbox, cash management or other account into which tenants are required from time to time to pay rent. Borrower hereby grants to Lender a security interest in the foregoing accounts and deposit accounts. Without limiting the generality of the foregoing, Borrower shall maintain Bank of America, N.A. as its principal depository bank at all times that Bank of America, N.A., is the lender hereunder, including for the maintenance of business, cash management, operating and administrative deposit accounts.

Section 4.22 Intentionally Omitted.

Section 4.23 Intentionally Omitted.

Section 4.24 Swap Contracts.

In the event that Borrower shall elect to enter into a Swap Contract with Swap Counterparty, Borrower shall comply with all of the terms and conditions of Schedule 7 with respect to all Swap Contracts.

Section 4.25 Financial Covenants

Borrower and Guarantor shall comply with the terms and conditions of Schedule 8 with respect to financial covenants as described therein.

Section 4.26 Intentionally Omitted.

Section 4.27 Separateness.

(a) The sole purpose to be conducted or promoted by Borrower shall be to: (i) engage in the acquisition, ownership, leasing, operation, management, maintenance, redevelopment, renovation, refurbishment, rehabilitation, altering and improvement of the Property, (ii) enter into and perform its obligations under the Loan Documents; (iii) sell, transfer, service, convey, dispose of, pledge, assign, borrow money against, finance, refinance or otherwise deal with the Property to the extent permitted under the Loan Documents; and (iv) engage in any lawful act or activity and to exercise any powers permitted to limited liability companies organized under the laws of Delaware that are related or incidental to and necessary, convenient or advisable for the accomplishment of the above mentioned purposes.

(b) Notwithstanding anything to the contrary in the Loan Documents or in any other document governing the formation, management or operation of Borrower, and in addition to the other restrictions on the activities of Borrower set forth in the Loan Documents, Borrower shall not: (i) guarantee any obligation of any person or entity, including any affiliate, or become obligated for the debts of any other person or entity or hold out its credit as being available to pay the obligations of any other person or entity; (ii) engage, directly or indirectly, in any business other than as required or permitted to be performed under this Section; (iii) engage in any dissolution (unless occurring as a matter of Applicable Law), liquidation, consolidation, merger, sale or other transfer of any of its assets outside the ordinary course of Borrower's business; (iv) buy or hold evidence of indebtedness issued by any other person or entity (other than cash or investment-grade securities); (v) form, acquire or hold any subsidiary (whether corporate, partnership, limited liability company or other) or own any equity interest in any other entity; or (vi) own any material asset or property other than the Property and incidental personal and intangible property necessary for or incidental to the ownership or operation of the Property.

(c) In order to maintain its status as a separate entity and to avoid any confusion or potential consolidation with any affiliate, Borrower shall observe the following covenants (collectively, the "Separateness Covenants"): (i) maintain books and records and bank accounts separate from those of any other person or entity; (ii) maintain its assets in such a manner that it is not costly or difficult to segregate, identify or ascertain such assets; (iii) comply with all organizational formalities necessary to maintain its separate existence; (iv) hold itself out to creditors and the public as a legal entity separate and distinct from any other entity; (v) maintain separate financial statements, showing its assets and liabilities separate and apart from those of any other Person and not have its assets listed on any financial statement of any other person or entity except that Borrower's assets may be included in a consolidated financial statement of its' affiliate so long as appropriate notation is made on such consolidated financial statements to indicate the separateness of Borrower from such affiliate and to indicate that Borrower's assets and credit are not available to satisfy the debts and other obligations of such affiliate or any other person or entity; (vii) except to the extent that the Borrower is treated as a disregarded entity, prepare and file its own tax returns separate from those of any person or entity to the extent required by applicable law, and pay any taxes required to be paid by applicable law; (viii) allocate and charge fairly and reasonably any common employee or overhead shared with affiliates; (ix) other than capital contributions and distributions permitted under the terms of its organizational documents, not enter into any transaction with any affiliate, except on an arm's-length basis on terms which are intrinsically fair and no less favorable than would be available for unaffiliated third parties, and pursuant to written, enforceable agreements; (x) conduct business in its own name, and use separate stationery, invoices and checks bearing its own name; (xi) not assume, guarantee or pay the debts or obligations of any other person or entity other than any other entity comprising Borrower; (xii) not permit any affiliate (other than any other entity comprising Borrower) to guarantee or pay its obligations (other than limited guarantees and indemnities pursuant to the Loan Documents and in connection with a sale of the Property); (xiii) not make loans or advances to any other person or entity other than any other entity comprising Borrower; (xiv) pay its liabilities and expenses out of and to the extent of its own funds, provided, however, nothing shall require the funding of any additional capital contributions to such entity; (xv) endeavor to maintain adequate capital for the normal obligations reasonably foreseeable in a business of its size and in light of its contemplated business purpose, transactions and liabilities; provided, however, that the foregoing shall not require any equity owner or other Person to make additional capital contributions to Borrower and there shall be no breach of this clause (xvi) solely as a result of insufficient revenues from the Property ; and (xviii) endeavor to cause the managers, officers, employees, agents and other representatives of Borrower to act at all times with respect to Borrower consistently and in furtherance of the foregoing and in the best interests of Borrower.

The failure of Borrower to comply with any of the covenants contained in this Section or any other covenants contained in this Agreement shall not affect the status of Borrower as a separate legal entity.

(d) Borrower covenants and agrees to incorporate the provisions contained in this Section into Borrower's organizational documents and Borrower agrees not to amend, modify or otherwise change its organizational documents with respect to the provisions of this Section.

Section 4.28 Post-Closing Covenants.

To the extent not already delivered to Lender as of the date hereof, Borrower shall use commercially reasonable efforts to deliver to Lender, within sixty (60) days after the closing, (a) estoppel certificates from tenants who lease, in the aggregate, eighty percent (80) of the net rentable area of the Improvements, and (b) a subordination, non-disturbance and attornment agreement from Biosense Webster Inc. with respect to the RIF I – Irwindale Mortgage.

Borrower's failure to deliver any such estoppel certificate or such subordination, non-disturbance and attornment agreement within said sixty (60) day period shall constitute an Event of Default hereunder. Borrower shall deliver each estoppel certificate and such subordination, non-disturbance and attornment agreement to Lender at the following address: Bank of America, N.A., 333 South Hope Street, 20th Floor, Los Angeles, California 90071, Attention: Julie Elterman.

Article V
Negative Covenants.

Borrower covenants as of the date hereof and until such time as all Obligations shall be paid and performed in full, that:

Section 5.1 Conditional Sales.

Without the prior written consent of Lender (which consent shall not be unreasonably withheld provided no uncured Event of Default then exists), Borrower shall not incorporate in the Improvements any property acquired under a conditional sales contract or lease or as to which the vendor retains title or a security interest, in an amount in excess of \$250,000 in the case of any single contract or lease or \$2,000,000 in the aggregate with respect to all such contracts and leases in effect at any time.

Section 5.2 Insurance Policies and Bonds.

Borrower shall not do or permit to be done anything that would affect the coverage or indemnities provided for pursuant to the provisions of any insurance policy, performance bond, labor and material payment bond or any other bond given in connection with any construction at the Property, including any construction of tenant improvements.

Section 5.3 Commingling.

Neither RIF I – Don Julian, LLC, RIF I – Lewis Road, LLC, RIF I – Oxnard, LLC, RIF I – Walnut, LLC, Rexford Business Center – Fullerton, LLC, RIF II – Kaiser, LLC, nor RIF III – Irwindale, LLC shall commingle their funds and other assets with each other's fund or other assets or with those of any other Affiliate or any other Person.

Section 5.4 Additional Debt.

Borrower shall not incur any debt, secured or unsecured, direct or contingent (including guaranteeing any obligation), other than (a) the Loan, and (b) advances or trade debt or accrued expenses incurred in the ordinary course of business of operating the Property and unsecured indebtedness borrowed from Guarantor in an aggregate amount not to exceed at any time five percent (5%) of the original principal balance of the Loan. No other debt may be secured by the Property, whether senior, subordinate or pari passu.

Article VI
Events of Default.

The occurrence or happening, from time to time, of any one or more of the following shall constitute an Event of Default under this Agreement:

Section 6.1 Payment Default.

Borrower fails to pay any Obligation under this Agreement when due, whether on the scheduled due date or upon acceleration, maturity or otherwise.

Section 6.2 Default Under Other Loan Documents.

An Event of Default (as defined therein) occurs under the Note or the Mortgage or any other Loan Document, or Borrower or Guarantor fails to promptly pay, perform, observe or comply with any term, obligation or agreement contained in any of the Loan Documents (within any applicable grace or cure period).

Section 6.3 Accuracy of Information; Representations and Warranties.

Any information contained in any financial statement, schedule, report or any other document delivered by Borrower, Guarantor or any other Person to Lender in connection with the Loan proves at any time not to be in all material respects true and accurate, or Borrower, Guarantor or any other Person shall have failed to state any material fact or any fact necessary to make such information not misleading, or any representation or warranty contained in this Agreement or in any other Loan Document or other document, certificate or opinion delivered to Lender in connection with the Loan, proves at any time to be incorrect or misleading in any material respect either on the date when made or on the date when reaffirmed pursuant to the terms of this Agreement; provided that if such statement, representation or warranty was not knowingly or negligently false, misleading or erroneous, then Borrower shall have a thirty (30) day period in which to remedy the underlying condition which caused such statement, representation or warranty to be so false, misleading or erroneous.

Section 6.4 Deposits.

Borrower fails to deposit funds with Lender, in the amount requested by Lender, pursuant to the provisions of Section 4.6, within ten (10) days from the effective date of a Notice from Lender requesting such deposit, or Borrower fails to deliver to Lender any Condemnation Awards or Insurance Proceeds within ten (10) days after Borrower's receipt thereof.

Section 6.5 Insurance Obligations.

Borrower fails to promptly perform or comply with any of the covenants contained in the Loan Documents with respect to maintaining insurance, including the covenants contained in Section 4.4.

Section 6.6 Other Obligations.

Borrower fails to promptly perform or comply with any of the Obligations set forth in this Agreement (other than those expressly described in other Sections of this Article), and such failure continues uncured for a period of thirty (30) days after Notice from Lender to Borrower, unless (a) such failure, by its nature, is not capable of being cured within such period, and (b) within such period, Borrower commences to cure such failure and thereafter diligently prosecutes the cure thereof, and (c) Borrower causes such failure to be cured no later than ninety (90) days after the date of such Notice from Lender.

Section 6.7 Damage to Improvements.

The Improvements are substantially damaged or destroyed by fire or other casualty and Lender determines that the Improvements cannot be restored in accordance with the terms and provisions of this Agreement and the Mortgage.

Section 6.8 Lapse of Permits or Approvals.

Any permit, license, certificate or approval that Borrower is required to obtain with respect to any construction activities at the Property or the operation, leasing or maintenance of the Improvements or the Property lapses or ceases to be in full force and effect and Borrower does not commence efforts to reinstate or replace such permit, license, certificate or approval within five (5) Banking Days after Borrower becomes aware of such lapse or cessation and diligently pursues such reinstatement or replacement to completion

Section 6.9 Mechanic's Lien.

A lien for the performance of work or the supply of materials filed against the Property, or any stop notice served on Borrower, any contractor of Borrower, or Lender, remains unsatisfied or unbonded for a period of sixty (60) days after the date of filing or service.

Section 6.10 Bankruptcy.

Borrower, any manager of Borrower, any Guarantor, Rexford L.P., or any general partner of Rexford L.P., files a bankruptcy petition or makes a general assignment for the benefit of creditors, or a bankruptcy petition is filed against Borrower, Rexford L.P., any manager of Borrower, or any Guarantor and such involuntary bankruptcy petition continues undismissed for a period of sixty (60) days after the filing thereof.

Section 6.11 Appointment of Receiver, Trustee, Liquidator.

Borrower, any manager of Borrower, any Guarantor, Rexford L.P., or any general partner of Rexford L.P., applies for or consents in writing to the appointment of a receiver, trustee or liquidator of Borrower, any manager of Borrower, any Guarantor, Rexford L.P., any general partner of Rexford L.P., the Property, or all or substantially all of the other assets of Borrower, any manager of Borrower, any Guarantor, Rexford L.P., or any general partner of Rexford L.P., or an order, judgment or decree is entered by any court of competent jurisdiction on the application of a creditor appointing a receiver, trustee or liquidator of Borrower, any manager of Borrower, any Guarantor, Rexford L.P., any general partner of Rexford L.P., the Property, or all or substantially all of the other assets of Borrower, any manager of Borrower, any Guarantor, Rexford L.P., or any general partner of Rexford L.P..

