

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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2019

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

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



Prologis, Inc.
Prologis, L.P.

(Exact name of registrant as specified in its charter)

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

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

Pier 1, Bay 1, San Francisco, California
(Address or principal executive offices)

94111
(Zip Code)

(415) 394-9000

(Registrants' telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing for the past 90 days.

Prologis, Inc.	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Prologis, L.P.	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter periods that the registrant was required to submit such files).

Prologis, Inc.	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Prologis, L.P.	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer", "accelerated filer", "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Prologis, Inc.:						
Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>	Non-accelerated filer	<input type="checkbox"/>	
				Smaller reporting company	<input type="checkbox"/>	
					Emerging growth company	<input type="checkbox"/>

Prologis, L.P.:						
Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>	Non-accelerated filer	<input checked="" type="checkbox"/>	
				Smaller reporting company	<input type="checkbox"/>	
					Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934).

Prologis, Inc.	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Prologis, L.P.	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>

The number of shares of Prologis, Inc.'s common stock outstanding at April 18, 2019, was approximately 630,793,000.

EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the period ended March 31, 2019, of Prologis, Inc. and Prologis, L.P. Unless stated otherwise or the context otherwise requires, references to "Prologis, Inc." or the "Parent" mean Prologis, Inc. and its consolidated subsidiaries; and references to "Prologis, L.P." or the "Operating Partnership" or the "OP" mean Prologis, L.P., and its consolidated subsidiaries. The terms "the Company," "Prologis," "we," "our" or "us" means the Parent and the OP collectively.

The Parent is a real estate investment trust (a "REIT") and the general partner of the OP. At March 31, 2019, the Parent owned 96.99% common general partnership interest in the OP and 100% of the preferred units in the OP. The remaining 3.01% common limited partnership interests are owned by unaffiliated investors and certain current and former directors and officers of the Parent.

We operate the Parent and the OP as one enterprise. The management of the Parent consists of the same members as the management of the OP. These members are officers of the Parent and employees of the OP or one of its subsidiaries. As sole general partner, the Parent has control of the OP through complete responsibility and discretion in the day-to-day management and therefore, consolidates the OP for financial reporting purposes. Because the only significant asset of the Parent is its investment in the OP, the assets and liabilities of the Parent and the OP are the same on their respective financial statements.

We believe combining the quarterly reports on Form 10-Q of the Parent and the OP into this single report results in the following benefits:

- enhances investors' understanding of the Parent and the OP by enabling investors to view the business as a whole in the same manner as management views and operates the business;
- eliminates duplicative disclosure and provides a more streamlined and readable presentation as a substantial portion of the Company's disclosure applies to both the Parent and the OP; and
- creates time and cost efficiencies through the preparation of one combined report instead of two separate reports.

It is important to understand the few differences between the Parent and the OP in the context of how we operate the Company. The Parent does not conduct business itself, other than acting as the sole general partner of the OP and issuing public equity from time to time. The OP holds substantially all the assets of the business, directly or indirectly. The OP conducts the operations of the business and is structured as a partnership with no publicly traded equity. Except for net proceeds from equity issuances by the Parent, which are contributed to the OP in exchange for partnership units, the OP generates capital required by the business through the OP's operations, incurrence of indebtedness and issuance of partnership units to third parties.

The presentation of noncontrolling interests, stockholders' equity and partners' capital are the main areas of difference between the consolidated financial statements of the Parent and those of the OP. The differences in the presentations between stockholders' equity and partners' capital result from the differences in the equity and capital issuances in the Parent and in the OP.

The preferred stock, common stock, additional paid-in capital, accumulated other comprehensive income (loss) and distributions in excess of net earnings of the Parent are presented as stockholders' equity in the Parent's consolidated financial statements. These items represent the common and preferred general partnership interests held by the Parent in the OP and are presented as general partner's capital within partners' capital in the OP's consolidated financial statements. The common limited partnership interests held by the limited partners in the OP are presented as noncontrolling interest within equity in the Parent's consolidated financial statements and as limited partners' capital within partners' capital in the OP's consolidated financial statements.

To highlight the differences between the Parent and the OP, separate sections in this report, as applicable, individually discuss the Parent and the OP, including separate financial statements and separate Exhibit 31 and 32 certifications. In the sections that combine disclosure of the Parent and the OP, this report refers to actions or holdings as being actions or holdings of Prologis.

PROLOGIS

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PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

PROLOGIS, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except per share data)

	March 31, 2019 (Unaudited)	December 31, 2018
ASSETS		
Investments in real estate properties	\$ 34,395,698	\$ 34,586,987
Less accumulated depreciation	4,868,611	4,656,680
Net investments in real estate properties	29,527,087	29,930,307
Investments in and advances to unconsolidated entities	5,613,060	5,745,294
Assets held for sale or contribution	899,976	622,288
Net investments in real estate	36,040,123	36,297,889
Lease right-of-use assets	383,704	-
Cash and cash equivalents	251,030	343,856
Other assets	1,717,255	1,775,919
Total assets	\$ 38,392,112	\$ 38,417,664
LIABILITIES AND EQUITY		
Liabilities:		
Debt	\$ 10,706,139	\$ 11,089,815
Lease liabilities	392,341	-
Accounts payable and accrued expenses	695,761	760,515
Other liabilities	773,810	766,446
Total liabilities	12,568,051	12,616,776
Equity:		
Prologis, Inc. stockholders' equity:		
Series Q preferred stock at stated liquidation preference of \$50 per share; \$0.01 par value; 1,379 shares issued and outstanding and 100,000 preferred shares authorized at March 31, 2019 and December 31, 2018	68,948	68,948
Common stock; \$0.01 par value; 630,743 shares and 629,616 shares issued and outstanding at March 31, 2019 and December 31, 2018, respectively	6,307	6,296
Additional paid-in capital	25,654,449	25,685,987
Accumulated other comprehensive loss	(1,029,206)	(1,084,671)
Distributions in excess of net earnings	(2,366,015)	(2,378,467)
Total Prologis, Inc. stockholders' equity	22,334,483	22,298,093
Noncontrolling interests	3,489,578	3,502,795
Total equity	25,824,061	25,800,888
Total liabilities and equity	\$ 38,392,112	\$ 38,417,664

The accompanying notes are an integral part of these Consolidated Financial Statements.

PROLOGIS, INC.
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)
(In thousands, except per share amounts)

	Three Months Ended March 31,	
	2019	2018
Revenues:		
Rental	\$ 696,807	\$ 555,943
Strategic capital	73,805	132,961
Development management and other	1,440	4,752
Total revenues	772,052	693,656
Expenses:		
Rental	188,068	142,941
Strategic capital	38,058	43,860
General and administrative	69,701	62,428
Depreciation and amortization	284,009	204,081
Other	3,834	3,239
Total expenses	583,670	456,549
Operating income before gains on real estate transactions, net	188,382	237,107
Gains on real estate transactions, net	188,208	195,111
Operating income	376,590	432,218
Other income (expense):		
Earnings from unconsolidated entities, net	56,666	62,656
Interest expense	(60,507)	(47,245)
Interest and other income, net	7,910	1,976
Foreign currency and derivative gains (losses), net	8,734	(41,094)
Losses on early extinguishment of debt, net	(2,116)	-
Total other income (expense)	10,687	(23,707)
Earnings before income taxes	387,277	408,511
Total income tax expense	13,512	16,552
Consolidated net earnings	373,765	391,959
Less net earnings attributable to noncontrolling interests	25,219	24,581
Net earnings attributable to controlling interests	348,546	367,378
Less preferred stock dividends	1,499	1,476
Net earnings attributable to common stockholders	\$ 347,047	\$ 365,902
Weighted average common shares outstanding – Basic	629,676	532,185
Weighted average common shares outstanding – Diluted	654,359	554,123
Net earnings per share attributable to common stockholders – Basic	\$ 0.55	\$ 0.69
Net earnings per share attributable to common stockholders – Diluted	\$ 0.55	\$ 0.68

The accompanying notes are an integral part of these Consolidated Financial Statements.

PROLOGIS, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)
(In thousands)

	Three Months Ended March 31,	
	2019	2018
Consolidated net earnings	\$ 373,765	\$ 391,959
Other comprehensive income (loss):		
Foreign currency translation gains, net	60,080	4,770
Unrealized losses on derivative contracts, net	(2,633)	(6,287)
Comprehensive income	431,212	390,442
Net earnings attributable to noncontrolling interests	(25,219)	(24,581)
Other comprehensive income attributable to noncontrolling interests	(1,982)	(168)
Comprehensive income attributable to common stockholders	\$ 404,011	\$ 365,693

The accompanying notes are an integral part of these Consolidated Financial Statements.

PROLOGIS, INC.
CONSOLIDATED STATEMENTS OF EQUITY
Three Months Ended March 31, 2019 and 2018
(Unaudited)
(In thousands)

	Common Stock			Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Distributions in Excess of Net Earnings	Non- controlling Interests	Total
	Preferred Stock	Number of Shares	Par Value					
Balance at January 1, 2019	\$ 68,948	629,616	\$ 6,296	\$ 25,685,987	\$ (1,084,671)	\$ (2,378,467)	\$ 3,502,795	\$ 25,800,888
Consolidated net earnings	-	-	-	-	-	348,546	25,219	373,765
Effect of equity compensation plans	-	764	7	(1,198)	-	-	23,220	22,029
Capital contributions	-	-	-	-	-	-	6,538	6,538
Redemption of noncontrolling interests	-	363	4	2,980	-	-	(43,207)	(40,223)
Contribution to Brazil venture	-	-	-	-	-	-	(12,630)	(12,630)
Foreign currency translation gains, net	-	-	-	-	58,019	-	2,061	60,080
Unrealized losses on derivative contracts, net	-	-	-	-	(2,554)	-	(79)	(2,633)
Reallocation of equity	-	-	-	(33,304)	-	-	33,304	-
Dividends (\$0.53 per common share) and other	-	-	-	(16)	-	(336,094)	(47,643)	(383,753)
Balance at March 31, 2019	\$ 68,948	630,743	\$ 6,307	\$ 25,654,449	\$ (1,029,206)	\$ (2,366,015)	\$ 3,489,578	\$ 25,824,061

	Common Stock			Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Distributions in Excess of Net Earnings	Non- controlling Interests	Total
	Preferred Stock	Number of Shares	Par Value					
Balance at January 1, 2018	\$ 68,948	532,186	\$ 5,322	\$ 19,363,007	\$ (901,658)	\$ (2,904,461)	\$ 3,074,583	\$ 18,705,741
Consolidated net earnings	-	-	-	-	-	367,378	24,581	391,959
Effect of equity compensation plans	-	921	9	(5,357)	-	-	11,405	6,057
Capital contributions	-	-	-	-	-	-	850	850
Redemption of noncontrolling interests	-	-	-	(1,131)	-	-	(14,645)	(15,776)
Foreign currency translation gains, net	-	-	-	-	4,420	-	350	4,770
Unrealized losses on derivative contracts, net	-	-	-	-	(6,105)	-	(182)	(6,287)
Reallocation of equity	-	-	-	(52,505)	-	-	52,505	-
Dividends (\$0.48 per common share) and other	-	-	-	(105)	-	(257,687)	(41,402)	(299,194)
Balance at March 31, 2018	\$ 68,948	533,107	\$ 5,331	\$ 19,303,909	\$ (903,343)	\$ (2,794,770)	\$ 3,108,045	\$ 18,788,120

The accompanying notes are an integral part of these Consolidated Financial Statements.

PROLOGIS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	Three Months Ended March 31,	
	2019	2018
Operating activities:		
Consolidated net earnings	\$ 373,765	\$ 391,959
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Straight-lined rents and amortization of above and below market leases	(27,912)	(15,060)
Equity-based compensation awards	31,758	19,996
Depreciation and amortization	284,009	204,081
Earnings from unconsolidated entities, net	(56,666)	(62,656)
Operating distributions from unconsolidated entities	96,401	85,229
Decrease (increase) in operating receivables from unconsolidated entities	49,488	(67,223)
Amortization of debt discounts, net and debt issuance costs	4,162	3,014
Gains on real estate transactions, net	(188,208)	(195,111)
Unrealized foreign currency and derivative losses (gains), net	(7,158)	34,145
Losses on early extinguishment of debt, net	2,116	-
Deferred income tax expense (benefit)	793	(2,064)
Increase in accounts receivable, lease right-of-use assets and other assets	(13,470)	(2,705)
Decrease in accounts payable and accrued expenses, lease liabilities and other liabilities	(54,164)	(44,364)
Net cash provided by operating activities	<u>494,914</u>	<u>349,241</u>
Investing activities:		
Real estate development	(368,596)	(365,837)
Real estate acquisitions	(274,528)	(112,621)
Tenant improvements and lease commissions on previously leased space	(40,338)	(28,027)
Property improvements	(13,612)	(10,456)
Proceeds from dispositions and contributions of real estate properties	595,496	579,429
Investments in and advances to unconsolidated entities	(75,559)	(52,131)
Return of investment from unconsolidated entities	355,539	111,211
Proceeds from repayment of notes receivable backed by real estate	-	34,260
Proceeds from the settlement of net investment hedges	9,761	-
Payments on the settlement of net investment hedges	(28,524)	(3,966)
Net cash provided by investing activities	<u>159,639</u>	<u>151,862</u>
Financing activities:		
Proceeds from issuance of common stock	2,482	1,233
Dividends paid on common and preferred stock	(336,094)	(257,687)
Noncontrolling interests contributions	6,538	850
Noncontrolling interests distributions	(47,643)	(41,402)
Settlement of noncontrolling interests	(40,223)	(15,776)
Tax paid for shares withheld	(21,094)	(26,479)
Debt issuance costs paid	(14,692)	(1,002)
Net proceeds from (payments on) credit facilities	(24,565)	12,138
Repurchase of and payments on debt	(1,418,438)	(696,011)
Proceeds from the issuance of debt	1,145,095	528,167
Net cash used in financing activities	<u>(748,634)</u>	<u>(495,969)</u>
Effect of foreign currency exchange rate changes on cash	1,255	5,919
Net increase (decrease) in cash and cash equivalents	(92,826)	11,053
Cash and cash equivalents, beginning of period	343,856	447,046
Cash and cash equivalents, end of period	<u>\$ 251,030</u>	<u>\$ 458,099</u>

See Note 12 for information on noncash investing and financing activities and other information.

The accompanying notes are an integral part of these Consolidated Financial Statements.

PROLOGIS, L.P.
CONSOLIDATED BALANCE SHEETS
(In thousands)

	March 31, 2019 (Unaudited)	December 31, 2018
ASSETS		
Investments in real estate properties	\$ 34,395,698	\$ 34,586,987
Less accumulated depreciation	4,868,611	4,656,680
Net investments in real estate properties	29,527,087	29,930,307
Investments in and advances to unconsolidated entities	5,613,060	5,745,294
Assets held for sale or contribution	899,976	622,288
Net investments in real estate	36,040,123	36,297,889
Lease right-of-use assets	383,704	-
Cash and cash equivalents	251,030	343,856
Other assets	1,717,255	1,775,919
Total assets	\$ 38,392,112	\$ 38,417,664
LIABILITIES AND CAPITAL		
Liabilities:		
Debt	\$ 10,706,139	\$ 11,089,815
Lease liabilities	392,341	-
Accounts payable and accrued expenses	695,761	760,515
Other liabilities	773,810	766,446
Total liabilities	12,568,051	12,616,776
Capital:		
Partners' capital:		
General partner – preferred	68,948	68,948
General partner – common	22,265,535	22,229,145
Limited partners – common	395,726	371,281
Limited partners – Class A common	294,331	295,045
Total partners' capital	23,024,540	22,964,419
Noncontrolling interests	2,799,521	2,836,469
Total capital	25,824,061	25,800,888
Total liabilities and capital	\$ 38,392,112	\$ 38,417,664

The accompanying notes are an integral part of these Consolidated Financial Statements

PROLOGIS, L.P.
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)
(In thousands, except per unit amounts)

	Three Months Ended March 31,	
	2019	2018
Revenues:		
Rental	\$ 696,807	\$ 555,943
Strategic capital	73,805	132,961
Development management and other	1,440	4,752
Total revenues	772,052	693,656
Expenses:		
Rental	188,068	142,941
Strategic capital	38,058	43,860
General and administrative	69,701	62,428
Depreciation and amortization	284,009	204,081
Other	3,834	3,239
Total expenses	583,670	456,549
Operating income before gains on real estate transactions, net	188,382	237,107
Gains on real estate transactions, net	188,208	195,111
Operating income	376,590	432,218
Other income (expense):		
Earnings from unconsolidated entities, net	56,666	62,656
Interest expense	(60,507)	(47,245)
Interest and other income, net	7,910	1,976
Foreign currency and derivative gains (losses), net	8,734	(41,094)
Losses on early extinguishment of debt, net	(2,116)	-
Total other income (expense)	10,687	(23,707)
Earnings before income taxes	387,277	408,511
Total income tax expense	13,512	16,552
Consolidated net earnings	373,765	391,959
Less net earnings attributable to noncontrolling interests	14,645	14,058
Net earnings attributable to controlling interests	359,120	377,901
Less preferred unit distributions	1,499	1,476
Net earnings attributable to common unitholders	\$ 357,621	\$ 376,425
Weighted average common units outstanding – Basic	640,504	538,977
Weighted average common units outstanding – Diluted	654,359	554,123
Net earnings per unit attributable to common unitholders – Basic	\$ 0.55	\$ 0.69
Net earnings per unit attributable to common unitholders – Diluted	\$ 0.55	\$ 0.68

The accompanying notes are an integral part of these Consolidated Financial Statements.

PROLOGIS, L.P.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)
(In thousands)

	Three Months Ended March 31,	
	2019	2018
Consolidated net earnings	\$ 373,765	\$ 391,959
Other comprehensive income (loss):		
Foreign currency translation gains, net	60,080	4,770
Unrealized losses on derivative contracts, net	(2,633)	(6,287)
Comprehensive income	431,212	390,442
Net earnings attributable to noncontrolling interests	(14,645)	(14,058)
Other comprehensive income attributable to noncontrolling interests	(263)	(219)
Comprehensive income attributable to common unitholders	\$ 416,304	\$ 376,165

The accompanying notes are an integral part of these Consolidated Financial Statements.

PROLOGIS, L.P.
CONSOLIDATED STATEMENTS OF CAPITAL
Three Months Ended March 31, 2019 and 2018
(Unaudited)
(In thousands)

	General Partner				Limited Partners				Non-controlling Interests	Total
	Preferred		Common		Common		Class A Common			
	Units	Amount	Units	Amount	Units	Amount	Units	Amount		
Balance at January 1, 2019	1,379	\$ 68,948	629,616	\$ 22,229,145	10,516	\$ 371,281	8,849	\$ 295,045	\$ 2,836,469	\$ 25,800,888
Consolidated net earnings	-	-	-	348,546	-	5,968	-	4,606	14,645	373,765
Effect of equity compensation plans	-	-	764	(1,191)	1,355	23,220	-	-	-	22,029
Capital contributions	-	-	-	-	-	-	-	-	6,538	6,538
Redemption of noncontrolling interests	-	-	-	(9,835)	-	-	-	-	(11,258)	(21,093)
Redemption of limited partners units	-	-	363	12,819	(661)	(31,949)	-	-	-	(19,130)
Contribution to Brazil venture	-	-	-	-	-	-	-	-	(12,630)	(12,630)
Foreign currency translation gains, net	-	-	-	58,019	-	1,031	-	767	263	60,080
Unrealized losses on derivative contracts, net	-	-	-	(2,554)	-	(45)	-	(34)	-	(2,633)
Reallocation of capital	-	-	-	(33,304)	-	33,634	-	(330)	-	-
Distributions (\$0.53 per common unit) and other	-	-	-	(336,110)	-	(7,414)	-	(5,723)	(34,506)	(383,753)
Balance at March 31, 2019	1,379	\$ 68,948	630,743	\$ 22,265,535	11,210	\$ 395,726	8,849	\$ 294,331	\$ 2,799,521	\$ 25,824,061

	General Partner				Limited Partners				Non-controlling Interests	Total
	Preferred		Common		Common		Class A Common			
	Units	Amount	Units	Amount	Units	Amount	Units	Amount		
Balance at January 1, 2018	1,379	\$ 68,948	532,186	\$ 15,562,210	5,656	\$ 165,401	8,894	\$ 248,940	\$ 2,660,242	\$ 18,705,741
Consolidated net earnings	-	-	-	367,378	-	4,670	-	5,853	14,058	391,959
Effect of equity compensation plans	-	-	921	(5,348)	1,953	11,405	-	-	-	6,057
Capital contributions	-	-	-	-	-	-	-	-	850	850
Redemption of noncontrolling interests	-	-	-	(1,131)	-	-	-	-	(1,389)	(2,520)
Redemption of limited partners units	-	-	-	-	(213)	(13,256)	-	-	-	(13,256)
Foreign currency translation gains, net	-	-	-	4,420	-	61	-	70	219	4,770
Unrealized losses on derivative contracts, net	-	-	-	(6,105)	-	(85)	-	(97)	-	(6,287)
Reallocation of capital	-	-	-	(52,505)	-	53,084	-	(579)	-	-
Distributions (\$0.48 per common unit) and other	-	-	-	(257,792)	-	(4,705)	-	(5,751)	(30,946)	(299,194)
Balance at March 31, 2018	1,379	\$ 68,948	533,107	\$ 15,611,127	7,396	\$ 216,575	8,894	\$ 248,436	\$ 2,643,034	\$ 18,788,120

The accompanying notes are an integral part of these Consolidated Financial Statements.

PROLOGIS, L.P.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	Three Months Ended March 31,	
	2019	2018
Operating activities:		
Consolidated net earnings	\$ 373,765	\$ 391,959
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Straight-lined rents and amortization of above and below market leases	(27,912)	(15,060)
Equity-based compensation awards	31,758	19,996
Depreciation and amortization	284,009	204,081
Earnings from unconsolidated entities, net	(56,666)	(62,656)
Operating distributions from unconsolidated entities	96,401	85,229
Decrease (increase) in operating receivables from unconsolidated entities	49,488	(67,223)
Amortization of debt discounts, net and debt issuance costs	4,162	3,014
Gains on real estate transactions, net	(188,208)	(195,111)
Unrealized foreign currency and derivative losses (gains), net	(7,158)	34,145
Losses on early extinguishment of debt, net	2,116	-
Deferred income tax expense (benefit)	793	(2,064)
Increase in accounts receivable, lease right-of-use assets and other assets	(13,470)	(2,705)
Decrease in accounts payable and accrued expenses, lease liabilities and other liabilities	(54,164)	(44,364)
Net cash provided by operating activities	<u>494,914</u>	<u>349,241</u>
Investing activities:		
Real estate development	(368,596)	(365,837)
Real estate acquisitions	(274,528)	(112,621)
Tenant improvements and lease commissions on previously leased space	(40,338)	(28,027)
Property improvements	(13,612)	(10,456)
Proceeds from dispositions and contributions of real estate properties	595,496	579,429
Investments in and advances to unconsolidated entities	(75,559)	(52,131)
Return of investment from unconsolidated entities	355,539	111,211
Proceeds from repayment of notes receivable backed by real estate	-	34,260
Proceeds from the settlement of net investment hedges	9,761	-
Payments on the settlement of net investment hedges	(28,524)	(3,966)
Net cash provided by investing activities	<u>159,639</u>	<u>151,862</u>
Financing activities:		
Proceeds from issuance of common partnership units in exchange for contributions from Prologis, Inc.	2,482	1,233
Distributions paid on common and preferred units	(349,231)	(268,143)
Noncontrolling interests contributions	6,538	850
Noncontrolling interests distributions	(34,506)	(30,946)
Settlement of noncontrolling interests	(21,093)	(2,520)
Redemption of common limited partnership units	(19,130)	(13,256)
Tax paid for shares of the Parent withheld	(21,094)	(26,479)
Debt issuance costs paid	(14,692)	(1,002)
Net proceeds from (payments on) credit facilities	(24,565)	12,138
Repurchase of and payments on debt	(1,418,438)	(696,011)
Proceeds from the issuance of debt	1,145,095	528,167
Net cash used in financing activities	<u>(748,634)</u>	<u>(495,969)</u>
Effect of foreign currency exchange rate changes on cash	1,255	5,919
Net increase (decrease) in cash and cash equivalents	(92,826)	11,053
Cash and cash equivalents, beginning of period	343,856	447,046
Cash and cash equivalents, end of period	<u>\$ 251,030</u>	<u>\$ 458,099</u>

See Note 12 for information on noncash investing and financing activities and other information.

The accompanying notes are an integral part of these Consolidated Financial Statements.

PROLOGIS, INC. AND PROLOGIS, L.P.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1. GENERAL

Business. Prologis, Inc. (or the "Parent") commenced operations as a fully integrated real estate company in 1997, elected to be taxed as a real estate investment trust ("REIT") under the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), and believes the current organization and method of operation will enable it to maintain its status as a REIT. The Parent is the general partner of Prologis, L.P. (or the "Operating Partnership" or "OP"). Through the OP, we are engaged in the ownership, acquisition, development and management of logistics facilities with a focus on key markets in 19 countries on four continents. We invest in real estate through wholly owned subsidiaries and other entities through which we co-invest with partners and investors. We maintain a significant level of ownership in these co-investment ventures, which may be consolidated or unconsolidated based on our level of control of the entity. Our current business strategy consists of two operating business segments: Real Estate Operations and Strategic Capital. Our Real Estate Operations segment represents the ownership and development of logistics properties. Our Strategic Capital segment represents the management of unconsolidated co-investment ventures and other ventures. See Note 11 for further discussion of our business segments. Unless otherwise indicated, the Notes to the Consolidated Financial Statements apply to both the Parent and the OP. The terms "the Company," "Prologis," "we," "our" or "us" means the Parent and OP collectively.

For each share of preferred or common stock the Parent issues, the OP issues a corresponding preferred or common partnership unit, as applicable, to the Parent in exchange for the contribution of the proceeds from the stock issuance. At March 31, 2019, the Parent owned a 96.99% common general partnership interest in the OP and 100% of the preferred units in the OP. The remaining 3.01% common limited partnership interests, which include 8.8 million Class A common limited partnership units ("Class A Units") in the OP, are owned by unaffiliated investors and certain current and former directors and officers of the Parent. Each partner's percentage interest in the OP is determined based on the number of OP units held, including the number of OP units into which Class A Units are convertible, compared to total OP units outstanding at each period end and is used as the basis for the allocation of net income or loss to each partner. At the end of each reporting period, a capital adjustment is made in the OP to reflect the appropriate ownership interest for each of the common unitholders. These adjustments are reflected in the line items *Reallocation of Equity* in the Consolidated Statements of Equity of the Parent and *Reallocation of Capital* in the Consolidated Statements of Capital of the OP.

As the sole general partner of the OP, the Parent has complete responsibility and discretion in the day-to-day management and control of the OP and we operate the Parent and the OP as one enterprise. The management of the Parent consists of the same members as the management of the OP. These members are officers of the Parent and employees of the OP or one of its subsidiaries. As general partner with control of the OP, the Parent is the primary beneficiary and therefore consolidates the OP. Because the Parent's only significant asset is its investment in the OP, the assets and liabilities of the Parent and the OP are the same on their respective financial statements.

