MARCH 2-3, 2015

Citi Global Property CEO Conference

Hollywood, FL

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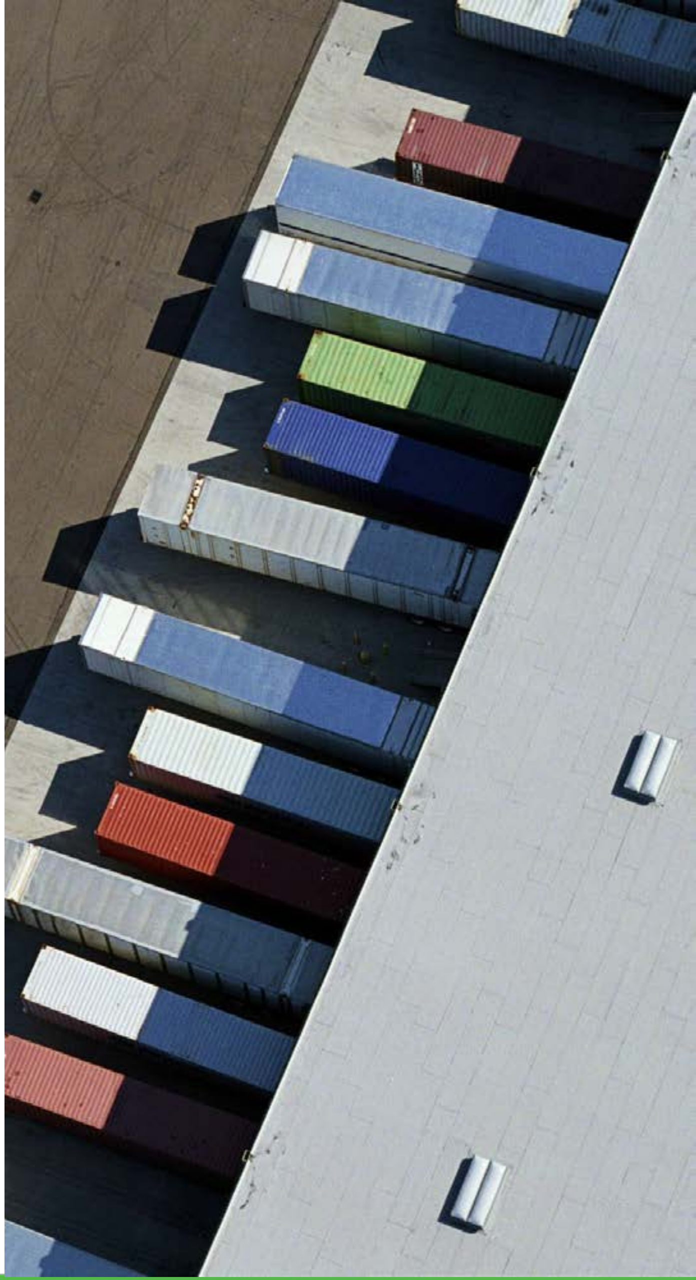
Forward looking statements

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 properties, disposition activity, general conditions in the geographic areas where we operate, our debt and financial position, our ability to form new co-investment ventures and the availability of capital in existing or new co-investment ventures — 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.



Contents

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World's Largest Industrial Property Company

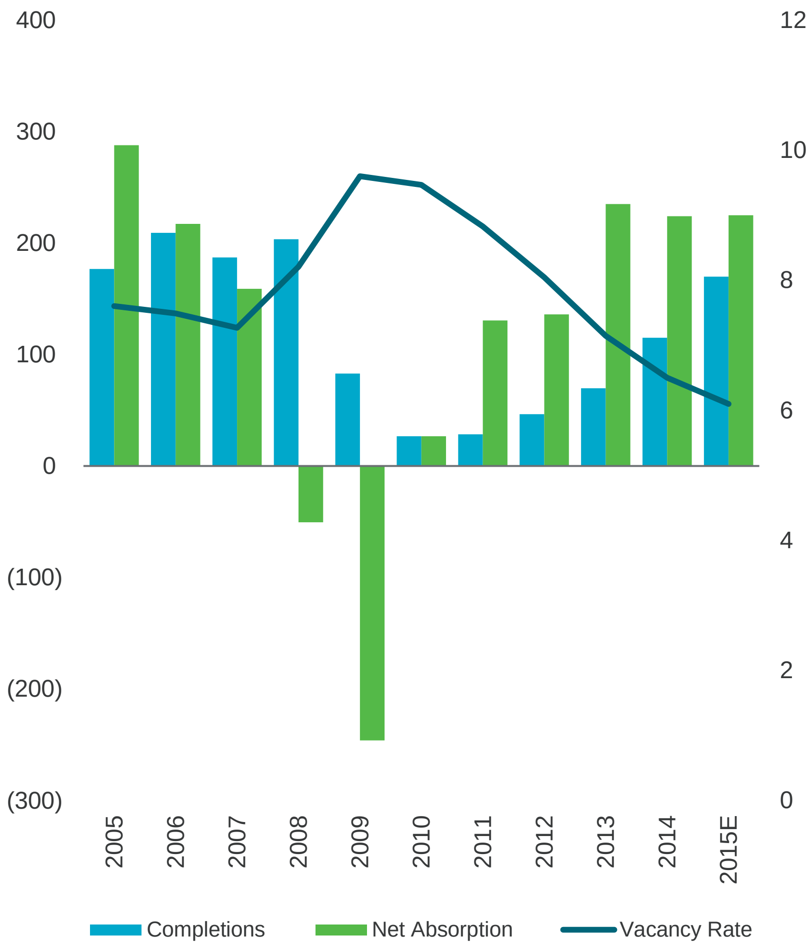
- Leading global owner, operator and developer of industrial real estate with 590 million square feet of space
- $52.8 billion[1] in assets under management, across 21 countries and four continents
- $19.4 billion[1] in 3rd party strategic capital assets in 11 geographically diverse co-investments[2]
- $3.2 billion global development pipeline and $1.8 billion land bank to fuel future starts
- Breadth and depth of management team unparalleled in the real estate industry
- Long history of industry-leading corporate governance and transparency

Note: Data as of December 31, 2014
1. Based on fair market value of investment management co-investment ventures and estimated investment capacity
2. The co-investment count excludes Prologis DFS Fund I due to the size of the venture

U.S. Logistics Real Estate Fundamentals

Logistics Market Fundamentals, U.S.

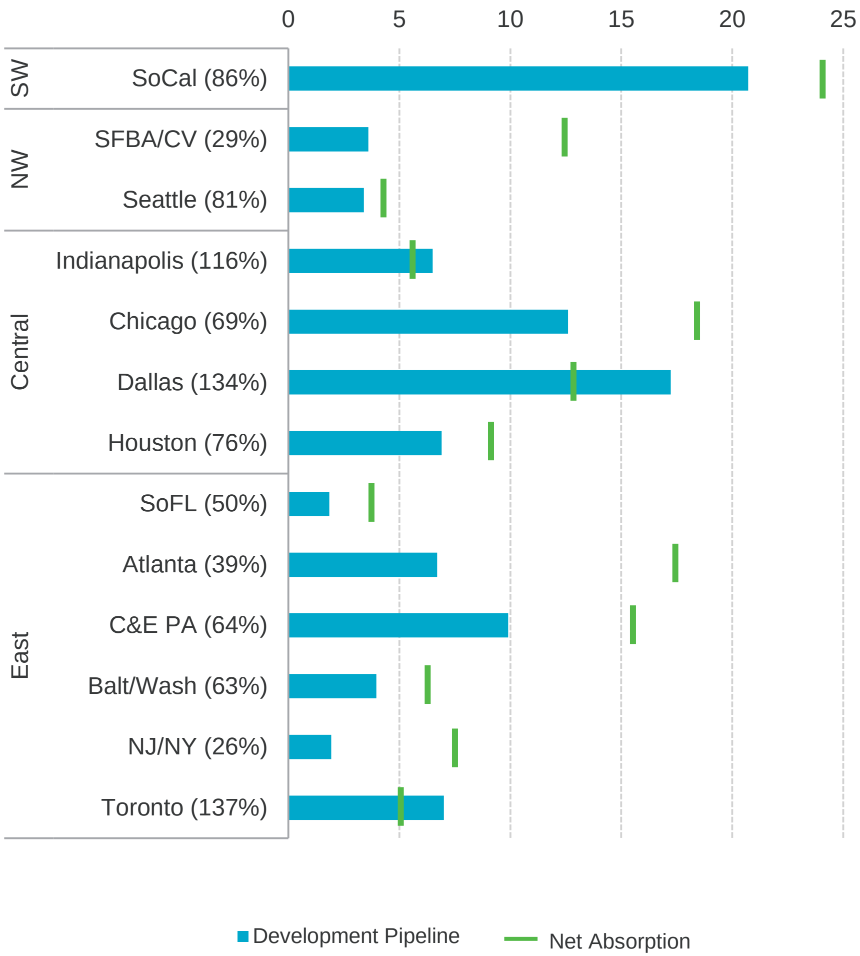
(sf, in millions) (vacancy rate, %)



Source: CBRE (historical), Prologis Research (forecast)

Supply Pipeline vs. Demand by Market

(sf in millions and %[1])



Source: CBRE, JLL, Cushman & Wakefield, Colliers, Prologis Research

1. The percentages within the axis labels are market-level development pipeline as a proportion of trailing net absorption

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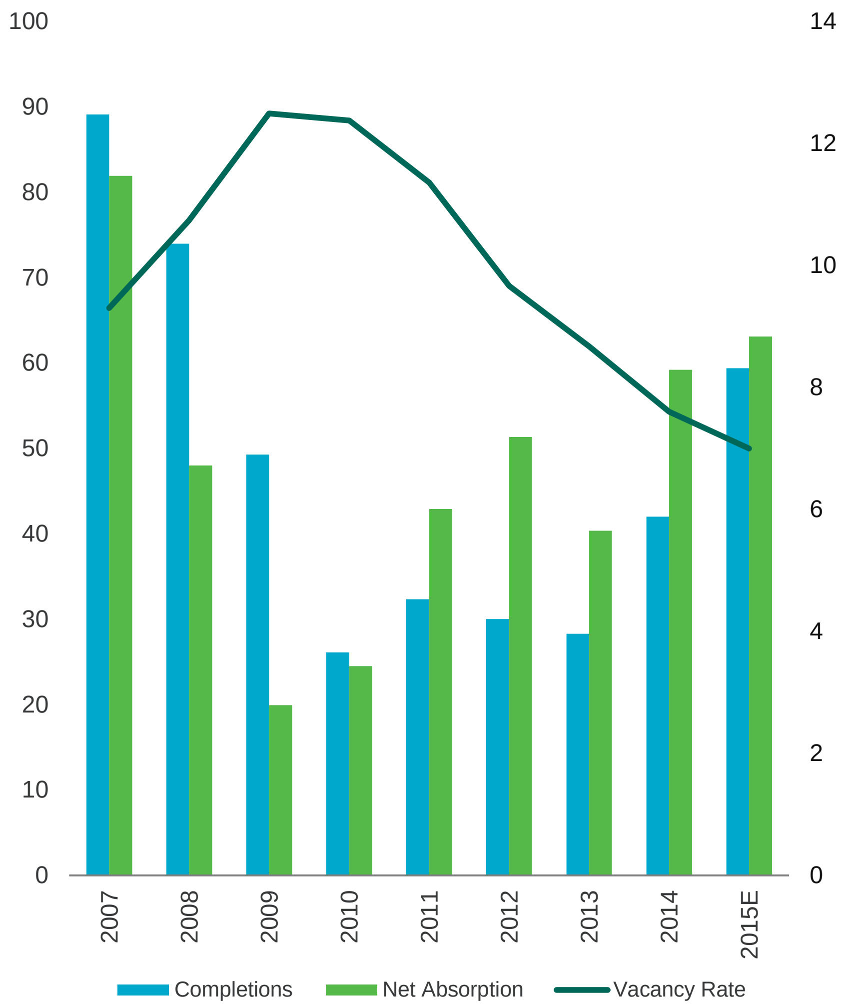
Europe Logistics Real Estate Fundamentals

