

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

FORM 10-Q

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

For the quarterly period ended September 30, 2014

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

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



**Prologis, Inc.**  
**Prologis, L.P.**

(Exact name of registrant as specified in its charter)

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

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

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

94111  
(Zip Code)

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

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

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

Prologis, Inc.  
Prologis, L.P.

Yes  No   
Yes  No

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

Prologis, Inc.  
Prologis, L.P.

Yes  No   
Yes  No

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

Prologis, Inc.:

Large accelerated filer  Accelerated filer   
Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

Prologis, L.P.:

Large accelerated filer  Accelerated filer   
Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

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

Prologis, Inc.  
Prologis, L.P.

Yes  No   
Yes  No

The number of shares of Prologis, Inc.'s common stock outstanding as of October 31, 2014, was approximately 499,989,000.



## EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the period ended September 30, 2014, of Prologis, Inc. and Prologis, L.P. Unless stated otherwise or the context otherwise requires, references to “Prologis, Inc.” or the “REIT”, mean Prologis, Inc., and its consolidated subsidiaries; and references to “Prologis, L.P.” or the “Operating Partnership” mean Prologis, L.P., and its consolidated subsidiaries. The terms “the Company,” “Prologis,” “we,” “our” or “us” means the REIT and the Operating Partnership collectively.

Prologis, Inc. is a real estate investment trust and the general partner of the Operating Partnership. As of September 30, 2014, Prologis, Inc. owned an approximate 99.63% common general partnership interest in the Operating Partnership and 100% of the preferred units in the Operating Partnership. The remaining approximate 0.37% common limited partnership interests are owned by non-affiliated investors and certain current and former directors and officers of Prologis, Inc. As the sole general partner of the Operating Partnership, Prologis, Inc. has full, exclusive and complete responsibility and discretion in the day-to-day management and control of the Operating Partnership.

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

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

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

We believe it is important to understand the few differences between the REIT and the Operating Partnership in the context of how we operate as an interrelated consolidated company. The REIT’s only material asset is its ownership of partnership interests in the Operating Partnership. As a result, the REIT does not conduct business itself, other than acting as the sole general partner of the Operating Partnership and issuing public equity from time to time. The REIT itself does not issue any indebtedness, but guarantees the unsecured debt of the Operating Partnership. The Operating Partnership holds substantially all the assets of the business, directly or indirectly, and holds the ownership interests in the Company’s investment in certain entities. The Operating Partnership conducts the operations of the business and is structured as a partnership with no publicly traded equity. Except for net proceeds from equity issuances by the REIT, which are contributed to the Operating Partnership in exchange for partnership units, the Operating Partnership generates the capital required by the business through the Operating Partnership’s operations, its incurrence of indebtedness and the issuance of partnership units to third parties.

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

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

PROLOGIS

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

|   | September 30,<br>2014<br>(Unaudited) | December 31,<br>2013        |
|---|--------------------------------------|-----------------------------|
| <b>ASSETS</b>   |                                      |                             |
| Investments in real estate properties   | \$ 19,466,582                        | \$ 20,824,477               |
| Less accumulated depreciation   | <u>2,695,745</u>                     | <u>2,568,998</u>            |
| Net investments in real estate properties   | 16,770,837                           | 18,255,479                  |
| Investments in and advances to unconsolidated entities  | 5,814,056                            | 4,430,239                   |
| Notes receivable backed by real estate and other  | <u>—</u>                             | <u>192,042</u>              |
| Net investments in real estate  | 22,584,893                           | 22,877,760                  |
| Cash and cash equivalents   | 311,879                              | 491,129                     |
| Accounts receivable   | 132,464                              | 128,196                     |
| Other assets  | <u>1,042,867</u>                     | <u>1,075,222</u>            |
| <b>Total assets</b>   | <b><u>\$ 24,072,103</u></b>          | <b><u>\$ 24,572,307</u></b> |
| <b>LIABILITIES AND EQUITY</b>   |                                      |                             |
| <b>Liabilities:</b>   |                                      |                             |
| Debt  | \$ 8,822,952                         | \$ 9,011,216                |
| Accounts payable and accrued expenses   | 556,965                              | 641,011                     |
| Other liabilities   | <u>555,437</u>                       | <u>743,627</u>              |
| <b>Total liabilities</b>  | <b><u>9,935,354</u></b>              | <b><u>10,395,854</u></b>    |
| <b>Equity:</b>  |                                      |                             |
| Prologis, Inc. stockholders' equity:  |                                      |                             |
| Series Q preferred stock at stated liquidation preference of \$50 per share; \$0.01 par value; 1,565 shares and 2,000 shares issued and outstanding at September 30, 2014 and December 31, 2013, respectively | 78,235                               | 100,000                     |
| Common stock; \$0.01 par value; 499,953 shares and 498,799 shares issued and outstanding at September 30, 2014 and December 31, 2013, respectively  | 5,000                                | 4,988                       |
| Additional paid-in capital  | 18,081,751                           | 17,974,509                  |
| Accumulated other comprehensive loss  | (510,661)                            | (435,675)                   |
| Distributions in excess of net earnings   | <u>(4,214,224)</u>                   | <u>(3,932,664)</u>          |
| <b>Total Prologis, Inc. stockholders' equity</b>  | <b>13,440,101</b>                    | <b>13,711,158</b>           |
| Noncontrolling interests  | <u>696,648</u>                       | <u>465,295</u>              |
| <b>Total equity</b>   | <b><u>14,136,749</u></b>             | <b><u>14,176,453</u></b>    |
| <b>Total liabilities and equity</b>   | <b><u>\$ 24,072,103</u></b>          | <b><u>\$ 24,572,307</u></b> |

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

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

|  | Three Months Ended<br>September 30, |                   | Nine Months Ended<br>September 30, |                   |
|--|-------------------------------------|-------------------|------------------------------------|-------------------|
|  | 2014                                | 2013              | 2014                               | 2013              |
| <b>Revenues:</b>   |                                     |                   |                                    |                   |
| Rental income  | \$275,686                           | \$ 291,621        | \$ 871,025                         | \$ 926,348        |
| Rental recoveries  | 80,136                              | 80,564            | 254,310                            | 253,937           |
| Strategic capital income   | 54,070                              | 48,322            | 175,714                            | 125,565           |
| Development management and other income  | 5,259                               | 2,551             | 8,873                              | 7,872             |
| Total revenues   | <u>415,151</u>                      | <u>423,058</u>    | <u>1,309,922</u>                   | <u>1,313,722</u>  |
| <b>Expenses:</b>   |                                     |                   |                                    |                   |
| Rental expenses  | 102,324                             | 106,811           | 322,417                            | 347,002           |
| Strategic capital expenses   | 22,442                              | 22,023            | 74,442                             | 66,938            |
| General and administrative expenses  | 58,203                              | 55,034            | 181,781                            | 166,140           |
| Depreciation and amortization  | 149,202                             | 155,439           | 471,059                            | 483,215           |
| Other expenses   | 4,868                               | 6,370             | 15,371                             | 17,494            |
| Total expenses   | <u>337,039</u>                      | <u>345,677</u>    | <u>1,065,070</u>                   | <u>1,080,789</u>  |
| <b>Operating income</b>  | 78,112                              | 77,381            | 244,852                            | 232,933           |
| <b>Other income (expense):</b>   |                                     |                   |                                    |                   |
| Earnings from unconsolidated entities, net   | 28,514                              | 26,365            | 79,411                             | 59,554            |
| Interest expense   | (69,086)                            | (84,642)          | (234,793)                          | (291,496)         |
| Interest and other income, net   | 550                                 | 5,653             | 19,716                             | 21,772            |
| Gains on acquisitions and dispositions of investments in real estate, net          | 151,057                             | 46,074            | 337,695                            | 445,954           |
| Foreign currency and derivative gains (losses) and related amortization, net       | 20,792                              | 6,875             | 2,738                              | 15                |
| Losses on early extinguishment of debt, net  | (86,076)                            | (114,196)         | (163,361)                          | (164,155)         |
| Total other income (expense)   | <u>45,751</u>                       | <u>(113,871)</u>  | <u>41,406</u>                      | <u>71,644</u>     |
| <b>Earnings (loss) before income taxes</b>   | 123,863                             | (36,490)          | 286,258                            | 304,577           |
| Current income tax expense   | 10,394                              | 11,012            | 59,292                             | 91,357            |
| Deferred income tax expense (benefit)  | (33,658)                            | 1,168             | (84,594)                           | (6,823)           |
| Total income tax expense (benefit)   | <u>(23,264)</u>                     | <u>12,180</u>     | <u>(25,302)</u>                    | <u>84,534</u>     |
| <b>Earnings (loss) from continuing operations</b>                                  | <u>147,127</u>                      | <u>(48,670)</u>   | <u>311,560</u>                     | <u>220,043</u>    |
| <b>Discontinued operations:</b>  |                                     |                   |                                    |                   |
| Income attributable to disposed properties and assets held for sale                | —                                   | 1,206             | —                                  | 5,139             |
| Net gains on dispositions, including taxes   | —                                   | 40,297            | —                                  | 59,598            |
| Total discontinued operations  | <u>—</u>                            | <u>41,503</u>     | <u>—</u>                           | <u>64,737</u>     |
| <b>Consolidated net earnings (loss)</b>  | 147,127                             | (7,167)           | 311,560                            | 284,780           |
| Net loss (earnings) attributable to noncontrolling interests                       | (9,212)                             | 1,768             | (85,664)                           | (3,051)           |
| <b>Net earnings (loss) attributable to controlling interests</b>                   | 137,915                             | (5,399)           | 225,896                            | 281,729           |
| Less preferred stock dividends   | 1,670                               | 2,135             | 5,753                              | 16,256            |
| Loss on preferred stock redemption   | —                                   | —                 | 6,517                              | 9,108             |
| <b>Net earnings (loss) attributable to common stockholders</b>                     | <u>\$136,245</u>                    | <u>\$ (7,534)</u> | <u>\$ 213,626</u>                  | <u>\$ 256,365</u> |
| Weighted average common shares outstanding - Basic                                 | 499,292                             | 497,989           | 499,045                            | 482,007           |
| Weighted average common shares outstanding - Diluted                               | <u>516,088</u>                      | <u>499,848</u>    | <u>504,211</u>                     | <u>488,409</u>    |
| Net earnings (loss) per share attributable to common stockholders - Basic:         |                                     |                   |                                    |                   |
| Continuing operations  | \$ 0.27                             | \$ (0.10)         | \$ 0.43                            | \$ 0.40           |
| Discontinued operations  | —                                   | 0.08              | —                                  | 0.13              |
| <b>Net earnings (loss) per share attributable to common stockholders - Basic</b>   | <u>\$ 0.27</u>                      | <u>\$ (0.02)</u>  | <u>\$ 0.43</u>                     | <u>\$ 0.53</u>    |
| Net earnings (loss) per share attributable to common stockholders - Diluted:       |                                     |                   |                                    |                   |
| Continuing operations  | \$ 0.23                             | \$ (0.10)         | \$ 0.43                            | \$ 0.40           |
| Discontinued operations  | —                                   | 0.08              | —                                  | 0.13              |
| <b>Net earnings (loss) per share attributable to common stockholders - Diluted</b> | <u>\$ 0.23</u>                      | <u>\$ (0.02)</u>  | <u>\$ 0.43</u>                     | <u>\$ 0.53</u>    |
| <b>Dividends per common share</b>  | <u>\$ 0.33</u>                      | <u>\$ 0.28</u>    | <u>\$ 0.99</u>                     | <u>\$ 0.84</u>    |

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

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

|   | Three Months Ended<br>September 30, |                 | Nine Months Ended<br>September 30, |                  |
|---|-------------------------------------|-----------------|------------------------------------|------------------|
|   | 2014                                | 2013            | 2014                               | 2013             |
| Consolidated net earnings (loss)  | \$ 147,127                          | \$ (7,167)      | \$311,560                          | \$ 284,780       |
| Other comprehensive income (loss):  |                                     |                 |                                    |                  |
| Foreign currency translation gains (losses), net                          | (130,763)                           | 88,001          | (72,022)                           | (250,251)        |
| Unrealized gains (losses) and amortization on derivative contracts, net   | (4,359)                             | 2,638           | (7,784)                            | 21,839           |
| Comprehensive income (loss)   | 12,005                              | 83,472          | 231,754                            | 56,368           |
| Net loss (earnings) attributable to noncontrolling interests              | (9,212)                             | 1,768           | (85,664)                           | (3,051)          |
| Other comprehensive loss (income) attributable to noncontrolling interest | 9,709                               | (942)           | 4,820                              | 10,317           |
| <b>Comprehensive income (loss) attributable to common stockholders</b>    | <b>\$ 12,502</b>                    | <b>\$84,298</b> | <b>\$150,910</b>                   | <b>\$ 63,634</b> |

**PROLOGIS, INC.**  
**CONSOLIDATED STATEMENT OF EQUITY**  
**Nine Months Ended September 30, 2014**  
(Unaudited)  
(In thousands)

|   | Common Stock       |                        |                | Additional<br>Paid-in<br>Capital | Accumulated<br>Other<br>Comprehensive<br>Loss | Distributions<br>in Excess of<br>Net<br>Earnings | Non-<br>controlling<br>interests | Total<br>Equity     |
|---|--------------------|------------------------|----------------|----------------------------------|---|--|----------------------------------|---------------------|
|   | Preferred<br>Stock | Number<br>of<br>Shares | Par<br>Value   |                                  |   |  |                                  |                     |
| Balance as of January 1, 2014                                   | \$100,000          | 498,799                | \$4,988        | \$17,974,509                     | \$ (435,675)                                  | \$(3,932,664)                                    | \$ 465,295                       | \$14,176,453        |
| Consolidated net earnings                                       | —                  | —                      | —              | —                                | —   | 225,896  | 85,664                           | 311,560             |
| Effect of common stock plans                                    | —                  | 1,154                  | 12             | 61,777                           | —   | —  | 1                                | 61,790              |
| Redemption of preferred stock                                   | (21,765)           | —                      | —              | 639                              | —   | (6,517)  | —                                | (27,643)            |
| Formation of Prologis U.S. Logistics Venture                    | —                  | —                      | —              | 12,915                           | —   | —  | 442,251                          | 455,166             |
| Capital contributions   | —                  | —                      | —              | —                                | —   | —  | 13,153                           | 13,153              |
| Settlement of noncontrolling interests                          | —                  | —                      | —              | 33,803                           | —   | —  | (36,243)                         | (2,440)             |
| Foreign currency translation losses, net                        | —                  | —                      | —              | —                                | (67,231)                                      | —  | (4,791)                          | (72,022)            |
| Unrealized losses and amortization on derivative contracts, net | —                  | —                      | —              | —                                | (7,755)                                       | —  | (29)                             | (7,784)             |
| Distributions and allocations                                   | —                  | —                      | —              | (1,892)                          | —   | (500,939)  | (268,653)                        | (771,484)           |
| <b>Balance as of September 30, 2014</b>                         | <b>\$ 78,235</b>   | <b>499,953</b>         | <b>\$5,000</b> | <b>\$18,081,751</b>              | <b>\$ (510,661)</b>                           | <b>\$(4,214,224)</b>                             | <b>\$ 696,648</b>                | <b>\$14,136,749</b> |

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

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

|   | Nine Months Ended<br>September 30, |                          |
|---|------------------------------------|--------------------------|
|   | 2014                               | 2013                     |
| <b>Operating activities:</b>  |                                    |                          |
| Consolidated net earnings   | \$ 311,560                         | \$ 284,780               |
| Adjustments to reconcile net earnings to net cash provided by operating activities:     |                                    |                          |
| Straight-lined rents  | (32,990)                           | (37,425)                 |
| Stock-based compensation awards, net  | 43,042                             | 34,253                   |
| Depreciation and amortization   | 471,059                            | 496,085                  |
| Earnings from unconsolidated entities, net  | (79,411)                           | (59,554)                 |
| Distributions and net changes in operating receivables from unconsolidated entities     | 78,702                             | 71,234                   |
| Amortization of debt and lease intangibles  | 19,686                             | 6,583                    |
| Gains on acquisitions and dispositions of investment in real estate, net                | (337,695)                          | (506,485)                |
| Losses on early extinguishment of debt, net   | 163,361                            | 164,155                  |
| Unrealized foreign currency and derivative losses (gains) and related amortization, net | 1,993                              | (3,000)                  |
| Deferred income tax benefit   | (84,594)                           | (6,823)                  |
| Increase in restricted cash, accounts receivable and other assets                       | (20,688)                           | (37,726)                 |
| Decrease in accounts payable and accrued expenses and other liabilities                 | (83,238)                           | (73,829)                 |
| Net cash provided by operating activities   | <u>450,787</u>                     | <u>332,248</u>           |
| <b>Investing activities:</b>  |                                    |                          |
| Real estate development activity  | (776,441)                          | (541,678)                |
| Real estate acquisitions  | (389,818)                          | (402,358)                |
| Tenant improvements and lease commissions on previously leased space                    | (95,812)                           | (105,324)                |
| Non-development capital expenditures  | (47,915)                           | (56,378)                 |
| Investments in and advances to unconsolidated entities                                  | (1,324,530)                        | (1,036,410)              |
| Return of investment from unconsolidated entities                                       | 188,507                            | 356,969                  |
| Proceeds from repayment of notes receivable backed by real estate                       | 188,000                            | —                        |
| Proceeds from dispositions and contributions of real estate properties                  | 1,654,554                          | 3,913,670                |
| Acquisition of unconsolidated co-investment ventures, net of cash received              | —                                  | (461,823)                |
| Net cash provided by (used in) investing activities                                     | <u>(603,455)</u>                   | <u>1,666,668</u>         |
| <b>Financing activities:</b>  |                                    |                          |
| Proceeds from issuance of common stock, net   | 15,085                             | 1,502,394                |
| Dividends paid on common and preferred stock  | (502,259)                          | (431,088)                |
| Redemption of preferred stock   | (27,643)                           | (482,500)                |
| Noncontrolling interest contributions   | 467,016                            | 110,552                  |
| Noncontrolling interest distributions   | (269,400)                          | (54,297)                 |
| Purchase of noncontrolling interest   | (2,440)                            | (247,803)                |
| Debt and equity issuance costs paid   | (19,318)                           | (65,056)                 |
| Net proceeds from credit facilities   | 22,076                             | 158,586                  |
| Repurchase and payments of debt   | (3,731,044)                        | (3,985,781)              |
| Proceeds from issuance of debt  | 4,024,785                          | 1,565,883                |
| Net cash used in financing activities   | <u>(23,142)</u>                    | <u>(1,929,110)</u>       |
| Effect of foreign currency exchange rate changes on cash                                | (3,440)                            | (48,923)                 |
| Net increase (decrease) in cash and cash equivalents                                    | (179,250)                          | 20,883                   |
| Cash and cash equivalents, beginning of period  | 491,129                            | 100,810                  |
| <b>Cash and cash equivalents, end of period</b>   | <b><u>\$ 311,879</u></b>           | <b><u>\$ 121,693</u></b> |

See Note 14 for information on non-cash investing and financing activities and other information.

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



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

|  | September 30,<br>2014<br>(Unaudited) | December 31,<br>2013       |
|--|--------------------------------------|----------------------------|
| <b>ASSETS</b>  |                                      |                            |
| Investments in real estate properties                  | \$ 19,466,582                        | \$20,824,477               |
| Less accumulated depreciation                          | <u>2,695,745</u>                     | <u>2,568,998</u>           |
| Net investments in real estate properties              | 16,770,837                           | 18,255,479                 |
| Investments in and advances to unconsolidated entities | 5,814,056                            | 4,430,239                  |
| Notes receivable backed by real estate and other       | <u>—</u>                             | <u>192,042</u>             |
| Net investments in real estate                         | 22,584,893                           | 22,877,760                 |
| Cash and cash equivalents                              | 311,879                              | 491,129                    |
| Accounts receivable                                    | 132,464                              | 128,196                    |
| Other assets   | <u>1,042,867</u>                     | <u>1,075,222</u>           |
| <b>Total assets</b>                                    | <b><u>\$ 24,072,103</u></b>          | <b><u>\$24,572,307</u></b> |
| <b>LIABILITIES AND CAPITAL</b>                         |                                      |                            |
| <b>Liabilities:</b>                                    |                                      |                            |
| Debt   | \$ 8,822,952                         | \$ 9,011,216               |
| Accounts payable and accrued expenses                  | 556,965                              | 641,011                    |
| Other liabilities                                      | <u>555,437</u>                       | <u>743,627</u>             |
| Total liabilities                                      | <u>9,935,354</u>                     | <u>10,395,854</u>          |
| <b>Capital:</b>  |                                      |                            |
| Partners' capital:                                     |                                      |                            |
| General partner - preferred                            | 78,235                               | 100,000                    |
| General partner - common                               | 13,361,866                           | 13,611,158                 |
| Limited partners                                       | <u>50,244</u>                        | <u>48,209</u>              |
| Total partners' capital                                | 13,490,345                           | 13,759,367                 |
| Noncontrolling interests                               | <u>646,404</u>                       | <u>417,086</u>             |
| Total capital  | <u>14,136,749</u>                    | <u>14,176,453</u>          |
| <b>Total liabilities and capital</b>                   | <b><u>\$ 24,072,103</u></b>          | <b><u>\$24,572,307</u></b> |

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

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

|  | Three Months Ended<br>September 30, |                   | Nine Months Ended<br>September 30, |                   |
|--|-------------------------------------|-------------------|------------------------------------|-------------------|
|  | 2014                                | 2013              | 2014                               | 2013              |
| <b>Revenues:</b>   |                                     |                   |                                    |                   |
| Rental income  | \$275,686                           | \$ 291,621        | \$ 871,025                         | \$ 926,348        |
| Rental recoveries  | 80,136                              | 80,564            | 254,310                            | 253,937           |
| Strategic capital income   | 54,070                              | 48,322            | 175,714                            | 125,565           |
| Development management and other income  | 5,259                               | 2,551             | 8,873                              | 7,872             |
| Total revenues   | <u>415,151</u>                      | <u>423,058</u>    | <u>1,309,922</u>                   | <u>1,313,722</u>  |
| <b>Expenses:</b>   |                                     |                   |                                    |                   |
| Rental expenses  | 102,324                             | 106,811           | 322,417                            | 347,002           |
| Strategic capital expenses   | 22,442                              | 22,023            | 74,442                             | 66,938            |
| General and administrative expenses  | 58,203                              | 55,034            | 181,781                            | 166,140           |
| Depreciation and amortization  | 149,202                             | 155,439           | 471,059                            | 483,215           |
| Other expenses   | 4,868                               | 6,370             | 15,371                             | 17,494            |
| Total expenses   | <u>337,039</u>                      | <u>345,677</u>    | <u>1,065,070</u>                   | <u>1,080,789</u>  |
| <b>Operating income</b>  | 78,112                              | 77,381            | 244,852                            | 232,933           |
| <b>Other income (expense):</b>   |                                     |                   |                                    |                   |
| Earnings from unconsolidated entities, net                                       | 28,514                              | 26,365            | 79,411                             | 59,554            |
| Interest expense   | (69,086)                            | (84,642)          | (234,793)                          | (291,496)         |
| Interest and other income, net   | 550                                 | 5,653             | 19,716                             | 21,772            |
| Gains on acquisitions and dispositions of investments in real estate, net        | 151,057                             | 46,074            | 337,695                            | 445,954           |
| Foreign currency and derivative gains (losses) and related amortization, net     | 20,792                              | 6,875             | 2,738                              | 15                |
| Losses on early extinguishment of debt, net                                      | (86,076)                            | (114,196)         | (163,361)                          | (164,155)         |
| Total other income (expense)   | <u>45,751</u>                       | <u>(113,871)</u>  | <u>41,406</u>                      | <u>71,644</u>     |
| <b>Earnings (loss) before income taxes</b>                                       | 123,863                             | (36,490)          | 286,258                            | 304,577           |
| Current income tax expense   | 10,394                              | 11,012            | 59,292                             | 91,357            |
| Deferred income tax expense (benefit)  | (33,658)                            | 1,168             | (84,594)                           | (6,823)           |
| Total income tax expense (benefit)   | <u>(23,264)</u>                     | <u>12,180</u>     | <u>(25,302)</u>                    | <u>84,534</u>     |
| <b>Earnings (loss) from continuing operations</b>                                | <u>147,127</u>                      | <u>(48,670)</u>   | <u>311,560</u>                     | <u>220,043</u>    |
| <b>Discontinued operations:</b>  |                                     |                   |                                    |                   |
| Income attributable to disposed properties and assets held for sale              | —                                   | 1,206             | —                                  | 5,139             |
| Net gains on dispositions, including taxes                                       | —                                   | 40,297            | —                                  | 59,598            |
| Total discontinued operations  | <u>—</u>                            | <u>41,503</u>     | <u>—</u>                           | <u>64,737</u>     |
| <b>Consolidated net earnings (loss)</b>  | 147,127                             | (7,167)           | 311,560                            | 284,780           |
| Net loss (earnings) attributable to noncontrolling interests                     | (8,719)                             | 1,720             | (84,897)                           | (2,042)           |
| <b>Net earnings (loss) attributable to controlling interests</b>                 | 138,408                             | (5,447)           | 226,663                            | 282,738           |
| Less preferred unit distributions  | 1,670                               | 2,135             | 5,753                              | 16,256            |
| Loss on preferred unit redemption  | —                                   | —                 | 6,517                              | 9,108             |
| <b>Net earnings (loss) attributable to common unitholders</b>                    | <u>\$136,738</u>                    | <u>\$ (7,582)</u> | <u>\$ 214,393</u>                  | <u>\$ 257,374</u> |
| Weighted average common units outstanding - Basic                                | <u>501,135</u>                      | <u>499,848</u>    | <u>500,837</u>                     | <u>483,889</u>    |
| Weighted average common units outstanding - Diluted                              | <u>516,088</u>                      | <u>499,848</u>    | <u>504,211</u>                     | <u>488,409</u>    |
| Net earnings (loss) per unit attributable to common unitholders - Basic:         |                                     |                   |                                    |                   |
| Continuing operations  | \$ 0.27                             | \$ (0.10)         | \$ 0.43                            | \$ 0.40           |
| Discontinued operations  | —                                   | 0.08              | —                                  | 0.13              |
| <b>Net earnings (loss) per unit attributable to common unitholders - Basic</b>   | <u>\$ 0.27</u>                      | <u>\$ (0.02)</u>  | <u>\$ 0.43</u>                     | <u>\$ 0.53</u>    |
| Net earnings (loss) per unit attributable to common unitholders - Diluted:       |                                     |                   |                                    |                   |
| Continuing operations  | \$ 0.23                             | \$ (0.10)         | \$ 0.43                            | \$ 0.40           |
| Discontinued operations  | —                                   | 0.08              | —                                  | 0.13              |
| <b>Net earnings (loss) per unit attributable to common unitholders - Diluted</b> | <u>\$ 0.23</u>                      | <u>\$ (0.02)</u>  | <u>\$ 0.43</u>                     | <u>\$ 0.53</u>    |
| <b>Distributions per common unit</b>   | <u>\$ 0.33</u>                      | <u>\$ 0.28</u>    | <u>\$ 0.99</u>                     | <u>\$ 0.84</u>    |

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

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

|  | Three Months Ended<br>September 30, |                 | Nine Months Ended<br>September 30, |                  |
|--|-------------------------------------|-----------------|------------------------------------|------------------|
|  | 2014                                | 2013            | 2014                               | 2013             |
| Consolidated net earnings (loss)   | \$ 147,127                          | \$ (7,167)      | \$311,560                          | \$ 284,780       |
| Other comprehensive income (loss):   |                                     |                 |                                    |                  |
| Foreign currency translation gains (losses), net                           | (130,763)                           | 88,001          | (72,022)                           | (250,251)        |
| Unrealized gains (losses) and amortization on derivative contracts, net    | (4,359)                             | 2,638           | (7,784)                            | 21,839           |
| Comprehensive income (loss)  | 12,005                              | 83,472          | 231,754                            | 56,368           |
| Net loss (earnings) attributable to noncontrolling interests               | (8,719)                             | 1,720           | (84,897)                           | (2,042)          |
| Other comprehensive loss (income) attributable to noncontrolling interests | 9,249                               | (579)           | 4,538                              | 9,510            |
| <b>Comprehensive income (loss) attributable to common unitholders</b>      | <b>\$ 12,535</b>                    | <b>\$84,613</b> | <b>\$151,395</b>                   | <b>\$ 63,836</b> |

**PROLOGIS, L.P.**  
**CONSOLIDATED STATEMENT OF CAPITAL**  
**Nine Months Ended September 30, 2014**  
(Unaudited)  
(In thousands)

|   | General Partner |                  |                |                     | Limited Partners |                 | Non-<br>controlling<br>Interests | Total               |
|---|-----------------|------------------|----------------|---------------------|------------------|-----------------|----------------------------------|---------------------|
|   | Preferred       |                  | Common         |                     | Common           |                 |                                  |                     |
|   | Units           | Amount           | Units          | Amount              | Units            | Amount          |                                  |                     |
| Balance as of January 1, 2014                                   | 2,000           | \$100,000        | 498,799        | \$13,611,158        | 1,767            | \$48,209        | \$ 417,086                       | \$14,176,453        |
| Consolidated net earnings                                       | —               | —                | —              | 225,896             | —                | 767             | 84,897                           | 311,560             |
| Effect of REIT's common stock plans                             | —               | —                | 1,154          | 61,789              | 113              | 1               | —                                | 61,790              |
| Redemption of preferred units                                   | (435)           | (21,765)         | —              | (5,878)             | —                | —               | —                                | (27,643)            |
| Formation of Prologis U.S. Logistics Venture                    | —               | —                | —              | 12,915              | —                | —               | 442,251                          | 455,166             |
| Capital contributions   | —               | —                | —              | —                   | —                | —               | 13,153                           | 13,153              |
| Settlement of noncontrolling interests                          | —               | —                | —              | 33,803              | —                | —               | (36,243)                         | (2,440)             |
| Foreign currency translation losses, net                        | —               | —                | —              | (67,231)            | —                | (253)           | (4,538)                          | (72,022)            |
| Unrealized losses and amortization on derivative contracts, net | —               | —                | —              | (7,755)             | —                | (29)            | —                                | (7,784)             |
| Distributions and allocations                                   | —               | —                | —              | (502,831)           | —                | 1,549           | (270,202)                        | (771,484)           |
| <b>Balance as of September 30, 2014</b>                         | <b>1,565</b>    | <b>\$ 78,235</b> | <b>499,953</b> | <b>\$13,361,866</b> | <b>1,880</b>     | <b>\$50,244</b> | <b>\$ 646,404</b>                | <b>\$14,136,749</b> |