Basis of Presentation. The accompanying Consolidated Financial Statements are prepared in accordance with United States ("U.S.") generally accepted accounting principles ("GAAP") and are presented in our reporting currency, the U.S. dollar. References herein to the translation of activity for significant nonrecurring transactions are at the rate in effect at the date of the transaction. All material intercompany transactions with consolidated entities have been eliminated.

The accompanying unaudited interim financial information has been prepared according to the rules and regulations of the U.S. Securities and Exchange Commission ("SEC"). Certain information and note disclosures normally included in our annual financial statements prepared in accordance with GAAP have been condensed or omitted in accordance with such rules and regulations. Our management believes that the disclosures presented in these financial statements are adequate to make the information presented not misleading. In our opinion, all adjustments and eliminations, consisting only of normal recurring adjustments, necessary to present fairly the financial position and results of operations for both the Parent and the OP for the reported periods have been included. The results of operations for such interim periods are not necessarily indicative of the results for the full year. The accompanying unaudited interim financial information should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2018, as filed with the SEC, and other public information.

Reclassifications. Upon adoption of the new lease standard, rental recoveries for 2018 have been reclassified to *Rental Revenues* in the Consolidated Statements of Income to conform to the 2019 financial statement presentation.

New Accounting Pronouncements.

New Accounting Standards Adopted

Leases. In February 2016, the Financial Accounting Standards Board ("FASB") issued an accounting standard update ("ASU") that provided the principles for the recognition, measurement, presentation and disclosure of leases. The guidance amended the existing accounting standards, including the requirement that lessees recognize right-of-use assets and lease liabilities for leases with terms greater than twelve months in the Consolidated Balance Sheets. Additional guidance and targeted improvements to the February 2016 ASU were made through the issuance of supplementary ASUs in July 2018, December 2018 and March 2019. We refer to all three ASUs collectively as the "new lease standard."

We adopted the new lease standard on January 1, 2019 and applied it to leases that were in place on the effective date. Results for reporting periods beginning January 1, 2019 are presented under the new lease standard.

We elected the package of practical expedients and were not required to reassess the following upon adoption: (i) whether an expired or existing contract met the definition of a lease; (ii) the lease classification at January 1, 2019 for existing leases; and (iii) whether leasing costs previously capitalized as initial direct costs would continue to be amortized. This allowed us to continue to account for our existing ground and office space leases as operating leases, however, any new or renewed ground leases after January 1, 2019 may be classified as financing leases unless they meet certain conditions to be considered a lease involving land owned by a government unit or authority. Upon adoption, we did not have an adjustment to the opening balance of retained earnings due to the election of these practical expedients.

- *As a lessor.* The new lease standard required that lessors expense, on an as-incurred basis, certain initial direct costs that are not incremental in negotiating a lease. Initial direct costs include the salaries and related costs for employees directly working on leasing activities. Prior to January 1, 2019, these costs were capitalizable and therefore the new lease standard resulted in certain of these costs being expensed as incurred. During the three months ended March 31, 2019 and 2018, we expensed \$6.5 million in *Rental Expense* in the Consolidated Statements of Income and capitalized \$5.4 million in *Other Assets* in the Consolidated Balance Sheets, respectively, of internal costs related to our leasing activities. We will continue to amortize initial direct costs capitalized prior to January 1, 2019.

We adopted the practical expedient that allowed us to not separate expenses reimbursed by our customers ("rental recoveries") from the associated rental revenue if certain criteria were met. We assessed these criteria and concluded that the timing and pattern of transfer for rental revenue and the associated rental recoveries are the same and as our leases qualify as operating leases, we accounted for and presented rental revenue and rental recoveries as a single component under *Rental Revenues* in our Consolidated Statements of Income for the three months ended March 31, 2019. As a result of our adoption of this practical expedient, we also presented \$427.9 million of rental revenues and \$128.0 million of rental recoveries as a single component in the Consolidated Statements of Income for the three months ended March 31, 2018 to conform to the 2019 new presentation.

- *As a lessee.* At January 1, 2019 we recognized *Lease Right-of-Use ("ROU") Assets* and *Lease Liabilities*, principally for our ground and office space leases, in which we are the lessee, on the Consolidated Balance Sheets.

See Note 3 for further disclosure around our adoption of the new lease standard.

Derivatives and Hedging. In August 2017, the FASB issued an ASU that simplified the application of hedge accounting guidance in current GAAP and improved the reporting of hedging relationships to better portray the economic results of an entity's risk management activities in its consolidated financial statements. Among the simplification updates, the ASU eliminated the requirement in current GAAP to separately recognize periodic hedge ineffectiveness. Mismatches between the changes in value of the hedged item and hedging instrument may still occur but they will no longer be separately reported. The ASU required the presentation of the earnings effect of the hedging instrument in the same income statement line item in which the earnings effect of the hedged item is reported. We adopted the ASU on January 1, 2019 on a modified retrospective basis and there was no adjustment to the opening balance of retained earnings.

NOTE 2. DCT TRANSACTION

We acquired DCT Industrial Trust Inc. and DCT Industrial Operating Partnership LP (collectively "DCT") on August 22, 2018 ("DCT Transaction").

The DCT Transaction was completed for \$8.5 billion through the issuance of equity based on the closing price of Prologis' common stock on August 21, 2018 and the assumption of debt. In connection with the transaction, each issued and outstanding share or unit held by a DCT stockholder or unitholder was converted automatically into 1.02 shares of Prologis common stock or common units of Prologis, L.P., respectively, including shares and units under DCT's equity incentive plan that became fully vested at closing.

Through the DCT Transaction, we acquired a portfolio of logistics real estate assets that consisted of 408 operating properties, aggregating 68.0 million square feet, 10 properties under development, aggregating 2.8 million square feet and 305 acres of land with build-out potential of 4.5 million square feet.

The aggregate equity consideration of approximately \$6.6 billion is calculated below (in millions, except price per share):

Number of Prologis shares and units issued upon conversion of DCT shares and units at August 21, 2018	99.73
Multiplied by price of Prologis' common stock on August 21, 2018	\$ 65.75
Fair value of Prologis shares and units issued	\$ 6,557

We accounted for the DCT Transaction as an asset acquisition and as a result the transaction costs of \$50.0 million were capitalized to the basis of the acquired properties. Transaction costs include investment banker advisory fees, legal fees and other costs.

Under acquisition accounting, the total purchase price was allocated to the DCT net tangible and identifiable intangible assets acquired and liabilities assumed based on their relative fair values as follows (in millions):

Net investments in real estate	\$	8,362
Intangible assets, net of intangible liabilities		292
Cash and other assets		24
Debt		(1,863)
Accounts payable, accrued expenses and other liabilities		(143)
Noncontrolling interests		(65)
Total purchase price, including transaction costs	\$	6,607

NOTE 3. REAL ESTATE

Investments in real estate properties consisted of the following (dollars and square feet in thousands):

	Square Feet		Number of Buildings		March 31, 2019	December 31, 2018
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018		
Operating properties:						
Buildings and improvements	351,159	354,762	1,869	1,858	\$ 22,560,379	\$ 22,587,267
Improved land					8,106,848	8,044,888
Development portfolio, including land costs:						
Prestabilized	7,562	8,709	34	30	623,569	828,064
Properties under development	25,899	27,715	65	70	1,316,068	1,314,737
Land (1)					1,143,294	1,192,220
Other real estate investments (2)					645,540	619,811
Total investments in real estate properties					34,395,698	34,586,987
Less accumulated depreciation					4,868,611	4,656,680
Net investments in real estate properties					\$ 29,527,087	\$ 29,930,307

- (1) At March 31, 2019 and December 31, 2018, our land is comprised of 4,582 and 4,929 acres, respectively.
- (2) Included in other real estate investments were: (i) land parcels that are ground leased to third parties; (ii) non-logistics real estate; (iii) our corporate headquarters; (iv) earnest money deposits associated with potential acquisitions; (v) costs related to future development projects, including purchase options on land; and (vi) infrastructure costs related to projects we are developing on behalf of others.

Acquisitions

The following table summarizes our real estate acquisition activity (dollars and square feet in thousands):

	Three Months Ended March 31,	
	2019	2018
Number of operating properties (1)	12	-
Square feet (1)	967	-
Acquisition value of net investments in real estate properties (2)	\$ 312,252	\$ 134,941

- (1) During the three months ended March 31, 2018, we did not acquire operating properties.
- (2) Value includes the acquisition of 188 and 379 acres of land during the three months ended March 31, 2019 and 2018, respectively.

Dispositions

The following table summarizes our gains on real estate transactions, net (dollars and square feet in thousands):

	Three Months Ended March 31,	
	2019	2018
Contributions to unconsolidated entities		
Number of properties	19	8
Square feet	8,149	3,078
Net proceeds (1) (2)	\$ 744,165	\$ 539,822
Gains on contributions, net (1) (2)	\$ 37,138	\$ 167,726
Dispositions to third parties		
Number of properties	2	11
Square feet	670	1,303
Net proceeds (1)	\$ 52,024	\$ 87,981
Gains on dispositions, net (1)	\$ 16,048	\$ 27,385
Total gains on contributions and dispositions, net	\$ 53,186	\$ 195,111
Gain on partial redemption of investment in a co-investment venture (3)	135,022	-
Total gains on real estate transactions, net	\$ 188,208	\$ 195,111

- (1) Includes the contribution and disposition of land parcels.
- (2) In January 2019, we formed Prologis Brazil Logistics Venture (“PBLV”), a Brazilian unconsolidated co-investment venture, with one partner. We contributed an initial portfolio of real estate properties to PBLV consisting of 14 operating properties totaling 6.9 million square feet and 371 acres of land. We received cash proceeds and units for our 20% equity interest.
- (3) See Note 4 for more information on this transaction.

Leases

As a Lessor

We lease our operating properties to customers under agreements that are classified as operating leases. We recognize the total minimum lease payments provided for under the leases on a straight-line basis over the lease term. Generally, under the terms of our leases, the majority of our rental expenses, including common area maintenance, real estate taxes and insurance, are recovered from our customers. We record amounts reimbursed by customers in the period that the applicable expenses are incurred, which is generally ratably throughout the term of the lease. The reimbursements are recognized in *Rental Revenues* in the Consolidated Statements of Income as we are the primary obligor with respect to purchasing and selecting goods and services from third-party vendors and bearing the associated credit risk.

The following table summarizes the minimum lease payments due from our customers on leases with lease periods greater than one year for space in our operating properties, prestabilized development properties and leases of land subject to ground leases at March 31, 2019 (in thousands):

2019	\$	1,518,699
2020		1,950,122
2021		1,679,801
2022		1,360,816
2023		1,076,401
Thereafter		3,550,169
Total	\$	11,136,008

These amounts do not reflect future rental revenues from the renewal or replacement of existing leases and exclude reimbursements of operating expenses and rental increases that are not fixed.

As a Lessee

We have 124 ground and office space leases, which qualify as operating leases, with remaining lease terms of 1 to 89 years.

The following table summarizes the fixed, future minimum rental payments, excluding variable costs, which are discounted by our incremental borrowing rates to calculate the lease liabilities for our operating leases in which we are the lessee (in thousands):

	March 31, 2019	December 31, 2018
2019	\$ 32,091	\$ 38,769
2020	42,062	38,267
2021	38,032	34,307
2022	36,057	32,312
2023	31,029	30,180
Thereafter	681,381	670,147
Total undiscounted rental payments	860,652	\$ 843,982
Less imputed interest	468,311	
Total lease liabilities	\$ 392,341	

The weighted average remaining lease term for our operating leases was 32 and 28 years at March 31, 2019 and December 31, 2018, respectively. We do not include renewal options in the lease term for calculating the lease liability unless we are reasonably certain we will exercise the option or the lessor has the sole ability to exercise the option. The weighted average incremental borrowing rate was 4.1% at March 31, 2019. We assigned a collateralized interest rate to each lease based on the term of the lease and the currency in which the lease is denominated.

NOTE 4. UNCONSOLIDATED ENTITIES

Summary of Investments

We have investments in entities through a variety of ventures. We co-invest in entities that own multiple properties with partners and investors and we provide asset and property management services to these entities, which we refer to as co-investment ventures. These entities may be consolidated or unconsolidated, depending on the structure, our partner's participation and other rights and our level of control of the entity. This note details our investments in unconsolidated co-investment ventures that are related parties, which are accounted for using the equity method of accounting. See Note 7 for more detail regarding our consolidated investments that are not wholly owned.

We also have other ventures, generally with one partner and that we do not manage, which we account for using the equity method. We refer to our investments in all entities accounted for using the equity method, both unconsolidated co-investment ventures and other ventures, collectively, as unconsolidated entities.

The following table summarizes our investments in and advances to our unconsolidated entities (in thousands):

	March 31, 2019	December 31, 2018
Unconsolidated co-investment ventures	\$ 5,272,073	\$ 5,407,838
Other ventures	340,987	337,456
Total	\$ 5,613,060	\$ 5,745,294

Unconsolidated Co-Investment Ventures

The following table summarizes the *Strategic Capital Revenues* we recognized in the Consolidated Statements of Income related to our unconsolidated co-investment ventures (in thousands):

	Three Months Ended March 31,	
	2019	2018
Recurring fees	\$ 62,117	\$ 54,644
Transactional fees	11,348	15,624
Promote revenues	-	62,544
Total strategic capital revenues from unconsolidated co-investment ventures (1)	\$ 73,465	\$ 132,812

(1) These amounts exclude strategic capital revenues from other ventures.

The following table summarizes the key property information, financial position and operating information of our unconsolidated co-investment ventures (not our proportionate share) and the amounts we recognized in the Consolidated Financial Statements related to our unconsolidated co-investment ventures (dollars and square feet in millions):

As of:	U.S.		Other Americas		Europe		Asia		Total	
	Mar 31, 2019	Dec 31, 2018	Mar 31, 2019 (1)	Dec 31, 2018	Mar 31, 2019	Dec 31, 2018	Mar 31, 2019	Dec 31, 2018	Mar 31, 2019	Dec 31, 2018
Key property information:										
Ventures	1	1	2	2	3	3	2	2	8	8
Operating properties	566	566	215	209	679	669	131	125	1,591	1,569
Square feet	91	91	45	39	161	159	53	51	350	340
Financial position:										
Unconsolidated co-investment ventures:										
Total assets (\$)	7,376	7,303	2,791	2,137	13,615	13,028	7,119	7,089	30,901	29,557
Third-party debt (\$)	2,090	2,094	775	838	2,993	2,548	2,835	2,668	8,693	8,148
Total liabilities (\$)	2,411	2,350	816	862	4,226	3,615	3,174	3,006	10,627	9,833
Our investment balance (\$) (2)	1,441	1,457	669	554	2,574	2,784	588	613	5,272	5,408
Our weighted average ownership (3) (4)	27.2%	27.4%	38.5%	44.4%	30.6%	33.2%	15.1%	15.1%	27.0%	28.3%

Operating Information:	U.S.		Other Americas		Europe		Asia		Total	
	Mar 31, 2019	Mar 31, 2018	Mar 31, 2019	Mar 31, 2018	Mar 31, 2019	Mar 31, 2018	Mar 31, 2019	Mar 31, 2018	Mar 31, 2019	Mar 31, 2018
<i>For the three months ended:</i>										
Unconsolidated co-investment ventures:										
Total revenues (\$)	179	168	67	53	271	288	120	108	637	617
Net earnings (\$)	29	13	34	14	71	93	37	42	171	162
Our earnings from unconsolidated co-investment ventures, net (\$)	9	5	13	6	25	37	6	7	53	55

- (1) PBLV and our other Brazilian joint ventures are combined and accounted for as one venture for the purpose of this table.
- (2) Prologis' investment balance is presented at our adjusted basis derived from the ventures' U.S. GAAP information. The difference between our ownership interest of a venture's equity and our investment balance at March 31, 2019 and December 31, 2018, results principally from four types of transactions: (i) deferred gains from the contribution of property to a venture prior to January 1, 2018 (\$627.4 million and \$635.9 million, respectively); (ii) recording additional costs associated with our investment in the venture (\$88.4 million and \$94.4 million, respectively); (iii) receivables, principally for fees and promotes (\$100.9 million and \$166.7 million, respectively); and (iv) customer security deposits retained subsequent to property contributions to Nippon Prologis REIT, Inc. (\$122.0 million for both periods).
- (3) Represents our weighted average ownership interest in all unconsolidated co-investment ventures based on each entity's contribution of total assets, before depreciation, net of other liabilities.
- (4) In February 2019, we redeemed a portion of our investment in Prologis European Logistics Fund ("PELF") for €278.2 million (\$313.3 million). At March 31, 2019 our ownership in PELF was 24.3%.

Equity Commitments Related to Certain Unconsolidated Co-Investment Ventures

At March 31, 2019, our remaining equity commitments were \$283.2 million, principally for Prologis China Logistics Venture and PBLV. The equity commitments expire from 2020 to 2026.

NOTE 5. ASSETS HELD FOR SALE OR CONTRIBUTION

We have investments in certain real estate properties that met the criteria to be classified as held for sale or contribution at March 31, 2019 and December 31, 2018. At the time of classification, these properties were expected to be sold to third parties or were recently developed and expected to be contributed to unconsolidated co-investment ventures within twelve months. The amounts included in *Assets Held for Sale or Contribution* represented real estate investment balances and the related assets and liabilities for each property.

Assets held for sale or contribution consisted of the following (dollars and square feet in thousands):

	March 31, 2019	December 31, 2018
Number of operating properties	50	57
Square feet	9,648	8,236
Total assets held for sale or contribution	\$ 899,976	\$ 622,288
Total liabilities associated with assets held for sale or contribution – included in <i>Other Liabilities</i>	\$ 11,069	\$ 12,972

NOTE 6. DEBT

All debt is incurred by the OP or its consolidated subsidiaries. The following table summarizes our debt (dollars in thousands):

	March 31, 2019		December 31, 2018	
	Weighted Average Interest Rate (1)	Amount Outstanding (2)	Weighted Average Interest Rate (1)	Amount Outstanding (2)
Credit facilities	1.5 %	\$ 26,180	3.4 %	\$ 50,500
Senior notes	2.7 %	8,314,678	2.7 %	8,304,147
Term loans and unsecured other	0.9 %	1,411,343	1.8 %	1,921,428
Secured mortgage	4.3 %	953,938	5.1 %	813,740
Total	2.6 %	\$ 10,706,139	2.7 %	\$ 11,089,815

(1) The interest rates presented represent the effective interest rates (including amortization of debt issuance costs and the noncash premiums or discounts) at the end of the period for the debt outstanding and include the impact of undesignated and designated interest rate swaps, which effectively fix the interest rate on our variable rate debt.

(2) We borrow in the functional currencies of the countries where we invest. Included in the outstanding balances were borrowings denominated in the following currencies:

	March 31, 2019		December 31, 2018	
	Amount Outstanding	% of Total	Amount Outstanding	% of Total
British pound sterling	\$ 676,732	6.3 %	\$ 635,972	5.8 %
Canadian dollar	271,975	2.5 %	266,337	2.4 %
Euro	4,803,307	44.9 %	4,893,693	44.1 %
Japanese yen	2,182,119	20.4 %	1,951,844	17.6 %
U.S. dollar	2,772,006	25.9 %	3,341,969	30.1 %
Total	\$ 10,706,139		\$ 11,089,815	

Credit Facilities

In January 2019, we recast our global senior credit facility (the "Global Facility"), under which we may draw in British pounds sterling, Canadian dollars, euro, Japanese yen, Mexican pesos and U.S. dollars on a revolving basis up to \$3.5 billion (subject to currency fluctuations). Pricing under the Global Facility, including the spread over LIBOR, facility fees and letter of credit fees, varies based on the public debt ratings of the OP. The Global Facility is scheduled to mature in January 2023; however, we may extend the maturity date for six months on two occasions, subject to the satisfaction of certain conditions and payment of extension fees. We have the ability to increase the Global Facility to \$4.5 billion, subject to currency fluctuations and obtaining additional lender commitments.

We also have a Japanese yen revolver (the "Revolver") with availability of ¥50.0 billion (\$451.4 million at March 31, 2019). We have the ability to increase the Revolver to ¥65.0 billion (\$586.8 million at March 31, 2019), subject to obtaining additional lender commitments. Pricing under the Revolver, including the spread over LIBOR, facility fees and letter of credit fees, varies based on the public debt ratings of the OP. The Revolver is scheduled to mature in February 2021; however, we may extend the maturity date for one year, subject to the satisfaction of certain conditions and payment of extension fees.

We refer to the Global Facility and the Revolver, collectively, as our "Credit Facilities."

The following table summarizes information about our Credit Facilities at March 31, 2019 (in millions):

Aggregate lender commitments	\$	3,932
Less:		
Borrowings outstanding		26
Outstanding letters of credit		31
Current availability	\$	3,875

Senior Notes

In March 2019, we completed a private placement for ¥10.0 billion (\$90.5 million) of senior notes with a stated interest rate of 1.2%, maturing in March 2039.

Term Loans

In January 2019, we entered into two unsecured Japanese yen term loans for a total of ¥15.0 billion (\$137.1 million) that bear interest of Yen LIBOR plus 0.5% to 0.6% and are scheduled to mature in January 2028 and 2030.

In March 2019, we entered into an unsecured Japanese yen term loan agreement (the "2019 Yen Term Loan") under which we can draw Japanese yen in an aggregate amount not to exceed ¥85.0 billion (\$767.4 million at March 31, 2019). The 2019 Yen Term Loan currently bears interest at Yen LIBOR plus 0.4% and is scheduled to mature in March 2026. We have the ability to increase the 2019 Yen Term Loan to ¥120.0 billion (\$1.1 billion at March 31, 2019), subject to obtaining additional lender commitments. Pricing under the 2019 Yen Term Loan, including the spread over LIBOR, facility fees and letter of credit fees, varies based on the public debt ratings of the OP.

We repaid the outstanding balance of ¥100.0 billion (\$897.4 million) on our 2016 Japanese yen term loan ("2016 Yen Term Loan"), primarily with the proceeds from the 2019 Yen Term Loan during the first quarter of 2019. The 2016 Yen Term Loan bore a floating rate of Yen LIBOR plus 0.7% and was scheduled to mature in August 2022 and August 2023.

We paid down \$500.0 million during both the three months ended March 31, 2019 and 2018, on our multi-currency term loan.

Long-Term Debt Maturities

Principal payments due on our debt for the remainder of 2019 and for each year through the period ended December 31, 2023, and thereafter were as follows at March 31, 2019 (in thousands):

Maturity	Unsecured			Secured Mortgage	Total
	Credit Facilities	Senior Notes	Term Loans and Other		
2019 (1)	\$ -	\$ -	\$ 593	\$ 252,100	\$ 252,693
2020 (1)	-	1,123,500	621	25,101	1,149,222
2021	-	786,450	677	229,913	1,017,040
2022	-	786,450	741	12,161	799,352
2023 (2)	26,180	850,000	128,519	39,307	1,044,006
Thereafter	-	4,826,846	1,290,138	397,983	6,514,967
Subtotal	26,180	8,373,246	1,421,289	956,565	10,777,280
Premiums (discounts), net	-	(24,944)	-	831	(24,113)
Debt issuance costs, net	-	(33,624)	(9,946)	(3,458)	(47,028)
Total	\$ 26,180	\$ 8,314,678	\$ 1,411,343	\$ 953,938	\$ 10,706,139

- (1) We expect to repay the amounts maturing in the next twelve months with cash generated from operations, proceeds from dispositions of real estate properties, or as necessary, with borrowings on our Credit Facilities.
- (2) Included in the 2023 maturities was the Global Facility that can be extended until 2024.

Financial Debt Covenants

We have \$8.3 billion of senior notes and \$1.4 billion of term loans outstanding at March 31, 2019 that were subject to certain financial covenants under their related indentures. We are also subject to financial covenants under our Credit Facilities and certain secured mortgage debt. At March 31, 2019, we were in compliance with all of our financial debt covenants.

Guarantee of Finance Subsidiary Debt

In 2018, we formed finance subsidiaries as part of our operations in Europe (Prologis Euro Finance LLC), Japan (Prologis Yen Finance LLC) and the United Kingdom (Prologis Sterling Finance LLC).

These entities are 100% indirectly owned by the OP and all unsecured debt issued or to be issued by each entity is or will be fully and unconditionally guaranteed by the OP. There are no restrictions or limits on the OP's ability to obtain funds from its subsidiaries by dividend or loan. In reliance on Rule 3-10 of Regulation S-X, the separate financial statements of Prologis Euro Finance LLC, Prologis Yen Finance LLC and Prologis Sterling Finance LLC are not provided.

NOTE 7. NONCONTROLLING INTERESTS

Prologis, L.P.

We report noncontrolling interests related to several entities we consolidate but of which we do not own 100% of the equity. These entities include two real estate partnerships that have issued limited partnership units to third parties. Depending on the specific partnership agreements, these limited partnership units are redeemable for cash or, at our option, into shares of the Parent's common stock, generally at a rate of one share of common stock to one unit. We also consolidate certain entities in which we do not own 100% of the equity but the equity of these entities is not exchangeable into our common stock.

Prologis, Inc.

The noncontrolling interests of the Parent include the noncontrolling interests presented above for the OP, as well as the limited partnership units in the OP that are not owned by the Parent.

The following table summarizes our ownership percentages and noncontrolling interests and the consolidated entities' total assets and total liabilities (dollars in thousands):

	Our Ownership Percentage		Noncontrolling Interests		Total Assets		Total Liabilities	
	Mar 31, 2019	Dec 31, 2018	Mar 31, 2019	Dec 31, 2018	Mar 31, 2019	Dec 31, 2018	Mar 31, 2019	Dec 31, 2018
Prologis U.S. Logistics Venture	55.0%	55.0%	\$ 2,683,803	\$ 2,697,095	\$ 6,051,593	\$ 6,072,087	\$ 98,814	\$ 92,782
Other consolidated entities (1)	various	various	115,718	139,374	1,036,813	1,045,202	88,283	53,145
Prologis, L.P.			2,799,521	2,836,469	7,088,406	7,117,289	187,097	145,927
Limited partners in Prologis, L.P. (2) (3)			690,057	666,326	-	-	-	-
Prologis, Inc.			\$ 3,489,578	\$ 3,502,795	\$ 7,088,406	\$ 7,117,289	\$ 187,097	\$ 145,927

- (1) Includes our two partnerships that have issued limited partnership units to third parties, as discussed above, along with various other consolidated entities. The limited partnership units outstanding at March 31, 2019 and December 31, 2018 were exchangeable into cash or, at our option, 0.4 million and 0.7 million shares of the Parent's common stock, respectively.
- (2) We had 8.8 million Class A Units that were convertible into 8.4 million limited partnership units of the OP at March 31, 2019 and December 31, 2018.
- (3) At March 31, 2019 and December 31, 2018, excluding the Class A Units, there were limited partnership units in the OP that were exchangeable into cash or, at our option, 6.8 million and 7.2 million shares of the Parent's common stock, respectively. Also included are the vested OP Long-Term Incentive Plan Units ("LTIP Units") associated with our long-term compensation plan. See further discussion of LTIP Units in Note 8.

