



# Prologis

September 13, 2011

# Forward-Looking Statements

Some of the information included in this press release contains forward-looking statements which are made pursuant to the safe-harbor provisions of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended. Because these forward-looking statements involve risks and uncertainties, there are important factors that could cause our actual results to differ materially from those in the forward-looking statements, and you should not rely on the forward-looking statements as predictions of future events. The events or circumstances reflected in forward-looking statements might not occur. You can identify forward-looking statements by the use of forward-looking terminology such as “believes,” “expects,” “may,” “will,” “should,” “seeks,” “approximately,” “intends,” “plans,” “pro forma,” “estimates” or “anticipates” or the negative of these words and phrases or similar words or phrases. You can also identify forward-looking statements by discussions of strategy, plans or intentions. Forward-looking statements are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and we may not be able to realize them. We caution you not to place undue reliance on forward-looking statements, which reflect our analysis only and speak only as of the date of this report or the dates indicated in the statements. We assume no obligation to update or supplement forward-looking statements. The following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements: changes in general economic conditions in California, the U.S. or globally (including financial market fluctuations), global trade or in the real estate sector (including risks relating to decreasing real estate valuations and impairment charges); risks associated with using debt to fund the company’s business activities, including refinancing and interest rate risks; the company’s failure to obtain, renew, or extend necessary financing or access the debt or equity markets; the company’s failure to maintain its current credit agency ratings or comply with its debt covenants; risks related to the merger transaction with ProLogis, including the risk that the merger may not achieve its intended results; risks related to the company’s obligations in the event of certain defaults under co-investment venture and other debt; defaults on or non-renewal of leases by customers, lease renewals at lower than expected rent or failure to lease properties at all or on favorable rents and terms; difficulties in identifying properties, portfolios of properties, or interests in real-estate related entities or platforms to acquire and in effecting acquisitions on advantageous terms and the failure of acquisitions to perform as the company expects; unknown liabilities acquired in connection with the acquired properties, portfolios of properties, or interests in real-estate related entities; the company’s failure to successfully integrate acquired properties and operations; risks and uncertainties affecting property development, redevelopment and value-added conversion (including construction delays, cost overruns, the company’s inability to obtain necessary permits and financing, the company’s inability to lease properties at all or at favorable rents and terms, and public opposition to these activities); the company’s failure to set up additional funds, attract additional investment in existing funds or to contribute properties to its co-investment ventures due to such factors as its inability to acquire, develop, or lease properties that meet the investment criteria of such ventures, or the co-investment ventures’ inability to access debt and equity capital to pay for property contributions or their allocation of available capital to cover other capital requirements; risks and uncertainties relating to the disposition of properties to third parties and the company’s ability to effect such transactions on advantageous terms and to timely reinvest proceeds from any such dispositions; risks of doing business internationally and global expansion, including unfamiliarity with the new markets and currency risks; risks of changing personnel and roles; losses in excess of the company’s insurance coverage; changes in local, state and federal regulatory requirements, including changes in real estate and zoning laws; increases in real property tax rates; risks associated with the company’s tax structuring; increases in interest rates and operating costs or greater than expected capital expenditures; environmental uncertainties and risks related to natural disasters; and our failure to qualify and maintain our status as a real estate investment trust. Our success also depends upon economic trends generally, various market conditions and fluctuations and those other risk factors discussed under the heading “Risk Factors” and elsewhere in our most recent annual report on Form 10-K for the year ended December 31, 2010 and our other public reports.

# Prologis Overview

## World Class Platform

- Deep global presence with AUM of \$48 billion across ~600 million square feet in 22 countries on four continents
- A broad and diverse customer base, comprising partnerships with multinational corporations that result in frequent repeat business
- Breadth and depth of management teams is unparalleled in the real estate industry

## Differentiated Strategy

- Global operating company with a distinct advantage over allocators and local developers
- Invest in distribution and logistics facilities vital to the global and regional supply chains
- Local market knowledge, construction expertise and commitment to sustainable design

## Vibrant Private Capital Franchise

- Broad range of product offerings across major regions
- AUM of \$25.7 billion in 21 co-investment ventures and funds
- \$3.2 billion of deployment capacity

## Financial Strength

- Balance sheet is strong with significant liquidity
- Debt maturities well-laddered, geographically diverse and in manageable tranches
- Continued access to debt capital markets through well established lender relationships

Note: Data as of June 30, 2011.



# Global Reach



## AMERICAS

- 422 msf / 39.2 msm
- \$26.4B AUM
- 2,630 buildings in 4 countries
- 7,330 acres of land for sale / development



## EUROPE

- 147 msf / 13.7 msm
- \$16.2B AUM
- 620 buildings in 14 countries
- 3,816 acres of land for sale / development



## ASIA

- 30 msf / 2.8 msm
- \$5.4B AUM
- 87 buildings in 4 countries
- 93 acres of land for sale / development

## TOTAL

- 600 msf / 55.7 msm
- \$48B AUM
- 3,337 buildings in 22 countries
- 11,239 acres of land for sale / development

Platform covers countries representing ~78% of global GDP<sup>(1)</sup>

Note: Data as of June 30, 2011.  
1) International Monetary Fund.