Logistics Market Fundamentals, Europe

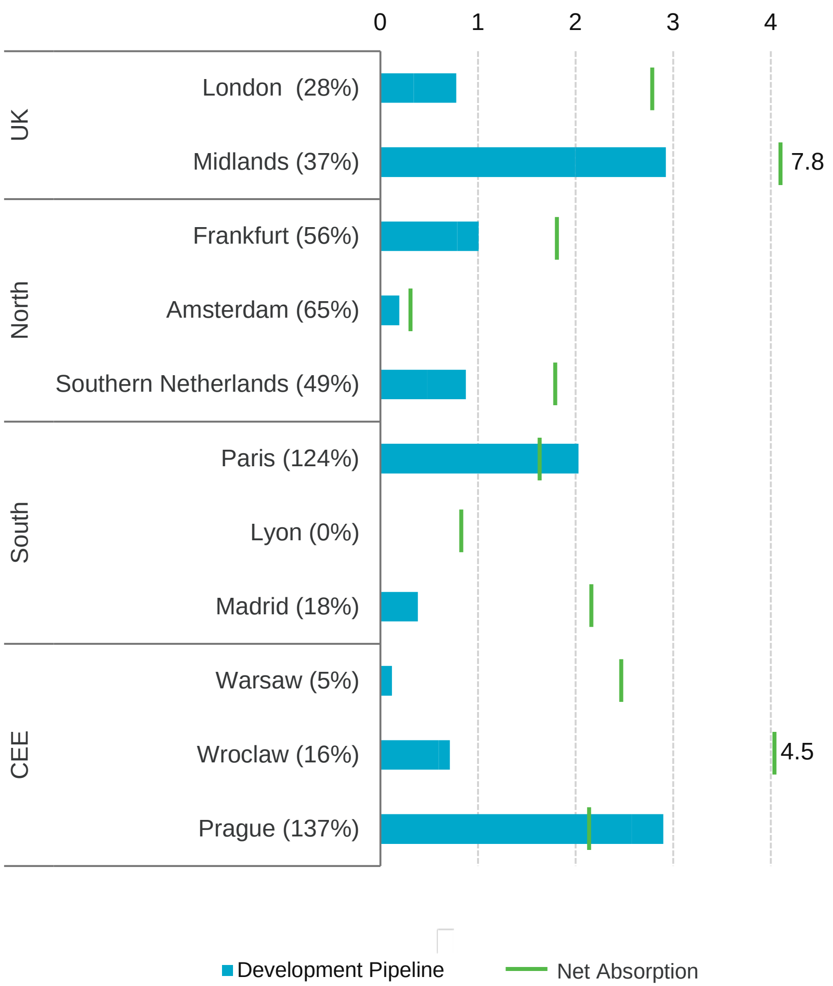
(sf, in millions) (vacancy rate, %)



Source: CBRE, JLL, DTZ, Gerald Eve, Prologis Research
Note: Based on 48 largest European logistics markets

Supply Pipeline vs. Demand by Market

(sf, in millions and %[1])



Source: CBRE, JLL, DTZ, Gerald Eve, Prologis Research.
1. The percentages within the axis labels are market-level development pipeline as a proportion of trailing net absorption

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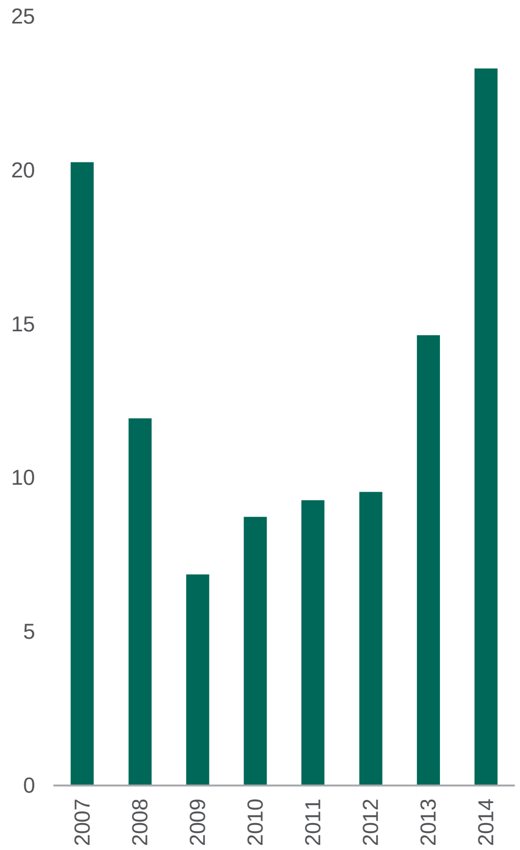
European Investment Activity Rising

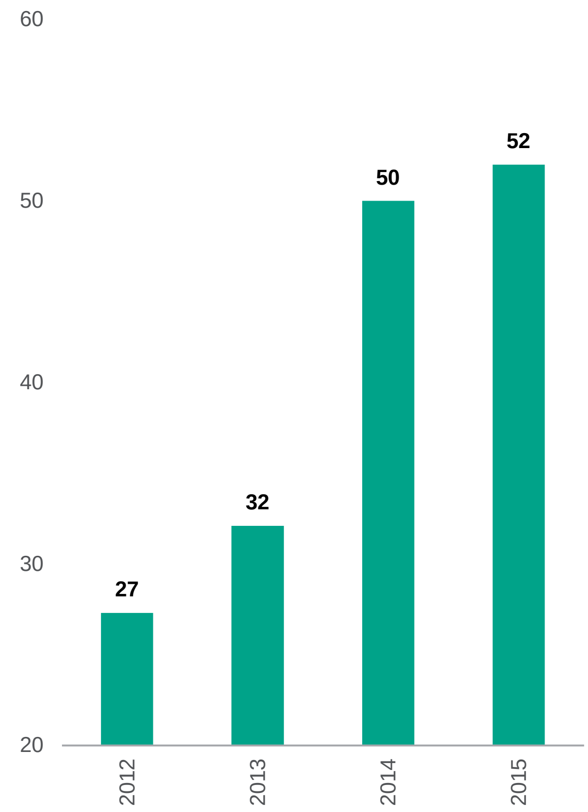
- Transaction levels have quickly returned to prior peaks
  - Portfolio and platform deals predominate in the market
- Capital flows poised to continue[(1)]
  - Just over half of real estate investors intend to invest in logistics in 2015
  - Increased interest from Asia Pacific investors

Logistics Investment Volumes, Europe
(€, in billions)



Source: CBRE

Share of Investors Targeting Logistics
(%)

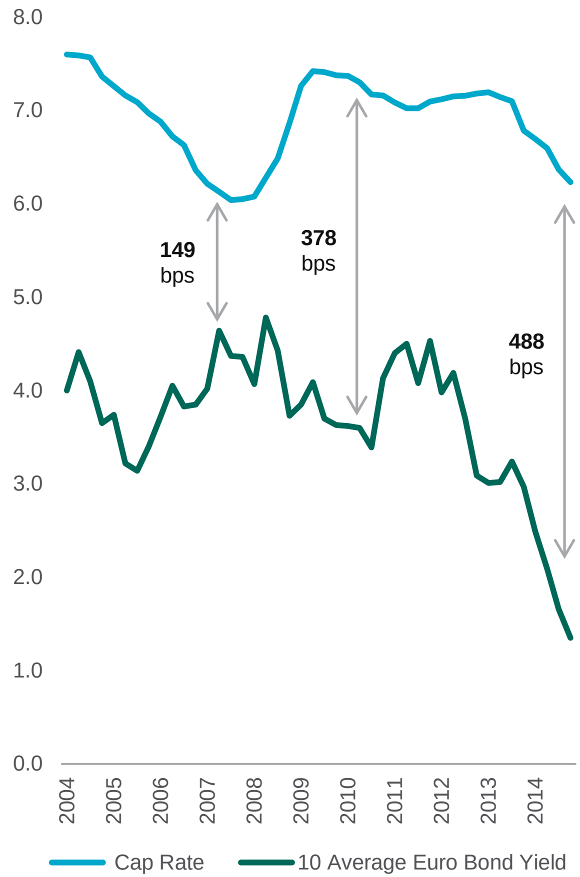


Source: INREV
1. INREV annual forecast

Europe Cap Rate Dynamics Indicate Further Upside to Values

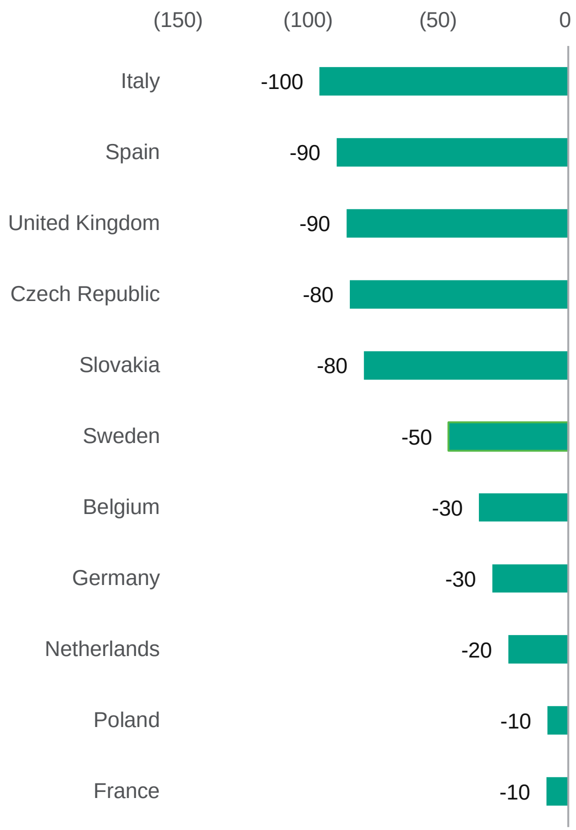
- Asset values have clear upward momentum
- Cap rate compression has been sizable, led by the UK and certain countries in Southern and Central Europe
- Yield declines for government bonds have been sizable, have been sizable, widening the spread between real estate and fixed income yields
  - Points to continued cap rate compression

Cap Rate and 10 Year T-Bond, Europe
(%)



Source: Eurostat, Prologis

Cap Rate Compression, Q4
(change in bps, yr/yr)



Source: Eurostat, Prologis

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Note: Stabilized cap rate (NOI) to 95% at market rent, data labels are rounded to the nearest 10 bps

Europe – Opportunistic Deployment

Operations

- Occupancy increased 130 basis points in 2014 to 94.9%
- Cap rate compression has been a headwind to rental growth

Capital Deployment

- Significant acquisition activity at discount to replacement costs
- Development activity concentrated on BTS throughout Europe & spec in the UK
- Timing of deployment ahead of cap rate compression, higher asset values

($M)	2011	2012	2013	2014	Total
Acquisitions	$109	$87	$618	$1,219	$2,033
Development Stabilizations	$149	$160	$172	$202	$683
Fund Investments[1]	-	-	$609	$64	$674
Aggregate Deployment	**$258**	**$247**	**$1,399**	**$1,485**	**$3,390**
Weighted Avg Cap Rate[2]	**7.8%**	**8.3%**	**7.1%**	**6.7%**	**7.1%**

Today's Market Cap Rate[3]	**6.1%**

1. Includes cash investments & signed equity commitments by Prologis with the intention of increasing Prologis' ownership. Net deployment related to purchase & recap of PEPR is reflected entirely in 2013
2. Development starts weighted on yield
3. Market cap rates as of Q4 2014 weighted on mix of Prologis deployment from 2011-2014

Leading Customer Brand

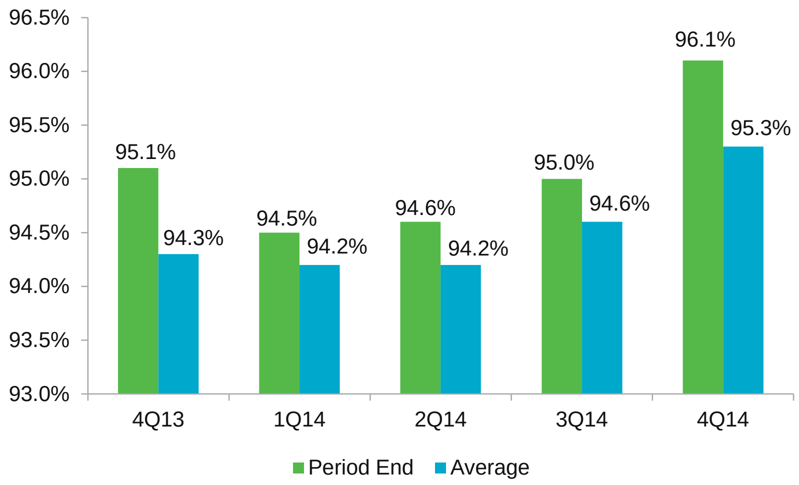
Customer	% Net Effective Rent (NER)	Number of Countries	Number of Markets
DHL	2.1%	15	36
KUEHNE+NAGEL	1.4%	12	26
CEVA	1.4%	12	22
GEODIS	1.2%	10	18
amazon.com	1.0%	4	8
NIPPON EXPRESS	0.9%	3	12
THE HOME DEPOT	0.9%	1	6
	0.8%	1	6
Walmart	0.8%	5	6
TESCO	0.7%	3	4
FedEx	0.7%	2	14
DB SCHENKER	0.7%	9	17
PEPSICO	0.6%	2	8
HITACHI	0.6%	6	8
INGRAM MICRO	0.5%	4	9
BMW	0.5%	3	6
PANALPINA	0.5%	5	11
NORBERT DENTRESSANGLE	0.5%	3	7
LA POSTE	0.4%	1	2
UPS	0.4%	6	18

