News Release Archive

Prologis Reports Second Quarter Results

Demand improves amid uncertain macroeconomic environment

SAN FRANCISCO, July 17, 2024 /PRNewswire/ -- Prologis, Inc. (NYSE: PLD), the global leader in logistics real estate, today reported second quarter results for 2024.

Net earnings per diluted share was $0.92 for the second quarter of 2024 compared with $1.31 for the second quarter of 2023. The results for the second quarter of 2023 include $0.58 per diluted share attributable to Net Promote Income from our Strategic Capital business, while the results for the same period in 2024 include Net Promote Expense.

Core funds from operations (Core FFO)* per diluted share was $1.34 for the second quarter of 2024, compared with $1.83 for the same period in 2023. Core FFO, excluding Net Promote Income (Expense)* per diluted share for the second quarter of 2024 was $1.36 compared with $1.25 for the second quarter of 2023.

"We continue to outperform the industry, driven by our team and the quality of our assets," said Hamid R. Moghadam, co-founder and CEO, Prologis. "While customer demand remains subdued, it is improving, and we expect that trend to continue as the construction pipeline shrinks. Meanwhile, our premier global portfolio will continue to benefit from its embedded NOI potential, and opportunities in data centers and energy give us tremendous confidence in future growth."

OPERATING PERFORMANCE

Owned & Managed	2Q24	Notes
Average Occupancy	96.1 %	
Leases Commenced	46.6MSF	*39.6MSF operating portfolio and 7.0MSF development portfolio*
Retention	73.2 %	

Prologis Share	2Q24	Notes
Average Occupancy	96.3 %	
Cash Same Store NOI*	7.2 %	
Net Effective Rent Change	73.9 %	
Cash Rent Change	51.4 %	

DEPLOYMENT ACTIVITY

Prologis Share	2Q24
Acquisitions	$279M
Weighted avg stabilized cap rate *(excluding other real estate)*	5.0 %
Development Stabilizations	$2,039M
Estimated weighted avg yield	5.9 %
Estimated weighted avg margin	14.5 %
Estimated value creation	$296M
% Build-to-suit	31.9 %
Development Starts	$300M
Estimated weighted avg yield	7.1 %
Estimated weighted avg margin	19.4 %
Estimated value creation	$58M
% Build-to-suit	15.7 %
Total Dispositions and Contributions	$940M
Weighted avg stabilized cap rate *(excluding land and other real estate)*	5.8 %

BALANCE SHEET STRENGTH & LIQUIDITY
"We continue to operate from a position of financial strength, with debt-to-EBITDA below 5.0x and nearly $6.5 billion of available liquidity. The company is capitalizing on a wide range of growth opportunities, including our data center and energy businesses," said Timothy D. Arndt, chief financial officer, Prologis. "In addition, during the quarter we raised $1.2 billion of debt across our balance sheet and funds, and we launched our $1 billion commercial-paper program, already saving us more than 60bps on our short-term borrowing costs in the U.S."

During the second quarter, Prologis and its co-investment ventures issued an aggregate of $1.2 billion of debt at a weighted average interest rate of 4.4%, and a weighted average term of 10.9 years.

At June 30, 2024, debt as a percentage of total market capitalization was 23.7%, and the company's weighted average interest rate on its share of total debt was 3.1%, with a weighted average term of 9.3 years and no significant debt maturities until 2026.

FOREIGN CURRENCY STRATEGY
Prologis hedges its exposure to foreign currency fluctuations by borrowing in the currencies in which it invests and using derivative financial instruments. At June 30, 2024, 96.5% of Prologis' equity was in USD and forecasted earnings for 2024, 2025 and 2026 are 98%, 98% and 98%, respectively, in USD or hedged through derivative contracts.

2024 GUIDANCE
Prologis' guidance for net earnings is included in the table below as well as guidance for Core FFO*, which are reconciled in our supplemental information.

2024 GUIDANCE

Earnings (per diluted share)	Previous	Revised	Change at M.P.
Net earnings attributable to common stockholders	$3.15 to $3.35	$3.25 to $3.45	3.1 %
Core FFO attributable to common stockholders/unitholders*	$5.37 to $5.47	$5.39 to $5.47	0.2 %
Core FFO attributable to common stockholders/unitholders, excluding Net Promote Income (Expense)*[1]	$5.45 to $5.55	$5.46 to $5.54	-

Operations – Prologis Share			
Average occupancy	95.75% to 96.75%	95.75% to 96.75%	-
Cash Same Store NOI*	6.25% to 7.25%	6.25% to 7.25%	-

Strategic Capital (in millions)	Previous	Revised	Change at M.P.
Strategic Capital revenue, excluding promote revenue	$530 to $550	$520 to $540	(1.9) %
Net Promote Income (Expense)	$(80)	$(65)	$15

G&A (in millions)			
General & administrative expenses	$415 to $430	$415 to $430	-