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

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

|   | Nine Months Ended<br>September 30, |                          |
|---|------------------------------------|--------------------------|
|   | 2014                               | 2013                     |
| <b>Operating activities:</b>  |                                    |                          |
| Consolidated net earnings   | \$ 311,560                         | \$ 284,780               |
| Adjustments to reconcile net earnings to net cash provided by operating activities:                 |                                    |                          |
| Straight-lined rents  | (32,990)                           | (37,425)                 |
| REIT stock-based compensation awards, net   | 43,042                             | 34,253                   |
| Depreciation and amortization   | 471,059                            | 496,085                  |
| Earnings from unconsolidated entities, net  | (79,411)                           | (59,554)                 |
| Distributions and net changes in operating receivables from unconsolidated entities                 | 78,702                             | 71,234                   |
| Amortization of debt and lease intangibles  | 19,686                             | 6,583                    |
| Gains on acquisitions and dispositions of investments in real estate, net                           | (337,695)                          | (506,485)                |
| Losses on early extinguishment of debt, net   | 163,361                            | 164,155                  |
| Unrealized foreign currency and derivative losses (gains) and related amortization, net             | 1,993                              | (3,000)                  |
| Deferred income tax benefit   | (84,594)                           | (6,823)                  |
| Increase in restricted cash, accounts receivable and other assets                                   | (20,688)                           | (37,726)                 |
| Decrease in accounts payable and accrued expenses and other liabilities                             | (83,238)                           | (73,829)                 |
| Net cash provided by operating activities   | <u>450,787</u>                     | <u>332,248</u>           |
| <b>Investing activities:</b>  |                                    |                          |
| Real estate development activity  | (776,441)                          | (541,678)                |
| Real estate acquisitions  | (389,818)                          | (402,358)                |
| Tenant improvements and lease commissions on previously leased space                                | (95,812)                           | (105,324)                |
| Non-development capital expenditures  | (47,915)                           | (56,378)                 |
| Investments in and advances to unconsolidated entities  | (1,324,530)                        | (1,036,410)              |
| Return of investment from unconsolidated entities   | 188,507                            | 356,969                  |
| Proceeds from repayment of notes receivable backed by real estate                                   | 188,000                            | —                        |
| Proceeds from dispositions and contributions of real estate properties                              | 1,654,554                          | 3,913,670                |
| Acquisition of unconsolidated co-investment venture, net of cash received                           | —                                  | (461,823)                |
| Net cash provided by (used in) investing activities   | <u>(603,455)</u>                   | <u>1,666,668</u>         |
| <b>Financing activities:</b>  |                                    |                          |
| Proceeds from issuance of common partnership units in exchange for contributions from the REIT, net | 15,085                             | 1,502,394                |
| Distributions paid on common and preferred units  | (504,045)                          | (434,664)                |
| Redemption of preferred units   | (27,643)                           | (482,500)                |
| Noncontrolling interest contributions   | 467,016                            | 110,552                  |
| Noncontrolling interest distributions   | (267,614)                          | (52,721)                 |
| Purchase of noncontrolling interest   | (2,440)                            | (245,803)                |
| Debt and capital issuance costs paid  | (19,318)                           | (65,056)                 |
| Net proceeds from credit facilities   | 22,076                             | 158,586                  |
| Repurchase and payments of debt   | (3,731,044)                        | (3,985,781)              |
| Proceeds from issuance of debt  | 4,024,785                          | 1,565,883                |
| Net cash used in financing activities   | <u>(23,142)</u>                    | <u>(1,929,110)</u>       |
| Effect of foreign currency exchange rate changes on cash  | (3,440)                            | (48,923)                 |
| Net increase (decrease) in cash and cash equivalents  | (179,250)                          | 20,883                   |
| Cash and cash equivalents, beginning of period  | 491,129                            | 100,810                  |
| <b>Cash and cash equivalents, end of period</b>   | <b><u>\$ 311,879</u></b>           | <b><u>\$ 121,693</u></b> |

See Note 14 for information on non-cash investing and financing activities and other information.

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

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

**1. General**

**Business.** Prologis, Inc. (the “REIT”) commenced operations as a fully integrated real estate company in 1997, elected to be taxed as a real estate investment trust under the Internal Revenue Code of 1986, as amended (“Internal Revenue Code”), and believes the current organization and method of operation will enable the REIT to maintain its status as a real estate investment trust. The REIT is the general partner of Prologis, L.P. (the “Operating Partnership”). Through the controlling interest in the Operating Partnership, we are engaged in the ownership, acquisition, development and operation of industrial properties in global and regional markets throughout the Americas, Europe and Asia. Our current business strategy includes two reportable business segments: Real Estate Operations and Strategic Capital (formerly Investment Management). Our Real Estate Operations segment represents the long-term ownership of industrial properties. Our Strategic Capital segment represents the long-term management of co-investment ventures, both private and public. See Note 13 for further discussion of our business segments. Unless otherwise indicated, the notes to the Consolidated Financial Statements apply to both the REIT and the Operating Partnership. The terms “the Company,” “Prologis,” “we,” “our” or “us” means the REIT and Operating Partnership collectively.

For each share of common stock or preferred stock the REIT issues, the Operating Partnership issues a corresponding common or preferred partnership unit, as applicable, to the REIT in exchange for the contribution of the proceeds from the stock issuance. As of September 30, 2014, the REIT owned an approximate 99.63% common general partnership interest in the Operating Partnership, and 100% of the preferred units. The remaining approximate 0.37% common limited partnership interests are owned by non-affiliated investors and certain current and former directors and officers of the REIT. As the sole general partner of the Operating Partnership, the REIT has full, exclusive and complete responsibility and discretion in the day-to-day management and control of the Operating Partnership. We operate the REIT and the Operating Partnership as one enterprise. The management of the REIT consists of the same members as the management of the Operating Partnership. These members are officers of the REIT and employees of the Operating Partnership or one of its subsidiaries. As general partner with control of the Operating Partnership, the REIT consolidates the Operating Partnership for financial reporting purposes. The REIT’s only significant asset is its investment in the Operating Partnership and therefore, the assets and liabilities of the REIT and the Operating Partnership are the same on their respective financial statements.

**Basis of Presentation.** The accompanying consolidated financial statements, presented in the U.S. dollar, are prepared in accordance with U.S. generally accepted accounting principles (“GAAP”). GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as of the date of the financial statements and revenue and expenses during the reporting period. Our actual results could differ from those estimates and assumptions. All material intercompany transactions with consolidated entities have been eliminated.

The accompanying unaudited interim financial information has been prepared according to the rules and regulations of the U.S. Securities and Exchange Commission (“SEC”). Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with GAAP have been condensed or omitted in accordance with such rules and regulations. Our management believes that the disclosures presented in these financial statements are adequate to make the information presented not misleading. In our opinion, all adjustments and eliminations, consisting only of normal recurring adjustments, necessary to present fairly the financial position and results of operations for both the REIT and the Operating Partnership for the reported periods have been included. The results of operations for such interim periods are not necessarily indicative of the results for the full year. The accompanying unaudited interim financial information should be read in conjunction with the December 31, 2013, Consolidated Financial Statements of Prologis, as previously filed with the SEC on Form 10-K and other public information.

Certain amounts included in the accompanying Consolidated Financial Statements for 2013, have been reclassified to conform to the 2014 financial statement presentation.

**Recent Accounting Pronouncements.** In May 2014, the Financial Accounting Standards Board (“FASB”) issued an accounting standard update that will use a five step model to recognize revenue from customer contracts in an effort to increase consistency and comparability throughout global capital markets and across industries. Under the model, a company will identify the contract, identify any separate performance obligations in the contract, determine the transaction price, allocate the transaction price and recognize revenue when the performance obligation is satisfied. The new standard will replace most existing revenue recognition in GAAP when it becomes effective for us on January 1, 2017. We have not yet selected a transition method nor have we determined the effect of the standard on our ongoing financial reporting.

In April 2014, the FASB issued an accounting standard update that changed the criteria for classifying and reporting discontinued operations while enhancing disclosures. Under the new guidance, only disposals of a component of an entity, or a group of components of an entity, representing a strategic shift in operations should be presented as discontinued operations. Those strategic shifts should have, or will have, a major effect on the organization’s operations and financial results. Examples of disposals that may meet the new criteria include a disposal of a major geographic area, a major line of business, or a major equity method investment. In addition, the new guidance requires additional disclosures about discontinued operations and the disposal of an individually significant component of an entity that does not meet the criteria for discontinued operations. We early adopted this standard prospectively for all disposals subsequent to January 1, 2014. Prior to adoption, the results of operations for real estate properties sold or held for sale during the reported periods were shown under *Discontinued Operations* on the Consolidated Statements of Operations (see Note 10). Going forward, we expect the majority of our property dispositions will not qualify as discontinued operations and the results will be presented in *Income from Continuing Operations*. See Notes 3 and 4 for additional discussion.

In March 2013, the FASB issued an accounting standard update on the accounting for currency translation adjustment (“CTA”) when a parent sells or transfers part of its ownership interest in a foreign entity. When a company sells a subsidiary or group of assets that constitute a business while maintaining ownership of the foreign entity in which those assets or subsidiary reside, a complete or substantially complete liquidation of the foreign entity is required in order for a parent entity to release CTA to earnings. However, for a company that sells all or part of its ownership interest in a foreign entity, CTA is released upon the loss of a controlling financial interest in a consolidated foreign entity or partial sale of an equity method investment in a foreign entity. For step acquisitions, the CTA associated with the previous equity-method investment is fully released when control is obtained and consolidation occurs. We adopted this standard as of January 1, 2014, and it did not have, nor do we expect it to have, a material impact on the Consolidated Financial Statements.

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

**2. Business Combinations**

*Acquisitions of Unconsolidated Co-Investment Ventures*

On August 6, 2013, we concluded the unconsolidated co-investment venture Prologis North American Industrial Fund III. The venture sold 73 properties to a third party and we subsequently acquired our partner's 80% ownership interest in the venture. The allocation of net assets acquired was \$519.2 million in real estate assets and \$22.0 million of net other assets. The adjustments to finalize the purchase price allocation during the measurement period were not considered to be material to our financial position or results of operations. These properties were contributed in January 2014 to a consolidated venture in which we own 55% of the equity as discussed in Note 8. When we acquire a controlling interest in an equity investment, we mark our equity investment to fair value and recognize a gain or loss. In the second quarter of 2013, we also concluded an unconsolidated co-investment in Japan. We recognized a net gain of \$35.9 million from these transaction for the nine months ended September 30, 2013, in *Gains on Acquisitions and Dispositions of Investments in Real Estate, Net* in the Consolidated Statements of Operations. The results of operations for these properties were not significant in 2013.

On October 2, 2013, we acquired our partner's 78.4% interest in the unconsolidated co-investment venture Prologis SGP Mexico and concluded the venture. The allocation of net assets acquired was \$409.5 million in real estate assets and \$4.0 million of net other assets and \$158.4 million in debt. The adjustments to finalize the purchase price allocation during the measurement period were not considered to be material to our financial position or results of operations. All properties acquired in this transaction were contributed in June 2014 to our new unconsolidated co-investment venture in Mexico, as discussed in Note 3. When we acquire a controlling interest in an equity investment, we mark our equity investment to fair value and recognize a gain or loss. We recognized a net loss of \$1.1 million for this transaction during the fourth quarter of 2013. The results of operations for these properties were not significant in 2013.

**3. Real Estate**

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

|   | Square Feet / Acres (1) |                      | No. of Buildings (1)  |                      | Investment Balance         |                            |
|---|-------------------------|----------------------|-----------------------|----------------------|----------------------------|----------------------------|
|   | September 30,<br>2014   | December 31,<br>2013 | September 30,<br>2014 | December 31,<br>2013 | September 30,<br>2014      | December 31,<br>2013       |
| <b>Industrial operating properties:</b>             |                         |                      |                       |                      |                            |                            |
| Improved land                                       | --                      | --                   | --                    | --                   | \$ 3,641,571               | \$ 4,074,647               |
| Buildings and improvements                          | 241,104                 | 267,097              | 1,415                 | 1,610                | 12,514,097                 | 13,726,417                 |
| <b>Development portfolio, including land costs:</b> |                         |                      |                       |                      |                            |                            |
| Pre-stabilized                                      | 5,105                   | 4,491                | 15                    | 11                   | 391,055                    | 204,022                    |
| Properties under development                        | 21,158                  | 18,587               | 51                    | 46                   | 925,415                    | 816,995                    |
| Land  | 9,226                   | 9,747                | --                    | --                   | 1,533,590                  | 1,516,166                  |
| Other real estate investments (2)                   | --                      | --                   | --                    | --                   | 460,854                    | 486,230                    |
| <b>Total investments in real estate properties</b>  |                         |                      |                       |                      | <u>19,466,582</u>          | <u>20,824,477</u>          |
| Less accumulated depreciation                       |                         |                      |                       |                      | <u>2,695,745</u>           | <u>2,568,998</u>           |
| <b>Net investments in real estate properties</b>    |                         |                      |                       |                      | <u><b>\$16,770,837</b></u> | <u><b>\$18,255,479</b></u> |

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

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

At September 30, 2014, we owned real estate assets in the Americas (Canada, Mexico and the United States), Europe (Austria, Belgium, the Czech Republic, France, Germany, Hungary, Italy, the Netherlands, Poland, Romania, Slovakia, Spain, Sweden and the United Kingdom) and Asia (China, Japan and Singapore).

Real estate acquisition activity for the nine months ended September 30, was as follows (square feet and dollars in thousands):

|  | 2014            | 2013             |
|--|-----------------|------------------|
| <b>Acquisitions of properties from unconsolidated co-investment ventures</b> |                 |                  |
| Number of properties   | —               | 32               |
| Square feet  | —               | 9,958            |
| Real estate acquisition value  | \$ —            | \$731,644        |
| Net gains  | \$ —            | \$ 35,886        |
| <b>Building acquisitions from third parties</b>                              |                 |                  |
| Number of properties   | 8               | 4                |
| Square feet  | 1,004           | 1,134            |
| Real estate acquisition value  | <u>\$78,314</u> | <u>\$ 48,922</u> |

**PROLOGIS, INC. AND PROLOGIS, L.P.**  
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**(Unaudited)**

*Dispositions*

Real estate disposition activity for the nine months ended September 30, was as follows (square feet and dollars in thousands):

|  | 2014         | 2013         |
|--|--------------|--------------|
| <b>Continuing Operations</b>                   |              |              |
| <b>Contributions to co-investment ventures</b> |              |              |
| Number of properties                           | 115          | 221          |
| Square feet                                    | 22,806       | 62,213       |
| Net proceeds                                   | \$ 1,627,424 | \$ 5,205,322 |
| Net gains on contributions                     | \$ 156,746   | \$ 407,788   |
| <b>Dispositions to third parties</b>           |              |              |
| Number of properties                           | 106          | —            |
| Square feet                                    | 14,663       | —            |
| Net proceeds (1)                               | \$ 955,240   | \$ 84,518    |
| Net gains on dispositions (1)                  | \$ 180,949   | \$ 2,280     |
| <b>Discontinued Operations</b>                 |              |              |
| Number of properties                           | —            | 39           |
| Square feet                                    | —            | 4,802        |
| Net proceeds from dispositions                 | \$ —         | \$ 297,465   |
| Net gains from dispositions, including taxes   | \$ —         | \$ 59,598    |

(1) Dispositions to third parties include land sales.

In June 2014, we launched the initial public offering for FIBRA Prologis (“FIBRA”), a Mexican real estate investment trust, on the Mexican Stock Exchange. In connection with the offering, FIBRA purchased 177 properties aggregating 29.7 million square feet (12.6 million square feet from our wholly-owned portfolio, 7.6 million square feet from our consolidated co-investment venture Mexico Fondo Logistico (“AFORES”) and 9.5 million square feet from our unconsolidated co-investment venture Prologis Mexico Industrial Fund). We received 287.3 million equity units of FIBRA (priced at Ps 27.00 (\$2.09)) in exchange for our combined investments and have a 45% ownership interest that we account for under the equity method. The closing price of the equity units on the Mexican Stock Exchange was Ps 28.10 (\$2.08) per unit on September 30, 2014. Based on this transaction, we recognized a gain on disposition of investments in real estate of \$52.5 million; current tax expense of \$32.4 million; deferred tax benefit of \$55.5 million; and earnings attributable to noncontrolling interest of \$61.0 million, which represented the third party investors’ portion of this transaction.

**4. Unconsolidated Entities**

*Summary of Investments*

We have investments in entities through a variety of ventures. We co-invest in entities that own multiple properties with strategic capital investors and provide asset and property management services to these entities. We refer to these entities as co-investment ventures. These entities may be consolidated or unconsolidated, depending on the structure, our partner’s rights and participation and our level of control of the entity. This note details our investments in unconsolidated co-investment ventures, which are accounted for using the equity method of accounting. See Note 8 for more detail regarding our consolidated investments.

We also have other ventures, generally with one partner and that we do not manage. At September 30, 2014, our investment in these other ventures totaled \$173.5 million. We refer to our investments in the entities accounted for on the equity method, both unconsolidated co-investment ventures and other ventures, collectively, as unconsolidated entities.

*Unconsolidated Co-Investment Ventures*

As of September 30, 2014, we had investments in and managed unconsolidated co-investment ventures that own portfolios of operating industrial properties and may also develop properties. We account for our investments in these ventures under the equity method of accounting and, therefore, we record our share of each venture’s net earnings or loss as *Earnings from Unconsolidated Entities, Net* in the Consolidated Statements of Operations. We earn fees for the services we provide to these ventures. These fees are recognized as earned and may include property and asset management fees or transactional fees for leasing, acquisition, construction, financing, legal and tax services. We may also earn promote fees based on the venture’s cumulative returns to the investors over time. We report these fees in *Strategic Capital Income* in the Consolidated Statements of Operations. In addition, we may earn fees for services provided to develop a building within these ventures and those fees are reflected in *Development Management and Other Income* in the Consolidated Statements of Operations.

In June 2014, we earned a promote fee from Prologis Targeted U.S. Logistics Fund of \$42.1 million, which was based on the venture’s cumulative returns to the investors over the prior three-year period ended June 30, 2014. Of that amount, \$31.3 million represented the third party investors’ portion and is reflected in *Strategic Capital Income* in the Consolidated Statements of Operations. We also recognized \$4.2 million of expense which is reflected in *Strategic Capital Expenses* in the Consolidated Statements of Operations, representing the associated cash bonus paid pursuant to the terms of the Prologis Promote Plan.

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During the nine months ended September 30, 2014, we increased our ownership of Prologis North American Industrial Fund ("NAIF") to 63.3% by acquiring the equity units from several partners for \$632.1 million. On October 20, 2014, we acquired an additional partner's interest further increasing our ownership to 66.1% leaving one remaining limited partner, which resulted in us obtaining control over NAIF and required us to consolidate this entity in the fourth quarter of 2014.

In 2014, we also invested our proportionate ownership interest in certain other co-investment ventures for the acquisition of properties and repayment of debt, primarily in Europe.

As discussed in Note 3, we started a co-investment venture in Mexico in June 2014. During the first quarter of 2013, we started two co-investment ventures, one in Europe and one in Japan. We account for these ventures under the equity method and recognize strategic capital income from them.

The amounts recognized in *Strategic Capital Income* and *Earnings from Unconsolidated Entities, Net* in the Consolidated Statements of Operations depend on the size of co-investment ventures that we manage and in which we have an equity interest. Our ownership interest in these ventures also impacts the equity in earnings we recognize. A summary of our unconsolidated co-investment ventures was as follows and represents 100% of the venture (square feet and total assets in thousands):

|                                   | September 30,<br>2014 | December 31,<br>2013 | September 30,<br>2013 |
|-----------------------------------|-----------------------|----------------------|-----------------------|
| <b>Americas:</b>                  |                       |                      |                       |
| Number of properties owned        | 814                   | 709                  | 737                   |
| Square feet                       | 130,476               | 108,537              | 114,042               |
| Total assets                      | \$ 9,395,900          | \$ 8,014,339         | \$ 8,433,418          |
| <b>Europe:</b>                    |                       |                      |                       |
| Number of properties owned        | 629                   | 571                  | 534                   |
| Square feet                       | 145,332               | 132,876              | 124,794               |
| Total assets                      | \$ 11,951,749         | \$ 11,818,786        | \$ 11,471,358         |
| <b>Asia:</b>                      |                       |                      |                       |
| Number of properties owned        | 51                    | 43                   | 37                    |
| Square feet                       | 25,943                | 22,880               | 18,733                |
| Total assets                      | \$ 4,366,286          | \$ 4,032,125         | \$ 3,477,339          |
| <b>Total:</b>                     |                       |                      |                       |
| <b>Number of properties owned</b> | <b>1,494</b>          | <b>1,323</b>         | <b>1,308</b>          |
| <b>Square feet</b>                | <b>301,751</b>        | <b>264,293</b>       | <b>257,569</b>        |
| <b>Total assets</b>               | <b>\$ 25,713,935</b>  | <b>\$ 23,865,250</b> | <b>\$ 23,382,115</b>  |

The following is summarized financial information of the unconsolidated co-investment ventures, the amount we recognized as our share of their earnings and our investment (dollars in millions). The co-investment venture information represents the venture's information (not our proportionate share) based on our GAAP basis in the entity.

| <b>2014 (1)</b>                                | <b>Americas</b> | <b>Europe</b> | <b>Asia</b> | <b>Total</b> |
|--|-----------------|---------------|-------------|--------------|
| For the three months ended September 30, 2014: |                 |               |             |              |
| Revenues                                       | \$ 204.2        | \$ 250.5      | \$ 71.0     | \$ 525.7     |
| Net operating income                           | \$ 154.4        | \$ 198.0      | \$ 55.6     | \$ 408.0     |
| Net earnings                                   | \$ 24.4         | \$ 38.7       | \$ 22.4     | \$ 85.5      |
| Equity in earnings                             | \$ 8.9          | \$ 14.6       | \$ 3.7      | \$ 27.2      |
| For the nine months ended September 30, 2014:  |                 |               |             |              |
| Revenues                                       | \$ 551.1        | \$ 749.5      | \$ 209.2    | \$ 1,509.8   |
| Net operating income                           | \$ 405.8        | \$ 590.9      | \$ 162.9    | \$ 1,159.6   |
| Net earnings (2)                               | \$ 16.9         | \$ 166.9      | \$ 60.9     | \$ 244.7     |
| Equity in earnings                             | \$ 0.1          | \$ 66.8       | \$ 10.2     | \$ 77.1      |
| As of September 30, 2014:                      |                 |               |             |              |
| Amounts due to us (3)                          | \$ 11.9         | \$ 16.7       | \$ 103.8    | \$ 132.4     |
| Third party debt (4)                           | \$ 3,309.4      | \$ 2,797.7    | \$ 1,758.0  | \$ 7,865.1   |
| Total liabilities                              | \$ 3,513.3      | \$ 3,822.5    | \$ 1,955.4  | \$ 9,291.2   |
| Our weighted average ownership                 | 40.2%           | 38.8%         | 15.0%       | 35.4%        |
| Our investment balance                         | \$ 2,371.3      | \$ 2,893.6    | \$ 375.6    | \$ 5,640.5   |
| Deferred gains, net of amortization (5)        | \$ 120.3        | \$ 197.1      | \$ 111.9    | \$ 429.3     |



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

| <b>2013 (1)</b>                                       | <b>Americas</b> | <b>Europe</b> | <b>Asia</b> | <b>Total</b> |
|---|-----------------|---------------|-------------|--------------|
| <b>For the three months ended September 30, 2013:</b> |                 |               |             |              |
| Revenues  | \$ 173.2        | \$ 215.3      | \$ 56.8     | \$ 445.3     |
| Net operating income                                  | \$ 126.6        | \$ 170.1      | \$ 44.6     | \$ 341.3     |
| Net earnings  | \$ 9.1          | \$ 41.9       | \$ 15.7     | \$ 66.7      |
| Equity in earnings                                    | \$ 1.7          | \$ 20.0       | \$ 4.1      | \$ 25.8      |
| <b>For the nine months ended September 30, 2013:</b>  |                 |               |             |              |
| Revenues  | \$ 538.4        | \$ 571.6      | \$ 160.0    | \$1,270.0    |
| Net operating income                                  | \$ 393.9        | \$ 434.8      | \$ 121.3    | \$ 950.0     |
| Net earnings (2)                                      | \$ 34.9         | \$ 77.8       | \$ 32.9     | \$ 145.6     |
| Equity in earnings                                    | \$ 15.0         | \$ 36.3       | \$ 6.6      | \$ 57.9      |
| <b>As of December 31, 2013:</b>                       |                 |               |             |              |
| Amounts due to us (3)                                 | \$ 10.3         | \$ 43.7       | \$ 110.0    | \$ 164.0     |
| Third party debt (4)                                  | \$2,999.1       | \$2,998.2     | \$1,715.2   | \$7,712.5    |
| Total liabilities                                     | \$3,177.1       | \$4,113.6     | \$1,899.2   | \$9,189.9    |
| Our weighted average ownership                        | 22.7%           | 39.0%         | 15.0%       | 29.2%        |
| Our investment balance                                | \$1,194.0       | \$2,703.3     | \$ 352.7    | \$4,250.0    |
| Deferred gains, net of amortization (5)               | \$ 139.6        | \$ 196.7      | \$ 94.8     | \$ 431.1     |

- (1) We had significant activity with our unconsolidated co-investment ventures in 2014 and 2013. As described above, we started FIBRA in June 2014. In connection with this transaction, we concluded our unconsolidated co-investment venture in Mexico. During 2013, we concluded three co-investment ventures and we started two new co-investment ventures.
- (2) During the nine months ended September 30, 2014, two ventures in the Americas recorded net gains of \$16.9 million (\$5.6 million was our share) from the disposition of 14 properties and FIBRA recorded acquisition costs of \$37.2 million (\$16.7 million was our share). During the nine months ended September 30, 2013, one venture in the Americas recorded net gains of \$24.0 million from the disposition of three properties (\$10.0 million was our share).
- (3) As of September 30, 2014 and December 31, 2013, we had receivables from Nippon Prologis REIT, Inc. ("NPR") of \$91.7 million and \$88.5 million, respectively, related to customer security deposits that are made through a leasing company owned by Prologis that pertain to properties owned by NPR. We have a corresponding payable to NPR's customers in *Other Liabilities* in the Consolidated Balance Sheets. As of December 31, 2013, we had receivables from Prologis European Logistics Partners Sàrl ("PELP") for remaining sale proceeds of \$35.5 million that were received in the first quarter of 2014. The remaining amounts generally represent current balances for services provided by us to the co-investment ventures.
- (4) As of September 30, 2014 and December 31, 2013, we did not guarantee any third party debt of our co-investment ventures.
- (5) This amount is recorded as a reduction to our investment and represents the gains that were deferred when we contributed a property to a venture due to our continuing ownership in the property.

*Equity Commitments Related to Certain Unconsolidated Co-Investment Ventures*

Certain co-investment ventures have equity commitments from us and our venture partners. Our venture partners fulfill their equity commitment with cash. We may fulfill our equity commitment through contributions of properties or cash. The venture may obtain financing for the properties and therefore the acquisition price of additional investments that the venture could make may be more than the equity commitment. Depending on market conditions, the investment objectives of the ventures, our liquidity needs and other factors, we may make contributions of properties to these ventures through the remaining commitment period and we may make additional cash investments in these ventures.

The following table is a summary of remaining equity commitments as of September 30, 2014 (in millions):

|   | <b>Equity commitments</b> |                  |                   | <b>Expiration date<br/>for remaining<br/>commitments</b> |
|---|---------------------------|------------------|-------------------|--|
|   | <b>Venture</b>            |                  |                   |  |
|   | <b>Prologis</b>           | <b>Partners</b>  | <b>Total</b>      |  |
| Prologis Targeted U.S. Logistics Fund       | \$ —                      | \$ 351.5         | \$ 351.5          | 2015-2017  |
| Prologis Targeted Europe Logistics Fund (1) | 121.4                     | 160.5            | 281.9             | June 2015  |
| Prologis European Properties Fund II (1)    | 78.6                      | 179.3            | 257.9             | September 2015   |
| Europe Logistics Venture I (1)              | 21.9                      | 123.9            | 145.8             | December 2014  |
| Prologis European Logistics Partners (2)    | 107.8                     | 107.8            | 215.6             | February 2016  |
| Prologis China Logistics Venture (3)        | 226.9                     | 1,285.6          | 1,512.5           | 2015 and 2017  |
| <b>Total</b>                                | <b>\$ 556.6</b>           | <b>\$2,208.6</b> | <b>\$ 2,765.2</b> |  |

- (1) Equity commitments are denominated in euro and reported above in U.S. dollars based on an exchange rate of 1.26 U.S. dollars to the euro.
- (2) The equity commitments for this venture are expected to fund the future repayment of debt that is denominated in British pounds sterling. The commitments will be called in euros and are reported above in U.S. dollars using an exchange rate of 1.62 U.S. dollars to the British pounds sterling.
- (3) In July 2014, we secured a \$500 million increase in committed third-party equity for this venture.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
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**5. Notes Receivable Backed by Real Estate**

At December 31, 2013, we had \$188.0 million of notes backed by real estate that represented an investment in a preferred equity interest made in 2010 through the sale of a portfolio of industrial properties. We earned a preferred return at an annual rate of 7% for the first three years and 8% for the fourth year. In May 2014, the notes and all accrued interest were paid in full.

