Prologis Investor Forum 2013

Vision For Sustainable Growth

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Forward-Looking Statements

The statements in this presentation that are not historical facts are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements are based on current expectations, estimates and projections about the industry and markets in which Prologis operates, management's beliefs and assumptions made by management. Such statements involve uncertainties that could significantly impact Prologis' financial results. Words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," variations of such words and similar expressions are intended to identify such forward-looking statements, which generally are not historical in nature. All statements that address operating performance, events or developments that we expect or anticipate will occur in the future — including statements relating to rent and occupancy growth, development activity and changes in sales or contribution volume of developed properties, disposition activity, general conditions in the geographic areas where we operate, synergies to be realized from our recent merger transaction, our debt and financial position, our ability to form new property funds and the availability of capital in existing or new property funds — are forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Although we believe the expectations reflected in any forward-looking statements are based on reasonable assumptions, we can give no assurance that our expectations will be attained and therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. Some of the factors that may affect outcomes and results include, but are not limited to: (i) national, international, regional and local economic climates, (ii) changes in financial markets, interest rates and foreign currency exchange rates, (iii) increased or unanticipated competition for our properties, (iv) risks associated with acquisitions, dispositions and development of properties, (v) maintenance of real estate investment trust ("REIT") status and tax structuring, (vi) availability of financing and capital, the levels of debt that we maintain and our credit ratings, (vii) risks related to our investments in our co-investment ventures and funds, including our ability to establish new co-investment ventures and funds, (viii) risks of doing business internationally, including currency risks, (ix) environmental uncertainties, including risks of natural disasters, and (x) those additional factors discussed in reports filed with the Securities and Exchange Commission by Prologis under the heading "Risk Factors." Prologis undertakes no duty to update any forward-looking statements appearing in this presentation.

Agenda

The Path to Growth

Hamid R. Moghadam
Chairman and Chief Executive Officer
September 12, 2013

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10Q Plan – Complete[1]

Portfolio Realignment	**$10.2B** **Dispositions / Contributions** *(201 transactions)*	**$2.5B** **Development Starts** *(83 projects)*	**$925M** **3rd Party Building Acquisitions** *(52 transactions)*	**79% to 85%** **Global Asset Allocation**
Asset Utilization	**288M** **Square Feet Leased**	**+300bps** **Occupancy Increase**	**$865M** **Land Bank Monetized**	**18%** **Value Creation Margin**
Streamline Private Capital	**$9.5B**[2] **7 Ventures Rationalized**	**$5.5B** **3rd Party Equity Raised**	**$4.8B** **2 New Co-Investments Formed**	**68% to 88%**[2] **Long-Duration Ventures** *(by revenue)*

1. Data represents activity from June 2011 – June 2013
2. Includes the rationalization of Prologis North American Industrial Fund III

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10Q Plan – Complete[1]

Strengthen Financial Position

50% to 34%[2]	10.4x to 6.75x[2]	45% to 82%[2]
Look Through Leverage *(including preferreds)*	**Debt / Adjusted EBITDA**	**USD Net Equity**

Global Organization

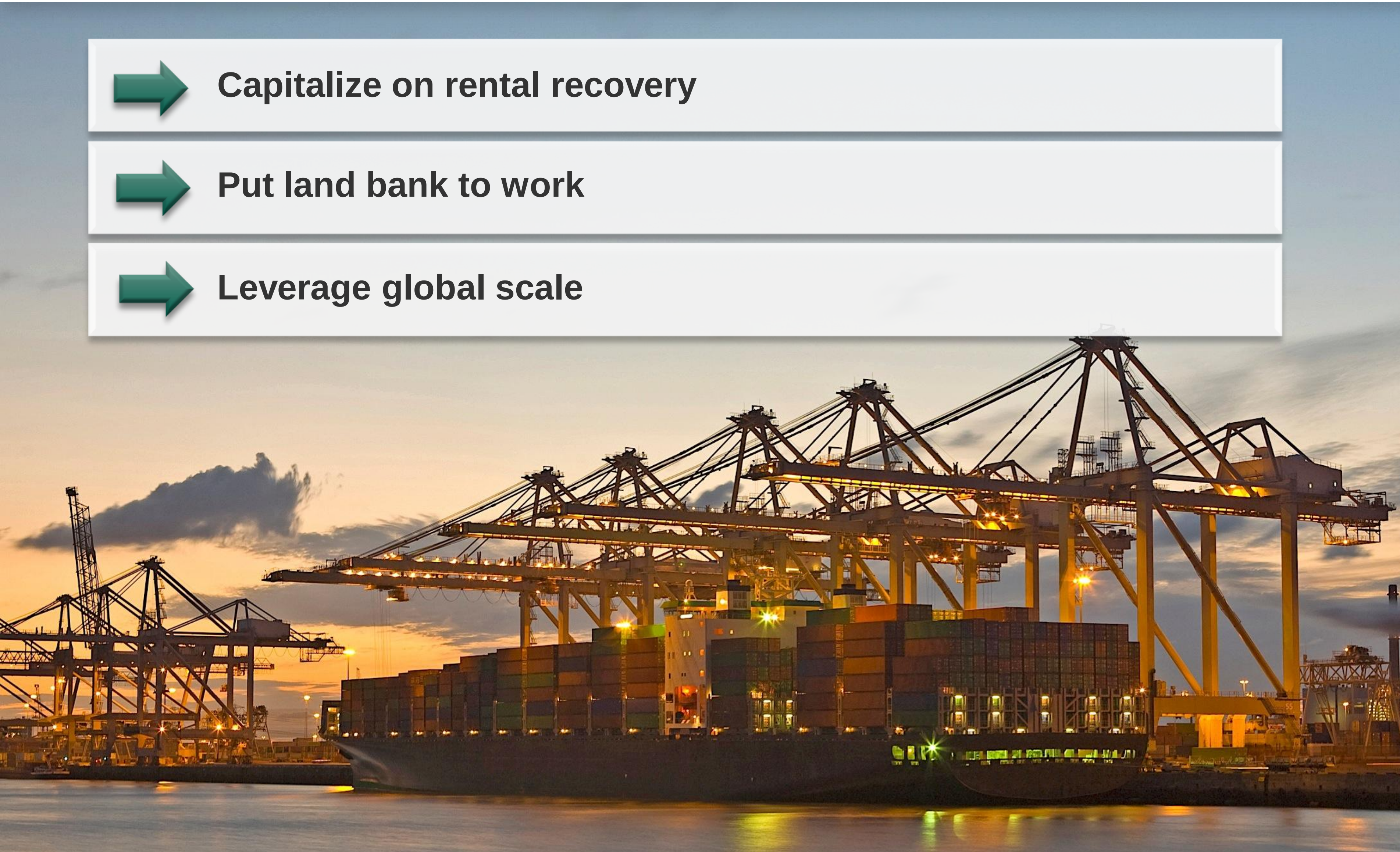
$115M	5	85bps to 54bps
Merger Synergies	**Systems Implemented** *(Yardi, Oracle, PeopleSoft, Workday, Salesforce)*	**G&A % AUM**

Our efforts have simplified the company and built a strong foundation for sustainable growth

1. Data represents activity from June 2011 – June 2013
2. Data represents activity from June 2011 projected through December 2013

The Path to Growth

- **Capitalize on rental recovery**
- **Put land bank to work**
- **Leverage global scale**



Global Opportunity in Industrial Real Estate

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Christopher N. Caton

Vice President, Research

September 12, 2013

Entering the Sweet Spot in the Cycle for Logistics Real Estate

- Location and asset quality matter
- Operating fundamentals are tightening
- Extended rental recovery ahead

Entering the Sweet Spot in the Cycle for Logistics Real Estate

- **Location and asset quality matter**
- Operating fundamentals are tightening
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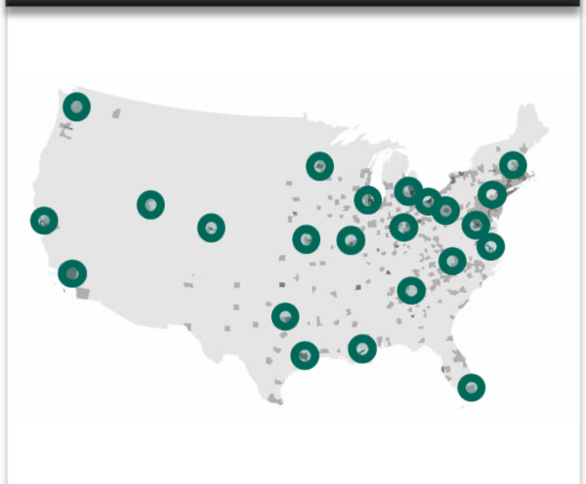
Themes Driving Change in Supply Chain Organization

		IMPACT ON FACILITY CHOICE	
	Structural Trend/Outlook	Building	Location
Service Level	↑	Small/Large/ Consolidated	Infill
Transportation	↑	Small/Medium	Infill
Inventory/Sales	↓	Large/Consolidated	Greenfield
Labor	↑	Large/Consolidated	Greenfield
Real Estate	↑	Large/Consolidated	Greenfield

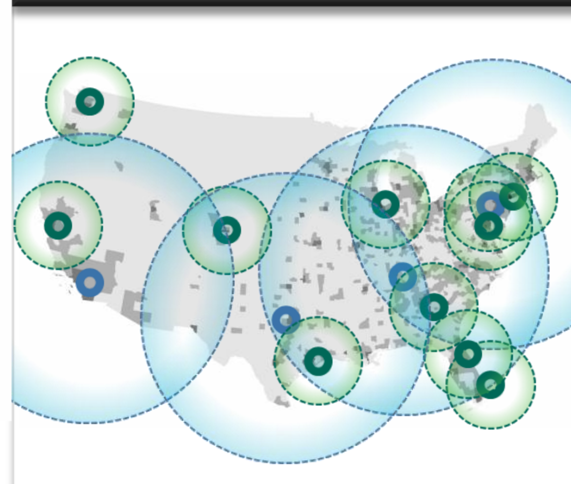
Evolution of Location Strategy – U.S.

1960s



1990s

Future



Local Distribution   National Distribution   Regional Distribution

Note: Shading indicates population density

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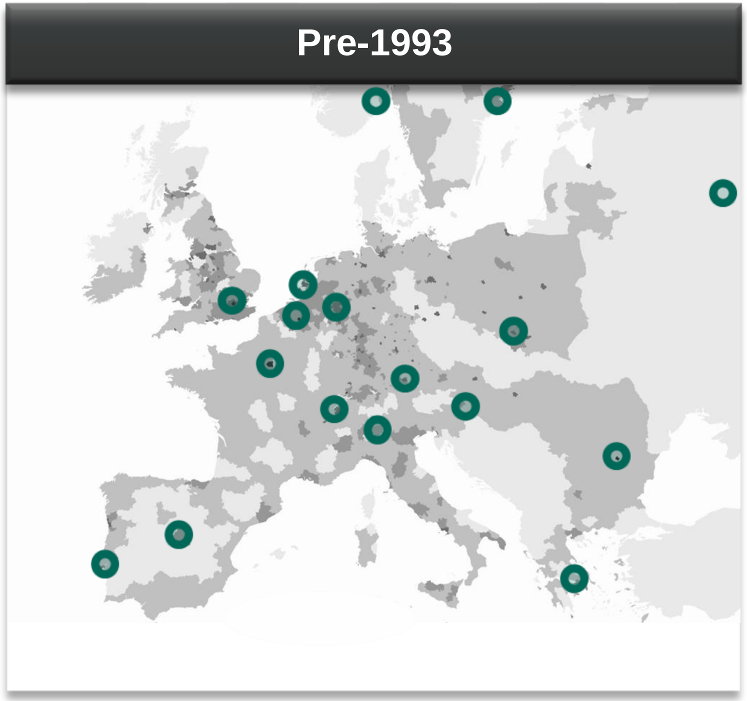
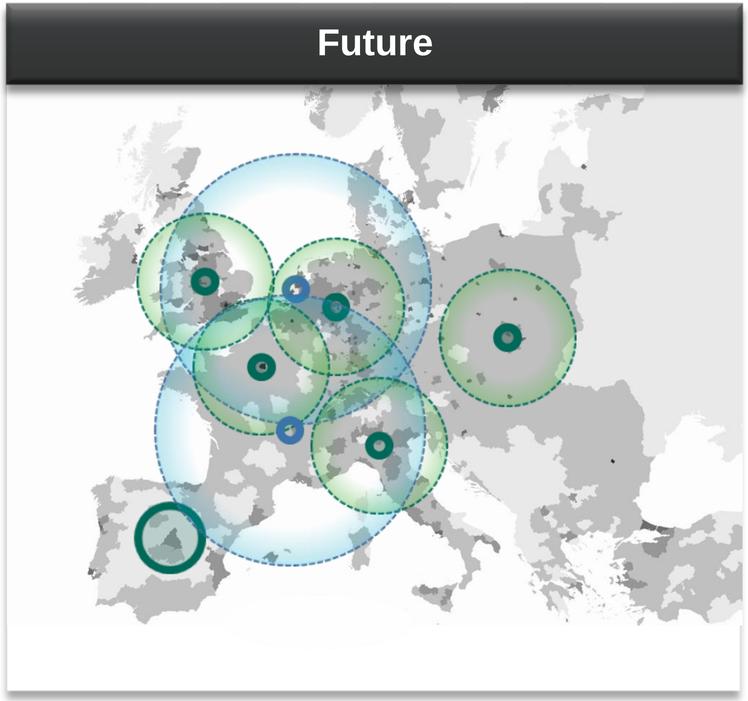
Evolution of Location Strategy – Europe