NOTE 8. LONG-TERM COMPENSATION

Equity-Based Compensation Plans and Programs

Prologis Outperformance Plan ("POP")

We allocate participation points to participants under our POP corresponding to three-year performance periods beginning January 1. The fair value of the awards is measured at the grant date and amortized over the period from the grant date to the date at which the awards vest, which ranges from three to ten years. The performance hurdle ("Outperformance Hurdle") at the end of the initial three-year performance period requires our three-year compound annualized total stockholder return ("TSR") to exceed a threshold set at the three-year compound annualized TSR for the Morgan Stanley Capital International ("MSCI") US REIT Index for the same period plus 100 basis points. If the Outperformance Hurdle is met, a compensation pool will be formed equal to 3% of the excess value created, subject to a maximum as defined for each performance period. POP awards cannot be paid at a time when our absolute TSR is negative. If after seven years our absolute TSR has not been positive, the awards will be forfeited.

We granted participation points for the 2019 – 2021 performance period in January 2019, with a fair value of \$21.2 million using a Monte Carlo valuation model that assumed a risk-free interest rate of 2.6% and an expected volatility of 20.0%. The 2019 – 2021 performance period has an absolute maximum cap of \$100 million. If an award is earned at the end of the initial three-year performance period, then 20% of the POP award is paid and the remaining 80% is subject to additional seven-year cliff vesting. The 20% that is paid at the end of the three-year performance period is subject to an additional three-year holding requirement.

The Outperformance Hurdle was met for the 2016 – 2018 performance period, which resulted in awards being earned at December 31, 2018. Initial awards of \$75.0 million in aggregate were awarded in January 2019 in the form of 0.4 million shares of common stock and 0.8 million POP LTIP Units and LTIP Units. Participants are not able to sell or transfer equity awards received until three years after the end of the initial period. One-third of the remaining compensation pool in excess of the \$75.0 million aggregate initial award amounts can be earned at the end of each of the three years following the end of the initial three-year performance period if our performance meets or exceeds the MSCI US REIT Index. Vesting for the 2016 – 2018 performance period for our Named Executive Officers (“NEOs”) follows the construct of the 2019 – 2021 performance period as described above, such that 20% of any amounts earned were awarded subject to a three-year holding period, and 80% of any amounts earned will cliff vest at the end of the seventh year following the initial three-year performance period. At March 31, 2019 there were 0.4 million unvested POP LTIP Units associated with the POP.

Other Equity-Based Compensation Plans and Programs

Our other equity-based compensation plans and programs include (i) the Prologis Promote Plan (“PPP”); (ii) the annual long-term incentive (“LTI”) equity award program (“Annual LTI Award”); and (iii) the annual bonus exchange program. Awards under these plans and programs may be issued in the form of restricted stock units (“RSUs”) or LTIP Units at the participant’s election. RSUs and LTIP Units are valued based on the market price of the Parent’s common stock on the date the award is granted and the grant date value is charged to compensation expense over the service period, which beginning in February 2018 was lengthened from three to four years for PPP and Annual LTI Awards and three years for bonus exchange awards offering a premium upon exchange. As our NEOs do not receive a bonus exchange premium for participating in the bonus exchange program, the equity they receive upon exchange for their cash bonuses does not have a vesting period.

Summary of Award Activity

RSUs

The following table summarizes the activity for RSUs for the three months ended March 31, 2019 (units in thousands):

	Unvested RSUs	Weighted Average Grant Date Fair Value
Balance at January 1, 2019	1,255	\$ 54.48
Granted	503	70.95
Vested and distributed	(575)	50.08
Forfeited	(9)	62.01
Balance at March 31, 2019	1,174	\$ 63.64

LTIP Units

The following table summarizes the activity for LTIP Units for the three months ended March 31, 2019 (units in thousands):

	Vested LTIP Units	Unvested LTIP Units	Unvested Weighted Average Grant Date Fair Value
Balance at January 1, 2019	3,293	2,177	\$ 56.05
Granted	-	911	70.87
Vested LTIP Units	964	(964)	54.44
Vested POP LTIP Units (1)	391	-	N/A
Conversion to common limited partnership units	(198)	-	N/A
Balance at March 31, 2019	4,450	2,124	\$ 63.14

(1) Vested units were based on the POP performance criteria being met for the 2016 – 2018 performance period and represented the earned award amount. See above for further discussion on the POP.

NOTE 9. EARNINGS PER COMMON SHARE OR UNIT

We determine basic earnings per share or unit based on the weighted average number of shares of common stock or units outstanding during the period. We compute diluted earnings per share or unit based on the weighted average number of shares or units outstanding combined with the incremental weighted average effect from all outstanding potentially dilutive instruments.

The computation of our basic and diluted earnings per share and unit was as follows (in thousands, except per share and unit amounts):

	Three Months Ended March 31,	
	2019	2018
Prologis, Inc.		
Net earnings attributable to common stockholders – Basic	\$ 347,047	\$ 365,902
Net earnings attributable to exchangeable limited partnership units (1)	10,657	10,693
Adjusted net earnings attributable to common stockholders – Diluted	<u>\$ 357,704</u>	<u>\$ 376,595</u>
Weighted average common shares outstanding – Basic	629,676	532,185
Incremental weighted average effect on exchange of limited partnership units (1)	19,718	16,270
Incremental weighted average effect of equity awards	4,965	5,668
Weighted average common shares outstanding – Diluted (2)	<u>654,359</u>	<u>554,123</u>
Net earnings per share attributable to common stockholders:		
Basic	\$ 0.55	\$ 0.69
Diluted	\$ 0.55	\$ 0.68

	Three Months Ended March 31,	
	2019	2018
Prologis, L.P.		
Net earnings attributable to common unitholders	\$ 357,621	\$ 376,425
Net earnings attributable to Class A Units	(4,606)	(5,853)
Net earnings attributable to common unitholders – Basic	353,015	370,572
Net earnings attributable to Class A Units	4,606	5,853
Net earnings attributable to exchangeable other limited partnership units	83	170
Adjusted net earnings attributable to common unitholders – Diluted	<u>\$ 357,704</u>	<u>\$ 376,595</u>
Weighted average common partnership units outstanding – Basic	640,504	538,977
Incremental weighted average effect on exchange of Class A Units	8,356	8,512
Incremental weighted average effect on exchange of other limited partnership units	534	966
Incremental weighted average effect of equity awards of Prologis, Inc.	4,965	5,668
Weighted average common units outstanding – Diluted (2)	<u>654,359</u>	<u>554,123</u>
Net earnings per unit attributable to common unitholders:		
Basic	\$ 0.55	\$ 0.69
Diluted	\$ 0.55	\$ 0.68

(1) The exchangeable limited partnership units include the units as discussed in Note 7. Earnings allocated to the exchangeable OP units not held by the Parent have been included in the numerator and exchangeable common units have been included in the denominator for the purpose of computing diluted earnings per share for all periods as the per share and unit amount is the same.

(2) Our total weighted average potentially dilutive shares and units outstanding consisted of the following:

	Three Months Ended March 31,	
	2019	2018
Class A Units	8,356	8,512
Other limited partnership units	534	966
Equity awards	7,673	8,380
Prologis, L.P.	<u>16,563</u>	<u>17,858</u>
Common limited partnership units	10,828	6,792
Prologis, Inc.	<u>27,391</u>	<u>24,650</u>

NOTE 10. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

Derivative Financial Instruments

In the normal course of business, our operations are exposed to market risks, including the effect of changes in foreign currency exchange rates and interest rates. We may enter into derivative financial instruments to offset these underlying market risks. There have been no significant changes in our policy or strategy from what was disclosed in our Annual Report on Form 10-K for the year ended December 31, 2018.

The following table presents the fair value of our derivative financial instruments recognized within *Other Assets* and *Other Liabilities* on the Consolidated Balance Sheets (in thousands):

	March 31, 2019		December 31, 2018	
	Asset	Liability	Asset	Liability
Undesignated derivatives				
Foreign currency contracts				
Forwards				
Brazilian real	\$ -	\$ -	\$ 80	\$ -
British pound sterling	717	734	2,266	324
Canadian dollar	2,080	-	3,336	53
Euro	13,605	374	7,895	1,922
Japanese yen	3,666	76	3,334	1,318
Mexican peso	-	-	159	-
Interest rate swaps				
U.S. dollar	-	39	27	-
Designated derivatives				
Foreign currency contracts				
Net investment hedges				
Brazilian real	-	-	-	3,165
British pound sterling	460	3,526	-	949
Canadian dollar	3,893	-	5,634	-
Interest rate swaps				
Cash flow hedges				
Euro	-	368	-	428
Total fair value of derivatives	\$ 24,421	\$ 5,117	\$ 22,731	\$ 8,159

Undesignated Derivative Financial Instruments

Foreign Currency Contracts

The following table summarizes the activity of our undesignated foreign currency contracts for the three months ended March 31 (in millions, except for weighted average forward rates and number of active contracts):

	2019					2018				
	BRL	CAD	EUR	GBP	JPY	CAD	CNY	EUR	GBP	JPY
Notional amounts at January 1	\$ 5	\$ 55	\$ 314	\$ 118	\$ 177	\$ 56	\$ -	\$ 233	\$ 132	\$ 153
New contracts	489	-	-	112	-	5	80	28	-	-
Matured, expired or settled contracts	(494)	(9)	(35)	(21)	(20)	(6)	(80)	(25)	(24)	(19)
Notional amounts at March 31	\$ -	\$ 46	\$ 279	\$ 209	\$ 157	\$ 55	\$ -	\$ 236	\$ 108	\$ 134
Weighted average forward rate at March 31	-	1.28	1.21	1.22	104.86	1.28	-	1.18	1.30	106.20
Active contracts at March 31	-	20	29	22	30	24	-	29	18	30

The following table summarizes the undesignated derivative financial instruments exercised and associated realized gains (losses) and unrealized gains (losses) in *Foreign Currency and Derivative Gains (Losses), Net* in the Consolidated Statements of Income (in millions, except for number of exercised contracts):

	Three Months Ended	
	March 31,	
	2019	2018
Exercised contracts	23	15
Realized gains (losses) on the matured, expired or settled contracts	\$ 1	\$ (7)
Unrealized gains (losses) on the change in fair value of outstanding contracts	\$ 7	\$ (13)

Designated Derivative Financial Instruments

Foreign Currency Contracts

The following table summarizes the activity of our foreign currency contracts designated as net investment hedges for the three months ended March 31 (in millions, except for weighted average forward rates and number of active contracts):

	2019			2018
	BRL	CAD	GBP	CAD
Notional amounts at January 1	\$ 460	\$ 100	\$ 127	\$ 99
New contracts	489	-	262	100
Matured, expired or settled contracts	(949)	-	-	(99)
Notional amounts at March 31	\$ -	\$ 100	\$ 389	\$ 100
Weighted average forward rate at March 31	-	1.28	1.30	1.28
Active contracts at March 31	-	2	6	2

Interest Rate Swaps

The following table summarizes the activity of our interest rate swaps designated as cash flow hedges for the three months ended March 31 (in millions):

	2019	2018	
	EUR	CAD	EUR
Notional amounts at January 1	\$ 500	\$ 271	\$ -
New contracts	-	-	500
Matured, expired or settled contracts	-	(271)	-
Notional amounts at March 31	\$ 500	\$ -	\$ 500

Designated Nonderivative Financial Instruments

The following table summarizes our debt and accrued interest, designated as a hedge of our net investment in international subsidiaries (in millions):

	March 31, 2019	December 31, 2018
British pound sterling	\$ 346	\$ 269
Euro	\$ 3,028	\$ 2,645

The following table summarizes the recognized unrealized losses in *Foreign Currency and Derivative Gains (Losses), Net* on the remeasurement of the unhedged portion of our debt and accrued interest for the three months ended March 31 (in millions):

	2018
Unrealized losses on the unhedged portion	\$ (24)

The unrealized loss on the unhedged portion recognized during the three months ended March 31, 2019 was not material.

Other Comprehensive Income (Loss)

The change in *Other Comprehensive Income (Loss)* in the Consolidated Statements of Comprehensive Income during the periods presented is due to the translation into U.S. dollars on consolidation of the financial statements of our consolidated subsidiaries whose functional currency is not the U.S. dollar. The change in fair value of the effective portion of our derivative financial instruments that

have been designated as net investment hedges and cash flow hedges and the translation of our nonderivative financial instruments as discussed above are also included in *Other Comprehensive Income (Loss)*.

The following table presents these changes in *Other Comprehensive Income (Loss)* (in thousands):

	Three Months Ended March 31,	
	2019	2018
Derivative net investment hedges	\$ (19,452)	\$ 3,093
Nonderivative net investment hedges	63,657	(109,877)
Cumulative translation adjustment	15,875	111,554
Total foreign currency translation gains, net	\$ 60,080	\$ 4,770
Cash flow hedges (1)	\$ 1,105	\$ (9,285)
Our share of derivatives from unconsolidated co-investment ventures	(3,738)	2,998
Total unrealized losses on derivative contracts, net	\$ (2,633)	\$ (6,287)
Total change in other comprehensive income (loss)	\$ 57,447	\$ (1,517)

(1) We estimate an additional expense of \$4.2 million will be reclassified to *Interest Expense* over the next 12 months from March 31, 2019, due to the amortization of previously settled derivatives designated as cash flow hedges.

Fair Value Measurements

There have been no significant changes in our policy from what was disclosed in our Annual Report on Form 10-K for the year ended December 31, 2018.

Fair Value Measurements on a Recurring Basis

At March 31, 2019 and December 31, 2018, other than the derivatives discussed previously, we did not have any significant financial assets or financial liabilities that were measured at fair value on a recurring basis in the Consolidated Financial Statements. All of our derivatives held at March 31, 2019 and December 31, 2018, were classified as Level 2 of the fair value hierarchy.

Fair Value Measurements on Nonrecurring Basis

Acquired properties and assets we expect to sell or contribute met the criteria to be measured on a nonrecurring basis at fair value and the lower of their carrying amount or their estimated fair value less the costs to sell, respectively, at March 31, 2019 and December 31, 2018. At March 31, 2019 and December 31, 2018, we estimate the fair value of our properties using Level 2 or Level 3 inputs from the fair value hierarchy. See more information on our acquired properties and assets held for sale or contribution in Notes 2, 3 and 5, respectively.

Fair Value of Financial Instruments

At March 31, 2019 and December 31, 2018, the carrying amounts of certain financial instruments, including cash and cash equivalents, accounts and notes receivable, accounts payable and accrued expenses were representative of their fair values.

The differences in the fair value of our debt from the carrying value in the table below were the result of differences in interest rates or borrowing spreads that were available to us at March 31, 2019 and December 31, 2018, as compared with those in effect when the debt was issued or assumed, including reduced borrowing spreads due to our improved credit ratings. The senior notes and many of the issuances of secured mortgage debt contain pre-payment penalties or yield maintenance provisions that could make the cost of refinancing the debt at lower rates exceed the benefit that would be derived from doing so.

The following table reflects the carrying amounts and estimated fair values of our debt (in thousands):

	March 31, 2019		December 31, 2018	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Credit Facilities	\$ 26,180	\$ 26,180	\$ 50,500	\$ 50,513
Senior notes	8,314,678	8,846,176	8,304,147	8,606,864
Term loans and unsecured other	1,411,343	1,433,838	1,921,428	1,946,335
Secured mortgage	953,938	992,924	813,740	849,417
Total	\$ 10,706,139	\$ 11,299,118	\$ 11,089,815	\$ 11,453,129

NOTE 11. BUSINESS SEGMENTS

Our current business strategy includes two operating segments: Real Estate Operations and Strategic Capital. We generate revenues, earnings, net operating income and cash flows through our segments, as follows:

- **Real Estate Operations.** This operating segment represents the ownership and development of operating properties and is the largest component of our revenues and earnings. We collect rent from our customers through operating leases, including reimbursements for the majority of our property operating costs. Each operating property is considered to be an individual operating segment with similar economic characteristics; these properties are combined within the reportable business segment based on geographic location. Our Real Estate Operations segment also includes development activities that lead to rental operations, including land held for development and properties currently under development. Within this line of business, we utilize the following: (i) our land bank; (ii) the development expertise of our local teams; and (iii) our customer relationships. Land we own and lease to customers under ground leases, along with land we lease, is also included in this segment.
- **Strategic Capital.** This operating segment represents the management of unconsolidated co-investment ventures. We generate strategic capital revenues primarily from our unconsolidated co-investment ventures through asset management and property management services and we earn additional revenues by providing leasing, acquisition, construction, development, financing, legal and disposition services. Depending on the structure of the venture and the returns provided to our partners, we also earn revenues through promotes periodically during the life of a venture or upon liquidation. Each unconsolidated co-investment venture we manage is considered to be an individual operating segment with similar economic characteristics; these ventures are combined within the reportable business segment based on geographic location.

Reconciliations are presented below for: (i) each reportable business segment's revenues from external customers to Total Revenues; (ii) each reportable business segment's net operating income from external customers to Operating Income and Earnings Before Income Taxes; and (iii) each reportable business segment's assets to Total Assets. Our chief operating decision makers rely primarily on net operating income and similar measures to make decisions about allocating resources and assessing segment performance. The applicable components of Total Revenues, Operating Income, Earnings Before Income Taxes and Total Assets are allocated to each reportable business segment's revenues, net operating income and assets. Items that are not directly assignable to a segment, such as certain corporate income and expenses, are not allocated but reflected as reconciling items.

The following reconciliations are presented in thousands:

	Three Months Ended March 31,	
	2019	2018
Revenues:		
Real estate operations segment:		
U.S.	\$ 651,869	\$ 499,257
Other Americas	23,865	30,431
Europe	8,557	17,202
Asia	13,956	13,805
Total real estate operations segment	<u>698,247</u>	<u>560,695</u>
Strategic capital segment:		
U.S.	20,268	16,069
Other Americas	7,900	6,153
Europe	28,838	38,817
Asia	16,799	71,922
Total strategic capital segment	<u>73,805</u>	<u>132,961</u>
Total revenues	772,052	693,656
Segment net operating income:		
Real estate operations segment:		
U.S. (1)	471,076	369,364
Other Americas	19,053	22,923
Europe	5,544	12,459
Asia	10,672	9,769
Total real estate operations segment	<u>506,345</u>	<u>414,515</u>
Strategic capital segment:		
U.S. (1)	3,327	(4,236)
Other Americas	5,422	2,907
Europe	19,151	27,663
Asia	7,847	62,767
Total strategic capital segment	<u>35,747</u>	<u>89,101</u>
Total segment net operating income	542,092	503,616
Reconciling items:		
General and administrative expenses	(69,701)	(62,428)
Depreciation and amortization expenses	(284,009)	(204,081)
Gains on real estate transactions, net	188,208	195,111
Operating income	376,590	432,218
Earnings from unconsolidated entities, net	56,666	62,656
Interest expense	(60,507)	(47,245)
Interest and other income, net	7,910	1,976
Foreign currency and derivative gains (losses), net	8,734	(41,094)
Losses on early extinguishment of debt, net	(2,116)	-
Earnings before income taxes	\$ 387,277	\$ 408,511

	March 31, 2019	December 31, 2018
Segment assets:		
Real estate operations segment:		
U.S.	\$ 28,113,087	\$ 27,666,200
Other Americas	1,185,389	1,712,862
Europe	1,158,984	1,040,061
Asia	763,531	1,012,253
Total real estate operations segment	<u>31,220,991</u>	<u>31,431,376</u>
Strategic capital segment (2):		
U.S.	15,483	15,802
Europe	25,280	25,280
Asia	368	455
Total strategic capital segment	<u>41,131</u>	<u>41,537</u>
Total segment assets	<u>31,262,122</u>	<u>31,472,913</u>
Reconciling items:		
Investments in and advances to unconsolidated entities	5,613,060	5,745,294
Assets held for sale or contribution	899,976	622,288
Lease right-of-use assets	116,012	-
Cash and cash equivalents	251,030	343,856
Other assets	249,912	233,313
Total reconciling items	<u>7,129,990</u>	<u>6,944,751</u>
Total assets	<u>\$ 38,392,112</u>	<u>\$ 38,417,664</u>

- (1) This includes compensation and personnel costs for employees who were located in the U.S. but also support other regions.
- (2) Represents management contracts and goodwill recorded in connection with business combinations associated with the Strategic Capital segment. Goodwill was \$25.3 million at March 31, 2019 and December 31, 2018.

NOTE 12. SUPPLEMENTAL CASH FLOW INFORMATION

Our significant noncash investing and financing activities for the three months ended March 31, 2019 and 2018 included the following:

- Due to the adoption of the new lease standard on January 1, 2019, we recorded *Lease ROU Assets* and *Lease Liabilities* on the Consolidated Balance Sheets, including any new leases after January 1, 2019, of \$393.0 million and \$400.3 million, respectively.
- We capitalized \$7.5 million in 2019 and 2018 of equity-based compensation expense. Beginning January 1, 2019, upon adoption of the new lease standard, we capitalized equity-based compensation expenses related to development activities only. Internal costs related to our leasing activities are expensed as incurred.
- We received \$177.2 million and \$50.6 million in 2019 and 2018, respectively, of ownership interests in certain unconsolidated co-investment ventures as a portion of our proceeds from the contribution of properties to these entities, as disclosed in Note 3. Included in 2019 is our initial 20% investment in PBLV in exchange for our contribution of the initial portfolio of properties to the Venture upon formation.
- We issued 0.4 million shares in 2019 of the Parent's common stock upon redemption of an equal number of common limited partnership units in the OP.

We paid \$95.4 million and \$82.9 million for interest, net of amounts capitalized, for the three months ended March 31, 2019 and 2018, respectively.

We paid \$26.5 million and \$24.8 million for income taxes, net of refunds, for the three months ended March 31, 2019 and 2018, respectively.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors
Prologis, Inc.:

Results of Review of Interim Financial Information

We have reviewed the consolidated balance sheet of Prologis, Inc. and subsidiaries (the Company) as of March 31, 2019, the related consolidated statements of income and comprehensive income for the three-month periods ended March 31, 2019 and 2018, the related consolidated statements of equity for the three-month periods ended March 31, 2019 and 2018, the related consolidated statements of cash flows for the three-month periods ended March 31, 2019 and 2018, and the related notes (collectively, the consolidated interim financial information). Based on our reviews, we are not aware of any material modifications that should be made to the consolidated interim financial information for it to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Company as of December 31, 2018, and the related consolidated statements of income, comprehensive income, equity, and cash flows for the year then ended (not presented herein); and in our report dated February 13, 2019, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as of December 31, 2018 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Adoption of a New Accounting Pronouncement

As discussed in Note 1 to the consolidated financial statements, the Company has changed its method of accounting for leases at January 1, 2019, on a prospective basis due to the adoption of Accounting Standards Codification Topic 842, *Leases*.

Basis for Review Results

This consolidated interim financial information is the responsibility of the Company's management. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our reviews in accordance with the standards of the PCAOB. A review of consolidated interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

/s/ KPMG LLP

Denver, Colorado
April 22, 2019

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Partners
Prologis, L.P.:

Results of Review of Interim Financial Information

We have reviewed the consolidated balance sheet of Prologis, L.P. and subsidiaries (the Company) as of March 31, 2019, the related consolidated statements of income and comprehensive income for the three-month periods ended March 31, 2019 and 2018, the related consolidated statements of capital for the three-month periods ended March 31, 2019 and 2018, the related consolidated statements of cash flows for the three-month periods ended March 31, 2019 and 2018, and the related notes (collectively, the consolidated interim financial information). Based on our reviews, we are not aware of any material modifications that should be made to the consolidated interim financial information for it to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Company as of December 31, 2018, and the related consolidated statements of income, comprehensive income, capital, and cash flows for the year then ended (not presented herein); and in our report dated February 13, 2019, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as of December 31, 2018 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

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Basis for Review Results

This consolidated interim financial information is the responsibility of the Company's management. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

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/s/ KPMG LLP

Denver, Colorado
April 22, 2019

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following should be read in conjunction with the Consolidated Financial Statements and related Notes included in Item 1 of this report and our Annual Report on Form 10-K for the year ended December 31, 2018, as filed with the Securities and Exchange Commission ("SEC").

The statements in this report 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, development activity, contribution and disposition activity, general conditions in the geographic areas where we operate, our debt, capital structure 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 and political climates; (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; (v) maintenance of real estate investment trust ("REIT") 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; and (x) those additional factors discussed under Part I, Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2018. We undertake no duty to update any forward-looking statements appearing in this report except as may be required by law.

Prologis, Inc. is a self-administered and self-managed REIT and is the sole general partner of Prologis, L.P. through which it holds substantially all of its assets. We operate Prologis, Inc. and Prologis, L.P. as one enterprise and, therefore, our discussion and analysis refers to Prologis, Inc. and its consolidated subsidiaries, including Prologis, L.P., collectively. We invest in real estate through wholly owned subsidiaries and other entities through which we co-invest with partners and investors. We have a significant ownership in the co-investment ventures, which may be consolidated or unconsolidated based on our level of control of the entity.

MANAGEMENT'S OVERVIEW

Prologis is the global leader in logistics real estate with a focus on key markets in 19 countries on four continents. We own, manage and develop well-located, high-quality logistics facilities. Our local teams actively manage our portfolio, which encompasses leasing and property management, capital deployment and opportunistic dispositions allowing us to recycle capital to self-fund our development and acquisition activities. The majority of our properties in the United States ("U.S.") are wholly owned, while our properties outside the U.S. are generally held in co-investment ventures, to mitigate our exposure to foreign currency movements.

Our irreplaceable portfolio is focused on the world's most vibrant markets where consumption and supply chain reconfiguration drive logistics demand. In the developed markets of the U.S., Europe and Japan, key demand drivers include the reconfiguration of supply chains (strongly influenced by e-commerce trends), the demand for sustainable design features and the operational efficiencies that can be realized from high-quality logistics facilities. In emerging markets, such as Brazil, China and Mexico, growing affluence and the rise of a new consumer class have increased the need for modern distribution networks. Our strategy is to own the highest-quality logistics property portfolio in each of our target markets. These markets are characterized by what is most important for the consumption side of a logistics supply chain — large population centers with proximity to labor pools, surrounded by highways, rail service or ports. Customers turn to us because they know an efficient supply chain will make their businesses succeed, and that a strategic relationship with Prologis will create a competitive advantage.

We operate and evaluate our business on an owned and managed ("O&M") basis, including properties that we wholly-own and properties that are owned by one of our co-investment ventures. We make decisions based on the property operations, regardless of our ownership interest. Our investment consists of our wholly-owned properties and our pro rata (or ownership) share of the properties owned in ventures.

At March 31, 2019, we owned or had investments in, on a wholly-owned basis or through co-investment ventures, properties and development projects (based on gross book value and total expected investment ("TEI")) totaling \$69.1 billion across 772 million square feet (72 million square meters) and four continents. Our investment totaled \$42.3 billion, consisting of our wholly-owned properties and our pro rata (or ownership) share of the properties owned by our co-investment ventures. We lease modern logistics facilities to a diverse base of approximately 5,100 customers.

Our business comprises two operating segments: Real Estate Operations and Strategic Capital.

