

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

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2022

or

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)

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

| Title of Each Class | Trading Symbol(s) | Name of Each Exchange on Which Registered |
|--------------------------------|-------------------|---|
| Common Stock, \$0.01 par value | PLD | New York Stock Exchange |
| 3.000% Notes due 2026 | PLD/26 | New York Stock Exchange |
| 2.250% Notes due 2029 | PLD/29 | New York Stock Exchange |

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

Prologis, Inc. - **NONE**
Prologis, L.P. - **NONE**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

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

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

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

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 requirements for the past 90 days. Prologis, Inc.: Yes No Prologis, L.P.: Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter periods that the registrant was required to submit such files). Prologis, Inc.: Yes No Prologis, L.P.: Yes No

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

Prologis, Inc.: Large accelerated filer Accelerated filer Smaller reporting company
 Non-accelerated filer Emerging growth company

Prologis, L.P.: Large accelerated filer Accelerated filer Smaller reporting company
 Non-accelerated filer Emerging growth company

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934).
Prologis, Inc.: Yes No Prologis, L.P.: Yes No

Based on the closing price of Prologis, Inc.'s common stock on June 30, 2022, the aggregate market value of the voting common equity held by nonaffiliates of Prologis, Inc. was \$ 86,814,282,420 .

The number of shares of Prologis, Inc.'s common stock outstanding at February 13, 2023, was approximately 923,429,000 .

DOCUMENTS INCORPORATED BY REFERENCE

Portions of Part III of this report are incorporated by reference to the registrant's definitive proxy statement for the 2022 annual meeting of its stockholders or will be provided in an amendment filed on Form 10-K/A.



EXPLANATORY NOTE

This report combines the annual reports on Form 10-K for the year ended December 31, 2022, of Prologis, Inc. and Prologis, L.P. Unless stated otherwise or the context otherwise requires, references to "Prologis, Inc." or the "Parent" mean Prologis, Inc. and its consolidated subsidiaries; and references to "Prologis, L.P." or the "Operating Partnership" or the "OP" mean Prologis, L.P., and its consolidated subsidiaries. The terms "the Company," "Prologis," "we," "our" or "us" means the Parent and the OP collectively.

The Parent is a real estate investment trust (a "REIT") and the general partner of the OP. At December 31, 2022, the Parent owned a 97.60% common general partnership interest in the OP and substantially all of the preferred units in the OP. The remaining 2.40% common limited partnership interests are owned by unaffiliated investors and certain current and former directors and officers of the Parent.

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

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

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

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

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

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

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

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The statements in this report that are not historical facts are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements are based on current expectations, estimates and projections about the industry and markets in which we operate as well as management's beliefs and assumptions. Such statements involve uncertainties that could significantly impact our financial results. Words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," and "estimates" including variations of such words and similar expressions are intended to identify such forward-looking statements, which generally are not historical in nature. All statements that address operating performance, events or developments that we expect or anticipate will occur in the future — including statements relating to rent and occupancy growth, acquisition and development activity, contribution and disposition activity, general conditions in the geographic areas where we operate, our debt, capital structure and financial position, our ability to earn revenues from co-investment ventures, form new co-investment ventures and the availability of capital in existing or new co-investment ventures — are forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Although we believe the expectations reflected in any forward-looking statements are based on reasonable assumptions, we can give no assurance that our expectations will be attained, and therefore actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. Some of the factors that may affect outcomes and results include, but are not limited to: (i) international, national, regional and local economic and political climates and conditions; (ii) changes in global financial markets, interest rates and foreign currency exchange rates; (iii) increased or unanticipated competition for our properties; (iv) risks associated with acquisitions, dispositions and development of properties, including the integration of the operations of significant real estate portfolios; (v) maintenance of Real Estate Investment Trust ("REIT") status, tax structuring and changes in income tax laws and rates; (vi) availability of financing and capital, the levels of debt that we maintain and our credit ratings; (vii) risks related to our investments in our co-investment ventures, including our ability to establish new co-investment ventures; (viii) risks of doing business internationally, including currency risks; (ix) environmental uncertainties, including risks of natural disasters; (x) risks related to global pandemics; and (xi) those additional factors discussed under Part I, Item 1A. Risk Factors in this report. We undertake no duty to update any forward-looking statements appearing in this report except as may be required by law.

PART I

ITEM 1. Business

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

Prologis, Inc. began operating as a fully integrated real estate company in 1997 and elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended ("Internal Revenue Code" or "IRC"). We believe the current organization and method of operation enable Prologis, Inc. to maintain its status as a REIT. Prologis, L.P. was also formed in 1997.

We operate, manage and measure the operating performance of our properties on an owned and managed ("O&M") basis. Our O&M portfolio includes our consolidated properties as well as properties owned by our unconsolidated co-investment ventures. We make operating decisions based on our total O&M portfolio as we manage the properties without regard to their ownership. We also evaluate our results based on our proportionate economic ownership of each property included in the O&M portfolio ("our share") to reflect our share of the financial results of the O&M portfolio.

Included in our discussion below are references to funds from operations ("FFO") and net operating income ("NOI"), neither of which are United States ("U.S.") generally accepted accounting principles ("GAAP"). See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations for a reconciliation of *Net Earnings Attributable to Common Stockholders/Unitholders* in the Consolidated Statements of Income to our FFO measures and a reconciliation of NOI to *Operating Income*, the most directly comparable GAAP measures.

Our corporate headquarters is located at Pier 1, Bay 1, San Francisco, California 94111, and our other principal office locations are in Amsterdam, Denver, Mexico City, Shanghai, Singapore and Tokyo.

Our Internet address is www.prologis.com. All reports required to be filed with the Securities and Exchange Commission ("SEC") are available and can be accessed free of charge through the Investor Relations section of our website. The common stock of Prologis, Inc. is listed on the New York Stock Exchange ("NYSE") under the ticker "PLD" and is a component of the Standard & Poor's ("S&P") 500.

THE COMPANY

Prologis is the global leader in logistics real estate with a focus on high-barrier, high-growth markets. We own, manage and develop well-located, high-quality logistics facilities in 19 countries across four continents. Our portfolio focuses on the world's most vibrant centers of commerce and our scale across these locations allows us to better serve our customers' diverse logistics requirements. Our teams actively manage our portfolio and provide comprehensive real estate services, including leasing, property management, development, acquisitions and dispositions. We invest significant capital into new logistics properties principally through our

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development activity and third-party acquisitions. The contribution of newly developed properties to our co-investment ventures and the sale of non-strategic properties to third parties allows us to recycle capital into our development and acquisition activities.

While the majority of our properties in the U.S. are wholly owned, we hold a significant ownership interest in properties internationally and in the U.S. through our investments in the co-investment ventures. Partnering with the world's largest institutional investors through co-investment ventures allows us to enhance and diversify our real estate returns as well as mitigate our exposure to foreign currency movements.

Logistics supply chains have increased dramatically in importance to our customers and the global economy. The long-term trends of e-commerce adoption and supply chain resiliency continue to drive the need for increased warehouse space to store and distribute goods. This demand has translated into meaningful increases in rents and low vacancy. We believe this demand is driven by three primary factors: (i) customer supply chains re-positioning to address the significant shift to e-commerce and heightened service expectations; (ii) overall consumption and household growth; and (iii) our customers' desire for more supply chain resiliency. We believe these forces will keep demand strong for the long-term.

The nature of the services we are providing to our customers is expanding. The scale of our 1.2 billion square foot portfolio allows us to provide a platform of solutions to address challenges that companies face in global fulfillment today. Through Prologis Essentials, we focus on innovative ways to meet our customers' operations, energy and sustainability, mobility and workforce needs. Our customer experience teams, proprietary technology and strategic partnerships are foundational to Prologis Essentials and allow us to provide our customers with unique and actionable insights to drive greater efficiency in their operations.

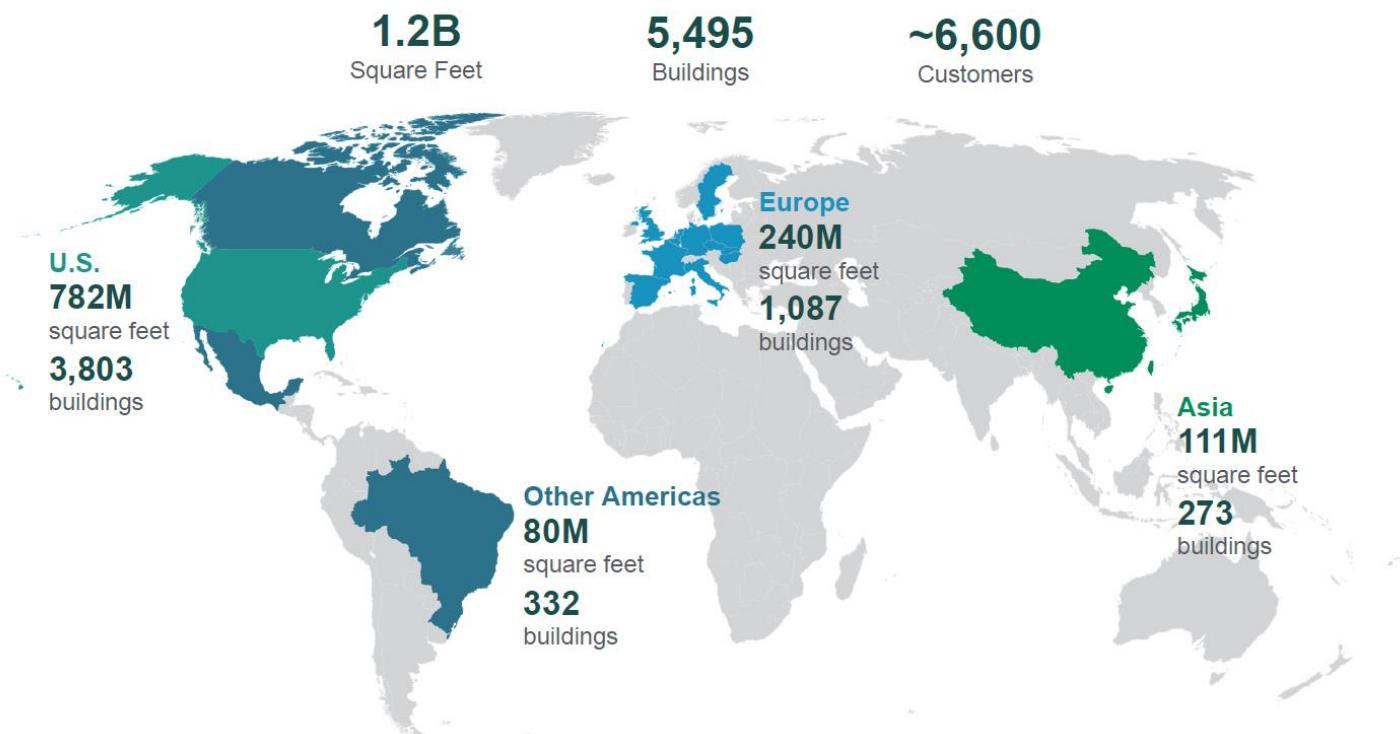
Our long-standing dedication to Environmental, Social and Governance ("ESG") practices strengthens our relationships with our customers, investors, employees and the communities in which we do business. The principles of ESG are an important aspect of our business strategy that we believe delivers a strategic business advantage while positively impacting the environment.

2022 Significant Acquisition

On October 3, 2022, we acquired Duke Realty Corporation and Duke Realty Limited Partnership (collectively "Duke") through a merger transaction that we refer to as the "Duke Transaction" and is detailed in Note 3 to the Consolidated Financial Statements in Item 8. Financial Statements and Supplementary Data. Our financial condition and operating results include the Duke properties subsequent to the acquisition date. The Duke portfolio was primarily comprised of logistics real estate assets, including 494 industrial operating properties, aggregating 144 million square feet and was highly complementary to our U.S. portfolio in terms of product quality, location and growth potential. There was approximately 15 million square feet of non-strategic industrial operating properties that we do not intend to hold long-term and are classified as other real estate investments. The portfolio also included properties under development, land for future development and investments in other ventures. The acquisition expanded our presence in target markets such as Chicago, Dallas, Atlanta, South Florida and Southern California. The total acquisition price, including transaction costs, was \$23.2 billion and was funded through the issuance of equity based on the value of the Prologis, Inc. common stock issued using the closing price on September 30, 2022 and the assumption of debt. As a result of the closely aligned portfolios and similar business strategy and our ability to scale, we integrated the Duke portfolio while adding minimal property management and general and administrative expenses ("G&A").

Overview

At December 31, 2022, we owned or had investments in, on a wholly-owned basis or through co-investment ventures, properties and development projects expected to total approximately 1.2 billion square feet across the following geographies:



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

OPERATING SEGMENTS

Our business comprises two operating segments: Real Estate (Rental Operations and Development) and Strategic Capital.

Below is information summarizing consolidated activity within our segments over the last three years (in millions):



- (1) NOI from the Real Estate Segment is calculated directly from our Consolidated Financial Statements as *Rental Revenues and Development Management and Other Revenues less Rental Expenses and Other Expenses*. NOI from the Strategic Capital Segment is calculated directly from our Consolidated Financial Statements as *Strategic Capital Revenues less Strategic Capital Expenses*.
- (2) A developed property moves into the operating portfolio when it meets our definition of stabilization, which is the earlier of when a property that was developed has been completed for one year, is contributed to a co-investment venture following completion or is 90% occupied. Amounts represent our total expected investment ("TEI") upon stabilization, which includes the estimated cost of development or expansion, including land, construction and leasing costs.

Real Estate Segment

Rental Operations. Rental operations comprise the largest component of our operating segments and generally contribute 85% to 90% of our consolidated revenues, earnings and FFO. We collect rent from our customers through operating leases, including reimbursements for the majority of our property operating costs. For leases that commenced during 2022 within the consolidated operating portfolio, the weighted average lease term was 69 months. We expect to generate internal growth by increasing rents, maintaining high occupancy rates and controlling expenses. The primary driver of our revenue growth, outside of the Duke Transaction, will be rolling in-place leases to current market rents when leases expire, as discussed further below. We believe our active portfolio management, combined with the skills of our property, leasing, maintenance, capital, energy, sustainability and risk management teams allow us to maximize NOI across our portfolio. Substantially all of our consolidated rental revenue, NOI and cash flows from rental operations are generated in the U.S.

Development. Given the scarcity of modern logistics facilities in our target markets, our development business provides the opportunity to build to the requirements of our current and future customers while deepening our market presence. We believe we have a competitive advantage due to (i) the strategic locations of our global land bank and redevelopment sites; (ii) the development expertise of our local teams; (iii) the depth of our customer relationships; (iv) our ability to integrate sustainable design features that result in cost-savings and operational efficiencies for our customers; and (v) our procurement capabilities that allow us to secure high-demand construction materials at lower cost. Successful development and redevelopment efforts provide significant earnings growth as projects are leased, generate income and increase the value of our Real Estate Segment. Generally, we develop properties in the U.S. for long-term hold and outside the U.S. for contribution to our unconsolidated co-investment ventures.