# Building Blocks of NAV<sup>(1)</sup>

	Components	Net Asset Value Range	
>75% Leased Operating Portfolio	NOI \$1,681M <sup>(2,3)</sup> / 6.50% – 6.20% <sup>(4)</sup>	\$25,861 - \$27,114M	
< 75% Leased Operating Portfolio	Book Value	\$2,798M	
Development Portfolio	Stabilized Fair Value	\$869 - \$908M	
Land Bank	Book Value (Previously Impaired)	\$2,034M	
Private Capital / Dev Mgmt	Multiple of Fees	\$769 - \$970M	
Other Assets / (Liabilities)	Net Working Capital, Other Real Estate Related Assets & Minority Interests	(\$234 M)	
Debt & Preferred Stock	Balance Sheet + % share of fund debt <sup>(3)</sup>	(\$15,966 M)	
NAV	Implied Cap Rate		
\$26.00	7.82%	Net Asset Value	\$ 16,131 - \$17,625M
\$28.00	7.50%		
\$30.00	7.20%	Diluted Shares / Units	462M
\$32.00	6.92%		
\$34.00	6.67%	Net Asset Value Per Diluted Share / Unit	~\$35.00 - \$38.00
\$36.00	6.43%		
\$38.00	6.20%		

**NAV range 36% - 48% higher than closing share price of \$25.65 on September 9, 2011**

- 1) Prologis share as of June 30, 2011.
- 2) Estimated annual NOI of consolidated properties stabilized to 95%.
- 3) Adjusted to reflect 100% of NOI and debt for NA2.
- 4) Based on weighted average cap rates for Americas, Europe and Asia.

# Investor Questions & Concerns

## Global Platform

### **Concern:**

- *Global economic slowdown*
- *Exposure to Europe*

## Complexity

### **Concern:**

- *PLD is global, a developer and a fund owner and operator*
- *Can they manage the breadth of these activities?*

## Risk

### **Concern:**

- *Development risk and land bank*
- *Leverage*
- *Currency risk*

# Addressing the Global Platform

## Global Platform

- Recovery in U.S. fundamentals fueled by the rebuilding of inventories which are now below where the economy and consumption warrant
- Demand in Europe/Japan driven largely by obsolescence and supply chain reconfiguration
- Strong demand continues in Brazil, China and Mexico supported by growth in domestic consumption

## Complexity

## Risk



# Addressing Complexity

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## Complexity

- Global platform capitalizes on portfolio scale, customer relationships, capital deployment expertise and institutional market knowledge
- Increasing development opportunities in Brazil, Mexico, Japan and China
- 28 years of experience in partnering with institutional investors; co-investment model generates recurring asset management fee streams

## Risk



# Addressing Risk

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## Risk

**Integrated Risk Management program in place to mitigate exposure globally:**

- Development in funds and contributions reduce balance sheet capital commitment and exposure
- De-levering plan underway, intent to achieve strong BBB+ to A rating by YE 2013
- Reduce currency exposure through fund formations/contributions, with target of <15% non-USD Net Equity exposure by YE 2013

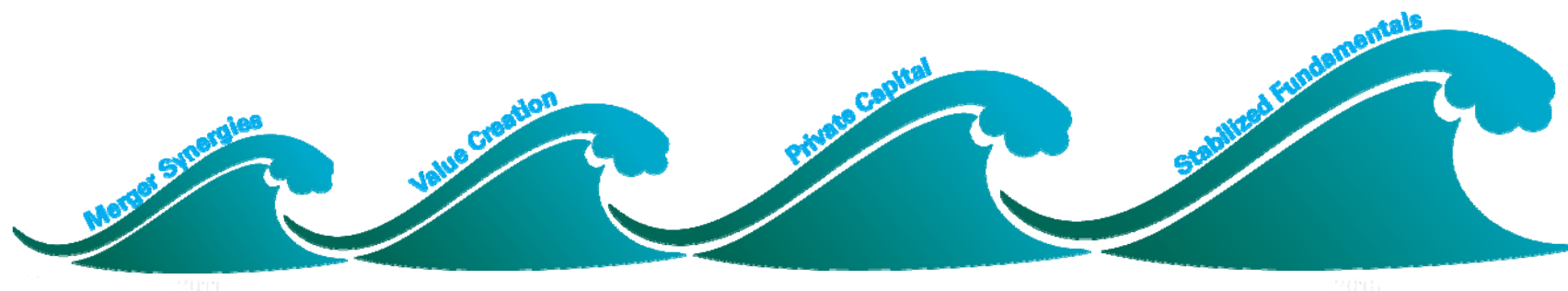
# Long-Term Strategy



- **Align portfolio** in targeted regions to serve the needs of key customers
- Significantly enhance **asset utilization**
- Fuel growth through development and **land bank** monetization
- Capitalize on world-class **private capital** franchise
- Create one of strongest **balance sheets** in the real estate sector
- Build the most effective and efficient **organization** in the industry