Below is information summarizing consolidated activity within our segments (in millions):



- (1) Net operating income ("NOI") is not a U.S. generally accepted accounting principle ("GAAP") financial measure. NOI from Real Estate Operations is calculated directly from our Consolidated Financial Statements as *Rental Revenues* and *Development Management and Other Revenues* less *Rental Expenses* and *Other Expenses*. See the Results of Operations section for a reconciliation of NOI to *Operating Income*, the most directly comparable GAAP measure.
- (2) A developed property moves into the operating portfolio when it meets our definition of stabilization, which is the earlier of one year after completion or reaching 90% occupancy. Amounts represent our TEI, which includes the estimated cost of development or expansion, including land, construction and leasing costs.

Real Estate Operations

Rental. Rental operations comprise the largest component of our operating segments and generally contribute 85% to 90% of our consolidated revenues, earnings and funds from operations ("FFO"). FFO is a non-GAAP financial measure. See below for a reconciliation of *Net Earnings Attributable to Common Stockholders* in the Consolidated Statements of Income to FFO. We collect rent from our customers through long-term operating leases, including reimbursements for the majority of our property operating costs. We expect to generate long-term internal growth by increasing rents, maintaining high occupancy rates and controlling expenses. The primary driver of our revenue growth will be rolling in-place leases to current market rents coupled with increasing market rents. We believe our active portfolio management, combined with the skills of our property, leasing, maintenance, capital, energy, sustainability and risk management teams, will allow us to maximize rental revenues across our portfolio. A significant amount of our rental revenues, NOI and cash flows are generated in the U.S.

Development. We develop properties to meet our customers' needs, deepen our market presence and refresh our portfolio quality. We believe we have a competitive advantage due to (i) the strategic locations of our land bank; (ii) the development expertise of our local teams; and (iii) the depth of our customer relationships. Successful development and redevelopment efforts provide significant earnings growth as projects lease up and generate income and increase the net asset value of our Real Estate Operations segment. Based on our current estimates, our consolidated land bank, excluding land we have under option contracts, has the potential to support the development of \$7.1 billion of TEI of new logistics space. Generally, we develop properties in the U.S. for long-term hold and outside the U.S. for contribution to our unconsolidated co-investment ventures.

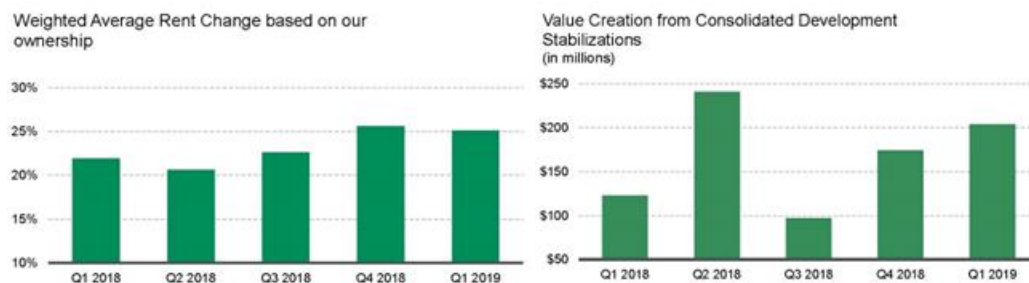
Strategic Capital

Real estate is a capital-intensive business that requires new capital to grow. Our strategic capital business gives us access to third-party capital, both private and public, allowing us to diversify our sources of capital and providing us with a broad range of options to fund our growth, while reducing our exposure to foreign currency movements for investments outside of the U.S. We partner with some of the world's largest institutional investors to grow our business and provide incremental revenues. We also access alternative sources of equity through two publicly traded vehicles: Nippon Prologis REIT, Inc. in Japan and FIBRA Prologis in Mexico. We align our interests with those of our partners by holding significant ownership interests in all of our unconsolidated co-investment ventures (ranging from 15% to 50%).

This segment produces stable, long-term cash flows and generally contributes 10% to 15% of our consolidated revenues, earnings and FFO. We generate strategic capital revenues from our unconsolidated co-investment ventures, principally through asset and property management services. Generally, all of these revenues are earned from long-term and open-ended ventures. We earn additional revenues by providing leasing, acquisition, construction, development, financing, legal and disposition services. In certain ventures, we also have the ability to earn revenues through incentive fees ("promotes" or "promote revenues") periodically during the life of a venture or upon liquidation. We plan to profitably grow this business by increasing our assets under management in existing or new ventures. Most of the strategic capital revenues are generated outside the U.S. NOI in this segment is calculated directly from our Consolidated Financial Statements as *Strategic Capital Revenues* less *Strategic Capital Expenses* and excludes property-related NOI.

FUTURE GROWTH

We believe the quality and scale of our global portfolio, the expertise of our team, the depth of our customer relationships and the strength of our balance sheet give us unique competitive advantages to grow revenues, NOI, earnings, FFO and cash flows.



- **Rent Growth.** We expect market rents to continue to grow over the next few years, driven by demand for the location and quality of our properties. Due to strong market rent growth over the last several years, our in-place leases have considerable upside potential. We estimate that our leases are more than 15% below current market rent on the basis of our weighted average ownership at March 31, 2019. Therefore, even if market rents remain flat, a lease renewal will translate into increased future rental income, on a consolidated basis or through the earnings we recognize from our unconsolidated co-investment ventures based on our ownership. We have experienced positive rent change on rollover (comparing the net effective rent of the new lease to the prior lease for the same space) every quarter since 2013. We expect this trend to continue for several more years due to our current in-place rents being below market as well as increasing market rents.
- **Value Creation from Development.** A successful development and redevelopment program involves maintaining control of well-located and entitled land. We believe the carrying value of our land bank is below its current fair value. Due to the strategic nature of our land bank and development expertise of our teams, we expect to realize future value creation as we build out the land bank. We measure the estimated development value as the margin above our anticipated cost to develop. We calculate the margin using estimated yield and capitalization rates from our underwriting models. As properties under development stabilize, we expect to realize the value creation principally through contributions to the unconsolidated co-investment ventures and increases in the NOI of our operating portfolio.

SUMMARY OF 2019

During the three months ended March 31, 2019, operating fundamentals remained strong for our O&M portfolio and we ended the period with occupancy of 96.8%.

In 2019, we completed the following significant activities as described in the Notes to the Consolidated Financial Statements:

- In January, we formed Prologis Brazil Logistics Venture (“PBLV”), a Brazilian unconsolidated co-investment venture, with one partner. We contributed an initial portfolio of real estate properties to PBLV consisting of 14 operating properties totaling 7 million square feet and 371 acres of land. We received total proceeds of \$496 million and units and retain a 20% equity interest.
- In February, we redeemed a portion of our investment in Prologis European Logistics Fund (“PELF”) for proceeds of €278 million (\$313 million). At March 31, 2018 our ownership in PELF was 24.3%.
- We completed the following financing activities:
 - We upsized our global senior credit facility by \$500 million to \$3.5 billion with maturity in January 2023. At March 31, 2019, we had \$3.9 billion of available borrowing capacity under our credit facilities.
 - We entered into two unsecured Japanese yen term loans for a total of ¥15.0 billion (\$137 million) that bear interest of Yen LIBOR plus 0.5% to 0.6% and are scheduled to mature in January 2028 and 2030.
 - We entered into an unsecured Japanese yen term loan agreement (the “2019 Yen Term Loan”) under which we can draw Japanese yen in an aggregate amount not to exceed ¥85.0 billion (\$767 million at March 31, 2019). The 2019 Yen Term Loan bears interest at Yen LIBOR plus 0.4% and is scheduled to mature in March 2026. We have the ability to increase the 2019 Yen Term Loan to ¥120.0 billion (\$1.1 billion at March 31, 2019), subject to obtaining additional lender commitments. We used the proceeds from the 2019 Yen Term Loan primarily to repay the outstanding balance of ¥100.0 billion (\$897 million) on our 2016 Japanese yen term loan.

- We completed a private placement for ¥10.0 billion (\$91 million) of senior notes with a stated interest rate of 1.2%, maturing in March 2039.
- We generated net proceeds of \$176 million and realized net gains of \$47 million from the contribution of properties to our unconsolidated co-investment ventures, excluding the contribution to PBLV, and the disposition of operating properties, primarily in Europe.

Throughout this discussion, we reflect amounts in U.S. dollars, our reporting currency. Included in these amounts are consolidated and unconsolidated investments denominated in foreign currencies, principally the British pound sterling, euro and Japanese yen that are impacted by fluctuations in exchange rates when translated to U.S. dollars. We mitigate our exposure to foreign currency fluctuations by investing outside the U.S. through co-investment ventures, borrowing in the functional currency of our consolidated subsidiaries and utilizing derivative financial instruments.

RESULTS OF OPERATIONS – THREE MONTHS ENDED MARCH 31, 2019 AND 2018

We evaluate our business operations based on the NOI of our two operating segments: Real Estate Operations and Strategic Capital. NOI by segment is a non-GAAP financial measure that is calculated using revenues and expenses directly from our financial statements. We consider NOI by segment to be an appropriate supplemental measure of our performance because it helps management and investors understand our operating results.

Below is a reconciliation of our NOI by segment to *Operating Income* per the Consolidated Financial Statements for the three months ended March 31 (in millions). Each segment's NOI is reconciled to a line item in the Consolidated Financial Statements in the respective segment discussion below.

	2019	2018
Real Estate Operations – NOI	\$ 506	\$ 415
Strategic Capital – NOI	36	89
General and administrative expenses	(69)	(63)
Depreciation and amortization expenses	(284)	(204)
Operating income before gains on real estate transactions, net	189	237
Gains on real estate transactions, net	188	195
Operating income	\$ 377	\$ 432

See Note 11 to the Consolidated Financial Statements for more information on our segments and a reconciliation of each business segment's NOI to *Operating Income* and *Earnings Before Income Taxes*.

Real Estate Operations

This operating segment principally includes rental revenues and rental expenses recognized from our consolidated properties. We allocate the costs of our property management and leasing functions to the Real Estate Operations segment through *Rental Expenses* and the Strategic Capital segment through *Strategic Capital Expenses* based on the square footage of the relative portfolios. The operating fundamentals in the markets in which we operate continue to be strong, which has increased rents, kept occupancies high and fueled development activity. In addition, this segment is impacted by our development, acquisition and disposition activities.

Below are the components of Real Estate Operations revenues, expenses and NOI for the three months ended March 31, derived directly from line items in the Consolidated Financial Statements (in millions):

	2019	2018
Rental revenues (1)	\$ 697	\$ 556
Development management and other revenues	1	5
Rental expenses	(188)	(143)
Other expenses	(4)	(3)
Real Estate Operations – NOI	\$ 506	\$ 415

- (1) As disclosed in Note 1 to the Consolidated Financial Statements, under the new lease standard, we adopted the practical expedient to present rental revenue and rental recoveries as a single component under *Rental Revenues* in our Consolidated Statements of Income.

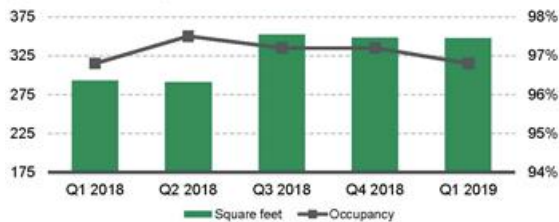
The change in Real Estate Operations NOI for the three months ended March 31, 2019 from the same period in 2018 was impacted by the following items (in millions):



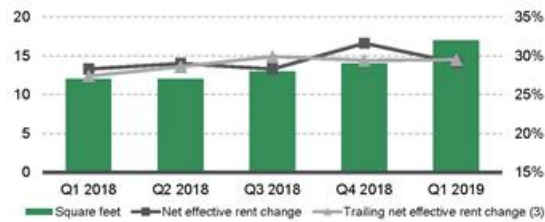
- (1) Acquisition activity increased NOI in 2019, compared to 2018, primarily due to the acquisition of DCT Industrial Trust Inc. and DCT Industrial Operating Partnership LP (collectively "DCT") which was completed for \$8.5 billion on August 22, 2018 ("DCT Transaction").
- (2) During both periods, we experienced positive rent rate growth. Rent rate growth (or rent change) is a combination of the rollover of existing leases and increases in certain rental rates from contractual rent increases on existing leases. If a lease has a contractual rent increase that is not known at the time the lease commences, such as the consumer price index or a similar metric, the rent increase is not included in rent leveling and therefore, impacts the rental revenues we recognize. See below for key metrics on occupancy and rent change on rollover for the consolidated operating portfolio.
- (3) We calculate changes in NOI from development completions period over period by comparing the change in NOI generated on the pool of developments that completed on or after January 1, 2018 through March 31, 2019.
- (4) Contribution and disposition activity decreased NOI in 2019, compared to 2018, principally due to the contribution of consolidated operating properties to PBLV in 2019 and other non-strategic dispositions.
- (5) Other items include internal costs related to leasing activities, expense recoveries, non-recoverable expenses and changes in foreign currency exchange rates.

Below are key operating metrics of our consolidated operating portfolio.

Consolidated Square Feet and Occupancy at Period End (1)
(square feet in millions)



Consolidated Square Feet of Leases Commenced and Weighted Average Rent Change (2)
(square feet in millions)



- (1) In August 2018, we completed the DCT Transaction and acquired a portfolio of logistics real estate assets.
- (2) Consolidated square feet of leases commenced and weighted average rent change were calculated for leases with initial terms of one year or greater.
- (3) Calculated using the trailing twelve months immediately prior to the period ended.

Development Start Activity

The following table summarizes consolidated development start activity for the three months ended March 31 (dollars and square feet in millions):

	2019	2018
Number of new development projects during the period	12	11
Square feet	3	4
TEI	\$ 236	\$ 406
Percentage of build-to-suits based on TEI	40.5%	63.1%

Development Stabilization Activity

The following table summarizes consolidated development stabilization activity for the three months ended March 31 (dollars and square feet in millions):

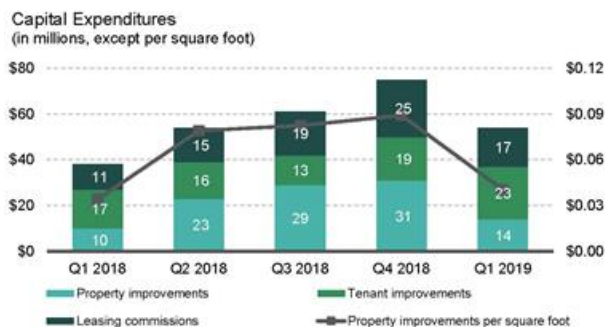
	2019	2018
Number of development projects stabilized during the period	14	12
Square feet	6	4
TEI	\$ 668	\$ 424
Weighted average stabilized yield (1)	6.2%	5.9%
Estimated value at completion	\$ 872	\$ 548
Estimated weighted average margin	30.5%	29.0%

(1) We calculate the weighted average stabilized yield as estimated NOI assuming stabilized occupancy divided by TEI.

At March 31, 2019, our development portfolio, including properties under development and prestabilized properties, was 47.9% leased and expected to be completed before February 2021.

Capital Expenditures

We capitalize costs incurred in renovating and improving our operating properties as part of the investment basis. With the adoption of the new lease standard on January 1, 2019, we no longer capitalize internal costs related to our leasing activities. The prior period amounts were not adjusted and continue to be recognized in accordance with previously applicable guidance, as detailed in Note 1 to the Consolidated Financial Statements. The following graph summarizes our total capital expenditures, excluding development costs, and property improvements per square foot of our consolidated operating properties during each quarter:



Strategic Capital

This operating segment includes revenues from asset and property management and other fees for services performed, as well as promote revenues earned from the unconsolidated ventures. Revenues associated with the Strategic Capital segment fluctuate because of changes in the number of real estate assets through acquisitions and dispositions and the fair value of the properties owned by the ventures, the transactional activity in the ventures, foreign currency exchange rates and the timing of promotes. These revenues are reduced generally by the costs associated with the asset and property-level management expenses for the properties owned by these ventures. We allocate the costs of our property management and leasing functions to the Strategic Capital segment through

Strategic Capital Expenses and to the Real Estate Operations segment through *Rental Expenses* based on the square footage of the relative portfolios.

Below are the components of Strategic Capital revenues, expenses and NOI for the three months ended March 31, derived directly from the line items in the Consolidated Financial Statements (in millions):

	2019	2018
Strategic capital revenues	\$ 74	\$ 133
Strategic capital expenses	(38)	(44)
Strategic Capital – NOI	\$ 36	\$ 89

Below is additional detail of our Strategic Capital revenues, expenses and NOI for the three months ended March 31 (in millions):

	U.S. (1)		Other Americas		Europe		Asia		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Strategic capital revenues (\$)										
Recurring fees (2)	17	14	7	5	25	24	13	11	62	54
Transactional fees (3)	3	2	1	1	4	6	4	7	12	16
Promote revenues (4)	-	-	-	-	-	9	-	54	-	63
Total strategic capital revenues (\$)	20	16	8	6	29	39	17	72	74	133
Strategic capital expenses (\$)	(17)	(20)	(2)	(3)	(10)	(11)	(9)	(10)	(38)	(44)
Strategic Capital – NOI (\$)	3	(4)	6	3	19	28	8	62	36	89

- (1) The U.S. expenses include compensation and personnel costs for employees who were based in the U.S. but also support other regions.
- (2) Recurring fees include asset and property management fees.
- (3) Transactional fees include leasing commission, acquisition, development and other fees.
- (4) The promote revenues represent the third-party partners' share based on the venture's cumulative returns to investors over a certain time-period, generally three years. We do not recognize promote revenues related to our ownership in the venture. Approximately 40% of promote revenues are paid to our employees as a combination of cash and stock awards, as vested, pursuant to the terms of the Prologis Promote Plan and expensed through *Strategic Capital Expenses*.

The following real estate investments were held through our unconsolidated co-investment ventures based on historical cost (dollars and square feet in millions):

	U.S.		Other Americas		Europe		Asia		Total	
	Mar 31, 2019	Dec 31, 2018	Mar 31, 2019 (1)	Dec 31, 2018	Mar 31, 2019	Dec 31, 2018	Mar 31, 2019	Dec 31, 2018	Mar 31, 2019	Dec 31, 2018
Ventures	1	1	2	2	3	3	2	2	8	8
Operating properties	566	566	215	209	679	669	131	125	1,591	1,569
Square feet	91	91	45	39	161	159	53	51	350	340
Total assets (\$)	7,376	7,303	2,791	2,137	13,615	13,028	7,119	7,089	30,901	29,557

- (1) PBLV and our other Brazilian joint ventures are combined and accounted for as one venture for the purpose of this table.

See Note 4 to the Consolidated Financial Statements for additional information on our unconsolidated co-investment ventures.

General and Administrative (“G&A”) Expenses

G&A expenses were \$69 million and \$63 million for the three months ended March 31, 2019 and 2018, respectively. G&A expenses increased over the last year due to higher compensation expenses based largely on the increase of our share price.

We capitalize certain internal costs, including salaries and related expenses, directly related to our development activities. We previously capitalized G&A related to our internal leasing activities, however, with the adoption of the new lease standard on January 1, 2019 these costs are expensed and recorded to *Rental Expenses* in the Consolidated Statements of Income. See Note 1 to the Consolidated Financial Statements for additional information.

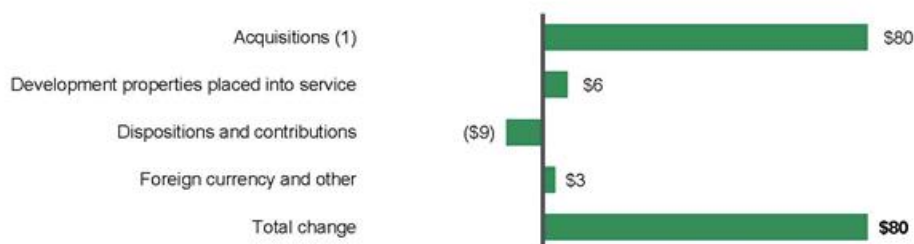
The following table summarizes capitalized G&A for the three months ended March 31 (in millions):

	2019	2018
Building and land development activities	\$ 19	\$ 16
Leasing activities	-	5
Operating building improvements and other	5	5
Total capitalized G&A expenses	\$ 24	\$ 26
Capitalized salaries and related costs as a percent of total salaries and related costs	20.6%	21.3%

Depreciation and Amortization Expenses

Depreciation and amortization expenses were \$284 million and \$204 million for the three months ended March 31, 2019 and 2018, respectively.

The following table highlights the key changes in depreciation and amortization expenses during the three months ended March 31, 2019 from the same period in 2018 (in millions):



(1) The acquisition of properties primarily includes the DCT Transaction through which we acquired operating properties and the related intangible assets. See Note 2 for more information on the DCT Transaction.

Gains on Real Estate Transactions, Net

The following table summarizes our gains on real estate transactions, net for the three months ended March 31 (in millions):

	2019	2018
Contributions to unconsolidated entities	\$ 37	\$ 168
Dispositions to third parties	16	27
Total gains on contributions and dispositions, net	\$ 53	\$ 195
Gain on partial redemption of investment in co-investment venture	135	-
Total gains on real estate transactions, net	\$ 188	\$ 195

We utilized the proceeds from these transactions primarily to fund our capital investments during both periods. See Notes 3 and 4 to the Consolidated Financial Statements for further information on the gains we recognized.

Our O&M Operating Portfolio

We manage our business and review our operating fundamentals on an O&M basis, which includes properties wholly owned by us or owned by one of our co-investment ventures. We believe reviewing these fundamentals this way allows management to understand the entire impact to the financial statements, as it will affect both the Real Estate Operations and Strategic Capital segments, as well as the net earnings we recognize from our unconsolidated co-investment ventures based on our ownership. We do not control the unconsolidated co-investment ventures for purposes of GAAP and the presentation of the ventures' operating information does not represent a legal claim.

Our O&M operating portfolio does not include our development portfolio, value-added properties or properties held for sale to third parties. Value-added properties are properties that are expected to be repurposed or redeveloped to a higher and better use and recently acquired properties that present opportunities to create greater value.

See below for information on our O&M operating portfolio (square feet in millions):

	March 31, 2019			December 31, 2018		
	Number of Properties	Square Feet	Percentage Occupied	Number of Properties	Square Feet	Percentage Occupied
Consolidated	1,840	347	96.8 %	1,835	348	97.2 %
Unconsolidated	1,581	349	96.7 %	1,561	339	97.8 %
Total	3,421	696	96.8 %	3,396	687	97.5 %

Below are the key operating metrics summarizing the leasing activity of our O&M operating portfolio.

Square Feet of Leases Commenced and Weighted Average Rent Change (1)
(square feet in millions)



Turnover Costs on Leases Commenced (3)



- Square feet of leases commenced and weighted average rent change were calculated for leases with initial terms of one year or greater. We retained more than 70% of our customers, based on the total square feet of leases commenced during these periods.
- Calculated using the trailing twelve months immediately prior to the period ended.
- Turnover costs are defined as leasing commissions and tenant improvements and represent the obligations incurred in connection with the lease commencement for leases greater than one year.

Same Store Analysis

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 to analyze our ongoing business operations.

We define our same store population for the three months ended March 31, 2019 as our O&M properties that were in the operating portfolio at January 1, 2018 and owned throughout the same three-month period in both 2018 and 2019. The same store population excludes non-industrial real estate properties and properties held for sale to third parties, along with development properties that were not stabilized at the beginning of the period (January 1, 2018) 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. We believe the factors that affect rental revenues, rental expenses and NOI in the same store portfolio are generally the same as for our consolidated portfolio.

As same store is a non-GAAP financial measure, it has certain limitations as an analytical tool and may vary among real estate companies. As a result, we provide a reconciliation of rental revenues and rental expenses from our Consolidated Financial Statements prepared in accordance with GAAP to same store property NOI. In addition, we further remove certain noncash items (straight-line rent adjustments and amortization of lease intangibles) included in the financial statements prepared in accordance with GAAP to reflect a cash same store number. To clearly label these metrics, they are categorized as same store portfolio NOI – net effective and same store portfolio NOI – cash.

The following is a reconciliation of our consolidated rental revenues, rental expenses and property NOI, as included in the Consolidated Statements of Income, to the respective amounts in our same store portfolio analysis for the three months ended March 31 (dollars in millions):

	2019	2018	Percentage Change
Rental revenues:			
Per the Consolidated Statements of Income (1)	\$ 697	\$ 556	
<i>Adjustments to derive same store results:</i>			
Properties not included in the same store portfolio and other adjustments (1) (2)	(176)	(44)	
Unconsolidated co-investment ventures (1)	586	557	
Same store portfolio – rental revenues – net effective	\$ 1,107	\$ 1,069	3.5 %
Straight-line rent and fair value lease adjustments	(12)	(24)	
Same store portfolio – rental revenues – cash	\$ 1,095	\$ 1,045	4.8 %
Rental expenses:			
Per the Consolidated Statements of Income (1)	\$ 188	\$ 143	
<i>Adjustments to derive same store results:</i>			
Properties not included in the same store portfolio and other adjustments (1) (3)	(46)	(4)	
Unconsolidated co-investment ventures (1)	135	125	
Same store portfolio – rental expenses – net effective and cash	\$ 277	\$ 264	4.7 %
NOI:			
Property NOI (calculated as rental revenues less rental expenses per the Consolidated Statements of Income) (1)	\$ 509	\$ 413	
<i>Adjustments to derive same store results:</i>			
Properties not included in the same store portfolio and other adjustments (1) (2) (3)	(130)	(40)	
Unconsolidated co-investment ventures (1)	451	432	
Same store portfolio – NOI – net effective	\$ 830	\$ 805	3.2 %
Same store portfolio – NOI – cash	\$ 818	\$ 781	4.8 %

- (1) We include 100% of the same store NOI from the properties in our same store portfolio. During the periods presented, certain properties owned by us 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 unconsolidated entities subsequent to the contribution date). As a result, only line items labeled “same store portfolio” are comparable period over period.
- (2) We exclude non-industrial real estate properties and properties held for sale to third parties, along with development properties that were not stabilized at the beginning of the reporting 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.
- (3) Rental expenses include the direct operating expenses of the property such as property taxes, insurance and utilities. In addition, we include an allocation of the 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 services are recognized as part of our consolidated rental expenses.

Other Components of Income (Expense)

Earnings from Unconsolidated Entities, Net

We recognized net earnings from unconsolidated entities, which are accounted for using the equity method, of \$57 million and \$63 million for the three months ended March 31, 2019 and 2018, respectively. The earnings we recognize can be impacted by: (i) variances in revenues and expenses of each venture; (ii) the size and occupancy rate of the portfolio of properties owned by each venture; (iii) gains or losses from the dispositions of properties and extinguishment of debt; (iv) our ownership interest in each venture; and (v) fluctuations in foreign currency exchange rates used to translate our share of net earnings to U.S. dollars.

See the discussion of our co-investment ventures above in the Strategic Capital segment discussion and in Note 4 to the Consolidated Financial Statements for further breakdown of our share of net earnings recognized.

Interest Expense

The following table details our net interest expense for the three months ended March 31 (dollars in millions):

	2019	2018
Gross interest expense	\$ 70	\$ 55
Amortization of debt discount (premium) and debt issuance costs, net	4	3
Capitalized amounts	(13)	(11)
Net interest expense	\$ 61	\$ 47
Weighted average effective interest rate during the period	2.6%	2.9%

Interest expense increased due to financing the DCT Transaction and the gain recognized upon settlement of the interest rate swaps on the Canadian term loan in 2018. The increase was partially reduced by lower interest rates as a result of our financing activities.