Section 6.12 Inability to Pay Debts.

Borrower or any Guarantor becomes unable or admits in writing its inability or fails generally to pay its debts as they become due.

Section 6.13 Judgment.

A final nonappealable judgment for the payment of money involving more than \$250,000 is entered against Borrower or any Guarantor, and Borrower or such Guarantor fails to discharge the same, or fails to cause it to be discharged or bonded off to Lender's satisfaction, within thirty (30) days from the date of the entry of such judgment.

Section 6.14 Dissolution; Change in Business Status.

Unless the written consent of Lender is previously obtained, all or substantially all of the business assets of Borrower or any Guarantor are sold, Borrower or any Guarantor is dissolved, or there occurs any change in the form of business entity through which Borrower or any Guarantor presently conducts its business or any merger or consolidation involving Borrower or any Guarantor.

Section 6.15 Default Under Other Indebtedness.

Borrower or any Guarantor fails to pay any indebtedness (other than the Loan) owed by Borrower or such Guarantor to Lender when and as due and payable (whether by acceleration or otherwise).

Section 6.16 Intentionally Omitted.

Section 6.17 Change in Controlling Interest.

Without the prior written consent of Lender (which consent may be conditioned, among other matters, on the issuance of a satisfactory endorsement to the title insurance policy insuring Lender's interest under the Mortgage), and except as otherwise permitted pursuant to the provisions of Section 8.7(c), the controlling interest in Borrower ceases to be directly or indirectly owned by Guarantor.

Section 6.18 Material Adverse Change.

In the reasonable opinion of Lender, the prospect of payment or performance of all or any part of the Obligations has been materially impaired from that existing on the date of the closing of the Loan because of a material adverse change in the financial condition, results of operations, business or properties of Borrower or Guarantor or any other Person liable for the payment or performance of any of the Obligations when taken as a whole.

Section 6.19 Intentionally Omitted.

Section 6.20 Intentionally Omitted.

Article VII
Remedies on Default.

Section 7.1 Remedies on Default.

Upon the happening of any Event of Default, Lender shall have the right, in addition to any other rights or remedies available to Lender under the Mortgage or any of the other Loan Documents or under applicable Law, to exercise any one or more of the following rights and remedies:

(a) Lender may accelerate all of Borrower's Obligations under the Loan Documents, whether or not matured and regardless of the adequacy of any other collateral securing the Loan, whereupon such Obligations shall become immediately due and payable, without notice of default, acceleration or intention to accelerate, presentment or demand for payment, protest or notice of nonpayment or dishonor, or notices or demands of any kind or character (all of which are hereby waived by Borrower).

(b) Lender may apply to any court of competent jurisdiction for, and obtain appointment without bond of, a receiver for the Property.

(c) Lender may set off the amounts due to Lender under the Loan Documents, whether or not matured and regardless of the adequacy of any other collateral securing the Loan, against any and all accounts, credits, money, securities or other property of Borrower now or hereafter on deposit with, held by or in the possession of Lender to the credit or for the account of Borrower, without notice to or the consent of Borrower.

(d) Lender may enter into possession of the Property and perform any and all work and labor necessary to complete any construction at the Property, including any construction of tenant improvements, and to employ watchmen to protect the Property and the Improvements. All sums expended by Lender for such purposes shall be deemed to have been advanced to Borrower under the Note and shall be secured by the Mortgage. For this purpose, Borrower hereby constitutes and appoints Lender its true and lawful attorney-in-fact with full power of substitution, which power is coupled with an interest and cannot be revoked, to complete the work in the name of Borrower, and hereby empowers said attorney or attorneys, in the name of Borrower or Lender:

(i) To use any funds of Borrower including any balance which may be held by Lender and any funds (if any) which may remain unadvanced hereunder for the purpose of completing any construction, including any construction of tenant improvements, whether or not in the manner called for in the applicable plans and specifications;

(ii) To make such additions and changes and corrections to any plans and specifications as shall be necessary or desirable in the judgment of Lender to complete any construction, including any construction of tenant improvements;

(iii) To employ such contractors, subcontractors, agents, architects and inspectors as shall be necessary or desirable for said purpose;

(iv) To pay, settle or compromise all existing bills and claims which are or may be liens against the Property, or may be necessary or desirable for the completion of the work or the clearance of title to the Property;

(v) To execute all applications and certificates which may be required in the name of Borrower;

(vi) To enter into, enforce, modify or cancel Leases and to fix or modify Rents on such terms as Lender may consider proper;

(vii) To file for record, at Borrower's cost and expense and in Borrower's name, any notices of completion, notices of cessation of labor, or any other notices that Lender in its sole and absolute discretion may consider necessary or desirable to protect its security;

(viii) To prosecute and defend all actions or proceedings in connection with any construction at the Property, including any construction of tenant improvements, and to take such actions and to require such performance as Lender may deem necessary; and

(ix) To do any and every act with respect to any such construction which Borrower may do in its own behalf.

(e) Lender may exercise any and all other rights and remedies under this Agreement, the Loan Documents or at Law, equity or otherwise.

Without limitation of the foregoing, upon the occurrence of an actual or deemed entry of an order for relief with respect to Borrower under the Bankruptcy Code (Title 11 of the United States Code, as in effect from time to time), any obligation of Lender to make advances shall automatically terminate, and the unpaid principal amount of the Loan outstanding and all interest and other amounts payable hereunder and under the Note and other Loan Documents shall automatically become due and payable, in each case without further act of Lender.

Section 7.2 No Release or Waiver; Remedies Cumulative and Concurrent.

Borrower shall not be relieved of any Obligation by reason of the failure of Lender to comply with any request of Borrower or of any other Person to take action to foreclose on the Property under the Mortgage or otherwise to enforce any provision of the Loan Documents, or by reason of the release, regardless of consideration, of all or any part of the Property. No delay or omission of Lender to exercise any right, power or remedy accruing upon the happening of an Event of Default shall impair any such right, power or remedy or shall be construed to be a waiver of any such Event of Default or any acquiescence therein. No delay or omission on the part of Lender to exercise any option for acceleration of the maturity of the Obligations, or for foreclosure of the Mortgage following any Event of Default as aforesaid, or any other option granted to Lender hereunder in any one or more instances, or the acceptance by Lender of any partial payment on account of the Obligations shall constitute a waiver of any such Event of Default and each such option shall remain continuously in full force and effect. No remedy herein conferred upon or reserved to Lender is intended to be exclusive of any other remedies provided for in the Loan Documents, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder, or under the Loan Documents, or now or hereafter existing at Law or in equity or by statute. Every right, power and remedy given by the Loan Documents to Lender shall be concurrent and may be pursued separately, successively or together against Borrower or the Property or any part thereof, and every right, power and remedy given by the Loan Documents may be exercised from time to time as often as may be deemed expedient by Lender. All notice and cure periods provided in this Agreement or in any Loan Document shall run concurrently with any notice or cure periods provided by Law.

Article VIII
Miscellaneous.

Section 8.1 Further Assurances; Authorization to File Documents.

At any time, and from time to time, upon request by Lender, Borrower will, at Borrower's expense, (a) correct any defect, error or omission which may be discovered in the form or content of any of the Loan Documents, and (b) make, execute, deliver and record, or cause to be made, executed, delivered and recorded, any and all further instruments, certificates and other documents as may, in the opinion of Lender, be necessary or desirable in order to complete, perfect or continue and preserve the lien of the Mortgage. Upon any failure by Borrower to do so, Lender may make, execute and record any and all such instruments, certificates and other documents for and in the name of Borrower, all at the sole expense of Borrower, and Borrower hereby appoints Lender the agent and attorney-in-fact of Borrower to do so, this appointment being coupled with an interest and being irrevocable. Without limitation of the foregoing, Borrower irrevocably authorizes Lender at any time and from time to time to file any initial financing statements, amendments thereto and continuation statements deemed necessary or desirable by Lender to establish or maintain the validity, perfection and priority of the security interests granted in the Mortgage or hereunder, and Borrower ratifies any such filings made by Lender prior to the date hereof. In addition, at any time, and from time to time, upon request by Lender, Borrower will, at Borrower's expense, provide any and all further instruments, certificates and other documents as may, in the opinion of Lender, be necessary or desirable in order to verify Borrower's identity and background in a manner satisfactory to Lender.

Section 8.2 No Warranty by Lender.

By accepting or approving anything required to be observed, performed or fulfilled by Borrower or to be given to Lender pursuant to this Agreement, including any certificate, Survey, receipt, appraisal or insurance policy, Lender shall not be deemed to have warranted or represented the sufficiency, legality, effectiveness or legal effect of the same, or of any term, provision or condition thereof and any such acceptance or approval thereof shall not be or constitute any warranty or representation with respect thereto by Lender.

Section 8.3 Standard of Conduct of Lender.

Nothing contained in this Agreement or any other Loan Document shall limit the right of Lender to exercise its business judgment or to act, in the context of the granting or withholding of any advance or consent under this Agreement or any other Loan Document, in a subjective manner, whether or not objectively reasonable under the circumstances, so long as Lender's exercise of its business judgment or action is made or undertaken in good faith. Borrower and Lender intend by the foregoing to set forth and affirm their entire understanding with respect to the standard pursuant to which Lender's duties and obligations are to be judged and the parameters within which Lender's discretion may be exercised hereunder and under the other Loan Documents. As used herein, "good faith" means honesty in fact in the conduct and transaction concerned.

Section 8.4 No Partnership.

Nothing contained in this Agreement shall be construed in a manner to create any relationship between Borrower and Lender other than the relationship of borrower and lender and Borrower and Lender shall not be considered partners or co-venturers for any purpose on account of this Agreement.

Section 8.5 Severability.

In the event any one or more of the provisions of this Agreement or any of the other Loan Documents shall for any reason be held to be invalid, illegal or unenforceable, in whole or in part or in any other respect, or in the event any one or more of the provisions of any of the Loan Documents operates or would prospectively operate to invalidate this Agreement or any of the other Loan Documents, then and in either of those events, at the option of Lender, such provision or provisions only shall be deemed null and void and shall not affect the validity of the remaining Obligations, and the remaining provisions of the Loan Documents shall remain operative and in full force and effect and shall in no way be affected, prejudiced or disturbed thereby.

Section 8.6 Authorized Signers.

Lender is authorized to rely upon the continuing authority of the Authorized Signers to bind Borrower with respect to all matters pertaining to the Loan and the Loan Documents, including the submission of draw requests and the selection of interest rates. Such authorization may be changed only upon written notice addressed to Lender accompanied by evidence, reasonably satisfactory to Lender, of the authority of the Person giving such notice. Such notice shall be effective not sooner than five (5) Business Days (as defined in the Note) following receipt thereof by Lender.

Section 8.7 Notices.

All Notices required or which any party desires to give hereunder or under any other Loan Document shall be in writing and, unless otherwise specifically provided in such other Loan Document, shall be deemed sufficiently given or furnished if delivered by personal delivery, by nationally recognized overnight courier service or by certified United States mail, postage prepaid, addressed to the party to whom directed at the applicable address set forth below (unless changed by similar notice in writing given by the particular party whose address is to be changed) or by facsimile. Any Notice shall be deemed to have been given either at the time of personal delivery or, in the case of courier or mail, as of the date of first attempted delivery at the address and in the manner provided herein, or, in the case of facsimile, upon receipt; provided that service of a Notice required by any applicable statute shall be considered complete when the requirements of that statute are met. Notwithstanding the foregoing, no notice of change of address shall be effective except upon actual receipt. This Section shall not be construed in any way to affect or impair any waiver of notice or demand provided in this Agreement or in any other Loan Document or to require giving of notice or demand to or upon any Person in any situation or for any reason.

The address and fax number of Borrower are:

11620 Wilshire Boulevard, Suite 300
Los Angeles, California 90025
Fax Number: (310) 966-1690

The address and fax number of Lender are:

Bank of America, N.A.
333 So. Hope Street, 20th Floor
Los Angeles, California 90071
Attn: CREB Loan Administration
Fax Number: (949) 794-7424

Section 8.8 Permitted Successors and Assigns; Disclosure of Information

(a) Each and every one of the covenants, terms, provisions and conditions of this Agreement and the Loan Documents shall apply to, bind and inure to the benefit of Borrower, its successors and those assigns of Borrower consented to in writing by Lender, and shall apply to, bind and inure to the benefit of Lender and the endorsees, transferees, successors and assigns of Lender, and all Persons claiming under or through any of them.

