

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

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): January 26, 2016

**PROLOGIS, INC.
PROLOGIS, L.P.**

(Exact name of registrant as specified in charter)

Maryland (Prologis, Inc.)
Delaware (Prologis, L.P.)
(State or other jurisdiction
of Incorporation)

001-13545 (Prologis, Inc.)
001-14245 (Prologis, L.P.)
(Commission File Number)

94-3281941 (Prologis, Inc.)
94-3285362 (Prologis, L.P.)
(I.R.S. Employer Identification
No.)

Pier 1, Bay 1, San Francisco, California
(Address of Principal Executive Offices)

94111
(Zip Code)

Registrants' Telephone Number, including Area Code: (415) 394-9000

N/A
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

Item 2.02. Results of Operations and Financial Condition (Prologis, Inc.) and

Item 7.01. Regulation FD Disclosure (Prologis, Inc. and Prologis, L.P.).

On January 26, 2016, Prologis, Inc., the general partner of Prologis, L.P., issued a press release announcing fourth quarter 2015 financial results. A copy of the press release as well as supplemental information is furnished with this report as Exhibit 99.1, and is incorporated herein by reference.

The information in this report and the exhibits attached hereto is being furnished, not filed, for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and pursuant to Items 2.02 and 7.01 of Form 8-K will not be incorporated by reference into any filing under the Securities Act of 1933, as amended, unless specifically identified therein as being incorporated therein by reference.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
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99.1	Press release, dated January 26, 2016, and supplemental information.
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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrants have duly caused this report to be signed on their behalf by the undersigned hereunto duly authorized.

PROLOGIS, INC.

January 26, 2016

By: /s/ Thomas S. Olinger

Name: Thomas S. Olinger

Title: Chief Financial Officer

PROLOGIS, L.P.,

January 26, 2016

By: Prologis, Inc., its general partner

By: /s/ Thomas S. Olinger

Name: Thomas S. Olinger

Title: Chief Financial Officer



FOURTH QUARTER 2015

Earnings Release and Supplemental Information

UNAUDITED





Prologis Park Wrocław III, Wrocław, Poland



Prologis Park Osaka 2, Osaka, Japan



Prologis Lehigh Valley Distribution Center, Allentown, PA, USA

Cover: Prologis Beacon Lakes Industrial Park, Miami, FL, USA

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(A) Terms used throughout document are defined in the Notes and Definitions

Prologis Reports Fourth Quarter and Full Year 2015 Earnings Results

SAN FRANCISCO (January 26, 2016) – Prologis, Inc. (NYSE: PLD), the global leader in industrial real estate, today reported results for the fourth quarter and full year 2015.

HIGHLIGHTS

- Core funds from operations per diluted share was \$2.23, up 19 percent year-over-year
- Prologis' share of GAAP same store NOI increased 5.6 percent for the full year
- Prologis' share of estimated value creation was \$699 million, \$533 million from development stabilizations, reflecting a 32.5 percent margin and \$166 from value-added conversions
- Short-term financing associated with the acquisition of the KTR real estate portfolio was reduced to \$400 million, ahead of plan

"Financial and operating results in 2015 exceeded expectations and reflected outstanding execution by the team and favorable market conditions," said Hamid Moghadam, chairman and CEO, Prologis. "We enter 2016 with record occupancy levels, substantial requirements from our customers to further optimize their supply chains, and strong institutional interest in our co-investment ventures."

"In spite of macroeconomic uncertainty, vacancy rates are at all-time lows. Discussions with our global customers support our view that the power of domestic consumption and the growth of e-commerce will continue to drive demand for well-located distribution space, particularly in major gateway markets," Moghadam added. "Given our expectations that supply and demand will reach equilibrium by the end of 2016 in the U.S., we anticipate an extended period of low vacancy that will support favorable operating conditions."

STRONG OPERATING PERFORMANCE CONTINUES

Owned & Managed	4Q15	4Q14	Notes
Period End Occupancy	96.9%	96.1%	Ended 2015 with record global occupancy
Leases Signed	40MSF	42MSF	More than 166MSF leased in 2015
Customer Retention	85.9%	85.5%	

Prologis Share	4Q15	4Q14	Notes
Rent Change (GAAP)	12.4%	8.4%	Led by the U.S. at 18.0%
Rent Change (Cash)	2.9%	0.7%	
Same store NOI (GAAP)	6.6%	4.9%	Led by the U.S. at 8.7%
Same store NOI (Cash)	4.5%	5.2%	

CAPITAL DEPLOYMENT PRICING AND MARGINS REMAIN STRONG

Prologis Share (Millions of \$)	4Q15	2015	Notes
Building Acquisitions	\$554	\$4,069	
Weighted avg stabilized cap rate	5.2%	5.5%	
Development Stabilizations	\$290	\$1,640	
Estimated weighted avg margin	25.5%	32.5%	
Estimated value creation	\$74	\$533	Estimated weighted average yield of 7.3% in 2015
Value Creation from Value-Added Conversions	\$0	\$166	
Development Starts	\$569	\$1,815	
Estimated weighted avg margin	20.2%	20.9%	
% Build-to-suit	56.1%	43.6%	Projects include Amazon, Hitachi, Siemens and Subaru
Total Dispositions (Buildings and Land) and Contributions	\$819	\$2,524	Excludes the sale of the Morris retail portfolio in December 2015 to affiliates of Blackstone Real Estate Advisors L.P.
Weighted avg stabilized cap rate	6.4%	5.3%	Excludes land and other real estate

"We completed more than 35 dispositions and contributions in the fourth quarter at strong pricing, demonstrating that buyer demand for high-quality industrial real estate remains strong and diverse," said Michael Curless, chief investment officer, Prologis. "We continue to deploy capital profitably to meet our customers' needs, and are very pleased with the \$1.8 billion of developments that we stabilized this year at margins in excess of 30 percent."

FINANCING ACTIVITY STRENGTHENS BALANCE SHEET

During the fourth quarter, Prologis completed \$1.8 billion of refinancings and reduced the short-term financing associated with the acquisition of the KTR real estate portfolio to \$400 million.

"Our key credit metrics improved as our book leverage was reduced to 38.4 percent and our debt-to-EBITDA ratio declined to 6.9 times or 6.0 times, including realized development gains. We continue to maintain considerable liquidity with over \$2.8 billion at year end and we have no bond maturities until 2018," said Thomas S. Olinger, chief financial officer, Prologis. "With the capital recycling activity currently underway, we are on track to pay down the remaining short-term financing during the first half of the year as well as fund our 2016 deployment needs."

GAAP NET EARNINGS

Net earnings per diluted share was \$0.23 for the fourth quarter compared with \$0.81 for the same period in 2014. For the full year 2015, net earnings per diluted share was \$1.64 compared with \$1.24 for the full year 2014.

GUIDANCE ESTABLISHED FOR 2016 – CORE FFO EXPECTED TO GROW 14% YEAR-OVER-YEAR

Per diluted share	
Core FFO	\$2.50 to \$2.60
GAAP Net Earnings	\$0.28 to \$0.36

Operations

Year-end occupancy	96.0% to 97.0%
GAAP Same store NOI – Prologis share	3.5% to 4.5%

Other Assumptions (in millions)

Strategic capital revenue	\$180 to \$190
Net promote income	\$90 to \$100
General & administrative expense	\$235 to \$245
Realized development gains	\$150 to \$200
Annualized fourth quarter 2015 dividend	\$1.60

Capital Deployment (In millions)

Development stabilizations (80% Prologis share)	\$2,000 to \$2,200
Development starts (80% Prologis share)	\$1,800 to \$2,300
Building acquisitions (40% Prologis share)	\$400 to \$700
Building and land dispositions (75% Prologis share)	\$1,700 to \$2,200
Building contributions (75% Prologis share, net of retained ownership)	\$900 to \$1,200

The Core FFO and earnings guidance described above excludes any potential future gains (losses) recognized from real estate transactions. In reconciling from net earnings to Core FFO, Prologis makes certain adjustments, including but not limited to real estate depreciation and amortization expense, gains (losses) recognized from real estate transactions and early extinguishment of debt, acquisition costs, impairment charges, deferred taxes and unrealized gains or losses on foreign currency or derivative activity. The difference between the company's Core FFO and net earnings guidance for 2016 relates predominantly to these items.

WEBCAST & CONFERENCE CALL INFORMATION

Prologis will host a live webcast and conference call to discuss quarterly results, current market conditions and future outlook. Here are the event details:

- Tuesday, January 26, 2016 at 12 p.m. U.S. Eastern Time.
- Live webcast at <http://ir.prologis.com> by clicking Investors>Investor Events and Presentations
- Dial in: +1 877-256-7020 or +1 973-409-9692 and enter Passcode 19377453.

A telephonic replay will be available January 26-February 2 at +1 (855) 859-2056 (from the United States and Canada) or +1 (404) 537-3406 (from all other countries) using conference code 19377453. The webcast replay will be posted when available in the Investor Relations "Events & Presentations" section.

ABOUT PROLOGIS

Prologis, Inc. is the global leader in industrial real estate. As of December 31, 2015, Prologis owned or had investments in, on a wholly owned basis or through co-investment ventures, properties and development projects expected to total approximately 669 million square feet (62 million square meters) in 20 countries. The company leases modern distribution facilities to more than 5,200 customers, including third-party logistics providers, transportation companies, retailers and manufacturers.

FORWARD-LOOKING STATEMENTS

The statements in this document 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 document.

CONTACTS

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Media: Jason Golz, Tel: +1 415 733 9439, jgolz@prologis.com, San Francisco

Highlights

Company Profile

Supplemental 4Q 2015

Prologis, Inc., is the global leader in industrial real estate. As of December 31, 2015, Prologis owned or had investments in, on a wholly owned basis or through co-investment ventures, properties and development projects expected to total approximately 669 million square feet (62 million square meters) in 20 countries. The company leases modern distribution facilities to more than 5,200 customers, including third-party-logistics providers, transportation companies, retailers and manufacturers.



	AMERICAS (4 countries)	EUROPE (13 countries)	ASIA (3 countries)	TOTAL
Number of operating portfolio buildings	2,403	714	86	3,203
Operating portfolio (msf)	407	165	35	607
Development portfolio (msf)	21	9	17	47
Other (msf) (A)	10	4	1	15
Total (msf)	438	178	53	669
Development portfolio TEI (millions)	\$1,557	\$727	\$1,531	\$3,815
Land (acres)	5,603	2,242	304	8,149
Land book value (millions)	\$922	\$445	\$199	\$1,566

(A) Generally represents properties in which Prologis has an ownership interest but does not manage (6 msf) and other properties owned by Prologis (9 msf), which includes value added properties (7 msf) and assets held for sale to third parties (2 msf).

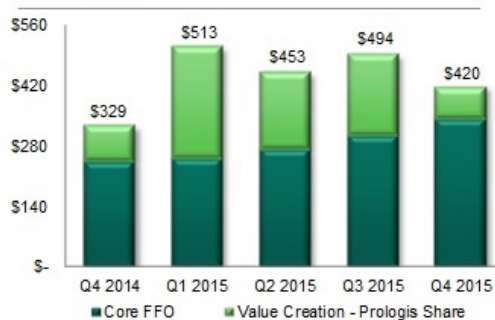
Highlights

Company Performance

Supplemental 4Q 2015

(dollars in thousands, except per share data)	Three Months ended December 31,		Twelve Months ended December 31,	
	2015	2014	2015	2014
Revenues	\$ 643,201	\$ 450,865	\$ 2,197,074	\$ 1,760,787
Net earnings attributable to common stockholders	118,363	408,609	862,788	622,235
Core FFO	345,758	246,421	1,181,290	953,147
AFFO	307,607	234,954	1,287,869	903,253
Adjusted EBITDA	514,705	414,311	1,936,351	1,629,614
Value creation from development stabilizations - Prologis share	73,923	46,138	533,213	235,784
Common stock dividends and common limited partnership units paid	219,170	168,261	806,946	668,286
Per common share - diluted:				
Net earnings attributable to common stockholders	\$ 0.23	\$ 0.81	\$ 1.64	\$ 1.24
Core FFO	0.64	0.48	2.23	1.88
Business line reporting:				
Real estate operations	0.55	0.44	2.02	1.68
Strategic capital	0.09	0.04	0.21	0.20
Core FFO	0.64	0.48	2.23	1.88
Realized development gains	0.10	0.09	0.49	0.29
Dividends and distributions per common share/unit	0.40	0.33	1.52	1.32

Core FFO and Value Creation (A)
(in millions)



Adjusted EBITDA
(in millions)



(A) Includes value creation from the stabilization of development buildings and the sale of value-added conversion properties. Value creation in the fourth quarter of 2014, first quarter of 2015 and third quarter of 2015 includes \$36.8 million, \$137.0 million and \$23.6 million, respectively, related to the sale of value-added conversions.

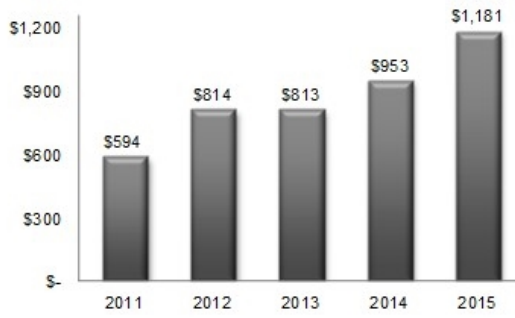
Highlights

Company Performance

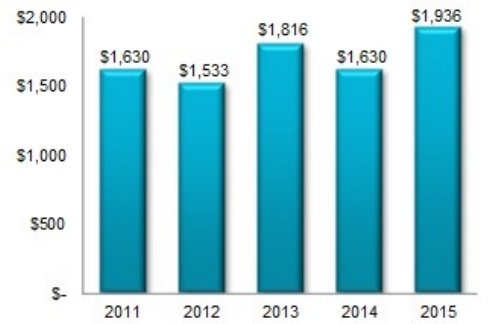
Supplemental 4Q 2015

(in millions)

Core FFO



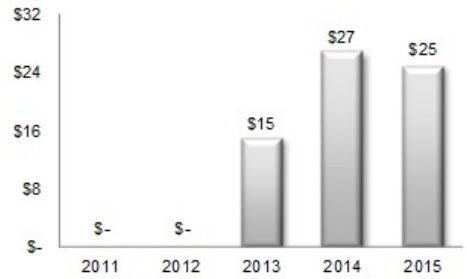
Adjusted EBITDA



Value Creation (A)



Net Promote (B)



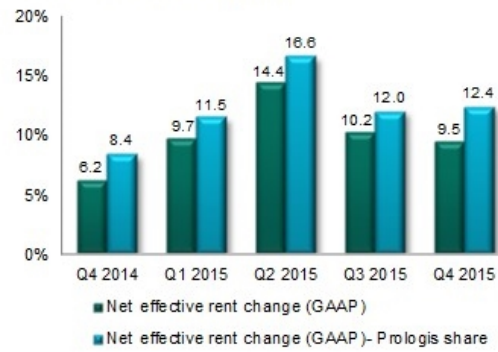
(A) Prologis share of value creation from the stabilization of development buildings and the sale of value-added conversion properties. Value creation in 2012, 2014 and 2015 includes \$11.0 million, \$36.8 million and \$165.6 million, respectively, related to Prologis share of the sales of value-added conversions.