Capital Deployment – Prologis Share (in millions)			
Development stabilizations	$3,600 to $4,000	$3,600 to $4,000	-
Development starts	$2,500 to $3,000	$2,500 to $3,000	-
Acquisitions	$500 to $1,000	$1,000 to $1,500	66.7 %
Contributions	$1,750 to $2,250	$1,750 to $2,250	-
Dispositions	$800 to $1,200	$1,000 to $1,400	20.0 %
Net sources/(uses)	$(450) to $(550)	$(750) to $(850)	(60.0) %
Realized development gains	$300 to $400	$300 to $400	-

1. We are further adjusting Core FFO to exclude $0.07 of net promote expense. The expense relates to amortization of stock compensation issued to employees related to promote

income recognized in prior periods.

* This is a non-GAAP financial measure. See the Notes and Definitions in our supplemental information for further explanation and a reconciliation to the most directly comparable GAAP measure.

The earnings guidance described above includes potential gains recognized from real estate transactions but excludes any future or potential foreign currency or derivative gains or losses as our guidance assumes constant foreign currency rates. 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, 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 relates predominantly to these items. Please refer to our quarterly Supplemental Information, which is available on our Investor Relations website at https://ir.prologis.com and on the SEC's website at www.sec.gov for a definition of Core FFO* and other non-GAAP measures used by Prologis, along with reconciliations of these items to the closest GAAP measure for our results and guidance.

July 17, 2024, CALL DETAILS

The call will take place on Wednesday, July 17, 2024, at 9:00 a.m. PT/12:00 p.m. ET. To access a live broadcast of the call, please dial +1 (877) 897-2615 (toll-free from the United States and Canada) or +1 (201) 689-8514 (from all other countries). A live webcast can be accessed from the Investor Relations section of www.prologis.com.

A telephonic replay will be available July 17 – July 31 at +1 (877) 660-6853 (from the United States and Canada) or +1 (201) 612-7415 (from all other countries) using access code 13747329. The webcast replay will be posted in the Investor Relations section of www.prologis.com under "Events & Presentations."

ABOUT PROLOGIS

Prologis, Inc. is the global leader in logistics real estate with a focus on high-barrier, high-growth markets. At June 30, 2024, the company owned or had investments in, on a wholly owned basis or through co-investment ventures, properties and development projects expected to total approximately 1.2 billion square feet (115 million square meters) in 19 countries. Prologis leases modern logistics facilities to a diverse base of approximately 6,700 customers principally across two major categories: business-to-business and retail/online fulfillment.

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 we operate as well as management's beliefs and assumptions. Such statements involve uncertainties that could significantly impact our financial results. Words such as "expects" "anticipates," "intends," "plans," "believes," "seeks," and "estimates" including 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, acquisition and development activity, contribution and disposition activity, general conditions in the geographic areas where we operate, expectations regarding new lines of business, our debt, capital structure and financial position, our ability to earn revenues from co-investment ventures, 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) international, national, regional and local economic and political climates and conditions; (ii) changes in global 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, including the integration of the operations of significant real estate portfolios; (v) maintenance of Real Estate Investment Trust status, tax structuring and changes in income tax laws and rates; (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, including our ability to establish new co-investment ventures; (viii) risks of doing business internationally, including currency risks; (ix) environmental uncertainties, including risks of natural disasters; (x) risks related to global pandemics; and (xi) those additional factors discussed in reports filed with the Securities and Exchange Commission by us under the heading "Risk Factors." We undertake no duty to update any forward-looking statements appearing in this document except as may be required by law.

dollars in millions, except per share/unit data	**Three Months Ended June 30,**		**Six Months Ended June 30,**	
	2024	**2023**	**2024**	**2023**
Rental and other revenues	$ 1,853	$ 1,652	$ 3,682	$ 3,286
Strategic capital revenues	155	799	283	934
Total revenues	2,008	2,451	3,965	4,220
Net earnings attributable to common stockholders	860	1,215	1,444	1,678
Core FFO attributable to common stockholders/unitholders*	1,281	1,737	2,504	2,894
AFFO attributable to common stockholders/unitholders*	1,072	1,689	2,104	2,660
Adjusted EBITDA attributable to common stockholders/unitholders*	1,719	2,275	3,317	3,706
Estimated value creation from development stabilizations - Prologis Share	296	247	346	524
Common stock dividends and common limited partnership unit distributions	917	828	1,833	1,656
Per common share - diluted:				
Net earnings attributable to common stockholders	$ 0.92	$ 1.31	$ 1.55	$ 1.81
Core FFO attributable to common stockholders/unitholders*	1.34	1.83	2.63	3.04
Core FFO attributable to common stockholders/unitholders, excluding Net Promote Income (Expense)*	1.36	1.25	2.66	2.48
Business line reporting:				
Real estate*	1.29	1.18	2.54	2.34
Strategic capital*	0.05	0.65	0.09	0.70
*Core FFO attributable to common stockholders/unitholders**	*1.34*	*1.83*	*2.63*	*3.04*
Realized development gains, net of taxes*	0.09	0.17	0.13	0.17
Dividends and distributions per common share/unit	0.96	0.87	1.92	1.74

