

GOLDFARB IRA
Form 4
July 01, 2008

FORM 4

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

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
GOLDFARB IRA

2. Issuer Name and Ticker or Trading Symbol
SEACHANGE INTERNATIONAL INC [SEAC]

5. Relationship of Reporting Person(s) to Issuer
(Check all applicable)
 Director 10% Owner
 Officer (give title below) Other (specify below)
Sr VP Worldwide Sales

(Last) (First) (Middle)
C/O SEACHANGE INTERNATIONAL, 50 NAGOG PARK
(Street)

3. Date of Earliest Transaction (Month/Day/Year)
06/27/2008

ACTON, MA 01720
(City) (State) (Zip)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Ownership (Instr. 4)
				(A) or (D)	Price		
Common Stock	06/27/2008		M	7,500 A	\$ 5.83	120,639	D
Common Stock	06/27/2008		S	7,500 D	\$ 7.4608	113,139	D

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	Amount or Number of Shares
Common Stock	\$ 5.83	06/27/2008		M	7,500	08/20/1999 ⁽¹⁾ 08/20/2008	Common Stock	7,500

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
GOLDFARB IRA C/O SEACHANGE INTERNATIONAL 50 NAGOG PARK ACTON, MA 01720			Sr VP Worldwide Sales	

Signatures

\s\ Ira Goldfarb 07/01/2008
 **Signature of Date
 Reporting Person

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Exercisable as to 1,500 shares on 8/20/1999 and 375 shares each quarter thereafter.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. ;font-size:10pt;font-family:Times New Roman;font-weight:normal;font-style:normal;text-transform:none;font-variant: normal;">(0.02

)
 Net income from discontinued operations attributable to common stockholders

\$

-

\$

-

\$

-

\$

0.07

Net income attributable to common stockholders

\$

-

\$

-

\$

-

Explanation of Responses:

\$

0.05

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REXFORD INDUSTRIAL REALTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Unaudited)

Participating securities include 407,463 and 203,264 shares of nonvested restricted stock outstanding at June 30, 2015 and 2014, respectively, which participate in non-forfeitable dividends of the Company. Participating securities have been allocated earnings, in proportion to total weighted average shares outstanding, based upon the greater of net income or common dividends declared.

The effect of including unvested restricted common stock using the treasury stock method was excluded from our calculation of weighted average shares of common stock outstanding – diluted, as its inclusion would have been antidilutive. In addition, as the effect of the conversion of OP Units into shares of our common stock is neither dilutive nor antidilutive, it has been excluded from our calculation of weighted average shares of common stock outstanding – diluted. As such, the number of weighted average shares of common stock outstanding, both basic and diluted, are the same for the three and six months ended June 30, 2015 and 2014.

16. Subsequent Events

Acquisitions

On July 10, 2015, we acquired the property located at 12720-12860 Danielson Court in Poway, California for a contract price of \$16.9 million using funds from our Revolver. The property consists of six multi-tenant industrial buildings totaling 112,062 square feet, situated on 9.23 acres of land.

On July 29, 2015, we acquired the property located at 10950 Norwalk Blvd. and 12241 Lakeland Road in Santa Fe Springs, California for a contract price of approximately \$5.0 million using funds from our Revolver. The property consists of one single-tenant industrial building totaling 18,995 square feet, situated on 2.85 acres of land.

First Amendment to Amended and Restated Credit Agreement

On July 15, 2015, we entered into a First Amendment to Amended and Restated Credit Agreement (the “First Amendment”) that provides for, among other things, the following changes to the Credit Facility:

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Explanation of Responses:

A maximum secured recourse debt covenant was added, which replaced the maximum recourse debt covenant in the Credit Facility;

- The cross default threshold for defaults in other material indebtedness was increased from \$20 million to \$80 million with respect to recourse debt and from \$50 million to \$150 million with respect to non-recourse debt; and
- The default threshold for judgments was increased from \$20 million to \$40 million.

Note Purchase Agreement

On July 16, 2015, we entered into a Note Purchase and Guarantee Agreement (the “NPGA”) for the private placement of \$100 million of guaranteed senior notes, maturing on August 6, 2025, with a fixed annual interest rate of 4.29% (the “Notes”).

Interest on the Notes will be payable semiannually on February 6 and August 6 of each year, beginning on February 6, 2016. We may prepay at any time all or, from time to time, any part of the Notes, in amounts not less than \$2.5 million of the Notes then outstanding at (i) 100% of the principal amount so prepaid and (ii) the Make-Whole Amount (as defined in the NPGA).

The NPGA contains a series of financial and other covenants with which we must comply. The financial covenants are the same as those that we must comply with under the Credit Facility (see Note 6), and as further amended by the First Amendment. Subject to the terms of the NPGA and the Notes, upon certain events of default, including, but not limited to, (i) a default in the payment of any principal, Make-Whole Amount, or interest under the Notes, (ii) a default in the payment of certain of our other indebtedness, (iii) a default in compliance with the covenants set forth in the NPGA, and (iv) bankruptcy and other insolvency defaults, the principal and accrued and unpaid interest and the Make-Whole Amount on the outstanding Notes will become due and payable at the option of the purchasers.

Our obligations under the Notes are fully and unconditionally guaranteed by us and certain of our subsidiaries.

REXFORD INDUSTRIAL REALTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Unaudited)

On August 6, 2015, we completed the issuance of the Notes.

Repayment of Debt

On August 6, 2015, we used a portion of the funds raised from the issuance of the Notes to pay in full the \$42.75 million mortgage loan secured by our property known as the Glendale Commerce Center. We did not incur any prepayment penalties for repaying in advance of the maturity date of May 1, 2016.

On August 6 2015, we used a portion of the funds raised from the issuance of the Notes to pay in full the \$48.5 million term loan secured by the first priority deed of trust on eight of our properties. We did not incur any prepayment penalties for repaying in advance of the maturity date of June 24, 2017.

OP Unit Conversions

Subsequent to June 30, 2015, 49,524 OP Units were converted into an equivalent number of shares of common stock.

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

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

Forward-Looking Statements

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

- the competitive environment in which we operate;
- real estate risks, including fluctuations in real estate values and the general economic climate in local markets and competition for tenants in such markets;
- decreased rental rates or increasing vacancy rates;
- potential defaults on or non-renewal of leases by tenants;
- potential bankruptcy or insolvency of tenants;
- acquisition risks, including failure of such acquisitions to perform in accordance with expectations;
- the timing of acquisitions and dispositions;
- potential natural disasters such as earthquakes, wildfires or floods;
- the consequence of any future security alerts and/or terrorist attacks;
- national, international, regional and local economic conditions;
- the general level of interest rates;
- potential changes in the law or governmental regulations that affect us and interpretations of those laws and regulations, including changes in real estate and zoning or real estate investment trust ("REIT") tax laws, and potential increases in real property tax rates;
- financing risks, including the risks that our cash flows from operations may be insufficient to meet required payments of principal and interest and we may be unable to refinance our existing debt upon maturity or obtain new financing on attractive terms or at all;
- lack of or insufficient amounts of insurance;
- our failure to complete acquisitions;
- our failure to successfully integrate acquired properties;
- our ability to qualify and maintain our qualification as a REIT;
- litigation, including costs associated with prosecuting or defending pending or threatened 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.

Accordingly, there is no assurance that our expectations will be realized. Except as otherwise required by the federal securities laws, we disclaim any obligations or undertaking to publicly release any updates or revisions to any forward-looking statement contained herein (or elsewhere) to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. The reader should

review carefully our financial statements and the notes

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thereto, as well as the section entitled “Risk Factors” in our Annual Report on Form 10-K, as amended, for the year ended December 31, 2014.

Company Overview

Rexford Industrial Realty, Inc. is a self-administered and self-managed full-service REIT focused on owning and operating industrial properties in Southern California infill markets. 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 were formed as a Maryland corporation on January 18, 2013 and Rexford Industrial Realty, L.P. (the “Operating Partnership”), of which we are the sole general partner, was formed as a Maryland limited partnership on January 18, 2013. Through our controlling interest in our Operating Partnership and its subsidiaries, we own, manage, lease, acquire and develop industrial real estate primarily located in Southern California infill markets. As of June 30, 2015, our consolidated portfolio consisted of 107 properties with approximately 10.6 million rentable square feet. We also hold a 15% interest in a joint venture (the “JV”) that indirectly owns one property located in Ventura County with approximately 0.5 million square feet, which we manage. In addition we currently manage an additional 19 properties with approximately 1.2 million rentable square feet.

We are organized and conduct our operations to qualify as a REIT under the Internal Revenue Code of 1986, as amended, and generally are not subject to federal taxes on our income to the extent we distribute our income to our shareholders and maintain our qualification as a REIT.

