



July 21, 2016

Mr. Brent J. Fields, Secretary  
Securities and Exchange Commission  
100 F Street, N.E.  
Washington, D.C. 20549-1090

Delivered Electronically

Re: Concept Release on Business and Financial Disclosure Required by Regulation S-K;  
Release Nos. 33-10064 and 34-77599; File No. S7-06.16 (the “Concept Release”)

Dear Mr. Fields,

Prologis, Inc. (“PLD”, “our”, “we” or the “Company”) appreciates the opportunity to comment on the Concept Release issued by the Securities and Exchange Commission (“SEC” or “the Commission”). We are a global industrial REIT which owned or had investments in 3,347 properties and development projects that totaled approximately 666 million square feet, in 20 countries with a market capitalization of approximately \$26.6 billion as of June 30, 2016. Prologis leases modern distribution facilities to a diverse base of approximately 5,200 customers globally.

Our responses below describe our position to specific questions and topics included within the Concept Release. Overall, we would like to highlight the following two themes which are embedded within our responses:

- We strongly favor a “Principles-based” approach by the SEC to disclosure requirements and believe that registrants have the requisite knowledge and experience to determine the information that is important in understanding the registrant’s business and that is meaningful to investors and analysts.
- We agree with the efforts of the SEC that disclosure concepts should be simplified to require information that provides the readers of the financial statements with the information they need to understand a company and its business and we should actively strive to reduce duplicative or unused disclosures within SEC filings.

#### ***Description of Property (Item 102)***

In response to questions 60-66 of the Concept Release, we do not believe that the information required by Item 102 of Regulation S-K requires us undue time or significant cost to prepare.



The information that we provide in Item 102 is consistent with information we provide to our investors and analysts in our quarterly supplemental reporting. We believe this level of information is sufficient for them to understand our business and our investments. However, Item 102 is significantly different than Schedule III (as defined by S-X rule 210.5-04(c)), which requires added detail for each individual property or business park, such as original purchase price, cumulative capital improvements, year acquired or developed and accumulated depreciation and amortization. This additional detail is extremely burdensome and can take us upwards of a month to prepare. We do not believe it provides useful information to investors, as they are not concerned with the additional disclosure required and at such a detailed level as required by Schedule III. We own and manage a global real estate portfolio that encompasses approximately 3,300 buildings and the detailed information currently required under Schedule III is not likely to impact investing decisions given the scale of our real estate portfolio. During our quarterly earnings conference calls our analysts and investors will inquire about the economic conditions in specific geographic markets as opposed to the book value or accumulated depreciation of a specific property or business park.

In addition, due to the requirements of XBRL, Schedule III adds further undue burden as we are required to apply in excess of 5,000 XBRL tags to the twelve pages of information contained in Schedule III. Due to the complexity of the schedule and size and scale of our real estate portfolio, most of the tags are custom and therefore do not provide any comparability to other companies. As such, we are of the position that Schedule III does not provide any meaningful information beyond that which is required by or already provided pursuant to Item 102. Therefore, we propose that registrants disclose information with respect to their real property in a manner that registrants believe best describes their business and focus the information in a manner that investors find most useful.

Certain aspects of Schedule III, such as aggregate gross book value and accumulated depreciation, are included in the balance sheet, and we propose that the SEC combine certain requirements of Schedule III into Item 102 (such as providing disclosure of properties on a geographic rather than individual basis). This would reduce duplicative disclosures within SEC Form 10-K that are not meaningful to investors and reduce the undue burden on registrants of applying an excessive amount of XBRL tags to the information that do not provide for comparability among registrants. Or, at a minimum, Schedule III should be aggregated at the same level as required pursuant to Item 102 and should be excluded from the XBRL requirements as it provides no level of comparability.