Local Distribution

Pan-European Distribution

Regional Distribution

Note: Shading indicates population density

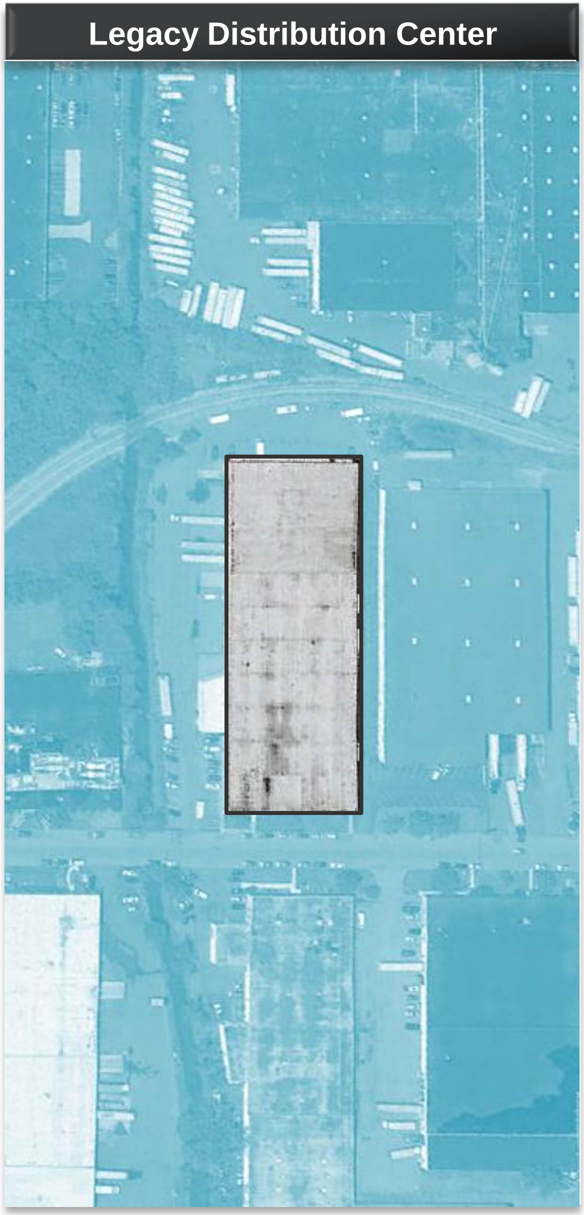
Evolution of Logistics Facilities

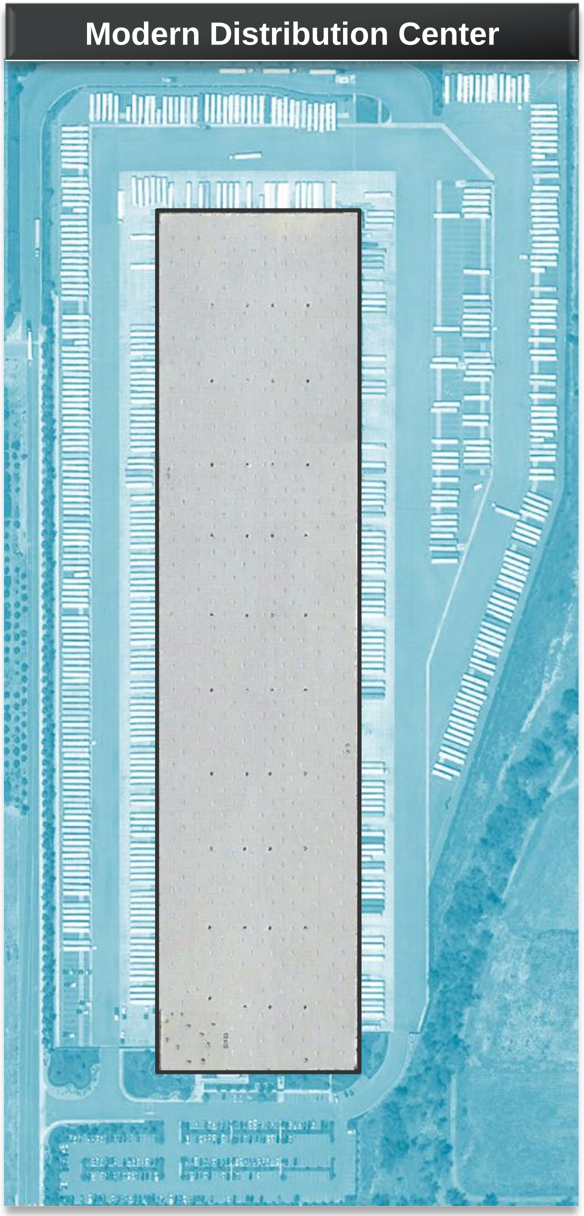
Legacy Distribution Center

Modern Distribution Center

Evolution of Logistics Facilities

Average building size 60,000 sf



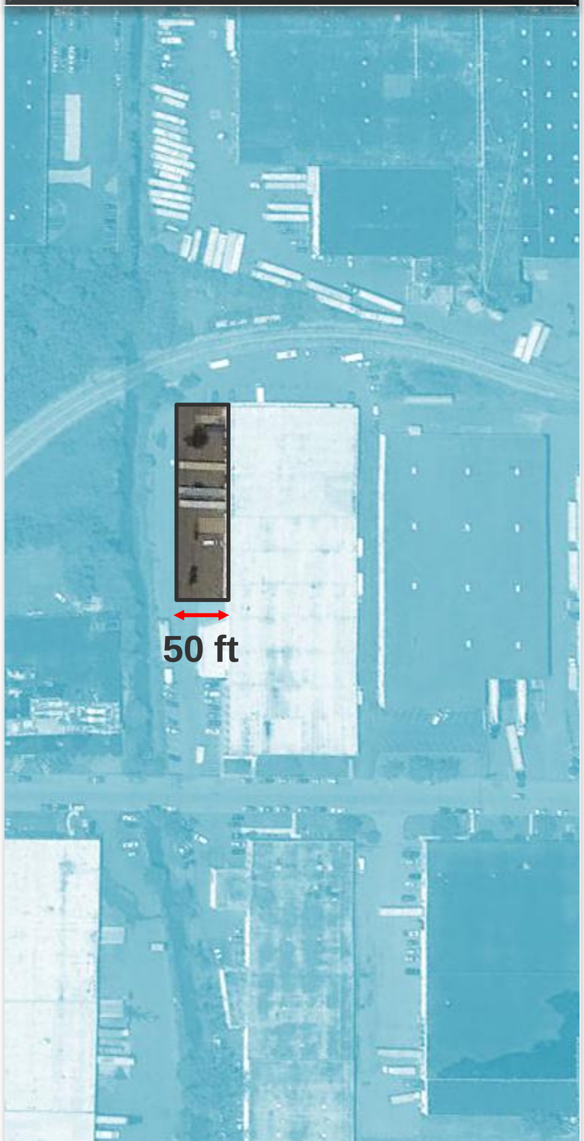


Average building size 300,000 sf

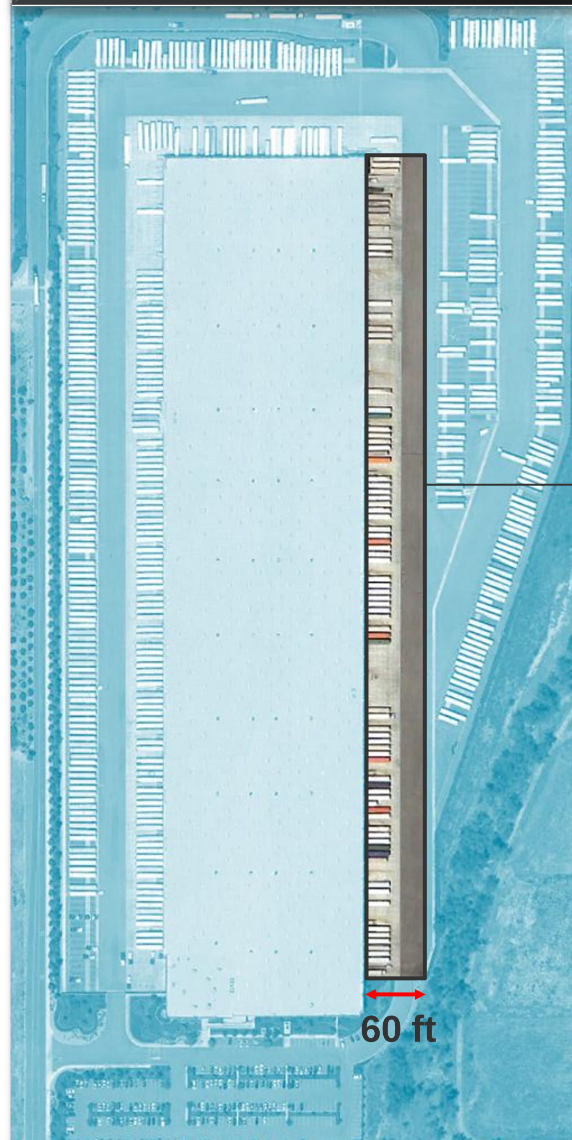
Larger floorplate

Evolution of Logistics Facilities

Legacy Distribution Center



Modern Distribution Center

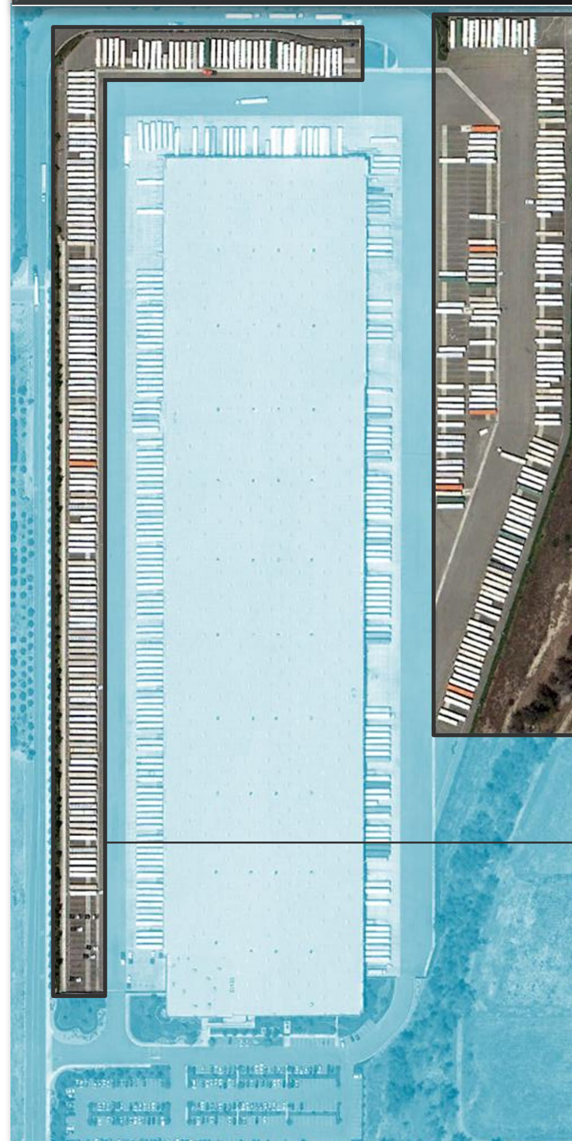


Truck apron accommodates modern 53’ trailers

Evolution of Logistics Facilities

Legacy Distribution Center

Modern Distribution Center



Onsite trailer storage in greater demand

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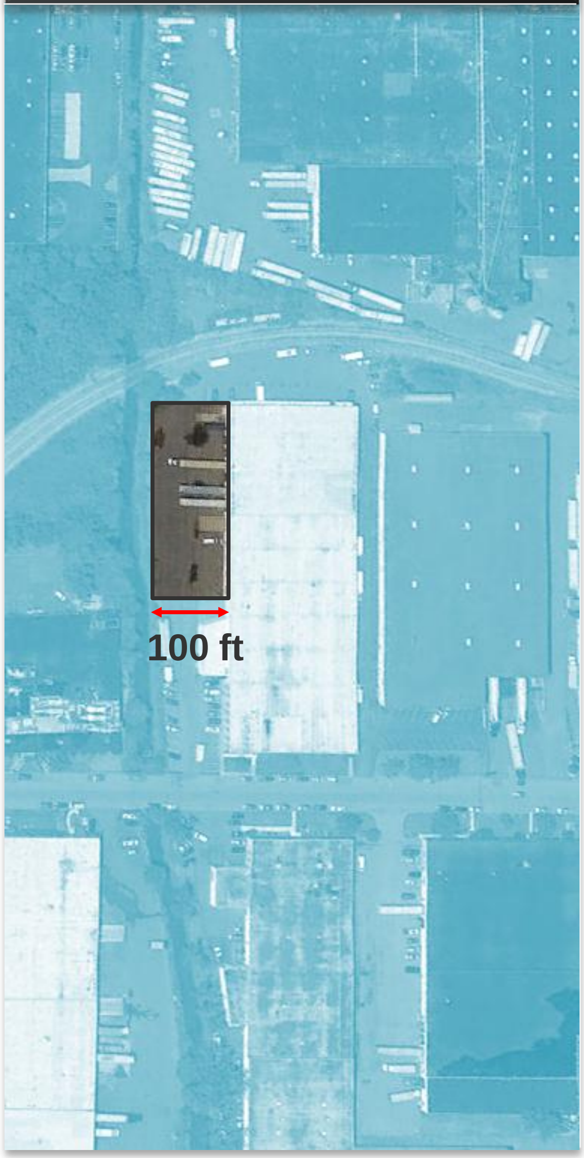
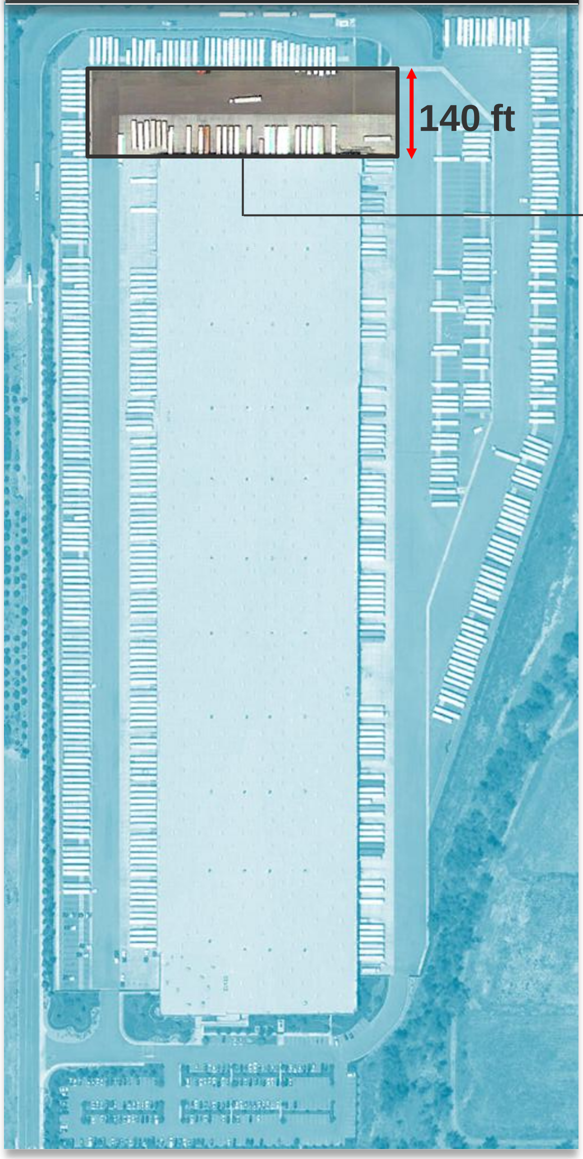
Evolution of Logistics Facilities

Legacy Distribution Center

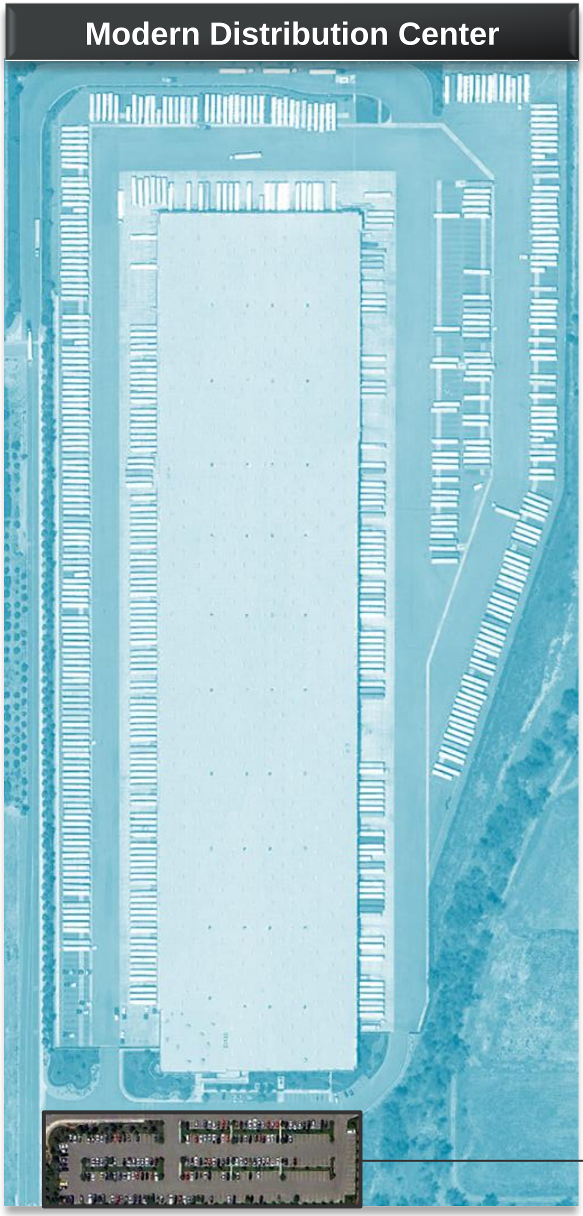


Modern Distribution Center



Deeper truck courts

Evolution of Logistics Facilities



Ample car parking, especially for e-commerce

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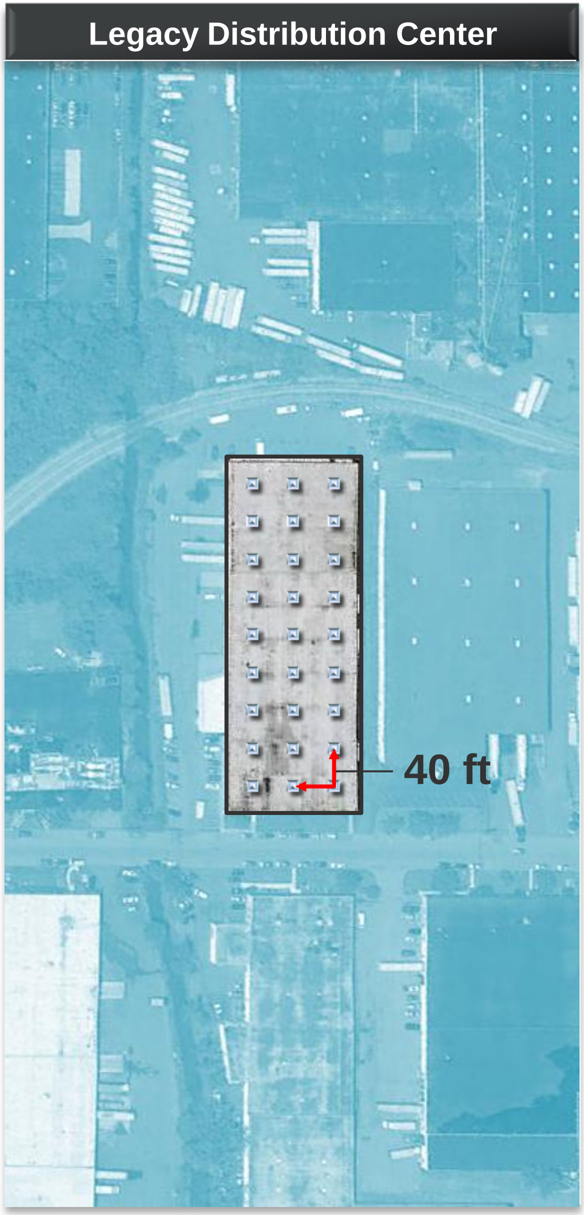
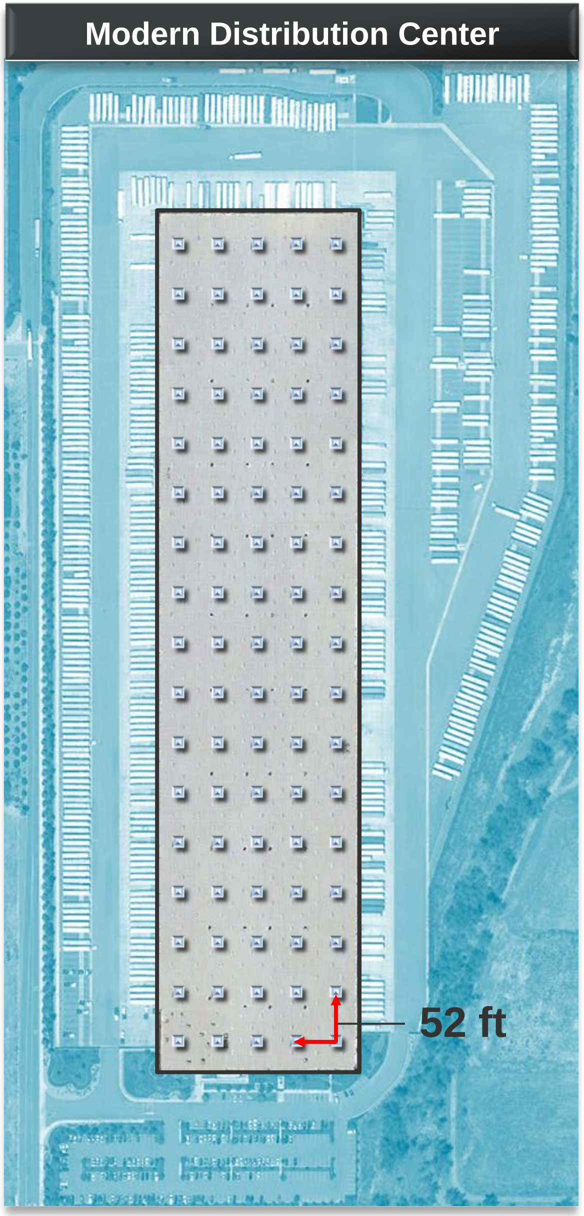
Evolution of Logistics Facilities





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Evolution of Logistics Facilities – Interior Features

Old Racking Layout

New Racking Layout

Evolution of Consumers Creates Demand for Modern Facilities

Old Retail Format	New Retail Format
	

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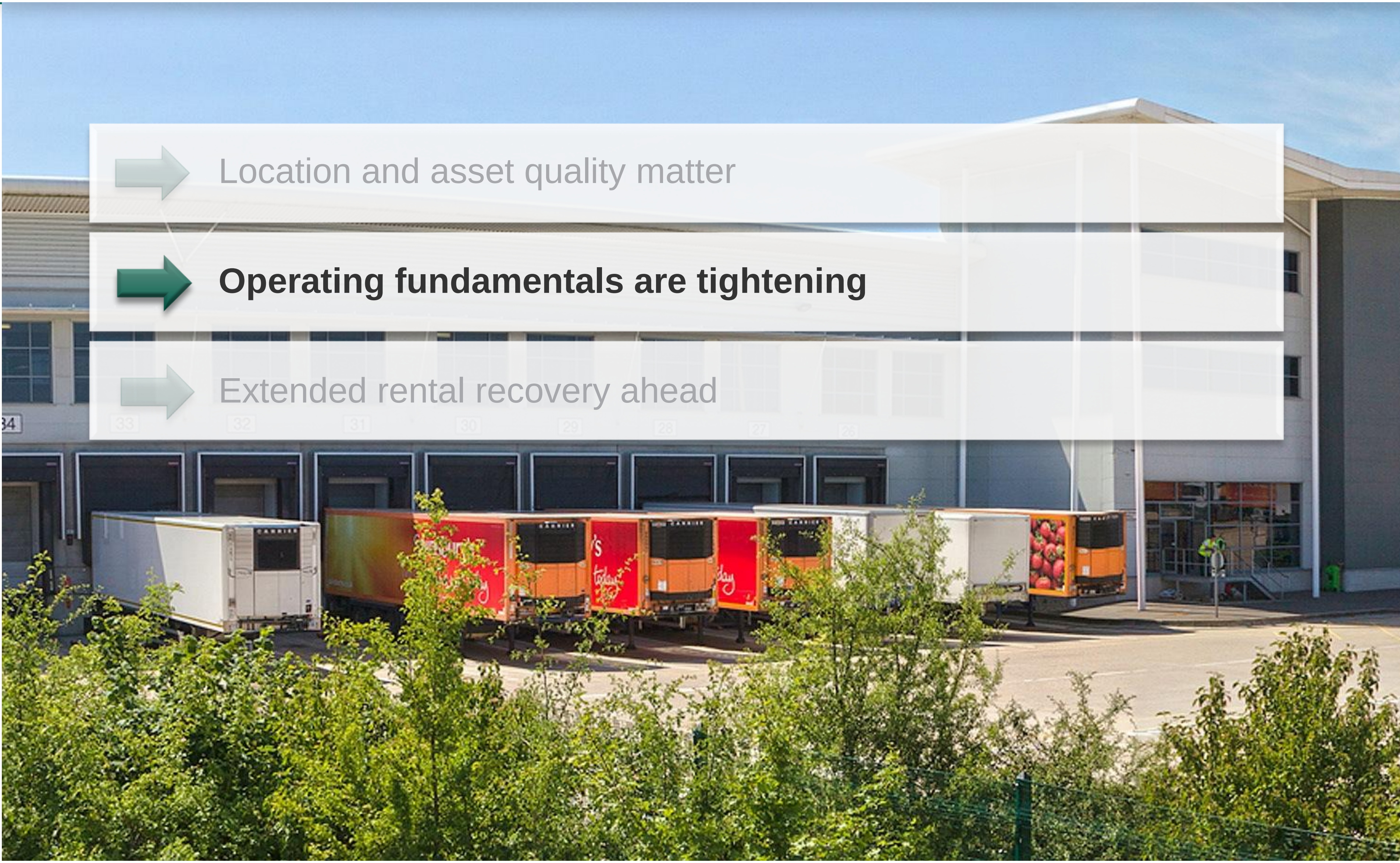
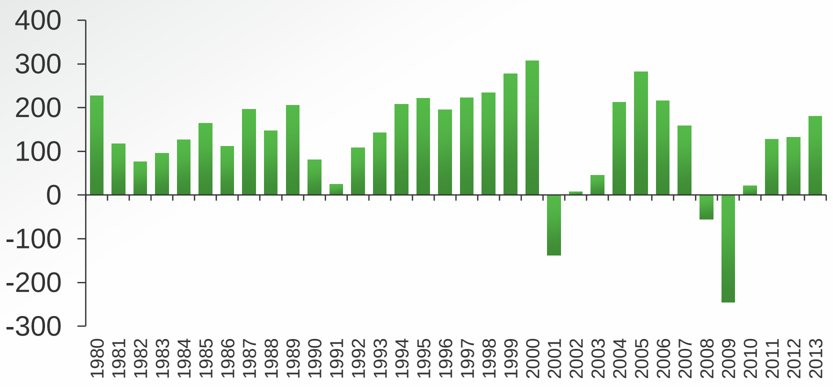
Entering the Sweet Spot in the Cycle for Logistics Real Estate



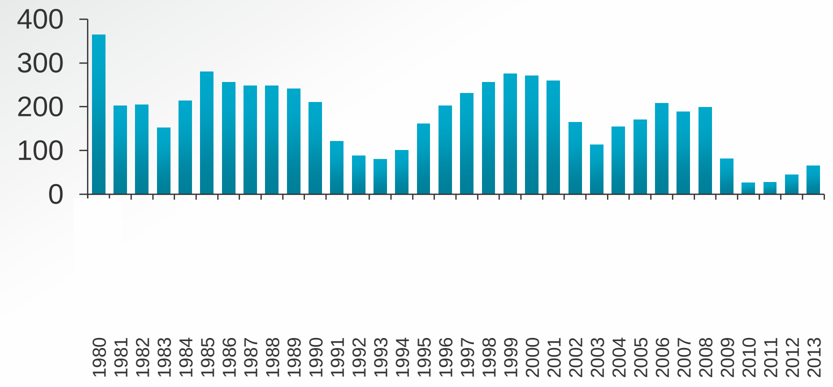
- Location and asset quality matter
- **Operating fundamentals are tightening**
- Extended rental recovery ahead

