

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, 2015

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  No   
Prologis, L.P. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website; if any, every Interactive Data File required to be submitted and posted 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 and post such files).

Prologis, Inc. Yes  No   
Prologis, L.P. Yes  No

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

Prologis, Inc.:  
Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company   
(Do not check if a smaller reporting company)

Prologis, L.P.:  
Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company   
(Do not check if a smaller reporting company)

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  No   
Prologis, L.P. Yes  No

The number of shares of Prologis, Inc.'s common stock outstanding as of April 27, 2015, was approximately 524,047,000.

## EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the period ended March 31, 2015, 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” mean Prologis, L.P., and its consolidated subsidiaries. The terms “the Company,” “Prologis,” “we,” “our” or “us” means Prologis, Inc. and the Operating Partnership collectively.

Prologis, Inc. is a real estate investment trust (a “REIT”) and the general partner of the Operating Partnership. At March 31, 2015, Prologis, Inc. owned an approximate 99.62% common general partnership interest in the Operating Partnership and 100% of the preferred units in the Operating Partnership. The remaining approximate 0.38% common limited partnership interests are owned by non-affiliated investors and certain current and former directors and officers of Prologis, Inc. As the sole general partner of the Operating Partnership, Prologis, Inc. has full, exclusive and complete responsibility and discretion in the day-to-day management and control of the Operating Partnership.

We operate Prologis, Inc. and the Operating Partnership as one enterprise. The management of Prologis, Inc. consists of the same members as the management of the Operating Partnership. These members are officers of Prologis, Inc. and employees of the Operating Partnership or one of its subsidiaries. As general partner with control of the Operating Partnership, Prologis, Inc. consolidates the Operating Partnership for financial reporting purposes. Since the only significant asset of Prologis, Inc. is its investment in the Operating Partnership, the assets and liabilities of Prologis, Inc. and the Operating Partnership are the same on their respective financial statements.

We believe combining the quarterly reports on Form 10-Q of Prologis, Inc. and the Operating Partnership into this single report results in the following benefits:

- enhances investors’ understanding of Prologis, Inc. and the Operating Partnership 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 since a substantial portion of the Company’s disclosure applies to both Prologis, Inc. and the Operating Partnership; and
- creates time and cost efficiencies through the preparation of one combined report instead of two separate reports.

We believe it is important to understand the few differences between Prologis, Inc. and the Operating Partnership in the context of how we operate the Company. Prologis, Inc. does not conduct business itself, other than acting as the sole general partner of the Operating Partnership and issuing public equity from time to time. Prologis, Inc. itself does not incur any indebtedness, but guarantees the unsecured debt of the Operating Partnership. The Operating Partnership holds substantially all the assets of the business, directly or indirectly, and holds the ownership interests in the Company’s investment in certain entities. The Operating Partnership 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 Prologis, Inc., which are contributed to the Operating Partnership in exchange for partnership units, the Operating Partnership generates capital required by the business through the Operating Partnership’s operations, incurrence of indebtedness and issuance of partnership units to third parties.

Noncontrolling interests, stockholders’ equity and partners’ capital are the main areas of difference between the consolidated financial statements of Prologis, Inc. and those of the Operating Partnership. The noncontrolling interests in the Operating Partnership’s financial statements include the interests in consolidated entities not owned by the Operating Partnership. The noncontrolling interests in Prologis, Inc.’s financial statements include the same noncontrolling interests at the Operating Partnership level, as well as the common limited partnership interests in the Operating Partnership, not owned by Prologis, Inc., which are accounted for as partners’ capital by the Operating Partnership.

In order to highlight the differences between Prologis, Inc. and the Operating Partnership, there are separate sections in this report, as applicable, that separately discuss Prologis, Inc. and the Operating Partnership, including separate financial statements and separate Exhibit 31 and 32 certifications. In the sections that combine disclosure of Prologis, Inc. and the Operating Partnership, this report refers to actions or holdings as being actions or holdings of Prologis.

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PROLOGIS

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

	March 31, 2015 (Unaudited)	December 31, 2014
<b>ASSETS</b>		
Investments in real estate properties	\$ 21,800,499	\$ 22,190,145
Less accumulated depreciation	2,877,478	2,790,781
Net investments in real estate properties	18,923,021	19,399,364
Investments in and advances to unconsolidated entities	4,559,721	4,824,724
Assets held for sale	337,229	43,934
Note receivable backed by real estate	197,500	-
Net investments in real estate	24,017,471	24,268,022
Cash and cash equivalents	192,013	350,692
Other assets	1,251,337	1,199,509
<b>Total assets</b>	<b>\$ 25,460,821</b>	<b>\$ 25,818,223</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities:</b>		
Debt	\$ 8,641,421	\$ 9,380,199
Accounts payable and accrued expenses	459,845	627,999
Other liabilities	566,748	626,426
<b>Total liabilities</b>	<b>9,668,014</b>	<b>10,634,624</b>
<b>Equity:</b>		
Prologis, Inc. stockholders' equity:		
Series Q preferred stock at stated liquidation preference of \$50 per share; \$0.01 par value; 1,565 shares issued and outstanding and 100,000 preferred shares authorized at March 31, 2015 and December 31, 2014	78,235	78,235
Common stock; \$0.01 par value; 524,037 shares and 509,498 shares issued and outstanding at March 31, 2015 and December 31, 2014, respectively	5,240	5,095
Additional paid-in capital	19,052,562	18,467,009
Accumulated other comprehensive loss	(701,713)	(600,337)
Distributions in excess of net earnings	(3,819,351)	(3,974,493)
Total Prologis, Inc. stockholders' equity	14,614,973	13,975,509
Noncontrolling interests	1,177,834	1,208,090
Total equity	15,792,807	15,183,599
<b>Total liabilities and equity</b>	<b>\$ 25,460,821</b>	<b>\$ 25,818,223</b>

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

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

	Three Months Ended	
	March 31,	
	2015	2014
<b>Revenues:</b>		
Rental income	\$ 324,547	\$ 300,878
Rental recoveries	94,255	87,362
Strategic capital income	42,025	45,310
Development management and other income	2,020	1,132
Total revenues	<u>462,847</u>	<u>434,682</u>
<b>Expenses:</b>		
Rental expenses	126,934	110,517
Strategic capital expenses	20,361	24,163
General and administrative expenses	56,288	63,203
Depreciation and amortization	169,808	160,280
Other expenses	5,575	5,053
Total expenses	<u>378,966</u>	<u>363,216</u>
<b>Operating income</b>	<b>83,881</b>	<b>71,466</b>
<b>Other income (expense):</b>		
Earnings from unconsolidated entities, net	31,042	29,746
Interest expense	(68,761)	(85,523)
Interest and other income, net	11,049	14,050
Gains on dispositions of investments in real estate, net	277,715	17,055
Foreign currency and derivative gains (losses) and related amortization, net	34,566	(28,184)
Gains (losses) on early extinguishment of debt, net	(16,289)	273
Total other income (expense)	<u>269,322</u>	<u>(52,583)</u>
<b>Earnings before income taxes</b>	<b>353,203</b>	<b>18,883</b>
Current income tax expense	839	5,848
Deferred income tax expense	1,052	1,032
Total income tax expense	<u>1,891</u>	<u>6,880</u>
<b>Consolidated net earnings</b>	<b>351,312</b>	<b>12,003</b>
Net earnings attributable to noncontrolling interests	(4,436)	(5,202)
<b>Net earnings attributable to controlling interests</b>	<b>346,876</b>	<b>6,801</b>
Less preferred stock dividends	1,670	2,135
<b>Net earnings attributable to common stockholders</b>	<b>\$ 345,206</b>	<b>\$ 4,666</b>
Weighted average common shares outstanding - Basic	514,022	498,696
Weighted average common shares outstanding - Diluted	<u>529,022</u>	<u>504,373</u>
<b>Net earnings per share attributable to common stockholders - Basic</b>	<b>\$ 0.67</b>	<b>\$ 0.01</b>
<b>Net earnings per share attributable to common stockholders - Diluted</b>	<b>\$ 0.65</b>	<b>\$ 0.01</b>
<b>Dividends per common share</b>	<b>\$ 0.36</b>	<b>\$ 0.33</b>

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

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

	Three Months Ended March 31,	
	2015	2014
Consolidated net earnings	\$ 351,312	\$ 12,003
Other comprehensive income (loss):		
Foreign currency translation losses, net	(124,279)	(4,723)
Unrealized gains (losses) and amortization on derivative contracts, net	3,809	(1,261)
Comprehensive income	230,842	6,019
Net earnings attributable to noncontrolling interests	(4,436)	(5,202)
Other comprehensive loss (income) attributable to noncontrolling interest	19,094	(2,935)
<b>Comprehensive income (loss) attributable to common stockholders</b>	<b>\$ 245,500</b>	<b>\$ (2,118)</b>

**PROLOGIS, INC.**  
**CONSOLIDATED STATEMENT OF EQUITY**  
Three Months Ended March 31, 2015  
(Unaudited)  
(In thousands)

	Common Stock			Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Distributions in Excess of Net Earnings	Non- controlling interests	Total Equity
	Preferred Stock	Number of Shares	Par Value					
Balance at January 1, 2015	\$ 78,235	509,498	\$ 5,095	\$ 18,467,009	\$ (600,337)	\$ (3,974,493)	\$ 1,208,090	\$ 15,183,599
Consolidated net earnings	-	-	-	-	-	346,876	4,436	351,312
Effect of equity compensation plans	-	1,000	10	4,965	-	-	11,939	16,914
Issuance of stock in at-the-market program, net of issuance costs	-	1,662	16	71,762	-	-	-	71,778
Issuance of stock upon conversion of exchangeable debt	-	11,872	119	502,613	-	-	-	502,732
Capital contributions	-	-	-	-	-	-	229	229
Foreign currency translation losses, net	-	-	-	-	(105,170)	-	(19,109)	(124,279)
Unrealized gains and amortization on derivative contracts, net	-	-	-	-	3,794	-	15	3,809
Distributions, allocations and other	-	5	-	6,213	-	(191,734)	(27,766)	(213,287)
<b>Balance at March 31, 2015</b>	<b>\$ 78,235</b>	<b>524,037</b>	<b>\$ 5,240</b>	<b>\$ 19,052,562</b>	<b>\$ (701,713)</b>	<b>\$ (3,819,351)</b>	<b>\$ 1,177,834</b>	<b>\$ 15,792,807</b>

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,	
	2015	2014
<b>Operating activities:</b>		
Consolidated net earnings	\$ 351,312	\$ 12,003
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Straight-lined rents	(10,685)	(13,066)
Equity-based compensation awards	13,234	15,238
Depreciation and amortization	169,808	160,280
Earnings from unconsolidated entities, net	(31,042)	(29,746)
Distributions and net changes in operating receivables from unconsolidated entities	24,716	26,025
Amortization of debt and lease intangibles	(566)	5,326
Gains on dispositions of investments in real estate, net	(277,715)	(17,055)
Losses (gains) on early extinguishment of debt, net	16,289	(273)
Unrealized foreign currency and derivative losses (gains) and related amortization, net	(32,860)	27,828
Deferred income tax expense	1,052	1,032
Increase in accounts receivable and other assets	(28,673)	(54,819)
Decrease in accounts payable and accrued expenses and other liabilities	(113,338)	(60,530)
Net cash provided by operating activities	<u>81,532</u>	<u>72,243</u>
<b>Investing activities:</b>		
Real estate development activity	(335,959)	(244,268)
Real estate acquisitions	(68,844)	(77,307)
Tenant improvements and lease commissions on previously leased space	(30,800)	(33,346)
Non-development capital expenditures	(11,602)	(7,576)
Proceeds from dispositions and contributions of real estate properties	325,830	81,231
Investments in and advances to unconsolidated entities	(123,689)	(328,321)
Return of investment from unconsolidated entities	34,849	92,460
Proceeds from repayment of note receivable	9,866	-
Net cash used in investing activities	<u>(200,349)</u>	<u>(517,127)</u>
<b>Financing activities:</b>		
Proceeds from issuance of common stock	82,068	7,465
Dividends paid on common and preferred stock	(190,585)	(168,241)
Noncontrolling interest contributions	-	452,327
Noncontrolling interest distributions	(22,028)	(1,171)
Debt and equity issuance costs paid	(2,892)	(5,659)
Net proceeds from (payments on) credit facilities	66,639	(607,496)
Repurchase and payments of debt	(313,005)	(710,400)
Proceeds from issuance of debt	347,850	1,165,359
Net cash provided by (used in) financing activities	<u>(31,953)</u>	<u>132,184</u>
Effect of foreign currency exchange rate changes on cash	(7,909)	10,457
Net decrease in cash and cash equivalents	(158,679)	(302,243)
Cash and cash equivalents, beginning of period	350,692	491,129
Cash and cash equivalents, end of period	<u>\$ 192,013</u>	<u>\$ 188,886</u>

See Note 14 for information on non-cash 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, 2015 (Unaudited)	December 31, 2014
<b>ASSETS</b>		
Investments in real estate properties	\$ 21,800,499	\$ 22,190,145
Less accumulated depreciation	2,877,478	2,790,781
Net investments in real estate properties	18,923,021	19,399,364
Investments in and advances to unconsolidated entities	4,559,721	4,824,724
Assets held for sale	337,229	43,934
Note receivable backed by real estate	197,500	-
Net investments in real estate	24,017,471	24,268,022
Cash and cash equivalents	192,013	350,692
Other assets	1,251,337	1,199,509
<b>Total assets</b>	<b>\$ 25,460,821</b>	<b>\$ 25,818,223</b>
<b>LIABILITIES AND CAPITAL</b>		
<b>Liabilities:</b>		
Debt	\$ 8,641,421	\$ 9,380,199
Accounts payable and accrued expenses	459,845	627,999
Other liabilities	566,748	626,426
<b>Total liabilities</b>	<b>9,668,014</b>	<b>10,634,624</b>
<b>Capital:</b>		
Partners' capital:		
General partner - preferred	78,235	78,235
General partner - common	14,536,738	13,897,274
Limited partners	55,833	48,189
Total partners' capital	14,670,806	14,023,698
Noncontrolling interests	1,122,001	1,159,901
Total capital	15,792,807	15,183,599
<b>Total liabilities and capital</b>	<b>\$ 25,460,821</b>	<b>\$ 25,818,223</b>

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

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

	Three Months Ended March 31,	
	2015	2014
<b>Revenues:</b>		
Rental income	\$ 324,547	\$ 300,878
Rental recoveries	94,255	87,362
Strategic capital income	42,025	45,310
Development management and other income	2,020	1,132
Total revenues	<u>462,847</u>	<u>434,682</u>
<b>Expenses:</b>		
Rental expenses	126,934	110,517
Strategic capital expenses	20,361	24,163
General and administrative expenses	56,288	63,203
Depreciation and amortization	169,808	160,280
Other expenses	5,575	5,053
Total expenses	<u>378,966</u>	<u>363,216</u>
<b>Operating income</b>	83,881	71,466
<b>Other income (expense):</b>		
Earnings from unconsolidated entities, net	31,042	29,746
Interest expense	(68,761)	(85,523)
Interest and other income, net	11,049	14,050
Gains on dispositions of investments in real estate, net	277,715	17,055
Foreign currency and derivative gains (losses) and related amortization, net	34,566	(28,184)
Gains (losses) on early extinguishment of debt, net	(16,289)	273
Total other income (expense)	<u>269,322</u>	<u>(52,583)</u>
<b>Earnings before income taxes</b>	353,203	18,883
Current income tax expense	839	5,848
Deferred income tax expense	1,052	1,032
Total income tax expense	<u>1,891</u>	<u>6,880</u>
<b>Consolidated net earnings</b>	351,312	12,003
Net earnings attributable to noncontrolling interests	(3,154)	(5,185)
<b>Net earnings attributable to controlling interests</b>	348,158	6,818
Less preferred unit distributions	1,670	2,135
<b>Net earnings attributable to common unitholders</b>	<u>\$ 346,488</u>	<u>\$ 4,683</u>
Weighted average common shares outstanding - Basic	515,931	500,463
Weighted average common shares outstanding - Diluted	<u>529,022</u>	<u>504,373</u>
<b>Net earnings per share attributable to common unitholders - Basic</b>	<u>\$ 0.67</u>	<u>\$ 0.01</u>
<b>Net earnings per share attributable to common unitholders - Diluted</b>	<u>\$ 0.65</u>	<u>\$ 0.01</u>
<b>Dividends per common unit</b>	<u>\$ 0.36</u>	<u>\$ 0.33</u>

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

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

	Three Months Ended March 31,	
	2015	2014
Consolidated net earnings	\$ 351,312	\$ 12,003
Other comprehensive income (loss):		
Foreign currency translation losses, net	(124,279)	(4,723)
Unrealized gains (losses) and amortization on derivative contracts, net	3,809	(1,261)
Comprehensive income	230,842	6,019
Net earnings attributable to noncontrolling interests	(3,154)	(5,185)
Other comprehensive loss (income) attributable to noncontrolling interest	18,705	(2,966)
<b>Comprehensive income (loss) attributable to common stockholders</b>	<b>\$ 246,393</b>	<b>\$ (2,132)</b>

**PROLOGIS, L.P.**  
**CONSOLIDATED STATEMENT OF CAPITAL**  
Three Months Ended March 31, 2015  
(Unaudited)  
(In thousands)

	General Partner				Limited Partners		Non- controlling interests	Total
	Preferred		Common		Common			
	Units	Amount	Units	Amount	Units	Amount		
Balance at January 1, 2015	1,565	\$ 78,235	509,498	\$ 13,897,274	1,767	\$ 48,189	\$ 1,159,901	\$ 15,183,599
Consolidated net earnings	-	-	-	346,876	-	1,282	3,154	351,312
Effect of equity compensation plans	-	-	1,000	4,975	251	11,939	-	16,914
Issuance of units in exchange for contribution of at-the-market offering proceeds	-	-	1,662	71,778	-	-	-	71,778
Issuance of stock upon conversion of exchangeable debt	-	-	11,872	502,732	-	-	-	502,732
Capital contributions	-	-	-	-	-	-	229	229
Foreign currency translation losses, net	-	-	-	(105,170)	-	(404)	(18,705)	(124,279)
Unrealized gains and amortization on derivative contracts, net	-	-	-	3,794	-	15	-	3,809
Distributions, allocations and other	-	-	5	(185,521)	(5)	(5,188)	(22,578)	(213,287)
<b>Balance at March 31, 2015</b>	<b>1,565</b>	<b>\$ 78,235</b>	<b>524,037</b>	<b>\$ 14,536,738</b>	<b>2,013</b>	<b>\$ 55,833</b>	<b>\$ 1,122,001</b>	<b>\$ 15,792,807</b>

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,	
	2015	2014
<b>Operating activities:</b>		
Consolidated net earnings	\$ 351,312	\$ 12,003
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Straight-lined rents	(10,685)	(13,066)
Equity-based compensation awards	13,234	15,238
Depreciation and amortization	169,808	160,280
Earnings from unconsolidated entities, net	(31,042)	(29,746)
Distributions and net changes in operating receivables from unconsolidated entities	24,716	26,025
Amortization of debt and lease intangibles	(566)	5,326
Gains on dispositions of investments in real estate, net	(277,715)	(17,055)
Losses (gains) on early extinguishment of debt, net	16,289	(273)
Unrealized foreign currency and derivative losses (gains) and related amortization, net	(32,860)	27,828
Deferred income tax expense	1,052	1,032
Increase in accounts receivable and other assets	(28,673)	(54,819)
Decrease in accounts payable and accrued expenses and other liabilities	(113,338)	(60,530)
Net cash provided by operating activities	<u>81,532</u>	<u>72,243</u>
<b>Investing activities:</b>		
Real estate development activity	(335,959)	(244,268)
Real estate acquisitions	(68,844)	(77,307)
Tenant improvements and lease commissions on previously leased space	(30,800)	(33,346)
Non-development capital expenditures	(11,602)	(7,576)
Proceeds from dispositions and contributions of real estate properties	325,830	81,231
Investments in and advances to unconsolidated entities	(123,689)	(328,321)
Return of investment from unconsolidated entities	34,849	92,460
Proceeds from repayment of note receivable	9,866	-
Net cash used in investing activities	<u>(200,349)</u>	<u>(517,127)</u>
<b>Financing activities:</b>		
Proceeds from issuance of common partnership units in exchange for contributions from Prologis, Inc.	82,068	7,465
Distributions paid on common and preferred units	(191,735)	(168,824)
Noncontrolling interest contributions	-	452,327
Noncontrolling interest distributions	(20,878)	(588)
Debt and equity issuance costs paid	(2,892)	(5,659)
Net proceeds from (payments on) credit facilities	66,639	(607,496)
Repurchase and payments of debt	(313,005)	(710,400)
Proceeds from issuance of debt	347,850	1,165,359
Net cash provided by (used in) financing activities	<u>(31,953)</u>	<u>132,184</u>
Effect of foreign currency exchange rate changes on cash	(7,909)	10,457
Net increase (decrease) in cash and cash equivalents	(158,679)	(302,243)
Cash and cash equivalents, beginning of period	350,692	491,129
Cash and cash equivalents, end of period	<u>\$ 192,013</u>	<u>\$ 188,886</u>

See Note 14 for information on non-cash 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 CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)

**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”). Through the Operating Partnership, we are engaged in the ownership, acquisition, development and operation of industrial properties in global and regional markets throughout the Americas, Europe and Asia. Our current business strategy is comprised of two operating business segments: Real Estate Operations and Strategic Capital. Our Real Estate Operations segment represents the ownership of industrial properties. Our Strategic Capital segment represents the management of co-investment ventures and other unconsolidated entities. See Note 13 for further discussion of our business segments. Unless otherwise indicated, the notes to the Consolidated Financial Statements apply to both the Parent and the Operating Partnership. The terms “the Company,” “Prologis,” “we,” “our” or “us” means the Parent and Operating Partnership collectively.

For each share of common stock or preferred stock the Parent issues, the Operating Partnership issues a corresponding common or preferred partnership unit, as applicable, to the Parent in exchange for the contribution of the proceeds from the stock issuance. At March 31, 2015, the Parent owned an approximate 99.62% common general partnership interest in the Operating Partnership, and 100% of the preferred units in the Operating Partnership. The remaining approximate 0.38% common limited partnership interests are owned by non-affiliated investors and certain current and former directors and officers of the Parent. As the sole general partner of the Operating Partnership, the Parent has full, exclusive and complete responsibility and discretion in the day-to-day management and control of the Operating Partnership.

We operate the Parent and the Operating Partnership as one enterprise. The management of the Parent consists of the same members as the management of the Operating Partnership. These members are officers of the Parent and employees of the Operating Partnership or one of its subsidiaries. As general partner with control of the Operating Partnership, the Parent consolidates the Operating Partnership. Since the Parent’s only significant asset is its investment in the Operating Partnership, the assets and liabilities of the Parent and the Operating Partnership are the same on their respective financial statements.

**Basis of Presentation.** The accompanying Consolidated Financial Statements are prepared in accordance with United States generally accepted accounting principles (“GAAP”) and are presented in our reporting currency, the U.S. dollar. 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 footnote disclosures normally included in 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 Operating Partnership 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 the 2014 Consolidated Financial Statements as previously filed with the SEC on Form 10-K and other public information.

**Recent Accounting Pronouncements.** In April 2015, the Financial Accounting Standards Board (the “FASB”) issued an accounting standard update that requires the presentation of debt issuance costs in the balance sheet as a deduction from the carrying amount of the related debt liability instead of a deferred charge. It is effective for annual reporting periods beginning after December 15, 2015, but early adoption is permitted. At March 31, 2015, we had \$50.1 million of debt issuance costs in *Other Assets* in the Consolidated Balance Sheets that would be subject to the reclassification.

In February 2015, the FASB issued an accounting standard update that amends the consolidation requirements in existing GAAP. Under the update, all entities, including limited partnerships and similar legal entities, are now within the scope of consolidation guidance, unless a scope exception applies. The presumption that a general partner controls a limited partnership has been eliminated. In addition, fees paid to decision makers that meet certain conditions no longer cause the decision makers to consolidate variable interest entities (“VIEs”). It is effective for annual reporting periods beginning after December 15, 2015, but early adoption is permitted and allows for either a full retrospective or a modified retrospective adoption approach. We are currently evaluating the impact the adoption of this standard will have on the Consolidated Financial Statements.

In May 2014, the FASB issued an accounting standard update that requires companies to use a five step model to determine when to recognize revenue from customer contracts in an effort to increase consistency and comparability throughout global capital markets and across industries. Under the model, a company will identify the contract, identify any separate performance obligations in the contract, determine the transaction price, allocate the transaction price and recognize revenue when the performance obligation is satisfied. In April 2015, the FASB proposed deferring the effective date by one year to December 15, 2017, for annual reporting periods beginning after that date. The FASB also proposed permitting early adoption of the standard, but not before the original effective date of December 15, 2016. We are currently evaluating the impact the adoption of this standard will have on the Consolidated Financial Statements.

**2. Business Combinations**

*Acquisition of a Controlling Interest in Prologis North American Industrial Fund (“NAIF”)*

During 2014, we increased our ownership in NAIF from 23.1% to 66.1% by acquiring the equity units from all but one partner for an aggregate of \$679.0 million. This included the acquisition of \$46.8 million on October 20, 2014, that resulted in our gaining control over NAIF, based on the rights of the limited partners, and therefore we began consolidating NAIF as of that date.

The total purchase price was \$1.1 billion, which included our investment in NAIF at the time of consolidation. The allocation of the purchase price required a significant amount of judgment and was based on our valuation, estimates and assumptions of the acquisition date fair value of the tangible and intangible assets acquired and liabilities assumed, for which we used external valuations as appropriate. While the current allocation of the purchase price is substantially complete, the valuation of the real estate properties is still being finalized. We do not expect future revisions, if any, to have a significant impact on our financial position or results of operations.

The allocation of the purchase price was as follows (in thousands):

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

Investments in real estate properties	\$	2,770,191
Cash, accounts receivable and other assets		132,261
Debt		(1,195,213 )
Accounts payable, accrued expenses and other liabilities		(70,226 )
Noncontrolling interests		(554,493 )
<b>Total purchase price</b>	<b>\$</b>	<b>1,082,520</b>

**3. Real Estate**

Investments in real estate properties are presented at cost, and consisted of the following (dollars and square feet in thousands):

	Square Feet / Acres (1)		No. of Buildings (1)		March 31, 2015	December 31, 2014
	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014		
	Industrial operating properties:					
Improved land	--	--	--	--	\$ 4,146,591	\$ 4,227,637
Buildings and improvements	282,541	282,282	1,581	1,607	14,145,002	14,407,815
Development portfolio, including land costs:						
Pre-stabilized	8,875	7,448	27	24	670,588	547,982
Properties under development	21,043	22,844	51	55	781,678	925,998
Land	8,939	9,017	--	--	1,535,622	1,577,786
Other real estate investments (2)	--	--	--	--	521,018	502,927
Total investments in real estate properties					21,800,499	22,190,145
Less accumulated depreciation					2,877,478	2,790,781
<b>Net investments in real estate properties</b>					<b>\$ 18,923,021</b>	<b>\$ 19,399,364</b>

(1) Items indicated by '-' are not applicable.

(2) Included in other real estate investments are: (i) certain non-industrial real estate; (ii) our corporate office buildings; (iii) certain infrastructure costs related to projects we are developing on behalf of others; (iv) land parcels that are ground leased to third parties; (v) earnest money deposits associated with potential acquisitions and (vi) costs related to future development projects, including purchase options on land.

*Dispositions*

Real estate disposition activity for the three months ended March 31 was as follows (dollars and square feet in thousands):

	2015	2014
<b>Continuing Operations</b>		
<b>Contributions to unconsolidated co-investment ventures</b>		
Number of properties	3	-
Square feet	507	-
Net proceeds	\$ 29,068	\$ -
Net gains on contributions	\$ 2,358	\$ -
<b>Dispositions to third parties</b>		
Number of properties	34	5
Square feet	2,693	715
Net proceeds (1)	\$ 495,629	\$ 81,231
Net gains on dispositions (1)	\$ 275,357	\$ 17,055

(1) Dispositions to third parties include land sales.

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

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 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, which are accounted for using the equity method of accounting. See Note 9 for more detail regarding our consolidated investments.

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

Our investments in and advances to our unconsolidated entities are summarized below (in thousands):

	March 31, 2015	December 31, 2014
Unconsolidated co-investment ventures	\$ 4,381,650	\$ 4,665,918
Other ventures	178,071	158,806
<b>Totals</b>	<b>\$ 4,559,721</b>	<b>\$ 4,824,724</b>

*Unconsolidated Co-Investment Ventures*

The amounts recognized in *Strategic Capital Income* and *Earnings from Unconsolidated Entities, Net* in the Consolidated Statements of Operations depend on the size, operations of the co-investment ventures and fluctuations in foreign currency rates. Our ownership interest in these ventures also impacts the equity in earnings we recognize. The co-investment venture information represents the venture's information (not our proportionate share) prepared on a GAAP basis. The following tables are summarized information of the unconsolidated co-investment ventures:

*(dollars and square feet in millions)*

	March 31, 2015	December 31, 2014	March 31, 2014
<b>Americas:</b>			
Number of ventures	3	3	4
Number of properties owned	592	590	712
Square feet	87.6	87.1	109.2
Total assets	\$ 6,889	\$ 7,063	\$ 8,074
Third-party debt	\$ 2,255	\$ 2,280	\$ 2,961
Total liabilities	\$ 2,386	\$ 2,421	\$ 3,111
Our investment balance (1)	\$ 1,502	\$ 1,537	\$ 1,225
Our weighted average ownership (3)	31.0%	31.0%	23.3%
<b>Europe:</b>			
Number of ventures	4	4	4
Number of properties owned	655	636	585
Square feet	150.2	147.4	136.6
Total assets	\$ 10,502	\$ 11,463	\$ 12,119
Third-party debt	\$ 2,371	\$ 2,644	\$ 2,685
Total liabilities	\$ 3,218	\$ 3,524	\$ 3,819
Our investment balance (1)	\$ 2,531	\$ 2,773	\$ 2,944
Our weighted average ownership (3)	38.7%	38.8%	38.9%
<b>Asia:</b>			
Number of ventures	2	2	2
Number of properties owned	53	52	45
Square feet	26.4	26.2	23.3
Total assets	\$ 4,144	\$ 4,135	\$ 4,048
Third-party debt	\$ 1,671	\$ 1,652	\$ 1,738
Total liabilities	\$ 1,864	\$ 1,749	\$ 1,911
Our investment balance (1) (2)	\$ 349	\$ 356	\$ 344
Our weighted average ownership (3)	15.0%	15.0%	15.0%
<b>Total:</b>			
Number of ventures	9	9	10
Number of properties owned	1,300	1,278	1,342
Square feet	264.2	260.7	269.1
Total assets	\$ 21,535	\$ 22,661	\$ 24,241
Third-party debt	\$ 6,297	\$ 6,576	\$ 7,384
Total liabilities	\$ 7,468	\$ 7,694	\$ 8,841
Our investment balance (1)	\$ 4,382	\$ 4,666	\$ 4,513
Our weighted average ownership (3)	31.8%	32.0%	29.4%

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

<i>For the three months ended (in thousands)</i>	<b>March 31, 2015</b>	<b>March 31, 2014</b>
<b>Americas (4):</b>		
Revenues	\$ 150,014	\$ 168,236
Net operating income	\$ 112,083	\$ 119,235
Net earnings (loss)	\$ 15,900	\$ 2,174
<b>Europe:</b>		
Revenues	\$ 234,713	\$ 246,696
Net operating income	\$ 180,832	\$ 196,081
Net earnings (loss)	\$ 50,959	\$ 62,667
<b>Asia:</b>		
Revenues	\$ 67,918	\$ 68,488
Net operating income	\$ 53,234	\$ 53,617
Net earnings (loss)	\$ 23,390	\$ 21,995
<b>Total:</b>		
<b>Revenues</b>	<b>\$ 452,645</b>	<b>\$ 483,420</b>
<b>Net operating income</b>	<b>\$ 346,149</b>	<b>\$ 368,933</b>
<b>Net earnings (loss)</b>	<b>\$ 90,249</b>	<b>\$ 86,836</b>

- (1) The difference between our ownership interest of the venture's equity and our investment balance results principally from three types of transactions: (i) deferring a portion of the gains we recognize from a contribution of a property to the venture; (ii) recording additional costs associated with our investment in the venture; and (iii) advances to the venture.
- (2) At March 31, 2015 and December 31, 2014, we had receivables from Nippon Prologis REIT, Inc. ("NPR") of \$85.5 million and \$85.9 million, respectively, related to customer security deposits that are made through a leasing company owned by Prologis that pertain to properties owned by NPR. There is a corresponding payable to NPR's customers in *Other Liabilities* in the Consolidated Balance Sheets.
- (3) Represents our weighted average ownership interest in all co-investment ventures based on each entity's contribution to total assets, before depreciation, net of other liabilities.
- (4) We formed and invested in FIBRA Prologis, a Mexican REIT, in June 2014. In connection with the transaction, we concluded our unconsolidated co-investment venture in Mexico. As discussed in Note 2, we began consolidating NAIF in October 2014.