Prologis: Enduring excellence in global real estate

# Waves of Growth (MVPS)



## MERGER SYNERGIES

- G&A and other organizational synergies reflected in current FFO guidance
- Improved cost of capital on unsecured debt
- Revenue synergies (expanded relationships with large, repeat multi-national customers)

## VALUE CREATION ACTIVITIES<sup>(1)</sup>

- \$2.5 billion of potential future annual development starts and value-added conversions
- Monetize land bank through development and third-party sales
- Incremental revenue from programs including renewable energy

## PRIVATE CAPITAL

- Grow platform increasing revenues, diversification and scale efficiencies
- Recognize net fees from additional assets under management
- Recognize net promotes

## STABILIZED FUNDAMENTALS

- Stabilize operating portfolio occupancy from 90.7% to 95%
- Stabilize development portfolio
- ~2.5% in cumulative contractual rent bumps

1) Value Creation activities absorb incremental overhead.



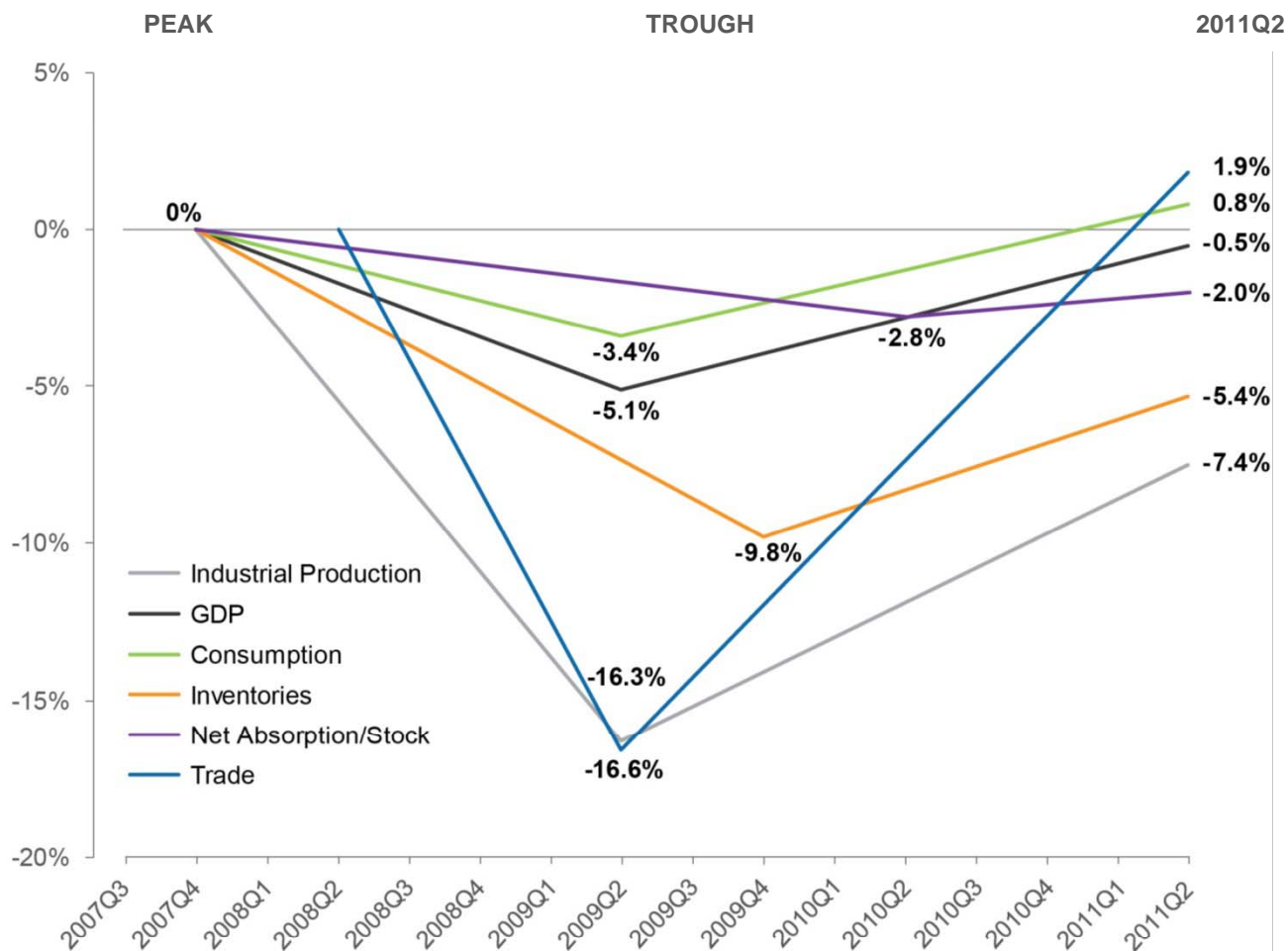


## Appendix



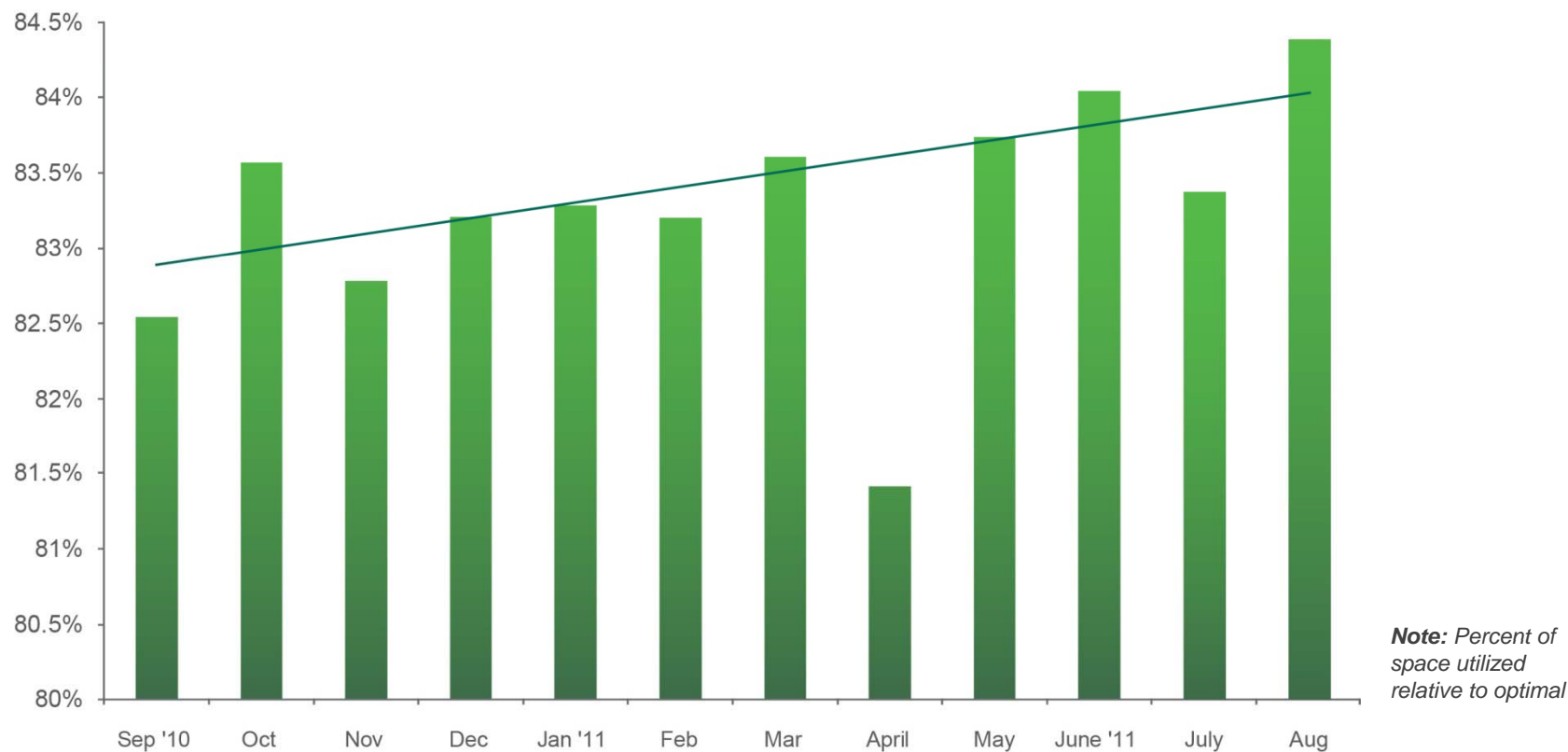
# U.S. Leading Indicators

## Peak-Trough-Current (2Q 2011)



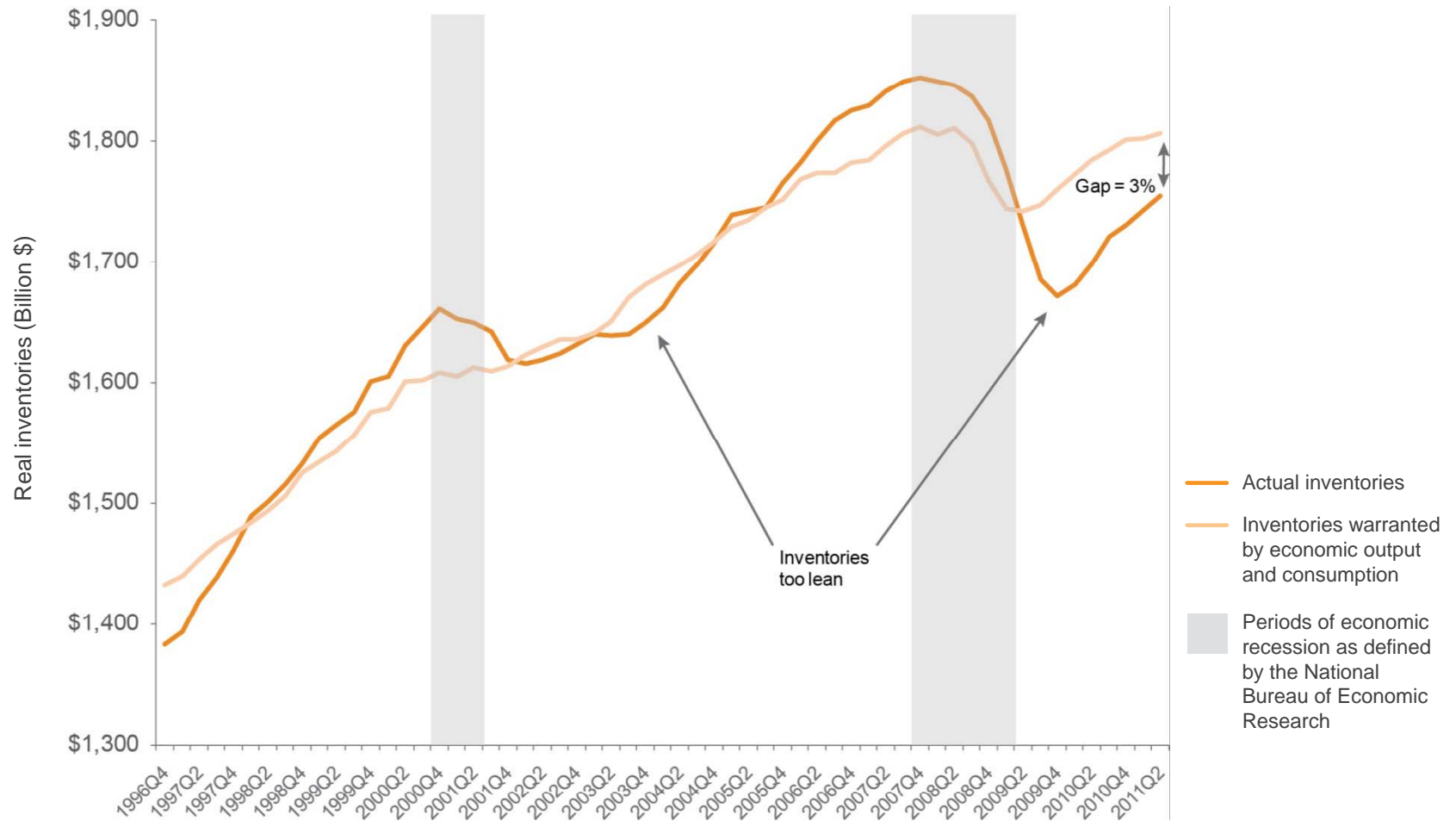
Source: U.S. Bureau of Economic Analysis, Federal Reserve Board, CBRE-EA, Prologis Research.

# Utilization Rates and Inventories are Rising



Source: Prologis Research.