(b) Borrower agrees not to transfer, assign, pledge or hypothecate any right or interest in any payment or advance due pursuant to this Agreement, or any of the other benefits of this Agreement, without the prior written consent of Lender, which consent may be withheld by Lender in its sole and absolute discretion. Any such transfer, assignment, pledge or hypothecation made or attempted by Borrower without the prior written consent of Lender shall be void and of no effect. No consent by Lender to an assignment shall be deemed to be a waiver of the requirement of prior written consent by Lender with respect to each and every further assignment and as a condition precedent to the effectiveness of such assignment.

(c) Subject to satisfaction of the conditions set forth in Sections 8.8(d) and 8.8(e), Lender may sell or offer to sell the Loan to one or more assignees. Additionally, Lender may (i) sell or offer to sell interests in the Loan by way of syndications, participations, commercial mortgage backed securities sales or similar transactions to one or more purchasers or participants, and (ii) assign the Loan or portions thereof or interests there in to Lender's Affiliates, none of which shall be subject to the procedures or conditions set forth in Sections 8.8(d) and 8.8(e). In connection with any transaction or proposed transaction described in this Section 8.8(c), Borrower shall execute, acknowledge and deliver any and all instruments reasonably requested by Lender in connection therewith, and to the extent, if any, specified in any such assignment, sale or participation, such assignee(s), purchaser(s), transferee(s) or participant(s) shall have the same rights and benefits with respect to the Loan Documents as such Person(s) would have if such Person(s) were Lender hereunder. Lender may disseminate any information it now has or hereafter obtains pertaining to the Loan, including any security for the Loan, any credit or other information on the Property (including environmental reports and assessments), Borrower, any of Borrower's principals or any Guarantor, to any actual or prospective assignee or participant, to Lender's Affiliates, including Merrill Lynch, Pierce, Fenner & Smith Incorporated, to any regulatory body having jurisdiction over Lender, to any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to Borrower and the Loan, or to any other party as necessary or appropriate in Lender's reasonable judgment.

(d) (i) If Lender intends to sell the Loan, either as a single loan or as part of a sale of a number of loans together (a "Pooled Loan Sale") and no uncured Event of Default then exists, Lender shall give Borrower prior written notice thereof (an "Intent to Sell Notice"). Borrower will have ten (10) Business Days after the giving of the Intent to Sell Notice to submit an irrevocable offer to purchase the Loan (an "Loan Purchase Offer") at a price (the "Loan Purchase Price") specified in the Loan Purchase Offer. If an uncured Event of Default then exists, Lender shall not be required to follow the procedures, and Borrower shall not have the rights, set forth in this Section 8.8(d).

(ii) If Lender desires to accept Borrower's Loan Purchase Offer it may do so by written notice to Borrower given within ten (10) Business Days after the date on which Lender gives the Loan Purchase Offer. Lender's failure to give written notice of its acceptance of the Loan Purchase Offer within such ten (10) Business Day period shall be deemed Lender's rejection of Borrower's Loan Purchase Offer.

(iii) If Lender timely accepts Borrower's Loan Purchase Offer, then the Loan will be sold to Borrower or, at Borrower's option and subject to Borrower's compliance with and satisfaction of all of Lender's know-your-customer requirements, all anti-money laundering rules and regulations, including the Act, and similar regulatory requirements, to an Affiliate of Borrower, for the Purchase Price as follows:

(A) Within three (3) Banking Days after Lender gives Borrower written notice that Lender has accepted the Loan Purchase Offer, Borrower shall deposit an amount equal to five percent (5%) of the Purchase Price in immediately available funds with Lender (the "Loan Purchase Deposit");

(B) The Loan will be sold on an as-is, all cash basis without representation or warranty, provided that the closing of the sale of the Loan shall constitute Lender's representation and warranty to Borrower that Lender owns the Loan and has the power and right to sell the Loan;

(C) The closing of the sale of the Loan will occur on the date (the "Loan Purchase Closing Date") which is thirty (30) days after the date on which Lender gives Borrower written notice of the acceptance of Borrower's Loan Purchase Offer (time being of the essence in the closing); and

(D) On the Loan Purchase Closing Date (I) Borrower or Borrower's Affiliate shall deliver to Lender the balance of the Loan Purchase Price, accrued unpaid interest on the Loan through the Loan Purchase Closing Date, and an executed counterpart original of an assignment and assumption agreement (by which Lender assigns the Loan and the Loan Documents to Borrower or Borrower's Affiliate assumes Lender's obligations thereunder), and (II) following Lender's receipt from Borrower or Borrower's Affiliate of the items described in clause (I), Lender shall deliver to Borrower (aa) an executed original of an allonge to the Note, (bb) an executed counterpart original of the assignment and assumption agreement, (cc) the full amount of any reserves or deposits held by Lender in connection with the Loan, and (dd) the original Loan Documents and Lender's title insurance policies insuring the Mortgage or, to the extent originals are not available, copies (if a copy of any Note is provided in lieu of an original thereof, it shall be accompanied with an affidavit of lost note duly executed by Lender).

(iv) If Lender timely accepts Borrower's Loan Purchase Offer and Borrower (or Borrower's Affiliate) breaches its obligations with respect to the purchase of the Loan under this Section 8.8(d), including by failing to timely pay the Loan Purchase Price to Lender, then (I) all of Borrower's rights under this Section 8.8(d) and under Section 8.8(e) shall automatically and permanently terminate and be of no further force or effect, and (II) Lender shall be entitled to retain the Loan Purchase Deposit as liquidated damages. Borrower and Lender agree that Lender's actual damages would be difficult or impossible to determine if the sale of the Loan as contemplated by this Section 8.8(d) does not close because of a default by Borrower in the performance of its obligations hereunder, and the amount of the Loan Purchase Deposit is the best estimate of the amount of damages Lender would suffer. Borrower and Lender witness their agreement to this liquidated damages and limitation of remedies provision by their execution below:

RIF I – DON JULIAN, LLC

RIF I – LEWIS ROAD, LLC

RIF I – OXNARD, LLC

RIF I – WALNUT, LLC

REXFORD BUSINESS CENTER –
FULLERTON, LLC

RIF II – KAISER, LLC

RIF III – IRWINDALE, LLC

BANK OF AMERICA, N.A

(v) If Borrower does not timely make a Loan Purchase Offer, Borrower's right to purchase the Loan pursuant to this Section 8.8(d) shall terminate and (subject to Lender's compliance with the requirements of Section 8.8(e) below) Lender shall have the right to enter into an agreement to sell the Loan at any time during the six (6) month period following the date on which it gives its Loan Sale Notice to Borrower and thereafter close the sale of the Loan pursuant to such agreement free and clear of any rights of Borrower to purchase the Loan.

(vi) If Borrower timely makes a Loan Purchase Offer but Lender does not timely accept such Loan Purchase Offer, Borrower's right to purchase the Loan pursuant to this Section 8.8(d) shall terminate and (subject to Lender's compliance with the requirements of Section 8.8(e) below) Lender shall have the right to enter into an agreement to sell the Loan to a third party at any time during the six (6) month period following the date on which Lender gives its Loan Sale Notice to Borrower and to thereafter close the sale of the Loan pursuant to such agreement free and clear of any rights of Borrower to purchase the Loan; provided, however, that if the Loan is being sold as a single loan and not as part of a Pooled Loan Sale and Lender desires to enter into an agreement to sell the Loan at a price (the "Third Party Loan Purchase Price") which is below the sum of (i) ninety-three percent (93%) of the Loan Purchase Price set forth in Borrower's Loan Purchase Offer minus (ii) the amount of principal payments made by Borrower between the date of Borrower's Loan Purchase Offer and the date on which the sale will be consummated, then before so selling the Loan Lender must give Borrower written notice thereof (which notice shall include the Third Party Loan Purchase Price) and Borrower will have ten (10) Banking Days after Lender's giving of such notice to give Lender irrevocable written notice of its election to purchase the Loan at the Third Party Loan Purchase Price, and if Borrower gives written notice that it so elects to purchase the Loan, Lender shall sell the Loan to Borrower or Borrower's Affiliate for the Third Party Loan Purchase Price but otherwise on the terms specified in Section 8.8(d)(iii).

(vii) If Borrower does not timely make a Loan Purchase Offer, or if Borrower timely makes a Loan Purchase Offer but Lender does not timely accept such Loan Purchase Offer, and Lender does not enter into an agreement to sell the Loan to a third party within the six (6) month period following the date on which it gives its Loan Sale Notice to Borrower, or if Lender enters into such an agreement within such time period but fails to thereafter close such sale, then the requirements of this Section 8.8(d) and Section 8.8(e) will apply to any subsequent sale of the Loan by Lender.

(viii) If Lender enters into an agreement to sell the Loan to a third party in accordance with the provisions of Section 8.8(d)(v) or 8.8(d)(vi), upon the consummation of such sale all of Lender's obligations and all of Borrower's rights under this Section 8.8(d) and under Section 8.8(e) shall terminate and be of no further force or effect. For the avoidance of doubt, the provisions of this Section 8.8(d) and Section 8.8(e) shall not apply to any subsequent sale of the Loan by a party other than Lender.

(e) If Lender intends to sell the Loan, either as a single loan or as part of a Pooled Loan Sale, subject to the Borrower's compliance with all of Lender's requirements applicable to all potential purchasers (including satisfaction of all know-your-customer requirements and the execution of confidentiality agreements), Lender will provide Borrower with all marketing materials regarding the sale of Loan and Borrower will have the right to participate in the bidding process for sale of the Loan. If the Loan is included in a pool of loans to be sold together, any bid made by the Borrower must be for the entire pool being sold (i.e., Borrower shall have no right to bid for or purchase just the Loan). Any sale of the Loan (or pool of loans) to Borrower pursuant to such bidding process shall be consummated on the terms established through such bidding process. If Lender accepts Borrower's bid, Borrower may (subject to Borrower's compliance with and satisfaction of all of Lender's know-your-customer requirements, all anti-money laundering rules and regulations, including the Act, and all similar regulatory requirements), assign its right to purchase the Loan or pool of loans, to an Affiliate of Borrower. The provisions of this Section 8.8(e) shall apply regardless of the presence or absence of an uncured Event of Default and regardless of whether or not Borrower makes a Loan Purchase Offer pursuant to Section 8.8(d).

(f) Lender may at any time pledge or assign all or any portion of its rights under the Loan Documents, which evidence and/or secure the Loan, including under the Note, to any of the twelve (12) Federal Reserve Banks organized under Section 4 of the Federal Reserve Act, 12 U.S.C. Section 341. No such pledge or assignment or enforcement thereof shall release Lender from its obligations under any of the Loan Documents, which evidence and/or secure the Loan, and the provisions Sections 8.8(d) and 8.8(e) shall not apply to any such pledge or assignment or enforcement thereof.

Section 8.9 Modification; Waiver.

None of the terms or provisions of this Agreement may be changed, waived, modified, discharged or terminated except by instrument in writing executed by the party or parties against whom enforcement of the change, waiver, modification, discharge or termination is asserted. None of the terms or provisions of this Agreement shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

Section 8.10 Third Parties; Benefit.

All conditions to the obligation of Lender to make advances hereunder are imposed solely and exclusively for the benefit of Lender and its assigns and no other Persons shall have standing to require satisfaction of such conditions in accordance with their terms or be entitled to assume that Lender will refuse to make advances in the absence of strict compliance with any or all thereof and no other Person shall, under any circumstances, be deemed to be the beneficiary of such conditions, any or all of which may be freely waived in whole or in part by Lender at any time in the sole and absolute exercise of its discretion. The terms and provisions of this Agreement are for the benefit of the parties hereto and, except as herein specifically provided, no other Person shall have any right or cause of action on account thereof.

Section 8.11 Rules of Construction.

The words "hereof," "herein," "hereunder," "hereto," and other words of similar import refer to this Agreement in its entirety. The terms "agree" and "agreements" mean and include "covenant" and "covenants." The words "include" and "including" shall be interpreted as if followed by the words "without limitation." The captions and headings contained in this Agreement are included herein for convenience of reference only and shall not be considered a part hereof and are not in any way intended to define, limit or enlarge the terms hereof. All references (a) made in the neuter, masculine or feminine gender shall be deemed to have been made in all such genders, (b) made in the singular or plural number shall be deemed to have been made, respectively, in the plural or singular number as well, (c) to the Loan Documents are to the same as extended, amended, restated, supplemented or otherwise modified from time to time unless expressly indicated otherwise, (d) to the Land, the Improvements or the Property shall mean all or any portion of each of the foregoing, respectively, and (e) to Articles, Sections and Schedules are to the respective Articles, Sections and Schedules contained in this Agreement unless expressly indicated otherwise.