Factors That May Influence Future Results of Operations

Acquisition and Development of Properties

Since our IPO, we have acquired 56 properties, aggregating approximately 5.7 million square feet, for approximately \$614 million, and have expanded our consolidated portfolio by over 100% in approximately two years. Of these 56 properties, we have acquired 21 properties aggregating approximately 2.1 million square feet, that we consider “value-add acquisitions”. We consider a property to be a value-add acquisition when it provides opportunities for repositioning or redevelopment that we believe will increase the occupancy and the cash flow from the property. We intend to continue to grow our portfolio through disciplined acquisitions in prime Southern California infill markets, and will continue to pursue value-add acquisitions that will play a strategic role in our future growth.

Costs associated with acquisitions accounted for as business combinations are expensed as incurred. Acquisitions are subject to various risks and uncertainties, and we may be unable to complete an acquisition after making a nonrefundable deposit or incurring acquisition related costs. We expensed \$847,000 and \$1,080,000 of acquisition costs during the three and six months ended June 30, 2015, respectively, and we expect to incur additional acquisition costs during the remainder of 2015 as we continue to acquire properties and grow our portfolio. Costs associated with acquisitions accounted for as asset acquisitions are capitalized as part of the purchase price allocation. We capitalized \$310,000 and \$346,000 of these acquisition costs during the three and six months ended June 30, 2015, respectively.

A key component of our growth strategy is to acquire properties through off-market and lightly marketed transactions that are often operating at below-market occupancy 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, six of our properties, representing 680,258 square feet, were in various stages of redevelopment and repositioning as of June 30, 2015. The table below sets forth a summary of these

properties:

Property (Submarket)	Market	Rentable Square Feet	Acquisition Date	Estimated Construction Period		Occupancy at 6/30/15
				Start	Completion	
1601 Alton Pkwy. (OC Airport)	Orange County	124,000	6/27/2014	4Q-2014	1Q-2016	39.8%
605 8th Street (San Fernando Valley)	Los Angeles County	56,780	8/26/2014	4Q-2014	3Q-2015	0.0%
7900 Nelson Rd. (San Fernando Valley)	Los Angeles County	203,082	11/25/2014	1Q-2015	3Q-2015	0.0%
9401 De Soto Ave. (San Fernando Valley)	Los Angeles County	150,263	3/18/2015	2Q-2015	3Q-2015	0.0%
2610 & 2701 S. Birch St. (OC Airport)	Orange County	98,230	6/5/2014	2Q-2015	4Q-2015	0.0%
24105 Frampton Ave. (South Bay)	Los Angeles County	47,903	3/20/2014	2Q-2015	1Q-2016	0.0%
Total/Weighted Average		680,258				7.3%

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Properties that are undergoing repositioning or redevelopment may qualify for interest and real estate tax capitalization. We capitalized \$387,000 and \$559,000 of interest and real estate taxes during the three and six months ended June 30, 2015, respectively. An increase in our repositioning and development activities resulting from value-add acquisitions could cause an increase in the asset balances qualifying for interest and tax capitalization in future periods.

Rental Revenue and Tenant Reimbursements

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.

Occupancy Rates. As of June 30, 2015, our consolidated portfolio was approximately 88.4% occupied and 90.0% leased. The difference between our occupancy percentage and leased percentage is attributed to our uncommenced leases.

The following table sets forth a summary of our portfolio's occupancy and annualized base rent by county as of June 30, 2015:

Market	Number of Properties	Square Feet	Occupancy	Annualized Base Rent ⁽¹⁾	Annualized Base Rent per Square Foot ⁽²⁾
Los Angeles County	56	5,733,810	87.7	% \$42,907,293	\$ 8.53
Orange County	14	1,372,329	84.4	% \$10,185,883	\$ 8.79
San Bernardino County	11	1,046,466	96.7	% \$7,342,285	\$ 7.26
Ventura County	10	1,057,306	90.8	% \$7,741,339	\$ 8.07
San Diego County	16	1,439,857	87.5	% \$13,142,630	\$ 10.44
Total/Weighted Average	107	10,649,768	88.4	% \$81,319,430	\$ 8.64

(1) Calculated for each market as the monthly contracted base rent per the terms of the lease(s) at each property within each market, as of June 30, 2015, multiplied by 12. Excludes billboard and antenna revenue and rent abatements.

(2) Calculated as annualized base rent for such market divided by leased square feet for such market as of June 30, 2015.

During the six months ended June 30, 2015, we entered into 15 leases that had not commenced as of June 30, 2015, representing 165,150 square feet, or 1.6% of our total rentable square feet. The following table sets forth information related to these uncommenced leases:

Market	Leased Square Feet Under Uncommenced Leases	Pro Forma Occupancy ⁽¹⁾	Annualized Base Rent Under Uncommenced Leases ⁽²⁾	Total Pro Forma Annualized Base Rent ⁽³⁾	Total Pro Forma Annualized Base Rent per Square
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					Foot ⁽⁴⁾
Los Angeles County	115,924	89.7%	\$ 1,008,912	\$43,916,205	\$ 8.54
Orange County	3,820	84.7%	\$ 48,379	\$10,234,263	\$ 8.81
San Bernardino County	-	96.7%	\$ -	\$7,342,285	\$ 7.26
Ventura County	9,824	91.7%	\$ 75,465	\$7,816,805	\$ 8.06
San Diego County	35,582	89.9%	\$ 428,124	\$13,570,754	\$ 10.48
Total/Weighted Average	165,150	90.0%	\$ 1,560,880	\$82,880,312	\$ 8.65

- (1) Pro forma occupancy is calculated as (i) square footage under lease as of June 30, 2015, plus additional square footage leased pursuant to uncommenced leases as of June 30, 2015.
- (2) 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 aggregating by market.
- (3) Total pro forma annualized base rent is calculated by adding (i) annualized base rent as of June 30, 2015 and (ii) annualized base rent under uncommenced leases.
- (4) Total pro forma annualized base rent per square foot is calculated as (i) total pro forma annualized base rent as of June 30, 2015, divided by (ii) leased square feet and leased square feet under uncommenced leases.

Excluding properties in redevelopment or repositioning, our remaining properties were approximately 94.0% occupied as of June 30, 2015. We believe the opportunity to increase occupancy at our properties will be a significant driver of future revenue growth.

Leasing Activity and Rental Rates. During the six months ended June 30, 2015, we executed 129 new leases covering approximately 742,000 square feet and renewed 154 leases covering approximately 762,000 square feet. The following table sets forth our leasing activity on a quarterly basis for the six months ended June 30, 2015:

Quarter	Gross Leasing Activity						Renewals					
	New Leases						Number			Cash		
	Number	Rentable	Cash	GAAP	Number	Rentable	Cash	GAAP	Number	Rentable	Cash	GAAP
	of Leases	Square Feet	Rent Change	Rent Change	of Leases	Square Feet	Rent Change	Rent Change	of Leases	Square Feet	Rent Change	Rent Change
Q1-2015	72	458,301	5.7 %	15.1 %	69	319,849	3.9 %	10.2 %				
Q2-2015	57	283,695	7.1 %	14.4 %	85	442,019	6.9 %	15.9 %				
Total/Weighted Average	129	741,996	6.3 %	14.8 %	154	761,868	5.6 %	13.5 %				

For the 129 new leases that were executed during the six months ended June 30, 2015, the leasing spreads increased by 6.3% on a cash basis and 14.8% on a GAAP basis, when comparing the ending cash rental rates on the expiring leases for the same space. For the 154 leases that we renewed during the six months ended June 30, 2015, the renewal spreads increased by 5.6% on a cash basis and 13.5% on a GAAP basis. Although our leasing spreads have varied from quarter to quarter, we believe that our recent leasing statistics are indicative of a trend of improving leasing fundamentals across our submarkets.

The following table summarizes our expiring and renewal leases and retention rate on a quarterly basis for the six months ended June 30, 2015:

Quarter	Expiring Leases		Renewal Leases		Retention %	
	Number	Rentable	Number	Rentable	Number	Rentable
	of Leases	Square Feet	of Leases	Square Feet	of Leases	Square Feet
Q1-2015	120	625,534	69	319,849	57.5 %	51.1 %
Q2-2015	130	857,483	85	442,019	65.4 %	51.5 %
Total/Weighted Average	250	1,483,017	154	761,868	61.6 %	51.4 %

During the six months ended June 30, 2015, we had 250 leases covering approximately 1.5 million rentable square feet reach expiration, of which 154 leases covering approximately 762,000 square feet renewed and 96 leases covering approximately 721,000 square feet vacated. Of the approximately 721,000 square feet that vacated, 141,000 square feet was the result of 21 tenant defaults, 4,000 square feet was the result of three early terminations, 5,000 square feet was the result of four tenant relocations, and the remaining 571,000 square feet was the result of 68 tenants with natural lease expirations who did not renew.