See Note 6 to the Consolidated Financial Statements and the Liquidity and Capital Resources section below, for further discussion of our debt and borrowing costs.

Foreign Currency and Derivative Gains (Losses), Net

The following table details our foreign currency and derivative gains (losses), net for the three months ended March 31 (in millions):

	2019	2018
Realized foreign currency and derivative gains (losses), net:		
Gains (losses) on the settlement of undesignated derivative transactions	\$ 1	\$ (7)
Total realized foreign currency and derivative gains (losses), net	1	(7)
Unrealized foreign currency and derivative gains (losses), net:		
Gains (losses) on the change in fair value of undesignated derivatives and unhedged nonderivative net investment hedges (1)	7	(37)
Gains on remeasurement of certain assets and liabilities (2)	1	3
Total unrealized foreign currency and derivative gains (losses), net	8	(34)
Total foreign currency and derivative gains (losses), net	\$ 9	\$ (41)

- (1) We borrow in the functional currencies of the countries where we invest and may designate these borrowings as nonderivative net investment hedges. We recognize gains or losses on the remeasurement of the unhedged portion of this debt and the related accrued interest.
- (2) Unrealized gains or losses were primarily related to the remeasurement of assets and liabilities that are denominated in currencies other than the functional currency of the entity, such as short-term intercompany loans between the U.S. parent and certain foreign consolidated subsidiaries and tax receivables and payables. Realized gains or losses are recognized upon settlement. During the three months ended March 31, 2019 and 2018, we did not have material realized gains or losses.

See Note 10 to the Consolidated Financial Statements for more information about our derivative and nonderivative transactions.

Income Tax Expense

We recognize income tax expense related to our taxable REIT subsidiaries and in the local, state and foreign jurisdictions in which we operate. Our current income tax expense fluctuates from period to period based primarily on the timing of our taxable income. Deferred income tax expense (benefit) is generally a function of the period's temporary differences and the utilization of net operating losses generated in prior years that had been previously recognized as deferred income tax assets in taxable subsidiaries.

The following table summarizes our income tax expense for the three months ended March 31 (in millions):

	2019	2018
Current income tax expense:		
Income tax expense	\$ 11	\$ 11
Income tax expense on dispositions	2	7
Income tax expense on dispositions related to acquired tax liabilities	-	1
Total current income tax expense	13	19
Deferred income tax expense (benefit):		
Income tax expense (benefit)	1	(1)
Income tax benefit on dispositions related to acquired tax liabilities	-	(1)
Total deferred income tax expense (benefit)	1	(2)
Total income tax expense	\$ 14	\$ 17

Net Earnings Attributable to Noncontrolling Interests

This amount represents the third-party investors' share of the earnings generated in consolidated entities in which we do not own 100% of the equity, reduced by the third-party share of fees or promotes payable to us and earned during the period. We had net earnings attributable to noncontrolling interests of \$25 million for both the three months ended March 31, 2019 and 2018. Included in these amounts was \$11 million for both the three months ended March 31, 2019 and 2018, of net earnings attributable to the common limited partnership unitholders of Prologis, L.P.

See Note 7 to the Consolidated Financial Statements for further information on our noncontrolling interests.

Other Comprehensive Income (Loss)

See Note 10 to the Consolidated Financial Statements for more information about our derivative and nonderivative transactions and other comprehensive income (loss).

LIQUIDITY AND CAPITAL RESOURCES

Overview

We consider our ability to generate cash from operating activities, distributions from our co-investment ventures, contributions and dispositions of properties and available financing sources to be adequate to meet our anticipated future development, acquisition, operating, debt service, dividend and distribution requirements.

Near-Term Principal Cash Sources and Uses

In addition to dividends and distributions, we expect our primary cash needs will consist of the following:

- completion of the development and leasing of the properties in our consolidated development portfolio (at March 31, 2019, 99 properties in our development portfolio were 47.9% leased with a current investment of \$2.0 billion and a TEI of \$3.2 billion when completed and leased, leaving \$1.2 billion of estimated additional required investment);
- development of new properties for long-term investment or contributions to unconsolidated co-investment ventures, including the acquisition of land in certain markets;
- capital expenditures and leasing costs on properties in our operating portfolio;
- repayment of debt and scheduled principal payments of \$253 million in 2019;
- additional investments in current unconsolidated entities or new investments in future unconsolidated entities;
- acquisition of operating properties or portfolios of operating properties (depending on market and other conditions) for direct, long-term investment in our consolidated portfolio (this might include acquisitions from our co-investment ventures); and

- repurchase of our outstanding debt or equity securities (depending on prevailing market conditions, on liquidity, contractual restrictions and other factors) through cash purchases, open-market purchases, privately negotiated transactions, tender offers or otherwise.

We expect to fund our cash needs principally from the following sources (subject to market conditions):

- available unrestricted cash balances (\$251 million at March 31, 2019);
- net cash flow from property operations;
- fees earned for services performed on behalf of the co-investment ventures, including promotes;
- distributions received from the co-investment ventures;
- proceeds from the disposition of properties, land parcels or other investments to third parties;
- proceeds from the contribution of properties to current or future co-investment ventures;
- proceeds from the sale of a portion of our investments in co-investment ventures to align with long-term ownership targets;
- borrowing capacity under our current credit facility arrangements (\$3.9 billion available at March 31, 2019); and
- proceeds from the issuance of debt.

We may also generate proceeds from the issuance of equity securities, subject to market conditions.

Debt

The following table summarizes information about our consolidated debt by currency (dollars in millions):

	March 31, 2019			December 31, 2018		
	Weighted Average Interest Rate	Amount Outstanding	% of Total	Weighted Average Interest Rate	Amount Outstanding	% of Total
British pound sterling	2.3 %	\$ 677	6.3 %	2.3 %	\$ 636	5.8 %
Canadian dollar	3.4 %	272	2.5 %	3.6 %	266	2.4 %
Euro	2.2 %	4,803	44.9 %	2.2 %	4,894	44.1 %
Japanese yen	0.7 %	2,182	20.4 %	0.9 %	1,952	17.6 %
U.S. dollar	4.7 %	2,772	25.9 %	4.5 %	3,342	30.1 %
Total debt (1)	2.6 %	\$ 10,706		2.7 %	\$ 11,090	

(1) The weighted average maturity for total debt outstanding at March 31, 2019 and December 31, 2018 was 79 months and 76 months, respectively.

Our credit ratings at March 31, 2019, were A3 from Moody's and A- from S&P, both with stable outlook. These ratings allow us to borrow at an advantageous rate. Adverse changes in our credit ratings could negatively impact our business and, in particular, our refinancing and other capital market activities, our ability to manage debt maturities, our future growth and our development and acquisition activity. 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.

At March 31, 2019, we were in compliance with all of our financial debt covenants. These covenants include customary financial covenants for total debt, encumbered debt and fixed charge coverage ratios.

See Note 6 to the Consolidated Financial Statements for further discussion on our debt.

Equity Commitments Related to Certain Co-Investment Ventures

Certain co-investment ventures have equity commitments from us and our venture partners. Our venture partners fulfill their equity commitment with cash. We may fulfill our equity commitment through contributions of properties or cash.

The following table summarizes the remaining equity commitments at March 31, 2019 (dollars in millions):

	Equity Commitments			Exchange Rate	Expiration Date
	Prologis	Venture Partners	Total		
Prologis Targeted U.S. Logistics Fund	\$ -	\$ 767	\$ 767	N/A	2021 – 2022
Prologis European Logistics Fund	-	954	954	1.12 U.S. dollar/ 1 euro	2020 – 2022
Prologis UK Logistics Venture	18	101	119	1.31 U.S. dollar/ 1 British pound sterling	2021
Prologis China Logistics Venture	214	1,212	1,426	N/A	2020 – 2024
Prologis Brazil Logistics Venture	51	206	257	3.90 Brazilian real/ 1 U.S. dollar	2026
Total	\$ 283	\$ 3,240	\$ 3,523		

See the Cash Flow Summary below for more information about our investment activity in our co-investment ventures.

Cash Flow Summary

The following table summarizes our cash flow activity for the three months ended March 31 (in millions):

	2019	2018
Net cash provided by operating activities	\$ 495	\$ 349
Net cash provided by investing activities	\$ 160	\$ 152
Net cash used in financing activities	\$ (749)	\$ (496)
Net increase (decrease) in cash and cash equivalents, including the effect of foreign currency exchange rates on cash	\$ (93)	\$ 11

Operating Activities

Cash provided by operating activities, exclusive of changes in receivables and payables, is impacted by the following significant activity during the three months ended March 31, 2019 and 2018:

- **Real estate operations.** We receive the majority of our operating cash through the net revenues of our Real Estate Operations segment. See the Results of Operations section above for further explanation of our Real Estate Operations segment. The revenues from this segment include noncash adjustments for straight-lined rents and amortization of above and below market leases of \$28 million and \$15 million for 2019 and 2018, respectively.
- **Strategic capital.** We also generate operating cash through our Strategic Capital segment by providing management services to our unconsolidated co-investment ventures. See the Results of Operations section above for the key drivers of net revenues from our Strategic Capital segment. Included in *Strategic Capital Revenues* is the third-party investors' share of the total promote revenue, which is recognized in operating activities in the period it is received.
- **G&A expenses and equity-based compensation awards.** We incurred \$69 million and \$63 million of G&A expenses in 2019 and 2018, respectively. Included in these amounts are equity-based, noncash compensation expenses of \$32 million and \$20 million in 2019 and 2018, respectively, which were recorded to *Rental Expenses* in the Real Estate Operations segment, *Strategic Capital Expenses* in the Strategic Capital segment and *G&A Expenses*.
- **Operating distributions from unconsolidated entities.** We received \$96 million and \$85 million of distributions from our unconsolidated entities in 2019 and 2018, respectively. Certain unconsolidated co-investment ventures distribute the total promote, including our share which is recorded to *Investment In and Advances to Unconsolidated Entities*, and is included in operating activities in the period it is received.
- **Cash paid for interest and income taxes.** As disclosed in Note 12 to the Consolidated Financial Statements, we paid combined amounts for interest and income taxes, net of amounts received, of \$122 million and \$108 million in 2019 and 2018, respectively.

Investing Activities

Cash provided by investing activities is driven by proceeds from contributions and dispositions of real estate properties, including the contribution of the initial portfolio of properties to PBLV. Cash used in investing activities is principally driven by our investments in real estate development, acquisitions and capital expenditures. See Note 3 to the Consolidated Financial Statements for further information on these real estate activities. The following significant transactions also impacted our cash provided by investing activities during the three months ended March 31, 2019 and 2018:

- **Investments in and advances to.** We invested cash in our unconsolidated co-investment entities, which represents our proportionate share of \$76 million and \$52 million in 2019 and 2018, respectively. The ventures use the funds for the acquisition of operating properties, development and repayment of debt. See Note 4 to the Consolidated Financial Statements for more detail on our unconsolidated co-investment ventures.
- **Return of investment.** We received distributions from unconsolidated co-investment entities as a return of investment of \$356 million and \$111 million in 2019 and 2018, respectively. Included in these amounts were proceeds generated from property sales, debt refinancing and sales or redemption of our investment in unconsolidated entities.
- **Proceeds from repayment of notes receivable backed by real estate.** We received \$34 million in 2018 for the repayment of notes received in connection with the disposition of real estate to a third party in 2017.
- **Settlement of net investment hedges.** We paid \$19 million on the settlement of net investment hedges during 2019. See Note 10 to the Consolidated Financial Statements for further information on our derivative transactions.

Financing Activities

Cash provided by and used in financing activities is primarily driven by proceeds from and payments on credit facilities and other debt, along with dividends paid on common and preferred stock and noncontrolling interest contributions and distributions.

Our repurchase of and payments on debt and proceeds from the issuance of debt consisted of the following activity for the three months ended March 31 (in millions):

	2019	2018
Repurchase of and payments on debt (including extinguishment costs)		
Regularly scheduled debt principal payments and payments at maturity	\$ 21	\$ 2
Secured mortgage debt	-	35
Term loans	1,397	659
Total	\$ 1,418	\$ 696
Proceeds from the issuance of debt		
Senior notes	\$ 91	\$ 496
Secured mortgage debt	158	32
Term loans	896	-
Total	\$ 1,145	\$ 528

Off-Balance Sheet Arrangements

Unconsolidated Co-Investment Venture Debt

We had investments in and advances to unconsolidated co-investment ventures, at March 31, 2019, of \$5.3 billion. These ventures had total third-party debt of \$8.7 billion at March 31, 2019. The weighted average loan-to-value ratio for all unconsolidated co-investment ventures was 28.1% at March 31, 2019. Loan-to-value, a non-GAAP measure, was calculated as the percentage of total third-party debt to the gross book value of real estate for each venture and weighted based on the cumulative gross book value of all unconsolidated co-investment ventures.

At March 31, 2019, we did not guarantee any third-party debt of the unconsolidated co-investment ventures.

Contractual Obligations

Dividend and Distribution Requirements

Our dividend policy on our common stock is to distribute a percentage of our cash flow to ensure that we will meet the dividend requirements of the Internal Revenue Code ("IRC"), relative to maintaining our REIT status, while still allowing us to retain cash to fund capital improvements and other investment activities.

Under the IRC, REITs may be subject to certain federal income and excise taxes on our undistributed taxable income.

We paid a cash dividend of \$0.53 per common share in the first quarter of 2019. Our future common stock dividends, if and as declared, may vary and will be determined by the board of directors ("Board") upon the circumstances prevailing at the time, including our financial condition, operating results and REIT distribution requirements, and may be adjusted at the discretion of the Board during the year.

We make distributions on the common limited partnership units outstanding at the same per unit amount as our common stock dividend. The Class A Units in Prologis L.P. are entitled to a quarterly distribution equal to \$0.64665 per unit so long as the common units receive a quarterly distribution of at least \$0.40 per unit. We paid a quarterly distribution of \$0.64665 per Class A Unit in the first quarter of 2019.

At March 31, 2019, we had one series of preferred stock outstanding, the series Q. The annual dividend rate is 8.54% per share and dividends are payable quarterly in arrears.

Pursuant to the terms of our preferred stock, we are restricted from declaring or paying any dividend with respect to our common stock unless and until all cumulative dividends with respect to the preferred stock have been paid and sufficient funds have been set aside for dividends that have been declared for the relevant dividend period with respect to the preferred stock.

Other Commitments

On a continuing basis, we are engaged in various stages of negotiations for the acquisition or disposition of individual properties or portfolios of properties.

NEW ACCOUNTING PRONOUNCEMENTS

See Note 1 to the Consolidated Financial Statements.

FUNDS FROM OPERATIONS ATTRIBUTABLE TO COMMON STOCKHOLDERS/UNITHOLDERS (“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 the sales, 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 co-investment 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 and Core FFO*, both 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 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 noncontrolling interests share of the applicable reconciling 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 attributable to common stockholders/unitholders (“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:

- deferred income tax benefits and deferred income tax expenses recognized by our subsidiaries;

- 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;
- unhedged foreign currency exchange gains and losses resulting from debt transactions between us and our foreign consolidated subsidiaries and our foreign unconsolidated entities;
- 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 and unconsolidated entities; and
- mark-to-market adjustments associated with derivative 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 attributable to common stockholders/unitholders (“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 recognized directly in *FFO, as modified by Prologis*:

- gains or losses from the disposition of land and development properties that were developed with the intent to contribute or sell;
- income tax expense related to the sale of investments in real estate;
- 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;
- gains or losses from the early extinguishment of debt and redemption and repurchase of preferred stock; and
- expenses related to natural disasters.

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.

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 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. 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 non-development 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.
- 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 modified FFO measures to our net earnings computed under GAAP for three months ended March 31 as follows (in millions):

	2019	2018
Reconciliation of net earnings attributable to common stockholders to FFO measures:		
Net earnings attributable to common stockholders	\$ 347	\$ 366
Add (deduct) NAREIT defined adjustments:		
Real estate related depreciation and amortization	275	196
Gains on real estate transactions, net (excluding development properties and land)	(146)	(37)
Reconciling items related to noncontrolling interests	(13)	(10)
Our share of reconciling items included in earnings related to unconsolidated entities	56	52
NAREIT defined FFO	519	567
Add (deduct) our modified adjustments:		
Unrealized foreign currency and derivative losses (gains), net	(7)	34
Deferred income tax expense (benefit)	1	(2)
Current income tax expense related to acquired tax liabilities	-	1
Our share of reconciling items included in earnings related to unconsolidated entities	(1)	(2)
FFO, as modified by Prologis	512	598
Adjustments to arrive at Core FFO:		
Gains on dispositions of development properties and land, net	(42)	(158)
Current income tax expense on dispositions	2	7
Losses on early extinguishment of debt, net	2	1
Reconciling items related to noncontrolling interests	-	(1)
Our share of reconciling items included in earnings related to unconsolidated entities	-	(4)
Core FFO	\$ 474	\$ 443

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to the impact of foreign exchange-related variability and earnings volatility on our foreign investments and interest rate changes. See our risk factors in Part 1, Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2018. See also Note 10 in the Consolidated Financial Statements in Item 1 for more information about our foreign operations and derivative financial instruments.

We monitor our market risk exposures using a sensitivity analysis. Our sensitivity analysis estimates the exposure to market risk sensitive instruments assuming a hypothetical 10% adverse change in foreign currency exchange rates or interest rates at March 31, 2019. The results of the sensitivity analysis are summarized in the following sections. The sensitivity analysis is of limited predictive value. As a result, revenues and expenses, as well as our ultimate realized gains or losses with respect to foreign currency exchange rate and interest rate fluctuations will depend on the exposures that arise during a future period, hedging strategies at the time and the prevailing foreign currency exchange rates and interest rates.

Foreign Currency Risk

We are exposed to foreign currency exchange variability related to investments in and earnings from our foreign investments. Foreign currency market risk is the possibility that our results of operations or financial position could be better or worse than planned because of changes in foreign currency exchange rates. We primarily hedge our foreign currency risk by borrowing in the currencies in which we invest thereby providing a natural hedge. We may designate the debt as a nonderivative net investment hedge. We may also hedge our foreign currency risk by entering into derivative financial instruments that we designate as net investment hedges, as these amounts offset the translation adjustments on the underlying net assets of our foreign investments. At March 31, 2019, after consideration of our derivative and nonderivative financial instruments as discussed in Note 10 to the Consolidated Financial Statements, we had minimal net equity denominated in a currency other than the U.S. dollar.

For the quarter ended March 31, 2019, \$89 million or 11.5% of our total consolidated revenue was denominated in foreign currencies. We enter into other foreign currency contracts, such as forwards, to reduce fluctuations in foreign currency associated with the

translation of the future earnings of our international subsidiaries. We have British pound sterling, Canadian dollar, euro and Japanese yen forward contracts, which were not designated as hedges, and have an aggregate notional amount of \$691 million to mitigate risk associated with the translation of the future earnings of our subsidiaries denominated in these currencies. Although the impact to net earnings is mitigated through higher translated U.S. dollar earnings from these currencies, a weakening of the U.S. dollar against these currencies by 10% would result in a \$69 million cash payment on settlement of these contracts.

Interest Rate Risk

We are also exposed to the impact of interest rate changes on future earnings and cash flows. To mitigate that risk, we generally borrow with fixed rate debt and we may use derivative instruments to fix the interest rate on our variable rate debt. At March 31, 2019, \$9.2 billion of our debt bore interest at fixed rates and therefore the fair value of these instruments is affected by changes in market interest rates. At March 31, 2019, \$1.5 billion of our debt bore interest at variable rates. The following table summarizes the principal payments, including net premium and debt issuance costs, by maturity date at March 31, 2019 (dollars in millions):

	2019	2020	2021	2022	Thereafter	Total	Fair Value
Fixed rate debt (1)	\$ 245	\$ 1,123	\$ 804	\$ 788	\$ 6,274	\$ 9,234	\$ 9,817
Weighted average interest rate (2)	7.6 %	0.8 %	1.7 %	3.1 %	3.2 %	2.9 %	
Variable rate debt							
Credit facilities	\$ -	\$ 26	\$ -	\$ -	\$ -	\$ 26	\$ 26
Term loans	-	-	-	-	1,111	1,111	1,121
Secured mortgage debt	-	10	199	-	126	335	335
Total variable rate debt	\$ -	\$ 36	\$ 199	\$ -	\$ 1,237	\$ 1,472	\$ 1,482

(1) At March 31, 2019, we had interest rate swap agreements to fix €400 million (\$500 million) of our floating rate euro senior notes, which are included in fixed rate debt.

(2) The interest rates represent the effective interest rates (including amortization of the debt issuance costs and the noncash premiums and discounts) at March 31, 2019 for the debt outstanding and include the impact of interest rate swaps, which effectively fix the interest rate on our variable rate debt.

At March 31, 2019, the weighted average effective interest rate on our variable rate debt was 0.8%. Changes in interest rates can cause interest expense to fluctuate on our variable rate debt. On the basis of our sensitivity analysis, a 10% increase in interest rates based on our average outstanding variable rate debt balances, not subject to interest rate swap agreements, would result in additional annual interest expense of \$1 million for the quarter ended March 31, 2019, which equates to a change in interest rates of 8 basis points.

ITEM 4. Controls and Procedures

Controls and Procedures (The Parent)

The Parent carried out an evaluation under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the disclosure controls and procedures (as defined in Rule 13a-14(c)) under the Securities and Exchange Act of 1934 (the "Exchange Act") at March 31, 2019. On the basis of this evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that the disclosure controls and procedures are effective to ensure that the information required to be disclosed in reports that are filed or submitted under the Exchange Act are recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission ("SEC") rules and forms.

Controls and Procedures (The OP)

The OP carried out an evaluation under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the disclosure controls and procedures (as defined in Rule 13a-14(c)) under the Exchange Act at March 31, 2019. On the basis of this evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that the disclosure controls and procedures are effective to ensure that the information required to be disclosed in reports that are filed or submitted under the Exchange Act are recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms.

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings

Prologis and our unconsolidated entities are party to a variety of legal proceedings arising in the ordinary course of business. With respect to any such matters to which we are currently a party, the ultimate disposition of any such matters will not result in a material adverse effect on our business, financial position or results of operations.

ITEM 1A. Risk Factors

At March 31, 2019, no material changes had occurred in our risk factors as discussed in Item 1A in our Annual Report on Form 10-K for the year ended December 31, 2018.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

During the quarter ended March 31, 2019, we issued 0.4 million shares of common stock of the Parent in connection with the redemption of common units of the OP in reliance on the exemption from registration requirements of the Securities Act of 1933, as amended, afforded by Section 4(a)(2) thereof.

ITEM 3. Defaults Upon Senior Securities

None.

ITEM 4. Mine Safety Disclosures

Not Applicable.

ITEM 5. Other Information

None.

ITEM 6. Exhibits

The exhibits required by this item are set forth on the Exhibit Index attached hereto.

INDEX TO EXHIBITS

Certain of the following documents are filed herewith. Certain other of the following documents that have been previously filed with the Securities and Exchange Commission and, pursuant to Rule 12-b-32, are incorporated herein by reference.

4.1†	<u>Second Supplemental Indenture dated as of March 26, 2019 among Prologis Yen Finance LLC, Prologis, L.P. and U.S. Bank National Association as trustee, transfer agent, paying agent and security registrar.</u>
4.2†	<u>Form of 1.15% Notes due 2039.</u>
4.3†	<u>Officer's Certificate related to the 1.15% Notes due 2039</u>
10.1	<u>Term Loan Agreement dated as of March 4, 2019 among Prologis GK Holdings Y.K., as borrower, Prologis, L.P., as guarantor, the lenders party thereto, and Sumitomo Mitsui Banking Corporation, as Administrative Agent (incorporated by reference to Exhibit 10.1 to Prologis' Current Report Form 8-K filed on March 6, 2019).</u>
10.2	<u>Guaranty of Payment dated as of March 4, 2019 between Prologis, L.P., as guarantor, and Sumitomo Mitsui Banking Corporation, as Administrative Agent, for the lenders that are from time to time parties to the Term Loan Agreement dated as of March 4, 2019 (incorporated by reference to Exhibit 10.2 to Prologis' Current Report Form 8-K filed on March 6, 2019).</u>
15.1†	<u>KPMG LLP Awareness Letter of Prologis, Inc.</u>
15.2†	<u>KPMG LLP Awareness Letter of Prologis, L.P.</u>
31.1†	<u>Certification of Chief Executive Officer of Prologis, Inc.</u>
31.2†	<u>Certification of Chief Financial Officer of Prologis, Inc.</u>
31.3†	<u>Certification of Chief Executive Officer for Prologis, L.P.</u>
31.4†	<u>Certification of Chief Financial Officer for Prologis, L.P.</u>
32.1†	<u>Certification of Chief Executive Officer and Chief Financial Officer of Prologis, Inc., pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
32.2†	<u>Certification of Chief Executive Officer and Chief Financial Officer for Prologis, L.P., pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
101.INS†	XBRL Instance Document
101.SCH†	XBRL Taxonomy Extension Schema
101.CAL†	XBRL Taxonomy Extension Calculation Linkbase
101.DEF†	XBRL Taxonomy Extension Definition Linkbase
101.LAB†	XBRL Taxonomy Extension Label Linkbase
101.PRE†	XBRL Taxonomy Extension Presentation Linkbase
†	<i>Filed herewith</i>

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Exchange Act, the registrants have duly caused this report to be signed on their behalf by the undersigned, thereunto duly authorized.

PROLOGIS, INC.

By: /s/ Thomas S. Olinger
Thomas S. Olinger
Chief Financial Officer

By: /s/ Lori A. Palazzolo
Lori A. Palazzolo
Managing Director and Chief Accounting Officer

PROLOGIS, L.P.

By: Prologis, Inc., its general partner

By: /s/ Thomas S. Olinger
Thomas S. Olinger
Chief Financial Officer

By: /s/ Lori A. Palazzolo
Lori A. Palazzolo
Managing Director and Chief Accounting Officer

Date: April 22, 2019

PROLOGIS YEN FINANCE LLC

as Issuer,

PROLOGIS, L.P.,

as Parent Guarantor,

U.S. BANK NATIONAL ASSOCIATION

as Trustee, Transfer Agent, Paying Agent and Security Registrar

SECOND SUPPLEMENTAL INDENTURE

Dated as of March 26, 2019

¥10,000,000,000 1.15% Notes due 2039

SECOND SUPPLEMENTAL INDENTURE

SECOND SUPPLEMENTAL INDENTURE, dated as of March 26, 2019 (this “Second Supplemental Indenture”), by and among PROLOGIS YEN FINANCE LLC, a Delaware limited liability company (hereinafter called the “Company”), having its principal office at 1800 Wazee Street, Suite 500, Denver, Colorado 80202, PROLOGIS, L.P., a Delaware limited partnership (hereinafter called the “Parent Guarantor”), having its principal office at Pier 1, Bay 1, San Francisco, California 94111, as the parent guarantor, U.S. BANK NATIONAL ASSOCIATION, having its Corporate Trust Office at 633 West Fifth Street, 24th Floor, Los Angeles, CA 90071, as trustee under the Base Indenture referred to below, and transfer agent, paying agent and security registrar hereunder (hereinafter called the “Trustee,” “Transfer Agent,” “Paying Agent” and “Security Registrar”).