Summarized information regarding the amounts we recognized in the Consolidated Statements of Operations as our share of the earnings from our investments in unconsolidated co-investment ventures for the three months ended March 31 was as follows (in thousands):

	<b>2015</b>	<b>2014</b>
<b>Earnings (loss) from unconsolidated co-investment ventures:</b>		
Americas	\$ 4,798	\$ (329 )
Europe	21,508	25,495
Asia	3,930	3,665
<b>Total earnings from unconsolidated co-investment ventures, net</b>	<b>\$ 30,236</b>	<b>\$ 28,831</b>
<b>Strategic capital and other income:</b>		
Americas	\$ 14,361	\$ 14,325
Europe	18,393	21,700
Asia	8,549	8,797
Total strategic capital income	41,303	44,822
Development management and other income	1,640	707
<b>Total strategic capital and other income</b>	<b>\$ 42,943</b>	<b>\$ 45,529</b>

*Equity Commitments Related to Certain Unconsolidated 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 venture may obtain financing for the properties and therefore the acquisition price of additional investments that the venture could make may be more than the equity commitment. Depending on market conditions, the investment objectives of the ventures, our liquidity needs and other factors, we may make additional contributions of properties and/or additional cash investments in these ventures through the remaining commitment period. During the first quarter of 2015, we contributed \$49.1 million of our commitment to Prologis European Logistics Partners for repayment of third-party debt by the venture. We did not enter into any additional equity commitments in the first quarter of 2015.

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

**5. Assets Held for Sale**

We had operating properties that met the criteria to be classified as held for sale at March 31, 2015 and December 31, 2014. These properties are expected to be sold to third parties or contributed to unconsolidated co-investment ventures. The amounts included in held for sale represented real estate investment balances and the related assets and liabilities for each property.

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

	<b>March 31, 2015</b>	<b>December 31, 2014</b>
Number of properties	18	7
Square feet	3,492	457
Total assets held for sale	\$ 337,229	\$ 43,933
Total liabilities associated with assets held for sale – included in <i>Other Liabilities</i>	\$ 8,292	\$ -

**6. Note Receivable Backed by Real Estate**

In February 2015, we issued a \$197.5 million note receivable backed by real estate in connection with the disposition of real estate to a third party. We earn interest at an annual rate of 2.0%. The note and all accrued interest are due in February 2016.

**7. Debt**

All debt is held directly or indirectly by the Operating Partnership. The Parent does not have any indebtedness, but guarantees the unsecured debt of the Operating Partnership. We generally do not guarantee the debt issued by non-wholly owned subsidiaries.

Our debt consisted of the following (dollars in thousands):

	<b>March 31, 2015</b>		<b>December 31, 2014</b>	
	<b>Weighted Average Interest Rate (1)</b>	<b>Amount Outstanding (2)</b>	<b>Weighted Average Interest Rate (1)</b>	<b>Amount Outstanding</b>
Credit facilities	1.1 %	\$ 65,372	-	\$ -
Senior notes	3.6 %	5,731,500	3.6 %	6,076,920
Exchangeable senior notes	-	-	3.3 %	456,766
Secured mortgage debt	6.8 %	751,244	6.1 %	1,050,591
Secured mortgage debt of consolidated entities	2.5 %	1,197,920	2.5 %	1,207,106
Term loans (3)	1.2 %	879,321	1.3 %	572,730
Other debt	6.2 %	16,064	6.2 %	16,086
<b>Totals</b>	<b>3.5 %</b>	<b>\$ 8,641,421</b>	<b>3.6 %</b>	<b>\$ 9,380,199</b>

- (1) The interest rates presented represent the effective interest rates (including amortization of the non-cash premiums or discounts).
- (2) Included in the outstanding balances are borrowings denominated in non-U.S. currency, principally: euro (\$3.1 billion) and Japanese yen (\$0.5 billion).
- (3) At March 31, 2015, we had outstanding borrowings on our euro term loan of \$537.9 million and our Yen term loan was fully drawn.

*Credit Facilities*

We have a global senior credit facility (the “Global Facility”), under which we may draw in U.S. dollars, euro, Japanese yen, British pounds sterling and Canadian dollars on a revolving basis up to \$2.3 billion subject to currency fluctuations, as of March 31, 2015. We also have a ¥45 billion (\$375.5 million at March 31, 2015) Japanese yen revolver (the “Revolver”) with availability to increase to ¥56.5 billion. We refer to the Global Facility and the Revolver, collectively, as our “Credit Facilities.”

Information about our Credit Facilities at March 31, 2015, was as follows (in millions):

Aggregate lender - commitments	\$ 2,658
Less:	
Borrowings outstanding	65
Outstanding letters of credit	32
<b>Current availability</b>	<b>\$ 2,561</b>

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

*Exchangeable Senior Notes*

During March 2015, the holders of the exchangeable notes exchanged \$459.8 million of their notes for 11.9 million shares of the Parent and \$0.2 million of their notes for cash.

The fair value of the derivative associated with the exchangeable debt was a liability of \$51.3 million at December 31, 2014. The fair value of the exchange option was \$43.0 million immediately prior to the exchange in March 2015. When the debt was exchanged into common stock, the value of the derivative associated with the debt was reclassified to *Additional Paid-In Capital* in the Consolidated Balance Sheets. We recognized an unrealized gain due to the change in fair value of the derivative of \$8.3 million and a loss of \$22.8 million for the three months ended March 31, 2015 and 2014, respectively, in *Foreign Currency and Derivative Gains (Losses) and Related Amortization, Net* in the Consolidated Statements of Operations.

*Long-Term Debt Maturities*

Principal payments due on our debt, for the remainder of 2015 and for each of the years in the period ending December 31, 2024, and thereafter were as follows at March 31, 2015 (in millions):

Maturity	Prologis					Consolidated Entities' Debt	Total Consolidated Debt
	Unsecured			Secured Mortgage Debt	Total		
	Credit Facilities	Senior Notes	Term Loans and Other Debt				
2015 (1)	\$ -	\$ -	\$ 1	\$ 19	\$ 20	\$ 112	\$ 132
2016	-	-	1	160	161	447	608
2017 (2)	-	378	539	5	922	206	1,128
2018	65	262	1	111	439	166	605
2019	-	693	1	285	979	1	980
2020	-	1,013	1	6	1,020	188	1,208
2021	-	500	342	11	853	1	854
2022	-	753	1	7	761	1	762
2023	-	850	1	7	858	1	859
2024	-	753	1	129	883	1	884
Thereafter	-	538	6	-	544	4	548
Subtotal	65	5,740	895	740	7,440	1,128	8,568
Unamortized premiums (discounts), net	-	(8)	-	11	3	70	73
<b>Total</b>	<b>\$ 65</b>	<b>\$ 5,732</b>	<b>\$ 895</b>	<b>\$ 751</b>	<b>\$ 7,443</b>	<b>\$ 1,198</b>	<b>\$ 8,641</b>

- (1) We expect to repay the amounts maturing in 2015 related to our wholly owned debt with cash generated from operations, proceeds from the disposition of wholly owned real estate properties and with borrowings on our Credit Facilities.
- (2) Included in our debt is a term loan that can be extended until 2019 (two times each at one year), subject to satisfaction of certain conditions and payment of an extension fee.

*Debt Covenants*

Our debt agreements contain various covenants, including maintenance of specified financial ratios. At March 31, 2015, we were in compliance with all covenants.

*Early Extinguishment of Debt*

During the three months ended March 31, 2015, we repurchased \$286.5 million of secured mortgage debt prior to maturity, resulting in a loss on early extinguishment of debt of \$16.3 million.

**8. Stockholders' Equity of Prologis, Inc. and Partners' Capital of the Operating Partnership**

*Common Stock of Prologis, Inc.*

During the three months ended March 31, 2015, we issued 1.7 million shares of common stock under our at-the-market program ("ATM"), which generated \$71.8 million in net proceeds.

As discussed in Note 7, we issued 11.9 million shares of stock in the Parent in exchange for the settlement of our exchangeable notes in March 2015.

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

**9. 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 exchangeable into shares of the Parent's common stock (or cash), generally at a rate of one share of common stock to one unit. We also consolidate several entities in which we do not own 100% of the equity and the units of the entity are not exchangeable into our common stock.

*Prologis, Inc.*

The noncontrolling interest of the Parent includes the noncontrolling interests presented in the Operating Partnership, as well as the common limited partnership units in the Operating Partnership that are not owned by the Parent.

The following is a summary of the noncontrolling interests and the consolidated entity's total investment in real estate and debt at March 31, 2015 and December 31, 2014 (dollars and units in thousands):

	Our Ownership Percentage		Noncontrolling Interest		Total Investment In Real Estate		Debt	
	2015	2014	2015	2014	2015	2014	2015	2014
Partnerships with exchangeable units (1)	various	various	\$ 70,234	\$ 70,716	\$ 713,562	\$ 711,310	\$ -	\$ -
Prologis North American Industrial Fund	66.1 %	66.1 %	537,996	544,718	2,749,785	2,771,299	1,180,409	1,188,836
Prologis U.S. Logistics Venture	55.0 %	55.0 %	423,401	427,307	1,008,793	1,006,183	-	-
Prologis Brazil Logistics Partners Fund I (2)	50.0 %	50.0 %	56,897	68,533	-	-	-	-
Other consolidated entities	various	various	33,473	48,627	299,446	307,686	17,511	18,269
<b>Prologis, L.P. noncontrolling interests</b>			<b>1,122,001</b>	<b>1,159,901</b>	<b>4,771,586</b>	<b>4,796,478</b>	<b>1,197,920</b>	<b>1,207,105</b>
Limited partners in Prologis, L.P. (3)			55,833	48,189	-	-	-	-
<b>Prologis, Inc. noncontrolling interests</b>			<b>\$ 1,177,834</b>	<b>\$ 1,208,090</b>	<b>\$ 4,771,586</b>	<b>\$ 4,796,478</b>	<b>\$ 1,197,920</b>	<b>\$ 1,207,105</b>

- (1) At March 31, 2015 and December 31, 2014, there were limited partnership units that were exchangeable into cash or, at our option, 1,885 and 1,887 shares, respectively, of the Parent's common stock. All of these outstanding limited partnership units receive quarterly cash distributions equal to the quarterly dividends paid on our common stock pursuant to the terms of the applicable partnership agreements.
- (2) The assets of Prologis Brazil Logistics Partners Fund I are primarily investments in unconsolidated entities of \$131.2 million and \$152.0 million at March 31, 2015 and December 31, 2014, respectively. For additional information on our unconsolidated investments, see Note 4.
- (3) At March 31, 2015 and December 31, 2014, there were limited partnership units in the Operating Partnership that were exchangeable into cash or, at our option, 1,762 and 1,767 shares, respectively, of the Parent's common stock. At March 31, 2015 and December 31, 2014, there were 993 and 113 LTIP Units (as defined in Note 10) outstanding, respectively, associated with our long-term compensation plan that are not exchangeable into the Parent's common stock until they vest. All of these outstanding limited partnership units receive quarterly cash distributions equal to the quarterly distributions paid on our common stock pursuant to the terms of the partnership agreement.

**10. Long-Term Compensation**

At March 31, 2015, we had points awarded under our Outperformance Plan ("OPP") outstanding. We also had restricted stock, restricted stock units ("RSUs"), Operating Partnership units ("LTIP Units"), special outperformance plan type of LTIP Units ("OPP LTIP Units") and stock options outstanding under our incentive plans. See details below.

*OPP*

We granted points under our OPP on February 10, 2015, with a fair value of \$26.5 million as of the date of grant using a Monte Carlo valuation model that assumed a risk free interest rate of 0.86% and an expected volatility of 28%. Such points relate to a three-year performance period that began on January 1, 2015, and will end on December 31, 2017. As of March 31, 2015, we also have OPP points outstanding for the 2013-2015 and 2014-2016 performance periods under the OPP.

*RSUs*

The activity for the three months ended March 31, 2015, with respect to our RSUs, was as follows (awards in thousands):

	Number of Unvested RSUs	Weighted Average Grant-Date Fair Value
Balance at January 1, 2015	2,415	\$ 39.38
Granted	644	
Vested	(947)	
Forfeited	(518)	
<b>Balance at March 31, 2015</b>	<b>1,594</b>	<b>\$ 42.28</b>

In 2014, certain participants in our long-term incentive plan were offered an election to exchange outstanding but unvested full value awards for LTIP Units, which exchange was completed in January 2015. Included in the forfeited unvested RSUs were 0.5 million units that were forfeited upon exchange for unvested LTIP Units per this election.

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

*LTIP Units*

The activity for the three months ended March 31, 2015, was as follows (units in thousands):

	Number of Unvested LTIP Units	Weighted Average
Balance at January 1, 2015	113	\$ 41.43
Granted	1,131	
Vested	(251)	
<b>Balance at March 31, 2015</b>	<b>993</b>	<b>\$ 43.25</b>

During the three months ended March 31, 2015, 0.9 million OPP LTIP Units were forfeited because the OPP performance criteria for the 2012-2014 performance period were not achieved. As of March 31, 2015, there were 1.9 million OPP LTIP Units issued with respect to the 2013-2015 and 2014-2016 performance periods. OPP LTIP Units receive quarterly cash distributions equal to one-tenth of the quarterly distributions paid on our common stock pursuant to the terms of the partnership agreement of the Operating Partnership.

*Stock Options*

We have 4.9 million stock options outstanding and exercisable at March 31, 2015, with a weighted average exercise price of \$35.13. No stock options were granted in 2015.

**11. Earnings Per Common Share / Unit**

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

The following table sets forth the computation of our basic and diluted earnings per share/unit (in thousands, except per share/unit amounts):

	Three Months Ended March 31,	
	2015	2014
<b>Prologis, Inc.</b>		
Net earnings attributable to common stockholders	\$ 345,206	\$ 4,666
Noncontrolling interest attributable to exchangeable limited partnership units	1,650	17
Net loss associated with exchangeable debt assumed exchanged	(1,614)	-
Adjusted net earnings attributable to common stockholders	<u>\$ 345,242</u>	<u>\$ 4,683</u>
Weighted average common shares outstanding - Basic (1)	514,022	498,696
Incremental weighted average effect on exchange of limited partnership units (2)	3,794	1,767
Incremental weighted average effect of equity awards and warrant	2,394	3,910
Incremental weighted average effect on exchange of exchangeable debt (3)	8,812	-
Weighted average common shares outstanding - Diluted (4)	<u>529,022</u>	<u>504,373</u>
<b>Net earnings per share attributable to common stockholders -</b>		
<b>Basic</b>	<b>\$ 0.67</b>	<b>\$ 0.01</b>
<b>Diluted</b>	<b>\$ 0.65</b>	<b>\$ 0.01</b>

	Three Months Ended March 31,	
	2015	2014
<b>Prologis, L.P.</b>		
Net earnings attributable to common unitholders	\$ 346,488	\$ 4,683
Noncontrolling interest attributable to exchangeable limited partnership units	368	-
Net loss associated with exchangeable debt assumed exchanged	(1,614)	-
Adjusted net earnings attributable to common unitholders	<u>\$ 345,242</u>	<u>\$ 4,683</u>
Weighted average common partnership units outstanding - Basic (1)	515,931	500,463
Incremental weighted average effect on exchange of limited partnership units	1,885	-
Incremental weighted average effect of equity awards and warrant of Prologis, Inc.	2,394	3,910
Incremental weighted average effect on exchange of exchangeable debt (3)	8,812	-
Weighted average common partnership units outstanding - Diluted (4)	<u>529,022</u>	<u>504,373</u>
<b>Net earnings per unit attributable to common unitholders -</b>		
<b>Basic</b>	<b>\$ 0.67</b>	<b>\$ 0.01</b>
<b>Diluted</b>	<b>\$ 0.65</b>	<b>\$ 0.01</b>

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

- (1) The increase in shares/units between the periods is primarily due to a warrant Norges Bank Investment Management exercised in December 2014, the ATM program activity in late 2014 and early 2015 and the conversion of exchangeable debt to shares/units in March 2015.
- (2) Earnings allocated to the exchangeable Operating Partnership units not held by the Parent has been included in the numerator and exchangeable Operating Partnership units have been included in the denominator for the purpose of computing diluted earnings per share for all periods since the per share/unit amount is the same. The incremental weighted average exchangeable Operating Partnership units were 1,908 and 1,767 for the three months ended March 31, 2015 and 2014, respectively.
- (3) In March 2015, the exchangeable debt was settled primarily through the issuance of common stock. The adjustment in 2015 assumes the exchange occurred on January 1, 2015.
- (4) Total weighted average potentially dilutive stock awards were 7,391 for the three months ended March 31, 2015. Total weighted average dilutive stock awards and warrants outstanding were 15,546 for the three months ended March 31, 2014. Total weighted average potentially dilutive shares/units from exchangeable debt outstanding were 8,812 and 11,879 for the three months ended March 31, 2015 and 2014, respectively. Total weighted average potentially dilutive limited partnership units outstanding were 1,885 and 1,949 for the three months ended March 31, 2015 and 2014, respectively.

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

**12. Financial Instruments and Fair Value Measurements**

*Derivative Financial Instruments*

In the normal course of business, our operations are exposed to global market risks, including the effect of changes in foreign currency exchange rates and interest rates. To manage these risks, we may enter into various derivative contracts, such as foreign currency contracts to manage foreign currency exposure, and interest rate swaps to manage the effect of interest rate fluctuations. We do not use derivative financial instruments for trading or speculative purposes. All of our derivative financial instruments are customized derivative transactions and are not exchange-traded. Management reviews our hedging program, derivative positions and overall risk management strategy on a regular basis. We only enter into transactions that we believe will be highly effective at offsetting the underlying risk. There have been no significant changes in our policy or strategy from what was previously disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014.

*Foreign Currency*

We primarily manage our foreign currency exposure by borrowing in the currencies in which we invest. In certain circumstances, we may also borrow debt in a currency that is not the same functional currency of the borrowing entity to offset the translation and economic exposures related to our net investment in international subsidiaries. To mitigate the impact to our earnings from the fluctuations in exchange rates, we may designate the debt as a non-derivative financial instrument hedge. We also hedge our investments in certain international subsidiaries using foreign currency derivative contracts (net investment hedges) to offset the translation and economic exposures related to our investments in these subsidiaries by locking in a forward exchange rate at the inception of the hedge. We measure the effectiveness of our net investment hedges and our non-derivative financial instrument hedges by using the changes in forward exchange rates. Under this method, we report all changes in fair value of the non-derivative financial instrument and net investment hedges in equity in the foreign currency translation component of *Accumulated Other Comprehensive Loss ("AOCL")* in the Consolidated Balance Sheets. These amounts offset the translation adjustments on the underlying net assets of our foreign investments, which we also record in *AOCL*. We recognize ineffectiveness, if any, in earnings at the time the ineffectiveness occurred. We did not record any ineffectiveness on our foreign currency derivative contracts during the three months ended March 31, 2015 and 2014.

We may use foreign currency option contracts, including puts, calls and collars to mitigate foreign currency exchange rate risk associated with the translation of our projected net operating income of our international subsidiaries, principally in Europe and Japan. A collar contract combines put and call options into one contract with the purchase of a foreign currency put option, combined with the sale of a foreign currency call option such that there is no cash outlay at execution. This strategy effectively locks in a range around the rate at which net operating earnings of our international subsidiaries will be translated into U.S. dollars. Foreign currency option contracts are not designated as hedges as they do not meet hedge accounting requirements. Changes in the fair value of derivatives not designated in hedging relationships are recorded directly in earnings within the line item *Foreign Currency and Derivative Gains (Losses) and Related Amortization, Net* in the Consolidated Statements of Operations.

*Interest Rate*

Our interest rate risk management strategy is to limit the impact of future interest rate changes on earnings and cash flows as well as to stabilize interest expense and manage our exposure to interest rate movements. We may enter into interest rate swap agreements that allow us to receive variable-rate amounts from a counterparty in exchange for us making fixed-rate payments over the life of the agreement. The effective portion of the gain or loss on the derivative is reported as a component of *AOCL* in the Consolidated Balance Sheets, and reclassified to *Interest Expense* in the Consolidated Statements of Operations over the corresponding period of the hedged item. Ineffectiveness, if any, is recognized in *Interest Expense* at the time the ineffectiveness occurred.

*Summary of Activity*

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

**2015**

	<b>Foreign Currency Contracts</b>												<b>Interest Rate Swaps</b>
	<b>Net Investment Contracts</b>						<b>Forward and Option Contracts (1) (2)</b>						
	€	\$	£	\$	¥	\$	€	\$	£	\$	¥	\$	
Notional amounts at January 1	300	400	238	400	24,136	250	284	354	-	-	-	-	398
New contracts	-	-	-	-	-	-	198	224	126	188	12,740	109	-
Matured or expired contracts	-	-	-	-	-	-	(217)	(265)	(7)	(11)	(1,200)	(10)	-
<b>Notional amounts at March 31</b>	<b>€ 300</b>	<b>\$ 400</b>	<b>£ 238</b>	<b>\$ 400</b>	<b>¥ 24,136</b>	<b>\$ 250</b>	<b>€ 265</b>	<b>\$ 313</b>	<b>£ 119</b>	<b>\$ 177</b>	<b>¥11,540</b>	<b>\$ 99</b>	<b>\$ 398</b>
<b>Weighted Average Forward Rate at March 31</b>		1.33	(\$/€)	1.68	(\$/£)	96.54	(¥/\$)	1.18	(\$/€)	1.49	(\$/£)	117.10	(¥/\$)
<b>Active contracts at March 31</b>		4		3		3		18		15		14	2

**2014**

	<b>Foreign Currency Contracts</b>						<b>Interest Rate Swaps</b>
	<b>Net Investment Contracts</b>						
	€	\$	¥	\$	¥	\$	
Notional amounts at January 1	600	800	24,136	250		71	
New contracts	761	1,040	-	-	-	-	
Matured or expired contracts	(346)	(470)	-	-	-	-	
<b>Notional amounts at March 31</b>	<b>€ 1,015</b>	<b>\$ 1,370</b>	<b>¥ 24,136</b>	<b>\$ 250</b>		<b>\$ 71</b>	

(1) During the three months ended March 31, 2015, we exercised six options and recognized a net gain of approximately \$2.2 million in *Foreign Currency and Derivative Gains (Losses) and Related Amortization, Net* in the Consolidated Statements of Operations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
(Unaudited)

- (2) Included in our British pounds sterling denominated option contracts are eight forward contracts to sell British pounds sterling and buy euros. These forwards have a notional amount of £47.0 million (€62.8 million) and were reported above using a weighted average exchange rate of 1.11 U.S. dollars to the euro.

The following table presents the fair value of our derivative instruments (in thousands):

	March 31, 2015		December 31, 2014	
	Asset	Liability	Asset	Liability
Net investment hedges - euro denominated	\$ 64,454	\$ -	\$ 22,891	\$ -
Net investment hedges - yen denominated	49,542	-	46,934	-
Net investment hedges - pound sterling denominated	46,788	-	29,097	-
Foreign currency options - euro denominated (1)	25,852	-	7,742	-
Foreign currency options - yen denominated (1)	1,129	-	-	-
Foreign currency options - pound sterling denominated (1)	880	1,749	-	-
Interest rate swap hedges	187	-	-	1,395
<b>Total fair value of derivatives</b>	<b>\$ 188,832</b>	<b>\$ 1,749</b>	<b>\$ 106,664</b>	<b>\$ 1,395</b>

- (1) As discussed above, the foreign currency options are not designated as hedges. We recognized gains of \$20.1 million in *Foreign Currency and Derivative Gains and (Losses) and Related Amortization, Net* in the Consolidated Statements of Operations from the change in value of our outstanding foreign currency options for the three months ended March 31, 2015.

The change in *Other Comprehensive Income (Loss)* in the Consolidated Statements of Comprehensive Income (Loss) during the periods presented is due to the translation upon consolidation of the financial statements into U.S. dollars of our consolidated subsidiaries whose functional currency is not the U.S. dollar for which we recorded losses of \$517.6 million and gains of \$17.6 million, respectively, for the three months ended March 31, 2015 and 2014. It also includes the change in fair value for the effective portion of our derivative and non-derivative instruments. The following table presents the gains and losses associated with the change in fair value for the effective portion of our derivative and non-derivative instruments included in *Other Comprehensive Income (Loss)* (in thousands):

	Three Months Ended March 31,	
	2015	2014
Derivative net investment hedges (1)	\$ 63,178	\$ (16,914 )
Interest rate swap hedges (2)	1,582	(1,107 )
Our share of derivatives from unconsolidated co-investment ventures	2,227	-
Total gain (loss) on derivative instruments	66,987	(18,021 )
Non-derivative net investment hedges (3)	330,114	(5,530 )
<b>Total gain (loss) on derivative and non-derivative instruments</b>	<b>\$ 397,101</b>	<b>\$ (23,551 )</b>

- (1) This includes losses of \$6.9 million for the three months ended March 31, 2014, upon the settlement of net investment hedges. No net investment hedges were settled in 2015.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
(Unaudited)

- (2) The amounts reclassified to interest expense for the three months ended March 31, 2015 and 2014, respectively, were not considered significant. We do not expect the amounts to be reclassified to interest expense for the next 12 months to be significant.
- (3) At March 31, 2015 and December 31, 2014, we had €2.4 billion (\$2.6 billion) and €2.5 billion (\$3.0 billion) of debt, net of accrued interest, respectively, designated as non-derivative financial instrument hedges of our net investment in international subsidiaries. We had €102.0 million (\$109.8 million) and €97.6 million (\$118.5 million) of debt, respectively, that was not designated as a non-derivative financial instrument hedge at March 31, 2015 and December 31, 2014. We recognized unrealized gains of \$15.4 million in *Foreign Currency and Derivative Gains (Losses) and Related Amortization, Net* in the Consolidated Statements of Operations on the unhedged portion of our debt during the three months ended March 31, 2015. We did not recognize any gain or loss during the three months ended March 31, 2014.

**Fair Value Measurements**

We have estimated the fair value of our financial instruments using available market information and valuation methodologies we believe to be appropriate for these purposes. Considerable judgment and a high degree of subjectivity are involved in developing these estimates and, accordingly, they are not necessarily indicative of amounts that we would realize upon disposition.

**Fair Value Measurements on a Recurring Basis**

At March 31, 2015 and December 31, 2014, other than the derivatives discussed above and in Note 7, we did not have any significant financial assets or financial liabilities that are measured at fair value on a recurring basis in the Consolidated Financial Statements. We determined the fair value of our derivative instruments using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves, foreign exchange rates, and implied volatilities. We determined the fair values of our interest rate swaps using the market standard methodology of netting the discounted future fixed cash receipts or payments and the discounted expected variable cash payments. We based the variable cash payments on an expectation of future interest rates, or forward curves, derived from observable market interest rate curves. We based the fair values of our net investment hedges upon the change in the spot rate at the end of the period as compared to the strike price at inception.

We incorporate credit valuation adjustments to appropriately reflect both our nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. In adjusting the fair value of our derivative contracts for the effect of nonperformance risk, we have considered the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds, mutual puts and guarantees.

We have determined that the majority of the inputs used to value our derivatives fall within Level 2 of the fair value hierarchy. Although the credit valuation adjustments associated with our derivatives utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by us and our counterparties, we assessed the significance of the impact of the credit valuation adjustments on the overall valuation of our derivative positions and have determined that the credit valuation adjustments are not significant to the overall valuation of our derivatives. As a result, all of our derivatives held at March 31, 2015 and December 31, 2014, were classified as Level 2 of the fair value hierarchy.

**Fair Value Measurements on Non-Recurring Basis**

Assets measured at fair value on a non-recurring basis in the Consolidated Financial Statements consist of real estate assets and investments in and advances to unconsolidated entities that were subject to impairment charges. There were no assets that met these criteria at March 31, 2015 or December 31, 2014.

**Fair Value of Financial Instruments**

At March 31, 2015 and December 31, 2014, our carrying amounts of certain financial instruments, including cash and cash equivalents, restricted cash, accounts and notes receivable, accounts payable and accrued expenses were representative of their fair values due to the short-term nature of these instruments.

At March 31, 2015 and December 31, 2014, we estimated the fair value of our senior notes and exchangeable senior notes based upon quoted market prices for the same (Level 1) or similar (Level 2) issues when current quoted market prices are available, the fair value of our Credit Facilities and term loans by discounting the future cash flows using rates and borrowing spreads currently available to us (Level 3), and the fair value of our secured mortgage debt and assessment bonds that do not have current quoted market prices available by discounting the future cash flows using rates currently available to us for debt with similar terms and maturities (Level 3). The differences in the fair value of our debt from the carrying value in the table below are the result of differences in interest rates and/or borrowing spreads that were available to us at March 31, 2015 and December 31, 2014, as compared with those in effect when the debt was issued or acquired, including reduced borrowing spreads due to our improved credit ratings. The senior notes and many of the issues 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, 2015		December 31, 2014	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Credit Facilities	\$ 65,372	\$ 65,504	\$ -	\$ -
Senior notes	5,731,500	6,301,689	6,076,920	6,593,657
Exchangeable senior notes	-	-	456,766	511,931
Secured mortgage debt	751,244	865,286	1,050,591	1,173,488
Secured mortgage debt of consolidated entities	1,197,920	1,205,481	1,207,106	1,209,271
Term loans and other debt	895,385	900,575	588,816	591,810
<b>Total debt</b>	<b>\$ 8,641,421</b>	<b>\$ 9,338,535</b>	<b>\$ 9,380,199</b>	<b>\$ 10,080,157</b>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
(Unaudited)

## 13. 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 represents the ownership of industrial operating properties and is the main source of our revenue and earnings. We collect rent from our customers through operating leases, including reimbursements for the majority of our operating costs. Each operating property is considered to be an individual operating segment having similar economic characteristics that are combined within the reportable segment based upon geographic location. Our Real Estate Operations segment also includes development, re-development and acquisition activities that lead to rental operations. We develop, re-develop and acquire industrial properties primarily in global and regional markets to meet our customers' needs. Within this line of business, we capitalize on: (i) the land that we currently own; (ii) the development expertise of our local teams; (iii) our global customer relationships; and (iv) the demand for high-quality distribution facilities. Land held for development, properties currently under development and land we own and lease to customers under ground leases are also included in this segment.