Our leasing activity is impacted both by our own redeveloping and repositioning efforts as well as by market conditions. When we redevelop or reposition an entire property or partial properties, its space may become unavailable for leasing until completion of the redevelopment or repositioning efforts. The current quarter's retention rate was impacted by move-outs at two repositioning properties, 2610 & 2701 S. Birch Street and 24105 Frampton Avenue, aggregating approximately 146,000 square feet. Adjusting for these two properties, our retention rate by rentable square feet would have been 62.1% and 57.0%, for the three and six months ended June 30, 2015, respectively.

Among the factors that affect lease rates on renewal is our acquisition activity. We may purchase a property with above or below market rental rates. We acquired nine properties during the six months ended June 30, 2015 and 36 properties during the year ended December 31, 2014. At the time of acquisition of some of these properties, our underwriting assumptions and what we believe to be our value-oriented purchase prices may have factored in anticipated or potential roll-downs or roll-ups in rent at some upcoming lease expirations.

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. Additionally, due to the size of our tenant spaces compared with our peer group and our typically shorter-term leases, we may have increased exposure to a negative trend in rental rates among our target tenant base than other industrial REITs.

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 relative desirability of our individual properties. The following table sets forth a summary schedule of lease expirations for leases in place as of June 30, 2015, plus available space, for each of the full and partial calendar years beginning with 2015 and thereafter:

Year of Lease Expiration	Number of Leases Expiring	Total Rentable Square Feet	Percentage of Total Owned Square Feet	Annualized Base Rent ⁽¹⁾	Percentage of Total Annualized Base Rent	Annualized Base Rent per Square Foot ⁽²⁾
Available	-	1,232,852	11.6	% -	-	-
MTM Tenants ⁽³⁾	106	192,524	1.8	% \$ 2,136	2.6	% \$ 11.10
2015	185	811,067	7.6	% 7,424	9.1	% \$ 9.15
2016	373	2,730,283	25.6	% 22,010	27.1	% \$ 8.06
2017	274	1,938,724	18.2	% 16,687	20.5	% \$ 8.61
2018	143	1,098,686	10.3	% 9,943	12.2	% \$ 9.05
2019	35	762,351	7.2	% 6,216	7.7	% \$ 8.15
2020	33	942,386	8.8	% 8,392	10.3	% \$ 8.91
2021	7	176,247	1.7	% 2,162	2.7	% \$ 12.26
2022	5	135,180	1.3	% 728	0.9	% \$ 5.38
2023	1	67,838	0.6	% 882	1.1	% \$ 13.01
2024	2	266,865	2.5	% 1,977	2.4	% \$ 7.41
Thereafter	3	294,765	2.8	% 2,762	3.4	% \$ 9.37
Total Consolidated Portfolio	1,167	10,649,768	100.0	% \$ 81,319	100.0	% \$ 8.64

(1) Calculated as monthly contracted base rent (in thousands) per the terms of such lease, as of June 30, 2015, multiplied by 12. Excludes billboard and antenna revenue and rent abatements.

(2) Calculated as annualized base rent for such leases divided by the leased square feet for such leases at each of the properties so impacted by the lease expirations as of June 30, 2015.

(3) Represents tenants under month-to-month leases or having holdover tenancy.

The leases scheduled to expire during the years ending December 31, 2015, and December 31, 2016, represent approximately 9.1% and 27.1% respectively, of the total annualized base rent for our portfolio at June 30, 2015. We estimate that, on a weighted average basis, in-place rents of leases scheduled to expire in 2015 and 2016 are currently, on average, slightly below current market asking rents, although individual units or properties within any particular submarket presently may be leased either above, below, or at the current market asking rates within that submarket, and the average rental rates for individual submarkets may be above, below, or at the average cash rental rate of our portfolio. Over the last few years, we have noted that, generally, rental rates in our markets for product comparable to ours have begun to recover, and accordingly, we anticipate the potential for increases in our lease rates upon renewal of upcoming 2015 and 2016 lease expirations as market conditions continue to improve.

Taxable REIT Subsidiary

As of June 30, 2015, our Operating Partnership indirectly and wholly owns Rexford Industrial Realty and Management, Inc., which we refer to as the services company. We have elected, together with our services company, to treat our services company as a taxable REIT subsidiary for federal income tax purposes. A taxable REIT

subsidiary generally may provide non-customary and other services to our tenants and engage in activities that we may not engage in directly without adversely affecting our qualification as a REIT, provided a taxable REIT subsidiary may not operate or manage a lodging facility or health care facility or provide rights to any brand name under which any lodging facility or health care facility is operated. We may form additional taxable REIT subsidiaries in the future, and our Operating Partnership may contribute some or all of its interests in certain wholly owned subsidiaries or their assets to our services company. Any income earned by our taxable REIT subsidiaries will not be included in our taxable income for purposes of the 75% or 95% gross income tests, except to the extent such income is distributed to us as a dividend, in which case such dividend income will qualify under the 95%, but not the 75%, gross income test. Because a taxable REIT subsidiary is subject to federal income tax, and state and local income tax (where applicable) as a regular corporation, the income earned by our taxable REIT subsidiaries generally will be subject to an additional level of tax as compared to the income earned by our other subsidiaries. Our taxable REIT subsidiary is a C-corporation subject to federal and state income tax, however it has a cumulative unrecognized net operation loss carryforward and therefore there is no income tax provision for the three and six months ended June 30, 2015 and 2014.

Conditions in Our Markets

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

Property Expenses

Our property expenses generally consist of utilities, real estate taxes, insurance, site repair and maintenance costs, and the allocation of overhead costs. For the majority of our properties, our property expenses are 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 property expenses. Our overall financial results will be impacted by the extent to which we are able to pass-through property expenses to our tenants.

General and Administrative Expenses

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 predecessor. We anticipate that our staffing levels will increase from 60 employees presently to between 70 and 80 employees during the next 12 to 24 months and, as a result, our general and administrative expenses will increase further.

Critical Accounting Policies

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions in certain circumstances that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses for the reporting periods. Actual amounts may differ from these estimates and assumptions. 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 results of operations and financial condition to those of other companies.

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 consolidated financial statements, the accounting policies presented below have been identified by us as critical accounting policies.

Investment in Real Estate

Acquisitions

When we acquire 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 and improvements, intangible assets related to above and below market leases, intangible assets related to in-place leases, debt and other assumed assets and liabilities. 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.

Explanation of Responses:

We allocate the purchase price to the fair value of the tangible assets by valuing the property as if it were vacant. 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 intangible lease assets or liabilities, we consider Level 3 inputs. Acquired above and below market leases are valued based on the present value of the difference between prevailing market rates and the in-place rates measured over a period equal to the remaining term of the lease for above market leases and the initial term plus the term of any below market fixed rate renewal options for below market leases, if applicable. The estimated fair value of acquired in-place at-market tenant leases are the costs that would have been incurred to lease the property to the occupancy level of the property at the date of acquisition. Such estimates include the value associated with leasing commissions, legal and other costs, as well as the estimated period necessary to lease such property that would be incurred to lease the property to its occupancy level at the time of its acquisition. Acquisition costs associated with the business combination are expensed in the period they are incurred.

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.

For acquisitions that do not meet the accounting criteria to be accounted for as a business combination, we record to land and building the purchase price paid and capitalize the associated acquisition costs.

Capitalization of Costs

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, insurance, real estate taxes and certain general and administrative costs, including direct payroll, bonus and noncash equity compensation, 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.

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 occur subsequent to our impairment analyses could impact these assumptions and result in future impairment of our real estate properties

Revenue Recognition

We recognize revenue from rent, tenant reimbursements and other revenue sources once all of the following criteria are met: persuasive evidence that an arrangement exists, 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.

Estimated reimbursements 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 us to 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.

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.

Results of Operations

Comparison of the Three Months Ended June 30, 2015 to the Three Months Ended June 30, 2014

Our results of operations for all periods presented were affected by acquisitions and dispositions made during the six months ended June 30, 2015, and the year ended December 31, 2014. Therefore, our results are not comparable from period to period. Our "Total Portfolio" represents all of the properties owned during the reported periods. To eliminate the effect of changes in our Total Portfolio due to acquisitions 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 as of January 1, 2014 and still owned by us as of June 30, 2015. Results for our Same Properties Portfolio exclude our joint venture property, any properties that were acquired or sold during the six months ended June 30, 2015 and the year ended December 31, 2014, and corporate general and administrative expenses. For the comparison of the three months ended June 30, 2015 to the three months ended June 30, 2014, our Same Properties Portfolio consists of 62 properties aggregating approximately 6.1 million square feet.

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.