(B) Net promote includes actual promote earned from third party investors during the period, net of related cash expenses.

Period End Occupancy



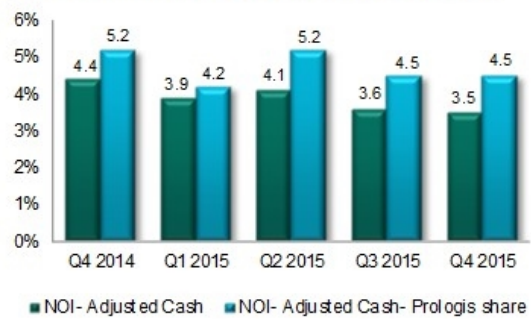
Net Effective Rent Change (GAAP)



Same Store NOI Change Over Prior Year - GAAP



Same Store NOI Change Over Prior Year - Adjusted Cash



2016 Guidance		
	Low	High
Net earnings (A)	\$0.28	\$0.36
Core FFO (A)	\$2.50	\$2.60
Operations		
Year-end occupancy	96.0%	97.0%
Same store NOI - GAAP increase - Prologis share	3.50%	4.50%
Other Assumptions		
Strategic capital revenue	\$180	\$190
Net promote income	\$90	\$100
General & administrative expenses	\$235	\$245
Realized development gains	\$150	\$200
Annualized fourth quarter 2015 dividend		\$1.60
	Low	High
Capital Deployment		
Development stabilizations (80% Prologis share)	\$2,000	\$2,200
Development starts (80% Prologis share)	\$1,800	\$2,300
Building acquisitions (40% Prologis share)	\$400	\$700
Building and land dispositions (75% Prologis share)	\$1,700	\$2,200
Building contributions (75% Prologis share)	\$900	\$1,200

Exchange Rates

We have hedged the majority of our estimated 2016 Euro, Sterling and Yen Core FFO, effectively insulating 2016 results from any FX movements. For purposes of capital deployment and other metrics, we assumed effective rates for EUR, GBP and JPY of 1.05 (\$/€), 1.40 (£/\$) and 125 (¥/\$), respectively.

(A) The difference between Core FFO and Net Earnings predominately relates to real estate depreciation, gains or losses on real estate transactions, acquisition expenses and early extinguishment of debt. See the Notes and Definitions for more information.

Financial Information

Consolidated Balance Sheets

(in thousands)

Supplemental 4Q 2015

	December 31, 2015	September 30, 2015	December 31, 2014
Assets:			
Investments in real estate properties:			
Operating properties	\$ 23,735,745	\$ 23,499,186	\$ 18,635,452
Development portfolio	1,872,903	1,575,389	1,473,980
Land	1,359,794	1,569,416	1,577,786
Other real estate investments	552,926	625,367	502,927
	<u>27,521,368</u>	<u>27,269,358</u>	<u>22,190,145</u>
Less accumulated depreciation	3,274,284	3,156,445	2,790,781
Net investments in real estate properties	<u>24,247,084</u>	<u>24,112,913</u>	<u>19,399,364</u>
Investments in and advances to unconsolidated entities	4,755,620	4,841,225	4,824,724
Assets held for sale	378,423	369,382	43,934
Notes receivable backed by real estate	235,050	197,500	-
Net investments in real estate	<u>29,616,177</u>	<u>29,521,020</u>	<u>24,268,022</u>
Cash and cash equivalents	264,080	310,433	350,692
Other assets	1,514,510	1,544,579	1,156,287
Total assets	\$ 31,394,767	\$ 31,376,032	\$ 25,775,001
Liabilities and Equity:			
Liabilities:			
Debt	\$ 11,626,831	\$ 11,891,033	\$ 9,336,977
Accounts payable, accrued expenses and other liabilities	1,347,100	1,300,028	1,254,425
Total liabilities	<u>12,973,931</u>	<u>13,191,061</u>	<u>10,591,402</u>
Equity:			
Stockholders' equity:			
Preferred stock	78,235	78,235	78,235
Common stock	5,245	5,242	5,095
Additional paid-in capital	19,302,367	19,150,336	18,467,009
Accumulated other comprehensive loss	(791,429)	(776,570)	(600,337)
Distributions in excess of net earnings	(3,926,483)	(3,825,673)	(3,974,493)
Total stockholders' equity	<u>14,667,935</u>	<u>14,631,570</u>	<u>13,975,509</u>
Noncontrolling interests	3,320,227	3,371,425	1,159,901
Noncontrolling interests - limited partnership unitholders	432,674	181,976	48,189
Total equity	<u>18,420,836</u>	<u>18,184,971</u>	<u>15,183,599</u>
Total liabilities and equity	\$ 31,394,767	\$ 31,376,032	\$ 25,775,001

Financial Information

Pro-rata Balance Sheet Information

(in thousands)

Supplemental 4Q 2015

Pro-rata Balance Sheet Information as of December 31, 2015	Prologis Consolidated	Less Non Controlling Interests	Plus Prologis Share of Unconsolidated Co-Investment Ventures	Prologis Total Share	Investors' Share of		Total Owned and Managed
					Unconsolidated Ventures	Consolidated Ventures	
Assets:							
Investments in real estate properties:							
Operating properties	\$ 23,735,745	\$ (3,672,410)	\$ 7,176,582	\$ 27,239,917	\$ 15,342,184	\$ 3,672,410	\$ 46,254,511
Other real estate (A)	4,399,098	(181,424)	196,741	4,414,413	507,102	181,424	5,102,939
Accumulated depreciation	(3,274,284)	126,566	(624,297)	(3,772,015)	(1,359,422)	(126,566)	(5,258,003)
Net investments in real estate properties	24,860,557	(3,727,268)	6,749,026	27,882,315	14,489,864	3,727,268	46,099,447
Investments in unconsolidated co-investment ventures (B)	4,585,427	(47,600)	(4,819,926)	(282,099)	-	47,600	(234,499)
Investments in other unconsolidated ventures	170,193	(8,308)	-	161,885	-	8,308	170,193
Other assets	1,778,590	(322,723)	255,308	1,711,173	692,570	322,723	2,726,466
Total assets	\$ 31,394,767	\$ (4,105,899)	\$ 2,184,406	\$ 29,473,274	\$ 15,182,434	\$ 4,105,899	\$ 48,761,607
Liabilities and Equity:							
Liabilities:							
Debt	\$ 11,626,831	\$ (698,171)	\$ 1,765,866	\$ 12,694,525	\$ 4,484,133	\$ 698,171	\$ 17,876,829
Other liabilities	1,347,100	(87,501)	418,541	1,678,140	924,491	87,501	2,690,132
Total liabilities	12,973,931	(785,672)	2,184,406	14,372,665	5,408,624	785,672	20,566,961
Equity:							
Stockholders' / partners' equity	14,667,935	-	-	14,667,935	9,773,810	3,320,227	27,761,972
Noncontrolling interests	3,320,227	(3,320,227)	-	-	-	-	-
Noncontrolling interests - limited partnership unitholders	432,674	-	-	432,674	-	-	432,674
Total equity	18,420,836	(3,320,227)	-	15,100,609	9,773,810	3,320,227	28,194,646
Total liabilities and equity	\$ 31,394,767	\$ (4,105,899)	\$ 2,184,406	\$ 29,473,274	\$ 15,182,434	\$ 4,105,899	\$ 48,761,607

(A) Other real estate includes the development portfolio, land, other real estate investments, assets held for sale and note receivable backed by real estate.

(B) The remaining balance in Prologis Total Share includes the deferred portion of gains on the contributions of properties to our ventures, net of any additional costs included in our investment in the venture.

Financial Information

Consolidated Statements of Operations

(in thousands, except per share amounts)

Supplemental 4Q 2015

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2015	2014	2015	2014
Revenues:				
Rental	\$ 560,186	\$ 402,014	\$ 1,973,187	\$ 1,527,349
Strategic capital	77,115	44,157	210,362	219,871
Development management and other	5,900	4,694	13,525	13,567
Total revenues	643,201	450,865	2,197,074	1,760,787
Expenses:				
Rental	150,776	108,370	543,214	430,787
Strategic capital	26,228	22,054	88,418	96,496
General and administrative	65,509	65,987	238,199	247,768
Depreciation and amortization	272,906	171,402	880,373	642,461
Other (A)	22,231	8,096	66,898	23,467
Total expenses	537,650	375,909	1,816,902	1,440,979
Operating income	105,551	74,956	380,172	319,808
Other income (expense):				
Earnings from unconsolidated entities, net	52,879	54,877	159,262	134,288
Interest expense	(82,665)	(74,092)	(301,363)	(308,885)
Gains on dispositions of development properties and land, net	47,978	48,171	258,088	172,492
Gains on dispositions of real estate, net (excluding development properties and land)	55,021	341,924	500,799	553,298
Foreign currency and derivative gains (losses) and interest and other income (expense), net	19,191	(14,527)	37,950	7,927
Losses on early extinguishment of debt, net	(69,778)	(1,939)	(86,303)	(165,300)
Total other income	23,228	352,414	568,433	399,820
Earnings before income taxes	128,777	427,370	948,605	713,628
Current income tax expense	(5,319)	(2,293)	(28,147)	(61,585)
Deferred income tax benefit	3,299	2,647	5,057	87,241
Consolidated net earnings	126,757	427,724	925,515	739,284
Net earnings attributable to noncontrolling interests	(6,762)	(17,437)	(58,076)	(103,101)
Net earnings attributable to controlling interests	119,995	410,287	869,439	636,183
Preferred stock dividends	(1,632)	(1,678)	(6,651)	(7,431)
Loss on preferred stock repurchase	-	-	-	(6,517)
Net earnings attributable to common stockholders	\$ 118,363	\$ 408,609	\$ 862,788	\$ 622,235
Weighted average common shares outstanding - Diluted	542,436	507,896	533,944	506,391
Net earnings per share attributable to common stockholders - Diluted	\$ 0.23	\$ 0.81	\$ 1.64	\$ 1.24

(A) Includes acquisition expenses of \$17.5 million and \$47.0 million for the three and twelve months ended December 31, 2015, respectively.

Financial Information

Reconciliations of Net Earnings to FFO

(in thousands)

Supplemental 4Q 2015

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2015	2014	2015	2014
Reconciliation of net earnings to FFO				
Net earnings attributable to common stockholders	\$ 118,363	\$ 408,609	\$ 862,788	\$ 622,236
Add (deduct) NAREIT defined adjustments:				
Real estate related depreciation and amortization	267,087	164,107	854,471	617,814
Gains on dispositions of real estate, net (excluding development properties and land)	(55,621)	(341,924)	(500,799)	(563,298)
Reconciling items related to noncontrolling interests	(44,733)	(984)	(78,106)	47,939
Our share of reconciling items included in earnings from unconsolidated co-investment ventures	34,732	30,719	179,031	179,302
Our share of reconciling items included in earnings from other unconsolidated ventures	1,637	2,702	6,585	7,238
Subtotal-NAREIT defined FFO	321,465	263,229	1,323,970	921,230
Add (deduct) our defined adjustments:				
Unrealized foreign currency and derivative losses (gains), net	(7,830)	19,887	1,026	18,984
Deferred income tax benefit	(3,299)	(2,647)	(5,057)	(87,241)
Current income tax expense related to acquired tax liabilities	-	-	3,497	30,621
Reconciling items related to noncontrolling interests	(163)	-	(1,330)	-
Our share of reconciling items included in earnings from unconsolidated co-investment ventures	(1,793)	3,728	(13,564)	4,015
FFO, as defined by Prologis	308,380	284,197	1,308,542	887,509
Adjustments to arrive at Core FFO:				
Net gain on dispositions of development properties and land, net of taxes (A)	(53,108)	(45,484)	(258,288)	(156,992)
Acquisition expenses	17,485	1,578	47,034	4,194
Losses on early extinguishment of debt and repurchase of preferred stock, net	69,778	1,939	86,303	171,817
Reconciling items related to noncontrolling interests	1,286	-	(11,121)	-
Our share of reconciling items related to unconsolidated co-investment ventures	1,937	4,191	8,820	46,619
Core FFO	\$ 345,758	\$ 246,421	\$ 1,181,290	\$ 953,147
Adjustments to arrive at Adjusted FFO ("AFFO"), including our share of unconsolidated ventures less third party share of consolidated entities:				
Net gains on dispositions of development properties and land, net of taxes	53,537	44,969	259,784	149,778
Straight-line rents and amortization of lease intangibles	(22,451)	(5,681)	(63,581)	(25,278)
Property improvements	(36,096)	(35,557)	(91,541)	(96,725)
Tenant improvements	(27,055)	(22,961)	(92,015)	(86,490)
Leasing commissions	(21,463)	(19,084)	(73,787)	(62,604)
Amortization of management contracts	920	1,101	4,303	4,943
Amortization of debt premiums and financing costs, net	(5,758)	(1,933)	(18,417)	(3,102)
Cash received on net investment hedges	6,644	13,243	128,168	13,110
Stock compensation expense	13,541	14,436	53,665	57,478
AFFO	\$ 307,607	\$ 234,954	\$ 1,287,869	\$ 903,253
Common stock dividends and common limited partnership unit distributions	\$ 219,170	\$ 166,261	\$ 806,946	\$ 668,286

(A) Includes income tax expense (benefit) on dispositions. We recorded a benefit of (\$5.1) million and an expense of \$0.7 million for the three months ended December 31, 2015 and 2014, respectively, and a benefit of (\$0.2) million and an expense of \$15.5 million for the twelve months ended December 31, 2015 and 2014, respectively.