*This is a non-GAAP financial measure. Please see our Notes and Definitions for further explanation.

in thousands	**June 30, 2024**	**March 31, 2024**	**December 31, 2**
Assets:			
Investments in real estate properties:			
Operating properties	$ 77,750,335	$ 75,974,027	$ 75,435
Development portfolio	3,158,997	4,362,752	4,367
Land	4,199,065	4,072,212	3,775
Other real estate investments	4,625,412	5,018,514	5,088
	89,733,809	89,427,505	88,666
Less accumulated depreciation	11,869,054	11,430,899	10,931
Net investments in real estate properties	77,864,755	77,996,606	77,735
Investments in and advances to unconsolidated entities	9,764,870	9,691,101	9,543
Assets held for sale or contribution	515,895	382,793	461
Net investments in real estate	88,145,520	88,070,500	87,740
Cash and cash equivalents	598,347	500,589	530
Other assets	4,793,551	4,739,221	4,749
Total assets	**$ 93,537,418**	**$ 93,310,310**	**$ 93,020,**
Liabilities and Equity:			
Liabilities:			
Debt	$ 29,904,620	$ 29,557,667	$ 29,000
Accounts payable, accrued expenses and other liabilities	5,709,477	5,955,525	6,196
Total liabilities	35,614,097	35,513,192	35,197

Equity:			
Stockholders' equity	53,345,060	53,190,653	53,181
Noncontrolling interests	3,276,961	3,310,776	3,324
Noncontrolling interests - limited partnership unitholders	1,301,300	1,295,689	1,317
Total equity	57,923,321	57,797,118	57,823
Total liabilities and equity	**$ 93,537,418**	**$ 93,310,310**	**$ 93,020,**

in thousands, except per share amounts	Three Months Ended June 30, 2024	2023	Six Months E Jun 2024	
Revenues:				
Rental	$ 1,852,376	$ 1,651,454	$ 3,680,034	$ 3,28
Strategic capital	154,742	799,035	283,154	93
Development management and other	836	482	1,387	
Total revenues	2,007,954	2,450,971	3,964,575	4,21
Expenses:				
Rental	445,235	387,938	899,492	80
Strategic capital	70,536	150,906	149,347	22
General and administrative	106,596	95,647	217,887	19
Depreciation and amortization	637,305	602,168	1,274,810	1,20
Other	11,444	12,160	23,688	1
Total expenses	1,271,116	1,248,819	2,565,224	2,44
Operating income before gains on real estate transactions, net	**$ 736,838**	**$ 1,202,152**	**$ 1,399,351**	**$ 1,777**
Gains on dispositions of development properties and land, net	87,174	184,877	127,482	18
Gains on other dispositions of investments in real estate, net (excluding development properties and land)	199,326	24,761	216,860	2
Operating income	**$ 1,023,338**	**$ 1,411,790**	**$ 1,743,693**	**$ 1,990**
Other income (expense):				
Earnings from unconsolidated entities, net	102,337	70,642	174,809	14
Interest expense	(208,267)	(149,818)	(401,587)	(285
Foreign currency, derivative and other gains and other income, net	37,152	26,104	100,716	3
Gains on early extinguishment of debt, net	-	-	536	
Total other expense	(68,778)	(53,072)	(125,526)	(101
Earnings before income taxes	954,560	1,358,718	1,618,167	1,88
Current income tax expense	(32,888)	(77,509)	(65,354)	(106
Deferred income tax expense	(10,171)	(1,718)	(10,505)	(
Consolidated net earnings	911,501	1,279,491	1,542,308	1,77
Net earnings attributable to noncontrolling interests	(28,802)	(32,863)	(59,110)	(5
Net earnings attributable to noncontrolling interests - limited partnership units	(21,351)	(30,600)	(36,135)	(4
Net earnings attributable to controlling interests	861,348	1,216,028	1,447,063	1,68
Preferred stock dividends	(1,503)	(1,475)	(2,955)	(
Net earnings attributable to common stockholders	**$ 859,845**	**$ 1,214,553**	**$ 1,444,108**	**$ 1,677**
Weighted average common shares outstanding - Diluted	953,200	951,706	953,439	95
Net earnings per share attributable to common stockholders - Diluted	**$ 0.92**	**$ 1.31**	**$ 1.55**	**$**