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	Same Properties Portfolio				Total Portfolio			
	Three Months Ended June		Increase/ (Decrease)	% Change	Three Months Ended June		Increase/ (Decrease)	% Change
	30, 2015	2014			30, 2015	2014		
RENTAL REVENUES								
Rental income	\$ 11,982,000	\$ 11,505,000	\$ 477,000	4.1 %	\$ 19,275,000	\$ 12,773,000	\$ 6,502,000	50.9 %
Tenant reimbursements	1,665,000	1,489,000	176,000	11.8 %	2,844,000	1,681,000	1,163,000	69.2 %
Management, leasing and development services	-	-	-	- %	161,000	249,000	(88,000)	(35.3 %)
Other income	86,000	19,000	67,000	352.6 %	162,000	15,000	147,000	980.0 %
TOTAL RENTAL REVENUES								
	13,733,000	13,013,000	720,000	5.5 %	22,442,000	14,718,000	7,724,000	52.5 %
Interest income	280,000	278,000	2,000	0.7 %	280,000	278,000	2,000	0.7 %
TOTAL RENTAL REVENUES								
	14,013,000	13,291,000	722,000	5.4 %	22,722,000	14,996,000	7,726,000	51.5 %
EXPENSES								
Property expenses	3,667,000	3,532,000	135,000	3.8 %	5,874,000	3,892,000	1,982,000	50.9 %
General and administrative	-	-	-	- %	3,740,000	2,780,000	960,000	34.5 %
Depreciation and amortization	4,708,000	5,279,000	(571,000)	(10.8 %)	10,490,000	6,003,000	4,487,000	74.7 %
TOTAL OPERATING EXPENSES								
	8,375,000	8,811,000	(436,000)	(4.9 %)	20,104,000	12,675,000	7,429,000	58.6 %
OTHER EXPENSE								
Acquisition expenses	-	-	-	- %	847,000	652,000	195,000	29.9 %
Interest expense	235,000	294,000	(59,000)	(20.1 %)	1,658,000	1,537,000	121,000	7.9 %
TOTAL OTHER EXPENSE								
	235,000	294,000	(59,000)	(20.1 %)	2,505,000	2,189,000	316,000	14.4 %
TOTAL EXPENSES								
	8,610,000	9,105,000	(495,000)	(5.4 %)	22,609,000	14,864,000	7,745,000	52.1 %
Equity in income (loss) of unconsolidated real estate entities								
	-	-	-		12,000	(51,000)	63,000	
	-	-	-		71,000	-	71,000	

Explanation of Responses:

Gain on
extinguishment
of debt

NET INCOME	\$5,403,000	\$4,186,000	\$1,217,000	\$196,000	\$81,000	\$115,000
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Rental Income

Our Same Properties Portfolio and Total Portfolio rental revenue increased approximately \$0.5 million, or 4.1%, and approximately \$6.5 million, or 50.9%, respectively, during the three months ended June 30, 2015 compared to the three months ended June 30, 2014. The increase in our Same Properties Portfolio is primarily due to the increase in our average occupancy for comparable periods and the increase in average rental rates on new and renewal leases. Our Total Portfolio rental revenue was also positively impacted by the revenues from the 40 properties we acquired between April 1, 2014 and June 30, 2015.

Tenant Reimbursements

Our Same Properties Portfolio and Total Portfolio tenant reimbursements revenue increased approximately \$0.2 million, or 11.8%, and increased approximately \$1.2 million, or 69.2%, respectively, during the three months ended June 30, 2015 compared to the three months ended June 30, 2014. The increase in our Same Properties Portfolio is primarily due to timing differences in completing prior year recoverable expense reconciliations for comparable periods. Our Total Portfolio tenant reimbursements revenue was also impacted by reimbursements from the 40 properties we acquired between April 1, 2014 and June 30, 2015.

Management, Leasing and Development Services

Our Total Portfolio management, leasing and development services revenue decreased approximately \$0.1 million, or 35.3%, during the three months ended June 30, 2015 compared to the three months ended June 30, 2014. This was primarily due to lower management fees from our JV as a result of the sale of two of the three buildings owned by the JV in November 2014.

Other Income

Our Same Properties Portfolio and Total Portfolio other income increased approximately \$0.1 million, or 352.6%, and increased approximately \$0.1 million, or 980.0%, respectively, for the three months ended June 30, 2015 compared to the three months ended June 30, 2014, primarily due to an increase in late fee income.

Property Expenses

Our Same Properties Portfolio property expenses increased approximately \$0.1 million, or 3.8%, during the three months ended June 30, 2015 compared to the three months ended June 30, 2014, primarily due an increase in allocated property overhead costs. Our Total Portfolio property expenses increased approximately \$2.0 million, or 50.9%, during the three months ended June 30, 2015 compared to the three months ended June 30, 2014, primarily as a result of incremental expenses from the 40 properties we acquired between April 1, 2014 and June 30, 2015.

General and Administrative

Our Total Portfolio general and administrative expenses increased approximately \$1.0 million, or 34.5%, during the three months ended June 30, 2015 compared to the three months ended June 30, 2014. The increase is primarily due to an approximately \$0.2 million increase in non-cash equity compensation expense due to restricted stock grants made subsequent to June 30, 2014, an approximately \$0.2 million increase in bonus expense and approximately \$0.2 million increase in payroll and benefits expense due to increased staffing levels, an approximately \$0.1 million increase in professional audit and tax fees, an approximately \$0.1 million increase in overhead costs related to rent and professional fees and an approximately \$0.1 million increase in corporate public company expenses.

Depreciation and Amortization

Our Same Properties Portfolio depreciation and amortization expense decreased approximately \$0.6 million, or 10.8%, during the three months ended June 30, 2015 compared to the three months ended June 30, 2014, primarily due to acquired lease related intangible and tangible assets for several of our properties becoming fully depreciated during the six months ended June 30, 2015 and the year ended December 31, 2014. Our Total Portfolio depreciation and amortization expense increased approximately \$4.5 million, or 74.7%, during the three months ended June 30, 2015 compared to the three months ended June 30, 2014, primarily due to incremental expenses from the 40 properties we acquired between April 1, 2014 and June 30, 2015.

Acquisition Expenses

Our Total Portfolio acquisition expenses increased approximately \$0.2 million, or 29.9%, during the three months ended June 30, 2015 compared to the three months ended June 30, 2014, primarily due to increased brokerage fees related to acquisitions completed during the current period.

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Interest Expense

Our Same Properties Portfolio interest expense decreased by approximately \$0.1 million, or 20.1%, for the three months ended June 30, 2015 compared to the three months ended June 30, 2014, due to the repayment of the note secured by our property located at 10700 Jersey Boulevard in October 2014. Our Total Portfolio interest expense increased by approximately \$0.1 million, or 7.9%, for the three months ended June 30, 2015 compared to the three months ended June 30, 2014. This was primarily due to incremental interest expense from the mortgage loan we assumed during May 2014 and the \$48.5 million term loan we obtained during June 2014, incremental interest expense from our effective interest rate swap and an increase in unused commitment fees resulting from a lower average outstanding balance on our revolving credit facility during comparable periods. The increase was partially offset by a decrease in interest expense resulting from a lower average outstanding balance on our revolving credit facility during comparable periods.

Equity in Income (Loss) of Unconsolidated Real Estate Entities

Equity in income (loss) of unconsolidated real estate entities includes our equity interests in the operating results of the properties held by our JV and basis adjustments related to these properties. In November 2014, the JV sold two of the three buildings owned by the JV. Our Total Portfolio equity in income of unconsolidated real estate entities increased by \$63,000 for the three months ended June 30, 2015 compared to the three months ended June 30, 2014, primarily as a result of the change in basis adjustments following the sale of these properties.

Gain on Extinguishment of Debt

The gain on extinguishment of debt of approximately \$0.1 million for the three months ended June 30, 2015 resulted from the early repayment of the mortgage loan secured by our property located at 2980-2990 San Fernando Road. The loan was repaid on April 1, 2015 with no prepayment fees incurred.

Comparison of the Six Months Ended June 30, 2015 to the Six Months Ended June 30, 2014

Our results of operations for all periods presented were affected by acquisitions and dispositions made during the six months ended June 30, 2015, and the year ended December 31, 2014. Therefore, our results are not comparable from period to period. Our "Total Portfolio" represents all of the properties owned during the reported periods. To eliminate the effect of changes in our Total Portfolio due to acquisitions 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 as of January 1, 2014 and still owned by us as of June 30, 2015. Results for our Same Properties Portfolio exclude our joint venture property, any properties that were acquired or sold during the six months ended June 30, 2015 and the year ended December 31, 2014, and corporate general and administrative expenses. For the comparison of the six months ended June 30, 2015 to the six months ended June 30, 2014, our Same Properties Portfolio consists of 62 properties aggregating approximately 6.1 million square feet.

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.