Financial Information

Pro-rata Operating Information and Reconciliation to FFO

(in thousands)

Supplemental 4Q 2015

Pro-rata Operating Information for Three Months Ended December 31, 2015	Prologis Consolidated	Less Non Controlling Interests	Plus Prologis Share of Unconsolidated Co-Investment Ventures	Prologis Total Share	Investors' Share of		Total Owned and Managed
					Unconsolidated Ventures	Consolidated Ventures	
Revenues:							
Rental	\$ 560,186	\$ (79,331)	\$ 151,000	\$ 631,855	\$ 316,132	\$ 79,331	\$ 1,027,318
Strategic capital	77,115	(611)	507	77,011	507	611	78,129
Development management and other	5,900	(624)	1,336	6,662	1,927	624	9,213
Total revenues	643,201	(80,566)	152,893	715,528	318,566	80,566	1,114,660
Expenses:							
Rental	150,776	(21,771)	32,504	161,509	72,489	21,771	255,769
Strategic capital	26,228	-	-	26,228	-	-	26,228
General and administrative	65,509	(4,757)	12,513	73,265	24,394	4,757	102,416
Depreciation and amortization	272,906	(51,946)	52,040	273,000	115,275	51,946	440,221
Other	22,231	(43)	3,742	25,930	1,816	43	27,789
Total expenses	537,650	(78,517)	100,799	559,932	213,974	78,517	862,423
Operating income	105,551	(2,049)	52,094	155,596	104,592	2,049	262,237
Earnings from unconsolidated co-investment ventures, net	51,698	(949)	(50,749)	-	-	949	949
Earnings from other unconsolidated joint ventures, net	1,181	-	-	1,181	-	-	1,181
Interest expense	(82,865)	4,577	(14,961)	(93,049)	(35,366)	(4,577)	(132,992)
Gains on dispositions of development properties and land, net	47,978	(162)	572	48,388	562	162	49,102
Gains on dispositions of real estate, net (excluding development properties and land)	55,621	(1,843)	17,308	71,086	35,408	1,843	108,337
Foreign currency and derivative gains (losses) and interest and other income (expense), net	19,191	202	26	19,419	(192)	(202)	19,025
Losses on early extinguishment of debt, net	(69,778)	(1,088)	(484)	(71,350)	(1,113)	1,088	(71,375)
Current income tax expense	(5,319)	(43)	(5,864)	(11,216)	(8,783)	43	(19,956)
Deferred income tax benefit	3,299	(37)	2,048	5,310	2,309	37	7,656
Consolidated net earnings	126,757	(1,392)	-	125,365	97,407	1,392	224,164
Net earnings attributable to noncontrolling interests	(1,392)	1,392	-	-	-	-	-
Net earnings attributable to noncontrolling interests - limited partnership unitholders	(5,370)	-	-	(5,370)	-	-	(5,370)
Preferred stock dividends	(1,632)	-	-	(1,632)	-	-	(1,632)
Net earnings attributable to common stockholders	118,363	-	-	118,363	97,407	1,392	217,162
Add (deduct) adjustments to arrive at FFO, as defined by Prologis:							
Real estate related depreciation and amortization	267,087	(51,946)	52,040	267,181	115,275	51,946	434,402
Gains on dispositions of real estate, net (excluding development properties and land)	(55,621)	1,843	(17,308)	(71,086)	(35,408)	(1,843)	(108,337)
Unrealized foreign currency and derivative losses (gains), net	(7,830)	(200)	-	(8,030)	555	200	(7,020)
Deferred income tax benefit	(3,299)	37	(2,048)	(5,310)	(2,309)	(37)	(7,656)
Reconciling items related to noncontrolling interests	(50,266)	50,266	-	-	-	-	-
Reconciling items related to noncontrolling interests - limited partnership unitholders	5,370	-	-	5,370	-	-	5,370
Our share of reconciling items included in earnings from unconsolidated co-investment ventures	32,939	-	(32,939)	-	-	-	-
Our share of reconciling items included in earnings from other unconsolidated ventures	1,637	-	-	1,637	-	-	1,637
FFO, as defined by Prologis	308,388	-	-	308,388	175,520	5,165	535,558
Adjustments to arrive at Core FFO:							
Dispositions of development properties and land, net of taxes	(53,108)	198	(572)	(53,482)	(552)	(198)	(53,680)
Acquisition expenses	17,485	-	2,025	19,510	2,883	-	18,958
Losses on early extinguishment of debt and repurchase of preferred stock, net	69,778	1,088	484	71,350	1,113	(1,088)	71,375
Reconciling items related to noncontrolling interests	1,286	(1,286)	-	-	-	-	-
Our share of reconciling related to unconsolidated co-investment ventures	1,937	-	(1,937)	-	-	-	-
Core FFO	\$ 345,758	\$ -	\$ -	\$ 345,758	\$ 178,964	\$ 50,372	\$ 572,211

Financial Information

EBITDA Reconciliations

(in thousands)

Supplemental 4Q 2015

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2015	2014	2015	2014
Reconciliation of net earnings to Adjusted EBITDA				
Net earnings attributable to common stock holders	\$ 118,363	\$ 408,609	\$ 862,788	\$ 622,236
Gains on dispositions of real estate, net (excluding development properties and land)	(55,621)	(341,924)	(500,799)	(553,298)
Depreciation and amortization	272,908	171,402	880,373	642,461
Interest expense	82,665	74,092	301,363	308,885
Losses on early extinguishment of debt, net	69,778	1,939	86,303	165,300
Current and deferred income tax expense (benefit), net	2,020	(354)	23,090	(25,656)
Pro forma adjustments	(9,354)	2,043	19,397	35
Preferred stock dividends and loss on preferred stock repurchases	1,632	1,678	6,651	13,948
Unrealized foreign currency and derivative losses (gains), net	(7,830)	19,887	1,025	18,984
Stock compensation expense	13,541	14,436	53,665	57,478
Acquisition expenses	17,485	1,578	47,034	4,194
Adjusted EBITDA, consolidated	505,585	353,386	1,780,891	1,254,566
Our share of reconciling items from unconsolidated entities less third party share of consolidated entities:				
Gains on dispositions of real estate, net (excluding development properties and land) (A)	(15,465)	(11,947)	23,992	28,667
Depreciation and amortization	2,751	45,498	78,755	193,963
Interest expense	10,384	16,791	47,120	79,950
Losses on early extinguishment of debt, net	1,572	22	2,704	243
Current income tax expense	5,897	2,807	17,404	17,105
Unrealized foreign currency and derivative losses (gains) and deferred income tax expense, net	1,966	4,129	(10,962)	15,923
Acquisition expenses	2,025	3,655	(3,533)	39,197
Adjusted EBITDA	\$ 514,705	\$ 414,311	\$ 1,936,351	\$ 1,629,614

(A) The twelve month amounts primarily represent the third party share of gains recognized within consolidated co-investment ventures on dispositions of properties that are not development and that are subtracted above at 100%.

Strategic Capital

Summary and Financial Highlights

Supplemental 4Q 2015

Co-Investment Ventures	Type	Established	Accounting Method	Region	Ownership	Structure	Next Promote Opportunity
Americas:							
Prologis U.S. Logistics Venture	Core	2014	Consolidated	US	55.0%	Open end	Q4 2016
Prologis North American Industrial Fund	Core	2006	Consolidated	US	66.1%	Open end	Q1 2018
Prologis Targeted U.S. Logistics Fund	Core	2004	Unconsolidated	US	22.5%	Open end	Q2 2017
FIBRA Prologis	Core	2014	Unconsolidated	Mexico	45.9%	Public, Mexican Exchange	Q2 2016
Brazil Fund and joint ventures	Development	2010	Unconsolidated	Brazil	various	Closed end	Q4 2017
Europe:							
Prologis Targeted Europe Logistics Fund	Core	2007	Unconsolidated	Europe	41.6%	Open end	Q3 2016
Prologis European Properties Fund II	Core	2007	Unconsolidated	Europe	31.3%	Open end	Q3 2016
Europe Logistics Venture 1	Core	2011	Unconsolidated	Europe	15.0%	Open end	Q4 2018
Prologis European Logistics Partners	Core	2013	Unconsolidated	Europe	50.0%	Open end	Q4 2018
Asia:							
Nippon Prologis REIT	Core	2013	Unconsolidated	Japan	15.1%	Public, Tokyo Exchange	n/a
Prologis China Logistics Venture	Core/Development	2011	Unconsolidated	China	15.0%	Closed end	Q1 2018

Unconsolidated Co-Investment Ventures (A):

(In thousands)	Square Feet	GBV of Operating Bldgs	Debt	Prologis Share		Prologis Investment
				Debt	Net Tangible Other Assets	
Prologis Targeted U.S. Logistics Fund	49,935	\$ 4,669,237	\$ 1,432,997	\$ 322,854	\$ 36,870	\$ 689,408
FIBRA Prologis (B)	32,396	1,869,013	657,359	301,531	24,176	569,800
Brazil Fund and joint ventures	6,705	360,697	-	-	14,477	216,668
Americas	89,036	6,898,947	2,090,356	624,385	74,523	1,475,876
Prologis Targeted Europe Logistics Fund	21,830	2,212,909	652,768	271,551	22,483	480,401
Prologis European Properties Fund II	70,577	5,166,146	1,887,986	591,129	58,748	410,984
Europe Logistics Venture I	5,623	388,691	-	-	1,303	53,960
Prologis European Logistics Partners	60,195	4,055,790	98,938	49,469	28,628	1,762,291
Europe	158,225	11,821,536	2,639,692	912,149	111,162	2,707,636
Nippon Prologis REIT (B)	20,907	3,372,609	1,339,261	202,228	27,392	300,822
Prologis China Logistics Venture	8,310	425,674	180,689	27,103	7,274	101,093
Asia	29,217	3,798,283	1,519,950	229,331	34,666	401,915
Total	276,478	\$ 22,518,766	\$ 6,249,998	\$ 1,765,865	\$ 220,351	\$ 4,585,427

(A) Values represent Prologis' adjusted basis and may not be comparable to values reflected in the ventures' stand alone financial statements calculated on a different basis.
 (B) Throughout this document, we use the most recent public information for these co-investment ventures.

Strategic Capital

Operating and Balance Sheet Information

(dollars in thousands)

Supplemental 4Q 2015

	Americas	Europe	Asia	Total
FFO and Net Earnings of the Unconsolidated Co-Investment Ventures, Aggregated (A)				
For the Three Months Ended December 31, 2015				
Rental revenue	\$ 153,469	\$ 243,839	\$ 69,824	\$ 467,132
Rental expenses	(36,288)	(51,951)	(16,754)	(104,993)
Net operating income from properties	117,181	191,888	53,070	362,139
Other income (expense), net	1,757	2,558	8	4,321
General and administrative expenses	(12,402)	(16,165)	(8,340)	(36,907)
Interest expense	(22,399)	(21,905)	(6,023)	(50,327)
Current income tax expense	(1,291)	(12,592)	(754)	(14,637)
Core FFO	82,846	143,782	37,961	264,589
Acquisition expenses, gains on dispositions of development properties and land and early extinguishment of debt, net	(487)	(4,894)	-	(5,381)
FFO, as defined by Prologis	82,359	138,888	37,961	259,208
Real estate related depreciation and amortization	(66,890)	(83,855)	(16,570)	(167,315)
Gains on dispositions of real estate, net (excluding development properties and land)	19,614	33,102	-	52,716
Unrealized foreign currency and derivative losses, net	(319)	(128)	(365)	(810)
Deferred tax benefit, net	-	4,357	-	4,357
Net earnings	\$ 34,764	\$ 92,366	\$ 21,026	\$ 148,156
Prologis' Share of AFFO, Core FFO and Net Earnings of the Unconsolidated Co-Investment Ventures				
For the Three Months Ended December 31, 2015				
Total AFFO recognized by Prologis, net	\$ 16,533	\$ 45,504	\$ 4,861	\$ 66,898
Core FFO from unconsolidated co-investment ventures, net	\$ 24,858	\$ 56,168	\$ 5,548	\$ 86,574
Fees earned by Prologis	14,407	52,629	9,288	76,324
Total Core FFO recognized by Prologis, net	\$ 39,265	\$ 108,797	\$ 14,836	\$ 162,898
Prologis' share of the unconsolidated co-investment ventures' net earnings	\$ 10,850	\$ 36,971	\$ 3,877	\$ 51,698
Fees earned by Prologis	14,407	52,629	9,288	76,324
Total earnings recognized by Prologis, net	\$ 25,257	\$ 89,600	\$ 13,165	\$ 128,022
Condensed Balance Sheet of the Unconsolidated Co-Investment Ventures, Aggregated (A)				
As of December 31, 2015				
Operating industrial properties, before depreciation	\$ 6,898,947	\$ 11,821,536	\$ 3,798,283	\$ 22,518,766
Accumulated depreciation	(640,838)	(1,179,709)	(163,172)	(1,983,719)
Properties under development and land	212,968	92,889	397,986	703,843
Other assets	418,991	608,269	286,542	1,313,802
Total assets	\$ 6,890,068	\$ 11,342,985	\$ 4,319,639	\$ 22,552,692
Third party debt	\$ 2,090,356	\$ 2,639,692	\$ 1,519,950	\$ 6,249,998
Other liabilities	167,202	944,263	231,577	1,343,032
Total liabilities	\$ 2,257,558	\$ 3,583,945	\$ 1,751,527	\$ 7,593,030
Weighted average ownership	29.8%	38.9%	15.0%	31.6%

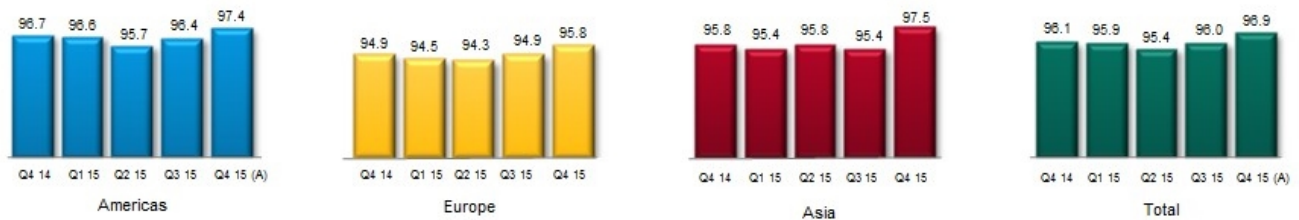
(A) Represents the entire entity, not our proportionate share.

Operations Overview

Operating Metrics – Owned and Managed

Supplemental 4Q 2015

Period Ending Occupancy by Division (%)



Leasing Activity

(Square feet in thousands)

	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015
Square feet of leases signed:					
Operating portfolio:					
Renewals	21,075	26,893	24,581	26,870	23,155
New leases	11,794	8,468	11,872	11,047	10,192
Total operating portfolio	32,869	35,361	36,453	37,917	33,347
Properties under development	8,878	3,870	8,156	4,245	6,774
Total square feet of leases signed	41,747	39,231	44,609	42,162	40,121
Average term of leases signed (months)	60	42	56	45	56
Operating Portfolio:					
Trailing four quarters - leases signed	130,334	134,096	141,533	142,600	143,078
Trailing four quarters - % of average portfolio	24.4%	25.0%	26.1%	25.4%	24.8%
Net effective rent change (GAAP)	6.2%	9.7%	14.4%	10.2%	9.5%
Net effective rent change (GAAP) - Prologis share	8.4%	11.5%	16.6%	12.0%	12.4%
Net effective rent change (Cash)	-0.1%	3.3%	3.7%	2.4%	1.9%
Net effective rent change (Cash) - Prologis share	0.7%	4.7%	5.2%	3.6%	2.9%
Weighted Average Customer Retention	85.5%	86.3%	79.0%	87.0%	85.9%

(A) The period end occupancy was 97.5% and 97.0% for the Americas and in total, respectively, excluding the properties acquired from KTR.