Accelerating Operating Recovery

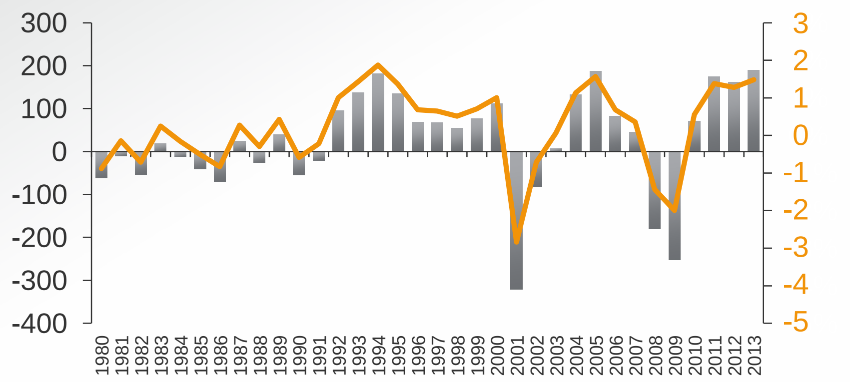
U.S. Demand (1980 – 2013)



U.S. Supply (1980 – 2013)



Net Absorption Less Completions (1980 – 2013)



Source: CBRE, Prologis Research
Note: Net absorption less incremental new supply, which are completions above an annual obsolescence factor of 75MSF

Entering the Sweet Spot in the Cycle for Logistics Real Estate

- Location and asset quality matters
- Operating fundamentals are tightening
- **Extended rental recovery ahead**

Market Fundamentals and Effective Rents

Our Rent Forecasting

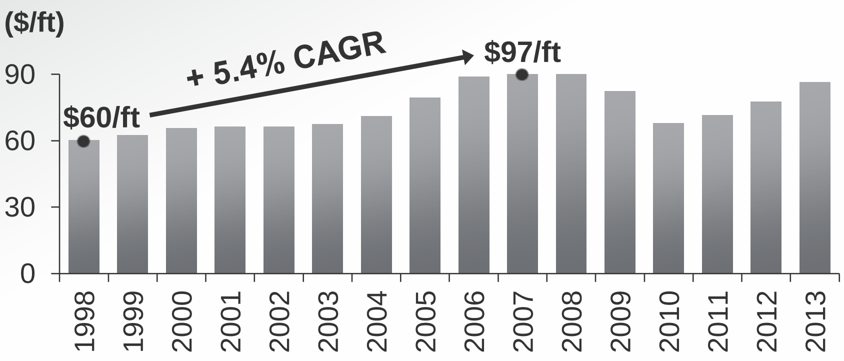
- Operating fundamentals are only one piece
- Structural growth defined by replacement cost rents
  - Construction cost
  - Land
  - Cap rates

Proprietary Data

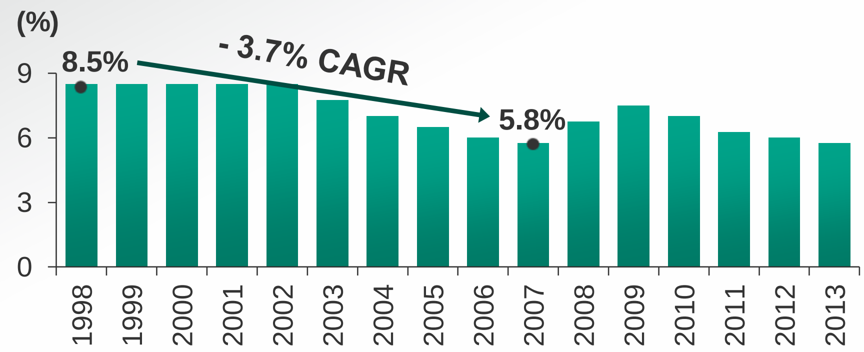
- Development pro formas and completed properties
- Periodic surveys of our teams in the field
- Covers more than 50 submarkets across our global markets

Replacement Cost Rents Explain Modest Historical Rent Growth

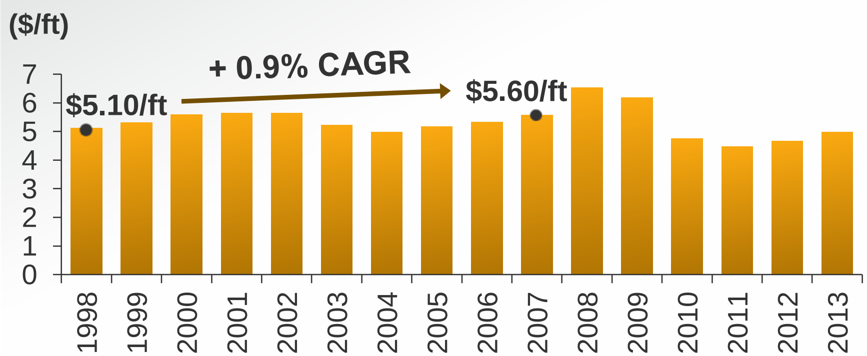
U.S. Replacement Cost



U.S. Cap Rate



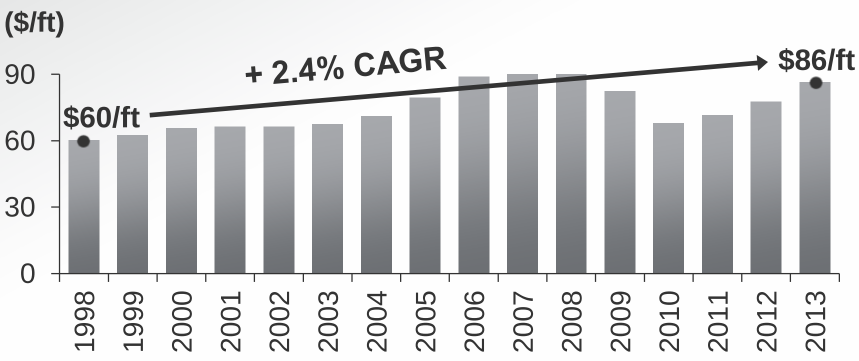
U.S. Replacement Cost Rent



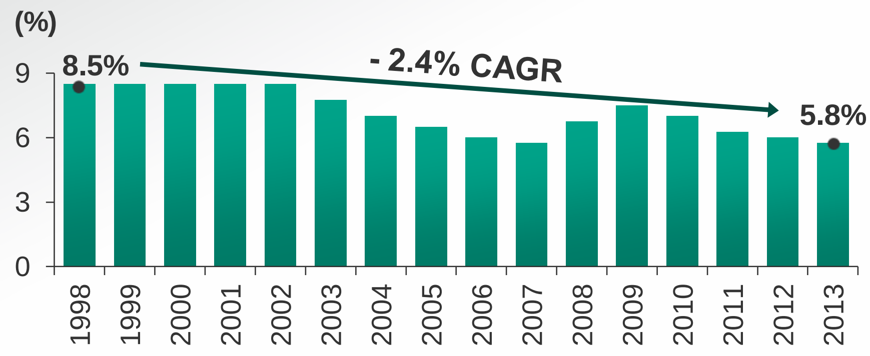
Source: Turner Construction Company, NCREIF, Prologis Research

Replacement Cost Rents Explain Modest Historical Rent Growth

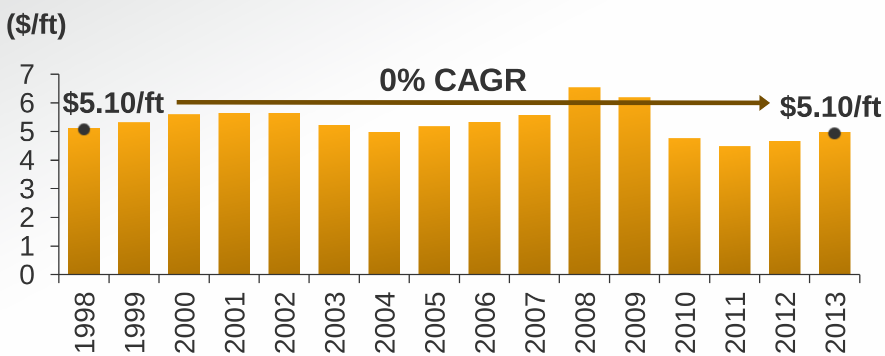
U.S. Replacement Cost



U.S. Cap Rate



U.S. Replacement Cost Rent



Rent growth dampened by secular downtrend in cap rates

Source: Turner Construction Company, NCREIF, Prologis Research

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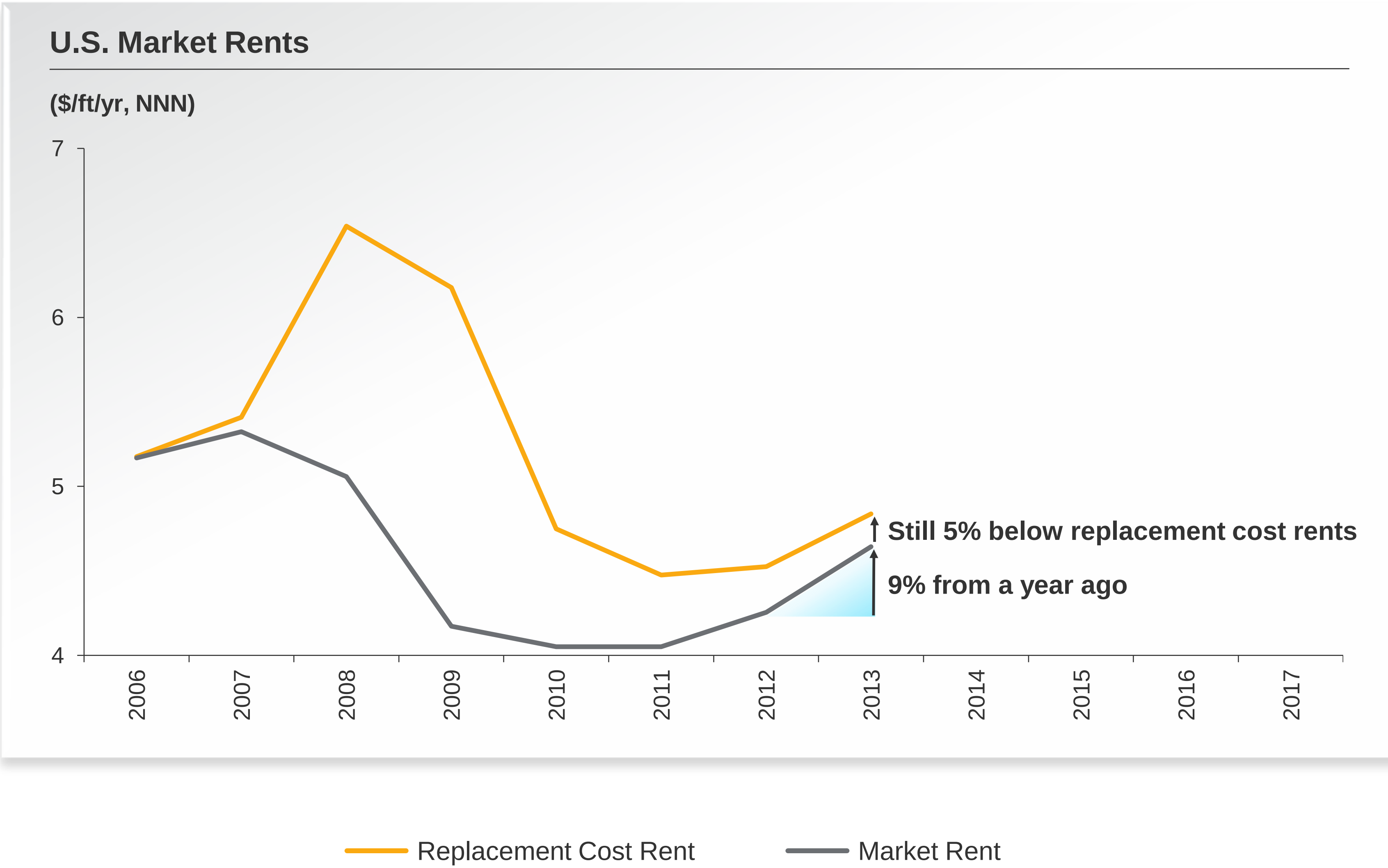
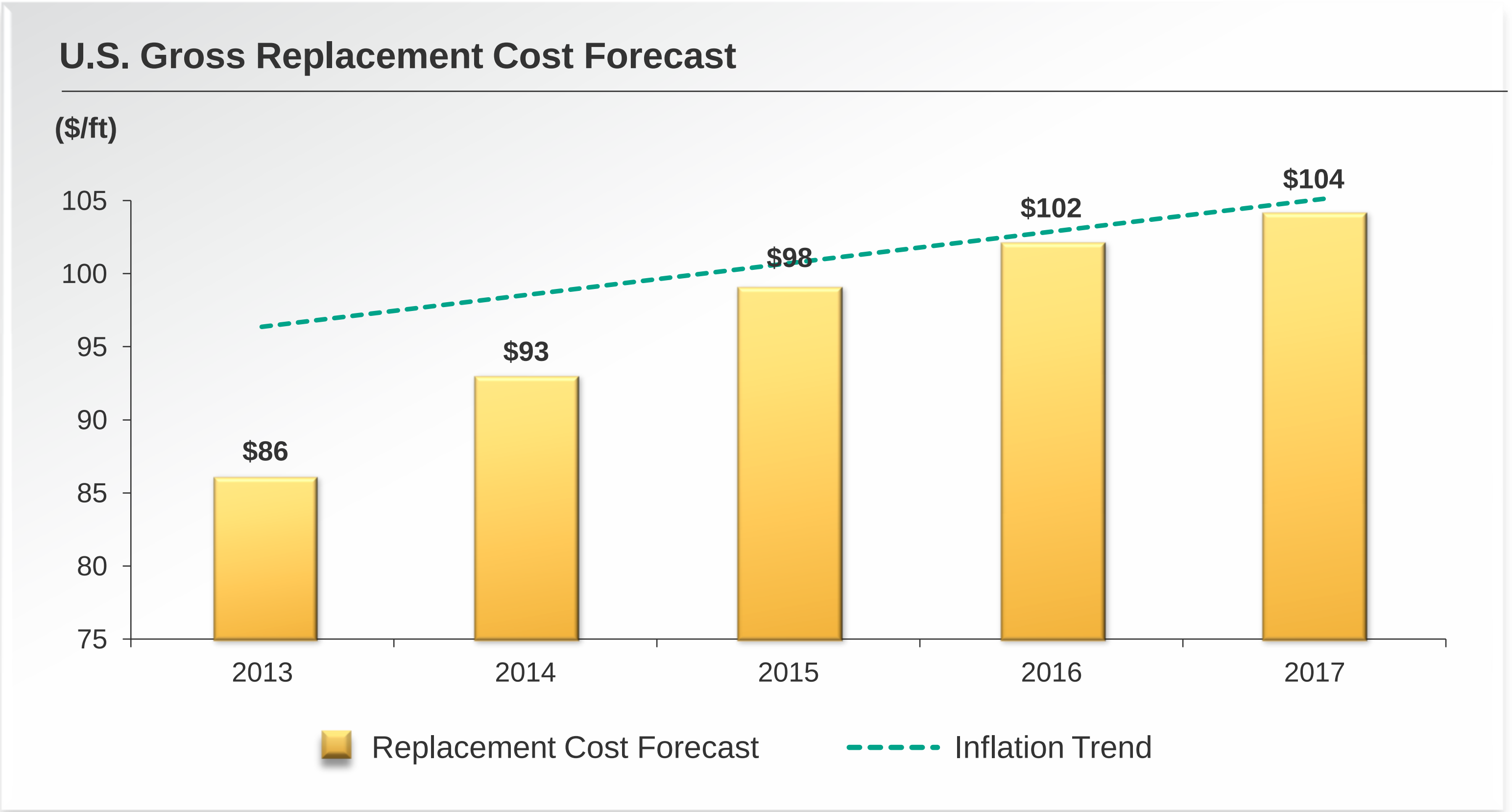
U.S. Rent and Replacement Cost Trend



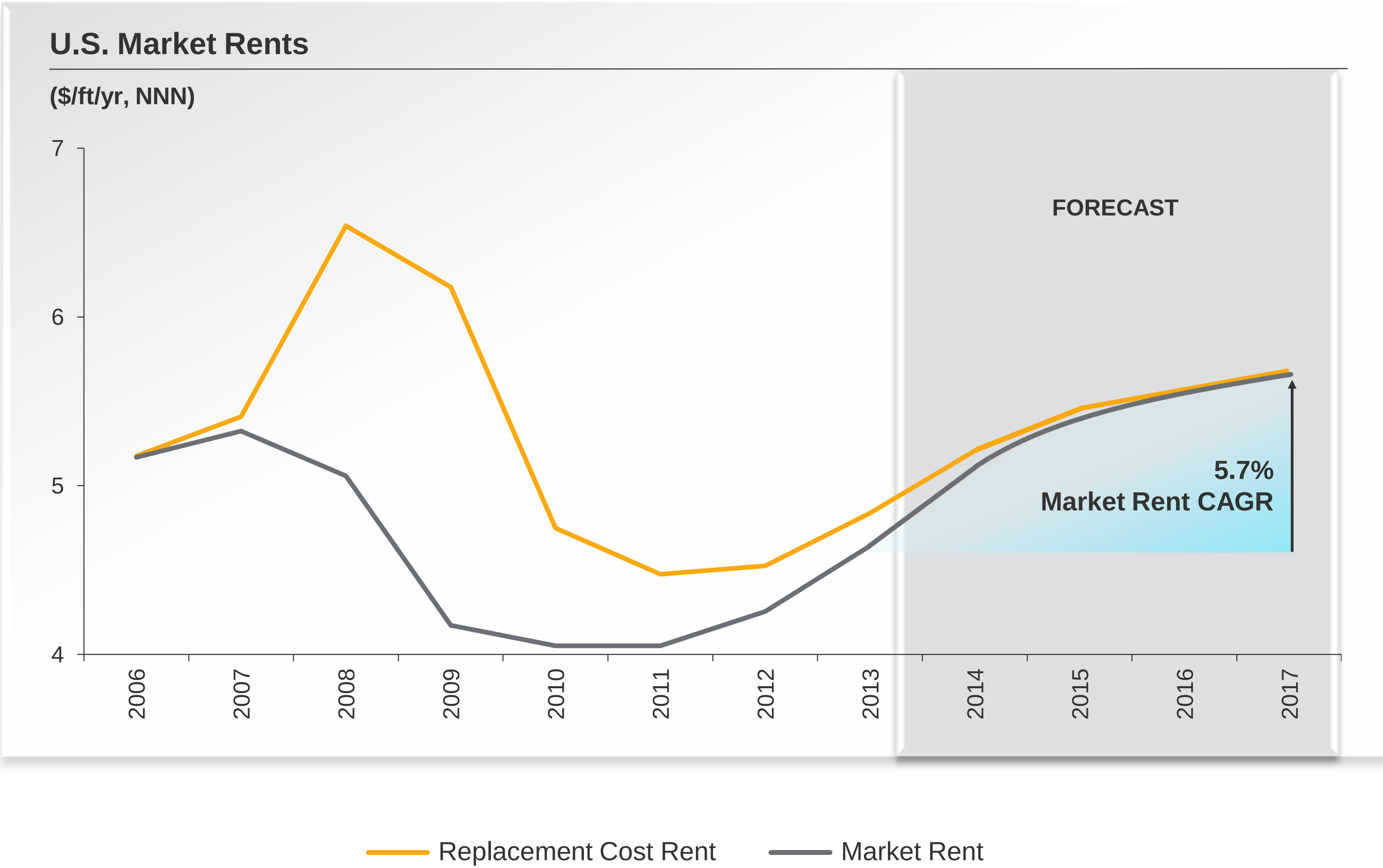
Source: Prologis Research

U.S. Rent and Replacement Cost Trend



Source: Prologis Research, Bureau of Labor Statistics
Note: Gross replacement cost includes developer profit margin

