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

FORM 8-K/A

(Amendment No. 1)

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

Date of Report (Date of earliest event reported): February 4, 2020

PROLOGIS, INC.
PROLOGIS, L.P.
(Exact name of registrant as specified in charter)

Maryland (Prologis, Inc.) Delaware (Prologis, L.P.) (State or other jurisdiction of Incorporation)	001-13545 (Prologis, Inc.) 001-14245 (Prologis, L.P.) (Commission File Number)	94-3281941 (Prologis, Inc.) 94-3285362 (Prologis, L.P.) (I.R.S. Employer Identification No.)

Pier 1, Bay 1, San Francisco, California *(Address or principal executive offices)*	**94111** *(Zip Code)*

(415) 394-9000
(Registrant's telephone number, including area code)

Not applicable
(Former Name or Former Address, if Changed Since Last Report)

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

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

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

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

Emerging growth company ☐

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

Introductory Note.

This Form 8-K/A is being filed for the purpose of filing the financial statements and pro forma financial information required by Item 9.01 with respect to the Current Report on Form 8-K filed by Prologis, Inc. and Prologis, L.P., on February 4, 2020 in connection with the consummation on February 4, 2020 (the "Closing Date") of the transactions contemplated by the Agreement and Plan of Merger, dated as of October 27, 2019 (the "Merger Agreement"), by and among Prologis, Inc., a Maryland corporation ("Prologis"), Prologis, L.P., a Delaware limited partnership ("Prologis OP"), Lambda REIT Acquisition LLC, a Maryland limited liability company and a wholly owned subsidiary of Prologis ("Prologis Merger Sub"), Lambda OP Acquisition LLC, a Delaware limited liability company and a wholly owned subsidiary of Prologis OP ("Prologis OP Merger Sub"), Liberty Property Trust, a Maryland real estate investment trust ("LPT"), Leaf Holdco Property Trust, a Maryland real estate investment trust and a wholly owned subsidiary of LPT ("New Liberty Holdco"), and Liberty Property Limited Partnership, a Pennsylvania limited partnership ("LPT OP").

Pursuant to the Merger Agreement, (a) on February 3, 2020, a wholly owned subsidiary of New Liberty Holdco merged with and into LPT, with LPT surviving the merger and becoming a wholly owned subsidiary of New Liberty Holdco (the "LPT Merger"), (b) on February 4, 2020, New Liberty Holdco merged with and into Prologis Merger Sub, with Prologis Merger Sub surviving the merger and remaining a wholly owned subsidiary of Prologis (the "Topco Merger" and, together with the LPT Merger, the "LPT Mergers"), (c) immediately thereafter, all of the outstanding equity interests in LPT were contributed to Prologis OP in exchange for the issuance by Prologis OP of partnership interests in Prologis OP to other subsidiaries of Prologis, and (d) immediately thereafter, Prologis OP Merger Sub merged with and into LPT OP, with LPT OP surviving the merger and becoming a wholly owned subsidiary of Prologis OP (the "Partnership Merger" and, together with the LPT Mergers, the "Mergers").

Item 2.01. Completion of Acquisition or Disposition of Assets.

Pursuant to the terms of the Merger Agreement, on February 3, 2020, at the effective time of the LPT Merger (the "LPT Merger Effective Time"), each common share, par value $0.001 per share, of LPT (each, an "LPT Common Share") issued and outstanding as of immediately prior to the LPT Merger Effective Time was automatically converted into the right to receive one common share of beneficial interest, par value $0.001 per share, of New Liberty Holdco (each, a "New Liberty Holdco Common Share"). Also at the LPT Merger Effective Time, each outstanding equity award relating to LPT Common Shares was automatically converted into an equivalent award relating to an equal number of New Liberty Holdco Common Shares.

On February 4, 2020, at the effective time of the Topco Merger (the "Topco Merger Effective Time"), each New Liberty Holdco Common Share issued and outstanding immediately prior to the Topco Merger Effective Time (other than New Liberty Holdco Common Shares owned by New Liberty Holdco or any of New Liberty Holdco's wholly owned subsidiaries and New Liberty Holdco Common Shares owned by Prologis or any of Prologis' wholly owned subsidiaries) was automatically converted into the right to receive 0.675 (the "Exchange Ratio") validly issued, fully paid and non-assessable shares of common stock, par value $0.01 per share, of Prologis ("Prologis Common Stock", and such consideration, the "Merger Consideration"), together with cash in lieu of fractional shares, without interest, but subject to any withholding required under applicable law, upon the terms and subject to the conditions set forth in the Merger Agreement.

Also at the Topco Merger Effective Time, each outstanding restricted stock award, restricted stock unit award, and stock option relating to New Liberty Holdco Common Shares fully vested and was cancelled in exchange for a payment of the Merger Consideration (or a cash payment equal to the value of the Merger Consideration, in the case of an award that was payable in cash by its terms) in respect of each underlying New Liberty Holdco Common Share (reduced by the aggregate exercise price in the case of each stock option). Performance-based restricted stock unit awards vested based on the actual level of achievement of the applicable performance goals through the day immediately prior to the Topco Merger Effective Time (or, in the case of awards granted in 2017, based on actual performance during the completed performance period).

Approximately 107,038,683 shares of Prologis Common Stock were issued in connection with the Topco Merger.

On February 4, 2020, at the effective time of the Partnership Merger (the "Partnership Merger Effective Time"), (a) the general partner interests in LPT OP as of immediately prior to the Partnership Merger Effective Time remained general partnership interests in LPT OP, (b) each limited partnership interest of LPT OP (each, an "LPT Common OP Unit") issued and outstanding immediately prior to the Partnership Merger Effective Time was automatically converted into new validly issued common limited partnership interests in Prologis OP in an amount equal to the Exchange Ratio and each holder of LPT Common OP Units was admitted as a limited partner of Prologis OP in accordance with the terms of Prologis OP's partnership agreement, and (c) each of the partnership interests in LPT OP designated as "6.25% Series I-2 Cumulative Redeemable Preferred Partnership Interest" under the partnership agreement of LPT OP (each, an "LPT Preferred OP Unit") issued and outstanding immediately prior to the Partnership Merger Effective Time was automatically converted into one new validly issued limited partnership interest in Prologis OP designated as "6.25% Series T Cumulative Redeemable Preferred Partnership Unit" with substantially the same terms and rights as the LPT Preferred OP Units immediately prior to the Partnership Merger ("New Preferred OP Units") and each holder of New Preferred OP Units was admitted as a limited partner of Prologis OP in accordance with the terms of Prologis OP's partnership agreement. Prologis, as general partner of Prologis OP, caused the Prologis OP partnership agreement to be amended to create and authorize such New Preferred OP Units.

Approximately 2,287,907 Prologis OP common limited partnership units and 213,440 Prologis OP preferred units were issued in connection with the Partnership Merger.

The foregoing description of the Merger Agreement does not purport to be complete and is qualified in its entirety by the full text of the Merger Agreement, which is attached hereto as Exhibit 2.1 and is incorporated herein by reference.

Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year

Prologis, L.P.

In connection with the Mergers, on February 4, 2020, Prologis, as the general partner of Prologis OP, caused Prologis OP to adopt the Third Amendment to the Thirteenth Amended and Restated Agreement of Limited Partnership of Prologis, L.P. to provide for the issuance of limited partnership interests of Prologis OP designated as "6.25% Series T Cumulative Redeemable Preferred Partnership Units" and to make certain other administrative changes.

A copy of the Third Amendment to the Thirteenth Amended and Restated Agreement of Limited Partnership of Prologis, L.P. is included herewith as Exhibit 3.1 and incorporated herein by reference.

Item 7.01. Regulation FD Disclosure.

On February 4, 2020, Prologis issued a press release announcing the completion of the Mergers. A copy of the press release is furnished, not filed, for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and pursuant to Item 7.01 of Form 8-K will not be incorporated by reference into any filing under the Securities Act of 1933, as amended, unless specifically identified therein as being incorporated therein by reference.

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of Businesses Acquired.

The audited consolidated balance sheets of LPT and LPT OP and the notes thereto as of December 31, 2019 are hereby filed as Exhibit 99.2 to this Current Report on Form 8-K/A and incorporated herein by reference.

(b) Pro Forma Financial Information.

The unaudited pro forma condensed combined balance sheet as of December 31, 2019 and the unaudited pro forma condensed combined statements of income for the year ended December 31, 2019 of Prologis and Prologis OP are hereby filed as Exhibit 99.3 to this Current Report on Form 8-K/A and incorporated herein by reference. Such unaudited pro forma condensed combined financial statements are not necessarily indicative of the financial position that actually would have existed or the operating results that actually would have been achieved if the adjustments set forth therein had been in effect as of the dates and for the periods indicated or that may be achieved in future periods and should be read in conjunction with the historical financial statements of Prologis, Prologis OP, LPT and LPT OP.

(d) Exhibits.

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

Exhibit No.	Description
2.1 ▯	Agreement and Plan of Merger, dated as of October 27, 2019, by and among Prologis, Inc., Prologis, L.P., Lambda REIT Acquisition LLC, Lambda OP Acquisition LLC, Liberty Property Trust, Liberty Property Limited Partnership, and Leaf Holdco Property Trust (incorporated by reference to Exhibit 2.1 to Prologis, Inc.'s and Prologis, L.P.'s Form 8-K filed on October 27, 2019).
3.1*	Third Amendment to Thirteenth Amended and Restated Agreement of Limited Partnership of Prologis, L.P.
23.1	Consent of Ernst & Young LLP, Independent Auditors, dated February 19, 2020 with respect to Liberty Property Trust.
23.2	Consent of Ernst & Young LLP, Independent Auditors, dated February 19, 2020 with respect to Liberty Property Limited Partnership.
99.1*	Press Release, dated February 4, 2020.
99.2	Audited consolidated balance sheets of Liberty Property Trust and Liberty Property Limited Partnership and the notes thereto as of December 31, 2019.
99.3	Unaudited pro forma condensed combined financial statements of Prologis, Inc. and Prologis, L.P. as of December 31, 2019 and for the year ended December 31, 2019.
104	Cover Page Interactive Data File – the cover page iXBRL tags are embedded within the Inline XBRL document.