Operations Overview

Operating Metrics – Owned and Managed

(in thousands, except for percentages and per square foot)

Supplemental 4Q 2015

Capital Expenditures Incurred

	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015
Property improvements	\$ 49,516	\$ 23,713	\$ 30,064	\$ 31,650	\$ 57,535
Tenant improvements	30,591	28,932	28,848	32,187	37,167
Leasing commissions	27,483	21,385	25,790	29,796	31,105
Total turnover costs	58,074	50,317	54,638	61,983	68,272
Total capital expenditures	\$ 107,590	\$ 74,030	\$ 84,702	\$ 93,633	\$ 125,807
Trailing four quarters - % of gross NOI	13.6%	14.0%	14.3%	13.7%	13.9%
Weighted average ownership percent	71.4%	67.1%	66.4%	71.4%	67.2%
Prologis share	\$ 76,862	\$ 49,658	\$ 56,226	\$ 66,875	\$ 84,584

Same Store Information

	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015
Square feet of population	487,240	511,717	508,195	504,807	491,668
Average occupancy	95.4%	95.7%	95.8%	95.9%	96.7%
Period end occupancy	96.2%	96.0%	95.8%	96.4%	97.1%
Percentage change:					
Rental revenue	4.7%	4.5%	4.2%	4.6%	4.0%
Rental expenses	6.2%	7.0%	3.4%	4.6%	2.4%
NOI - GAAP	4.1%	3.5%	4.5%	4.7%	4.5%
NOI - GAAP - Prologis share	4.9%	3.7%	5.9%	6.2%	6.6%
NOI - Adjusted Cash	4.4%	3.9%	4.1%	3.6%	3.5%
NOI - Adjusted Cash - Prologis share	5.2%	4.2%	5.2%	4.5%	4.5%
Average occupancy	1.2%	2.0%	1.7%	1.1%	1.0%

Turnover Costs: per Square Foot (\$) and per Value of Lease (%)



Property Improvements per Square Foot



Operations Overview

Operating Portfolio – Square Feet, Occupied and Leased

(square feet in thousands)

Supplemental 4Q 2015

	# of Buildings		Square Feet		Occupied %		Leased %	
	Owned and Managed	Owned and Managed	Prologis Share Sq Ft	% of Total	Owned and Managed	Prologis Share	Owned and Managed	Prologis Share
Global Markets								
U.S.								
Atlanta	111	18,114	14,238	78.6	3.7	96.3	96.1	96.3
Baltimore/Washington	67	8,208	6,012	73.2	16	99.0	98.8	99.3
Central Valley	28	10,640	9,406	88.4	2.5	100.0	100.0	100.0
Central & Eastern PA	31	16,243	11,778	72.5	3.1	94.1	918	94.1
Chicago	267	44,670	33,524	75.0	8.8	95.7	96.2	95.7
Dallas/Ft. Worth	167	25,171	19,663	78.1	5.1	97.2	96.9	97.6
Houston	100	12,661	8,809	69.6	2.3	98.4	98.3	98.6
New Jersey/New York City	164	33,218	24,662	74.3	6.5	96.0	95.8	96.2
San Francisco Bay Area	230	19,836	15,939	80.4	4.2	96.3	96.2	96.5
Seattle	104	14,228	7,088	49.8	18	97.7	97.5	97.8
South Florida	149	14,700	9,794	66.6	2.6	96.5	96.6	97.1
Southern California	340	69,493	54,446	78.3	14.3	98.9	98.8	98.9
Canada	23	7,751	7,177	92.6	19	97.4	97.2	98.2
Mexico								
Guadalajara	27	5,897	2,863	48.6	0.7	94.8	94.1	94.8
Mexico City	49	11,476	5,431	47.3	14	98.3	98.3	98.3
Monterrey	25	3,916	1,796	45.9	0.5	914	914	914
Brazil	17	6,705	1,344	20.0	0.4	100.0	100.0	100.0
Americas total	1,897	322,921	233,970	72.5	61.4	97.1	96.9	97.3
Belgium	12	2,499	1,249	50.0	0.3	80.7	80.7	80.7
Czech Republic	51	9,683	4,267	44.1	1.1	97.4	97.8	98.0
France	138	34,836	16,088	43.6	4.0	94.2	93.3	94.4
Germany	99	21,266	7,723	36.3	2.0	99.0	99.1	99.0
Italy	36	9,801	5,089	51.9	1.3	92.9	87.0	92.9
Netherlands	72	16,202	6,318	39.0	1.7	95.4	94.7	95.4
Poland	107	23,794	9,975	41.9	2.6	92.9	93.3	94.3
Spain	36	8,668	4,246	49.0	1.1	95.3	95.3	95.3
United Kingdom	93	22,591	9,734	43.1	2.6	98.8	99.1	98.8
Europe total	644	149,130	63,689	42.7	16.7	95.5	94.7	95.8
China	47	10,834	3,571	33.6	0.9	95.7	95.3	95.9
Japan	34	23,553	5,803	24.6	1.5	98.1	96.7	98.9
Singapore	5	959	959	100.0	0.3	100.0	100.0	100.0
Asia total	86	35,146	10,333	29.4	2.7	97.5	96.5	98.0
Total global markets	2,627	507,197	307,992	60.7	80.8	96.7	96.5	96.9
Regional markets (A)								
Denver	29	5,286	4,976	94.1	1.3	98.6	98.5	100.0
Las Vegas	47	6,088	4,292	70.5	1.1	98.9	99.1	99.3
Louisville	12	6,108	4,946	81.0	1.3	100.0	100.0	100.0
Columbus	26	7,793	6,463	82.9	1.7	99.1	99.0	99.8
Orlando	35	4,176	3,460	82.9	0.9	96.4	97.0	96.6
Remaining other regional (16 markets)	410	67,371	46,571	69.1	12.3	98.4	98.3	98.4
Regional markets total	559	96,822	70,708	73.0	16.6	98.5	98.5	98.7
Other markets (8 markets)	17	3,376	2,110	62.5	0.6	94.2	94.6	94.2
Total operating portfolio - owned and managed	3,203	607,395	380,810	62.7	100.0	96.9	96.8	97.2

(A) Selected and ordered by Prologis share of Gross Book Value (B).

Operations Overview

Operating Portfolio – NOI and Gross Book Value

(dollars in thousands)

Supplemental 4Q 2015

	Fourth Quarter NOI				Gross Book Value			
	Owned and Managed	Prologis Share (A) (\$)	% of Total		Owned and Managed	Prologis Share (\$)	% of Total	
Global Markets								
U.S.								
Atlanta	\$ 14,379	\$ 10,873	75.8	2.5	\$ 831,839	\$ 630,401	75.8	2.3
Baltimore/Washington	13,588	10,438	76.8	2.4	723,548	526,988	72.8	1.9
Central Valley	9,925	8,958	90.3	2.0	580,839	517,861	89.1	1.9
Central & Eastern PA	17,352	12,233	70.5	2.8	1,017,318	720,672	70.8	2.6
Chicago	41,837	30,450	72.8	7.0	2,779,501	2,012,878	72.4	7.3
Dallas/Ft. Worth	22,794	17,091	75.0	3.9	1,381,382	1,015,832	73.5	3.7
Houston	14,052	9,597	68.3	2.2	820,736	515,242	62.8	1.9
New Jersey/New York City	48,114	33,996	70.7	7.8	3,359,465	2,332,040	69.4	8.5
San Francisco Bay Area	33,082	26,158	79.1	6.0	2,033,053	1,617,285	79.5	5.9
Seattle	20,146	10,020	49.7	2.3	1,384,780	678,308	49.6	2.5
South Florida	23,404	15,589	66.5	3.6	1,500,384	1,027,254	68.5	3.8
Southern California	89,856	68,995	76.8	16.8	6,586,265	5,008,531	76.0	18.3
Canada	8,103	7,442	91.8	1.7	589,494	541,494	91.9	2.0
Mexico								
Guadalajara	6,899	3,224	48.1	0.7	315,386	153,730	48.7	0.6
Mexico City	13,831	6,829	47.9	1.5	799,521	378,053	47.0	1.4
Monterrey	4,698	2,471	52.6	0.6	236,275	108,380	45.9	0.4
Brazil	9,811	1,781	18.2	0.4	360,697	70,162	19.5	0.3
Americas total	391,671	275,923	70.4	63.2	25,280,461	17,850,749	70.6	65.3
Europe								
Belgium	2,060	103	49.2	0.2	151,424	80,713	50.0	0.3
Czech Republic	10,114	4,435	43.9	1.0	578,923	244,264	42.2	0.9
France	36,438	14,924	41.0	3.4	2,283,133	954,815	42.2	3.5
Germany	25,321	9,077	36.8	2.1	1,580,516	568,882	36.8	2.0
Italy	7,826	3,711	47.4	0.9	509,152	262,828	51.8	1.0
Netherlands	18,646	7,167	38.4	1.6	1,198,817	469,703	39.2	1.7
Poland	19,643	8,110	41.3	1.9	1,322,646	524,031	39.6	1.9
Spain	9,603	4,872	50.7	1.1	583,436	283,165	50.3	1.0
United Kingdom	50,322	22,046	43.8	5.0	3,118,419	1,329,651	42.6	4.9
Europe total	179,973	75,355	41.9	17.2	11,276,265	4,707,632	41.7	17.2
Asia								
China	8,272	2,190	26.5	0.5	499,884	138,060	27.6	0.5
Japan	49,819	10,836	21.8	2.5	3,898,737	833,393	22.5	3.0
Singapore	2,286	2,286	100.0	0.5	131,134	131,134	100.0	0.5
Asia total	60,377	15,312	25.4	3.5	4,327,755	1,102,587	25.5	4.0
Total global markets	632,021	366,590	58.0	83.9	40,884,481	23,660,968	57.9	86.5
Regional markets (B)								
Denver	5,222	4,904	93.9	1.1	314,169	298,881	94.5	1.1
Las Vegas	7,939	5,559	70.0	1.3	419,074	285,148	68.0	1.0
Louisville	6,168	4,824	78.3	1.1	314,272	239,268	76.1	0.9
Columbus	5,245	4,238	80.8	1.0	278,382	234,746	84.3	0.9
Orlando	4,314	3,565	82.6	0.8	279,014	232,130	83.2	0.8
Remaining other regional (16 markets)	67,035	44,761	66.8	10.2	3,415,841	2,263,895	66.3	8.3
Regional markets total	95,943	67,851	70.7	15.5	5,020,752	3,551,864	70.7	13.0
Other markets (8 markets)	4,747	2,635	55.5	0.6	251,374	145,746	58.0	0.5
Total operating portfolio - owned and managed	\$ 732,681	\$ 437,076	59.7	100.0	\$ 46,156,607	\$ 27,358,578	59.3	100.0

(A) Includes Prologis share of NOI for the properties contributed to or acquired from co-investment ventures at our actual share prior to and subsequent to change in ownership.
 (B) Selected and ordered by Prologis share of Gross Book Value (B).

Operations Overview

Operating Portfolio – Summary by Division

(square feet and dollars in thousands)

Supplemental 4Q 2015

	# of Buildings		Square Feet		% of Total	Occupied %		Leased %	
	Owned and Managed	Owned and Managed	Prologis Share \$ Sq Ft	%		Owned and Managed	Prologis Share	Owned and Managed	Prologis Share
Consolidated									
Americas	1,814	319,212	272,881	85.5	71.6	97.3	97.3	97.5	97.4
Europe	38	9,187	9,187	100.0	2.4	90.1	90.1	90.1	90.1
Asia	20	5,929	5,929	100.0	1.6	95.5	95.5	97.1	97.1
Total operating portfolio - consolidated	1,872	334,328	287,997	86.1	75.6	97.1	97.0	97.3	97.2
Unconsolidated									
Americas	589	88,074	27,237	30.9	7.2	97.5	97.2	97.6	97.3
Europe	676	155,776	61,172	39.3	16.1	96.1	95.8	96.4	96.1
Asia	66	29,217	4,404	15.1	1.1	97.8	97.8	98.2	98.2
Total operating portfolio - unconsolidated	1,331	273,067	92,813	34.0	24.4	96.7	96.3	97.0	96.5
Total									
Americas	2,403	407,286	300,118	73.7	78.8	97.4	97.3	97.5	97.4
Europe	714	164,963	70,359	42.7	18.5	95.8	95.1	96.0	96.3
Asia	86	35,146	10,333	29.4	2.7	97.5	96.5	98.0	97.6
Total operating portfolio - owned and managed	3,203	607,395	380,810	62.7	100.0	96.9	96.8	97.2	97.0
Value added properties - consolidated	14	3,930	2,492	63.4		37.6	40.5	37.6	40.5
Value added properties - unconsolidated	19	3,411	1,165	34.2		50.1	48.2	56.2	52.2
Total owned and managed	3,236	614,736	384,467	62.5		96.3	96.3	96.5	96.5

	Fourth Quarter NOI				Gross Book Value			
	Owned and Managed	Prologis Share (A)	% of Total	% of Total	Owned and Managed	Prologis Share	% of Total	% of Total
Consolidated								
Americas	\$361,310	\$305,059	84.4	69.8	\$22,774,169	\$19,190,599	84.3	70.1
Europe	8,541	8,541	100.0	1.9	517,096	517,096	100.0	1.9
Asia	7,305	7,305	100.0	1.7	529,472	529,472	100.0	1.9
Total operating portfolio - consolidated	\$377,156	\$320,905	85.1	73.4	\$23,820,737	\$20,237,167	85.0	73.9
Unconsolidated								
Americas	\$114,146	\$34,315	30.1	7.9	\$6,812,086	\$1,959,907	28.8	7.2
Europe	188,307	73,849	39.2	16.9	11,725,501	4,588,389	39.1	16.8
Asia	53,072	8,007	15.1	1.8	3,798,283	573,115	15.1	2.1
Total operating portfolio - unconsolidated	\$355,525	\$116,171	32.7	26.6	\$22,335,870	\$7,121,411	31.9	26.1
Total								
Americas	\$475,456	\$339,374	71.4	77.7	\$29,586,255	\$21,150,506	71.5	77.3
Europe	196,848	82,390	41.9	18.8	12,242,597	5,105,485	41.7	18.7
Asia	60,377	15,312	25.4	3.5	4,327,755	1,102,587	25.5	4.0
Total operating portfolio - owned and managed	\$732,681	\$437,076	59.7	100.0	\$46,156,607	\$27,358,578	59.3	100.0
Value added properties - consolidated	107	324	302.8		260,275	171,435	65.9	
Value added properties - unconsolidated	1,392	441	31.7		182,896	55,171	30.2	
Total owned and managed	\$734,180	\$437,841	59.6		\$46,599,778	\$27,585,184	59.2	

(A) Includes Prologis share of NOI for the properties contributed to or acquired from co-investment ventures at our actual share prior to and subsequent to change in ownership.