**6. Debt**

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

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

|  | September 30, 2014                       |                           | December 31, 2013                        |                       |
|--|--|---------------------------|--|-----------------------|
|  | Weighted<br>Average Interest<br>Rate (1) | Amount<br>Outstanding (2) | Weighted<br>Average Interest<br>Rate (1) | Amount<br>Outstanding |
| Credit facilities                              | 1.1%                                     | \$ 741,610                | 1.2%                                     | \$ 725,483            |
| Senior notes                                   | 3.9%                                     | 5,443,138                 | 4.5%                                     | 5,357,933             |
| Exchangeable senior notes                      | 3.3%                                     | 451,999                   | 3.3%                                     | 438,481               |
| Secured mortgage debt                          | 5.9%                                     | 1,141,772                 | 5.6%                                     | 1,696,597             |
| Secured mortgage debt of consolidated entities | 3.9%                                     | 26,064                    | 4.7%                                     | 239,992               |
| Term loans                                     | 1.1%                                     | 1,001,930                 | 1.7%                                     | 535,908               |
| Other debt                                     | 6.2%                                     | 16,439                    | 6.2%                                     | 16,822                |
| <b>Totals</b>                                  | <b>3.6%</b>                              | <b>\$ 8,822,952</b>       | <b>4.2%</b>                              | <b>\$9,011,216</b>    |

(1) The interest rates presented represent the effective interest rates (including amortization of the non-cash premiums or discounts).

(2) Included in the outstanding balances are borrowings denominated in non-U.S. currency, principally: euro (\$3.2 billion), Japanese yen (\$0.5 billion) and British pounds sterling (\$0.1 billion).

*Credit Facilities*

We have a global senior credit facility (the "Global Facility"), in which funds may be drawn in U.S. dollars, euro, Japanese yen, British pounds sterling and Canadian dollars on a revolving basis. In June 2014, the Global Facility was amended to increase the availability from \$2.0 billion to \$2.5 billion (subject to currency fluctuations, approximately \$2.43 billion at September 30, 2014). We also have a ¥45 billion (\$410.0 million at September 30, 2014) Japanese yen revolver (the "Revolver") with availability to increase to ¥56.5 billion (\$514.8 million at September 30, 2014). We refer to the Global Facility and the Revolver, collectively, as our "Credit Facilities."

Commitments and availability under our Credit Facilities as of September 30, 2014, were as follows (in millions):

|                                |                  |
|--------------------------------|------------------|
| Aggregate lender - commitments | \$2,840.2        |
| Less:                          |                  |
| Borrowings outstanding         | 741.6            |
| Outstanding letters of credit  | 45.5             |
| <b>Current availability</b>    | <b>\$2,053.1</b> |

Senior Notes

During the nine months ended September 30, 2014, and through the date of this report, we issued the following senior notes (in thousands except for percentages):

| <u>Issuance Date</u> | <u>Principal Amount (1)</u> |           | <u>Interest Rate</u> | <u>Effective Interest Rate</u> | <u>Maturity Date</u> |
|----------------------|-----------------------------|-----------|----------------------|--------------------------------|----------------------|
| February 2014 (2)    | €700,000                    | \$959,420 | 3.375%               | 3.52%                          | February 2024        |
| June 2014 (2)        | €500,000                    | \$680,550 | 3.000%               | 3.10%                          | June 2026            |
| October 2014 (3)     | €600,000                    | \$756,420 | 1.375%               | 1.40%                          | October 2020         |

- (1) This debt is denominated in euro and the exchange rate used to calculate into U.S. dollar was the effective rate at the date of the transaction.
- (2) We used the net proceeds for general corporate purposes, including to repurchase senior debt and to repay borrowings under our multi-currency senior term loan and our Global Facility.

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

- (3) We used the net proceeds for general corporate purposes, including the acquisition and development of properties and additional investments in our European co-investment ventures.

During 2014, we repurchased or repaid \$1.3 billion of certain of our senior notes and other debt that was scheduled to mature during 2015 through 2018 in an effort to reduce our overall borrowing rate and extend our debt maturities. This resulted in a net loss from early extinguishment of \$84.8 million and \$163.4 million, respectively, for the three and nine months ended September 30, 2014.

*Exchangeable Senior Notes*

The fair value of the embedded derivative associated with our exchangeable notes was a liability of \$19.9 million and \$41.0 million at September 30, 2014 and December 31, 2013, respectively. In adjusting to fair value, we recognized unrealized gains of \$27.6 million and \$21.2 million for the three and nine months ended September 30, 2014, respectively, and we recognized unrealized gains of \$6.5 million and unrealized losses of \$6.6 million for the three and nine months ended September 30, 2013, respectively, in *Foreign Currency and Derivative Gains (Losses) and Related Amortization, Net* in the Consolidated Statements of Operations.

*Term Loans*

On June 19, 2014, we terminated our existing senior term loan agreement and entered into a new agreement (the “Euro Term Loan”) under which loans can be obtained in U.S. dollars, euro, Japanese yen, and British pounds sterling in an aggregate amount not to exceed €500 million (\$629.2 million at September 30, 2014). We may pay down and re-borrow under the Euro Term Loan and increase the borrowings up to €1.0 billion (\$1.3 billion at September 30, 2014), subject to obtaining additional lender commitments. The Euro Term Loan was fully drawn at September 30, 2014. The loan is scheduled to mature in June 2017; however, we may extend the maturity date twice, by one year each, subject to the satisfaction of certain conditions and payment of an extension fee.

In May 2014, we entered into a Japanese yen term loan (“Yen Term Loan”), under which we may obtain loans in an aggregate amount not to exceed ¥40.9 billion (\$372.8 million at September 30, 2014). We may increase the borrowings to ¥51.1 billion (\$465.6 million at September 30, 2014), subject to obtaining additional lender commitments. The Yen Term Loan is scheduled to mature in 2021, and the interest rate is yen LIBOR plus 120 basis points. The Yen Term Loan was fully drawn at September 30, 2014.

*Long-Term Debt Maturities*

Principal payments due on our debt, for the remainder of 2014 and for each of the years in the period ending December 31, 2023, and thereafter were as follows at September 30, 2014 (in millions):

| Maturity                              | Prologis       |                    |                   |                |                 | Total          | Consolidated Entities' Debt | Total Consolidated Debt |
|---------------------------------------|----------------|--------------------|-------------------|----------------|-----------------|----------------|-----------------------------|-------------------------|
|                                       | Unsecured      |                    |                   |                | Secured         |                |                             |                         |
|                                       | Senior Debt    | Exchangeable Notes | Credit Facilities | Other Debt     | Mortgage Debt   |                |                             |                         |
| 2014(1)                               | \$ —           | \$ —               | \$ —              | \$ 1           | \$ 16           | \$ 17          | \$ 2                        | \$ 19                   |
| 2015(2)                               | —              | 460                | —                 | 1              | 10              | 471            | 4                           | 475                     |
| 2016                                  | —              | —                  | —                 | 1              | 311             | 312            | 3                           | 315                     |
| 2017(3)                               | 377            | —                  | 742               | 630            | 227             | 1,976          | 1                           | 1,977                   |
| 2018                                  | 262            | —                  | —                 | 1              | 111             | 374            | 1                           | 375                     |
| 2019                                  | 693            | —                  | —                 | —              | 285             | 978            | 2                           | 980                     |
| 2020                                  | 375            | —                  | —                 | 1              | 6               | 382            | 2                           | 384                     |
| 2021                                  | 500            | —                  | —                 | 373            | 11              | 884            | 2                           | 886                     |
| 2022                                  | 881            | —                  | —                 | 1              | 7               | 889            | 3                           | 892                     |
| 2023                                  | 850            | —                  | —                 | 1              | 7               | 858            | 1                           | 859                     |
| Thereafter                            | 1,510          | —                  | —                 | 8              | 128             | 1,646          | 5                           | 1,651                   |
| Subtotal                              | 5,448          | 460                | 742               | 1,018          | 1,119           | 8,787          | 26                          | 8,813                   |
| Unamortized premiums (discounts), net | (5)            | (8)                | —                 | —              | 23              | 10             | —                           | 10                      |
| <b>Total</b>                          | <b>\$5,443</b> | <b>\$ 452</b>      | <b>\$ 742</b>     | <b>\$1,018</b> | <b>\$ 1,142</b> | <b>\$8,797</b> | <b>\$ 26</b>                | <b>\$ 8,823</b>         |

- (1) We expect to repay the amounts maturing in 2014 with cash generated from operations, proceeds from the disposition of real estate properties and with borrowings on our Credit Facilities.  
(2) The exchangeable notes mature in March 2015 and may be exchanged at an initial conversion rate of 25.8244 shares of our common stock per \$1,000 principal amount of notes.  
(3) Included in the 2017 maturities in Credit Facilities is our Global Facility and in other debt is the Euro Term Loan that can be extended until 2018 and 2019, respectively.

*Debt Covenants*

Our debt agreements contain various covenants, including maintenance of specified financial ratios. As of September 30, 2014, we were in compliance with all covenants.

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

**7. Stockholders' Equity of the REIT and Partners' Capital of the Operating Partnership**

*Preferred Stock of the REIT*

We have one series of preferred stock outstanding, the series Q preferred stock, with a liquidation preference of \$50 per share, a par value of \$0.01 and a dividend rate of 8.54%, which will be redeemable at our option on and after November 13, 2026. During the second quarter of 2014, we repurchased approximately 435,300 shares and recognized a loss on preferred stock redemption of \$6.5 million, which primarily represented the difference between redemption value and carrying value net of original issuance costs.

*Partners' Capital of the Operating Partnership*

During the third quarter of 2014, we issued limited partnership units in the Operating Partnership in connection with our long-term compensation plans. See Note 9 for more information.

**8. Noncontrolling Interests**

We consolidate several entities in which we do not own 100% of the common equity. In certain partnerships, the units of the entity are exchangeable into our common stock.

If we contribute a property to a consolidated co-investment venture, the property is still reflected in the Consolidated Financial Statements. However, due to our ownership of less than 100%, there is an increase in noncontrolling interest related to the contributed properties that represents the portion of the ownership attributable to our partners. The difference between cash received and historical cost is reflected as an adjustment to *Additional Paid-in Capital* in the Consolidated Balance Sheets with no gain or loss recognized.

In January 2014, we closed on a U.S. co-investment venture, Prologis U.S. Logistics Venture, in which we hold a 55% equity ownership interest. The venture is consolidated for accounting purposes due to the structure and voting rights of the venture. At closing, the venture acquired from us a portfolio of 66 operating properties aggregating 12.8 million square feet for an aggregate purchase price of \$1.0 billion.

The noncontrolling interests of the REIT include the noncontrolling interests of the Operating Partnership, as well as the common limited partnership units in the Operating Partnership that are not owned by the REIT. As of September 30, 2014, the REIT owned 99.63% common general partnership units in the Operating Partnership.

The following is a summary of the noncontrolling interests and the consolidated entity's total investment in real estate and debt at September 30, 2014 and December 31, 2013 (in thousands, except for percentages):

|   | Our Ownership Percentage |         | Noncontrolling Interest |                  | Total Investment In Real Estate |                    | Debt            |                  |
|---|--------------------------|---------|-------------------------|------------------|---------------------------------|--------------------|-----------------|------------------|
|   | 2014                     | 2013    | 2014                    | 2013             | 2014                            | 2013               | 2014            | 2013             |
| Partnerships with exchangeable units (1)              | various                  | various | \$ 70,255               | \$ 75,532        | \$ 709,223                      | \$ 783,052         | \$ —            | \$ —             |
| Mexico Fondo Logistico (AFORES) (2)                   | 20.0%                    | 20.0%   | 39,407                  | 220,292          | 29,190                          | 457,006            | —               | 191,866          |
| Brazil Fund (3)                                       | 50.0%                    | 50.0%   | 72,908                  | 65,006           | —                               | —                  | —               | —                |
| Prologis AMS (4)                                      | N/A                      | 38.5%   | —                       | 24,791           | —                               | 58,575             | —               | 17,063           |
| Prologis U.S. Logistics Venture (5)                   | 55.0%                    | N/A     | 431,929                 | —                | 1,004,753                       | —                  | —               | —                |
| Other consolidated entities                           | various                  | various | 31,905                  | 31,465           | 309,899                         | 312,358            | 26,064          | 31,063           |
| <b>Operating Partnership noncontrolling interests</b> |                          |         | <b>646,404</b>          | <b>417,086</b>   | <b>2,053,065</b>                | <b>1,610,991</b>   | <b>26,064</b>   | <b>239,992</b>   |
| Limited partners in the Operating Partnership (6)     |                          |         | 50,244                  | 48,209           | —                               | —                  | —               | —                |
| <b>REIT noncontrolling interests</b>                  |                          |         | <b>\$696,648</b>        | <b>\$465,295</b> | <b>\$2,053,065</b>              | <b>\$1,610,991</b> | <b>\$26,064</b> | <b>\$239,992</b> |

- (1) At September 30, 2014 and December 31, 2013, there were 1,887 and 1,949 limited partnership units, respectively, that were exchangeable for cash or an equal number of shares of the REIT's common stock at our option. In 2014, 62 limited partnership units were redeemed for cash. All of these outstanding limited partnership units receive quarterly cash distributions equal to the quarterly dividends paid on our common stock pursuant to the terms of the applicable partnership agreements.
- (2) In June 2014, AFORES contributed the majority of its operating properties and the balance of its secured debt to FIBRA. The difference between the amount received and the noncontrolling interest balance related to the properties contributed was \$34.6 million, and was adjusted through equity with no gain or loss recognized. See Note 3 for more information on this transaction.
- (3) We have a 50% ownership interest in and consolidate the Prologis Brazil Logistics Partners Fund ("Brazil Fund"). The Brazil Fund's assets are primarily investments in unconsolidated entities of \$164.5 million at September 30, 2014. For additional information on our unconsolidated investments, see Note 4.
- (4) During the second quarter of 2014, Prologis AMS sold its remaining two operating properties to a third party for net proceeds of \$63.9 million.
- (5) As discussed above, this was a newly formed co-investment venture in the first quarter of 2014.

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

- (6) At September 30, 2014 and December 31, 2013, there were 1,767 units that were associated with the limited partners in the Operating Partnership and were exchangeable for cash or into an equal number of shares of the REIT's common stock at our option. As discussed in Note 9, we issued an additional 113 units in the third quarter of 2014 that are not exchangeable. All of these outstanding limited partnership units receive quarterly cash distributions equal to the quarterly distributions paid on our common stock pursuant to the terms of the partnership agreement.

**9. Long-Term Compensation**

At September 30, 2014, Prologis had stock options and full value awards (restricted stock, performance share awards and restricted stock units ("RSUs") of Prologis and a special class of limited partnership units of the Operating Partnership ("LTIP Units"), as described below) outstanding under its incentive plans.

*Summary of Activity*

The activity for the nine months ended September 30, 2014, with respect to our RSU and performance share awards, was as follows (number of shares in thousands):

|                                      | <u>Number of Awards</u> | <u>Weighted Average Grant-Date Fair Value</u> | <u>Number of Awards Vested</u> |
|--------------------------------------|-------------------------|---|--------------------------------|
| Balance at December 31, 2013         | 2,266                   |   |                                |
| Granted (1)                          | 1,333                   |   |                                |
| Vested and distributed               | (1,019)                 |   |                                |
| Forfeited                            | (54)                    |   |                                |
| <b>Balance at September 30, 2014</b> | <b>2,526</b>            | <b>\$ 39.39</b>                               | <b>106</b>                     |

- (1) All awards granted during the period were in the form of RSUs and generally vest over three years.

The activity for the nine months ended September 30, 2014, with respect to our stock options, was as follows (number of options in thousands):

|                                      | <u>Options Outstanding</u> |  |                            |
|--------------------------------------|----------------------------|--|----------------------------|
|                                      | <u>Number of Options</u>   | <u>Weighted Average Exercise Price</u> | <u>Options Exercisable</u> |
| Balance at December 31, 2013         | 6,253                      |  |                            |
| Exercised                            | (548)                      |  |                            |
| Forfeited / Expired                  | (193)                      |  |                            |
| <b>Balance at September 30, 2014</b> | <b>5,512</b>               | <b>\$ 34.74</b>                        | <b>5,511</b>               |

*Outperformance Plan*

We grant awards in the form of points under our Outperformance Plan ("OPP") corresponding to three-year performance periods. As of September 30, 2014, all awards were equity classified. At the end of the applicable performance period, if the performance criteria are met, the participants' points will be paid in the form of common stock of the REIT. The fair value of the awards are measured as of the grant date and amortized over the performance period.

We granted points on February 13, 2014, with a fair value of \$23.1 million as of the date of the grant using a Monte Carlo valuation model that assumed a risk free interest rate of 0.67% and an expected volatility of 46% for Prologis and 30% for the index of selected peer companies. Such points relate to a three-year performance period that began on January 1, 2014, and will end on December 31, 2016. We also granted points in 2013 (three-year performance period will end on December 31, 2015) and 2012 (three-year performance period will end on December 31, 2014).

We recognized \$6.9 million and \$20.8 million of compensation expense related to our outstanding OPP awards during the three and nine months ended September 30, 2014, respectively, and \$5.0 million and \$18.0 million during the three and nine months ended September 30, 2013, respectively.

*Prologis Promote Plan*

The Prologis Promote Plan ("PPP") was modified in the third quarter of 2014 to allow certain participants the option to receive LTIP Units in lieu of RSUs. Under the PPP, the awards may be settled in cash or RSUs (or LTIP Units if elected), which vest over a specified period of time. Each LTIP Unit represents a partnership interest in the Operating Partnership and, after vesting, may be convertible into a common unit in the Operating Partnership after the satisfaction of certain conditions. This modification did not trigger additional compensation expense. A compensation pool was funded in August 2014 associated with an incentive fee earned from one of our co-investment ventures. The total value of the awards in the third quarter 2014 from this compensation pool was \$11.3 million, of which \$4.2 million was paid in cash, approximately 57,000 RSUs were issued with a grant date fair value of \$2.4 million and approximately 113,000 LTIP Units were issued with a grant date fair value of \$4.7 million. The RSUs and LTIP Units vest over three years.

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**(Unaudited)**

**10. Discontinued Operations**

In April 2014, the FASB issued a standard updating the accounting and disclosure regarding discontinued operations. As discussed in Note 1, we adopted this standard as of January 1, 2014. None of our property dispositions in 2014 met the new criteria to be classified as discontinued operations. The operations of the properties that were disposed of to third parties during 2013 that met the criteria for discontinued operations, including the aggregate net gains or losses recognized upon their disposition (See Note 3 for more detail on dispositions), are presented as discontinued operations in the Consolidated Statements of Operations. Income attributable to disposed properties and assets held for sale was as follows (in thousands):

|  | <b>Three Months Ended<br/>September 30, 2013</b> | <b>Nine Months Ended<br/>September 30, 2013</b> |
|--|--|---|
| Rental income and recoveries   | \$ 7,928   | \$ 28,620                                       |
| Rental expenses  | (2,677)  | (9,638)   |
| Depreciation and amortization  | (3,802)  | (12,868)  |
| Interest expense   | (243)  | (975)   |
| <b>Income attributable to disposed properties and assets held<br/>for sale</b> | <b>\$ 1,206</b>                                  | <b>\$ 5,139</b>                                 |

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

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

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

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

|  | <u>Three Months Ended</u><br><u>September 30,</u> |                   | <u>Nine Months Ended</u><br><u>September 30,</u> |                  |
|--|---|-------------------|--|------------------|
|  | <u>2014</u>                                       | <u>2013</u>       | <u>2014</u>                                      | <u>2013</u>      |
| <b>REIT</b>  |   |                   |  |                  |
| Net earnings (loss) attributable to common stockholders                          | \$136,245   | \$ (7,534)        | \$213,626  | \$256,365        |
| Noncontrolling interest attributable to exchangeable limited partnership units   | 493   | (48)              | 767  | 1,446            |
| Gains, net of expenses, associated with exchangeable debt assumed exchanged      | (18,658)  | —                 | —  | —                |
| Adjusted net earnings (loss) attributable to common stockholders                 | <u>\$118,080</u>                                  | <u>\$ (7,582)</u> | <u>\$214,393</u>                                 | <u>\$257,811</u> |
| Weighted average common shares outstanding - Basic (1)                           | 499,292   | 497,989           | 499,045  | 482,007          |
| Incremental weighted average effect on exchange of limited partnership units (2) | 1,843   | 1,859             | 1,792  | 3,099            |
| Incremental weighted average effect of stock awards and warrants                 | 3,074   | —                 | 3,374  | 3,303            |
| Incremental weighted average effect on exchange of exchangeable debt             | 11,879  | —                 | —  | —                |
| Weighted average common shares outstanding - Diluted (3)                         | <u>516,088</u>                                    | <u>499,848</u>    | <u>504,211</u>                                   | <u>488,409</u>   |
| <b>Net earnings (loss) per share attributable to common stockholders -</b>       |   |                   |  |                  |
| <b>Basic</b>   | <b>\$ 0.27</b>                                    | <b>\$ (0.02)</b>  | <b>\$ 0.43</b>                                   | <b>\$ 0.53</b>   |
| <b>Diluted</b>   | <b>\$ 0.23</b>                                    | <b>\$ (0.02)</b>  | <b>\$ 0.43</b>                                   | <b>\$ 0.53</b>   |
| <b>Operating Partnership</b>   |   |                   |  |                  |
| Net earnings (loss) attributable to common unitholders                           | \$136,738   | \$ (7,582)        | \$214,393  | \$257,374        |
| Noncontrolling interest attributable to exchangeable limited partnership units   | —   | —                 | —  | 437              |
| Gains, net of expenses, associated with exchangeable debt assumed exchanged      | (18,658)  | —                 | —  | —                |
| Adjusted net earnings (loss) attributable to common unitholders                  | <u>\$118,080</u>                                  | <u>\$ (7,582)</u> | <u>\$214,393</u>                                 | <u>\$257,811</u> |
| Weighted average common partnership units outstanding - Basic (1)                | 501,135   | 499,848           | 500,837  | 483,889          |
| Incremental weighted average effect on exchange of limited partnership units     | —   | —                 | —  | 1,217            |
| Incremental weighted average effect of stock awards and warrants of the REIT     | 3,074   | —                 | 3,374  | 3,303            |
| Incremental weighted average effect on exchange of exchangeable debt             | 11,879  | —                 | —  | —                |
| Weighted average common partnership units outstanding - Diluted (3)              | <u>516,088</u>                                    | <u>499,848</u>    | <u>504,211</u>                                   | <u>488,409</u>   |
| <b>Net earnings (loss) per unit attributable to common unitholders -</b>         |   |                   |  |                  |
| <b>Basic</b>   | <b>\$ 0.27</b>                                    | <b>\$ (0.02)</b>  | <b>\$ 0.43</b>                                   | <b>\$ 0.53</b>   |
| <b>Diluted</b>   | <b>\$ 0.23</b>                                    | <b>\$ (0.02)</b>  | <b>\$ 0.43</b>                                   | <b>\$ 0.53</b>   |

- (1) The increase in shares/units between the nine months ended September 30, 2014 and 2013 is due primarily to an equity offering in April 2013.
- (2) Income allocated to the exchangeable Operating Partnership units not held by the REIT has been included in the numerator and exchangeable Operating Partnership units have been included in the denominator for the purpose of computing diluted earnings per share for all periods since the per share/unit amount is the same. The incremental weighted average exchangeable Operating Partnership units were 1,843 and 1,859 for the three months ended September 30, 2014 and 2013, respectively, and were 1,792 and 1,882 for the nine months ended September 30, 2014 and 2013, respectively.
- (3) Total weighted average potentially dilutive stock awards and warrants outstanding were 14,170 and 14,133 for the three months ended September 30, 2014 and 2013, respectively, and were 14,903 and 14,070 for the nine months ended September 30, 2014 and 2013, respectively. Total weighted average potentially dilutive shares/units from exchangeable debt outstanding were 11,879 for all periods presented. Excluding the Operating Partnership units discussed above, total weighted average potentially dilutive limited partnership units outstanding were 1,944 and 1,950 for the three months ended September 30, 2014 and 2013, respectively, and were 1,947 and 1,426 for the nine months ended September 30, 2014 and 2013, respectively.

## 12. Financial Instruments and Fair Value Measurements

### *Derivative Financial Instruments*

In the normal course of business, our operations are exposed to global market risks, including the effect of changes in foreign currency exchange rates and interest rates. To manage these risks, we may enter into various derivative contracts, such as foreign currency contracts to manage foreign currency exposure, and interest rate swaps to manage the effect of interest rate fluctuations. The majority of our derivative financial instruments are customized derivative transactions and are not exchange-traded. We only enter into transactions that we believe will be highly effective at offsetting the underlying risk. There have been no significant changes in our policy or strategy from what was previously disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2013.



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

*Foreign Currency*

We may use foreign currency option contracts, including puts, calls and collars to mitigate foreign currency exchange rate risk associated with the projected net operating income of our international subsidiaries, primarily in Europe. Foreign currency collars mitigate foreign currency exchange rate risk associated with the projected net operating income of our international subsidiaries. This strategy includes the purchase of a foreign currency put option, combined with the sale of a foreign currency call option such that there is no cash outlay at execution. The put option contracts provide us with the option to exchange euros for U.S. dollars at a fixed exchange rate if the euro were to depreciate against the U.S. dollar, such that, if the euro were to depreciate against the U.S. dollar to predetermined levels as set by the contracts, we could exercise our options and mitigate our foreign currency exchange losses. The call option would create an obligation to exchange euros for U.S. dollars at a fixed exchange rate if the euro were to appreciate against the U.S. dollar, such that, if the euro were to appreciate against the U.S. dollar to predetermined levels as set by the contracts we would be obligated to pay out under the contract and offset our foreign currency exchange gains. This strategy effectively locks in a range around the rate at which net operating earnings of our international subsidiaries will be translated into U.S. dollars.

Foreign currency option contracts are not designated as hedges as they do not meet hedge accounting requirements. Changes in the fair value of derivatives not designated in hedging relationships are recorded directly in earnings within the line item *Foreign Currency and Derivative Gains (Losses) and Related Amortization, Net* in the Consolidated Statements of Operations.

We hedge the net assets of certain international subsidiaries using foreign currency derivative contracts (net investment hedges) to offset the translation and economic exposures related to our investments in these subsidiaries by locking in a forward exchange rate at the inception of the hedge. We measure the effectiveness of our net investment hedges by using the changes in forward exchange rates because this method reflects our risk management strategies, the economics of those strategies in the financial statements and better manages interest rate differentials between different countries. Under this method, all changes in fair value of the forward currency derivative contracts designated as net investment hedges are reported in equity in the foreign currency translation component of *Accumulated Other Comprehensive Income (Loss)* in the Consolidated Balance Sheets (“*AOCP*”) and offsets translation adjustments on the underlying net assets of our foreign investments, which are also recorded in *AOCP*. Ineffectiveness, if any, is recognized in earnings at the time the ineffectiveness occurred.

We primarily manage our foreign currency exposure by borrowing in the currencies in which we invest. In certain circumstances, we may also borrow debt in a currency that is not the same functional currency of the borrowing entity to offset the translation and economic exposures related to our net investment in international subsidiaries. To mitigate the impact to our earnings from the fluctuations in the exchange rate, we may designate the debt as a non-derivative financial instrument hedge. We measure our effectiveness in the same manner as our net investment hedges described above. As a result, the change in the value of this debt upon translation is recorded in the foreign currency translation component of *AOCP* to offset the foreign currency fluctuations related to the net investment in our subsidiaries with the same functional currency as the debt.

*Interest Rate*

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

*Summary of Activity*

The following table summarizes the activity in our derivative instruments (in millions):

**2014**

|  | Foreign Currency Contracts |               |                       |               |                       |               |                           |              | Interest Rate Swaps (2) |
|--|----------------------------|---------------|-----------------------|---------------|-----------------------|---------------|---------------------------|--------------|-------------------------|
|  | Euro Forward Contracts     |               | GBP Forward Contracts |               | Yen Forward Contracts |               | Euro Option Contracts (1) |              |                         |
| Notional amounts at January 1                        | € 600                      | \$ 800        | £—                    | \$ —          | ¥ 24,136              | \$ 250        | €—                        | \$ —         | \$ 71                   |
| New contracts  | 1,446                      | 1,979         | 238                   | 400           | 79,010                | 769           | 141                       | 187          | 373                     |
| Matured or expired contracts                         | (1,446)                    | (1,979)       | —                     | —             | (79,010)              | (769)         | (66)                      | (90)         | —                       |
| <b>Notional amounts at September 30</b>              | <b>€ 600</b>               | <b>\$ 800</b> | <b>£238</b>           | <b>\$ 400</b> | <b>¥ 24,136</b>       | <b>\$ 250</b> | <b>€ 75</b>               | <b>\$ 97</b> | <b>\$ 444</b>           |
| <b>Weighted Average Forward Rate at September 30</b> |                            | <b>1.33</b>   |                       | <b>1.68</b>   |                       | <b>96.54</b>  |                           | <b>1.30</b>  |                         |
| <b>Active contracts at September 30</b>              |                            | <b>7</b>      |                       | <b>3</b>      |                       | <b>3</b>      |                           | <b>5</b>     | <b>3</b>                |

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

2013

|   | Foreign Currency Contracts |               |                       |               | Interest Rate Swaps (3) |
|---|----------------------------|---------------|-----------------------|---------------|-------------------------|
|   | Euro Forward Contracts     |               | Yen Forward Contracts |               |                         |
| Notional amounts at January 1           | € 1,000                    | \$ 1,304      | ¥ —                   | \$ —          | \$ 1,315                |
| New contracts                           | 600                        | 800           | 24,136                | 250           | —                       |
| Matured or expired contracts            | (1,000)                    | (1,304)       | —                     | —             | (1,230)                 |
| <b>Notional amounts at September 30</b> | <b>€ 600</b>               | <b>\$ 800</b> | <b>¥ 24,136</b>       | <b>\$ 250</b> | <b>\$ 85</b>            |

- (1) During the three and nine months ended September 30, 2014, we exercised one and two put options, respectively, and recognized a net gain of approximately \$1.0 million and \$1.1 million, respectively. We had five foreign currency collars outstanding at September 30, 2014.
- (2) During the third quarter of 2014, we entered into two contracts with a total notional amount of ¥40.9 billion to effectively fix the interest rate on the Yen Term Loan. See Note 6 for more information on our Yen Term Loan.
- (3) During the nine months ended September 30, 2013, we settled 12 contracts with a notional value of \$319.9 million, and contributed 13 contracts with a notional value of \$383.9 million related to the transfer of assets to the newly formed PELP co-investment venture. We also settled five contracts in Japan with a notional value of \$526.4 million in connection with the contribution of properties to NPR.