U.S. Rent and Replacement Cost Trend



Source: Prologis Research

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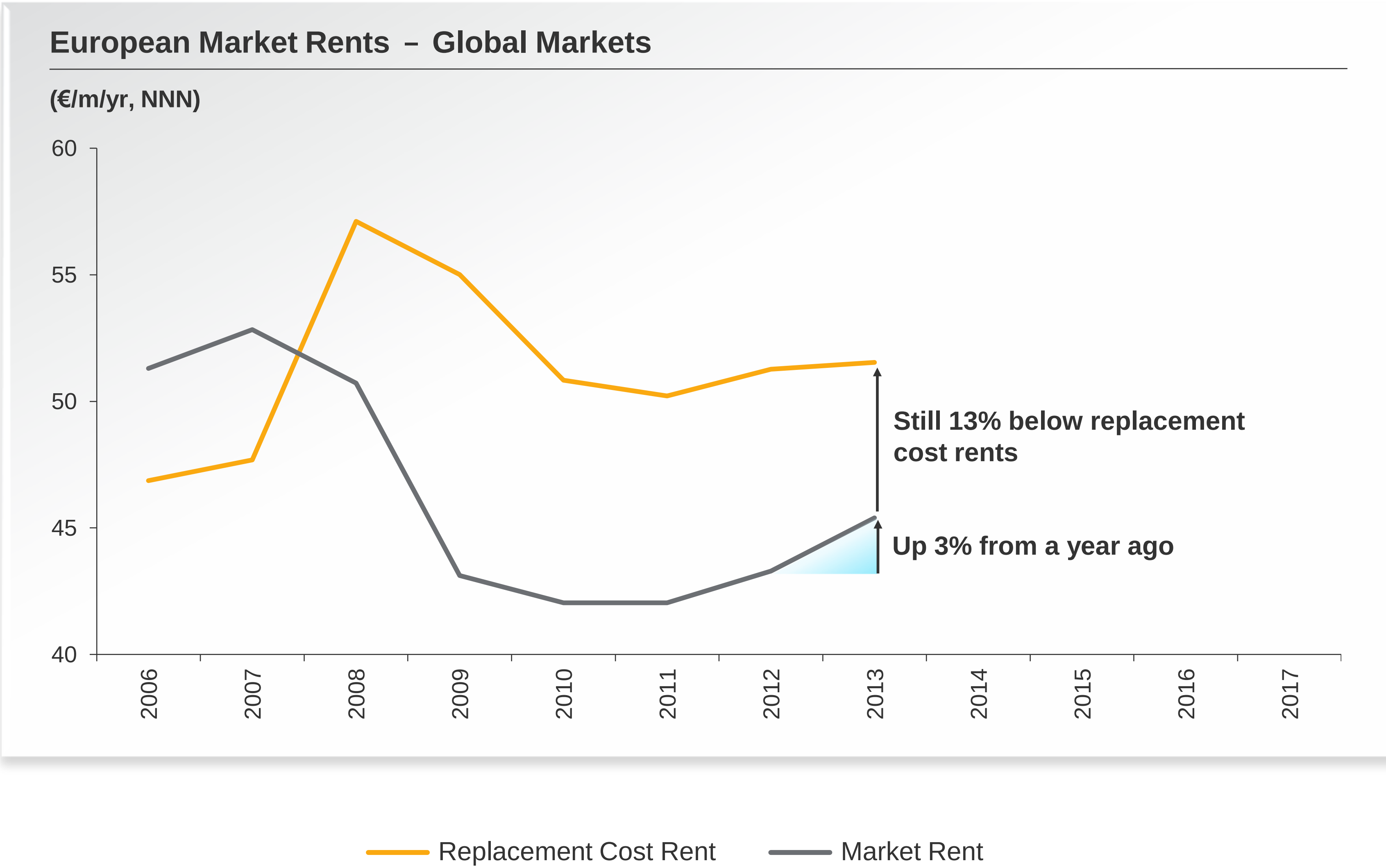
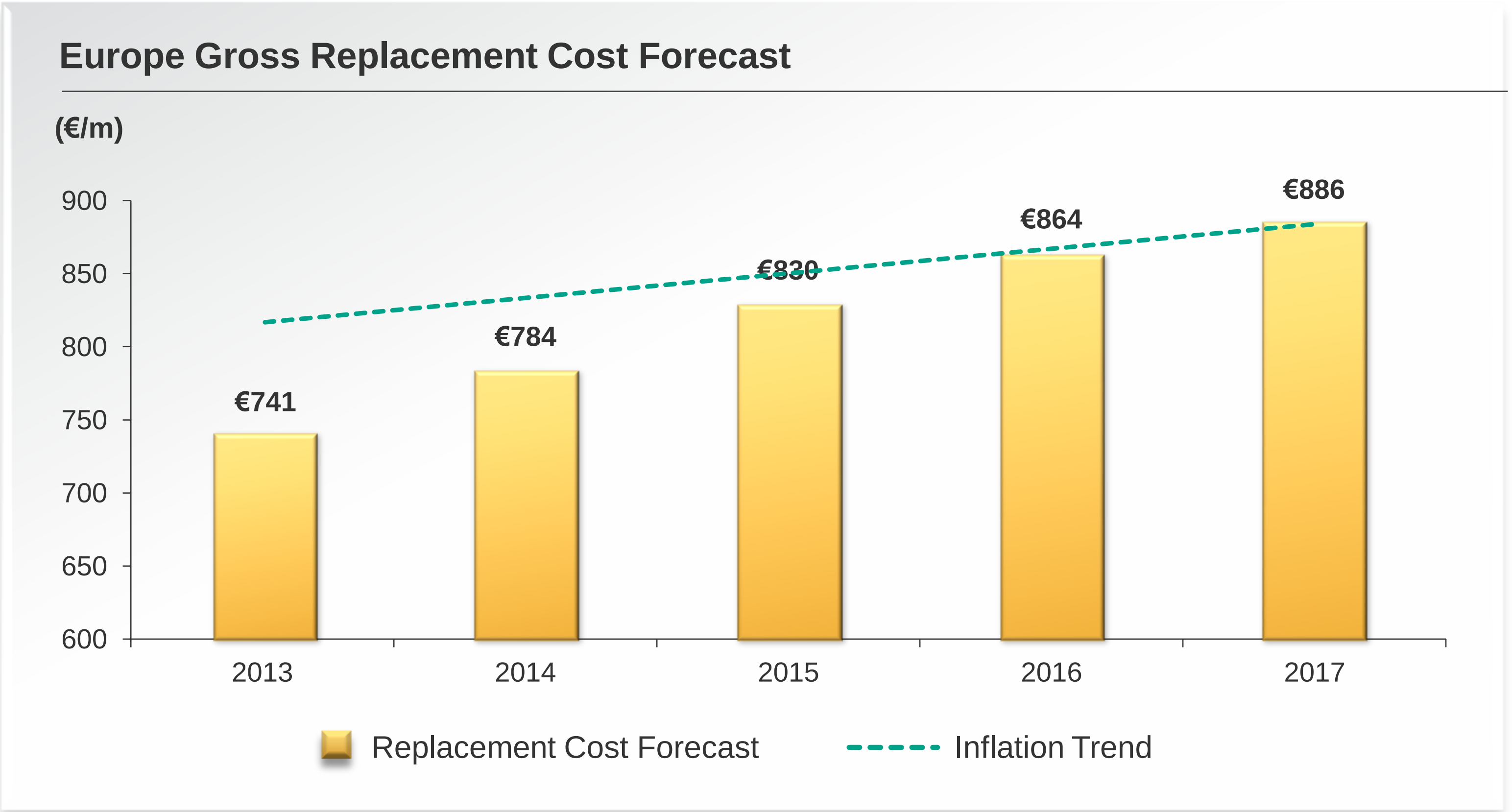
Europe Rent and Replacement Cost Trend



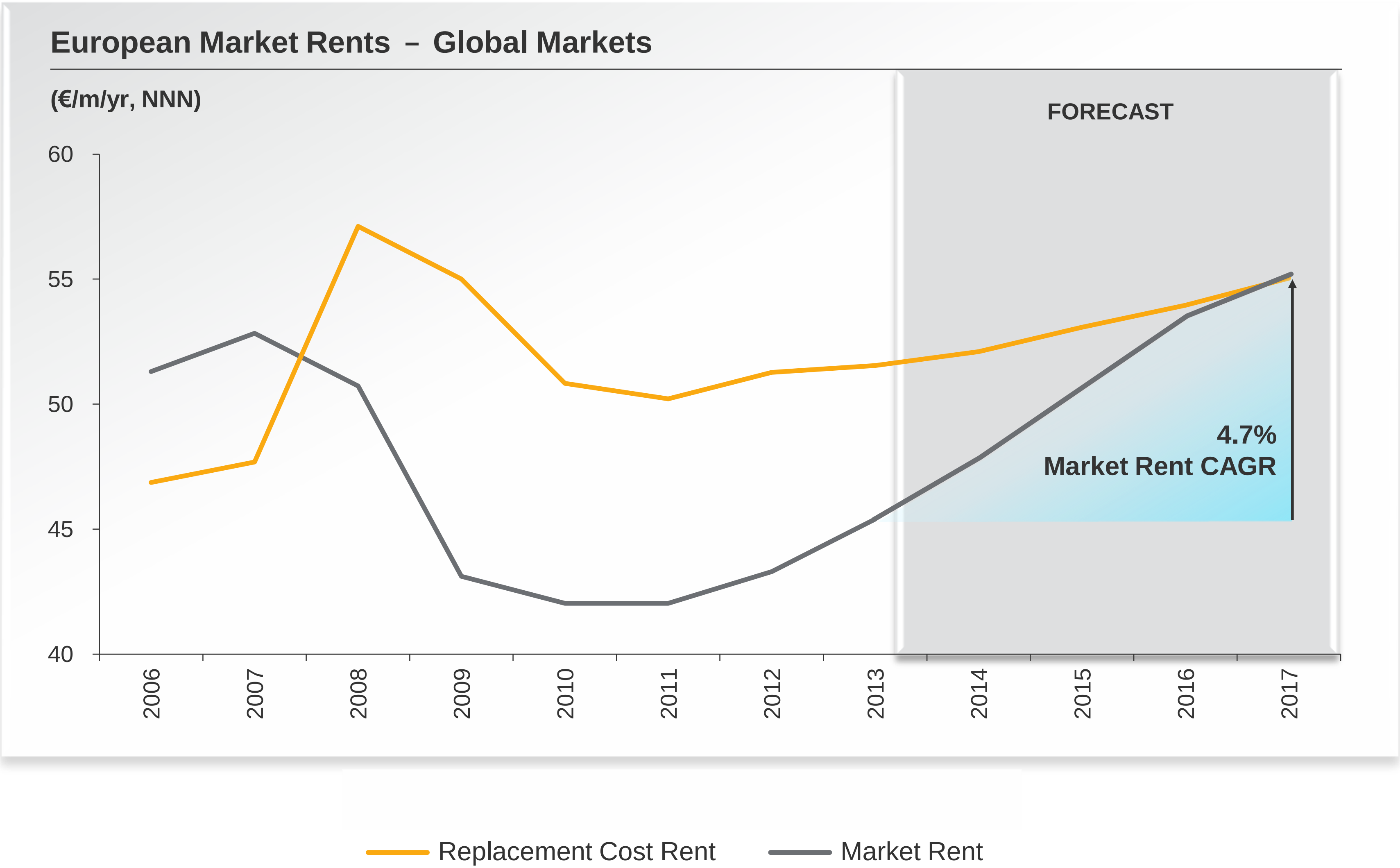
Source: Prologis Research

Europe Rent and Replacement Cost Trend



Source: Prologis Research, Eurostat
Note: Gross replacement cost includes developer profit margin

Europe Rent and Replacement Cost Trend



Source: Prologis Research

Extended Rental Recovery Ahead

Market Rent Growth			
	CAGR		
	June 2012–June 2013	2014–2017	Cumulative 2014–2017
Americas	9%	5.7%	25%
Europe	3%	4.7%	20%
Japan	2%	2.0%	8%
China	8%	5.7%	25%
Total	**7%**	**5.3%**	**23%**

Note: Total weighted on Prologis' share of NOI by geography

Key Takeaways

- **Location and asset quality matter**
- **Operating fundamentals are tightening**
- **Global rent CAGR of 5.3% 2014 - 2017**

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Development Track Record

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Timothy D. Arndt

Senior Vice President, Strategic Planning and Analysis

September 12, 2013

Why Do We Develop?

- **Meet customers' needs globally**
- **Increase share in target markets**
- **Generate profits across the cycle**

Development Track Record – By the Numbers (2001-2013)

The Portfolio

1,121 Properties	**$20.9B** Total Investment	**277.1M** Square Feet

Value Creation

$24.5B Gross Stabilized Value	**$3.6B** Gross Value Created	**$7.20**[(1)] Value Creation per Share

Return

18.7% Gross IRR *(vertical)*	**14.6%** Net IRR *(vertical & horizontal)*	**17.4%** Gross Margin

1.Data represents $3.6B gross value created, divided by the company's share count as of June 30, 2013

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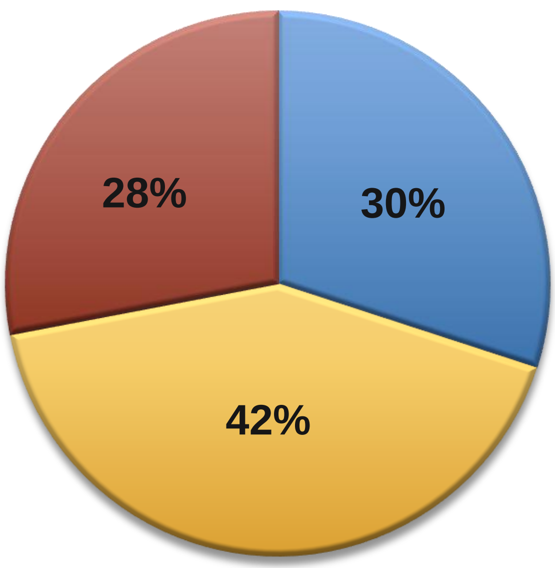
Development Track Record – By Geography

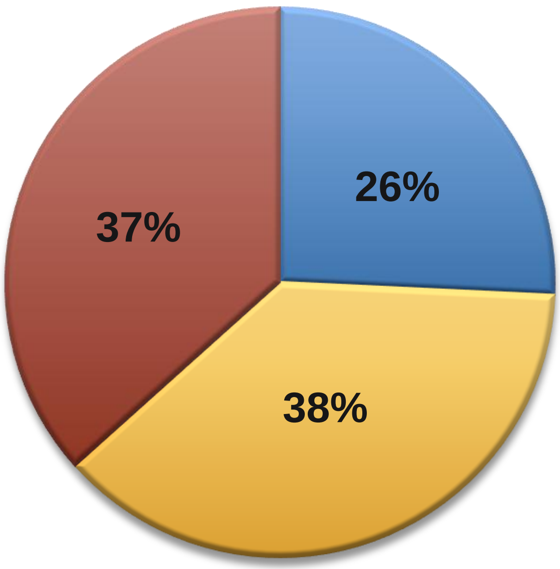
2001 → 2013

Investment - $20.9B



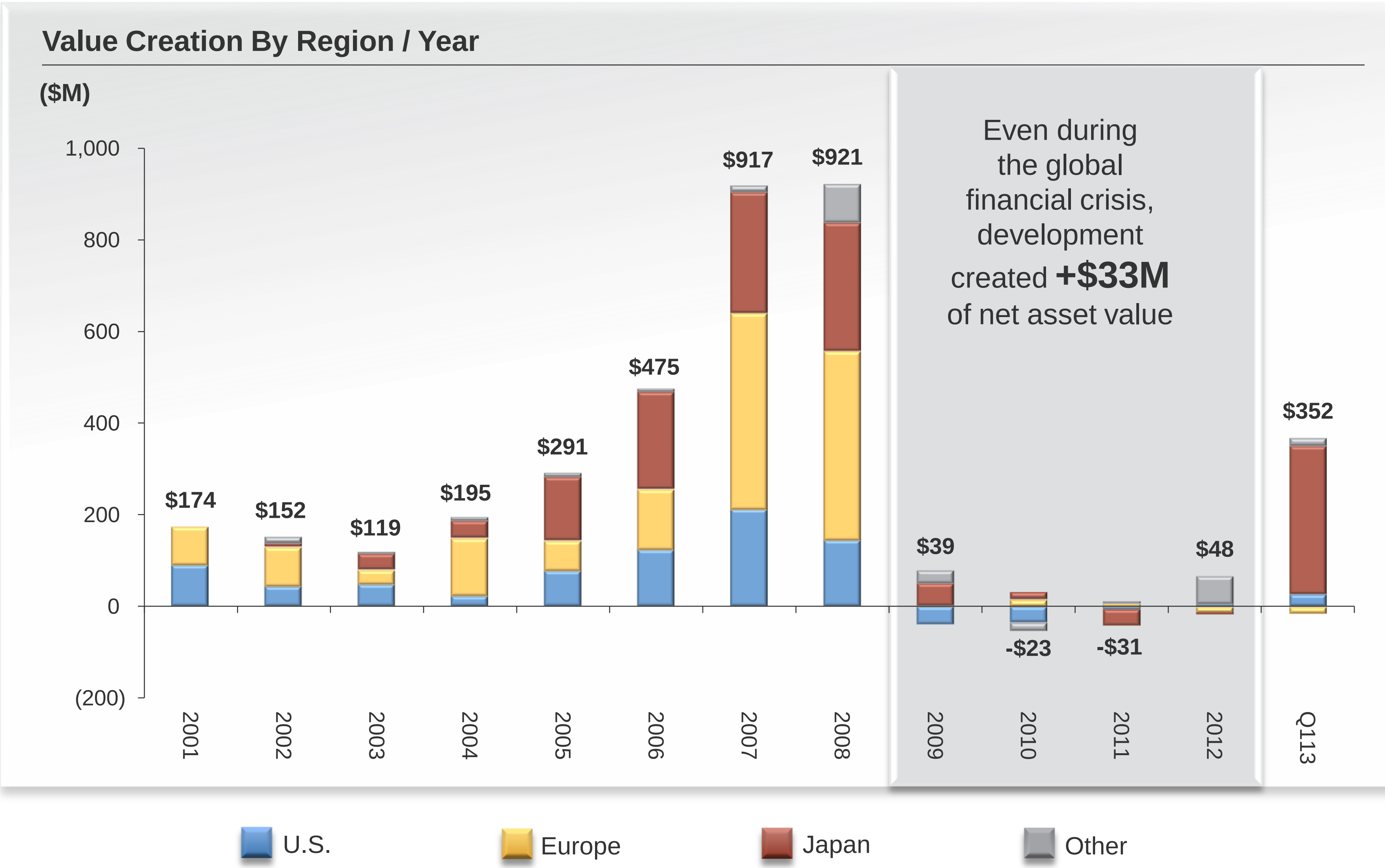
2001 → 2013

Value Creation - $3.6B



	Americas	Europe	Asia
Value Creation Margin	**15.0%**	**15.5%**	**23.0%**

Development Track Record – Value Creation By Year



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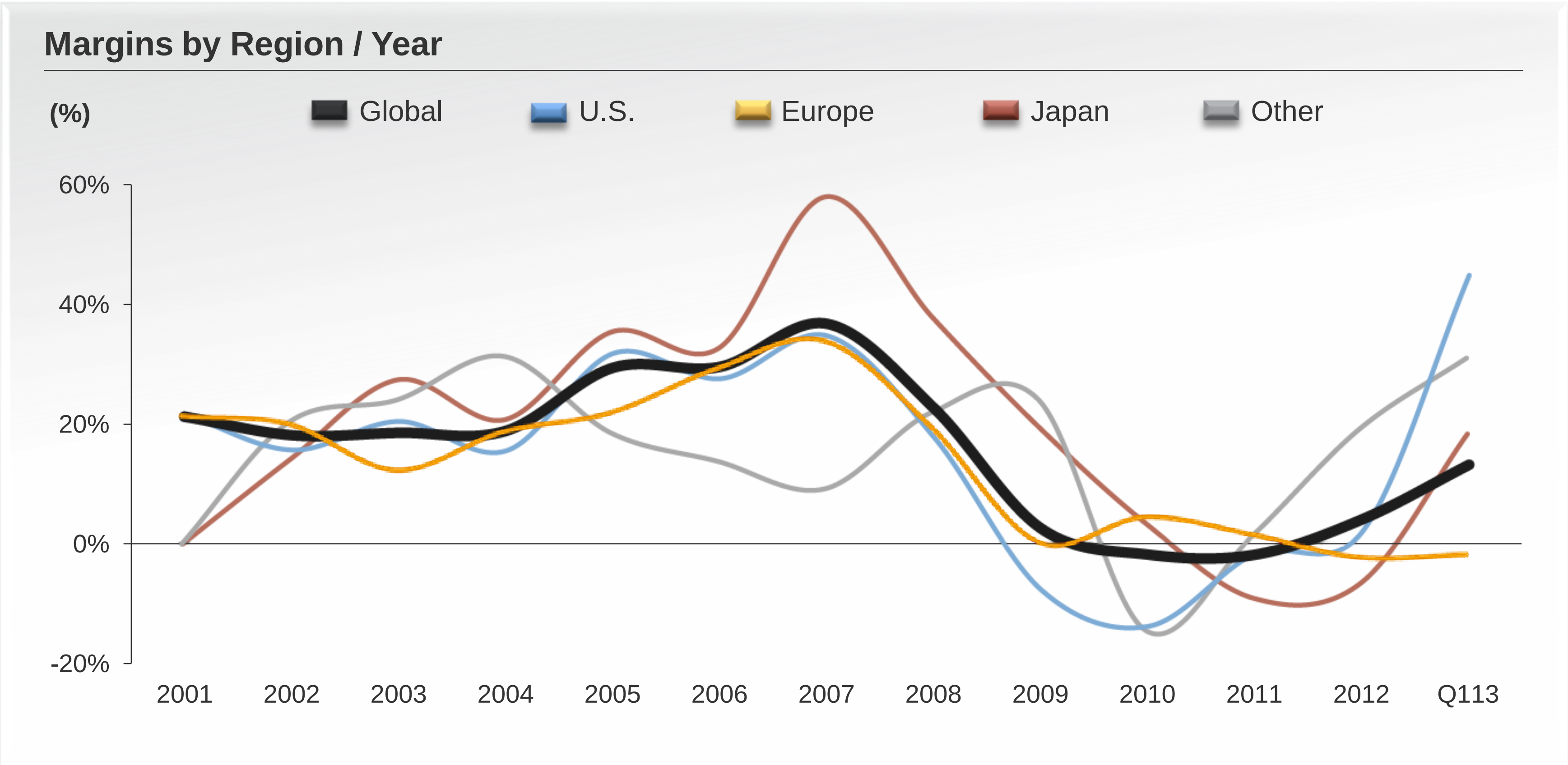
Development Track Record – Margin By Region / Year