* Previously Filed.

□ *Prologis has omitted certain schedules and exhibits pursuant to Item 601(b)(2) of Regulation S-K and shall furnish supplementally to the SEC copies of any of the omitted schedules and exhibits upon request by the SEC.*

SIGNATURES

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

PROLOGIS, INC.

Date: February 19, 2020	By:	/s/ Michael T. Blair
		Name: Michael T. Blair
		Title: Managing Director, Deputy General Counsel

PROLOGIS, L.P.
By: Prologis, Inc., its General Partner

Date: February 19, 2020	By:	/s/ Michael T. Blair
		Name: Michael T. Blair
		Title: Managing Director, Deputy General Counsel

Exhibit 23.1

Consent of Independent Auditors

We consent to the incorporation by reference in the following Registration Statements:

1) Registration Statement on Form S-3 (No. 333-216491) filed by Prologis, Inc. and Prologis, L.P.,
2) Registration Statement on Form S-4 (No. 333-235260) filed by Prologis, Inc.,
3) Registration Statement on Form S-4 (No. 333-235800) filed by Prologis, L.P.,
4) Registration Statements on Form S-8 (Nos. 333-42015, 333-78779, 333-90042, 333-144489, 333-177378, 333-178955, and 333-181529) filed by Prologis, Inc., and
5) Registration Statement on Form S-8 (No. 333-100214) filed by Prologis, Inc. and Prologis, L.P.

of our report dated February 19, 2020, with respect to the consolidated balance sheet as of December 31, 2019 of Liberty Property Trust, included in this Current Report on Form 8-K of Prologis, Inc. and Prologis, L.P.

/s/ Ernst & Young LLP

Philadelphia, Pennsylvania
February 19, 2020

Exhibit 23.2

Consent of Independent Auditors

We consent to the incorporation by reference in the following Registration Statements:

1) Registration Statement on Form S-3 (No. 333-216491) filed by Prologis, Inc. and Prologis, L.P.,
2) Registration Statement on Form S-4 (No. 333-235260) filed by Prologis, Inc.,
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5) Registration Statement on Form S-8 (No. 333-100214) filed by Prologis, Inc. and Prologis, L.P.

of our report dated February 19, 2020, with respect to the consolidated balance sheet as of December 31, 2019 of Liberty Property Limited Partnership, included in this Current Report on Form 8-K of Prologis, Inc. and Prologis, L.P.

/s/ Ernst & Young LLP

Philadelphia, Pennsylvania
February 19, 2020

Exhibit 99.2

Audited Consolidated Balance Sheets of Liberty Property Trust and Liberty Property Limited Partnership and the notes thereto as of December 31, 2019.

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Report of Independent Auditors

Management of Liberty Property Trust

We have audited the accompanying consolidated balance sheet of Liberty Property Trust as of December 31, 2019, and the related notes (the financial statement).

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in conformity with U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the balance sheet referred to above presents fairly, in all material respects, the consolidated financial position of Liberty Property Trust at December 31, 2019, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Philadelphia, Pennsylvania

February 19, 2020

Report of Independent Auditors

Management of Liberty Property Limited Partnership

We have audited the accompanying consolidated balance sheet of Liberty Property Limited Partnership as of December 31, 2019, and the related notes (the financial statement).

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in conformity with U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the balance sheet referred to above presents fairly, in all material respects, the consolidated financial position of Liberty Property Limited Partnership at December 31, 2019, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Philadelphia, Pennsylvania

February 19, 2020

CONSOLIDATED BALANCE SHEET OF LIBERTY PROPERTY TRUST
December 31, 2019
(In thousands, except share and unit amounts)

ASSETS		
Real estate:		
Land and land improvements	$	1,451,285
Building and improvements		4,873,499
Less accumulated depreciation		(1,069,197)
Operating real estate		5,255,587
Development in progress		311,168
Land held for development		368,541
Net real estate		5,935,296
Cash and cash equivalents		163,621
Restricted cash		24,114
Accounts receivable		16,381
Deferred rent receivable		128,456
Deferred financing and leasing costs, net		165,137
Investments in and advances to unconsolidated joint ventures		346,868
Assets held for sale		114,665
Right of use asset		18,038
Prepaid expenses and other assets		62,173
Total assets	$	6,974,749
LIABILITIES		
Mortgage loans, net	$	308,640
Unsecured notes, net		2,285,024
Credit facilities		100,000
Accounts payable		29,981
Accrued interest		23,250
Dividend and distributions payable		66,144
Lease liability		18,784
Other liabilities		193,290
Liabilities held for sale		7,257
Total liabilities		3,032,370
Noncontrolling interest - operating partnership - 213,483 preferred units outstanding		5,337
EQUITY		
Liberty Property Trust shareholders' equity		
Common shares of beneficial interest, $.001 par value, 283,987,000 shares authorized; 157,914,839 shares issued and outstanding		158
Additional paid-in capital		4,152,079
Accumulated other comprehensive loss		(47,157)
Distributions in excess of net income		(229,662)
Total Liberty Property Trust shareholders' equity		3,875,418
Noncontrolling interest - operating partnership - 3,408,587 common units outstanding		61,350
Noncontrolling interest - consolidated joint ventures		274
Total equity		3,937,042
Total liabilities, noncontrolling interest - operating partnership and equity	$	6,974,749

See accompanying notes.

CONSOLIDATED BALANCE SHEET OF
LIBERTY PROPERTY LIMITED PARTNERSHIP
December 31, 2019
(In thousands, except unit amounts)

ASSETS		
Real estate:		
Land and land improvements	$	1,451,285
Building and improvements		4,873,499
Less accumulated depreciation		(1,069,197)
Operating real estate		5,255,587
Development in progress		311,168
Land held for development		368,541
Net real estate		5,935,296
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Accrued interest		23,250
Distributions payable		66,144
Lease liability		18,784
Other liabilities		193,290
Liabilities held for sale		7,257
Total liabilities		3,032,370
Limited partners' equity - 213,483 preferred units outstanding		5,337
OWNERS' EQUITY		
General partner's equity - 157,914,839 common units outstanding		3,875,418
Limited partners' equity - 3,408,587 common units outstanding		61,350
Noncontrolling interest - consolidated joint ventures		274
Total owners' equity		3,937,042
Total liabilities, limited partners' equity and owners' equity	$	6,974,749

See accompanying notes.

1. ORGANIZATION

Liberty Property Trust (the “Trust”) is a self-administered and self-managed Maryland real estate investment trust (a “REIT”). Substantially all of the Trust’s assets are owned directly or indirectly, and substantially all of the Trust’s operations are conducted directly or indirectly, by its subsidiary, Liberty Property Limited Partnership, a Pennsylvania limited partnership (the “Operating Partnership” and, together with the Trust and their consolidated subsidiaries, the “Company”). The Trust is the sole general partner and also a limited partner of the Operating Partnership, owning 97.9% of the common equity of the Operating Partnership at December 31, 2019. Unless otherwise indicated, the notes to the Consolidated Financial Statements apply to both the Trust and the Operating Partnership. The terms the "Company,” “we,” “our” and “us” means the Trust and Operating Partnership collectively.

The financial results of the Operating Partnership are consolidated into the financial statements of the Trust. The Trust has no significant assets other than its investment in the Operating Partnership. The Trust and the Operating Partnership are managed and operated as one entity. The Trust and the Operating Partnership have the same managers. The Trust's sole business purpose is to act as the general partner of the Operating Partnership. Net proceeds from equity issuances by the Trust are contributed to the Operating Partnership in exchange for partnership units. The Trust itself does not issue any indebtedness, but guarantees certain of the unsecured debt of the Operating Partnership. We have therefore combined the balance sheet of the Trust and the Operating Partnership into this single report.

The Operating Partnership is a variable interest entity ("VIE") as the limited partners do not have substantive kick-out or participating rights. The Trust is the primary beneficiary of the Operating Partnership as it has the power to direct the activities of the Operating Partnership and the rights to absorb 97.9% of the net income of the Operating Partnership. The Trust has no significant assets or liabilities other than its investment in the Operating Partnership. As the Operating Partnership is already consolidated in the balance sheet of the Trust, the identification of this entity as a VIE has no impact on the consolidated financial statements of the Trust. In addition, the Company holds a 20% interest in Liberty/Comcast 1701 JFK Boulevard, LP which was determined to be a VIE. The Company determined that it is not the primary beneficiary as the Company and its third-party partner share control of the joint venture. The Company has provided financial support in the way of a related party mortgage loan which is included in the Company's equity investment in the joint venture for $60.8 million. The Company's maximum exposure to loss is equal to its equity investment in the joint venture which was $72.3 million as of December 31, 2019.

All square footage and acreage amounts are unaudited.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles ("US GAAP") requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes.

Actual results could differ from those estimates.

Principles of Consolidation

The consolidated financial statements of the Company include the Trust, the Operating Partnership, wholly owned subsidiaries and those subsidiaries in which the Company owns a majority voting interest with the ability to control operations of the subsidiaries and where no approval, veto or other important rights have been granted to the noncontrolling shareholders. The Company consolidates joint ventures that are considered to be VIEs where we are the primary beneficiary. The Company (i) evaluates the sufficiency of the total equity investment at risk, (ii) reviews the voting rights and decision-making authority of the equity investment holders as a group and whether there are any guaranteed returns, protection against losses, or capping of residual returns within the group and (iii) establishes whether activities within the venture are on behalf of an investor with disproportionately few voting rights in making this VIE determination. To the extent that the Company (i) is the sole entity that has the power to direct the activities of the VIE and (ii) has the obligation or rights to absorb the VIE's losses or receive its benefits, then the Company would be the primary beneficiary and would consolidate the VIE.

All significant intercompany transactions and accounts have been eliminated.