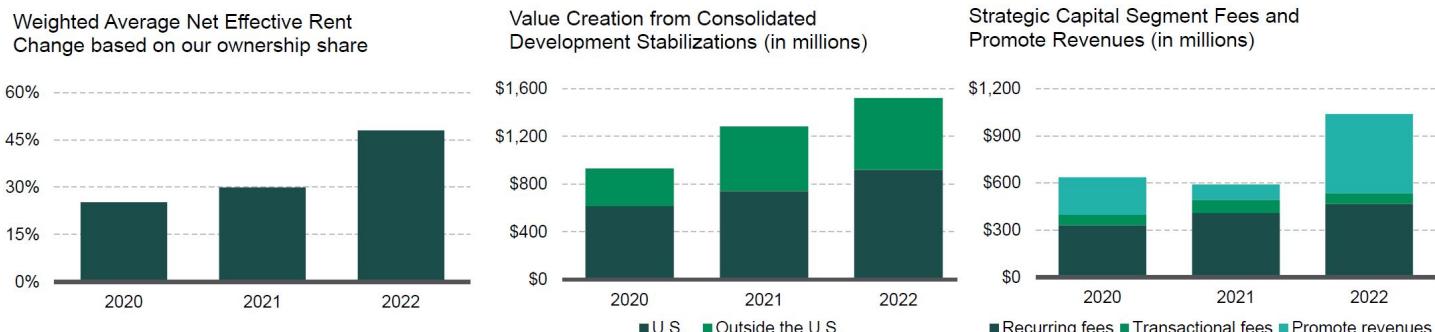
Strategic Capital Segment

Our Strategic Capital Segment allows us to partner with many of the world's largest institutional investors. The business is capitalized principally through private and public equity of which 95% is either in perpetual open-ended or long-term ventures, and two publicly traded vehicles (Nippon Prologis REIT, Inc. in Japan and FIBRA Prologis in Mexico). We align our interests with our partners by holding significant ownership interests in all of our eight unconsolidated co-investment ventures (ranging from 15% to 50%). This structure allows us to reduce our exposure to foreign currency movements for investments outside the U.S.

This segment produces durable, long-term cash flows and generally contributes 10% to 15% of our recurring consolidated revenues, earnings and FFO, all while requiring minimal capital other than our investment in the venture. We generate strategic capital revenues from our unconsolidated co-investment ventures, principally through asset management and property management services. Asset management fees are primarily driven by the quarterly valuation of the real estate properties owned by the respective ventures. We earn additional revenues by providing leasing, acquisition, construction management, development and disposition services. In certain ventures, we also have the ability to earn revenues through incentive fees ("promotes" or "promote revenues") periodically during the life of a venture, upon liquidation of a venture or upon stabilization of individual venture assets based primarily on the total return of the investments over certain financial hurdles. We plan to grow this business and increase revenues by increasing our assets under management in existing or new ventures. The majority of strategic capital revenues are generated outside the U.S.

FUTURE GROWTH

We believe that the quality and scale of our portfolio, our ability to build out our land bank, our strategic capital business, the expertise of our team, the depth of our customer relationships and the strength of our balance sheet are differentiators that allow us to drive growth in revenues, NOI, earnings, FFO and cash flows.

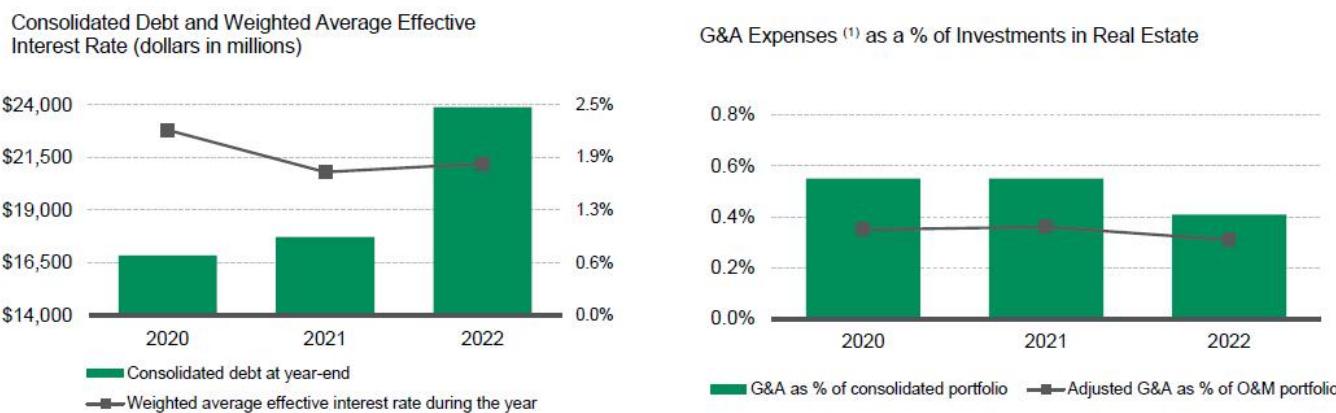


- Rent Growth.** We expect rents in our markets to continue to increase due to healthy demand combined with low vacancy. Due to strong market rent growth over the last several years, our in-place leases have considerable upside potential to drive future organic NOI growth. We estimate that our lease mark-to-market is approximately 67% (on a net effective basis), which represents the growth rate from in-place rents to current market rents based on our share of the O&M portfolio at December 31, 2022. Therefore, even if there was no additional market rent growth in the future, we expect our lease renewals to translate into significant increases in future income. We have experienced positive rent change on rollover (comparing the net effective rent ("NER") of the new lease to the prior lease for the same space) in every quarter since 2013.

- **Value Creation from Development.** A successful development and redevelopment program requires sourcing well-located land and redevelopment sites through acquisition opportunities, including our innovative approach with Covered Land Plays, which are income producing assets acquired with the intention to redevelop for higher and better use as industrial properties. Our investment in the development portfolio was \$4.2 billion at December 31, 2022. We believe that the carrying value of our land bank is below its current fair value. Based on our current estimates, our consolidated land, including options and Covered Land Plays, has the potential to support the development of \$34.2 billion (\$39.0 billion on an O&M basis) of TEI of new logistics space. The global nature of our development program provides a wide landscape of opportunities to pursue based on our judgement of market conditions, opportunities and risks.

We expect to create value as we build new properties. We measure the estimated value creation of a development project as the stabilized value above our TEI. As properties are completed and leased, we expect to realize the value creation principally through gains realized through contributions of these properties to unconsolidated co-investment ventures and increases in the NOI of the consolidated portfolio.

- **Strategic Capital Advantages.** We raise capital to support the long-term growth of the co-investment ventures while maintaining our own substantial investments in these vehicles. At December 31, 2022, the gross book value of the operating portfolio held by our eight unconsolidated co-investment ventures was \$49.3 billion across 488 million square feet.



- (1) G&A Expenses is a line item in the Consolidated Financial Statements. Adjusted G&A expenses is calculated from our Consolidated Financial Statements as *G&A Expenses* and *Strategic Capital Expenses*, less expenses under the Prologis Promote Plan (“PPP”) and property-level management expenses for the properties owned by the ventures.

- **Balance Sheet Strength.** The Duke Transaction increased the strength and size of our balance sheet while allowing us to maintain our low leverage. At December 31, 2022, the weighted average remaining maturity of our consolidated debt was 9 years and the weighted average interest rate was 2.5%, primarily as a result of our refinancing activities over the last several years. Through our refinancing activities we have substantially addressed all our debt maturities until 2026 and have taken advantage of previously low interest rates. At December 31, 2022, we had total available liquidity of \$4.1 billion. We continue to maintain low leverage as a percentage of our real estate investments and our market capitalization. As a result of our low leverage, available liquidity and investment capacity in the co-investment ventures, we have significant capacity to capitalize on opportunistic value-added investments as they arise.
- **Economies of Scale from Growth.** We have scalable systems and infrastructure in place to grow both our consolidated and O&M portfolios with limited incremental G&A expense. We use adjusted G&A expenses as a percentage of the O&M portfolio (based on gross book value) to measure and evaluate our overhead costs. We believe we can continue to grow NOI and strategic capital revenues organically and through accretive development and acquisition activity while further reducing G&A as a percentage of our investments in real estate. The acquisition of the Duke portfolio in 2022 is a key example of this, where we increased our O&M portfolio by over 20% in the fourth quarter of 2022 and had minimal increases to G&A expenses, resulting in lower G&A expenses as a percentage of investments in real estate. While we plan to make future investments in our new lines of business through Prologis Essentials, we expect to maintain our operational efficiency.

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- **Staying “Ahead of What’s Next™”.** We are focused on creating value beyond real estate by enhancing our customers’ experience, leveraging our scale to obtain procurement savings and innovating through data analytics and digitization efforts. This includes investments in early and growth-stage companies that are focused on emerging technology. Through Prologis Essentials we support our customers through service and product offerings, including innovative solutions to operations, energy and sustainability, mobility and workforce that can make our customers’ decision process easier and their enterprise more efficient.

Competition

Real estate ownership is highly fragmented, and we face competition from many owners and operators. Competitively priced logistics space could impact our occupancy rates and have an adverse effect on how much rent we can charge, which in turn could affect our operating results. We face competition regarding our capital deployment activities, including regional, national and global operators and developers. We also face competition from investment managers for institutional capital within our strategic capital business.

Despite the competition, our global reach and local market knowledge over the years has given us distinct competitive advantages, including the following:

- a portfolio of properties strategically located in markets characterized by large population densities, growing consumption and high barriers to entry, typically near large labor pools and extensive transportation infrastructure, including our Last Touch® facilities;
- the ability to leverage the organizational scale and structure of our 1.2 billion square foot O&M portfolio to provide a single point of contact for our multi-market customers to address their needs through our in-house global Customer Led Solutions Team;
- services and solutions offered through Prologis Essentials to assist our customers with their operations, energy and sustainability, mobility and workforce needs;
- a strategically located, global land bank and redevelopment sites that have the potential to support the development of \$39.0 billion of TEI of new logistics space on an O&M basis;
- local teams with the expertise, experience and relationships to lease our properties and deploy capital advantageously;
- development of logistics facilities with sustainable design features that meet customer needs for high-quality buildings while enabling them to make progress on their own sustainability objectives;
- relationships and successful track record with current and prospective investors in our strategic capital business that is comprised of 95% perpetual open-ended or long-term ventures and two publicly traded vehicles;
- a market intelligence team that allows us to track business conditions in real time, proactively pursue market opportunities and disruptions alike, and develop revenue-generating capabilities to strengthen our operational excellence;
- an investment in technology and talent to support our sustainability objectives, including expanding our efforts around renewable energy;
- Prologis Ventures, our corporate venture capital group, and Prologis Labs, our initiative for testing new technologies alongside our customers, together track the leading edge of innovation and technologies within real estate and the supply chain, creating important capabilities that connect Prologis with the C-suites of our customers; and
- a strong balance sheet and credit ratings, coupled with significant liquidity, borrowing capacity and long-term fixed debt with low rates.

Customers

At December 31, 2022, in our Real Estate Segment representing our consolidated properties, we had more than 4,000 customers occupying 601 million square feet of logistics operating properties (6,600 customers occupying 1.2 billion square feet for our O&M portfolio). Our broad customer base represents a spectrum of international, national, regional and local logistics users who operate in various industries, providing diverse goods to consumers throughout the globe.

The location of our global portfolio gives us the unique ability to provide our customers with the right real estate solutions for their supply chains that, in turn, allows them to meet end-consumer delivery expectations. We have invested in properties located within infill and urban areas in our largest global markets with same day access (defined as Last Touch®) and next day access (defined as city distribution), to the consumer population. We have also invested in facilities located at key transportation hubs on the edge of these major infill and urban areas and gateway distribution facilities that incorporate access to major sea and intermodal ports.

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Below are the primary categories of goods in our consolidated real estate properties at December 31, 2022.

Primary Categories of Goods in Our Buildings as a % of NER⁽¹⁾

Basic Daily Needs – 32%

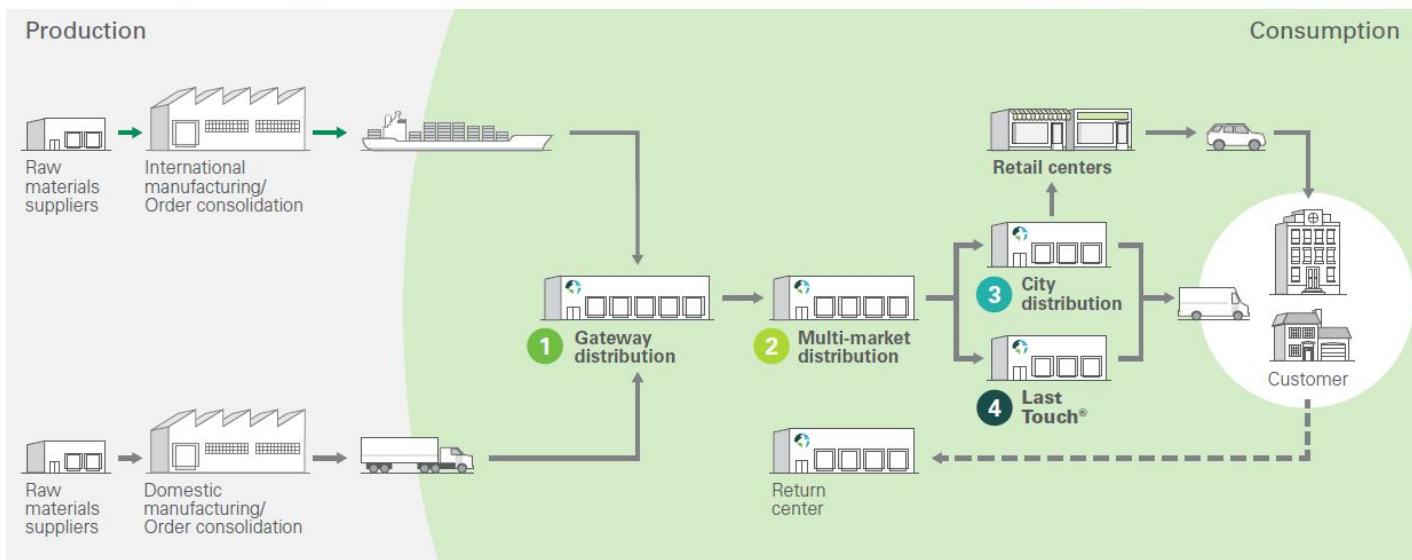
Consumer Goods
Food & Beverage
Apparel
Paper & Packaging

Structural Trends – 31%

Transportation
General Retailer
Healthcare
Data

Cyclical Spending – 26%

Construction
Appliances
Auto
Home Goods



- (1) NER is calculated using the estimated total cash to be received over the term of the lease divided by the lease term to determine the average amount of cash rent payments received per year. Amounts derived in a currency other than the U.S. dollar have been translated using the average rate from the previous twelve months.

Primary categories do not sum to 100% as the difference is attributable to customers that do not clearly fall into a single category.