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	Same Properties Portfolio				Total Portfolio			
	Six Months Ended June 30, 2015	2014	Increase/ (Decrease)	% Change	Six Months Ended June 30, 2015	2014	Increase/ (Decrease)	% Change
RENTAL REVENUES								
Rental income	\$23,735,000	\$22,655,000	\$1,080,000	4.8 %	\$37,832,000	\$24,401,000	\$13,431,000	55.0 %
Tenant reimbursements	3,073,000	2,964,000	109,000	3.7 %	5,028,000	3,192,000	1,836,000	57.5 %
Management, leasing and development services	-	-	-	- %	293,000	483,000	(190,000)	(39.3 %)
Other income	123,000	56,000	67,000	119.6 %	352,000	57,000	295,000	517.5 %
TOTAL RENTAL REVENUES								
	26,931,000	25,675,000	1,256,000	4.9 %	43,505,000	28,133,000	15,372,000	54.6 %
Interest income	557,000	554,000	3,000	0.5 %	557,000	554,000	3,000	0.5 %
TOTAL REVENUES								
	27,488,000	26,229,000	1,259,000	4.8 %	44,062,000	28,687,000	15,375,000	53.6 %
EXPENSES								
Property expenses	7,391,000	7,393,000	(2,000)	(0.0 %)	11,645,000	8,026,000	3,619,000	45.1 %
General and administrative	-	-	-	- %	7,286,000	5,385,000	1,901,000	35.3 %
Depreciation and amortization	9,334,000	11,022,000	(1,688,000)	(15.3 %)	20,374,000	12,133,000	8,241,000	67.9 %
TOTAL OPERATING EXPENSES								
	16,725,000	18,415,000	(1,690,000)	(9.2 %)	39,305,000	25,544,000	13,761,000	53.9 %
OTHER EXPENSE								
Acquisition expenses	-	-	-	- %	1,080,000	985,000	95,000	9.6 %
Interest expense	471,000	583,000	(112,000)	(19.2 %)	3,484,000	2,788,000	696,000	25.0 %
TOTAL OTHER EXPENSE								
	471,000	583,000	(112,000)	(19.2 %)	4,564,000	3,773,000	791,000	21.0 %
TOTAL EXPENSES								
	17,196,000	18,998,000	(1,802,000)	(9.5 %)	43,869,000	29,317,000	14,552,000	49.6 %
Equity in income (loss) of unconsolidated real estate entities								
	-	-	-		13,000	(6,000)	19,000	
Gain on extinguishment of debt								
	-	-	-		71,000	-	71,000	
NET INCOME (LOSS) FROM CONTINUING OPERATIONS								
	10,292,000	7,231,000	3,061,000		277,000	(636,000)	913,000	

DISCONTINUED
OPERATIONSIncome from
discontinued
operations before
gain on sale of real
estate and loss on
extinguishment of
debt

-	-	-	-	21,000	(21,000)
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Gain on sale of
real estate

-	-	-	-	2,125,000	(2,125,000)
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INCOME FROM
DISCONTINUED
OPERATIONS

-	-	-	-	2,146,000	(2,146,000)
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NET INCOME	\$ 10,292,000	\$ 7,231,000	\$ 3,061,000	\$ 277,000	\$ 1,510,000	\$(1,233,000)
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Rental Income

Our Same Properties Portfolio and Total Portfolio rental revenue increased approximately \$1.1 million, or 4.8%, and approximately \$13.4 million, or 55.0%, respectively, during the six months ended June 30, 2015 compared to the six months ended June 30, 2014. The increase in our Same Properties Portfolio is primarily due to the increase in our average occupancy for comparable periods and the increase in average rental rates on new and renewal leases. Our Total Portfolio rental revenue was also positively impacted by the revenues from the 45 properties we acquired between January 1, 2014 and June 30, 2015.

Tenant Reimbursements

Our Same Properties Portfolio and Total Portfolio tenant reimbursements revenue increased approximately \$0.1 million, or 3.7%, and increased approximately \$1.8 million, or 57.5%, respectively, during the six months ended June 30, 2015 compared to the six months ended June 30, 2014. The increase in our Same Properties Portfolio is primarily due to timing differences in completing prior year recoverable expense reconciliations for comparable periods. Our Total Portfolio tenant reimbursements increased due to the 45 properties we acquired between January 1, 2014 and June 30, 2015.

Management, Leasing and Development Services

Our Total Portfolio management, leasing and development services revenue decreased approximately \$0.2 million, or 39.3%, during the six months ended June 30, 2015 compared to the six months ended June 30, 2014. This was primarily due to lower management fees from our JV as a result of the sale of two of the three buildings owned by the JV in November 2014.

Other Income

Our Same Properties Portfolio other income increased approximately \$0.1 million, or 119.6%, for the six months ended June 30, 2015 compared to the six months ended June 30, 2014, primarily due to an increase in late fee income. Our Total Portfolio other income increased approximately \$0.3 million, or 517.5%, for the six months ended June 30, 2015 compared to the six months ended June 30, 2014, primarily due to filming income at one of our properties and an increase in late fee income.

Property Expenses

Our Same Properties Portfolio property expenses remained stable during the six months ended June 30, 2015 compared to the six months ended June 30, 2014. Our Total Portfolio property expenses increased approximately \$3.6 million, or 45.1%, during the six months ended June 30, 2015 compared to the six months ended June 30, 2014, primarily as a result of incremental expenses from the 45 properties we acquired between January 1, 2014 and June 30, 2015.

General and Administrative

Our Total Portfolio general and administrative expenses increased approximately \$1.9 million, or 35.3%, during the six months ended June 30, 2015 compared to the six months ended June 30, 2014. The increase is primarily due to an approximately \$0.4 million increase in payroll and benefits expense due to increased staffing levels, an approximately \$0.4 million increase in non-cash equity compensation expense due to restricted stock grants made subsequent to June 30, 2014, an approximately \$0.4 million increase in legal expenses, an approximately \$0.3 million increase in professional audit and tax fees, and an approximately \$0.2 million increase in corporate public company expenses.

Explanation of Responses:

Depreciation and Amortization

Our Same Properties Portfolio depreciation and amortization expense decreased approximately \$1.7 million, or 15.3%, during the six months ended June 30, 2015 compared to the six months ended June 30, 2014 due to acquired lease related intangible and tangible assets for several of our properties becoming fully depreciated during the six months ended June 30, 2015 and the year ended December 31, 2014. Our Total Portfolio depreciation and amortization expense increased approximately \$8.2 million, or 67.9%, during the six months ended June 30, 2015 compared to the six months ended June 30, 2014 due to incremental expenses from the 45 properties we acquired between January 1, 2014 and June 30, 2015.

Acquisition Expenses

Our Total Portfolio acquisition expenses increased approximately \$0.1 million, or 9.6%, during the six months ended June 30, 2015 compared to the six months ended June 30, 2014, primarily due to increased brokerage fees related to acquisitions completed during the current period.

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Interest Expense

Our Same Properties Portfolio interest expense decreased by approximately \$0.1 million, or 19.2%, for the six months ended June 30, 2015 compared to the six months ended June 30, 2014, due to the repayment of the note secured by our property located at 10700 Jersey Boulevard in October 2014. Our Total Portfolio interest expense increased by approximately \$0.7 million, or 25.0%, for the six months ended June 30, 2015 compared to the six months ended June 30, 2014. This was primarily due to incremental interest expense from the mortgage loan we assumed during May 2014 and the \$48.5 million term loan we obtained during June 2014, incremental interest expense from our effective interest rate swap and an increase in unused commitment fees resulting from a lower average outstanding balance on our revolving credit facility during comparable periods. The increase was partially offset by a decrease in interest expense resulting from a lower average outstanding balance on our revolving credit facility during comparable periods.

Equity in Income (Loss) of Unconsolidated Real Estate Entities

Equity in income (loss) of unconsolidated real estate entities includes our equity interests in the operating results of the properties held by our JV and basis adjustments related to these properties. In November 2014, the JV sold two of the three buildings owned by the JV. Our Total Portfolio equity in income (loss) of unconsolidated real estate entities increased by \$19,000 for the six months ended June 30, 2015 compared to the six months ended June 30, 2014, primarily as a result of the change in basis adjustments following the sale of these properties.

Gain on Extinguishment of Debt

The gain on extinguishment of debt of approximately \$0.1 million for the six months ended June 30, 2015 resulted from the early repayment of the mortgage loan secured by our property located at 2980-2990 San Fernando Road. The loan was repaid on April 1, 2015 with no prepayment fees incurred.

Discontinued Operations

Our income from discontinued operations of \$2.1 million for the six months ended June 30, 2014 is comprised primarily of the gain on sale of our property located at 1335 Park Center Drive, partially offset by the loss on sale of our property located at 2900 N. Madera Road.

Non-GAAP Supplemental Measure: Funds From Operations

We calculate funds from operations (“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 accounting principles generally accepted in the United States (“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 joint ventures.