Delivered 17.4% Gross Margin Across 12-Year Business Cycle

Development Track Record – By the Numbers

The Portfolio	**1,121** Properties	**$20.9B** Total Investment	**277.1M** Square Feet
Value Creation	**$24.5B** Gross Stabilized Value	**$3.6B** Gross Value Created	**$7.20** Value Creation per Share
Returns	~~**18.7%**~~ Gross IRR *(vertical)*	~~**14.6%**~~ Net IRR *(vertical & horizontal)*	~~**17.4%**~~ Gross Margin
Returns with Impairment		**11.3%** Net IRR *(vertical & undeveloped land bank horizontal)*	**12.1%** Net Margin
25% Change in Land Bank Value		**11.8%** Net IRR *(vertical & undeveloped land bank horizontal)*	**14.5%** Net Margin

Note: Data represents development activity from Q1 2001 through Q1 2013

Conclusion – Sustainable Value Creation

- Development has been profitable across the business cycle
- Even during the global financial crisis, losses in vertical development have been modest
- Global platform provides significant diversification
- Expect to recover the 30% decline in value of land bank
- Going forward, we expect lower volatility and stable volumes of development
- Future development activity will require a reduced land bank

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Delivering Sustainable Growth

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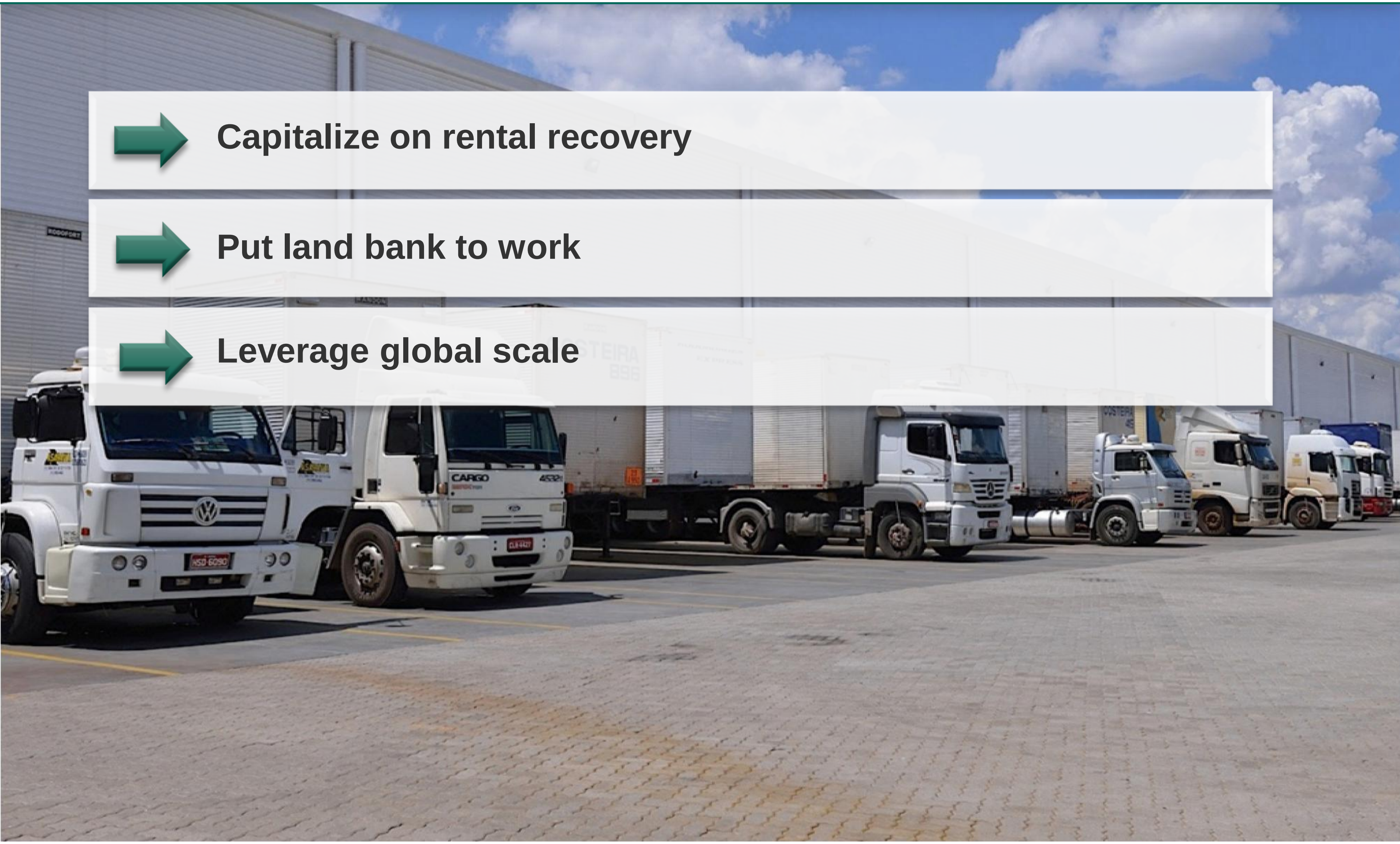
Vision for Sustainable Growth

Eugene F. Reilly | *CEO, The Americas*
Gary E. Anderson | *CEO, Europe & Asia*

September 12, 2013

Growth Opportunities



- Capitalize on rental recovery
- Put land bank to work
- Leverage global scale

Unprecedented Rent Growth

Market Rent Growth			
	CAGR		
	June 2012–June 2013	**2014–2017**	**Cumulative 2014–2017**
Americas	9%	5.7%	25%
Europe	3%	4.7%	20%
Japan	2%	2.0%	8%
China	8%	5.7%	25%
Total	**7%**	**5.3%**	**23%**

1. Note: Total weighted on Prologis' share of NOI by geography

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Americas – Representative Rent Growth

Prologis Market	June 2012 – June 2013
Above Average Growth	**> +9.0%**
Los Angeles, CA	+12.0%
Inland Empire, CA	+15.0%
Dallas, TX	+20.0%
Indianapolis, IN	+22.0%
Below Average Growth	**< +9.0%**
Portland, OR	0.0%
Atlanta, GA	+4.0%
Las Vegas, NV	+6.0%

Europe – Representative Rent Growth

Prologis Market	June 2012 – June 2013
Above Average Growth	**> +3.0%**
Netherlands	+3.0%
Germany	+4.9%
United Kingdom	+5.5%

Below Average Growth	**< +3.0%**
Romania	-7.1%
Hungary	-7.7%

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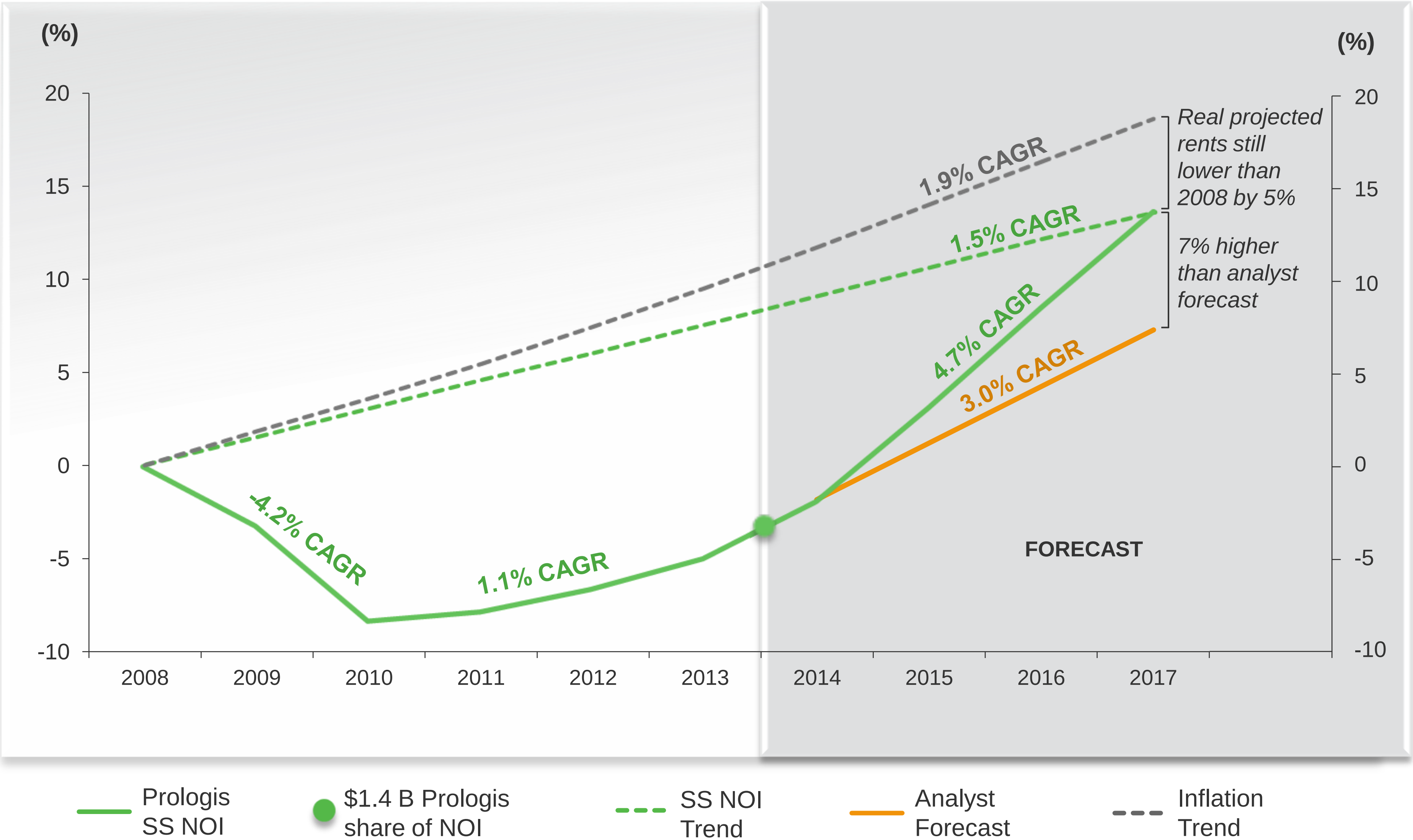
Same Store NOI Growth – Previous Peak-to-Trough Projections



Note: SS NOI data prior to June 30, 2011 is legacy ProLogis. SSNOI is shown on GAAP basis

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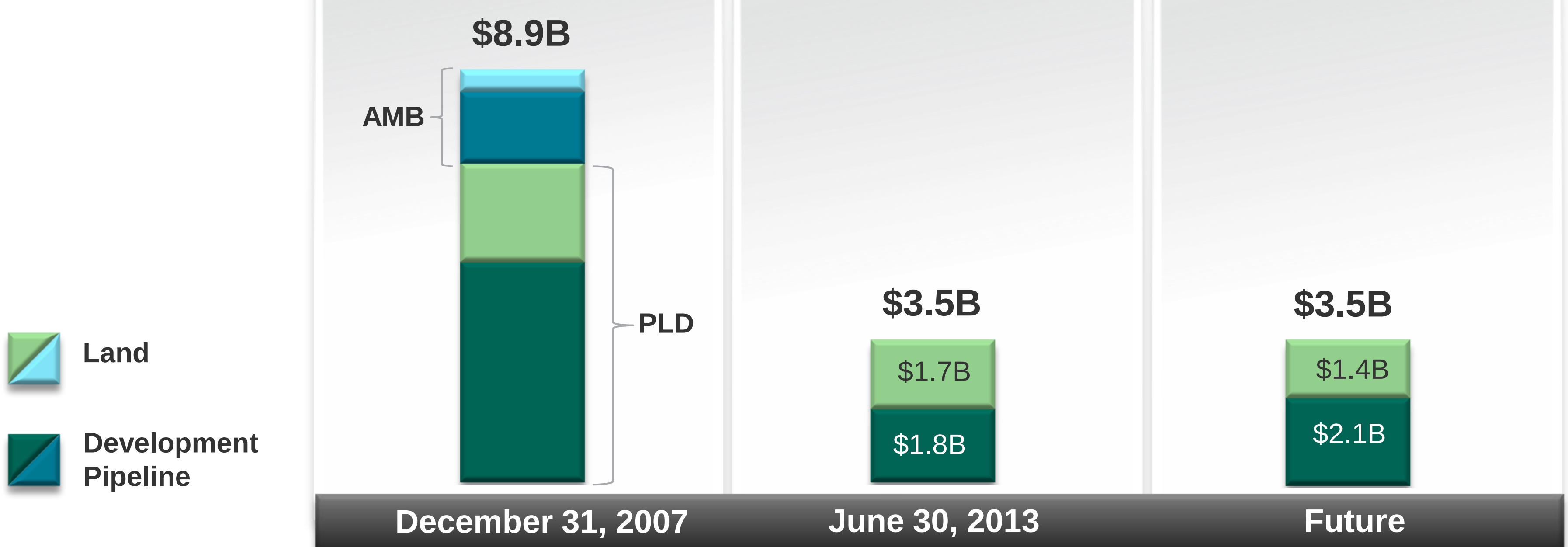
Global Development Business

2016 Development Run Rate	**$2.5 B**
Expected Profit Margin	**15%**
Prologis' % Share of Value Creation	**85%**
Annual Prologis Development Value Creation	**~$320 M**



	December 31, 2007	June 30, 2013	Future
% of Operating Assets	46%	15%	14%

Note: Data reflects Prologis' share

Projected Capital Recycling Activity

2014 - 2017	Acquisitions	Development	Building Dispositions	Contributions	Net Deployment
Overall	$3.0B	$9.4B	($3.1B)	($6.3B)	$9.3B
Prologis Share	$1.3B	$8.0B	($2.2B)	($4.1B)	$3.0B
Strategic Capital Investors	$1.7B	$1.4B	($0.9B)	$4.1B	$6.3B

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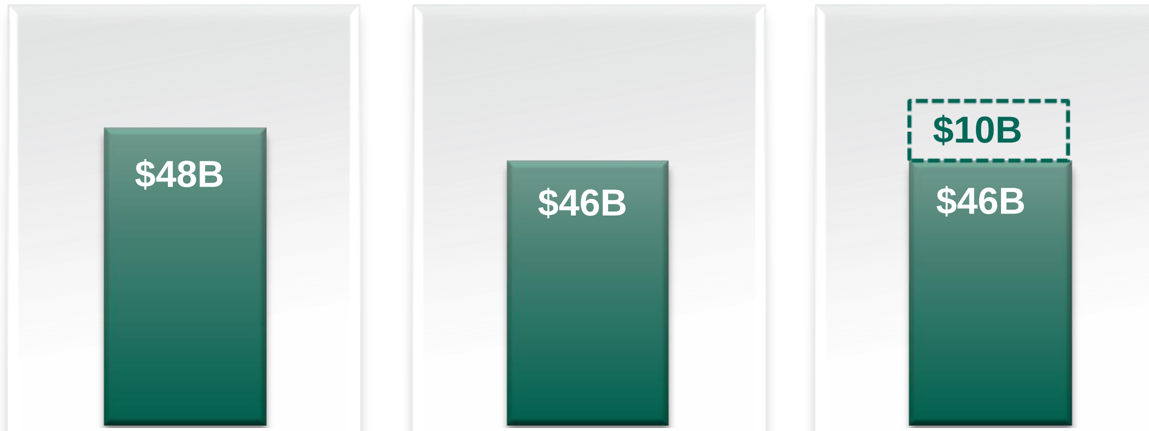
Scaling The Platform

AUM ($B)



	June 30, 2011	June 30, 2013	Forecasted Incremental Growth
Strategic Capital Ventures	22	14	n/a
Markets	60	54	n/a
G&A / AUM, Net	**85 bps**	**54 bps**	**46 bps**

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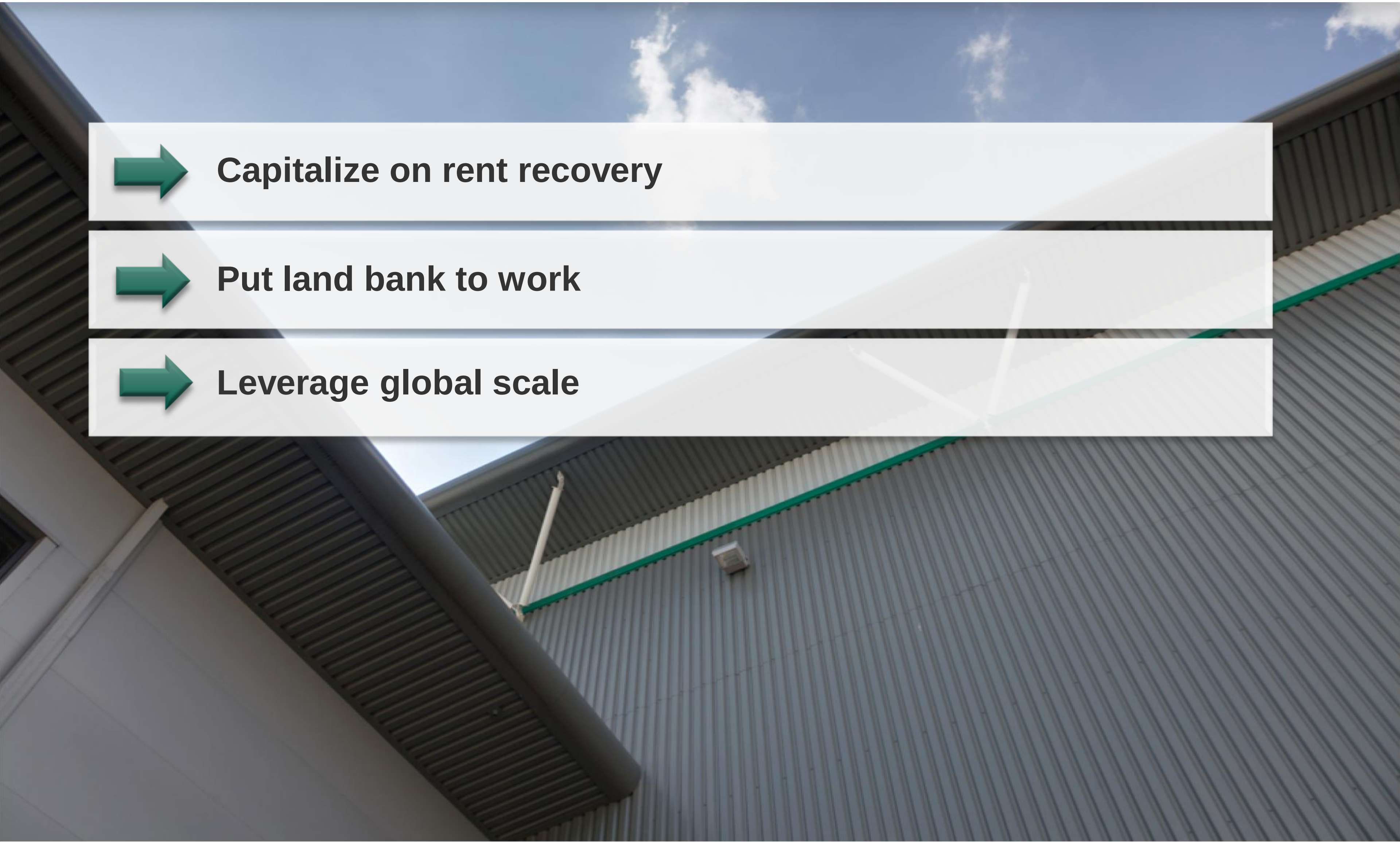
Key Takeaways



- **Capitalize on rent recovery**
- **Put land bank to work**
- **Leverage global scale**

Global Panel – Unparalleled Expertise

Mike Curless
Chief Investment Officer

Kim Snyder
President, Americas
Southwest Region

Jeremy Giles
President, Americas
Central Region

Scott Lamson
President, Americas
Northwest Region

Luis Gutierrez
President, Americas
Latin America

Philip Dunne
President, Europe

Ben Cornish
President, China

Mike Yamada
President, Japan

PROLOGIS.

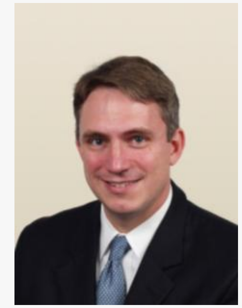
Global Panel – Unparalleled Expertise

Mike Curless

Chief Investment Officer

Kim Snyder

President, Americas Southwest Region

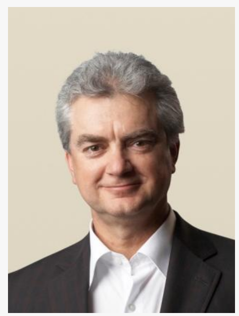


Jeremy Giles

President, Americas Central Region

Scott Lamson

President, Americas Northwest Region



Luis Gutierrez

President, Americas Latin America

Philip Dunne

President, Europe

Ben Cornish

President, China

Mike Yamada

President, Japan

PROLOGIS.