RECITALS OF THE COMPANY

WHEREAS, the Company, the Parent Guarantor and the Trustee have heretofore entered into an Indenture, dated as of September 25, 2018, as amended by a First Supplemental Indenture dated as of September 25, 2018 (as so supplemented, the “Base Indenture”), providing for the issuance by the Company from time to time of its senior debt securities evidencing its unsubordinated indebtedness (the “Securities”);

WHEREAS, Section 201 of the Base Indenture provides that the Registered Securities, if any, shall be in substantially the forms as shall be established in or pursuant to one or more indentures supplemental to the Base Indenture;

WHEREAS, Section 301 of the Base Indenture provides that various terms of, and provisions applicable to, unissued Securities may be established by the Company in or pursuant to one or more indentures supplemental to the Base Indenture or Board Resolutions;

WHEREAS, Section 901(5) of the Base Indenture permits the Company, the Parent Guarantor and the Trustee to enter into a supplemental indenture, without the consent of the Holders of any Securities, to add to, change or eliminate any of the provisions of the Base Indenture in respect of one or more series of Securities;

WHEREAS, Section 901(7) of the Base Indenture permits the Company, the Parent Guarantor and the Trustee to enter into a supplemental indenture, without the consent of the Holders of any Securities, to establish the form or terms of Securities of any series as provided by Sections 201 and 301 of the Base Indenture;

WHEREAS, the Company desires to amend and supplement the Base Indenture in accordance with its terms to facilitate the issuance of the 2039 Notes (as defined below); and

WHEREAS, all things necessary to make the Base Indenture, as hereby amended and modified, a valid agreement of the Company and the Parent Guarantor, in accordance with its terms, have been done;

NOW, THEREFORE, THIS SECOND SUPPLEMENTAL INDENTURE WITNESSETH:

For and in consideration of the premises and of the covenants contained herein and in the Base Indenture, the Company, the Parent Guarantor, the Trustee, the Paying Agent, the Security Registrar and the Transfer Agent covenant and agree, for the equal and proportionate benefit of all Holders of 2039 Notes issued on or after the date of this Second Supplemental Indenture, as follows:

ARTICLE I

DEFINITIONS, CREATION, FORMS AND TERMS AND CONDITIONS OF THE 2039 NOTES

SECTION 1.01

Definitions. Capitalized terms used in this Second Supplemental Indenture and not otherwise defined shall have the meanings ascribed to them in the Base Indenture. Terms defined both herein and in the Base Indenture shall have the meanings assigned to them herein. All references herein to Articles and Sections, unless otherwise specified, refer to the corresponding Articles and Sections of this Second Supplemental Indenture. The words “herein,” “hereof,” “hereunder,” and words of similar import refer to this Second Supplemental Indenture as a whole and not to any particular Article, Section or other subdivision. In addition, the following terms shall have the following meanings to be equally applicable to both the singular and the plural forms of the terms defined:

“**2039 Notes**” has the meaning set forth in Section 2.01.

“**Company**” has the meaning set forth in the first paragraph of this Second Supplemental Indenture.

“**Indenture**” means the Base Indenture, as further amended by the First Supplemental Indenture and this Second Supplemental Indenture.

“**Parent Guarantor**” has the meaning set forth in the first paragraph of this Second Supplemental Indenture.

“**Paying Agent**” has the meaning set forth in the first paragraph of this Second Supplemental Indenture.

“**Regulation S Yen Note**” means a permanent fully-registered 2039 Note (bearing the Regulation S Yen Note Legend) in book-entry form, without coupons, substantially in the form of Exhibit A attached hereto.

“**Regulation S Yen Note Legend**” has the meaning set forth in Section 2.04(b).

“**Restricted Period**” with respect to the 2039 Notes means the period of 40 consecutive days beginning on and including the later of (i) the day on which the 2039 Notes are first offered to persons other than distributors (as defined in Regulation S under the Securities Act) in reliance on Regulation S and (ii) March 26, 2019.

“**Security Registrar**” has the meaning set forth in the first paragraph of this Second Supplemental Indenture.

“**Transfer Agent**” has the meaning set forth in the first paragraph of this Second Supplemental Indenture.

“**Yen Business Day**” means any day, other than a Saturday or Sunday, which is not a day on which banking institutions in the City of New York or the City of Tokyo are authorized or required by law, regulation or executive order to close.

ARTICLE II

THE SECURITIES

SECTION 2.01 Title of the Notes. There shall be a series of Securities designated the “1.15% Notes due 2039” (the “2039 Notes”).

SECTION 2.02 Aggregate Principal Amount; Terms of Notes. The 2039 Notes will be initially issued in an aggregate principal amount of ¥10,000,000,000. Pursuant to Section 301 of the Base Indenture, the other terms of the 2039 Notes shall be set forth in a Board Resolution and the Officer’s Certificate authorized thereunder, which is attached hereto as Exhibit B and incorporated herein.

SECTION 2.03 Form of the 2039 Notes. The 2039 Notes shall be issued in the form of one or more Regulation S Yen Notes, duly executed by the Company and authenticated by the Trustee without the necessity of the reproduction thereon of the corporate seal of the Company, which shall be deposited with, or on behalf of, Euroclear and Clearstream and shall be registered in the name of USB Nominees (UK) Limited, as nominee of Elavon Financial Services DAC, as common depositary for, and in respect of interests held through, Euroclear and Clearstream. Unless otherwise specified in accordance with Section 301 of the Base Indenture, the 2039 Notes shall be substantially in the form of Exhibit A attached hereto. So long as the Common Depositary or its nominee is the registered owner of a Regulation S Yen Note, the Common Depositary or its nominee, as the case may be, shall be considered the sole owner or Holder of the 2039 Notes represented by such Regulation S Yen Notes for all purposes under the Indenture.

SECTION 2.04 Transfer and Exchange.

(a) Restrictions on Transfer of Regulation S Yen Notes.

(i) Prior to the expiration of the Restricted Period, interests in a Regulation S Yen Note may only be sold, pledged or transferred (A) to the Company or any subsidiary thereof, (B) outside the United States in an offshore transaction in accordance with Regulation S under the Securities Act, (C) pursuant to an exemption from registration under the Securities Act provided by Rule 144 (if applicable) under the Securities Act, (D) pursuant to an effective registration statement under the Securities Act or (E) pursuant to any other available exemption from the registration requirements of the Securities Act, in each case in accordance with any applicable securities laws of any state of the United States.

(b) Legends for Regulation S Yen Notes.

(i) Each Security evidencing the Regulation S Yen Notes (and all Securities issued in exchange therefor or in substitution thereof) shall bear a legend in substantially the following form (the “Regulation S Yen Note Legend”) (each defined term in the legend being defined as such for purposes of the legend only):

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET

inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

SECTION 3.03 Successors and Assigns. All the covenants, stipulations, promises and agreements of the Company, the Parent Guarantor, the Trustee, Transfer Agent, Security Registrar and the Paying Agent contained in this Second Supplemental Indenture shall bind their respective successors and assigns whether so expressed or not.

SECTION 3.04 Official Acts by Successor Corporation. Any act or proceeding by any provision of this Second Supplemental Indenture authorized or required to be done or performed by any board, committee or officer of the Company, the Parent Guarantor, the Trustee, Transfer Agent, Security Registrar or the Paying Agent shall and may be done and performed with like force and effect by the like board, committee or officer of any corporation or entity that shall at the time be the lawful sole successor of the Parent Guarantor, the Trustee, Transfer Agent, Security Registrar or the Paying Agent, respectively.

SECTION 3.05 Separability Clause. In case any one or more of the provisions contained in this Second Supplemental Indenture shall for any reason be held to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 3.06 Governing Law. THIS SECOND SUPPLEMENTAL INDENTURE, EACH 2039 NOTE AND THE GUARANTEE SHALL BE DEEMED TO BE A CONTRACT MADE UNDER THE LAWS OF THE STATE OF NEW YORK, AND FOR ALL PURPOSES SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS ENTERED INTO AND TO BE PERFORMED THEREIN.

SECTION 3.07 Waiver of Jury Trial. EACH OF THE COMPANY, THE PARENT GUARANTOR, THE TRUSTEE, THE SECURITY REGISTRAR, THE TRANSFER AGENT AND THE PAYING AGENT HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS INDENTURE, THE 2039 NOTES, THE GUARANTEE OR THE TRANSACTION CONTEMPLATED HEREBY.

SECTION 3.08 Counterparts. This Second Supplemental Indenture may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute but one and the same instrument.

SECTION 3.09 Further Instruments and Acts. Upon request of the Trustee, Security Registrar, Transfer Agent or the Paying Agent, the Company and the Parent Guarantor shall execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purposes of this Second Supplemental Indenture.

SECTION 3.10 Force Majeure. In no event shall the Trustee, Transfer Agent, Security Registrar or the Paying Agent be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its

control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Trustee, Transfer Agent, Security Registrar and the Paying Agent shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

SECTION 3.11 Addresses for Notices, Etc. Any notice or demand which by any provision of this Second Supplemental Indenture is required or permitted to be given or served by the Trustee, the Paying Agent or by the Holders of 2039 Notes on the Company shall be deemed to have been sufficiently given or made, for all purposes if given or served by being deposited postage prepaid by registered or certified mail in a post office letter box addressed (until another address is filed by the Company with the Trustee) to Prologis Yen Finance LLC, 1800 Wazee Street, Suite 500, Denver, Colorado 80202, Attention: General Counsel. Any notice, direction, request or demand hereunder to or upon the Trustee or the Paying Agent shall be deemed to have been sufficiently given or made, for all purposes, if given or served by being deposited postage prepaid by registered or certified mail in a post office letter box addressed to U.S. Bank National Association, Global Corporate Trust Services, 633 West Fifth Street, 24th Floor, Los Angeles, CA 90071, Attention: Bradley Scarborough/Prologis Yen Finance LLC. The Trustee and the Paying Agent, by notice to the Company, may designate additional or different addresses for subsequent notices or communications. Any notice or communication mailed to a Holder of 2039 Notes shall be mailed to such Holder by first class mail, postage prepaid, at such Holder's address as it appears on the Security Register and shall be sufficiently given to such Holder if so mailed within the time prescribed. Failure to mail a notice or communication to a Holder of 2039 Notes or any defect in it shall not affect its sufficiency with respect to other Holders of 2039 Notes. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

SECTION 3.12 Information Covenant. The Company hereby covenants with the Trustee and the Paying Agent that it shall provide each of the Trustee and the Paying Agent with sufficient information so as to enable each of the Trustee and the Paying Agent to determine whether or not any of the Trustee and the Paying Agent is obliged, in respect of any payments to be made by it pursuant to the Indenture, to make any withholding or deduction pursuant to an agreement described in Section 1471(b) of the United States Internal Revenue Code of 1986, as amended (the "Code") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code and any regulations, or agreements thereunder or official interpretations thereof or any intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement) (any such required withholding or deduction, a "FATCA Withholding Tax").

SECTION 3.13 Right to Withhold. Each of the Trustee and the Paying Agent shall be entitled to deduct FATCA Withholding Tax, and shall have no obligation to gross-up any payment hereunder or to pay any additional amount as a result of such FATCA Withholding Tax.

SECTION 3.14 Redirection Clause. If, for any reason, the Paying Agent or any other Paying Agent does not become, or ceases to be, a participating foreign financial institution or otherwise exempt from any FATCA Withholding Tax (i) the Paying Agent or other Paying Agent shall give notice thereof to the Company as soon as reasonably practicable upon becoming

aware of such fact and (ii) if as a result of such notice the Company is required to deduct or withhold any amount pursuant to the Foreign Account Tax Compliance Act (“FATCA”) in respect of any payment due on the 2039 Notes, then the Company shall be entitled to re-direct or reorganize any such payment in any way that it sees fit in accordance with the transaction documents in order that the payment may be made without such deduction or withholding. Neither the Paying Agent nor any other Paying Agent shall be obliged to act on any instruction from the Company to it to redirect or reorganize any payment which would, in its opinion, result in the breach of its internal ‘know your customer’ checks and internal compliance procedures. Neither the Paying Agent nor any other Paying Agent shall be liable to any other party for any loss or liability incurred by such party as a consequence of any redirection or reorganization by the Company.

SECTION 3.15

Money for Payments to be Held in Trust. No later than 10:00 a.m. (Central time) (or such later time as the Company and the Paying Agent may from time to time agree) two Business Days prior to the Business Day on which any payment of the principal of, and premium or Redemption Price, if any, and interest on (including the Redemption Price for), the 2039 Notes becomes due (including any Redemption Date), the Company shall irrevocably deposit with the Paying Agent in immediately available funds in Yen, a sum sufficient to pay the principal of, and premium or Redemption Price, if any, and interest on (including the Redemption Price for), the 2039 Notes becoming due on such date, such sum to be held by the Paying Agent in trust for the benefit of the Persons entitled to such payment and (unless the Paying Agent is the Trustee), the Company shall promptly notify the Trustee of its action or failure so to act.

[This space intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Second Supplemental Indenture to be duly executed all as of the date first above written.

PROLOGIS YEN FINANCE LLC

By: /s/ Michael T. Blair

Name: Michael T. Blair
Title: Assistant Secretary, Managing Director
and Deputy General Counsel

PROLOGIS, L.P.

By: Prologis, Inc., its general partner

By: /s/ Michael T. Blair

Name: Michael T. Blair
Title: Assistant Secretary, Managing Director
and Deputy General Counsel

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: /s/ Bradley E. Scarbrough

Name: Bradley E. Scarbrough
Title: Vice President

U.S. BANK NATIONAL ASSOCIATION,
as Transfer Agent

By: /s/ Bradley E. Scarbrough

Name: Bradley E. Scarbrough
Title: Vice President

U.S. BANK NATIONAL ASSOCIATION,
as Security Registrar

By: /s/ Bradley E. Scarbrough

Name: Bradley E. Scarbrough
Title: Vice President

U.S. BANK NATIONAL ASSOCIATION,
as Paying Agent

By: /s/ Bradley E. Scarbrough

Name: Bradley E. Scarbrough
Title: Vice President

FORM OF REGULATION S YEN NOTE

[FACE OF REGULATION S YEN NOTE]

[Regulation S Yen Note Legend]

[THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (1) REPRESENTS THAT IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS NOTE IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT, (2) AGREES THAT IT WILL NOT, PRIOR TO THE DATE THAT IS 40 DAYS AFTER THE LATER OF THE ISSUANCE OF THE NOTES AND THE LAST DATE ON WHICH THE ISSUER OR ANY OF ITS AFFILIATES WAS THE OWNER OF THE NOTES OR ANY PREDECESSOR OF THE NOTES, OFFER, RESELL, PLEDGE OR OTHERWISE TRANSFER THIS NOTE EXCEPT (A) TO THE ISSUER OR ANY SUBSIDIARY THEREOF, (B) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT, (C) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), (D) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH 2(B), (C) AND (E) ABOVE, PROLOGIS YEN FINANCE LLC RESERVES THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION," "UNITED STATES" AND "U.S. PERSON" HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER SECURITIES ACT. THE INDENTURE CONTAINS A PROVISION REQUIRING THE TRUSTEE TO REFUSE TO REGISTER ANY TRANSFER OF THIS NOTE IN VIOLATION OF THE FOREGOING RESTRICTION.

BY ITS ACQUISITION HEREOF, THE HOLDER HEREOF REPRESENTS THAT IT IS NOT A U.S. PERSON, NOR IS IT PURCHASING FOR THE ACCOUNT OF A U.S. PERSON, AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT.]

UNLESS THIS SECURITY IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF EUROCLEAR BANK, SA/NV, AS OPERATOR OF THE EUROCLEAR SYSTEM ("EUROCLEAR"), AND CLEARSTREAM BANKING, S.A. ("CLEARSTREAM" AND, TOGETHER WITH EUROCLEAR, "EUROCLEAR/CLEARSTREAM"), TO PROLOGIS YEN FINANCE LLC (THE "COMPANY") OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY SECURITY ISSUED IS REGISTERED IN THE NAME OF USB NOMINEES (UK) LIMITED OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF ELAVON FINANCIAL SERVICES DAC, AS COMMON DEPOSITARY (THE "COMMON DEPOSITARY") FOR EUROCLEAR/CLEARSTREAM (AND ANY PAYMENT IS MADE TO USB NOMINEES (UK) LIMITED OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE COMMON DEPOSITARY), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, USB NOMINEES (UK) LIMITED, HAS AN INTEREST HEREIN.

THIS SECURITY IS A GLOBAL SECURITY AND IS REGISTERED IN THE NAME OF USB NOMINEES (UK) LIMITED, AS NOMINEE OF THE COMMON DEPOSITARY. UNLESS AND UNTIL

THIS SECURITY IS EXCHANGED IN WHOLE OR IN PART FOR SECURITIES IN DEFINITIVE, CERTIFICATED FORM, THIS SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE COMMON DEPOSITARY TO A NOMINEE THEREOF OR BY A NOMINEE THEREOF TO THE COMMON DEPOSITARY OR ANOTHER NOMINEE OF THE COMMON DEPOSITARY OR BY THE COMMON DEPOSITARY OR A NOMINEE OF THE COMMON DEPOSITARY TO A SUCCESSOR COMMON DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR COMMON DEPOSITARY.

REGISTERED

PRINCIPAL

AMOUNT

No. []

¥[]

ISIN No.: []

COMMON CODE: []

PROLOGIS YEN FINANCE LLC

1.15% NOTE DUE 2039

PROLOGIS YEN FINANCE LLC, a limited liability company organized and existing under the laws of the State of Delaware (hereinafter called the “Company,” which term shall include any successor under the Indenture hereinafter referred to), for value received, hereby promises to pay to USB Nominees (UK) Limited, or registered assigns, upon presentation, the principal sum of [PRINCIPAL AMOUNT IN WORDS] (¥[]) on March 15, 2039 and to pay interest on the outstanding principal amount thereon at the rate of 1.15% per annum, until the entire principal hereof is paid or made available for payment.

Interest shall accrue from and including March 26, 2019 or from the most recent Interest Payment Date to which interest has been paid or duly provided for, and be payable semi-annually in arrears on March 15 and September 15 of each year, commencing on September 15, 2019. The interest so payable, and punctually paid or duly provided for on any Interest Payment Date shall, as provided in the Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest which shall be the March 1 and September 1 (whether or not a Yen Business Day), as the case may be, next preceding such Interest Payment Date. Interest on this Security shall be computed on the basis of a 360-day year consisting of twelve 30-day months. If any Interest Payment Date, maturity date or earlier date of redemption falls on a day that is not a Yen Business Day, the required payment shall be made on the next Yen Business Day as if it were made on the date the payment was due and no interest shall accrue on the amount so payable for the period from and after that Interest Payment Date, that maturity date or that date of redemption, as the case may be, until the next Yen Business Day. For purposes of the notes, “Yen Business Day” means any day, other than a Saturday or Sunday, which is not a day on which banking institutions in the City of New York or the City of Tokyo are authorized or required by law, regulation or executive order to close. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Holder on such Regular Record Date, and may either be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities of this series not more than 15 days and not less than 10 days prior to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities may be listed, and upon such notice as may be required by such exchange, all as more fully provided in the Indenture.

Payment of the principal of, or premium or Redemption Price, if applicable, on, and interest on this Security shall be made at the office or agency maintained for such purpose in St. Paul, Minnesota, initially the corporate trust office of the Paying Agent, located at 111 Fillmore Ave. East, St. Paul, Minnesota 55107, in yen.

Payments of principal of, premium or Redemption Price, if any, and interest in respect of this Security shall be made by wire transfer of immediately available funds in yen. If the yen is unavailable to the Company due to the imposition of exchange controls or other circumstances beyond the Company's control, then all payments in respect of the Securities shall be made in U.S. Dollars until the yen is again available to the Company. In such circumstances, the amount payable on any date in yen will be converted into U.S. Dollars at the rate mandated by the Board of Governors of the Federal Reserve System as of the close of business on the second business day prior to the relevant payment date, or if the Board of Governors of the Federal Reserve System has not announced a rate of conversion, on the basis of the most recent U.S. dollar/yen exchange rate published in The Wall Street Journal on or prior to the second business day prior to the relevant payment date or, in the event The Wall Street Journal has not published such exchange rate, the rate will be determined in our sole discretion on the basis of the most recently available Market Exchange Rate on or before the date that payment is due. Any payment in respect of this Security so made in U.S. Dollars shall not constitute an event of default under the Indenture. Neither the Trustee nor the Paying Agent (as defined below) shall be responsible for obtaining exchange rates, effecting conversions or otherwise handling redenominations. "Market Exchange Rate" means the noon buying rate in the City of New York for cable transfers of yen as certified for customs purposes (or, if not so certified, as otherwise determined) by the Federal Reserve Bank of New York.

Each Security of this series is one of a duly authorized issue of securities of the Company (herein called the "Securities"), issued and to be issued in one or more series under an Indenture, dated as of September 25, 2018 (herein called the "Base Indenture"), among the Company, Prologis, L.P. (herein called the "Parent Guarantor," which term includes any successor under the Indenture) and U.S. Bank National Association, as trustee (herein called the "Trustee," which term includes any successor trustee under the Indenture with respect to the series of which this Security is a part), as amended by the First Supplemental Indenture, dated as of September 25, 2018 (the "First Supplemental Indenture") and the Second Supplemental Indenture, dated as of March 26, 2019 (the "Second Supplemental Indenture," and together with the Base Indenture and First Supplemental Indenture, the "Indenture"), among the Company, the Parent Guarantor, the Trustee, Transfer Agent, Paying Agent (which term includes any successor paying agent under the Indenture with respect to the series of which this Security is a part) and Security Registrar, to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Parent Guarantor, the Trustee, the Paying Agent and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered.

The Securities are subject in all cases to any tax, fiscal or other law or regulation or administrative or judicial interpretation applicable to the Securities. Except as specifically provided for herein, the Company shall not be required to make any payment for any tax, duty,

assessment or governmental charge of whatever nature imposed by any government or a political subdivision or taxing authority of or in any government or political subdivision.

If, as a result of any change in, or amendment to, the laws (or any regulations or rulings promulgated under the laws) of the United States (or any taxing authority thereof or therein), or any change in, or amendments to, an official position regarding the application or interpretation of such laws, regulations or rulings, which change or amendment is announced or becomes effective on or after March 18, 2019, the Company becomes or, based upon a written opinion of independent counsel selected by the Company, will become obligated to pay Additional Amounts (as defined below) with respect to the Securities, then the Securities may be redeemed at the option of the Company, in whole, but not in part, at a redemption price equal to 100% of the principal amount of the Securities, together with accrued and unpaid interest on the Securities to, but not including, the Redemption Date. Notice of any redemption shall be transmitted to Holders not more than 60 nor less than 15 days prior to the date fixed for redemption.

All payments in respect of the Securities shall be made by or on behalf of the Company without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, imposed or levied by the United States or any taxing authority thereof or therein, unless such withholding or deduction is required by law. If such withholding or deduction is required by law, the Company shall, subject to certain exceptions provided for in the Officers' Certificate dated March 26, 2019 pursuant to the Indenture, pay to a Holder who is not a United States person (as defined in the Indenture) such additional amounts (the "Additional Amounts") on the Securities as are necessary in order that the net payment by the Company or a paying agent of the principal of, and premium or Redemption Price, if any, and interest on, the Securities to such Holder, after such withholding or deduction, shall not be less than the amount provided in the Securities to be then due and payable.

The Indenture contains provisions for defeasance at any time of (a) the entire indebtedness of the Company on this Security and (b) certain restrictive covenants and the related defaults and Events of Default applicable to the Company, in each case, upon compliance by the Company with certain conditions set forth in the Indenture, which provisions apply to this Security.

If an Event of Default with respect to Securities of this series shall occur and be continuing, the principal of, and premium or Redemption Price, if any, on, all of the Securities of this series at the time Outstanding may be declared due and payable in the manner and with the effect provided in the Indenture.

As provided in and subject to the provisions of the Indenture, unless the principal of all of the Securities of this series at the time Outstanding shall already have become due and payable, the Holder of this Security shall not have the right to institute any proceeding with respect to the Indenture or for the appointment of a receiver or trustee or for any other remedy thereunder, unless such Holder shall have previously given the Trustee written notice of a continuing Event of Default with respect to the Securities of this series, the Holders of not less than 25% in principal amount of the Securities of this series at the time Outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default as Trustee and

offered the Trustee reasonable indemnity and the Trustee shall not have received from the Holders of a majority in principal amount of Securities of this series at the time Outstanding a direction inconsistent with such request, and the Trustee shall have failed to institute any such proceeding for 60 days after receipt of such notice, request and offer of indemnity. The foregoing shall not apply to any suit instituted by the Holder of this Security for the enforcement of any payment of principal hereof or any interest on or after the respective due dates expressed herein.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities of each series to be affected under the Indenture at any time by the Company, the Parent Guarantor and the Trustee with the consent of the Holders of not less than a majority in principal amount of the Outstanding Securities of each series of Securities then Outstanding affected thereby. The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of, premium or Redemption Price, if applicable, on, and interest on this Security at the times, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency of the Company in any Place of Payment where the principal of, premium or Redemption Price, if applicable, on, and interest on this Security are payable duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities of this series, of authorized denominations and for the same aggregate principal amount, shall be issued to the designated transferee or transferees.

The Securities of this series are issuable only in registered form without coupons in minimum denominations of ¥100,000,000 and any integral multiple of ¥10,000,000 in excess thereof. As provided in the Indenture and subject to certain limitations therein set forth, Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Security for registration of transfer, the Company, the Trustee, the Paying Agent and any agent of the Company, the Trustee or the Paying Agent may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Company, the Trustee, the Paying Agent nor any such agent shall be affected by notice to the contrary.

Except as provided in Article Sixteen of the Indenture, no recourse under or upon any obligation, covenant or agreement contained in the Indenture or in this Security, or because of any indebtedness evidenced thereby, shall be had against any promoter, as such, or against any past, present or future stockholder, member, partner, director, officer, employee, agent thereof or trustee, as such, of the Company or any Guarantor or of any successor thereof, either directly or through the Company or any Guarantor or any successor thereof, under any rule of law, statute or constitutional provision or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, all such liability being expressly waived and released by the acceptance of this Security by the Holder thereof and as part of the consideration for the issue of the Securities of this series.

THE INDENTURE AND THE SECURITIES, INCLUDING THIS SECURITY, SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK.

Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused "ISIN" and "Common Code" numbers to be printed on the Securities of this series as a convenience to the Holders of such Securities. No representation is made as to the correctness or accuracy of such ISIN and Common Code numbers as printed on the Securities of this series, and reliance may be placed only on the other identification numbers printed hereon.

Capitalized terms used in this Security which are not defined herein shall have the meanings assigned to them in the Indenture.

[This space intentionally left blank.]

Unless the certificate of authentication hereon has been executed by or on behalf of the Trustee by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed by the undersigned officer.