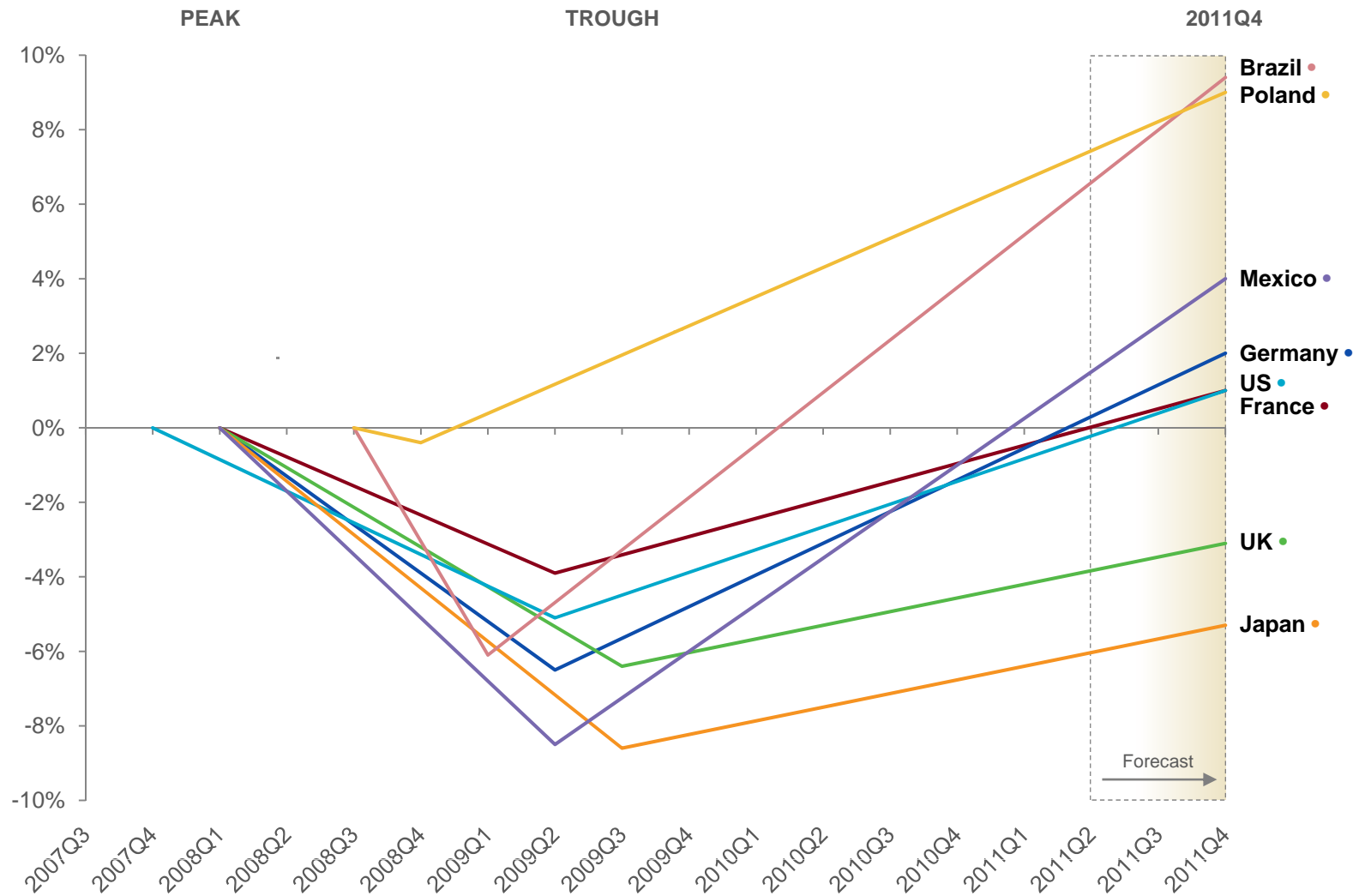
# U.S. Inventories Too Low



Source: U.S. Bureau of Economic Analysis, Prologis Research.

# Global Recovery Underway

## GDP: Peak-Trough-Current (4Q 2011)



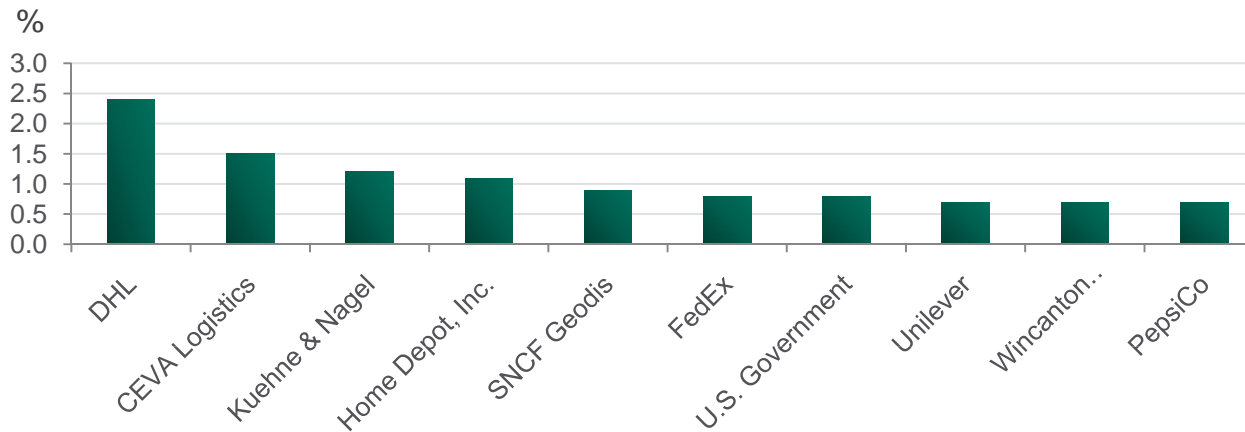
Source: Cabinet Office of Japan, Deutsche Bundesbank, Institut National de la Statistique et des Etudes Economiques, Centraal bureau voor de statistiek, UK Office of National Statistics, Statistical Office of the European Communities, US Bureau of Economic Analysis, Haver Analytics.

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# Leading Customer Brand — Strategic Partner to Global Trade



## Strategic

- We understand the logistics business
- Real time outlook helps shape our strategy over time – new markets, new product types
- Allows Prologis to build product that has longevity