Positioned for Growth

PROLOGIS.

Vision for Sustainable Growth

Thomas S. Olinger

Chief Financial Officer

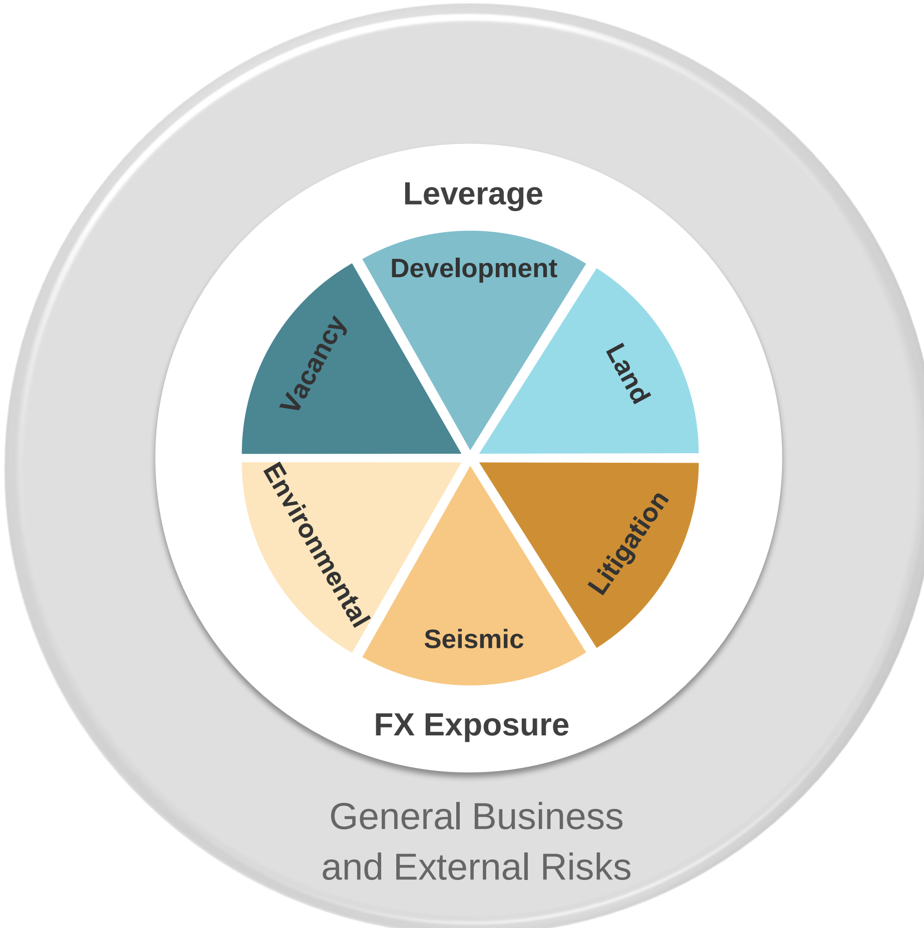
September 12, 2013

Reducing & Managing Risk – **PIRI**

Business Risk:
CIO and Regional Leadership

Financial Risk:
CEO, CFO and Treasury

Components of
Prologis Integrated Risk Index (PIRI)



Disciplined Approach To Managing Risk

Capital Structure Cornerstones

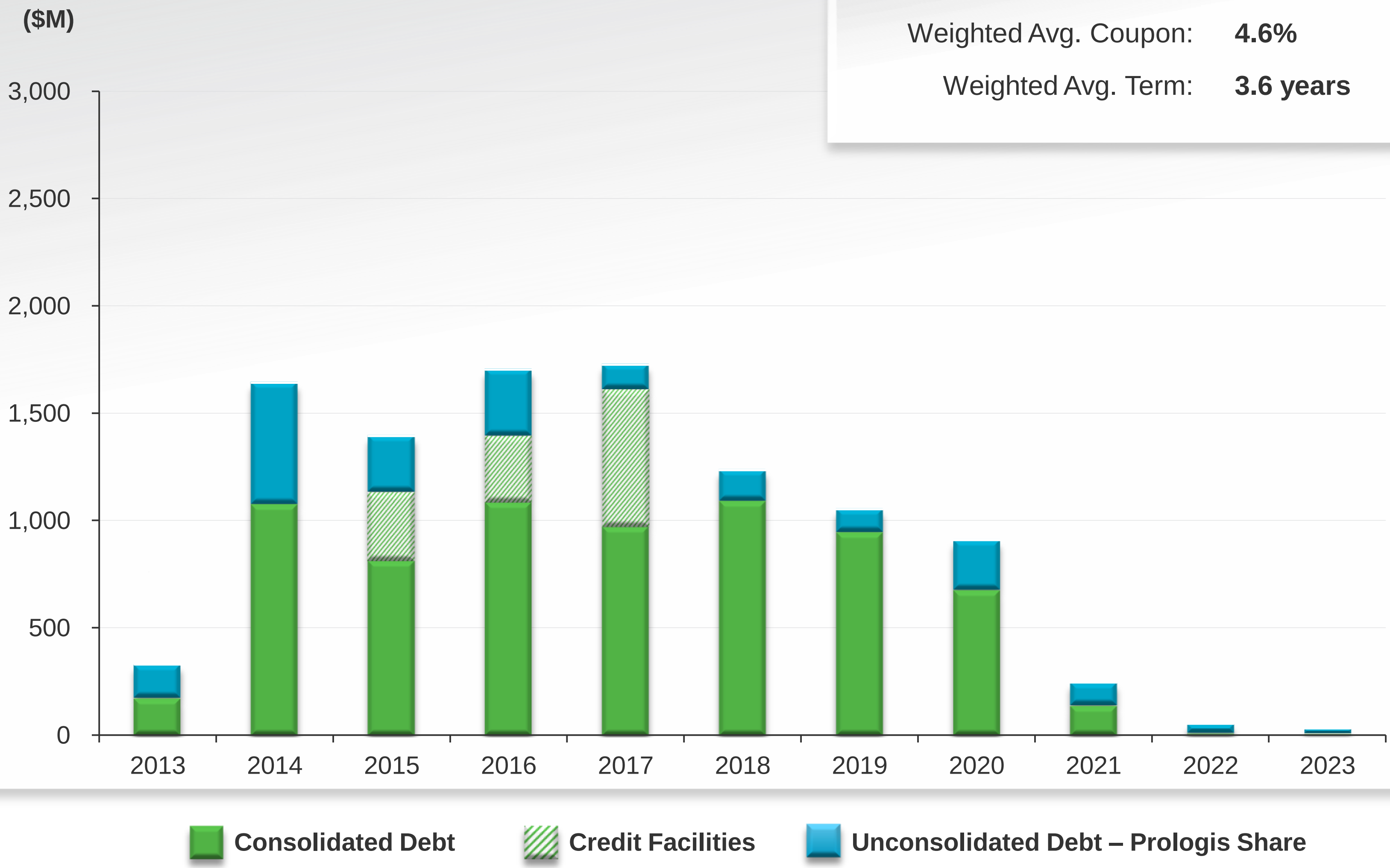
Metric	IF 2012[1]	YE 2013 Forecast	Long-Term Target
Look-Through LTV	44%	34%	**30%[2]**
Debt / Adjusted EBITDA	8.8x	6.8x	**< 6.0x**
Debt / Adjusted EBITDA (Adjusted for Development)	7.4x	5.8x	**< 5.0x**
USD Net Equity	61%	82%	**> 90%**

Target to Achieve One of the Top Balance Sheets in REIT Space / A Rating

1. As of June 30, 2012
2. Long-Term Target for wholly owned look-through leverage is 25-30% and for co-investment ventures it is 30-35%

Debt Maturities – June 30, 2013

Total Debt:	**$10,270M**
Weighted Avg. Coupon:	**4.6%**
Weighted Avg. Term:	**3.6 years**

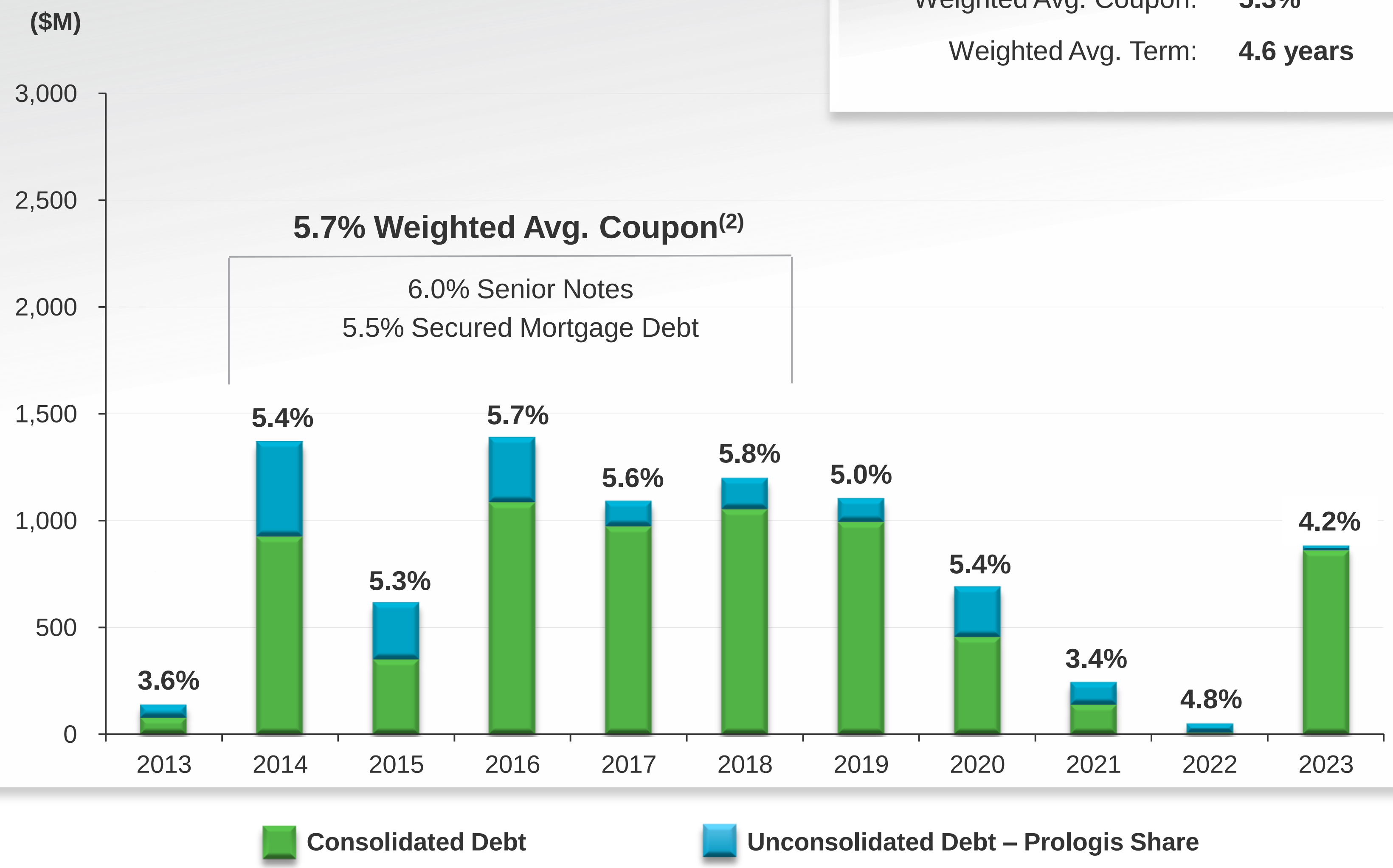


Note: Reflects extended maturity dates for JPY revolver of 2015, Global Line of Credit of 2016 and Multi-Currency Term Loan of 2017. These borrowings are collectively referred to as the 'Credit Facilities'

Debt Maturities – Today(1)
(Excludes Credit Facilities and Convertible Debt)

Weighted Avg. Coupon: **5.3%**

Weighted Avg. Term: **4.6 years**

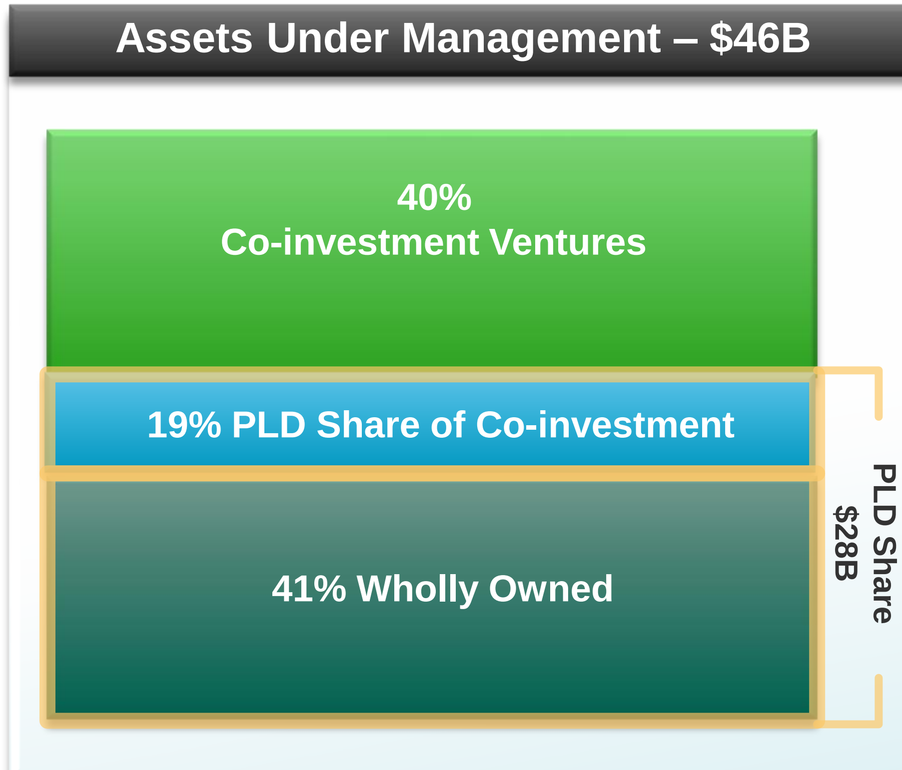


1. As of August 22, 2013
2. Includes only Senior Notes and Secured Mortgage debt from 2014-2018

Capital Structure Strategy Update – YE 2013

Simplified Structure

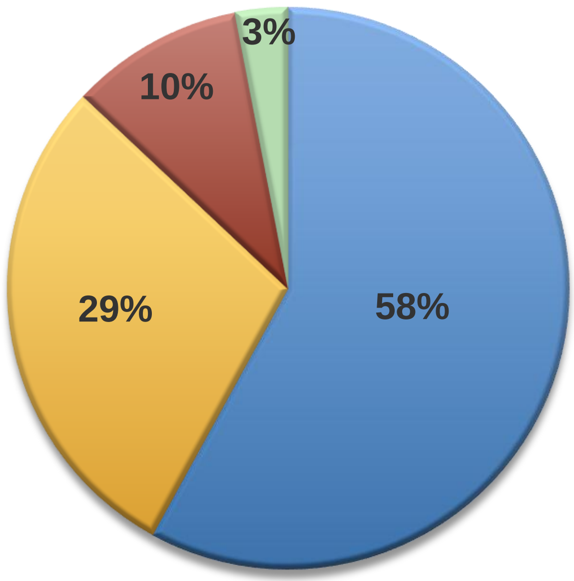
- Foreign assets held in ventures
- More open-end / long-life funds (88%)
- Limit foreign currency exposure (18%)



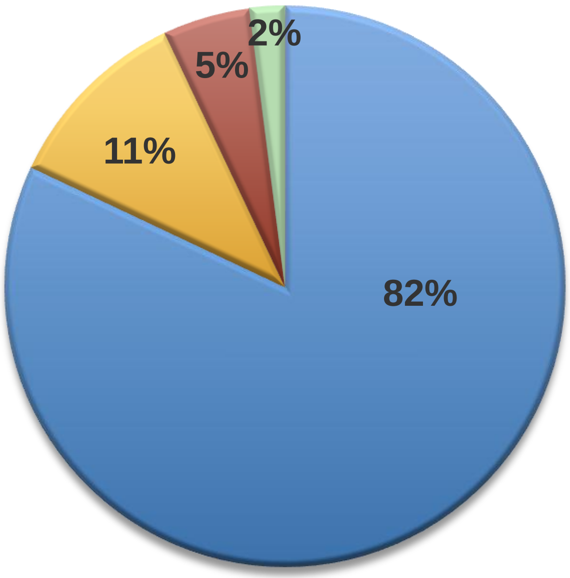
Optimal Asset Ownership Structure to Minimize FX and Repatriation Risks

Currency Exposure – YE 2013

Gross Assets - $46B



Net Equity - $19B



- Foreign Ventures
- Leverage
- Hedging

$ € ¥ Other

USD Net Equity Long-Term Goal >90%

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Building Blocks of NAV

($M, except per share data)	Net Asset Value Range	Components
Properties with NOI	$24,071 - $25,295	NOI $1,492[1] / 6.20% - 5.90%[2]
Properties with NOL	$677	100% of Book Value
Development Portfolio	$1,424 - $1,498	Stabilized Fair Value
Land	$1,740 - $2,088	100%-120% of Book Value
Investment Management	$924 - $1,097	Multiple of EBITDA (10 - 12X)
Net Other Assets	$525	Net Working Capital, Other Real Estate Related Assets & Minority Interests
Debt + Preferred Stock	($10,547)	Book Value + % Share of Fund Debt
Net Asset Value	$ 18,814 - $20,633	
Diluted Shares	500	
Core NAV Per Diluted Share	~$38 - $41	
Development Platform	$3.50 / sh	Multiple of Value Creation (5 - 6x)
Net Asset Value Per Diluted Share	**~$41.50 - $44.50**	

Note: Data as of June 30, 2013
1. Adjusted cash NOI stabilized for 95% occupancy and forward same store growth
2. Stabilized capitalization rates

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Level Setting Price / FFO

	Prologis	U.S. Industrial[1]	Blue Chips[2]
P/FFO	22.2x	14.4x	19.6x
— **CIP + Land** *Adjusted*	2.6x	1.2x	0.6x
— **Cap Rate** *Adjusted*	3.6x	0.0x	N/A
— **Leverage** *Adjusted*	3.0x	0.0x	3.9x
P/FFO *Adjusted*	13.1x	13.2x	15.1x

1. U.S. industrials include: DCT, DRE, EGP, FR and LRY
2. Blue Chips include: AVB, BXP, FRT, PSA, and SPG

Sources: SNL, Bloomberg and Company Reports; market data as of September 9, 2013

Long-Term Earnings Growth – 2014-2017

Operation Drivers:	Base Case	Impact of 100bp Annual Market Rent Growth ∆
Same Store NOI Growth	4.7%	±0.5%
PLD Share of SS NOI Growth	5.0%	±0.5%
Estimated In-Place / Market 2017	92%	±2.0%

Annual Earnings Growth From:	Base Case	Impact of 100bp Annual Market Rent Growth ∆
Rent and Occupancy Growth	8.3%	±0.8%
Net Deployment and Fee Growth	2.6%	-
Scale Economies	0.9%	-
Reduced Debt Costs	0.4%	-
G&A	-1.0%	-
Dilution From 2013 Asset Repositioning	-1.7%	-
Core FFO Growth	**9.5%**	**±0.8%**
Dividend	3.0%	-
Core FFO + Dividend	**12.5%**	**±0.8%**
Value Creation	10.3% ($320M)	-
Total Annual Return	**22.8%**	**±0.7%**

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Vision for Sustainable Growth

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Vision for Sustainable Growth

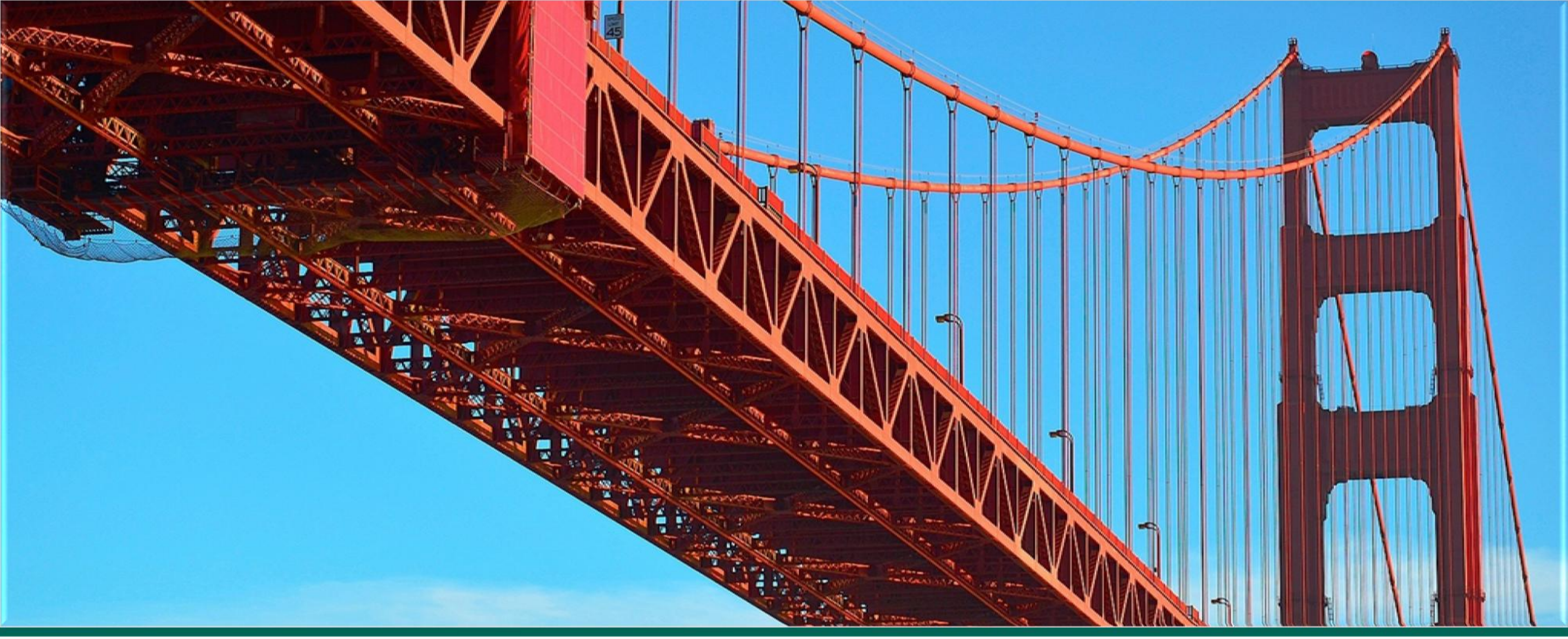
Hamid R. Moghadam

Chairman and Chief Executive Officer

September 12, 2013

The Path to Growth

- **Capitalize on rental recovery**
- **Put land bank to work**
- **Leverage global scale**
- **Rental growth + land bank + scale = sustainable earnings growth**



Biographies

PROLOGIS.