#### ***Critical Accounting Estimates***

In response to questions 137-144 of the Concept Release, consistent with the FASB's disclosure simplification project, we believe that disclosure requirements, particularly around critical accounting estimates, should be principles-based as opposed to prescriptive to ensure that information critical to understanding the registrant's business is disclosed and understood by the



financial statements users. Prescriptive requirements may not elicit the most meaningful or useful information to understanding a business and may provide for excessive disclosure in which meaningful information becomes lost. Registrants have the requisite knowledge and experience to determine the decision-useful information that should be disclosed and relied upon by investors and analysts. Additionally, to prevent further duplication of the discussion of significant accounting policies within the MD&A and in the notes to the financial statements the Commission should combine the requirements of accounting policies within the MD&A and accounting policies in the financial statements into one disclosure and one location in the filings.

### ***Audience for Disclosure***

In response to questions 14-20 of the Concept Release, we believe that continued additions to disclosure requirements do not best serve the users of the financial statements. The current disclosure requirements are onerous and create filings so lengthy that decision-useful information becomes buried within the filings. The Commission noted, “the most frequent users of Form 10-K disclosure were institutional investors, professional security analysts and sophisticated investors.”<sup>1</sup> For this reason, we believe that proposed disclosure rules should be tailored to the sophistication of the most frequent users of the financial statements. This will allow registrants to focus on the disclosures and discussion of information that is most important and relevant to decision making to the majority of investors and users of the financial statements. In addition, it will reduce the complexity of the filing therefore offering clarity in the information provided as well as reduce the time and cost to prepare it.

We request the Commission study how frequently XBRL tagging is accessed by users of the information given the time and cost required to comply with the XBRL requirements. On average, XBRL tagging takes us approximately one week per quarter internally, in addition to the time and cost of an outside firm that we contract with to assist in the compliance with XBRL requirements. Furthermore, we have received feedback that the users of our financial statements do not use the XBRL reporting.

### ***Key Indicators of Financial Condition and Operating Performance (Item 303)***

In response to questions 103-106 of the Concept Release, we note the importance of both financial and non-financial key indicators reported by SEC registrants. The Concept Release requests comments on whether the SEC should mandate the disclosure of key indicators. In conjunction with our position on principles-based disclosures, we believe registrants should be allowed to present financial measures and financial indicators on a principles-based approach that present insightful information on a company’s performance in order to provide investors with information that management believes more accurately describes a company’s business and

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<sup>1</sup> SEC. (2016, April 22). 17 CFR Parts 210, 229, 230, et al. Business and Financial Disclosure Required by Regulation S-K; Concept Release; Proposed Rule. *Federal Register*, 81(78), 13.



that is more useful to investors in understanding the business and ultimately making investment decisions. A couple examples of meaningful financial indicators in our industry are net effective rent change, occupancy, same-store net operating income and others which are widely used today and relied upon by investors and analysts. We acknowledge the necessity to provide prominence to and/or begin with financial measures as defined by U.S. GAAP (and provide appropriate reconciliations, where appropriate.)

### ***Results of Operations (Item 303(a)(3))***

In response to questions 107-112, the Concept Release provides a comment received during the Disclosure Effectiveness Initiative that states “a two year financial statement requirement would eliminate ‘clutter’ in MD&A and allow users to focus on new, material information about the latest fiscal year.”<sup>2</sup> We agree with the commenter and believe that removing the requirement for a three year comparison would also lessen the burden of repeating previously reported information. For information on previous years, the reader can reference our past SEC filings to understand variances. While not onerous to prepare, the current discussion of three-years of operations does not provide additional information that is not already presented in the notes to the financial statements or readily accessible in prior filings with the Commission.

We appreciate the opportunity to comment on the Concept Release. Please contact us if you have any questions regarding our responses.

Sincerely,

A handwritten signature in blue ink, appearing to read "Lori A. Palazzolo".

Lori A. Palazzolo  
Prologis, Inc., *Managing Director and Chief Accounting Officer*

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<sup>2</sup> SEC. (2016, April 22). 17 CFR Parts 210, 229, 230, et al. Business and Financial Disclosure Required by Regulation S-K; Concept Release; Proposed Rule. *Federal Register*, 81(78), 30.