As discussed in Note 6, we issued €1.2 billion (\$1.6 billion) of debt during the nine months ended September 30, 2014. This debt was issued by the Operating Partnership, which is a U.S. dollar functional entity, and designated as a non-derivative financial instrument hedge. As of September 30, 2014 and December 31, 2013, we had €1.9 billion (\$2.4 billion) and €700 million (\$1.0 billion) of debt, respectively, designated as non-derivative financial instrument hedges on our net investment in international subsidiaries. Amounts included in *AOCI* in the Consolidated Balance Sheets for our non-derivative financial instrument hedges at September 30, 2014 and December 31, 2013, were gains of \$214.6 million and losses of \$14.9 million, respectively.

All derivatives are recognized at fair value in the Consolidated Balance Sheets and are within the line items *Other Assets* or *Accounts Payable and Accrued Expenses*, as applicable. As discussed above, changes in the fair value of derivatives that are designated and qualify as cash flow hedges and hedges of net investments in foreign operations are recorded as accumulated gains (losses) in *AOCI* in the Consolidated Balance Sheets. The following table presents the fair value of our derivative instruments (in thousands):

|  | September 30, 2014 |                 |                  | December 31, 2013 |                 |                   |
|--|--------------------|-----------------|------------------|-------------------|-----------------|-------------------|
|  | Asset              | Liability       | AOCI             | Asset             | Liability       | AOCI              |
| Net investment hedges - euro denominated                                 | \$16,441           | \$ —            | \$ 18,565        | \$ 137            | \$30,302        | \$(21,705)        |
| Net investment hedges - yen denominated                                  | 28,184             | —               | 36,385           | 20,104            | —               | 22,102            |
| Net investment hedges - pounds sterling denominated                      | 15,840             | —               | 15,840           | —                 | —               | —                 |
| Foreign currency options - euro denominated (1)                          | 1,082              | —               | —                | —                 | —               | —                 |
| Interest rate swap hedges  | —                  | 4,723           | (820)            | —                 | 5,638           | (591)             |
| Our share of derivatives from un consolidated co-investment ventures (2) | --                 | --              | (21,406)         | --                | --              | (13,851)          |
| <b>Total fair value of derivatives</b>                                   | <b>\$61,547</b>    | <b>\$ 4,723</b> | <b>\$ 48,564</b> | <b>\$20,241</b>   | <b>\$35,940</b> | <b>\$(14,045)</b> |

- (1) As discussed above, the foreign currency options are not designated as hedges. We recognized gains of \$1.1 million in *Foreign Currency and Derivative Gains and (Losses) and Related Amortization, Net* in the Consolidated Statements of Operations from the change in value of our outstanding foreign currency collars for the three and nine months ended September 30, 2014.
- (2) Items indicated by '- -' are not applicable

During the three and nine months ended September 30, 2014, we did not record any ineffectiveness on our derivative contracts. During the three and nine months ended September 30, 2013, we had no significant hedge ineffectiveness. In addition, the effective portion of the gain or loss on the interest rate swaps reclassified to interest expense was not considered significant for all periods presented, and is not expected to be significant for the next 12 months.

The change in *Other Comprehensive Income (Loss)* in the Consolidated Statements of Comprehensive Income (Loss) during the periods presented is due to the translation upon consolidation of the financial statements into U.S. dollars of our consolidated subsidiaries whose functional currency is not the U.S. dollar and the change in fair value for the effective portion of our derivative and non-derivative instruments. The following table presents the gains and losses associated with the change in fair value for the effective portion of our derivative and non-derivative instruments included in *Other Comprehensive Income (Loss)* (in thousands):

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

|   | Three Months Ended<br>September 30, |                   | Nine Months Ended<br>September 30, |                 |
|---|-------------------------------------|-------------------|------------------------------------|-----------------|
|   | 2014                                | 2013              | 2014                               | 2013            |
| Derivative net investment hedges (1)                                  | \$ 93,502                           | \$(23,801)        | \$ 70,393                          | \$10,395        |
| Interest rate swap hedges   | (39)                                | (821)             | (229)                              | 71              |
| Our share of derivatives from unconsolidated co-investment ventures   | (4,474)                             | 3,584             | (7,555)                            | 21,768          |
| Total gain (loss) on derivative instruments                           | 88,989                              | (21,038)          | 62,609                             | 32,234          |
| Non-derivative net investment hedges                                  | 204,250                             | —                 | 214,570                            | —               |
| <b>Total gain (loss) on derivative and non-derivative instruments</b> | <b>\$293,239</b>                    | <b>\$(21,038)</b> | <b>\$277,179</b>                   | <b>\$32,234</b> |

- (1) This includes gains of \$5.9 million and losses of \$5.5 million for the three and nine months ended September 30, 2014, respectively, and a gain of \$4.3 million for the nine months ended September 30, 2013, upon the settlement of net investment hedges.

***Fair Value Measurements***

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

***Fair Value Measurements on a Recurring Basis***

At September 30, 2014 and December 31, 2013, other than the derivatives discussed above and in Note 6, we do not have any significant financial assets or financial liabilities that are measured at fair value on a recurring basis in the Consolidated Financial Statements. The fair value of our derivative instruments were determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves, foreign exchange rates, and implied volatilities. The fair values of our interest rate swaps are determined using the market standard methodology of netting the discounted future fixed cash receipts or payments and the discounted expected variable cash payments. The variable cash payments are based on an expectation of future interest rates, or forward curves, derived from observable market interest rate curves. The fair values of our net investment hedges are based upon the change in the spot rate at the end of the period as compared to the strike price at inception.

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

We have determined that the majority of the inputs used to value our derivatives fall within Level 2 of the fair value hierarchy. Although the credit valuation adjustments associated with our derivatives utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by us and our counterparties, we assessed the significance of the impact of the credit valuation adjustments on the overall valuation of our derivative positions and have determined that the credit valuation adjustments are not significant to the overall valuation of our derivatives. As a result, all of our derivatives held as of September 30, 2014 and December 31, 2013, were classified as Level 2 of the fair value hierarchy.

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

Assets measured at fair value on a non-recurring basis in the Consolidated Financial Statements consist of real estate assets and investments in and advances to unconsolidated entities that were subject to impairment charges. There were no assets that met these criteria at September 30, 2014 or December 31, 2013.

***Fair Value of Financial Instruments***

At September 30, 2014 and December 31, 2013, our carrying amounts of certain financial instruments, including cash and cash equivalents, restricted cash, accounts and notes receivable, accounts payable and accrued expenses were representative of their fair values due to the short-term nature of these instruments.

At September 30, 2014 and December 31, 2013, the fair value of our senior notes and exchangeable senior notes has been estimated based upon quoted market prices for the same (Level 1) or similar (Level 2) issues when current quoted market prices are available, the fair value of our Credit Facilities has been estimated by discounting the future cash flows using rates and borrowing spreads currently available to us (Level 3), and the fair value of our secured mortgage debt and assessment bonds that do not have current quoted market prices available has been estimated by discounting the future cash flows using rates currently available to us for debt with similar terms and maturities (Level 3). The differences in the fair value of our debt from the carrying value in the table below are the result of differences in interest rates and/or borrowing spreads that were available to us at September 30, 2014 and December 31, 2013, as compared with those in effect when the debt was issued or acquired, including reduced borrowing spreads due to our improved credit ratings. The senior notes and many of the issues of secured mortgage debt contain pre-payment penalties or yield maintenance provisions that could make the cost of refinancing the debt at lower rates exceed the benefit that would be derived from doing so.

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

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

|  | September 30, 2014  |                    | December 31, 2013   |                    |
|--|---------------------|--------------------|---------------------|--------------------|
|  | Carrying Value      | Fair Value         | Carrying Value      | Fair Value         |
| Credit Facilities                              | \$ 741,610          | 741,610            | \$ 725,483          | \$ 725,679         |
| Senior notes                                   | 5,443,138           | 5,885,585          | 5,357,933           | 5,698,864          |
| Exchangeable senior notes                      | 451,999             | 485,077            | 438,481             | 514,381            |
| Secured mortgage debt                          | 1,141,772           | 1,272,061          | 1,696,597           | 1,840,829          |
| Secured mortgage debt of consolidated entities | 26,064              | 26,678             | 239,992             | 246,324            |
| Term loans and other debt                      | 1,018,369           | 1,020,895          | 552,730             | 560,714            |
| <b>Total debt</b>                              | <b>\$ 8,822,952</b> | <b>\$9,431,906</b> | <b>\$ 9,011,216</b> | <b>\$9,586,791</b> |

### 13. Business Segments

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

- **Real Estate Operations.** This represents the direct long-term ownership of industrial operating properties and is the primary source of our revenue and earnings. We collect rent from our customers under operating leases, including reimbursements for the vast majority of our operating costs. Each operating property is considered to be an individual operating segment having similar economic characteristics that are combined within the reportable segment based upon geographic location. Our Real Estate Operations segment also includes development, re-development and acquisition activities. We develop, re-develop and acquire industrial properties primarily in global and regional markets to meet our customers' needs. Within this line of business, we capitalize on: (i) the land that we currently own; (ii) the development expertise of our local personnel; (iii) our global customer relationships; and (iv) the demand for high quality distribution facilities in key markets. Land held for development, properties currently under development and land we own and lease to customers under ground leases are also included in this segment.
- **Strategic Capital.** This represents the long-term management of unconsolidated co-investment ventures. We invest with partners and investors through our ventures, both private and public. We tailor industrial portfolios to investors' specific needs and deploy capital with a focus on larger, long duration ventures and open ended funds with leading global institutions. These private and public vehicles source strategic capital for distinct geographies across our global platform. We hold an ownership interest in these ventures and believe our significant ownership in each of our ventures provides a strong alignment of interests with our partners. We generate strategic capital revenues from our unconsolidated co-investment ventures by providing asset management and property management services. We earn revenues through additional services provided such as leasing, acquisition, construction, development, disposition, legal and tax services. Depending on the structure of the venture and the returns provided to our partners, we may also earn revenues through promote fees during the life of a venture or upon liquidation. Each unconsolidated co-investment venture we manage is considered to be an individual operating segment having similar economic characteristics that are combined within the reportable segment based upon geographic location.

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

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

|  | Three Months Ended |                    | Nine Months Ended  |                    |
|--|--------------------|--------------------|--------------------|--------------------|
|  | September 30,      |                    | September 30,      |                    |
|  | 2014               | 2013               | 2014               | 2013               |
| <b>Revenues:</b>   |                    |                    |                    |                    |
| Real estate operations:  |                    |                    |                    |                    |
| Americas   | \$ 324,877         | \$ 324,294         | \$1,025,349        | \$ 948,165         |
| Europe   | 20,422             | 26,199             | 57,083             | 154,961            |
| Asia   | 15,782             | 24,243             | 51,776             | 85,031             |
| Total Real Estate Operations segment   | <u>361,081</u>     | <u>374,736</u>     | <u>1,134,208</u>   | <u>1,188,157</u>   |
| Strategic capital:   |                    |                    |                    |                    |
| Americas   | 18,567             | 18,357             | 80,457             | 49,972             |
| Europe   | 24,713             | 20,037             | 65,866             | 44,504             |
| Asia   | 10,790             | 9,928              | 29,391             | 31,089             |
| Total Strategic Capital segment  | <u>54,070</u>      | <u>48,322</u>      | <u>175,714</u>     | <u>125,565</u>     |
| <b>Total revenues</b>  | <u>\$ 415,151</u>  | <u>\$ 423,058</u>  | <u>\$1,309,922</u> | <u>\$1,313,722</u> |
| <b>Net operating income:</b>   |                    |                    |                    |                    |
| Real estate operations:  |                    |                    |                    |                    |
| Americas   | \$ 230,515         | \$ 225,664         | \$ 727,245         | \$ 658,458         |
| Europe   | 12,072             | 18,623             | 31,706             | 104,321            |
| Asia   | 11,302             | 17,268             | 37,469             | 60,882             |
| Total Real Estate Operations segment   | <u>253,889</u>     | <u>261,555</u>     | <u>796,420</u>     | <u>823,661</u>     |
| Strategic capital:   |                    |                    |                    |                    |
| Americas   | 6,451              | 5,578              | 38,599             | 8,822              |
| Europe   | 17,791             | 14,115             | 43,600             | 28,516             |
| Asia   | 7,386              | 6,606              | 19,073             | 21,289             |
| Total Strategic Capital segment  | <u>31,628</u>      | <u>26,299</u>      | <u>101,272</u>     | <u>58,627</u>      |
| Total segment net operating income   | <u>285,517</u>     | <u>287,854</u>     | <u>897,692</u>     | <u>882,288</u>     |
| <b>Reconciling items:</b>  |                    |                    |                    |                    |
| General and administrative expenses  | (58,203)           | (55,034)           | (181,781)          | (166,140)          |
| Depreciation and amortization  | (149,202)          | (155,439)          | (471,059)          | (483,215)          |
| Earnings from unconsolidated entities, net                                   | 28,514             | 26,365             | 79,411             | 59,554             |
| Interest expense   | (69,086)           | (84,642)           | (234,793)          | (291,496)          |
| Interest and other income, net   | 550                | 5,653              | 19,716             | 21,772             |
| Gains on acquisitions and dispositions of investments in real estate, net    | 151,057            | 46,074             | 337,695            | 445,954            |
| Foreign currency and derivative gains (losses) and related amortization, net | 20,792             | 6,875              | 2,738              | 15                 |
| Losses on early extinguishment of debt, net                                  | (86,076)           | (114,196)          | (163,361)          | (164,155)          |
| Total reconciling items  | <u>(161,654)</u>   | <u>(324,344)</u>   | <u>(611,434)</u>   | <u>(577,711)</u>   |
| <b>Earnings (loss) before income taxes</b>                                   | <u>\$ 123,863</u>  | <u>\$ (36,490)</u> | <u>\$ 286,258</u>  | <u>\$ 304,577</u>  |

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

|  | September 30,<br>2014       | December 31,<br>2013        |
|--|-----------------------------|-----------------------------|
| <b>Assets:</b>   |                             |                             |
| <b>Real estate operations:</b>                         |                             |                             |
| Americas   | \$ 14,811,609               | \$ 16,293,109               |
| Europe   | 1,865,727                   | 1,634,867                   |
| Asia   | 870,852                     | 1,176,774                   |
| Total Real Estate Operations segment                   | <u>17,548,188</u>           | <u>19,104,750</u>           |
| <b>Strategic capital (1):</b>                          |                             |                             |
| Americas   | 20,954                      | 22,154                      |
| Europe   | 56,103                      | 60,327                      |
| Asia   | 2,861                       | 3,634                       |
| Total Strategic Capital segment                        | <u>79,918</u>               | <u>86,115</u>               |
| Total segment assets                                   | <u>17,628,106</u>           | <u>19,190,865</u>           |
| <b>Reconciling items:</b>                              |                             |                             |
| Investments in and advances to unconsolidated entities | 5,814,056                   | 4,430,239                   |
| Notes receivable backed by real estate and other       | —                           | 192,042                     |
| Cash and cash equivalents                              | 311,879                     | 491,129                     |
| Other assets   | 318,062                     | 268,032                     |
| Total reconciling items                                | <u>6,443,997</u>            | <u>5,381,442</u>            |
| <b>Total assets</b>                                    | <b><u>\$ 24,072,103</u></b> | <b><u>\$ 24,572,307</u></b> |

(1) Represents management contracts recorded in connection with business combinations and goodwill associated with the Strategic Capital segment.

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

**14. Supplemental Cash Flow Information**

Significant non-cash investing and financing activities for the nine months ended September 30, 2014 and 2013 are discussed below.

- As partial consideration for properties we contributed to FIBRA and the conclusion of an unconsolidated co-investment venture during the second quarter of 2014, we received ownership interests of \$601.6 million and FIBRA assumed \$345.1 million of secured debt. See Note 3 for additional information.
- During the nine months ended September 30, 2014 and 2013, we capitalized portions of the total cost of our stock-based compensation awards of \$16.1 million and \$12.5 million, respectively, to the investment basis of our real estate or other assets.
- As partial consideration for properties we contributed to PELP during the first quarter of 2013, we received ownership interests of \$1.3 billion, representing a 50% ownership interest, and PELP assumed \$353.2 million of secured debt.
- In connection with acquiring our partners' interest in Prologis Institutional Alliance Fund II in June 2013, we issued 804,734 limited partnership units worth \$31.3 million in one of our limited partnerships.
- During the nine months ended September 30, 2013, we received \$19.5 million of ownership interests in certain unconsolidated co-investment ventures as a portion of our proceeds from the contribution of properties to these entities.

The amount of interest paid in cash, net of amounts capitalized, for the nine months ended September 30, 2014 and 2013, was \$222.1 million and \$308.9 million, respectively.

During the nine months ended September 30, 2014 and 2013, cash paid for income taxes, net of refunds, was \$93.9 million and \$80.3 million, respectively.

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**Report of Independent Registered Public Accounting Firm**

The Board of Directors and Stockholders  
Prologis, Inc.:

We have reviewed the accompanying consolidated balance sheet of Prologis, Inc. and subsidiaries (the "Company") as of September 30, 2014, the related consolidated statements of operations, and consolidated statements of comprehensive income (loss) for the three-month and nine-month periods ended September 30, 2014 and 2013, the related consolidated statement of equity for the nine-month period ended September 30, 2014 and the related consolidated statements of cash flows for the nine-month periods ended September 30, 2014 and 2013. These consolidated financial statements are the responsibility of the Company's management.

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

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

We have previously audited, in accordance with standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Prologis, Inc. and subsidiaries as of December 31, 2013, and the related consolidated statements of operations, comprehensive income (loss), equity, and cash flows for the year then ended (not presented herein); and in our report dated February 26, 2014, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as of December 31, 2013, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

As discussed in Note 1 to the financial statements, the Company has changed its method of accounting for discontinued operations as of January 1, 2014, on a prospective basis, due to the adoption of Accounting Standards Update 2014-08.

**KPMG LLP**

Denver, Colorado  
November 4, 2014



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**Report of Independent Registered Public Accounting Firm**

The Partners  
Prologis, L.P.:

We have reviewed the accompanying consolidated balance sheet of Prologis, L.P. and subsidiaries (the "Operating Partnership") as of September 30, 2014, the related consolidated statements of operations, and consolidated statements of comprehensive income (loss) for the three-month and nine-month periods ended September 30, 2014 and 2013, the related consolidated statement of capital for the nine-month period ended September 30, 2014 and the related consolidated statements of cash flows for the nine-month periods ended September 30, 2014 and 2013. These consolidated financial statements are the responsibility of the Operating Partnership's management.

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

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

We have previously audited, in accordance with standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Prologis, L.P. and subsidiaries as of December 31, 2013, and the related consolidated statements of operations, comprehensive income (loss), capital, and cash flows for the year then ended (not presented herein); and in our report dated February 26, 2014, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as of December 31, 2013, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

As discussed in Note 1 to the financial statements, the Operating Partnership has changed its method of accounting for discontinued operations as of January 1, 2014, on a prospective basis, due to the adoption of Accounting Standards Update 2014-08.

**KPMG LLP**

Denver, Colorado  
November 4, 2014

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

The following discussion should be read in conjunction with the Consolidated Financial Statements and the related notes included in Item 1 of this report and our 2013 Annual Report on Form 10-K.

Certain statements contained in this discussion or elsewhere in this report may be deemed "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Words and phrases such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," "designed to achieve," variations of such words and similar expressions are intended to identify such forward-looking statements, which generally are not historical in nature. All statements that address operating performance, events or developments that we expect or anticipate will occur in the future – including statements relating to rent and occupancy growth, development activity and sales or contribution volume or profitability on such sales and contributions, economic and market conditions in the geographic areas where we operate and the availability of capital in existing or new co-investment ventures – are forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Although we believe the expectations reflected in any forward-looking statements are based on reasonable assumptions, we can give no assurance that our expectations will be attained and therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. Many of the factors that may affect outcomes and results are beyond our ability to control. For further discussion of these factors see Part I, Item 1A. Risk Factors in our 2013 Annual Report on Form 10-K. References to "we," "us" and "our" refer to Prologis, Inc. and its consolidated subsidiaries.

### Management's Overview

We are the leading owner, operator and developer of industrial real estate, focused on global and regional markets across the Americas, Europe and Asia. As of September 30, 2014, we owned and managed operating properties and development projects totaling 585 million square feet (54 million square meters) in 21 countries. These properties were leased to more than 4,700 customers, including manufacturers, retailers, transportation companies and third-party logistics providers.

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

Our business is comprised of two operating segments: Real Estate Operations and Strategic Capital (formerly Investment Management).

### Real Estate Operations Segment

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

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

### Strategic Capital Segment

We invest with partners and investors through our ventures, both private and public. We tailor industrial portfolios to investors' specific needs and deploy capital with a focus on larger, long duration ventures and open ended funds with leading global institutions. We also access alternative sources of public equity through publicly traded vehicles such as Nippon Prologis REIT, Inc. ("NPR") and FIBRA Prologis ("FIBRA"). NPR began trading on the Tokyo stock exchange in early 2013 and FIBRA began trading on the Mexican stock exchange in June 2014. These private and public vehicles provide capital for distinct geographies across our global platform. We hold a significant ownership interest in these ventures, which we believe provides a strong alignment of interests with our partners. We generate strategic capital revenues from our unconsolidated ventures by providing asset management and property management services. We earn additional revenues from leasing, acquisition, construction, development, disposition, legal and tax services. Depending on the structure of the venture and the returns provided to our partners, we also earn revenues through promote fees during the life of a venture or upon liquidation. We believe our co-investment ventures will continue to serve as a source of capital for investments, provide incremental revenues and mitigate risk associated with our foreign currency exposure. We plan to grow this business generally through growth in existing ventures.

### Growth Strategies

We believe the scale and quality of our operating platform, the skills of our team and the strength of our balance sheet provide us with unique competitive advantages. We have a plan to grow revenue, earnings, net operating income ("NOI"), Core FFO (see definition below) and dividends that is based on the following three key elements:

- *Rising Rents.* Market rents are growing across the majority of our markets at a pace ahead of our prior forecast. We believe this trend will continue, as market rents are still below replacement-cost-justified rents. We believe demand for logistics facilities is strong across the

globe and will support increases in net effective rents as many of our in-place leases were originated during low rent periods. As we are able to recover the majority of our operating expenses from customers, the increase in rent translates into increased net operating income, earnings and cash flow. We had positive rent change on rollover (when comparing the net effective rent of the new lease to the prior lease for the same space) during each quarter of 2014, ranging between 6.6% and 9.7%, and the third quarter was our seventh consecutive quarter to have rent increases.

- *Value Creation from Development.* We believe one of the keys to a successful development program is to control land in strategic locations. Based on our current estimates, our land bank has the potential to support the development of nearly 180 million additional square feet. We believe that the carrying value of our land bank is below the current fair value and we expect to realize this value going forward through development or sales. During the first nine months of 2014, in our owned and managed portfolio, we stabilized development projects with a total expected investment of \$858.0 million. We estimate that after stabilization these buildings have a value that is 23% more than their book value (using estimated yield and capitalization rates from our underwriting models).
- *Economies of Scale from Growth in Assets Under Management.* We believe we have the infrastructure and an acquisition pipeline that will allow us to increase our investments in real estate, with minimal increases to general and administrative expenses. Since the beginning of 2014, our owned and managed real estate assets increased through the acquisition of \$1.4 billion of buildings, principally in our unconsolidated ventures in Europe, and development starts with a total expected investment of \$1.3 billion; offset partially by dispositions to third parties of \$981.0 million.

### **Summary of 2014**

During the nine months ended September 30, 2014, we completed the following activities as further described in the Consolidated Financial Statements:

- In January, we closed on a U.S. co-investment venture, Prologis U.S. Logistics Venture (“USLV”), in which we have a 55% equity ownership and consolidate for accounting purposes. At closing, the venture acquired a portfolio of 66 operating properties from us aggregating 12.8 million square feet for a purchase price of \$1.0 billion.
- In June, we launched the initial public offering for FIBRA, a Mexican real estate investment trust, on the Mexican Stock Exchange. In connection with the offering, FIBRA purchased its initial portfolio of \$1.6 billion from us and our co-investment ventures. We received equity units in FIBRA in exchange for our combined investments and have a 45% ownership interest that we account for under the equity method.
- We earned a promote fee in June from our co-investment venture, Prologis Targeted U.S. Logistics Fund, of \$42.1 million, which was based on the venture’s cumulative returns to the investors over the last three years. Of that amount, \$31.3 million represented the third party investors’ portion and is reflected in *Strategic Capital Income* in the Consolidated Statements of Operations.
- During the nine months ended September 30, 2014, we increased our ownership of Prologis North American Industrial Fund (“NAIF”) to 63.3% by acquiring the equity units from several partners for \$632.1 million. On October 20, 2014, we acquired an additional partner’s interest further increasing our ownership to 66.1% leaving one remaining limited partner, which resulted in us obtaining control over NAIF and required us to consolidate this entity in the fourth quarter of 2014. As a result of remeasuring our equity investment to fair value in the fourth quarter upon consolidation, we expect to recognize a gain. We also invested \$534.0 million in two of our European unconsolidated co-investment ventures, which represented our proportionate ownership interest, for the acquisition of properties and repayment of debt.
- We generated net proceeds of \$2.6 billion (after the deferral of our ownership in the ventures) from the contribution and dispositions of real estate investments, including FIBRA as discussed above, and recognized a net gain of \$337.7 million, which was predominately driven by our contribution of stabilized properties in Japan to NPR.
- We issued €1.8 billion (\$2.4 billion) of senior notes (including €600 million (\$756.4 million) issued in early October), entered into a new yen term loan and replaced our euro term loan. This reduced our weighted average interest rate and extended our maturities, as further discussed below in Liquidity and Capital Resources. We used the net proceeds to buy back senior notes of \$1.3 billion through private transactions, repay borrowings under our credit facilities and term loan and for general corporate purposes.

### **Results of Operations**

*Nine Months Ended September 30, 2014 and 2013*

#### *Real Estate Operations Segment*

Included in this segment is rental income and rental expense recognized from our consolidated operating properties. We had significant real estate activity during 2014 and 2013 that impacted the size of our consolidated portfolio. In addition, the operating fundamentals in our markets have been improving, which has impacted both the occupancy and rental rates we have experienced, and has fueled development activity. Also included in this segment is revenue from land we own and lease to customers and development management and other income, offset by acquisition, disposition and land holding costs.

NOI from the Real Estate Operations segment for the nine months ended September 30 was as follows (dollars in thousands):

|   | <u>2014</u>              | <u>2013</u>              |
|---|--------------------------|--------------------------|
| Rental and other income                     | \$ 879,898               | \$ 934,220               |
| Rental recoveries                           | 254,310                  | 253,937                  |
| Rental and other expenses                   | <u>(337,788)</u>         | <u>(364,496)</u>         |
| <b>NOI - Real Estate Operations segment</b> | <b><u>\$ 796,420</u></b> | <b><u>\$ 823,661</u></b> |
| <b>Operating margin</b>                     | <b>70.2%</b>             | <b>69.3%</b>             |
| <b>Average occupancy</b>                    | <b>94.0%</b>             | <b>92.5%</b>             |

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

|                      | <u>September 30,<br/>2014</u> | <u>December 31,<br/>2013</u> | <u>September 30,<br/>2013</u> |
|----------------------|-------------------------------|------------------------------|-------------------------------|
| Number of properties | 1,415                         | 1,610                        | 1,650                         |
| Square Feet          | 241,104                       | 267,097                      | 268,542                       |
| Occupied %           | 94.1%                         | 94.9%                        | 93.3%                         |

Below are the key drivers that have influenced the NOI of this segment:

- We contributed a significant number of properties into two new unconsolidated co-investment ventures in February and March 2013 and to FIBRA in June 2014. As a result of all of the contributions in 2013 and 2014, our NOI decreased \$84.4 million for the nine months ended September 30, 2014, from the same period in 2013. Since we have an ongoing ownership interest in these ventures, the results remained in Continuing Operations in the Consolidated Statements of Operations through the contribution date, as opposed to being reclassified to Discontinued Operations in 2013 as discussed below for third party dispositions.
- Average occupancy in our operating properties increased 150 basis points to 94.0% for the nine months ended September 30, 2014, from 92.5% for the same period in 2013. We leased a total of 49.3 million square feet during the nine months ended September 30, 2014, compared to 48.0 million square feet during the same period in 2013.
- We recognize changes in rental income from certain contractual rent increases from our existing leases and from rent change on new leases. If a lease has a contractual rent increase based on the consumer price index or similar metric that is not known at the time of lease signing, it is not included in rent leveling and therefore any increase will impact the rental income we recognize.
- We have recognized an increase in rental rates on the turnover of existing leases for the last seven quarters that has resulted in higher average rental rates in our portfolio and increased rental income and NOI.
- We increase the size of our portfolio through acquisition and development activity. Our NOI increased \$65.0 million due to the completion or acquisition of 43 properties in the first nine months of 2014 and 42 properties in all of 2013. We expect to continue our acquisition and development activity in the future.
- Under the terms of our lease agreements, we are able to recover the majority of our rental expenses from customers. Rental expense recoveries, included in both rental income and rental expenses, were 78.9% and 73.2% of total rental expenses for the nine months ended September 30, 2014 and 2013, respectively.
- We disposed of 106 buildings to third parties (primarily in the United States) during 2014 that resulted in a decrease in NOI of \$32.0 million for the nine months ended September 30, 2014, from the same period in 2013.
- On January 1, 2014, we adopted a new accounting standard that changed the criteria for classifying and reporting discontinued operations. As a result, none of our property dispositions in 2014 met the criteria to be classified as discontinued operations, while the results of properties sold to third parties during 2013 were reclassified to *Discontinued Operations* in the Consolidated Statements of Operations under the previous standard.