% NER of Top 20 Customers	
% U.S.	6%
% International	10%
% Total Top 20	16%

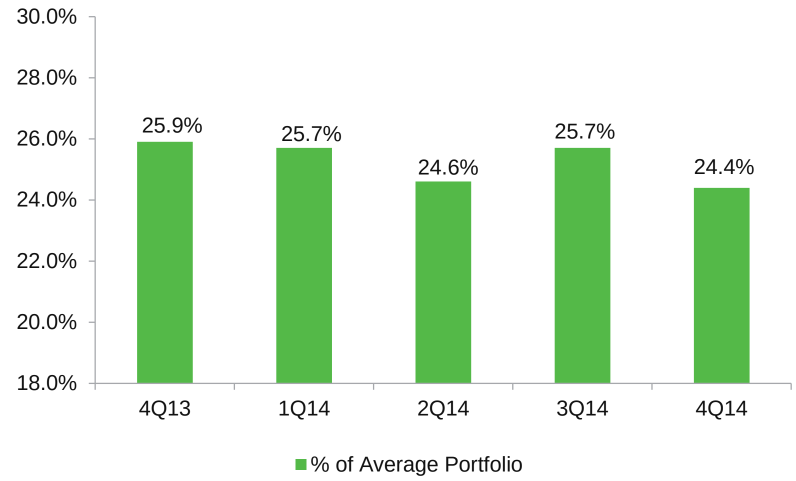
Note: Data as of December 31, 2014

Global Operations

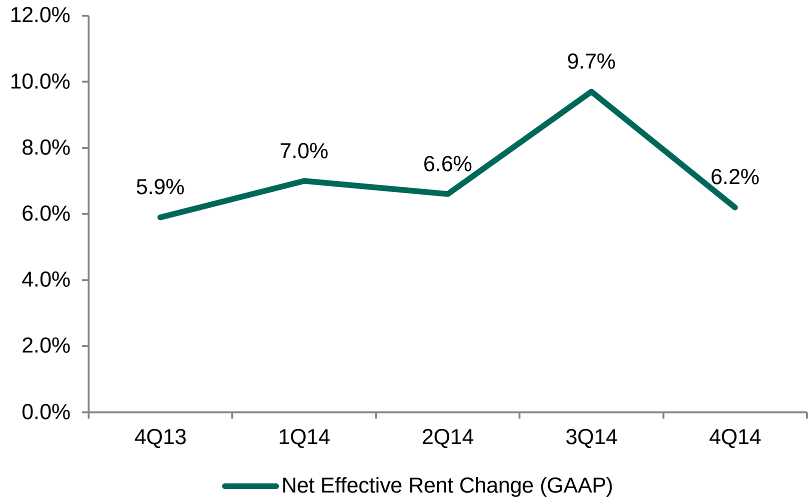
Occupancy



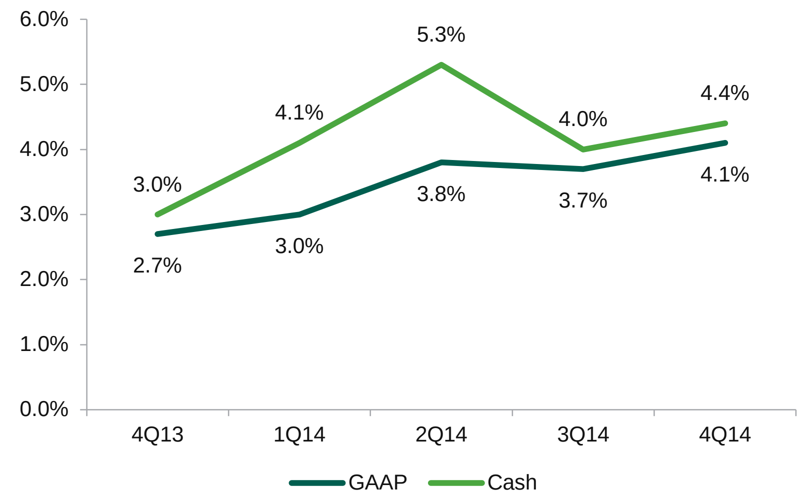
Trailing Twelve Months Leasing Volume



Rent Change on Rollover



Same-Store NOI



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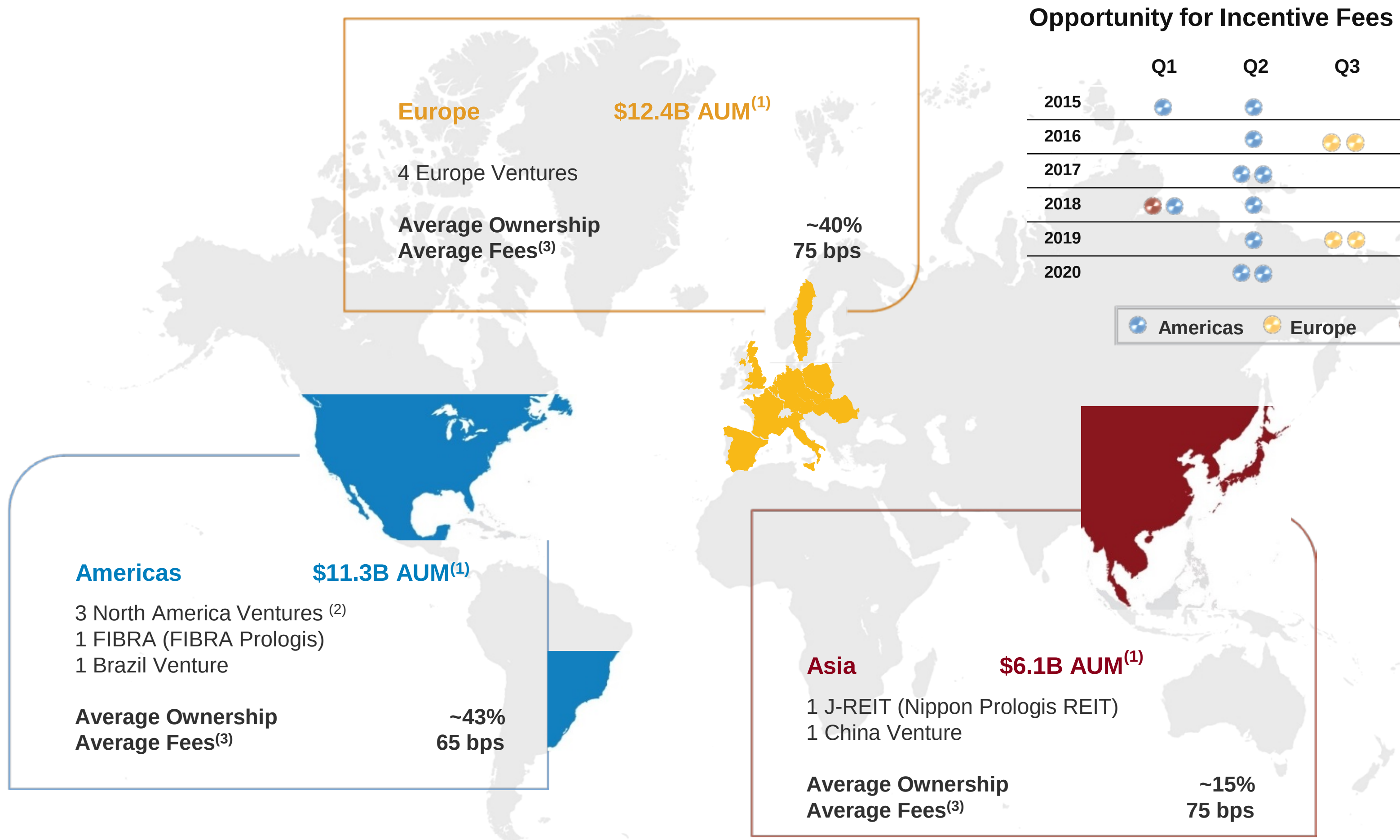
Note: Data as of December 31, 2014 and presented on an owned and managed basis

Strategic Capital – $29.8 Billion AUM / $19.4B 3rd Party Share[(1)]



Europe **$12.4B AUM[(1)]**

4 Europe Ventures

Average Ownership **~40%**
Average Fees[(3)] **75 bps**

Americas **$11.3B AUM[(1)]**

3 North America Ventures [(2)]
1 FIBRA (FIBRA Prologis)
1 Brazil Venture

Average Ownership **~43%**
Average Fees[(3)] **65 bps**

Asia **$6.1B AUM[(1)]**

1 J-REIT (Nippon Prologis REIT)
1 China Venture

Average Ownership **~15%**
Average Fees[(3)] **75 bps**

Opportunity for Incentive Fees ("Promotes")

	Q1	Q2	Q3	Q4	Total
2015	Americas	Americas		Europe, Europe	4
2016		Americas	Europe, Europe	Americas	4
2017		Americas, Americas		Americas	3
2018	Asia, Americas	Americas		Europe, Europe	5
2019		Americas	Europe, Europe	Americas	4
2020		Americas, Americas		Asia	3

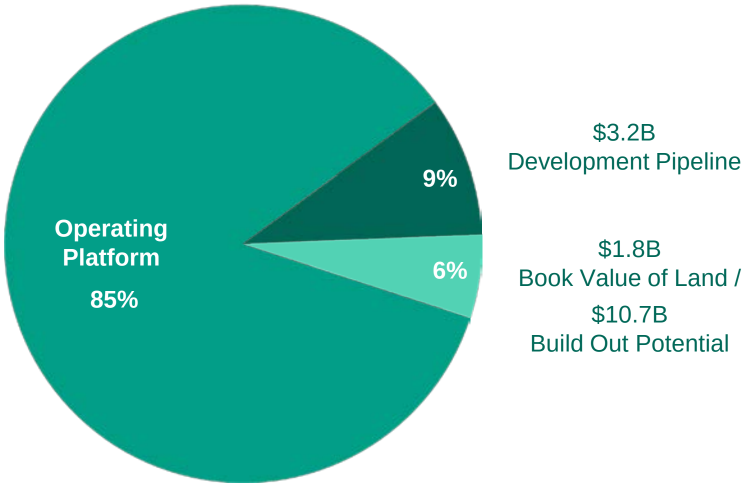
Americas Europe Asia

Perpetual life ventures represent 92% of fees

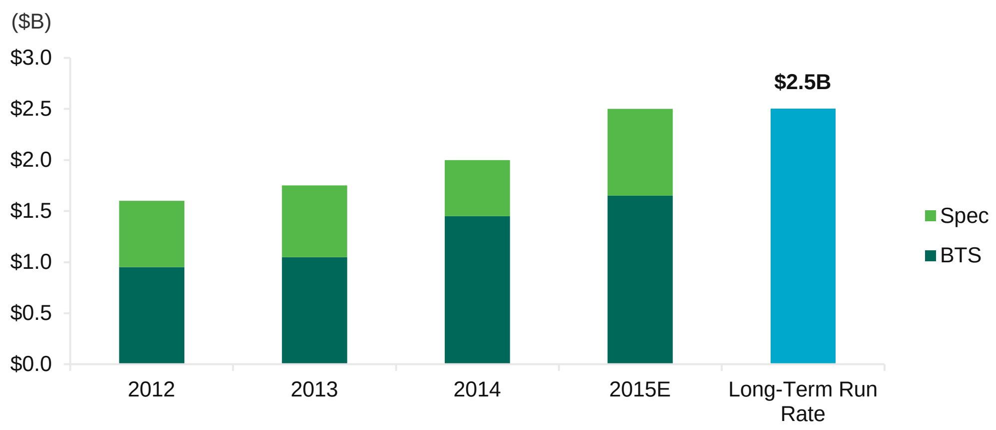
1. AUM is based on fair market value of strategic capital co-investment ventures and estimated investment capacity as of December 31, 2014
2. Prologis DFS Fund I is omitted due to the size of the venture
3. Represents asset management and property management fees generated as a percentage of FMV

Disciplined Approach to Development

Scope of Development Activity[1]



Historical Development Starts Volume



Development required in markets where:

- Product undersupplied (China/Brazil)
- Supply chain undergoing reconfiguration (Japan/Europe)
- Meeting customer requirements (Global)

We develop to:

- Meet customers' needs globally
- Deepen our market presence
- Refresh portfolio quality
- Generate profits across the cycle

Development track record[2]:

- $4.2B gross value created
- 18.7% gross margin
- 19.0% gross IRR
- 14.8% net IRR