Operations Overview

Customer Information – Owned and Managed

(square feet and dollars in thousands)

Supplemental 4Q 2015

Top Customers

	% of Net Effective Rent	Total Square Feet
1 Amazon.com	2.8	13,001
2 DHL	1.6	10,401
3 Geodis	1.2	7,914
4 XPO Logistics	1.1	8,282
5 Kuehne + Nagel	1.1	6,195
6 CEVA Logistics	1.1	6,735
7 Home Depot	1.0	5,441
8 FedEx Corporation	0.9	3,105
9 Nippon Express Group	0.6	2,665
10 Wal-Mart Stores	0.6	4,915
Top 10 Customers	12.0	68,654
11 United States Government	0.6	1,243
12 Tesco	0.6	3,172
13 DB Schenker	0.6	3,786
14 UPS	0.5	3,191
15 Ingram Micro	0.5	3,181
16 Hitachi	0.5	1,907
17 Panalpina	0.5	2,237
18 LG	0.4	2,567
19 PepsiCo	0.4	2,618
20 Bayerische Motoren Werke AG (BMW)	0.4	1,991
21 Samsung Electronics	0.3	2,103
22 La Poste	0.3	1,673
23 Best Buy	0.3	1,827
24 UTi	0.3	2,116
25 Rhenus AG & CO KG	0.3	2,122
Top 25 Customers	18.5	104,388

Lease Expirations - Operating Portfolio - Owned and Managed

Year	Occupied Sq Ft	Net Effective Rent		
		\$	% of Total	\$ Per Sq Ft
2016	81,599	\$ 380,078	12.8	4.76
2017	116,908	559,416	18.9	4.82
2018	99,873	492,566	16.6	4.96
2019	71,886	369,675	12.5	5.17
2020	64,615	344,766	11.6	5.36
Thereafter	144,439	816,877	27.6	5.77
	579,320	\$ 2,963,378	100.0	5.18
Month to month	9,530			
Total	588,850			

Lease Expirations - Operating Portfolio - Prologis Share

Year	Occupied Sq Ft	Net Effective Rent		
		\$	% of Total	\$ Per Sq Ft
2016	51,199	\$ 228,327	12.8	4.52
2017	71,624	328,494	18.4	4.61
2018	61,855	297,422	16.7	4.83
2019	46,879	228,763	12.8	4.91
2020	38,373	200,860	11.3	5.26
Thereafter	92,525	498,213	28.0	5.48
	362,455	\$ 1,782,079	100.0	4.96
Month to month	6,291			
Total	368,746			

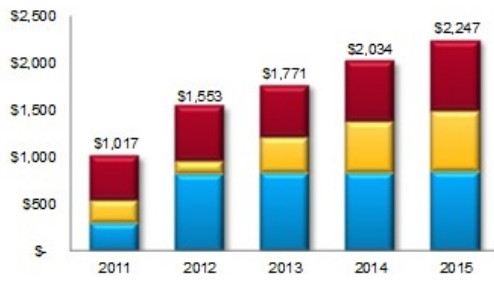
Capital Deployment

Overview – Owned and Managed

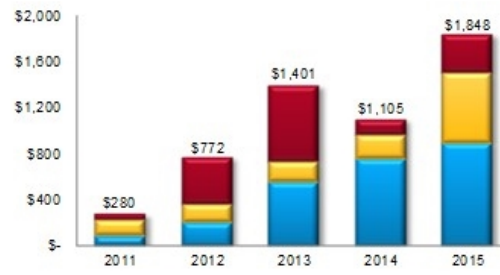
(in millions)

Supplemental 4Q 2015

Development Starts (TEI)

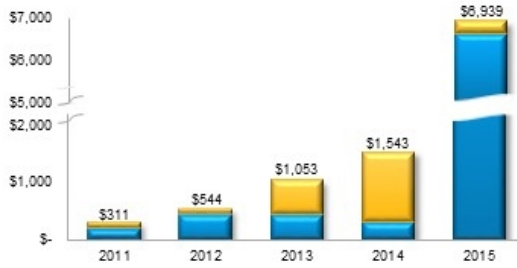


Development Stabilizations (TEI)

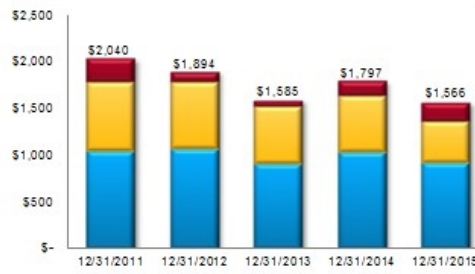


Value Creation	2011	2012	2013	2014	2015
Value Creation	\$26	\$184	\$426	\$255	\$586

Building Acquisitions



Land Portfolio



■ Americas ■ Europe ■ Asia

Capital Deployment

Value Creation from Development Stabilization

(square feet and dollars in thousands)

Supplemental 4Q 2015

	Q4 2015					FY 2015				
	Square Feet	Leased % at Start	Owned and Managed	TB		Square Feet	Leased % at Start	Owned and Managed	TB	
				Prologis Share \$	%				Prologis Share \$	%
Americas										
U.S.										
Central	610	32.8	\$ 30,615	\$ 30,615	100.0	1,658	23.5	\$ 90,965	\$ 90,965	100.0
East	995	71.8	53,517	53,517	100.0	4,923	65.6	309,807	309,807	100.0
Northwest	248	0.0	42,354	23,312	55.0	1,250	20.6	100,708	81,666	81.1
Southwest	-	-	-	-	-	2,436	8.1	164,159	164,159	100.0
Canada	671	0.0	56,873	56,873	100.0	671	0.0	56,873	56,873	100.0
Mexico	-	-	-	-	-	1,613	31.1	95,721	95,721	100.0
Brazil	486	0.0	23,061	11,531	50.0	1,457	0.0	86,607	32,841	37.9
Americas total	3,610	30.4	206,420	175,348	85.2	14,008	32.7	904,840	832,032	92.0
Europe										
Northern	78	0.0	5,335	1,670	31.3	1,073	77.3	71,178	67,513	94.9
Southern	532	100.0	34,943	34,943	100.0	1,290	100.0	88,229	80,255	91.0
Central	-	-	-	-	-	1,562	58.6	81,770	81,770	100.0
United Kingdom	200	81.9	31,690	31,690	100.0	2,719	66.2	366,436	366,436	100.0
Europe total	810	85.9	71,968	68,303	94.9	6,644	72.8	607,613	595,974	98.1
Asia										
Japan	281	100.0	31,397	31,397	100.0	1,827	37.2	189,963	189,963	100.0
China	1,930	0.0	93,921	14,088	15.0	3,025	14.8	145,372	21,805	15.0
Asia total	2,211	12.7	125,318	45,485	36.3	4,852	23.2	335,335	211,768	63.2
Total owned and managed	6,051	31.4	\$ 403,706	\$ 289,636	71.7	25,504	41.3	\$ 1,347,788	\$ 1,039,774	88.7
Weighted average estimated stabilized yield			7.1%					7.4%		
Pro forma NOI			\$28,789					\$137,525		
Weighted average estimated cap rate at stabilization			5.7%					5.6%		
Estimated value creation			\$100,182					\$585,946		
Estimated development margin			24.8%					31.8%		
Prologis share of estimated value creation (\$)			\$73,923					\$533,213		
Prologis share of estimated value creation (%)			73.8%					91.0%		

Capital Deployment

Development Starts

(square feet and dollars in thousands)

Supplemental 4Q 2015

	Q4 2015					FY 2015				
	Square Feet	Leased % at Start	Owned and Managed	TEI		Square Feet	Leased % at Start	Owned and Managed	TB	
				Prologis Share \$	%				Prologis Share \$	%
Americas										
U.S.										
Central	1,194	93.0	\$ 104,181	\$ 104,181	100.0	3,970	70.3	\$ 260,172	\$ 260,172	100.0
East	835	100.0	106,614	106,614	100.0	835	100.0	106,614	106,614	100.0
Northwest	711	62.6	69,365	51,846	74.7	1,610	27.6	156,901	139,382	88.8
Southeast	375	43.7	30,772	30,772	100.0	1,364	23.3	105,782	105,782	100.0
Canada	-	-	-	-	-	-	-	-	-	-
Mexico	818	0.0	53,641	53,641	100.0	1,126	3.4	71,949	70,795	98.4
Brazil	-	-	-	-	-	2,458	0.0	154,606	77,303	50.0
Americas total	3,933	64.9	\$ 364,573	\$ 347,054	95.2	11,363	39.0	\$ 856,024	\$ 760,048	88.8
Europe										
Northern	664	100.0	54,080	44,195	81.7	3,302	100.0	227,805	205,792	90.3
Southern	386	16.6	23,019	23,019	100.0	1,467	51.8	87,875	87,875	100.0
Central	260	63.1	16,925	16,925	100.0	1,822	71.2	94,151	76,956	81.7
United Kingdom	306	0.0	98,771	98,771	100.0	1,433	0.0	233,659	233,659	100.0
Europe total	1,616	55.2	\$ 192,795	\$ 182,910	94.9	6,024	66.8	\$ 645,490	\$ 604,292	93.9
Asia										
Japan	212	100.0	25,180	25,180	100.0	2,897	43.2	397,904	397,904	100.0
China	1,507	0.0	89,649	13,447	15.0	5,772	0.0	349,569	52,435	15.0
Asia total	1,719	12.3	\$ 114,829	\$ 38,627	33.6	8,669	14.4	\$ 747,473	\$ 450,339	60.2
Total owned and managed	7,268	50.3	\$ 672,197	\$ 568,591	84.6	28,056	39.3	\$ 2,246,987	\$ 1,814,679	80.8
Weighted average estimated stabilized yield			6.7%					7.2%		
Pro forma NOI			\$45,349					\$160,865		
Weighted average estimated cap rate at stabilization			5.6%					5.9%		
Estimated value creation			\$136,548					\$466,355		
Estimated development margin			20.3%					20.7%		
Prologis share of estimated value creation (\$)			\$114,593					\$379,567		
Prologis share of estimated value creation (%)			83.9%					81.5%		
% BTS (based on Prologis share)			56.1%					43.6%		

Capital Deployment

Development Portfolio

(square feet and dollars in thousands)

Supplemental 4Q 2015

	Pre-stabilized Developments			Under Development						Total Development Portfolio						
	T E I			2016 Expected Completion			2017 and Thereafter Expected Completion			T E I						
	Leased	Owned and	Prologis	Sq Ft	Owned and	Prologis	Sq Ft	Owned and	Prologis	Leased	Owned and	Prologis	Share			
	\$q Ft	Managed	Share											\$	Managed	Share
Americas																
U.S.																
Central	2,499	39.0	\$151,044	\$123,069	3,463	\$239,530	\$232,018	-	\$-	-	5,962	60.6	\$390,574	\$355,087	90.9	
East	2,524	21.0	192,933	192,933	835	106,614	106,614	-	-	-	3,359	40.7	299,547	299,547	100.0	
North west	1,792	0.0	133,824	102,497	1,586	153,877	136,357	-	-	-	3,378	13.2	287,701	238,854	83.0	
Southwest	1,792	0.0	178,150	118,568	608	49,427	49,427	-	-	-	2,400	6.8	227,577	167,995	73.8	
Canada	-	-	-	-	483	37,777	37,777	-	-	-	483	16.5	37,777	37,777	100.0	
Mexico	503	28.9	30,027	24,191	1,616	109,149	107,972	-	-	-	2,119	8.6	139,176	132,163	95.0	
Brazil	-	-	-	-	3,059	174,913	87,457	-	-	-	3,059	39.8	174,913	87,457	50.0	
Americas total	9,110	18.1	685,978	\$61,258	11,650	\$71,287	\$757,622	-	\$-	0	20,760	34.1	\$1,557,265	\$1,318,880	84.7	
Europe																
Northern	679	42.3	39,410	29,156	3,016	209,112	197,308	-	-	-	3,695	89.4	248,522	226,464	91.1	
Southern	-	-	-	-	1,467	85,590	85,590	-	-	-	1,467	51.8	85,590	85,590	100.0	
Central	1,059	56.7	51,910	42,924	1,083	61,008	52,937	-	-	-	2,142	71.6	112,918	95,861	84.9	
United Kingdom	-	-	-	-	1,750	280,325	254,742	-	-	-	1,750	0.0	280,325	254,742	90.9	
Europe total	1,738	51.1	\$1,320	\$72,080	7,316	\$36,835	\$590,577	-	\$-	0	9,054	61.8	\$727,355	\$626,657	91.1	
Asia																
Japan	2,443	40.7	303,988	303,988	4,454	619,387	619,387	212	25,180	25,180	7,109	31.6	948,555	948,555	100.0	
China	2,987	4.1	193,128	28,969	2,129	128,025	19,204	4,497	261,004	39,151	9,613	1.3	582,157	87,324	15.0	
Asia total	5,430	20.6	497,116	\$32,957	6,583	\$747,412	\$638,591	4,709	\$286,184	\$64,331	16,722	14.2	\$1,530,712	\$1,035,879	67.7	
Total owned and managed	16,278	22.5	\$1,274,414	\$966,295	25,549	\$2,254,734	\$1,866,790	4,709	\$286,184	\$64,331	46,556	32.3	\$3,815,332	\$3,017,416	79.1	
Cost to complete			\$ 140,156	\$102,298		\$ 1,008,486	\$ 906,707		\$ 211,426	\$ 50,069		\$ 1,360,068	\$ 1,059,074			
Percent build to suit (based on Prologis share)				4.2%			38.9%			39.1%			27.8%			
Weighted average estimated stabilized yield																
Americas				5.8%			7.5%							6.7%		
Europe				8.0%			7.0%							7.1%		
Asia				6.8%			6.4%			7.4%				6.7%		
Total				6.3%			7.0%			7.4%				6.8%		
Pro forma NOI													\$ 258,983			
Weighted average estimated cap rate at stabilization													5.7%			
Estimated value creation													\$ 705,383			
Estimated development margin													18.5%			
Prologis share of estimated value creation													\$ 571,476			
Prologis share of estimated value creation													81.0%			