**Strategic Capital.** This represents the management of unconsolidated co-investment ventures. We invest with partners and investors through our ventures, both private and public. We tailor industrial portfolios to investors' specific needs and deploy capital with a focus on larger, ventures with longer duration and open-ended funds with leading global institutions. These private and public vehicles provide capital for distinct geographies across our global platform. We hold a significant ownership interest in these ventures; we believe this aligns our interests with those of our partners. We generate strategic capital revenues from our unconsolidated co-investment ventures through asset management and property management services and we earn additional revenues from leasing, acquisition, construction, development and disposition services provided. Depending on the structure of the venture and the returns provided to our partners, we also earn revenues through promotes during the life of a venture or upon liquidation. Each unconsolidated co-investment venture we manage is considered to be an individual operating segment having similar economic characteristics that are combined within the reportable segment based upon geographic location.

Reconciliations are presented below for: (i) each reportable business segment's revenue from external customers to *Total Revenues* in the Consolidated Statements of Operations; (ii) each reportable business segment's net operating income from external customers to *Earnings before Income Taxes* in the Consolidated Statements of Operations; and (iii) each reportable business segment's assets to *Total Assets* in the Consolidated Balance Sheets. 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*, *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 reflected as reconciling items. The following reconciliations are presented in thousands:

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
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	Three Months Ended	
	March 31,	
	2015	2014
Revenues:		
Real estate operations:		
Americas	\$ 390,630	\$ 356,125
Europe	18,769	16,188
Asia	11,423	17,059
Total Real Estate Operations segment	<u>420,822</u>	<u>389,372</u>
Strategic capital:		
Americas	14,926	14,575
Europe	18,393	21,700
Asia	8,706	9,035
Total Strategic Capital segment	<u>42,025</u>	<u>45,310</u>
<b>Total revenues</b>	<b>\$ 462,847</b>	<b>\$ 434,682</b>
Net operating income:		
Real estate operations:		
Americas	\$ 269,891	\$ 253,461
Europe	10,938	8,224
Asia	7,484	12,117
Total Real Estate Operations segment	<u>288,313</u>	<u>273,802</u>
Strategic capital:		
Americas	4,891	2,056
Europe	11,865	13,684
Asia	4,908	5,407
Total Strategic Capital segment	<u>21,664</u>	<u>21,147</u>
Total segment net operating income	309,977	294,949
Reconciling items:		
General and administrative expenses	(56,288)	(63,203)
Depreciation and amortization	(169,808)	(160,280)
Earnings from unconsolidated entities, net	31,042	29,746
Interest expense	(68,761)	(85,523)
Interest and other income, net	11,049	14,050
Gains on dispositions of investments in real estate, net	277,715	17,055
Foreign currency and derivative gains (losses) and related amortization, net	34,566	(28,184)
Gains (losses) on early extinguishment of debt, net	(16,289)	273
Total reconciling items	<u>43,226</u>	<u>(276,066)</u>
<b>Earnings before income taxes</b>	<b>\$ 353,203</b>	<b>\$ 18,883</b>

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

	<b>March 31,</b>	<b>December 31,</b>
	<b>2015</b>	<b>2014</b>
<b>Assets:</b>		
<b>Real estate operations:</b>		
Americas	\$ 17,151,143	\$ 17,432,909
Europe	1,540,652	1,820,529
Asia	949,754	926,645
Total Real Estate Operations segment	<u>19,641,549</u>	<u>20,180,083</u>
<b>Strategic capital:</b>		
Americas	20,317	20,635
Europe	50,848	54,577
Asia	2,527	2,718
Total Strategic Capital segment	<u>73,692</u>	<u>77,930</u>
Total segment assets	<u>19,715,241</u>	<u>20,258,013</u>
<b>Reconciling items:</b>		
Investments in and advances to unconsolidated entities	4,559,721	4,824,724
Assets held for sale	337,229	43,934
Note receivable backed by real estate	197,500	-
Cash and cash equivalents	192,013	350,692
Other assets	459,117	340,860
Total reconciling items	<u>5,745,580</u>	<u>5,560,210</u>
<b>Total assets</b>	<b><u>\$ 25,460,821</u></b>	<b><u>\$ 25,818,223</u></b>

**14. Supplemental Cash Flow Information**

Our significant non-cash investing and financing activities for the three months ended March 31, 2015 and 2014 included the following:

- We issued a note receivable in 2015, as disclosed in Note 6.
- Holders of our exchangeable senior notes exchanged their notes into common stock of the Parent in 2015, as disclosed in Note 7.
- We capitalized \$5.7 million and \$5.3 million, respectively, of equity-based compensation expense due to our development and leasing activities.

The amount of interest paid in cash, net of amounts capitalized, for the three months ended March 31, 2015 and 2014, was \$135.9 million and \$75.1 million, respectively.

During the three months ended March 31, 2015 and 2014, cash paid for income taxes, net of refunds, was \$13.5 million and \$23.6 million, respectively.

**15. Subsequent Events**

On April 17, 2015, we signed purchase agreements to acquire the real estate assets and operating platform of KTR Capital Partners and its affiliates for approximately \$5.9 billion. The portfolio includes 322 operating properties aggregating 60 million square feet, 3.6 million square feet of properties under development and land parcels that will support an estimated potential build out of 6.8 million square feet. The properties will be acquired by our consolidated co-investment venture USLV, in which we own 55%. The purchase price includes the assumption of approximately \$700 million of secured mortgage debt and the issuance of up to \$230 million of common limited partnership units in the Operating Partnership. The transaction is anticipated to close during the second quarter of 2015.

**Report of Independent Registered Public Accounting Firm**

The Board of Directors and Stockholders  
Prologis, Inc.:

We have reviewed the accompanying consolidated balance sheet of Prologis, Inc. and subsidiaries (the "Company") as of March 31, 2015, the related consolidated statements of operations, and consolidated statements of comprehensive income (loss) for the three-month periods ended March 31, 2015 and 2014, the related consolidated statement of equity for the three-month period ended March 31, 2015, and the related consolidated statements of cash flows for the three-month periods ended March 31, 2015 and 2014. These consolidated financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of 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 Public Company Accounting Oversight Board (United States), 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.

Based on our reviews, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Prologis, Inc. and subsidiaries as of December 31, 2014, and the related consolidated statements of operations, comprehensive income (loss), equity and cash flows for the year then ended (not presented herein); and in our report dated February 25, 2015, we expressed an unqualified opinion on those consolidated financial statements. As discussed in note 2 to those consolidated financial statements, the Company changed its method of accounting for discontinued operations as of January 1, 2014, on a prospective basis, due to the adoption of Accounting Standards Update 2014-08. In our opinion, the information set forth in the accompanying consolidated balance sheet as of December 31, 2014, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

**KPMG LLP**

Denver, Colorado  
May 1, 2015

**Report of Independent Registered Public Accounting Firm**

The Partners  
Prologis, L.P.:

We have reviewed the accompanying consolidated balance sheet of Prologis, L.P. and subsidiaries (the "Operating Partnership") as of March 31, 2015, the related consolidated statements of operations, and consolidated statements of comprehensive income (loss) for the three-month periods ended March 31, 2015 and 2014, the related consolidated statement of capital for the three-month period ended March 31, 2015, and the related consolidated statements of cash flows for the three-month periods ended March 31, 2015 and 2014. These consolidated financial statements are the responsibility of the Operating Partnership's management.

We conducted our reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of 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 Public Company Accounting Oversight Board (United States), 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.

Based on our reviews, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Prologis, L.P. and subsidiaries as of December 31, 2014, and the related consolidated statements of operations, comprehensive income (loss), capital and cash flows for the year then ended (not presented herein); and in our report dated February 25, 2015, we expressed an unqualified opinion on those consolidated financial statements. As discussed in note 2 to those consolidated financial statements, the Company changed its method of accounting for discontinued operations as of January 1, 2014, on a prospective basis, due to the adoption of Accounting Standards Update 2014-08. In our opinion, the information set forth in the accompanying consolidated balance sheet as of December 31, 2014, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

**KPMG LLP**

Denver, Colorado  
May 1, 2015

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

The following discussion should be read in conjunction with the Consolidated Financial Statements and the related notes included in Item 1 of this report and our 2014 Annual Report on Form 10-K.

Certain statements contained in this discussion or elsewhere in this report may be deemed "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Words and phrases such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," "designed to achieve," variations of such words and similar expressions are intended to identify such forward-looking statements, which generally are not historical in nature. All statements that address operating performance, events or developments that we expect or anticipate will occur in the future – including statements relating to rent and occupancy growth, development activity and sales or contribution volume or profitability on such sales and contributions, economic and market conditions in the geographic areas where we operate and the availability of capital directly or 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. Many of the factors that may affect outcomes and results are beyond our ability to control. For further discussion of these factors see Part I, Item 1A. Risk Factors in our 2014 Annual Report on Form 10-K. References to "we," "us" and "our" refer to Prologis, Inc. and its consolidated subsidiaries.

### Management's Overview

We are the global leader in industrial real estate, focused on markets across the Americas, Europe and Asia. At March 31, 2015, we owned or had investments in, on a wholly-owned basis or through co-investment ventures, properties and development projects expected to total approximately 594 million square feet (55 million square meters) in 21 countries. We lease modern distribution facilities to more than 4,700 customers, including third-party logistics providers, transportation companies, retailers and manufacturers.

Prologis, Inc. is a self-administered and self-managed real estate investment trust (a "REIT"), and is the sole general partner of Prologis, L.P. (the "Operating Partnership"). We operate Prologis, Inc. and the Operating Partnership as one enterprise, and, therefore, our discussion and analysis refers to Prologis, Inc. and its consolidated subsidiaries, including the Operating Partnership, collectively.

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

### Real Estate Operations

*Rental Operations.* Rental operations represent the main source of our revenues, earnings and funds from operations (see definition and a complete reconciliation below). We collect rent from our customers through operating leases, including reimbursements for the majority of our operating costs. We expect to generate long-term internal growth in rental income by maintaining high occupancy rates, controlling expenses and through increasing rents. Our rental income is diversified due to our global presence and broad customer base. We believe our property management, leasing and maintenance teams, together with our capital expenditure, energy management and risk management programs, create cost efficiencies that allow us to capitalize on the economies of scale inherent in owning, operating and growing a global portfolio.

*Capital Deployment.* Capital deployment includes the development, re-development and acquisition of industrial properties that lead to rental operations and is therefore included with rental operations for segment reporting. We deploy capital primarily in global and regional markets to meet our customers' needs. We capitalize on the following: (i) our land bank; (ii) the development expertise of our local teams; (iii) our global customer relationships; and (iv) the demand for high-quality distribution facilities. We aim to increase our rental income and our net asset value by leasing newly developed space and acquiring operating properties. We develop properties for long-term hold, for contribution to our co-investment ventures and, occasionally, for sale to third parties.

### Strategic Capital

We invest with partners and investors through private and public ventures which may be consolidated or unconsolidated. We tailor industrial portfolios to meet investors' specific needs, with a focus on long-term ventures and open-ended funds. We also access alternative sources of equity through investment vehicles containing publicly traded vehicles such as Nippon Prologis REIT, Inc. and FIBRA Prologis. These private and public vehicles fund our capital needs in distinct geographies across our global platform. We hold a significant ownership interest in these ventures, aligning our interests with those of our partners. We generate strategic capital revenues from our unconsolidated ventures through asset management and property management services and we earn additional revenues by providing leasing, acquisition, construction, development, financing and disposition services. Depending on the structure of the venture and the returns provided to our partners, we also earn revenues through incentive fees during the life of a venture or upon liquidation (we refer to these incentive fees as promotes). We believe our co-investment ventures will continue to serve as a source of capital for investments, provide incremental revenues and mitigate foreign currency risk associated with our international investments. We plan to grow this business generally through growth in existing ventures.

### Growth Strategies

We believe the scale and quality of our operating platform, the skills of our team and the strength of our balance sheet give us unique competitive advantages. Our plan to grow revenue, earnings, net operating income ("NOI"), cash flows and Core FFO (see below for definitions and reconciliations of our financial measures that are not determined in accordance with U.S. generally accepted accounting principles ("GAAP")) is based on:

- *Rising Rents.* Market rents are increasing across many of our markets. We expect growth to continue as demand for logistics facilities is strong across the globe. As many of our leases originated during low rent periods following the global financial crisis, there is room for growth of in-place leases, which translates into increased NOI, earnings and cash flow. During the first quarter of 2015, we had positive rent change on rollovers (when comparing the net effective rent of the new lease to the prior lease for the same space) of 9.7%. This represented the ninth consecutive quarter of positive rent change.
- *Value Creation from Development.* We believe a successful development program involves maintaining control of well-positioned land. Based on our current estimates, our land bank has the potential to support the development of nearly 178.9 million additional square feet. We believe the carrying value of our land bank is below its current fair value, and we expect to realize this value going forward through development or land sales. During the first quarter of 2015, in our owned and managed portfolio, we stabilized development projects with a total expected investment of \$358.2 million. We estimate that post-stabilization, the

value of these buildings will be approximately 35.5% more than their book value or the cost to develop (defined as estimated margin and calculated using estimated yield and capitalization rates from our underwriting models).

*Economies of Scale from Growth in Assets Under Management.* We believe we have the infrastructure and an acquisition pipeline that will allow us to increase our investments in real estate, with minimal increases to general and administrative expenses. During the first quarter of 2015, our owned and managed real estate assets increased through the acquisition of 2.4 million square feet of buildings, principally in our unconsolidated ventures in Europe, and the addition of 4.1 million square feet of development starts, which was partially offset by dispositions to third parties of 2.7 million square feet. In April 2015, we announced an acquisition expected to close in the second quarter of 2015 (discussed below) and we expect minimal increases in net general and administrative expenses (“G&A”) as a result of the acquisition.

### Summary of 2015

During the three months ended March 31, 2015, and through the date of this report, we completed the following activities as further described in the Consolidated Financial Statements:

- We generated net proceeds of \$524.7 million and net gains of \$277.7 million from the contribution and disposition of real estate investments. The gains were primarily driven by dispositions in the United States.
- During March 2015, the holders of the exchangeable notes exchanged \$459.8 million of their notes for 11.9 million shares of the Parent and \$0.2 million of their notes for cash.
- During the three months ended March 31, 2015, we issued 1.7 million shares of common stock of the Parent under our at-the-market program (“ATM”), which generated \$71.8 million in net proceeds.
- On April 17, 2015, we signed purchase agreements to acquire the real estate assets and operating platform of KTR Capital Partners and its affiliates for approximately \$5.9 billion. The portfolio includes 322 operating properties aggregating 60 million square feet, 3.6 million square feet of properties under development and land parcels that will support an estimated potential build out of 6.8 million square feet. The properties will be acquired by our consolidated co-investment venture Prologis U.S. Logistics Venture (“USLV”), in which we own 55%. The purchase price includes the assumption of approximately \$700 million of secured mortgage debt and the issuance of up to \$230 million of common limited partnership units in the Operating Partnership. The transaction is anticipated to close during the second quarter of 2015. See further discussion in “Liquidity and Capital Resources” below.

### Results of Operations

#### Three Months Ended March 31, 2015 and 2014

#### Real Estate Operations

Included in this segment is rental income and rental expense recognized from our consolidated operating properties. Our consolidated portfolio was relatively consistent during 2014 and 2015. The operating fundamentals in the markets in which we operate have been improving, which has positively impacted both the occupancy and rental rates we have experienced, and has also fueled development activity. Also included in this segment is revenue from land we own and lease to customers and development management and other income, net of acquisition, disposition and land holding costs.

Real Estate Operations NOI for the three months ended March 31 was as follows (dollars in millions):

	2015	2014
Rental and other income	\$ 326.5	\$ 302.0
Rental recoveries	94.3	87.4
Rental and other expenses	(132.5)	(115.6)
<b>Real Estate Operations - NOI</b>	<b>\$ 288.3</b>	<b>\$ 273.8</b>
<b>Operating margin</b>	<b>68.5 %</b>	<b>70.3 %</b>
<b>Average occupancy</b>	<b>95.7 %</b>	<b>94.6 %</b>

Detail of our consolidated operating properties was as follows (square feet in millions):

	March 31, 2015	December 31, 2014	March 31, 2014
Number of properties	1,581	1,607	1,614
Square Feet	282.5	282.3	270.5
Occupied %	96.2 %	96.3 %	94.6 %

Below are the key drivers of Real Estate Operations NOI:

- Activity within the portfolio, which included acquisitions, contributions to co-investment ventures and dispositions to third parties, impacted NOI for the three months ended March 31, 2015, from the same period in 2014 as follows:
  - Acquisitions and development activity: \$12.7 million increase;
  - consolidation of Prologis North American Industrial Fund (“NAIF”) during the fourth quarter of 2014: \$42.5 million increase;
  - contribution activity: \$32.6 million decrease;
  - disposition activity: \$17.1 million decrease.

- Average occupancy in our operating properties increased 110 basis points for the three months ended March 31, 2015, from the same period in 2014.
- We leased a total of 19.7 million square feet during the three months ended March 31, 2015, compared to 16.7 million square feet during the same period in 2014.
- We recognize changes in rental income from certain contractual rent increases from our existing leases and from rent change on new leases. We recognize the total rental income under the lease on a straight-line basis over the term of the lease. This includes all contractual changes that are known. If a lease has a contractual rent increase based on the consumer price index or similar metric that is not known, the rent increase is not included in rent leveling and therefore any rent increase will impact the rental income we recognize.
- We have experienced an increase in rental rates on the turnover of existing leases for the last nine quarters that has resulted in higher average rental rates in our portfolio and increased rental income and NOI as those leases commenced.
- Under the terms of our lease agreements, we are able to recover the majority of our rental expenses from customers. Rental expense recoveries, included in both rental income and rental expenses, were 74.3% and 79.0% of total rental expenses for the three months ended March 31, 2015 and 2014, respectively.

#### Strategic Capital

Included in this segment is income comprised of fees and promotes earned for services performed for our unconsolidated co-investment ventures reduced by the expenses recognized for the direct costs associated with the asset management of these ventures and allocated property-level management costs for the properties owned by the ventures. Income associated with Strategic Capital fluctuates due to the size of co-investment ventures that are under management, the transactional activity in the venture and the timing of promotes.

Strategic Capital NOI for the three months ended March 31 was as follows (dollars in millions):

	2015	2014
<b>Strategic Capital - NOI:</b>		
<b>Americas:</b>		
Asset management and other fees	\$ 11.9	\$ 11.8
Leasing commissions, acquisition and other transaction fees	3.0	2.7
Strategic capital expenses	(10.0)	(12.5)
<b>Subtotal Americas</b>	<b>4.9</b>	<b>2.0</b>
<b>Europe:</b>		
Asset management and other fees	17.0	17.3
Leasing commissions, acquisition and other transaction fees	1.4	4.4
Strategic capital expenses	(6.5)	(8.0)
<b>Subtotal Europe</b>	<b>11.9</b>	<b>13.7</b>
<b>Asia:</b>		
Asset management and other fees	7.9	7.8
Leasing commissions, acquisition and other transaction fees	0.8	1.2
Strategic capital expenses	(3.8)	(3.6)
<b>Subtotal Asia</b>	<b>4.9</b>	<b>5.4</b>
<b>Strategic Capital - NOI</b>	<b>\$ 21.7</b>	<b>\$ 21.1</b>

We had the following assets under management held through our unconsolidated co-investment ventures (dollars and square feet in millions):

	March 31, 2015	December 31, 2014	March 31, 2014
<b>Americas:</b>			
Number of ventures	3	3	4
Square feet	87.6	87.1	109.2
Total assets	\$ 6,889	\$ 7,063	\$ 8,074
<b>Europe:</b>			
Number of ventures	4	4	4
Square feet	150.2	147.4	136.6
Total assets	\$ 10,502	\$ 11,463	\$ 12,119
<b>Asia:</b>			
Number of ventures	2	2	2
Square feet	26.4	26.2	23.3
Total assets	\$ 4,144	\$ 4,135	\$ 4,048
<b>Total:</b>			
Number of ventures	9	9	10
Square feet	264.2	260.7	269.1
Total assets	\$ 21,535	\$ 22,661	\$ 24,241

Below are the key drivers of Strategic Capital NOI:

- We acquired a controlling interest in our co-investment venture NAIF in the fourth quarter of 2014 and began consolidating the venture.
- We formed the co-investment venture FIBRA Prologis in Mexico in June 2014 and in connection with this transaction, we concluded the Mexico Industrial Fund.

- We contributed 3 and 126 properties to several co-investment ventures for the three months ended March 31, 2015, and during all of 2014, respectively.
- We acquired 17 and 81 properties from third parties for the three months ended March 31, 2015, and during all of 2014, respectively.
- The amounts presented above for Europe and Asia are shown in U.S. dollars and were impacted by fluctuations in the exchange rates of primarily euro, British pound sterling and Japanese yen to U.S. dollar. We have hedged the majority of our investment in euro, British pound sterling, and Japanese yen through outstanding debt and derivative instruments that offset the majority of these fluctuations.

The direct costs associated with Strategic Capital totaled \$20.4 million and \$24.2 million for the three months ended March 31, 2015 and 2014, respectively, and are included in *Strategic Capital Expenses* in the Consolidated Statements of Operations.

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

#### *Our Owned and Managed Portfolio*

We manage our business on an owned and managed basis without regard to whether a particular property is wholly owned by us or owned by one of our co-investment ventures. As further discussed below, we believe that the operating fundamentals of our owned and managed portfolio are consistent with those of our consolidated properties. The activity in our owned and managed properties impacts Real Estate Operations NOI, Strategic Capital revenues and the net earnings we recognize from our unconsolidated co-investment ventures.

Our total owned and managed properties includes operating industrial properties and does not include properties under development or held for sale to third parties and was as follows (square feet in millions):

	March 31, 2015			December 31, 2014			March 31, 2014		
	Number of Properties	Square Feet	Occupied %	Number of Properties	Square Feet	Occupied %	Number of Properties	Square Feet	Occupied %
Consolidated	1,581	282.5	96.2%	1,607	282.3	96.3%	1,614	270.5	94.6%
Unconsolidated	1,300	264.2	94.7%	1,278	260.7	95.0%	1,342	269.1	93.7%
<b>Totals</b>	<b>2,881</b>	<b>546.7</b>	<b>95.5%</b>	<b>2,885</b>	<b>543.0</b>	<b>95.6%</b>	<b>2,956</b>	<b>539.6</b>	<b>94.1%</b>

#### Operating Activity

Information on our operating activity for the three months ended March 31 is summarized below (square feet in millions):

	2015		2014	
Aggregate leased square feet		39.2		33.7
Average turnover costs per square foot	\$	1.37	\$	1.26
Rent change on rollover		9.7%		7.0%
Weighted-average retention percentage on aggregate leased square feet		86.3%		84.6%

#### Development Start Activity

Information on our development starts for the three months ended March 31 is summarized below (dollars and square feet in millions):

	2015 (1)		2014	
Number of properties		14		13
Aggregated square feet	\$	4.1	\$	2.4
Total expected investment ("TEI")	\$	280.1	\$	172.2
Our proportionate share of TEI based on ownership	\$	218.4	\$	140.5
Percentage of build-to-suits based on TEI		16.5%		38.9%
Weighted average expected yield on TEI		7.1%		7.7%
Estimated value at completion	\$	337.7	\$	210.3
Estimated margin		20.5%		22.2%

(1) We expect these developments to be completed before April 2016.

#### Same Store Analysis

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, thereby eliminating the effects of changes in the composition of the portfolio on performance measures. We include properties from our consolidated portfolio, as well as properties owned by the unconsolidated co-investment ventures that are managed by us, in our same store analysis. We have defined the same store portfolio, for the three months ended March 31, 2015, as those properties that were in operation at January 1, 2014, and have been in operation throughout the same three-month periods in both 2015 and 2014. We have removed all properties that were disposed of to a third party or were classified as held for sale to a third party from the population for both periods. We believe the factors that impact rental income, rental expenses and NOI in the same store portfolio are generally the same as for the total portfolio. In order to derive an appropriate measure of period-to-period operating performance, we remove the effects of foreign currency exchange rate movements by using the recent period end exchange rate to translate from local currency into U.S. dollars, for both periods.

We calculate our same store results on a quarterly basis. The following is a reconciliation of our consolidated rental income, rental expenses and NOI (calculated as rental income and recoveries less rental expenses), as included in the Consolidated Statements of Operations, to the respective amounts in our same store portfolio analysis for the three months ended March 31 (in millions):

	2015	2014	Percentage Change
Rental Income (1) (2)			
Consolidated:			
Rental income per the Consolidated Statements of Operations	\$ 324.5	\$ 300.8	
Rental recoveries per the Consolidated Statements of Operations	94.3	87.4	
<i>Consolidated adjustments to derive same store results:</i>			
Rental income and recoveries of properties not in the same store portfolio - properties developed, acquired and/or sold to third parties during the period and land subject to ground leases	(35.8)	(40.1)	
Effect of changes in foreign currency exchange rates and other	(1.3)	(6.9)	
Unconsolidated co-investment ventures — rental income	415.7	422.1	
<b>Same store portfolio — rental income (2)</b>	<b>797.4</b>	<b>763.3</b>	<b>4.5 %</b>
Rental Expenses (1) (3)			
Consolidated:			
Rental expenses per the Consolidated Statements of Operations	\$ 126.9	\$ 110.5	
<i>Consolidated adjustments to derive same store results:</i>			
Rental expenses of properties not in the same store portfolio - properties developed, acquired and/or sold to third parties during the period and land subject to ground leases	(11.6)	(12.5)	
Effect of changes in foreign currency exchange rates and other	6.1	5.4	
Unconsolidated co-investment ventures — rental expenses	97.4	101.1	
<b>Same store portfolio — rental expenses (3)</b>	<b>218.8</b>	<b>204.5</b>	<b>7.0 %</b>
NOI (1)			
Consolidated:			
NOI per the Consolidated Statements of Operations	\$ 291.9	\$ 277.7	
<i>Consolidated adjustments to derive same store results:</i>			
NOI of properties not in the same store portfolio - properties developed, acquired and/or sold to third parties during the period and land subject to ground leases	(24.2)	(27.6)	
Effect of changes in foreign currency exchange rates and other	(7.4)	(12.3)	
Unconsolidated co-investment ventures — net operating income	318.3	321.0	
<b>Same store portfolio — NOI</b>	<b>\$ 578.6</b>	<b>\$ 558.8</b>	<b>3.5 %</b>

- (1) As discussed above, our same store portfolio includes industrial properties from our consolidated portfolio and owned by the unconsolidated co-investment ventures that are managed by us. We include 100% of the 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 due to the changes in composition of the respective portfolios from period to period (for example, 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).
- (2) We exclude the net termination and renegotiation fees from our same store rental income to allow us to evaluate the growth or decline in each property's rental income without regard to items that are not indicative of the property's recurring operating performance. 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. The adjustments to remove these items are included in "effect of changes in foreign currency exchange rates and other" in the above table.
- (3) Rental expenses include the direct operating expenses of the property such as property taxes, insurance, utilities, etc. In addition, we include an allocation of the property management expenses for our direct-owned 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. These expenses fluctuate based on the level of properties included in the same store portfolio and any adjustment is included as "effect of changes in foreign currency exchange rates and other" in the above table.

#### Other Components of Income (Expense)

##### G&A Expenses

G&A expenses for the three months ended March 31 consisted of the following (in millions):

	2015	2014
Gross overhead	\$ 108.7	\$ 117.2
Reported as rental expenses	(8.0)	(8.1)
Reported as strategic capital expenses	(20.3)	(24.1)
Capitalized amounts	(24.1)	(21.8)
<b>G&amp;A expenses</b>	<b>\$ 56.3</b>	<b>\$ 63.2</b>

Gross overhead includes all costs related to our business, including the Real Estate Operations and Strategic Capital segments. We allocate a portion of our G&A expenses that relate to property management functions to both segments based on the size of the respective portfolios. Costs directly associated to Strategic Capital are also allocated to that segment. The decrease in gross overhead was principally due to fluctuations in foreign currency exchange rates between the U.S. dollar and the euro, British pound sterling and Japanese yen.

We capitalize certain costs directly related to our development and leasing activities. Capitalized G&A expenses included salaries and related costs, as well as other general and administrative costs. The capitalized G&A for the three months ended March 31 were as follows (in millions):

	<u>2015</u>	<u>2014</u>
Development activities	\$ 17.9	\$ 16.9
Leasing activities	5.1	4.7
Costs related to internally developed software	1.1	0.2
<b>Total capitalized G&amp;A expenses</b>	<b>\$ 24.1</b>	<b>\$ 21.8</b>

For the three months ended March 31, 2015 and 2014, the capitalized salaries and related costs represented 29.9% and 23.0%, respectively, of our total salaries and related costs, which includes cash and stock compensation and other employee-related expenses.

#### *Depreciation and Amortization*

Depreciation and amortization was \$169.8 million and \$160.3 million for the three months ended March 31, 2015 and 2014, respectively. The increase in depreciation and amortization was principally a result of increased investment in real estate properties from the consolidation of NAIF in the fourth quarter of 2014, acquired properties and completed development over the last year. This is offset slightly by the disposition and contribution of properties.

#### *Earnings from Unconsolidated Entities, Net*

We recognized net earnings from unconsolidated entities that are accounted for under the equity method of \$31.0 million and \$29.7 million for the three months ended March 31, 2015 and 2014, respectively. The earnings we recognize are 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) our ownership interest in each venture; and (iv) fluctuations in foreign currency exchange rates used to translate our share of net earnings to U.S. dollars, if applicable. 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*

Interest expense from continuing operations included the following components for the three months ended March 31 (in millions):

	<u>2015</u>	<u>2014</u>
Gross interest expense	\$ 91.5	\$ 102.5
Amortization of premium, net	(9.8)	(5.8)
Amortization of deferred loan costs	3.4	3.4
Interest expense before capitalization	\$ 85.1	\$ 100.1
Capitalized amounts	(16.3)	(14.6)
<b>Net interest expense</b>	<b>\$ 68.8</b>	<b>\$ 85.5</b>

Gross interest expense decreased for the three months ended March 31, 2015, compared to the same period in 2014, due to lower debt levels during the period and a decrease in interest rates. We decreased our debt by \$229.2 million, from March 31, 2014 to March 31, 2015, principally from the conversion of our \$460.0 million of exchangeable debt in March 2015, changes in foreign currency exchange rates, along with payments made from proceeds received from dispositions, offset by borrowings.

Our weighted average effective interest rate was 3.7% and 4.7% for the three months ended March 31 2015 and 2014, respectively.

During 2015 and 2014, we issued new debt with lower borrowing costs and used the proceeds to pay down or buy back our higher cost debt.

See Note 7 to the Consolidated Financial Statements and Liquidity and Capital Resources for further discussion of our debt and borrowing costs.

#### *Gains on Dispositions of Investments in Real Estate and Revaluation of Equity Investments upon Acquisition of a Controlling Interest, Net*

We recognized \$277.7 million and \$17.1 million for the three months ended March 31, 2015 and 2014, respectively, driven primarily by sales to third parties in the United States. We expect to have contributions to co-investments in the future, primarily in Europe, Japan and Mexico, as well as the disposition of properties to third parties, all depending on market conditions and other factors. See Note 3 to the Consolidated Financial Statements for further information on the gains we recognized.

#### *Foreign Currency and Derivative Gains (Losses) and Related Amortization, Net*

We recognized gains of \$34.6 million and losses of \$28.2 million for the three months ended March 31, 2015 and 2014, respectively. The gains were principally driven by gains on foreign currency transactions of \$31.6 million, including by the foreign currency impact of the euro, British pound sterling and Japanese yen derivatives (see Note 12), and a gain of \$5.1 million on the embedded derivative instrument (exchange feature), net of related amortization, related to our exchangeable senior notes. The losses in 2014 were driven by the derivative instrument (exchange feature) related to our exchangeable senior notes. The exchangeable notes were exchanged in March 2015 primarily with shares of common stock, so there will be no impact to the financial statements going forward. See Note 7 to the Consolidated Financial Statements for information about our embedded derivative instrument (exchange feature) related to our exchangeable senior notes that matured March 15, 2015.