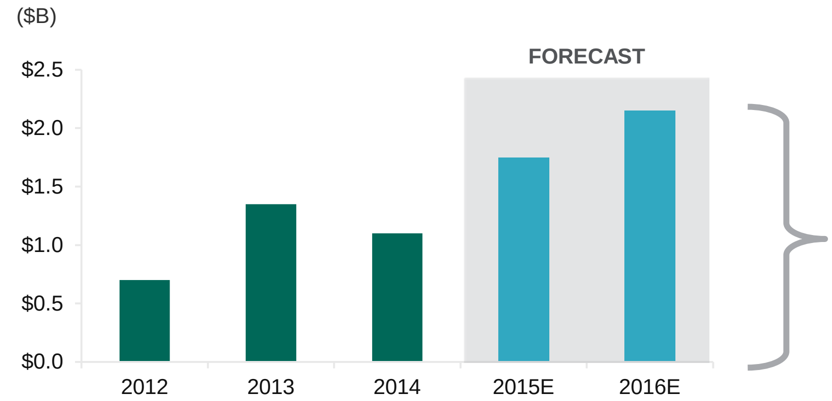
Note: Data as of December 31, 2014
1. Percentages shown based on gross book value of assets on a PLD share basis
2. Values based on 13 years of development activity

Development Stabilizations Driving NOI Growth

Development Stabilizations:

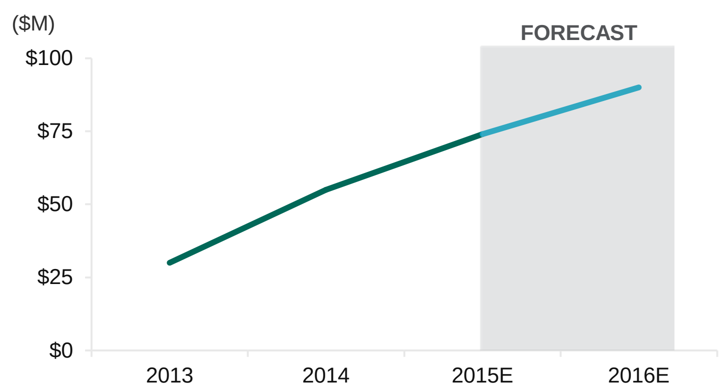
- $1.7B - $1.9B of stabilizations expected in 2015
  - Increase of $700M at the midpoint over 2014
- Incremental NOI from stabilizations expected to contribute approximately $0.14 per share to FFO in 2015
- Stabilizations will continue to be significant driver of NOI growth given projected 2015 starts of ~$2.5B

Development Stabilizations



Prior Year Spec Starts
+
Current Year BTS Starts[1]
=
Next Year's Expected Stabilizations

NOI Impact from Stabilizations



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1. Forecast build-to-suit (BTS) starts

Value Creation Engine

NAV Accretion from Development Business

($M)	2012	2013	2014	2015E	Run Rate
Gross Start Volumes	$1,553	$1,771	$2,034	$2,450	$2,500
Start Volumes (PLD's Share)	$1,360	$1,473	$1,792	$1,960	$2,125
Stabilization Volumes (PLD's Share)	$648	$1,200	$955	$1,710	$2,125
# of Projects	29	41	47	70	85
Stabilization Margins	24%	30%	23%	20%	15%
Impact on NAV					
NAV Accretion	$151	$372	$236	$342	$323
NAV per Share Accretion	$0.32	$0.74	$0.47	$0.67	$0.63
Cumulative NAV per Share Accretion	$0.32	$1.06	$1.53	$2.20	

Funding Requirement for Development Business

	($M)
Uses	
Development Starts ($2.5B @ 85% PLD share)	$2,100
Sources	
Contribution Value ($2.5B @ 15% margin)	*$2,900*
PLD Share of Contribution Proceeds ($2.9B @ 50% Retained Ownership)	$1,450
Annual Funding Requirement	**$650**

- On a run rate basis, expect $0.63 per share of NAV accretion on annual basis
- Expect NAV accretion of $2.20 per share by the end of 2015
  - $1.53 per share already realized
- Expected $323M of annual NAV accretion from $650M of funding on an annual basis

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Note: Dollars in millions except per share amounts

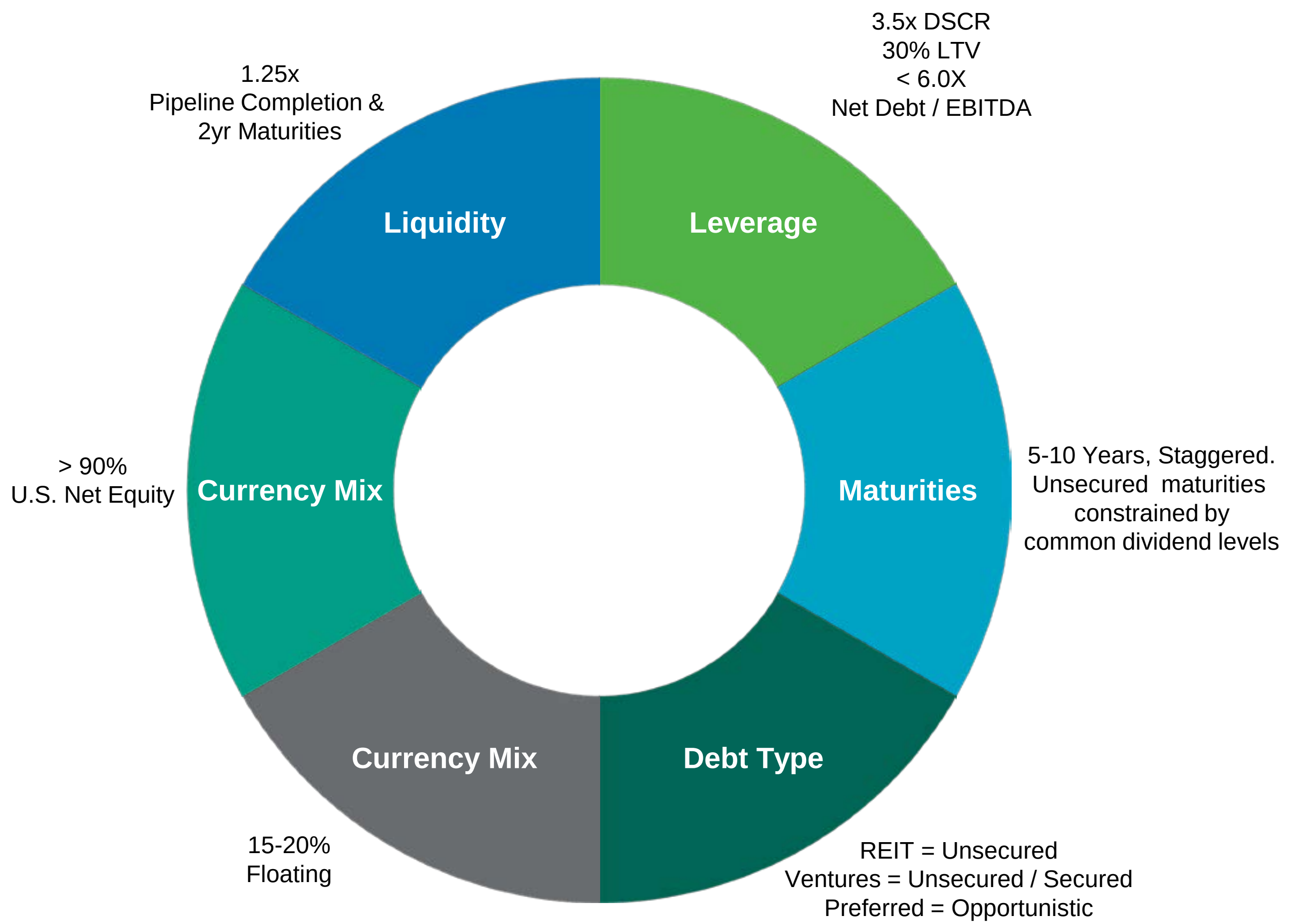
Capital Structure – Guiding Principles

Balance Sheet Strategy:

- Top three REIT industry balance sheet
- Low leverage (30% look-through) and debt metrics to support strong investment grade credit rating
- US dollar net equity > 90%
- Staggered unsecured maturities which can be repaid with forecasted dividend levels

Credit Ratings:

- Moody's Baa1 (stable)
- S&P BBB+ (stable)



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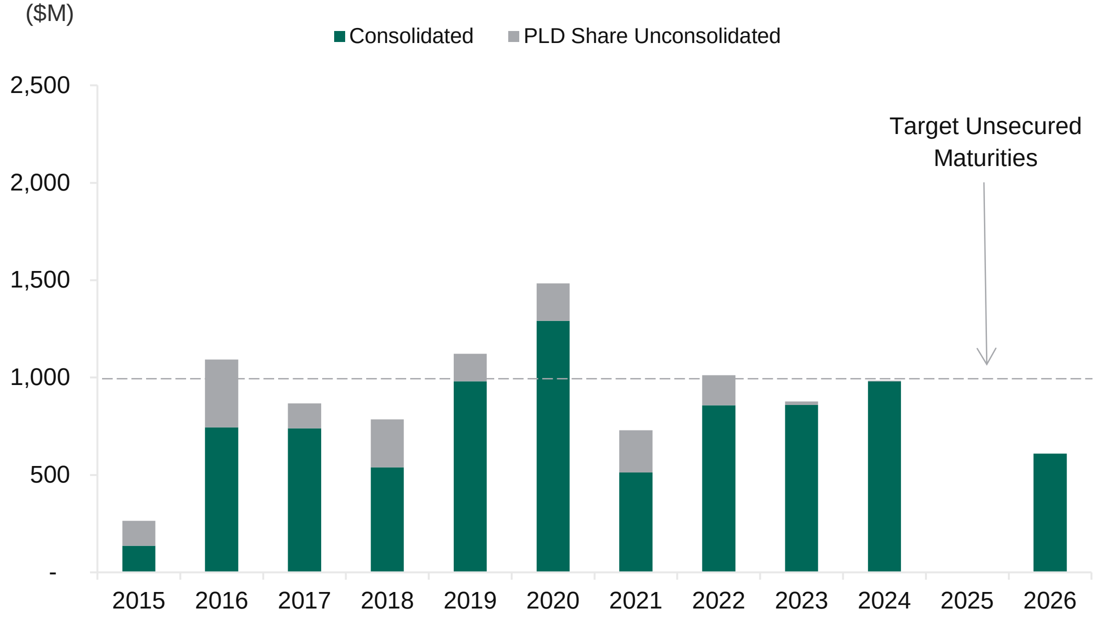
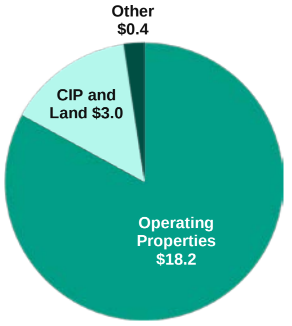
Impact of Proactive Balance Sheet Management(1)

Debt Maturities(1)(2)

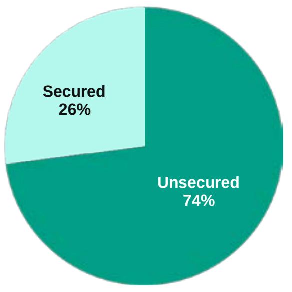


Debt Metrics	4Q14 Actual	Target
Net Debt / Gross Book Value	36.5%	30.0%
Net Debt / Core EBITDA	6.8x	< 6.0x
Net Debt / EBITDA Adjusted for Development	6.1x	5.0x
Fixed Charge Coverage	3.3x	3.5x
U.S. Net Equity	89%	> 90%
Weighted Average GAAP Interest Rate	3.6%	
Weighted Average Remaining Maturity in Years	5.5	

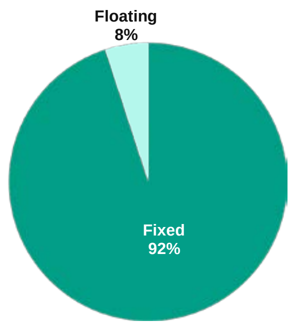
Unencumbered Assets – Prologis' Share ($B)



Secured & Unsecured Debt – Prologis' Share



Fixed vs. Floating Debt – Prologis' Share(2)



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Note: Data as of December 31, 2014
1. Excludes credit facilities, term loans and convertible debt