### Strategic Capital Segment

The NOI from the Strategic Capital segment represents fees earned for services performed reduced by strategic capital expenses (direct costs of managing these entities and the properties they own). The following table details this information by geographic location for the nine months ended September 30 (dollars in thousands):

|   | <u>2014</u>             | <u>2013</u>             |
|---|-------------------------|-------------------------|
| <b>NOI - Strategic Capital segment:</b>                     |                         |                         |
| <b>Americas:</b>  |                         |                         |
| Asset management and other fees                             | \$ 40,283               | \$ 40,372               |
| Leasing commissions, acquisition and other transaction fees | 8,845                   | 9,600                   |
| Promote fees  | 31,330                  | —                       |
| Strategic capital expenses                                  | <u>(41,859)</u>         | <u>(41,150)</u>         |
| <b>Subtotal Americas</b>                                    | <b>38,599</b>           | <b>8,822</b>            |
| <b>Europe:</b>  |                         |                         |
| Asset management and other fees                             | 52,399                  | 37,412                  |
| Leasing commissions, acquisition and other transaction fees | 13,466                  | 7,092                   |
| Strategic capital expenses                                  | <u>(22,265)</u>         | <u>(15,988)</u>         |
| <b>Subtotal Europe</b>                                      | <b>43,600</b>           | <b>28,516</b>           |
| <b>Asia:</b>  |                         |                         |
| Asset management and other fees                             | 24,030                  | 22,251                  |
| Leasing commissions, acquisition and other transaction fees | 5,361                   | 8,838                   |
| Strategic capital expenses                                  | <u>(10,318)</u>         | <u>(9,800)</u>          |
| <b>Subtotal Asia</b>  | <b>19,073</b>           | <b>21,289</b>           |
| <b>NOI - Strategic Capital segment</b>                      | <b><u>\$101,272</u></b> | <b><u>\$ 58,627</u></b> |

We had the following assets under management held through our unconsolidated co-investment ventures (in thousands):

|                  | <u>September 30,<br/>2014</u> | <u>December 31,<br/>2013</u> | <u>September 30,<br/>2013</u> |
|------------------|-------------------------------|------------------------------|-------------------------------|
| <b>Americas:</b> |                               |                              |                               |
| Square feet      | 130,476                       | 108,537                      | 114,042                       |
| Total assets     | \$ 9,395,900                  | \$ 8,014,339                 | \$ 8,433,418                  |
| <b>Europe:</b>   |                               |                              |                               |
| Square feet      | 145,332                       | 132,876                      | 124,794                       |
| Total assets     | \$ 11,951,749                 | \$ 11,818,786                | \$ 11,471,358                 |
| <b>Asia:</b>     |                               |                              |                               |
| Square feet      | 25,943                        | 22,880                       | 18,733                        |
| Total assets     | \$ 4,366,286                  | \$ 4,032,125                 | \$ 3,477,339                  |
| <b>Total:</b>    |                               |                              |                               |
| Square feet      | <b>301,751</b>                | <b>264,293</b>               | <b>257,569</b>                |
| Total assets     | <b>\$ 25,713,935</b>          | <b>\$ 23,865,250</b>         | <b>\$ 23,382,115</b>          |

Strategic Capital income fluctuates due to the size of the co-investment ventures that are under management and the transactional activity in the venture. We formed a co-investment venture in Mexico in June 2014 and formed two co-investment ventures in 2013 (one in Europe and one in Japan), as well as made contributions to several co-investment ventures during 2014 and 2013. We earned a promote fee in June 2014 from our co-investment venture Prologis Targeted U.S. Logistics Fund of \$42.1 million, which was based on the venture's cumulative returns to the investors over the last three years. Of that amount, \$31.3 million represented the third party investors' portion and is reflected in *Strategic Capital Income* in the Consolidated Statements of Operations.

Direct costs associated with our Strategic Capital segment totaled \$74.4 million and \$66.9 million for the nine months ended September 30, 2014 and 2013, respectively, and are included in *Strategic Capital Expenses* in the Consolidated Statements of Operations. The increase in expenses is primarily due to the increased size of our co-investment ventures and \$4.2 million of expense that represents the associated cash bonus earned pursuant to the terms of the Prologis Promote Plan.

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

### Our Owned and Managed Portfolio

We manage our business on an owned and managed basis without regard to whether a particular property is wholly owned by us or owned by one of our co-investment ventures. We believe this allows us to make business decisions based on the property operations and not based on our ownership. As further discussed below, we believe that the operating fundamentals of our owned and managed portfolio are consistent with that of our consolidated portfolio. This activity impacts our Real Estate Operations segment through the consolidated properties we own, our Strategic Capital segment in the fees we recognize and the net earnings we recognize from our unconsolidated co-investment ventures.

### Operating Activity

During 2014, we leased a total of 97.5 million square feet in our operating portfolio and incurred average turnover costs (tenant improvements and leasing costs) of \$1.44 per square foot, compared to \$1.42 per square foot for the same period in 2013. We had positive rent change on rollover (when comparing the net effective rent of the new lease to the prior lease for the same space) during each quarter of 2014, ranging between 6.6% and 9.7%, and the third quarter was our seventh consecutive quarter to have rent increases. We retained 84% of customers whose leases were expiring.

Our total owned and managed portfolio of properties, which includes operating industrial properties and does not include properties under development, properties held for sale or non-industrial properties, was as follows (square feet in thousands):

|                | September 30, 2014   |                |              | December 31, 2013    |                |              | September 30, 2013   |                |              |
|----------------|----------------------|----------------|--------------|----------------------|----------------|--------------|----------------------|----------------|--------------|
|                | Number of Properties | Square Feet    | Occupancy    | Number of Properties | Square Feet    | Occupancy    | Number of Properties | Square Feet    | Occupancy    |
| Consolidated   | 1,415                | 241,104        | 94.1%        | 1,610                | 267,097        | 94.9%        | 1,650                | 268,542        | 93.3%        |
| Unconsolidated | 1,494                | 301,751        | 94.5%        | 1,323                | 264,293        | 94.7%        | 1,308                | 257,569        | 94.7%        |
| <b>Totals</b>  | <b>2,909</b>         | <b>542,855</b> | <b>94.3%</b> | <b>2,933</b>         | <b>531,390</b> | <b>94.8%</b> | <b>2,958</b>         | <b>526,111</b> | <b>94.0%</b> |

### Development Activity

Since the beginning of 2014, we commenced construction of 51 development projects on an owned and managed basis, aggregating 16.7 million square feet with a total expected investment of \$1.3 billion (our share was \$1.2 billion), including 13 projects (23.5% of our share of the total expected investment) that were 100% leased prior to the start of development. These projects have an estimated weighted average yield at stabilization of 7.2%, which we estimate will result in these development properties being valued at 19.4% above the cost of development (which we refer to as development margin). We expect these developments to be completed on or before December 2015. We may continue to hold these properties long-term or in certain cases we will contribute to existing co-investment ventures.

### Same Store Analysis

We evaluate the performance of the operating properties we own and manage using a "same store" analysis because the population of properties in this analysis is consistent from period to period, thereby eliminating the effects of changes in the composition of the portfolio on performance measures. We include properties from our consolidated portfolio and properties owned by the co-investment ventures (accounted for on the equity method) that are managed by us (referred to as "co-investment ventures"), in our same store analysis. We have defined the same store portfolio, for the three months ended September 30, 2014, as those properties that were in operation at January 1, 2013, and have been in operation throughout the three-month periods in both 2014 and 2013. We have removed all properties that were disposed of to a third party or were classified as held for sale from the population for both periods. We believe the factors that impact rental income, rental expenses and net operating income in the same store portfolio are generally the same as for the total portfolio. In order to derive an appropriate measure of period-to-period operating performance, we remove the effects of foreign currency exchange rate movements by using the current exchange rate to translate from local currency into U.S. dollars, for both periods. The same store portfolio, for the three months ended September 30, 2014, included 490.6 million of aggregated square feet.

|  | For the Three Months Ended<br>September 30, |                       |                      |
|--|---|-----------------------|----------------------|
|  | 2014  | 2013                  | Percentage<br>Change |
| <b>Rental Income (1) (2)</b>   |   |                       |                      |
| Rental income per the Consolidated Statements of Operations  | \$275,686                                   | \$291,621             |                      |
| Rental recoveries per the Consolidated Statements of Operations  | 80,136                                      | 80,564                |                      |
| <i>Consolidated adjustments to derive same store results:</i>  |   |                       |                      |
| Rental income and recoveries of properties not in the same store portfolio — properties developed and acquired during the period and land subject to ground leases | (41,496)                                    | (33,898)              |                      |
| Effect of changes in foreign currency exchange rates and other   | (989)                                       | (576)                 |                      |
| Unconsolidated co-investment ventures — rental income  | <u>471,618</u>                              | <u>424,793</u>        |                      |
| <b>Same store portfolio — rental income (2) (3)</b>  | <b><u>784,955</u></b>                       | <b><u>762,504</u></b> | <b>2.9%</b>          |
| <b>Rental Expenses (1) (4)</b>   |   |                       |                      |
| Rental expenses per the Consolidated Statements of Operations  | \$102,324                                   | \$106,811             |                      |
| <i>Consolidated adjustments to derive same store results:</i>  |   |                       |                      |
| Rental expenses of properties not in the same store portfolio — properties developed and acquired during the period and land subject to ground leases              | (13,011)                                    | (12,490)              |                      |
| Effect of changes in foreign currency exchange rates and other   | 5,146                                       | 6,956                 |                      |
| Unconsolidated co-investment ventures — rental expenses  | <u>108,584</u>                              | <u>99,957</u>         |                      |
| <b>Same store portfolio — rental expenses (3) (4)</b>  | <b><u>203,043</u></b>                       | <b><u>201,234</u></b> | <b>0.9%</b>          |
| <b>Net Operating Income (1)</b>  |   |                       |                      |
| Net operating income per the Consolidated Statements of Operations   | \$253,498                                   | \$265,374             |                      |
| <i>Consolidated adjustments to derive same store results:</i>  |   |                       |                      |
| Net operating income of properties not in the same store portfolio — properties developed and acquired during the period and land subject to ground leases         | (28,485)                                    | (21,408)              |                      |
| Effect of changes in foreign currency exchange rates and other   | (6,135)                                     | (7,532)               |                      |
| Unconsolidated co-investment ventures — net operating income   | <u>363,034</u>                              | <u>324,836</u>        |                      |
| <b>Same store portfolio — net operating income (3)</b>   | <b><u>581,912</u></b>                       | <b><u>561,270</u></b> | <b>3.7%</b>          |

- (1) As discussed above, our same store portfolio includes industrial properties from our consolidated portfolio and owned by the co-investment ventures (accounted for on the equity method) that are managed by us. During the periods presented, certain properties owned by us were contributed to a co-investment venture and are included in the same store portfolio on an aggregate basis. Neither our consolidated results nor those of the co-investment ventures, when viewed individually, would be comparable on a same store basis due to the changes in composition of the respective portfolios from period to period (for example, the results of a contributed property are included in our consolidated results through the contribution date and in the results of the unconsolidated entities subsequent to the contribution date).
- (2) We exclude the net termination and renegotiation fees from our same store rental income to allow us to evaluate the growth or decline in each property's rental income without regard to items that are not indicative of the property's recurring operating performance. Net termination and renegotiation fees represent the gross fee negotiated to allow a customer to terminate or renegotiate their lease, offset by the write-off of the asset recorded due to the adjustment to straight-line rents over the lease term. The adjustments to remove these items are included in "effect of changes in foreign currency exchange rates and other" in the above table.
- (3) These amounts include activity of both our consolidated industrial properties and those owned by our unconsolidated co-investment ventures and managed by us.
- (4) Rental expenses in the same store portfolio include the direct operating expenses of the property such as property taxes, insurance, utilities, etc. In addition, we include an allocation of the property management expenses for our direct-owned properties based on the property management fee that is provided for in the individual management agreements under which our wholly owned management companies provide property management services to each property (generally, the fee is based on a percentage of revenues). On consolidation, the management fee income earned by the management companies and the management fee expense recognized by the properties are eliminated and the actual costs of providing property management services are recognized as part of our consolidated rental expenses. These expenses fluctuate based on the level of properties included in the same store portfolio and any adjustment is included as "effect of changes in foreign currency exchange rates and other" in the above table.

#### Other Components of Income (Expense)

##### General and Administrative ("G&A") Expenses

G&A expenses for the nine months ended September 30 consisted of the following (in thousands):

|   | 2014                    | 2013                    |
|---|-------------------------|-------------------------|
| Gross overhead                          | \$344,669               | \$322,360               |
| Allocated to rental expenses            | (22,761)                | (24,679)                |
| Allocated to strategic capital expenses | (74,442)                | (66,938)                |
| Capitalized amounts                     | (65,685)                | (64,603)                |
| <b>G&amp;A expenses</b>                 | <b><u>\$181,781</u></b> | <b><u>\$166,140</u></b> |

Gross overhead includes all costs related to our business, including the Real Estate Operations and Strategic Capital segments. We allocate a portion of our G&A expenses that relate to property management functions to both segments based on the size of the respective portfolios. Costs directly associated to our Strategic Capital segment are also allocated to that segment. The increase in gross overhead was principally due to increased compensation; including amounts related to the Prologis Promote Plan, as described above.

We capitalize certain costs directly related to our development and leasing activities. Capitalized G&A expenses include salaries and related costs, as well as other general and administrative costs. The capitalized G&A for the nine months ended September 30, were as follows (in thousands):

|  | 2014                   | 2013                   |
|--|------------------------|------------------------|
| Development activities                         | \$51,322               | \$49,454               |
| Leasing activities                             | 13,418                 | 14,179                 |
| Costs related to internally developed software | 945                    | 970                    |
| <b>Total capitalized G&amp;A expenses</b>      | <b><u>\$65,685</u></b> | <b><u>\$64,603</u></b> |

For the nine months ended September 30, 2014 and 2013, the capitalized salaries and related costs represented 23.8% and 24.8%, respectively, of our total salaries and related costs. Salaries and related costs are comprised primarily of wages, other compensation and employee-related expenses.

##### Depreciation and Amortization

Depreciation and amortization expenses were \$471.1 million and \$483.2 million for the nine months ended September 30, 2014 and 2013, respectively. The decrease was principally a result of the disposition and contribution of properties, offset slightly by additional depreciation and amortization from completed development, acquired properties and increased leasing activity.

##### Earnings from Unconsolidated Entities, Net

We recognized earnings related to our investments in unconsolidated entities that are accounted for under the equity method of \$79.4 million and \$59.6 million for the nine months ended September 30, 2014 and 2013, respectively. The increase in 2014 is due primarily to the two co-investment ventures formed in the first quarter of 2013 and FIBRA formed in June 2014, as well as increased ownership in several of the co-investment ventures. The earnings we recognize are impacted by: (i) variances in revenues and expenses of each venture; (ii) the size and occupancy rate of the portfolio of properties owned by each venture; (iii) our ownership interest in each venture; and (iv) fluctuations in foreign currency exchange rates used to translate our share of net earnings to U.S. dollars, if applicable. We manage the majority of the properties in which we have an ownership interest as part of our owned and managed portfolio. See the discussion of our co-investment ventures above in the Strategic Capital segment discussion and in Note 4 to the Consolidated Financial Statements for further breakdown of our share of net earnings recognized.

##### Interest Expense

Interest expense for the nine months ended September 30 included the following components (in thousands):

|  | 2014                    | 2013                    |
|--|-------------------------|-------------------------|
| Gross interest expense                 | \$282,209               | \$361,650               |
| Amortization of premium, net           | (12,538)                | (30,514)                |
| Amortization of deferred loan costs    | 10,447                  | 10,466                  |
| Interest expense before capitalization | 280,118                 | 341,602                 |
| Capitalized amounts                    | (45,325)                | (50,106)                |
| <b>Net interest expense</b>            | <b><u>\$234,793</u></b> | <b><u>\$291,496</u></b> |

Gross interest expense decreased in 2014, compared to 2013, due to lower debt levels during the period and a decrease in interest rates. Although our debt levels were consistent at period-end (\$8.8 billion at September 30, 2014 compared to \$9.1 billion at September 30, 2013), we had higher debt outstanding during the first quarter of 2013. We decreased our debt by \$2.7 billion near the end of the first quarter of 2013, primarily from the proceeds received from the contributions made to our unconsolidated co-investment ventures. Our weighted average effective interest rate was 4.3% and 4.8% for the nine months ended September 30, 2014 and 2013, respectively.

See Note 6 to the Consolidated Financial Statements in Item 1 and Liquidity and Capital Resources for further discussion of our debt and borrowing costs.



#### *Gains on Acquisitions and Dispositions of Investments in Real Estate, Net*

During the nine months ended September 30, 2014, we recognized gains on dispositions of investments in real estate of \$337.7 million. This includes \$156.7 million of gains recognized in connection with the contribution of properties to co-investment ventures, net of the deferral due to our ongoing investments in the ventures, and \$180.9 million of gains recognized primarily from the disposition of properties and land to third parties, principally in the United States.

During the nine months ended September 30, 2013, we recognized net gains on dispositions of investments in real estate in continuing operations of \$446.0 million; primarily related to contributions of properties to our new co-investment ventures in Japan and Europe and the acquisition of a controlling interest in a co-investment venture as a result of the adjustment to fair value of our equity investment at the time we gained control and consolidated the entity.

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

Foreign currency and derivative gains (losses) and related amortization, net, were \$2.7 million for the nine months ended September 30, 2014. The gains were principally driven by gains of \$8.8 million on the embedded derivative instrument (exchange feature), net of related amortization, related to our exchangeable senior notes that are marked to fair value at each reporting period, offset by foreign currency transactional losses.

#### *Losses on Early Extinguishment of Debt, Net*

During the nine months ended September 30, 2014, we purchased \$1.3 billion in principal amount of our senior notes scheduled to mature in 2015 through 2018 and recognized a \$163.4 million loss from early extinguishment. During the nine months ended September 30, 2013, we extinguished certain secured mortgage debt and several series of senior notes prior to maturity, which resulted in the recognition of losses of \$164.2 million. See further discussion in Liquidity and Capital Resources for the information on our debt.

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

During the nine months ended September 30, 2014 and 2013, our current income tax expense was \$59.3 million and \$91.4 million, respectively. We recognize current income tax expense for income taxes incurred by our taxable real estate investment trust subsidiaries and in certain foreign jurisdictions, as well as certain state taxes. Our current income tax expense fluctuates from period to period based primarily on the timing of our taxable income. The majority of the current income tax expense for both periods relates to asset sales and contributions of properties that were held in foreign subsidiaries and therefore triggered a tax on the built-in-gain.

During the nine months ended September 30, 2014 and 2013, we recognized deferred tax benefits of \$84.6 million and \$6.8 million, respectively. Deferred income tax expense is generally a function of the period's temporary differences and the utilization of net operating losses generated in prior years that had been previously recognized as deferred income tax assets in taxable subsidiaries operating in the United States or in foreign jurisdictions. During 2014, we recognized a benefit of \$63.7 million due to the reversal of deferred tax liabilities that had been provided for in Mexico, primarily related to the FIBRA transaction, of which \$30.4 million was offset by current taxes, and a benefit of \$27.3 million due to the expiration of the holding period on properties previously acquired with existing built-in-gains.

#### *Discontinued Operations*

As discussed above, we adopted a new accounting standard regarding discontinued operations effective January 1, 2014, and none of our property dispositions in 2014 met the criteria to be classified as discontinued operations. For the nine months ended September 30, 2013, earnings from discontinued operations were \$64.7 million. Discontinued operations under the previous standard represent the results of operations of properties that were sold to third parties along with the related gain or loss on sale.

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

This amount represents the third party investors' share of the earnings generated in consolidated ventures in which we do not own 100%, as well as the limited partners' interests in the Operating Partnership. In June 2014, we recognized net earnings attributable to noncontrolling interests in Mexico Fondo Logistico ("AFORES") of \$61.0 million due to the FIBRA transaction, primarily related to the third party investors' share of the gain on disposition and the net deferred income tax benefit.

In June 2013, we earned a promote fee of approximately \$18.8 million from the cumulative returns of the investors of our consolidated co-investment venture, Prologis Institutional Alliance Fund II. Of that amount, \$13.5 million represents the third party investors' portion and is reflected as a component of noncontrolling interest.

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

For our consolidated subsidiaries whose functional currency is not the U.S. dollar, we translate their financial statements into U.S. dollars at the time we consolidate those subsidiaries' financial statements. Generally, assets and liabilities are translated at the exchange rate in effect as of the balance sheet date. The resulting translation adjustments, due to the fluctuations in exchange rates from the beginning of the period to the end of the period, are included in *Foreign Currency Translation Gains (Losses), Net* in the Consolidated Statements of Comprehensive Income (Loss).

During the nine months ended September 30, 2014 and 2013, we recorded unrealized losses of \$72.0 million and \$250.3 million, respectively, related to foreign currency translations of our foreign subsidiaries into U.S. dollars upon consolidation. In 2014, we recorded unrealized losses principally due to the weakening of the Japanese yen, euro and British pounds sterling to the U.S. dollar, from the beginning of the period to the end of the period. In 2013, our unrealized losses included approximately \$190 million of foreign currency translation losses on the properties contributed to Prologis European Logistics Partners Sàrl ("PELP") and NPR due to the weakening of the euro and Japanese yen, respectively, to the U.S. dollar from December 31, 2012, through the date of the contributions. In addition, we recorded net unrealized losses in 2013 due to the weakening of the Japanese yen and euro to the U.S. dollar, from the beginning of the period to the end of the period.

Except as separately discussed above including the contribution activity, the changes in net earnings attributable to common shares and its components for the three months ended September 30, 2014, as compared to the three months ended September 30, 2013, are similar to the changes for the nine month periods ended on the same dates.

## Liquidity and Capital Resources

### Overview

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

### Near-Term Principal Cash Sources and Uses

In addition to dividends to the common and preferred stockholders of Prologis and distributions to the holders of limited partnership units of the Operating Partnership and other partnerships, we expect our primary cash needs will consist of the following:

- repayment of debt, including payments on our credit facilities and scheduled principal payments for the remainder of 2014, of \$19 million and, in 2015, of \$475 million (a);
- completion of the development and leasing of the properties in our consolidated development portfolio(b);
- development of new properties for long-term investment, including the acquisition of land in certain markets;
- capital expenditures and leasing costs on properties in our operating portfolio;
- additional investments in current unconsolidated entities or new investments in future unconsolidated entities;
- depending on market and other conditions, acquisition of operating properties and/or portfolios of operating properties in global or regional markets for direct, long-term investment (this may include acquisitions from our co-investment ventures); and
- depending on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors, we may repurchase our outstanding debt or equity securities through cash purchases, in open market purchases, privately negotiated transactions, tender offers or otherwise.

(a) The amounts due in 2015 include \$460 million due on exchangeable/convertible notes that are exchangeable/convertible at a rate of 25.8244 shares of our common stock per \$1,000 principal amount of notes (equivalent to an exchange or conversion price of \$38.72).

(b) As of September 30, 2014, we had 66 properties in our development portfolio that were 38.8% leased with a current investment of \$1.3 billion and a total expected investment of \$2.3 billion when completed and leased, leaving \$1.0 billion remaining to be spent.

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

- available unrestricted cash balances (\$311.9 million as of September 30, 2014);
- property operations;
- fees earned for services performed on behalf of the co-investment ventures and distributions received from the co-investment ventures;
- proceeds from the disposition of properties, land parcels or other investments to third parties;
- proceeds from the contributions of properties to current or future co-investment ventures;
- borrowing capacity under our current credit facility arrangements discussed below (\$2.1 billion available as of September 30, 2014), other facilities or borrowing arrangements;
- proceeds from the issuance of equity securities, including through an at-the-market offering program (we have an equity distribution agreement that allows us to sell up to \$750 million aggregate gross sales proceeds of shares of common stock generally through two designated agents, who earn a fee of up to 2% of the gross proceeds, as agreed to on a transaction-by-transaction basis). We have not issued any shares of common stock under this program; and
- proceeds from the issuance of debt securities, including secured mortgage debt.

## Debt

As of September 30, 2014, we had \$8.8 billion of debt with a weighted average interest rate of 3.6% and a weighted average maturity of 73 months. As of December 31, 2013, we had \$9.0 billion of debt with a weighted average interest rate of 4.2% and a weighted average maturity of 58 months.

During 2014, we issued €1.8 billion (\$2.4 billion) of senior notes, including €600 million (\$756.4 million) in early October. These notes have interest rates ranging from 1.375% to 3.375% and mature in 2020, 2024 and 2026. The proceeds were used to repay \$1.3 billion of outstanding senior notes scheduled to mature in 2015 through 2018, the acquisition and development of European properties, additional investments in our co-investment ventures and general corporate purposes.

In June 2014, we terminated our existing senior term loan agreement and entered into a new agreement under which loans can be obtained in U.S. dollars, euro, Japanese yen and British pounds sterling in an aggregate amount not to exceed €500 million (\$629.2 million at September 30, 2014). We may pay down and re-borrow under this arrangement. We also entered into a Japanese yen term loan under which we may obtain loans in an aggregate amount not to exceed ¥40.9 billion (\$372.8 million at September 30, 2014).

As of September 30, 2014, we had credit facilities with an aggregate borrowing capacity of \$2.8 billion, of which \$2.1 billion was available.

As of September 30, 2014, we were in compliance with all of our debt covenants. These covenants include customary financial covenants for total debt, encumbered debt and fixed charge coverage ratios.

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

### Equity Commitments Related to Certain Co-Investment Ventures

Certain co-investment ventures have equity commitments from us and our venture partners. Our venture partners fulfill their equity commitment with cash. We may fulfill our equity commitment through contributions of properties or cash. The venture may obtain financing for the properties and therefore the acquisition price of additional investments that the venture could make may be more than the equity commitment. Depending on market conditions, the investment objectives of the ventures, our liquidity needs and other factors, we may make contributions of properties to these ventures through the remaining commitment period and we may make additional cash investments in these ventures.

The following table is a summary of remaining equity commitments as of September 30, 2014 (in millions):

|   | Equity commitments |                   |                   | Expiration date for remaining commitments |
|---|--------------------|-------------------|-------------------|---|
|   | Venture            |                   |                   |   |
|   | Prologis           | Partners          | Total             |   |
| Prologis Targeted U.S. Logistics Fund   | \$ —               | \$ 351.5          | \$ 351.5          | 2015-2017                                 |
| Prologis Targeted Europe Logistics Fund | 121.4              | 160.5             | 281.9             | June 2015                                 |
| Prologis European Properties Fund II    | 78.6               | 179.3             | 257.9             | September 2015                            |
| Europe Logistics Venture I              | 21.9               | 123.9             | 145.8             | December 2014                             |
| Prologis European Logistics Partners    | 107.8              | 107.8             | 215.6             | February 2016                             |
| Prologis China Logistics Venture        | 226.9              | 1,285.6           | 1,512.5           | 2015 and 2017                             |
| <b>Total Unconsolidated</b>             | <b>556.6</b>       | <b>2,208.6</b>    | <b>2,765.2</b>    |   |
| Brazil Fund                             | 45.2               | 45.2              | 90.4              | December 2017                             |
| <b>Total Consolidated</b>               | <b>45.2</b>        | <b>45.2</b>       | <b>90.4</b>       |   |
| <b>Grand Total</b>                      | <b>\$ 601.8</b>    | <b>\$ 2,253.8</b> | <b>\$ 2,855.6</b> |   |

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

### Cash Provided by Operating Activities

For the nine months ended September 30, 2014 and 2013, operating activities provided net cash of \$450.8 million and \$332.2 million, respectively. In the first nine months of 2014 and 2013, cash provided by operating activities was less than cash dividends paid on common and preferred stock by \$51.5 million and \$98.8 million, respectively. We used proceeds from dispositions and contributions of real estate properties to consolidated and unconsolidated entities (\$1.7 billion in 2014 and \$3.9 billion in 2013) to fund dividends not covered by cash flows from operating activities.

### Cash Investing and Cash Financing Activities

For the nine months ended September 30, 2014 and 2013, investing activities used net cash of \$603.5 million and provided net cash of \$1.7 billion, respectively. The following are the significant activities for both periods presented:

- We generated cash from contributions and dispositions of properties and land parcels of \$1.7 billion and \$3.9 billion during 2014 and 2013, respectively. In 2014, we contributed real estate properties owned on a consolidated basis to FIBRA and received cash proceeds of \$286.8 million, primarily related to the third party partners in AFORES and subsequently distributed the proceeds to them. We also disposed of land, ground leases and 106 operating properties to third parties and contributed 6 operating properties to unconsolidated co-investment ventures. The activity in 2013 primarily included the contribution of real estate properties to our co-investment ventures, PELP and NPR of \$1.3 billion and \$1.9 billion, respectively.