#### *Gains (Losses) on Early Extinguishment of Debt, Net*

During the three months ended March 31, 2015, we extinguished \$286.5 million secured mortgage debt prior to maturity, which resulted in a loss of \$16.3 million.

#### *Income Tax Expense (Benefit)*

During the three months ended March 31, 2015 and 2014, our current income tax expense was \$0.8 million and \$5.8 million, respectively. We recognize current income tax expense for income taxes incurred by our taxable REIT subsidiaries ("TRSs"), state and local income taxes and taxes incurred in our foreign jurisdictions. Our current income tax expense fluctuates from period to period based primarily on the timing of our taxable income. The majority of the current income tax expense for both periods relates to asset sales and contributions of properties there were held in foreign subsidiaries or TRSs.

#### *Net Earnings Attributable to Noncontrolling Interests*

This amount represents the third-party investors' share of the earnings generated in consolidated ventures in which we do not own 100% of the equity, as well as the limited partners' interests in the Operating Partnership. During the three months ended March 31, 2015 and 2014, the net earnings attributable to noncontrolling interest for Prologis, Inc. was \$4.4 million and \$5.2 million, respectively, and primarily related to operating activity in our consolidated co-investment venture, USLV.

See Note 9 to the Consolidated Financial Statements for further information on our consolidated ventures.

#### *Other Comprehensive Income (Loss) – Foreign Currency Translation Gains (Losses), Net*

We recognize unrealized gains or losses related to the translation of our foreign subsidiaries' assets and liabilities into U.S. dollars, along with realized and unrealized gains or losses associated with the changes in the fair value of derivative and non-derivative financial instruments that are designated and qualify as hedges of net investments in foreign operations.

During the three months ended March 31, 2015 and 2014, we recorded unrealized losses of \$124.3 million and \$4.7 million, respectively, related to foreign currency translations of our foreign subsidiaries into U.S. dollars upon consolidation. In 2015, we recorded unrealized losses principally due to the weakening of the euro, British pound sterling, Japanese yen and Brazilian real to the U.S. dollar from the beginning of the period to the end of the period.

## **Liquidity and Capital Resources**

### *Overview*

We consider our ability to generate cash from operating activities, dispositions of properties and from 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 to the common and preferred stockholders of Prologis and distributions to the holders of limited partnership units of the Operating Partnership and other partnerships, we expect our primary cash needs will consist of the following:

As discussed in Note 15 in the Consolidated Financial Statements, on April 17, 2015 we announced the acquisition of the real estate assets and operating platform from KTR Capital Partners and its affiliates for approximately \$5.9 billion. As the acquisition is being made by a consolidated co-investment venture in which we own 55%, our share of the purchase price is approximately \$3.2 billion, which we expect to fund through assumption of debt of approximately \$385 million, issuance of OP units of up to \$230 million and payment of cash of \$2.6 billion. Contemporaneously with the announcement of the acquisition, we received a commitment from Morgan Stanley Senior Funding, Inc. to provide a \$1.0 billion bridge facility, (the "Bridge Facility") for the transaction. We may finance the cash portion through a variety of options, all depending on market conditions, including available borrowings on our credit facilities of \$2.6 billion, a \$1.0 billion

Bridge Facility, the issuance of debt or equity securities or the sale of investments in real estate. The transaction is anticipated to close during the second quarter of 2015.

- repayment of debt, including payments on our credit facilities and scheduled principal payments for the remainder of 2015, of approximately \$132 million and;
- completion of the development and leasing of the properties in our consolidated development portfolio (we had 78 properties at March 31, 2015, in our development portfolio that were 48.4% leased with a current investment of \$1.5 billion and a total expected investment of \$2.4 billion when completed and leased, leaving \$0.9 billion remaining to be spent);
- development of new properties for long-term investment, including the acquisition of land in certain markets;
- capital expenditures and leasing costs on properties in our operating portfolio;
- additional investments in current unconsolidated ventures or new investments in future unconsolidated ventures;
- depending on market and other conditions, acquisition of operating properties and/or portfolios of operating properties in global or regional markets for direct, long-term investment in our consolidated portfolio (this might include acquisitions from our co-investment ventures); and
- depending on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors, we may repurchase our outstanding debt or equity securities through cash purchases, in open market purchases, privately negotiated transactions, tender offers or otherwise.

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

- available unrestricted cash balances (\$192.0 million at March 31, 2015);
- property operations;
- fees earned for services performed on behalf of the co-investment ventures and distributions received from the co-investment ventures;
- proceeds from the disposition of properties, land parcels or other investments to third parties;
- proceeds from the contributions of properties to current or future co-investment ventures;
- borrowing capacity under our current credit facility arrangements discussed below (\$2.6 billion available at March 31, 2015), other facilities or borrowing arrangements including the bridge facility discussed above;
- proceeds from the issuance of equity securities, including through the at-the-market program (we issued 1.7 million shares of common stock in 2015, generating net proceeds of \$71.8 million); and
- proceeds from the issuance of debt securities, including secured mortgage debt.

#### *Debt*

Debt balances consisted of the following (in millions):

	<b>March 31, 2015</b>	<b>December 31, 2014</b>
Debt outstanding	\$ 8,641	\$ 9,380
Weighted average interest rate	3.5 %	3.6 %
Weighted average maturity (in months)	71	70

At March 31, 2015, we had credit facilities with an aggregate borrowing capacity of \$2.7 billion, of which \$2.6 billion was available.

At March 31, 2015, we were in compliance with all of our debt covenants. These covenants include customary financial covenants for total debt, encumbered debt and fixed charge coverage ratios.

See Note 7 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. For more information on equity commitments for our unconsolidated co-investment ventures, see Note 4 to the Consolidated Financial Statements.

#### *Cash Provided by Operating Activities*

For the three months ended March 31, 2015 and 2014, operating activities provided net cash of \$81.5 million and \$72.2 million, respectively. In the first three months of 2015 and 2014, cash provided by operating activities was less than cash dividends paid on common and preferred stock by \$109.1 million and \$96.0 million, respectively. We used proceeds from dispositions to third parties and contributions of real estate properties to consolidated and unconsolidated entities (\$325.8 million in 2015 and \$533.6 million in 2014) to fund dividends not covered by cash flows from operating activities.

#### *Cash Investing and Cash Financing Activities*

For the three months ended March 31, 2015 and 2014, investing activities used net cash of \$200.3 million and \$517.1 million, respectively. The following are the significant activities for both periods presented:

- **Real estate development.** We invested \$336.0 million and \$244.3 million in 2015 and 2014, respectively, in real estate development and leasing costs for first generation leases. We have 51 properties under development and 27 properties that are completed but not stabilized at March 31, 2015, and we expect to continue to develop new properties as the opportunities arise.
- **Real estate acquisitions.** In 2015, we acquired total real estate of \$68.8 million, which included 198 acres of land and one operating property. In 2014, we acquired 50 acres of land for \$77.3 million.
- **Capital expenditures.** We invested \$42.4 million and \$40.9 million in our operating properties during 2015 and 2014, respectively; which included recurring capital expenditures, tenant improvements and leasing commissions on existing operating properties that were previously leased.
- **Proceeds from dispositions and contributions.** We generated cash from contributions and dispositions of properties and land parcels of \$325.8 million and \$81.2 million during 2015 and 2014, respectively. In 2015, we disposed of 34 properties to third parties and contributed three operating properties to unconsolidated co-investment ventures. In 2014, we disposed of land and five operating properties to third parties.
- **Investments in and advances to.** In 2015 and 2014, we invested cash of \$123.7 million and \$328.3 million, respectively, in our unconsolidated co-investment ventures, net of repayment of advances by the entities. Our investments in 2015 relates to additional investments in Prologis European Logistic Partners Sàrl of \$57.8 million, Prologis Targeted Europe Logistics Fund of \$24.7 million and Prologis European Properties Fund II of \$10.3 million, in each case, representing our proportionate share. The co-investment ventures used these investments for acquisition of operating properties and the repayment of debt. Our investment in 2014 principally relates to an additional investment in Prologis European Logistics Partners Sàrl of \$281.5 million for the acquisition of operating properties and the repayment of debt. See Note 4 to the Consolidated Financial Statements for more detail on our unconsolidated ventures.
- **Return of investment.** We received distributions from unconsolidated co-investment ventures and other ventures as a return of investment of \$34.8 million and \$92.5 million during 2015 and 2014, respectively.

For the three months ended March 31, 2015 and 2014, financing activities used net cash of \$32.0 million and provided net cash of \$132.2 million, respectively. The following are the significant activities for both periods presented:

- **Proceeds from issuance of common stock.** We generated proceeds from the issuance of common stock, primarily from the issuance of shares under our ATM program of \$71.8 million in 2015.
- **Dividends paid on common and preferred stock.** We paid dividends of \$190.6 million and \$168.2 million to our common and preferred stockholders during 2015 and 2014, respectively.
- **Noncontrolling interests contributions.** In 2014, partners in consolidated co-investment ventures made contributions of \$452.3 million, which were primarily related to the newly formed co-investment venture USLV.
- **Noncontrolling interests distributions.** In 2015 and 2014, we distributed \$22.0 million and \$1.2 million to various noncontrolling interests, respectively.
- **Net proceeds from (payments on) credit facilities.** We received net proceeds of \$66.6 million and made net payments of \$607.5 million on our credit facilities during 2015 and 2014, respectively.
- **Repurchase and payment of debt.** During 2015, we made payments of \$2.5 million on regularly scheduled debt principal payments and payments at maturity and repurchased and extinguished secured mortgage debt of \$310.5 million. During 2014, we made payments of \$710.4 million on regularly scheduled debt principal payments and payments at maturity.
- **Proceeds from issuance of debt.** In 2015, we issued \$347.9 million of term loans and in 2014, we issued €700 million (\$959.4 million) of senior notes.

#### *Off-Balance Sheet Arrangements*

##### *Unconsolidated Co-Investment Venture Debt*

We had investments in and advances to unconsolidated co-investment ventures at March 31, 2015, of \$4.4 billion. These ventures had total third-party debt of \$6.3 billion (of which \$1.8 billion was our proportionate share) at March 31, 2015.

At March 31, 2015, we did not guarantee any third-party debt of the co-investment ventures. In our role as the manager, we work with the co-investment ventures to refinance their maturing debt. There can be no assurance that the co-investment ventures will be able to refinance any maturing indebtedness on terms as favorable as the maturing debt, or at all. If the ventures are unable to refinance the maturing indebtedness with newly issued debt, they may be able to obtain funds by voluntary capital contributions from us and our partners or by selling assets. Certain of the ventures also have credit facilities, or unencumbered properties, both of which may be used to obtain funds.

#### **Contractual Obligations**

##### *Distribution and Dividend Requirements*

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

We paid a cash dividend of \$0.36 per common share for the first quarter of 2015. Our future common stock dividends may vary and will be determined by our board of directors 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 of directors during the year.

At March 31, 2015, 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 and/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 financial measure that is not determined in accordance with GAAP, but is a measure that is commonly used in the real estate industry. The most directly comparable GAAP measure to FFO is net earnings. Although the National Association of Real Estate Investment Trusts (“NAREIT”) has published a definition of FFO, modifications to the NAREIT calculation of FFO are common among REITs, as companies seek to provide financial measures that meaningfully reflect their business.

FFO is not meant to represent a comprehensive system of financial reporting and does not present, nor do we intend it to present, a complete picture of our financial condition and operating performance. We believe net earnings computed under GAAP remains the primary measure of performance and that FFO is only meaningful when it is used in conjunction with net earnings computed under GAAP. Further, we believe our consolidated financial statements, prepared in accordance with GAAP, provide the most meaningful picture of our financial condition and our operating performance.

NAREIT’s FFO measure adjusts net earnings computed under GAAP to exclude historical cost depreciation and gains and losses from the sales, along with impairment charges, of previously depreciated properties. We agree that these NAREIT adjustments are useful to investors for the following reasons:

- historical cost accounting for real estate assets in accordance with GAAP assumes, through depreciation charges, that the value of real estate assets diminishes predictably over time. NAREIT stated in its White Paper on FFO “since real estate asset values have historically risen or fallen with market conditions, many industry investors have considered presentations of operating results for real estate companies that use historical cost accounting to be insufficient by themselves.” Consequently, NAREIT’s definition of FFO reflects the fact that real estate, as an asset class, generally appreciates over time and depreciation charges required by GAAP do not reflect the underlying economic realities. We exclude depreciation from our unconsolidated entities and the third parties’ share of our consolidated ventures.
- REITs were created in order to encourage public ownership of real estate as an asset class through investment in firms that were in the business of long-term ownership and management of real estate. The exclusion, in NAREIT’s definition of FFO, of gains and losses from the sales, along with impairment charges, of previously depreciated operating real estate assets allows investors and analysts to readily identify the operating results of the long-term assets that form the core of a REIT’s activity and assists in comparing those operating results between periods. We include the gains and losses (including impairment charges) from dispositions of land and development properties, as well as our proportionate share of the gains and losses (including impairment charges) from dispositions of development properties recognized by our unconsolidated and consolidated entities, in our definition of FFO. We exclude the gain on revaluation of equity investments upon acquisition of a controlling interest from our definition of FFO.

#### *Our FFO Measures*

At the same time that NAREIT created and defined its FFO measure for the REIT industry, it also recognized that “management of each of its member companies has the responsibility and authority to publish financial information that it regards as useful to the financial community.” We believe stockholders, potential investors and financial analysts who review our operating results are best served by a defined FFO measure that includes other adjustments to net earnings computed under GAAP in addition to those included in the NAREIT-defined measure of FFO. Our FFO measures are used by management in analyzing our business and the performance of our properties and we believe that it is important that stockholders, potential investors and financial analysts understand the measures management uses.

We calculate our FFO measures, as defined below, based on our proportionate ownership share of both our unconsolidated and consolidated ventures. We reflect our share of our FFO measures for unconsolidated ventures by applying our average ownership percentage for the period to the applicable reconciling items on an entity by entity basis. We reflect our share for consolidated ventures in which we do not own 100% of the equity by adjusting our FFO measures to remove the third party ownership share of the applicable reconciling items based on average ownership percentage for the applicable periods.

We use these FFO measures, including by segment and region, to: (i) evaluate our performance and the performance of our properties in comparison to expected results and results of previous periods, relative to resource allocation decisions; (ii) evaluate the performance of our management; (iii) budget and forecast future results to assist in the allocation of resources; (iv) assess our performance as compared to similar real estate companies and the industry in general; and (v) evaluate how a specific potential investment will impact our future results. Because we make decisions with regard to our performance with a long-term outlook, we believe it is appropriate to remove the effects of short-term items that we do not expect to affect the underlying long-term performance of the properties. The long-term performance of our properties is principally driven by rental income. While not infrequent or unusual, these additional items we exclude in calculating *FFO, as defined by Prologis*, defined below, are subject to significant fluctuations from period to period that cause both positive and negative short-term effects on our results of operations in inconsistent and unpredictable directions that are not relevant to our long-term outlook.

We use our FFO measures as supplemental financial measures of operating performance. We do not use our FFO measures as, nor should they be considered to be, alternatives to net earnings computed under GAAP, as indicators of our operating performance, as alternatives to cash from operating activities computed under GAAP or as indicators of our ability to fund our cash needs.

*FFO, as defined by Prologis attributable to common stockholders/unitholders ("FFO, as defined by Prologis")*

To arrive at *FFO, as defined by Prologis*, we adjust the NAREIT-defined FFO measure to exclude:

- 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 GAAP 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 subsidiaries and our foreign unconsolidated entities; and
- mark-to-market adjustments and related amortization of debt discounts associated with derivative financial instruments.

We believe investors are best served if the information that is made available to them allows them to align their analysis and evaluation of our operating results along the same lines that our management uses in planning and executing our business strategy.

*Core FFO attributable to common stockholders/unitholders ("Core FFO")*

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

- gains or losses from contribution or sale of land or development properties;
- 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;
- merger, acquisition and other integration expenses; and
- expenses related to natural disasters.

We believe it is appropriate to further adjust our *FFO, as defined by Prologis* for certain recurring items as they were driven by transactional activity and factors relating to the financial and real estate markets, rather than factors specific to the on-going operating performance of our properties or investments. The impairment charges we have recognized were primarily based on valuations of real estate, which had declined due to market conditions, that we no longer expected to hold for long-term investment. Over the last few years, we made it a priority to strengthen our financial position by reducing our debt, our investment in certain low yielding assets and our exposure to foreign currency exchange fluctuations. As a result, we changed our intent to sell or contribute certain of our real estate properties and recorded impairment charges when we did not expect to recover the costs of our investment. Also, we purchased portions of our debt securities when we believed it was advantageous to do so, which was based on market conditions, and in an effort to lower our borrowing costs and extend our debt maturities. As a result, we have recognized net gains or losses on the early extinguishment of certain debt due to the financial market conditions at that time.

We analyze our operating performance primarily by the rental income of our real estate and the revenue driven by our strategic capital business, net of operating, administrative and financing expenses. This income stream is not directly impacted by fluctuations in the market value of our investments in real estate or debt securities. Although these items discussed above have had a material impact on our operations and are reflected in our financial statements, the removal of the effects of these items allows us to better understand the core operating performance of our properties over the long term.

We use *Core FFO*, including by segment and region, to: (i) evaluate our performance and the performance of our properties in comparison to expected results and results of previous periods, relative to resource allocation decisions; (ii) evaluate the performance of our management; (iii) budget and forecast future results to assist in the allocation of resources; (iv) provide guidance to the financial markets to understand our expected operating performance; (v) assess our operating performance as compared to similar real estate companies and the industry in general; and (vi) evaluate how a specific potential investment will impact our future results. Because we make decisions with regard to our performance with a long-term outlook, we believe it is appropriate to remove the effects of items that we do not expect to affect the underlying long-term performance of the properties we own. As noted above, we believe the long-term performance of our properties is principally driven by rental income. We believe investors are best served if the information that is made available to them allows them to align their analysis and evaluation of our operating results along the same lines that our management uses in planning and executing our business strategy.

*Limitations on Use of our FFO Measures*

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

- The current income tax expenses and acquisition costs that are excluded from our defined FFO measures represent the taxes and transaction costs that are payable.
- Depreciation and amortization of real estate assets are economic costs that are excluded from FFO. FFO is limited, as it does not reflect the cash requirements that may be necessary for future replacements of the real estate assets. Further, the amortization of capital expenditures and leasing costs necessary to maintain the operating performance of industrial properties are not reflected in FFO.

- Gains or losses from property acquisitions and dispositions or impairment charges related to expected dispositions represent changes in value of the properties. By excluding these gains and losses, FFO does not capture realized changes in the value of acquired or disposed properties arising from changes in market conditions.
- The deferred income tax benefits and expenses that are excluded from our defined FFO measures result from the creation of a deferred income tax asset or liability that may have to be settled at some future point. Our defined FFO measures do not currently reflect any income or expense that may result from such settlement.
- The foreign currency exchange gains and losses that are excluded from our defined FFO measures are generally recognized based on movements in foreign currency exchange rates through a specific point in time. The ultimate settlement of our foreign currency-denominated net assets is indefinite as to timing and amount. Our FFO measures are limited in that they do not reflect the current period changes in these net assets that result from periodic foreign currency exchange rate movements.
- The gains and losses on extinguishment of debt that we exclude from our Core FFO, may provide a benefit or cost to us as we may be settling our debt at less or more than our future obligation.
- The merger, acquisition and other integration expenses and the natural disaster expenses that we exclude from Core FFO are costs that we have incurred.

We compensate for these limitations by using our FFO measures only in conjunction with net earnings computed under GAAP when making our decisions. This information should be read with our complete consolidated financial statements prepared under GAAP. To assist investors in compensating for these limitations, we reconcile our defined FFO measures to our net earnings computed under GAAP for the three months ended March 31 as follows (dollars in thousands).

	2015	2014
<b>FFO</b>		
Reconciliation of net earnings to FFO measures:		
Net earnings attributable to common stockholders	\$ 345.2	\$ 4.7
Add (deduct) NAREIT-defined adjustments:		
Real estate related depreciation and amortization	\$ 164.3	\$ 154.5
Gains on dispositions of investments in real estate properties, net	\$ (276.9)	\$ (9.5)
Reconciling items related to noncontrolling interests	\$ (11.5)	\$ (6.2)
Our share of reconciling items included in earnings from unconsolidated entities	\$ 49.1	\$ 43.0
<b>Subtotal-NAREIT defined FFO</b>	<b>270.2</b>	<b>186.5</b>
Add (deduct) our defined adjustments:		
Unrealized foreign currency and derivative losses (gains) and related amortization, net	(32.9)	28.1
Deferred income tax expense	1.1	1.1
Reconciling items related to noncontrolling interests	(1.6)	-
Our share of reconciling items included in earnings from unconsolidated entities	1.9	0.2
<b>FFO, as defined by Prologis</b>	<b>238.7</b>	<b>215.9</b>
Adjustments to arrive at Core FFO:		
Gains on dispositions of development properties and land, net of taxes	(3.2)	(6.2)
Acquisition expenses	1.3	0.5
Losses on early extinguishment of debt and redemption / repurchase of preferred stock, net	16.3	(0.3)
Reconciling items related to noncontrolling interests	(2.0)	-
Our share of reconciling items included in earnings from unconsolidated entities	3.3	7.7
<b>Core FFO</b>	<b>\$ 254.4</b>	<b>\$ 217.6</b>

### Item 3. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to the impact of interest rate changes and foreign-exchange related variability and earnings volatility on our foreign investments. See our risk factors in Item 1A. Risk Factors, in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014. See also Note 12 in the Consolidated Financial Statements in Item 1 for more information about our 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 exchange or interest rates at March 31, 2015. The results of the sensitivity analysis are summarized below. The sensitivity analysis is of limited predictive value. As a result, our ultimate realized gains or losses with respect to interest rate and foreign currency exchange rate fluctuations will depend on the exposures that arise during a future period, hedging strategies at the time and the prevailing interest and foreign currency exchange rates.

#### Foreign Currency Risk

We are exposed to foreign exchange-related variability and earnings volatility on our foreign investments. Foreign currency market risk is the possibility that our financial results or financial position could be better or worse than planned because of changes in foreign currency exchange rates. At March 31, 2015, we had net equity of approximately \$1.6 billion, or 9.0% of total net equity, denominated in a currency other than the U.S. dollar, after consideration of our derivative and non-derivative financial instruments. Based on our sensitivity analysis, a 10% reduction in exchange rates would cause a reduction of \$164.1 million to our net equity.

At March 31, 2015, we had foreign currency forward contracts, which were designated and qualify as net investment hedges, with an aggregate notional amount of \$1.1 billion to hedge a portion of our investments in Europe, the United Kingdom, and Japan. Based on our sensitivity analysis, a weakening of the U.S. dollar against the euro, British pound sterling and Japanese yen by 10% would result in a \$105.0 million negative change in our cash flows upon settlement. In addition, we also have euro, British pound sterling and Japanese yen option contracts, which were not designated as hedges, with an aggregate notional amount of approximately \$589 million to mitigate risk associated with the translation of projected net income of our subsidiaries in Europe and Japan. A weakening of the U.S. dollar against each of the euro, British pound sterling and Japanese yen by 10% would result in a \$58.9 million negative change in our cash flows upon settlement.

#### *Interest Rate Risk*

We are also exposed to the impact of interest rate changes on future earnings and cash flows. At March 31, 2015, we had \$944.7 million of variable rate debt outstanding, of which \$65.4 million was outstanding on our credit facilities and \$879.3 million was outstanding on our term loans. At March 31, 2015, we had entered into interest rate swap agreements to fix \$341.4 million of our Japanese yen term loan. During the three months ended March 31, 2015, we had weighted average daily outstanding borrowings of \$73.7 million on our variable rate credit facilities not subject to interest rate swap agreements. Based on the results of a sensitivity analysis assuming a 10% adverse change in interest rates based on our average outstanding balances during the period, the impact was \$0.7 million, which equates to a change in interest rates of 13 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, 2015. Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that the disclosure controls and procedures are effective to ensure 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.

There have been no changes in the internal controls over financial reporting during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

##### **Controls and Procedures (The Operating Partnership)**

The Operating Partnership 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, 2015. Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that the disclosure controls and procedures are effective to ensure 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.

There have been no changes in the internal controls over financial reporting during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

#### **PART II**

##### **Item 1. Legal Proceedings**

From time to time, we and our unconsolidated investees are party to a variety of legal proceedings arising in the ordinary course of business. We believe that, with respect to any such matters that we are currently a party to, 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, 2015, no material changes had occurred in our risk factors as discussed in Item 1A in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014.

##### **Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

None.

##### **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.

**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: May 1, 2015

## 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.

1.1	Equity Distribution Agreement, dated as of February 5, 2015, among Prologis, Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc., Goldman, Sachs & Co., J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC and Wells Fargo Securities, LLC (incorporated by reference to Exhibit 1.1 to Prologis' Current Report on Form 8-K filed on February 5, 2015).
10.1†	Second Amendment to the Global Senior Credit Agreement dated as of January 22, 2015 among Prologis, L.P., various affiliates of Prologis, L.P., various lenders and Bank of America, N.A. as global administrative agent.
10.2*†	Form of Prologis, Inc. 2012 Long-term Incentive Plan Restricted Stock Unit Agreement (Bonus exchange).
12.1†	Computation of Ratio of Earnings to Fixed Charges of Prologis, Inc. and Prologis, L.P.
12.2†	Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Stock/Unit Dividends, of Prologis, Inc. and Prologis, L.P.
15.1†	KPMG LLP Awareness Letter of Prologis, Inc.
15.2†	KPMG LLP Awareness Letter of Prologis, L.P.
31.1†	Certification of Chief Executive Officer of Prologis, Inc.
31.2†	Certification of Chief Financial Officer of Prologis, Inc.
31.3†	Certification of Chief Executive Officer for Prologis, L.P.
31.4†	Certification of Chief Financial Officer for Prologis, L.P.
32.1†	Certification of Chief Executive Officer and Chief Financial Officer of Prologis, Inc., pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2†	Certification of Chief Executive Officer and Chief Financial Officer for Prologis, L.P., pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
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>Management Contract or Compensatory Plan or Arrangement</i>
†	<i>Filed herewith</i>

## SECOND AMENDMENT

THIS SECOND AMENDMENT dated as of January 22, 2015 (this “Amendment”) amends the Global Senior Credit Agreement (the “Global Credit Agreement”) dated as of July 11, 2013 among PROLOGIS, L.P., various affiliates thereof, various lenders and BANK OF AMERICA, N.A., as Global Administrative Agent. Unless otherwise defined herein, capitalized terms used herein have the respective meanings set forth in the Global Credit Agreement.

WHEREAS, the parties have agreed to amend certain terms and provisions of the Global Credit Agreement as more particularly described herein;

NOW, THEREFORE, the parties hereto agree as follows:

SECTION 1. AMENDMENTS. Upon the effectiveness hereof, the Global Credit Agreement shall be amended as set forth below.

1.1 Certain New Definitions. The following new definitions are added to Section 1.01 in appropriate alphabetical order:

“Absolute Rate” means a fixed rate of interest expressed in multiples of 1/100th of one basis point.

“Absolute Rate Loans” means, collectively, U.S. Absolute Rate Loans and Euro Absolute Rate Loans; and “Absolute Rate Loan” means any one of the foregoing.

“Bid Borrowings” means, collectively, U.S. Bid Borrowings and Euro Bid Borrowings; and “Bid Borrowing” means any one of the foregoing.

“Bid Loan Lenders” means, collectively, U.S. Bid Loan Lenders and Euro Bid Loan Lenders; and “Bid Loan Lender” means any one of the foregoing.

“Bid Loan Reallocation Notice” has the meaning specified in Section 6.12.3.

“Bid Loans” means, collectively, U.S. Bid Loans and Euro Bid Loans; and “Bid Loan” means any one of the foregoing.

“Bid Requests” means, collectively, U.S. Bid Requests and Euro Bid Requests; and “Bid Request” means any one of the foregoing.

“Euro Absolute Rate Loan” means a Euro Bid Loan that bears interest at a rate determined with reference to an Absolute Rate.

“Euro Bid Borrowing” means a borrowing consisting of simultaneous Euro Bid Loans of the same Type from each of the Euro Lenders whose offer to make one or more Euro Bid Loans as part of such borrowing has been accepted under the auction bidding procedures described in Section 3.7.

“Euro Bid Loan” has the meaning specified in Section 3.7.1.

“Euro Bid Loan Lender” means, in respect of any Euro Bid Loan, the Euro Lender making such Euro Bid Loan to the applicable Euro Borrower.

“Euro Bid Loan Sublimit” means the lesser of (a) €200,000,000 (as such amount may be increased or decreased pursuant to Section 6.12.3) and (b) the Euro Aggregate Commitments. The Euro Bid Loan Sublimit is part of, and not in addition to, the Euro Aggregate Commitments.

“Euro Bid Request” means a written request for one or more Euro Bid Loans substantially in the form of Exhibit J-1.

**Second Amendment to Prologis, L.P.  
Global Senior Credit Agreement**

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“Euro Competitive Bid” means a written offer by a Euro Lender to make one or more Euro Bid Loans, substantially in the form of Exhibit K-1, duly completed and signed by such Euro Lender.

“Euro Eurocurrency Margin Bid Loan” means a Euro Bid Loan that bears interest at a rate based upon the Eurocurrency Rate.

“Eurocurrency Bid Margin” means the margin above or below the Eurocurrency Rate to be added to or subtracted from the Eurocurrency Rate, which margin shall be expressed in multiples of 1/100th of one basis point.

“Eurocurrency Margin Bid Loans” means, collectively, U.S. Eurocurrency Margin Bid Loans and Euro Eurocurrency Margin Bid Loans; and “Eurocurrency Margin Bid Loan” means any one of the foregoing.

“Eurocurrency Rate Committed Loan” means any Committed Loan that bears interest at a rate based upon the Eurocurrency Rate.

“U.S. Absolute Rate Loan” means a U.S. Bid Loan that bears interest at a rate determined with reference to an Absolute Rate.

“U.S. Bid Borrowing” means a borrowing consisting of simultaneous U.S. Bid Loans of the same Type from each of the U.S. Lenders whose offer to make one or more U.S. Bid Loans as part of such borrowing has been accepted under the auction bidding procedures described in Section 2.7.

“U.S. Bid Loan” has the meaning specified in Section 2.7.1.

“U.S. Bid Loan Lender” means, in respect of any U.S. Bid Loan, the U.S. Lender making such U.S. Bid Loan to the applicable U.S. Borrower.

“U.S. Bid Loan Sublimit” means the lesser of (a) \$300,000,000 (as such amount may be increased or decreased pursuant to Section 6.12.3) and (b) the U.S. Aggregate Commitments. The U.S. Bid Loan Sublimit is part of, and not in addition to, the U.S. Aggregate Commitments.

“U.S. Bid Request” means a written request for one or more U.S. Bid Loans substantially in the form of Exhibit J-2 or such other form as may be approved by U.S. Funding Agent (including any form on an electronic platform or electronic transmission system as shall be approved by U.S. Funding Agent), appropriately completed and signed by a Responsible Officer of the applicable Borrower.

“U.S. Competitive Bid” means a written offer by a U.S. Lender to make one or more U.S. Bid Loans, substantially in the form of Exhibit K-2 (including any form on an electronic platform or electronic transmission system as shall be approved by U.S. Funding Agent), duly completed and signed by such U.S. Lender.

“U.S. Eurocurrency Margin Bid Loan” means a U.S. Bid Loan that bears interest at a rate based upon the Eurocurrency Rate.

1.2 Revised Definitions. Each of the following definitions is deleted and replaced in its entirety with the following corresponding definition:

“Assignment and Assumption” means an assignment and assumption entered into by a Lender and a Qualified Institution (with the consent of any party whose consent is required by Section 14.6.2), and accepted by Global Administrative Agent and the applicable Funding Agent, in substantially the form of Exhibit D or any other form (including electronic documentation generated by use of an electronic platform) approved by Global Administrative Agent and the applicable Funding Agent.