Section 8.12 Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be considered an original for all purposes; provided, however, that all such counterparts shall together constitute one and the same instrument.

Section 8.13 Signs; Publicity.

Borrower expressly authorizes Lender to prepare and to furnish to the news media for publication from time to time news releases with respect to the Property, specifically to include releases detailing Lender's involvement with the financing of the Property.

Section 8.14 Governing Law.

This Agreement shall be governed by and construed, interpreted and enforced in accordance with the Laws of the State.

Section 8.15 Time of Essence.

Time shall be of the essence for each and every provision of this Agreement of which time is an element.

Section 8.16 Electronic Communications.

(a) Electronic Transmission of Data. Lender and Borrower agree that certain data related to the Loan (including confidential information, documents, applications and reports) may be transmitted electronically, including transmission over the Internet. This data may be transmitted to, received from or circulated among agents and representatives of Borrower and/or Lender and their Affiliates and other Persons involved with the subject matter of this Agreement.

(b) Borrower Controlled Websites. Borrower may elect to deliver documentation required pursuant to the Closing Checklist or Schedule 2 hereof electronically, and if so delivered, such documentation shall be deemed to have been delivered on the date (i) on which Borrower posts such documents, or provides a link thereto on Borrower's website on the Internet at the website address listed on Borrower's signature page to this Agreement; or (ii) on which such documents are posted on Borrower's behalf on an Internet or intranet website, if any, to which Lender has access (whether a commercial, third-party website or whether sponsored by Lender; provided that: (i) Borrower shall deliver paper copies of such documents to Lender upon its request to Borrower to deliver such paper copies until a written request to cease delivering paper copies is given by Lender, and (ii) Borrower shall notify Lender (by facsimile or electronic mail) of the posting of any such documents and provide to Lender by electronic mail electronic versions (i.e., soft copies) of such documents. Borrower agrees that in the event that Borrower would like to update or revise a document previously posted to the Borrower controlled website, Borrower shall notify Lender (by facsimile or electronic mail) that such document has been revised and an updated version has been posted.

(c) Assumption of Risks; Indemnification. Borrower acknowledges and agrees that (i) there are risks associated with the use of electronic transmission and Borrower controlled websites and that Lender does not control the method of transmittal, the service providers or the operational or technical issues that could occur; (ii) Lender has no obligation or responsibility whatsoever and assumes no duty or obligation for the security, receipt or third party interception of any such electronic transmission of data or Borrower controlled website, or any operational or technical issues that may occur with the electronic transmission of data or the Borrower controlled website; and (iii) Borrower will release, hold harmless and indemnify Lender from any claim, damage or loss, including that arising in whole or part from Lender's strict liability or sole, comparative or contributory negligence, which is related to the electronic transmission of data or the Borrower controlled website.

Section 8.17 Dispute Resolution Provision.

This Section is referred to as the "Dispute Resolution Provision." Lender and Borrower (and any other party to this Agreement) agree that this Dispute Resolution Provision is a material inducement for their entering into this Agreement.

(a) Scope. This Dispute Resolution Provision concerns the resolution of any disputes, controversies, claims, counterclaims, allegations of liability, theories of damage, or defenses (collectively, a “Claim” or “Claims”) between Lender, on the one hand, and Borrower and/or any obligor, on the other hand (each side being, for the purposes of this Dispute Resolution Provision, a “Party” and the two sides together being the “Parties”), regardless of whether based on federal, state, or local law, statute, ordinance, regulation, contract, common law, or any other source, and regardless of whether foreseen or unforeseen, suspected or unsuspected, or fixed or contingent at the time of this Agreement, including but not limited to Claims that arise out of or relate to: (i) this Agreement (including any renewals, extensions, or modifications); or (ii) any document related to this Agreement. For purposes of this Dispute Resolution Provision only, the terms “Lender” or “Party” or “Parties” (to the extent referring to or including Lender) shall include any parent corporation, subsidiary or affiliate of Lender, and the terms “Borrower” or “Party” or “Parties” (to the extent referring to or including Borrower) shall include any parent corporation, subsidiary or affiliate of Borrower, as applicable.

(b) Judicial Reference. Any Claim brought by any Party in a California state court shall be resolved by a general reference to a referee (or a panel of referees) as provided in California Code of Civil Procedure Section 638. The referee (or presiding referee of the panel) shall be a retired Judge or Justice of the California state court system. The referee(s) shall be selected by mutual written agreement of the Parties. If the Parties do not agree, the referee(s) shall be selected by the Presiding Judge of the Court (or his or her representative) as provided in California Code of Civil Procedure Section 640. The referee(s) shall hear and determine all issues relating to the Claim, whether of fact or of law, and shall do so in accordance with the Laws of the State of California, and shall report a statement of decision. The referee(s) shall be empowered to enter equitable as well as legal relief, provide all temporary or provisional remedies, enter equitable and legal orders that will be binding on the Parties, and rule on any motion which would be authorized in court litigation, including motions to dismiss, for summary judgment, or for summary adjudication. The referee(s) shall award legal fees and costs (including the fees of the referee(s)) relating to the judicial reference proceeding, and to any related litigation or arbitration, in accordance with the terms of this Agreement. The award that results from the decision of the referee(s) shall be entered as a judgment in the court that appointed the referee(s), in accordance with the provisions of California Code of Civil Procedure Sections 644(a). Pursuant to California Code of Civil Procedure Sections 645, the Parties reserve the right to seek appellate review of any judgment or order, including but not limited to, orders pertaining to class certification, to the same extent permitted in a court of law.

(c) Arbitration Provisions. The Parties agree that judicial reference pursuant to Subsection (b) above is the preferred method of dispute resolution of all Claims, when available. The Parties therefore agree that injunctive relief, including a temporary restraining order, without the posting of any bond or security, shall be appropriate to enjoin the prosecution of any arbitration proceeding where the Claims at issue become subject to (and as long as they remain subject to) judicial reference pursuant to Subsection (b) above, provided that, subject to the provisions of Subsection (g) below, a Party moves for such relief within thirty (30) days of its receipt of a demand for arbitration of a Claim. However, with respect to any Claim brought in a forum other than a California state court, or brought in a California state court but judicial reference pursuant to Subsection (b) above is not available or enforced by the court, subject to the provisions of Subsection (g) below, the arbitration provisions in this Subsection (c) (collectively, the “Arbitration Provisions”) shall apply to the Claim. In addition, if either of the Parties serves demand for arbitration of a Claim in accordance with these Arbitration Provisions, and the other Party does not move to enjoin the arbitration proceeding within thirty (30) days of receipt of the demand, the right to judicial reference shall be waived and, subject to the provisions of Subsection (g) below, the Claim shall remain subject to these Arbitration Provisions thereafter. The inclusion of these Arbitration Provisions in this Agreement shall not otherwise be deemed as any limitation or waiver of the judicial reference provisions. The Arbitration Provisions are as follows:

(i) For any Claim for which these Arbitration Provisions apply, the Parties agree that at the request of any Party to this Agreement, such Claim shall be resolved by binding arbitration. The Claims shall be governed by the Laws of the State of California without regard to its conflicts of law principles. The Federal Arbitration Act, 9 U.S.C. §§ 1 et seq. (the “Act”), shall apply to the construction, interpretation, and enforcement of these Arbitration Provisions, as well as to the confirmation of or appeal from any arbitration award.

(ii) Arbitration proceedings will be determined in accordance with the Act, the then-current Commercial Finance rules and procedures of the American Arbitration Association or any successor thereof ("AAA") (or any successor rules for arbitration of financial services disputes), and the terms of these Arbitration Provisions. In the event of any inconsistency, the terms of these Arbitration Provisions shall control. The arbitration shall be administered by the Parties and not the AAA and shall be conducted, unless otherwise required by Law, at a location selected solely by Lender in any U.S. state where real or tangible personal property collateral for this credit is located or where Borrower has a place of business. If there is no such state, Lender shall select a location in California.

(iii) If aggregate Claims are One Million Dollars (\$1,000,000) or less:

(A) All issues shall be heard and determined by one neutral arbitrator. The arbitrator shall have experience with commercial financial services disputes and, if possible, prior judicial experience, and shall be selected pursuant to the AAA "Arbitrator Select: List and Appointment" process, to be initiated by Lender. If the AAA "Arbitrator Select: List and Appointment" process is unavailable, Lender shall initiate any successor process offered by the AAA or a similar process offered by any other nationally recognized alternative dispute resolution organization.

(B) Unless the arbitrator has a dispositive motion under advisement or unforeseeable and unavoidable conflicts arise (as determined by the arbitrator), all arbitration hearings shall commence within ninety (90) days of the appointment of the arbitrator, and under any circumstances the award of the arbitrator shall be issued within one hundred twenty (120) days of the appointment of the arbitrator.

(C) A Party shall be entitled to take no more than two (2) fact depositions, one or both of which may be taken in accordance with Fed. R. Civ. P. 30(b)(6), plus depositions of any experts designated by the other Party, each of seven (7) hours or less, during pre-hearing discovery.

(D) There shall be no written discovery requests except a Party may serve document requests on the other Party not to exceed twenty (20) in number, including subparts. The requests shall be served within forty-five (45) days of the appointment of the arbitrator and shall be responded to within twenty-one (21) days of service.

(iv) If aggregate Claims exceed One Million Dollars (\$1,000,000):

(A) The issues shall be heard and determined by one neutral arbitrator selected as above unless either Party requests that all issues be heard and determined by three (3) neutral arbitrators. In that event, each Party shall select an arbitrator with experience with commercial financial services disputes, and the two arbitrators shall select a third arbitrator, who shall have prior judicial experience. If the arbitrators cannot agree, the third arbitrator shall be selected pursuant to the AAA "Arbitrator Select: List and Appointment" process, to be initiated by Lender.

(B) Unless the arbitrator(s) have a dispositive motion under advisement or other good cause is shown (as determined by the arbitrator(s)), all arbitration hearings shall commence within one hundred twenty (120) days of the appointment of the arbitrator(s), and under any circumstances the award of the arbitrator(s) shall be issued within one hundred eighty (180) days of the appointment of the arbitrator(s).

(C) A Party shall be entitled to take no more than five (5) fact depositions, one or more of which may be taken in accordance with Fed. R. Civ. P. 30(b)(6), plus depositions of any experts designated by the other Party, each of seven (7) hours or less, during pre-hearing discovery.

(D) There shall be no written discovery requests except a Party may serve document requests on the other Party not to exceed thirty (30) in number, including subparts. The requests shall be served within forty-five (45) days of the appointment of the arbitrator(s) and shall be responded to within twenty-one (21) days of service.

(v) Where a Party intends to rely upon the testimony of an expert on an issue for which the Party bears the burden of proof, the expert(s) must be disclosed within thirty (30) days following the appointment of the arbitrator(s), including a written report in accordance with Fed. R. Civ. P. 26(a)(2)(B). The arbitrator(s) shall exclude any expert not disclosed strictly in accordance herewith. The other Party shall have the right within thirty (30) days thereafter to take the deposition of the expert(s) (upon payment of the expert's reasonable fees for the in-deposition time), and to identify rebuttal expert(s), including a written report in accordance with Fed. R. Civ. P. 26(a)(2)(B).

(vi) The arbitrator(s) shall consider and rule on motions by the Parties to dismiss for failure to state a claim; to compel; and for summary judgment, in a manner substantively consistent with the corresponding Federal Rules of Civil Procedure. The arbitrator(s) shall enforce the "Apex" doctrine with regard to requested depositions of high-ranking executives of both Parties. The arbitrator(s) shall exclude any Claim not asserted within thirty (30) days following the demand for arbitration. This shall not prevent a Party from revising the calculation of damages on any existing theory. All discovery shall close at least one (1) week before any scheduled hearing date, and all hearing exhibits shall have been exchanged by the same deadline or they shall not be given weight by the arbitrator(s).