Currency Exposure

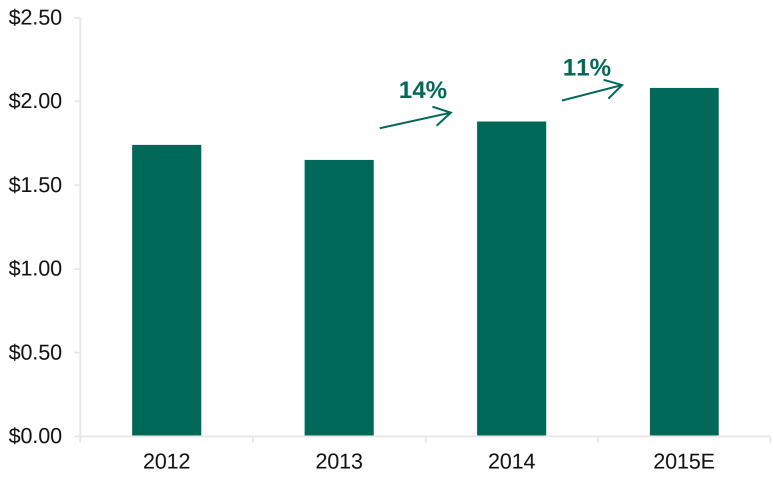
		Net Equity Exposure		Impact of USD strengthening 5%	
		Jun ’11	Dec ’14	2015 Earnings	NAV
USD		46%	89%	–	–
Sterling		29%	6%	0¢	(13.3¢)
Euro		9%	1%	0¢	(2.4¢)
Yen		13%	2%	0¢	(3.3¢)
Other		3%	2%	0¢	(4.3¢)
Total		100%	100%	<(1¢)	(23.3¢)

Minimal impact of foreign currency movements on earnings and net asset value

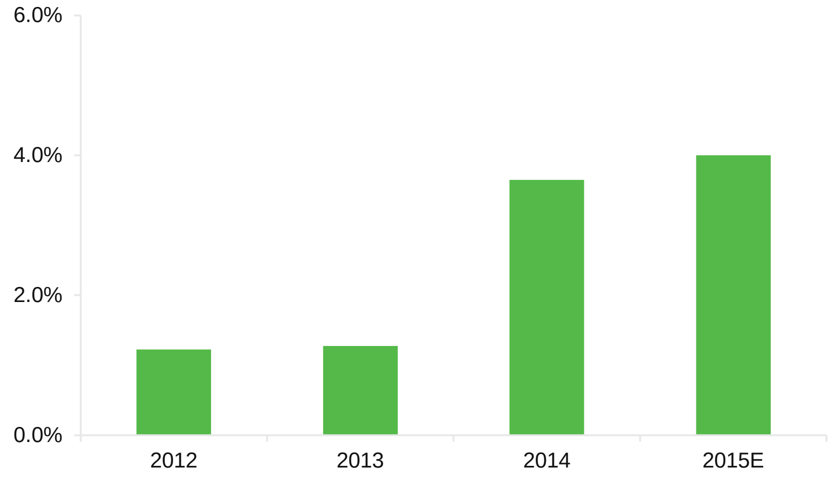
Note: As of December 31, 2014

Performance Delivered

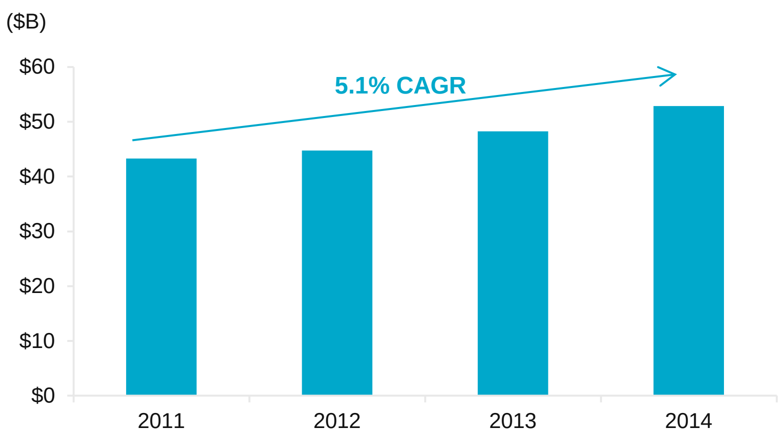
Core FFO Growth



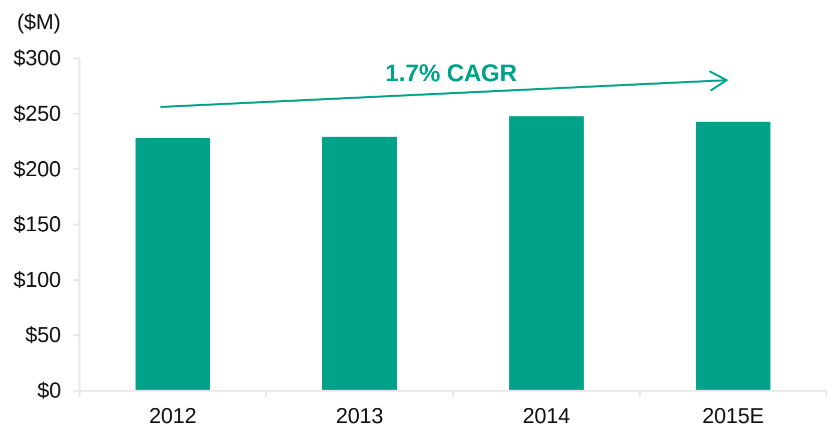
Same Store NOI Growth (GAAP)



Assets Under Management



G&A Expense



2015 Guidance[1]

($ In millions except per share data)	Low	High
CORE FUNDS FROM OPERATIONS *(per fully diluted unit and share)*	**$2.04**	**$2.12**
OPERATIONS		
Year-end occupancy	95.5%	96.5%
Same store NOI – *(GAAP basis)*	3.50%	4.50%
CAPITAL DEPLOYMENT		
Development stabilizations *(95% Prologis share)*	$1,700	$1,900
Development starts *(80% Prologis share)*	$2,300	$2,600
Building acquisitions *(65% Prologis share)*	$1,000	$1,500
Building and land dispositions *(75% Prologis share)*	$1,500	$2,000
Building contributions *(55% Prologis share)*	$1,300	$1,800
NET DEPLOYMENT	$(500)	$(300)
STRATEGIC CAPITAL		
Strategic capital revenue	$210	$220
OTHER ASSUMPTIONS		
General & administrative expenses	$238	$248

EXCHANGE RATES

2015 earnings guidance assumes effective rates for EUR and JPY after consideration of in-place FX hedges of 1.20 ($/€) and 120 (¥/$), respectively.

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1. Annual company guidance provided on January 27, 2015

Key Takeaways

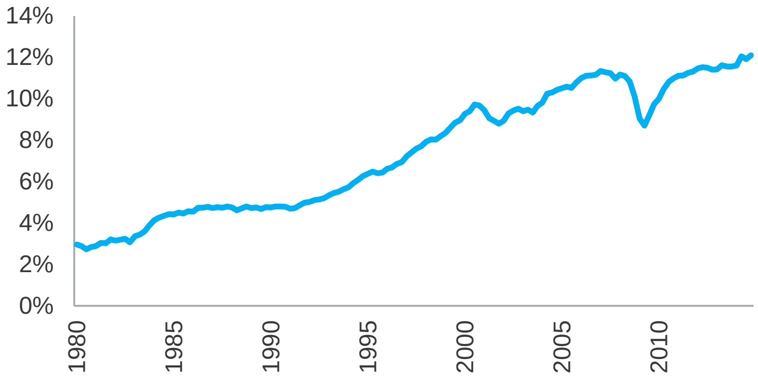
- Company positioned for sustainable growth with global platform, product offerings and strong balance sheet
- Favorable market conditions driving strong recovery in fundamentals
- Strategic Capital and development businesses provide incremental EBITDA, reduce risk and improve portfolio quality
- Double-digit Core FFO growth expected in 2015

Appendix

Macro & Mega Trends Driving Logistics

Globalization

Trade to continue growing at a multiple of GDP

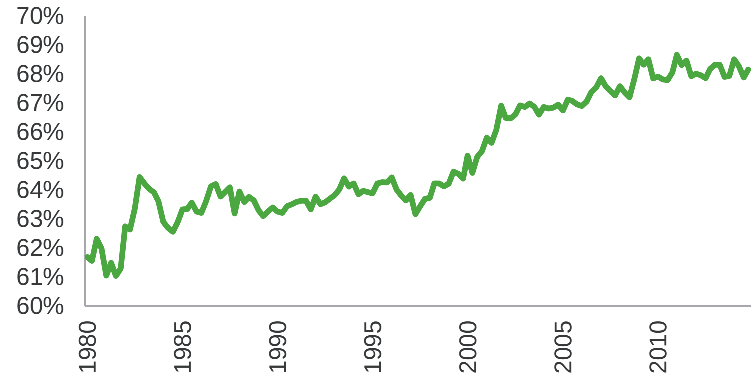


Trade as a % of economic activity, U.S.

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

Consumption

Affluence in emerging markets drives sizable consumer classes, requiring new facilities

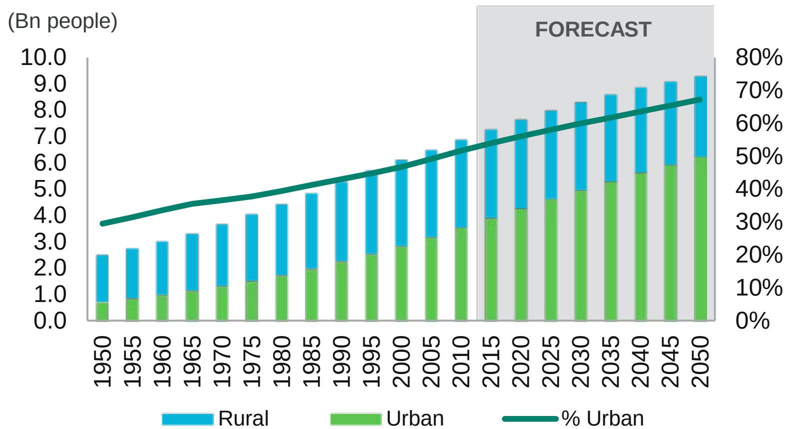


Consumption as a % of economic activity, U.S.

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

Urbanization

Customers locating within/adjacent to population centers; higher barriers to entry