“Borrowing” means a Committed Borrowing, a Bid Borrowing or a Swing Line Borrowing, as the context may require.

“Euro Committed Loan Notice” means a notice of (a) a Euro Committed Borrowing, (b) a conversion of Euro Committed Loans from one Type to the other or (c) a continuation of Eurocurrency Rate Committed Loans, pursuant to Section 3.3.1, which shall be substantially in the form of Exhibit A-2 or such other form as may be approved by Euro Funding Agent (including any form on an electronic platform or electronic transmission system as

shall be approved by Euro Funding Agent), appropriately completed and signed by a Responsible Officer of the applicable Borrower.

“Euro Loan” means an extension of credit by a Euro Lender to a Borrower under Article III in the form of a Euro Committed Loan, a Euro Swing Line Loan or a Euro Bid Loan.

“Euro Outstanding Amount” means: (a) with respect to Euro Committed Loans (other than Euro Fronting Loans), the aggregate outstanding Euro Equivalent principal amount thereof after giving effect to any borrowings and repayments of Euro Committed Loans; (b) with respect to Euro Fronting Loans, the aggregate outstanding Euro Equivalent principal amount thereof after giving effect to any borrowings and repayments of Euro Fronting Loans; (c) with respect to Euro Swing Line Loans, the aggregate outstanding Euro Equivalent principal amount thereof after giving effect to any borrowings and repayments of Euro Swing Line Loans; (d) with respect to Euro Bid Loans, the aggregate outstanding principal amount thereof after giving effect to any borrowings and repayments of Euro Bid Loans; and (e) with respect to any Euro L/C Obligations, the aggregate outstanding Euro Equivalent principal amount thereof after giving effect to any Euro L/C Credit Extension occurring on such date and any other change in the outstanding amount of the Euro L/C Obligations on such date, including as a result of any reimbursement by any Euro Borrower of Euro Unreimbursed Amounts.

“Euro Total Outstandings” means the aggregate Euro Outstanding Amount of all Euro Committed Loans (including all Euro Fronting Loans), all Euro Swing Line Loans, all Euro Bid Loans and all Euro L/C Obligations.

“Eurocurrency Rate Loan” means any Committed Loan or Bid Loan that bears interest at a rate based on the Eurocurrency Rate.

“Interest Period” means (a) as to each Eurocurrency Rate Loan or CDOR Rate Loan, as applicable, the period commencing on the date such Eurocurrency Rate Loan or such CDOR Rate Loan, as applicable, is disbursed or (in the case of any Eurocurrency Rate Committed Loan) converted to or continued as a Eurocurrency Rate Loan or a CDOR Rate Loan, as applicable, and ending on the date seven, fourteen or twenty-one days (to the extent available for the requested currency) or one, two, three or six months thereafter, as selected by the applicable Borrower in the applicable Committed Loan Notice or applicable Bid Request, (b) as to any Substitute Rate Loan, a period agreed upon by the applicable Borrower and Euro Funding Agent (after consultation with the Lenders) or, in the absence of such agreement, a period of one month or such lesser period as Euro Funding Agent deems customary in the relevant market for loans bearing interest based upon a rate similar to the Substitute Rate, and (c) as to each Absolute Rate Loan, a period of not less than 14 days and not more than 180 days as selected by the applicable Borrower in its Bid Request; provided that:

(i) any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless, in the case of a Eurocurrency Rate Loan, a CDOR Rate Loan, or a Substitute Rate Loan, such next succeeding Business Day falls in another calendar month, in which case such Interest Period shall end on the immediately preceding Business Day;

(ii) any Interest Period for a Eurocurrency Rate Loan, a CDOR Rate Loan or a Substitute Rate Loan that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(iii) no Interest Period shall extend beyond the Maturity Date.

“Outstanding Amount” means (a) with respect to the outstanding Committed Loans on any date (other than the Fronting Loans), the Dollar Equivalent amount of the aggregate outstanding principal amount thereof after giving effect to any borrowings and prepayments or repayments of such Committed Loans occurring on such date; (b) with respect to Fronting Loans on any date, the Dollar Equivalent amount of the aggregate outstanding principal amount thereof after giving effect to any borrowings and prepayments or repayments of such Fronting Loans occurring on such date; (c) with respect to the outstanding Swing Line Loans on any date, the Dollar Equivalent amount of the aggregate outstanding principal amount thereof after giving effect to any borrowings and prepayments or repayments of such Swing Line Loans occurring on such date; (d) with respect to the outstanding Bid Loans on any date, the Dollar Equivalent amount of the aggregate outstanding principal amount thereof after giving effect to any borrowings and prepayments or repayments of such Bid Loans occurring on such date; and (e) with respect to any L/C Obligations on any date, the Dollar Equivalent amount of the aggregate outstanding amount of such L/C

Obligations on such date after giving effect to any L/C Credit Extension occurring on such date and any other changes in the aggregate amount of the L/C Obligations as of such date, including as a result of any reimbursements by any Borrower of Unreimbursed Amounts.

“Type” means (a) with respect to a U.S. Committed Loan, its character as a Base Rate Loan (for a Dollar denominated U.S. Committed Loan), a Eurocurrency Rate Committed Loan or a CDOR Rate Loan (for a Canadian Dollar denominated U.S. Committed Loan), (b) with respect to a Euro Committed Loan, its character as a Eurocurrency Rate Committed Loan or a Substitute Rate Loan, (d) with respect to a Yen Committed Loan, its character as a Eurocurrency Rate Committed Loan, a Base Rate Loan (for a Dollar denominated Yen Committed Loan) or an ABR Rate Loan (for a Yen denominated Yen Committed Loan), and (e) with respect to a Bid Loan, its character as an Absolute Rate Loan or a Eurocurrency Margin Bid Loan.

“U.S. Committed Loan Notice” means a notice of (a) a U.S. Committed Borrowing, (b) a conversion of U.S. Committed Loans denominated in Dollars from one Type of Dollar-denominated Loans to the other or (c) a continuation of Eurocurrency Rate Committed Loans or CDOR Rate Loans, pursuant to Section 2.3.1, which shall be substantially in the form of Exhibit A-1 or such other form as may be approved by U.S. Funding Agent (including any form on an electronic platform or electronic transmission system as shall be approved by U.S. Funding Agent), appropriately completed and signed by a Responsible Officer of the applicable Borrower.

“U.S. Loan” means an extension of credit by a Lender to a Borrower under Article II in the form of a U.S. Committed Loan, a U.S. Swing Line Loan or a U.S. Bid Loan.

“U.S. Outstanding Amount” means: (a) with respect to U.S. Committed Loans (other than U.S. Fronting Loans), the aggregate outstanding Dollar Equivalent principal amount thereof after giving effect to any borrowings and repayments of U.S. Committed Loans; (b) with respect to U.S. Fronting Loans, the aggregate outstanding Dollar Equivalent principal amount thereof after giving effect to any borrowings and repayments of U.S. Fronting Loans; (c) with respect to U.S. Swing Line Loans, the aggregate outstanding Dollar Equivalent principal amount thereof after giving effect to any borrowings and repayments of U.S. Swing Line Loans; (d) with respect to U.S. Bid Loans, the aggregate outstanding principal amount thereof after giving effect to any borrowings and repayments of U.S. Bid Loans; and (e) with respect to any U.S. L/C Obligations, the aggregate outstanding Dollar Equivalent principal amount thereof after giving effect to any U.S. L/C Credit Extension occurring on such date and any other change in the outstanding amount of the U.S. L/C Obligations on such date, including as a result of any reimbursement by any U.S. Borrower of U.S. Unreimbursed Amounts.

“U.S. Swing Line Loan Notice” means a notice of a U.S. Swing Line Borrowing pursuant to Section 2.5.2, which shall be substantially in the form of Exhibit B-1 or such other form as may be approved by U.S. Funding Agent (including any form on an electronic platform or electronic transmission system as shall be approved by U.S. Funding Agent), appropriately completed and signed by a Responsible Officer of the applicable Borrower.

“U.S. Total Outstandings” means the aggregate U.S. Outstanding Amount of all U.S. Committed Loans (including all U.S. Fronting Loans), all U.S. Swing Line Loans, all U.S. Bid Loans and all U.S. L/C Obligations.

“Yen Committed Loan Notice” means a notice of (a) a Yen Committed Borrowing, (b) a conversion of Yen Committed Loans from one Type to the other or (c) a continuation of Eurocurrency Rate Committed Loans, pursuant to Section 4.3.1, which shall be substantially in the form of Exhibit A-3 or such other form as may be approved by Yen Funding Agent (including any form on an electronic platform or electronic transmission system as shall be approved by Yen Funding Agent), appropriately completed and signed by a Responsible Officer of the applicable Borrower.

1.3 Applicable Rate. The table in the definition of “Applicable Margin” is amended by deleting “Eurocurrency Rate Loans” in the first line of the fifth column and substituting “Eurocurrency Rate Committed Loans” therefor.

1.4 Eurocurrency Rate. The definition of “Eurocurrency Rate” is amended by adding the following at the end thereof:

If the Eurocurrency Rate for any Interest Period shall be less than zero (0), such rate shall be deemed to be zero (0) for such Interest Period for all purposes of this Agreement.

1.5 U.S. Committed Borrowing Procedures. Section 2.3.1 is deleted and replaced with the following:

Section 2.3.1 Procedures for U.S. Committed Borrowings. Each U.S. Committed Borrowing, each conversion of U.S. Committed Loans denominated in Dollars from one Type of Dollar-denominated Loans to the other, and each continuation of Eurocurrency Rate Committed Loans shall be made upon the requesting U.S. Borrower's irrevocable notice to U.S. Funding Agent, which may be given by (A) telephone, or (B) a U.S. Committed Loan Notice; provided that any telephonic notice must be confirmed immediately by delivery to U.S. Funding Agent of a U.S. Committed Loan Notice. Each such notice must be received by U.S. Funding Agent not later than 11:00 a.m. (a) three Business Days prior to the requested date of any U.S. Committed Borrowing of, conversion to or continuation of Eurocurrency Rate Committed Loans (other than a U.S. Committed Borrowing denominated in Yen), (b) four Business Days prior to the requested date of any U.S. Committed Borrowing denominated in Yen or any continuation of Eurocurrency Rate Committed Loans denominated in Yen, (c) three Business Days prior to the requested date of any U.S. Committed Borrowing of or continuation of CDOR Rate Loans and (d) one Business Day prior to the requested date of any U.S. Committed Borrowing of Base Rate Committed Loans or of any conversion of Eurocurrency Rate Committed Loans denominated in Dollars to Base Rate Committed Loans. Each U.S. Committed Borrowing of, conversion to or continuation of Eurocurrency Rate Committed Loans and each U.S. Committed Borrowing of or continuation of CDOR Rate Loans shall be in a principal amount permitted by Section 6.1.1. Except as provided in Sections 5.3 and 2.5.3, each U.S. Committed Borrowing of or conversion to Base Rate Committed Loans shall be in a principal amount permitted by Section 6.1.1. Each U.S. Committed Loan Notice shall specify (i) the jurisdiction of the applicable U.S. Borrower and whether such Borrower is a Foreign Borrower, (ii) whether such U.S. Borrower is requesting a U.S. Committed Borrowing, a conversion of U.S. Committed Loans denominated in Dollars from one Type of Dollar-denominated Loans to the other, or a continuation of Eurocurrency Rate Committed Loans or CDOR Rate Loans, (iii) the requested date of the U.S. Committed Borrowing, conversion or continuation, as the case may be (which shall be a Business Day), (iv) the principal amount of U.S. Committed Loans to be borrowed, converted or continued, (v) the Type of U.S. Committed Loans to be borrowed or to which existing U.S. Committed Loans denominated in Dollars are to be converted, (vi) if applicable, the duration of the Interest Period with respect thereto and (vii) the currency of the U.S. Committed Loans to be borrowed or continued. If the requesting U.S. Borrower fails to specify a currency in a U.S. Committed Loan Notice requesting a U.S. Committed Borrowing, then the U.S. Committed Loans so requested shall be made in Dollars. If the requesting U.S. Borrower fails to specify a Type of U.S. Committed Loan in a U.S. Committed Loan Notice or if the requesting U.S. Borrower fails to give a timely notice requesting a continuation, then the applicable U.S. Committed Loans shall be made as, or converted to, Base Rate Loans; provided that in the case of a failure to timely request a continuation of U.S. Committed Loans denominated in an Alternative Currency of the U.S. Tranche, such U.S. Committed Loans shall be continued as Eurocurrency Rate Committed Loans or CDOR Rate Loans, as applicable, in their original currency with an Interest Period of one month. Any automatic conversion to Base Rate Loans shall be effective as of the last day of the Interest Period then in effect with respect to the applicable Eurocurrency Rate Committed Loans. If the requesting U.S. Borrower requests a U.S. Committed Borrowing of, conversion to or continuation of Eurocurrency Rate Committed Loans or CDOR Rate Loans in any such U.S. Committed Loan Notice, but fails to specify an Interest Period, it will be deemed to have specified an Interest Period of one month. No U.S. Committed Loan may be converted into or continued as a U.S. Committed Loan denominated in a different currency, but instead must be repaid in the original currency of such U.S. Committed Loan and reborrowed in the other currency.

1.6 U.S. Swing Line Borrowing Procedures. Section 2.5.2 is deleted and replaced with the following:

Section 2.5.2 Borrowing Procedures. Each U.S. Swing Line Borrowing shall be made upon the requesting U.S. Borrower's irrevocable notice to U.S. Swing Line Lender and U.S. Funding Agent, which may be given by (A) telephone or (B) by a U.S. Swing Line Loan Notice; provided that any telephonic notice must be confirmed promptly by delivery to U.S. Swing Line Lender and U.S. Funding Agent of a U.S. Swing Line Loan Notice. Each such notice must be received by U.S. Swing Line Lender and U.S. Funding Agent not later than 1:00 p.m. on the requested borrowing date, and shall specify (a) the amount to be borrowed, which shall be a minimum of \$500,000, and (b) the requested borrowing date, which shall be a Business Day. Promptly after receipt by U.S. Swing Line Lender of any U.S. Swing Line Loan Notice, U.S. Swing Line Lender will confirm with U.S. Funding Agent (by telephone or in writing) that it has also received such U.S. Swing Line Loan Notice and, if not, U.S. Swing Line Lender will notify U.S. Funding Agent (by telephone or in writing) of the contents thereof. Unless U.S. Swing Line Lender has received notice (by telephone or in writing) from Global Administrative Agent, U.S. Funding Agent (including at the request of any U.S. Lender) or any Credit Party prior to 2:00 p.m. on the date of the proposed U.S. Swing Line Borrowing (i) directing U.S. Swing Line Lender not to make such U.S. Swing Line Loan as a result of the limitations set forth in the proviso to the first sentence of Section 2.5.1 or (ii) that one or more of the applicable conditions specified in Article VIII is not then satisfied, then, subject to the terms and conditions hereof, U.S. Swing

Line Lender will, not later than 3:00 p.m. on the borrowing date specified in such U.S. Swing Line Loan Notice, make the amount of its U.S. Swing Line Loan available to the requesting U.S. Borrower.

1.7 U.S. Prepayments. The lead-in in Clause (a) of the first proviso in Section 2.6.1 is deleted and replaced with the following:

(a) such notice must be in a form acceptable to U.S. Funding Agent and be received by U.S. Funding Agent, not later than 11:00 a.m.,

1.8 U.S. Tranche Bid Loans. The following is added to the end of Article II as new Section 2.7:

## **2.7 U.S. Bid Loans.**

Section 2.7.1 General. Subject to the terms and conditions set forth herein, each U.S. Lender agrees that any Domestic Borrower under the U.S. Tranche may from time to time request the U.S. Lenders to submit offers to make loans in Dollars (each such loan, a “U.S. Bid Loan”) to such Domestic Borrower from time to time on any Business Day during the Availability Period pursuant to this Section 2.7; provided that immediately after giving effect to any U.S. Bid Borrowing, (a) the U.S. Total Outstandings shall not exceed the U.S. Aggregate Commitments and (b) the aggregate Outstanding Amount of all U.S. Bid Loans shall not exceed the U.S. Bid Loan Sublimit. There shall not be more than five different Interest Periods in effect with respect to U.S. Bid Loans at any time.

Section 2.7.2 Requesting Competitive Bids. A Domestic Borrower under the U.S. Tranche may request the submission of U.S. Competitive Bids by delivering a U.S. Bid Request to U.S. Funding Agent not later than 12:00 noon, Applicable Time, four Business Days prior to the requested date of any U.S. Bid Borrowing. Each U.S. Bid Request shall specify (i) the requested date of the U.S. Bid Borrowing (which shall be a Business Day), (ii) the aggregate principal amount of U.S. Bid Loans requested (which must be \$10,000,000 or a higher whole multiple of \$1,000,000), (iii) the Type of U.S. Bid Loans requested and (iv) the duration of the Interest Period with respect thereto, and shall be signed by a Responsible Officer of the applicable Borrower. No U.S. Bid Request shall contain a request for (A) more than one Type of U.S. Bid Loan or (B) U.S. Bid Loans having more than three different Interest Periods. Unless U.S. Funding Agent otherwise agrees in its sole discretion, a U.S. Borrower may not submit a U.S. Bid Request if it has submitted another U.S. Bid Request within the prior five Business Days.

Section 2.7.3 Submitting Competitive Bids.

(a) U.S. Funding Agent shall promptly notify each U.S. Lender of each U.S. Bid Request received by it and the contents of such U.S. Bid Request.

(b) Each U.S. Lender may (but shall have no obligation to) submit a U.S. Competitive Bid containing an offer to make one or more U.S. Bid Loans in response to a U.S. Bid Request. Such U.S. Competitive Bid must be delivered to U.S. Funding Agent not later than 10:30 a.m., Applicable Time, three Business Days prior to the requested date of any U.S. Bid Borrowing; provided that any U.S. Competitive Bid submitted by U.S. Funding Agent in its capacity as a U.S. Lender in response to any U.S. Bid Request must be submitted to U.S. Funding Agent not later than 10:15 a.m., Applicable Time, on the date on which U.S. Competitive Bids are required to be delivered by the other U.S. Lenders in response to such U.S. Bid Request. Each U.S. Competitive Bid shall specify (A) the proposed date of the U.S. Bid Borrowing; (B) the principal amount of each U.S. Bid Loan for which such U.S. Competitive Bid is being made, which principal amount (x) may be equal to, greater than or less than the U.S. Commitment of the bidding U.S. Lender, (y) must be \$5,000,000 or a higher whole multiple of \$1,000,000, and (z) may not exceed the principal amount of U.S. Bid Loans for which U.S. Competitive Bids were requested; (C) if the proposed U.S. Bid Borrowing is to consist of Absolute Rate Bid Loans, the Absolute Rate offered for each such U.S. Bid Loan and the Interest Period applicable thereto; (D) if the proposed U.S. Bid Borrowing is to consist of Eurocurrency Margin Bid Loans, the Eurocurrency Bid Margin with respect to each such Eurocurrency Margin Bid Loan and the Interest Period applicable thereto; and (E) the identity of the bidding U.S. Lender.

(c) Any U.S. Competitive Bid shall be disregarded if it (A) is received after the required time specified in clause (b) above, (B) is not substantially in the form of a U.S. Competitive Bid as specified herein, (C) contains qualifying, conditional or similar language, (D) proposes terms other than or in addition to those set forth in the applicable U.S. Bid Request, or (E) is otherwise not responsive to such U.S. Bid Request. Any U.S. Lender may correct a U.S. Competitive Bid containing a manifest error by submitting a corrected U.S. Competitive Bid

(identified as such) not later than the applicable time required for submission of U.S. Competitive Bids. Any such submission of a corrected U.S. Competitive Bid shall constitute a revocation of the U.S. Competitive Bid that contained the manifest error. U.S. Funding Agent may, but shall not be required to, notify any U.S. Lender of any manifest error it detects in such U.S. Lender's Competitive Bid.

(d) Subject only to the provisions of Sections 7.2, 7.3 and 8.2 and clause (c) above, each U.S. Competitive Bid shall be irrevocable.

Section 2.7.4 Notice to Borrower of Competitive Bids. Not later than 11:00 a.m., Applicable Time, three Business Days prior to the requested date of any U.S. Bid Borrowing, U.S. Funding Agent shall notify the applicable Borrower of the identity of each U.S. Lender that has submitted a U.S. Competitive Bid that complies with Section 2.7.3 and of the terms of the offers contained in each such U.S. Competitive Bid.

Section 2.7.5 Acceptance of Competitive Bids. Not later than 11:30 a.m., Applicable Time, three Business Days prior to the requested date of any U.S. Bid Borrowing, the applicable Borrower shall notify U.S. Funding Agent of its acceptance or rejection of the offers notified to it pursuant to Section 2.7.4. The applicable Borrower shall be under no obligation to accept any U.S. Competitive Bid and may choose to reject all U.S. Competitive Bids. In the case of acceptance, such notice shall specify the aggregate principal amount of U.S. Competitive Bids for each Interest Period that is accepted. The applicable Borrower may accept any U.S. Competitive Bid in whole or in part; provided that:

(i) the aggregate principal amount of each U.S. Bid Borrowing may not exceed the applicable amount set forth in the related U.S. Bid Request;

(ii) the principal amount of each U.S. Bid Loan must be \$5,000,000 or a higher whole multiple of \$1,000,000;

(iii) the acceptance of offers may be made only on the basis of ascending Absolute Rates or Eurocurrency Bid Margins within each Interest Period; and

(iv) the applicable Borrower may not accept any offer that is described in Section 2.7.3(c) or that otherwise fails to comply with the requirements hereof.

Section 2.7.6 Procedure for Identical Bids. If two or more U.S. Lenders have submitted U.S. Competitive Bids at the same Absolute Rate or Eurocurrency Bid Margin, as the case may be, for the same Interest Period, and the result of accepting all of such U.S. Competitive Bids in whole (together with any other U.S. Competitive Bids at lower Absolute Rates or Eurocurrency Bid Margins, as the case may be, accepted for such Interest Period in conformity with the requirements of Section 2.7.5) would be to cause the aggregate outstanding principal amount of the applicable U.S. Bid Borrowing to exceed the amount specified therefor in the related U.S. Bid Request, then, unless otherwise agreed by the applicable Borrower, U.S. Funding Agent and such U.S. Lenders, the applicable Borrower shall accept such U.S. Competitive Bids as nearly as possible in proportion to the amount offered by each such U.S. Lender in respect of such Interest Period, with such accepted amounts in each case being rounded to a whole multiple of \$1,000,000.

Section 2.7.7 Notice to Lenders of Acceptance or Rejection of Bids. U.S. Funding Agent shall promptly notify each U.S. Lender having submitted a U.S. Competitive Bid whether or not its offer has been accepted and, if its offer has been accepted, of the amount of the U.S. Bid Loan or Bid Loans to be made by it on the date of the applicable U.S. Bid Borrowing. Any U.S. Competitive Bid or portion thereof that is not accepted by the applicable Borrower by the applicable time specified in Section 2.7.5 shall be deemed rejected.

Section 2.7.8 Notice of Eurocurrency Rate. If any U.S. Bid Borrowing is to consist of Eurocurrency Margin Bid Loans, U.S. Funding Agent (a) shall determine the Eurocurrency Rate for the relevant Interest Period and (b) promptly after making such determination, shall notify the applicable Borrower and the U.S. Lenders that will be participating in such U.S. Bid Borrowing of such Eurocurrency Rate.

Section 2.7.9 Funding of U.S. Bid Loans. Each U.S. Lender that has received notice pursuant to Section 2.7.7 that all or a portion of its U.S. Competitive Bid has been accepted by the applicable Borrower shall make the amount of its U.S. Bid Loan(s) available to U.S. Funding Agent in immediately available funds at U.S. Funding Agent's Office not later than 1:00 p.m., Applicable Time, on the date of the requested U.S. Bid Borrowing. Upon

satisfaction of the applicable conditions set forth in Section 8.2, U.S. Funding Agent shall make all funds so received available to the applicable Borrower in like funds as received by U.S. Funding Agent.

Section 2.7.10 Notice of Range of Bids. After each U.S. Competitive Bid auction pursuant to this Section 2.7, U.S. Funding Agent shall notify each U.S. Lender that submitted a U.S. Competitive Bid in such auction of the ranges of bids submitted (without the bidder's name) and accepted for each U.S. Bid Loan and the aggregate amount of each U.S. Bid Borrowing.

1.9 Euro Prepayments. The lead-in in Clause (a) of the first proviso in Section 3.6.1 is deleted and replaced with the following:

(a) such notice must be in a form acceptable to Euro Funding Agent and be received by Euro Funding Agent not later than 11:00 a.m., Brussels time,

1.10 Euro Tranche Bid Loans. The following is added to the end of Article III as new Section 3.7.

### **3.7 Euro Bid Loans.**

Section 3.7.1 General. Subject to the terms and conditions set forth herein, each Euro Lender agrees that any Domestic Borrower under the Euro Tranche may from time to time request the Euro Lenders to submit offers to make loans in Euros (each such loan, a "Euro Bid Loan") to such Domestic Borrower from time to time on any Business Day during the Availability Period pursuant to this Section 3.7; provided that immediately after giving effect to any Euro Bid Borrowing, (a) the Euro Total Outstandings shall not exceed the Euro Aggregate Commitments and (b) the aggregate Outstanding Amount of all Euro Bid Loans shall not exceed the Euro Bid Loan Sublimit. There shall not be more than five different Interest Periods in effect with respect to Euro Bid Loans at any time.

Section 3.7.2 Requesting Competitive Bids. A Domestic Borrower under the Euro Tranche may request the submission of Euro Competitive Bids by delivering a Euro Bid Request to Euro Funding Agent not later than 12:00 noon, Applicable Time, four Business Days prior to the requested date of any Euro Bid Borrowing. Each Euro Bid Request shall specify (i) the requested date of the Euro Bid Borrowing (which shall be a Business Day), (ii) the aggregate principal amount of Euro Bid Loans requested (which must be EUR 10,000,000 or a higher whole multiple of EUR 1,000,000), (iii) the Type of Euro Bid Loans requested and (iv) the duration of the Interest Period with respect thereto, and shall be signed by a Responsible Officer of the applicable Borrower. No Euro Bid Request shall contain a request for (A) more than one Type of Euro Bid Loan or (B) Euro Bid Loans having more than three different Interest Periods. Unless Euro Funding Agent otherwise agrees in its sole discretion, a Euro Borrower may not submit a Euro Bid Request if it has submitted another Euro Bid Request within the prior five Business Days.

Section 3.7.3 Submitting Competitive Bids.

(a) Euro Funding Agent shall promptly notify each Euro Lender of each Euro Bid Request received by it and the contents of such Euro Bid Request.

(b) Each Euro Lender may (but shall have no obligation to) submit a Euro Competitive Bid containing an offer to make one or more Euro Bid Loans in response to a Euro Bid Request. Such Euro Competitive Bid must be delivered to Euro Funding Agent not later than 10:00 a.m., Applicable Time, three Business Days prior to the requested date of any Euro Bid Borrowing; provided that any Euro Competitive Bid submitted by Euro Funding Agent in its capacity as a Euro Lender in response to any Euro Bid Request must be submitted to Euro Funding Agent not later than 9:45 a.m., Applicable Time, on the date on which Euro Competitive Bids are required to be delivered by the other Euro Lenders in response to such Euro Bid Request. Each Euro Competitive Bid shall specify (A) the proposed date of the Euro Bid Borrowing; (B) the principal amount of each Euro Bid Loan for which such Euro Competitive Bid is being made, which principal amount (x) may be equal to, greater than or less than the Euro Commitment of the bidding Euro Lender, (y) must be EUR 5,000,000 or a higher whole multiple of EUR 1,000,000, and (z) may not exceed the principal amount of Euro Bid Loans for which Euro Competitive Bids were requested; (C) if the proposed Euro Bid Borrowing is to consist of Absolute Rate Bid Loans, the Absolute Rate offered for each such Euro Bid Loan and the Interest Period applicable thereto; (D) if the proposed Euro Bid Borrowing is to consist of Eurocurrency Margin Bid Loans, the Eurocurrency Bid Margin with respect to each such Eurocurrency Margin Bid Loan and the Interest Period applicable thereto; and (E) the identity of the bidding Euro Lender.

(c) Any Euro Competitive Bid shall be disregarded if it (A) is received after the required time specified in clause (b) above, (B) is not substantially in the form of a Euro Competitive Bid as specified herein, (C) contains qualifying, conditional or similar language, (D) proposes terms other than or in addition to those set forth in the applicable Euro Bid Request, or (E) is otherwise not responsive to such Euro Bid Request. Any Euro Lender may correct a Euro Competitive Bid containing a manifest error by submitting a corrected Euro Competitive Bid (identified as such) not later than the applicable time required for submission of Euro Competitive Bids. Any such submission of a corrected Euro Competitive Bid shall constitute a revocation of the Euro Competitive Bid that contained the manifest error. Euro Funding Agent may, but shall not be required to, notify any Euro Lender of any manifest error it detects in such Euro Lender's Competitive Bid.

(d) Subject only to the provisions of Sections 7.2, 7.3 and 8.2 and clause (c) above, each Euro Competitive Bid shall be irrevocable.

Section 3.7.4 Notice to Borrower of Competitive Bids. Not later than 11:00 a.m., Applicable Time, three Business Days prior to the requested date of any Euro Bid Borrowing, Euro Funding Agent shall notify the applicable Borrower of the identity of each Euro Lender that has submitted a Euro Competitive Bid that complies with Section 3.7.3 and of the terms of the offers contained in each such Euro Competitive Bid.

Section 3.7.5 Acceptance of Competitive Bids. Not later than 11:30 a.m., Applicable Time, three Business Days prior to the requested date of any Euro Bid Borrowing, the applicable Borrower shall notify Euro Funding Agent of its acceptance or rejection of the offers notified to it pursuant to Section 3.7.4. The applicable Borrower shall be under no obligation to accept any Euro Competitive Bid and may choose to reject all Euro Competitive Bids. In the case of acceptance, such notice shall specify the aggregate principal amount of Euro Competitive Bids for each Interest Period that is accepted. The applicable Borrower may accept any Euro Competitive Bid in whole or in part; provided that:

(i) the aggregate principal amount of each Euro Bid Borrowing may not exceed the applicable amount set forth in the related Euro Bid Request;

(ii) the principal amount of each Euro Bid Loan must be EUR 5,000,000 or a higher whole multiple of EUR 1,000,000;

(iii) the acceptance of offers may be made only on the basis of ascending Absolute Rates or Eurocurrency Bid Margins within each Interest Period; and

(iv) the applicable Borrower may not accept any offer that is described in Section 3.7.3(c) or that otherwise fails to comply with the requirements hereof.

Section 3.7.6 Procedure for Identical Bids. If two or more Euro Lenders have submitted Euro Competitive Bids at the same Absolute Rate or Eurocurrency Bid Margin, as the case may be, for the same Interest Period, and the result of accepting all of such Euro Competitive Bids in whole (together with any other Euro Competitive Bids at lower Absolute Rates or Eurocurrency Bid Margins, as the case may be, accepted for such Interest Period in conformity with the requirements of Section 3.7.5) would be to cause the aggregate outstanding principal amount of the applicable Euro Bid Borrowing to exceed the amount specified therefor in the related Euro Bid Request, then, unless otherwise agreed by the applicable Borrower, Euro Funding Agent and such Euro Lenders, the applicable Borrower shall accept such Euro Competitive Bids as nearly as possible in proportion to the amount offered by each such Euro Lender in respect of such Interest Period, with such accepted amounts in each case being rounded to a whole multiple of EUR 1,000,000.