- We invested \$776.4 million and \$541.7 million in 2014 and 2013, respectively, in real estate development and leasing costs for first generation leases. We have 51 properties under development and 15 properties that are completed but not stabilized as of September 30, 2014.
- In 2014, we acquired 588 acres of land and eight operating properties for \$389.8 million. In 2013, we acquired 384 acres of land and 18 operating properties for a combined total of \$402.4 million.
- We invested \$143.7 million and \$161.7 million in our operating properties during 2014 and 2013, respectively, which included recurring capital expenditures, tenant improvements and leasing commissions on existing operating properties that were previously leased.
- In 2014 and 2013, we invested cash of \$1.3 billion and \$1.0 billion, respectively, in our unconsolidated co-investment ventures, net of repayment of advances by the entities. Our investment in 2014 principally relates to acquiring equity units from partners in NAIF of \$632.1 million and additional investments in PELP of \$461.2 million, Brazil Logistics Partner Fund and related joint ventures of \$57.8 million, Prologis Targeted Europe Logistics Fund of \$72.9 million and NPR of \$56.6 million representing our proportionate share. The co-investment ventures intend to use these investments for the acquisition of operating properties, the repayment of debt by the ventures and development costs. Our investment in 2013 principally relates to our investment in NPR of \$366.4 million, Prologis Targeted Europe Logistics Fund of \$210.0 million, Prologis European Properties Fund II of \$163.1 million, Prologis Targeted U.S. Logistics Fund of \$101.2 million, PELP of \$91.6 million, and Brazil fund and related joint ventures of \$83.1 million. See Note 4 to the Consolidated Financial Statements for more detail on our unconsolidated entities.
- We received distributions from unconsolidated entities as a return of investment of \$188.5 million and \$357.0 million during 2014 and 2013, respectively. In 2013, we received distributions of \$98.3 million in connection with the wind-down of Prologis Japan Fund I.
- In June 2014, we received \$188.0 million for the payment in full of the notes receivable backed by real estate that originated in 2010 through the sale of a portfolio of industrial properties.
- In 2013, we paid net cash of \$461.8 million to acquire our partner's interest in North American Industrial Fund III and concluded the unconsolidated co-investment venture.

For the nine months ended September 30, 2014 and 2013, financing activities used net cash of \$23.1 million and \$1.9 billion, respectively. The following are the significant activities for both periods presented:

- In April 2013, we received proceeds of \$1.4 billion from the issuance of 35.65 million shares of common stock.
- We paid dividends of \$502.3 million and \$431.1 million to our common and preferred stockholders during 2014 and 2013, respectively.
- In 2014, we paid \$27.6 million to repurchase shares of series Q preferred stock. In 2013, we paid \$482.5 million to redeem all of the outstanding series L, M, O, P, R and S of preferred stock.
- In 2014 and 2013, partners in consolidated co-investment ventures made contributions of \$467.0 million and \$110.6 million, respectively. In 2014, the contributions were primarily related to the newly formed co-investment venture Prologis U.S. Logistics Venture ("USLV"). In 2013, contributions from noncontrolling interest partners were primarily for the purchase of real estate properties by AFORES and development within the Brazil fund and related joint ventures.
- In 2014 and 2013, we distributed \$269.4 million and \$54.3 million to various noncontrolling interests, respectively. The distributions in 2014 primarily relate to a cash distribution of \$218.2 million to our partners in AFORES due to the FIBRA transaction and \$28.6 million to our partners in Prologis AMS due to the disposition of the remaining properties of the venture.
- In 2013, we purchased our partner's interest in Prologis Alliance Fund II, a consolidated co-investment venture, for \$245.8 million.
- We received net proceeds of \$22.1 million and \$158.6 million on our credit facilities during 2014 and 2013, respectively.
- During 2014, we made payments of \$1.8 billion on our previous term loan, \$0.1 billion on regularly scheduled debt principal payments and payments at maturity and repurchased and extinguished exchangeable senior notes and secured mortgage debt of \$1.8 billion. During 2013, we repurchased and extinguished exchangeable senior notes, secured mortgage debt, senior term loans and other debt of consolidated entities and made regularly scheduled debt principal payments and payments at maturity for a combined total of \$4.0 billion.
- In 2014, we issued €1.2 billion (\$1.6 billion) of senior notes, \$2.3 billion of term loans as discussed above and \$70.7 million of secured debt. In 2013, we issued senior notes, secured mortgage debt, term loan debt and other debt of \$1.6 billion.

## Off-Balance Sheet Arrangements

### Unconsolidated Co-Investment Venture Debt

We had investments in and advances to unconsolidated co-investment ventures at September 30, 2014, of \$5.6 billion. These ventures had total third party debt of \$7.9 billion (in the aggregate, not our proportionate share) at September 30, 2014. This debt is primarily secured or collateralized by properties within the venture and is non-recourse to Prologis and the other investors and matures as follows (dollars in millions):

|   | 2014          | 2015           | 2016             | 2017           | 2018             | There-<br>after  | Disc/<br>Prem | Total (1)        | Prologis' Share (1) |       |
|---|---------------|----------------|------------------|----------------|------------------|------------------|---------------|------------------|---------------------|-------|
|   |               |                |                  |                |                  |                  |               |                  | \$                  | %     |
| Prologis Targeted U.S. Logistics Fund (2)   | \$ 4.0        | \$157.2        | \$ 158.0         | \$ 14.0        | \$ 449.0         | \$ 819.0         | \$10.0        | \$1,611.2        | \$ 399.6            | 24.8% |
| Prologis North American Industrial Fund (2) | —             | 109.0          | 444.0            | 205.0          | 166.0            | 186.7            | —             | 1,110.7          | 703.3               | 63.3% |
| FIBRA Prologis                              | 2.0           | 9.0            | 252.0            | 217.4          | 72.0             | —                | 35.1          | 587.5            | 264.3               | 45.0% |
| Prologis Targeted Europe Logistics Fund     | 1.0           | 4.0            | 4.0              | 4.0            | 89.0             | 384.1            | —             | 486.1            | 210.2               | 43.3% |
| Prologis European Properties Fund II (2)    | 39.0          | 280.0          | 202.0            | 167.0          | 379.0            | 1,034.2          | (6.0)         | 2,095.2          | 652.2               | 31.1% |
| Prologis European Logistics Partners        | 1.0           | 2.8            | 211.0            | —              | —                | —                | 1.7           | 216.5            | 108.3               | 50.0% |
| Nippon Prologis REIT (2)                    | —             | 55.0           | 212.0            | 21.0           | 273.0            | 916.9            | 4.0           | 1,481.9          | 224.8               | 15.2% |
| Prologis China Logistics Venture (2)        | —             | 244.0          | —                | —              | —                | 32.0             | —             | 276.0            | 41.4                | 15.0% |
| <b>Total co-investment ventures</b>         | <b>\$47.0</b> | <b>\$861.0</b> | <b>\$1,483.0</b> | <b>\$628.4</b> | <b>\$1,428.0</b> | <b>\$3,372.9</b> | <b>\$44.8</b> | <b>\$7,865.1</b> | <b>\$2,604.1</b>    |       |

- As of September 30, 2014, we did not guarantee any third party debt of the co-investment ventures. In our role as manager, we work with the co-investment ventures to refinance their maturing debt. There can be no assurance that the co-investment ventures will be able to refinance any maturing indebtedness on terms as favorable as the maturing debt, or at all. If the ventures are unable to refinance the maturing indebtedness with newly issued debt, they may be able to obtain funds by voluntary capital contributions from us and our partners or by selling assets. Certain of the ventures also have credit facilities, or unencumbered properties, both of which may be used to obtain funds. Generally, the co-investment ventures issue long-term debt and utilize the proceeds to repay borrowings under the credit facilities. Prologis' share is calculated based on our ownership interest.
- We expect that the co-investment venture will repay and/or refinance the 2014 and 2015 maturities with available cash and through the issuance of new debt.

## Contractual Obligations

### Distribution and Dividend Requirements

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

We paid a cash dividend of \$0.33 per common share for the first three quarters of 2014. Our future common stock dividends may vary and will be determined by our board of directors upon the circumstances prevailing at the time, including our financial condition, operating results and real estate investment trust distribution requirements, and may be adjusted at the discretion of the board of directors during the year.

As of September 30, 2014, we had one series of preferred stock outstanding, the series Q. The annual dividend rate is 8.54% per share and dividends are payable quarterly in arrears.

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

### Other Commitments

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

## New Accounting Pronouncements

See Note 1 to the Consolidated Financial Statements.

## Funds from Operations ("FFO")

FFO is a non-U.S. generally accepted accounting principles ("GAAP") measure that is commonly used in the real estate industry. The most directly comparable GAAP measure to FFO is net earnings. Although the National Association of Real Estate Investment Trusts ("NAREIT") has published a definition of FFO, modifications to the NAREIT calculation of FFO are common among real estate investment trusts, as companies seek to provide financial measures that meaningfully reflect their business.

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

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

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

#### *Our FFO Measures*

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

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

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

#### *FFO, as defined by Prologis*

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

- (i) deferred income tax benefits and deferred income tax expenses recognized by our subsidiaries;
- (ii) current income tax expense related to acquired tax liabilities that were recorded as deferred tax liabilities in an acquisition, to the extent the expense is offset with a deferred income tax benefit in GAAP earnings that is excluded from our defined FFO measure;
- (iii) foreign currency exchange gains and losses resulting from debt transactions between us and our foreign consolidated subsidiaries and our foreign unconsolidated entities;
- (iv) foreign currency exchange gains and losses from the remeasurement (based on current foreign currency exchange rates) of certain third party debt of our foreign consolidated subsidiaries and our foreign unconsolidated entities; and
- (v) mark-to-market adjustments and related amortization of debt discounts associated with derivative financial instruments.

We calculate *FFO, as defined by Prologis* for our unconsolidated entities on the same basis as we calculate our *FFO, as defined by Prologis*.

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

## Core FFO

In addition to *FFO, as defined by Prologis*, we also use Core FFO. To arrive at *Core FFO*, we adjust *FFO, as defined by Prologis*, to exclude the following recurring and non-recurring items that we recognized directly or our share of these items recognized by our unconsolidated entities to the extent they are included in *FFO, as defined by Prologis*:

- (i) gains or losses from acquisition, contribution or sale of land or development properties;
- (ii) income tax expense related to the sale of investments in real estate and third-party acquisition costs related to the acquisition of real estate;
- (iii) impairment charges recognized related to our investments in real estate generally as a result of our change in intent to contribute or sell these properties;
- (iv) gains or losses from the early extinguishment of debt;
- (v) merger, acquisition and other integration expenses; and
- (vi) expenses related to natural disasters.

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

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

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

## Limitations on Use of our FFO Measures

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

- (i) The current income tax expenses and acquisition costs that are excluded from our defined FFO measures represent the taxes and transaction costs that are payable.
- (ii) Depreciation and amortization of real estate assets are economic costs that are excluded from FFO. FFO is limited, as it does not reflect the cash requirements that may be necessary for future replacements of the real estate assets. Further, the amortization of capital expenditures and leasing costs necessary to maintain the operating performance of industrial properties are not reflected in FFO.
- (iii) Gains or losses from property acquisitions and dispositions or impairment charges related to expected dispositions represent changes in value of the properties. By excluding these gains and losses, FFO does not capture realized changes in the value of acquired or disposed properties arising from changes in market conditions.
- (iv) The deferred income tax benefits and expenses that are excluded from our defined FFO measures result from the creation of a deferred income tax asset or liability that may have to be settled at some future point. Our defined FFO measures do not currently reflect any income or expense that may result from such settlement.
- (v) The foreign currency exchange gains and losses that are excluded from our defined FFO measures are generally recognized based on movements in foreign currency exchange rates through a specific point in time. The ultimate settlement of our foreign currency-denominated net assets is indefinite as to timing and amount. Our FFO measures are limited in that they do not reflect the current period changes in these net assets that result from periodic foreign currency exchange rate movements.

- (vi) The gains and losses on extinguishment of debt that we exclude from our Core FFO, may provide a benefit or cost to us as we may be settling our debt at less or more than our future obligation.
- (vii) The merger, acquisition and other integration expenses and the natural disaster expenses that we exclude from Core FFO are costs that we have incurred.

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

|  | Nine Months Ended<br>September 30, |                   |
|--|------------------------------------|-------------------|
|  | 2014                               | 2013              |
| <b>FFO:</b>  |                                    |                   |
| Reconciliation of net earnings to FFO measures:  |                                    |                   |
| Net earnings attributable to common stockholders   | \$ 213,626                         | \$ 256,365        |
| Add (deduct) NAREIT defined adjustments:   |                                    |                   |
| Real estate related depreciation and amortization  | 453,707                            | 465,084           |
| Net gains on non-FFO dispositions and acquisitions   | (211,374)                          | (194,564)         |
| Reconciling items related to noncontrolling interests  | 48,923                             | (7,683)           |
| Our share of reconciling items included in earnings from unconsolidated entities   | <u>153,119</u>                     | <u>115,947</u>    |
| <b>Subtotal-NAREIT defined FFO</b>   | <b>658,001</b>                     | <b>635,149</b>    |
| Add (deduct) our defined adjustments:  |                                    |                   |
| Unrealized foreign currency and derivative losses (gains) and related amortization, net  | (903)                              | (587)             |
| Deferred income tax benefit, net   | (54,073)                           | (1,048)           |
| Our share of reconciling items included in earnings from unconsolidated entities   | <u>287</u>                         | <u>9,060</u>      |
| <b>FFO, as defined by Prologis</b>   | <b>603,312</b>                     | <b>642,574</b>    |
| Adjustments to arrive at Core FFO:   |                                    |                   |
| Net gains on acquisitions and dispositions of investments in real estate, net of expenses  | (108,892)                          | (218,928)         |
| Losses on early extinguishment of debt and redemption of preferred stock, net  | 169,878                            | 173,263           |
| Our share of reconciling items included in earnings from unconsolidated entities less third party share of consolidated entities | <u>42,428</u>                      | <u>1,260</u>      |
| <b>Core FFO</b>  | <b>\$ 706,726</b>                  | <b>\$ 598,169</b> |

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

#### Foreign Currency Risk

We are exposed to foreign-exchange related variability and earnings volatility on our foreign investments. Foreign currency market risk is the possibility that our financial results or financial position could be better or worse than planned because of changes in foreign currency exchange rates. In order to reduce our exposure to foreign currency risk, we borrow in the currencies in which we are invested, when we deem appropriate. We have also used certain derivative financial instruments, primarily foreign currency forward contracts, and non-derivative financial instruments to further reduce our foreign currency market risk, as we deem appropriate. We do not use financial instruments for trading or speculative purposes and all financial instruments are entered into in accordance with established policies and procedures.

As of September 30, 2014, we had derivative contracts with an aggregate notional amount of €600.0 million (\$800 million using the weighted average forward rate of 1.33) to hedge a portion of our investment in Europe at a fixed euro rate in U.S. dollars, and we had derivative contracts with an aggregate notional amount of £238.0 million (\$400.0 million using the weighted average forward rate of 1.68) to hedge a portion of our investment in the United Kingdom at a fixed British pounds sterling rate in U.S. dollars. We also had derivative contracts with an aggregate notional amount of ¥24.1 billion (\$250.0 million using the weighted average forward rate of 96.54) to hedge a portion of our investment in Japan at a fixed yen rate in U.S. dollars. Based on a sensitivity analysis, a strengthening or weakening of the U.S. dollar against the euro, British pound sterling and Japanese yen by 10% would result in a \$145 million positive or negative change, respectively, in our cash flows upon settlement of the forward contracts. These derivatives were designated and qualify as hedging instruments and therefore the changes in fair value of these derivatives are recorded in the foreign currency translation component of *Accumulated Other Comprehensive Loss* in the Consolidated Balance Sheets in Item 1.

At September 30, 2014, we had €1.9 billion (\$2.4 billion) of debt denominated in euro. This debt was issued by the Operating Partnership, which is a U.S. dollar functional entity. To mitigate the risk of fluctuations in the exchange rate of the euro, we designated this debt as non-derivative financial instrument hedges and, as a result, the change in the carrying value of this debt upon translation into dollars is recorded in the foreign currency translation component of *Accumulated Other Comprehensive Loss* in the Consolidated Balance Sheets to offset the foreign currency fluctuations related to our net investment in Europe.



As of September 30, 2014, taking into account the derivative and the non-derivative hedges of our net investment, approximately 89% of our net equity was denominated in U.S. dollars.

#### *Interest Rate Risk*

We are also exposed to the impact of interest rate changes. Our interest rate risk objective is to limit the impact of future interest rate changes on earnings and cash flows. To achieve this objective, we primarily borrow on a fixed rate basis for longer-term debt issuances, but we may use interest rate swap agreements to reduce our risk interest rate risk. As of September 30, 2014, we had \$1.8 billion of variable rate debt outstanding, of which \$741.6 million was outstanding on our credit facilities, \$1.0 billion was outstanding under term loans and \$71.0 million was outstanding secured mortgage debt. As of September 30, 2014, we entered into interest rate swap agreements to fix \$372.8 million of our Japanese yen term loan and \$71.0 million of our variable rate secured mortgage debt. During the nine months ended September 30, 2014, we had weighted average daily outstanding borrowings of \$842.7 million on our variable rate debt not subject to interest rate swap agreements. An adverse change in interest rates is not expected to have a material impact on results of operations or cash flows.

There were no other significant changes to our quantitative and qualitative disclosures about market risk during the first nine months of 2014. Please refer to Item 7A. Quantitative and Qualitative Disclosures about Market Risk in our Annual Report on Form 10-K for the fiscal year ended December 31, 2013, for a more complete discussion of the market risks we encounter.

### **Item 4. Controls and Procedures**

#### **Controls and Procedures (The REIT)**

The REIT carried out an evaluation under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the disclosure controls and procedures (as defined in Rule 13a-14(c)) under the Securities and Exchange Act of 1934 (the "Exchange Act") as of September 30, 2014. Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that the disclosure controls and procedures are effective to ensure the information required to be disclosed in reports that are filed or submitted under the Exchange Act are recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms.

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

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

The Operating Partnership carried out an evaluation under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the disclosure controls and procedures (as defined in Rule 13a-14(c)) under the Exchange Act as of September 30, 2014. Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that the disclosure controls and procedures are effective to ensure the information required to be disclosed in reports that are filed or submitted under the Exchange Act are recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms.

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

## **PART II**

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

From time to time, we and our unconsolidated investees are party to a variety of legal proceedings arising in the ordinary course of business. We believe that, with respect to any such matters that we are currently a party to, the ultimate disposition of any such matters will not result in a material adverse effect on our business, financial position or results of operations.

#### **Item 1A. Risk Factors**

As of September 30, 2014, no material changes had occurred in our risk factors as discussed in Item 1A in our Annual Report on Form 10-K for the fiscal year ended December 31, 2013.

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

None.

#### **Item 3. Defaults Upon Senior Securities**

None.

#### **Item 4. Mine Safety Disclosures**

Not Applicable.

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**Item 5. Other Information**

None.

**Item 6. Exhibits**

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

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**SIGNATURES**

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

**PROLOGIS, INC.**

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

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

**PROLOGIS, L.P.**

By: Prologis, Inc., its general partner

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

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

Date: November 4, 2014

## Index to Exhibits

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

|         |   |
|---------|---|
| 4.1     | Form of Officers' Certificate related to the 1.375% Notes due 2020 (incorporated by reference to Exhibit 4.1 to Prologis' Current Report on Form 8-K filed on October 6, 2014).                                   |
| 4.2     | Form of 1.375% Notes due 2020 (incorporated by reference to Exhibit 4.2 to Prologis' Current Report on Form 8-K filed on October 6, 2014).  |
| 10.1    | Second Amended and Restated Prologis Promote Plan (incorporated by reference to Exhibit 10.1 to Prologis' Current Report on Form 8-K filed on August 1, 2014).*   |
| 10.2    | Form of Prologis, Inc. Second Amended and Restated Prologis Promote Plan LTIP Unit Award Agreement (incorporated by reference to Exhibit 10.1 to Prologis' Current Report on Form 8-K filed on August 18, 2014).* |
| 10.3    | Form of Prologis, Inc. Long-term Incentive Plan LTIP Unit Award Agreement (General).* †   |
| 10.4    | Form of Prologis, Inc. 2012 Long-term Incentive Plan Restricted Stock Unit Agreement (LTIP unit election).* †   |
| 10.5    | Form of Prologis, Inc. 2012 Long-term Incentive Plan Restricted Stock Unit Agreement.* †  |
| 10.6    | Form of Prologis, Inc. 2012 Long-term Incentive Plan Restricted Stock Unit Agreement (Bonus exchange).* †   |
| 12.1    | Computation of Ratio of Earnings to Fixed Charges of Prologis, Inc. and Prologis, L.P.  |
| 12.2    | Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Stock/Unit Dividends, of Prologis, Inc. and Prologis, L.P.   |
| 15.1    | KPMG LLP Awareness Letter of Prologis, Inc.   |
| 15.2    | KPMG LLP Awareness Letter of Prologis, L.P.   |
| 31.1    | Certification of Chief Executive Officer of Prologis, Inc.  |
| 31.2    | Certification of Chief Financial Officer of Prologis, Inc.  |
| 31.3    | Certification of Chief Executive Officer for Prologis, L.P.   |
| 31.4    | Certification of Chief Financial Officer for Prologis, L.P.   |
| 32.1    | Certification of Chief Executive Officer and Chief Financial Officer of Prologis, Inc., pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.  |
| 32.2    | Certification of Chief Executive Officer and Chief Financial Officer for Prologis, L.P., pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.   |
| 101.INS | XBRL Instance Document  |
| 101.SCH | XBRL Taxonomy Extension Schema  |
| 101.CAL | XBRL Taxonomy Extension Calculation Linkbase  |
| 101.DEF | XBRL Taxonomy Extension Definition Linkbase   |
| 101.LAB | XBRL Taxonomy Extension Label Linkbase  |
| 101.PRE | XBRL Taxonomy Extension Presentation Linkbase   |
| *       | Management Contract or Compensatory Plan or Arrangement   |
| †       | Filed herewith  |

**PROLOGIS, INC.**  
**LONG-TERM INCENTIVE PLAN**  
**LTIP UNIT AWARD AGREEMENT**

Name of the Grantee: [ ] (the “**Grantee**”)  
 No. of LTIP Units Awarded: [ ]  
 Grant Effective Date: [ ]

**RECITALS**

A. The Grantee is an employee of Prologis, Inc. (the “**Company**”) or a “Related Company” as defined in the Prologis, Inc. Long-Term Incentive Plan (as amended and supplemented from time to time, the “**Plan**”) and provides services to Prologis, L.P., through which the Company conducts substantially all of its operations (the “**Partnership**”).

B. Pursuant to the Limited Partnership Agreement of the Partnership (as amended and supplemented from time to time, the “**Partnership Agreement**”), the Company as general partner of the Partnership hereby grants to the Grantee a Full Value Award (as defined in the Plan, referred to herein as an “**Award**”) in the form of, and by causing the Partnership to issue to the Grantee, the number of LTIP Units (as defined in the Partnership Agreement) set forth above (the “**Award LTIP Units**”) having the rights, voting powers, restrictions, limitations as to distributions, qualifications and terms and conditions of redemption and conversion set forth herein and in the Partnership Agreement.

[C. Pursuant to the Second Amended and Restated Prologis Promote Plan (as amended, restated and supplemented from time to time, the “**Promote Plan**”), the Compensation Committee (the “**Committee**”) of the Board of Directors of the Company has determined that a Bonus (as defined in the Promote Plan) was payable to the Grantee in connection with certain incentive distributions paid to the Company or its affiliate by [Applicable Fund]. This Award represents the portion of such Bonus payable to the Grantee, who is a Senior Executive (as defined in the Promote Plan), in shares of Restricted Stock, Restricted Stock Units or LTIP Units (as such terms are defined in the Promote Plan), as determined by the Committee in accordance with the terms of the Promote Plan.] **[For Promote Plan awards only]**

[C. This Award represents the Grantee’s award under the Company’s Annual Performance Award earned in 20[ ]] **[For annual awards]**

[C. This Award represents the Grantee’s stock award received as part of the Company’s Bonus Exchange program earned in 20[ ]] **[For Bonus Exchange awards]**

D. Upon the close of business on the Grant Effective Date pursuant to this LTIP Unit Award Agreement (this “**Agreement**”), the Grantee shall receive the number of LTIP Units specified above, subject to the restrictions and conditions set forth herein[, in the Promote Plan]<sup>1</sup>, in the Plan, and in the Partnership Agreement. [Unless otherwise indicated, capitalized terms used herein but not defined shall have the meanings given to those terms in the Promote Plan.]

**NOW, THEREFORE**, the Company, the Partnership and the Grantee agree as follows:

1. **Effectiveness of Award.** The Grantee shall be admitted as a partner of the Partnership with beneficial ownership of the Award LTIP Units as of the Grant Effective Date by (i) signing and delivering to the Partnership a copy of this Agreement, (ii) signing, as a Limited Partner, and delivering to the Partnership a counterpart signature page to the Partnership Agreement (attached hereto as **Exhibit A**) and (iii) making a Capital Contribution (as defined in the partnership Agreement) in cash in the amount of \$0.01 per Award LTIP Unit to the Partnership (the “**Per Unit Contribution**”). Upon execution of this Agreement by the Grantee, the Partnership and the Company, the books and records of the Partnership maintained by the General Partner shall reflect the issuance to the Grantee of the Award LTIP Units. Thereupon, the Grantee shall have all the rights of a Limited Partner of the Partnership with respect to a number of LTIP Units equal to the Award LTIP Units, subject, however, to the restrictions and conditions specified in Section 2 below and elsewhere herein. The LTIP Units are uncertificated securities of the Partnership and upon the Grantee’s request the General partner shall confirm the number of LTIP Units issued to the Grantee.

**2. Vesting and Forfeiture of Award LTIP Units**

(i) Subject to Section 11 hereof, and subsection 4.3 of the Plan, the Award LTIP Units will vest on the vesting schedule set forth below, if the Grantee’s employment with the Company or any of its subsidiaries continues through such date (each a “**Vesting Date**”); provided, however, that (a) if the Grantee’s Termination Date occurs by reason of death or Disability, or if the Grantee satisfies the age and years of service conditions of Retirement (the “**Age and Service Conditions**”), any unvested Award LTIP Units shall vest immediately on the Termination Date or the date on which the Grantee meets the Age and Service Conditions (as applicable) and the Termination Date or the date on which the Grantee meets the Age and Service Conditions (as applicable) shall be deemed the “Vesting Date” for purposes of this Agreement, and (b) all Award LTIP Units that are not vested on or before the Grantee’s Termination Date shall thereupon, and with no further action, be forfeited by the Grantee.

<sup>1</sup> Bracketed provisions to be included in Promote Plan awards only.

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

(iii) Except as provided in the foregoing provisions of this Section 2, upon the Grantee's Termination Date, the unvested Award LTIP Units will thereupon be forfeited at no cost to the Company and Grantee's right to vest in the Award LTIP Units will immediately terminate. For purposes of this Award, the Committee shall have the exclusive discretion to determine Grantee's Termination Date.

3. **Distributions.** The Grantee shall be entitled to receive distributions with respect to the Award LTIP Units to the extent provided for in the Partnership Agreement as follows:

(a) The Award LTIP Units are hereby designated as regular "LTIP Units."

(b) The LTIP Unit Distribution Participation Date with respect to the Award LTIP Units is the Grant Effective Date.

(c) All distributions paid with respect to the Award LTIP Units shall be fully vested and non-forfeitable when paid, whether or not the Award LTIP Units have been earned based on performance or have become vested based on continued employment as provided in Section 2 hereof.

4. **Rights with Respect to Award LTIP Units.** Without duplication with the provisions of Section 4 of the Plan[, the Promote Plan,] or Section 1.14 of Exhibit K to the Partnership Agreement, if (i) the Company shall at any time be involved in a merger, consolidation, dissolution, liquidation, reorganization, exchange of shares, sale of all or substantially all of the assets or capital stock of the Company or a transaction similar thereto, (ii) any stock dividend, stock split, reverse stock split, stock combination, reclassification, recapitalization, or other similar change in the capital structure of the Company, or any distribution to holders of Common Stock other than ordinary cash dividends, shall occur, or (iii) any other event shall occur which, in each case in the judgment of the Committee, necessitates action by way of adjusting the terms of this Award, then and in that event, the Committee may take such action, if any, as it determines to be reasonably required to maintain the Grantee's rights hereunder so that they are substantially proportionate to the rights existing under this Agreement prior to such event, including, but not limited to, substitution of other awards under the Plan.

5. **Incorporation of [Promote Plan and ]the Plan; Interpretation by Committee** This Agreement is subject in all respects to the terms, conditions, limitations and definitions contained in [the Promote Plan and] the Plan. In the event of any discrepancy or inconsistency between this Agreement[, the Promote Plan] and the Plan, the terms and conditions of the [Promote] Plan shall control. The Committee may make such rules and regulations and establish such procedures for the administration of this Agreement as it deems appropriate. Without limiting the generality of the foregoing, the Committee may interpret [the Promote Plan,] the Plan and this Agreement, with such interpretations to be conclusive and binding on all persons and otherwise accorded the maximum deference permitted by law. In the event of any dispute or disagreement as to interpretation of [the Promote Plan,] the Plan or this Agreement or of any rule, regulation or procedure, or as to any question, right or obligation arising from or related to [the Promote Plan,] the Plan or this Agreement, the decision of the Committee shall be final and binding upon all persons.

#### 6. **Restrictions on Transfer.**

(i) Except as otherwise permitted by the Committee, none of the Award LTIP Units granted hereunder nor any of the common units of the Partnership into which such Award LTIP Units may be converted (the "**Award Common Units**") shall be sold, assigned, transferred, pledged, hypothecated, given away or in any other manner disposed of, or encumbered, whether voluntarily or by operation of law (each such action a "**Transfer**") and right to Redemption (as defined in the Partnership Agreement) may not be exercised until such Award LTIP Units have vested pursuant to Section 2 hereof; provided, however, that Award LTIP Units may be Transferred prior to such date in accordance with Section 6.5 of the Plan, so long as the Transferee agrees in writing with the Company and the Partnership to be bound by all the terms and conditions of this Agreement and the Partnership Agreement and that subsequent Transfers shall be prohibited except those in accordance with this Section 6.

(ii) The right to Redemption may be exercised with respect to Award Common Units, and Award Common Units may be Transferred to the Partnership or the Company in connection with the exercise thereof, in accordance with and to the extent otherwise permitted by the terms of the Partnership Agreement. Notwithstanding the foregoing, without the consent of the General Partner, the right to Redemption shall not be exercisable with respect to any Award Common Units until two (2) years after the Grant Effective Date; provided however, that the foregoing restriction shall not apply (i) if the right of Redemption is exercised in connection with a Change of Control or (ii) in connection with an LTIP Unit Forced Conversion in connection with a Capital Transaction as described in the Partnership Agreement.