Real Estate and Depreciation

The properties are recorded at cost and are depreciated using the straight line method over their estimated useful lives. The estimated useful lives are as follows:

Building and improvements	40 years (blended)
Capital improvements	15 - 20 years
Equipment	5 - 10 years
Tenant improvements	Term of the related lease

The Company capitalizes costs associated with development and redevelopment activities, capital improvements, tenant improvements and leasing activities, including compensation costs. Expenditures directly related to the improvement of real estate, including interest and other costs capitalized on development and redevelopment projects and land being readied for development, are included in net real estate and are stated at cost. The Company considers a development property substantially complete upon the completion of tenant build-out, but no later than one year after the completion of major construction activity. These capitalized costs include pre-construction costs essential to the development of the property, construction costs, interest costs, real estate taxes, development related compensation and other costs incurred during the period of development. The determination to capitalize rather than expense costs requires the Company to evaluate the status of the development activity. The total of capitalized compensation costs directly related to development, redevelopment, capital improvements, and tenant improvements for the year ended December 31, 2019 were $6.4 million. Construction related payables at December 31, 2019 were $29.6 million.

The Company allocates the purchase price of real estate acquired to land, building and improvements and intangibles based on the relative fair value of each component. Lease values for acquired properties are determined based on the present value (using a discount rate which reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to each in-place lease and (ii) management's estimate of fair market lease rates for each corresponding in-place lease ("Market Value Intangible"). Origination values are also assigned to in-place leases, and, where appropriate, value is assigned to customer relationships ("Origination Value Intangible").

Acquisition-related costs for asset acquisitions are capitalized and included in net real estate at cost. Expenditures for maintenance and repairs are charged to operations as incurred.

The Company amortizes the amounts allocated to intangibles relating to in-place leases, which are included in deferred financing and leasing costs and other liabilities in the accompanying consolidated balance sheet, over the remaining term of the related leases. This calculation includes both the remaining noncancelable period and any bargain renewal option periods.

Once a property is designated as held for sale, no further depreciation expense is recorded.

The Company evaluates its real estate investments upon occurrence of a significant adverse change in its operations and/or market price, an expectation that the asset will be sold or otherwise disposed of before the end of its estimated useful life, among other factors, to assess whether any impairment indicators are present that affect the recovery of the recorded value. If indicators of impairment are identified, the Company estimates the future undiscounted cash flows from the use and eventual disposition of the property and compares this amount to the carrying value of the property. If any real estate investment is considered impaired, a loss is recognized to reduce the carrying value of the property to its estimated fair value. If held for sale, a property is not considered impaired unless its estimated fair value (less costs to sell) is less than the property's book value at the balance sheet date.

The Company capitalizes pre-development costs incurred in pursuit of new development opportunities for which the Company currently believes future development is probable. Future development is dependent upon various factors, including zoning and regulatory approval, rental market conditions and construction costs.

Investments in Unconsolidated Joint Ventures

The Company accounts for its investments in unconsolidated joint ventures using the equity method of accounting as the Company exercises significant influence, but does not control these entities.

Under the equity method of accounting, the net equity investment of the Company is reflected in the accompanying consolidated balance sheet.

On a periodic basis, management assesses whether there are any indicators that the value of the Company's investments in unconsolidated joint ventures may be other-than-temporarily-impaired. An investment is impaired only if management's estimate of the value of the investment is less than the carrying value of the investment, and such decline in value is deemed to be other-than-temporary. To the extent impairment has occurred, the loss is measured as the excess of the carrying amount of the investment over the estimated fair value of the investment. The estimated fair value of the investments is determined using a discounted cash flow model which is a Level 3 valuation under ASC 820, "*Fair Value Measurement*." The Company considers a number of assumptions that are subject to economic and market uncertainties including, among others, demand for space, competition for tenants, changes in market rental rates, operating costs, capitalization rates, holding periods and discount rates.

Cash and Cash Equivalents

Highly liquid investments with a maturity of three months or less when purchased are classified as cash equivalents.

Restricted Cash

Restricted cash includes tenant security deposits and escrow funds that the Company maintains pursuant to certain mortgage loans. Restricted cash also includes the undistributed proceeds from the sale of residential land in Kent County, United Kingdom.

Accounts Receivable/Deferred Rent Receivable

The Company's accounts receivable are comprised of rents and charges for property operating costs due from tenants. The Company's deferred rent receivable represents the cumulative difference between rent revenue recognized on a straight line basis and contractual payments due under the terms of tenant leases. All accounts receivable and deferred rent receivable are evaluated for collectability. The receivables are assessed on the tenant's ability to pay based on the tenant's financial capacity and its intention to pay, considering all relevant facts and circumstances, including past experience with the tenant.

Deferred Financing and Leasing Costs

Costs incurred in connection with leasing or financing of the credit facilities are capitalized and amortized on a straight line basis over the term of the related lease or loan. Costs incurred in connection with the financing of mortgage loans or unsecured notes are reported as a deduction from the face amount of that liability and amortized on a straight line basis over the term of the related loan.

Certain employees of the Company are compensated for leasing services related to the Company's properties. The incremental compensation directly related to these leasing services is capitalized and amortized as a deferred leasing cost over the term of the related lease. The total of this capitalized compensation was $4.5 million for the year ended December 31, 2019.

Fair Value of Financial Instruments

ASC 820, *Fair Value Measurements and Disclosures*, gives guidance on the fair value measurement of a financial asset or liability. Inputs used to develop fair value are classified in one of three categories: Level 1 inputs (quoted prices (unadjusted) in active markets for identical assets or liabilities), Level 2 inputs (inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly) and Level 3 inputs (unobservable inputs for the asset or liability).

The following disclosure of estimated fair value was determined by management using available market information and appropriate valuation methodologies. However, considerable judgment is necessary to interpret market data and develop estimated fair value. Accordingly, the following estimates are not necessarily indicative of the amounts the Company could have realized on disposition of the financial instruments at December 31, 2019. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

The carrying value of cash and cash equivalents, restricted cash, accounts receivable, accounts payable, accrued interest, dividend and distributions payable and other liabilities are reasonable estimates of fair value because of the short-term nature of these instruments. The carrying value of the outstanding amounts under the Company's credit facilities is also a reasonable estimate of fair value because interest rates float at a rate based on LIBOR.

The Company used a discounted cash flow model to determine the estimated fair value of its debt as of December 31, 2019. This is a Level 3 fair value calculation. The inputs used in preparing the discounted cash flow model include actual maturity dates and scheduled cash flows as well as estimates for market value discount rates.

The following summarizes the fair value of the Company's mortgage loans and unsecured notes at December 31, 2019 (in thousands):

Mortgage Loans		Unsecured Notes	
Carrying Value	Fair Value	Carrying Value	Fair Value
$ 308,640	$ 314,473	$ 2,285,024	$ 2,440,476

Income Taxes

The Trust has elected to be taxed as a REIT under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the "Code"). As a result, the Trust generally is not subject to federal income taxation at the corporate level to the extent it distributes annually at least 100% of its REIT taxable income, as defined in the Code, to its shareholders and satisfies certain other organizational and operational requirements. The Trust has met these requirements. If the Trust fails to qualify as a REIT in any taxable year, the Trust will be subject to federal income tax on its taxable income at regular corporate rates (including any alternative minimum tax for those tax years beginning prior to January 1, 2019) and may not be able to qualify as a REIT for the four subsequent taxable years. Even as a REIT, the Trust may still be subject to certain state and local income and property taxes, and to federal income and excise taxes on undistributed taxable income.

Several of the Company's subsidiaries are taxable REIT subsidiaries (each a "TRS") and are subject to federal and state income taxes separate from the Company. In general, a TRS may perform additional services for tenants and generally may engage in real estate or non-real estate businesses that are not permitted REIT activities. The Company itself is also subject to tax in certain states and the United Kingdom. Accordingly, the Company recognizes federal, state and foreign income taxes in accordance with US GAAP, as applicable.

Currently there are no uncertain tax positions or possibly significant unrecognized tax benefits that are reasonably expected to occur within the next 12 months. There are no interest or penalties accrued at December 31, 2019 which related to any uncertain tax positions or significant unrecognized tax benefits.

As of December 31, 2019, certain of the Company's TRSs have estimated net operating loss ("NOL") carryforwards available of approximately $24.3 million. Unless reduced or utilized, these NOL carryforwards are set to begin expiring in 2021. After taking into consideration the projected future net taxable income at these entities, and consistent with prior periods, the Company has determined that a valuation allowance for the full carrying value of NOL carryforwards is appropriate.

The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction, certain state and local jurisdictions, the United Kingdom and (in prior years) Luxembourg. With few exceptions, the Company and its subsidiaries are no longer subject to examination by taxing authorities in these jurisdictions for years prior to 2015.

The Federal tax cost basis of the wholly owned real estate was $6.9 billion at December 31, 2019.

Foreign Currency

The functional currency of the Company's United Kingdom operations is pounds sterling. The Company translates the financial statements for the United Kingdom operations into US dollars. For the Trust, gains and losses resulting from this translation are included in accumulated other comprehensive loss as a separate component of shareholders' equity and a proportionate amount of gain or loss is allocated to noncontrolling interest - operating partnership - common units. For the Operating Partnership, gains and losses resulting from this translation are included in general partner's equity and limited partners' equity - common units. Upon sale or upon complete or substantially complete liquidation of the Company's foreign investment, the gain or loss on the sale will include the cumulative translation adjustments that have been previously recorded in accumulated other comprehensive loss and noncontrolling interest - operating partnership - common units (for the Trust) and in general partner's equity and limited partners' equity - common units (for the Operating Partnership).

3. ACCUMULATED OTHER COMPREHENSIVE LOSS

The following table sets forth the components of Accumulated Other Comprehensive Loss as of December 31, 2019 (in thousands):

Foreign currency translation	$	(42,844)
Derivative instruments		(5,317)
Total accumulated other comprehensive loss		(48,161)
Less: portion included in noncontrolling interest – operating partnership		1,004
Total accumulated other comprehensive loss included in shareholders' equity	$	(47,157)

4. REAL ESTATE

The Company owns and operates industrial and office properties. The carrying value of these operating properties by type as of December 31, 2019 is as follows (in thousands):

	Land and Land Improvements	Building and Improvements	Total	Accumulated Depreciation
Industrial properties	$ 1,448,384	$ 4,823,596	$ 6,271,980	$ 1,053,454
Office properties	2,901	49,903	52,804	15,743
Total	$ 1,451,285	$ 4,873,499	$ 6,324,784	$ 1,069,197

During the year ended December 31, 2019, the Company sold 18 buildings containing 1.9 million square feet, 141.1 acres of land and other non-depreciable assets for gross proceeds of $585.1 million.

