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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): January 22, 2020

PROLOGIS, INC.

PROLOGIS, L.P.

(Exact name of registrant as specified in charter)

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

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

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

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

94111
(Zip Code)

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

N/A

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

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

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

Securities registered pursuant to Section 12(b) of the Act:

	<u>Title of Each Class</u>	<u>Trading Symbol(s)</u>	<u>Name of Each Exchange on Which Registered</u>
Prologis, Inc.	Common Stock, \$0.01 par value	PLD	New York Stock Exchange
Prologis, L.P.	1.375% Notes due 2021	PLD/21	New York Stock Exchange
Prologis, L.P.	3.000% Notes due 2022	PLD/22	New York Stock Exchange
Prologis, L.P.	3.375% Notes due 2024	PLD/24	New York Stock Exchange
Prologis, L.P.	3.000% Notes due 2026	PLD/26	New York Stock Exchange
Prologis, L.P.	2.250% Notes due 2029	PLD/29	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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.

Item 8.01. Other Events.

The Preliminary Operational and Financial Condition Data of Prologis, L.P. (“Prologis OP”) for the Years Ended December 31, 2019 and 2018 and as of December 31, 2019 and 2018 are hereby filed as Exhibit 99.1 to this Current Report on Form 8-K.

Additional Information

In connection with the proposed merger of Liberty Property Trust (“LPT”) and Prologis, Inc. (“Prologis”) pursuant to an Agreement and Plan of Merger an Agreement and Plan of Merger (the “Merger Agreement”) by and among Prologis, Prologis OP, Lambda REIT Acquisition LLC, Lambda OP Acquisition LLC, LPT, Leaf Holdco Property Trust and Liberty Property Limited Partnership, Prologis has filed with the Securities and Exchange Commission (“SEC”) an amended registration statement on Form S-4 (File No. 333-235260), declared effective by the SEC on December 20, 2019, which includes a document that serves as a prospectus of Prologis and a proxy statement of LPT (the “proxy statement/prospectus”), and each party will file other documents regarding the proposed transaction with the SEC. INVESTORS AND SECURITY HOLDERS ARE URGED TO READ THE PROXY STATEMENT/PROSPECTUS AND OTHER RELEVANT DOCUMENTS FILED WITH THE SEC, WHEN THEY BECOME AVAILABLE, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. A definitive proxy statement/prospectus was sent to LPT’s shareholders. Investors and security holders are able to obtain the registration statement and the proxy statement/prospectus free of charge from the SEC’s website or from Prologis or LPT. The documents filed by Prologis with the SEC may be obtained free of charge at Prologis’ website at the Investor Relations section of www.ir.prologis.com or at the SEC’s website at www.sec.gov. These documents may also be obtained free of charge from Prologis by requesting them from Investor Relations by mail at Pier 1, Bay 1, San Francisco, CA 94111 or by telephone at 415-394-9000. The documents filed by LPT with the SEC may be obtained free of charge at LPT’s website at the Investor Relations section of <http://ir.libertyproperty.com/sec-filings> or at the SEC’s website at www.sec.gov. These documents may also be obtained free of charge from LPT by requesting them from Investor Relations by mail at 650 East Swedesford Road, Suite 400, Wayne, PA 19087, or by telephone at 610-648-1704.

This communication shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offering of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the U.S. Securities Act of 1933, as amended.

Participants in the Solicitation

Prologis and LPT and their respective directors, trustees and executive officers and other members of management and employees may be deemed to be participants in the solicitation of proxies in respect of the proposed transaction. Information about Prologis’ directors and executive officers is available in Prologis’ Annual Report on Form 10-K for the fiscal year ended December 31, 2018, and in its proxy statement dated March 22, 2019, for its 2019 Annual Meeting of Shareholders. Information about LPT’s trustees and executive officers is available in LPT’s Annual Report on Form 10-K for the fiscal year ended December 31, 2018, and in its proxy statement dated April 26, 2019, for its 2019 Annual Meeting of Shareholders. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, is contained in the proxy statement/prospectus and will be contained in other relevant materials to be filed with the SEC regarding the transaction when they become available. Investors should read the proxy statement/prospectus carefully before making any voting or investment decisions. You may obtain free copies of these documents from Prologis or LPT as indicated above.

Item 9.01. Financial Statements and Exhibits.(a) Exhibits.

The following documents have been filed as exhibits to this report and are incorporated by reference herein as described above.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Preliminary Operational and Financial Condition Data of Prologis, L.P. for the Years Ended December 31, 2019 and 2018 and as of December 31, 2019 and 2018
104	Cover Page Interactive Data File (embedded within the iXBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PROLOGIS, INC.

Date: January 22, 2020

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

PROLOGIS, L.P.

By: Prologis, Inc.,
its General Partner

Date: January 22, 2020

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

Recent Developments

Preliminary Operational and Financial Condition Data for the Years Ended December 31, 2019 and 2018 and as of December 31, 2019 and 2018

The following information for the years ended December 31, 2019 and 2018 and as of December 31, 2019 and 2018 sets forth our preliminary operating and financial condition data. Our results of operations for such periods are not necessarily indicative of results that may be expected for any future period.