Vision for Sustainable Growth

Presenter

Hamid R. Moghadam

Chairman of the Board of Directors and Chief Executive Officer

Hamid Moghadam is chairman of the board of directors and chief executive officer of Prologis, serving on the executive committee. He is primarily responsible for shaping the company's vision, strategy, organizational structure and private capital franchise. Mr. Moghadam co-founded the company's predecessor, AMB Property Corporation, in 1983 and led the company through its initial public offering in 1997 and its merger with Prologis in 2011. He has been a board member since AMB's IPO in 1997.

Mr. Moghadam has held a number of leadership roles within the real estate industry. Currently, he is a trustee of Urban Land Institute and a member of its board's executive committee. In the past, he served as the chairman of National Association of Real Estate Investment Trusts (NAREIT) and the Real Estate Investment Trust Political Action Committee, a director of Plum Creek Timber Company and a founding member of the Real Estate Roundtable.

Mr. Moghadam is a trustee of Stanford University and served as chairman of Stanford Management Company. As an active participant in the San Francisco Bay Area community, he has also served on various philanthropic and community boards, including the California Academy of Sciences, the Bay Area Discovery Museum, Town School for Boys and as chairman of Young Presidents Organization's Northern California chapter. Mr. Moghadam is also a past regional winner of the Ernst & Young Entrepreneur of the Year and a recipient of the Ellis Island Medal of Honor. He has been named CEO of the Year on eight separate occasions by four separate industry publications. He has also received numerous lifetime achievement awards from industry organizations, including NAREIT and NAIOP.

Mr. Moghadam received an MBA from the Stanford Graduate School of Business and a Bachelor and Master of Science in engineering from Massachusetts Institute of Technology.

Presenter

Gary E. Anderson
Chief Executive Officer, Europe and Asia

Gary Anderson, as Prologis‘ chief executive officer for Europe and Asia, oversees all aspects of business performance in Prologis' European and Asian operations.

Mr. Anderson previously served as Legacy ProLogis' head of global operations and investment management until the merger with AMB Property Corporation in 2011. Prior to this, he was the company's president of Europe and the Middle East, as well as chairman of the European operating committee. From 2003 to 2006, Mr. Anderson was the managing director responsible for investment and development in the company's Southwest and Mexico regions. Prior to 2003, he led successive regional and local offices in New Jersey, Pennsylvania, Washington and Oregon, and he was one of two people responsible for directing the establishment and expansion of ProLogis' business in Mexico. Prior to Prologis, Mr. Anderson was with Security Capital Group, Inc., a diversified real estate investment company, where he focused on capital markets, investments and strategy and worked with a small group to develop ProLogis' global expansion strategy.

Mr. Anderson is a member of the Young Presidents' Organization. He received his MBA in finance and real estate from the Anderson Graduate School of Management at UCLA and his Bachelor of Arts in marketing from Washington State University.

Presenter

Michael S. Curless
Chief Investment Officer

Mike Curless, as Prologis' chief investment officer, chairs the investment committee, his primary responsibilities include overseeing the deployment of capital, and the global customer solutions, acquisitions and dispositions teams. His additional responsibilities include oversight of the valuations and research teams.

Mr. Curless has been part of Prologis at two points in his career. From 2000 to 2010, prior to rejoining Prologis, Mr. Curless was the president and one of four principals at Lauth, a privately held, national construction and development firm. Lauth has developed in excess of $3 billion of office, industrial, retail and healthcare projects across the United States. In this role he had overall responsibility for operations, development and asset management for the firm. From 1995 to 2000, prior to joining Lauth, Mr. Curless was a first vice president at Prologis, overseeing the Indianapolis and St. Louis market operations and management of key national accounts. He has also been a marketing director for Trammell Crow Company and a financial analyst with General Electric Company.

Mr. Curless has been a member of the Young Presidents' Organization and has served on various charitable boards. He has an MBA in marketing and finance and a Bachelor of Science in finance from Indiana University.

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Presenter

Thomas S. Olinger
Chief Financial Officer

Tom Olinger is Prologis' chief financial officer, responsible for worldwide corporate finance including treasury, financial planning, financial reporting, accounting, tax, investor relations, information technology and internal audit. Prior to assuming this role, Mr. Olinger served as Prologis' chief integration officer, overseeing information technology and the implementation of best-practice processes and procedures related to the merger of AMB and ProLogis.

From 2007 to 2011, Mr. Olinger served as AMB's chief financial officer. Prior to joining AMB in 2007, he served as vice president, corporate controller at Oracle Corporation, where he was responsible for global accounting, external reporting, technical accounting, global revenue recognition, Sarbanes-Oxley compliance and finance merger and acquisition integration. Mr. Olinger was also responsible for Oracle's controllership operations in India, Ireland, Australia and California. Prior to this, Mr. Olinger spent 14 years at Arthur Andersen, the last three as an audit partner in its U.S. real estate and technology groups.

Mr. Olinger received a Bachelor of Science in finance, with distinction, from Indiana University.

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Presenter

Eugene F. Reilly

Chief Executive Officer, The Americas

Gene Reilly, as Prologis' chief executive officer for the Americas, oversees all aspects of Prologis' business in the United States, Canada and Latin America.

Mr. Reilly joined Legacy AMB in 2003 and has 30 years of experience in real property investment, management and operations throughout the Americas. Prior to joining AMB, he was chief investment officer of Cabot Properties, Inc., a private equity industrial real estate firm in which he served as a founding partner and member of its investment committee and board of directors. Mr. Reilly served with Cabot and its predecessor companies, including Cabot Industrial Trust, for 11 years.

Mr. Reilly has served on the board of directors of Grupo Acción, S.A. de C.V., a leading development company in Mexico, and currently serves on the board of directors of Strategic Hotels and Resorts, Inc. (NYSE:BEE), a publicly-traded Real Estate Investment Trust. He is a member of the Urban Land Institute (ULI) as well as a member of the National Association of Industrial and Office Properties (NAIOP), where he is currently chairman. He also serves on the NAIOP national board of directors and executive committee. Mr. Reilly has previously served on the board of directors of the Massachusetts chapter of NAIOP and the National Industrial Education Committee. He holds a Bachelor of Arts in economics from Harvard College.

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Presenter

Timothy D. Arndt
Senior Vice President, Strategic Planning & Analysis

Tim Arndt is senior vice president, strategic planning & analysis for Prologis. He oversees the company's global financial planning and analysis team, which focuses on planning, valuation, strategic initiatives and other corporate-related activities.

Mr. Arndt joined AMB in 2004 in portfolio management for the company's private capital group. Since that time, Mr. Arndt has worked in several capacities for the company, including the oversight of the company's treasury team, corporate forecasting function and its global investment analytics. Prior to joining AMB, he worked in the real estate strategy group at Gap Inc. and in capital markets at Forest City Enterprises, where he was responsible for underwriting and management of the company's debt portfolio and its hedging program. Mr. Arndt earned his Bachelor of Business Administration from the University of Toledo and his MBA from Cleveland State University.

Christopher N. Caton
Vice President, Research

Chris Caton is vice president, research and oversees Prologis' formation of global macroeconomic, capital market and industrial fundamental trends and outlooks.

Prior to joining Prologis in 2012, Mr. Caton served as vice president in Morgan Stanley's research department tracking global commercial real estate and REIT investment environments. While at Morgan Stanley, Mr. Caton also served as a vice president in Morgan Stanley's private real estate department researching U.S. and global real estate investment trends. Prior to that, he served at CBRE as part of its investment strategy services group researching U.S. capital market and real estate trends.

Mr. Caton is a member of the Urban Land Institute and PREA. He holds an MBA from the Wharton School at the University of Pennsylvania, a Masters of Arts in economics from Boston University and a Bachelor of Science in mathematics from the University of Puget Sound.

PROLOGIS.

Panelists

Ben M. Cornish
President, China

Ben Cornish is president of Prologis China. He is responsible for Prologis' real estate activities in China, including development and capital deployment, business development and operations.

Mr. Cornish previously was Legacy AMB's senior vice president and chief operating officer for China. A veteran of numerous industrial and retail real estate developments in Asia since 1997, he was president of GMS China, a developer of retail properties throughout China, prior to joining AMB. Previous to that, Mr. Cornish was in charge of China real estate development for Wal-Mart International for five years, served as managing director for the Southeast Asia division of Koll Development, and leased warehouses for Trammell Crow in both the United States and China. He holds a Bachelor of Science in political science and a Master of Science in land development from Texas A&M University, as well as an International Development Certificate from the University of Hong Kong.

Philip N. Dunne
President, Europe

Philip Dunne is president of Prologis Europe, responsible for all aspects of the European business including operations, investment and development. Mr. Dunne is also chairman of the European management executive committee that oversees the execution of the European strategic business plans.

Prior to joining Prologis in 2008, Mr. Dunne was the chief operating officer for Europe, the Middle East and Africa at Jones Lang LaSalle. In this role, Mr. Dunne has led the deployment and execution of business strategy across the EMEA region. Prior to this role, Mr. Dunne spent five years as chief operating officer for the company's Central and Eastern Europe and Russia region, overseeing the development and evolution of the business through its most significant period of growth from 2002 to 2006. Prior to 2002, Mr. Dunne worked in various positions in the company's corporate finance group and was a key member of the integration team following the merger of Jones Lang Wootton and LaSalle Partners, creating the pre-eminent real estate services and investment management business.

Mr. Dunne is a graduate of the Dundalk Institute of Technology and an Associate of the Chartered Institute of Management Accountants (ACMA) and the Chartered Institute of Global Management Accountants (CGMA).

Panelists

Jeremy Giles

President, Central Region - Operations

Jeremy Giles has overall responsibility for Prologis' performance in the central region of the United States. Key markets included in this region are Chicago, Dallas and Houston.

From 2009 through 2010, he was senior vice president and regional director for Prologis' Southwest region. From 2006 to 2009, he was senior vice president and regional director of Prologis' operations in the southeast region. From 2004 to 2006, Mr. Giles oversaw Prologis' performance in the Memphis and Nashville markets.

He also has experience in the transportation, management consulting and merchant energy fields. Mr. Giles holds a Bachelor of Arts and an MBA from the University of Texas at Austin.

Luis Gutierrez

President, Latin America

Luis Gutiérrez is president of Prologis Latin America, responsible for the company's operations, investments, acquisitions and industrial property development in Mexico and Brazil.

Mr. Gutiérrez was co-founder of "Fondo Opción" in 1988, in which he oversaw the initial public offering of equity shares under the 144-A rule in 1997; during this year, the company changed its name to G. Acción. In 1999, he was promoted to company president by G. Acción's board of directors. In 2008, Legacy AMB acquired G. Acción and designated him head of its strategic focus on Mexico.

Mr. Gutiérrez was president of AMPIP (Mexican Association of Industrial Parks), is a member of the executive council of ADI (Industrial Developers Association), a member of the International Council of Shopping Centers (ICSC) and a member of the Council of Global Companies. He holds a Bachelor of Science in civil engineering from the Universidad Iberoamericana and an MBA from the Instituto Panamericano de Alta Dirección de Empresas (IPADE).

PROLOGIS.

Panelists

Scott Lamson

President, Northwest Region - Operations

Scott Lamson is responsible for all aspects of business performance including investments and development within the Northwest region. Key markets include San Francisco Bay Area, Seattle and Central Valley. From 2005 to 2010, he was a senior vice president, regional director, responsible for operations and development in Prologis' west region. Prior to 2005, Mr. Lamson was Prologis' Market Officer for Northern California. Before joining Prologis in 1995, he was a vice president at CPS, Commercial Real Estate, where he was involved in the leasing and sales of over 3 million square feet of commercial property in the San Francisco Bay Area. Previously, Mr. Lamson was a financial analyst with Ford Aerospace and Communications Corporation.

He received his Bachelor of Science in Finance from Santa Clara University.

Kim Snyder

President, Southwest Region - Operations

Kim Snyder is responsible for all regional activities including development, acquisitions and operations for Prologis. Key markets included in this region are Southern California, Las Vegas and Phoenix. He joined legacy Prologis company AMB in 2005, bringing more than 25 years of experience in real estate development and construction, acquisitions and dispositions, leasing, marketing and finance. As managing director and senior vice president during his tenure at AMB, Mr. Snyder managed AMB's Airport Group, Mexico and Brazil operations.

Prior to AMB, he served as president of Paragon Capital Corporation and CEO of Paragon Development, Inc. and was managing director for Insignia-ESG's Western region development operation. Prior to Insignia, he was a partner with Investment Building Group.

Mr. Snyder has a Bachelor of Science from Arizona State University, summa cum laude, and an MBA from Harvard Business School.

Panelists

Tracy A. Ward

Senior Vice President, Investor Relations & Corporate Communications

Tracy Ward is senior vice president, Investor Relations & Corporate Communications for Prologis. She is responsible for developing the company's overall communication strategy, as well as investor relations, public/media relations, and corporate brand management. Ms. Ward joined the company in 2006 as a member of its Investor Relations group before transitioning into her current role.

Previously, she was with Gap, Inc., where she served as director of store planning for North America, responsible for the company's inventory to its stores based on volume, capacity, product performance and financial forecast. Prior to Gap Inc., Ms. Ward was with The North Face, Inc., responsible for dealer relations, space planning and design. She is a member of the National Association of Real Estate Investment Trusts (NAREIT) and the National Investor Relations Institute (NIRI). Ms. Ward holds a Bachelor of Business Administration from California State University, Sacramento, with a concentration in international business.

Miki Yamada

President, Japan

Mike Yamada has been president of Prologis Japan since March 2009, responsible for Prologis' overall management and operations, including investments and development in Japan. Previously, as president and co-CEO, Mr. Yamada was charged with further developing the company's Japanese operations and was actively involved in the development, leasing and property management activities of distribution facilities throughout Japan for Prologis.

Prior to joining Prologis in April 2002, he was a senior officer at Fujita Corporation, one of the major construction companies in Japan, where he was responsible for all international construction and development projects. Joining Fujita Corporation in 1976, Mr. Yamada held several key management positions and was based in the United States and the United Kingdom for more than 10 years. He held responsibility in the development of office, commercial and residential real estate projects and was also involved in real estate securitization and fund operation and management. Mr. Yamada received a Bachelor of Science in commerce from Waseda University.

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Supplemental & Financial Measures

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Vision for Sustainable Growth

Reporting Definitions

Please refer to our annual and quarterly financial statements filed with the Securities and Exchange Commission on Forms 10-K and 10-Q and other public reports for further information about us and our business.

Our Real Estate Operations segment represents the direct, long-term ownership of industrial properties. Our investment strategy in this segment focuses primarily on the ownership and leasing of industrial properties in global and regional markets. Our intent is to hold and use these properties; however, depending on market and other conditions, we may contribute or sell these properties to co-investment ventures or sell to third parties. When we contribute to an unconsolidated co-investment venture or sell properties we have developed, we recognize FFO to the extent the proceeds received exceed our original investment (i.e. prior to depreciation) and present the results as Gain (Loss) on Acquisitions and Dispositions of Investments in Real Estate, Net. We have industrial properties that are currently under development and land available for development that are part of this segment as well. We may develop the land or sell to third parties, depending on market conditions, customer demand and other factors. The Investment Management segment represents the long-term management of unconsolidated co-investment ventures and other joint ventures.

During the first quarter of 2013 we formed two new co-investment ventures- Nippon Prologis REIT, Inc. ("NPR") in Japan and Prologis European Logistics Partners ("PELP") in Europe. Our ownership interest in these ventures is 15% and 50%, respectively, and is accounted for using the equity method of accounting.

In connection with the formation of these ventures, we contributed 207 properties with an aggregate of 58.3 million square feet with a total value of approximately $5 billion. We have used or will use the proceeds primarily to repay debt. In connection with the wind down of Prologis Japan Fund I, in June 2013 we purchased 14 properties from the fund aggregating 1.8 million square feet with an estimated value of $202 million and the fund sold the remaining 8 properties aggregating 4.3 million square feet to NPR (NPR aggregated the buildings and reported the acquisition of six buildings). Also in June, we contributed one development building to NPR for $221.1 million. As a result of the combined transactions, we recorded a net gain of $59.4 million.

Also, in the second quarter of 2013, we acquired our partners' interest in Prologis Institutional Alliance Fund II ("Fund II"), one of our consolidated co-investment ventures. In connection with this transaction, we paid $243.0 million and issued 804,734 limited partnership units worth $31.3 million in one of our limited partnerships. These units are exchangeable into an equal number of shares of our common stock. We earned an incentive promote fee of approximately $18.0 million from Fund II based on the cumulative returns to the investors over the life of the venture. Of this amount, approximately $13.0 million represents the third party investors' portion and is reflected as a component of non-controlling interests in our Consolidated Statements of Operations. We also recognized approximately $3.0 million of expense in Investment Management Expenses representing the estimated cash bonus to be paid out under the plan. As a result, the assets and liabilities associated with this venture are now wholly owned in our Consolidated Balance Sheets.

Acquisition cost represents economic cost and not necessarily what is capitalized. It includes the initial purchase price; the effects of marking assumed debt to market; if applicable, all due diligence and lease intangibles; and estimated acquisition capital expenditures including leasing costs to achieve stabilization.

Adjusted EBITDA. We use Adjusted EBITDA to measure both our operating performance and liquidity. We calculate Adjusted EBITDA beginning with consolidated net earnings (loss) and removing the effect of interest, income taxes, depreciation and amortization, impairment charges, gains or losses from the acquisition or disposition of investments in real estate, gains or losses on early extinguishment of debt and derivative contracts (including cash charges), similar adjustments we make to our Adjusted FFO (see definition below), and other non-cash charges or gains (such as stock based compensation amortization and unrealized gains or losses on foreign currency and derivative activity), including our share of these items from unconsolidated entities.

We consider Adjusted EBITDA to provide investors relevant and useful information because it permits investors to view income from operations on an unleveraged basis before the effects of income tax, non-cash depreciation and amortization expense and other items (including stock-based compensation amortization and certain unrealized gains and losses), gains or losses from the acquisition or disposition of investments in real estate, items that affect comparability, and other significant non-cash items. We also included a pro forma adjustment in Adjusted EBITDA to reflect a full period of NOI on the operating properties we acquired or disposed of in a significant transaction assuming the transaction occurred at the beginning of the quarter, such as the dispositions to the new co-investment ventures PELP and NPR in the first quarter of 2013 and the acquisition of our share of the assets from Prologis California and the acquisition of Prologis North American Industrial Fund II in the first quarter of 2012. By excluding interest expense EBITDA allows investors to measure our operating performance independent of our capital structure and indebtedness and, therefore, allows for a more meaningful comparison of our operating performance to that of other companies, both in the real estate industry and in other industries. Gains and losses on the early extinguishment of debt generally include the costs of repurchasing debt securities. Although difficult to predict, these items may be recurring given the uncertainty of the current economic climate and its adverse effects on the real estate and financial markets. While not infrequent or unusual in nature, these items result from market fluctuations that can have inconsistent effects on our results of operations. The economics underlying these items reflect market and financing conditions in the short-term but can obscure our performance and the value of our long-term investment decisions and strategies.