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

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

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

	Three Months Ended June		Six Months Ended June 30,	
	30, 2015	2014	2015	2014
Funds From Operations (FFO)				
Net income	\$ 196,000	\$ 81,000	\$ 277,000	\$ 1,510,000
Add:				
Depreciation and amortization, including amounts in discontinued operations	10,490,000	6,003,000	20,374,000	12,140,000
Depreciation and amortization from unconsolidated joint venture ⁽¹⁾	20,000	103,000	48,000	188,000
Deduct:				
Gain on sale of real estate	-	-	-	(2,125,000)
Funds from operations	\$ 10,706,000	\$ 6,187,000	\$ 20,699,000	\$ 11,713,000

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

Non-GAAP Supplemental Measure: NOI and Cash NOI

Net operating income (“NOI”) includes the revenue and expense directly attributable to our real estate properties calculated in accordance with GAAP. NOI is calculated as total revenue from real estate operations including i) rental revenues ii) tenant reimbursements, and iii) other income less property expenses (before interest expense, depreciation and amortization). We use NOI as a supplemental performance measure because, in excluding real estate depreciation and amortization expense and gains (or losses) from property dispositions, it provides a performance measure that, when compared year over year, captures trends in occupancy rates, rental rates and operating costs. We also believe that NOI will be useful to investors as a basis to compare our operating performance with that of other REITs. However, because NOI excludes depreciation and amortization expense and captures neither the changes in the value of our properties that result from use or market conditions, nor the level of capital expenditures and leasing commissions necessary to maintain the operating performance of our properties (all of which have real economic effect and could materially impact our results from operations), the utility of NOI as a measure of our performance is limited. Other equity REITs may not calculate NOI in a similar manner and, accordingly, our NOI may not be comparable to such other REITs’ NOI. Accordingly, NOI should be considered only as a supplement to net income as a measure of our performance. NOI should not be used as a measure of our liquidity, nor is it indicative of funds available to fund our cash needs. NOI should not be used as a substitute for cash flow from operating activities in accordance with GAAP.

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

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

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	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Rental revenues	\$19,275,000	\$12,773,000	\$37,832,000	\$24,401,000
Tenant reimbursements	2,844,000	1,681,000	5,028,000	3,192,000
Other income	162,000	15,000	352,000	57,000
Total operating revenues	22,281,000	14,469,000	43,212,000	27,650,000
Property expenses	5,874,000	3,892,000	11,645,000	8,026,000
Net Operating Income	\$16,407,000	\$10,577,000	\$31,567,000	\$19,624,000
Fair value lease revenue	46,000	73,000	85,000	154,000
Straight line rent adjustment	(612,000)	(436,000)	(977,000)	(644,000)
Cash Net Operating Income	\$15,841,000	\$10,214,000	\$30,675,000	\$19,134,000

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net income	\$ 196,000	\$ 81,000	\$ 277,000	\$ 1,510,000
Add:				
General and administrative	3,740,000	2,780,000	7,286,000	5,385,000
Depreciation and amortization	10,490,000	6,003,000	20,374,000	12,133,000
Acquisitions expense	847,000	652,000	1,080,000	985,000
Interest expense	1,658,000	1,537,000	3,484,000	2,788,000
Deduct:				
Management, leasing and development services	161,000	249,000	293,000	483,000
Interest income	280,000	278,000	557,000	554,000
Equity in income (loss) of unconsolidated real estate entities	12,000	(51,000)	13,000	(6,000)
Gain on extinguishment of debt	71,000	-	71,000	-
Income from discontinued operations before gain on sale of real estate	-	-	-	21,000
Gain on sale of real estate	-	-	-	2,125,000
Net Operating Income	\$ 16,407,000	\$ 10,577,000	\$ 31,567,000	\$ 19,624,000
Fair value lease revenue	46,000	73,000	85,000	154,000
Straight line rent adjustment	(612,000)	(436,000)	(977,000)	(644,000)
Cash Net Operating Income	\$ 15,841,000	\$ 10,214,000	\$ 30,675,000	\$ 19,134,000

Non-GAAP Supplemental Measure: EBITDA

We believe that earnings before interest expense, income taxes, depreciation and amortization (“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. However, our industry peers may not calculate EBITDA in the same manner as we do and, accordingly, our EBITDA may not be comparable to our peers’ EBITDA. Accordingly, EBITDA should be considered only as a supplement to net income (loss) as a measure of our performance.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net income	\$ 196,000	\$ 81,000	\$ 277,000	\$ 1,510,000
Interest expense	1,658,000	1,537,000	3,484,000	2,788,000
	-	45,000	-	102,000

Explanation of Responses:

Proportionate share of interest expense from unconsolidated joint venture				
Depreciation and amortization, including amounts in discontinued operations	10,490,000	6,003,000	20,374,000	12,140,000
Proportionate share of real estate related depreciation and amortization from unconsolidated joint venture	20,000	103,000	48,000	188,000
EBITDA	\$12,364,000	\$7,769,000	\$24,183,000	\$16,728,000

Liquidity and Capital Resources

Our short-term liquidity requirements consist primarily of funds to pay for operating expenses, interest expense and scheduled principal payments on outstanding indebtedness, general and administrative expenses, capital expenditures for tenant improvements and leasing commissions and distributions to our common stockholders and holders of common units. We expect to meet our short-term liquidity requirements through available cash on hand, cash flow from operations, by drawing on our unsecured revolving credit facility and pursuant to the ATM Program described below. As of June 30, 2015, our cash and cash equivalents were approximately

\$10.0 million, and our outstanding balance under our unsecured revolving credit facility was \$37.0 million, leaving \$163.0 million available for additional borrowings.

Our long-term liquidity needs consist primarily of funds necessary to pay for acquisitions, recurring and non-recurring capital expenditures and scheduled debt maturities. During 2015, we expect to close on acquisitions aggregating \$250 million or more. As of August 7, 2015, we have already closed on approximately \$133 million, and we currently have \$58 million of acquisitions in escrow and outstanding letters of intent for properties aggregating approximately \$63 million, which we anticipate closing in the coming quarters. We intend to satisfy our long-term liquidity needs through cash flow from operations, long-term secured and unsecured borrowings, borrowings available under our revolving credit facility and the issuance of equity securities.

On April 17, 2015, we established an at-the-market equity offering program (the “ATM Program”) pursuant to which we may issue and sell shares of our common stock having an aggregate offering price of up to \$125,000,000 in amounts and at times to be determined by us from time to time. Actual sales, if any, will depend on a variety of factors to be determined by us from time to time, including among others, market conditions, the trading price of our common stock, determinations by us of the appropriate sources of funding for us and potential uses of funding available to us. We intend to use the net proceeds from the offering of shares under the ATM Program, if any, to fund potential acquisition opportunities, repay amounts outstanding from time to time under our unsecured revolving credit facility or other debt financing obligations, to fund our development or redevelopment activities and/or for general corporate purposes. As of August 7, 2015, we have not sold any shares of common stock pursuant to the ATM Program.

On February 3, 2015, we completed a public follow-on offering of 11,500,000 shares of common stock at a price per share of \$16.00. The net proceeds of the follow-on offering were approximately \$176.3 million, after deducting the underwriting discount and offering costs paid aggregating approximately \$7.7 million. The net proceeds from this offering were used to repay all of the outstanding borrowings under our unsecured revolving credit facility, which had an outstanding balance of \$116.0 million on February 6, 2015, the date of repayment, as well as to fund four of our acquisitions and for general corporate purposes.

The offering noted above was made pursuant to a shelf registration statement declared effective by the SEC on August 12, 2014, whereby we may offer and sell an indeterminate number of equity securities up to a total dollar amount of \$750,000,000. From time to time, we may decide to issue additional securities under this shelf registration statement to fund acquisitions, the repayment of long-term debt upon maturity and for other general corporate purposes.

At June 30, 2015, we had total indebtedness of approximately \$296.7 million, reflecting a net debt to total market capitalization of approximately 25.6%. Our total market capitalization is defined as the sum of the market value of our outstanding common stock excluding shares of nonvested restricted stock, plus the aggregate value of common units not owned by us, plus the value of our net debt. Our net debt is defined as our consolidated indebtedness less cash and cash equivalents.

Unsecured Revolving Credit and Term Loan Facilities

We have a senior unsecured revolving credit facility with borrowing capacity of \$200.0 million (the “Revolver”) and a senior unsecured term loan facility (the “Term Loan Facility”) with borrowing capacity of \$100.0 million (together the “Credit Facility”). The Revolver is scheduled to mature on June 11, 2018 with one 12-month extension option available, subject to certain conditions, and the Term Loan Facility is scheduled to mature on June 11, 2019. The aggregate principal amount of the Credit Facility may be increased to a total of up to \$600.0 million, which may be comprised of additional revolving commitments under the Revolver or an increase to the Term Loan Facility, or any combination of the foregoing, subject to the satisfaction of specified conditions and the identification of lenders willing to make available such additional amounts.