During the year ended December 31, 2019, the Company acquired eight buildings containing 1.8 million square feet and 261.3 acres of land for an aggregate purchase price of $350.9 million.

5. INVESTMENTS IN UNCONSOLIDATED JOINT VENTURES

Listed below are the unconsolidated joint ventures in which the Company has a noncontrolling interest. The accounting policies for the unconsolidated joint ventures in which the Company has a noncontrolling interest are the same as those for the Company.

	Ownership (3)	Company's net investment in unconsolidated joint ventures (1) (in thousands)	
Liberty Venture I, LP	25%	$	10,816
Kings Hill Unit Trust	20%		6,369
Liberty Illinois, LP	25%		14,120
Liberty Washington, LP	25%		20,343
Liberty/ Comcast 1701 JFK Blvd, LP	20%		72,301
Liberty Property 18th & Arch (2)	20%		192,511
Other	20% - 50%		30,408
		$	346,868

(1) Differences between the Company's net investment in unconsolidated joint ventures and its underlying equity in the net assets of the venture are primarily a result of impairments related to the Company's investment in unconsolidated joint ventures, the deferral of gains associated with the sales of properties to joint ventures in which the Company retains an ownership interest and loans made to the joint ventures by the Company. These adjustments have resulted in an aggregate difference reducing the Company's investments in unconsolidated joint ventures by $70.2 million as of December 31, 2019. Differences between historical cost basis and the basis reflected at the joint venture level (other than loans) are typically depreciated over the life of the related asset.

(2) Represents the combined investment in of the two joint ventures related to the property at 18th and Arch Streets, Philadelphia.

(3) The Company may also receive a promoted interest if certain return thresholds are met.

6. DEFERRED FINANCING AND LEASING COSTS

Deferred financing and leasing costs were comprised of the following as of December 31, 2019 (in thousands):

Deferred financing costs	$	17,104
Deferred leasing costs		229,064
Market value intangible		14,838
Origination value intangible		95,694
		356,700
Accumulated amortization:		
Deferred financing costs		14,789
Deferred leasing costs		105,992
Market value intangible		12,684
Origination value intangible		58,098
		191,563
Deferred financing and leasing costs, net	$	165,137

The table above includes market value intangible assets. There were also $13.2 million of unamortized market value intangible liabilities as of December 31, 2019. These liabilities are included as other liabilities in the accompanying consolidated balance sheet.

7. INDEBTEDNESS

Overview

Indebtedness consists of mortgage loans, unsecured notes, and borrowings under the Company's Credit Facilities (see below). Interest costs during the year ended December 31, 2019 in the amount of $23.4 million were capitalized.

The scheduled principal amortization and maturities of the Company's mortgage loans, unsecured notes outstanding and the Credit Facilities (as defined below) and the related weighted average interest rates at December 31, 2019 are as follows (in thousands, except percentages):

	Mortgages					
	Principal Amortization	Principal Maturities	Unsecured Notes	Credit Facilities	Total	Weighted Average Interest Rate
2020	$ 1,673	$ 67,361	$ —	$ —	$ 69,034	4.2%
2021	545	65,009	—	100,000	165,554	3.3%
2022	116	—	400,000	—	400,116	4.1%
2023	123	—	300,000	—	300,123	3.4%
2024	130	—	450,000	—	450,130	4.4%
2025	138	—	400,000	—	400,138	3.8%
2026	—	1,946	400,000	—	401,946	3.3%
2027	—	—	—	—	—	—%
2028	—	171,717	—	—	171,717	2.6%
2029 and thereafter	—	—	350,000	—	350,000	4.4%
Subtotal	2,725	306,033	2,300,000	100,000	2,708,758	3.8%
Reconciling items (1)	—	(118)	(14,976)	—	(15,094)	
Total for consolidated balance sheet	$ 2,725	$ 305,915	$ 2,285,024	$ 100,000	$ 2,693,664	

(1) Includes deferred financing costs, premium/discount and market adjustments.

Mortgage Loans and Unsecured Notes

Mortgage loans with maturities ranging from 2020 to 2029 were collateralized by and in some instances cross-collateralized by properties with a net book value of $554.7 million as of December 31, 2019.

The interest rates on $2,608.8 million of mortgage loans (including $64.6 million fixed via a swap arrangement) and unsecured notes are fixed and range from 2.6% to 4.5%. The weighted average remaining term for the mortgage loans and unsecured notes is 5.2 years.

Credit Facilities

The Credit Facility includes a revolving credit facility for aggregate borrowings of $800 million and a delayed draw term loan facility for aggregate borrowings of $100 million. The interest rate on borrowings under the Credit Facility fluctuates based upon ratings from Moody's Investors Service, Inc., Standard and Poor's Ratings Group and Fitch, Inc. Based on the Company's ratings as of December 31, 2019, borrowings under the revolving credit facility currently bear interest at LIBOR plus 0.875% and the delayed draw term loan facility bear interest at LIBOR plus 0.95%. The revolving credit facility also contains an annual facility fee, the rate of which is currently 0.15% of the aggregate loan commitments. The Credit Facility provides for the interest rate and facility fee rate to be adjusted up or down based on changes in the credit ratings on the Company's senior unsecured debt. The Credit Facility expires in October 2021 and has two six-month extensions at the Company's option, subject to the payment of a stated fee. The Credit Facility contains a competitive bid option, whereby participating lenders bid on the interest rate to be charged. This feature is available for up to 50% of the amount of the revolving credit facility. There were no borrowings outstanding under the revolving credit facility and $100.0 million borrowings under the delayed draw term loan facility as of December 31, 2019. As of December 31, 2019, letters of credit to third parties totaling $8.6 million had been issued for the account of the Company under this Credit Facility.

The Company has a working capital facility for aggregate borrowings of up to $30 million. This facility has the same maturity date, facility fee, covenants and interest rate borrowing terms as the revolving credit facility described above. There were no borrowings outstanding under the working capital facility as of December 31, 2019.

Activity

In January 2019, the Company issued $350 million of 4.375% senior unsecured notes due 2029. The Company used the proceeds to pay down its revolving credit facilities and for general corporate purposes.

In October 2019, the Company prepaid its 4.75% senior notes due October 2020 in the amount of $350 million. In conjunction with such early redemption, the Company incurred charges of approximately $9.0 million.

8. LEASES

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update 2016-02, Leases ("ASU 2016-02"). Additional guidance and targeted improvements to ASU 2016-02 were made through the issuances of supplementary ASUs in July 2018, December 2018 and March 2019 (collectively, the "New Lease Standard"). The New Lease Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). It requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase of the leased asset by the lessee. This classification will determine whether the lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. The New Lease Standard requires lessors to account for leases using an approach that is substantially equivalent to prior guidance for sales type leases, direct financing leases and operating leases.

The New Lease Standards limit capitalization of certain initial direct costs which were capitalizable under previous lease standards.

The Company adopted the New Lease Standard on January 1, 2019 and applied it using a modified retrospective approach whereby the cumulative effect of the adoption was recognized on the adoption date and prior periods were not restated. There was no net cumulative effect adjustment to equity as of January 1, 2019 as a result of this adoption.

The following practical expedients available for implementation were elected:

a. whether an expired or existing contract meets the definition of a lease
b. the lease classification at the adoption date for existing or expired leases
c. whether costs previously capitalized as initial direct costs would continue to be amortized

Additionally, the Company has elected the practical expedient not to recognize right of use assets and lease liabilities with a term of one year or less.

The Company's leases met the criteria in the New Lease Standard to not separate non-lease components from the related lease component; therefore, the accounting for these leases remained largely unchanged from the previous standard. The Company has elected to exclude sales and other similar taxes from the measurement of lease revenue and expense and the Company has excluded those costs paid directly by lessees to third parties.

Lessee Disclosure

As of December 31, 2019, the Company had a total of five properties subject to operating ground leases with a weighted average remaining term of 47 years. These leases have remaining terms of 11 to 110 years, expiration dates of June 2030 to June 2129, and renewal options of 25 to 48 years. The Company has included in the lease terms renewal options up to the useful life of the asset constructed on the land. Payments for certain properties are subject to increases at five year intervals based upon the agreed or appraised fair market value of the leased premises on the adjustment date or the Consumer Price Index percentage increase since the base rent date. These future changes in payments are considered variable payments and do not impact the assessment of the asset or liability unless there is a significant event that triggers reassessment, such as an amendment with a change in the terms of the lease. The Company used discount rates in a range of 4.1% to 5.0% for a weighted average discount rate of 4.6%, which was derived from the Company's assessment of credit quality of the Company adjusted to reflect secured borrowing, estimated yield curves and long-term spread adjustments over appropriate tenures. The Company also leases office space from unrelated third-parties. The following schedule indicates the approximate future minimum lease payments for the ground and office leases as of December 31, 2019:

Year	Amount (in thousands)
2020	$ 1,411
2021	1,341
2022	1,246
2023	1,148
2024	1,086
Thereafter	39,996
Total minimum payments	$ 46,228
Imputed interest	(26,779)
Amortization	(665)
Lease liabilities	$ 18,784
Deferred rent	(746)
Right of use asset	$ 18,038

9. NONCONTROLLING INTEREST - OPERATING PARTNERSHIP / LIMITED PARTNERS' EQUITY - PREFERRED UNITS

As of December 31, 2019, the Company had outstanding the following cumulative preferred units of the Operating Partnership:

ISSUE	AMOUNT (in 000's)	UNITS (in 000's)	LIQUIDATION PREFERENCE	DIVIDEND RATE
Series I-2	5,337	213	$25	6.25%

The preferred units are putable at the holder's option at any time and are callable at the Operating Partnership's option after a stated period of time for cash.

10. SHAREHOLDERS' EQUITY - TRUST

Common Shares

The Company paid to holders of its common shares and holders of its common units distributions of $251.0 million during the year ended December 31, 2019. On a per share/unit basis, the Company paid common share and common unit distributions of $1.63 during the year ended December 31, 2019.