in thousands	Three Months Ended June 30, 2024	2023	SIx Months Jur 2024	
Net earnings attributable to common stockholders	$ 859,845	$ 1,214,553	$ 1,444,108	$ 1,6
Add (deduct) NAREIT FFO defined adjustments:				
Real estate related depreciation and amortization	617,822	591,093	1,239,984	1,1
Gains on other dispositions of investments in real estate, net of taxes (excluding development properties and land)	(198,857)	(24,761)	(216,391)	(
Adjustments related to noncontrolling interests	(9,808)	(459)	(25,904)	(
Our proportionate share of adjustments related to unconsolidated entities	101,905	116,213	221,436	2
NAREIT defined FFO attributable to common stockholders/unitholders*	**$ 1,370,907**	**$ 1,896,639**	**$ 2,663,233**	**$ 3,04**
Add (deduct) Prologis FFO defined adjustments:				
Unrealized foreign currency, derivative and other losses (gains), net	(3,035)	1,895	(38,108)	
Deferred income tax expense	10,171	1,718	10,505	
Our proportionate share of adjustments related to unconsolidated entities	(4,520)	(5,765)	(4,211)	
FFO, as modified by Prologis attributable to common stockholders/unitholders*	**$ 1,373,523**	**$ 1,894,487**	**$ 2,631,419**	**$ 3,05**
Add (deduct) Core FFO defined adjustments:				
Gains on dispositions of development properties and land, net	(87,174)	(184,877)	(127,482)	(18
Current income tax expense (benefit) on dispositions	(493)	17,902	4,836	
Gains on early extinguishment of debt, net	-	-	(536)	
Adjustments related to noncontrolling interests	78	9,332	78	
Our proportionate share of adjustments related to unconsolidated entities	(4,647)	539	(4,649)	
Core FFO attributable to common stockholders/unitholders*	**$ 1,281,287**	**$ 1,737,383**	**$ 2,503,666**	**$ 2,89**
Add (deduct) AFFO defined adjustments:				
Gains on dispositions of development properties and land, net	87,174	184,877	127,482	1
Current income tax benefit (expense) on dispositions	493	(17,902)	(4,836)	(
Straight-lined rents and amortization of lease intangibles	(144,349)	(156,241)	(303,309)	(30
Property improvements	(96,112)	(54,498)	(126,312)	(
Turnover costs	(111,400)	(89,099)	(215,706)	(16
Amortization of debt discount, financing costs and management contracts, net	20,362	18,582	38,700	
Stock compensation amortization expense	54,545	89,868	121,782	1
Adjustments related to noncontrolling interests	11,652	3,607	20,683	
Our proportionate share of adjustments related to unconsolidated entities	(31,547)	(28,048)	(57,688)	(
AFFO attributable to common stockholders/unitholders*	**$ 1,072,105**	**$ 1,688,529**	**$ 2,104,462**	**$ 2,66**

*This is a non-GAAP financial measure. Please see our Notes and Definitions for further explanation.

in thousands	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months E Jur 2024	Six Months E Jur
Net earnings attributable to common stockholders	$ 859,845	$ 1,214,553	$ 1,444,108	$ 1,67
Gains on other dispositions of investments in real estate, net (excluding development properties and land)	(199,326)	(24,761)	(216,860)	(2
Depreciation and amortization expense	637,305	602,168	1,274,810	1,20
Interest charges	193,413	137,987	377,425	27
Current and deferred income tax expense, net	43,059	79,227	75,859	11
Net earnings attributable to noncontrolling interests - limited partnership units	21,351	30,600	36,135	4
Pro forma adjustments	5,817	31,006	7,541	3
Preferred stock dividends	1,503	1,475	2,955	
Unrealized foreign currency, derivative and other losses (gains), net	(3,035)	1,895	(38,108)	1
Stock compensation amortization expense	54,545	89,868	121,782	15
Gains on early extinguishment of debt, net	-	-	(536)	(
Adjustments related to noncontrolling interests	(31,496)	(31,623)	(62,847)	(6
Our proportionate share of adjustments related to unconsolidated entities	135,926	142,796	294,802	29
Adjusted EBITDA attributable to common stockholders/unitholders*	**$ 1,718,907**	**$ 2,275,191**	**$ 3,317,066**	**$ 3,70**

*This is a non-GAAP financial measure. Please see our Notes and Definitions for further explanation.

Adjusted EBITDA. We use Adjusted EBITDA attributable to common stockholders/unitholders ("Adjusted EBITDA"), a non-GAAP financial measure, as a measure of our operating performance. The most directly comparable GAAP measure to Adjusted EBITDA is net earnings.

We calculate Adjusted EBITDA by beginning with consolidated net earnings attributable to common stockholders and removing the effect of: interest charges, income taxes, depreciation and amortization, impairment charges, gains or losses from the disposition of investments in real estate (excluding development properties and land), 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 items, such as, amortization of stock based compensation and unrealized gains or losses on foreign currency and derivatives. We also include a pro forma adjustment to reflect a full period of NOI on the operating properties we acquire or stabilize during the quarter and to remove NOI on properties we dispose of during the quarter, assuming all transactions occurred at the beginning of the quarter. For properties we contribute, we make an adjustment to reflect NOI at the new ownership percentage for the full quarter.