Interest on the Credit Facility is generally to be paid based upon, at our option, either (i) LIBOR plus the applicable LIBOR margin or (ii) the applicable base rate which is the greater of (a) the federal funds rate plus 0.50%, (b) the administrative agent's prime rate or (c) the thirty-day LIBOR plus 1.00%, plus the applicable base rate margin. Until we attain an investment grade rating by two or more of Standard & Poor's, Moody's Investor Services and Fitch Ratings, the applicable LIBOR margin will range from 1.30% to 1.90% for the Revolver and 1.25% to 1.85% for the Term Loan Facility, depending on the our Leverage Ratio (as defined in the credit agreement). During February 2015, our Revolver and Term Loan Facility were assigned an investment grade rating of BBB- by Fitch Ratings. Additionally, a quarterly facility fee is paid on the undrawn portion of the Revolver in an amount equal to 0.20% or 0.30% depending on the undrawn amount of the Revolver.

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

The Credit Facility includes a series of financial and other covenants that we must comply with in order to borrow under the Credit Facility, including:

- Maintaining a ratio of total indebtedness to total asset value of not more than 60%;
- Maintaining a ratio of secured debt to total asset value of not more than 45%;
- Maintaining a ratio of total recourse debt to total asset value of not more than 15%;
- Maintaining a minimum tangible net worth of at least the sum of (i) \$283,622,250, and (ii) an amount equal to at least 75% of the net equity proceeds received by the Company after March 31, 2014;
- Maintaining a ratio of adjusted EBITDA (as defined in the credit agreement) to fixed charges of at least 1.50 to 1.0;
- Maintaining a ratio of total unsecured debt to total unencumbered asset value of not more than 60%;
- Maintaining a ratio of unencumbered NOI (as defined in the credit agreement) to unsecured interest expense of at least 1.75 to 1.0.

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

Additionally, the Credit Facility provides that our distributions may not exceed the greater of (i) 95.0% of our funds from operations or (ii) the amount required for us to qualify and maintain our status as a REIT and avoid the payment of federal or state income or excise tax in any 12 month period.

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

Consolidated Indebtedness

The following table sets forth certain information with respect to our consolidated indebtedness outstanding as of June 30, 2015 (dollars in thousands):

	Principal Amount ⁽¹⁾	Interest Rate	Effective Interest Rate ⁽²⁾		Contractual Maturity Date
Fixed Rate Debt					
The Park	\$ 3,109	5.125 %	5.125 %		3/1/2031
\$60M Term Loan	30,000	3.726 % ⁽³⁾	3.726 %		8/1/2019 ⁽⁴⁾
12907 Imperial Hwy	5,356	5.950 %	5.950 %		4/1/2018
Subtotal	38,465				
Variable Rate Debt					
Glendale Commerce Center	42,750	LIBOR + 2.00 %	2.19 % ⁽⁵⁾		5/1/2016 ⁽⁶⁾
\$60M Term Loan	30,000	LIBOR + 1.90 % ⁽³⁾	2.09 % ⁽⁵⁾		8/1/2019 ⁽⁴⁾

Explanation of Responses:

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\$48.5M Term Loan	48,500	LIBOR + 1.55 %	1.74	% (5)	6/24/2017	(6)
\$100M Term Loan Facility	100,000	LIBOR + 1.25 % ⁽⁷⁾	1.44	% (5)	6/11/2019	
Revolving Credit Facility	37,000	LIBOR + 1.30 % ⁽⁷⁾	1.49	% ⁽⁵⁾⁽⁸⁾	6/11/2018	
Subtotal	258,250					
Total/Weighted Average	\$ 296,715		2.02	%		

(1) Excludes deferred loan fees and net debt premiums aggregating approximately \$0.4 million at June 30, 2015.

(2) Reflects the interest rate at June 30, 2015, excluding the effect of amortization of discounts/premiums and deferred loan costs.

(3) As of June 30, 2015, \$30 million of the \$60 million variable-rate term loan has been effectively fixed at 3.726% through the use of an interest rate swap with an effective date of January 15, 2015, and as such, is included in this table as fixed rate debt. The remaining \$30 million is included in this table as variable rate debt.

(4) With one 1-year option to extend, provided that certain conditions are satisfied.

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- (5) Based on the 30-day LIBOR rate as of June 30, 2015, as defined under the respective loan agreements.
- (6) These loans were repaid on August 6, 2015. See Part II, Item 5 for additional information.
- (7) The LIBOR margin will range from 1.30% to 1.90% for the revolving credit facility and 1.25% to 1.85% for the Term Loan Facility, depending on our Leverage Ratio, as defined in the loan agreement.
- (8) Excludes the effect of the unused commitment fee, which is calculated as 0.30% or 0.20% of the daily unused commitment if the balance is under \$100 million or over \$100 million, respectively.

At June 30, 2015, we had total consolidated indebtedness of approximately \$296.7 million, excluding deferred loan fees and net debt premiums aggregating approximately \$0.4 million, with a weighted average interest rate of approximately 2.02% (based on the LIBOR rates in effect on June 30, 2015, and a margin of 130 basis points and 125 basis points on our Revolver and Term Loan Facility, respectively) and average term-to-maturity of 3.2 years. As of June 30, 2015, \$30.0 million of the Company's variable rate debt has been effectively fixed at 3.726% through the use of an interest rate swap. As a result, as of June 30, 2015, approximately \$38.5 million, or 13.0% of our outstanding indebtedness was fixed-rate debt with a weighted average interest rate of 4.15% and an average term-to-maturity of 4.8 years and the remaining \$258.3 million, or 87.0%, of our outstanding indebtedness was variable rate debt, with a weighted average interest rate of LIBOR + 1.51% and an average term-to-maturity of 2.9 years.

In addition to the swap noted above, we have another three forward interest rate swaps that will effectively fix an additional \$130.0 million of our floating rate debt as follows: (i) \$30 million at 3.91% from 7/15/15 to 2/15/19, (ii) \$50 million at 1.79% plus the applicable margin on our Term Loan Facility from 8/14/15 to 12/14/18, and (ii) \$50 million at 2.005% plus the applicable margin on our Term Loan Facility from 2/16/16 to 12/14/18. If all of these interest rate swaps were effective as of June 30, 2015, our consolidated debt would be 57% fixed-rate and 43% variable-rate.

See Part II, Item 5 "Other Information" for a description of transactions occurring subsequent to June 30, 2015 that affect our consolidated indebtedness.

Debt Covenants

In addition to our Credit Facility, certain of our other loan agreements contain financial covenants. The Glendale Commerce Center loan contains the financial covenants noted below. Additionally, there is a debt service coverage ratio requirement and a loan-to-value ratio requirement that is tested each time we exercise an option to extend the maturity date of the loan.

- Maintaining a Debt Service Coverage Ratio (as defined in the term loan agreement) of at least 1.10 to 1.00, to be tested quarterly;
- Maintaining Unencumbered Liquid Assets (as defined in the term loan agreement) of not less than (i) \$5,000,000, to be tested annually as of December 31 of each year;
- Maintaining a minimum Fair Market Net Worth (as defined in the term loan agreement) of at least \$75,000,000, to be tested annually as of December 31 of each year.

Our \$60.0 million term loan contains the following financial covenants:

- Maintaining a Debt Service Coverage Ratio (as defined in the term loan agreement) of at least 1.10 to 1.00, to be tested quarterly;
- Maintaining Unencumbered Liquid Assets (as defined in the term loan agreement) of not less than (i) \$5,000,000, or (ii) \$8,000,000 if we elect to have Line of Credit Availability (as defined in the term loan agreement) included in the calculation, of which \$2,000,000 must be cash or cash equivalents, to be tested annually as of December 31 of each year;

· Maintaining a minimum Fair Market Net Worth (as defined in the term loan agreement) of at least \$75,000,000, to be tested annually as of December 31 of each year.

Our \$48.5 million term loan contains a performance covenant that is tested annually and requires the achievement of a minimum in-place debt yield of 9.25% by the eight properties securing the loan.

We were in compliance with all of our quarterly debt covenants as of June 30, 2015.

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Contractual Obligations

The following table sets forth our principal obligations and commitments, including periodic interest payments related to our indebtedness outstanding as of June 30, 2015 (in thousands):

	Payments by Period						
	Total	2015	2016	2017	2018	2019	Thereafter
Principal payments	\$296,715	\$122	\$43,002	\$48,766	\$42,208	\$160,158	\$ 2,459
Interest payments - fixed-rate debt	2,304	238	465	451	238	130	782
Interest payments - variable-rate debt ⁽¹⁾	14,866	2,509	4,394	3,643	2,933	1,387	-
Interest rate swap payments ⁽²⁾	9,040	818	2,647	2,750	2,693	133	-
Office lease payments	2,197	238	520	543	559	337	-
Ground lease payments	6,756	72	144	144	144	144	6,108
Contractual obligations ⁽³⁾	5,335	5,335	-	-	-	-	-
Total	\$337,213	\$9,332	\$51,172	\$56,297	\$48,775	\$162,289	\$ 9,349

(1) Based on the 30-day LIBOR rate as of June 30, 2015, as defined under the respective loan agreements.