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The following table details our top 25 customers for our consolidated and O&M real estate properties at December 31, 2022 (square feet in millions):

| Top Customers | Consolidated - Real Estate Segment | | | Owned and Managed | |
|---------------------------------|------------------------------------|----------------------------|---|-------------------|------------|
| | % of NER | Total Occupied Square Feet | | Top Customers | % of NER |
| | | Top Customers | Total Occupied Square Feet | | |
| 1. Amazon | 7.0 | 34 | 1. Amazon | 5.3 | 43 |
| 2. Home Depot | 2.6 | 15 | 2. Home Depot | 1.7 | 17 |
| 3. FedEx | 1.9 | 8 | 3. FedEx | 1.3 | 10 |
| 4. UPS | 1.0 | 6 | 4. Geodis | 1.3 | 17 |
| 5. Geodis | 0.9 | 6 | 5. DHL | 1.1 | 12 |
| 6. Wal-Mart | 0.7 | 4 | 6. CEVA Logistics | 0.9 | 12 |
| 7. NFI Industries | 0.6 | 3 | 7. UPS | 0.8 | 8 |
| 8. U.S. Government | 0.6 | 2 | 8. GXO | 0.7 | 9 |
| 9. Wayfair | 0.6 | 5 | 9. DSV Panalpina | 0.7 | 7 |
| 10. Pepsi | 0.5 | 3 | 10. Maersk | 0.6 | 6 |
| Top 10 Customers | 16.4 | 86 | Top 10 Customers | 14.4 | 141 |
| 11. DHL | 0.5 | 3 | 11. Kuehne + Nagel | 0.6 | 7 |
| 12. GXO | 0.5 | 4 | 12. Wal-Mart | 0.5 | 6 |
| 13. Sycamore Partners (Staples) | 0.4 | 3 | 13. U.S. Government | 0.5 | 4 |
| 14. DSV Panalpina | 0.4 | 2 | 14. Cainiao (Alibaba) | 0.5 | 5 |
| 15. Ryder System | 0.4 | 2 | 15. DB Schenker | 0.4 | 5 |
| 16. CEVA Logistics | 0.4 | 3 | 16. NFI Industries | 0.4 | 3 |
| 17. Uline | 0.4 | 1 | 17. Hitachi | 0.4 | 4 |
| 18. Berkshire Hathaway | 0.4 | 3 | 18. XPO Logistics | 0.4 | 4 |
| 19. Target | 0.4 | 2 | 19. Nippon Express | 0.4 | 3 |
| 20. Office Depot | 0.4 | 3 | 20. ZOZO | 0.4 | 4 |
| 21. Kellogg | 0.4 | 3 | 21. Mercado Libre | 0.4 | 4 |
| 22. Toyo Tires | 0.4 | 1 | 22. Pepsi | 0.3 | 3 |
| 23. Kuehne + Nagel | 0.3 | 2 | 23. Wayfair | 0.3 | 5 |
| 24. Iron Mountain | 0.3 | 2 | 24. Nippon Kabushika Kaisha (Yusen Logistics) | 0.3 | 2 |
| 25. Best Buy | 0.3 | 2 | 25. Uline | 0.3 | 2 |
| Top 25 Customers | 22.3 | 122 | Top 25 Customers | 20.5 | 202 |

In our Strategic Capital Segment, we view our partners and investors as our customers. At December 31, 2022, we had 162 investors in our private equity ventures, several of which invest in multiple ventures.

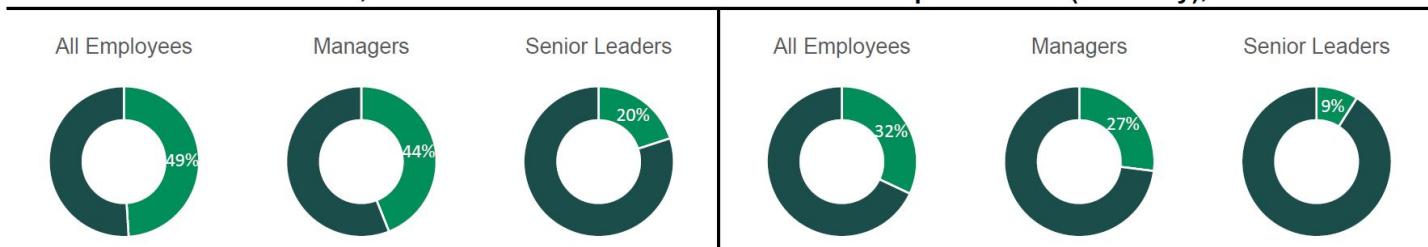
Our People

Our people are the foundation of our business. They implement our strategy and create value for our customers and shareholders. We actively seek to recruit and retain talented employees with varied experiences and viewpoints. The intent is to create an inclusive and diverse culture where each employee can do their best work and drive our collective success.

We are committed to our diversity, equity, inclusion and belonging ("DEIB") hiring practices. We also conduct annual pay equity analyses that cover women and people of color and aim to address differences in compensation not explained by relevant job factors accordingly.

The following charts display diversity by levels of seniority of our workforce at December 31, 2022:

Women, 2022 ⁽¹⁾ People of Color (U.S. only), 2022 ⁽¹⁾



- (1) Managers include employees with manager, director or vice president titles. Senior leaders include employees with senior vice president or higher titles.

We focus on learning and development at every level of the organization. We align employees' goals with our overall strategic direction to create a clear link between individual efforts and the long-term success of the company. We then provide feedback on their performance towards those goals to ensure their growth. Providing our employees learning and development through training, educational opportunities and mentorship is critical to our ability to continue to innovate. In 2022, more than 2,000 employees completed more than 7,400 hours of company-provided or company-sponsored learning and development training.

We provide opportunities for our employees to share their perspectives and feedback on our company and their work experience. Our most recent employee engagement pulse survey, completed in November 2022 with a participation rate of 92%, indicated that 87% of Prologis employees are engaged based on their positive response to the questions that comprise our engagement driver index.

We strive to create a healthy and safe working environment for our employees. We provide workplace flexibility with accountability as determined by role. For example, for those employees who work on-site, we have protocols in place to help ensure a safe working environment. We continue to attract and retain talent in the industry through a robust benefit package, career growth opportunities, talent recognition and individual development planning.

The following table summarizes our total number of employees at December 31, 2022:

Geographies

| | |
|----------------|--------------|
| U.S. (1) | 1,481 |
| Other Americas | 162 |
| Europe | 575 |
| Asia | 248 |
| Total | 2,466 |

(1) This includes employees who were based in the U.S. but also support other geographies.

Prologis employees are not organized under collective bargaining agreements, other than in Brazil, France and Spain, and there is a works council in France.

CODE OF ETHICS AND BUSINESS CONDUCT

We maintain a Code of Ethics and Business Conduct applicable to our board of directors (the "Board") and all of our officers and employees, including the principal executive officer, the principal financial officer and the principal accounting officer, and other people performing similar functions. A copy of our Code of Ethics and Business Conduct is available on our website, www.prologis.com. In addition to being accessible through our website, copies of our Code of Ethics and Business Conduct can be obtained, free of charge, upon written request to Investor Relations, Pier 1, Bay 1, San Francisco, California 94111. Any amendments to or waivers of our Code of Ethics and Business Conduct that apply to the principal executive officer, the principal financial officer, the principal accounting officer, or other people performing similar functions, and that relate to any matter enumerated in Item 406(b) of Regulation S-K, will be disclosed on our website.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

Environmental

We develop modern and efficient buildings with state-of-the-art technology to stay ahead of our customers' needs, advance structural, transportation and energy requirements, and make progress on our own sustainability goals and objectives. This includes new development and redevelopment of buildings to specifications that align with leading sustainable building standards and the implementation of energy solutions such as onsite solar generation, cool roofs, LED lighting, EV charging stations, waste diversion, recycling and xeriscaping. We regularly ask customers how Prologis can work with them to enhance the sustainability of their operations. We believe these services and solutions can deliver cost-savings and operational efficiencies, reduce energy and water consumption and decrease greenhouse gas emissions within our customers' operations and across our own portfolio.

We have committed to: (i) installing 100% LED lighting within our logistics facilities across our O&M operating properties by 2025; (ii) installing 1 gigawatt of solar generation capacity, supported by storage, by 2025, and (iii) obtaining green building certifications for 100% of our eligible new development and redevelopment. We believe our Prologis Essentials LED and SolarSmart solutions create energy savings, help reduce the environmental footprint of our customers and accelerate our progress in these areas. At December 31, 2022, we had installed LED lighting across more than 70% of our logistics facilities within our O&M operating properties. During 2022, approximately 100 megawatts of solar generation capacity was installed on the roofs within our O&M portfolio. Both of these metrics exclude the operating properties acquired in the Duke Transaction and by Prologis European Logistics Fund ("PELF") in September 2022.

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To fund our sustainable development activities, we have utilized the proceeds from senior notes issuances to finance green projects eligible under our green bond framework. For development properties in our O&M portfolio that were approved by our Investment Committee after June 2021 and that reached stabilization during 2022, we certified 15% of our eligible developed and redeveloped buildings with green building certifications and the remaining 85% were scheduled for green building certification.

In 2022, we announced a new commitment to achieve net zero emissions across our entire value chain by 2040, including scope 1, 2 and 3 emissions. Our commitment is aligned with the Science Based Target initiative's Net Zero Standard and includes the following interim milestones: (i) 1 gigawatt of solar generation capacity, supported by storage, by 2025, as discussed above; (ii) carbon neutral construction by 2025; and (iii) net zero operations for scope 1 and 2 emissions by 2030. We believe we can improve our scope 1 and scope 2 emissions through energy efficiency, electrification and sourcing renewable energy for our offices. Scope 3 emissions comprise a significant portion of our total emissions. To decrease scope 3 emissions, we believe we can reduce building and tenant energy consumption, and expand our generation and use of renewable energy. In support of carbon neutral construction, we will pursue sustainable design, new construction practices and innovation in building materials, as well as purchase high-quality carbon offsets for emissions that cannot yet be eliminated.

Social

We are committed to social responsibility and strengthening relationships important to our business through customer partnerships, investor outreach, community involvement, labor solutions, and DEIB initiatives. We work in partnership with local leaders and organizations to create jobs and job training programs; promote health and safety; and enhance recreational and transit infrastructure. We believe these efforts help create a more stable and predictable business environment for Prologis and our customers and support social wellness and well-being in the communities we serve.

For our customers, where recruitment and retention of logistics talent is a key challenge, we are helping build a talent pipeline through our Community Workforce Initiative ("CWI"), founded in 2018. The CWI is a talent development program that advances the skills and capabilities of logistics talent, with an emphasis on revitalizing career pathways and creating economic opportunities in the communities where we operate. In 2018, we set a goal to train 25,000 individuals by 2025 by partnering with leading public sector organizations and leveraging digital learning technologies to develop innovative training solutions. At December 31, 2022, under the program, we have trained approximately 21,000 individuals towards this goal.

Beginning in 2019, we committed to spending 75,000 hours supporting our local communities by 2025. To achieve this goal, we enable our employees to spend 40 working hours a year to volunteer, including at our company-sponsored day of volunteering, where employees around the globe volunteer on projects to help in their local communities. At December 31, 2022, we have contributed in excess of 38,000 hours towards our goal. In addition, we encourage our employees to support our local communities outside of working hours with our Dollars for Doers and other matching gifts programs, through which Prologis donates to eligible charities and non-profit organizations based on employees' personal volunteer hours or dollar donations.

Governance

We strive to promote a culture of uncompromising integrity, including through our governance practices and corporate oversight. Our Board independence and diversity, open communication with our stockholders and a risk management framework that supports our investment and process decisions all serve to mitigate risk and preserve value for our company. Over the past eight years we have onboarded six new directors, increasing the ethnic, gender and geographical diversity of the Board, as well as its breadth of experience. The charters of our Board Governance and Nomination Committee and Talent and Compensation Committee provide that such committees have specific oversight over ESG matters and DEIB matters, respectively. The strength of our balance sheet and credit ratings, dedication to proactive risk mitigation and engagement with our employees through ethics and anti-corruption training protects the financial, operational and reputational resilience of our company. Our global risk management team works with our Board to do regular enterprise-wide risk assessments to ensure proper oversight over real estate, financial and emerging risks across our global organization. We are committed to ensuring that 100% of our employees complete ethics training each year and continued to achieve this commitment in 2022. Along with this commitment, our employees completed more than 1,800 hours of information technology security, compliance and other ethics training. Our approach is reinforced by our Code of Ethics and Business Conduct, as described above.

ENVIRONMENTAL MATTERS

We are exposed to various environmental risks that may result in unanticipated losses and affect our operating results and financial condition. Either the previous owners or we have conducted environmental reviews on a majority of the properties we have acquired, including land. While some of these assessments have led to further investigation and sampling, none of the environmental assessments have revealed an environmental liability that we believe would have a material adverse effect beyond amounts recorded at December 31, 2022. See further discussion in Item 1A. Risk Factors and Note 16 to the Consolidated Financial Statements in Item 8. Financial Statements and Supplementary Data.

GOVERNMENTAL MATTERS

We are exposed to various regulatory requirements, taxes, tariffs, trade wars and laws within the countries in which we operate and unexpected changes in these items may result in unanticipated losses, adverse tax consequences and affect our operating results and

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financial condition. In addition, we may be impacted by the ability of our non-U.S. subsidiaries to distribute or otherwise transfer cash among our subsidiaries due to currency exchange control regulations and transfer pricing regulations. The impact of regional or country-specific economic instability, including government shutdowns or other internal trade alliances or agreements could also have a material adverse effect on our business, financial condition or results of operations. See further discussion in Item 1A. Risk Factors.

INSURANCE COVERAGE

We carry insurance coverage on our properties. We determine the type of coverage and the policy specifications and limits based on what we deem to be the risks associated with our ownership of properties and our business operations in specific markets. Such coverage typically includes property damage and rental loss insurance resulting from such perils as fire, windstorm, flood, earthquake and terrorism; commercial general liability insurance; and environmental insurance. Insurance is maintained through a combination of commercial insurance, self-insurance and a wholly-owned captive insurance entity. Additionally, in 2021 we sponsored a catastrophe bond issuance that provides further insurance coverage through 2024 for potential losses resulting from earthquake risks in the U.S. The costs to insure our properties are primarily covered through expense reimbursements from our customers. We believe our insurance coverage contains policy specifications and insured limits that are customary for similar properties, business activities and markets and we believe our properties are adequately insured. See further discussion in Item 1A. Risk Factors.

ITEM 1A. Risk Factors

Our operations and structure involve various risks that could adversely affect our business and financial condition, including but not limited to, our financial position, results of operations, cash flow, ability to make distributions and payments to security holders and the market value of our securities. These risks relate to Prologis as well as our investments in consolidated and unconsolidated entities and include among others, (i) risks related to our global operations (ii) risks related to our business; (iii) risks related to financing and capital; (iv) risks related to income taxes; and (v) general risks.

Risks Related to our Global Operations

As a global company, we are subject to social, political and economic risks of doing business in many countries.

We conduct a significant portion of our business and employ a substantial number of people outside of the U.S. During 2022, we generated approximately \$1.0 billion or 17.3% of our consolidated revenues from operations outside the U.S. Circumstances and developments related to international operations that could negatively affect us include, but are not limited to, the following factors:

- difficulties and costs of staffing and managing international operations in certain geographies, including differing employment practices and labor issues;
- local businesses and cultural factors that differ from our domestic standards and practices;
- volatility in currencies and currency restrictions, which may prevent the availability of capital or the transfer of profits to the U.S.;
- challenges in establishing effective controls and procedures to regulate operations in different geographies and to monitor compliance with applicable regulations, such as the Foreign Corrupt Practices Act, the United Kingdom ("U.K.") Bribery Act and other similar laws;
- unexpected changes in regulatory and environmental requirements, taxes, tariffs, trade wars and laws within the countries in which we operate;
- the responsibility of complying with multiple and potentially conflicting laws, e.g., with respect to corrupt practices, employment and licensing;
- the impact of regional or country-specific business cycles, military conflicts and economic instability, including government shutdowns and withdrawals from the European Union or other international trade alliances or agreements;
- political instability, uncertainty over property rights, civil unrest, drug trafficking, political activism or the continuation or escalation of terrorist or gang activities;
- foreign ownership restrictions in operations with the respective countries; and
- access to capital may be more restricted, or unavailable on favorable terms or at all in certain locations.