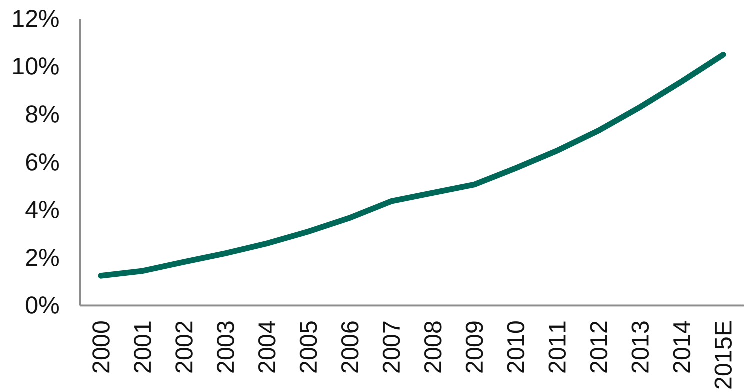


Growth in urban as a % of total World population

Source: United Nations

Shifting Retail Formats

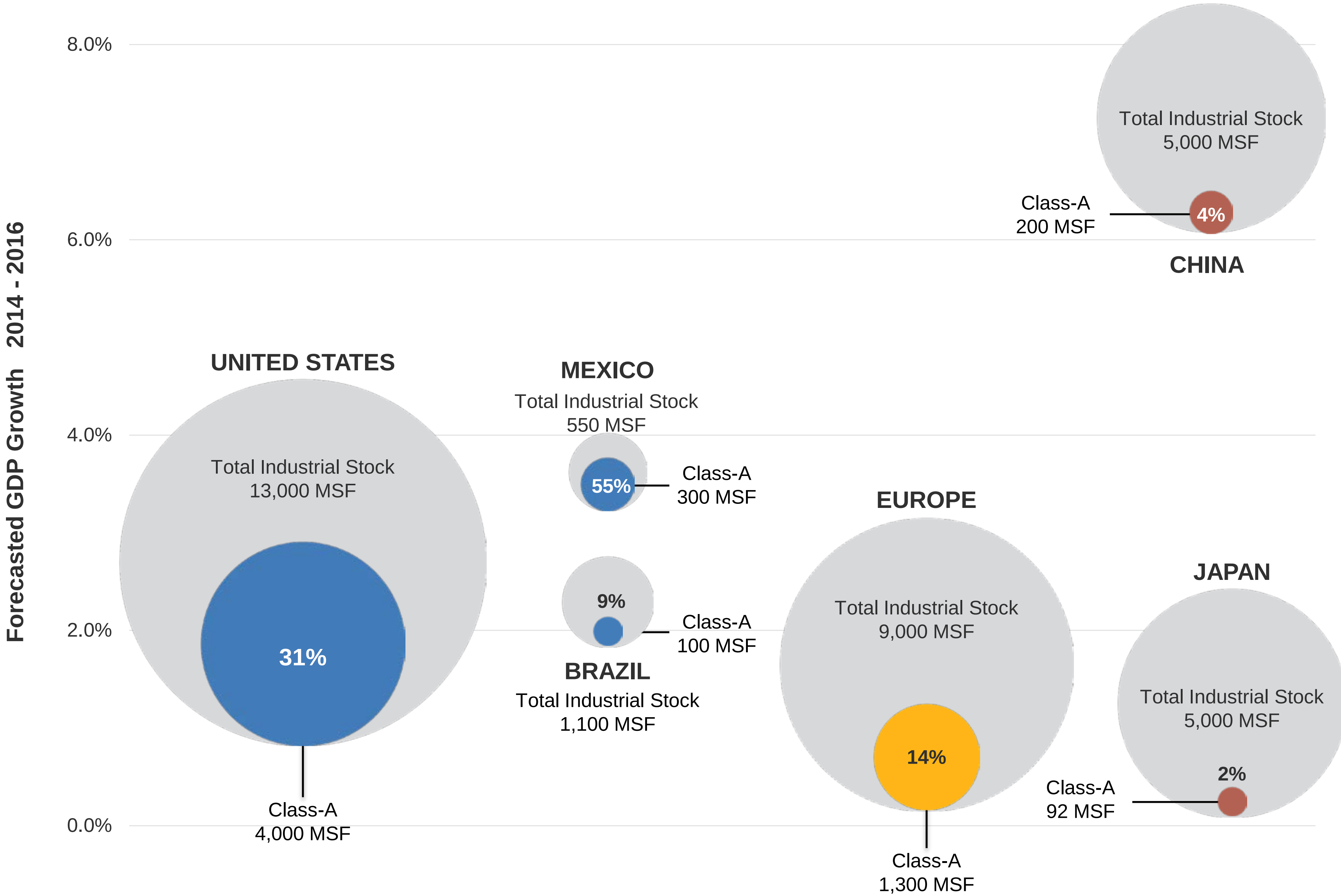
Omni-channel and e-commerce emphasize sophisticated supply chains



E-commerce as a % of store-based retail, U.S.

Source: Goldman Sachs

Infiltration of Class-A Stock



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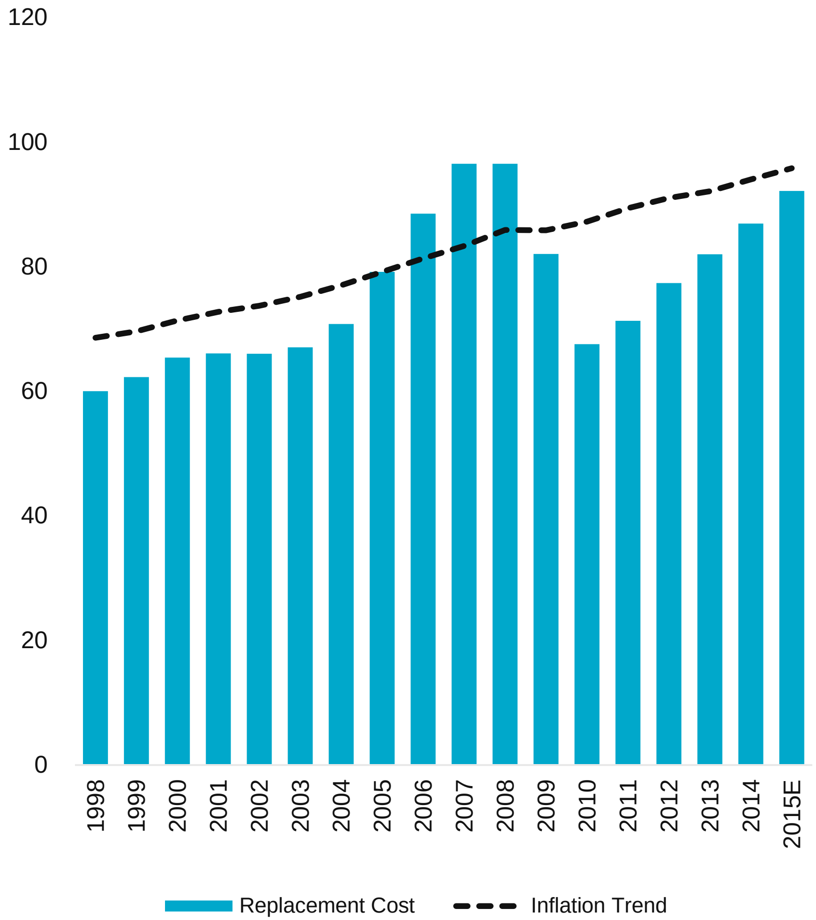
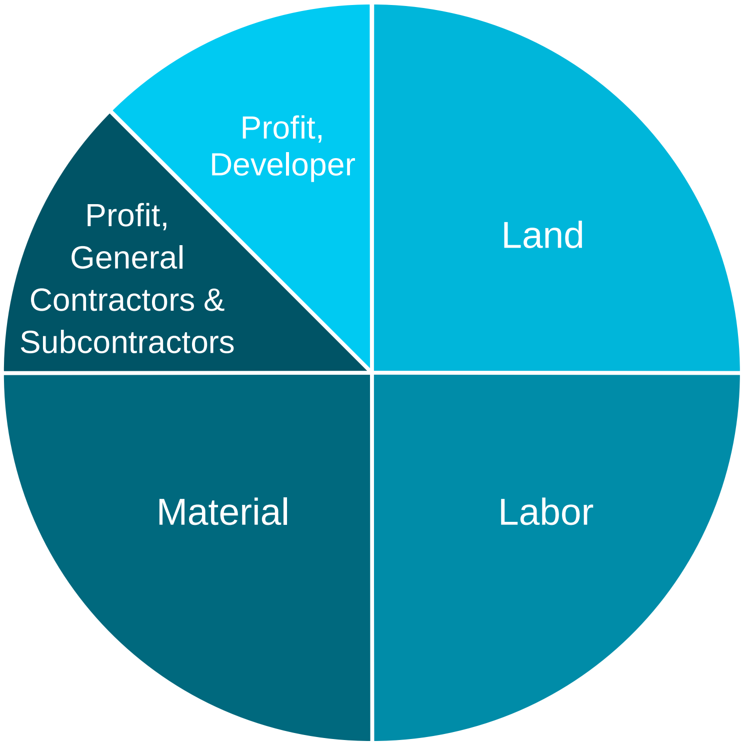
Source: Prologis Research, CBRE-EA, JLL, DTZ, International Monetary Fund, World Economic Outlook

Recovery Beginning to Drive Cost

U.S. Replacement Cost
($ per square foot, inclusive of developer profit)



Distribution of Replacement Cost
(% of total cost, estimate in U.S.)

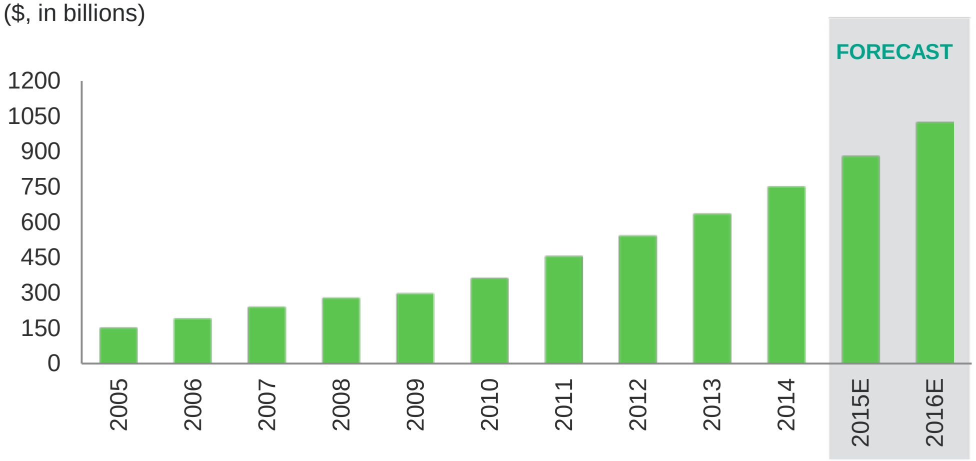


Source: Turner Construction Company, NCREIF, U.S. Bureau of Labor Statistics, Prologis Research

E-Commerce – Driving New Demand

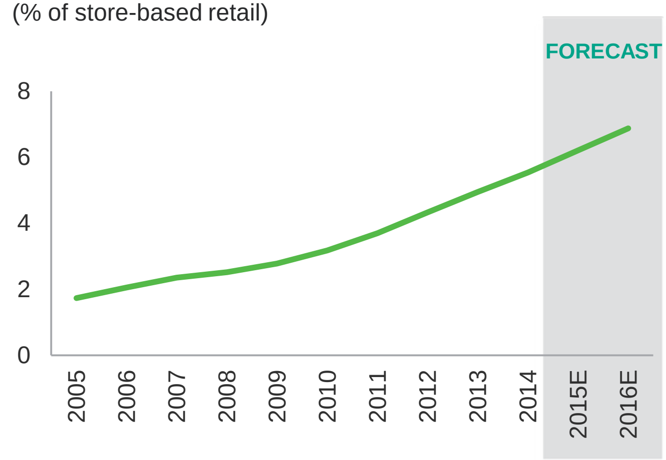
Global E-Commerce Sales Volume

($, in billions)



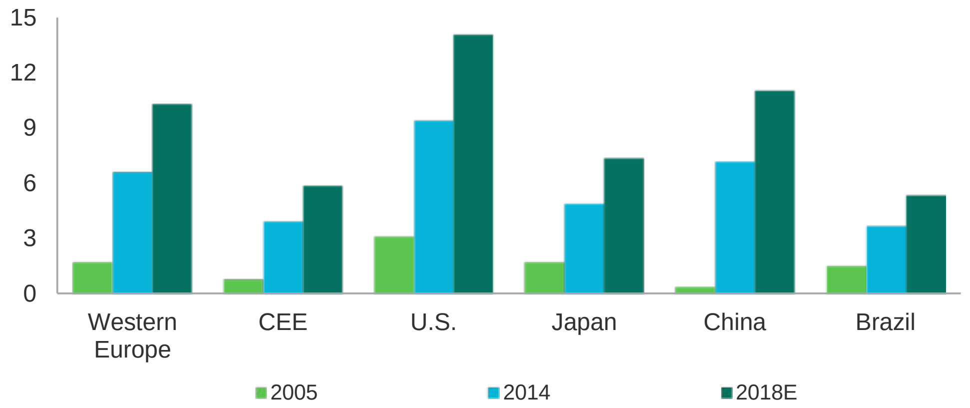
Global E-Commerce Share

(% of store-based retail)



E-Commerce Share by Region

(% of store-based retail)



Key Takeaways

- 10%-25%+ of new leasing depending on the market
- Focused on BTS and larger facilities, but also active among smaller and mid-sized
- Driven by increase in total consumption and transition from bricks and mortar to e-commerce
- E-commerce facilities are 2/3 less efficient, driving incremental demand by a factor of 3x

Source: Goldman Sachs and Prologis Research

Development and Operating Structure

Development Vehicle		Operating Vehicle	Retained Ownership	3rd Party Bldg Acquisitions[(1)]
North America Balance Sheet	$750M	Balance Sheet	100%	✓
		Third Party Sales	0%	
Mexico Balance Sheet	$150M	FIBRA Prologis	46%	✓
Brazil Brazil Fund	$250M	Brazil Fund	~25%	
Europe Balance Sheet	$600M	European Logistics Partners	50%	✓
		Targeted Europe Logistics Fund	43%	✓
		European Properties Fund II	31%	✓
		Europe Logistics Venture 1	15%	✓
China China Logistics Venture	$250M	China Logistics Venture	15%	✓
Japan Balance Sheet	$500M	Nippon Prologis REIT	15%	✓
Long-term Run Rate	**$2,500M**	Wtd. Avg. Retained Ownership	~**49%**	

1. Balance sheet will acquire value added acquisitions; co-investment ventures will generally acquire core/stabilized assets. North American Industrial Fund, Prologis U.S. Logistics Venture and Prologis Targeted U.S. Logistics Fund not listed as these funds are not take out vehicles for on-balance sheet developments, however they do make third party building acquisitions

Notes and 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. Certain amounts from previous periods presented in the Supplemental Information have been reclassified to conform to the current presentation.