We believe Adjusted EBITDA provides investors relevant and useful information because it permits investors to view our operating performance, analyze our ability to meet interest payment obligations and make quarterly preferred stock dividends on an unleveraged basis before the effects of income tax, depreciation and amortization expense, gains and losses on the disposition of non-development properties and other items (outlined above), that affect comparability. While all items are not infrequent or unusual in nature, these items may 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 calculate our Adjusted EBITDA, based on our proportionate ownership share of both our unconsolidated and consolidated ventures. We reflect our share of our Adjusted EBITDA measures for unconsolidated ventures by applying our average ownership percentage for the period to the applicable adjusting 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 Adjusted EBITDA measures to remove the noncontrolling interests share of the applicable adjusting items based on our average ownership percentage for the applicable periods.

While we believe Adjusted EBITDA is an important measure, it should not be used alone because it excludes significant components of net earnings, such as our historical cash expenditures or future cash requirements for working capital, capital expenditures, distribution requirements, contractual commitments or interest and principal payments on our outstanding debt and is therefore limited as an analytical tool.

Our computation of Adjusted EBITDA may not be comparable to EBITDA reported by other companies in both the real estate industry and other industries. 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 to Adjusted EBITDA from consolidated net earnings attributable to common stockholders.

Business Line Reporting is a non-GAAP financial measure**.** Core FFO and development gains are generated by our three lines of business: (i) real estate operations; (ii) strategic capital; and (iii) development. The real estate operations line of business 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 asset management fees and transactional fees that we earn from our consolidated and unconsolidated co-investment ventures less costs directly associated with our strategic capital group and Net Promote Income (Expense). Realized 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 per share calculation. 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 companies as they may use different methodologies in computing such measures.

Calculation of Per Share Amounts

in thousands, except per share amount	**Three Months Ended Jun. 30, 2024**	**Three Months Ended Jun. 30, 2023**	**Six Months Ende Jun. 3 2024**	**Six Months Ende Jun. 3 202**
Net earnings				
Net earnings attributable to common stockholders	$ 859,845	$ 1,214,553	$ 1,444,108	$ 1,677,7
Noncontrolling interest attributable to exchangeable limited partnership units	21,551	30,700	36,516	42,4
Adjusted net earnings attributable to common stockholders - Diluted	**$ 881,396**	**$ 1,245,253**	**$ 1,480,624**	**$ 1,720,1**
Weighted average common shares outstanding - Basic	926,276	924,191	925,812	924,0
Incremental weighted average effect on exchange of limited partnership units	23,224	23,453	23,465	23,5
Incremental weighted average effect of equity awards	3,700	4,062	4,162	3,9
Weighted average common shares outstanding - Diluted	**953,200**	**951,706**	**953,439**	**951,6**
Net earnings per share - Basic	**$ 0.93**	**$ 1.31**	**$ 1.56**	**$ 1.**
Net earnings per share - Diluted	**$ 0.92**	**$ 1.31**	**$ 1.55**	**$ 1.**

in thousands, except per share amount	**Three Months Ended Jun. 30, 2024**	**Three Months Ended Jun. 30, 2023**	**Six Months Ende Jun. 3 2024**	**Six Months Ende Jun. 3 202**
Core FFO				
Core FFO attributable to common stockholders/unitholders	$ 1,281,287	$ 1,737,383	$ 2,503,666	$ 2,894,3
Noncontrolling interest attributable to exchangeable limited partnership units	289	183	564	3
Core FFO attributable to common stockholders /unitholders - Diluted	**$ 1,281,576**	**$ 1,737,566**	**$ 2,504,230**	**$ 2,894,7**
Net Promote Income (Expense)	(11,315)	552,045	(34,056)	536,0
Core FFO attributable to common stockholders /unitholders, excluding Net Promote Income (Expense) - Diluted	**$ 1,292,891**	**$ 1,185,521**	**$ 2,538,286**	**$ 2,358,6**
Weighted average common shares outstanding - Basic	926,276	924,191	925,812	924,0
Incremental weighted average effect on exchange of limited partnership units	23,224	23,453	23,465	23,5
Incremental weighted average effect of equity awards	3,700	4,062	4,162	3,9

Weighted average common shares outstanding - Diluted	**953,200**	**951,706**	**953,439**	**951,63**
Core FFO per share - Diluted	**$ 1.34**	**$ 1.83**	**$ 2.63**	**$ 3.0**
Core FFO per share, excluding Net Promote Income (Expense) - Diluted	**$ 1.36**	**$ 1.25**	**$ 2.66**	**$ 2.4**

Development Portfolio includes industrial and non-industrial properties, yards and parking lots that are under development and properties that are developed but have not met Stabilization. At June 30, 2024, total TEI for yards, parking lots, data centers, and other non-industrial assets was $1.3 billion both on an Owned and Managed and Prologis Share basis. We do not disclose square footage for yards and parking lots.