In addition, we may be impacted by the ability of our non-U.S. subsidiaries to dividend or otherwise transfer cash among our subsidiaries due to currency exchange control regulations, transfer pricing regulations and potentially adverse tax consequences, among other factors.

Compliance or failure to comply with regulatory requirements could result in substantial costs.

We are required to comply with many regulations in different countries, including (but not limited to) the Foreign Corrupt Practices Act, the U.K. Bribery Act and similar laws and regulations. Our properties are also subject to various federal, state and local regulatory requirements, such as the Americans with Disabilities Act and state and local fire, life-safety, energy and greenhouse gas emissions requirements. Noncompliance could result in the imposition of governmental fines or the award of damages to private litigants. While we believe that we are currently in material compliance with these regulatory requirements, the requirements may change or new requirements may be imposed that could require significant unanticipated expenditures by us.

Disruptions in the global capital and credit markets may adversely affect our operating results and financial condition.

To the extent there is turmoil in the global financial markets, this turmoil has the potential to adversely affect (i) the value of our properties; (ii) the availability or the terms of financing that we have or may anticipate utilizing; (iii) our ability to make principal and interest payments on, or refinance any outstanding debt when due; and (iv) the ability of our customers to enter into new leasing transactions or satisfy rental payments under existing leases. Disruptions in the capital and credit markets may also adversely affect the market price of our securities and our ability to make distributions and payments to our security holders.

The depreciation in the value of the foreign currency in countries where we have a significant investment may adversely affect our results of operations and financial position.

We hold significant real estate investments in international markets where the U.S. dollar is not the functional currency. At December 31, 2022, approximately \$10.2 billion or 11.6% of our total consolidated assets were invested in a currency other than the U.S. dollar, principally the British pound sterling, Canadian dollar, euro and Japanese yen. For the year ended December 31, 2022, \$762.4 million or 17.2% of our total consolidated segment NOI was denominated in a currency other than the U.S. dollar. See Note 17 to the Consolidated Financial Statements in Item 8. Financial Statements and Supplementary Data for more information on these amounts. As a result, we are subject to foreign currency risk due to potential fluctuations in exchange rates between foreign currencies and the U.S. dollar. A significant change in the value of the foreign currency of one or more countries where we have a significant investment may have a material adverse effect on our business and, specifically, our U.S. dollar reported financial position and results of operations.

Our hedging of foreign currency and interest rate risk may not effectively limit our exposure to these risks.

We attempt to mitigate our risk by borrowing in the currencies in which we have significant investments thereby providing a natural hedge. We may also enter into derivative financial instruments that we designate as net investment hedges, as these amounts offset the translation adjustments on the underlying net assets of our foreign investments. We enter into other foreign currency contracts, such as forwards, to reduce fluctuations in foreign currency cash flow associated with the translation of future earnings of our international subsidiaries. Although we attempt to mitigate the potential adverse effects of changes in foreign currency rates there can be no assurance that those attempts will be successful. In addition, we occasionally use interest rate swap contracts to manage interest rate risk and limit the impact of future interest rate changes on earnings and cash flows. Hedging arrangements involve risks, such as the risk of fluctuation in the relative value of the foreign currency or interest rates and the risk that counterparties may fail to honor their obligations under these arrangements. The funds required to settle such arrangements could be significant depending on the stability and movement of the hedged foreign currency or the size of the underlying financing and the applicable interest rates at the time of the breakage. The failure to hedge effectively against foreign exchange changes or interest rate changes may adversely affect our business.

Risks Related to our Business***General economic conditions and other events or occurrences that affect areas in which our properties are geographically concentrated, may impact financial results.***

We are exposed to the economic conditions and other events and occurrences in the local, regional, national and international geographies in which we own properties. Our operating performance is further impacted by the economic conditions of the specific markets in which we have concentrations of properties.

At December 31, 2022, 30.3% of our consolidated operating properties or \$21.0 billion (based on consolidated gross book value, or investment before depreciation) were located in California (Central Valley, San Francisco Bay Area and Southern California markets), which represented 23.6% of the aggregate square footage of our operating properties and 33.0% of our consolidated operating property NOI. Our revenues from, and the value of, our properties located in California may be affected by local real estate conditions (such as an oversupply of or reduced demand for logistics properties) and the local economic climate. Business layoffs, downsizing, industry slowdowns, changing demographics and other factors may adversely impact California's economic climate. Because of the investment we have located in California, a downturn in California's economy or real estate conditions, including state income tax and property tax laws, could adversely affect our business.

In addition to California, we also have significant holdings (defined as more than 3% of total consolidated investment before depreciation) in operating properties in certain markets located in Atlanta, Chicago, Dallas/Fort Worth, Houston, Lehigh Valley, New Jersey/New York City, Seattle and South Florida. Of these markets, no single market contributed more than 10% of our total

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consolidated investment before depreciation in operating properties, with the exception of New Jersey/New York City. Our operating performance could be adversely affected if conditions become less favorable in any of the markets in which we have a concentration of properties. Conditions such as an oversupply of logistics space or a reduction in demand for logistics space, among other factors, may impact operating conditions. Any material oversupply of logistics space or material reduction in demand for logistics space could adversely affect our overall business.

Our O&M portfolio, which includes our consolidated properties and properties owned by our unconsolidated co-investment ventures, has concentrations of properties in the same markets mentioned above, as well as in markets in Japan and the U.K., and are subject to the economic conditions in those markets.

Real estate investments are not as liquid as certain other types of assets, which may reduce economic returns to investors.

Real estate investments are not as liquid as certain other types of investments and this lack of liquidity may limit our ability to react promptly to changes in economic or other conditions. Significant expenditures associated with real estate investments, such as secured mortgage debt payments, real estate taxes and maintenance costs, are generally not reduced when circumstances cause a reduction in income from the investments. As a REIT, under the IRC, we are only able to hold property for sale in the ordinary course of business through taxable REIT subsidiaries in order to not incur punitive taxation on any tax gain from the sale of such property. We may dispose of certain properties that have been held for investment to generate liquidity. If we do not satisfy certain safe harbors or we believe there is too much risk of incurring the punitive tax on any tax gain from the sale, we may not pursue such sales.

We may decide to sell or contribute properties to certain of our co-investment ventures or sell properties to third parties to generate proceeds to fund our capital deployment activities. Our ability to sell or contribute properties on advantageous terms is affected by: (i) competition from other owners of properties that are trying to dispose of their properties; (ii) economic and market conditions, including the capitalization rates applicable to our properties; and (iii) other factors beyond our control. If our competitors sell assets similar to assets we intend to divest in the same markets or at valuations below our valuations for comparable assets, we may be unable to divest our assets at favorable pricing or at all. The co-investment ventures or third parties who might acquire our properties may need to have access to debt and equity capital, in the private and public markets, in order to acquire properties from us. Should they have limited or no access to capital on favorable terms, then dispositions and contributions could be delayed.

If we do not have sufficient cash available to us through our operations, sales or contributions of properties or available credit facilities to continue operating our business as usual, we may need to find alternative ways to increase our liquidity. Such alternatives may include, without limitation, divesting properties at less than optimal terms, incurring debt, entering into leases with new customers at lower rental rates or less than optimal terms or entering into lease renewals with our existing customers without an increase in rental rates. There can be no assurance, however, that such alternative ways to increase our liquidity will be available to us. Additionally, taking such measures to increase our liquidity may adversely affect our business, and in particular, our distributable cash flow and debt covenants.

Our investments are concentrated in the logistics sector and our business would be adversely affected by an economic downturn in that sector.

Our investments in real estate assets are concentrated in the logistics sector. This concentration may expose us to the risk of economic downturns in this sector to a greater extent than if our business activities were more diversified.

Investments in real estate properties are subject to risks that could adversely affect our business.

Investments in real estate properties are subject to varying degrees of risk. While we seek to minimize these risks through geographic diversification of our portfolio, market research and our asset management capabilities, these risks cannot be eliminated. Factors that may affect real estate values and cash flows include:

- local conditions, such as oversupply or a reduction in demand;
- technological changes, such as reconfiguration of supply chains, autonomous vehicles, robotics, 3D printing or other technologies;
- the attractiveness of our properties to potential customers and competition from other available properties;
- increasing costs of maintaining, insuring, renovating and making improvements to our properties;
- our ability to reposition our properties due to changes in the business and logistics needs of our customers;
- our ability to lease the properties at favorable rates and control variable operating costs; and
- governmental and environmental regulations and the associated potential liability under, and changes in, environmental, zoning, usage, tax, tariffs and other laws.

These factors may affect our ability to recover our investment in the properties and result in impairment charges.

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Our customers may be unable to meet their lease obligations or we may be unable to lease vacant space or renew leases or re-lease space on favorable terms as leases expire.

Our operating results and distributable cash flow would be adversely affected if a significant number of our customers were unable to meet their lease obligations. At December 31, 2022, our top 10 customers accounted for 16.4% of our consolidated NER and 14.4% of our O&M NER. In the event of default by a significant number of customers, we may experience delays and incur substantial costs in enforcing our rights as landlord, and we may be unable to re-lease spaces. A customer may experience a downturn in its business, which may cause the loss of the customer or may weaken its financial condition, resulting in the customer's failure to make rental payments when due or requiring a restructuring that might reduce cash flow from the lease. In addition, a customer may seek the protection of bankruptcy, insolvency or similar laws, which could result in the rejection and termination of such customer's lease and thereby cause a reduction in our available cash flow.

We are also subject to the risk that, upon the expiration of leases they may not be renewed by existing customers, the space may not be re-leased to new customers or the terms of renewal or re-leasing (including the cost of required renovations or concessions to customers) may be less favorable to us than current lease terms. Our competitors may offer space at rental rates below current market rates or below the rental rates we currently charge our customers and we may be pressured to reduce our rental rates below those we currently charge to retain customers when leases expire or we may lose potential customers.

We may acquire properties and companies that involve risks that could adversely affect our business and financial condition.

We have acquired properties and will continue to acquire properties through the direct acquisition of real estate, the acquisition of entities that own real estate or through additional investments in co-investment ventures that acquire properties. The acquisition of properties involves risks, including the risk that the acquired property will not perform as anticipated and that any actual costs for rehabilitation, repositioning, renovation and improvements identified in the pre-acquisition due diligence process will exceed estimates. When we acquire properties, we may face risks associated with entering a new market such as a lack of market knowledge or understanding of the local economy, forging new business relationships in the area and unfamiliarity with local government and permitting procedures. Additionally, there is, and it is expected there will continue to be, significant competition for properties that meet our investment criteria as well as risks associated with obtaining financing for acquisition activities. The acquired properties or entities may be subject to liabilities, including tax liabilities, which may be without any recourse, or with only limited recourse, with respect to unknown liabilities. As a result, if a liability were asserted against us based on our new ownership of any of these entities or properties, then we may have to pay substantial sums to settle it.

We may be unable to integrate the operations of newly acquired companies and realize the anticipated synergies and other benefits or do so within the anticipated timeframe. Potential difficulties we may encounter in the integration process include: (i) the inability to dispose of non-industrial assets or operations that are outside of our area of expertise; (ii) potential unknown liabilities and unforeseen increased expenses, delays or regulatory conditions associated with these transactions; and (iii) performance shortfalls as a result of the diversion of management's attention caused by completing these transactions and integrating the companies' operations.

Our real estate development and redevelopment strategies may not be successful.

Our real estate development and redevelopment strategy is focused on monetizing land and redevelopment sites in the future through development of logistics facilities to hold for long-term investment and for contribution or sale to a co-investment venture or third party, depending on market conditions, our liquidity needs and other factors. We may increase our investment in the development, renovation and redevelopment business and we expect to complete the build-out and leasing of our current development portfolio. We may also develop, renovate and redevelop properties within existing or newly formed co-investment ventures. The real estate development, renovation and redevelopment business includes the following significant risks:

- we may not be able to obtain financing for development projects on favorable terms or at all;
- we may explore development opportunities that may be abandoned and the related investment impaired;
- we may not be able to obtain, or may experience delays in obtaining, all necessary zoning, land-use, building, occupancy and other governmental permits and authorizations;
- we may incur higher construction costs, due primarily to this inflationary environment, or additional costs related to regulation that exceed our estimates and projects may not be completed, delivered or stabilized as planned due to defects or other issues;
- we may not be able to attract third-party investment in new development co-investment ventures or sufficient customer demand for our product;
- we may have properties that perform below anticipated levels, producing cash flows below budgeted amounts;
- we may seek to sell certain land parcels and not be able to find a third party to acquire such land or the sales price will not allow us to recover our investment, resulting in impairment charges;
- we may not be able to lease properties we develop on favorable terms or at all;

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- we may not be able to capture the anticipated enhanced value created by our value-added properties on expected timetables or at all;
- we may experience delays (temporary or permanent) if there is public or government opposition to our activities; and
- we may have substantial renovation, new development and redevelopment activities, regardless of their ultimate success, that require a significant amount of management's time and attention, diverting their attention from our day-to-day operations.

We are subject to risks and liabilities in connection with forming and attracting third-party investment in co-investment ventures, investing in new or existing co-investment ventures, and managing properties through co-investment ventures.

At December 31, 2022, we had investments in co-investment ventures, both public and private, that owned real estate with a gross book value of approximately \$59.6 billion. Our organizational documents do not limit the amount of available funds that we may invest in these ventures, and we may and currently intend to develop and acquire properties through co-investment ventures and investments in other entities when warranted by the circumstances. However, there can be no assurance that we will be able to form new co-investment ventures, or attract third-party investment or that additional investments in new or existing ventures to develop or acquire properties will be successful. Further, there can be no assurance that we are able to realize value from our existing or future investments. The same factors that impact the valuation of our consolidated portfolio, as discussed above, also impact the portfolios held by the co-investment ventures and could result in other than temporary impairment of our investment and a reduction in fee revenues.

Our co-investment ventures involve certain additional risks that we do not otherwise face, including:

- our partners may share certain approval rights over major decisions made on behalf of the ventures;
- our partners may seek to redeem their investment, and may do so simultaneously, causing the venture to seek capital to satisfy these requests on less than optimal terms;
- if our partners fail to fund their share of any required capital contributions, then we may choose to contribute such capital;
- our partners might have economic or other business interests or goals that are inconsistent with our business interests or goals that would affect our ability to operate the venture;
- the venture or other governing agreements often restrict the transfer of an interest in the co-investment venture or may otherwise restrict our ability to sell the interest when we desire or on advantageous terms;
- our relationships with our partners are generally contractual in nature and may be terminated or dissolved under the terms of the agreements, and in such event, we may not continue to invest in or manage the assets underlying such relationships resulting in a decrease in our assets under management and a reduction in fee revenues. This may also require us to acquire the properties in order to maintain an investment in the portfolio; and
- disputes between us and our partners may result in litigation or arbitration that would increase our expenses and prevent our officers and directors from focusing their time and effort on our business and result in subjecting the properties owned by the applicable co-investment venture to additional risk.