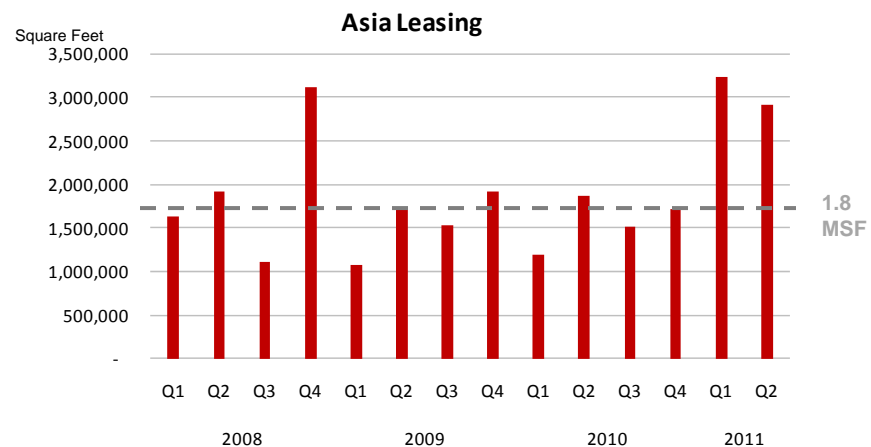
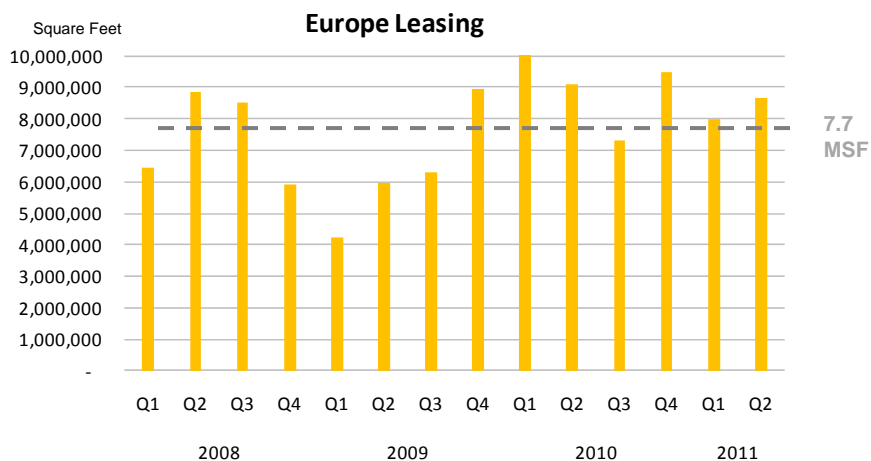
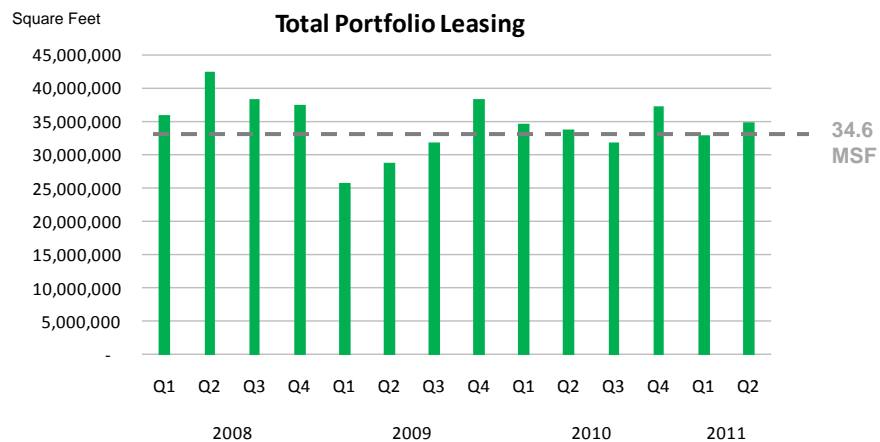
## Tactical/Transaction Driven

- Drives demand
  - Existing portfolio vacancies
  - Build to suits
  - Acquisitions with tenant in tow
- Deep relationships breed transaction transparency (e.g., early awareness and last look)