Capital Deployment

Third Party Building Acquisitions

(square feet and dollars in thousands)

Supplemental 4Q 2015

	Q4 2015					FY 2015				
	Square Feet	Prologis Share of Square Feet	Owned and Managed Acquisition Cost	Prologis Share of Acquisition Costs		Square Feet	Prologis Share of Square Feet	Owned and Managed Acquisition Cost	Prologis Share of Acquisition Costs	
			\$	%				\$	%	
Third Party Building Acquisitions										
Americas										
Prologis Wholly Owned	3,406	3,406	\$ 525,017	\$ 525,017	100.0	6,034	6,034	\$ 757,445	\$ 757,445	100.0
Prologis U.S. Logistics Venture	-	-	-	-	-	60,413	33,252	5,693,066	3,133,461	55.0
Prologis Targeted U.S. Logistics Fund	-	-	-	-	-	1,510	348	160,018	36,935	23.1
FBRA Prologis	-	-	-	-	-	76	35	4,803	2,203	45.9
Total Americas	3,406	3,406	\$ 525,017	\$ 525,017	100.0	68,033	39,669	\$ 6,615,332	\$ 3,930,044	59.4
Europe										
Prologis Wholly Owned	-	-	-	-	-	270	270	15,683	15,683	100.0
Prologis Targeted Europe Logistics Fund	678	282	60,355	25,105	41.6	3,704	1,607	225,491	97,588	43.3
Prologis European Properties Fund II	379	118	13,262	4,152	31.3	1,685	523	82,233	25,641	31.2
Total Europe	1,057	400	73,617	29,258	39.7	5,659	2,400	\$ 323,407	\$ 138,912	43.0
Total Third Party Building Acquisitions	4,463	3,806	\$ 598,634	\$ 554,275	92.6	73,692	42,069	\$ 6,938,739	\$ 4,068,956	58.6
Weighted average stabilized cap rate					5.2%					5.5%

Capital Deployment

Dispositions and Contributions

(square feet and dollars in thousands)

Supplemental 4Q 2015

	Square Feet	Prologis Share of Square Feet	Owned and Managed Total Sales Price		Prologis Share of Sales Price	Square Feet	Prologis Share of Square Feet	Owned and Managed Total Sales Price		Prologis Share of Sales Price
			\$	%				\$	%	
Third Party Building Dispositions										
Americas										
Prologis wholly owned	7,421	7,421	\$ 407,410	\$ 407,410	100.0	18,626	18,626	\$ 1,370,385	\$ 1,370,385	100.0
Prologis U.S. Logistics Venture	121	67	10,980	6,043	55.0	753	415	198,406	109,203	55.0
Prologis North American Industrial Fund	1,599	1,057	71,800	47,489	66.1	2,086	1,379	88,752	58,702	66.1
Prologis Targeted U.S. Logistics Fund	1,630	367	103,255	23,263	22.5	2,066	465	138,955	31,338	22.6
FIBRA Prologis	339	156	22,300	10,229	45.9	339	156	22,300	10,229	45.9
Total Americas	11,110	9,068	\$ 615,745	\$ 494,434	80.3	23,870	21,841	\$ 1,818,798	\$ 1,579,857	86.9
Europe										
Prologis wholly owned	1,160	1,160	38,250	38,250	100.0	1,160	1,160	38,250	38,250	100.0
Prologis European Properties Fund II	1,327	416	117,193	36,693	31.3	1,327	416	117,193	36,693	31.3
Prologis European Logistics Partners	535	268	45,639	22,820	50.0	535	268	45,639	22,820	50.0
Total Europe	3,022	1,844	201,082	\$ 97,763	48.6	3,022	1,844	201,082	\$ 97,763	48.6
Asia										
Prologis wholly owned	-	-	-	-	-	399	399	49,264	49,264	100.0
Total Asia	-	-	-	-	-	399	399	49,264	49,264	100.0
Total Third Party Building Dispositions	14,132	10,912	\$ 816,827	\$ 592,197	72.5	27,291	23,284	\$ 2,069,144	\$ 1,726,884	83.5
Building Contributions to Co-Investment Ventures										
Americas										
FIBRA Prologis	1,297	1,297	\$ 99,430	\$ 53,821	54.1	1,297	1,297	\$ 99,430	\$ 53,821	54.1
Total Americas	1,297	1,297	\$ 99,430	\$ 53,821	54.1	1,297	1,297	\$ 99,430	\$ 53,821	54.1
Europe										
Prologis Targeted Europe Logistics Fund	260	260	19,243	11,238	58.4	2,603	2,603	322,048	180,481	56.0
Prologis European Properties Fund II	139	139	59,349	40,767	68.7	1,325	1,325	139,274	95,602	68.6
Europe Logistics Venture 1	-	-	-	-	-	369	369	21,446	18,229	85.0
Prologis European Logistics Partners	-	-	-	-	-	2,761	2,761	348,515	174,257	50.0
Total Europe	399	399	78,592	\$ 62,005	66.2	7,058	7,058	\$ 831,283	\$ 468,569	56.4
Asia										
Total Asia	-	-	-	-	-	-	-	-	-	-
Total Contributions to Co-Investment Ventures	1,696	1,696	\$ 178,022	\$ 105,826	59.4	8,355	8,355	\$ 930,713	\$ 522,390	56.1
Total Building Dispositions and Contributions	15,828	12,608	\$ 994,849	\$ 698,023	70.2	35,646	31,639	\$ 2,999,857	\$ 2,249,274	75.0
Land dispositions			110,955	110,955	100.0			240,366	234,543	97.6
Other real estate dispositions			17,770	10,518	59.2			49,911	40,347	80.8
Grand Total Dispositions and Contributions			\$ 1,123,574	\$ 819,496	72.9			\$ 3,290,134	\$ 2,524,164	76.7
Weighted average stabilized cap rate on building dispositions and contributions			6.4%			5.3%				

Capital Deployment

Land Portfolio – Owned and Managed

(square feet and dollars in thousands)

Supplemental 4Q 2015

	Owned and Managed	Prologis Share		Estimated Build Out (sq ft)	Owned and Managed	Prologis Share		% of Total
		Acres	(%)			(\$)	(%)	
Global markets								
U.S.								
Atlanta	232	232	100.0	3,271	\$ 12,742	\$ 12,742	100.0	0.9
Baltimore/Washington	39	39	100.0	400	1,588	1,588	100.0	0.1
Central Valley	1,178	1,178	100.0	23,312	82,109	82,109	100.0	5.9
Central & Eastern PA	309	231	74.8	3,941	39,783	32,623	81.8	2.4
Chicago	470	465	98.9	8,898	26,621	25,989	97.9	1.9
Dallas/Ft. Worth	238	95	39.9	4,111	31,447	27,487	87.4	2.0
Houston	78	64	82.1	1,427	10,991	8,074	73.5	0.6
New Jersey/New York City	164	142	86.6	2,417	64,031	57,794	90.3	4.2
South Florida	308	305	99.7	5,994	162,797	162,571	99.9	11.1
Southern California	289	250	86.5	5,478	79,729	70,545	88.5	5.1
Canada	184	184	100.0	3,292	46,987	46,987	100.0	3.4
Mexico								
Guadalajara	45	45	100.0	918	11,430	11,430	100.0	0.8
Mexico City	262	262	100.0	4,950	124,351	124,351	100.0	9.0
Monterrey	168	176	104.8	3,038	34,080	32,742	96.1	2.4
Brazil	442	166	37.6	9,784	104,700	43,085	41.2	3.1
Total Americas	4,404	3,934	89.3	81,147	823,206	729,957	88.7	52.9
Belgium	27	27	100.0	528	8,744	8,744	100.0	0.6
Czech Republic	231	228	98.7	3,819	42,872	41,939	97.8	3.0
France	384	332	86.5	7,182	68,844	60,399	87.7	4.4
Germany	70	66	94.3	1,416	17,454	16,753	96.0	1.2
Italy	92	80	87.0	2,451	21,085	18,496	87.8	1.2
Netherlands	48	48	100.0	1,538	28,878	28,878	100.0	2.1
Poland	599	599	100.0	11,845	84,175	84,175	100.0	4.6
Spain	137	118	86.1	2,870	28,228	23,781	84.3	1.7
United Kingdom	259	259	100.0	4,372	12,578	12,578	100.0	8.9
Total Europe	1,845	1,755	95.1	35,819	402,656	383,543	95.3	27.7
China	247	52	21.1	7,194	90,174	18,301	20.3	1.3
Japan	57	57	100.0	2,597	108,849	108,849	100.0	7.9
Total Asia	304	109	35.9	9,791	198,823	126,950	63.9	9.2
Total global markets	6,553	5,798	88.5	126,757	1,424,685	1,240,450	87.1	89.8
Regional markets (A)								
Hungary	330	330	100.0	5,804	31,624	31,624	100.0	2.3
Juarez	124	124	100.0	2,442	12,675	12,675	100.0	0.9
Reynosa	194	194	100.0	3,422	12,144	12,144	100.0	0.9
Orlando	48	48	100.0	702	12,055	12,055	100.0	0.9
Slovakia	67	67	100.0	1,413	10,251	10,251	100.0	0.7
Remaining other regional (10 markets)	480	453	94.6	8,119	37,870	37,075	97.9	2.7
Total regional markets	1,223	1,216	99.4	21,702	116,619	115,824	99.3	8.4
Total other markets (3 markets)	373	373	100.0	5,611	24,331	24,331	100.0	1.8
Total land portfolio - owned and managed	8,149	7,387	90.6	154,070	\$ 1,565,635	\$ 1,380,605	88.2	100.0
Original Cost Basis					\$ 2,050,542	\$ 1,859,457		

(A) Selected and ordered by our share of current book value.

Capital Deployment

Land Portfolio – Summary and Roll Forward

(dollars in thousands)

Supplemental 4Q 2015

Land Portfolio Summary	Acres			Current Book Value			
	Owned and Managed	Prologis Share	% of Total	Owned and Managed	Prologis Share	% of Total	
Americas							
U.S.							
Central	969	908	12.3	\$ 78,996	\$ 71,567	5.2	
East	1,479	1,379	18.6	308,027	294,324	21.4	
Northwest	1,299	1,299	17.6	89,045	89,045	6.4	
Southwest	383	355	4.8	94,163	84,184	6.1	
Canada	184	184	2.5	46,967	46,967	3.4	
Mexico	847	835	11.3	200,383	199,065	14.4	
Brazil	442	166	2.2	104,700	43,085	3.1	
Total Americas	5,603	5,126	69.3	922,281	828,237	60.0	
Europe							
Central	1,227	1,224	16.6	148,922	147,989	10.7	
Northern	143	139	1.9	54,876	54,175	3.9	
Southern	613	530	7.2	118,155	100,676	7.3	
United Kingdom	259	259	3.5	122,578	122,578	8.9	
Total Europe	2,242	2,152	29.2	444,531	425,418	30.8	
Asia							
China	247	52	0.7	90,174	18,301	1.3	
Japan	57	57	0.8	108,649	108,649	7.9	
Total Asia	304	109	1.5	198,823	126,950	9.2	
Total land portfolio - owned and managed	8,149	7,387	100.0	\$ 1,565,635	\$ 1,380,605	100.0	
Estimated Build Out (in TEI)				\$ 9,500,000	\$ 8,600,000		
Land Roll Forward - Owned and Managed				Americas	Europe	Asia	Total
As of September 30, 2015				\$ 1,068,545	\$ 512,837	\$ 190,894	\$ 1,772,276
Acquisitions				3,636	7,461	25,728	36,825
Dispositions				(94,079)	(1,027)	-	(95,106)
Development starts				(83,683)	(77,558)	(16,421)	(177,662)
Infrastructure costs				27,717	16,247	737	44,701
Effect of changes in foreign exchange rates and other				145	(13,429)	(2,115)	(15,399)
As of December 31, 2015				\$ 922,281	\$ 444,531	\$ 198,823	\$ 1,565,635

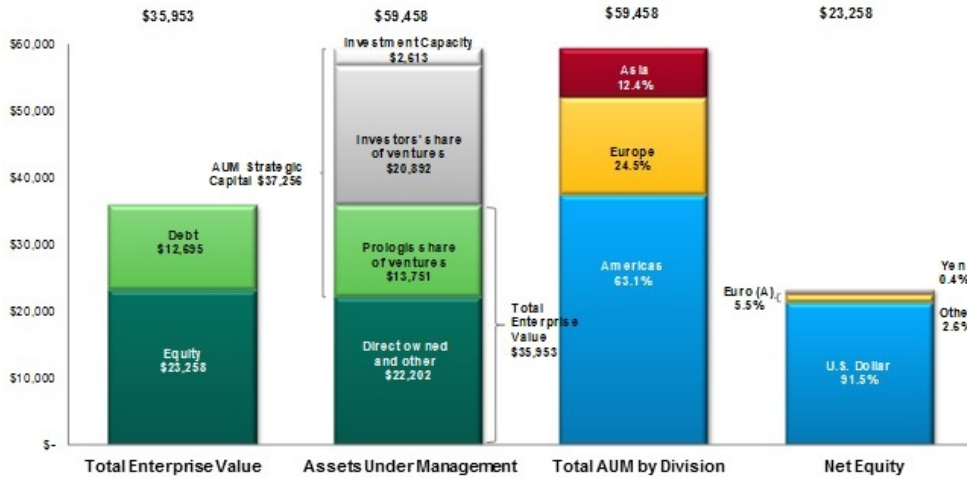
Capitalization

Overview

Supplemental 4Q 2015

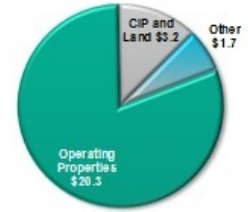
Assets Under Management

(in millions)

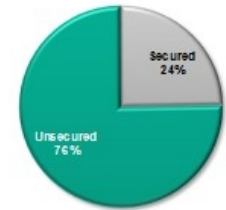


Unencumbered Assets-Prologis Share

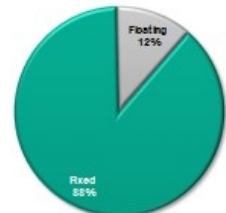
(in billions)



Secured & Unsecured Debt-Prologis Share



Fixed vs. Floating Debt-Prologis Share



Debt Metrics (B)

	2015	
	Fourth Quarter	Third Quarter
Debt as % of gross real estate assets	38.4%	39.7%
Debt as % of gross market capitalization	34.7%	37.8%
Secured debt as % of gross real estate assets	9.7%	9.0%
Unencumbered gross real estate assets to unsecured debt	261.6%	248.3%
Fixed charge coverage ratio	4.51x	4.41x
Fixed charge coverage ratio, excluding development gains (C)	3.95x	3.84x
Debt/Adjusted EBITDA	6.01x	6.34x
Debt/Adjusted EBITDA, excluding development gains (C)	6.87x	7.28x

Investment Ratings at December 31, 2015 (D)

Moody's	Baa1 (Outlook Stable)
Standard & Poor's	BBB+ (Outlook Stable)

(A) This includes the currencies in Europe in which we operate, predominately Euro and GBP.
 (B) These calculations are included in the Notes and Definitions section, and are not calculated in accordance with the applicable SEC rules.
 (C) Prologis share of gains on dispositions of development properties for the 12 months ended December 31, 2015 and September 30, 2015 was \$258.1 million and \$255.8 million, respectively.
 (D) A securities rating is not a recommendation to buy, sell or hold securities and is subject to revision or withdrawal at any time by the rating organization.