	Years Ended December 31,	
	2019	2018
Operating Data (in thousands, except per unit data):		
Revenues:		
Rental	\$ 2,831,818	\$ 2,388,791
Strategic capital	491,886	406,300
Development management and other	6,917	9,358
Total revenues	<u>3,330,621</u>	<u>2,804,449</u>
Expenses:		
Rental	734,266	600,648
Strategic capital	184,661	157,040
General and administrative	266,718	238,985
Depreciation and amortization	1,139,879	947,214
Other	13,149	13,560
Total expenses	<u>2,338,673</u>	<u>1,957,447</u>
Operating income before gains on real estate transactions, net	991,948	847,002
Gains on real estate transactions, net	857,818	840,996
Operating income	<u>1,849,766</u>	<u>1,687,998</u>
Other income (expense):		
Earnings from unconsolidated entities, net	200,178	298,260
Interest expense	(239,953)	(229,141)
Foreign currency and derivative gains (losses) and interest and other income, net	(17,502)	131,759
Losses on early extinguishment of debt, net	(16,126)	(2,586)
Total other income (expense)	<u>(73,403)</u>	<u>198,292</u>
Earnings before income taxes	1,776,363	1,886,290
Total income tax expense	74,517	63,330
Consolidated net earnings	<u>1,701,846</u>	<u>1,822,960</u>
Less net earnings attributable to noncontrolling interests	82,222	124,712
Net earnings attributable to controlling interests	1,619,624	1,698,248
Less preferred unit distributions	6,009	5,935
Net earnings available for common unitholders	<u>\$ 1,613,615</u>	<u>\$ 1,692,313</u>
Weighted average common units outstanding:		
Basic	641,128	575,798
Diluted	654,903	590,239
Net earnings per unit attributable to common unitholders – Basic	\$ 2.48	\$ 2.90
Net earnings per unit attributable to common unitholders – Diluted	\$ 2.46	\$ 2.87
Dividends per common unit	\$ 2.12	\$ 1.92

	Years Ended December 31,	
	2019	2018
FFO (1): (in thousands)		
Reconciliation of net earnings to FFO measures:		
Net earnings available for common unitholders	\$ 1,613,615	\$ 1,692,313
Add (deduct) NAREIT defined adjustments:		
Real estate related depreciation and amortization	1,102,065	912,781
Gains on real estate transactions, net (excluding development properties and land)	(390,241)	(371,179)
Reconciling items related to noncontrolling interests	(54,855)	(25,806)
Our share of reconciling items included in earnings related to unconsolidated entities	246,078	141,751
NAREIT defined FFO (1)	\$ 2,516,662	\$ 2,349,860
Add (deduct) our modified adjustments:		
Unrealized foreign currency, derivative losses (gains), net	68,971	(120,397)
Deferred income tax benefit	12,221	1,448
Current income tax expense on dispositions related to acquired tax liabilities	-	1,175
Reconciling items related to noncontrolling interests	413	(191)
Our share of reconciling items included in earnings related to unconsolidated entities	(7,529)	(263)
FFO, as modified by Prologis (1)	\$ 2,590,738	\$ 2,231,632
Adjustments to arrive at Core FFO:		
Gains on dispositions of development properties and land, net	(467,577)	(469,817)
Current income tax expense on dispositions	15,069	17,085
Losses on early extinguishment of debt, net	16,126	2,586
Reconciling items related to noncontrolling interests	186	6,183
Our share of reconciling items included in earnings related to unconsolidated entities	9,475	479
Core FFO (1)	\$ 2,164,017	\$ 1,788,148

	December 31,	
	2019	2018
Financial Position (in thousands):		
Net investments in real estate properties	\$ 29,786,752	\$ 29,930,307
Investment in and advances to unconsolidated entities	\$ 6,237,371	\$ 5,745,294
Cash and cash equivalents	\$ 1,088,855	\$ 343,856
Total assets	\$ 40,031,850	\$ 38,417,664
Total debt	\$ 11,905,877	\$ 11,089,815
Total liabilities	\$ 13,960,066	\$ 12,616,776
Noncontrolling interest	\$ 2,775,394	\$ 2,836,469
Total capital	\$ 26,071,784	\$ 25,800,888
Number of common units outstanding	641,730	640,132
Number of Class A common limited partnership units outstanding	8,613	8,849

(1) 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 primarily 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 and 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;
- foreign currency exchange gains and losses resulting from (a) debt transactions between us and our foreign entities, (b) third-party debt that is used to hedge our investment in foreign entities, (c) derivative financial instruments related to any such debt transactions, and (d) mark-to-market adjustments associated with other 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 and 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 and third-party acquisition costs related to the acquisition of 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 (v) evaluate how a specific potential investment will impact our future results.

Limitations on the use of our FFO measures

While we believe our modified FFO measures are important supplemental measures, neither NAREIT's nor our measures of FFO should be used alone because they exclude significant economic components of net earnings computed under GAAP and are, therefore, limited as an analytical tool. Accordingly, these are only a few of the many measures we use when analyzing our business. Some of the limitations are:

- The current income tax expenses and acquisition costs 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 and dispositions or impairment charges related to expected dispositions represent changes in value of the properties. By excluding these gains and losses, FFO does not capture realized changes in the value of 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 that we exclude from our Core FFO, may provide a benefit or cost to us as we may be settling our debt at less or more than our future obligation.
- The natural disaster expenses that we exclude from Core FFO are costs that we have incurred.

We compensate for these limitations by using our FFO measures only in conjunction with net earnings computed under GAAP when making our decisions. This information should be read with our complete Consolidated Financial Statements prepared under GAAP. To assist investors in compensating for these limitations, we reconcile our modified FFO measures to our net earnings computed under GAAP.