During 2014, we increased our ownership in Prologis North American Industrial Fund ("NAIF") to 66.1% by acquiring equity units from several partners. As a result, we gained control over NAIF and began consolidating this entity beginning October 20, 2014. We revalued our equity investment in NAIF from its carrying value to the estimated fair value and recognized a gain of $201.3 million. The assets and liabilities of this venture, as well as the activity since the acquisition date, are included in the Consolidated Financial Statements. The allocation of net assets acquired was $2.8 billion in real estate assets, $62.0 million of net other assets, $1.2 billion in debt and $554.5 million for noncontrolling interests. Throughout the supplemental information, we have presented the financial position and activity since the acquisition, net of the third party share, in the consolidated information and any activity prior to the consolidation in the unconsolidated information.

Acquisition cost, as presented for building acquisitions, represents the 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) attributable to common stockholders and removing the effect of interest, income taxes, depreciation and amortization, impairment charges, third party acquisition expenses related to the acquisition of real estate, 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 FFO measures (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 and related amortization). We make adjustments to reflect our economic ownership in each entity, whether consolidated or unconsolidated.

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 include a pro forma adjustment in Adjusted EBITDA to reflect a full period of NOI on the operating properties we acquire, stabilize or dispose of during the quarter assuming the transaction occurred at the beginning of the quarter. By excluding interest expense, Adjusted 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. 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.

Adjusted Cash NOI (Actual). A reconciliation of our rental income and rental expenses included in our Statement of Operations to adjusted cash NOI for the consolidated operating portfolio for purposes of the Net Asset Value calculation is as follows *(in thousands)*:

Rental income	$ 402,014
Rental expenses	(108,370)
NOI	293,644
Net termination fees and adjustments (a)	150
Less: actual NOI for development portfolio and other	(13,825)
Less: properties contributed or sold (b)	(2,518)
Less: third party share of NOI	(20,820)
Adjusted NOI for consolidated operating portfolio owned at December 31, 2014	256,631
Straight-lined rents (c)	(7,929)
Free rent (c)	11,395
Amortization of lease intangibles (c)	6,385
Less: third party share	84
Fourth Quarter Adjusted Cash NOI (Actual)	$ 266,566

(a) *Net termination fees generally represent the gross fee negotiated at the time a customer is allowed to terminate its lease agreement offset by that customer's rent leveling asset or liability, if any, that has been previously recognized. Removing the net termination fees from rental income allows for the calculation of Adjusted Cash NOI (Pro forma) to include only rental income that is indicative of the property's recurring operating performance.*

(b) *The actual NOI for properties that were contributed or sold during the three-month period is removed.*

(c) *Straight-lined rents, free rent amount, and amortization of lease intangibles (above and below market leases) are removed from rental income for the Operating Portfolio to allow for the calculation of a cash yield.*

Adjusted Cash NOI (Pro forma) consists of Adjusted Cash NOI (Actual) for the properties in our Operating Portfolio adjusted to reflect NOI for a full quarter for operating properties that were acquired or stabilized during the quarter. Adjusted Cash NOI (Pro forma) for the properties in our Development Portfolio is based on current Total Expected Investment and an estimated stabilized yield.

Assets Under Management ("AUM") represents the estimated value of the real estate we own or manage through both our consolidated and unconsolidated entities. We calculate AUM by adding the third party investors' share of the estimated fair value of the assets in the co-investment ventures to our share of total market capitalization (calculated using the market price of our equity plus our share of total debt).

Notes and Definitions

Calculation of Per Share Amounts is as follows *(in thousands, except per share amounts)*:

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2014	2013	2014	2013
Net earnings				
Net earnings	$ 408,609	$ 59,057	$ 622,235	$ 315,422
Noncontrolling interest attributable to exchangeable partnership units	1,768	144	3,636	1,305
Adjusted net earnings - Diluted	**$ 410,377**	**$ 59,201**	**$ 625,871**	**$ 316,727**
Weighted average common shares outstanding - Basic	501,178	498,104	499,583	486,076
Incremental weighted average effect on exchange of limited partnership units	3,457	1,996	3,501	2,060
Incremental weighted average effect of stock awards	3,261	3,660	3,307	3,410
Weighted average common shares outstanding - Diluted	**507,896**	**503,760**	**506,391**	**491,546**
Net earnings per share - Basic	**$ 0.82**	**$ 0.12**	**$ 1.25**	**$ 0.65**
Net earnings per share - Diluted	**$ 0.81**	**$ 0.12**	**$ 1.24**	**$ 0.64**
Core FFO				
Core FFO	$ 246,421	$ 215,055	$ 953,147	$ 813,224
Noncontrolling interest attributable to exchangeable limited partnership units	60	144	209	2,828
Interest expense on exchangeable debt assumed exchanged	4,246	4,235	16,984	16,940
Core FFO - Diluted	**$ 250,727**	**$ 219,434**	**$ 970,340**	**$ 832,992**
Weighted average common shares outstanding - Basic	501,178	498,104	499,583	486,076
Incremental weighted average effect on exchange of limited partnership units	1,964	1,996	1,964	3,411
Incremental weighted average effect of stock awards	3,261	3,660	3,307	3,410
Incremental weighted average effect on exchangeable debt assumed exchanged	11,879	11,879	11,879	11,879
Weighted average common shares outstanding - Diluted	**518,282**	**515,639**	**516,733**	**504,776**
Core FFO per share - Diluted	**$ 0.48**	**$ 0.43**	**$ 1.88**	**$ 1.65**

Debt Metrics. See below for the detailed calculations for the respective period (*dollars in thousands*):

	Three Months Ended Dec. 31	Three Months Ended Sept. 30
	2014	2014
Debt as a % of gross real estate assets:		
Total Prologis share of debt - at par	$ 10,763,232	$ 11,391,310
Less: Prologis share of outstanding foreign currency derivatives	(102,080)	(65,351)
Less: consolidated cash and cash equivalents	(350,692)	(311,879)
Add: consolidated cash and cash equivalents - third party share	45,236	1,463
Less: unconsolidated entities cash - Prologis share	(111,629)	(219,864)
Total Prologis share of debt, net of adjustments	**$ 10,244,067**	**$ 10,795,679**
Gross real estate assets - Prologis share	**$ 28,099,831**	**$ 28,096,726**
Debt as a % of gross real estate assets	**36.5%**	**38.4%**
Secured debt as a % of gross real estate assets:		
Prologis share of secured debt - at par	$ 2,857,196	$ 2,931,421
Gross real estate assets - Prologis share	$ 28,099,831	$ 28,096,726
Secured debt as a % of gross real estate assets	**10.2%**	**10.4%**
Unencumbered gross real estate assets to unsecured debt:		
Unencumbered gross real estate assets - Prologis share	$ 21,862,642	$ 21,635,220
Prologis share of unsecured debt - at par	$ 7,906,036	$ 8,459,889
Unencumbered gross real estate assets to unsecured debt	**276.5%**	**255.7%**

	Dec. 31, 2014	Sept. 30, 2014
Fixed Charge Coverage ratio:		
Adjusted EBITDA	$ 367,240	$ 368,011
Pro forma adjustment for mid-quarter activity and NOI from disposed properties	(2,043)	(1,967)
Adjusted EBITDA, including adjustment for NOI from disposed properties	$ 365,197	$ 366,044
Adjusted EBITDA, including adjustment for NOI from disposed properties, annualized (a)	$ 1,489,166	$ 1,489,582
Add: Prologis share of gains on dispositions of development properties for the twelve months ended	173,854	257,115
Adjusted EBITDA, including adjustment for NOI from disposed properties and gains on dispositions, annualized	**$ 1,663,020**	**$ 1,746,697**
Interest expense	$ 74,092	$ 69,086
Amortization and write-off of deferred loan costs	(3,669)	(3,827)
Amortization of debt premium (discount), net	8,902	2,590
Capitalized interest	16,132	15,021
Preferred stock dividends	1,678	1,670
Third party share of fixed charges from consolidated entities	(4,009)	(199)
Our share of fixed charges from unconsolidated entities	19,808	24,492
Total fixed charges	$ 112,934	$ 108,833
Total fixed charges, annualized	**$ 451,736**	**$ 435,332**
Fixed charge coverage ratio	**3.30x**	**3.42x**
Fixed charge coverage ratio, including development gains	**3.68x**	**4.01x**
Debt to Adjusted EBITDA:		
Total Prologis share of debt, net of adjustments	**$ 10,244,067**	**$ 10,795,679**
Adjusted EBITDA-annualized (a)	**$ 1,497,338**	**$ 1,497,450**
Add: Prologis share of gains on dispositions of development properties for the twelve months ended	173,854	257,115
Adjusted EBITDA-annualized (a), including gains on dispositions	**$ 1,671,192**	**$ 1,754,565**
Debt to Adjusted EBITDA ratio	**6.84x**	**7.21x**
Debt to Adjusted EBITDA ratio, including development gains	**6.13x**	**6.15x**
Debt to Adjusted EBITDA (adjusted for development):		
Total Prologis share of debt, net of adjustments	$ 10,244,067	$ 10,795,679
Add: costs to complete - Prologis share	1,087,380	933,493
Less: current book value of land - Prologis share	(1,638,165)	(1,617,895)
	$ 9,693,283	**$ 10,111,277**
Adjusted EBITDA-annualized (a)	$ 1,497,338	$ 1,497,450
Add: annualized proforma NOI development portfolio - Prologis share	189,435	165,507
	1,686,773	**1,662,957**
Debt to Adjusted EBITDA (adjusted for development) ratio	**5.75x**	**6.08x**

(a) Actual promote revenue and cash related expenses for the quarter, if any, are removed from the EBITDA amount for the quarter before annualizing, then the actual promote revenue and related expenses for the previous twelve months are added to the annualized number. For the three months ended December 31, 2014 and September 30, 2014, actual promote revenue, net of related cash expenses, for the previous twelve months was $28.4 million and $33.5 million, respectively.

Notes and Definitions

Development Margin is calculated on developed properties as the estimated value at Stabilization 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.

Development Portfolio includes industrial properties that are under development and properties that are developed but have not met Stabilization.

Discontinued Operations. In April 2014, the FASB issued a standard updating the accounting and disclosure regarding discontinued operations. Early adoption on a prospective basis is allowed, therefore, we have adopted this standard as of January 1, 2014. As a result, none of our property dispositions in 2014 met the criteria to be classified as discontinued operations. The operations of the properties that were disposed of to third parties during 2013 that met the criteria for discontinued operations, including the aggregate net gains or losses recognized upon their disposition, are presented as discontinued operations in our *Consolidated Statements of Operations*. The income attributable to these properties was as follows (in thousands):

	Three Months Ended December 31, 2013	Twelve Months Ended December 31, 2013
Rental income	$ 5,485	$ 34,105
Rental expenses	(995)	(10,633)
Depreciation and amortization	(2,470)	(15,339)
Interest expense	(188)	(1,163)
Income attributable to disposed properties and assets held for sale	$ 1,832	$ 6,970

Estimated Build Out (TEI and sq ft)- represents the estimated TEI and finished square feet available for rent upon completion of an industrial building on existing parcels of land.

FFO, as defined by Prologis; Core FFO; Core AFFO (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 (including impairment charges) from dispositions of land and development properties, as well as our proportionate share of the gains and losses (including impairment charges) from dispositions of development properties 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) unhedged 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 and related amortization of debt discounts associated with derivative financial instruments.

Notes and Definitions

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 of these items 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 and third-party acquisition costs related to the acquisition of real estate;
(iii) impairment charges recognized related to our investments in real estate generally as a result of our change in intent to contribute or sell these properties;
(iv) gains or losses from the early extinguishment of debt;
(v) merger, acquisition and other integration expenses; and
(vi) 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 have 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. Over the last few years, we made it a priority to strengthen our financial position by reducing our debt, our investment in certain low yielding assets and our exposure to foreign currency exchange fluctuations. As a result, we changed our intent to sell or contribute certain of our real estate properties and recorded impairment charges when we did not expect to recover the costs of our investment. Also, we purchased portions of our debt securities when we believed it was advantageous to do so, which was based on market conditions, and in an effort to lower our borrowing costs and extend our debt maturities. As a result, we have recognized net gains or losses on the early extinguishment of certain debt due to the financial market conditions at that time. In addition, we and our co-investment ventures make acquisitions of real estate and we believe the costs associated with these transactions are transaction based and not part of our core operations.

We analyze our operating performance primarily by the rental income of our real estate and the revenue driven by our strategic capital 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. Although the adjustments we make to arrive at Core FFO 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.

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.

Core AFFO

To arrive at Core AFFO, we adjust Core FFO to further exclude our share of; (i) straight-line rents; (ii) amortization of above- and below-market lease intangibles; (iii) recurring capital expenditures; (iv) amortization of management contracts; (v) amortization of debt premiums and discounts and financing costs, net of amounts capitalized, and; (vi) stock compensation expense.

We believe Core AFFO provides a meaningful indicator of our ability to fund cash needs, including cash distributions to our stockholders.