Capitalization

Debt Summary

(dollars in millions)

Supplemental 4Q 2015

Maturity	Prologis					Consolidated Entities	Total Consolidated	Unconsolidated Entities (A)	Total	Prologis share		
	Unsecured				Total					(\$)	%Maturing	Wtd. Avg. Interest Rate (B)
	Senior	Credit Facilities	Other (A)	Secured Mortgage								
2016	\$-	\$-	\$1	\$363	\$364	\$170	\$534	\$685	\$1219	\$681	5.4	3.4%
2017	-	-	401	8	409	516	925	320	1,245	843	6.6	3.4%
2018	175	-	1	167	343	403	746	1,268	2,014	905	7.1	3.5%
2019	618	-	563	305	1,486	143	1,629	809	2,438	1,795	14.1	3.5%
2020	849	-	1	6	856	252	1,108	1,071	2,179	1,344	10.6	2.8%
2021	1,262	-	341	13	1,616	128	1,744	930	2,674	1,943	15.3	2.5%
2022	762	-	541	9	1,312	1	1,313	713	2,026	1,505	11.8	2.6%
2023	850	-	269	32	1,151	142	1,293	119	1,412	1,264	9.9	4.0%
2024	762	-	1	132	895	1	896	27	923	900	7.1	4.1%
2025	750	-	1	129	880	1	881	327	1,208	984	7.7	3.7%
2026	544	-	1	-	545	1	546	-	546	546	4.3	3.1%
Thereafter	-	-	5	-	5	1	6	-	6	6	0.1	5.5%
Subtotal	6,572	-	2,126	1,164	9,862	1,759	11,621	6,269	17,890	12,716	100.0	
Unamortized net premiums (discounts)	(23)	-	-	13	(10)	68	58	19	77	41		
Unamortized finance costs	(33)	-	(10)	(5)	(48)	(4)	(52)	(38)	(60)	(62)		
Subtotal	6,516	-	2,116	1,172	9,804	1,823	11,627	6,250	17,877	12,695		3.3%
Third party share of debt	-	-	-	-	-	(698)	(698)	(4,484)	(5,182)			
Prologis share of debt	\$6,516	\$-	\$2,116	\$1,172	\$9,804	\$1,125	\$10,929	\$1,766	12,695			

Prologis share of debt by local currency	Total	Investment Hedges (C)	Total Prologis share								
Dollars	\$2,985	\$-	\$976	\$841	\$4,802	\$1,124	\$5,926	\$745	\$6,671	(707)	\$5,964
Euro	3,447	-	-	-	3,447	1	3,448	590	4,038	222	4,260
GBP	-	-	-	-	-	-	-	215	215	436	651
Yen	84	-	875	190	1,149	-	1,149	202	1,351	26	1,377
CAD	-	-	265	141	406	-	406	-	406	13	419
Other	-	-	-	-	-	-	-	14	14	10	24
Prologis share of debt	\$6,516	\$-	\$2,116	\$1,172	\$9,804	\$1,125	\$10,929	\$1,766	\$12,695	-	\$12,695

	3.3%	2.2%	5.1%	3.3%	2.9%	3.2%	3.3%	
Weighted average GAAP interest rate (B)	3.3%	-	2.2%	5.1%	3.3%	2.9%	3.2%	3.3%
Weighted average remaining maturity in years	6.6	-	4.7	4.1	5.9	3.2	5.6	4.0

Near Term Maturities	Prologis Share of Debt	Wtd Avg Interest Rate	Liquidity
Q1 2016	\$87	3.6%	Aggregate lender commitments - GLOC and revolver
Q2 2016	178	6.8%	Less:
Q3 2016	49	5.0%	Borrowings outstanding
Q4 2016	367	1.6%	Outstanding letters of credit
Total next 12 months	\$681	3.4%	Current availability - credit facilities
			Term loans net availability
			Unrestricted cash - Prologis share of consolidated
			Total liquidity
			\$2,843

- (A) The maturity of certain term loan debt (Prologis share \$961.9 million) and certain unconsolidated entity debt (Prologis share \$310.7 million) is reflected at the original maturity date as the extension is at the entity's option.
- (B) Interest rate is based on the effective rate, which includes the amortization of related premiums and discounts and finance costs. The net premiums (discounts) and finance costs associated with the respective debt were included in the maturities by year.
- (C) We hedge the net assets of certain international subsidiaries using foreign currency forward contracts, including those that are accounted for as net investment hedges, to economically reduce our exposure to fluctuations in foreign currency rates. The effect is to essentially exchange US dollar denominated debt into foreign currency denominated debt as reflected in the table under investment hedges. See also page 33 for our net equity exposure by currency.

Capitalization

Debt Covenants and Other Metrics

(dollars in thousands)

Supplemental 4Q 2015

Covenants as of December 31, 2015 (A)

	Indenture (B)		Global Line	
	Covenant	Actual	Covenant	Actual
Leverage ratio	<80%	34.1%	<80%	33.3%
Fixed charge coverage ratio	>1.5x	5.25x	>1.5x	5.1x
Secured debt leverage ratio	<40%	8.6%	<40%	8.5%
Unencumbered asset to unsecured debt ratio	>150%	267.8%	N/A	N/A
Unencumbered debt service coverage ratio	NA	NA	>150%	772.0%

Encumbrances as of December 31, 2015

	Unencumbered	Encumbered	Total
Consolidated operating properties	\$ 17,656,562	\$ 6,079,183	\$ 23,735,745
Consolidated development portfolio and land	3,212,421	20,276	3,232,697
Consolidated other investments in real estate	1,648,578	-	1,648,578
Total consolidated	22,517,561	6,099,459	28,617,020
Less: third party share of investments in real estate	2,737,056	1,234,900	3,971,956
Total consolidated - Prologis share	19,780,505	4,864,559	24,645,064
Unconsolidated operating properties - Prologis share	5,183,012	1,593,570	7,176,582
Unconsolidated development portfolio and land - Prologis share	188,188	8,563	196,741
Gross real estate assets - Prologis share	\$ 25,151,705	\$ 6,866,682	\$ 32,018,387

Secured and Unsecured Debt as of December 31, 2015

	Unsecured Debt	Secured Mortgage Debt	Total
Prologis debt	\$ 8,698,350	\$ 1,163,709	\$ 9,862,059
Consolidated entities debt	-	1,758,936	1,758,936
Our share of unconsolidated entities debt	917,961	850,939	1,768,900
Total debt - at par	9,616,311	3,773,584	13,389,895
Less: third party share of consolidated debt	-	(674,048)	(674,048)
Total Prologis share of debt - at par	9,616,311	3,099,536	12,715,847
Premium (discount) and deferred finance costs - consolidated	(66,501)	72,337	5,836
Less: third party share of consolidated debt discount (premium) and deferred finance costs	-	(24,123)	(24,123)
Our share of premium (discount) and deferred finance costs - unconsolidated	-	(3,035)	(3,035)
Total Prologis share of debt, net of premium (discount)	\$ 9,549,810	\$ 3,144,715	\$ 12,694,525

(A) These calculations are made in accordance with the respective debt agreements, may be different than other covenants or metrics presented and are not calculated in accordance with the applicable SEC rules. Please refer to the respective agreements for full financial covenant descriptions and calculation methods.

(B) These covenants are calculated in accordance with the Indenture dated June 9, 2011 and its supplemental indentures, including the Fifth Supplemental Indenture dated August 15, 2013.

Net Asset Value

Components

(in thousands, except for percentages and per square foot)

Supplemental 4Q 2015

Operating

	Square Feet	Gross Book Value	GBV per Sq Ft	Fourth Quarter Adjusted Cash NOI (Actual)	Fourth Quarter Adjusted Cash NOI (Pro Forma)	Annualized Adjusted Cash NOI	Percent Occupied
CONSOLIDATED OPERATING PORTFOLIO (Prologis Share)							
Prologis interest in consolidated operating portfolio							
Americas	272,881	\$ 19,190,599	\$ 70	\$ 303,382	\$ 303,382	\$ 1,213,528	97.3%
Europe	9,187	517,096	56	8,969	8,969	35,876	90.1%
AsB	5,929	529,472	89	7,170	7,170	28,680	95.5%
Pro forma adjustment for mid-quarter acquisitions/development completions					3,083	12,332	
Prologis share of consolidated operating portfolio	287,997	\$ 20,237,167	\$ 70	\$ 319,521	\$ 322,604	\$ 1,290,416	97.0%
UNCONSOLIDATED OPERATING PORTFOLIO (Prologis Share)							
Prologis interest in unconsolidated operating portfolio							
Americas	27,237	\$ 1,959,907	\$ 72	\$ 34,375	\$ 34,375	\$ 137,500	97.2%
Europe	61,172	4,568,389	75	75,246	75,246	300,984	95.8%
AsB	4,404	573,115	130	8,074	8,074	32,296	97.8%
Pro forma adjustment for mid-quarter acquisitions/development completions					536	2,144	
Prologis share of unconsolidated operating portfolio	92,813	\$ 7,121,411	\$ 77	\$ 117,695	\$ 118,231	\$ 472,924	96.3%
Total operating portfolio	380,810	\$ 27,358,578	\$ 72	\$ 437,216	\$ 440,835	\$ 1,763,340	96.8%

Development

	Square Feet	Investment Balance	TEI	TEI per Sq Ft	Annualized Pro Forma NOI	Percent Occupied
CONSOLIDATED (Prologis Share)						
Prestabilized						
Americas	7,673	\$ 472,869	\$ 556,313	\$ 73	\$ 33,217	8.4%
Europe	1,211	51,799	63,310	52	5,179	31.6%
AsB	2,443	290,379	303,988	124	19,233	40.1%
						<u>17.7%</u>
Properties under development						
Americas	8,320	317,203	669,169	80	44,402	
Europe	6,411	305,367	554,263	86	38,564	
AsB	4,666	331,396	644,567	138	39,199	
Prologis share of consolidated development portfolio	30,724	\$ 1,769,013	\$ 2,791,610	\$ 91	\$ 179,794	
UNCONSOLIDATED (Prologis Share)						
Prologis interest in unconsolidated development portfolio						
Americas	1,623	\$ 52,604	\$ 93,398	\$ 58	\$ 9,964	
Europe	527	33,487	45,084	86	3,286	
AsB	1,442	47,015	87,324	61	6,542	
Prologis share of unconsolidated development portfolio	3,592	\$ 133,106	\$ 225,806	\$ 63	\$ 19,792	
Total development portfolio	34,316	\$ 1,902,119	\$ 3,017,416	\$ 88	\$ 199,586	
Prologis share of estimated value creation (see Capital Depreciation - Development Portfolio)			571,476			
Total development portfolio, including estimated value creation		\$ 2,473,595				

Net Asset Value

Components - Continued

(in thousands)

Supplemental 4Q 2015

Balance Sheet and Other Items

	As of December 31, 2015	
CONSOLIDATED		
Other assets		
Cash and cash equivalents	\$	264,080
Restricted cash		8,019
Accounts receivable, prepaid assets and other tangible assets		762,241
Other real estate investments and assets held for sale		574,517
Note receivable backed by real estate		235,050
Prologis share of value added operating properties		226,606
Prologis receivable from unconsolidated co-investment ventures		169,693
Investments in and advances to other unconsolidated joint ventures		170,193
Less: third party share of other assets		(230,190)
Total other assets - Prologis share	\$	2,200,208
Other liabilities		
Accounts payable and other current liabilities	\$	708,025
Deferred income taxes		77,861
Value added tax and other tax liabilities		13,537
Tenant security deposits		190,160
Other liabilities		296,841
Less: third party share of other liabilities		(102,440)
Total liabilities and noncontrolling interests - Prologis share	\$	1,183,384
UNCONSOLIDATED		
Prologis share of net tangible other assets	\$	220,351
Land		
		Investment Balance
Prologis share of original land basis	\$	1,859,457
Current book value of land	\$	1,359,794
Less: third party share of the current book value of land		(42,824)
Prologis share of book value of land in unconsolidated entities		63,635
Total	\$	1,380,605
Strategic Capital / Development Management		
	Fourth Quarter	Annualized
Strategic Capital		
Strategic capital revenue - third party share of asset management fees from consolidated and unconsolidated co-investment ventures	\$ 26,243	\$ 104,972
Strategic capital revenue - third party share of other transactional fees from consolidated and unconsolidated co-investment ventures (trailing 12 months)	3,712	17,093
Strategic capital expenses for asset management and other transactional fees (annualized based on estimated 12 months)	(11,234)	(42,051)
Strategic capital NOI	\$ 18,721	\$ 80,014
Promotes earned in last 12 months, net of cash expenses		\$ 24,752
Development management income	\$ 5,900	\$ 23,600
Debt (at par) and Preferred Stock		
		As of December 31, 2015
Prologis debt	\$	9,862,059
Consolidated entities debt		1,758,936
Less: third party share of consolidated debt		(674,048)
Prologis share of unconsolidated debt		1,768,900
Subtotal debt		12,715,847
Preferred stock		78,235
Total debt and preferred stock	\$	12,794,082
Outstanding shares of common stock and limited operating partnership units		540,067

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.

Acquisition Costs, as presented for building acquisitions, represents the economic cost and not necessarily what is capitalized. See detail of what is included in acquisition costs in the definition of Stabilized Capitalization Rate.

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 (other than from land and development properties), gains from the revaluation of equity investments upon acquisition of a controlling interest, 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 and unrealized gains or losses on foreign currency and derivative activity). 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 our operating performance on an unleveraged basis before the effects of income tax, non-cash depreciation and amortization expense, gains and losses on the disposition of non-development properties and other items (outlined above), 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 and stabilize and to remove NOI on properties we 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 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 revenue	\$ 560,186
Rental expenses	(150,776)
NOI	409,410
Net termination fees and adjustments (a)	(1,140)
Less: actual NOI for development portfolio and other	(16,156)
Less: properties contributed or sold (b)	(13,649)
Less: third party share of NOI	(57,560)
Adjusted NOI for consolidated operating portfolio owned at December 31, 2016	320,905
Straight-line rents (c)	(19,972)
Free rent (c)	16,555
Amortization of lease intangibles (c)	31
Effect of foreign currency exchange (d)	(427)
Less: third party share	2,429
Fourth Quarter Adjusted Cash NOI (Actual)	\$ 319,521

(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.