(iii) Additionally, all Transfers of Award LTIP Units or Award Common Units must be in compliance with all applicable securities laws (including, without limitation, the Securities Act) and the applicable terms and conditions of the Partnership Agreement. In connection with any Transfer of Award LTIP Units or Award Common Units, the Partnership may require the Grantee to provide an opinion of counsel, satisfactory to the Partnership, that such Transfer is in compliance with all federal and state securities laws (including, without limitation, the Securities Act).

(iv) Any attempted Transfer of Award LTIP Units or Award Common Units not in accordance with the terms and conditions of this Section 6 shall be null and void, and the Partnership shall not reflect on its records any change in record ownership of any Award LTIP Units or Award Common Units as a result of any such Transfer, shall otherwise refuse to recognize any such Transfer and shall not in any way give effect to any such Transfer of any Award LTIP Units or Award Common Units.

(v) This Agreement is personal to the Grantee, is non-assignable and is not transferable in any manner, by operation of law or otherwise, other than by will or the laws of descent and distribution.

7. **Legend.** The books and records of the Partnership or other documentation evidencing the Award LTIP Units shall bear an appropriate legend or notation, as determined by the Partnership in its sole discretion, to the effect that such LTIP Units are subject to restrictions as set forth herein, [in the Promote Plan,] in the Plan and in the Partnership Agreement.

8. **Tax Matters; Section 83(b) Election.** The Grantee hereby agrees to make an election to include in gross income in the year of transfer the unvested Award LTIP Units hereunder pursuant to Section 83(b) of the Internal Revenue Code substantially in the form attached hereto as Exhibit B and to supply the necessary information in accordance with the regulations promulgated thereunder.

9. **Withholding and Taxes.** No later than the date as of which an amount first becomes includible in the gross income of the Grantee for income tax purposes or subject to the Federal Insurance Contributions Act withholding with respect to the Award LTIP Units granted hereunder, the Grantee will pay to the Company or, if appropriate, any of its Subsidiaries, or make arrangements satisfactory to the Committee regarding the payment of, any United States federal, state or local or foreign taxes of any kind required by law to be withheld with respect to such amount. If this Award results in the payment of cash to the Grantee or the issuance of shares of common stock, the Company shall have the right to deduct from all payments hereunder any taxes required by law to be withheld with respect to such payments, either in cash or, with the approval of the Committee, in the form of shares of common stock, with such shares valued based on the Fair Market Value as of the date the withholding is in effect. The obligations of the Company under this Agreement will be conditional on such payment or arrangements, and the Company and its Subsidiaries also shall, to the extent permitted by law, have the right to deduct any such taxes from any payment otherwise due to the Grantee.

10. **Amendment; Modification.** This Agreement may only be modified or amended in a writing signed by the parties hereto, provided that the Grantee acknowledges that the Plan [and the Promote Plan] may be amended or discontinued in accordance with Section 7 of the Plan [and Section 9 of the Promote Plan], and that this Agreement may be amended or canceled by the Committee, on behalf of the Company and the Partnership, for the purpose of satisfying changes in law or for any other lawful purpose, so long as no such action shall adversely affect the Grantee's rights under this Agreement without the Grantee's written consent. No promises, assurances, commitments, agreements, undertakings or representations, whether oral, written, electronic or otherwise, and whether express or implied, with respect to the subject matter hereof, have been made by the parties which are not set forth expressly in this Agreement. The failure of the Grantee or the Company or the Partnership to insist upon strict compliance with any provision of this Agreement, or to assert any right the Grantee or the Company or the Partnership, respectively, may have under this Agreement, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

#### 11. **Change in Control.**

(i) In the event that, prior to the Vesting Date and prior to the date on which any applicable Award LTIP Units have otherwise been forfeited and (a) while the Grantee is an employee and is providing services to the Company or a Related Company (as defined in the Plan), the Grantee's employment is terminated by the Company or the successor to the Company or a Related Company which is the Grantee's employer for reasons other than Cause (as defined in the Plan), in any such case within 24 months following a Change in Control (as defined in the Plan) or (b) the Plan is terminated by the Company or its successor following a Change in Control without provision for the continuation of this Award to the extent then unvested, then the Award LTIP Units (or to the extent applicable such other award, security or right to payment into which such Award LTIP Units converted in connection with the Change in Control, as determined by the parties to such Change in Control) to the extent they have not otherwise cancelled or forfeited, shall immediately vest and the date of the vesting shall be the "Vesting Date."

(ii) For purposes of this Section 11, the Grantee's employment shall be deemed to be terminated by the Company or its successor (or a Related Company) if the Grantee terminates employment after (i) a substantial adverse alteration in the nature of the Grantee's status or responsibilities from those in effect immediately prior to the Change in Control, or (ii) a material reduction in the Grantee's annual base salary and target bonus, if any, as in effect immediately prior to the Change in Control. In any event, if, upon a Change in Control, awards in other shares or securities are substituted for outstanding Awards pursuant to Section 4 of the Plan (or a successor provision), and immediately following the Change in Control, the Grantee becomes employed by the entity into which the Company merged, or the purchaser of substantially all of the assets of the Company, or a successor to such entity or purchaser, the Grantee shall not be treated as having terminated employment for purposes of this Section 11 until such time as the Grantee ceases to be an employee and/or ceases to provide services to the merged entity or purchaser (or successor), as applicable.

(iii) Notwithstanding the foregoing, unless otherwise provided in the Plan or by the Company in its discretion, the Award LTIP Units and the benefits evidenced by this Agreement do not create any entitlement to have the Award LTIP Units or any such benefits transferred to, or assumed by, another company nor be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the stock of the Company or the equity securities of the Partnership.

12. **Complete Agreement.** This Agreement (together with those agreements and documents expressly referred to herein, for the purposes referred to herein) embody the complete and entire agreement and understanding between the parties with respect to the subject matter hereof, and supersede any and all prior promises, assurances, commitments, agreements, undertakings or representations, whether oral, written, electronic or otherwise, and whether express or implied, which may relate to the subject matter hereof in any way.

13. **Investment Representation; Registration.** The Grantee hereby makes the covenants, representations and warranties set forth on Exhibit C attached hereto as of the Grant Effective Date. All of such covenants, warranties and representations shall survive the execution and delivery of this Agreement by the Grantee. The Grantee shall immediately notify the Partnership upon discovering that any of the representations or warranties set forth on Exhibit C was false when made or have, as a result of changes in circumstances, become false. The Partnership will have no obligation to register under the Securities Act any of the Award LTIP Units or any other securities issued pursuant to this Agreement or upon conversion or exchange of the Award LTIP Units into other limited partnership interests of the Partnership or shares of capital stock of the Company.

14. **No Obligation to Continue Employment or Other Service Relationship** Neither the Company nor any Related Company is obligated by or as a result of the Plan, [the Promote Plan] or this Agreement to continue to have the Grantee provide services to it or to continue the Grantee in employment and neither the Plan, the Promote Plan nor this Agreement shall interfere in any way with the right of the Company or any Subsidiary to terminate its service relationship with the Grantee or the employment of the Grantee at any time.

15. **No Limit on Other Compensation Arrangements.** Nothing contained in this Agreement shall preclude the Company from adopting or continuing in effect other or additional compensation plans, agreements or arrangements, and any such plans, agreements and arrangements may be either generally applicable or applicable only in specific cases or to specific persons.

16. **Status of Award LTIP Units under the Plan** The Award LTIP Units are both issued as equity securities of the Partnership and granted as a “Full Value Award” under the Plan. The Company will have the right at its option, as set forth in the Partnership Agreement, to issue Common Stock in exchange for partnership units into which Award LTIP Units may have been converted pursuant to the Partnership Agreement, subject to certain limitations set forth in the Partnership Agreement, and such Common Stock, if issued, will be issued under the Plan. The Grantee acknowledges that the Grantee will have no right to approve or disapprove such election by the Company.

17. **Severability.** If any term or provision of this Agreement is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or under any applicable law, rule or regulation, then such provision shall be construed or deemed amended to conform to applicable law (or if such provision cannot be so construed or deemed amended without materially altering the purpose or intent of this Agreement and the grant of Award LTIP Units hereunder, such provision shall be stricken as to such jurisdiction and the remainder of this Agreement and the award hereunder shall remain in full force and effect).

18. **Section 409A.** If any compensation provided by this Agreement may result in the application of Section 409A of the Code, the Company shall, in consultation with the Grantee, modify the Agreement in the least restrictive manner necessary in order to, where applicable, (i) exclude such compensation from the definition of “deferred compensation” within the meaning of such Section 409A or (ii) comply with the provisions of Section 409A, other applicable provision(s) of the Code and/or any rules, regulations or other regulatory guidance issued under such statutory provisions and to make such modifications, in each case, without any diminution in the value of the benefits granted hereby to the Grantee.

19. **Law Governing.** THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE, WITHOUT REGARD TO ANY PRINCIPLES OF CONFLICTS OF LAW WHICH COULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF MARYLAND.

20. **Headings.** Section, paragraph and other headings and captions are provided solely as a convenience to facilitate reference. Such headings and captions shall not be deemed in any way material or relevant to the construction, meaning or interpretation of this Agreement or any term or provision hereof.

21. **Notices.** Notices hereunder shall be mailed or delivered to the Partnership at its principal place of business and shall be mailed or delivered to the Grantee at the address on file with the Partnership or, in either case, at such other address as one party may subsequently furnish to the other party in writing.

22. **Counterparts.** This Agreement may be executed in two or more separate counterparts, each of which shall be an original, and all of which together shall constitute one and the same agreement.

23. **Successors and Assigns.** The rights and obligations created hereunder shall be binding on the Grantee and his heirs and legal representatives and on the successors and assigns of the Partnership.

24. **Data Privacy Consent.** In order to administer the Plan and this Agreement and to implement or structure future equity grants, the Company and its agents may process any and all personal or professional data, including but not limited to Social Security or other identification number, home address and telephone number, date of birth and other information that is necessary or desirable for the administration of the Plan and/or this Agreement.

[Signature Page Follows]



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IN WITNESS WHEREOF, the undersigned have caused this Award to be executed on the [ ] day of [ ], 2014.

PROLOGIS, INC.

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

PROLOGIS, L.P.

By: PROLOGIS, INC.,  
Its General Partner

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

Grantee

\_\_\_\_\_  
Name:

Address:

**EXHIBIT A**

**FORM OF LIMITED PARTNER SIGNATURE PAGE**

The Grantee, desiring to become one of the within named Limited Partners of Prologis, L.P., hereby becomes a party to the Thirteenth Amended and Restated Agreement of Limited Partnership of Prologis, L.P., as amended through the date hereof (the "**Partnership Agreement**").

The Grantee constitutes and appoints the General Partner, any Liquidator, and authorized officers and attorneys-in-fact of each, and each of those acting singly, in each case with full power of substitution, as the Grantee's true and lawful agent and attorney-in-fact, with full power and authority in the Grantee's name, place and stead to carry out all acts described in Section 2.4.A(i) and (ii) of the Partnership Agreement, such power of attorney to be irrevocable and a power coupled with an interest pursuant to Section 2.4.B of the Partnership Agreement.

The Grantee agrees that this signature page may be attached to any counterpart of the Partnership Agreement.

Signature Line for Grantee:

\_\_\_\_\_  
Name:

Date:

Address of Grantee:

**EXHIBIT B**

**ELECTION TO INCLUDE IN GROSS INCOME IN YEAR OF  
TRANSFER OF PROPERTY PURSUANT TO SECTION 83(B)  
OF THE INTERNAL REVENUE CODE**

The undersigned hereby makes an election pursuant to Section 83(b) of the Internal Revenue Code of 1986, as amended, Treasury Regulations Section 1.83-2 promulgated thereunder, and Rev. Proc. 2012-29, 2012-28 IRB, 06/26/2012, to include in gross income as compensation for services the excess (if any) of the fair market value of the property described below over the amount paid for such property.

1. The name, address and taxpayer identification number of the undersigned are:

Name: (the "Taxpayer")

Address:

Social Security No./Taxpayer Identification No.:

Taxable Year: Calendar Year 2014.

2. Description of property with respect to which the election is being made:

The election is being made with respect to [ ] LTIP Units in Prologis, L.P. (the "Partnership").

3. The date on which the LTIP Units were transferred is [ ]. The taxable year to which this election relates is calendar year 2014.

4. Nature of restrictions to which the LTIP Units are subject:

(a) With limited exceptions, until the LTIP Units vest, the Taxpayer may not transfer in any manner any portion of the LTIP Units without the consent of the Partnership.

(b) The Taxpayer's LTIP Units are subject to risk of forfeiture upon termination of the Taxpayer's service relationship prior to vesting.

5. The fair market value at time of transfer (determined without regard to any restrictions other than a nonlapse restriction as defined in Treasury Regulations Section 1.83-3(h)) of the of the LTIP Units with respect to which this election is being made was \$0.01 per LTIP Unit.

6. The amount paid by the Taxpayer for the LTIP Units was \$0.01 per LTIP Unit.

7. The amount to include in gross income is \$0.

The undersigned taxpayer will file this election with the Internal Revenue Service office with which taxpayer files his or her annual income tax return not later than 30 days after the date of transfer of the property. A copy of the election also will be furnished to the person for whom the services were performed. Additionally, the undersigned will include a copy of the election with his or her income tax return for the taxable year in which the property is transferred. The undersigned is the person performing the services in connection with which the property was transferred.

Dated: [ ], 201[ ]

\_\_\_\_\_  
Name:

**EXHIBIT C**

**GRANTEE'S COVENANTS, REPRESENTATIONS AND WARRANTIES**

The Grantee hereby represents, warrants and covenants as follows:

(a) The Grantee has received and had an opportunity to review the following documents (the **Background Documents**):

(i) The latest Annual Report to Stockholders that has been provided to stockholders;

(ii) The Company's Proxy Statement for its most recent Annual Meeting of Stockholders;

(iii) The Company's Report on Form 10-K for the fiscal year most recently ended;

(iv) The Company's Form 10-Q for the most recently ended quarter if one has been filed by the Company with the Securities and Exchange Commission since the filing of the Form 10-K described in clause (iv) above;

(v) Each of the Company's Current Report(s) on Form 8-K, if any, filed since the later of the end of the fiscal year most recently ended for which a Form 10-K has been filed by the Company;

(vi) The Thirteenth Amended and Restated Agreement of Limited Partnership of Prologis, L.P., as then amended;

(vii) The Company's 2012 Long-Term Incentive Plan;

(viii) [The Company's Promote Plan]; and

(ix) The Company's Articles of Incorporation, as then amended.

The Grantee also acknowledges that any delivery of the Background Documents and other information relating to the Company and the Partnership prior to the determination by the Partnership of the suitability of the Grantee as a holder of Award LTIP Units shall not constitute an offer of Award LTIP Units until such determination of suitability shall be made.

(b) The Grantee hereby represents and warrants that

(i) The Grantee either (A) is an "accredited investor" as defined in Rule 501(a) under the Securities Act, or (B) by reason of the business and financial experience of the Grantee, together with the business and financial experience of those persons, if any, retained by the Grantee to represent or advise him or her with respect to the grant to him or her of LTIP Units, the potential conversion of LTIP Units into common units of the Partnership ("**Common Units**") and the potential redemption of such Common Units for shares of Common Stock ("**Shares**"), has such knowledge, sophistication and experience in financial and business matters and in making investment decisions of this type that the Grantee (I) is capable of evaluating the merits and risks of an investment in the Partnership and potential investment in the Company and of making an informed investment decision, (II) is capable of protecting his or her own interest or has engaged representatives or advisors to assist him or her in protecting his or her interests, and (III) is capable of bearing the economic risk of such investment.

(ii) The Grantee understands that (A) the Grantee is responsible for consulting his or her own tax advisors with respect to the application of the U.S. federal income tax laws, and the tax laws of any state, local or other taxing jurisdiction to which the Grantee is or by reason of the award of LTIP Units may become subject, to his or her particular situation; (B) the Grantee has not received or relied upon business or tax advice from the Company, the Partnership or any of their respective employees, agents, consultants or advisors, in their capacity as such; (C) the Grantee provides or will provide services to the Partnership on a regular basis and in such capacity has access to such information, and has such experience of and involvement in the business and operations of the Partnership, as the Grantee believes to be necessary and appropriate to make an informed decision to accept this Award of LTIP Units; and (D) an investment in the Partnership and/or the Company involves substantial risks. The Grantee has been given the opportunity to make a thorough investigation of matters relevant to the LTIP Units and has been furnished with, and has reviewed and understands, materials relating to the Partnership and the Company and their respective activities (including, but not limited to, the Background Documents). The Grantee has been afforded the opportunity to obtain any additional information (including any exhibits to the Background Documents) deemed necessary by the Grantee to verify the accuracy of information conveyed to the Grantee. The Grantee confirms that all documents, records, and books pertaining to his or her receipt of LTIP Units which were requested by the Grantee have been made available or delivered to the Grantee. The Grantee has had an

opportunity to ask questions of and receive answers from the Partnership and the Company, or from a person or persons acting on their behalf, concerning the terms and conditions of the LTIP Units. **The Grantee has relied upon, and is making its decision solely upon, the Background Documents and other written information provided to the Grantee by the Partnership or the Company.** The Grantee did not receive any tax, legal or financial advice from the Partnership or the Company and, to the extent it deemed necessary, has consulted with its own advisors in connection with its evaluation of the Background Documents and this Agreement and the Grantee's receipt of LTIP Units.

(iii) The LTIP Units to be issued, the Common Units issuable upon conversion of the LTIP Units and any Shares issued in connection with the redemption of any such Common Units will be acquired for the account of the Grantee for investment only and not with a current view to, or with any intention of, a distribution or resale thereof, in whole or in part, or the grant of any participation therein, without prejudice, however, to the Grantee's right (subject to the terms of the LTIP Units, the Plan[, the Promote Plan] and this Agreement) at all times to sell or otherwise dispose of all or any part of his or her LTIP Units, Common Units or Shares in compliance with the Securities Act, and applicable state securities laws, and subject, nevertheless, to the disposition of his or her assets being at all times within his or her control.

(iv) The Grantee acknowledges that (A) neither the LTIP Units to be issued, nor the Common Units issuable upon conversion of the LTIP Units, have been registered under the Securities Act or state securities laws by reason of a specific exemption or exemptions from registration under the Securities Act and applicable state securities laws and, if such LTIP Units or Common Units are represented by certificates, such certificates will bear a legend to such effect, (B) the reliance by the Partnership and the Company on such exemptions is predicated in part on the accuracy and completeness of the representations and warranties of the Grantee contained herein, (C) such LTIP Units, or Common Units, therefore, cannot be resold unless registered under the Securities Act and applicable state securities laws, or unless an exemption from registration is available, (D) there is no public market for such LTIP Units and Common Units and (E) neither the Partnership nor the Company has any obligation or intention to register such LTIP Units or the Common Units issuable upon conversion of the LTIP Units under the Securities Act or any state securities laws or to take any action that would make available any exemption from the registration requirements of such laws, except, that, upon the redemption of the Common Units for Shares, the Company currently intends to issue such Shares under the Plan and pursuant to a Registration Statement on Form S-8 under the Securities Act, to the extent that (I) the Grantee is eligible to receive such Shares under the Plan at the time of such issuance and (II) the Company has filed an effective Form S-8 Registration Statement with the Securities and Exchange Commission registering the issuance of such Shares. The Grantee hereby acknowledges that because of the restrictions on transfer or assignment of such LTIP Units acquired hereby and the Common Units issuable upon conversion of the LTIP Units which are set forth in the Partnership Agreement and this Agreement, the Grantee may have to bear the economic risk of his or her ownership of the LTIP Units acquired hereby and the Common Units issuable upon conversion of the LTIP Units for an indefinite period of time.

(v) The Grantee has determined that the LTIP Units are a suitable investment for the Grantee.

(vi) No representations or warranties have been made to the Grantee by the Partnership or the Company, or any officer, director, shareholder, agent, or affiliate of any of them, and the Grantee has received no information relating to an investment in the Partnership or the LTIP Units except the information specified in this Paragraph (b).

(c) So long as the Grantee holds any LTIP Units, the Grantee shall disclose to the Partnership in writing such information as may be reasonably requested with respect to ownership of LTIP Units as the Partnership may deem reasonably necessary to ascertain and to establish compliance with provisions of the Code, applicable to the Partnership or to comply with requirements of any other appropriate taxing authority.

(d) The Grantee hereby agrees to make an election under Section 83(b) of the Code with respect to the LTIP Units awarded hereunder, and has delivered with this Agreement a completed, executed copy of the election form attached to this Agreement as Exhibit B. The Grantee agrees to file the election (or to permit the Partnership to file such election on the Grantee's behalf) within thirty (30) days after the Award of the LTIP Units hereunder with the IRS Service Center at which such Grantee files his or her personal income tax returns, and to file a copy of such election with the Grantee's U.S. federal income tax return for the taxable year in which the unvested LTIP Units are awarded to the Grantee.

(e) The address set forth on the signature page of this Agreement is the address of the Grantee's principal residence, and the Grantee has no present intention of becoming a resident of any country, state or jurisdiction other than the country and state in which such residence is sited.

(f) The representations of the Grantee as set forth above are true and complete to the best of the information and belief of the Grantee, and the Partnership shall be notified promptly of any changes in the foregoing representations.

PROLOGIS, INC.  
2012 LONG-TERM INCENTIVE PLAN  
RESTRICTED STOCK UNIT AGREEMENT  
RESTRICTED STOCK UNIT NOTICE OF GRANT

*CAPITALIZED TERMS USED BUT NOT OTHERWISE DEFINED HEREIN SHALL HAVE THE MEANINGS GIVEN TO THEM IN THE PLAN.*

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

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

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

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

|                      |                         |
|----------------------|-------------------------|
| %%SHARES_PERIOD1%-%% | %%VEST_DATE_PERIOD1%-%% |
| %%SHARES_PERIOD2%-%% | %%VEST_DATE_PERIOD2%-%% |
| %%SHARES_PERIOD3%-%% | %%VEST_DATE_PERIOD3%-%% |
| %%SHARES_PERIOD4%-%% | %%VEST_DATE_PERIOD4%-%% |

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

PROLOGIS, INC.  
2012 LONG-TERM INCENTIVE PLAN  
RESTRICTED STOCK UNIT AGREEMENT  
RESTRICTED STOCK UNIT TERMS & CONDITIONS

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

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

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

### 3. Vesting Schedule and Issuance of Stock.

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

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

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

(i) If the Committee, in its discretion, accelerates the vesting of the balance, or some lesser portion of the balance, of the Award, the payment of such accelerated portion of the Award shall be made as soon as practicable after the new vesting date, but, except as provided in this Award Agreement, in no event later than two and one-half (2 1/2) months following the end of Prologis' taxable year in which the applicable Vesting Date occurs; provided, however, if Participant is a U.S. taxpayer and the Award is "deferred compensation" within the meaning of Section 409A of the Code ("Section 409A"), the payment of such accelerated portion of the Award nevertheless shall be made at the same time or times as if such Award had vested in accordance with the vesting schedule set forth in paragraph 3.(a) (whether or not Participant continues to provide services to Prologis or a Related Company as of such date(s)), unless an earlier payment date, in the judgment of the Committee, would not cause Participant to incur an additional tax under Section 409A, in which case, payment of such accelerated Award shall be made within two and one-half (2 1/2) months following the earliest permissible payment date that would not cause Participant to incur an additional tax under Section 409A. Notwithstanding the foregoing, any delay in payment pursuant to this paragraph 3.(c) will cease upon Participant's death and such payment will be made as soon as practicable after the date of Participant's death.

(ii) If the vesting of all or a portion of this Award accelerates pursuant to (A) subsection 4.3 of the Plan in the event of a corporate transaction that is not a "change in control" within the meaning of Section 409A, or (B) any other plan or agreement that provides for acceleration in the event of a corporate transaction that is not a "change in control" within the meaning of Section 409A, then the payment of such accelerated portion of the Award (including any new or additional Awards existing as a result of subsection 4.2 of the Plan) will be made in accordance with the timing of payment rules that apply to discretionary accelerations under paragraph 3.(c)(i). If the vesting of all or a portion of this Award accelerates in the event of a corporate transaction that is a "change in control" within the meaning of Section 409A, then the payment of such accelerated portion of the Award (including any new or additional Awards existing as a result of subsection 4.2 of the Plan) will be made within two and one-half (2 1/2) months after the corporate transaction.

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

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

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

### 4. Dividend Equivalent Payments.

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

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

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

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

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

#### 6. Withholding of Taxes.

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

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

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

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

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

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



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

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

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

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

9. No Guarantee of Continued Service. PARTICIPANT ACKNOWLEDGES AND AGREES THAT THE VESTING OF THE RESTRICTED STOCK UNITS AND DIVIDEND EQUIVALENT UNITS PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY REMAINING AN EMPLOYEE OF AND/OR PROVIDING MATERIAL SERVICES TO PROLOGIS OR A RELATED COMPANY AND NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS AWARD OF RESTRICTED STOCK UNITS OR ACQUIRING STOCK HEREUNDER. PARTICIPANT FURTHER ACKNOWLEDGES AND AGREES THAT THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER, THE VESTING SCHEDULE SET FORTH HEREIN AND PARTICIPANT'S PARTICIPATION IN THE PLAN (a) DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED EMPLOYMENT WITH THE EMPLOYER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, (b) WILL NOT BE INTERPRETED AS FORMING AN EMPLOYMENT OR SERVICES CONTRACT WITH PROLOGIS, THE EMPLOYER OR ANY RELATED COMPANY, AND (c) WILL NOT INTERFERE IN ANY WAY WITH PARTICIPANT'S RIGHT OR THE RIGHT OF PROLOGIS, THE EMPLOYER OR ANY RELATED COMPANY, AS APPLICABLE, TO TERMINATE PARTICIPANT'S EMPLOYMENT OR SERVICE RELATIONSHIP (IF ANY) WITH THE EMPLOYER AT ANY TIME, WITH OR WITHOUT CAUSE.

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

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

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

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

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

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

(a) the Plan is established voluntarily by Prologis;

(b) the Award of Restricted Stock Units is voluntary and occasional and does not create any contractual or other right to receive future Awards, or benefits in lieu of Awards, even if Awards have been granted in the past;

(c) all decisions with respect to future Awards of Restricted Stock Units, if any, will be at the sole discretion of Prologis;

(d) Participant is voluntarily participating in the Plan;

(e) the Restricted Stock Units and the Stock subject to the Restricted Stock Units are not intended to replace any pension rights or compensation;

(f) the Award of Restricted Stock Units and the Stock subject to the Restricted Stock Units, and the income and value of same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;

(g) the future value of the underlying Stock is unknown, indeterminable and cannot be predicted with certainty;

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

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

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

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

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

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

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

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

*Participant authorizes Prologis, the Designated Broker and any other possible recipients which may assist Prologis (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing Participant's participation in the Plan. Participant understands that Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Plan. If Participant resides outside the United States, Participant may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing Participant's local human resources representative.*

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

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

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

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

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

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

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

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

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

23. Modifications to the Award Agreement.

(a) If Participant is an employee, except as expressly set forth in Participant's employment agreement (if any) or any other individual agreements between Prologis and Participant (if any), this Award Agreement (including the Recoupment Policy referenced in paragraph 3(e)) constitutes the entire understanding of the parties on the subjects covered. To the extent that any such agreement between Prologis and an employee-Participant contains more favorable terms with respect to the Restricted Stock Units than the terms contained herein, the terms of such other agreement shall control to the extent that such terms do not conflict with the Plan.

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

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

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

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

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

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

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

Prologis, Inc.  
2012 Long-Term Incentive Plan

Country Appendix  
Restricted Stock Unit Agreement

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

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

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

BRAZIL

Compliance with Law

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

CANADA

Form of Settlement of Award

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

CHINA

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

Form of Dividend Equivalent Payments

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

Mandatory Sale Restriction

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

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

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

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### Exchange Control Restrictions

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

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

### CZECH REPUBLIC

#### Form of Dividend Equivalent Payments

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

### FRANCE

#### Not Tax Qualified Awards

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

#### Consent to Receive Information in English

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

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

### GERMANY

#### Form of Dividend Equivalent Payments

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

### HUNGARY

There are no country-specific provisions.

ITALY

Form of Dividend Equivalent Payments

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

- Appendix 2 -



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### Data Privacy Consent

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

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

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

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

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

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

### Terms of Grant

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

JAPAN

There are no country-specific provisions.

LUXEMBOURG

There are no country-specific provisions.

Plan Document Acknowledgement

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

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

Labor Law Policy and Acknowledgment

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

In accepting the Award of Restricted Stock Units, Participant expressly recognizes that Prologis with its principal operating offices at 4545 Airport Way, Denver, Colorado 80239, U.S.A., is solely responsible for the administration of the Plan and that Participant’s participation in the Plan and acquisition of Stock do not constitute an employment relationship between Participant and Prologis since Participant is participating in the Plan on a wholly commercial basis and his or her sole Employer is Servicios Corporativos GC, S.A. de C.V. Based on the foregoing, Participant expressly recognizes that the Plan and the benefits that he or she may derive from participating in the Plan do not establish any rights between Participant and the Employer and do not form part of the employment conditions and/or benefits provided by the Employer and any modification of the Plan or its termination shall not constitute a change or impairment of the terms and conditions of Participant’s employment.

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

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

Spanish Translation

Reconocimiento del Documento del Plan

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

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

Política Laboral y Reconocimiento

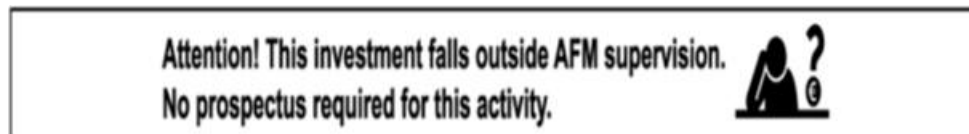
Esta disposición suplementa la Sección 13 del Convenio (“naturaleza del Otorgamiento):

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

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

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

NETHERLANDS



POLAND

There are no country-specific provisions.