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

Estimated Value Creation represents the value that we expect to create through our development and leasing activities. We calculate Estimated Value Creation by estimating the Stabilized NOI that the property will generate and applying a stabilized capitalization rate applicable to that property. Estimated Value Creation is calculated as the amount by which the value exceeds our TEI, including closing costs and taxes, if any, and does not include any fees or promotes we may earn.

Estimated Weighted Average Margin is calculated on development properties as Estimated Value Creation, less estimated closing costs and taxes, if any, on properties expected to be sold or contributed, divided by TEI.

Estimated Weighted Average Stabilized Yield is calculated on the properties in the Development Portfolio as Stabilized NOI divided by TEI. The yields on a Prologis Share basis were as follows:

	Pre-Stabilized Developments	**2024 Expected Completion**	**2025 and Thereafter Expected Completion**	**Total Development Portfolio**
U.S.	6.7 %	6.5 %	7.3 %	6.9 %
Other Americas	9.9 %	7.9 %	8.1 %	8.1 %
Europe	5.5 %	6.1 %	6.1 %	5.9 %
Asia	5.3 %	6.0 %	4.9 %	5.1 %
Total	6.2 %	6.7 %	7.0 %	6.8 %

FFO, as modified by Prologis attributable to common stockholders/unitholders ("FFO, as modified by Prologis"); Core FFO attributable to common stockholders/unitholders ("Core FFO"); AFFO attributable to common stockholders/unitholders ("AFFO"); (collectively referred to as "FFO"). FFO is a non-GAAP financial measure that is commonly used in the real estate industry. The most directly comparable GAAP measure to FFO is net earnings.

The National Association of Real Estate Investment Trusts ("NAREIT") defines FFO as earnings computed under GAAP to exclude historical cost depreciation and gains and losses from sales net of any related tax, along with impairment charges, of previously depreciated properties. We also exclude the gains on revaluation of equity investments upon acquisition of a controlling interest and the gain recognized from a partial sale of our investment, as these are similar to gains from the sales of previously depreciated properties. We exclude similar adjustments from our unconsolidated entities and the third parties' share of our consolidated ventures.

Our FFO Measures

Our FFO measures begin with NAREIT's definition and we make certain adjustments to reflect our business and the way that management plans and executes our business strategy. While not infrequent or unusual, the additional items we adjust for in calculating *FFO, as modified by Prologis*, *Core FFO* and *AFFO*, as defined below, are subject to significant fluctuations from period to period. Although these items may have 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. These items have 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 calculate our FFO measures, as defined below, based on our proportionate ownership share of both our unconsolidated entities and consolidated ventures. We reflect our share of our FFO measures for unconsolidated entities by applying our average ownership percentage for the period to the applicable adjusting 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 noncontrolling interests share of the applicable adjusting items based on our average ownership percentage for the applicable periods.

These FFO measures are used by management as supplemental financial measures of operating performance and we believe that it is important that stockholders, potential investors and financial analysts understand the measures management uses. 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.

We analyze our operating performance principally by the rental revenues of our real estate and the revenues from 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.

FFO, as modified by Prologis

To arrive at *FFO, as modified by Prologis*, we adjust the NAREIT defined FFO measure to exclude the impact of foreign currency related items and deferred tax, specifically:

(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 earnings that is excluded from our defined FFO measure;

(iii) foreign currency exchange gains and losses resulting from (a) debt transactions between us and our foreign entities; (b) third-party debt that is used to hedge our investment in foreign entities; (c) derivative financial instruments related to any such debt transactions; and (d) mark-to-market adjustments associated with derivative and other financial instruments.

We use FFO, as modified by Prologis, so that management, analysts and investors are able to evaluate our performance against other REITs that do not have similar operations or operations in jurisdictions outside the U.S.

Core FFO

In addition to *FFO, as modified by Prologis,* we also use Core FFO. To arrive at *Core FFO,* we adjust *FFO, as modified by Prologis*, to exclude the following recurring and nonrecurring items that we recognize directly in *FFO, as modified by Prologis*:

(i) gains or losses from the disposition of land and development properties that were developed with the intent to contribute or sell;

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

(iv) gains or losses from the early extinguishment of debt and redemption and repurchase of preferred stock.

We use Core FFO, including by segment and region, to: (i) assess our operating performance as compared to other real estate companies; (ii) evaluate our performance and the performance of our properties in comparison with expected results and results of previous periods; (iii) evaluate the performance of our management; (iv) budget and forecast future results to assist in the allocation of resources; (v) provide guidance to the financial markets to understand our expected operating performance; and (vi) evaluate how a specific potential investment will impact our future results.