PROLOGIS YEN FINANCE
LLC

By:
Name:
Title:

Attest

By:
Name:
Title:

Dated: [],
20[]

TRUSTEE'S CERTIFICATE OF AUTHENTICATION:

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

U.S. BANK NATIONAL ASSOCIATION,
as trustee

By:
Authorized Officer

ASSIGNMENT FORM

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

PLEASE INSERT SOCIAL
SECURITY OR OTHER IDENTIFYING
NUMBER OF ASSIGNEE

(Please Print or Typewrite Name and Address including
Zip Code of Assignee)

the within-mentioned Security of Prologis Yen Finance LLC and hereby does irrevocably constitute and appoint _____
Attorney to transfer said Security on the books of the within-named Company with full power of substitution in the premises.

Dated:

NOTICE: The signature to this assignment must correspond with the name as it appears on the first page of the within-mentioned Security in every particular, without alteration or enlargement or any change whatever.

GUARANTEE

FOR VALUE RECEIVED, the undersigned hereby, jointly and severally with any other Guarantors, unconditionally guarantees to the Holder of the accompanying 1.15% Note due 2039 (the “2039 Note”) issued by Prologis Yen Finance LLC (the “Company”) under an Indenture, dated as of September 25, 2018 (together with the First Supplemental Indenture and Second Supplemental Indenture thereto, the “Indenture”) among the Company, Prologis, L.P., as parent guarantor, U.S. Bank National Association, as trustee thereunder (the “Trustee”), transfer agent, paying agent and security registrar, (a) the full and prompt payment of the principal of and premium or Redemption Price, if any, on such 2039 Note when and as the same shall become due and payable, whether at Stated Maturity, by acceleration, by redemption or otherwise, and (b) the full and prompt payment of the interest on such 2039 Note when and as the same shall become due and payable, according to the terms of such 2039 Note and of the Indenture. In case of the failure of the Company punctually to pay any such principal, premium or interest, the undersigned hereby agrees to cause any such payment to be made punctually when and as the same shall become due and payable, whether at Stated Maturity, upon acceleration, by redemption or otherwise, and as if such payment were made by the Company. The undersigned hereby agrees, jointly and severally with any other Guarantors, that its obligations hereunder shall be as principal and not merely as surety, and shall be absolute and unconditional, and shall not be affected, modified or impaired by the following: (a) the failure to give notice to the Guarantors of the occurrence of an Event of Default under the Indenture; (b) the waiver, surrender, compromise, settlement, release or termination of the payment, performance or observance by the Company or the Guarantors of any or all of the obligations, covenants or agreements of either of them contained in the Indenture or the 2039 Notes; (c) the acceleration, extension or any other changes in the time for payment of any principal of or interest or any premium on any 2039 Note or for any other payment under the Indenture or of the time for performance of any other obligations, covenants or agreements under or arising out of the Indenture or the 2039 Notes; (d) the modification or amendment (whether material or otherwise) of any obligation, covenant or agreement set forth in the Indenture or the 2039 Notes; (e) the taking or the omission of any of the actions referred to in the Indenture and in any of the actions under the 2039 Notes; (f) any failure, omission, delay or lack on the part of the Trustee to enforce, assert or exercise any right, power or remedy conferred on the Trustee in the Indenture, or any other action or acts on the part of the Trustee or any of the Holders from time to time of the 2039 Notes; (g) the voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all the assets, marshaling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition with creditors or readjustment of, or other similar proceedings affecting the Guarantors or the Company or any of the assets of any of them, or any allegation or contest of the validity of this Guarantee in any such proceeding; (h) to the extent permitted by law, the release or discharge by operation of law of the Guarantors from the performance or observance of any obligation, covenant or agreement contained in the Indenture; (i) to the extent permitted by law, the release or discharge by operation of law of the Company from the performance or observance of any obligation, covenant or agreement contained in the Indenture; (j) the default or failure of the Company or the Trustee fully to perform any of its obligations set forth in the Indenture or the 2039 Notes; (k) the invalidity, irregularity or unenforceability of the Indenture or the 2039 Notes or any part of any thereof; (l) any judicial or governmental action affecting the Company or any 2039 Notes or consent or indulgence granted to the Company by the Holders or by the Trustee;

or (m) the recovery of any judgment against the Company or any action to enforce the same or any other circumstance which might constitute a legal or equitable discharge of a surety or guarantor. The undersigned hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of merger, sale, lease or conveyance of all or substantially all of its assets, insolvency or bankruptcy of the Company, any right to require a proceeding first against the Company, protest or notice with respect to such Notice or the indebtedness evidenced thereby and all demands whatsoever, and covenants that this Guarantee shall not be discharged except by complete performance of the obligations contained in such 2039 Note and in this Guarantee.

No reference herein to such Indenture and no provision of this Guarantee or of such Indenture shall alter or impair the guarantee of the undersigned, which is absolute and unconditional, of the full and prompt payment of the principal of and premium, if any, and interest on the 2039 Note.

THIS GUARANTEE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK.

This Guarantee shall not be valid or obligatory for any purpose until the certificate of authentication on the 2039 Note shall have been executed by the Trustee under the Indenture referred to above by the manual signature of one of its authorized officers. The validity and enforceability of this Guarantee shall not be affected by the fact that it is not affixed to the Yen Note.

An Event of Default under the Indenture or the 2039 Notes shall constitute an event of default under this Guarantee, and shall entitle the Holders of 2039 Notes to accelerate the obligations of the undersigned hereunder in the same manner and to the same extent as the obligations of the Company.

Notwithstanding any other provision of this Guarantee to the contrary, the undersigned hereby waives any claims or other rights which it may now have or hereafter acquire against the Company that arise from the existence or performance of its obligations under this Guarantee (all such claims and rights are referred to as "Guarantor's Conditional Rights"), including, without limitation, any right of subrogation, reimbursement, exoneration, contribution, or indemnification, any right to participate in any claim or remedy against the Company, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, by any payment made hereunder or otherwise, including without limitation, the right to take or receive from the Company, directly or indirectly, in cash or other property or by setoff or in any other manner, payment or security on account of such claim or other rights. Guarantor hereby agrees not to exercise any rights which may be acquired by way of contribution under this Guarantee or any other agreement, by any payment made hereunder or otherwise, including, without limitation, the right to take or receive from any other Guarantor, directly or indirectly, in cash or other property or by setoff or in any other manner, payment or security on account of such contribution rights. If, notwithstanding the foregoing provisions, any amount shall be paid to the undersigned on account of the Guarantor's Conditional Rights and either (i) such amount is paid to such undersigned party at any time when the indebtedness shall not have been paid or performed in full, or (ii) regardless of when such amount is paid to such undersigned party, any

payment made by the Company to a Holder that is at any time determined to be a Preferential Payment (as defined below), then such amount paid to the undersigned shall be held in trust for the benefit of Holder and shall forthwith be paid to such Holder to be credited and applied upon the indebtedness, whether matured or unmatured. Any such payment is herein referred to as a "Preferential Payment" to the extent the Company makes any payment to Holder in connection with the 2039 Note, and any or all of such payment is subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid or paid over to a trustee, receiver or any other entity, whether under any bankruptcy act or otherwise.

To the extent that any of the provisions of the immediately preceding paragraph shall not be enforceable, the undersigned agrees that until such time as the indebtedness has been paid and performed in full and the period of time has expired during which any payment made by the Company or the undersigned to a Holder may be determined to be a Preferential Payment, Guarantor's Conditional Rights to the extent not validly waived shall be subordinate to Holders' right to full payment and performance of the indebtedness and the undersigned shall not enforce any of Guarantor's Conditional Rights until such time as the indebtedness has been paid and performed in full and the period of time has expired during which any payment made by the Company or the undersigned to Holders may be determined to be a Preferential Payment.

The obligations of the undersigned to the Holders of the 2039 Notes and to the Trustee pursuant to this Guarantee and the Indenture are expressly set forth in Article Sixteen of the Indenture and reference is hereby made to the Indenture for the precise terms of this Guarantee and all of the other provisions of the Indenture to which this Guarantee relates.

Capitalized terms used in this Guarantee which are not defined herein shall have the meanings assigned to them in the Indenture.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the undersigned has caused this Guarantee to be duly executed.

Dated: [], 20[]

PROLOGIS, L.P.
By: Prologis, Inc., its general
partner

By:
Name:
Title:

Officers' Certificate
March 26, 2019

The undersigned officers of Prologis Yen Finance LLC (the "Company"), acting pursuant to the written consents of Prologis, Inc., its ultimate parent, on September 6, 2018 and March 18, 2019, hereby establish a series of debt securities by means of this Officers' Certificate in accordance with the Indenture, dated as of September 25, 2018 (the "Base Indenture," and as supplemented by the First Supplemental Indenture and the Second Supplemental Indenture thereto, the "Indenture"), among the Company, Prologis, L.P., as parent guarantor, and U.S. Bank National Association, as trustee (the "Trustee"). Capitalized terms used but not defined in this Officers' Certificate shall have the meanings ascribed to them in the Indenture.

1.15% Notes due 2039

1. The series shall be entitled the "1.15% Notes due 2039" (the "Notes") and shall be a series of Yen Notes as defined in the First Supplemental Indenture.
 2. The Notes initially shall be limited to an aggregate principal amount of ¥10,000,000,000 (except in each case for Notes authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Notes of or within the Series pursuant to Section 304, 305, 306, 906, 1107 or 1305 of the Base Indenture); provided, the Company may increase such aggregate principal amount upon the action of the Board of Directors to do so from time to time.
 3. The Notes shall bear interest at the rate of 1.15 % per annum. The aggregate principal amount of the Notes is payable at maturity on March 15, 2039. The interest on this Series shall accrue from and including March 26, 2019 or from the most recent Interest Payment Date (as defined below) to which interest has been paid or duly provided for. Interest on the Notes shall be payable semi-annually in arrears on March 15 and September 15 of each year (each an "Interest Payment Date"), commencing on September 15, 2019. Interest shall be paid to persons in whose names the Notes are registered on the March 1 or the September 1, as the case may be, preceding the Interest Payment Date, whether or not a Yen Business Day (each a "Regular Record Date").
 4. The Notes may be surrendered for registration of transfer or exchange and notices or demands to or upon the Company in respect of the Notes and the Indenture may be served at the Corporate Trust Office of the Paying Agent, located at 111 Fillmore Ave. East, St. Paul, Minnesota 55107. The principal of the Notes payable at maturity or upon earlier redemption shall be paid against presentation and surrender of the Notes at the Corporate Trust Office of the Paying Agent.
 5. If, as a result of any change in, or amendment to, the laws (or any regulations or rulings promulgated under the laws) of the United States (or any taxing authority thereof or therein), or any change in, or amendments to, an official position regarding the application or interpretation of such laws, regulations or rulings, which change or amendment is announced or becomes effective on or after March 18, 2019, the Company becomes or, based upon a written opinion of independent counsel selected by the Company, will become obligated to pay Additional
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Amounts with respect to the Notes, then the Notes may be redeemed at the option of the Company, in whole, but not in part, at a redemption price (the “Tax Redemption Price”) equal to 100% of the principal amount of the Notes, together with accrued and unpaid interest on the Notes to, but not including, the Redemption Date. Notice of any redemption shall be transmitted to Holders not more than 60 nor less than 15 days prior to the Redemption Date.

If notice of redemption has been given as provided in the Base Indenture and the preceding paragraph, and funds for the redemption of any Notes called for redemption shall have been made available on the Redemption Date referred to in such notice, such Notes shall cease to bear interest on the Redemption Date and the only right of the Holders of the Notes from and after the Redemption Date shall be to receive payment of the Tax Redemption Price upon surrender of such Notes in accordance with such notice.

6. All payments in respect of the Notes shall be made by or on behalf of the Company without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, imposed or levied by the United States or any taxing authority thereof or therein, unless such withholding or deduction is required by law. If such withholding or deduction is required by law, the Company shall, subject to certain exceptions provided for herein, pay to a holder who is not a United States person such additional amounts (the “Additional Amounts”) on the Notes as are necessary in order that the net payment by the Company or the Paying Agent, as directed by the Company, of the principal of, and premium or Redemption Price, if any, and interest on, the Notes to such holder, after such withholding or deduction, shall not be less than the amount provided in the Notes to be then due and payable; provided, however, that the foregoing obligation to pay Additional Amounts shall not apply:

(i) to any tax, assessment or other governmental charge that would not have been imposed but for the holder, or a fiduciary, settlor, beneficiary, member or shareholder of the holder if the holder is an estate, trust, partnership or corporation, or a person holding a power over an estate or trust administered by a fiduciary holder, being considered as:

(a) being or having been engaged in a trade or business in the United States or having or having had a permanent establishment in the United States or having or having had a qualified business unit which has the U.S. Dollar as its functional currency;

(b) having a current or former connection with the United States (other than a connection arising solely as a result of the ownership of the Notes, the receipt of any payment or the enforcement of any rights thereunder) or being considered as having such relationship, including being or having been a citizen or resident of the United States;

(c) being or having been a personal holding company, a passive foreign investment company or a controlled foreign corporation with respect to the United States or a foreign personal holding company that has accumulated earnings to avoid United States federal income tax;

(d) being or having been an owner of a 10% or greater interest in the capital or profits of Prologis, L.P. within the meaning of Section 871(h)(3) of the United States Internal Revenue Code of 1986, as amended (the "Code"), or any successor provision; or

(e) being a bank receiving payments on an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business;

(ii) to any Holder that is not the sole beneficial owner of the Notes, or a portion of the Notes, or that is a fiduciary, partnership or limited liability company, but only to the extent that a beneficiary or settlor with respect to the fiduciary, a beneficial owner or member of the partnership or limited liability company would not have been entitled to the payment of an Additional Amount had the beneficiary, settlor, beneficial owner or member received directly its beneficial or distributive share of the payment;

(iii) to any tax, assessment or other governmental charge that would not have been imposed but for the failure of the Holder or any other person to comply with certification, identification or information reporting requirements concerning the nationality, residence, identity or connection with the United States of the Holder or beneficial owner of the Notes, if compliance is required by statute, by regulation of the United States or any taxing authority therein or by an applicable income tax treaty to which the United States is a party as a precondition to exemption from such tax, assessment or other governmental charge;

(iv) to any tax, assessment or other governmental charge that is imposed otherwise than by withholding by the Company or a paying agent from the payment;

(v) to any tax, assessment or other governmental charge that would not have been imposed but for a change in law, regulation, or administrative or judicial interpretation that becomes effective more than 15 days after the payment becomes due or is duly provided for, whichever occurs later;

(vi) to any estate, inheritance, gift, sales, excise, transfer, wealth, capital gains or personal property tax or similar tax, assessment or other governmental charge;

(vii) to any withholding or deduction that is imposed on a payment to an individual and that is required to be made pursuant to any law implementing or complying with, or introduced in order to conform to, any European Union Directive on the taxation of savings;

(viii) to any tax, assessment or other governmental charge required to be withheld by any paying agent from any payment of principal of or interest on any Note, if such payment can be made without such withholding by at least one other paying agent;

(ix) to any tax, assessment or other governmental charge that would not have been imposed but for the presentation by the Holder of any Note, where presentation is required, for payment on a date more than 30 days after the date on which payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later;

(x) to any withholding or deduction that is imposed on a payment pursuant to Sections 1471 through 1474 of the Code and related Treasury regulations, pronouncements relating thereto or official interpretations thereof or any successor provisions, any agreements entered into pursuant to Section 1471(b)(1) of the Code, any applicable intergovernmental agreement entered into between the United States and any other governmental authority in connection with the implementation of the foregoing and any regulations or official law, agreement or interpretations thereof implementing an intergovernmental approach thereto; or

(xi) in the case of any combination of items (i), (ii), (iii), (iv), (v), (vi), (vii), (viii), (ix) and (x).

The Notes are subject in all cases to any tax, fiscal or other law or regulation or administrative or judicial interpretation applicable to the Notes. Except as specifically provided under this Paragraph 6, the Company shall not be required to make any payment for any tax, duty, assessment or governmental charge of whatever nature imposed by any government or a political subdivision or taxing authority of or in any government or political subdivision.

7. The Notes shall not provide for any sinking fund or analogous provision. None of the Notes shall be redeemable at the option of the Holder.

8. The Notes shall be issuable in registered form in the form set out in Exhibit A of the Second Supplemental Indenture without coupons in minimum denominations of ¥100,000,000 and any integral multiple of ¥10,000,000 in excess thereof.

9. The principal amount of, and the Tax Redemption Price, if any, on, the Notes shall be payable upon declaration of acceleration pursuant to Section 502 of the Base Indenture.

10. The Notes shall be denominated in and principal of or interest on the Notes (or Tax Redemption Price, if applicable) shall be payable in yen. If the yen is unavailable to the Company due to the imposition of exchange controls or other circumstances beyond the Company's control, then all payments in respect of the Notes shall be made in U.S. Dollars until the yen is again available to the Company. In such circumstances, the amount payable on any date in yen shall be converted into U.S. Dollars at the rate mandated by the Board of Governors of the Federal Reserve System as of the close of business on the second business day prior to the relevant payment date or, if the Board of Governors of the Federal Reserve System has not announced a rate of conversion, on the basis of the most recent U.S. Dollar/yen exchange rate published in The Wall Street Journal on or prior to the second business day prior to the relevant payment date or, in the event The Wall Street Journal has not published such exchange rate, the rate shall be determined in the Company's sole discretion on the basis of the most recently available market exchange rate for yen. Any payment in respect of the Notes so made in U.S. Dollars shall not constitute an Event of Default. Neither the Trustee nor the Paying Agent shall be responsible for obtaining exchange rates, effecting conversions or otherwise handling redenominations.

11. Except as provided in paragraphs 3 and 5 of this Officers' Certificate, the amount of payments of principal of or interest on the Notes (or Tax Redemption Price, if applicable) shall not be determined with reference to an index or formula.

12. Except as set forth herein, in the Indenture or in the Notes, none of the principal of or interest on the Notes (or Tax Redemption Price, if applicable) shall be payable at the election of the Company or a Holder thereof in a currency or currencies, currency unit or units or composite currency or currencies other than that in which the Notes are denominated or stated to be payable.

13. Except as set forth in the Indenture or the Trust Indenture Act, the Notes shall not contain any provisions granting special rights to the Holders of Notes upon the occurrence of specified events.

14. The Notes shall not contain any deletions from, modifications of or additions to the Events of Default or covenants of the Company contained in the Indenture.

15. Except as set forth herein, in the Indenture or in the Notes, the Notes shall not be issued in the form of bearer Securities or temporary global Securities.

16. Sections 1402 and 1403 of the Base Indenture shall be applicable to the Notes.

17. The Notes shall not be issued upon the exercise of debt warrants.

18. Article Sixteen of the Base Indenture shall be applicable to the Notes.

19. The other terms and conditions of the Notes shall be substantially as set forth in the Indenture and the Offering Memorandum, dated March 18, 2019, relating to the Notes.

[The remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the undersigned have executed this Officers' Certificate on the date first written above.

By:
Name:

Title:

By:
Name:

Title:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (1) REPRESENTS THAT IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS NOTE IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATIONS UNDER THE SECURITIES ACT, (2) AGREES THAT IT WILL NOT, PRIOR TO THE DATE THAT IS 40 DAYS AFTER THE LATER OF THE ISSUANCE OF THE NOTES AND THE LAST DATE ON WHICH THE ISSUER OR ANY OF ITS AFFILIATES WAS THE OWNER OF THE NOTES OR ANY PREDECESSOR OF THE NOTES, OFFER, RESELL, PLEDGE OR OTHERWISE TRANSFER THIS NOTE EXCEPT (A) TO THE ISSUER OR ANY SUBSIDIARY THEREOF, (B) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATIONS UNDER THE SECURITIES ACT, (C) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), (D) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH 2(B), (C) AND (E) ABOVE, PROLOGIS YEN FINANCE LLC RESERVES THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION," "UNITED STATES" AND "U.S. PERSON" HAVE THE MEANINGS GIVEN TO THEM BY REGULATIONS UNDER SECURITIES ACT. THE INDENTURE CONTAINS A PROVISION REQUIRING THE TRUSTEE TO REFUSE TO REGISTER ANY TRANSFER OF THIS NOTE IN VIOLATION OF THE FOREGOING RESTRICTION.

BY ITS ACQUISITION HEREOF, THE HOLDER HEREOF REPRESENTS THAT IT IS NOT A U.S. PERSON, NOR IS IT PURCHASING FOR THE ACCOUNT OF A U.S. PERSON, AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATIONS UNDER THE SECURITIES ACT.

UNLESS THIS SECURITY IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF EUROCLEAR BANK, SA/NV, AS OPERATOR OF THE EUROCLEAR SYSTEM ("EUROCLEAR"), AND CLEARSTREAM BANKING, S.A. ("CLEARSTREAM" AND, TOGETHER WITH EUROCLEAR, "EUROCLEAR/CLEARSTREAM"), TO PROLOGIS YEN FINANCE LLC (THE "COMPANY") OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY SECURITY ISSUED IS REGISTERED IN THE NAME OF USB NOMINEES (UK) LIMITED OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF ELAVON FINANCIAL SERVICES DAC, AS COMMON DEPOSITARY (THE "COMMON DEPOSITARY") FOR EUROCLEAR/CLEARSTREAM (AND ANY PAYMENT IS MADE TO USB NOMINEES (UK) LIMITED OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE COMMON DEPOSITARY), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, USB NOMINEES (UK) LIMITED, HAS AN INTEREST HEREIN.

THIS SECURITY IS A GLOBAL SECURITY AND IS REGISTERED IN THE NAME OF USB NOMINEES (UK) LIMITED, AS NOMINEE OF THE COMMON DEPOSITARY. UNLESS AND UNTIL THIS SECURITY IS EXCHANGED IN WHOLE OR IN PART FOR SECURITIES IN DEFINITIVE, CERTIFICATED FORM, THIS SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE COMMON DEPOSITARY TO A NOMINEE THEREOF OR BY A NOMINEE THEREOF TO THE COMMON DEPOSITARY OR ANOTHER NOMINEE OF THE COMMON DEPOSITARY OR BY THE

COMMON DEPOSITARY OR A NOMINEE OF THE COMMON DEPOSITARY TO A SUCCESSOR COMMON DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR COMMON DEPOSITARY.

REGISTERED	PRINCIPAL AMOUNT
No. 1	¥10,000,000,000
ISIN No.: XS1967589174	
COMMON CODE:	
196758917	

**PROLOGIS YEN FINANCE LLC
1.15% NOTE DUE 2039**

PROLOGIS YEN FINANCE LLC, a limited liability company organized and existing under the laws of the State of Delaware (hereinafter called the “Company,” which term shall include any successor under the Indenture hereinafter referred to), for value received, hereby promises to pay to USB Nominees (UK) Limited, or registered assigns, upon presentation, the principal sum of TEN BILLION YEN (¥10,000,000,000) on March 15, 2039 and to pay interest on the outstanding principal amount thereon at the rate of 1.15% per annum, until the entire principal hereof is paid or made available for payment.

Interest shall accrue from and including March 26, 2019 or from the most recent Interest Payment Date to which interest has been paid or duly provided for, and be payable semi-annually in arrears on March 15 and September 15 of each year, commencing on September 15, 2019. The interest so payable, and punctually paid or duly provided for on any Interest Payment Date shall, as provided in the Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest which shall be the March 1 and September 1 (whether or not a Yen Business Day), as the case may be, next preceding such Interest Payment Date. Interest on this Security shall be computed on the basis of a 360-day year consisting of twelve 30-day months. If any Interest Payment Date, maturity date or earlier date of redemption falls on a day that is not a Yen Business Day, the required payment shall be made on the next Yen Business Day as if it were made on the date the payment was due and no interest shall accrue on the amount so payable for the period from and after that Interest Payment Date, that maturity date or that date of redemption, as the case may be, until the next Yen Business Day. For purposes of the notes, “Yen Business Day” means any day, other than a Saturday or Sunday, which is not a day on which banking institutions in the City of New York or the City of Tokyo are authorized or required by law, regulation or executive order to close. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Holder on such Regular Record Date, and may either be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities of this series not more than 15 days and not less than 10 days prior to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities may be listed, and upon such notice as may be required by such exchange, all as more fully provided in the Indenture.

Payment of the principal of, or premium or Redemption Price, if applicable, on, and interest on this Security shall be made at the office or agency maintained for such purpose in St.

Paul, Minnesota, initially the corporate trust office of the Paying Agent, located at 111 Fillmore Ave. East, St. Paul, Minnesota 55107, in yen.

Payments of principal of, premium or Redemption Price, if any, and interest in respect of this Security shall be made by wire transfer of immediately available funds in yen. If the yen is unavailable to the Company due to the imposition of exchange controls or other circumstances beyond the Company's control, then all payments in respect of the Securities shall be made in U.S. Dollars until the yen is again available to the Company. In such circumstances, the amount payable on any date in yen will be converted into U.S. Dollars at the rate mandated by the Board of Governors of the Federal Reserve System as of the close of business on the second business day prior to the relevant payment date, or if the Board of Governors of the Federal Reserve System has not announced a rate of conversion, on the basis of the most recent U.S. dollar/yen exchange rate published in The Wall Street Journal on or prior to the second business day prior to the relevant payment date or, in the event The Wall Street Journal has not published such exchange rate, the rate will be determined in our sole discretion on the basis of the most recently available Market Exchange Rate on or before the date that payment is due. Any payment in respect of this Security so made in U.S. Dollars shall not constitute an event of default under the Indenture. Neither the Trustee nor the Paying Agent (as defined below) shall be responsible for obtaining exchange rates, effecting conversions or otherwise handling redenominations. "Market Exchange Rate" means the noon buying rate in the City of New York for cable transfers of yen as certified for customs purposes (or, if not so certified, as otherwise determined) by the Federal Reserve Bank of New York.

Each Security of this series is one of a duly authorized issue of securities of the Company (herein called the "Securities"), issued and to be issued in one or more series under an Indenture, dated as of September 25, 2018 (herein called the "Base Indenture"), among the Company, Prologis, L.P. (herein called the "Parent Guarantor," which term includes any successor under the Indenture) and U.S. Bank National Association, as trustee (herein called the "Trustee," which term includes any successor trustee under the Indenture with respect to the series of which this Security is a part), as amended by the First Supplemental Indenture, dated as of September 25, 2018 (the "First Supplemental Indenture") and the Second Supplemental Indenture, dated as of March 26, 2019 (the "Second Supplemental Indenture," and together with the Base Indenture and First Supplemental Indenture, the "Indenture"), among the Company, the Parent Guarantor, the Trustee, Transfer Agent, Paying Agent (which term includes any successor paying agent under the Indenture with respect to the series of which this Security is a part) and Security Registrar, to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Parent Guarantor, the Trustee, the Paying Agent and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered.

The Securities are subject in all cases to any tax, fiscal or other law or regulation or administrative or judicial interpretation applicable to the Securities. Except as specifically provided for herein, the Company shall not be required to make any payment for any tax, duty, assessment or governmental charge of whatever nature imposed by any government or a political subdivision or taxing authority of or in any government or political subdivision.