We generally seek to maintain sufficient influence over our co-investment ventures to permit us to achieve our business objectives; however, we may not be able to continue to do so indefinitely. We have formed publicly traded investment vehicles, such as NPR and FIBRA Prologis, for which we serve as sponsor or manager. These entities bear their own risks related to trading markets, foreign currency exchange rates and market demand. We have contributed, and may continue to contribute, assets into such vehicles. There is a risk that our managerial relationship may be terminated.

We have also made investments in early and growth-stage companies that are focused on emerging technology. These companies may not be successful at raising additional capital or generating cash flows to sustain operations, which could result in the impairment of our investment. In addition, through Prologis Essentials we are investing in the development of new business lines that are complementary to our core business. These business lines may not be successful and may include risks that are different than investing in our core real estate business.

We are exposed to various environmental risks, which may result in unanticipated losses that could affect our business and financial condition.

Under various federal, state and local laws, ordinances and regulations, a current or previous owner, developer or operator of real estate may be liable for the costs of removal or remediation of certain hazardous or toxic substances. The costs of removal or remediation of such substances could be substantial. Such laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release or presence of such hazardous substances. In addition, third parties may sue the owner or

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operator of a site for damages based on personal injury, property damage or other costs, including investigation and clean-up costs, resulting from the environmental contamination.

Environmental laws in some countries, including the U.S., also require that owners or operators of buildings containing asbestos properly manage and maintain the asbestos, adequately inform or train those who may come into contact with asbestos and undertake special precautions, including removal or other abatement, in the event that asbestos is disturbed during building renovation or demolition. These laws may impose fines and penalties on building owners or operators who fail to comply with these requirements and may allow third parties to seek recovery from owners or operators for personal injury associated with exposure to asbestos. Some of our properties are known to contain asbestos-containing building materials.

In addition, some of our properties are leased or have been leased, in part, to owners and operators of businesses that use, store or otherwise handle petroleum products or other hazardous or toxic substances, creating a potential for the release of such hazardous or toxic substances. Furthermore, certain of our properties are on, adjacent to or near other properties that have contained or currently contain petroleum products or other hazardous or toxic substances, or upon which others have engaged, are engaged or may engage in activities that may release such hazardous or toxic substances. From time to time, we may acquire properties, or interests in properties, with known adverse environmental conditions for which we believe that the environmental liabilities associated with these conditions are quantifiable and that the acquisition will yield a superior risk-adjusted return. In connection with certain divested properties, we have agreed to remain responsible for, and to bear the cost of, remediating or monitoring certain environmental conditions on the properties.

Our insurance coverage does not cover all potential losses.

We and our unconsolidated co-investment ventures carry insurance coverage including property damage and rental loss insurance resulting from certain perils such as fire and additional perils as covered under an extended coverage policy, namely windstorm, flood, earthquake and terrorism; commercial general liability insurance; and environmental insurance, as appropriate for the markets where each of our properties and business operations are located. The insurance coverage contains policy specifications and insured limits customarily carried for similar properties, business activities and markets. We believe our properties and the properties of our co-investment ventures are adequately insured. Certain losses, however, including losses from floods, earthquakes, acts of war, acts of terrorism or riots and pandemics, generally are not insured against or not fully insured against because it is not deemed economically feasible or prudent to do so. If an uninsured loss or a loss in excess of insured limits occurs with respect to one or more of our properties, we could experience a significant loss of capital invested and future revenues in these properties and could potentially remain obligated under any recourse debt associated with the property.

Furthermore, we cannot be sure that the insurance companies will be able to continue to offer products with sufficient coverage at commercially reasonable rates. If we experience a loss that is uninsured or that exceeds insured limits with respect to one or more of our properties or if the insurance companies fail to meet their coverage commitments to us in the event of an insured loss, then we could lose the capital invested in the damaged properties, as well as the anticipated future revenues from those properties and, if there is recourse debt, then we would remain obligated for any mortgage debt or other financial obligations related to the properties. Any such losses or higher insurance costs could adversely affect our business.

A number of our investments, both wholly-owned and owned through co-investment ventures, are located in areas that are known to be subject to earthquake activity. U.S. properties located in active seismic areas include properties in our markets in California and Seattle. International properties located in active seismic areas include Japan and Mexico. We generally carry earthquake insurance on our properties located in areas historically subject to seismic activity, subject to coverage limitations and deductibles, if we believe it is commercially reasonable. We evaluate our earthquake insurance coverage annually in light of current industry practice through an analysis prepared by outside consultants and in some specific instances have elected to self-insure our earthquake exposure based on this analysis. We have elected not to carry earthquake insurance for our assets in Japan based on this analysis. See Item 2. Properties for more information on the markets above exposed to seismic activities.

Furthermore, a number of our properties are located in areas that are known to be subject to hurricane or flood risk. We carry hurricane and flood hazard insurance on all of our properties located in areas historically subject to such activity, subject to coverage limitations and deductibles, if we believe it is commercially reasonable. We evaluate our insurance coverage annually in light of current industry practice through an analysis prepared by outside consultants.

Risks Related to Financing and Capital

In order to meet REIT distribution requirements we may need access to external sources of capital.

To qualify as a REIT, we are required each year to distribute at least 90% of our REIT taxable income (determined without regard to the dividends-paid deduction and by excluding any net capital gain) to our stockholders and we may be subject to tax to the extent our taxable income is not fully distributed. Historically, we have satisfied these distribution requirements by making cash distributions to our stockholders, however, we may elect to pay a portion of the distribution in shares of our stock. Assuming we continue to satisfy these distribution requirements with cash, we may not be able to fund all future capital needs, including acquisition and development activities, from cash retained from operations and may have to rely on third-party sources of capital. Furthermore, to maintain our REIT status and not have to pay federal income and excise taxes, we may need to borrow funds on a short-term basis to meet the REIT distribution requirements even if the then-prevailing market conditions are not favorable for these borrowings. These short-term

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borrowing needs could result from differences in timing between the actual receipt of cash and inclusion of income for federal income tax purposes, or the effect of nondeductible capital expenditures, the creation of reserves or required debt or amortization payments. Our ability to access debt and equity capital on favorable terms or at all depends on a number of factors, including general market conditions, the market's perception of our growth potential, our current and potential future earnings and cash distributions and the market price of our securities.

Covenants in our credit agreements could limit our flexibility and breaches of these covenants could adversely affect our financial condition.

The terms of our various credit agreements, including our credit facilities and term loans, the indentures under which certain of our senior notes are issued and other note agreements, require us to comply with a number of customary financial covenants, such as maintaining debt service coverage ratios, leverage ratios and fixed charge coverage ratios. These covenants may limit our flexibility to run our business, and breaches of these covenants could result in defaults under the instruments governing the applicable indebtedness. If we default under the covenant provisions and are unable to cure the default, refinance the indebtedness or meet payment obligations, our business and financial condition generally and, in particular, the amount of our distributable cash flow could be adversely affected.

Adverse changes in our credit ratings could negatively affect our financing activity.

At December 31, 2022, our credit ratings were A3 from Moody's with a stable outlook and A from S&P with a stable outlook. A securities rating is not a recommendation to buy, sell or hold securities and is subject to revision or withdrawal at any time by the rating organization.

The credit ratings of our senior notes and preferred stock are based on our operating performance, liquidity and leverage ratios, overall financial position and other factors employed by the credit rating agencies in their rating analyses of us. Our credit ratings can affect the amount of capital we can access, as well as the terms and pricing of any debt we may incur. There can be no assurance that we will be able to maintain our current credit ratings, and in the event our credit ratings are downgraded, we would likely incur higher borrowing costs and may encounter difficulty in obtaining additional financing. Also, a downgrade in our credit ratings may trigger additional payments or other negative consequences under our credit facilities and other debt instruments. Adverse changes in our credit ratings could negatively impact our business and, in particular, our refinancing and other capital market activities, our ability to manage debt maturities, our future growth and our development and acquisition activity.

We may be unable to refinance our debt or our cash flow may be insufficient to make required debt payments.

We are subject to risks normally associated with debt financing, including the risk that our cash flow will be insufficient to meet required payments of principal and interest. There can be no assurance that we will be able to refinance any maturing indebtedness, that such refinancing would be on terms as favorable as the terms of the maturing indebtedness, or that we will be able to otherwise obtain funds by selling assets or raising equity to make required payments on maturing indebtedness. If we are unable to refinance our indebtedness at maturity or meet our payment obligations, our business and financial condition will be negatively impacted and, if the maturing debt is secured, the lender may foreclose on the property securing such indebtedness. Our credit facilities and certain other debt bears interest at variable rates. Increases in market interest rates would increase our interest expense under these agreements.

Our stockholders may experience dilution if we issue additional common stock or units in the OP.

Any additional future issuance of common stock or OP units will reduce the percentage of our common stock and units owned by investors. In most circumstances, stockholders and unitholders will not be entitled to vote on whether or not we issue additional common stock or units. In addition, depending on the terms and pricing of any additional offering of our common stock or OP units and the utilization of the proceeds, our stockholders and unitholders may experience dilution in both book value and fair value of their common stock or units.

Risks Related to Income Tax

The failure of Prologis, Inc. to qualify as a REIT would have serious adverse consequences.

Prologis, Inc. elected to be taxed as a REIT under Sections 856 through 860 of the IRC commencing with the taxable year ended December 31, 1997. We believe Prologis, Inc. has been organized and operated to qualify as a REIT under the IRC and believe that the current organization and method of operation comply with the rules and regulations promulgated under the IRC to enable Prologis, Inc. to continue to qualify as a REIT. However, it is possible that we are organized or have operated in a manner that would not allow Prologis, Inc. to qualify as a REIT, or that our future operations could cause Prologis, Inc. to fail to qualify. Qualification as a REIT requires us to satisfy numerous requirements (some annually and others on a quarterly basis) established under highly technical and complex sections of the IRC for which there are only limited judicial and administrative interpretations and involves the determination of various factual matters and circumstances not entirely within our control. For example, to qualify as a REIT, Prologis, Inc. must derive at least 95% of its gross income in any year from qualifying sources. In addition, Prologis, Inc. must pay dividends to its stockholders aggregating annually at least 90% of its taxable income (determined without regard to the dividends paid deduction and by excluding capital gains) and must satisfy specified asset tests on a quarterly basis. Historically, we have satisfied these distribution requirements by making cash distributions to our stockholders, but we may choose to satisfy these requirements by making distributions of cash or

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other property, including, in limited circumstances, our own stock. The provisions of the IRC and applicable Treasury regulations regarding qualification as a REIT are more complicated for Prologis, Inc. because we hold substantially all of our assets through the OP.

If Prologis, Inc. fails to qualify as a REIT in any taxable year, we will be required to pay federal income tax (including, for taxable years prior to 2018, any applicable alternative minimum tax) on taxable income at regular corporate rates. Unless we are entitled to relief under certain statutory provisions, Prologis, Inc. would be disqualified from treatment as a REIT for the four taxable years following the year in which it lost the qualification and would be subject to corporate tax on built-in gains that exist at the time of REIT re-election if recognized within the five-year period after re-election, and potentially 10 years for certain states. If Prologis, Inc. lost its REIT status, our net earnings would be significantly reduced for each of the years involved. In addition, we may need to borrow additional funds or liquidate some investments to pay any additional tax liability. Accordingly, funds available for investment, operations and distributions would be reduced.

Furthermore, we own a direct or indirect interest in certain subsidiary REITs that elected to be taxed as REITs under Sections 856 through 860 of the IRC. Provided that each subsidiary REIT qualifies as a REIT, our interest in such subsidiary REIT will be treated as a qualifying real estate asset for purposes of the REIT asset tests, and any dividend income or gains derived by us from such subsidiary REIT will generally be treated as income that qualifies for purposes of the REIT 95% and 75% gross income tests. To qualify as a REIT, the subsidiary REIT must independently satisfy all of the REIT qualification requirements. If such subsidiary REIT were to fail to qualify as a REIT, and certain relief provisions did not apply, it would be treated as a regular taxable corporation and its income would be subject to U.S. federal income tax. In addition, a failure of the subsidiary REIT to qualify as a REIT would have an adverse effect on the ability of Prologis, Inc. to comply with the REIT income and asset tests, and thus its ability to qualify as a REIT.

In addition, we may acquire properties through the acquisition of REIT entities that own the real estate. If a gain in such assets is not otherwise recognized by the seller or target in such acquisitions, and such entities were to fail to satisfy the REIT requirements for any year, they would be disqualified from treatment as a REIT for the four taxable years following the year in which the REIT qualification was lost and the acquired assets would be subject to corporate tax on built-in gains that exist at the time of REIT re-election or, if earlier, at the time of Prologis' acquisition of the assets. A sale of such assets within the 5-year recognition period, and potentially 10 years for certain states, could result in corporate tax liabilities that could be significant.

Certain property transfers may generate prohibited transaction income, resulting in a penalty tax on gain attributable to the transaction.

From time to time, we may transfer or otherwise dispose of some of our properties, including by contributing properties to our co-investment ventures. Under the IRC, any gain resulting from transfers of properties we hold as inventory or primarily for sale to customers in the ordinary course of business is treated as income from a prohibited transaction subject to a 100% penalty tax. We do not believe that our transfers or disposals of property or our contributions of properties into our co-investment ventures are prohibited transactions. However, whether property is held for investment purposes is a question of fact that depends on all the facts and circumstances surrounding the particular transaction. The Internal Revenue Service ("IRS") may contend that certain transfers or dispositions of properties by us or contributions of properties into our co-investment ventures are prohibited transactions. While we believe that the IRS would not prevail in any such dispute, if the IRS were to argue successfully that a transfer, disposition or contribution of property constituted a prohibited transaction, we would be required to pay a 100% penalty tax on any gain allocable to us from the prohibited transaction. In addition, income from a prohibited transaction might adversely affect our ability to satisfy the income tests for qualification as a REIT.

Legislative or regulatory action could adversely affect us.

In recent years, numerous legislative, judicial and administrative changes have been made to the U.S., state, local and foreign income tax laws applicable to investments in real estate, REITs, similar entities and investments. Additional changes are likely to continue to occur in the future, both in and outside of the U.S. and may impact our taxation or that of our stockholders. Any increases in tax liability could be substantial and would reduce the amount of cash available for other purposes.

Complying with REIT requirements may limit our flexibility or cause us to forego otherwise attractive opportunities.

Our use of taxable REIT subsidiaries ("TRSs") enables us to engage in non-REIT qualifying business activities. Under the IRC, no more than 20% of the value of the assets of a REIT may be represented by securities of one or more TRSs and other non-qualifying assets. This limitation may hinder our ability to make certain attractive investments, including the purchase of non-qualifying assets, the expansion of non-real estate activities and investments in the businesses to be conducted by our TRSs, and to that extent limit our opportunities.

General Risks

Our business may be materially and adversely affected by the impact of global pandemics.

We cannot predict the extent to which global pandemics may impact our business and operating results and that of our co-investment ventures, but their impact may include the following:

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- Existing customers and potential customers of our logistics facilities may be adversely affected by the decrease in economic activity, which in turn could disrupt their business and their ability to enter into new leasing transactions or satisfy rental payments;
- Government, labor or other restrictions may prevent us from completing the development or leasing of properties currently under development or making our properties ready for our customers to move in;
- Our ability to recover our investments in real estate assets may be impacted by current market conditions;
- Increases in material costs as a result of labor shortages and supply chain disruptions may make the development of properties more costly than we originally budgeted; and
- Our workforce, including our executives, may become ill or have difficulty working remotely, caring for our properties and/or customers.