AFFO

To arrive at AFFO, we adjust Core FFO to include realized gains from the disposition of land and development properties, net of current tax expense, and recurring capital expenditures and exclude the following items that we recognize directly in Core FFO:

(i) straight-line rents;

(ii) amortization of above- and below-market lease intangibles;

(iii) amortization of management contracts;

(iv) amortization of debt premiums and discounts and financing costs, net of amounts capitalized, and;

(v) stock compensation amortization expense.

We use AFFO to (i) assess our operating performance as compared to other real estate companies; (ii) evaluate our performance and the performance of our properties in comparison with expected results and results of previous periods; (iii) evaluate the performance of our management; (iv) budget and forecast future results to assist in the allocation of resources; and (v) evaluate how a specific potential investment will impact our future results.

Limitations on the use of our FFO measures

While we believe our modified 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 the limitations are:

- The current income tax expenses that are excluded from our modified FFO measures represent the taxes that are payable.
- Depreciation and amortization of real estate assets are economic costs that are excluded from FFO. FFO is limited, as it does not reflect the cash requirements that may be necessary for future replacements of the real estate assets. Furthermore, the amortization of capital expenditures and leasing costs necessary to maintain the operating performance of logistics facilities are not reflected in FFO.
- Gains or losses from property dispositions and 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 disposed properties arising from changes in market conditions.
- The deferred income tax benefits and expenses that are excluded from our modified 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 modified 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 modified 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 or preferred stock that we exclude from our Core FFO, may provide a benefit or cost to us as we may be settling our obligation at less or more than our future obligation.

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 modified FFO measures to our net earnings computed under GAAP.

Guidance. The following is a reconciliation of our annual guided Net Earnings per share to our guided Core FFO per share:

	Low	High
Net earnings attributable to common stockholders (a)	**$ 3.25**	**$ 3.45**
Our share of:		
Depreciation and amortization	2.91	2.94
Net gains on real estate transactions, net of taxes	(0.75)	(0.90)
Unrealized foreign currency losses (gains), losses (gains) on early extinguishment of debt and other, net	(0.02)	(0.02)
Core FFO attributable to common stockholders/unitholders	**$ 5.39**	**$ 5.47**

(a) *Earnings guidance includes potential future gains recognized from real estate transactions, but excludes future foreign currency or derivative gains or losses as these items are difficult to predict.*

Market Capitalization equals Market Equity, less liquidation preference of the preferred shares/units, plus our share of total debt.

Market Equity equals outstanding shares of common stock and units multiplied by the closing stock price plus the liquidation preference of the preferred shares/units.

Net Promote Income (Expense) is promote revenue earned from third-party investors during the period, net of related cash and stock compensation expenses, and taxes and foreign currency derivative gains and losses, if applicable.

Operating Portfolio represents industrial properties in our Owned and Managed portfolio that have reached Stabilization. Assets held for sale, Non-Strategic Assets and non-industrial assets are excluded from the portfolio. Prologis Share of NOI excludes termination fees and adjustments and includes NOI for the properties contributed to or acquired from co-investment ventures at our actual share prior to and subsequent to change in ownership.

Owned and Managed represents the consolidated properties as well as properties owned by our unconsolidated co-investment ventures, which we manage.

Prologis Share represents our proportionate economic ownership of each entity, or property included in our total Owned and Managed portfolio, whether consolidated or unconsolidated.

Rent Change (Cash) represents the percentage change in starting rental rates per the lease agreement, on new and renewed leases, commenced during the period compared with the previous ending rental rates in that same space. This measure excludes any short-term leases of less than one-year, holdover payments, free rent periods and introductory (teaser rates) defined as 50% or less of the stabilized rate.

Rent Change (Net Effective) represents the percentage change in net effective rental rates (average rate over the lease term), on new and renewed leases, commenced during the period compared with the previous net effective rental rates in that same space. This measure excludes any short-term leases of less than one year and holdover payments.

Retention is the square footage of all leases commenced during the period that are rented by existing tenants divided by the square footage of all expiring and in-place leases during the reporting period. The square footage of tenants that default or buy-out prior to expiration of their lease and short-term leases of less than one year, are not included in the calculation.

Same Store. Our same store metrics are non-GAAP financial measures, which are commonly used in the real estate industry and expected from the financial community, on both a net effective and cash basis. We evaluate the 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, which allows us and investors to analyze our ongoing business operations. We determine our same store metrics on property NOI, which is calculated as rental revenue less rental expense for the applicable properties in the same store population for both consolidated and unconsolidated properties based on our ownership interest, as further defined below.

We define our same store population for the three months ended June 30, 2024 as the properties in our Owned and Managed Operating Portfolio, including the property NOI for both consolidated properties and properties owned by the unconsolidated co-investment ventures at January 1, 2023 and owned throughout the same three-month period in both 2023 and 2024.

We believe the drivers of property NOI for the consolidated portfolio are generally the same for the properties owned by the ventures in which we invest and therefore we evaluate the same store metrics of the Owned and Managed portfolio based on Prologis' ownership in the properties ("Prologis Share").