Section 3.7.7 Notice to Lenders of Acceptance or Rejection of Bids. Euro Funding Agent shall promptly notify each Euro Lender having submitted a Euro Competitive Bid whether or not its offer has been accepted and, if its offer has been accepted, of the amount of the Euro Bid Loan or Bid Loans to be made by it on the date of the applicable Euro Bid Borrowing. Any Euro Competitive Bid or portion thereof that is not accepted by the applicable Borrower by the applicable time specified in Section 3.7.5 shall be deemed rejected.

Section 3.7.8 Notice of Eurocurrency Rate. If any Euro Bid Borrowing is to consist of Eurocurrency Margin Bid Loans, Euro Funding Agent (a) shall determine the Eurocurrency Rate for the relevant Interest Period and (b) promptly after making such determination, shall notify the applicable Borrower and the Euro Lenders that will be participating in such Euro Bid Borrowing of such Eurocurrency Rate.

Section 3.7.9 Funding of Euro Bid Loans. Each Euro Lender that has received notice pursuant to Section 3.7.7 that all or a portion of its Euro Competitive Bid has been accepted by the applicable Borrower shall make the amount of its Euro Bid Loan(s) available to Euro Funding Agent in immediately available funds at Euro Funding Agent's Office not later than 1:00 p.m., Applicable Time, on the date of the requested Euro Bid Borrowing. Upon satisfaction of the applicable conditions set forth in Section 8.2, Euro Funding Agent shall make all funds so received available to the applicable Borrower in like funds as received by Euro Funding Agent.

Section 3.7.10 Notice of Range of Bids. After each Euro Competitive Bid auction pursuant to this Section 3.7, Euro Funding Agent shall notify each Euro Lender that submitted a Euro Competitive Bid in such auction of the ranges of bids submitted (without the bidder's name) and accepted for each Euro Bid Loan and the aggregate amount of each Euro Bid Borrowing.

1.11 Yen Committed Borrowing Procedures. Section 4.3.1 is deleted and replaced with the following:

Section 4.3.1 Procedures for Yen Committed Borrowings. Each Yen Committed Borrowing, each conversion of Yen Committed Loans from one Type to the other and each continuation of Eurocurrency Rate Committed Loans shall be made upon the requesting Yen Borrower's irrevocable notice to Yen Funding Agent, which may be given by (A) telephone, or (B) a Yen Committed Loan Notice; provided that any telephonic notice must be confirmed immediately by delivery to Yen Funding Agent of a Yen Committed Loan Notice. Each such notice must be received by Yen Funding Agent not later than 11:00 a.m., Tokyo time, (a) three Business Days prior to the requested date of any Yen Committed Borrowing of, conversion to or continuation of Eurocurrency Rate Committed Loans and (b) two Business Days prior to the date of any Yen Committed Borrowing of Base Rate Committed Loans or ABR Rate Loans. Each Yen Committed Borrowing of, conversion to or continuation of Eurocurrency Rate Committed Loans shall be in a principal amount permitted by Section 6.1.1, and except as provided in Section 5.3, each Yen Committed Borrowing of or conversion to Base Rate Committed Loans or ABR Rate Loans shall be in a principal amount permitted by Section 6.1.1. Each Yen Committed Loan Notice shall specify (i) the jurisdiction of the applicable Yen Borrower and whether such Borrower is a Foreign Borrower, (ii) whether the applicable Yen Borrower is requesting a Yen Committed Borrowing, a conversion of Yen Committed Loans from one Type to the other, or a continuation of Eurocurrency Rate Committed Loans, (iii) the requested date of the Borrowing, conversion or continuation, as the case may be (which shall be a Business Day), (iv) the principal amount of Yen Committed Loans to be borrowed, converted or continued, (v) the Type of Yen Committed Loans to be borrowed or to which existing Yen Committed Loans are to be converted, (vi) if applicable, the duration of the Interest Period with respect thereto and (vii) the currency of the Yen Committed Loans to be borrowed or converted. If the requesting Yen Borrower fails to specify a currency in a Yen Committed Loan Notice requesting a Yen Committed Borrowing, then the Yen Committed Loans so requested shall be made in Yen. If the requesting Yen Borrower fails to specify a Type of Yen Committed Loan in a Yen Committed Loan Notice or fails to give a timely notice requesting a conversion or continuation, then (A) if the applicable Yen Committed Loans are denominated in Dollars, such Yen Committed Loans shall be made as, or converted to, Base Rate Loans; (B) if the applicable Yen Committed Loans are denominated in Yen, such Yen Committed Loans shall be made as, or converted to, ABR Rate Loans; and (C) if the applicable Yen Committed Loans are denominated in a currency other than Dollars or Yen, such Yen Committed Loans shall be made in the currency requested or, in the case of a continuation, continued in the same currency, as Eurocurrency Rate Committed Loans with an Interest Period of one month. Any automatic conversion to Base Rate Loans or ABR Rate Loan, as applicable, shall be effective as of the last day of the Interest Period then in effect with respect to the applicable Eurocurrency Rate Committed Loans. If the requesting Yen Borrower requests a Borrowing of, conversion to or continuation of Eurocurrency Rate Committed Loans in any such Yen Committed Loan Notice, but fails to specify an Interest Period, it will be deemed to have specified an Interest Period of one month. No Yen Committed Loan may be converted into or continued as a Yen Committed Loan denominated in a different currency, but instead must be repaid in the original currency of such Yen Committed Loan and reborrowed in the other currency.

1.12 Yen Prepayments. The lead-in in Clause (a) of the first proviso in Section 4.5.1 is deleted and replaced with the following:

(a) such notice must be in a form acceptable to Yen Funding Agent and be received by Yen Funding Agent not later than 11:00 a.m., Tokyo time,

1.13 Effect of Reductions on Sublimits. The last paragraph of Section 6.2 is amended by deleting the second full sentence thereof and replacing it with the following:

The amount of any Aggregate Tranche Commitment reduction shall not be applied to the U.S. Letter of Credit Sublimit, the Euro Letter of Credit Sublimit, the Yen Letter of Credit Sublimit, the U.S. Swing Line Sublimit, the Euro Swing Line Sublimit, the U.S. Bid Loan Sublimit or the Euro Bid Loan Sublimit, as applicable, unless otherwise specified by Prologis.

1.14 Payment of Bid Loans. The following clauses are added to the end of Section 6.3 as the new clauses (e) and (f):

(e) The applicable Borrower shall repay each Bid Loan on the last day of the Interest Period in respect thereof.

(f) No Bid Loan may be prepaid without the prior written consent of the applicable Bid Loan Lender.

1.15 Interest on Bid Loans. Section 6.4 is amended by (a) deleting the word “and” at the end of clause (f), (b) deleting the period at the end of clause (g) and adding “; and” at the end thereof; and (c) adding the following as the new clause (h):

(h) each Bid Loan shall bear interest on the outstanding principal amount thereof for the Interest Period therefor at a rate per annum equal to the Eurocurrency Rate for such Interest Period plus (or minus) the Eurocurrency Bid Margin, or at the Absolute Rate for such Interest Period, as the case may be.

1.16 Reallocation of Bid Sublimits. Section 6.12 is amended by adding the following at the end thereof as Section 6.12.3:

Section 6.12.3 Reallocation of Bid Loan Sublimits. Prologis may, from time to time during the Availability Period, by written notice to U.S. Funding Agent and Euro Funding Agent (a “Bid Loan Reallocation Notice”), (a) increase the U.S. Bid Loan Sublimit with a corresponding reduction of the Euro Bid Loan Sublimit or (b) increase the Euro Bid Loan Sublimit with a corresponding reduction of the U.S. Bid Loan Sublimit, in each case, subject to the following conditions:

(A) (i) the amount of the increase in the U.S. Bid Loan Sublimit shall be equal to the Dollar Equivalent amount of the corresponding decrease in the Euro Bid Loan Sublimit and (ii) the amount of the increase in the Euro Bid Loan Sublimit shall be equal to the Euro Equivalent amount of the corresponding decrease in the U.S. Bid Loan Sublimit;

(B) Prologis may make a maximum of one request per calendar quarter;

(C) (i) no reduction in the U.S. Bid Loan Sublimit shall be permitted if, after giving effect thereto, the outstanding U.S. Bid Loans shall exceed the U.S. Bid Loan Sublimit and (ii) no reduction in the Euro Bid Loan Sublimit shall be permitted if, after giving effect thereto, the outstanding Euro Bid Loans shall exceed the Euro Bid Loan Sublimit;

(D) the amount of the increase or decrease shall not be less than a Dollar Equivalent amount of \$5,000,000; and

(E) no Default exists.

1.17 FATCA. Section 7.1.7 is amended by adding the following at the end thereof:

For purposes of determining withholding Taxes imposed under FATCA, from and after January 22, 2015, the Loan Parties and the applicable Agent shall treat (and the Lenders hereby authorize the applicable Agent to treat) the Obligations as not qualifying as a “grandfathered obligation” within the meaning of Treasury Regulation Section 1.1471-2(b)(2)(i).

1.18 The Platform. The last full sentence of Section 14.2.3 is deleted and replaced with the following:

In no event shall any Agent or any of its Related Parties (collectively, the “Agent Parties”) have any liability to any Loan Party, any Lender, any L/C Issuer or any other Person for losses, claims, damages, liabilities or expenses of any kind (whether in tort, contract or otherwise) arising out of any Loan Party’s or any Agent’s transmission of Borrower Materials or notices through the Platform, any other electronic platform or electronic messaging service,

or through the internet, except to the extent that such losses, claims, damages, liabilities or expenses are determined by a court of competent jurisdiction by a final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Agent Party; provided that in no event shall any Agent Party have any liability to any Loan Party, any Lender, any L/C Issuer or any other Person for indirect, special, incidental, consequential or punitive damages (as opposed to direct or actual damages).

1.19 Electronic Execution of Assignments. The text of Section 14.6.7 is deleted and replaced with “[Reserved]”.

1.20 E-signatures. The following is added to the end of Article XIV as new Section 14.26:

Section 14.26 Electronic Execution of Assignments and Certain Other Documents. The words “execute,” “execution,” “signed,” “signature,” and words of like import in or related to any document to be signed in connection with this Agreement and the transactions contemplated hereby (including Assignment and Assumptions, amendments or other modifications, Committed Loan Notices, U.S. Swing Line Loan Notices, Euro Swing Line Loan Notices, Bid Requests, U.S. Competitive Bids, Euro Competitive Bids, waivers and consents) shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the applicable Agent, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state law based on the Uniform Electronic Transactions Act; provided that notwithstanding anything contained herein to the contrary, no Agent is under any obligation to agree to accept electronic signatures in any form or in any format unless expressly agreed to by such Agent pursuant to procedures approved by it.

1.21 Miscellaneous Changes. The term “*Eurocurrency Rate Loan*” in each of the following is replaced with “*Eurocurrency Rate Committed Loan*”: (i) Sections 2.3, 3.3 and 4.3 (*Borrowings, Conversions and Continuations of Committed Loans*), Sections 2.6.1, 3.6.1 and 4.5.1 (*Prepayments*); (ii) Section 6.4.1(a) (*Interest*); and (iii) the last paragraph of Section 8.2 (*Conditions to all Credit Extensions*).

1.22 Addition of Exhibits. Exhibits J-1 and J-2 and Exhibits K-1 and K-2 attached hereto are added to the Global Credit Agreement in appropriate sequence.

SECTION 2. EFFECTIVENESS. The amendments set forth in Section 1 above shall become effective on the date (the “Effective Date”) on which the following conditions have been met:

2.1 Documents. Global Administrative Agent’s receipt (which may be by facsimile or electronic mail, followed promptly by originals) of the following, each dated the Effective Date and each in form and substance reasonably satisfactory to each Agent and Required Lenders:

- (a) executed counterparts of this Agreement, sufficient in number for distribution to each Agent and Prologis; and
- (b) duly executed fee letter supplements executed by Prologis and U.S. Funding Agent and Euro Funding Agent.

2.2 Fees and Expenses.

- (a) Any fees required to be paid on or before the Effective Date shall have been paid.

(b) Unless waived by Global Administrative Agent, Prologis shall have paid all reasonable and documented fees, charges and disbursements of counsel to Global Administrative Agent to the extent invoiced at least one Business Day prior to the Effective Date.

SECTION 3. REPRESENTATIONS AND WARRANTIES.

3.1 Representations and Warranties. The representations and warranties of each Loan Party contained in Article IX of the Global Credit Agreement are true and correct in all material respects on and as of the Effective Date, except

to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct in all material respects as of such earlier date, and except that for purposes of this Section 3.1, the representations and warranties contained in clauses (a) and (b) of Section 9.5 of the Global Credit Agreement shall be deemed to refer to the most recent statements furnished pursuant to clauses (a) and (b), respectively, of Section 10.1 of the Global Credit Agreement.

3.2 Default. No Default exists.

SECTION 4. RATIFICATIONS. Each Loan Party that is a party hereto (a) ratifies and confirms all provisions of the Loan Documents to which it is a party as amended by this Amendment and (b) confirms that no guaranty by such Loan Party under the Loan Documents is released, reduced, or otherwise adversely affected by this Amendment and that each such guaranty continues to guarantee and secure full payment and performance of the present and future Obligations of Borrowers as set forth under the Loan Documents.

SECTION 5. MISCELLANEOUS.

5.1 Continuing Effectiveness, etc. As herein amended, the Global Credit Agreement shall remain in full force and effect and is hereby ratified and confirmed in all respects. After the effectiveness hereof, all references in the Global Credit Agreement and any related document to the "Global Credit Agreement" or similar terms shall refer to the Global Credit Agreement as amended hereby. This Amendment is a Loan Document.

5.2 Incorporation of Global Credit Agreement Provisions. The provisions of Sections 14.4 (*Expenses; Indemnity; Damage Waiver*), 14.14 (*GOVERNING LAW; JURISDICTION; ETC.*) and 14.15 (*Waiver of Jury Trial*) are incorporated herein by reference as if set forth in full herein mutatis mutandis.

*[Signature pages follow.]*

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized as of the day and year first above written.

**PROLOGIS, L.P.**,  
a Delaware limited partnership

By: **Prologis, Inc.**, its sole general partner

By: /s/ Gayle Starr  
Name: Gayle Starr  
Title: Senior Vice President

**PROLOGIS, INC.**

By: /s/ Gayle Starr  
Name: Gayle Starr  
Title: Senior Vice President

*Signature Page to Second Amendment  
(Prologis, L.P. Global Senior Credit Agreement)*

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**AGENT:**

**BANK OF AMERICA, N.A.,**  
*as Global Administrative Agent,  
U.S. Funding Agent,  
U.S. Swing Line Lender, and  
a U.S. L/C Issuer*

By: /s/ Will T. Bowers, Jr.  
Will T. Bowers, Jr.,  
Senior Vice President

*Signature Page to Second Amendment  
(Prologis, L.P. Global Senior Credit Agreement)*

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**FRONTING LENDER:**

**BANK OF AMERICA, N.A.,**  
*as a Fronting Lender*

By: /s/ Will T. Bowers, Jr.  
Will T. Bowers, Jr.,  
Senior Vice President

*Signature Page to Second Amendment*  
*(Prologis, L.P. Global Senior Credit Agreement)*

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**FRONTING LENDER:**

**JPMORGAN CHASE BANK, NA,**  
*as a Fronting Lender*

By: /s/ Brendan M. Poe  
Name: Brendan M. Poe  
Title: Executive Director

*Signature Page to Second Amendment*  
*(Prologis, L.P. Global Senior Credit Agreement)*

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**LENDERS:**

**BANK OF AMERICA, N.A.,**  
*as a U.S. Lender and a Euro Lender*

**BANK OF AMERICA, N.A., TOKYO BRANCH,**  
*as a Yen Lender*

By: /s/ Will T. Bowers, Jr.  
Will T. Bowers, Jr.,  
Senior Vice President

*Signature Page to Second Amendment*  
*(Prologis, L.P. Global Senior Credit Agreement)*

---

**THE BANK OF NOVA SCOTIA,**  
*as a U.S. Lender*

By: /s/ Winston Lua

Name: WinstonLua

Title: Director

*Signature Page to Second Amendment*  
*(Prologis, L.P. Global Senior Credit Agreement)*

---

**BNP PARIBAS,**  
*as a U.S. Lender*

By: /s/ Paul Zelezik  
Name: Paul Zelezik  
Title: Vice President

By: /s/ Kwang Kyun Choi  
Name: Kwang Kyun Choi  
Title: Vice President

*Signature Page to Second Amendment  
(Prologis, L.P. Global Senior Credit Agreement)*

---

**CITIBANK, N.A.,**  
*as a U.S. Lender*

By: /s/ John C. Rowland  
Name: John C. Rowland  
Title: Vice President

*Signature Page to Second Amendment*  
*(Prologis, L.P. Global Senior Credit Agreement)*

---

**COMPASS BANK,**  
*as a U.S. Lender*

By: /s/ Brian Tuerff  
Name: Brian Tuerff  
Title: Senior Vice President

*Signature Page to Second Amendment  
(Prologis, L.P. Global Senior Credit Agreement)*

---

**CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK,**  
*as a U.S. Lender*

By: /s/ William Knickerbocker  
Name: William Knickerbocker  
Title: Director

By: /s/ Adam Jenner  
Name: Adam Jenner  
Title: Vice President

*Signature Page to Second Amendment  
(Prologis, L.P. Global Senior Credit Agreement)*

---

**CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH**  
*as a U.S. Lender*

By: /s/ Bill O'Daly  
Name: Bill O'Daly  
Title: Authorized Signatory

By: /s/ Sean MacGregor  
Name: Sean MacGregor  
Title: Authorized Signatory

*Signature Page to Second Amendment*  
*(Prologis, L.P. Global Senior Credit Agreement)*

---

**FIFTH THIRD BANK,**  
*as a U.S. Lender*

By: /s/ Matthew Rodgers

Name: Matthew Rodgers

Title: Vice President

*Signature Page to Second Amendment  
(Prologis, L.P. Global Senior Credit Agreement)*

---

**GOLDMAN SACHS BANK USA,**  
*as a U.S. Lender*

By: /s/ Michelle Latzoni

Name: Michelle Latzoni

Title: Authorized Signatory

*Signature Page to Second Amendment*  
*(Prologis, L.P. Global Senior Credit Agreement)*

---

**HSBC BANK USA, NA,**  
*as a U.S. Lender*

By: /s/ Christian Sumulong  
Name: Christian Sumulong  
Title: Vice President

*Signature Page to Second Amendment*  
*(Prologis, L.P. Global Senior Credit Agreement)*

---

**JPMORGAN CHASE BANK, NA,**  
*as a U.S. Lender*

By: /s/ Brendan M. Poe  
Name: Brendan M. Poe  
Title: Executive Director

*Signature Page to Second Amendment*  
*(Prologis, L.P. Global Senior Credit Agreement)*

---

**MORGAN STANLEY BANK, N.A.,**  
*as a U.S. Lender*

By: /s/ Dominic Zangari

Name: Dominic Zangari

Title: Authorized Signatory

*Signature Page to Second Amendment*  
*(Prologis, L.P. Global Senior Credit Agreement)*

---

**MUFG UNION BANK, N.A.,**  
*as a U.S. Lender*

By: /s/ Nancy Dal Bello  
Name: Nancy Dal Bello  
Title: Director

*Signature Page to Second Amendment*  
*(Prologis, L.P. Global Senior Credit Agreement)*

---

**PNC BANK, NATIONAL ASSOCIATION,**  
*as a U.S. Lender*

By: /s/ Nicholas Zitelli  
Name: Nicholas Zitelli  
Title: Senior Vice President

*Signature Page to Second Amendment*  
*(Prologis, L.P. Global Senior Credit Agreement)*

---

**REGIONS BANK,**  
*as a U.S. Lender*

By: /s/ Kyle Upton  
Name: Kyle Upton  
Title: Vice President

*Signature Page to Second Amendment*  
*(Prologis, L.P. Global Senior Credit Agreement)*

---

**THE ROYAL BANK OF SCOTLAND PLC,**  
*as a U.S. Lender*

By: /s/ Jeannine Pascal

Name: Jeannine Pascal

Title: Vice President

*Signature Page to Second Amendment*  
*(Prologis, L.P. Global Senior Credit Agreement)*

---

**SUMITOMO MITSUI BANKING CORPORATION**  
*as a U.S. Lender*

By: /s/ William G. Karl

Name: William G. Karl

Title: Executive Officer

*Signature Page to Second Amendment*  
*(Prologis, L.P. Global Senior Credit Agreement)*

---

**UNION BANK, N.A.,**  
*as a U.S. Lender*

By: /s/ Michael Diener

Name: Michael Diener

Title: Vice President

*Signature Page to Second Amendment*  
*(Prologis, L.P. Global Senior Credit Agreement)*

---

**U.S. BANK NATIONAL ASSOCIATION, a national banking association**  
*as a U.S. Lender*

By: /s/ Kevin A. Stacker

Name: Kevin A. Stacker

Title: Senior Vice President

*Signature Page to Second Amendment*  
*(Prologis, L.P. Global Senior Credit Agreement)*

---

**AGENT:**

**THE ROYAL BANK OF SCOTLAND PLC,**  
*as Euro Funding Agent*

By: /s/ R.G.P. de Esch \_\_\_\_\_

Name: R.G.P. de Esch

Title: Relationship Banker

*Signature Page to Second Amendment*  
*(Prologis, L.P. Global Senior Credit Agreement)*

---

**THE ROYAL BANK OF SCOTLAND PLC,**  
*as Euro Swing Line Lender and*  
*a Euro L/C Issuer*

By: /s/ R.G.P. de Esch \_\_\_\_\_  
Name: R.G.P. de Esch  
Title: Relationship Banker

*Signature Page to Second Amendment*  
*(Prologis, L.P. Global Senior Credit Agreement)*

---

**FRONTING LENDER:**

**THE ROYAL BANK OF SCOTLAND PLC,**  
*as a Fronting Lender*

By: /s/ R.G.P. de Esch

Name: R.G.P. de Esch

Title: Relationship Banker

*Signature Page to Second Amendment*  
*(Prologis, L.P. Global Senior Credit Agreement)*

---

**LENDERS:**

**BNP PARIBAS,**  
*as a Euro Lender*

By: /s/ Paul Zelezik  
Name: Paul Zelezik  
Title: Vice President

By: /s/ Kwang Kyun Choi  
Name: Kwang Kyun Choi  
Title: Vice President

*Signature Page to Second Amendment  
(Prologis, L.P. Global Senior Credit Agreement)*

---

**CITIBANK, N.A.,**  
*as a Euro Lender*

By: /s/ John C. Rowland

Name: John C. Rowland

Title: Vice President

*Signature Page to Second Amendment*  
*(Prologis, L.P. Global Senior Credit Agreement)*

---

**COMPASS BANK,**  
*as a Euro Lender*

By: /s/ Brian Tuerff

Name: Brian Tuerff

Title: Senior Vice President

*Signature Page to Second Amendment  
(Prologis, L.P. Global Senior Credit Agreement)*

---

**CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH**  
*as a Euro Lender*

By: /s/ Bill O'Daly  
Name: Bill O'Daly  
Title: Authorized Signatory

By: /s/ Sean MacGregor  
Name: Sean MacGregor  
Title: Authorized Signatory

*Signature Page to Second Amendment*  
*(Prologis, L.P. Global Senior Credit Agreement)*

---

**FIFTH THIRD BANK,**  
*as a Euro Lender*

By: /s/ Matthew Rodgers

Name: Matthew Rodgers

Title: Vice President

*Signature Page to Second Amendment  
(Prologis, L.P. Global Senior Credit Agreement)*

---

**GOLDMAN SACHS BANK USA,**  
*as a Euro Lender*

By: /s/ Michelle Latzoni

Name: Michelle Latzoni

Title: Authorized Signatory

*Signature Page to Second Amendment  
(Prologis, L.P. Global Senior Credit Agreement)*

---

**HSBC BANK USA, NA,**  
*as a Euro Lender*

By: /s/ Christian Sumulong  
Name: Christian Sumulong  
Title: Vice President

*Signature Page to Second Amendment*  
*(Prologis, L.P. Global Senior Credit Agreement)*

---

**JPMORGAN CHASE BANK, NA,**  
*as a Euro Lender*

By: /s/ Brendan M. Poe

Name: Brendan M. Poe

Title: Executive Director

*Signature Page to Second Amendment*  
*(Prologis, L.P. Global Senior Credit Agreement)*

---

**MORGAN STANLEY BANK, N.A.,**  
*as a Euro Lender*

By: /s/ Dominic Zangari  
Name: Dominic Zangari  
Title: Authorized Signatory

*Signature Page to Second Amendment*  
*(Prologis, L.P. Global Senior Credit Agreement)*

---

**MORGAN STANLEY SENIOR FUNDING, INC.,**  
*as a Euro Lender*

By: /s/ Dominic Zangari  
Name: Dominic Zangari  
Title: Authorized Signatory

*Signature Page to Second Amendment*  
*(Prologis, L.P. Global Senior Credit Agreement)*

---

**REGIONS BANK,**  
*as a Euro Lender*

By: /s/ Kyle Upton  
Name: Kyle Upton  
Title: Vice President

*Signature Page to Second Amendment*  
*(Prologis, L.P. Global Senior Credit Agreement)*

---

**THE ROYAL BANK OF SCOTLAND PLC,**  
*as a Euro Lender*

By: /s/ R.G.P. de Esch

Name: R.G.P. de Esch

Title: Relationship Banker

*Signature Page to Second Amendment*  
*(Prologis, L.P. Global Senior Credit Agreement)*

---

**SCOTIABANK EUROPE PLC,**  
*as a Euro Lender*

By: /s/ John O'Connor  
Name: John O'Connor  
Title: Director, Risk Management

By: /s/ Steve Caller  
Name: Steve Caller  
Title: Manager, Credit Risk Control

*Signature Page to Second Amendment*  
*(Prologis, L.P. Global Senior Credit Agreement)*

---

**SUMITOMO MITSUI BANKING CORPORATION**  
*as a Euro Lender*

By: /s/ William G. Karl

Name: William G. Karl

Title: Executive Officer

*Signature Page to Second Amendment*  
*(Prologis, L.P. Global Senior Credit Agreement)*

---

**WELLS FARGO BANK, NATIONAL ASSOCIATION,**  
*as a Euro Lender*

By: /s/ Kevin A. Stacker

Name: Kevin A. Stacker

Title: Senior Vice President

*Signature Page to Second Amendment*  
*(Prologis, L.P. Global Senior Credit Agreement)*

---

**AGENT:**

**SUMITOMO MITSUI BANKING CORPORATION,**  
*as Yen Funding Agent and a Yen L/C Issuer*

By: /s/ William G. Karl

Name: William G. Karl

Title: Executive Officer

*Signature Page to Second Amendment*  
*(Prologis, L.P. Global Senior Credit Agreement)*

---

**FRONTING LENDER:**

**SUMITOMO MITSUI BANKING CORPORATION,**  
*as a Fronting Lender*

By: /s/ William G. Karl

Name: William G. Karl

Title: Executive Officer

*Signature Page to Second Amendment*  
*(Prologis, L.P. Global Senior Credit Agreement)*

---

**THE BANK OF TOKYO-MITSUBISHI UFJ, LTD,**  
*as a Yen Lender*

By: /s/ Charles Stewart

Name: Charles Stewart

Title: Director

*Signature Page to Second Amendment*  
*(Prologis, L.P. Global Senior Credit Agreement)*

---

**CITIBANK JAPAN LTD.,**  
*as a Yen Lender*

By: /s/ Yuko Akiya  
Name: Yuko Akiya  
Title: Vice President

*Signature Page to Second Amendment*  
*(Prologis, L.P. Global Senior Credit Agreement)*

---

**CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK, TOKYO BRANCH**  
*as a Yen Lender*

By: /s/ Hiroyuki Ueno  
Name: Hiroyuki Ueno  
Title: Managing Director

By: /s/ Satoshi Oda  
Name: Satoshi Oda  
Title: Executive Vice President

*Signature Page to Second Amendment*  
*(Prologis, L.P. Global Senior Credit Agreement)*

---

**HSBC BANK USA, NA,**  
*as a Yen Lender*

By: /s/ Christian Sumulong  
Name: Christian Sumulong  
Title: Vice President

*Signature Page to Second Amendment  
(Prologis, L.P. Global Senior Credit Agreement)*

---

**ING BANK N.V., TOKYO BRANCH,**  
*as a Yen Lender*

By: /s/ Tetsuo Hoshiya  
Name: Tetsuo Hoshiya  
Title: Managing Director

By: /s/ Riko Kikuchi  
Name: Riko Kikuchi  
Title: Director

*Signature Page to Second Amendment*  
*(Prologis, L.P. Global Senior Credit Agreement)*

---

**JPMORGAN CHASE BANK, NA,**  
*as a Yen Lender*

By: /s/ Brendan M. Poe  
Name: Brendan M. Poe  
Title: Executive Director

*Signature Page to Second Amendment*  
*(Prologis, L.P. Global Senior Credit Agreement)*

---

**THE ROYAL BANK OF SCOTLAND PLC,**  
*as a Yen Lender*

By: /s/ Kazuhiko Shibata

Name: Kazuhiko Shibata

Title: Branch Manager and Representative in Japan

*Signature Page to Second Amendment*  
*(Prologis, L.P. Global Senior Credit Agreement)*

---

**SUMITOMO MITSUI BANKING CORPORATION**  
*as a Yen Lender*

By: /s/ William G. Karl

Name: William G. Karl

Title: Executive Officer

*Signature Page to Second Amendment*  
*(Prologis, L.P. Global Senior Credit Agreement)*

---

EXHIBIT J-1

FORM OF EURO BID REQUEST

To: The Royal Bank of Scotland PLC., as Euro Funding Agent

Ladies and Gentlemen:

Reference is made to the Global Senior Credit Agreement, dated as of July 11, 2013 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Agreement"; the terms defined therein being used herein as therein defined), among Prologis, L.P. (the "Company"), certain Affiliate Borrowers from time to time party thereto, Prologis, Inc., as guarantor, the Lenders from time to time party thereto, Bank of America, N.A., as Global Administrative Agent and in various other capacities, and the other Agents named therein.

The Euro Lenders are invited to make Euro Bid Loans:

- 1. On \_\_\_\_\_ (a Business Day).
- 2. In an aggregate amount not exceeding EUR \_\_\_\_\_ (with any sublimit set forth below).
- 3. Comprised of (select one):
  - Bid Loans based on an Absolute Rate
  - Bid Loans based on Eurocurrency [Base] Rate

Bid Loan No.	Interest Period requested	Maximum principal amount requested
1	_____ days/mos	EUR _____
2	_____ days/mos	EUR _____
3	_____ days/mos	EUR _____

The Euro Bid Borrowing requested herein complies with the requirements of the proviso to the first sentence of Section 3.7 of the Agreement.

Borrower authorizes Euro Funding Agent to deliver this Euro Bid Request to the Euro Lenders. Responses by the Euro Lenders must be in substantially the form of Exhibit K-1 to the Agreement and must be received by Euro Funding Agent by the time specified in Section 3.7 of the Agreement for submitting Euro Competitive Bids.

[EURO BORROWER]

By: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Title: \_\_\_\_\_

EXHIBIT J-2

FORM OF U.S. BID REQUEST

To: Bank of America, N.A., as U.S. Funding Agent

Ladies and Gentlemen:

Reference is made to the Global Senior Credit Agreement, dated as of July 11, 2013 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Agreement"; the terms defined therein being used herein as therein defined), among Prologis, L.P. (the "Company"), certain Affiliate Borrowers from time to time party thereto, Prologis, Inc., as guarantor, the Lenders from time to time party thereto, Bank of America, N.A., as Global Administrative Agent and in various other capacities, and the other Agents named therein.