Any prolonged economic downturn, escalation of the outbreak or disruption in the financial markets may also impact our ability to access capital markets to issue debt or equity securities and to complete real estate transactions at attractive pricing or at all.

These items may materially and adversely affect our financial condition, results of operations, cash flows and real estate values.

Our business and operations could suffer in the event of system failures or cyber security attacks.

Despite system redundancy, the implementation of security measures and the existence of a disaster recovery plan for our internal and hosted information technology systems, our systems are vulnerable to damages from any number of sources, including energy blackouts, natural disasters, terrorism, war, telecommunication failures and cyber security attacks, such as malware, ransomware, or unauthorized access. Any system failure or accident that causes interruptions in our operations could result in a material disruption to our business. We may incur additional costs to remedy damages caused by such disruptions. Third-party security events at vendors, sub-processors, and service providers could also impact our data and operations via unauthorized access to information or disruption of services which may ultimately result in financial losses. Despite training, detection systems and response procedures, an increase in email attacks (phishing and business email compromise) may create disruption to our business and financial risk.

Although security incidents have had an insignificant financial impact on our operating results, the growing frequency of attempts may lead to increased costs to protect the company and respond to any events, including additional personnel, consultants and protection technologies. Any compromise of our security could result in a violation of applicable privacy and other laws, unauthorized access to information of ours and others, significant legal and financial exposure, damage to our reputation, loss or misuse of the information and a loss of confidence in our security measures, which could harm our business. Additionally, remediation costs for security events may not be covered by our insurance.

Risks associated with our dependence on key personnel.

We depend on the deep industry knowledge and the efforts of our executive officers and other key employees. From time to time, our personnel and their roles may change. While we believe that we are able to retain our key talent and find suitable employees to meet our needs, the loss of key personnel, any change in their roles or the limitation of their availability could adversely affect our business. If we are unable to continue to attract and retain our executive officers, or if compensation costs required to attract and retain key employees become more expensive, our performance and competitive position could be materially adversely affected.

Our business could be adversely impacted if we have deficiencies in our disclosure controls and procedures or internal control over financial reporting.

The design and effectiveness of our disclosure controls and procedures and internal control over financial reporting may not prevent all errors, misstatements or misrepresentations. While management continually reviews the effectiveness of our disclosure controls and procedures and internal control over financial reporting, there can be no guarantee that our internal control over financial reporting will be effective in accomplishing all control objectives all of the time. Deficiencies, including any material weakness, in our internal control over financial reporting that may occur in the future could result in misstatements or restatements of our financial statements or a decline in the price of our securities.

We are exposed to the potential impacts of future climate change and could be required to implement new or stricter regulations, which may result in unanticipated losses that could affect our business and financial condition.

We are also exposed to potential physical risks from possible future changes in climate. Our logistics facilities and the global supply chain may be exposed to catastrophic weather events, such as severe storms, fires or floods. If the frequency of extreme weather events increases, our exposure to these events could increase. We may also be adversely impacted by transition risks, such as potential impacts to the supply chain as a real estate developer or changes in laws and regulations, such as stricter energy efficiency standards or greenhouse gas regulations for the commercial building sectors. We cannot give any assurance that other such conditions do not exist or may not arise in the future. The potential impacts of future climate change on our real estate properties could adversely affect our ability to lease, develop or sell such properties or to borrow using such properties as collateral.

ITEM 1B. Unresolved Staff Comments

None.

ITEM 2. Properties**GEOGRAPHIC DISTRIBUTION**

We predominately invest in logistics facilities. Our properties are typically used for distribution, storage, packaging, assembly and light manufacturing of consumer products. The vast majority of our operating properties are used by our customers for retail and online fulfillment and business-to-business transactions.

The following tables provide details of our consolidated operating properties, investment in land and development portfolio and our O&M portfolio. The O&M portfolio includes the properties we consolidate and the properties owned by our unconsolidated co-investment ventures reflected at 100% of the amount included in the ventures' financial statements as calculated on a GAAP basis, not our proportionate share.

Included in the operating property information below for our consolidated operating properties are 498 buildings owned primarily by one co-investment venture that we consolidate but of which we own less than 100% of the equity. No individual property or market amounted to 10% or more of our consolidated total assets at December 31, 2022, or generated revenue equal to 10% or more of our consolidated total revenues for the year ended December 31, 2022, with the exception of the Southern California market. Dollars and square feet in the following tables are in millions:

| Geographies | Consolidated Operating Properties | | | | O&M | |
|--|-----------------------------------|------------------|------------------|-------------------------|-------------------|--|
| | Rentable Square Footage | Gross Book Value | Encumbrances (1) | Rentable Square Footage | Gross Book Value | |
| U.S.: | | | | | | |
| Atlanta | 41 | \$ 3,289 | \$ - | 47 | \$ 3,764 | |
| Baltimore/Washington D.C. | 13 | 1,700 | - | 17 | 2,104 | |
| Central PA | 18 | 1,489 | - | 19 | 1,609 | |
| Central Valley | 21 | 1,716 | - | 22 | 1,856 | |
| Chicago | 53 | 4,843 | - | 70 | 6,354 | |
| Dallas/Ft. Worth | 43 | 3,486 | - | 50 | 4,080 | |
| Houston | 30 | 3,125 | - | 36 | 3,648 | |
| Lehigh Valley | 30 | 3,884 | - | 34 | 4,174 | |
| New Jersey/New York City | 42 | 7,119 | 28 | 51 | 8,492 | |
| San Francisco Bay Area | 21 | 3,185 | - | 26 | 3,855 | |
| Seattle | 16 | 2,653 | - | 24 | 3,529 | |
| South Florida | 22 | 3,792 | 14 | 28 | 4,661 | |
| Southern California | 98 | 15,639 | 9 | 118 | 18,009 | |
| Remaining Markets - U.S. (18 markets) (2) | 129 | 10,659 | 69 | 158 | 12,862 | |
| Subtotal U.S. | 577 | 66,579 | 120 | 700 | 78,997 | |
| Other Americas: | | | | | | |
| Brazil | 1 | 53 | - | 17 | 870 | |
| Canada | 10 | 845 | 138 | 10 | 845 | |
| Mexico | * | 21 | - | 44 | 2,923 | |
| Subtotal Other Americas | 11 | 919 | 138 | 71 | 4,638 | |
| Europe: | | | | | | |
| France | - | - | - | 34 | 3,157 | |
| Germany | 1 | 84 | - | 31 | 3,155 | |
| Netherlands | - | - | - | 29 | 2,999 | |
| U.K. | 2 | 422 | - | 31 | 7,107 | |
| Remaining Countries - Europe (8 countries) (2) | 2 | 177 | - | 97 | 7,678 | |
| Subtotal Europe | 5 | 683 | - | 222 | 24,096 | |
| Asia: | | | | | | |
| China | - | - | - | 46 | 3,088 | |
| Japan | 1 | 40 | - | 44 | 6,709 | |
| Singapore | 1 | 142 | - | 1 | 142 | |
| Subtotal Asia | 2 | 182 | - | 91 | 9,939 | |
| Total operating portfolio (3) | 595 | 68,363 | 258 | 1,084 | 117,670 | |
| Value-added properties (4) | 6 | 1,061 | - | 9 | 1,631 | |
| Total operating properties | 601 | \$ 69,424 | \$ 258 | 1,093 | \$ 119,301 | |

Items notated by '*' indicate an amount less than one million that rounds to zero.

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| Geographies | Consolidated - Investment in Land | | | Consolidated - Development Portfolio | | |
|---|-----------------------------------|---|--------------------|---|----|-----------------|
| | Acres | Estimated Build Out Potential (square feet) (5) | Current Investment | Rentable Square Footage Upon Completion | | TEI (6) |
| | | (square feet) | | | | |
| U.S.: | | | | | | |
| Atlanta | 546 | 6 | \$ 46 | 1 | \$ | 117 |
| Baltimore/Washington D.C. | 36 | * | 15 | * | | 80 |
| Central PA | - | - | - | * | | 44 |
| Central Valley | 803 | 14 | 262 | 1 | | 111 |
| Chicago | 103 | 2 | 35 | 3 | | 381 |
| Dallas/Ft. Worth | 359 | 5 | 121 | 3 | | 341 |
| Houston | 335 | 4 | 114 | 1 | | 123 |
| Lehigh Valley | 105 | 1 | 34 | 1 | | 177 |
| New Jersey/New York City | 194 | 3 | 287 | * | | 127 |
| San Francisco Bay Area | - | - | - | 2 | | 314 |
| Seattle | 149 | 2 | 103 | 1 | | 158 |
| South Florida | 113 | 2 | 109 | 1 | | 203 |
| Southern California | 494 | 9 | 464 | 5 | | 1,427 |
| Remaining Markets - U.S. (18 markets) | 1,444 | 23 | 543 | 8 | | 1,025 |
| Subtotal U.S. | 4,681 | 71 | 2,133 | 27 | | 4,628 |
| Other Americas: | | | | | | |
| Brazil | 263 | 5 | 56 | - | | - |
| Canada | 292 | 5 | 435 | 2 | | 310 |
| Mexico | 751 | 14 | 150 | 5 | | 388 |
| Subtotal Other Americas | 1,306 | 24 | 641 | 7 | | 698 |
| Europe: | | | | | | |
| France | 176 | 4 | 139 | 1 | | 65 |
| Germany | 39 | 1 | 28 | 1 | | 106 |
| Netherlands | 15 | * | 9 | 1 | | 82 |
| U.K. | 224 | 4 | 212 | 2 | | 494 |
| Remaining Countries - Europe (8 countries) | 696 | 14 | 125 | 3 | | 417 |
| Subtotal Europe | 1,150 | 23 | 513 | 8 | | 1,164 |
| Asia: | | | | | | |
| Japan | 51 | 4 | 51 | 7 | | 988 |
| Subtotal Asia | 51 | 4 | 51 | 7 | | 988 |
| Total land and development portfolio | 7,188 | 122 | \$ 3,338 | 49 | | \$ 7,478 |

Items notated by '*' indicate an amount less than one million that rounds to zero.

- (1) Certain of our consolidated properties are pledged as security under secured mortgage debt and assessment bonds. For purposes of this table, the total principal balance of a debt issuance that is secured by a pool of properties is allocated among the properties in the pool based on each property's investment balance. In addition to the amounts reflected here, we also have \$184 million of encumbrances related to two properties under development, one prestabilized property, two other real estate investments and one land parcel included in the consolidated portfolio.
- (2) No remaining market within the U.S. or country within Europe represented more than 2% of the total gross book value of the consolidated and O&M operating properties.
- (3) Included in our consolidated operating properties are properties that we consider to be held for contribution and are presented within *Assets Held for Sale or Contribution* in the Consolidated Balance Sheets. We include these properties in our operating portfolio as they are expected to be contributed to our co-investment ventures and remain in our O&M operating portfolio. At December 31, 2022, we had investments in real estate properties that were expected to be contributed to our unconsolidated co-investment ventures totaling \$489 million and aggregating 4 million square feet. See Note 6 to the Consolidated Financial Statements in Item 8. Financial Statements and Supplementary Data for further information on our *Assets Held for Sale or Contribution*.
- (4) Value-added properties are properties we have either acquired at a discount and believe we could provide greater returns post-stabilization or properties we expect to repurpose to a higher and better use.
- (5) Represents the estimated finished square feet available for lease upon completion of a building on existing parcels of land.

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(6) TEI is based on current projections and is subject to change. As noted in the table below, our current investment in the development portfolio was \$4.2 billion, leaving approximately \$3.3 billion of additional required investment. At December 31, 2022, based on TEI, approximately 9% of the properties in the development portfolio were completed but not yet stabilized, 72% of the properties were expected to be completed before December 31, 2023, and the remaining properties were expected to be completed before November 2024.

The following table summarizes our investment in consolidated real estate properties at December 31, 2022 (in millions):

| | Investment Before Depreciation |
|--|---------------------------------------|
| Operating properties, excluding assets held for sale or contribution | \$ 69,039 |
| Development portfolio, including cost of land | 4,212 |
| Land | 3,338 |
| Other real estate investments (1) | 5,034 |
| Total consolidated real estate properties | \$ 81,623 |

- (1) Included in other real estate investments were: (i) non-strategic real estate assets, primarily acquired in the Duke Transaction, that we do not intend to operate long-term; (ii) land parcels we own and lease to third parties; (iii) non-industrial real estate assets that we generally intend to redevelop into industrial properties; and (iv) costs associated with potential acquisitions and future development projects, including purchase options on land.

LEASE EXPIRATIONS

We generally lease our properties on a long-term basis (the average term for leases commenced, including new leases and renewals, in 2022 was 69 months). The following table summarizes the lease expirations of our consolidated operating portfolio for leases in place at December 31, 2022 (dollars and square feet in millions):

| | Number of Leases | Occupied Square Feet | NER | | |
|---------------------------|-------------------------|-----------------------------|----------------|-------------------|--------------------------------|
| | | | Dollars | % of Total | Dollars Per Square Foot |
| 2023 (1) | 916 | 54 | \$ 357 | 8.5% | \$ 6.61 |
| 2024 | 1,155 | 78 | 508 | 12.1% | 6.51 |
| 2025 | 993 | 76 | 514 | 12.2% | 6.76 |
| 2026 | 1,039 | 84 | 570 | 13.6% | 6.79 |
| 2027 | 952 | 85 | 643 | 15.3% | 7.56 |
| 2028 | 422 | 52 | 420 | 10.0% | 8.08 |
| 2029 | 251 | 39 | 267 | 6.4% | 6.85 |
| 2030 | 141 | 27 | 198 | 4.7% | 7.33 |
| 2031 | 115 | 23 | 162 | 3.9% | 7.04 |
| 2032 | 123 | 29 | 223 | 5.3% | 7.69 |
| Thereafter | 116 | 35 | 334 | 8.0% | 9.54 |
| | 6,223 | 582 | \$ 4,196 | 100.0% | \$ 7.21 |
| Month to month | 128 | 3 | | | |
| Total consolidated | 6,351 | 585 | | | |

- (1) We have signed leases that were due to expire in 2023, totaling 24 million square feet in our consolidated portfolio (3.4% of total NER). These are excluded from 2023 expirations and are reflected at their respective expiration year.