We believe that Adjusted EBITDA helps investors to analyze our ability to meet interest payment obligations and to make quarterly preferred share dividends. We believe that investors should consider Adjusted EBITDA in conjunction with net earnings (the primary measure of our performance) and the other required Generally Accepted Accounting Principles ("GAAP") measures of our performance and liquidity, to improve their understanding of our operating results and liquidity, and to make more meaningful comparisons of our performance against other companies. By using Adjusted EBITDA an investor is assessing the earnings generated by our operations, but not taking into account the eliminated expenses or gains incurred in connection with such operations. As a result, Adjusted EBITDA has limitations as an analytical tool and should be used in conjunction with our required GAAP presentations. Adjusted EBITDA does not reflect our historical cash expenditures or future cash requirements for working capital, capital expenditures distribution requirements or contractual commitments. Adjusted EBITDA, also does not reflect the cash required to make interest and principal payments on our outstanding debt.

While EBITDA is a relevant and widely used measure of operating performance, it does not represent net income or cash flow from operations as defined by GAAP and it should not be considered as an alternative to those indicators in evaluating operating performance or liquidity. Further, our computation of Adjusted EBITDA may not be comparable to EBITDA reported by other companies. We compensate for the limitations of Adjusted EBITDA by providing investors with financial statements prepared according to GAAP, along with this detailed discussion of Adjusted EBITDA and a reconciliation of Adjusted EBITDA to consolidated net earnings (loss), a GAAP measurement.

(in thousands)	Three Months Ended June 30, 2013	2012
Reconciliation of net earnings (loss) to Adjusted EBITDA		
Net earnings (loss) attributable to common stockholders	$ (1,517)	$ (8,120)
Net gains on acquisitions and dispositions of investments in real estate, net	(74,502)	(10,394)
Depreciation and amortization from continuing operations	158,965	178,756
Interest expense from continuing operations	92,508	127,582
Losses (gains) on early extinguishment of debt	32,608	500
Current and deferred income tax expense	20,488	8,075
Pro forma adjustment (A)	-	-
Loss (income) attributable to disposal properties and assets held for sale	294	(6,273)
NOI attributable to assets held for sale	(43)	995
Net earnings (loss) attributable to noncontrolling interest	(7,284)	2,739
Preferred stock dividends and loss on preferred stock redemption	3,816	10,049
Unrealized foreign currency and derivative losses (gains) and stock compensation expense, net (B)	24,345	(6,664)
Impairment charges	-	-
Merger, acquisition and other integration expenses	-	21,186
Adjusted EBITDA, prior to our share of unconsolidated entities	**249,678**	**318,431**
Our share of reconciling items from unconsolidated entities:		
Net losses (gains) on dispositions of investments in real estate, net	(1,394)	(475)
Depreciation and amortization	41,282	34,444
Interest expense	23,640	23,671
Losses on early extinguishment of debt	340	5,017
Impairment of real estate properties and other assets	-	1,583
Current income tax expense	2,917	1,698
Unrealized losses (gains) and deferred income tax expense (benefit)	17,541	(1,681)
Adjusted EBITDA	**$ 334,004**	**$ 382,688**

Assets Under Management ("AUM") represents the estimated value of the real estate we own or manage through our consolidated entities and unconsolidated entities. We calculate AUM by adding the noncontrolling interests' share of the estimated fair value of the real estate investment to our share of total market capitalization.

Committed Equity/Investment is our estimate of the gross real estate, which could be acquired through the use of the equity commitments from our property fund or co-investment venture partners, plus our funding obligations and estimated debt capitalization.

Debt Metrics. Prologis' computation of various debt metrics are not necessarily calculated in accordance with applicable SEC rules and may not be comparable to debt metrics reported by other companies.

Debt / Adjusted EBITDA is calculated as total debt, at par, less cash and cash equivalents and Prologis' share of unconsolidated entities cash, divided by adjusted EBITDA-annualized.

Debt / Adjusted EBITDA (Adjusted for Development) is calculated as total debt, at par, less cash and cash equivalents and Prologis' share of unconsolidated entities cash, plus Prologis' share of costs to complete, less Prologis' share of book value of land, divided by adjusted EBIITDA-annualized plus Prologis' share of annualized proforma NOI.

(A) Adjustments during 2013, include the effects of Nippon Prologis REIT, Inc. ("NPR") and Prologis European Logistics Partners Sarl ("PELP") as if we made the first quarter contribution at the beginning of the quarter (i.e. removing actual NOI recognized and replacing with an estimate of our share of NOI and fees). Adjustments during 2012 include the effects of Prologis North American Industrial Fund II and Prologis California to reflect NOI for the full period..

(B) Second quarter 2013 includes the investment management expense related to the promote earned as the promote revenue is not included in Adjusted EBITDA.

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Look-Through LTV is calculated as total debt, at par, less cash and cash equivalents and Prologis' share of unconsolidated entities cash, divided by gross real estate assets.

USD Net Equity represents Prologis' share of total assets less debt for all items in US dollar, Mexican peso and Canadian dollar.

Estimated Development Margin is calculated on developed properties as the contribution value or sales price minus estimated total investment, before closing costs, the impact of any deferred rents, taxes or third party promotes net of deferred amounts on contributions, divided by the estimated total investment.

FFO, as defined by Prologis; Core FFO (collectively referred to as "FFO"). FFO is a non-GAAP measure that is commonly used in the real estate industry. The most directly comparable GAAP measure to FFO is net earnings. Although the National Association of Real Estate Investment Trusts ("NAREIT") has published a definition of FFO, modifications to the NAREIT calculation of FFO are common among REITs, as companies seek to provide financial measures that meaningfully reflect their business.

FFO is not meant to represent a comprehensive system of financial reporting and does not present, nor do we intend it to present, a complete picture of our financial condition and operating performance. We believe net earnings computed under GAAP remains the primary measure of performance and that FFO is only meaningful when it is used in conjunction with net earnings computed under GAAP. Further, we believe our consolidated financial statements, prepared in accordance with GAAP, provide the most meaningful picture of our financial condition and our operating performance.

NAREIT's FFO measure adjusts net earnings computed under GAAP to exclude historical cost depreciation and gains and losses from the sales, along with impairment charges, of previously depreciated properties. We agree that these NAREIT adjustments are useful to investors for the following reasons:

(i) historical cost accounting for real estate assets in accordance with GAAP assumes, through depreciation charges, that the value of real estate assets diminishes predictably over time. NAREIT stated in its White Paper on FFO "since real estate asset values have historically risen or fallen with market conditions, many industry investors have considered presentations of operating results for real estate companies that use historical cost accounting to be insufficient by themselves."Consequently, NAREIT's definition of FFO reflects the fact that real estate, as an asset class, generally appreciates over time and depreciation charges required by GAAP do not reflect the underlying economic realities.

(ii) REITs were created as a legal form of organization in order to encourage public ownership of real estate as an asset class through investment in firms that were in the business of long-term ownership and management of real estate. The exclusion, in NAREIT's definition of FFO, of gains and losses from the sales, along with impairment charges, of previously depreciated operating real estate assets allows investors and analysts to readily identify the operating results of the long-term assets that form the core of a REIT's activity and assists in comparing those operating results between periods. We include the gains and losses from dispositions and impairment charges of land and development properties, as well as our proportionate share of the gains and losses from dispositions and impairment charges recognized by our unconsolidated entities, in our definition of FFO.

Our FFO Measures

At the same time that NAREIT created and defined its FFO measure for the REIT industry, it also recognized that "management of each of its member companies has the responsibility and authority to publish financial information that it regards as useful to the financial community." We believe stockholders, potential investors and financial analysts who review our operating results are best served by a defined FFO measure that includes other adjustments to net earnings computed under GAAP in addition to those included in the NAREIT defined measure of FFO. Our FFO measures are used by management in analyzing our business and the performance of our properties and we believe that it is important that stockholders, potential investors and financial analysts understand the measures management uses.

We use these FFO measures, including by segment and region, to: (i) evaluate our performance and the performance of our properties in comparison to expected results and results of previous periods, relative to resource allocation decisions; (ii) evaluate the performance of our management; (iii) budget and forecast future results to assist in the allocation of resources; (iv) assess our performance as compared to similar real estate companies and the industry in general; and (v) evaluate how a specific potential investment will impact our future results. Because we make decisions with regard to our performance with a long-term outlook, we believe it is appropriate to remove the effects of short-term items that we do not expect to affect the underlying long-term performance of the properties. The long-term performance of our properties is principally driven by rental income. While not infrequent or unusual, these additional items we exclude in calculating FFO, as defined by Prologis, are subject to significant fluctuations from period to period that cause both positive and negative short-term effects on our results of operations in inconsistent and unpredictable directions that are not relevant to our long-term outlook.

We use our FFO measures as supplemental financial measures of operating performance. We do not use our FFO measures as, nor should they be considered to be, alternatives to net earnings computed under GAAP, as indicators of our operating performance, as alternatives to cash from operating activities computed under GAAP or as indicators of our ability to fund our cash needs.

FFO, as defined by Prologis

To arrive at FFO, as defined by Prologis, we adjust the NAREIT defined FFO measure to exclude:

(i) deferred income tax benefits and deferred income tax expenses recognized by our subsidiaries;

(ii) current income tax expense related to acquired tax liabilities that were recorded as deferred tax liabilities in an acquisition, to the extent the expense is offset with a deferred income tax benefit in GAAP earnings that is excluded from our defined FFO measure;

(iii) foreign currency exchange gains and losses resulting from debt transactions between us and our foreign consolidated subsidiaries and our foreign unconsolidated entities;

(iv) foreign currency exchange gains and losses from the remeasurement (based on current foreign currency exchange rates) of certain third party debt of our foreign consolidated subsidiaries and our foreign unconsolidated entities; and

(v) mark-to-market adjustments associated with derivative financial instruments.

We calculate FFO, as defined by Prologis for our unconsolidated entities on the same basis as we calculate our FFO, as defined by Prologis.

We believe investors are best served if the information that is made available to them allows them to align their analysis and evaluation of our operating results along the same lines that our management uses in planning and executing our business strategy.

Core FFO

In addition to FFO, as defined by Prologis, we also use Core FFO. To arrive at Core FFO, we adjust FFO, as defined by Prologis, to exclude the following recurring and non-recurring items that we recognized directly or our share recognized by our unconsolidated entities to the extent they are included in FFO, as defined by Prologis:

(i) gains or losses from acquisition, contribution or sale of land or development properties;

(ii) income tax expense related to the sale of investments in real estate;

(iii) impairment charges recognized related to our investments in real estate (either directly or through our investments in unconsolidated entities) generally as a result of our change in intent to contribute or sell these properties;

(iv) impairment charges of goodwill and other assets;

(v) gains or losses from the early extinguishment of debt;

(vi) merger, acquisition and other integration expenses; and

(vii) expenses related to natural disasters.

We believe it is appropriate to further adjust our FFO, as defined by Prologis for certain recurring items as they were driven by transactional activity and factors relating to the financial and real estate markets, rather than factors specific to the on-going operating performance of our properties or investments. The impairment charges we recognized were primarily based on valuations of real estate, which had declined due to market conditions, that we no longer expected to hold for long-term investment. We currently have and have had over the past several years a stated priority to strengthen our financial position. We expect to accomplish this by reducing our debt, our investment in certain low yielding assets, such as land that we decide not to develop and our exposure to foreign currency exchange fluctuations. As a result, we have sold to third parties or contributed to unconsolidated entities real estate properties that, depending on market conditions, might result in a gain or loss. The impairment charges related to goodwill and other assets that we have recognized were similarly caused by the decline in the real estate markets. Also in connection with our stated priority to reduce debt and extend debt maturities, we have purchased portions of our debt securities. As a result, we recognized net gains or losses on the early extinguishment of certain debt due to the financial market conditions at that time.

We have also adjusted for some non-recurring items. The merger, acquisition and other integration expenses include costs we incurred in 2012 associated with the merger with AMB Property Corporation and the acquisition of our co-investment venture Prologis European Properties and the integration of our systems and processes. We have not adjusted for the acquisition costs that we have incurred as a result of routine acquisitions but only the costs associated with significant business combinations that we would expect to be infrequent in nature.

We analyze our operating performance primarily by the rental income of our real estate and the revenue driven by our investment management business, net of operating, administrative and financing expenses. This income stream is not directly impacted by fluctuations in the market value of our investments in real estate or debt securities. As a result, although these items have had a material impact on our operations and are reflected in our financial statements, the removal of the effects of these items allows us to better understand the core operating performance of our properties over the long-term.

Reporting Definitions

We use Core FFO, including by segment and region, to: (i) evaluate our performance and the performance of our properties in comparison to expected results and results of previous periods, relative to resource allocation decisions; (ii) evaluate the performance of our management; (iii) budget and forecast future results to assist in the allocation of resources; (iv) provide guidance to the financial markets to understand our expected operating performance; (v) assess our operating performance as compared to similar real estate companies and the industry in general; and (vi) evaluate how a specific potential investment will impact our future results. Because we make decisions with regard to our performance with a long-term outlook, we believe it is appropriate to remove the effects of items that we do not expect to affect the underlying long-term performance of the properties we own. As noted above, we believe the long-term performance of our properties is principally driven by rental income. We believe investors are best served if the information that is made available to them allows them to align their analysis and evaluation of our operating results along the same lines that our management uses in planning and executing our business strategy.

Limitations on Use of our FFO Measures

While we believe our defined FFO measures are important supplemental measures, neither NAREIT's nor our measures of FFO should be used alone because they exclude significant economic components of net earnings computed under GAAP and are, therefore, limited as an analytical tool. Accordingly, these are only a few of the many measures we use when analyzing our business. Some of these limitations are:

- The current income tax expenses that are excluded from our defined FFO measures represent the taxes that are payable.
- Depreciation and amortization of real estate assets are economic costs that are excluded from FFO. FFO is limited, as it does not reflect the cash requirements that may be necessary for future replacements of the real estate assets. Further, the amortization of capital expenditures and leasing costs necessary to maintain the operating performance of industrial properties are not reflected in FFO.
- Gains or losses from property acquisitions and dispositions or impairment charges related to expected dispositions represent changes in the value of the properties. By excluding these gains and losses, FFO does not capture realized changes in the value of acquired or disposed properties arising from changes in market conditions.
- The deferred income tax benefits and expenses that are excluded from our defined FFO measures result from the creation of a deferred income tax asset or liability that may have to be settled at some future point. Our defined FFO measures do not currently reflect any income or expense that may result from such settlement.
- The foreign currency exchange gains and losses that are excluded from our defined FFO measures are generally recognized based on movements in foreign currency exchange rates through a specific point in time. The ultimate settlement of our foreign currency-denominated net assets is indefinite as to timing and amount. Our FFO measures are limited in that they do not reflect the current period changes in these net assets that result from periodic foreign currency exchange rate movements.
- The impairment charges of goodwill and other assets that we exclude from Core FFO, have been or may be realized as a loss in the future upon the ultimate disposition of the related investments or other assets through the form of lower cash proceeds.
- The gains and losses on extinguishment of debt that we exclude from our Core FFO, may provide a benefit or cost to us as we may be settling our debt at less or more than our future obligation.
- The Merger, acquisition and other integration expenses and the natural disaster expenses that we exclude from Core FFO are costs that we have incurred.

We compensate for these limitations by using our FFO measures only in conjunction with net earnings computed under GAAP when making our decisions. To assist investors in compensating for these limitations, we reconcile our defined FFO measures to our net earnings computed under GAAP. This information should be read with our complete financial statements prepared under GAAP.

Fixed Charge Coverage is defined as Adjusted EBITDA divided by total fixed charges. Fixed charges consist of net interest expense adjusted for amortization of finance costs and debt discount (premium), capitalized interest, and preferred stock dividends. Prologis uses fixed charge coverage to measure its liquidity. Prologis believes that the fixed charge coverage is relevant and useful to investors because it allows fixed income investors to measure Prologis' ability to meet its interest payments on outstanding debt, make distributions to its preferred unitholders and pay dividends to its preferred stockholders. Prologis' computation of fixed charge coverage is not calculated in accordance with applicable SEC rules and may not be comparable to fixed charge coverage reported by other companies.

General and Administrative Expenses ("G&A") (see right hand side of this page)

Global Markets comprise the largest, most liquid markets benefiting from demand tied to global trade. These markets are defined by large population centers with high consumption per capita and typically feature major seaports, airports, and other transportation infrastructure tied to global trade. While initial returns might be lower, global markets tend to outperform overall markets in terms of growth and total return.

Market Equity is defined as the total number of outstanding shares of our common stock and common limited partnership units multiplied by the closing price per share of our common stock at period end.

Net Asset Value ("NAV"). We consider NAV to be a useful supplemental measure of our operating performance because it enables both management and investors to estimate the fair value of our business. The assessment of the fair value of a particular segment of our business is subjective in that it involves estimates and can be calculated using various methods. Therefore, in this supplemental report, we have presented the financial results and investments related to our business segments that we believe are important in calculating our NAV but have not presented any specific methodology nor provided any guidance on the assumptions or estimates that should be used in the calculation.

The components of NAV do not consider the potential changes in rental and fee income streams or the franchise value associated with our

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Gross overhead	$ 109,631	$ 90,667	$ 216,467	$ 192,481
Less: rental expense	(7,140)	(8,850)	(16,697)	(17,008)
Less: investment management expenses	(25,006)	(15,075)	(44,915)	(31,956)
Capitalized amounts	(22,576)	(15,327)	(43,749)	(31,943)
G&A	**$ 54,909**	**$ 51,415**	**$ 111,106**	**$ 111,574**

We capitalize certain costs directly related to our development and leasing activities. Capitalized G&A expenses include salaries and related costs as well as other G&A costs. The capitalized costs were as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Development activities	$ 17,662	$ 9,133	$ 32,852	$ 19,406
Leasing activities	4,590	6,105	10,075	12,380
Costs related to internally developed software	324	89	822	157
Total capitalized G&A expenses	**$ 22,576**	**$ 15,327**	**$ 43,749**	**$ 31,943**

G&A as a percent of Assets Under Management (in thousands):

Annualized gross overhead	$ 432,934
Less: annualized rental expense	(33,394)
Less: annualized capitalized amounts	(87,498)
Adjusted G&A	$ 312,042
Operating properties	$ 39,718,974
Development portfolio - TEI	2,278,896
Land portfolio	1,777,089
Other real estate investments	492,833
Assets held for sale	25,380
Total Assets Under Management	$ 44,293,172
G&A as % of Assets Under Management	**0.70%**

G&A as a percent of Assets Under Management – Prologis Share (in thousands):

Annualized G&A	$ 222,212
Less: annualized investment management income	(154,486)
Add: annualized investment management expenses	83,830
Adjusted G&A	$ 151,556
Operating properties - Prologis share	$ 24,121,698
Development portfolio - Prologis share of TEI	1,781,976
Land portfolio - Prologis share	1,739,707
Other real estate investments	492,833
Assets held for sale	25,330
Total Assets Under Management - Prologis share	$ 28,161,544
G&A as % of Assets Under Management - Prologis share	**0.54%**

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Operating Portfolio includes stabilized operating industrial properties we own or that we manage and are owned by an unconsolidated investee accounted for by the equity method of accounting.

Operating Segments – Real Estate Operations represents the direct long-term ownership of industrial properties, including land and the development of properties.

Operating Segments – Investment Management represents the management of unconsolidated co-investment ventures and other unconsolidated joint ventures and the properties they own.

Regional Markets, similar to global markets, also benefit from large-population centers and demand. They are located at key crossroads in the supply chain and/or near economic centers for leading national or global industries. Our assets reflect the highest quality class-A product in that market and are often less supply- constrained and focus on delivering bulk goods to customers.

Same Store. We evaluate the operating performance of the industrial operating properties we own and manage using a "same store" analysis because the population of properties in this analysis is consistent from period to period, thereby eliminating the effects of changes in the composition of the portfolio on performance measures. We include all consolidated properties, and properties owned by unconsolidated co-investment ventures that are managed by us and in which we have an equity interest (referred to as "unconsolidated entities"), in our same store analysis. We have defined the same store portfolio, for the quarter ended June 30, 2013, as those operating properties in operation at January 1, 2012 that were in operation throughout the full periods in both 2012 and 2013 either by Prologis or their unconsolidated entities. We have removed all properties that were disposed of to a third party from the population for both periods. We believe the factors that impact rental income, rental expenses and net operating income in the same store portfolio are generally the same as for the total operating portfolio. In order to derive an appropriate measure of period-to-period operating performance, we remove the effects of foreign currency exchange rate movements by using the current exchange rate to translate from local currency into U.S. dollars, for both periods, to derive the same store

Stabilization is defined when a property that was developed has been completed for one year or is 90% occupied. Upon stabilization, a property is moved into our operating portfolio.

Value Creation represents the value that will be created through our development and leasing activities at Stabilization. We calculate value by estimating the NOI that the property will generate at Stabilization and applying an estimated stabilized cap rate applicable to that property. The value creation is calculated as the amount by which the estimated value exceeds our total expected investment and does not include any fees or promotes we may earn.

Value Creation Margin represents value creation (as defined above) divided by the estimated total investment.