(d) The actual NOI and related adjustments are calculated in local currency and translated at the period end rate to allow for consistency with other assets and liabilities as of the reporting date.

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).

Business Line Reporting. Core FFO and development gains are generated by our three lines of business: (i) real estate operations; (ii) strategic capital; and (iii) development. Real estate operations represents total Prologis Core FFO, less the amount allocated to the Strategic Capital line of business. The amount of Core FFO allocated to the Strategic Capital line of business represents the third party share of the asset management related fees we earn from our co-investment ventures (both consolidated and unconsolidated) less costs directly associated to our

strategic capital group, plus development management income. Development gains include our share of gains on dispositions of development properties and land, net of taxes. To calculate the per share amount, the amount generated by each line of business is divided by the weighted average diluted common shares outstanding used in our Core FFO calculation of per share amounts. Management believes evaluating our results by line of business is a useful supplemental measure of our operating performance because it helps the investing public compare the operating performance of Prologis' respective businesses to other companies' comparable businesses. Prologis' computation of FFO by line of business may not be comparable to that reported by other real estate investment trusts as they may use different methodologies in computing such measures.

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

	Three Months Ended		Twelve Months Ended	
	December 31,	2014	December 31,	2014
Net earnings				
Net earnings	\$ 118,363	\$ 408,809	\$ 962,788	\$ 622,235
Noncontrolling interest attributable to exchangeable limited partnership units	5,745	1,768	13,120	3,636
Gains, net of expenses, associated with exchangeable debt assumed/exchanged	-	-	(1,514)	-
Adjusted net earnings - Diluted	\$ 124,108	\$ 410,577	\$ 974,394	\$ 625,871
Weighted average common shares outstanding - Basic	523,770	501,178	521,241	499,583
Incremental weighted average effect on exchange of limited partnership units	16,393	3,457	8,569	3,501
Incremental weighted average effect of stock awards	2,272	3,261	1,961	3,307
Incremental weighted average effect on exchangeable debt assumed/exchanged (3)	-	-	2,173	-
Weighted average common shares outstanding - Diluted	542,435	607,896	633,944	608,391
Net earnings per share - Basic	\$ 0.23	\$ 0.82	\$ 1.86	\$ 1.26
Net earnings per share - Diluted	\$ 0.23	\$ 0.81	\$ 1.84	\$ 1.24
Core FFO				
Core FFO	\$ 345,758	\$ 246,421	\$ 1,161,290	\$ 953,147
Noncontrolling interest attributable to exchangeable limited partnership units	53	60	213	209
Interest expense on exchangeable debt assumed/exchanged	-	4,246	3,506	16,984
Core FFO - Diluted	\$ 345,811	\$ 260,727	\$ 1,166,009	\$ 970,340
Weighted average common shares outstanding - Basic	523,770	501,178	521,241	499,583
Incremental weighted average effect on exchange of limited partnership units	14,897	1,964	6,897	1,964
Incremental weighted average effect of stock awards	2,272	3,261	1,961	3,307
Incremental weighted average effect on exchangeable debt assumed/exchanged (3)	-	11,879	2,173	11,879
Weighted average common shares outstanding - Diluted	540,939	618,282	632,272	618,733
Core FFO per share - Diluted	\$ 0.64	\$ 0.48	\$ 2.23	\$ 1.88

(a) In March 2015, the exchangeable debt was settled primarily through the issuance of common stock. The adjustment in 2015 assumes the exchange occurred on January 1, 2015.

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

	Three Months Ended	
	Dec. 31, 2015	Sept. 30, 2015
Debt as a % of gross real estate assets:		
Total Prologis share of debt - at par	\$ 12,715,847	\$ 13,003,762
Less: Prologis share of outstanding foreign currency derivatives	(34,769)	(35,279)
Less: consolidated cash and cash equivalents	(264,080)	(310,433)
Add: consolidated cash and cash equivalents - third party share	51,204	49,017
Less: unconsolidated entities cash - Prologis share	(163,595)	(134,270)
Total Prologis share of debt, net of adjustments	\$ 12,304,607	\$ 12,572,817
Gross real estate assets - Prologis share	\$ 32,018,387	\$ 31,665,632
Debt as a % of gross real estate assets	38.4%	39.7%
Debt as a % of gross market capitalization:		
Total Prologis share of debt, net of adjustments	\$ 12,304,607	\$ 12,572,817
Total outstanding common stock and limited partnership units	540,067	530,741
Share price at quarter end	\$ 42.92	\$ 38.90
Total equity capitalization	\$ 23,179,676	\$ 20,645,825
Total Prologis share of debt, net of adjustments	12,304,607	12,572,817
Gross market capitalization	\$ 35,484,283	\$ 33,218,642
Debt as a % of gross market capitalization	34.7%	37.8%
Secured debt as a % of gross real estate assets:		
Prologis share of secured debt - at par	\$ 3,099,536	\$ 2,842,538
Gross real estate assets - Prologis share	\$ 32,018,387	\$ 31,665,632
Secured debt as a % of gross real estate assets	9.7%	9.0%
Unnumbered gross real estate assets to unsecured debt:		
Unnumbered gross real estate assets - Prologis share	\$ 25,151,705	\$ 25,234,195
Prologis share of unsecured debt - at par	\$ 9,616,311	\$ 10,161,244
Unnumbered gross real estate assets to unsecured debt	261.6%	248.3%
Fixed Charge Coverage Ratio:		
Adjusted EBITDA	\$ 514,705	\$ 566,615
Adjusted EBITDA-annualized including 12 month rolling development	\$ 2,024,273	\$ 1,982,003
Net promote for the twelve months ended	24,762	-
Adjusted EBITDA-annualized	\$ 2,049,035	\$ 1,982,003
Pro forma adjustment for mid-quarter activity and NOI from disposed	37,416	2,656
Adjusted EBITDA, including NOI from disposed properties, annualized	\$ 2,086,451	\$ 1,984,659
Interest expense	\$ 82,665	\$ 81,035
Amortization and write-off of deferred loan costs	(3,528)	(3,604)
Amortization of debt premium (discount), net	13,098	11,489
Capitalized interest	14,122	13,915
Preferred stock dividends	1,632	1,671
Third party share of fixed charges from consolidated entities	(8,260)	(8,344)
Our share of fixed charges from unconsolidated entities	15,852	16,260
Total fixed charges	\$ 115,581	\$ 112,422
Total fixed charges, annualized	\$ 462,324	\$ 449,687
Fixed charge coverage ratio	4.51	4.41
Debt to Adjusted EBITDA:		
Total Prologis share of debt, net of adjustments	\$ 12,304,607	\$ 12,572,817
Adjusted EBITDA-annualized	\$ 2,049,035	\$ 1,982,003
Debt to Adjusted EBITDA ratio	6.01	6.34

Development Margin is calculated on developed properties as the estimated value at Stabilization minus estimated total investment (referred to as Value Creation) and, on properties expected to be sold or contributed, after estimated closing costs and taxes, if any, 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.

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 attributable to common stockholders/unitholders ("FFO, as defined by Prologis"); **Core FFO** attributable to common stockholders/unitholders ("Core FFO"); **AFFO** (collectively referred to as "FFO"). FFO is a financial measure that is not determined in accordance with GAAP, but is a 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. We exclude depreciation from our unconsolidated entities and the third parties' share of our consolidated ventures.
- (ii) REITs were created 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 and consolidated entities, in our definition of FFO. We exclude the gain on revaluation of equity investments upon acquisition of a controlling interest from 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 calculate our FFO measures, as defined below, based on our proportionate ownership share of both our unconsolidated and consolidated ventures. We reflect our share of our FFO measures for unconsolidated ventures by applying our average ownership percentage for the period to the applicable reconciling items on an entity by entity basis. We reflect our share for consolidated ventures in which we do not own 100% of the equity by adjusting our FFO measures to remove the third party ownership share of the applicable reconciling items based on average ownership percentage for the applicable periods.

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 primarily driven by rental income. While not infrequent or unusual, these additional items we exclude in calculating FFO, as defined by Prologis, defined below, 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 associated with derivative financial instruments.

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 in FFO, as defined by Prologis:

- (i) gains or losses from 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 and redemption and repurchase of preferred stock; and
- (v) 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.

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 these items discussed above 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.

AFFO

To arrive at AFFO, we adjust Core FFO to include realized gains from the disposition of land and development properties and to exclude our share of the impact 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 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 non-development 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 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.

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

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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,	
	2015	2014	2015	2014
Gross overhead	\$ 126,435	\$ 116,977	\$ 461,128	\$ 461,647
Allocated to rental expenses	(8,896)	(7,313)	(34,146)	(30,075)
Allocated to strategic capital expenses	(26,228)	(22,054)	(88,418)	(96,496)
Capitalized amounts	(25,802)	(21,623)	(100,365)	(87,308)
G&A expenses	\$ 65,509	\$ 65,987	\$ 238,199	\$ 247,768

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,	
	2015	2014	2015	2014
Building development activities	\$ 12,429	\$ 9,992	\$ 47,282	\$ 40,439
Leasing activities	5,416	4,470	21,293	17,888
Building and land improvements and other	7,957	7,161	31,790	28,981
Total capitalized G&A	\$ 25,802	\$ 21,623	\$ 100,365	\$ 87,308

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

Net G&A	\$ 238,199
Add: strategic capital expenses	83,718
Less: strategic capital/property management expenses	(41,658)
Adjusted G&A	\$ 280,259
Gross book value at period end (a):	
Operating properties	\$ 46,599,778
Development portfolio - TEI	3,815,332
Land portfolio	1,565,100
Other real estate investments, assets held for sale and note receivable backed by real estate	809,567
Total Gross Book Value of Assets Under Management	\$ 52,789,777
G&A as % of Assets Under Management	0.53 %

(a) This amount does not represent enterprise value.

Interest Expense consisted of the following (in thousands):

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2015	2014	2015	2014
Gross interest expense	\$ 106,357	\$ 95,457	\$ 394,012	\$ 377,666
Amortization of discount (premium), net	(13,098)	(8,902)	(45,253)	(21,440)
Amortization of deferred loan costs	3,528	3,669	13,412	14,116
Interest expense before capitalization	96,787	90,224	362,171	370,342
Capitalized amounts	(14,122)	(16,132)	(60,808)	(61,457)
Interest expense	\$ 82,665	\$ 74,092	\$ 301,363	\$ 308,885

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, Jacksonville, Kansas City, Norfolk, Salt Lake City, Savannah and Tampa.

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.

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 (Cash) represents Net Effective Rent Change (GAAP) adjusted to exclude certain non-cash items including straight-line rent adjustments and adjustments related to purchase accounting to reflect leases at fair value at the time of acquisition.

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.

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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
Prologis U.S. Logistics Venture	55.0%	2,677,642	\$ 6,533,089	\$ 724,256
Prologis North American Industrial Fund	66.1%	490,444	2,571,092	1,083,650
Brazil Fund (a)	50.0%	49,313	-	-
Other consolidated entities	various	102,828	1,006,224	14,603
Limited partners in the Operating Partnership		432,674	-	-
Noncontrolling interests		\$ 3,752,901	\$ 10,110,405	\$ 1,822,509

(a) We have a 50% ownership interest in and consolidate the Prologis Brazil Logistic Partners Fund I ("Brazil Fund"). The Brazil Fund's assets are primarily investments in unconsolidated entities.

Operating Portfolio includes stabilized industrial properties in our owned and managed portfolio. A developed property moves in to 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 Revenue included the following (in thousands):

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2015	2014	2015	2014
Rental revenue	\$ 413,544	\$ 304,405	\$ 1,476,498	\$ 1,164,217
Amortization of lease intangibles	(157)	(6,660)	(9,604)	(26,437)
Rental expense recoveries	124,560	94,430	437,070	348,740
Straight-lined rents	22,239	9,839	69,223	42,829
	\$ 560,186	\$ 402,014	\$ 1,973,187	\$ 1,527,349

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 (including development properties that have been completed and available for lease) at January 1, 2014 and throughout the full periods in both 2014 and 2015. 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.

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,		
	2015	2014	Change (%)
Rental Revenue:			
Per the Consolidated Statements of Operations	\$ 560,186	\$ 402,014	
Properties not included and other adjustments (a)	(178,482)	(63,684)	
Unconsolidated Co-Investment Ventures	404,896	408,344	
Same Store - Rental Income	\$ 786,599	\$ 756,474	4.0%
Rental Expense:			
Per the Consolidated Statements of Operations	\$ 150,776	\$ 108,370	
Properties not included and other adjustments (b)	(43,805)	(7,415)	
Unconsolidated Co-Investment Ventures	92,416	93,807	
Same Store - Rental Expense	\$ 199,387	\$ 194,762	2.4%
NOI-GAAP:			
Per the Consolidated Statements of Operations	\$ 409,410	\$ 293,644	
Properties not included and other adjustments	(134,677)	(46,469)	
Unconsolidated Co-Investment Ventures	312,470	314,537	
Same Store - NOI - GAAP	\$ 587,203	\$ 561,712	4.5%
Same Store - NOI - GAAP - Prologis Share (c)	\$ 351,450	\$ 329,826	6.6%
NOI-Adjusted Cash:			
Same store - NOI - GAAP	\$ 587,203	\$ 561,712	
Adjustments (d)	(13,089)	(6,913)	
Same Store - NOI - Adjusted Cash	\$ 574,114	\$ 554,799	3.5%
Same Store - NOI - Adjusted Cash - Prologis Share (c)	\$ 342,518	\$ 327,638	4.5%

(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.

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(c) *Prologis share of Same Store* is calculated using the underlying building information from the Same Store NOI GAAP and Adjusted Cash calculations and applying our ownership percentage as of September 30, 2015 to the NOI of each building for both periods.

(d) *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 accounting 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.

Stabilized capitalization rate equals "stabilized NOI" divided by the "total acquisition cost". Stabilized NOI equals the estimated twelve months of potential gross rental revenue (base rent, including above or below market rents plus operating expense reimbursements) multiplied by 95% to adjust income to a stabilized vacancy factor of 5%, minus estimated operating expenses. The total acquisition cost comprises the purchase price plus 1) transaction closing costs, 2) all due diligence costs, 3) immediate capital expenditures (including two years of property improvements and all leasing commissions and tenant improvements required to stabilize the property), 4) the effects of marking assumed debt to market and 5) the net present value of free rent, if applicable.

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 that 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.