(2) Reflects estimated payments to counterparties assuming that LIBOR is equal to 0.1865% from the effective date through the termination date of each respective interest rate swap.

(3) Includes commitments for tenant improvement and construction work related to obligations under certain tenant leases and vendor contracts.

Off Balance Sheet Arrangements

As of June 30, 2015, we did not have any off-balance sheet arrangements other than the one unconsolidated real estate entity which has been disclosed in the notes to our consolidated financial statements.

Cash Flows

Comparison of the Six Months Ended June 30, 2015 to the Six Months Ended June 30, 2014

The following table summarizes the cash flows of Rexford Industrial Realty, Inc. for the six months ended June 30, 2015 and 2014:

	Six Months Ended		
	June 30, 2015	2014	Change
	(dollars in thousands)		
Cash provided by operating activities	\$17,824	\$9,375	\$8,449
Cash used in investing activities	\$(114,194)	\$(164,657)	\$50,463
Cash provided by financing activities	\$97,752	\$155,557	\$(57,805)

Net cash provided by operating activities. Net cash provided by operating activities increased by \$8.4 million to \$17.8 million for the six months ended June 30, 2015 compared to \$9.4 million for the six months ended June 30, 2014. The

increase is primarily attributable to incremental cash flows from property acquisitions completed after January 1, 2014 and increases in Cash NOI from our Same Properties Portfolio, partially offset by fluctuations in working capital and higher cash interest paid for comparable periods.

Net cash used in investing activities. Net cash used in investing activities decreased by \$50.5 million to \$114.2 million for the six months ended June 30, 2015 compared to \$164.7 million for the six months ended June 30, 2014. The decrease is primarily attributable to a decrease in cash paid for property acquisitions of \$69.5 million for comparable periods, partially offset by net proceeds of \$13.8 million received from property dispositions during the six months ended June 30, 2014, and an increase in cash paid for construction and development projects of \$5.4 million for comparable periods.

Net cash provided by financing activities. Net cash provided by financing activities was \$97.8 million for the six months ended June 30, 2015, and consists primarily of \$176.1 million in net common stock issuance proceeds, partially offset by net payments of \$55.5 million on our unsecured revolving credit facility, the repayment of a term loan with a remaining principal balance of \$10.1 million and the payment of \$12.4 million in dividends and distributions. Net cash provided by financing activities was \$155.6 million for the six months ended June 30, 2014, and consists primarily of net borrowings of \$118.5 million on our unsecured revolving credit facility and proceeds from a new \$48.5 million term loan borrowing, partially offset by the payment of \$9.4 million in dividends and distributions and \$1.9 million in deferred loan costs.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

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

Based upon the amount of variable-rate debt outstanding as of June 30, 2015, if LIBOR were to increase by 50 basis points, the increase in interest expense on our variable rate debt would decrease our future earnings and cash flows by approximately \$1.3 million annually. If LIBOR were to decrease by 50 basis points, the decrease in interest expense on our variable-rate debt would be approximately \$0.5 million annually. This does not include \$30 million of our variable-rate debt that has been effectively fixed through the use of interest rate swaps as of June 30, 2015.

Interest risk amounts are our management's estimates and were determined by considering the effect of hypothetical interest rates on our financial instruments. We calculate interest sensitivity by multiplying the amount of variable rate debt outstanding by the respective change in rate. The sensitivity analysis does not take into consideration possible changes in the balances or fair value of our floating rate debt. 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.

Item 4. Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rule 13a-15(e) or Rule 15d-15(e) under the Securities Exchange Act of 1934, as amended, (the "Exchange Act") that are designed to ensure that information required to be disclosed in our reports under the Exchange Act is processed, recorded, summarized, and reported within the time periods specified in the Security and Exchange Commission's rules and forms and that such information is accumulated and communicated to management, including the Co-Chief Executive Officers and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As required by SEC Rule 13a-15(b), we carried out an evaluation, under the supervision and with the participation of management, including our Co-Chief Executive Officers and Chief Financial Officer, of the effectiveness of the design and operation of the disclosure controls and procedures as of June 30, 2015, the end of the period covered by this report. Based on the foregoing, our Co-Chief Executive Officers and Chief Financial Officer concluded, as of that time, that our disclosure controls and procedures were effective at the reasonable assurance level.

No changes to our internal control over financial reporting were identified that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II. OTHER INFORMATION

Item 1. Legal Proceedings

During the second quarter of 2015, the Company entered into a settlement agreement with respect to previously-disclosed litigation involving certain of its pre-IPO investors. The aggregate amount paid by the Company in this settlement was not material.

Item 1A. Risk Factors

There have been no material changes to the risk factors set forth in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2014.

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

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or approximate dollar value) of Shares that May Yet Be Purchased Under the Plans or Programs
April 1, 2015 to April 30, 2015 ⁽¹⁾	4,225	\$ 15.87	N/A	N/A
May 1, 2015 to May 31, 2015	-	-	N/A	N/A
June 1, 2015 to June 30, 2015	-	-	N/A	N/A
	4,225	\$ 15.87	N/A	N/A

(1) In April 2015, these shares were tendered by certain of our employees to satisfy minimum statutory tax withholding obligations related to the vesting of restricted shares.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

Explanation of Responses:

As previously reported, on July 16, 2015, we entered into a Note Purchase and Guarantee Agreement (the “NPGA”) for the private placement of \$100 million of guaranteed senior notes, maturing on August 6, 2025, with a fixed annual interest rate of 4.29% (the “Notes”). We previously disclosed this agreement in the Current Report on Form 8-K dated July 15, 2015. On August 6, 2015, we completed the issuance of the Notes.

On August 6, 2015, we used a portion of the funds raised from the issuance of the Notes, to terminate and pay in full the \$42.75 million principal outstanding under the Term Loan Agreement dated as of April 16, 2013 by and among RIF V – Glendale Commerce Center, LLC, RIF V – GCC Alcorn, LLC and RIF V – 3360 San Fernando, LLC, collectively as Borrower, and Bank of America, N.A., as Lender (the “GCC Loan”). The GCC Loan was secured by our property known as the Glendale Commerce Center. We did not incur any prepayment penalties for repaying in advance of the maturity date of May 1, 2016.

On August 6, 2015, we used a portion of the funds raised from the issuance of the Notes to terminate and pay in full the \$48.5 million principal outstanding under the Loan and Security Agreement, dated as of June 24, 2014, by and among Rexford Industrial – SDLAOC, LLC, as borrower, and JPMorgan Chase Bank, N.A., as Administrative Agent, the Lenders referenced therein, and J.P. Morgan Securities LLC, as Sole Bookrunner and Sole Lead Arranger (the “Term Loan”). The Term Loan was secured by the first priority deed of trust on eight of our properties. We did not incur any prepayment penalties for repaying in advance of the maturity date of June 24, 2017.

Item 6. Exhibits

Exhibit

- 3.1 Articles of Amendment and Restatement of Rexford Industrial Realty, Inc. (incorporated by reference to Exhibit 3.1 of Form S-11/A, filed by the registrant on July 15, 2013 (Registration No. 333-188806))
- 3.2 Amended and Restated Bylaws of Rexford Industrial Realty, Inc. (incorporated by reference to Exhibit 3.2 of Form S-11/A, filed by the registrant on July 15, 2013 (Registration No. 333-188806))
- 4.1 Form of Certificate of Common Stock of Rexford Industrial Realty, Inc. (incorporated by reference to Exhibit 4.1 of Form S-11/A, filed by the registrant on July 15, 2013 (Registration No. 333-188806))
- 31.1* Certification of the Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 31.2* Certification of the Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 31.3* Certification of the Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 32.1* Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 32.2* Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 32.3* Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 101.1* The registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015, formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Balance Sheets (unaudited), (ii) Consolidated Statements of Operations (unaudited), (iii) Consolidated Statements of Comprehensive Income, (iv) Consolidated Statements of Changes in Equity (unaudited), (v) Consolidated Statements of Cash Flows (unaudited) and (vi) the Notes to the Consolidated Financial Statements (unaudited) that have been detail tagged.

* Filed herein

SIGNATURES

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

Rexford Industrial Realty, Inc.

August 7, 2015 /s/ Michael S. Frankel
Michael S. Frankel
Co-Chief Executive Officer (Principal Executive Officer)

August 7, 2015 /s/ Howard Schwimmer
Howard Schwimmer
Co-Chief Executive Officer (Principal Executive Officer)

August 7, 2015 /s/ Adeel Khan
Adeel Khan
Chief Financial Officer

(Principal Financial and Accounting Officer)