The U.S. Lenders are invited to make U.S. Bid Loans:

- 1. On \_\_\_\_\_ (a Business Day).
- 2. In an aggregate amount not exceeding \$ \_\_\_\_\_ (with any sublimit set forth below).
- 3. Comprised of (select one):
  - Bid Loans based on an Absolute Rate
  - Bid Loans based on Eurocurrency [Base] Rate

Bid Loan No.	Interest Period requested	Maximum principal amount requested
1	_____ days/mos	\$ _____
2	_____ days/mos	\$ _____
3	_____ days/mos	\$ _____

The U.S. Bid Borrowing requested herein complies with the requirements of the proviso to the first sentence of Section 2.7 of the Agreement.

Borrower authorizes U.S. Funding Agent to deliver this U.S. Bid Request to the U.S. Lenders. Responses by the U.S. Lenders must be in substantially the form of Exhibit K-2 to the Agreement and must be received by U.S. Funding Agent by the time specified in Section 2.7 of the Agreement for submitting U.S. Competitive Bids.

[U.S. BORROWER]

By: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Title: \_\_\_\_\_

*Exhibit J-2 Form of U.S. Bid Request  
 (Prologis, L.P. Global Senior Credit Agreement)*

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EXHIBIT K-1

FORM OF EURO COMPETITIVE BID

To: The Royal Bank of Scotland PLC, as Euro Funding Agent

Ladies and Gentlemen:

Reference is made to the Global Senior Credit Agreement, dated as of July 11, 2013 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Agreement"; the terms defined therein being used herein as therein defined), among Prologis, L.P. (the "Company"), certain Affiliate Borrowers from time to time party thereto, Prologis, Inc., as guarantor, the Lenders from time to time party thereto, Bank of America, N.A., as Global Administrative Agent and in various other capacities, and the other Agents named therein.

In response to the Euro Bid Request dated \_\_\_\_\_, \_\_\_\_\_, the undersigned offers to make the following Euro Bid Loan(s):

1. Borrowing date: \_\_\_\_\_ (a Business Day).
2. In an aggregate amount not exceeding EUR \_\_\_\_\_ (with any sublimit set forth below).
3. Comprised of:

Bid Loan No.	Interest Period offered	Bid Maximum	Absolute Rate Bid or Eurocurrency Margin Bid <sup>1</sup> *
1	_____ days/mos	EUR _____	(- +) _____%
2	_____ days/mos	EUR _____	(- +) _____%
3	_____ days/mos	EUR _____	(- +) _____%

<sup>1</sup> \* Expressed in multiples of 1/100th of a basis point.

*Exhibit K-1 Form of Euro Competitive Bid  
(Prologis, L.P. Global Senior Credit Agreement)*

Contact Person: \_\_\_\_\_ Telephone: \_\_\_\_\_

***Exhibit K-1 Form of Euro Competitive Bid  
(Prologis, L.P. Global Senior Credit Agreement)***

---

[EURO LENDER]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\*\*\*\*\*

**THIS SECTION IS TO BE COMPLETED BY THE APPLICABLE BORROWER IF IT WISHES TO ACCEPT ANY OFFERS CONTAINED IN THIS COMPETITIVE BID:**

The offers made above are hereby accepted in the amounts set forth below:

<b>Bid Loan No.</b>	<b>Principal Amount Accepted</b>
	EUR
	EUR
	EUR

[EURO BORROWER]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

*Exhibit K-1 Form of Euro Competitive Bid  
(Prologis, L.P. Global Senior Credit Agreement)*

---

FORM OF U.S. COMPETITIVE BID

To: Bank of America, N.A., as U.S. Funding Agent

Ladies and Gentlemen:

Reference is made to the Global Senior Credit Agreement, dated as of July 11, 2013 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Agreement"; the terms defined therein being used herein as therein defined), among Prologis, L.P. (the "Company"), certain Affiliate Borrowers from time to time party thereto, Prologis, Inc., as guarantor, the Lenders from time to time party thereto, Bank of America, N.A., as Global Administrative Agent and in various other capacities, and the other Agents named therein.

In response to the U.S. Bid Request dated \_\_\_\_\_, \_\_\_\_\_, the undersigned offers to make the following U.S. Bid Loan(s):

1. Borrowing date: \_\_\_\_\_ (a Business Day).
2. In an aggregate amount not exceeding \$ \_\_\_\_\_ (with any sublimit set forth below).
3. Comprised of:

Bid Loan No.	Interest Period offered	Bid Maximum	Absolute Rate Bid or Eurocurrency Margin Bid <sup>2*</sup>
1	_____ days/mos	\$ _____	(- +) _____%
2	_____ days/mos	\$ _____	(- +) _____%
3	_____ days/mos	\$ _____	(- +) _____%

<sup>2</sup> \* Expressed in multiples of 1/100th of a basis point.

Contact Person: \_\_\_\_\_ Telephone: \_\_\_\_\_

**[U.S. LENDER]**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\*\*\*\*\*

**THIS SECTION IS TO BE COMPLETED BY THE APPLICABLE BORROWER IF IT WISHES TO ACCEPT ANY OFFERS CONTAINED IN THIS COMPETITIVE BID:**

The offers made above are hereby accepted in the amounts set forth below:

<b>Bid Loan No.</b>	<b>Principal Amount Accepted</b>
_____	\$ _____
_____	\$ _____
_____	\$ _____

**[U.S. BORROWER]**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

PROLOGIS, INC.  
2012 LONG-TERM INCENTIVE PLAN

2015 BONUS EXCHANGE  
RESTRICTED STOCK UNIT AGREEMENT  
RESTRICTED STOCK UNIT NOTICE OF GRANT

*Capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Plan.*

Participant Name:           %%FIRST\_NAME%-%% %%MIDDLE\_NAME%-%% %%LAST\_NAME%-%%  
Address:                   %%ADDRESS\_LINE\_1%-%%  
                                %%ADDRESS\_LINE\_2%-%%  
                                %%ADDRESS\_LINE\_3%-%%  
                                %%CITY%-%%, %%STATE%-%% %%ZIPCODE%-%%  
                                %%COUNTRY%-%%

You ("Participant") have been granted a Full Value Award under the Plan in the form of Restricted Stock Units, subject to the terms and conditions of the Plan and this Award Agreement (as defined in the attached Restricted Stock Unit Terms & Conditions), as follows:

Grant Number	%%NUMBER%-%%
Date of Grant	%%DATE%-%%
Vesting Commencement Date	%%VEST_BASE_DATE%-%%
Number of Restricted Stock Units	%%TOTAL_UNITS_GRANTED%-%%

Subject to paragraph 3 of the attached Restricted Stock Unit Terms & Conditions or the express terms of the Plan, the Restricted Stock Units will vest in accordance with the following schedule:

%%SHARES\_PERIOD1%-%% %%VEST\_DATE\_PERIOD1%-%%  
%%SHARES\_PERIOD2%-%% %%VEST\_DATE\_PERIOD2%-%%  
%%SHARES\_PERIOD3%-%% %%VEST\_DATE\_PERIOD3%-%%  
%%SHARES\_PERIOD4%-%% %%VEST\_DATE\_PERIOD4%-%%

By Participant's acceptance of this Award, Participant agrees that this Award of Restricted Stock Units is granted under and governed by the terms and conditions of the Plan and this Award Agreement, including any country-specific terms and conditions applicable to Participant set forth in the Country Appendix. Participant acknowledges and agrees that he or she has been provided access to the Plan documents (including the Plan Prospectus) through the Prologis Intranet (<http://thchub/ltip/Pages/default.aspx>). Participant further acknowledges and agrees that he or she has reviewed the Plan and this Award Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to acceptance and fully understands the Award Agreement and all provisions of the Plan relating to the Award. Participant expressly warrants that he or she is not accepting this Award Agreement in reliance on any promises, representations, or inducements other than those contained in this Award Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions relating to the Plan and this Award Agreement. Participant further agrees to notify Prologis, Inc., upon any change in Participant's residence address indicated above.

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PROLOGIS, INC.  
2012 LONG-TERM INCENTIVE PLAN

RESTRICTED STOCK UNIT AGREEMENT  
RESTRICTED STOCK UNIT TERMS & CONDITIONS

Unless otherwise defined herein, the terms defined in the Prologis, Inc. 2012 Long-Term Incentive Plan (the "Plan") will have the same defined meanings in this Restricted Stock Unit Terms & Conditions (together with the Restricted Stock Unit Notice of Grant and Country Appendix, which are incorporated herein, the "Award Agreement").

1. Grant. Prologis, Inc. ("Prologis"), hereby grants to Participant under the Plan a Full Value Award in the form of Restricted Stock Units (the "Restricted Stock Units"), subject to all of the terms and conditions in this Award Agreement (including, without limitation, paragraph 23(a) concerning specific provisions relating to employment agreements of Participants and any specific terms and conditions for Participant's Country set forth in the Country Appendix) and the Plan, which is incorporated herein by reference. Subject to the terms and conditions of the Plan, in the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Award Agreement, the terms and conditions of the Plan will prevail.

2. Prologis' Obligation to Pay. Unless and until the Restricted Stock Units will have vested in the manner set forth in the related Restricted Stock Unit Notice of Grant, paragraph 3 below or the express terms of the Plan, Participant will have no right to payment with respect to any such Restricted Stock Units. Prior to actual payment with respect to any Restricted Stock Units, such Restricted Stock Units will represent an unsecured obligation of Prologis, payable (if at all) only from the general assets of Prologis.

3. Vesting Schedule and Issuance of Stock.

(a) Subject to paragraph 11 hereof, and subsection 4.3 of the Plan, the Restricted Stock Units awarded by this Award Agreement will vest as to the number of Restricted Stock Units, and on the dates shown, as set forth in the related Restricted Stock Unit Notice of Grant (each a "Vesting Date"); provided, however, that (i) if Participant's Termination Date occurs by reason of death or Disability, any unvested Restricted Stock Units subject to the Award shall vest immediately on the Termination Date and the Termination Date shall be deemed the "Vesting Date" for purposes of this Award Agreement, and (ii) all Restricted Stock Units subject to the Award that are not vested on or before Participant's Termination Date shall immediately expire and be forfeited, and Participant shall have no further right with respect to such Restricted Stock Units.

(b) As soon as practicable upon or following each Vesting Date but, except as provided in this Award Agreement, in no event later than March 15 of the year following the year that includes the applicable Vesting Date, one share of Stock shall be issued for each Restricted Stock Unit that vests on such Vesting Date, subject to the terms and provisions of the Plan and this Award Agreement.

(c) If vesting of the Award is accelerated, the following shall apply:

(i) If the Committee, in its discretion, accelerates the vesting of the balance, or some lesser portion of the balance, of the Award, the payment of such accelerated portion of the Award shall be made as soon as practicable after the new vesting date, but, except as provided in this Award Agreement, in no event later than two and one-half (2½) months following the end of Prologis' taxable year in which the applicable Vesting Date occurs; provided, however, if Participant is a U.S. taxpayer and the Award is "deferred compensation" within the meaning of Section 409A of the Code ("Section 409A"), the payment of such accelerated portion of the Award nevertheless shall be made at the same time or times as if such Award had vested in accordance with the vesting schedule set forth in paragraph 3(a) (whether or not Participant continues to provide services to Prologis or a Related Company as of such date(s)), unless an earlier payment date, in the judgment of the Committee, would not cause Participant to incur an additional tax under Section 409A, in which case, payment of such accelerated Award shall be made within two and one-half (2½) months following the earliest permissible payment date that would not cause Participant to incur an additional tax under Section 409A. Notwithstanding the foregoing, any delay in payment pursuant to this paragraph 3(c) will cease upon Participant's death and such payment will be made as soon as practicable, but in no event more than ninety (90) days, after the date of Participant's death.

(ii) If the vesting of all or a portion of this Award accelerates pursuant to (A) subsection 4.3 of the Plan in the event of a corporate transaction that is not a "change in control" within the meaning of Section 409A, or (B) any other plan or agreement that provides for acceleration in the event of a corporate transaction that is not a "change in control" within the meaning of Section 409A, then the payment of such accelerated portion of the Award (including any new or additional Awards existing as a result of subsection 4.2 of the Plan) will be made in accordance with the timing of payment rules that apply to discretionary accelerations under paragraph 3(c)(i). If the vesting of all or a portion of this Award accelerates in the event of a corporate transaction that is a "change in control" within the meaning of Section 409A, then the payment of such accelerated portion of the Award

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(including any new or additional Awards existing as a result of subsection 4.2 of the Plan) will be made within two and one-half (2½) months after the corporate transaction.

(d) No fractional shares of Stock shall be issued under this Award Agreement.

(e) Notwithstanding anything to the contrary set forth in this Award Agreement, this Award is subject to the Recoupment Policy set forth in the Prologis Governance Guidelines and any other clawback policies that are adopted by Prologis.

(f) Except as provided in the foregoing provisions of this paragraph 3, upon Participant's Termination Date, the invested Restricted Stock Units will thereupon be forfeited at no cost to Prologis and Participant's right to vest in the Restricted Stock Units and acquire any shares of Stock hereunder with respect to such Restricted Stock Units will immediately terminate. For purposes of this Award, the Committee shall have the exclusive discretion to determine Participant's Termination Date.

4. Dividend Equivalent Payments.

(a) As of each dividend payment date with respect to Stock, Participant shall be entitled to a Dividend Equivalent Payment (as defined below) in an amount equal to (i) the dividend paid with respect to a share of Stock, multiplied by (ii) the number of shares of Stock subject to the Award, if any, that are outstanding on the applicable dividend record date with respect to such dividend payment date. Unless otherwise set forth in the Country Appendix, Dividend Equivalent Payments with respect to outstanding shares of Stock subject to the Award generally shall be paid at the same time and in the same form that dividends are paid on Stock; provided, however, that any Dividend Equivalent Payment to which Participant is entitled for any calendar year shall be paid no later than March 15 of the year following the year in which the corresponding dividend record date on the Stock occurs. The Committee may prospectively change the method of crediting dividend equivalents as it, in its sole discretion, determines appropriate from time to time provided that such change does not have a material adverse tax effect on Participant.

(b) The right to Dividend Equivalent Payments under this Award Agreement does not constitute an award of Stock, and nothing in this Award Agreement shall be construed as giving Participant any rights as a shareholder of Prologis prior to payment of the Stock subject to the Restricted Stock Units or Dividend Equivalent Payments (if paid in Stock).

(c) For purposes of this Award Agreement, "Dividend Equivalent Payment" means, for each share of Stock represented by an outstanding Restricted Stock Unit, a payment in an amount equal to, and in the same form of payment as, the dividend paid on one share of Stock, except as otherwise determined by the Committee or set forth in the Country Appendix.

(d) As specified in the Country Appendix, Participants residing in countries where Prologis has, in its sole discretion, determined that payment of Dividend Equivalent Payments in cash is not advisable for legal, tax or administrative reasons will earn a "Dividend Equivalent Unit" equal in value to a Dividend Equivalent Payment for each share of Stock represented by an outstanding Restricted Stock Unit. Dividend Equivalent Units will be subject to the same vesting schedule as the underlying Restricted Stock Units and be settled in shares of Stock at such time as the Restricted Stock Units are settled.

5. Payments after Death. Any distribution or delivery to be made to Participant under this Award Agreement will, if Participant is then deceased, be made to Participant's beneficiary designated by will or the laws of descent and distribution. Any such beneficiary must furnish Prologis with (a) written notice of his or her status as beneficiary, and (b) evidence satisfactory to Prologis to establish the validity of the transfer and compliance with any laws or regulations pertaining to said transfer.

6. Withholding of Taxes.

(a) Participant acknowledges that, regardless of any action taken by Prologis or, if different, Participant's employer (the "Employer") the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to Participant's participation in the Plan and legally applicable to Participant ("Tax-Related Items"), is and remains Participant's responsibility and may exceed the amount actually withheld by Prologis or the Employer.

(b) Participant acknowledges and agrees that Prologis and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of this Award, including, but not limited to, the grant, vesting or settlement of the Restricted Stock Units, the subsequent sale of Stock acquired pursuant to such settlement, the accrual or settlement of any Dividend Equivalent Payments and/or the receipt of any dividends; and (ii) do not commit to and are under no obligation to structure the terms of the Award or any aspect of the Restricted Stock Units or Dividend Equivalent Payments to reduce or eliminate Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if Participant is subject to Tax-Related Items in more than one jurisdiction between the Date of Grant and the date of any relevant taxable or tax withholding event, as applicable, Participant acknowledges that Prologis and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

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(c) Prior to any relevant taxable or tax withholding event, as applicable, Participant agrees to make adequate arrangements satisfactory to Prologis and/or the Employer to satisfy all Tax-Related Items. If such arrangements are not made by Participant by the date specified by Prologis and communicated to Participant (and in no event less than 30 days prior to the Vesting Date), Participant authorizes Prologis or its agent to satisfy the obligations with regard to all Tax-Related Items by withholding in shares of Stock to be issued upon settlement of the Restricted Stock Units and, if applicable, Dividend Equivalent Units. In the event that such withholding in Stock is problematic under applicable tax or securities law or has adverse accounting consequences, by Participant's acceptance of this Award, Participant authorizes and directs Prologis and any brokerage firm determined acceptable to Prologis to sell, on Participant's behalf, a whole number of shares of Stock from those shares of Stock issued to Participant upon settlement of the Restricted Stock Units and, if applicable, Dividend Equivalent Unit as Prologis determines to be appropriate to generate cash proceeds sufficient to satisfy the obligation for Tax-Related Items.

(d) Depending on the withholding method, Prologis may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding rates or other applicable withholding rates, including maximum applicable rates, in which case Participant will receive a cash refund of any over-withheld amount not remitted to tax authorities on Participant's behalf and will have no entitlement to the Stock equivalent. If the obligation for Tax-Related Items is satisfied by withholding in shares of Stock, for tax purposes, Participant is deemed to have been issued the full number of shares of Stock subject to the vested Restricted Stock Units and, if applicable, Dividend Equivalent Units, notwithstanding that a number of the shares of Stock are held back solely for the purpose of paying the Tax-Related Items.

(e) Finally, Participant agrees to pay to Prologis or the Employer, including through withholding from Participant's wages or other cash compensation paid to Participant by Prologis and/or the Employer, any amount of Tax-Related Items that Prologis or the Employer may be required to withhold or account for as a result of Participant's participation in the Plan that cannot be satisfied by the means previously described. Prologis may refuse to issue or deliver the Stock issuable upon vesting of the Restricted Stock Units and, if applicable, Dividend Equivalent Units, or the proceeds of the sale of such Stock, if Participant fails to comply with Participant's obligations in connection with the Tax-Related Items.

7. Rights as Stockholder. Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a stockholder of Prologis in respect of any Stock deliverable hereunder unless and until certificates representing such Stock will have been issued, recorded on the records of Prologis or its transfer agents or registrars, and delivered to Participant. After such issuance, recordation and delivery, Participant will have all the rights of a shareholder of Prologis including with respect to voting such Stock and receipt of dividends and distributions on such Stock.

8. Code Section 409A. Notwithstanding anything in the Plan or this Award Agreement to the contrary, if any payment with respect to any Restricted Stock Units (including any Dividend Equivalent Payments) is subject to Section 409A and if such payment is to be paid or provided on account of Participant's Termination Date (or other separation from service or termination of employment, other than death):

(a) and if Participant is a specified employee (within the meaning of Section 409A) and if any such payment or benefit is required to be made or provided prior to the date which is six months following Participant's Termination Date, such payment or benefit shall be delayed until the date which is six months and one day following Participant's Termination Date; provided, however, that if Participant dies prior to this Termination Date, all remaining payments shall be paid to his estate within ninety (90) days following his death; and

(b) the determination as to whether Participant has had a Termination Date (or other termination of employment or separation from service) shall be made in accordance with the provisions of Section 409A and the guidance issued thereunder without application of any alternative levels of reductions of bona fide services permitted thereunder.

It is the intent of this Award Agreement to comply with the requirements of Section 409A so that none of the Restricted Stock Units and Dividend Equivalent Payments provided under this Award Agreement or Stock issuable thereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so comply. Neither Prologis nor any Related Company, however, makes any representation regarding the tax consequences of this Award.

9. No Guarantee of Continued Service. PARTICIPANT ACKNOWLEDGES AND AGREES THAT THE VESTING OF THE RESTRICTED STOCK UNITS AND DIVIDEND EQUIVALENT UNITS PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY REMAINING AN EMPLOYEE OF AND/OR PROVIDING MATERIAL SERVICES TO PROLOGIS OR A RELATED COMPANY AND NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS AWARD OF RESTRICTED STOCK UNITS OR ACQUIRING STOCK HEREUNDER. PARTICIPANT FURTHER ACKNOWLEDGES AND AGREES THAT THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER, THE VESTING SCHEDULE SET FORTH HEREIN AND PARTICIPANT'S PARTICIPATION IN THE PLAN (a) DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED EMPLOYMENT WITH THE EMPLOYER FOR THE

VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, (b) WILL NOT BE INTERPRETED AS FORMING AN EMPLOYMENT OR SERVICES CONTRACT WITH PROLOGIS, THE EMPLOYER OR ANY RELATED COMPANY, AND (c) WILL NOT INTERFERE IN ANY WAY WITH PARTICIPANT'S RIGHT OR THE RIGHT OF PROLOGIS, THE EMPLOYER OR ANY RELATED COMPANY, AS APPLICABLE, TO TERMINATE PARTICIPANT'S EMPLOYMENT OR SERVICE RELATIONSHIP (IF ANY) WITH THE EMPLOYER AT ANY TIME, WITH OR WITHOUT CAUSE.

10. Address for Notices . Any notice to be given to Prologis or a Related Company or the Employer under the terms of this Award Agreement will be addressed to the Committee, in care of Prologis, at its principal operational offices at 4545 Airport Way, Denver, CO 80239, U.S.A., Attention: General Counsel, or at such other address as Prologis may hereafter designate in writing.

11. Change in Control. In the event that, prior to the Vesting Date and prior to the date on which the Award has otherwise expired and (a) while Participant is an employee and is providing services to Prologis or a Related Company, Participant's employment is terminated by Prologis or the successor to Prologis or a Related Company which is Participant's employer for reasons other than Cause, in any such case within twenty-four (24) months following a Change in Control or (b) the Plan is terminated by Prologis or its successor following a Change in Control without provision for the continuation of the Award to the extent then outstanding, then the Restricted Stock Units and Dividend Equivalent Units, to the extent they have not otherwise expired or been cancelled or forfeited, shall immediately vest and the date of the vesting shall be the "Vesting Date." Any Restricted Stock Units and Dividend Equivalent Units that vest pursuant to this paragraph 11 shall be paid in accordance with the terms and conditions of paragraph 3 above and the other terms and conditions of the Plan.

For purposes of this paragraph 11, Participant's employment shall be deemed to be terminated by Prologis or the successor to Prologis (or a Related Company) if Participant terminates employment after (i) a substantial adverse alteration in the nature of Participant's status or responsibilities from those in effect immediately prior to the Change in Control, or (ii) a material reduction in Participant's annual base salary and target bonus, if any, as in effect immediately prior to the Change in Control.

In any event, if, upon a Change in Control, awards in other shares or securities are substituted for outstanding Awards pursuant to Section 4 of the Plan (or a successor provision), and immediately following the Change in Control, Participant becomes employed by the entity into which Prologis merged, or the purchaser of substantially all of the assets of Prologis, or a successor to such entity or purchaser, Participant shall not be treated as having terminated employment for purposes of this paragraph 11 until such time as Participant ceases to be an employee and/or ceases to provide services to the merged entity or purchaser (or successor), as applicable.

Notwithstanding the foregoing, unless otherwise provided in the Plan or by Prologis in its discretion, the Restricted Stock Units and the benefits evidenced by this Award Agreement do not create any entitlement to have the Restricted Stock Units or any such benefits transferred to, or assumed by, another company nor be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Stock of Prologis.

12. Nature of Award . In accepting the Award of Restricted Stock Units, Participant acknowledges, understands and agrees that:

- (a) the Plan is established voluntarily by Prologis;
  - (b) the Award of Restricted Stock Units is voluntary and occasional and does not create any contractual or other right to receive future Awards, or benefits in lieu of Awards, even if Awards have been granted in the past;
  - (c) all decisions with respect to future Awards of Restricted Stock Units, if any, will be at the sole discretion of Prologis;
  - (d) Participant is voluntarily participating in the Plan;
  - (e) the Restricted Stock Units and the Stock subject to the Restricted Stock Units are not intended to replace any pension rights or compensation;
  - (f) the Award of Restricted Stock Units and the Stock subject to the Restricted Stock Units, and the income and value of same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;
  - (g) the future value of the underlying Stock is unknown, indeterminable and cannot be predicted with certainty;
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(h) unless otherwise agreed with Prologis, the Restricted Stock Units and the Stock subject to the Restricted Stock Units, and the income and value of same, are not granted as consideration for, or in connection with, any service Participant may provide as a director of a Related Company;

(i) in addition to paragraphs (a) - (h), the following provisions will also apply if Participant is employed or providing services outside the United States:

(i) no claim or entitlement to compensation or damages shall arise from forfeiture of the Restricted Stock Units and Dividend Equivalent Units resulting from the termination of Participant's employment or other service relationship (for any reason whatsoever whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any), and in consideration of the Award of the Restricted Stock Units to which Participant is otherwise not entitled, Participant irrevocably agrees never to institute any claim against Prologis, the Employer and any Related Company, waives his or her ability, if any, to bring any such claim, and releases Prologis, the Employer and all Related Companies from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction then, by participating in the Plan, Participant shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim;

(ii) the Restricted Stock Units and the Stock subject to the Restricted Stock Units are not part of normal or expected compensation or salary for any purpose; and

(iii) neither Prologis or the Employer (nor any Related Company) shall be liable for any foreign exchange rate fluctuation between Participant's local currency and the United States Dollar that may affect the value of the Restricted Stock Units, Dividend Equivalent Payments and/or Dividend Equivalent Units or of any amounts due to Participant pursuant to the settlement of the Restricted Stock Units, Dividend Equivalent Payments and/or Dividend Equivalent Units or the subsequent sale of any Stock acquired upon settlement of the Restricted Stock Units and Dividend Equivalent Units.

13. Choice of Language. Participant has received this Award Agreement and any other related communications (including the Restricted Stock Unit Notice of Grant) and consents to having received these documents solely in English. In the event that any document distributed to Participant in connection with the Award of Restricted Stock Units is translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

14. No Advice Regarding Award. Neither Prologis, the Employer nor any Related Company is providing any tax, legal or financial advice, nor is Prologis, the Employer or any Related Company making any recommendations regarding Participant's participation in the Plan, or Participant's acquisition or sale of the underlying Stock. Participant is hereby advised to consult with Participant's own personal tax, legal and financial advisors regarding Participant's participation in the Plan before taking any action related to the Plan.

15. Data Privacy Consent. *Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's personal data as described in this Award Agreement and any other materials related to the Award of Restricted Stock Units ("Data") by and among, as applicable, the Employer, Prologis and its Related Companies for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan. Participant understands that Data may include certain personal information about Participant, including, but not limited to, Participant's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any Stock or directorships held in Prologis, details of all Restricted Stock Units or any other entitlement to Stock awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor.*

*Participant understands that Data will be transferred to E\*TRADE Financial Corporate Services and E\*TRADE Securities LLC or such other stock plan service provider as may be selected by Prologis (the "Designated Broker"), which is assisting Prologis with the implementation, administration and management of the Plan. Participant understands that the recipients of the Data may be located in the United States or elsewhere, and that a recipient's country of operation (e.g., the United States) may have different data privacy laws and protections from Participant's country. Participant understands that if he or she resides outside the United States, he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative.*

*Participant authorizes Prologis, the Designated Broker and any other possible recipients which may assist Prologis (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing Participant's participation in the Plan. Participant understands that Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Plan. If Participant resides outside the United States, Participant may, at any time, view Data, request additional*

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information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing Participant's local human resources representative.

Participant acknowledges and agrees that this consent is being provided on a purely voluntary basis and that if Participant does not consent, or if Participant later seeks to revoke this consent, Participant's employment status or service and career with the Employer will not be adversely affected; the only consequence of refusing or withdrawing Participant's consent is that Prologis would not be able to grant Participant Restricted Stock Units or other equity awards or administer or maintain such awards. Therefore, Participant understands that refusing or withdrawing this consent may affect Participant's ability to participate in the Plan. For more information on the consequences of Participant's refusal to consent or withdrawal of this consent, Participant understands that Participant may contact his or her local human resources representative.

Finally, upon request of the Company or the Employer, Participant agrees to sign any data privacy consent form or other similar agreement that the Company, in its sole discretion, has determined to be necessary to obtain from Participant in order to administer Participant's participation in the Plan in compliance with the data privacy laws or regulations in Participant's country. Participant will not be permitted to participate in the Plan if he or she fails to provide any such consent or agreement requested by the Company or the Employer.

16. Award is Not Transferable. Except to the limited extent provided in paragraph 5, this Award and the rights and privileges conferred hereby will not be transferred, assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and will not be subject to sale under execution, attachment or similar process.

17. Binding Agreement. Subject to the limitation on the transferability of this Award contained herein, this Award Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

18. Additional Conditions to Issuance of Stock; Restriction on Sale of Securities If at any time Prologis will determine, in its discretion, that the listing, registration or qualification of the Stock upon any securities exchange or under any local, state, federal or foreign securities or exchange control law, or the consent or approval of any governmental regulatory authority, is necessary or desirable as a condition to the issuance of Stock to Participant (or his or her estate), such issuance will not occur unless and until such listing, registration, qualification, consent or approval will have been effected or obtained free of any conditions not acceptable to Prologis. Participant understands that Prologis is under no obligation to register or qualify the Stock with, or seek any approval or clearance from, any governmental regulatory authority for the issuance or sale of the Stock. Further, Participant agrees that Prologis shall have unilateral authority to amend the Plan and the Award Agreement without Participant's consent to the extent necessary to comply with securities or other laws applicable to issuance of Stock. Finally, Participant acknowledges that Participant's subsequent sale of the Stock issued pursuant to this Award Agreement may be subject to any market blackout period that may be imposed by Prologis and must comply with Prologis' insider trading policies, and any other applicable securities laws.

19. Committee Authority. The Committee will have the power to interpret the Plan and this Award Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any Restricted Stock Units and/or Dividend Equivalent Units have vested). All actions taken and all interpretations and determinations made by the Committee in good faith will be final and binding upon Participant, Prologis and all other interested persons.

20. Electronic Delivery and Acceptance. Prologis may, in its sole discretion, decide to deliver any documents related to the Restricted Stock Units by electronic means or request Participant's consent to participate in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through any on-line or electronic system established and maintained by Prologis, the Designated Broker or another third party designated by Prologis.

21. Captions. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Award Agreement.

22. Agreement Severable. In the event that any provision in this Award Agreement will be held invalid or unenforceable, whether in whole or in part, such provision (or portion thereof) will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Award Agreement.

23. Modifications to the Award Agreement

(a) If Participant is an employee, except as expressly set forth in Participant's employment agreement (if any) or any other individual agreements between Prologis and Participant (if any), this Award Agreement (including the Recoupment Policy referenced in paragraph 3(e)) constitutes the entire understanding of the parties on the subjects covered. To the extent that any

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such agreement between Prologis and an employee-Participant contains more favorable terms with respect to the Restricted Stock Units than the terms contained herein, the terms of such other agreement shall control to the extent that such terms do not conflict with the Plan.

(b) Notwithstanding anything to the contrary in the Plan or this Award Agreement, Prologis may amend this Award Agreement as necessary to comply with Section 409A or to otherwise avoid imposition of any additional tax or income recognition under Section 409A in connection to this award of Restricted Stock Units.

(c) Notwithstanding anything to the contrary in the Plan or this Award Agreement, Prologis reserves the right to impose other requirements on Participant's participation in the Plan, on the Award of Restricted Stock Units and on any Stock acquired under the Plan, to the extent that Prologis determines it is necessary or advisable for legal or administrative reasons, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

24. Amendment, Suspension or Termination of the Plan. Participant understands that the Plan is discretionary in nature and may be modified, amended, suspended or terminated by Prologis at any time, to the extent permitted by the Plan.