CO-INVESTMENT VENTURES

Included in our O&M portfolio are consolidated and unconsolidated co-investment ventures that hold investments in real estate properties, primarily logistics facilities, that we also manage. Our unconsolidated co-investment ventures are accounted for under the equity method. The amounts included for the unconsolidated ventures are reflected at 100% of the amount included in the ventures' financial statements as calculated on a GAAP basis, not our proportionate share. The following table summarizes our consolidated and unconsolidated co-investment ventures at December 31, 2022 (in millions):

| | Operating Properties | | | |
|---|-----------------------------|-----------------------------|-------------------------------|--|
| | Square Feet | Gross Book Value | Investment in Land | Development Portfolio - TEI |
| Consolidated Co-Investment Venture | | | | |
| U.S.: | | | | |
| Prologis U.S. Logistics Venture ("USLV") | 77 | \$ 8,037 | \$ 4 | \$ 60 |
| Total | 77 | \$ 8,037 | \$ 4 | \$ 60 |
| Unconsolidated Co-Investment Ventures | | | | |
| U.S.: | | | | |
| Prologis Targeted U.S. Logistics Fund ("USLF") | 123 | \$ 12,557 | \$ - | \$ 200 |
| Other Americas: | | | | |
| FIBRA Prologis | 44 | 2,916 | - | - |
| Prologis Brazil Logistics Venture ("PBLV") and other joint ventures | 16 | 817 | 51 | 106 |
| Subtotal Other Americas | <u>60</u> | <u>3,733</u> | <u>51</u> | <u>106</u> |
| Europe: | | | | |
| Prologis European Logistics Fund ("PELF") | 161 | 17,400 | 13 | 47 |
| Prologis European Logistics Partners ("PELP") | 58 | 6,432 | 34 | 64 |
| Subtotal Europe | <u>219</u> | <u>23,832</u> | <u>47</u> | <u>111</u> |
| Asia: | | | | |
| Nippon Prologis REIT ("NPR") | 43 | 6,669 | - | - |
| Prologis China Core Logistics Fund ("PCCLF") | 31 | 2,331 | - | - |
| Prologis China Logistics Venture | 15 | 756 | 13 | 541 |
| Subtotal Asia | <u>89</u> | <u>9,756</u> | <u>13</u> | <u>541</u> |
| Total | <u>491</u> | <u>\$ 49,878</u> | <u>\$ 111</u> | <u>\$ 958</u> |

For more information regarding our unconsolidated and consolidated co-investment ventures, see Notes 5 and 11 to the Consolidated Financial Statements in Item 8. Financial Statements and Supplementary Data.

ITEM 3. Legal Proceedings

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

ITEM 4. Mine Safety Disclosures

Not Applicable.

PART II

ITEM 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

MARKET INFORMATION AND HOLDERS

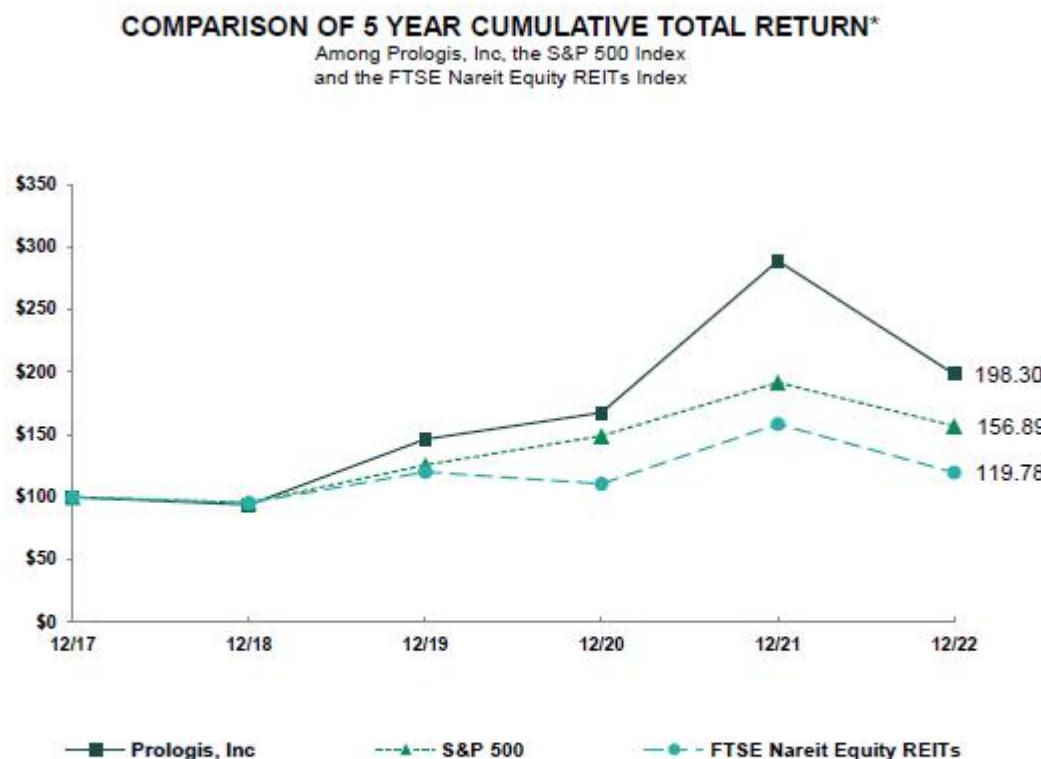
Our common stock is listed on the NYSE under the symbol "PLD."

Stock Performance Graph

The following line graph compares the change in Prologis, Inc. cumulative total stockholder's return on shares of its common stock from December 31, 2017, to the cumulative total return of the S&P 500 Stock Index and the Financial Times and Stock Exchange NAREIT

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Equity REITs Index from December 31, 2017, to December 31, 2022. The graph assumes an initial investment of \$100 in our common stock and each of the indices on December 31, 2017, and, as required by the SEC, the reinvestment of all dividends. The return shown on the graph is not necessarily indicative of future performance.



*\$100 invested on 12/31/17 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31.

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This graph and the accompanying text are not “soliciting material,” are not deemed filed with the SEC and are not to be incorporated by reference in any filing by the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

PREFERRED STOCK DIVIDENDS

At December 31, 2022, we had 1.3 million shares of Series Q preferred stock outstanding with a liquidation preference of \$50 per share that will be redeemable at our option on or after November 13, 2026. Dividends payable per share were \$4.27 for the year ended December 31, 2022.

For more information regarding dividends, see Note 9 to the Consolidated Financial Statements in Item 8. Financial Statements and Supplementary Data.

SALES OF UNREGISTERED SECURITIES

During 2022, we issued 2.1 million common limited partnership units in Prologis, L.P. in the Duke Transaction and 0.3 million shares of common stock of Prologis, Inc. in connection with the redemption of common units of Prologis, L.P. in reliance on the exemption from registration requirements of the Securities Act of 1933, as amended, afforded by Section 4(a)(2) thereof.

PURCHASES OF EQUITY SECURITIES

During 2022, we did not purchase any common stock of Prologis, Inc. in connection with our share purchase program.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

For information regarding securities authorized for issuance under our equity compensation plans, see Notes 9 and 12 to the Consolidated Financial Statements in Item 8. Financial Statements and Supplementary Data.

OTHER STOCKHOLDER MATTERS

Common Stock Plans

Further information relative to our equity compensation plans will be provided in our 2022 Proxy Statement or in an amendment filed on Form 10-K/A.

ITEM 6. [Reserved]

ITEM 7. 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 included in Item 8. Financial Statements and Supplementary Data of this report and the matters described under Item 1A. Risk Factors.

A discussion regarding our financial condition and results of operations for 2022 compared to 2021 is presented below. Information on 2020 is included in graphs only to show year over year trends in our results of operations and operating metrics. Our financial condition for 2020, results of operations for 2020 and 2021 compared to 2020 and details on the acquisitions of Industrial Property Trust Inc. ("IPT" or the "IPT Transaction") and Liberty Property Trust and Liberty Property Limited Partnership ("Liberty" or the "Liberty Transaction") referenced throughout this document can be found under Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, which is incorporated by reference herein to our Annual Report on [Form 10-K](#) for the fiscal year ended December 31, 2021, filed with the SEC on February 9, 2022, and is available on the SEC's website at www.sec.gov and our Investor Relations website at www.ir.prologis.com.

MANAGEMENT'S OVERVIEW

Summary of 2022

In 2022, our operating results were robust and we ended the year in a solid financial position. Strong demand and low vacancy in the global logistics markets drove increases in market rents throughout the year, which translated into significant rent change on rollover and same-store growth in our O&M portfolio. Our O&M operating portfolio occupancy was 98.2% at December 31, 2022 and rent change on leases commenced during 2022 was 48.0%, on a net effective basis, based on our ownership share. Our 2022 results are representative of the prospects we see for our business despite challenging headwinds from the capital markets, ongoing inflation, steeply rising interest rates and the war and energy crisis in Europe that are all pressuring the global economy. Due to current market conditions, we expect some decline in asset valuations in 2023 and therefore will continue to be disciplined as we evaluate capital deployment activities, including a focus on build-to-suit developments and a pause on contributions into our open-ended funds in the near term. We believe we are well-positioned to organically grow revenues given the increase in market rents over the last several years and our high lease mark-to-market. However, we will be cautious as we manage our business in this uncertain environment.

We completed the following significant activities in 2022, as described in the Notes to the Consolidated Financial Statements:

- On October 3, 2022, we completed the Duke Transaction for \$23.2 billion through the issuance of equity and assumption of debt. We assumed \$4.2 billion of debt with a weighted average stated interest rate of 2.3% and 4.9% at fair value. We paid down the balance of \$745 million on Duke's line of credit subsequent to closing the acquisition. The Duke portfolio was primarily comprised of logistics real estate assets, including 494 industrial operating properties, aggregating 144 million square feet.
- We generated net proceeds of \$2.7 billion and realized net gains of \$1.2 billion, principally from the contribution of properties to our unconsolidated co-investment ventures in Europe and Japan and dispositions of non-strategic assets to third parties, primarily in the U.S.
- We earned promotes aggregating \$505 million (\$386 million net of related strategic capital expenses), primarily during the third quarter of 2022 from the third-party investors in PELF in Europe.
- With the overall strengthening of the U.S. dollar against the foreign currencies in which we operate, in 2022 we realized net gains upon settlement of undesignated derivative instruments that offset the negative impact of the translation of our earnings to U.S. dollars.
- In June, we terminated our global senior credit facility (the "2019 Global Facility") and entered into the 2022 Global Facility with a borrowing capacity of up to \$3.0 billion and an extended initial maturity date of June 2026. We also upsized our second global senior credit facility (the "2021 Global Facility"), increasing its borrowing capacity up to \$2.0 billion. This resulted in increasing our total borrowing capacity under both facilities to \$5.0 billion and modifying the base rate of the aggregate lender commitments in U.S. dollars from the U.S. dollar London Inter-bank Offered Rate to the Secured Overnight Financing Rate.
- At December 31, 2022, we had total available liquidity of \$4.1 billion, with aggregate availability under our credit facilities of \$3.9 billion and unrestricted cash balances of \$278 million.

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- At December 31, 2022, we had total senior notes of \$19.8 billion, with a weighted average remaining maturity of 10 years and an effective interest rate of 2.3%. In addition to the senior notes assumed in the Duke Transaction, we issued \$3.3 billion of senior notes in 2022 (principal in millions):

| Issuance Date | Aggregate Principal | | Issuance Date Weighted Average | | |
|---------------|---------------------|---------|--------------------------------|-------------|----------------|
| | Borrowing Currency | USD (1) | Interest Rate | Years | Maturity Dates |
| January | £ | 60 | \$ 81 | 2.1% | 20.0 |
| February (2) | € | 1,550 | \$ 1,768 | 1.0% | 8.5 |
| July | ¥ | 30,965 | \$ 227 | 1.4% | 15.5 |
| September (2) | \$ | 650 | \$ 650 | 4.6% | 10.3 |
| November | C\$ | 500 | \$ 362 | 5.3% | 8.2 |
| December | ¥ | 24,200 | \$ 178 | 1.8% | 13.4 |
| Total | | | \$ 3,266 | 2.3% | 9.8 |

- (1) The exchange rate used to calculate into U.S. dollars was the spot rate at the settlement date.
- (2) A portion of the net proceeds from the issuance of these notes were used to finance green projects eligible under our green bond framework.

On October 6, 2022, we completed an exchange offer and consent solicitation for nine series of Duke's senior notes for an aggregate amount of \$3.4 billion, with \$3.2 billion, or 96%, of the aggregate principal amount being validly tendered for exchange. The validly tendered senior notes were exchanged for notes issued by the OP. As a result of the consent solicitation, we have no separate remaining financial reporting obligations or financial covenants associated with the senior notes assumed in the Duke Transaction. All other terms of the assumed Duke senior notes remained substantially the same.

RESULTS OF OPERATIONS

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

Below is our NOI by segment per our Consolidated Financial Statements and a reconciliation of NOI by segment to *Operating Income* per the Consolidated Financial Statements (in millions):

| | 2022 | 2021 |
|---|-----------------|-----------------|
| Real estate segment: | | |
| Rental revenues | \$ 4,913 | \$ 4,148 |
| Development management and other revenues | 21 | 20 |
| Rental expenses | (1,206) | (1,041) |
| Other expenses | (40) | (22) |
| Real Estate Segment - NOI | <u>3,688</u> | <u>3,105</u> |
| Strategic capital segment: | | |
| Strategic capital revenues | 1,040 | 591 |
| Strategic capital expenses | (304) | (207) |
| Strategic Capital Segment- NOI | <u>736</u> | <u>384</u> |
| General and administrative expenses | (331) | (294) |
| Depreciation and amortization expenses | (1,813) | (1,578) |
| Operating income before gains on real estate transactions, net | 2,280 | 1,617 |
| Gains on dispositions of development properties and land, net | 598 | 817 |
| Gains on other dispositions of investments in real estate, net | 589 | 773 |
| Operating income | \$ 3,467 | \$ 3,207 |

See Note 17 to the Consolidated Financial Statements for more information on our segments and a reconciliation of each business segment's NOI to *Operating Income* and *Earnings Before Income Taxes*.

Real Estate Segment

This operating segment principally includes rental revenue and rental expenses recognized from our consolidated properties. We allocate the costs of our property management and leasing functions to the Real Estate Segment through *Rental Expenses* and the Strategic Capital Segment through *Strategic Capital Expenses* based on the square footage of the relative portfolios. In addition, this segment is impacted by our development, acquisition and disposition activities.

Below are the components of Real Estate Segment NOI, derived directly from line items in the Consolidated Financial Statements (in millions):

| | 2022 | 2021 |
|---|-----------------|-----------------|
| Rental revenues | \$ 4,913 | \$ 4,148 |
| Development management and other revenues | 21 | 20 |
| Rental expenses | (1,206) | (1,041) |
| Other expenses | (40) | (22) |
| Real Estate Segment - NOI | \$ 3,688 | \$ 3,105 |

The change in Real Estate Segment ("RES") NOI in 2022 compared to 2021 of approximately \$583 million was impacted by the following activities (in millions):

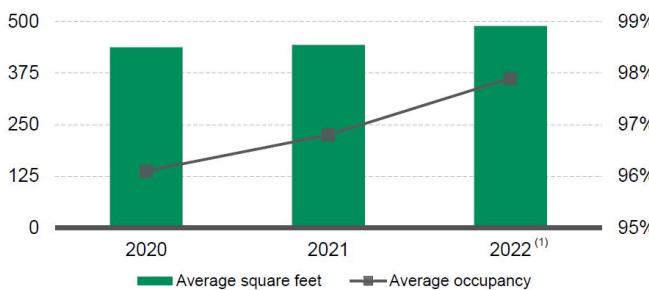


- (1) Acquisition activity is principally due to the Duke Transaction on October 3, 2022. We primarily recognized intangible liabilities for the lower in-place rents, as compared to current market rents, under the acquired leases from Duke. These intangible liabilities are amortized to rental revenues over the remaining lease term, which on average is 64 months.
- (2) During both periods, we experienced positive rental rate growth. Rental rate growth is a combination of higher rental rates on rollover of leases (or rent change) and contractual rent increases on existing leases. If a lease has a contractual rent increase driven by a metric that is not known at the time the lease commences, such as the consumer price index or a similar metric, the rent increase is not included in rent leveling and therefore impacts the rental revenue we recognize. Significant rent change during both periods continues to be a key driver in increasing rental income. See below for key metrics on rent change on rollover and occupancy.
- (3) We calculate changes in NOI from development completions period over period by comparing the change in NOI generated on the pool of developments that completed on or after January 1, 2021 through December 31, 2022.