- Earlier view on tenant retention
- Expedites transaction time
- Compresses downtime



Depth of customer knowledge results in greater retention and repeat business from across multiple geographies

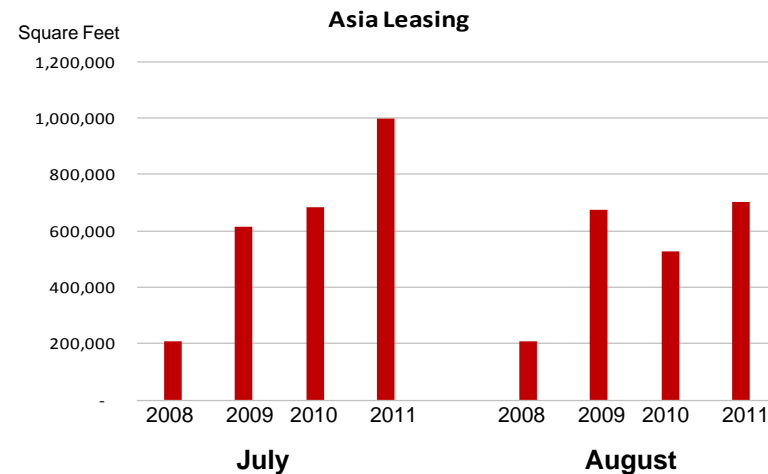
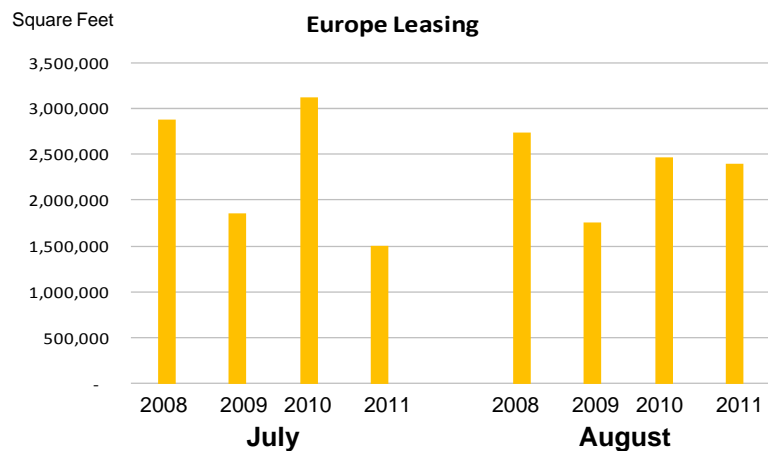
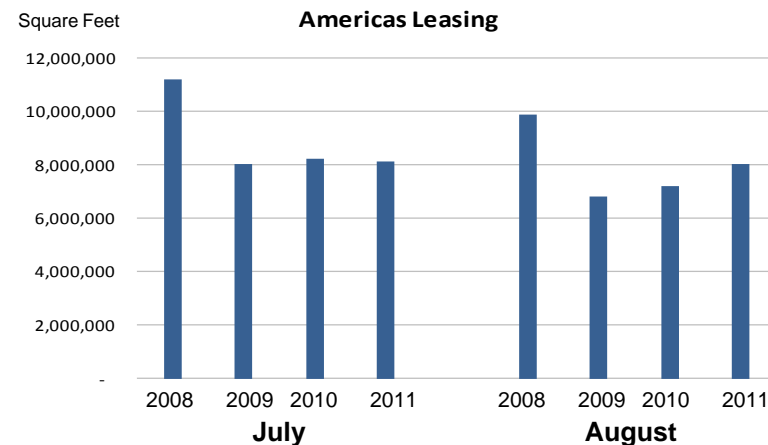
# Portfolio Leasing<sup>(1)</sup>