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 and acquisition costs that are excluded from our defined FFO measures represent the taxes and transaction costs 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 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 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. This information should be read with our complete consolidated financial statements prepared under GAAP. To assist investors in compensating for these limitations, we reconcile our defined FFO measures to our net earnings computed under GAAP.

Notes and Definitions

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. We use fixed charge coverage to measure our liquidity. We believe that fixed charge coverage is relevant and useful to investors because it allows fixed income investors to measure our ability to make interest payments on outstanding debt and make distributions/dividends to preferred unitholders/stockholders. Our 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") were as follows (*in thousands*):

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2014	2013	2014	2013
Gross overhead	$ 116,977	$ 112,573	$ 461,647	$ 434,933
Allocated to rental expenses	(7,313)	(8,238)	(30,075)	(32,918)
Allocated to strategic capital expenses	(22,054)	(22,341)	(96,496)	(89,278)
Capitalized amounts	(21,623)	(18,927)	(87,308)	(83,530)
G&A expenses	**$ 65,987**	**$ 63,067**	**$ 247,768**	**$ 229,207**

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 December 31,		Twelve Months Ended December 31,	
	2014	2013	2014	2013
Development activities	$ 16,686	$ 14,659	$ 68,008	$ 64,113
Leasing activities	4,470	4,122	17,888	18,301
Costs related to internally developed software	467	146	1,412	1,116
Total capitalized G&A	**$ 21,623**	**$ 18,927**	**$ 87,308**	**$ 83,530**

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

Net G&A	$ 247,768
Add: strategic capital expenses	96,496
Adjusted G&A	$ 344,264
Carrying value at period end:	
Operating properties	$ 40,931,765
Development portfolio - TEI	3,200,436
Land portfolio	1,797,368
Other real estate investments and assets held for sale	546,861
Total Assets Under Management	$ 46,476,430
G&A as % of Assets Under Management	**0.74%**

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

Net G&A	$ 247,768
Less: strategic capital income	(219,871)
Add: strategic capital expenses	96,496
Adjusted G&A	$ 124,393
Carrying value at period end:	
Operating properties - Prologis share	$ 24,378,548
Development portfolio - Prologis share of TEI	2,710,769
Land portfolio - Prologis share	1,638,165
Other real estate investments and assets held for sale - Prologis share	527,090
Total Assets Under Management - Prologis share	$ 29,254,572
G&A as % of Assets Under Management - Prologis share	**0.43%**

Interest Expense consisted of the following (*in thousands*):

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2014	2013	2014	2013
Gross interest expense	$ 95,457	$ 110,274	$ 377,666	$ 471,923
Amortization of discount (premium), net	(8,902)	(8,501)	(21,440)	(39,015)
Amortization of deferred loan costs	3,669	3,908	14,116	14,374
Interest expense before capitalization	90,224	105,681	370,342	447,282
Capitalized amounts	(16,132)	(17,849)	(61,457)	(67,955)
Interest expense	**$ 74,092**	**$ 87,832**	**$ 308,885**	**$ 379,327**

Investment Capacity is our estimate of the gross real estate, which could be acquired by our co-investment ventures through the use of existing equity commitments from us and our partners up to the ventures maximum leverage limits.

Market Classification

- **Global Markets** feature large population centers with high per-capita consumption and are located near major seaports, airports, and ground transportation systems.
- **Regional Markets** benefit from large population centers but typically are not as tied to the global supply chain, but rather serve local consumption and are often less supply constrained. Markets included as regional markets include: Austin, Charlotte, Cincinnati, Columbus, Denver, Hungary, Indianapolis, Juarez, Las Vegas, Louisville, Memphis, Nashville, Orlando, Phoenix, Portland, Reno, Reynosa, San Antonio, Slovakia, Sweden and Tijuana.
- **Other Markets** represent a small portion of our portfolio that is located outside global and regional markets. These markets include: Austria, Boston, El Paso, Jacksonville, Kansas City, Norfolk, Romania, Salt Lake City, Savannah and St Louis.

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, 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.

Notes and Definitions

The components of NAV do not consider the potential changes in rental and fee income streams or the franchise value associated with our global operating platform, strategic capital platform, or development platform.

Net Effective Rent is calculated at the beginning of the lease using the estimated total cash to be received over the term of the lease (including base rent and expense reimbursements) and annualized. Amounts derived in a currency other than the U.S. Dollar have been translated using the average rate from the previous twelve months. The per square foot number is calculated by dividing the annualized net effective rent by the occupied square feet of the lease.

Net Effective Rent Change (GAAP) represents the change on operating portfolio properties in net effective rental rates (average rate over the lease term) on new and renewed leases signed during the period as compared with the previous effective rental rates in that same space.

Net Operating Income ("NOI") represents rental income less rental expenses.

Noncontrolling Interest. The following table includes information for each entity we consolidate and in which we own less than 100% *(dollars in thousands):*

	Ownership Percentage	Noncontrolling Interest	Real Estate	Debt
Brazil Fund	50.0%	68,533	-	-
Prologis U.S. Logistics Venture	55.0%	427,307	1,006,183	-
Prologis North American Industrial Fund	66.1%	544,718	2,771,299	1,188,836
Other consolidated entities	various	119,343	1,018,996	18,269
Limited partners in the Operating Partnership		48,189	-	-
Noncontrolling interests		**$ 1,208,090**	**$ 4,796,478**	**$ 1,207,105**

Operating Portfolio includes stabilized industrial properties in our owned and managed portfolio. A developed property moves into the Operating Portfolio when it meets Stabilization.

Pro-Rata Balance Sheet and Operating Information. The consolidated amounts shown are derived from and prepared on a consistent basis with our consolidated financial statements and are adjusted to remove the amounts attributable to non-controlling interests. The Prologis share of unconsolidated co-investment ventures column was derived on an entity-by-entity basis by applying our ownership percentage to each line item to calculate our share of that line item. For purposes of balance sheet data, we used our ownership percentage at the end of the period and for operating information, we used our average ownership percentage for the period, consistent with how we calculate our share of net earnings (loss) during the period. We used a similar calculation to derive the noncontrolling interests' share of each line item. In order to present the total owned and managed portfolio, we added our investors' share of each line item in the unconsolidated co-investment ventures and the noncontrolling interests share of each line item to the Prologis Total Share.

Prologis Share represents our proportionate economic ownership of each entity included in our total owned and managed portfolio.

Rental Income included the following (*in thousands*):

	Three Months Ended December 31,				Twelve Months Ended December 31,			
	2014		2013		2014		2013	
Rental income	$	304,405	$	300,278	$	1,164,217	$	1,216,121
Amortization of lease intangibles		(6,660)		(8,150)		(28,437)		(34,465)
Rental expense recoveries		94,430		77,581		348,740		331,518
Straight-lined rents		9,839		9,499		42,829		46,319
	$	**402,014**	**$**	**379,208**	**$**	**1,527,349**	**$**	**1,559,493**

Same Store. We evaluate the operating performance of the 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 the properties included in our owned and managed portfolio that were in operation at January 1, 2013 and throughout the full periods in both 2013 and 2014. 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 NOI 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.

Our same store measures are non-GAAP measures that are commonly used in the real estate industry and are calculated beginning with rental income and rental expenses from the financial statements prepared in accordance with GAAP. It is also common in the real estate industry and expected from the analyst and investor community that these numbers be further adjusted to remove certain non-cash items included in the financial statements prepared in accordance with GAAP to reflect a cash same store number. In order to clearly label these metrics, we call one Same Store NOI- GAAP and one Same Store NOI-Adjusted Cash. As these are non-GAAP measures they have certain limitations as an analytical tool and may vary among real estate companies. As a result, we provide a reconciliation from our financial statements prepared in accordance with GAAP to Same Store NOI-GAAP and then to Same Store NOI-Adjusted Cash with explanations of how these metrics are calculated and adjusted.

Notes and Definitions

The following is a reconciliation of our consolidated rental income, rental expenses and NOI, as included in the Consolidated Statements of Operations, to the respective amounts in our Same Store portfolio analysis *(dollars in thousands):*

	Three Months Ended December 31,		
	2014	2013	Change (%)
Rental Income:			
Per the Consolidated Statements of Operations	$ 402,014	$ 379,208	
Properties not included and other adjustments (a)	(45,275)	(46,029)	
Unconsolidated Co-Investment Ventures	412,873	402,185	
Same Store - Rental Income	**$ 769,612**	**$ 735,364**	**4.7%**
Rental Expense:			
Per the Consolidated Statements of Operations	$ 108,370	$ 104,936	
Properties not included and other adjustments (b)	(3,560)	(9,166)	
Unconsolidated Co-Investment Ventures	96,060	93,380	
Same Store - Rental Expense	**$ 200,870**	**$ 189,150**	**6.2%**
NOI-GAAP:			
Per the Consolidated Statements of Operations	$ 293,644	$ 274,272	
Properties not included and other adjustments	(41,715)	(36,863)	
Unconsolidated Co-Investment Ventures	316,813	308,805	
Same Store - NOI - GAAP	**$ 568,742**	**$ 546,214**	**4.1%**
NOI-Adjusted Cash:			
Same store- NOI - GAAP	$ 568,742	$ 546,214	
Adjustments (c)	(3,805)	(5,025)	
Same Store - NOI- Adjusted Cash	**$ 564,937**	**$ 541,189**	**4.4%**

(a) *To calculate Same Store rental income, we exclude the net termination and renegotiation fees to allow us to evaluate the growth or decline in each property's rental income without regard to items that are not indicative of the property's recurring operating performance.*

(b) *To calculate Same Store rental expense, we include an allocation of the property management expenses for our consolidated properties based on the property management fee that is provided for in the individual management agreements under which our wholly owned management companies provide property management services (generally the fee is based on a percentage of revenue). On consolidation, the management fee income and expenses are eliminated and the actual cost of providing property management services is recognized.*

(c) *In order to derive Same Store- NOI - Adjusted Cash, we adjust Same Store- NOI- GAAP to exclude non-cash items included in our rental income in our GAAP financial statements, including straight line rent adjustments and adjustments related to purchase accounts to reflect leases at fair value at the time of acquisition.*

Same Store Average Occupancy represents the average occupied percentage of the Same Store portfolio for the period.

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.

Strategic Capital NOI represents strategic capital income less strategic capital expenses.

Tenant Retention is the square footage of all leases rented by existing tenants divided by the square footage of all expiring and rented leases during the reporting period, excluding the square footage of tenants that default or buy-out prior to expiration of their lease, short-term tenants and the square footage of month-to-month leases.

Total Expected Investment ("TEI") represents total estimated cost of development or expansion, including land, development and leasing costs. TEI is based on current projections and is subject to change. Non-U.S. dollar investments are translated to U.S. dollars using the exchange rate at period end or the date of development start for purposes of calculating development starts in any period.

Turnover Costs represent the costs incurred in connection with the signing of a lease, including leasing commissions and tenant improvements. Tenant improvements include costs to prepare a space for a new tenant and for a lease renewal with the same tenant. It excludes costs to prepare a space that is being leased for the first time (i.e. in a new development property).

Value-Added Acquisitions are properties we acquire for which we believe the discount in pricing attributed to the operating challenges could provide greater returns post-stabilization than the returns of stabilized properties that are not Value-Added Acquisitions. Value Added Acquisitions must have one or more of the following characteristics: (i) existing vacancy in excess of 20%; (ii) short term lease roll-over, typically during the first two years of ownership; (iii) significant capital improvement requirements in excess of 10% of the purchase price and must be invested within the first two years of ownership.

Value-Added Conversions represent the repurposing of industrial properties to a higher and better use, including office, residential, retail, research and development, data center, self storage or manufacturing with the intent to ultimately sell the property once repositioned. Activities required to prepare the property for conversion to a higher and better use may include such activities as re-zoning, re-designing, re-constructing, and re-tenanting. The economic gain on sales of value added conversions represents the amount by which the sales proceeds exceeds the amount included in NAV for the disposed property.

Value Creation represents the value that we will create through our development and leasing activities. We calculate value creation by estimating the NOI that the property will generate at Stabilization and applying an estimated stabilized capitalization 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. This can also include realized economic gains from value-added conversion properties.

Weighted Average Estimated Stabilized Yield is calculated as NOI assuming stabilized occupancy divided by Acquisition Cost or TEI, as applicable.

Non-Solicitation - Any securities discussed herein or in the accompanying presentations, if any, with respect to existing or potential joint venture funds, partnerships or other such entities, have not been registered under the Securities Act of 1933 or the securities laws of any state and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements under the Securities Act and any applicable state securities laws. Any such announcement does not constitute an offer to sell or the solicitation of an offer to buy the securities discussed herein or in the presentations, if and as applicable. This presentation has been prepared for informational purposes only from information supplied by us and from third-party sources. Such third-party information has not been independently verified. We make no representation or warranty, expressed or implied, as to the accuracy or completeness of such information.

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