(vii) The arbitrator(s) will give effect to applicable statutes of limitations in determining any Claim and shall dismiss the Claim if it is barred by the statutes of limitations. For purposes of the application of any statutes of limitations, the service of a written demand for arbitration or counterclaim pursuant to the notice section of this Agreement is the equivalent of the filing of a lawsuit. At the request of any Party made at any time, including at confirmation of an award, the resolution of a statutes of limitations defense to any Claim shall be decided de novo by a court of competent jurisdiction rather than by the arbitrator(s). Otherwise, any dispute concerning these Arbitration Provisions or whether a Claim is arbitrable shall be determined by the arbitrator(s), except as otherwise set forth in this Dispute Resolution Provision.

(viii) The arbitrator(s) shall have the power to award legal fees and costs relating to the arbitration proceeding and any related litigation or arbitration, pursuant to the terms of this Agreement. The arbitrator(s) shall provide a written statement of reasons for the award. The arbitration award may be submitted to any court having jurisdiction to be confirmed and have judgment entered and enforced.

(ix) The filing of a court action is not intended to constitute a waiver of the right of any Party, including the suing Party, thereafter to require submittal of the Claims to arbitration.

(x) The arbitration proceedings shall be private. All documents, transcripts, and filings received by any Party shall not be disclosed by the recipient to any third parties other than attorneys, accountants, auditors, and financial advisors acting in the course of their representation, or as otherwise ordered by a court of competent jurisdiction. Any award also shall be kept confidential, although this specific requirement shall be void once the award must be submitted to a court for enforcement. The Parties agree that injunctive relief, including a temporary restraining order, from a trial court is the appropriate relief for breach of this Subsection, and they waive any security or the posting of a bond as a requirement for obtaining such relief.

(d) Self-Help. This Dispute Resolution Provision does not limit the right of any Party to: (i) exercise self-help remedies, such as but not limited to, setoff; (ii) initiate judicial or non-judicial foreclosure against any real or personal property collateral; (iii) exercise any judicial or power of sale rights; or (iv) act in a court of law to obtain an interim remedy, such as but not limited to, injunctive relief, writ of possession or appointment of a receiver, or additional or supplementary remedies.

(e) Class Action Waiver. Any arbitration or court trial (whether before a judge or jury or pursuant to judicial reference) of any Claim will take place on an individual basis without resort to any form of class or representative action (the "Class Action Waiver"). THE CLASS ACTION WAIVER PRECLUDES ANY PARTY FROM PARTICIPATING IN OR BEING REPRESENTED IN ANY CLASS OR REPRESENTATIVE ACTION REGARDING A CLAIM. Regardless of anything else in this Dispute Resolution Provision, the validity and effect of the Class Action Waiver may be determined only by a court or referee and not by an arbitrator. The Parties to this Agreement acknowledge that the Class Action Waiver is material and essential to the arbitration of any disputes between the Parties and is nonseverable from the agreement to arbitrate Claims. If the Class Action Waiver is limited, voided, or found unenforceable, then the Parties' agreement to arbitrate shall be null and void with respect to such proceeding, subject to the right to appeal the limitation or invalidation of the Class Action Waiver. THE PARTIES ACKNOWLEDGE AND AGREE THAT UNDER NO CIRCUMSTANCES WILL A CLASS ACTION BE ARBITRATED.

(f) Jury Waiver. By agreeing to judicial reference or binding arbitration, the Parties irrevocably and voluntarily waive any right they may have to a trial by jury as permitted by Law in respect of any Claim. Furthermore, without intending in any way to limit the provisions hereof, to the extent any Claim is not submitted to judicial reference or arbitration, the Parties irrevocably and voluntarily waive any right they may have to a trial by jury to the extent permitted by Law in respect of such Claim. This waiver of jury trial shall remain in effect even if the Class Action Waiver is limited, voided, or found unenforceable.

WHETHER THE CLAIM IS DECIDED BY JUDICIAL REFERENCE, BY ARBITRATION, OR BY TRIAL BY A JUDGE, THE PARTIES AGREE AND UNDERSTAND THAT THE EFFECT OF THIS DISPUTE RESOLUTION PROVISION IS THAT THEY ARE GIVING UP THE RIGHT TO TRIAL BY JURY TO THE EXTENT PERMITTED BY LAW. EACH PARTY HERETO (i) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (ii) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER DOCUMENTS CONTEMPLATED HEREBY BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION, AND (iii) CERTIFIES THAT THIS WAIVER IS KNOWINGLY, WILLINGLY, AND VOLUNTARILY MADE.

(g) Real Property Secured Claim. Notwithstanding any provision in this Agreement or any other Loan Document to the contrary, in no event shall the Arbitration Provisions apply to any Claim if the Claim, at the time of the proposed submission to arbitration, arises from or relates to an obligation to Lender secured by real property. In this case, all of the parties to this Agreement, in their sole and absolute discretion, must consent to submission of the Claim to arbitration.

Section 8.18 Forum.

Borrower hereby irrevocably submits generally and unconditionally for itself and in respect of its property to the non-exclusive jurisdiction of any state court or any United States federal court sitting in the State specified in the governing law section of this Agreement and to the non-exclusive jurisdiction of any state court or any United States federal court sitting in the state in which any of the Property is located, over any Dispute. Borrower hereby irrevocably waives, to the fullest extent permitted by Law, any objection that Borrower may now or hereafter have to the laying of venue in any such court and any claim that any such court is an inconvenient forum. Borrower hereby agrees and consents that, in addition to any methods of service of process provided for under applicable Law, all service of process in any such suit, action or proceeding in any state court or any United States federal court sitting in the State specified in the governing law section of this Agreement or in which any of the Property is located may be made by certified or registered mail, return receipt requested, directed to Borrower at its address for notice set forth in this Agreement, or at a subsequent address of which Lender received actual notice from Borrower in accordance with the notice section of this Agreement, and service so made shall be complete five (5) days after the same shall have been so mailed. Nothing herein shall affect the right of Lender to serve process in any manner permitted by Law or limit the right of Lender to bring proceedings against Borrower in any other court or jurisdiction.

Section 8.19 USA Patriot Act Notice.

Lender hereby notifies Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), Lender is required to obtain, verify and record information that identifies Borrower, which information includes the name and address of Borrower and other information that will allow Lender to identify Borrower in accordance with the Act. Borrower shall, promptly following a request by Lender, provide all documentation and other information that Lender requests in order to comply with its ongoing obligation under "know your customer" and all anti-money laundering rules and regulations, including the Act.

Section 8.20 Entire Agreement.

The Loan Documents constitute the entire understanding and agreement between Borrower and Lender with respect to the transactions arising in connection with the Loan, and supersede all prior written or oral understandings and agreements between Borrower and Lender with respect to the matters addressed in the Loan Documents. In particular, and without limitation, the terms of any commitment by Lender to make the Loan are merged into the Loan Documents. Except as incorporated in writing into the Loan Documents, there are no representations, understandings, stipulations, agreements or promises, oral or written, with respect to the matters addressed in the Loan Documents. If there is any conflict between the terms, conditions and provisions of this Agreement and those of any other instrument or agreement, including any other Loan Document, the terms, conditions and provisions of this Agreement shall prevail.

[Signatures Begin On Next Page]

IN WITNESS WHEREOF, Borrower and Lender have caused this Agreement to be executed as of the date first above written.

BORROWER:

RIF I – DON JULIAN, LLC,
a California limited liability company

By: _____
Name: _____
Title: Authorized Signatory

RIF I – LEWIS ROAD, LLC,
a California limited liability company

By: _____
Name: _____
Title: Authorized Signatory

RIF I – OXNARD, LLC,
a California limited liability company

By: _____
Name: _____
Title: Authorized Signatory

REXFORD BUSINESS CENTER – FULLERTON, LLC,
a California limited liability company

By: _____
Name: _____
Title: Authorized Signatory

RIF I – WALNUT, LLC,
a California limited liability company

By: _____
Name: _____
Title: Authorized Signatory

[Signatures Continue On Next Page]

RIF II – KAISER, LLC,
a California limited liability company

By: _____
Name: _____
Title: Authorized Signatory

RIF III – IRWINDALE, LLC,
a California limited liability company

By: _____
Name: _____
Title: Authorized Signatory

LENDER:

BANK OF AMERICA, N.A.,
a national banking association

By: _____
Name: _____
Title: _____

Schedule 1

Definitions

Unless the context otherwise specifies or requires, the following terms shall have the meanings herein specified, such definitions to be applicable equally to the singular and the plural forms of such terms and to all genders:

“Affiliate” means, with respect to any Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

“Allocated Loan Amount” means,

- (a) with respect to the RIF I - Don Julian Property, Fifteen Million Nine Hundred Fifty Thousand Dollars (\$15,950,000),
- (b) with respect to the RIF I - Lewis Road Property, Thirteen Million Seven Hundred Fifty Thousand Dollars (\$13,750,000),
- (c) with respect to the RIF I - Oxnard Property, Four Million Nine Hundred Fifty Thousand Dollars (\$4,950,000),
- (d) with respect to the RIF I - Walnut Property, Twelve Million Seven Hundred Sixty Thousand Dollars (\$12,760,000),
- (e) with respect to the RIF II - Kaiser Property, Eight Three Hundred five Thousand Dollars (\$8,305,000), and
- (f) with respect to the RIF III - Irwindale Property, Ten Million Two Hundred Eighty-Five Thousand Dollars (\$10,285,000).

“Approved Manager” means Borrower, Rexford L.P., Rexford Industrial Realty and Management, Inc., a California corporation, another Affiliate of Manager, or any other reputable and creditworthy property manager, subject to the prior written approval of Lender, which written approval may be evidenced by e-mail confirmation, not to be unreasonably withheld, with a portfolio of properties comparable to the Property under active management.

“Authorized Signer” means each of _____, and _____, acting alone, or any other representative of Borrower duly designated and authorized by Borrower to bind Borrower with respect to all matters pertaining to the Loan and the Loan Documents, including the submission of draw requests and the selection of interest rates.

“Banking Day” means any day that is not a Saturday, Sunday or banking holiday in the State.

“Borrower’s Deposit Account” means an account established with Lender pursuant to the terms of Section 4.6.

“Casualty” means any act or occurrence of any kind or nature that results in damage, loss or destruction to the Property.

“Claim” means any liability, suit, action, claim, demand, loss, expense, penalty, fine, judgment or other cost of any kind or nature whatsoever, including fees, costs and expenses of attorneys, consultants, contractors and experts.

“Closing Checklist” means that certain Closing Requirements and Checklist setting forth the conditions for closing the Loan and recording the Mortgage.

“Code” means the Internal Revenue Code of 1986, as amended.

“**Condemnation**” means any taking of title to, use of, or any other interest in the Property under the exercise of the power of condemnation or eminent domain, whether temporarily or permanently, by any Governmental Authority or by any other Person acting under or for the benefit of a Governmental Authority.

“**Condemnation Awards**” means any and all judgments, awards of damages (including severance and consequential damages), payments, proceeds, settlements, amounts paid for a taking in lieu of Condemnation, or other compensation heretofore or hereafter made, including interest thereon, and the right to receive the same, as a result of, or in connection with, any Condemnation or threatened Condemnation.

“**Control**” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “**Controlling**” or “**Controlled**” have meanings correlative thereto.

“**Default**” means an event or circumstance that, with the giving of Notice or lapse of time, or both, would constitute an Event of Default under the provisions of this Agreement.

“**Dispute**”. means any controversy, claim or dispute between or among the parties to this Agreement, including any such controversy, claim or dispute arising out of or relating to (a) this Agreement, (b) any other Loan Document, (c) any related agreements or instruments, or (d) the transaction contemplated herein or therein (including any claim based on or arising from an alleged personal injury or business tort).

“**Environmental Agreement**” means the Environmental Indemnification and Release Agreement of even date herewith by and between Borrower and Lender pertaining to the Property, as the same may from time to time be extended, amended, restated or otherwise modified. The Environmental Agreement is unsecured.

“**ERISA**” means the Employee Retirement Security Act of 1974, as amended.

“**Event of Default**” means any event or circumstance specified in Article VI and the continuance of such event or circumstance beyond the applicable grace and/or cure periods therefor, if any, set forth in Article VI.

“**Expenses**” means all fees, charges, costs and expenses of any nature whatsoever incurred at any time and from time to time (whether before or after an Event of Default) by Lender in making, funding, administering or modifying the Loan, in negotiating or entering into any “workout” of the Loan, or in exercising or enforcing any rights, powers and remedies provided in the Mortgage or any of the other Loan Documents, including attorneys’ fees, court costs, receiver’s fees, management fees and costs incurred in the repair, maintenance and operation of, or taking possession of, or selling, the Property.