The same store population excludes properties held for sale to third parties, along with development properties that were not stabilized at the beginning of the period (January 1, 2023) and properties acquired or disposed of to third parties during the period. To derive an appropriate measure of period-to-period operating performance, we remove the effects of foreign currency exchange rate movements by using the reported period-end exchange rate to translate from local currency into the U.S. dollar, for both periods.

As non-GAAP financial measures, the same store metrics have certain limitations as an analytical tool and may vary among real estate companies. As a result, we provide a reconciliation of Rental Revenues less Rental Expenses ("Property NOI") (from our Consolidated Financial Statements prepared in accordance with U.S. GAAP) to our Same Store Property NOI measures, as follows:

	Three Months Ended Jun. 30,		
dollars in thousands	**2024**	**2023**	**Change (%)**
Reconciliation of Consolidated Property NOI to Same Store Property NOI measures:			
Rental revenues	$ 1,852,376	$ 1,651,454	
Rental expenses	(445,235)	(387,938)	
Consolidated Property NOI	**$ 1,407,141**	**$ 1,263,516**	
Adjustments to derive same store results:			
Property NOI from consolidated properties not included in same store portfolio and other adjustments (a)	(206,994)	(117,892)	
Property NOI from unconsolidated co-investment ventures included in same store portfolio (a)(b)	779,945	735,600	
Third parties' share of Property NOI from properties included in same store portfolio (a)(b)	(618,904)	(591,155)	

Prologis Share of Same Store Property NOI – Net Effective (b)	**$ 1,361,188**	**$ 1,290,069**	**5.5 %**
Consolidated properties straight-line rent and fair value lease amortization included in the same store portfolio (c)	(107,050)	(121,029)	
Unconsolidated co-investment ventures straight-line rent and fair value lease amortization included in the same store portfolio (c)	(11,554)	(17,112)	
Third parties' share of straight-line rent and fair value lease amortization included in the same store portfolio (b)(c)	6,529	13,016	
Prologis Share of Same Store Property NOI – Cash (b)(c)	**$ 1,249,113**	**$ 1,164,944**	**7.2 %**

(a) We exclude properties held for sale to third parties, along with development properties that were not stabilized at the beginning of the period and properties acquired or disposed of to third parties during the period. We also exclude net termination and renegotiation fees to allow us to evaluate the growth or decline in each property's rental revenues without regard to one-time items that are not indicative of the property's recurring operating performance. Net termination and renegotiation fees represent the gross fee negotiated to allow a customer to terminate or renegotiate their lease, offset by the write-off of the asset recorded due to the adjustment to straight-line rents over the lease term. Same Store Property NOI is adjusted to include an allocation of property management expenses for our consolidated properties based on the property management services provided to each property (generally, based on a percentage of revenues). On consolidation, these amounts are eliminated and the actual costs of providing property management and leasing services are recognized as part of our consolidated rental expense.

(b) We include the Property NOI for the same store portfolio for both consolidated properties and properties owned by the co-investment ventures based on our investment in the underlying properties. In order to calculate our share of Same Store Property NOI from the co-investment ventures in which we own less than 100%, we use the co-investment ventures' underlying Property NOI for the same store portfolio and apply our ownership percentage at June 30, 2024 to the Property NOI for both periods, including the properties contributed during the period. We adjust the total Property NOI from the same store portfolio of the co-investment ventures by subtracting the third parties' share of both consolidated and unconsolidated co-investment ventures.

During the periods presented, certain wholly-owned properties were contributed to a co-investment venture and are included in the same store portfolio. Neither our consolidated results nor those of the co-investment ventures, when viewed individually, would be comparable on a same store basis because of the changes in composition of the respective portfolios from period to period (e.g. the results of a contributed property are included in our consolidated results through the contribution date and in the results of the venture subsequent to the contribution date based on our ownership interest at the end of the period). As a result, only line items labeled "Prologis Share of Same Store Property NOI" are comparable period over period.

(c) We further remove certain noncash items (straight-line rent and fair value lease amortization) included in the financial statements prepared in accordance with U.S. GAAP to reflect a Same Store Property NOI – Cash measure.

We manage our business and compensate our executives based on the same store results of our Owned and Managed portfolio at 100% as we manage our portfolio on an ownership blind basis. We calculate those results by including 100% of the properties included in our same store portfolio.

Stabilization is defined as the earlier of when a property that was developed has been completed for one year, is contributed to a co-investment venture following completion or is 90% occupied. Upon Stabilization, a property is moved into our Operating Portfolio.

Weighted Average Interest Rate is based on the effective rate, which includes the amortization of related premiums and discounts and finance costs.

Weighted Average Stabilized Capitalization ("Cap") Rate is calculated as Stabilized NOI divided by the Acquisition Price.

SOURCE Prologis, Inc.

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