Leasing volume in line with expectations and annual averages

1) Pro Forma leasing data for AMB and Prologis through August 31, 2011.

# Portfolio Leasing July and August<sup>(1)</sup>



Leasing volume in line with expectations and annual averages

1) Pro Forma leasing data for AMB and Prologis through August 31, 2011.

# Development Strategy

	Americas				Europe*	Asia		Total
	U.S.	Canada**	Mexico*	Brazil*		Japan**	China*	
<b>Range of Future Potential Annual Starts</b>	\$400-800M	\$100-150M	\$100-150M	\$150-250M	\$600 -700M	\$400-600M	\$250-350M	<b>\$2.0-3.0B</b>
<b>PLD Share of Capital Required for Development (%)</b>								
Share of development capital	100%	TBD	20%	25%	100%	50%	15%	
Share of operating capital	100%	TBD	20%	25%	20%	20%	15%	
<b>PLD Share of Capital Required for Development</b>								
Share of development capital	\$600M	TBD	\$25M	\$50M	\$650M	\$250M	\$45M	
Share of operating capital	\$600M	TBD	\$25M	\$50M	\$130M	\$100M	\$45M	
<b>Capital At Risk</b>								
Share of development capital								<b>\$1.7B</b>
Share of operating capital								<b>\$1.0B</b>



# Sources & Uses 2011-2013

## Sources <sup>(1)</sup>

Americas Dispositions / Contributions	\$3,000
Europe Dispositions / Contributions	1,600
Asia Dispositions / Contributions	3,300
PLD Share of Fund Dispositions	200
Land Dispositions	400
<b>Total</b>	<b>\$8,500</b>

## Uses

Development Funding <sup>(2)</sup>	\$2,100
PLD Share of Future Acquisitions	900
<b>Total</b>	<b>\$3,000</b>

<b>Total Sources Less Uses</b>	<b>\$5,500</b>
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## Debt Pay down Potential

<b>Look through Debt @ 6/30/11</b>	<b>\$14,364</b>
Plus NA2 Debt <sup>(3)</sup>	782
Less Net Sources	(5,500)
PEPR Recap / Asset Sales	(3,200)
<b>Look-Through Debt Post De-Levering</b>	<b>\$6,446</b>

## Market Cap

\$31,513 <sup>(4)</sup>

## % of Market Cap

46%

\$23,595

27%

1) Sources are net of PLD share of equity and debt funding of contributions.

2) Represents estimated funding requirements for developments through 2013 post fund contribution and less land already owned.

3) Adjusted to reflect 100% of NA2 Debt.

4) Market Cap from 6/30/11 Supplemental.

# Year-to-Date Activity & Progress *(as of June 30, 2011)*

## Operations

- Operating portfolio 90.7% occupied
- Same store NOI growth of 3.1%
- Same store rent change on rollover of (6.1%)

## Capital Deployment

- \$90 million of acquisitions
- \$750 million of dispositions
- \$716 million of development starts

## Private Capital

- \$1.8 billion in capital raised (includes \$500 million Oregon commitment from Q3)
- Increased ownership in PEPR to 92.7%
- Increased ownership in SGP to 100%

## Financial

- \$1.1 billion of equity offering net proceeds
- \$4.4 billion tendered in debt exchange
- \$2.2 billion recast of global lines of credit

1) Data as of June 30, 2011.