“**Financial Statements**” means (i) for each reporting party other than an individual, a balance sheet, income statement, statements of cash flow and amounts and sources of contingent liabilities, a reconciliation of changes in equity and liquidity verification, real estate schedules providing details on each individual real property in the reporting party’s portfolio, including, but not limited to raw land, land under development, construction in process and stabilized properties and unless Lender otherwise consents, consolidated and consolidating statements if the reporting party is a holding company or a parent of a subsidiary entity; and (ii) for each reporting party who is an individual, a balance sheet, statements of cash flow and amounts and sources of contingent liabilities, sources and uses of cash and liquidity verification, cash flow projections, real estate schedules providing details on each individual real property in the reporting party’s portfolio, including, but not limited to raw land, land under development, and unless Lender otherwise consents, Financial Statements for each entity owned or jointly owned by the reporting party. For purposes of this definition and any covenant requiring the delivery of Financial Statements, each party for whom Financial Statements are required is a “reporting party” and a specified period to which the required Financial Statements relate is a “reporting period.”

“Governmental Authority” or “Governmental Authorities” means the government of the United States or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

“Guarantor” means, individually or collectively, Rexford Industrial Realty, Inc., a Maryland corporation, and its successors and assigns.

“Guaranty” means the Guaranty Agreement of even date herewith executed by Guarantor for the benefit of Lender, as the same may from time to time be extended, amended, restated, supplemented or otherwise modified.

“Improvements” means all on-site and off-site improvements to the Land, including a 241,248 square foot warehouse/distribution building situated on the Land encumbered by the RIF I – Don Julian Mortgage, a 213,128 square foot warehouse/distribution building situated on the on the Land encumbered by the RIF I – Lewis Road Mortgage, a 69,891 square foot warehouse/distribution building situated on the on the Land encumbered by the RIF I – Oxnard Mortgage, a 161,286 square foot warehouse/distribution building situated on the on the Land encumbered by the RIF I – Walnut Mortgage, a 124,997 square foot warehouse/distribution building situated on the on the Land encumbered by the RIF II – Kaiser Mortgage, and a 76,000 square foot light manufacturing/flex building situated on the on the Land encumbered by the RIF III – Irwindale Mortgage, together with all fixtures, tenant improvements and appurtenances now or later to be located on the Land and/or in such improvements.

“Insurance Proceeds” means the insurance claims under and the proceeds of any and all policies of insurance covering the Property or any part thereof, including all returned and unearned premiums with respect to any insurance relating to the Property, in each case whether now or hereafter existing or arising.

“Land” means the land described in and encumbered by the Mortgage.

“Law(s)” means all federal, state and local laws, statutes, rules, ordinances, regulations, codes, licenses, authorizations, decisions, injunctions, interpretations, orders or decrees of any court or other Governmental Authority having jurisdiction as may be in effect from time to time.

“Lease(s)” means all leases, license agreements and other occupancy or use agreements (whether oral or written), now or hereafter existing, which cover or relate to the Property or any part thereof, together with all options therefor, amendments thereto and renewals, modifications and guaranties thereof, including any cash or security deposited under the Leases to secure performance by the tenants of their obligations under the Leases, whether such cash or security is to be held until the expiration of the terms of the Leases or applied to one or more of the installments of rent coming due thereunder.

“Loan” means the loan from Lender to Borrower, the repayment obligations in connection with which are evidenced by the Note.

“Loan Amount” means Sixty Million and No/100 Dollars (\$60,000,000).

“Loan Documents” means this Agreement, the Note, the Mortgage, the Environmental Agreement, the Guaranty, any Swap Contract, any application or reimbursement agreement executed in connection with any letter of credit issued by Lender in connection with the Loan, and any and all other documents which Borrower, Guarantor or any other party or parties have executed and delivered, or may hereafter execute and deliver, to evidence, secure or guarantee the Obligations, or any part thereof, as the same may from time to time be extended, amended, restated, supplemented or otherwise modified.

Schedule 1

Page 3 of 6

“**Mortgage**” means, individually and collectively, the RIF I - Don Julian Mortgage, the RIF I - Lewis Road Mortgage, the RIF I - Oxnard Mortgage, the RIF I - Walnut Mortgage, the RIF II - Kaiser Mortgage, and the RIF III - Irwindale Mortgage.

“**Net Proceeds**” when used with respect to any Condemnation Awards or Insurance Proceeds, means the gross proceeds from any Condemnation or Casualty remaining after payment of all expenses, including attorneys’ fees, incurred in the collection of such gross proceeds.

“**Note**” means the Promissory Note of even date herewith, in an amount equal to the Loan Amount, made by Borrower to the order of Lender, as the same may from time to time be extended, amended, restated, supplemented or otherwise modified.

“**Notice**” means a notice, request, consent, demand or other communication given in accordance with the provisions of Section 8.7 of this Agreement.

“**Obligations**” means all present and future debts, obligations and liabilities of Borrower to Lender arising pursuant to, or on account of, the provisions of this Agreement, the Note or any of the other Loan Documents, including the obligations: (a) to pay all principal, interest, late charges, prepayment premiums (if any) and other amounts due at any time under the Note; (b) to pay all Expenses, indemnification payments, fees and other amounts due at any time under the Mortgage or any of the other Loan Documents, together with interest thereon as provided in the Mortgage or such Loan Document; (c) to pay and perform all obligations of Borrower (or its Affiliate) under any Swap Contract; and (d) to perform, observe and comply with all of the terms, covenants and conditions, expressed or implied, which Borrower is required to perform, observe or comply with pursuant to the terms of this Agreement, the Mortgage or any of the other Loan Documents. Notwithstanding any language contained in the Loan Documents, the Obligations of Borrower to pay and perform under the Environmental Agreement are unsecured.

“**Person**” means an individual, a corporation, a partnership, a joint venture, a limited liability company, a trust, an unincorporated association, any Governmental Authority or any other entity.

“**Property**” means, individually and collectively, the real and personal property conveyed and encumbered by the RIF I - Don Julian Mortgage, the RIF I - Lewis Road Mortgage, the RIF I - Oxnard Mortgage, the RIF I - Walnut Mortgage, the RIF II - Kaiser Mortgage, and the RIF III - Irwindale Mortgage.

“**RBC – Fullerton**” means Rexford Business Center – Fullerton, LLC, a California limited liability company.

“**Rents**” means all of the rents, royalties, issues, profits, revenues, earnings, income and other benefits of the Property or any part thereof, or arising from the use or enjoyment of the Property or any part thereof, including all such amounts paid under or arising from any of the Leases and all fees, charges, accounts or other payments for the use or occupancy of rooms or other public facilities within the Property or any part thereof.

“**Rexford L.P.**” means Borrower’s sole owner, Rexford Industrial Realty, L.P., a Maryland limited partnership.

“**RIF I - Don Julian**” means RIF I – Don Julian, LLC, a California limited liability company.

“**RIF I - Don Julian Mortgage**” means the Deed of Trust, Assignment, Security Agreement and Fixture Filing of even date herewith given by RIF I – Don Julian to Lender to secure the Obligations, except for Obligations arising out of the Environmental Agreement, as the same may from time to time be extended, amended, restated, supplemented or otherwise modified.

“**RIF I - Don Julian Property**” means the real and personal property conveyed and encumbered by the RIF I - Don Julian Mortgage.

Schedule 1

Page 4 of 6

“RIF I - Lewis Road” means RIF I – Lewis Road, LLC, a California limited liability company.

“RIF I - Lewis Road Mortgage” means the Deed of Trust, Assignment, Security Agreement and Fixture Filing of even date herewith given by RIF I – Lewis Road to Lender to secure the Obligations, except for Obligations arising out of the Environmental Agreement, as the same may from time to time be extended, amended, restated, supplemented or otherwise modified.

“RIF I - Lewis Road Property” means the real and personal property conveyed and encumbered by the RIF I - Lewis Road Mortgage

“RIF I - Oxnard” means RIF I – Oxnard, LLC, a California limited liability company.

“RIF I - Oxnard Mortgage” means the Deed of Trust, Assignment, Security Agreement and Fixture Filing of even date herewith given by RIF I – Oxnard to Lender to secure the Obligations, except for Obligations arising out of the Environmental Agreement, as the same may from time to time be extended, amended, restated, supplemented or otherwise modified.

“RIF I - Oxnard Property” means the real and personal property conveyed and encumbered by the RIF I - Oxnard Mortgage.

“RIF I - Walnut” means RIF I – Walnut, LLC, a California limited liability company.

“RIF I - Walnut Mortgage” means the Deed of Trust, Assignment, Security Agreement and Fixture Filing of even date herewith given by RIF I – Walnut and RBC – Fullerton to Lender to secure the Obligations, except for Obligations arising out of the Environmental Agreement, as the same may from time to time be extended, amended, restated, supplemented or otherwise modified.

“RIF I - Walnut Property” means the real and personal property conveyed and encumbered by the RIF I - Walnut Mortgage.

“RIF II - Kaiser” means RIF II – Kaiser, LLC, a California limited liability company.

“RIF II - Kaiser Mortgage” means the Deed of Trust, Assignment, Security Agreement and Fixture Filing of even date herewith given by RIF II – Kaiser to Lender to secure the Obligations, except for Obligations arising out of the Environmental Agreement, as the same may from time to time be extended, amended, restated, supplemented or otherwise modified.

“RIF II - Kaiser Property” means the real and personal property conveyed and encumbered by the RIF I - Kaiser Mortgage.

“RIF III - Irwindale” means RIF III – Irwindale, LLC, a California limited liability company.

“RIF III - Irwindale Mortgage” means the Deed of Trust, Assignment, Security Agreement and Fixture Filing of even date herewith given by RIF III – Irwindale to Lender to secure the Obligations, except for Obligations arising out of the Environmental Agreement, as the same may from time to time be extended, amended, restated, supplemented or otherwise modified.

“RIF III - Irwindale Property” means the real and personal property conveyed and encumbered by the RIF I - Irwindale Mortgage.

“State” means the State of California.

“Survey” means a map or plat of survey of the Land which conforms with Lender’s survey requirements set forth in the Closing Checklist.

“Swap Contract” means any agreement, whether or not in writing, relating to any Swap Transaction, including, unless the context otherwise clearly requires, any agreement or contract that constitutes a “swap” within the meaning of Section 1a(47) of the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute, and CFTC Regulation 1.3(xxx), any form of master agreement (the “Master Agreement”) published by the International Swaps and Derivatives Association, Inc., and any other master agreement, entered into prior to the date hereof or any time after the date hereof, between Swap Counterparty and Borrower (or its Affiliate), together with any related schedule and confirmation, as amended, supplemented, superseded or replaced from time to time.

“Swap Counterparty” means Lender or an Affiliate of Lender, in its capacity as counterparty under any Swap Contract.

“Swap Transaction” means any transaction that is a rate swap, basis swap transaction, forward rate transaction, commodity swap, commodity option, equity or equity index swap or option, bond option, note or bill option, interest rate option, forward foreign exchange transaction, cap transaction, spot or floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, swap option, currency option, credit swap or default transaction, T-lock, or any other similar transaction (including any option to enter into the foregoing) or any combination of the foregoing, entered into prior to the date hereof or anytime after the date hereof between Swap Counterparty and Borrower (or its Affiliate) so long as a writing, such as a Swap Contract, evidences the parties’ intent that such obligations shall be secured by the Mortgage in connection with the Loan.

“Taxes” means all taxes and assessments whether general or special, ordinary or extraordinary, or foreseen or unforeseen, which at any time may be assessed, levied, confirmed or imposed by any Governmental Authority or any communities facilities or other private district on Borrower or on any of its properties or assets or any part thereof or in respect of any of its franchises, businesses, income or profits.

“Termination Fee Deposit” shall have the meaning set forth in Section 4.17.

Schedule 2

Intentionally Omitted

Schedule 2

Page 1 of 1

Schedule 3

Intentionally Omitted

Schedule 3
Page 1 of 1

Schedule 4

Leasing and Tenant Matters

1. Representations and Warranties of Borrower Regarding Leases.

Borrower represents and warrants that Borrower has delivered to Lender Borrower's standard form of tenant lease and a true and correct copy of all Leases and any guaranty(ies) thereof, affecting any part of the Improvements, together with an accurate and complete rent roll for the Property, and no such Lease or guaranty contains any option or right of first refusal to purchase all or any portion of the Property or any present or future interest therein except for that certain Standard Industrial Commercial Multi-Tenant Lease – Net dated February 15, 2013 between RIF II – Kaiser and All One God Faith, Inc., a California corporation doing business as Dr. Bronner's Magic Soaps, for a portion of the RIF II – Kaiser property.