25. Country Appendix. Notwithstanding any provisions in this Award Agreement, this Award of Restricted Stock Units shall be subject to any special terms and conditions set forth in the Country Appendix to this Award Agreement for Participant's country. Moreover, if Participant relocates to one of the countries included in the Country Appendix, the special terms and conditions for such country, if any, will apply to Participant to the extent that Prologis determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Country Appendix constitutes part of this Award Agreement.

26. Governing Law & Venue. This Award Agreement will be governed by the laws of the State of Maryland, without giving effect to the conflict of law principles thereof. For purposes of litigating any dispute that arises under this Award Agreement, the parties hereby submit to and consent to the jurisdiction of the State of Colorado, U.S.A., agree that such litigation shall be conducted in the courts of the county of Denver, Colorado, U.S.A., or the federal courts for the United States for the District of Colorado, where this grant is made and/or to be performed.

27. Insider Trading. By participating in the Plan, Participant agrees to comply with Prologis' policy on insider trading (to the extent that it is applicable to Participant), a copy of which can be obtained through the Prologis Intranet (<http://thehub/regions/na/legal/Pages/default.aspx>). Further, if Participant is employed or providing services outside the United States, Participant acknowledges that Participant's country of residence may also have laws or regulations governing insider trading and/or market abuse and that such laws or regulations may impose additional restrictions on Participant's ability to participate in the Plan (e.g., acquiring or selling shares of Stock) and that Participant is solely responsible for complying with such laws or regulations. In the event that Participant is in possession of information about Prologis or any Related Company which has not been made publicly available and which Participant knows (or should know) may impact the price of the Stock if such information was made available to the public, Participant is advised to consult with his or her legal advisor prior to acquiring or selling any shares of Stock.

28. Foreign Asset / Account Reporting. Depending upon the country to which laws Participant is subject, Participant may have certain foreign asset and/or account reporting requirements that may affect Participant's ability to acquire or hold Shares under the Plan or cash received from participating in the Plan (including from any dividends or Dividend Equivalent Payments received or sale proceeds arising from the sale of shares of Stock) in a brokerage or bank account outside Participant's country of residence. Participant's country may require that he or she report such accounts, assets or transactions to the applicable authorities in Participant's country. Participant is responsible for knowledge of and compliance with any such regulations and is advised to speak with his or her tax, legal and financial advisors regarding same.

29. Waiver. Participant acknowledges that a waiver by Prologis of a breach of any provision of this Award Agreement shall not operate or be construed as a waiver of any other provision of this Award Agreement, or of any subsequent breach by Participant or any other Participant.

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Prologis, Inc.  
2012 Long-Term Incentive Plan

Country Appendix  
Restricted Stock Unit Agreement

The additional terms and conditions set forth in this Country Appendix are specifically incorporated into the Award Agreement. These terms and conditions govern the Restricted Stock Units granted to Participant under the Prologis, Inc. 2012 Long-Term Incentive Plan (the "Plan") if Participant works and/or resides in one of the countries listed below.

If Participant is a citizen or resident of a country other than the one in which he or she is currently working (or is considered as such for local law purposes), or if Participant relocates to another country after receiving the Award of Restricted Stock Units, Prologis will, in its discretion, determine the extent to which the terms and conditions herein will be applicable to Participant.

Certain capitalized terms used but not defined in this Country Appendix have the meanings set forth in the Plan and/or the Award Agreement.

BRAZIL

Compliance with Law

By accepting the Restricted Stock Units, Participant agrees to comply with applicable Brazilian laws and to pay any and all applicable taxes associated with the vesting of the Restricted Stock Units and the sale of any Stock acquired under the Plan.

CANADA

Form of Settlement of Award

Notwithstanding subsection 4.1(e) of the Plan, the Restricted Stock Units shall be settled in shares of Stock only.

CHINA

*The following provisions govern Participant's participation in the Plan if Participant is a national of the People's Republic of China ("PRC") resident in mainland China:*

Form of Dividend Equivalent Payments

Notwithstanding paragraph 4 of the Award Agreement, Dividend Equivalent Payments shall accrue on the dividend payment date with respect to Stock and be paid to Participant in the form of additional shares of Stock on each Vesting Date of the Restricted Stock Units that entitled Participant to such Dividend Equivalent Payment. For the avoidance of doubt, Dividend Equivalent Payments will be made with respect to the additional shares of Stock described in the preceding sentence. No cash Dividend Equivalent Payments will be made to Participant.

Mandatory Sale Restriction

Due to exchange control restrictions in the PRC, Participant understands and agrees that Prologis reserves the right to require the automatic sale of any shares of Stock issuable to Participant upon vesting of the Restricted Stock Units and Dividend Equivalent Units. Participant understands and agrees that any automatic sale of the shares of Stock will occur as soon as is practical following settlement of the Restricted Stock Units.

If Prologis does not exercise its right to require the automatic sale of Stock issuable upon settlement of the Restricted Stock Units and Dividend Equivalent Units, as described above, Participant understands and agrees that any Stock acquired by Participant under the Plan must be sold no later than six (6) months after Participant's Termination Date, or within any other such time frame as may be permitted by Prologis or required by the PRC State Administration of Foreign Exchange. Participant understands that any shares of Stock acquired by Participant under the Plan that have not been sold by Participant within six (6) months of Participant's Termination Date will be automatically sold by Prologis' Designated Broker at the direction of Prologis.

In this regard, Participant hereby expressly authorizes (i) Prologis to instruct the Designated Broker to assist with a mandatory sale of such Stock (on Participant's behalf pursuant to this authorization), and (ii) the Designated Broker to complete the

sale of such Stock at the direction of Prologis. Participant acknowledges and agrees that the Designated Broker is under no obligation to arrange for the sale of the shares of Stock at any particular price. Participant understands and agrees that, upon any such sale of the Stock, the sales proceeds (less any applicable Tax-Related Items and/or broker's fees or commissions) will be remitted to Participant in accordance with any applicable exchange control laws or regulations including, but not limited to, the restrictions set forth in this Country Appendix for China below under "Exchange Control Restrictions."

#### Exchange Control Restrictions

By accepting the Restricted Stock Units, Participant understands and agrees that, due to PRC exchange control restrictions, Participant is not permitted to transfer any Stock acquired under the Plan out of Participant's account established with the Designated Broker, and that Participant will be required to repatriate all proceeds from the sale of Stock due to Participant under the Plan to the PRC, including any proceeds from the sale of Stock acquired under the Plan.

Further, Participant understands that such repatriation will need to be effected through a special exchange control account established by Prologis, the Employer, or a Related Company in the PRC, and Participant hereby consents and agrees that the proceeds may be transferred to such special account prior to being delivered to Participant. The proceeds may be paid to Participant in U.S. dollars or in local currency, at Prologis' discretion. If the proceeds are paid in U.S. dollars, Participant understands that he or she will be required to set up a U.S. dollar bank account in the PRC so that the proceeds may be deposited into this account. If the proceeds are paid in local currency, Participant acknowledges that neither Prologis nor any Related Company is under an obligation to secure any particular currency conversion rate and that Prologis (or a Related Company) may face delays in converting the proceeds to local currency due to exchange control requirements in the PRC. Participant agrees to bear any currency fluctuation risk between the time the shares of Stock are sold and the time the proceeds are converted into local currency and distributed to Participant. Participant further agrees to comply with any other requirements that may be imposed by Prologis in the future to facilitate compliance with PRC exchange control requirements.

#### CZECH REPUBLIC

##### Form of Dividend Equivalent Payments

Notwithstanding paragraph 4 of the Award Agreement, Dividend Equivalent Payments shall accrue on each dividend payment date with respect to Stock and be paid to Participant in the form of additional shares of Stock on the Vesting Date of the Restricted Stock Units that entitled Participant to such Dividend Equivalent Payment. For the avoidance of doubt, Dividend Equivalent Payments will be made with respect to the additional shares of Stock described in the preceding sentence. No cash Dividend Equivalent Payments will be made to Participant.

#### FRANCE

##### Not Tax Qualified Awards

The Restricted Stock Units do not qualify for, and are not intended to qualify for, the specific tax and social security treatment applicable to French-qualified Restricted Stock Units under Section L. 225-197-1 to L. 225-197-6 of the French Commercial Code, as amended.

##### Consent to Receive Information in English

By accepting the Restricted Stock Units, Participant confirms having read and understood the Plan and the Award Agreement, which were provided in the English language. Participant accepts the terms of those documents accordingly.

En acceptant cette attribution gratuite d'actions, le Participant confirme avoir lu et compris le Plan et ce Contrat, incluant tous leurs termes et conditions, qui lui ont été transmis en langue anglaise. Le Participant accepte les dispositions de ces documents en connaissance de cause.

GERMANY

Form of Dividend Equivalent Payments

Notwithstanding paragraph 4 of the Award Agreement, Dividend Equivalent Payments shall accrue on each dividend payment date with respect to Stock and be paid to Participant in the form of additional shares of Stock on the Vesting Date of the Restricted Stock Units that entitled Participant to such Dividend Equivalent Payment. For the avoidance of doubt, Dividend Equivalent Payments will be made with respect to the additional shares of Stock described in the preceding sentence. No cash Dividend Equivalent Payments will be made to Participant.

HUNGARY

There are no country-specific provisions.

ITALY

Form of Dividend Equivalent Payments

Notwithstanding paragraph 4 of the Award Agreement, Dividend Equivalent Payments shall accrue on each dividend payment date with respect to Stock and be paid to Participant in the form of additional shares of Stock on the Vesting Date of the Restricted Stock Units that entitled Participant to such Dividend Equivalent Payment. For the avoidance of doubt, Dividend Equivalent Payments will be made with respect to the additional shares of Stock described in the preceding sentence. No cash Dividend Equivalent Payments will be made to Participant.

Data Privacy

This provision replaces paragraph 15 of the Award Agreement (“Data Privacy Consent”):

*Participant understands that the Employer, Prologis and any Related Company may hold certain personal information about Participant, including, but not limited to, Participant’s name, home address and telephone number, date of birth, social insurance or other identification number, salary, nationality, job title, any Stock or directorships held in Prologis or any Related Company, details of all Restricted Stock Units, or any other entitlement to Stock awarded, canceled, exercised, vested, unvested or outstanding in Participant’s favor (“Data”) and will process such Data in compliance with applicable laws and regulations for the exclusive purpose of implementing, managing and administering Participant’s participation in the Plan.*

*Participant understands that providing Prologis with Data is mandatory for compliance with local law and necessary for the performance of the Plan and that Participant’s refusal to provide such Data would make it impossible for Prologis to perform its contractual obligations under the Plan. Participant acknowledges and agrees that this consent is being provided on a purely voluntary basis and that if Participant does not consent, or if Participant later seeks to revoke this consent, Participant’s employment status or service and career with the Employer will not be adversely affected; the only adverse consequence of refusing or withdrawing Participant’s consent is that Prologis would not be able to grant Participant Restricted Stock units or other equity awards or administer or maintain such awards. Therefore, Participant understands that refusing or withdrawing this consent may affect Participant’s ability to participate in the Plan.*

*Participant understands that the Controller of personal data processing is Prologis, Inc., with its principal operational offices at 4545 Airport Way, Denver, Colorado 80239, U.S.A., and, pursuant to Legislative Decree no. 196/2003, its Representative in Italy for privacy purposes is ProLogis Italy Management S.r.l., with its registered offices at Via Milano 150, Cologno Monzese MI, Italy.*

*Participant understands that Participant’s Data will not be publicized, but it may be transferred to banks, other financial institutions or brokers involved in the management and administration of the Plan. Participant further understands that Prologis and its Related Companies will transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of Participant’s participation in the Plan, and that Prologis and/or its Related Companies may each further transfer Data to third parties assisting Prologis in the implementation, administration and management of the Plan, including any requisite transfer to a broker or another third party with whom Participant may elect to deposit any Stock acquired under the Plan. Such recipients may receive, possess, use, retain and transfer the Data in electronic or other form, for the purposes of implementing, administering and managing Participant’s participation in the Plan. Participant understands that these recipients may be located in the European Economic Area, or elsewhere, such as the U.S. Should Prologis exercise its discretion in suspending all necessary legal*

obligations connected with the management and administration of the Plan, it will delete Participant's Data as soon as it has accomplished all the necessary legal obligations connected with the management and administration of the Plan.

Participant understands that Data processing related to the purposes specified above shall take place under automated or non-automated conditions, anonymously when possible, that comply with the purposes for which Data are collected and with confidentiality and security provisions as set forth by applicable laws and regulations, with specific reference to Legislative Decree no. 196/2003. The processing activity, including communication, the transfer of Participant's Data abroad, including outside of the European Economic Area, as herein specified and pursuant to applicable laws and regulations, does not require Participant's consent thereto as the processing is necessary to performance of contractual obligations related to implementation, administration and management of the Plan. Participant understands that, pursuant to Section 7 of the Legislative Decree no. 196/2003, Participant has the right to, including but not limited to, access, delete, update, ask for rectification of Participant's Data and cease, for legitimate reason, the Data processing. Furthermore, Participant is aware that Participant's Data will not be used for direct marketing purposes. In addition, Participant understands that the Data provided may be reviewed by Participant at any time and that any questions or complaints with respect to the matters described herein may be addressed by contacting Participant's local human resources representative.

#### Terms of Grant

By accepting the Restricted Stock Units, Participant acknowledges and agrees that he or she has received a copy of the Plan and the Award Agreement, including this Country Appendix, has reviewed these documents in their entirety and fully understands the contents thereof, and accepts the terms and conditions contained in these documents. Specifically, Participant expressly approves the following portions of the Award Agreement: (i) paragraph 2 ("Prologis' Obligation to Pay"); (ii) paragraph 3 ("Vesting Schedule and Issuance of Stock"); (iii) paragraph 6 ("Withholding of Taxes"); (iv) paragraph 12 ("Nature of Award"); (v) paragraph 13 ("Choice of Language"); (vi) paragraph 23 ("Modifications to the Award Agreement"); (vii) paragraph 26 ("Governing Law and Venue"); and (viii) the Data Privacy paragraph set forth above in this Country Appendix for Italy.

#### JAPAN

There are no country-specific provisions.

#### LUXEMBOURG

There are no country-specific provisions.

#### MEXICO

#### Plan Document Acknowledgement

By accepting the Restricted Stock Units, Participant acknowledges that he or she has received a copy of the Plan, the Restricted Stock Unit Notice of Grant, and the Award Agreement, including this Country Appendix, which Participant has reviewed. Participant acknowledges further that he or she accepts all the provisions of the Plan, the Restricted Stock Unit Notice of Grant, and the Award Agreement, including this Country Appendix. Participant also acknowledges that he or she has read and specifically and expressly approves the terms and conditions set forth in paragraph 12 of the Award Agreement ("Nature of Award"), which clearly provides as follows:

- (1) Participant's participation in the Plan does not constitute an acquired right;
- (2) The Plan and Participant's participation in it are offered by Prologis on a wholly discretionary basis;
- (3) Participant's participation in the Plan is voluntary; and
- (4) Prologis, its Related Companies and Participant's Employer are not responsible for any decrease in the value of any Stock acquired at vesting of the Restricted Stock Units.

#### Labor Law Policy and Acknowledgment

This provision supplements paragraph 12 of the Award Agreement ("Nature of Award"):

In accepting the Award of Restricted Stock Units, Participant expressly recognizes that Prologis with its principal operating offices at 4545 Airport Way, Denver, Colorado 80239, U.S.A., is solely responsible for the administration of the Plan and that

Participant's participation in the Plan and acquisition of Stock do not constitute an employment relationship between Participant and Prologis since Participant is participating in the Plan on a wholly commercial basis and his or her sole Employer is Servicios Corporativos GC, S.A. de C.V. Based on the foregoing, Participant expressly recognizes that the Plan and the benefits that he or she may derive from participating in the Plan do not establish any rights between Participant and the Employer and do not form part of the employment conditions and/or benefits provided by the Employer and any modification of the Plan or its termination shall not constitute a change or impairment of the terms and conditions of Participant's employment.

Participant further understands that his or her participation in the Plan is as a result of a unilateral and discretionary decision of Prologis; therefore, Prologis reserves the absolute right to amend and/or discontinue Participant's participation at any time without any liability to Participant.

Finally, Participant hereby declares that he or she does not reserve to him- or herself any action or right to bring any claim against Prologis for any compensation or damages regarding any provision of the Plan or the benefits derived under the Plan, and Participant therefore grants a full and broad release to Prologis, and its affiliates, branches, representation offices, shareholders, trustees, directors, officers, employees, agents, or legal representatives with respect to any such claim that may arise.

#### Spanish Translation

##### Reconocimiento del Documento del Plan

Al aceptar las Unidades de Acciones Restringidas, el Participante reconoce que ha recibido una copia del Plan, la Notificación del Otorgamiento y el Convenio, incluyendo este Apéndice por país, mismos que el Participante ha revisado. El Participante reconoce, además, que acepta todas las disposiciones del Plan, la Notificación del Otorgamiento y el Convenio, incluyendo este Apéndice por país. El Participante también reconoce que ha leído y que específicamente aprueba de forma expresa los términos y condiciones establecidos en la Sección 11 del Convenio: "Naturaleza de la Subvención", que claramente dispone lo siguiente:

- (1) La participación del Participante en el Plan no constituye un derecho adquirido;
- (2) El Plan y la participación del Participante en el Plan se ofrecen por Prologis de manera totalmente discrecional;
- (3) La participación del Participante en el Plan es voluntaria; y
- (4) Prologis, sus Compañías Relacionadas y el Patrón del Participante no son responsables de ninguna disminución en el valor de las Acciones adquiridas al momento de tener el derecho respecto a las Unidades de Acciones Restringidas.

##### Política Laboral y Reconocimiento

Esta disposición suplementa la Sección 13 del Convenio ("naturaleza del Otorgamiento):

Al aceptar esta Recompensa, el Participante expresamente reconoce que Prologis, con domicilio de operaciones ubicado en 4545 Airport Way, Denver, Colorado 80239, EE.UU., es únicamente responsable por la administración del Plan y que la participación del Participante en el Plan y la adquisición de Acciones no constituyen una relación de trabajo entre el Participante y Prologis, ya que el Participante participa en el Plan de una manera totalmente comercial y su único Patrón es Servicios Corporativos GC, S.A. de C.V. Derivado de lo anterior, el Participante expresamente reconoce que el Plan y los beneficios que le pudieran derivar de la participación en el Plan no establecen derecho alguno entre el Participante y el Patrón del Participante y no forman parte de las condiciones de trabajo y/o las prestaciones otorgadas por el Patrón y que cualquier modificación al Plan o su terminación no constituye un cambio o menoscabo de los términos y condiciones de la relación de trabajo del Participante.

Asimismo, el Participante reconoce que su participación en el Plan es resultado de una decisión unilateral y discrecional de Prologis; por lo tanto, Prologis se reserva el derecho absoluto de modificar y/o discontinuar la participación del Participante en cualquier momento y sin responsabilidad alguna frente al Participante.

Finalmente, el Participante por este medio declara que no se reserva derecho o acción alguna en contra de la Compañía por cualquier compensación o daños y perjuicios en relación con cualquier disposición del Plan o de los beneficios derivados del Plan y, por lo tanto, el Participante otorga el más amplio finiquito que en derecho proceda a Prologis, y sus afiliadas, sucursales, oficinas de representación, accionistas, fiduciarios, directores, funcionarios, empleados, agentes o representantes legales en relación con cualquier demanda o reclamación que pudiera surgir.

**Attention! This investment falls outside AFM supervision.  
No prospectus required for this activity.**



POLAND

There are no country-specific provisions.

SINGAPORE

Securities Law Information

The grant of the Restricted Stock Units is being made pursuant to the “Qualifying Person” exemption” under section 273(1)(f) of the Securities and Futures Act (Chapter 289, 2006 Ed.) (“SFA”) under which it is exempt from the prospectus and registration requirements and is not made with a view to the underlying shares of Stock being subsequently offered for sale to any other party. The Plan has not been lodged or registered as a prospectus with the Monetary Authority of Singapore. Participant should note that the Restricted Stock Units are subject to section 257 of the SFA and that Participant will not be able to make any subsequent sale of any shares of Stock in Singapore, or any offer of such subsequent sale of shares of Stock in Singapore, unless such sale or offer is made (i) after 6 months from the Date of Grant or (ii) pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the SFA.

Chief Executive Officer and Director Notification

If Participant is the Chief Executive Officer (“CEO”), a director, associate director or shadow director of a Related Company in Singapore, the Singapore Companies Act requires Participant to notify such Related Company in Singapore in writing of any interest (*e.g.*, Restricted Stock Units, Stock, etc.) that Participant holds in Prologis (or any Related Company) within two business days of (i) acquiring or disposing of such interest, (ii) any change in a previously-disclosed interest (*e.g.*, upon vesting of the Restricted Stock Units or sale of shares of Stock), or (iii) becoming the CEO or a director, if Participant holds such an interest at that time.

SLOVAK REPUBLIC

There are no country-specific provisions.

SPAIN

Labor Law Acknowledgement

This provision supplements paragraph 12 of the Award Agreement (“Nature of Award”):

In accepting the Award of Restricted Stock Units, Participant consents to participation in the Plan and has received a copy of the Plan. Participant understands that Prologis has unilaterally, gratuitously and in its sole discretion decided to make an Award of Restricted Stock Units under the Plan to individuals who may be employees of Prologis or its Related Companies throughout the world. This decision is a limited decision that is entered into upon the express assumption and condition that any Award will not economically or otherwise bind Prologis or any of its Related Companies on an ongoing basis except as provided in the Award Agreement and Plan. Consequently, Participant understands that the Award of Restricted Stock Units is made on the assumption and condition that the Restricted Stock Units, any Dividend Equivalent Payments and any Stock issuable upon vesting of the Restricted Stock Units (i) shall not become a part of any employment contract (either with Prologis or any of its Related Companies), (ii) shall not be considered a mandatory benefit, right or entitlement for any purpose, and (iii) shall not be considered salary, wages or compensation for any purpose (including calculating severance compensation). Participant understands that the Award of Restricted Stock Units would not be made to Participant but for the assumptions and conditions referred to above; thus, Participant acknowledges and freely accepts that should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then any Award made to Participant under the Plan shall be null and void.

Further, the vesting of the Restricted Stock Units and/or Dividend Equivalent Units is expressly conditioned on Participant's continued and active rendering of service to Prologis or a Related Company, such that if Participant's service terminates for any reason (other than death or Disability), the Restricted Stock Units and Dividend Equivalent Units may cease vesting immediately, in whole or in part, effective on Participant's Termination Date (unless otherwise specifically provided in the Plan or the Award Agreement). This will be the case, for example, even if (1) Participant is considered to be unfairly dismissed without good cause; (2) Participant is dismissed for disciplinary or objective reasons or due to a collective dismissal; (3) Participant terminates employment or service due to a change of work location, duties or any other employment or contractual condition; (4) Participant terminates employment or service due to a unilateral breach of contract by Prologis or a Related Company; or (5) Participant's service terminates for any other reason whatsoever. Consequently, upon termination of Participant's employment or service for any of the above reasons, Participant may automatically lose any rights to Restricted Stock Units and Dividend Equivalent Units that were not vested on Participant's Termination Date, as described in the Plan and the Award Agreement.

Participant acknowledges that he or she has read and specifically accepts the conditions referred to in paragraph 2 and paragraph 3 of the Award Agreement.

#### Securities Law Notice

No "offer of securities to the public," as defined under Spanish law, has taken place or will take place in the Spanish territory in connection with the Award of the Restricted Stock Units. Further, none of the materials distributed to Participant in connection with the Award of Restricted Stock Units, including the Plan document and the Award Agreement (i) have been, or will be, registered with the *Comisión Nacional del Mercado de Valores*, and (ii) do not constitute a public offering prospectus.

#### SWEDEN

There are no country-specific provisions.

#### UNITED KINGDOM

#### Tax Acknowledgment

This provision supplements paragraph 6 of the Award Agreement ("Withholding of Taxes"):

If payment or withholding of income tax due by Participant in connection with the Restricted Stock Units is not made within 90 days of the end of the U.K. tax year in which the event giving rise to the income tax occurs or such other period specified in Section 222(1)(c) of the U.K. Income Tax (Earnings and Pensions) Act 2003 (the "Due Date"), Participant agrees that the amount of any uncollected income tax shall (assuming Participant is not a director or executive officer of Prologis (within the meaning of Section 13(k) of the Exchange Act)), constitute a loan owed by Participant to the Employer, effective on the Due Date. Participant agrees that the loan (i) will bear interest at the then-current Official Rate of Her Majesty's Revenue & Customs ("HMRC"), (ii) will be immediately due and repayable, and (iii) may be recovered by Prologis and/or the Employer any time by any of the means referred to in paragraph 6 of the Award Agreement.

If Participant is a director or executive officer of Prologis (as described above) and such income tax is not collected from or paid by Participant by the Due Date, the amount of such uncollected income tax may constitute an additional benefit to Participant on which additional income tax and National Insurance contributions ("NICs") may be payable. Participant will be responsible for reporting any income tax and NICs due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing Prologis and/or the Employer for the value of any employee NICs due on this additional benefit, which Prologis and/or the Employer may recover at any time thereafter by any of the means referred to in paragraph 6 of the Award Agreement.

In addition, Participant agrees that the Company and/or the Employer may calculate the income tax to be withheld and accounted for by reference to the maximum applicable rates, without prejudice to any right Participant may have to recover any overpayment from HMRC.

#### UNITED STATES

There are no country-specific provisions.

**PROLOGIS, INC. AND PROLOGIS, L.P.**  
**COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES**  
(Dollar amounts in thousands)

	Three Months Ended March 31,		Year Ended December 31,			
	2015	2014	2013	2012	2011	2010
	\$	\$	\$	\$	\$	\$
Consolidated net earnings (loss) from continuing operations	351,312	739,284	229,529	(106,397)	(274,944)	(1,605,355)
Add (Deduct):						
Fixed charges	88,375	382,210	458,285	572,108	529,798	518,399
Capitalized interest	(16,284)	(61,457)	(67,955)	(53,397)	(52,651)	(53,661)
Earnings from unconsolidated entities, net	(31,042)	(134,288)	(97,220)	(31,676)	(59,935)	(23,678)
Distributed income from equity entities	32,361	117,937	68,618	34,945	72,976	27,404
Income tax expense (benefit)	1,891	(25,656)	106,733	3,580	1,776	(30,499)
<b>Earnings (loss), as adjusted</b>	<b>\$ 426,613</b>	<b>\$ 1,018,030</b>	<b>\$ 697,990</b>	<b>\$ 419,163</b>	<b>\$ 217,020</b>	<b>\$ (1,167,390)</b>
Fixed charges:						
Interest expense	\$ 68,761	\$ 308,885	\$ 379,327	\$ 505,215	\$ 466,571	\$ 461,166
Capitalized interest	16,284	61,457	67,955	53,397	52,651	53,661
Portion of rents representative of the interest factor	3,330	11,868	11,003	13,496	10,576	3,572
<b>Total fixed charges</b>	<b>\$ 88,375</b>	<b>\$ 382,210</b>	<b>\$ 458,285</b>	<b>\$ 572,108</b>	<b>\$ 529,798</b>	<b>\$ 518,399</b>
<b>Ratio of earnings (loss), as adjusted, to fixed charges</b>	<b>4.8</b>	<b>2.7</b>	<b>1.5</b>	<b>(a)</b>	<b>(a)</b>	<b>(a)</b>

(a) The loss from continuing operations for 2012, 2011 and 2010 included impairment charges of \$269.0 million, \$147.7 million and \$1.1 billion, respectively, that are discussed in our Annual Report on Form 10-K. Our fixed charges exceed our earnings (loss), as adjusted, by \$152.9 million, \$312.8 million and \$1.7 billion for the years ended December 31, 2012, 2011 and 2010, respectively.

**PROLOGIS, INC. AND PROLOGIS, L.P.**  
**COMPUTATION OF RATIO OF EARNINGS TO COMBINED FIXED CHARGES**  
**AND PREFERRED STOCK/UNIT DIVIDENDS**  
(Dollar amounts in thousands)

	Three Months Ended		Year Ended December 31,				
	March 31,		2014	2013	2012	2011	2010
	2015						
Consolidated net earnings (loss) from continuing operations	\$ 351,312	\$	739,284	\$ 229,529	\$ (106,397)	\$ (274,944)	\$ (1,605,355)
Add (Deduct):							
Fixed charges	88,375		382,210	458,285	572,108	529,798	518,399
Capitalized interest	(16,284)		(61,457)	(67,955)	(53,397)	(52,651)	(53,661)
Earnings from unconsolidated entities, net	(31,042)		(134,288)	(97,220)	(31,676)	(59,935)	(23,678)
Distributed income from equity entities	32,361		117,937	68,618	34,945	72,976	27,404
Income tax expense (benefit)	1,891		(25,656)	106,733	3,580	1,776	(30,499)
<b>Earnings (loss), as adjusted</b>	<b>\$ 426,613</b>	<b>\$</b>	<b>1,018,030</b>	<b>\$ 697,990</b>	<b>\$ 419,163</b>	<b>\$ 217,020</b>	<b>\$ (1,167,390)</b>
Combined fixed charges and preferred stock/unit dividends:							
Interest expense	\$ 68,761	\$	308,885	\$ 379,327	\$ 505,215	\$ 466,571	\$ 461,166
Capitalized interest	16,284		61,457	67,955	53,397	52,651	53,661
Portion of rents representative of the interest factor	3,330		11,868	11,003	13,496	10,576	3,572
Total fixed charges	88,375		382,210	458,285	572,108	529,798	518,399
Preferred stock/unit dividends	1,670		7,431	18,391	41,226	34,696	25,424
<b>Combined fixed charges and preferred stock/unit dividends</b>	<b>\$ 90,045</b>	<b>\$</b>	<b>389,641</b>	<b>\$ 476,676</b>	<b>\$ 613,334</b>	<b>\$ 564,494</b>	<b>\$ 543,823</b>
<b>Ratio of earnings (loss), as adjusted, to combined fixed charges and preferred stock/unit dividends</b>	<b>4.7</b>		<b>2.6</b>	<b>1.5</b>	<b>(a)</b>	<b>(a)</b>	<b>(a)</b>

- (a) The loss from continuing operations for 2012, 2011 and 2010 includes impairment charges of \$269.0 million, \$147.7 million and \$1.1 billion, respectively, that are discussed in our Annual Report on Form 10-K. Our combined fixed charges and preferred stock/unit dividends exceeded our earnings (loss), as adjusted, by \$194.2 million, \$347.5 million and \$1.7 billion for the years ended December 31, 2012, 2011 and 2010, respectively.

The Board of Directors  
Prologis, Inc.:

Re: Registration Statement Nos. 333-78699, 333-81475, 333-75951, and 333-195316 on Form S-3; Registration Statement Nos. 333-173891 and 333-172741 on Form S-4; 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 May 1, 2015 related to our review of interim financial information. Our review report refers to a change in accounting for discontinued operations.

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.

**KPMG LLP**

Denver, Colorado  
May 1, 2015

The Partners  
Prologis, L.P.:

Re: Registration Statement No. 333-195316 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 May 1, 2015 related to our review of interim financial information. Our review report refers to a change in accounting for discontinued operations.

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.

**KPMG LLP**

Denver, Colorado  
May 1, 2015

## 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: May 1, 2015

/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: May 1, 2015

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

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## 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: May 1, 2015

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

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## 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: May 1, 2015

/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, 2015 (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: May 1, 2015

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

Dated: May 1, 2015

/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, 2015 (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: May 1, 2015

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

Dated: May 1, 2015

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