If, as a result of any change in, or amendment to, the laws (or any regulations or rulings promulgated under the laws) of the United States (or any taxing authority thereof or therein), or any change in, or amendments to, an official position regarding the application or interpretation of such laws, regulations or rulings, which change or amendment is announced or becomes effective on or after March 18, 2019, the Company becomes or, based upon a written opinion of independent counsel selected by the Company, will become obligated to pay Additional Amounts (as defined below) with respect to the Securities, then the Securities may be redeemed at the option of the Company, in whole, but not in part, at a redemption price equal to 100% of the principal amount of the Securities, together with accrued and unpaid interest on the Securities to, but not including, the Redemption Date. Notice of any redemption shall be transmitted to Holders not more than 60 nor less than 15 days prior to the date fixed for redemption.

All payments in respect of the Securities shall be made by or on behalf of the Company without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, imposed or levied by the United States or any taxing authority thereof or therein, unless such withholding or deduction is required by law. If such withholding or deduction is required by law, the Company shall, subject to certain exceptions provided for in the Officers' Certificate dated March 26, 2019 pursuant to the Indenture, pay to a Holder who is not a United States person (as defined in the Indenture) such additional amounts (the "Additional Amounts") on the Securities as are necessary in order that the net payment by the Company or a paying agent of the principal of, and premium or Redemption Price, if any, and interest on, the Securities to such Holder, after such withholding or deduction, shall not be less than the amount provided in the Securities to be then due and payable.

The Indenture contains provisions for defeasance at any time of (a) the entire indebtedness of the Company on this Security and (b) certain restrictive covenants and the related defaults and Events of Default applicable to the Company, in each case, upon compliance by the Company with certain conditions set forth in the Indenture, which provisions apply to this Security.

If an Event of Default with respect to Securities of this series shall occur and be continuing, the principal of, and premium or Redemption Price, if any, on, all of the Securities of this series at the time Outstanding may be declared due and payable in the manner and with the effect provided in the Indenture.

As provided in and subject to the provisions of the Indenture, unless the principal of all of the Securities of this series at the time Outstanding shall already have become due and payable, the Holder of this Security shall not have the right to institute any proceeding with respect to the Indenture or for the appointment of a receiver or trustee or for any other remedy thereunder, unless such Holder shall have previously given the Trustee written notice of a continuing Event of Default with respect to the Securities of this series, the Holders of not less than 25% in principal amount of the Securities of this series at the time Outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default as Trustee and offered the Trustee reasonable indemnity and the Trustee shall not have received from the Holders of a majority in principal amount of Securities of this series at the time Outstanding a direction inconsistent with such request, and the Trustee shall have failed to institute any such

proceeding for 60 days after receipt of such notice, request and offer of indemnity. The foregoing shall not apply to any suit instituted by the Holder of this Security for the enforcement of any payment of principal hereof or any interest on or after the respective due dates expressed herein.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities of each series to be affected under the Indenture at any time by the Company, the Parent Guarantor and the Trustee with the consent of the Holders of not less than a majority in principal amount of the Outstanding Securities of each series of Securities then Outstanding affected thereby. The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of, premium or Redemption Price, if applicable, on, and interest on this Security at the times, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency of the Company in any Place of Payment where the principal of, premium or Redemption Price, if applicable, on, and interest on this Security are payable duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities of this series, of authorized denominations and for the same aggregate principal amount, shall be issued to the designated transferee or transferees.

The Securities of this series are issuable only in registered form without coupons in minimum denominations of ¥100,000,000 and any integral multiple of ¥10,000,000 in excess thereof. As provided in the Indenture and subject to certain limitations therein set forth, Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Security for registration of transfer, the Company, the Trustee, the Paying Agent and any agent of the Company, the Trustee or the Paying Agent may

treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Company, the Trustee, the Paying Agent nor any such agent shall be affected by notice to the contrary.

Except as provided in Article Sixteen of the Indenture, no recourse under or upon any obligation, covenant or agreement contained in the Indenture or in this Security, or because of any indebtedness evidenced thereby, shall be had against any promoter, as such, or against any past, present or future stockholder, member, partner, director, officer, employee, agent thereof or trustee, as such, of the Company or any Guarantor or of any successor thereof, either directly or through the Company or any Guarantor or any successor thereof, under any rule of law, statute or constitutional provision or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, all such liability being expressly waived and released by the acceptance of this Security by the Holder thereof and as part of the consideration for the issue of the Securities of this series.

THE INDENTURE AND THE SECURITIES, INCLUDING THIS SECURITY, SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK.

Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused "ISIN" and "Common Code" numbers to be printed on the Securities of this series as a convenience to the Holders of such Securities. No representation is made as to the correctness or accuracy of such ISIN and Common Code numbers as printed on the Securities of this series, and reliance may be placed only on the other identification numbers printed hereon.

Capitalized terms used in this Security which are not defined herein shall have the meanings assigned to them in the Indenture.

[This space intentionally left blank.]

Unless the certificate of authentication hereon has been executed by or on behalf of the Trustee by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed by the undersigned officer.

PROLOGIS YEN FINANCE LLC

By: /s/ Michael T. Blair
Name: Michael T. Blair
Title: Assistant Secretary,
 Managing Director and
Deputy
 General Counsel

Attest

By: /s/ Deborah K. Briones
Name: Deborah K. Briones
Title: Senior Vice President,
Associate
 General Counsel

Dated: March 26, 2019

TRUSTEE'S CERTIFICATE OF AUTHENTICATION:

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

U.S. BANK NATIONAL ASSOCIATION,
as trustee

By: /s/ Bradley E. Scarbrough
Authorized Officer

ASSIGNMENT FORM

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

PLEASE INSERT SOCIAL
SECURITY OR OTHER IDENTIFYING
NUMBER OF ASSIGNEE

(Please Print or Typewrite Name and Address including
Zip Code of Assignee)

the within-mentioned Security of Prologis Yen Finance LLC and hereby does irrevocably constitute and appoint _____
Attorney to transfer said Security on the books of the within-named Company with full power of substitution in the premises.

Dated:

NOTICE: The signature to this assignment must correspond with the name as it appears on the first page of the within-mentioned Security in every particular, without alteration or enlargement or any change whatever.

GUARANTEE

FOR VALUE RECEIVED, the undersigned hereby, jointly and severally with any other Guarantors, unconditionally guarantees to the Holder of the accompanying 1.15% Note due 2039 (the “2039 Note”) issued by Prologis Yen Finance LLC (the “Company”) under an Indenture, dated as of September 25, 2018 (together with the First Supplemental Indenture and Second Supplemental Indenture thereto, the “Indenture”) among the Company, Prologis, L.P., as parent guarantor, U.S. Bank National Association, as trustee thereunder (the “Trustee”), transfer agent, paying agent and security registrar, (a) the full and prompt payment of the principal of and premium or Redemption Price, if any, on such 2039 Note when and as the same shall become due and payable, whether at Stated Maturity, by acceleration, by redemption or otherwise, and (b) the full and prompt payment of the interest on such 2039 Note when and as the same shall become due and payable, according to the terms of such 2039 Note and of the Indenture. In case of the failure of the Company punctually to pay any such principal, premium or interest, the undersigned hereby agrees to cause any such payment to be made punctually when and as the same shall become due and payable, whether at Stated Maturity, upon acceleration, by redemption or otherwise, and as if such payment were made by the Company. The undersigned hereby agrees, jointly and severally with any other Guarantors, that its obligations hereunder shall be as principal and not merely as surety, and shall be absolute and unconditional, and shall not be affected, modified or impaired by the following: (a) the failure to give notice to the Guarantors of the occurrence of an Event of Default under the Indenture; (b) the waiver, surrender, compromise, settlement, release or termination of the payment, performance or observance by the Company or the Guarantors of any or all of the obligations, covenants or agreements of either of them contained in the Indenture or the 2039 Notes; (c) the acceleration, extension or any other changes in the time for payment of any principal of or interest or any premium on any 2039 Note or for any other payment under the Indenture or of the time for performance of any other obligations, covenants or agreements under or arising out of the Indenture or the 2039 Notes; (d) the modification or amendment (whether material or otherwise) of any obligation, covenant or agreement set forth in the Indenture or the 2039 Notes; (e) the taking or the omission of any of the actions referred to in the Indenture and in any of the actions under the 2039 Notes; (f) any failure, omission, delay or lack on the part of the Trustee to enforce, assert or exercise any right, power or remedy conferred on the Trustee in the Indenture, or any other action or acts on the part of the Trustee or any of the Holders from time to time of the 2039 Notes; (g) the voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all the assets, marshaling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition with creditors or readjustment of, or other similar proceedings affecting the Guarantors or the Company or any of the assets of any of them, or any allegation or contest of the validity of this Guarantee in any such proceeding; (h) to the extent permitted by law, the release or discharge by operation of law of the Guarantors from the performance or observance of any obligation, covenant or agreement contained in the Indenture; (i) to the extent permitted by law, the release or discharge by operation of law of the Company from the performance or observance of any obligation, covenant or agreement contained in the Indenture; (j) the default or failure of the Company or the Trustee fully to perform any of its obligations set forth in the Indenture or the 2039 Notes; (k) the invalidity, irregularity or unenforceability of the Indenture or the 2039 Notes or any part of any thereof; (l) any judicial or governmental action affecting the Company or any 2039 Notes or consent or indulgence granted to the Company by the Holders or by the Trustee;

or (m) the recovery of any judgment against the Company or any action to enforce the same or any other circumstance which might constitute a legal or equitable discharge of a surety or guarantor. The undersigned hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of merger, sale, lease or conveyance of all or substantially all of its assets, insolvency or bankruptcy of the Company, any right to require a proceeding first against the Company, protest or notice with respect to such Notice or the indebtedness evidenced thereby and all demands whatsoever, and covenants that this Guarantee shall not be discharged except by complete performance of the obligations contained in such 2039 Note and in this Guarantee.

No reference herein to such Indenture and no provision of this Guarantee or of such Indenture shall alter or impair the guarantee of the undersigned, which is absolute and unconditional, of the full and prompt payment of the principal of and premium, if any, and interest on the 2039 Note.

THIS GUARANTEE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK.

This Guarantee shall not be valid or obligatory for any purpose until the certificate of authentication on the 2039 Note shall have been executed by the Trustee under the Indenture referred to above by the manual signature of one of its authorized officers. The validity and enforceability of this Guarantee shall not be affected by the fact that it is not affixed to the Yen Note.

An Event of Default under the Indenture or the 2039 Notes shall constitute an event of default under this Guarantee, and shall entitle the Holders of 2039 Notes to accelerate the obligations of the undersigned hereunder in the same manner and to the same extent as the obligations of the Company.

Notwithstanding any other provision of this Guarantee to the contrary, the undersigned hereby waives any claims or other rights which it may now have or hereafter acquire against the Company that arise from the existence or performance of its obligations under this Guarantee (all such claims and rights are referred to as "Guarantor's Conditional Rights"), including, without limitation, any right of subrogation, reimbursement, exoneration, contribution, or indemnification, any right to participate in any claim or remedy against the Company, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, by any payment made hereunder or otherwise, including without limitation, the right to take or receive from the Company, directly or indirectly, in cash or other property or by setoff or in any other manner, payment or security on account of such claim or other rights. Guarantor hereby agrees not to exercise any rights which may be acquired by way of contribution under this Guarantee or any other agreement, by any payment made hereunder or otherwise, including, without limitation, the right to take or receive from any other Guarantor, directly or indirectly, in cash or other property or by setoff or in any other manner, payment or security on account of such contribution rights. If, notwithstanding the foregoing provisions, any amount shall be paid to the undersigned on account of the Guarantor's Conditional Rights and either (i) such amount is paid to such undersigned party at any time when the indebtedness shall not have been paid or performed in full, or (ii) regardless of when such amount is paid to such undersigned party, any

payment made by the Company to a Holder that is at any time determined to be a Preferential Payment (as defined below), then such amount paid to the undersigned shall be held in trust for the benefit of Holder and shall forthwith be paid to such Holder to be credited and applied upon the indebtedness, whether matured or unmatured. Any such payment is herein referred to as a "Preferential Payment" to the extent the Company makes any payment to Holder in connection with the 2039 Note, and any or all of such payment is subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid or paid over to a trustee, receiver or any other entity, whether under any bankruptcy act or otherwise.

To the extent that any of the provisions of the immediately preceding paragraph shall not be enforceable, the undersigned agrees that until such time as the indebtedness has been paid and performed in full and the period of time has expired during which any payment made by the Company or the undersigned to a Holder may be determined to be a Preferential Payment, Guarantor's Conditional Rights to the extent not validly waived shall be subordinate to Holders' right to full payment and performance of the indebtedness and the undersigned shall not enforce any of Guarantor's Conditional Rights until such time as the indebtedness has been paid and performed in full and the period of time has expired during which any payment made by the Company or the undersigned to Holders may be determined to be a Preferential Payment.

The obligations of the undersigned to the Holders of the 2039 Notes and to the Trustee pursuant to this Guarantee and the Indenture are expressly set forth in Article Sixteen of the Indenture and reference is hereby made to the Indenture for the precise terms of this Guarantee and all of the other provisions of the Indenture to which this Guarantee relates.

Capitalized terms used in this Guarantee which are not defined herein shall have the meanings assigned to them in the Indenture.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the undersigned has caused this Guarantee to be duly executed.

Dated: March 26, 2019

PROLOGIS, L.P.

By: Prologis, Inc., its general partner

By: /s/ Michael T. Blair

Name: Michael T. Blair

Title: Assistant Secretary,
Managing Director, and

Deputy
General Counsel

Officers' Certificate

March 26, 2019

The undersigned officers of Prologis Yen Finance LLC (the "Company"), acting pursuant to the written consents of Prologis, Inc., its ultimate parent, on September 6, 2018 and March 18, 2019, hereby establish a series of debt securities by means of this Officers' Certificate in accordance with the Indenture, dated as of September 25, 2018 (the "Base Indenture," and as supplemented by the First Supplemental Indenture and the Second Supplemental Indenture thereto, the "Indenture"), among the Company, Prologis, L.P., as parent guarantor, and U.S. Bank National Association, as trustee (the "Trustee"). Capitalized terms used but not defined in this Officers' Certificate shall have the meanings ascribed to them in the Indenture.

1.15% Notes due 2039

1. The series shall be entitled the "1.15% Notes due 2039" (the "Notes") and shall be a series of Yen Notes as defined in the First Supplemental Indenture.
 2. The Notes initially shall be limited to an aggregate principal amount of ¥10,000,000,000 (except in each case for Notes authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Notes of or within the Series pursuant to Section 304, 305, 306, 906, 1107 or 1305 of the Base Indenture); provided, the Company may increase such aggregate principal amount upon the action of the Board of Directors to do so from time to time.
 3. The Notes shall bear interest at the rate of 1.15 % per annum. The aggregate principal amount of the Notes is payable at maturity on March 15, 2039. The interest on this Series shall accrue from and including March 26, 2019 or from the most recent Interest Payment Date (as defined below) to which interest has been paid or duly provided for. Interest on the Notes shall be payable semi-annually in arrears on March 15 and September 15 of each year (each an "Interest Payment Date"), commencing on September 15, 2019. Interest shall be paid to persons in whose names the Notes are registered on the March 1 or the September 1, as the case may be, preceding the Interest Payment Date, whether or not a Yen Business Day (each a "Regular Record Date").
 4. The Notes may be surrendered for registration of transfer or exchange and notices or demands to or upon the Company in respect of the Notes and the Indenture may be served at the Corporate Trust Office of the Paying Agent, located at 111 Fillmore Ave. East, St. Paul, Minnesota 55107. The principal of the Notes payable at maturity or upon earlier redemption shall be paid against presentation and surrender of the Notes at the Corporate Trust Office of the Paying Agent.
 5. If, as a result of any change in, or amendment to, the laws (or any regulations or rulings promulgated under the laws) of the United States (or any taxing authority thereof or therein), or any change in, or amendments to, an official position regarding the application or interpretation of such laws, regulations or rulings, which change or amendment is announced or becomes effective on or after March 18, 2019, the Company becomes or, based upon a written opinion of
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independent counsel selected by the Company, will become obligated to pay Additional Amounts with respect to the Notes, then the Notes may be redeemed at the option of the Company, in whole, but not in part, at a redemption price (the “Tax Redemption Price”) equal to 100% of the principal amount of the Notes, together with accrued and unpaid interest on the Notes to, but not including, the Redemption Date. Notice of any redemption shall be transmitted to Holders not more than 60 nor less than 15 days prior to the Redemption Date.

If notice of redemption has been given as provided in the Base Indenture and the preceding paragraph, and funds for the redemption of any Notes called for redemption shall have been made available on the Redemption Date referred to in such notice, such Notes shall cease to bear interest on the Redemption Date and the only right of the Holders of the Notes from and after the Redemption Date shall be to receive payment of the Tax Redemption Price upon surrender of such Notes in accordance with such notice.

6. All payments in respect of the Notes shall be made by or on behalf of the Company without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, imposed or levied by the United States or any taxing authority thereof or therein, unless such withholding or deduction is required by law. If such withholding or deduction is required by law, the Company shall, subject to certain exceptions provided for herein, pay to a holder who is not a United States person such additional amounts (the “Additional Amounts”) on the Notes as are necessary in order that the net payment by the Company or the Paying Agent, as directed by the Company, of the principal of, and premium or Redemption Price, if any, and interest on, the Notes to such holder, after such withholding or deduction, shall not be less than the amount provided in the Notes to be then due and payable; provided, however, that the foregoing obligation to pay Additional Amounts shall not apply:

(i) to any tax, assessment or other governmental charge that would not have been imposed but for the holder, or a fiduciary, settlor, beneficiary, member or shareholder of the holder if the holder is an estate, trust, partnership or corporation, or a person holding a power over an estate or trust administered by a fiduciary holder, being considered as:

(a) being or having been engaged in a trade or business in the United States or having or having had a permanent establishment in the United States or having or having had a qualified business unit which has the U.S. Dollar as its functional currency;

(b) having a current or former connection with the United States (other than a connection arising solely as a result of the ownership of the Notes, the receipt of any payment or the enforcement of any rights thereunder) or being considered as having such relationship, including being or having been a citizen or resident of the United States;

(c) being or having been a personal holding company, a passive foreign investment company or a controlled foreign corporation with respect to the United States or a foreign personal holding company that has accumulated earnings to avoid United States federal income tax;

(d) being or having been an owner of a 10% or greater interest in the capital or profits of Prologis, L.P. within the meaning of Section 871(h)(3) of the United States Internal Revenue Code of 1986, as amended (the "Code"), or any successor provision; or

(e) being a bank receiving payments on an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business;

(ii) to any Holder that is not the sole beneficial owner of the Notes, or a portion of the Notes, or that is a fiduciary, partnership or limited liability company, but only to the extent that a beneficiary or settlor with respect to the fiduciary, a beneficial owner or member of the partnership or limited liability company would not have been entitled to the payment of an Additional Amount had the beneficiary, settlor, beneficial owner or member received directly its beneficial or distributive share of the payment;

(iii) to any tax, assessment or other governmental charge that would not have been imposed but for the failure of the Holder or any other person to comply with certification, identification or information reporting requirements concerning the nationality, residence, identity or connection with the United States of the Holder or beneficial owner of the Notes, if compliance is required by statute, by regulation of the United States or any taxing authority therein or by an applicable income tax treaty to which the United States is a party as a precondition to exemption from such tax, assessment or other governmental charge;

(iv) to any tax, assessment or other governmental charge that is imposed otherwise than by withholding by the Company or a paying agent from the payment;

(v) to any tax, assessment or other governmental charge that would not have been imposed but for a change in law, regulation, or administrative or judicial interpretation that becomes effective more than 15 days after the payment becomes due or is duly provided for, whichever occurs later;

(vi) to any estate, inheritance, gift, sales, excise, transfer, wealth, capital gains or personal property tax or similar tax, assessment or other governmental charge;

(vii) to any withholding or deduction that is imposed on a payment to an individual and that is required to be made pursuant to any law implementing or complying with, or introduced in order to conform to, any European Union Directive on the taxation of savings;

(viii) to any tax, assessment or other governmental charge required to be withheld by any paying agent from any payment of principal of or interest on any Note, if such payment can be made without such withholding by at least one other paying agent;

(ix) to any tax, assessment or other governmental charge that would not have been imposed but for the presentation by the Holder of any Note, where presentation is required, for payment on a date more than 30 days after the date on which payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later;

(x) to any withholding or deduction that is imposed on a payment pursuant to Sections 1471 through 1474 of the Code and related Treasury regulations, pronouncements relating thereto or official interpretations thereof or any successor provisions, any agreements entered into pursuant to Section 1471(b)(1) of the Code, any applicable intergovernmental agreement entered into between the United States and any other governmental authority in connection with the implementation of the foregoing and any regulations or official law, agreement or interpretations thereof implementing an intergovernmental approach thereto; or

(xi) in the case of any combination of items (i), (ii), (iii), (iv), (v), (vi), (vii), (viii), (ix) and (x).

The Notes are subject in all cases to any tax, fiscal or other law or regulation or administrative or judicial interpretation applicable to the Notes. Except as specifically provided under this Paragraph 6, the Company shall not be required to make any payment for any tax, duty, assessment or governmental charge of whatever nature imposed by any government or a political subdivision or taxing authority of or in any government or political subdivision.

7. The Notes shall not provide for any sinking fund or analogous provision. None of the Notes shall be redeemable at the option of the Holder.

8. The Notes shall be issuable in registered form in the form set out in Exhibit A of the Second Supplemental Indenture without coupons in minimum denominations of ¥100,000,000 and any integral multiple of ¥10,000,000 in excess thereof.

9. The principal amount of, and the Tax Redemption Price, if any, on, the Notes shall be payable upon declaration of acceleration pursuant to Section 502 of the Base Indenture.

10. The Notes shall be denominated in and principal of or interest on the Notes (or Tax Redemption Price, if applicable) shall be payable in yen. If the yen is unavailable to the Company due to the imposition of exchange controls or other circumstances beyond the Company's control, then all payments in respect of the Notes shall be made in U.S. Dollars until the yen is again available to the Company. In such circumstances, the amount payable on any date in yen shall be converted into U.S. Dollars at the rate mandated by the Board of Governors of the Federal Reserve System as of the close of business on the second business day prior to the relevant payment date or, if the Board of Governors of the Federal Reserve System has not announced a rate of conversion, on the basis of the most recent U.S. Dollar/yen exchange rate published in The Wall Street Journal on or prior to the second business day prior to the relevant payment date or, in the event The Wall Street Journal has not published such exchange rate, the rate shall be determined in the Company's sole discretion on the basis of the most recently available market exchange rate for yen. Any payment in respect of the Notes so made in U.S. Dollars shall not constitute an Event of Default. Neither the Trustee nor the Paying Agent shall be responsible for obtaining exchange rates, effecting conversions or otherwise handling redenominations.

11. Except as provided in paragraphs 3 and 5 of this Officers' Certificate, the amount of payments of principal of or interest on the Notes (or Tax Redemption Price, if applicable) shall not be determined with reference to an index or formula.

12. Except as set forth herein, in the Indenture or in the Notes, none of the principal of or interest on the Notes (or Tax Redemption Price, if applicable) shall be payable at the election of the Company or a Holder thereof in a currency or currencies, currency unit or units or composite currency or currencies other than that in which the Notes are denominated or stated to be payable.

13. Except as set forth in the Indenture or the Trust Indenture Act, the Notes shall not contain any provisions granting special rights to the Holders of Notes upon the occurrence of specified events.

14. The Notes shall not contain any deletions from, modifications of or additions to the Events of Default or covenants of the Company contained in the Indenture.

15. Except as set forth herein, in the Indenture or in the Notes, the Notes shall not be issued in the form of bearer Securities or temporary global Securities.

16. Sections 1402 and 1403 of the Base Indenture shall be applicable to the Notes.

17. The Notes shall not be issued upon the exercise of debt warrants.

18. Article Sixteen of the Base Indenture shall be applicable to the Notes.

19. The other terms and conditions of the Notes shall be substantially as set forth in the Indenture and the Offering Memorandum, dated March 18, 2019, relating to the Notes.

[The remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the undersigned have executed this Officers' Certificate on the date first written above.

By: /s/ Michael T. Blair

Name: Michael T. Blair

Title: Assistant Secretary and Managing Director, Deputy General Counsel

By: /s/ Deborah K. Briones

Name: Deborah K. Briones

Title: Senior Vice President, Associate General Counsel

The Board of Directors
Prologis, Inc.:

Re: Registration Statement No. 333-216491 on Form S-3; and Registration Statement Nos. 333-42015, 333-78779, 333-90042, 333-100214, 333-144489, 333-177378, 333-178955, and 333-181529 on Form S-8.

With respect to the subject registration statements, we acknowledge our awareness of the use therein of our report dated April 22, 2019, related to our review of interim financial information.

Pursuant to Rule 436 under the Securities Act of 1933 (the Act), such report is not considered part of a registration statement prepared or certified by an independent registered public accounting firm, or a report prepared or certified by an independent registered public accounting firm within the meaning of Sections 7 and 11 of the Act.

/s/ KPMG LLP

Denver, Colorado
April 22, 2019

The Partners
Prologis, L.P.:

Re: Registration Statement No. 333-216491 on Form S-3; and Registration Statement No. 333-100214 on Form S-8.

With respect to the subject registration statements, we acknowledge our awareness of the use therein of our report dated April 22, 2019, related to our review of interim financial information.

Pursuant to Rule 436 under the Securities Act of 1933 (the Act), such report is not considered part of a registration statement prepared or certified by an independent registered public accounting firm, or a report prepared or certified by an independent registered public accounting firm within the meaning of Sections 7 and 11 of the Act.

/s/ KPMG LLP

Denver, Colorado
April 22, 2019

CERTIFICATION

I, Hamid R. Moghadam, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Prologis, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures, (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: April 22, 2019

/s/ Hamid R. Moghadam
Name: Hamid R. Moghadam
Title: Chief Executive Officer

CERTIFICATION

I, Thomas S. Olinger, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Prologis, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures, (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: April 22, 2019

/s/ Thomas S. Olinger
Name: Thomas S. Olinger
Title: Chief Financial Officer

CERTIFICATION

I, Hamid R. Moghadam, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Prologis, L.P.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures, (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: April 22, 2019

/s/ Hamid R. Moghadam

Name: Hamid R. Moghadam
Title: Chief Executive Officer

CERTIFICATION

I, Thomas S. Olinger, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Prologis, L.P.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures, (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: April 22, 2019

/s/ Thomas S. Olinger
Name: Thomas S. Olinger
Title: Chief Financial Officer

CERTIFICATION

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned officers of Prologis, Inc. ("the Company"), hereby certifies, to such officer's knowledge, that the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2019 (the "Report"), which accompanies these certifications, fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: April 22, 2019

/s/ Hamid R. Moghadam
Name: Hamid R. Moghadam
Title: Chief Executive Officer

Dated: April 22, 2019

/s/ Thomas S. Olinger
Name: Thomas S. Olinger
Title: Chief Financial Officer

CERTIFICATION

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned officers of Prologis, L.P. ("the Company"), hereby certifies, to such officer's knowledge, that the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2019 (the "Report"), which accompanies these certifications, fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: April 22, 2019

/s/ Hamid R. Moghadam
Name: Hamid R. Moghadam
Title: Chief Executive Officer

Dated: April 22, 2019

/s/ Thomas S. Olinger
Name: Thomas S. Olinger
Title: Chief Financial Officer