2. Covenants of Borrower Regarding Leases and Rents.

Borrower covenants that Borrower (a) will observe and perform all of the obligations imposed upon the landlord in the Leases and will not do or permit to be done anything to impair the security thereof; (b) will use its best efforts to enforce or secure, or cause to be enforced or secured, the performance of each and every obligation and undertaking of the respective tenants under the Leases and will appear in and defend, at Borrower's sole cost and expense, any action or proceeding arising under, or in any manner connected with, the Leases; (c) will not collect any of the Rents in advance of the time when the same become due under the terms of the Leases; (d) will not discount any future accruing Rents; (e) without the prior written consent of Lender, will not execute any assignment of the Leases or the Rents; (f) will not modify the rent, the term, the demised premises or the common area maintenance charges under any of the Leases, or add or modify any option or right of first refusal to purchase all or any portion of the Property or any present or future interest therein, or surrender, cancel or terminate any Lease, without the prior written consent of Lender; and (g) will execute and deliver, at the request of Lender, all such assignments of the Leases and Rents in favor of Lender as Lender may from time to time require.

3. Leasing Guidelines.

Borrower shall not enter into any lease of tenant space in the Improvements covering more than 20,000 square feet unless approved by Lender prior to execution. Borrower's standard form of tenant lease, and any revisions thereto, must have the prior written approval of Lender. Lender shall be "deemed" to have approved any Lease, except any Lease of more than 80,000 square feet (which are not subject to being "deemed" approved), that: (a) is on the standard form lease approved by Lender with no material deviations except as approved by Lender; (b) is entered into in the ordinary course of business with a bona fide unrelated third party tenant, and Borrower, acting in good faith and exercising due diligence, has determined that the tenant is financially capable of performing its obligations under the Lease; (c) is received by Lender, together with any guaranty(ies) and financial information received by Borrower regarding the tenant and any guarantor(s), within fifteen (15) days after execution; (d) reflects an arm's length transaction at then-current market rate for comparable space; (e) contains no option or right of first refusal to purchase all or any portion of the Property or any present or future interest therein; (f) requires the tenant to execute and deliver to Lender an estoppel certificate in form and substance acceptable to Lender within thirty (30) days after notice from Lender; and (g) in the case of those premises identified on Exhibit A to this Schedule 4, provides for an effective rental rate no less than applicable rate specified on said Exhibit A. Borrower shall provide to Lender a correct and complete copy of each Lease, including any exhibits, and any guaranty(ies) thereof, prior to execution unless the Lease meets the foregoing requirements for "deemed" approval by Lender. Borrower shall pay all reasonable costs incurred by Lender in reviewing and approving Leases and any guaranties thereof, and also in negotiating subordination agreements and subordination, nondisturbance and attornment agreements with tenants, including reasonable attorneys' fees and costs. Lender shall use commercially reasonable efforts to respond to any request for approval within ten (10) Banking Days after receipt of such request. Notwithstanding anything to the contrary in this Schedule 4, to the extent Lender has approval rights with respect

Schedule 4

to any lease or revisions thereto, Lender shall be deemed to approve any terms of such lease or revisions thereto which the Borrower believes, upon the advice of counsel, are reasonably necessary to ensure that the Rents received pursuant to such lease qualify as "rents from real property" within the meaning of Section 856(d) of the Code.

4. Delivery of Leasing Information and Documents.

From time to time upon Lender's request, Borrower shall promptly deliver to Lender (a) complete executed originals of each Lease, including any exhibits thereto and any guaranty(ies) thereof, (b) a complete rent roll of the Property in such detail as Lender may require, together with such operating statements and leasing schedules and reports as Lender may require, (c) any and all financial statements of the tenants, subtenants and any lease guarantors to the extent available to Borrower, (d) such other information regarding tenants and prospective tenants and other leasing information as Lender may request, and (e) such estoppel certificates, subordination agreements and/or subordination, nondisturbance and attornment agreements executed by such tenants, subtenants and guarantors, if any, in such forms as Lender may require.

Schedule 4

Page 2 of 2

Exhibit A to Schedule 4

Minimum Rental Rates

<u>Building Address</u>	<u>Minimum Effective Rent (per square foot)</u>
Don Julian 15241-15277 & 15317-15339 Don Julian Road	\$ 7.56
Lewis Road 300 S. Lewis Road	\$ 6.36
Walnut Avenue Building 1 2300-2320 E. Walnut Avenue	\$ 7.56
Walnut Avenue Building 2 2380-2386 E. Walnut Avenue	\$ 8.16
Walnut Avenue Building 3 2340-2358 E. Walnut Avenue	\$ 5.76
Irwindale 15715 East Arrow Highway	\$ 12.36
Kaiser 1335 Park Center Drive	\$ 6.24
Oxnard 2220-2260 Camino Del Sol	\$ 6.96

Exhibit A to Schedule 4

Schedule 5

Intentionally Omitted

Schedule 5

Page 1 of 1

Schedule 6

Intentionally Omitted

Schedule 6

Page 1 of 1

Schedule 7

Swap Contracts

1. Swap Documentation. Within the timeframes required by Lender and Swap Counterparty, Borrower shall deliver to Swap Counterparty the following documents and other items, executed and acknowledged as appropriate, all in form and substance satisfactory to Lender and Swap Counterparty: (a) Master Agreement in the form published by the International Swaps and Derivatives Association, Inc. and related schedule in the form agreed upon between Borrower (or its Affiliate) and Swap Counterparty; (b) a confirmation under the foregoing, if applicable; (c) the Guaranty; (d) if Borrower (or its Affiliate) is anything other than a natural person, evidence of due authorization to enter into transactions under the foregoing Swap Contract with Swap Counterparty, together with evidence of due authorization and execution of any Swap Contract; and such other title endorsements, documents, instruments and agreements as Lender and Swap Counterparty may require to evidence satisfaction of the conditions set forth in this Section, including a swap endorsement to Lender's title insurance policies in form and substance satisfactory to Lender.

2. Conveyance and Security Interest. To secure Borrower's Obligations, Borrower hereby transfers, assigns and transfers to Lender, and grants to Lender a security interest in, all of Borrower's right, title and interest, but not its obligations, duties or liabilities for any breach, in, under and to the Swap Contract, any and all amounts received by Borrower in connection therewith or to which Borrower is entitled thereunder, and all proceeds of the foregoing. All amounts payable to Borrower under the Swap Contract shall be paid to Lender and shall be applied to pay interest or other amounts under the Loan.

3. Cross-Default. It shall be an Event of Default under this Agreement if any Event of Default occurs as defined under any Swap Contract as to which Borrower (or its Affiliate) is the Defaulting Party, or if any Termination Event occurs under any Swap Contract as to which Borrower (or its Affiliate) is an Affected Party. As used in this Section, the terms "Defaulting Party," "Termination Event" and "Affected Party," have the meanings ascribed to them in the Swap Contract.

4. Remedies; Cure Rights. In addition to any and all other remedies to which Lender and Swap Counterparty are entitled at Law or in equity, Swap Counterparty shall have the right, to the extent so provided in any Swap Contract or any Master Agreement relating thereto, (a) to declare an event of default, termination event or other similar event thereunder and to designate an Early Termination Date as defined under the Master Agreement, and (b) to determine net termination amounts in accordance with the Swap Contract and to setoff amounts between Swap Contracts. Lender shall have the right at any time (but shall have no obligation) to take in its name or in the name of Borrower (or its Affiliate) such action as Lender may at any time determine to be necessary or advisable to cure any default under any Swap Contract or to protect the rights of Borrower (or its Affiliate) or Swap Counterparty thereunder; provided, however, that before the occurrence of an Event of Default under this Agreement, Lender shall give prior written notice to Borrower before taking any such action. For this purpose, Borrower hereby constitutes Lender its true and lawful attorney-in-fact with full power of substitution, which power of attorney is coupled with an interest and irrevocable, to exercise, at the election of Lender, any and all rights and remedies of Borrower (or its Affiliate) under the Swap Contract, including making any payments thereunder and consummating any transactions contemplated thereby, and to take any action that Lender may deem proper in order to collect, assert or enforce any claim, right or title, in and to the Swap Contract hereby assigned and conveyed, and generally to take any and all such action in relation thereto as Lender shall deem advisable. Lender shall not incur any liability if any action so taken by Lender or on its behalf shall prove to be inadequate or invalid. Borrower expressly understands and agrees that Lender is not hereby assuming any duties or obligations of Borrower (or its Affiliate) to make payments to Swap Counterparty under any Swap Contract or under any other Loan Document. Such payment duties and obligations remain the responsibility of Borrower (or its Affiliate) notwithstanding any language in this Agreement.

Schedule 7

Page 1 of 2

5. Automatic Deduction and Credit.

(a) At all times when any Swap Contract is in effect, Borrower shall maintain the Checking Account in good standing with Lender. Borrower hereby grants to Lender and Swap Counterparty a security interest in the Checking Account, and any other accounts and deposit accounts from which Borrower may from time to time authorize Lender to debit payments due on the Loan and the Swap Contracts. Borrower is granting this security interest to Lender and Swap Counterparty for the purpose of securing the Obligations.

(b) At all times when any Swap Contract is in effect, all monthly payments owed by Borrower under the Note will be automatically deducted on their due dates from the Checking Account. Lender is hereby authorized to apply the amounts so debited to Borrower's obligations under the Loan. Notwithstanding the foregoing, Lender will not automatically deduct the principal payment at maturity from the Checking Account.

(c) At all times when any Swap Contract is in effect, all payments owed by Borrower (or its Affiliate) under any Swap Contract will be automatically deducted on their due dates from the Checking Account. The preceding sentence includes Borrower's authorization for Lender to debit from the Checking Account any monetary obligation owed by Borrower (or its Affiliate) to Swap Counterparty following any Early Termination Date, as defined under the Master Agreement. Swap Counterparty is hereby authorized to apply the amounts so debited to the obligations of Borrower (or its Affiliate) under the applicable Swap Contract.

(d) Lender will debit the Checking Account on the dates the foregoing payments become due; provided, however, that if a due date does not fall on a Banking Day, Lender will debit the Checking Account on the first Banking Day following such due date.

(e) Borrower shall maintain sufficient funds on the dates when Lender enters debits authorized by this Agreement. If there are insufficient funds in the Checking Account on any date when Lender enters any debit authorized by this Agreement, without limiting Lender's other remedies in such an event, the debit will be reversed in whole or in part, in Lender's sole and absolute discretion, and such amount not debited shall be deemed to be unpaid and shall be immediately due and payable in accordance with the terms of the Note and/or the Swap Contract, as applicable.

(f) So long as there is no Event of Default existing under this Agreement or any Swap Contract, Lender will automatically credit the Checking Account for payments owed by Swap Counterparty under the Swap Contract. Lender will credit the Checking Account on the dates the foregoing payments become due; provided, however, that if a due date does not fall on a Banking Day, Lender will credit the Checking Account on the first Banking Day following such due date.

Schedule 7

Page 2 of 2

Schedule 8

Financial Covenants

Debt Service Coverage Ratio. Borrower shall maintain a Debt Service Coverage Ratio as of any Determination Date of at least 1.10 to 1.00. This ratio will be tested as of each Determination Date. The Debt Service Coverage Ratio may be satisfied by a voluntary paydown of the Loan by Borrower, subject to the satisfaction of any conditions to prepayment, including the payment of any prepayment fee or premium, together with a mutually agreed-upon reduction in the committed amount of the Loan.