The following unaudited table summarizes the taxability of common share distributions (taxability for 2019 is estimated):

	2019
Ordinary dividend	$ 1.1239
Qualified dividend	—
Capital gain - 20%	0.0051
IRC Sec 1250 unrecaptured gain - 25%	0.1404
Return of capital	0.3606
Total	$ 1.6300

The Company's tax return for the year ended December 31, 2019 has not been filed. The taxability information presented for the 2019 distributions is based upon the best available data at the time of this filing. In addition, certain of the Company's prior federal income tax returns may still be subject to examination by various taxing authorities. Because the application of tax laws and regulations is susceptible to varying interpretations, the taxability of distributions being reported here could be changed at a later date as a result of an examination and final determination by such taxing authorities.

During the year ended December 31, 2019, declared dividends per common share were $1.64.

During the year ended December 31, 2019, 452,000 common shares were issued upon the exercise of options.

Common units

The common units of the Operating Partnership not held by the Trust outstanding as of December 31, 2019 have the same economic characteristics as common shares of the Trust. The 3,408,587 outstanding common units of the Operating Partnership not held by the Trust share proportionately in the net income or loss and in any distributions of the Operating Partnership. The common units of the Operating Partnership not held by the Trust are redeemable at any time at the option of the holder. The Trust, as the sole general partner of the Operating Partnership, may at its option elect to settle the redemption in cash or through the exchange on a one-for-one basis with unregistered common shares of the Trust. The market value of the 3,408,587 outstanding common units based on the closing price of the common shares of the Company at December 31, 2019 was $204.7 million.

During the year ended December 31, 2019, 112,000 common shares were issued in exchange for the same number of common units. These individuals acquired these common units in connection with their contributions to the Operating Partnership of certain assets in prior years. The exchange of common shares for common units is exempt from the registration requirement of the Securities Act of 1933, as amended, pursuant to Section 4(2) thereunder.

Dividend Reinvestment and Share Purchase Plan

The Company has a Dividend Reinvestment and Share Purchase Plan under which holders of common shares may elect to automatically reinvest their distributions in additional common shares and may make optional cash payments for additional common shares. The Company may issue additional common shares or repurchase common shares in the open market for purposes of satisfying its obligations under the Dividend Reinvestment and Share Purchase Plan. During the year ended December 31, 2019, 31,000 common shares were issued through the Dividend Reinvestment and Share Purchase Plan. The Company used the proceeds to pay down outstanding borrowings under the Company's Credit Facility and for general corporate purposes.

Equity Offering

In September 2019, the Company completed the sale of 9.2 million common shares, at a price of $50.50 per share, for net proceeds of $447.9 million. The net proceeds from this issuance were used to fund the early redemption in October 2019 of the Operating Partnership's $350 million 4.75% senior notes due October 2020, repay outstanding balances on the Company's revolving credit facilities and for general corporate purposes. In conjunction with such early redemption, the Company incurred charges of approximately $9.0 million.

Noncontrolling Interest - Consolidated Joint Ventures

Noncontrolling interest - consolidated joint ventures includes third-party ownership interests in consolidated joint venture investments.

11. OWNERS' EQUITY - OPERATING PARTNERSHIP

Common Units

General and limited partners' equity - common units relates to limited partnership interests of the Operating Partnership issued in connection with the formation of the Operating Partnership and certain subsequent acquisitions. The common units outstanding as of December 31, 2019 have the same economic characteristics as common shares of the Trust. The 3,408,587 outstanding common units are the limited partners' equity - common units held by persons and entities other than the Trust. The 3,408,587 outstanding common units share proportionately in the net income or loss and in any distributions of the Operating Partnership and are exchangeable into the same number of common shares of the Trust. The market value of the 3,408,587 outstanding common units at December 31, 2019 based on the closing price of the common shares of the Company at December 31, 2019 was $204.7 million.

During the year ended December 31, 2019, declared dividends per common unit were $1.64.

During the year ended December 31, 2019, 452,000 common units were issued upon the exercise of options.

During the year ended December 31, 2019, 112,000 common shares were issued in exchange for the same number of common units. These individuals acquired these common units in connection with their contributions to the Operating Partnership of certain assets in prior years. The exchange of common shares for common units is exempt from the registration requirement of the Securities Act of 1933, as amended, pursuant to Section 4(2) thereunder.

Dividend Reinvestment and Share Purchase Plan

The Company has a Dividend Reinvestment and Share Purchase Plan under which holders of common shares may elect to automatically reinvest their distributions in additional common shares and may make optional cash payments for additional common shares. The Company may issue additional common shares or repurchase common shares in the open market for purposes of satisfying its obligations under the Dividend Reinvestment and Share Purchase Plan. During the year ended December 31, 2019, 31,000 common shares were issued through the Dividend Reinvestment and Share Purchase Plan. A corresponding number of common units were issued by the Operating Partnership. The Company used the proceeds to pay down outstanding borrowings under the Company's existing credit facilities and for general corporate purposes.

Equity Offering

In September 2019, the Company completed the sale of 9.2 million common units, at a price of $50.50 per unit, for net proceeds of $447.9 million. The net proceeds from this issuance were used to fund the early redemption in October 2019 of the Operating Partnership's $350 million 4.75% senior notes due October 2020, repay outstanding balances on the Company's revolving credit facilities and for general corporate purposes.

Noncontrolling Interest - Consolidated Joint Ventures

Noncontrolling interest - consolidated joint ventures includes third-party ownership interests in consolidated joint venture investments.

12. COMMITMENTS AND CONTINGENCIES

Environmental Matters

Substantially all of the Company's properties and land were subject to Phase I Environmental Assessments and when appropriate Phase II Environmental Assessments (collectively, the "Environmental Assessments") obtained in contemplation of their acquisition by the Company or obtained by predecessor owners prior to the sale of the property or land to the Company. The Environmental Assessments did not reveal, nor is the Company aware of, any non-compliance with environmental laws, environmental liability or other environmental claim that the Company believes would likely have a material adverse effect on the Company.

Legal Matters

From time to time, the Company is a party to a variety of legal proceedings, claims and assessments arising in the normal course of business. The Company believes that as of December 31, 2019 there were no legal proceedings, claims or assessments expected to have a material adverse effect on the Company's business or financial statements. See Note 14 for litigation related to the mergers.

Other

As of December 31, 2019, the Company had letter of credit obligations of $8.6 million related to development requirements. The Company believes that it is remote that there will be a draw upon these letter of credit obligations.

As of December 31, 2019, the Company had 21 buildings under development. These buildings are expected to contain a total of 4.4 million square feet of leaseable space and represent an anticipated aggregate investment of $438.1 million. At December 31, 2019, development in progress totaled $311.2 million. In addition, as of December 31, 2019, the Company had invested $2.5 million in deferred leasing costs related to these development buildings.

The Company is committed to develop one building totaling 1.1 million square feet representing an anticipated aggregate investment of $90.2 million.

The Company is also currently developing four properties for its unconsolidated joint ventures which represent an anticipated aggregate investment by the joint ventures of $50.2 million.

As of December 31, 2019, the Company was committed to the following:

- $51.9 million in improvements on certain buildings and land parcels;
- up to $26.5 million of tenant improvements not yet completed.

The Company maintains cash and cash equivalents at financial institutions. The combined account balances at each institution typically exceed FDIC insurance coverage and, as a result, there is a concentration of credit risk related to amounts on deposit in excess of FDIC insurance coverage. The Company believes the risk is not significant.

On June 30, 2014, the Company entered into two joint ventures for the purpose of developing and owning the Comcast Technology Center (the "Project") located in Philadelphia, Pennsylvania as part of a mixed-use development. The 60-story building includes 1.3 million square feet of leasable office space (the "Office"), which is substantially complete and fully occupied by Comcast Corporation, and a 219-room Four Seasons Hotel (the "Hotel"), which is substantially complete and opened to the public in August 2019. Costs for the development of the Project, exclusive of tenant-funded interior improvements, are approximately $968 million. As of December 31, 2019, the Company's investment in the project was $192.5 million and is reflected in investments in and advances to unconsolidated joint ventures in the Company's consolidated balance sheet.

The two joint ventures engaged the Company as the developer of the Comcast Technology Center pursuant to a Development Agreement by which the Company agreed, in consideration for a development fee, to be responsible for all aspects of the development of the Project and to guarantee the timely lien-free completion of construction of the Project as well as the payment, subject to certain exceptions, of any cost overruns incurred in the development of the Project. To mitigate its risk, the Company entered into guaranteed maximum price contracts (the "GMP Contracts") with a third party contractor (the "General Contractor") to construct the Project. The Company has been notified by the General Contractor that the General Contractor has incurred cost overruns comprised of amounts owed to third-party subcontractors and internal general condition costs of the General Contractor in connection with completing the Project in excess of the guaranteed maximum price payable to the General Contractor under the GMP Contracts, which guaranteed maximum price has been previously adjusted pursuant to accepted change orders. Notwithstanding the GMP Contracts, the General Contractor has generally refused to fund the cost overruns owed to third-party subcontractors, and the Company has funded, and may continue to fund, subcontractor cost overruns in compliance with its obligations under its development cost guarantee to the joint ventures. Accordingly, in periods prior to 2019, the Company accrued $69.3 million relating primarily to cost overruns that it estimated were probable of being funded to third-party subcontractors under its development cost guarantees to the joint ventures. As of December 31, 2019, the Company's remaining accrual was $12.7 million, which is included in other liabilities in the accompanying consolidated balance sheet and is reflective of amounts cumulatively funded by the Company as of that date. The Company intends to pursue all remedies to recover from the General Contractor any amounts expended by the Company or the joint ventures in excess of their contractual obligations.