SINGAPORE

Securities Law Information

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

Director Notification Requirement

Participant understands and agrees that if he or she is a director of a Related Company in Singapore, the Singapore Companies Act requires Participant to notify such Related Company in Singapore in writing of any interest (e.g., Restricted Stock Units, Stock, etc.) that Participant holds in Prologis (or any Related Company) within two business days of (i) acquiring or disposing of such interest, (ii) any change in a previously-disclosed interest (e.g., upon vesting of the Restricted Stock units), or (iii) becoming a director, if Participant holds such an interest at that time.

SLOVAK REPUBLIC

There are no country-specific provisions.

SPAIN

Labor Law Acknowledgement

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

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

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

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

#### Securities Law Notice

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

#### SWEDEN

There are no country-specific provisions.

#### UNITED KINGDOM

##### Tax Acknowledgment

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

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

If Participant is a director or executive officer of Prologis (as described above) and such income tax is not collected from or paid by Participant by the Due Date, the amount of such uncollected income tax may constitute an additional benefit to Participant on which additional income tax and National Insurance contributions ("NICs") may be payable. Participant will be responsible for reporting any income tax and NICs due on this additional benefit directly to HMRC under the self-assessment regime.

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

#### UNITED STATES

There are no country-specific provisions.

PROLOGIS, INC.  
2012 LONG-TERM INCENTIVE PLAN

RESTRICTED STOCK UNIT AGREEMENT  
RESTRICTED STOCK UNIT NOTICE OF GRANT

*CAPITALIZED TERMS USED BUT NOT OTHERWISE DEFINED HEREIN SHALL HAVE THE MEANINGS GIVEN TO THEM IN THE PLAN.*

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

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

Grant Number                           %%NUMBER%-%  
Date of Grant                            %%DATE%-%  
Vesting Commencement Date           %%VEST\_BASE\_DATE%-%  
Number of Restricted Stock Units      %%TOTAL\_UNITS\_GRANTED%-%

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

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

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

PROLOGIS, INC.  
2012 LONG-TERM INCENTIVE PLAN

RESTRICTED STOCK UNIT AGREEMENT  
RESTRICTED STOCK UNIT TERMS & CONDITIONS

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

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

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

3. Vesting Schedule and Issuance of Stock.

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

(b) As soon as practicable upon or following each Vesting Date but, except as provided in this Award Agreement, in no event later than March 15 of the year following the year that includes the applicable Vesting Date, one share of Stock shall be issued for each Restricted Stock Unit that vests on such Vesting Date, subject to the terms and provisions of the Plan and this Award Agreement. Notwithstanding the foregoing, if Participant's Termination Date occurs by reason of Retirement, payment shall be made on or within sixty (60) days following Participant's Termination Date.

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

(i) If the Committee, in its discretion, accelerates the vesting of the balance, or some lesser portion of the balance, of the Award, the payment of such accelerated portion of the Award shall be made as soon as practicable after the new vesting date, but, except as provided in this Award Agreement, in no event later than two and one-half (2 1/2) months following the end of Prologis' taxable year in which the applicable Vesting Date occurs; provided, however, if Participant is a U.S. taxpayer and the Award is "deferred compensation" within the meaning of Section 409A of the Code ("Section 409A"), the payment of such accelerated portion of the Award nevertheless shall be made at the same time or times as if such Award had vested in accordance with the vesting schedule set forth in paragraph 3(a) (whether or not Participant continues to provide services to Prologis or a Related Company as of such date(s)), unless an earlier payment date, in the judgment of the Committee, would not cause Participant to incur an additional tax under Section 409A, in which case, payment of such accelerated Award shall be made within two and one-half (2 1/2) months following the earliest permissible payment date that would not cause Participant to incur an additional tax under Section 409A. Notwithstanding the foregoing, any delay in payment pursuant to this paragraph 3(c) will cease upon Participant's death and such payment will be made as soon as practicable after the date of Participant's death.

(ii) If the vesting of all or a portion of this Award accelerates pursuant to (A) subsection 4.3 of the Plan in the event of a corporate transaction that is not a "change in control" within the meaning of Section 409A, or (B) any other plan or agreement that provides for acceleration in the event of a corporate transaction that is not a "change in control" within the meaning of Section 409A, then the payment of such accelerated portion of the Award (including any new or additional Awards existing as a result of subsection 4.2 of the Plan) will be made in accordance with the timing of payment rules that apply to discretionary accelerations under paragraph 3(c)(i). If the vesting of all or a portion of this Award accelerates in the event of a corporate transaction that is a "change in control" within the meaning of Section 409A, then the payment of such accelerated portion of the Award (including any new or additional Awards existing as a result of subsection 4.2 of the Plan) will be made within two and one-half (2 1/2) months after the corporate transaction.

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

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

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

#### 4. Dividend Equivalent Payments.

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



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

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

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

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

#### 6. Withholding of Taxes.

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

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

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

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

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

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

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

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

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

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

9. No Guarantee of Continued Service. PARTICIPANT ACKNOWLEDGES AND AGREES THAT THE VESTING OF THE RESTRICTED STOCK UNITS AND DIVIDEND EQUIVALENT UNITS PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY REMAINING AN EMPLOYEE OF AND/OR PROVIDING MATERIAL SERVICES TO PROLOGIS OR A RELATED COMPANY AND NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS AWARD OF RESTRICTED STOCK UNITS OR ACQUIRING STOCK HEREUNDER. PARTICIPANT FURTHER ACKNOWLEDGES AND AGREES THAT THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER, THE VESTING SCHEDULE SET FORTH HEREIN AND PARTICIPANT'S PARTICIPATION IN THE PLAN (a) DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED EMPLOYMENT WITH THE EMPLOYER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, (b) WILL NOT BE INTERPRETED AS FORMING AN EMPLOYMENT OR SERVICES CONTRACT WITH PROLOGIS, THE EMPLOYER OR ANY RELATED COMPANY, AND (c) WILL NOT INTERFERE IN ANY WAY WITH PARTICIPANT'S RIGHT OR THE RIGHT OF PROLOGIS, THE EMPLOYER OR ANY RELATED COMPANY, AS APPLICABLE, TO TERMINATE PARTICIPANT'S EMPLOYMENT OR SERVICE RELATIONSHIP (IF ANY) WITH THE EMPLOYER AT ANY TIME, WITH OR WITHOUT CAUSE.

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

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

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

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

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

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

(a) the Plan is established voluntarily by Prologis;

(b) the Award of Restricted Stock Units is voluntary and occasional and does not create any contractual or other right to receive future Awards, or benefits in lieu of Awards, even if Awards have been granted in the past;

(c) all decisions with respect to future Awards of Restricted Stock Units, if any, will be at the sole discretion of Prologis;

(d) Participant is voluntarily participating in the Plan;

(e) the Restricted Stock Units and the Stock subject to the Restricted Stock Units are not intended to replace any pension rights or compensation;

(f) the Award of Restricted Stock Units and the Stock subject to the Restricted Stock Units, and the income and value of same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;

(g) the future value of the underlying Stock is unknown, indeterminable and cannot be predicted with certainty;

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

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

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

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

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

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

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

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

Participant authorizes Prologis, the Designated Broker and any other possible recipients which may assist Prologis (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing Participant's participation in the Plan. Participant understands that Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Plan. If Participant resides outside the United States, Participant may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing Participant's local human resources representative.

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

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

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

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

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

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

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

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

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

23. Modifications to the Award Agreement.

(a) If Participant is an employee, except as expressly set forth in Participant's employment agreement (if any) or any other individual agreements between Prologis and Participant (if any), this Award Agreement (including the Recoupment Policy referenced in paragraph 3(e)) constitutes the entire understanding of the parties on the subjects covered. To the extent that any such agreement between Prologis and an employee-Participant contains more favorable terms with respect to the Restricted Stock Units than the terms contained herein, the terms of such other agreement shall control to the extent that such terms do not conflict with the Plan.

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

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

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

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

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

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

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

Prologis, Inc.  
2012 Long-Term Incentive Plan

Country Appendix  
Restricted Stock Unit Agreement

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

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

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

BRAZIL

Compliance with Law

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

CANADA

Form of Settlement of Award

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

CHINA

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

Form of Dividend Equivalent Payments

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

Mandatory Sale Restriction

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

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



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

#### Exchange Control Restrictions

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

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

#### CZECH REPUBLIC

##### Form of Dividend Equivalent Payments

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

#### FRANCE

##### Not Tax Qualified Awards

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

##### Consent to Receive Information in English

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

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

## GERMANY

### Form of Dividend Equivalent Payments

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

## HUNGARY

There are no country-specific provisions.

## ITALY

### Form of Dividend Equivalent Payments

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

### Data Privacy Consent

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

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

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

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

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

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

#### Terms of Grant

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

#### JAPAN

There are no country-specific provisions.

#### LUXEMBOURG

There are no country-specific provisions.

#### MEXICO

##### Plan Document Acknowledgement

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

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

##### Labor Law Policy and Acknowledgment

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

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

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

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

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

#### Spanish Translation

##### Reconocimiento del Documento del Plan

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

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

##### Política Laboral y Reconocimiento

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

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

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

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

NETHERLANDS

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



#### POLAND

There are no country-specific provisions.

#### SINGAPORE

##### Securities Law Information

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

##### Director Notification Requirement

Participant understands and agrees that if he or she is a director of a Related Company in Singapore, the Singapore Companies Act requires Participant to notify such Related Company in Singapore in writing of any interest (*e.g.*, Restricted Stock Units, Stock, etc.) that Participant holds in Prologis (or any Related Company) within two business days of (i) acquiring or disposing of such interest, (ii) any change in a previously-disclosed interest (*e.g.*, upon vesting of the Restricted Stock units), or (iii) becoming a director, if Participant holds such an interest at that time.

#### SLOVAK REPUBLIC

There are no country-specific provisions.

#### SPAIN

##### Labor Law Acknowledgement

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

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

Award of Restricted Stock Units would not be made to Participant but for the assumptions and conditions referred to above; thus, Participant acknowledges and freely accepts that should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then any Award made to Participant under the Plan shall be null and void.

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

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

#### Securities Law Notice

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

#### SWEDEN

There are no country-specific provisions.

#### UNITED KINGDOM

##### Tax Acknowledgment

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

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

If Participant is a director or executive officer of Prologis (as described above) and such income tax is not collected from or paid by Participant by the Due Date, the amount of such uncollected income tax may constitute an additional benefit to Participant on which additional income tax and National Insurance contributions ("NICs") may be payable. Participant will be responsible for reporting any income tax and NICs due on this additional benefit directly to HMRC under the self-assessment regime.

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

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UNITED STATES

There are no country-specific provisions.

- Appendix 8 -

PROLOGIS, INC.  
 2012 LONG-TERM INCENTIVE PLAN  
  
 2012 BONUS EXCHANGE  
 RESTRICTED STOCK UNIT AGREEMENT  
 RESTRICTED STOCK UNIT NOTICE OF GRANT

*CAPITALIZED TERMS USED BUT NOT OTHERWISE DEFINED HEREIN SHALL HAVE THE MEANINGS GIVEN TO THEM IN THE PLAN.*

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

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

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

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

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

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

PROLOGIS, INC.  
 2012 LONG-TERM INCENTIVE PLAN  
  
 RESTRICTED STOCK UNIT AGREEMENT  
 RESTRICTED STOCK UNIT TERMS & CONDITIONS

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

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



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

3. Vesting Schedule and Issuance of Stock.

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

(b) As soon as practicable upon or following each Vesting Date but, except as provided in this Award Agreement, in no event later than March 15 of the year following the year that includes the applicable Vesting Date, one share of Stock shall be issued for each Restricted Stock Unit that vests on such Vesting Date, subject to the terms and provisions of the Plan and this Award Agreement. Notwithstanding the foregoing, if Participant's Termination Date occurs by reason of Retirement, payment shall be made on or within sixty (60) days following Participant's Termination Date.

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

(i) If the Committee, in its discretion, accelerates the vesting of the balance, or some lesser portion of the balance, of the Award, the payment of such accelerated portion of the Award shall be made as soon as practicable after the new vesting date, but, except as provided in this Award Agreement, in no event later than two and one-half (2 1/2) months following the end of Prologis' taxable year in which the applicable Vesting Date occurs; provided, however, if Participant is a U.S. taxpayer and the Award is "deferred compensation" within the meaning of Section 409A of the Code ("Section 409A"), the payment of such accelerated portion of the Award nevertheless shall be made at the same time or times as if such Award had vested in accordance with the vesting schedule set forth in paragraph 3(a) (whether or not Participant continues to provide services to Prologis or a Related Company as of such date(s)), unless an earlier payment date, in the judgment of the Committee, would not cause Participant to incur an additional tax under Section 409A, in which case, payment of such accelerated Award shall be made within two and one-half (2 1/2) months following the earliest permissible payment date that would not cause Participant to incur an additional tax under Section 409A. Notwithstanding the foregoing, any delay in payment pursuant to this paragraph 3(c) will cease upon Participant's death and such payment will be made as soon as practicable after the date of Participant's death.

(ii) If the vesting of all or a portion of this Award accelerates pursuant to (A) subsection 4.3 of the Plan in the event of a corporate transaction that is not a "change in control" within the meaning of Section 409A, or (B) any other plan or agreement that provides for acceleration in the event of a corporate transaction that is not a "change in control" within the meaning of Section 409A, then the payment of such accelerated portion of the Award (including any new or additional Awards existing as a result of subsection 4.2 of the Plan) will be made in accordance with the timing of payment rules that apply to discretionary accelerations under paragraph 3(c)(i). If the vesting of all or a portion of this Award accelerates in the event of a corporate transaction that is a "change in control" within the meaning of Section 409A, then the payment of such accelerated portion of the Award (including any new or additional Awards existing as a result of subsection 4.2 of the Plan) will be made within two and one-half (2 1/2) months after the corporate transaction.

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

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

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

4. Dividend Equivalent Payments.

(a) As of each dividend payment date with respect to Stock, Participant shall be entitled to a Dividend Equivalent Payment (as defined below) in an amount equal to (i) the dividend paid with respect to a share of Stock, multiplied by (ii) the number of shares of Stock subject to the Award, if any, that are outstanding on the applicable dividend record date with respect to such dividend payment date. Unless otherwise set forth in the Country Appendix, Dividend Equivalent Payments with respect to outstanding shares of Stock subject to the Award generally shall be paid at the same time and in the same form that dividends are paid on Stock; provided, however, that any Dividend Equivalent Payment to which Participant is entitled for any calendar year shall be paid no later than March 15 of the year following the year in

which the corresponding dividend record date on the Stock occurs. The Committee may prospectively change the method of crediting dividend equivalents as it, in its sole discretion, determines appropriate from time to time provided that such change does not have a material adverse tax effect on Participant.

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

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

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

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

#### 6. Withholding of Taxes.

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

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

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

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

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

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

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

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

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

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

9. No Guarantee of Continued Service. PARTICIPANT ACKNOWLEDGES AND AGREES THAT THE VESTING OF THE RESTRICTED STOCK UNITS AND DIVIDEND EQUIVALENT UNITS PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY REMAINING AN EMPLOYEE OF AND/OR PROVIDING MATERIAL SERVICES TO PROLOGIS OR A RELATED COMPANY AND NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS AWARD OF RESTRICTED STOCK UNITS OR ACQUIRING STOCK HEREUNDER. PARTICIPANT FURTHER ACKNOWLEDGES AND AGREES THAT THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER, THE VESTING SCHEDULE SET FORTH HEREIN AND PARTICIPANT'S PARTICIPATION IN THE PLAN (a) DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED EMPLOYMENT WITH THE EMPLOYER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, (b) WILL NOT BE INTERPRETED AS FORMING AN EMPLOYMENT OR SERVICES CONTRACT WITH PROLOGIS, THE EMPLOYER OR ANY RELATED COMPANY, AND (c) WILL NOT INTERFERE IN ANY WAY WITH PARTICIPANT'S RIGHT OR THE RIGHT OF PROLOGIS, THE EMPLOYER OR ANY RELATED COMPANY, AS APPLICABLE, TO TERMINATE PARTICIPANT'S EMPLOYMENT OR SERVICE RELATIONSHIP (IF ANY) WITH THE EMPLOYER AT ANY TIME, WITH OR WITHOUT CAUSE.

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

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

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

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

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

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

(a) the Plan is established voluntarily by Prologis;

(b) the Award of Restricted Stock Units is voluntary and occasional and does not create any contractual or other right to receive future Awards, or benefits in lieu of Awards, even if Awards have been granted in the past;

(c) all decisions with respect to future Awards of Restricted Stock Units, if any, will be at the sole discretion of Prologis;

(d) Participant is voluntarily participating in the Plan;

(e) the Award of Restricted Stock Units and the Stock subject to the Restricted Stock Units, and the income and value of same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;

(f) the future value of the underlying Stock is unknown, indeterminable and cannot be predicted with certainty;

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

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

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

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

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

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

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

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

Participant authorizes Prologis, the Designated Broker and any other possible recipients which may assist Prologis (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing Participant's participation in the Plan. Participant understands that Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Plan. If Participant resides outside the United States, Participant may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing Participant's local human resources representative.

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

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

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

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

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

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

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

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

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

23. Modifications to the Award Agreement.

(a) If Participant is an employee, except as expressly set forth in Participant's employment agreement (if any) or any other individual agreements between Prologis and Participant (if any), this Award Agreement (including the Recoupment Policy referenced in paragraph 3(e)) constitutes the entire understanding of the parties on the subjects covered. To the extent that any such agreement between Prologis and an employee-Participant contains more favorable terms with respect to the Restricted Stock Units than the terms contained herein, the terms of such other agreement shall control to the extent that such terms do not conflict with the Plan.

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

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

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

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

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

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

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

Prologis, Inc.  
2012 Long-Term Incentive Plan

Country Appendix  
Restricted Stock Unit Agreement

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

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

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

BRAZIL

Compliance with Law

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

CANADA

Form of Settlement of Award

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

CHINA

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

Form of Dividend Equivalent Payments

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

Mandatory Sale Restriction

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

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

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



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

#### Exchange Control Restrictions

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

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

#### CZECH REPUBLIC

##### Form of Dividend Equivalent Payments

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

#### FRANCE

##### Not Tax Qualified Awards

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

##### Consent to Receive Information in English

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

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

#### GERMANY

##### Form of Dividend Equivalent Payments

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

## HUNGARY

There are no country-specific provisions.

## ITALY

### Form of Dividend Equivalent Payments

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

### Data Privacy Consent

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

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

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

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

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

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

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Terms of Grant

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

JAPAN

There are no country-specific provisions.

LUXEMBOURG

There are no country-specific provisions.

MEXICO

Plan Document Acknowledgement

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

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

Labor Law Policy and Acknowledgment

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

In accepting the Award of Restricted Stock Units, Participant expressly recognizes that Prologis with its principal operating offices at 4545 Airport Way, Denver, Colorado 80239, U.S.A., is solely responsible for the administration of the Plan and that Participant’s participation in the Plan and acquisition of Stock do not constitute an employment relationship between Participant and Prologis since Participant is participating in the Plan on a wholly commercial basis and his or her sole Employer is Servicios Corporativos GC, S.A. de C.V. Based on the foregoing, Participant expressly recognizes that the Plan and the benefits that he or she may derive from participating in the Plan do not establish any rights between Participant and the Employer and do not form part of the employment conditions and/or benefits provided by the Employer and any modification of the Plan or its termination shall not constitute a change or impairment of the terms and conditions of Participant’s employment.

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

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

Spanish Translation

Reconocimiento del Documento del Plan

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

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

Política Laboral y Reconocimiento

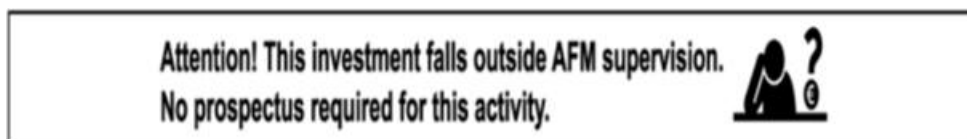
Esta disposición suplementa la Sección 13 del Convenio ("naturaleza del Otorgamiento):

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

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

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

NETHERLANDS



POLAND

There are no country-specific provisions.

SINGAPORE

Securities Law Information

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

Director Notification Requirement

Participant understands and agrees that if he or she is a director of a Related Company in Singapore, the Singapore Companies Act requires Participant to notify such Related Company in Singapore in writing of any interest (e.g., Restricted Stock Units, Stock, etc.) that Participant holds in Prologis (or any Related Company) within two business days of (i) acquiring or disposing of such interest, (ii) any change in a previously-disclosed interest (e.g., upon vesting of the Restricted Stock units), or (iii) becoming a director, if Participant holds such an interest at that time.

SLOVAK REPUBLIC

There are no country-specific provisions.

SPAIN

Labor Law Acknowledgement

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

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

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

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

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Securities Law Notice

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

SWEDEN

There are no country-specific provisions.

UNITED KINGDOM

Tax Acknowledgment

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

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

If Participant is a director or executive officer of Prologis (as described above) and such income tax is not collected from or paid by Participant by the Due Date, the amount of such uncollected income tax may constitute an additional benefit to Participant on which additional income tax and National Insurance contributions (“NICs”) may be payable. Participant will be responsible for reporting any income tax and NICs due on this additional benefit directly to HMRC under the self-assessment regime.

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

UNITED STATES

There are no country-specific provisions.

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

|  | Nine Months<br>Ended<br>September 30, | Year Ended December 31, |                   |                   |                      |                   |
|--|---------------------------------------|-------------------------|-------------------|-------------------|----------------------|-------------------|
|  | 2014                                  | 2013                    | 2012              | 2011              | 2010                 | 2009              |
| Earnings (loss) from continuing operations                     | \$ 311,560                            | \$229,529               | \$(106,397)       | \$(274,944)       | \$(1,605,355)        | \$(372,126)       |
| Add (Deduct):  |                                       |                         |                   |                   |                      |                   |
| Fixed charges  | 288,979                               | 458,285                 | 572,108           | 529,798           | 518,399              | 471,130           |
| Capitalized interest   | (45,325)                              | (67,955)                | (53,397)          | (52,651)          | (53,661)             | (94,205)          |
| Earnings from unconsolidated entities, net                     | (79,411)                              | (97,220)                | (31,676)          | (59,935)          | (23,678)             | (28,059)          |
| Distributed income from equity entities                        | 84,645                                | 68,618                  | 34,945            | 72,976            | 27,404               | 63,885            |
| Income tax expense (benefit)                                   | (25,302)                              | 106,733                 | 3,580             | 1,776             | (30,499)             | 5,975             |
| <b>Earnings (loss), as adjusted</b>                            | <b>\$ 535,146</b>                     | <b>\$697,990</b>        | <b>\$ 419,163</b> | <b>\$ 217,020</b> | <b>\$(1,167,390)</b> | <b>\$ 46,600</b>  |
| Fixed charges:   |                                       |                         |                   |                   |                      |                   |
| Interest expense   | \$ 234,793                            | \$379,327               | \$ 505,215        | \$ 466,571        | \$ 461,166           | \$ 372,768        |
| Capitalized interest   | 45,325                                | 67,955                  | 53,397            | 52,651            | 53,661               | 94,205            |
| Portion of rents representative of the interest factor         | 8,861                                 | 11,003                  | 13,496            | 10,576            | 3,572                | 4,157             |
| <b>Total fixed charges</b>                                     | <b>\$ 288,979</b>                     | <b>\$458,285</b>        | <b>\$ 572,108</b> | <b>\$ 529,798</b> | <b>\$ 518,399</b>    | <b>\$ 471,130</b> |
| <b>Ratio of earnings (loss), as adjusted, to fixed charges</b> | <b>1.9</b>                            | <b>1.5</b>              | <b>(a)</b>        | <b>(a)</b>        | <b>(a)</b>           | <b>(a)</b>        |

- (a) The loss from continuing operations for 2012, 2011, 2010, and 2009 included impairment charges of \$269.0 million, \$147.7 million, \$1.1 billion, and \$495.2 million, respectively, that are discussed in our Annual Report on Form 10-K. Our fixed charges exceed our earnings (loss), as adjusted, by \$152.9 million, \$312.8 million, \$1.7 billion, and \$424.5 million for the years ended December 31, 2012, 2011, 2010, and 2009, respectively.

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

|  | Nine Months Ended |                         |                   |                   |                      |                   |
|--|-------------------|-------------------------|-------------------|-------------------|----------------------|-------------------|
|  | September 30,     | Year Ended December 31, |                   |                   |                      |                   |
|  | 2014              | 2013                    | 2012              | 2011              | 2010                 | 2009              |
| Earnings (loss) from continuing operations   | \$ 311,560        | \$229,529               | \$(106,397)       | \$(274,944)       | \$(1,605,355)        | \$(372,126)       |
| Add (Deduct):  |                   |                         |                   |                   |                      |                   |
| Fixed charges  | 288,979           | 458,285                 | 572,108           | 529,798           | 518,399              | 471,130           |
| Capitalized interest   | (45,325)          | (67,955)                | (53,397)          | (52,651)          | (53,661)             | (94,205)          |
| Earnings from unconsolidated entities, net   | (79,411)          | (97,220)                | (31,676)          | (59,935)          | (23,678)             | (28,059)          |
| Distributed income from equity entities  | 84,645            | 68,618                  | 34,945            | 72,976            | 27,404               | 63,885            |
| Income tax expense (benefit)   | (25,302)          | 106,733                 | 3,580             | 1,776             | (30,499)             | 5,975             |
| <b>Earnings (loss), as adjusted</b>  | <b>\$ 535,146</b> | <b>\$697,990</b>        | <b>\$ 419,163</b> | <b>\$ 217,020</b> | <b>\$(1,167,390)</b> | <b>\$ 46,600</b>  |
| Combined fixed charges and preferred stock/unit dividends:   |                   |                         |                   |                   |                      |                   |
| Interest expense   | \$ 234,793        | \$379,327               | \$ 505,215        | \$ 466,571        | \$ 461,166           | \$ 372,768        |
| Capitalized interest   | 45,325            | 67,955                  | 53,397            | 52,651            | 53,661               | 94,205            |
| Portion of rents representative of the interest factor   | 8,861             | 11,003                  | 13,496            | 10,576            | 3,572                | 4,157             |
| Total fixed charges  | 288,979           | 458,285                 | 572,108           | 529,798           | 518,399              | 471,130           |
| Preferred stock/unit dividends   | 5,753             | 18,391                  | 41,226            | 34,696            | 25,424               | 25,423            |
| <b>Combined fixed charges and preferred stock/unit dividends</b>   | <b>\$ 294,732</b> | <b>\$476,676</b>        | <b>\$ 613,334</b> | <b>\$ 564,494</b> | <b>\$ 543,823</b>    | <b>\$ 496,553</b> |
| <b>Ratio of earnings (loss), as adjusted, to combined fixed charges and preferred stock/unit dividends</b> | <b>1.8</b>        | <b>1.5</b>              | <b>(a)</b>        | <b>(a)</b>        | <b>(a)</b>           | <b>(a)</b>        |

- (a) The loss from continuing operations for 2012, 2011, 2010, and 2009 includes impairment charges of \$269.0 million, \$147.7 million, \$1.1 billion, and \$495.2 million, respectively, that are discussed in our Annual Report on Form 10-K. Our combined fixed charges and preferred stock/unit dividends exceeded our earnings (loss), as adjusted, by \$194.2 million, \$347.5 million, \$1.7 billion, and \$450.0 million for the years ended December 31, 2012, 2011, 2010 and 2009, respectively.



The Board of Directors  
Prologis, Inc.:

Re: Registration Statement Nos. 333-78699, 333-81475, 333-75951, and 333-195316 on Form S-3; Registration Statement Nos. 333-173891 and 333-172741 on Form S-4; and Registration Statement Nos. 333-42015, 333-78779, 333-90042, 333-100214, 333-144489, 333-177378, 333-178955, and 333-181529 on Form S-8.

With respect to the subject registration statements, we acknowledge our awareness of the use therein of our report dated November 4, 2014 related to our review of interim financial information. Our review report refers to a change in accounting for discontinued operations.

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

**KPMG LLP**

Denver, Colorado  
November 4, 2014

The Partners  
Prologis, L.P.:

Re: Registration Statement No. 333-195316 on Form S-3; and Registration Statement No. 333-100214 on Form S-8.

With respect to the subject registration statements, we acknowledge our awareness of the use therein of our report dated November 4, 2014 related to our review of interim financial information. Our review report refers to a change in accounting for discontinued operations.

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

**KPMG LLP**

Denver, Colorado  
November 4, 2014

## CERTIFICATION

I, Hamid R. Moghadam, certify that:

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

Dated: November 4, 2014

/s/ Hamid R. Moghadam

Name: Hamid R. Moghadam  
Title: Chief Executive Officer

## CERTIFICATION

I, Thomas S. Olinger, certify that:

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

Dated: November 4, 2014

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

## CERTIFICATION

I, Hamid R. Moghadam, certify that:

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

Dated: November 4, 2014

/s/ Hamid R. Moghadam

Name: Hamid R. Moghadam  
Title: Chief Executive Officer

## CERTIFICATION

I, Thomas S. Olinger, certify that:

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

Dated: November 4, 2014

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

**CERTIFICATION**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned officers of Prologis, Inc. (“the Company”), hereby certifies, to such officer’s knowledge, that the Company’s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2014 (the “Report”), which accompanies these certifications, fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 4, 2014

/s/ Hamid R. Moghadam

Name: Hamid R. Moghadam  
Title: Chief Executive Officer

Dated: November 4, 2014

/s/ Thomas S. Olinger

Name: Thomas S. Olinger  
Title: Chief Financial Officer

**CERTIFICATION**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned officers of Prologis, L.P. (“the Company”), hereby certifies, to such officer’s knowledge, that the Company’s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2014 (the “Report”), which accompanies these certifications, fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 4, 2014

/s/ Hamid R. Moghadam

Name: Hamid R. Moghadam  
Title: Chief Executive Officer

Dated: November 4, 2014

/s/ Thomas S. Olinger

Name: Thomas S. Olinger  
Title: Chief Financial Officer