If, as of the Initial Determination Date or any Determination Date thereafter, the Actual Debt Service Coverage Ratio is less than 1.10 to 1.00 but equal to or greater than 1.05 to 1.00, Borrower shall, within fifteen (15) days after the end of each month thereafter until the next Determination Date on which the Actual Debt Service Coverage Ratio has been 1.10 to 1.00 or greater for two consecutive calendar quarters, deposit all cash flow from the Property in an interest-bearing account (the "Sweep Account") maintained with Lender in Borrower's name but under Lender's sole dominion and control (and which shall be an "Account", as such term is defined in the Mortgage). The Sweep Account and all funds on deposit therein shall be additional collateral for the Loan. Any funds which have been on deposit in the Sweep Account for a period of twelve (12) months shall be immediately applied by Lender against the then-outstanding principal balance of the Loan; and any funds on deposit in the Sweep Account on the date which is ninety (90) days before the then current Maturity Date (as defined in the Note) shall be applied by Lender against the then-outstanding Obligations in such order and against such of the Obligations as Lender shall determine in its sole discretion. If, as of any Determination Date after Borrower's obligation to so deposit cash flow with Lender in the Sweep Account ceases, the Debt Service Coverage Ratio once again becomes less than 1.10 to 1.00 but 1.05 to 1.00 or greater, Borrower's obligation to so deposit cash flow with Lender in the Sweep Account shall resume until the next Determination Date on which the Actual Debt Service Coverage Ratio is 1.10 to 1.00 or greater for two consecutive calendar quarters. Any cash flow so paid to Lender shall be held by Lender and, provided that no Event of Default then exists, released by Lender to Borrower promptly following the next Determination Date on which the Debt Service Coverage Ratio equals or exceeds 1.10 to 1.00 for two consecutive calendar quarters. Borrower covenants and agrees to execute a pledge and security agreement with respect to such account in form and substance acceptable to Lender.

If, as of any Determination Date, the Actual Debt Service Coverage Ratio is less than 1.05 to 1.00 Borrower shall, within thirty (30) days after written demand from Lender, pay to Lender, for application against the outstanding principal balance of the Loan, such amount as is required to achieve an Actual Debt Service Coverage Ratio of 1.10 to 1.00 and shall satisfy any conditions to prepayment provided for in the Loan Documents, and there shall be a reduction in the committed amount of the Loan by the amount of such principal payment.

"Actual Operating Revenue" means, with respect to any Calculation Period, all income, computed on an annualized basis in accordance with generally accepted accounting principles, collected from the ownership and operation of the Property from whatever source (other than any source affiliated with Borrower or any Guarantor), including Rents, utility charges, escalations, service fees or charges, license fees, parking fees, and other required pass-throughs, but excluding sales, use and occupancy or other taxes on receipts required to be accounted for by Borrower to any Governmental Authority, refunds from tenants, uncollectible accounts, sales of furniture, fixtures and equipment, interest income, Condemnation Awards, Insurance Proceeds (other than business interruption or other loss of income insurance), unforfeited security deposits, utility and other similar deposits, income from tenants not paying rent, income from tenants in bankruptcy unless such tenant shall have affirmed its lease, and non-recurring or extraordinary income, including lease termination payments. Actual Operating Revenue shall be net of rent concessions and credits. Actual Operating Revenue shall be subject to appropriate adjustments in Lender's reasonable discretion. Notwithstanding the foregoing, Lender may include as a part of Actual Operating Revenue, in its sole discretion, rents for newly executed Leases pursuant to which the obligation of the tenant thereunder to pay rent will commence within six (6) months after the Calculation Date.

“**Assumed Interest Rate**” means the annual yield payable on the last day of the applicable Calculation Period on ten (10) year United States Treasury obligations in amounts approximating the Net Commitment Amount at the inception of the Calculation Period plus two hundred fifty (250) basis points per annum; provided, however, that the Assumed Interest Rate shall be not less than six percent (6.0%) per annum.

“**Calculation Period**” means the six (6) month period ending on the day preceding any Determination Date.

“**Debt Service**” means the payments of principal and interest that would have been payable under a hypothetical loan during the Calculation Period, assuming (i) an initial loan balance equal to the Net Commitment Amount at the inception of the Calculation Period, (ii) an interest rate equal to the Assumed Interest Rate, and (iii) amortization of the aggregate principal indebtedness over a thirty (30) year amortization period.

“**Debt Service Coverage Ratio**” means, as of any Determination Date, for the applicable Calculation Period the ratio, as determined by Lender, of Net Operating Income to Debt Service.

“**Determination Date**” means the first day of each calendar quarter of each year, beginning with the Initial Determination Date.

“**Initial Determination Date**” means September 1, 2013.

“**Net Commitment Amount**” means, as of any date, the total obtained by adding the amount of the outstanding principal balance of the Loan to the amount of the available undisbursed Loan proceeds.

“**Net Operating Income**” means, with respect to any Calculation Period, the amount obtained by subtracting Operating Expenses from Actual Operating Revenue as such amount may be adjusted by Lender in its reasonable discretion based on Lender’s underwriting standards, including adjustments for vacancy allowance and other concessions. As used herein, “vacancy allowance” means an allowance for reductions in potential income attributable to vacancies, tenant turnover, and nonpayment of rent.

“**Operating Expenses**” means, with respect to any Calculation Period, the total of all expenses actually paid or payable, computed on an annualized basis in accordance with generally accepted accounting principles, of whatever kind relating to the ownership, operation, maintenance or management of the Property, including utilities, ordinary repairs and maintenance, insurance premiums, ground rents, if any, license fees, Taxes, advertising expenses, payroll and related taxes, management fees equal to the greater of 4% of Actual Operating Revenue or the management fees actually paid under any management agreement, operational equipment or other lease payments as approved by Lender, normalized capital expenditures equal to \$0.07 per square foot of the buildings on the Property per year, but specifically excluding depreciation and amortization, income taxes, debt service on the Loan, and any item of expense that would otherwise be covered by the provisions hereof but which is paid by any tenant under such tenant’s Lease or other agreement provided such reimbursement by tenant is not included in the calculation of Actual Operating Revenue. Operating Expenses shall be subject to appropriate seasonal and other adjustments in Lender’s reasonable discretion. Any expense which in accordance with accrual basis income tax accounting is depreciated or amortized over a period which exceeds one (1) year shall be treated as an expense, for the purposes of the foregoing calculations, ratably over the period of depreciation or amortization.

Unencumbered Liquid Assets. Guarantor, together with its subsidiaries which are directly or indirectly wholly owned by Guarantor, shall collectively maintain Unencumbered Liquid Assets having an aggregate market value of (a) not less than Five Million Dollars (\$5,000,000) or, (b) if Guarantor elects to have Line of Credit Availability included in the calculation of Unencumbered Liquid Assets, not less than Eight Million Dollars (\$8,000,000), Two Million Dollars (\$2,000,000) of which must be cash or cash equivalents. This covenant will be calculated as of December 31 of each year.

Schedule 8

Page 2 of 3

“**Unencumbered Liquid Assets**” means the following assets (excluding assets of any retirement plan) which (i) are not the subject of any lien, pledge, security interest, financing statement or other arrangement with any creditor to have its claim satisfied out of the asset (or proceeds thereof) prior to the general creditors of the owner of the asset, (ii) are held solely in the name of Guarantor or any subsidiary of Guarantor which is directly or indirectly wholly owned by Guarantor (with no other Persons having ownership rights in such assets), (iii) may be converted to cash within five (5) days, and (iv) are otherwise acceptable to Lender in its reasonable discretion:

- (a) Cash or cash equivalents held in the United States and denominated in United States dollars;
- (b) United States Treasury or governmental agency obligations which constitute full faith and credit of the United States of America;
- (c) Commercial paper rated P-1 or A1 by Moody’s or S&P, respectively;
- (d) Medium and long-term securities rated investment grade by one of the rating agencies described in (c) above;
- (e) Eligible Stocks; and
- (f) Mutual funds quoted in The Wall Street Journal which invest primarily in the assets described in (a) – (e) above.

Additionally, Guarantor shall have the right, exercised by Guarantor by so stating on its compliance certificate to include Line of Credit Availability in the calculation of Unencumbered Liquid Assets (the failure of Guarantor to so state shall be deemed Guarantor’s election to not include Line of Credit Availability in the calculation of Unencumbered Liquid Assets). As used herein, the term “**Line of Credit Availability**” mean the amount, as of the date on which Unencumbered Liquid Assets is calculated, which is available for borrowing by Rexford L.P. under any line of credit. For purposes of this covenant, the Line of Credit Availability shall be zero at any time an uncured default (beyond any applicable notice or cure period) exists under the loan documents for such line of credit.

“**Eligible Stocks**” includes any common or preferred stock which (i) is not control or restricted stock under Rule 144 of the General Rules and Regulations promulgated by the Securities and Exchange Commission under the Securities Act of 1933, as amended, or subject to any other regulatory or contractual restrictions on sales, (ii) is traded on a U.S. national stock exchange, including NASDAQ, with a liquidity on such exchange for such stock acceptable to Lender and (iii) has, as of the close of trading on the applicable exchange (excluding after hours trading), a per share price of at least Fifteen Dollars (\$15).

Fair Market Net Worth. Guarantor shall maintain a Fair Market Net Worth of at least Seventy-Five Million Dollars (\$75,000,000). This covenant will be calculated as of December 31 of each year.

“**Fair Market Net Worth**” means the fair market value, determined in accordance with generally accepted accounting principles, of total assets of Guarantor (including leaseholds and leasehold improvements and reserves against assets but excluding goodwill, patents, trademarks, trade names, organization expense, unamortized debt discount and expense, capitalized or deferred research and development costs, deferred marketing expenses, and other like intangibles, and monies due from affiliates, officers, directors, employees, shareholders, members or managers) less total liabilities, including but not limited to accrued and deferred income taxes, but excluding the non-current portion of Subordinated Liabilities.

“**Subordinated Liabilities**” means liabilities subordinated to Borrower’s obligations to Lender in a manner acceptable to Lender in its sole discretion.

Subsidiaries of Rexford Industrial Realty, Inc.

The following list sets forth Rexford Industrial Realty, Inc.'s subsidiaries upon completion of the initial public offering of Rexford Industrial Realty, Inc.

Name	Jurisdiction of Formation / Incorporation
Rexford Industrial Realty, L.P.	Maryland
REXFORD INDUSTRIAL REALTY AND MANAGEMENT, INC.	California
RIF V – SPE OWNER, LLC	Delaware
RIF V – SPE MANAGER, LLC	California

Consent of Independent Registered Public Accounting Firm

We consent to the reference to our firm under the caption “Experts” and the use of (i) our report dated May 23, 2013 with respect to the consolidated balance sheet of Rexford Industrial Realty, Inc. as of March 31, 2013; (ii) our report dated March 6, 2013, except for the Combined Balance Sheets, Combined Statements of Operations, Note 2 “Summary of Significant Accounting Policies”, Note 3 “Investment in Real Estate”, Note 4 “Intangible Assets”, Note 6 “Notes Payable” and Note 14 “Subsequent Events” as to which the date is May 23, 2013 with respect to the combined financial statements of Rexford Industrial Realty, Inc. Predecessor as of and for the years ended December 31, 2012 and 2011; and (iii) our report dated May 23, 2013 with respect to the statement of revenues and certain expenses of Glendale Commerce Center for the year ended December 31, 2012, in Amendment No. 3 to the Registration Statement (Form S-11 No. 333-188806) and related Prospectus of Rexford Industrial Realty, Inc. dated July 15, 2013.

/s/ Ernst & Young LLP

Los Angeles, California
July 15, 2013

FIRM / AFFILIATE OFFICES

Abu Dhabi	Moscow
Barcelona	Munich
Beijing	New Jersey
Boston	New York
Brussels	Orange County
Chicago	Paris
Doha	Riyadh
Dubai	Rome
Frankfurt	San Diego
Hamburg	San Francisco
Hong Kong	Shanghai
Houston	Silicon Valley
London	Singapore
Los Angeles	Tokyo
Madrid	Washington, D.C.
Milan	

July 15, 2013

VIA EDGAR AND FEDEX

Duc Dang
Attorney-Advisor
Division of Corporation Finance
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Re: Rexford Industrial Realty, Inc.
Amendment No. 3 to
Registration Statement on Form S-11
Filed on July 15, 2013
CIK No. 0001571283

Dear Mr. Dang:

On behalf of Rexford Industrial Realty, Inc. (formerly Rexford Industrial, Inc., and referred to herein as the "Company"), we are today filing Amendment No. 3 ("Amendment No. 3") to the Company's above-referenced Registration Statement on Form S-11 (the "Registration Statement") which we initially publicly filed on May 23, 2013 and last amended on July 9, 2013.

For your convenience, we have enclosed a courtesy package that includes five copies of Amendment No. 3, three of which have been marked to show changes from the prior filing of the Registration Statement.

* * *

If you have any additional questions, please feel free to call the undersigned at (213) 891-8640 to discuss them.

Very truly yours,

/s/ Bradley A. Helms

Bradley A. Helms, Esq.
of LATHAM & WATKINS LLP

cc: Richard Ziman
Howard Schwimmer
Michael S. Frankel
Julian Kleinförfer, Esq.