In addition to the costs to comply with the Company's obligations under its development cost guarantee, other claims related to the development of the Project have been asserted by the General Contractor and certain subcontractors (including, but not limited to, an approximately $69 million lien filed by the General Contractor on the Project). Should disputes with respect to these asserted claims proceed, the Company expects that it would assert claims against the General Contractor, both with respect to the claims as to which the above-described accrual has been made, as well as with respect to the additional claims described in this paragraph. There can be no assurances that amounts incurred, including as a result of such claims, will not exceed the above estimates. The Company is not able to reasonably estimate the amount of additional costs, if any, that it may incur as a result of such claims, and accordingly any potential exposure of the Company for such claims is not included within the accrual described above. Similarly, the Company is not able to reasonably estimate the amount, if any, that the Company may recover with respect to any claims it may assert against the General Contractor. If the Company were to incur additional expenses in connection with its development cost guarantee or in connection with such claims, such amounts would be accrued when they are determined to be probable of being incurred and are reasonably estimable, and could be material to the Company's results of operations in future periods. If the Company were to subsequently recover any of the cost overruns initially funded by the Company, whether pursuant to any such claims asserted by the Company or otherwise, such recoveries would be recorded when and if realized in future periods.

13. ASSETS HELD FOR SALE

As of December 31, 2019, seven operating properties and 31 acres of land held for development were classified as held for sale.

The following table illustrates aggregate balance sheet information for all held-for-sale properties as of December 31, 2019 (in thousands):

Land and land improvements	$	9,297
Buildings and improvements		96,122
Development in progress		11,010
Land held for development		4,207
Accumulated depreciation		(14,220)
Deferred financing and leasing costs, net		5,062
Other assets		3,187
Assets held for sale	$	114,665
Liabilities held for sale	$	7,257

In January 2020, four properties totaling 338,000 square feet which were held for sale and had a net carrying value of $72.1 million as of December 31, 2019 were sold for $97.5 million.

14. SUBSEQUENT EVENTS

Merger with Prologis, Inc.

On February 4, 2020, the Trust, Operating Partnership and related wholly owned subsidiaries completed the previously announced mergers with Prologis, Inc. ("Prologis") and its related subsidiaries. The shareholders of the Trust and holders of common units of the Operating Partnership received 0.675 shares of Prologis common stock and limited partnership interests in Prologis, L.P., respectively, for each common share of the Trust or common unit in the Operating Partnership that they owned.

Litigation Related to the Mergers

As previously disclosed, several lawsuits were filed with respect to the mergers. In January 2020, the plaintiff in a putative class action filed in the Court of Common Pleas of Dauphin County, Pennsylvania agreed to dismiss the action with prejudice as to the plaintiff and without prejudice as to the remainder of the purported class after Prologis and the Trust made supplemental disclosures relating to the mergers. A total of six other cases filed in various federal courts with respect to the mergers, in which the plaintiffs generally allege that Prologis and the Trust violated federal securities laws with respect to various filings made with Securities and Exchange Commission relating to the mergers, are ongoing. The defendants believe that these lawsuits are without merit, and that no further disclosure is required under applicable law. Nothing in these Notes to Consolidated Financial Statements shall be deemed an admission of the legal necessity or materiality under applicable laws of the disclosure set forth herein.

Subsequent events have been evaluated through February 19, 2020, the date of issuance of these financial statements. Based on this evaluation, no adjustments were required to the financial statements as of December 31, 2019.

Exhibit 99.3

Unaudited Pro Forma Condensed Combined Financial Statements of Prologis, Inc. and Prologis, L.P. as of December 31, 2019 and for the year ended December 31, 2019

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UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

Introduction

On October 27, 2019, Prologis Inc., Prologis L.P. ("Prologis OP"), Lambda REIT Acquisition LLC ("Prologis Merger Sub") and Prologis OP Acquisition LLC ("Prologis OP Merger Sub") (the terms "we," "our," or "us" mean Prologis, Inc. and Prologis OP, collectively) entered into a merger agreement with Liberty Property Trust, Liberty Property Limited Partnership ("Liberty OP") and Leap Holdco Property Trust ("New Liberty Holdco"), pursuant to which, subject to the terms and conditions set forth in the merger agreement (i) an indirect wholly owned subsidiary of Liberty Property Trust merged with and into Liberty Property Trust, with Liberty Property Trust continuing as the surviving entity and an indirect wholly owned subsidiary of New Liberty Holdco (the "Company Merger"), (ii) thereafter, New Liberty Holdco merged with and into Prologis Merger Sub, with Prologis Merger Sub continuing as the surviving entity and remaining a wholly owned subsidiary of Prologis, Inc. (the "Topco Merger"), (iii) thereafter, Prologis, Inc. and its applicable subsidiaries and Prologis Merger Sub caused all of the outstanding equity interests of Liberty Property Trust to be contributed to Prologis OP in exchange for the issuance by Prologis OP of Prologis OP common units to other subsidiaries of Prologis, Inc. and (iv) thereafter, Prologis OP Merger Sub merged with and into Liberty OP, with Liberty OP continuing as the surviving entity and a wholly owned subsidiary of Prologis OP (the "Partnership Merger" and, collectively with the Company Merger and the Topco Merger, the "Mergers"). The combined company after the Mergers is herein referred to as the "Combined Company." The term "Liberty" means Liberty Property Trust and Liberty OP collectively.

Under the terms of the merger agreement, at the effective time of the Topco Merger, each issued and outstanding Liberty Property Trust common share as of immediately prior to the Company Merger was converted automatically into the right to receive 0.675 shares (the "Exchange Ratio") of Prologis, Inc. common stock. At the effective time of the Partnership Merger, each issued and outstanding common unit of Liberty OP as of immediately prior to the Partnership Merger was converted into 0.675 common units of Prologis OP.

On February 4, 2020, the Mergers discussed above were consummated. We acquired Liberty Property Trust and Liberty OP for approximately $13 billion through the issuance of equity based on the value of the Prologis, Inc. common stock issued using the closing price on February 3, 2020 and the assumption of debt.

After consideration of all applicable factors pursuant to the business combination accounting rules, we expect to treat the Mergers as an asset acquisition under United States Generally Accepted Accounting Principles and as a result the transaction costs will be capitalized to the basis of the acquired properties.

Description of Presentation

Prologis, Inc. is a real estate investment trust (a "REIT") and the general partner of Prologis OP. We operate Prologis, Inc. and Prologis OP as one enterprise. The management of Prologis, Inc. consists of the same members as the management of Prologis OP. As sole general partner, Prologis, Inc. has control of Prologis OP through complete responsibility and discretion in the day-to-day management and therefore, consolidates Prologis OP for financial reporting purposes. Because the only significant asset of Prologis, Inc. is its investment in Prologis OP, the assets and liabilities of Prologis, Inc. and Prologis OP are the same on their respective financial statements.

The presentation of noncontrolling interests, stockholders' equity and partners' capital are the main areas of difference between the consolidated financial statements of Prologis, Inc. and those of Prologis OP. The differences in the presentations between stockholders' equity and partners' capital result from the differences in the equity and capital issuances in Prologis, Inc. and Prologis OP. Unless otherwise indicated the Notes to the Unaudited Pro Forma Condensed Combined Financial Statements apply to both Prologis, Inc. and Prologis OP. The term "Prologis" means Prologis, Inc. and Prologis OP collectively.

Pro forma Information

The following Unaudited Pro Forma Condensed Combined Financial Statements combine the historical consolidated financial statements of Prologis and Liberty ("Pro Forma Financial Statements"), including Pro Forma Balance Sheets and Statements of Income. The accompanying Pro Forma Balance Sheets at December 31, 2019 have been prepared as if the Mergers had occurred as of December 31, 2019. The accompanying Pro Forma Statements of Income for the year ended December 31, 2019 have been prepared as if the Mergers had occurred as of January 1, 2019. The unaudited pro forma condensed combined statements of income for the year ended December 31, 2018 of Prologis, Inc. and Prologis OP were included in the unaudited pro forma condensed combined financial statements within Exhibit 99.1 of the Prologis' Current Report on Form 8-K filed on January 28, 2020.

During the period from January 1, 2019 through the filing of this Form 8-K/A, Prologis and Liberty acquired and disposed of various real estate assets. None of the assets acquired and disposed of by the respective companies during this period exceeded the significance level that requires the presentation of pro forma financial information pursuant to Regulation S-X, Article 11. As such, the following Pro Forma Statements of Income for the year ended December 31, 2019 do not include pro forma adjustments to present the impact of these insignificant acquisitions and dispositions as if they occurred on January 1, 2019.

Pro forma adjustments, and the assumptions on which they are based, are described in the accompanying Notes to Unaudited Pro Forma Condensed Combined Financial Statements, which are referred to in this section as the accompanying notes.

The pro forma adjustments and the purchase price allocation as presented are based on estimates and certain information that is currently available. Under acquisition accounting, the total cost or total consideration exchanged is allocated to the net tangible and identifiable intangible assets acquired and liabilities assumed, including an allocation to the individual buildings, land and lease intangibles, on a relative fair value basis. The total consideration and assignment of fair values to Liberty's assets and liabilities has not been finalized and is subject to change and the actual amounts could vary materially from this pro forma information.

The pro forma information has been prepared in accordance with the rules and regulations of the SEC. All significant adjustments that can be factually supported, are directly attributable to the Mergers and are expected to have a continuing impact within the SEC regulations covering the preparation of pro forma financial statements, have been made. The pro forma information is presented for illustrative purposes only and is not necessarily indicative of the combined operating results or financial position that would have occurred if such transactions had been consummated on the dates and in accordance with the assumptions described herein, nor is it necessarily indicative of future operating results or financial position.

You are urged to read the pro forma information below together with Prologis' and Liberty's publicly available historical consolidated financial statements and accompanying notes.

Merger Consideration

For purposes of the Unaudited Pro Forma Condensed Combined Financial Statements, Prologis has assumed a preliminary total purchase price of approximately $10.2 billion for the Mergers, which consists of Prologis, Inc. common stock and Prologis OP common units issued in exchange for the Liberty Property Trust common shares and Liberty OP common units (in millions, except price per share/unit):

Number of Liberty shares and units converted to Prologis shares and units on February 4, 2020 (1)		109.33
Multiplied by closing price of Prologis common stock on February 3, 2020 (2)	$	91.87
Estimated fair value of Prologis common shares and units to be issued	$	10,044
Estimated transaction costs (3)		115
Estimated aggregate consideration	**$**	**10,159**

(1) The Liberty Property Trust shareholders and Liberty OP unitholders received 0.675 of a newly issued share of Prologis, Inc. common stock and Prologis OP common unit, respectively, for each Liberty common share or common unit that they owned on February 4, 2020. The number of Liberty shares and units converted to Prologis shares and units on February 4, 2020, subsequent to the application of the Exchange Ratio, was used to calculate the estimated aggregate consideration for purposes of the pro forma calculation. The use of Liberty shares and units as of February 4, 2020 was not materially different than Liberty shares and units outstanding as of December 31, 2019.

(2) Pursuant to accounting rules, the purchase price is based on the closing price of Prologis, Inc.'s common stock on February 3, 2020, with the consummation of the Mergers before the market opened on February 4, 2020.

(3) For purposes of the pro forma information, estimated transaction costs for the Mergers were included in the estimated aggregate consideration. These estimated transaction costs are expected to be approximately $115 million and include costs associated with investment banker advisory fees, legal fees, termination and severance and other costs. These costs will be capitalized by Prologis. Termination and severance costs for the acceleration of unvested Liberty common shares under Liberty's equity incentive plan that become fully vested at closing are included in the estimated fair value of Prologis, Inc. common stock to be issued.

The Unaudited Pro Forma Condensed Combined Financial Statements included herein do not give effect to any potential cost reductions or other operating efficiencies that we expect to result from the Mergers. Additionally, they do not include management's plans or intent after the Mergers.

PROLOGIS, INC.

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEETS
December 31, 2019
(In thousands)

	Historical (A) Prologis	Historical (A) Liberty	Pro Forma Adjustments		Pro Forma Combined
ASSETS					
Investments in real estate properties	$ 35,224,414	$ 7,004,493	$ 5,025,609	(B)	$ 47,254,516
Less accumulated depreciation	5,437,662	1,069,197	(1,069,197)	(C)	5,437,662
Net investments in real estate properties	29,786,752	5,935,296	6,094,806		41,816,854
Investments in and advances to unconsolidated entities	6,237,371	346,868	117,182	(D)	6,701,421
Assets held for sale or contribution	720,685	114,665	36,614	(E)	871,964
Net investments in real estate	36,744,808	6,396,829	6,248,602		49,390,239
Lease right-of-use assets	486,330	18,038	2,912	(F)	507,280
Cash and cash equivalents	1,088,855	184,302	-		1,273,157
Other assets	1,711,857	375,580	314,731	(G)	2,402,168
Total assets	**$ 40,031,850**	**$ 6,974,749**	**$ 6,566,245**		**$ 53,572,844**
LIABILITIES AND EQUITY					
Liabilities:					
Debt	$ 11,905,877	$ 2,693,664	$ 218,504	(H)	$ 14,818,045
Lease liabilities	471,634	18,784	2,912	(F)	493,330
Accounts payable and accrued expenses	704,954	119,375	-		824,329
Other liabilities	877,601	205,884	122,027	(I)	1,205,512
Total liabilities	13,960,066	3,037,707	343,443		17,341,216
Equity:					
Stockholders' equity:					
Series Q preferred shares	68,948	-	-		68,948
Common stock	6,318	158	913	(J)	7,389
Additional paid-in capital	25,719,427	4,152,079	5,793,425	(J)	35,664,931
Accumulated other comprehensive loss	(990,398)	(47,157)	47,157	(J)	(990,398)
Distributions in excess of net earnings	(2,151,168)	(229,662)	229,662	(J)	(2,151,168)
Total stockholders' equity	22,653,127	3,875,418	6,071,157		32,599,702
Noncontrolling interests	2,775,394	274	423	(K)	2,776,091
Limited partnership unitholders	643,263	61,350	151,222	(J)	855,835
Total equity	26,071,784	3,937,042	6,222,802		36,231,628
Total liabilities and equity	**$ 40,031,850**	**$ 6,974,749**	**$ 6,566,245**		**$ 53,572,844**

PROLOGIS, INC.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENTS OF INCOME
For the year ended December 31, 2019
(In thousands, except per share data)

	Historical (A) Prologis	Historical (A) Liberty *	Pro Forma Adjustments		Pro Forma Combined	
Revenues:						
Rental	$ 2,831,818	$ 479,644	$ 160,354	(L)	$ 3,471,816	
Strategic capital	491,886	7,018	2,339		501,243	
Development management and other	6,917	2,099	700	(M)	9,716	
Total revenues	3,330,621	488,761	163,393		3,982,775	
Expenses:						
Rental	734,266	118,250	39,417	(M)	891,933	
Strategic capital	184,661	5,983	1,994		192,638	
General and administrative	266,718	42,903	14,301	(M)	323,922	
Depreciation and amortization	1,139,879	130,501	230,327	(N)	1,500,707	
Other	13,149	2,712	904		16,765	
Total expenses	2,338,673	300,349	286,943		2,925,965	
Operating income before gains on real estate transactions, net	991,948	188,412	(123,550)		1,056,810	
Gains on real estate transactions, net	857,818	21,125	-		878,943	
Operating income	1,849,766	209,537	(123,550)		1,935,753	
Other income (expense):						
Earnings from unconsolidated entities, net	200,178	10,966	158	(O)	211,302	
Interest expense	(239,953)	(76,644)	5,500	(P)	(311,097)	
Interest and other income, net	24,213	12,446	4,149		40,808	
Foreign currency and derivative losses, net	(41,715)	-	-		(41,715)	
Losses on early extinguishment of debt, net	(16,126)	-	-		(16,126)	
Total other income (expense)	(73,403)	(53,232)	9,807		(116,828)	
Earnings before income taxes	1,776,363	156,305	(113,743)		1,818,925	
Total income tax expense	74,517	1,449	483		76,449	
Consolidated net earnings	1,701,846	154,856	(114,226)		1,742,476	
Less net earnings attributable to noncontrolling interests	128,887	3,706	(2,903)	(Q)	129,690	
Net earnings attributable to controlling interests	1,572,959	151,150	(111,323)		1,612,786	
Less preferred stock dividends	6,009	-	-		6,009	
Net earnings attributable to common stockholders	**$ 1,566,950**	**$ 151,150**	**$ (111,323)**		**$ 1,606,777**	
Weighted average common shares outstanding – Basic	630,580	148,532			737,619	(R)
Weighted average common shares outstanding – Diluted	654,903	149,383			764,229	(R)
Net earnings per share attributable to common stockholders – Basic	**$ 2.48**	**$ 1.02**			**$ 2.18**	
Net earnings per share attributable to common stockholders – Diluted	**$ 2.46**	**$ 1.01**			**$ 2.16**	

* Liberty amounts reflect the nine months ended September 30, 2019.

PROLOGIS, L.P.

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEETS
December 31, 2019
(In thousands)

	Historical (A) Prologis	Historical (A) Liberty	Pro Forma Adjustments		Pro Forma Combined
ASSETS					
Investments in real estate properties	$ 35,224,414	$ 7,004,493	$ 5,025,609	(B)	$ 47,254,516
Less accumulated depreciation	5,437,662	1,069,197	(1,069,197)	(C)	5,437,662
Net investments in real estate properties	29,786,752	5,935,296	6,094,806		41,816,854
Investments in and advances to unconsolidated entities	6,237,371	346,868	117,182	(D)	6,701,421
Assets held for sale or contribution	720,685	114,665	36,614	(E)	871,964
Net investments in real estate	36,744,808	6,396,829	6,248,602		49,390,239
Lease right-of-use assets	486,330	18,038	2,912	(F)	507,280
Cash and cash equivalents	1,088,855	184,302	-		1,273,157
Other assets	1,711,857	375,580	314,731	(G)	2,402,168
Total assets	**$ 40,031,850**	**$ 6,974,749**	**$ 6,566,245**		**$ 53,572,844**
LIABILITIES AND CAPITAL					
Liabilities:					
Debt	$ 11,905,877	$ 2,693,664	$ 218,504	(H)	$ 14,818,045
Lease liabilities	471,634	18,784	2,912	(F)	493,330
Accounts payable and accrued expenses	704,954	119,375	-		824,329
Other liabilities	877,601	205,884	122,027	(I)	1,205,512
Total liabilities	13,960,066	3,037,707	343,443		17,341,216
Capital:					
Partners’ capital	23,296,390	3,936,768	6,222,379	(J)	33,455,537
Noncontrolling interests	2,775,394	274	423	(K)	2,776,091
Total capital	26,071,784	3,937,042	6,222,802		36,231,628
Total liabilities and capital	**$ 40,031,850**	**$ 6,974,749**	**$ 6,566,245**		**$ 53,572,844**

PROLOGIS, L.P.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENTS OF INCOME
For the year ended December 31, 2019
(In thousands, except per share data)

	Historical (A)		Pro Forma		Pro Forma	
	Prologis	**Liberty ***	**Adjustments**		**Combined**	
Revenues:						
Rental	$ 2,831,818	$ 479,644	$ 160,354	(L)	$ 3,471,816	
Strategic capital	491,886	7,018	2,339		501,243	
Development management and other	6,917	2,099	700	(M)	9,716	
Total revenues	3,330,621	488,761	163,393		3,982,775	
Expenses:						
Rental	734,266	118,250	39,417	(M)	891,933	
Strategic capital	184,661	5,983	1,994		192,638	
General and administrative	266,718	42,903	14,301	(M)	323,922	
Depreciation and amortization	1,139,879	130,501	230,327	(N)	1,500,707	
Other	13,149	2,712	904		16,765	
Total expenses	2,338,673	300,349	286,943		2,925,965	
Operating income before gains on real estate transactions, net	991,948	188,412	(123,550)		1,056,810	
Gains on real estate transactions, net	857,818	21,125	-		878,943	
Operating income	1,849,766	209,537	(123,550)		1,935,753	
Other income (expense):						
Earnings from unconsolidated entities, net	200,178	10,966	158	(O)	211,302	
Interest expense	(239,953)	(76,644)	5,500	(P)	(311,097)	
Interest and other income, net	24,213	12,446	4,149		40,808	
Foreign currency and derivative losses, net	(41,715)	-	-		(41,715)	
Losses on early extinguishment of debt, net	(16,126)	-	-		(16,126)	
Total other income (expense)	(73,403)	(53,232)	9,807		(116,828)	
Earnings before income taxes	1,776,363	156,305	(113,743)		1,818,925	
Total income tax expense	74,517	1,449	483		76,449	
Consolidated net earnings	1,701,846	154,856	(114,226)		1,742,476	
Less net earnings attributable to noncontrolling interests	82,222	235	73	(Q)	82,530	
Net earnings attributable to controlling interests	1,619,624	154,621	(114,299)		1,659,946	
Less preferred unit distributions	6,009	-	-		6,009	
Net earnings attributable to common unitholders	**$ 1,613,615**	**$ 154,621**	**$ (114,299)**		**$ 1,653,937**	
Weighted average common units outstanding – Basic	641,128	152,045			750,454	(R)
Weighted average common units outstanding – Diluted	654,903	152,896			764,229	(R)
Net earnings per unit attributable to common unitholders – Basic	**$ 2.48**	**$ 1.02**			**$ 2.18**	
Net earnings per unit attributable to common unitholders – Diluted	**$ 2.46**	**$ 1.01**			**$ 2.16**	

* Liberty amounts reflect the nine months ended September 30, 2019.

(1) Preliminary Purchase Price Allocation

The following preliminary allocation of the Liberty purchase price is based on the preliminary estimate of the fair value of the tangible and intangible assets and liabilities of Liberty at December 31, 2019. The final determination of the allocation of the purchase price will be based on the relative fair value of such assets and liabilities as of the actual consummation date of the Mergers. Such final determination of the purchase price may be significantly different from the preliminary estimates used in the pro forma financial statements.

The estimated purchase price of Liberty of $10.2 billion (as calculated in the manner described above) is allocated to the tangible and intangible assets acquired and assumed liabilities based on the following preliminary basis at December 31, 2019 (dollar amounts in thousands):

Investments in real estate properties, net	$	12,030,102
Investments in and advances to unconsolidated entities		464,050
Assets held for sale or contribution		151,279
Cash, lease right-of-use assets and other assets, including lease intangible assets		895,563
Debt		(2,912,168)
Accounts payable, accrued expenses, lease liabilities and other liabilities, including lease intangible liabilities		(468,982)
Noncontrolling interests		(697)
Total estimated purchase price, including transaction costs	**$**	**10,159,147**

(2) Historical Financial Statements

(A) In order to conform to the current Prologis presentation, we condensed and reclassified certain amounts presented in the historical financial statements of Prologis and Liberty.

(3) Pro Forma Adjustments

Adjustments for Pro Forma Condensed Combined Balance Sheets:

Unless otherwise indicated, the pro forma adjustments apply to both Prologis, Inc. and Prologis OP.

(B) Liberty's real estate assets have been adjusted to their estimated fair value at December 31, 2019. We estimated the fair value of each property generally by applying a capitalization rate to the estimated net operating income and adding a portfolio premium to the property based on the relative fair value of the property in comparison to the total portfolio, excluding real estate assets classified as *Assets Held for Sale or Contribution*. We determined the capitalization rates that were appropriate by market, based on recent appraisals, transactions or other market data. The fair value of land is generally based on relevant market data, such as a comparison of the subject site to similar parcels that have recently been sold or are currently being offered on the market for sale.

(C) Liberty's historical accumulated depreciation balance is eliminated.

(D) Liberty's investments in and advances to unconsolidated entities have been adjusted to their estimated fair value at December 31, 2019. The fair values for the investments were calculated using similar valuation methods as those used for consolidated real estate assets and debt.

(E) At December 31, 2019, Liberty had seven operating properties and one parcel of land that were classified as held for sale and carried at the lesser of cost or fair value less costs to sell. Adjustments to Liberty's historical balances associated with these properties reflect the real estate assets at their sales value less costs to sell. Prologis intends to dispose of a portion of the acquired real estate assets from Liberty, including both non-strategic logistics and non-industrial properties, over the next 12 months. There was no pro forma adjustment made to reflect Prologis' future intent to sell these properties.

(F) Liberty's lease right-of-use assets and lease liabilities for ground and office space leases, in which Liberty is the lessee, were adjusted to their estimated value at December 31, 2019. We estimated the value of each lease by calculating the present value of the future minimum rental payments at December 31, 2019 using Prologis' weighted average incremental borrowing rate of 3.7%. The weighted average remaining lease term for these operating leases was 47 years at December 31, 2019.

(G) Adjustments to Liberty's historical balance of other assets are as follows (in thousands):

Elimination of straight-line rent receivable	$	(128,456)
Elimination of previously acquired lease intangible assets		(162,822)
Elimination of deferred financing costs		(2,315)
Recognition of value of acquired lease intangible assets		608,324
Total	**$**	**314,731**

The fair value of acquired lease intangible assets includes leasing commissions, foregone rent and above market leases. We recognize an asset for leasing commissions based on our estimate of the cost to lease space in the applicable markets. Foregone rents include the value of the revenue and recovery of costs foregone during a reasonable lease-up period, as if the space was vacant, in each of the applicable markets. An asset was recognized for acquired leases with favorable rents based on our best estimate of current market rents in each of the applicable markets.

(H) Liberty's debt balances have been adjusted to their estimated fair value at December 31, 2019. Fair value was estimated based on contractual future cash flows discounted using borrowing spreads and market interest rates that would have been available to us for the issuance of debt with similar terms and remaining maturities.

(I) Adjustments to Liberty's historical balance of other liabilities are as follows (in thousands):

Elimination of previously acquired lease intangible liabilities	$	(13,170)
Recognition of value of acquired lease intangible liabilities		135,197
Total	**$**	**122,027**

The fair value of acquired lease intangible liabilities includes a liability for acquired leases with unfavorable rents based on our best estimate of current market rents in each of the applicable markets.

(J) Adjustments represent the elimination of historical Liberty balances and the issuance of Prologis, Inc. common stock and Prologis OP common units in exchange for Liberty Property Trust common shares and Liberty OP common units in the Mergers. The adjustment for the limited partnership unitholders at December 31, 2019 is based on the limited partnership unitholders' ownership percentage in the fair value adjustments described above.

(K) The adjustment for noncontrolling interests in the consolidated entities at December 31, 2019 is based on the noncontrolling interests' share in the fair value adjustments described above.

Adjustments for Pro Forma Condensed Combined Statements of Income:

The historical results for Liberty represent the period from January 1, 2019 through September 30, 2019. Therefore, the pro forma adjustment column includes the adjustments described below and adjustments to annualize the historical results to represent the additional estimated financial results from October 1, 2019 through December 31, 2019.

The pro forma adjustments to the Condensed Combined Statements of Income assume that a purchase price allocation done as of January 1, 2019 was equivalent to amounts assigned based on the estimated purchase price allocation done at December 31, 2019 and reflected in the Pro Forma Condensed Combined Balance Sheets.

(L) Rental revenue is adjusted to remove $16.0 million of Liberty's historical straight-line rent and amortization of the asset or liability from acquired leases with favorable or unfavorable market rents for the nine months ended September 30, 2019. Rental revenue is further adjusted to recognize $21.8 million attributable to acquired leases on a straight-line basis and the amortization of the asset or liability from the acquired leases with favorable or unfavorable rents for the year ended December 31, 2019. For purposes of the favorable and unfavorable rent adjustments, we estimated a weighted average remaining lease term associated with these leases of five years.

(M) We expect that the Mergers will create significant corporate general and administrative as well as property operating cost savings. There can be no assurance that we will be successful in achieving these anticipated cost savings. As these adjustments cannot be factually supported, we have not included any estimate of the expected future cost savings.

(N) Depreciation and amortization expense is adjusted to remove $130.4 million of Liberty's historical depreciation and amortization expense, excluding impairment charges recognized by Liberty, for the nine months ended September 30, 2019, and recognize $360.7 million of depreciation and amortization expense for the year ended December 31, 2019. For purposes of this adjustment, we estimated the various components of the real estate acquired and used an estimated average useful life of 30 years for operating properties and an estimated weighted average remaining lease term associated with in-place leases at December 31, 2019 that approximated four years.

(O) We adjusted Liberty's investment in unconsolidated entities to fair value. As a result, we adjusted the equity in earnings that Liberty recognized from these entities to reflect the impact the amortization of these fair value adjustments would have had on earnings from these unconsolidated entities.

(P) We adjusted Liberty's interest expense based on the fair value of debt. The adjustment to interest expense includes the removal of Liberty's historical interest expense, including amortization of deferred financing costs and debt premiums and discounts, and calculation of interest expense based on the estimated fair value of acquired debt, net of amounts capitalized. The weighted average interest rate associated with the debt at fair value was 2.1% at December 31, 2019 (see note H).

(Q) An adjustment was made to reflect the income allocated to noncontrolling interests in the co-investment entities that Liberty consolidates to reflect the impact the amortization of these fair value adjustments would have had on the earnings of the noncontrolling interests or third parties. In addition, an adjustment was made to reflect the limited partnership unitholders' ownership percentage of 2.1% in all of the pro forma adjustments described above.

(4) Combined Pro Forma Adjustments

(R) The unaudited pro forma adjustments to shares or units outstanding used in the calculation of basic earnings per share or unit attributable to common stockholders or unitholders and diluted earnings per share attributable to common stockholders or unitholders, after giving effect to the Exchange Ratio for the Mergers, were as follows (in thousands):

Prologis, Inc.	**Year Ended December 31, 2019**
Prologis weighted average common shares outstanding – Basic	630,580
Shares issued to Liberty shareholders – pro forma basis(1)	107,039
Weighted average common shares outstanding – Basic	**737,619**
Prologis weighted average common shares outstanding – Diluted	654,903
Shares issued to Liberty shareholders – pro forma basis(1)	109,326
Weighted average common shares outstanding – Diluted	**764,229**
Prologis, L.P.	
Prologis weighted average common units outstanding – Basic	641,128
Units issued to Liberty unitholders – pro forma basis(1)	109,326
Weighted average common units outstanding – Basic	**750,454**
Prologis weighted average common units outstanding – Diluted	654,903
Units issued to Liberty unitholders – pro forma basis(1)	109,326
Weighted average common units outstanding – Diluted	**764,229**

(1) The pro forma weighted average shares or units outstanding assumes the issuance of shares and units of Prologis, Inc. common stock and Prologis OP common units in connection with the Mergers throughout all periods presented.