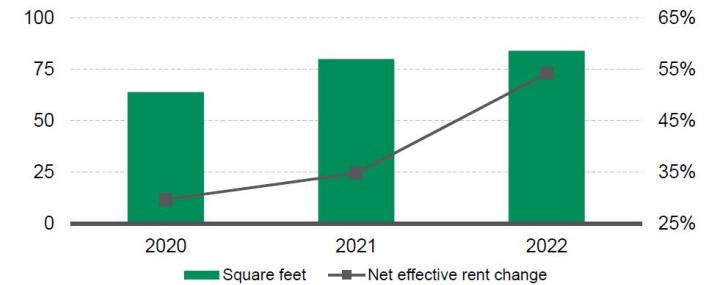
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Below are key operating metrics of our consolidated operating portfolio, which excludes non-strategic industrial properties.

Consolidated Average Square Feet and Occupancy
(square feet in millions)



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



(1) In 2022, we completed the Duke Transaction.

(2) Consolidated square feet of leases commenced and weighted average net effective rent change were calculated for leases with initial terms of one year or greater.

Development Activity

The following table summarizes consolidated development activity (dollars and square feet in millions):

| | 2022 | 2021 |
|--|----------|----------|
| Starts: | | |
| Number of new development buildings during the period | 91 | 78 |
| Square feet | 31 | 26 |
| TEI | \$ 4,679 | \$ 3,478 |
| Percentage of build-to-suits based on TEI | 39.1% | 46.2% |
| Stabilizations: | | |
| Number of development buildings stabilized during the period | 69 | 62 |
| Square feet | 22 | 19 |
| TEI | \$ 2,772 | \$ 2,329 |
| Percentage of build-to-suits based on TEI | 38.9% | 42.7% |
| Weighted average stabilized yield (1) | 6.2% | 6.1% |
| Estimated value at completion | \$ 4,294 | \$ 3,613 |
| Estimated weighted average margin (2) | 54.9% | 55.1% |
| Estimated value creation | \$ 1,522 | \$ 1,284 |

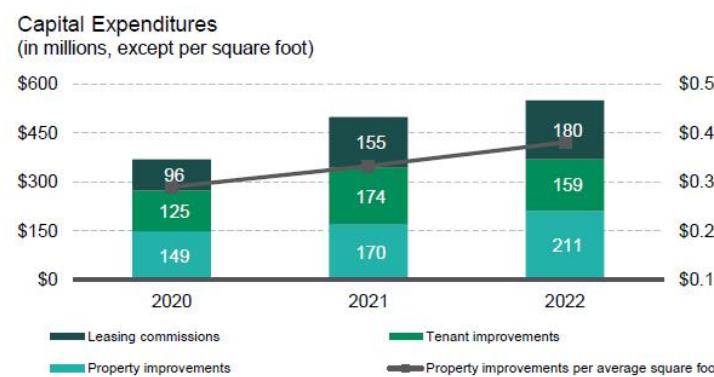
(1) We calculate the weighted average stabilized yield as estimated NOI assuming stabilized occupancy divided by TEI.

(2) Estimated weighted average margin is calculated on development properties as estimated value creation, less estimated closing costs and taxes, if any, on properties expected to be sold or contributed, divided by TEI.

At December 31, 2022, the consolidated development portfolio, including properties under development and pre-stabilized properties, was expected to be completed before November 2024 with a TEI of \$7.5 billion and was 45.2% leased. The development portfolio included 15 buildings that were properties under development by Duke and acquired at the time of the acquisition. Our investment in the development portfolio was \$4.2 billion at December 31, 2022 leaving \$3.3 billion remaining to be spent. For additional information on our development portfolio at December 31, 2022, see Item 2. Properties.

Capital Expenditures

We capitalize costs incurred in improving and leasing our operating properties as part of the investment basis or within other assets. The following graph summarizes capitalized expenditures, excluding development costs, of our consolidated operating properties during each year:



Our capital expenditures continue to increase year over year as we grow the consolidated operating portfolio through development and acquisitions. We plan to continue allocating capital in 2023 to renovate and modernize our operating portfolio, including the addition of sustainable and efficient building features.

Strategic Capital Segment

This operating segment includes revenues from asset management and property management services performed, transactional services for acquisition, disposition and leasing activity and promote revenue earned primarily from the unconsolidated co-investment ventures. Revenues associated with the Strategic Capital Segment fluctuate because of changes in the size of the portfolios through acquisitions and dispositions, the fair value of the properties and other transactional activity including foreign currency exchange rates and timing of promotes. These revenues are reduced by the direct costs associated with the asset and property-level management expenses for the properties owned by these ventures. We allocate the costs of our property management and leasing functions to the Strategic Capital Segment through *Strategic Capital Expenses* and to the Real Estate Segment through *Rental Expenses* based on the square footage of the relative portfolios. For further details regarding the key property information and summarized financial condition and operating results of our unconsolidated co-investment ventures, refer to Note 5 to the Consolidated Financial Statements.

Below are the components of Strategic Capital Segment NOI derived directly from the line items in the Consolidated Financial Statements (in millions):

| | 2022 | | 2021 | |
|--|---------------|--|---------------|--|
| Strategic capital revenues | \$ 1,040 | | \$ 591 | |
| Strategic capital expenses | (304) | | (207) | |
| Strategic Capital Segment - NOI | \$ 736 | | \$ 384 | |

Below is additional detail of our Strategic Capital Segment revenues, expenses and NOI (in millions):

| | U.S. (1) | | Other Americas | | Europe | | Asia | | Total | |
|---|-----------|-----------|----------------|-----------|------------|------------|-----------|-----------|------------|------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Strategic capital revenues (\$) | | | | | | | | | | |
| Recurring fees (2) | 178 | 136 | 45 | 38 | 167 | 156 | 78 | 79 | 468 | 409 |
| Transactional fees (3) | 22 | 14 | 6 | 8 | 20 | 30 | 19 | 32 | 67 | 84 |
| Promote revenue (4) | 15 | 22 | 32 | 13 | 458 | 63 | - | - | 505 | 98 |
| Total strategic capital revenues (\$) | 215 | 172 | 83 | 59 | 645 | 249 | 97 | 111 | 1,040 | 591 |
| Strategic capital expenses (\$) (4) | (155) | (112) | (20) | (12) | (87) | (45) | (42) | (38) | (304) | (207) |
| Strategic Capital Segment - NOI (\$) | 60 | 60 | 63 | 47 | 558 | 204 | 55 | 73 | 736 | 384 |

- (1) The U.S. expenses include compensation and personnel costs for employees who are based in the U.S. but also support other geographies.
- (2) Recurring fees include asset management and property management fees. The increase in fees is primarily due to higher asset management fees driven by the increases in the fair value of the properties based on third party valuations. We saw some decline in asset values in the last half of 2022, and we expect to see additional decline in 2023.
- (3) Transactional fees include leasing commissions and acquisition, disposition, development and other fees.

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- (4) We generally earn promote revenue directly from third-party investors in the co-investment ventures based on the cumulative returns of the venture over a three-year period or the stabilization of individual development projects owned by the venture. An increase in asset valuations in the co-investment ventures during the promote period is one of the significant drivers of returns that can translate into earning future promote revenues. Included above is promote revenue earned from PELF in September 2022. Approximately 40% of the promote earned by us from the co-investment ventures is paid to our employees as a combination of cash and stock-based awards pursuant to the terms of the PPP and expensed through *Strategic Capital Expenses*, as vested.

G&A Expenses

G&A expenses were \$331 million and \$294 million for 2022 and 2021, respectively. G&A expenses increased in 2022 as compared to 2021, principally due to inflationary increases and higher compensation expenses based on our performance. We expect that 2023 will include additional investments we are making in our Prologis Essentials business, primarily in the energy teams. We capitalize certain internal costs that are incremental and directly related to our development and building improvement activities.

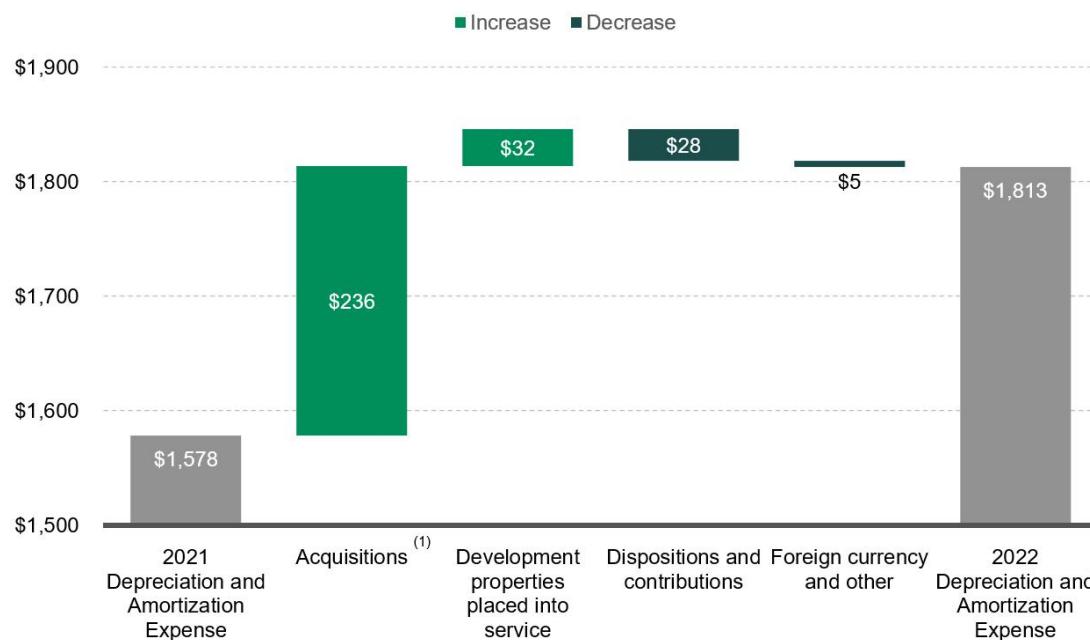
The following table summarizes capitalized G&A (in millions):

| | 2022 | 2021 |
|---|---------------|---------------|
| Building and land development activities | \$ 107 | \$ 95 |
| Operating building improvements and other | 45 | 29 |
| Total capitalized G&A expenses | \$ 152 | \$ 124 |
| Capitalized salaries and related costs as a percent of total salaries and related costs | 22.7% | 21.9% |

Depreciation and Amortization Expenses

Depreciation and amortization expenses were \$1.8 billion and \$1.6 billion in 2022 and 2021, respectively.

The change in depreciation and amortization expenses in 2022 compared to 2021 of approximately \$235 million was impacted by the following activities (in millions):



- (1) Included in acquisitions are the operating properties, other real estate properties and related lease intangibles acquired in the Duke Transaction.

Gains on Real Estate Transactions, Net

Gains on the disposition of development properties and land were \$598 million and \$817 million for 2022 and 2021, respectively, and primarily included gains from the contribution of properties we developed to our unconsolidated co-investment ventures in Europe and Japan for 2022 and additionally in the U.S. for 2021. Gains on other dispositions of investments in real estate were \$589 million and \$773 million for 2022 and 2021, respectively, which included sales of non-strategic operating properties in the U.S., including properties acquired in the LPT Transaction and the IPT Transaction. Additionally, 2021 included the sale of our ownership interest in one of our

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unconsolidated ventures and the contribution of operating properties to our unconsolidated co-investment venture in the U.S. We utilized the proceeds from these transactions primarily to fund our development activities during both periods. See Note 4 to the Consolidated Financial Statements for further information on these transactions.

Our Owned and Managed (“O&M”) Operating Portfolio

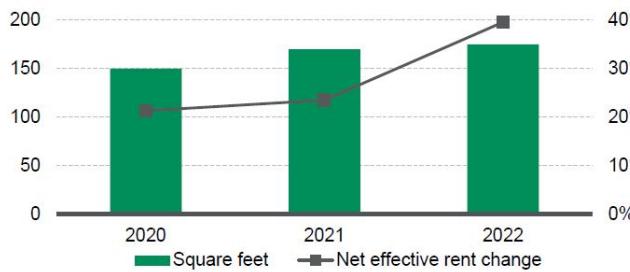
We manage our business and review our operating fundamentals on an O&M basis, which includes our consolidated properties and properties owned by our unconsolidated co-investment ventures. We believe reviewing the fundamentals this way allows management to understand the entire impact to the financial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

Our O&M operating portfolio does not include our development portfolio, value-added properties, non-industrial properties or properties we do not have the intent to hold long-term that are classified as either held for sale or within other real estate investments. Value-added properties are properties we have either acquired at a discount and believe we could provide greater returns post-stabilization or properties we expect to repurpose to a higher and better use. See below for information on our O&M operating portfolio at December 31 (square feet in millions):

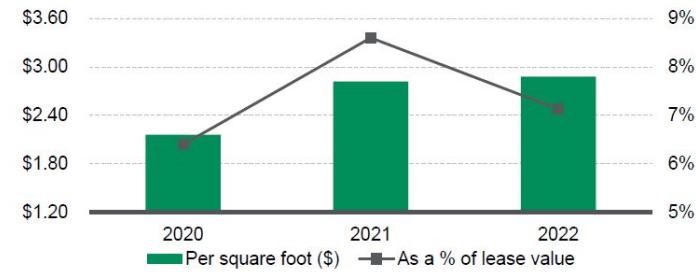
| | 2022 | | | 2021 | | |
|----------------|----------------------|--------------|---------------------|----------------------|-------------|---------------------|
| | Number of Properties | Square Feet | Percentage Occupied | Number of Properties | Square Feet | Percentage Occupied |
| Consolidated | 2,812 | 595 | 98.3% | 2,300 | 446 | 98.2% |
| Unconsolidated | 2,177 | 488 | 98.1% | 1,987 | 456 | 97.3% |
| Total | 4,989 | 1,083 | 98.2% | 4,287 | 902 | 97.7% |

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

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



Turnover Costs on Leases Commenced⁽²⁾



- (1) Square feet of leases commenced and weighted average net effective rent change were calculated for leases with initial terms of one year or greater. We retained approximately 70% or more of our customers, based on the total square feet of leases commenced, for each year. In 2022, we experienced a significant increase in net effective rent change due to increasing market rents.
- (2) Turnover costs include external leasing commissions and tenant improvements and represent the obligations incurred in connection with the lease commencement for leases greater than one year. In 2022, spend on turnover costs remained similar to 2021, however, the value of the leases commenced increased due to strong market rent growth.

Same Store Analysis

Our same store metrics are non-GAAP financial measures, which are commonly used in the real estate industry and expected from the financial community, on both a net effective and cash basis. We evaluate the performance of the operating properties we own and manage using a “same store” analysis because the population of properties in this analysis is consistent from period to period, which allows us and investors to analyze our ongoing business operations. We determine our same store metrics on property NOI, which is calculated as rental revenue less rental expense for the applicable properties in the same store population for both consolidated and unconsolidated properties based on our ownership interest, as further defined below.

We define our same store population for the three months ended December 31, 2022 as the properties in our O&M operating portfolio, including the property NOI for both consolidated properties and properties owned by the unconsolidated co-investment ventures at January 1, 2021 and owned throughout the same three-month period in both 2021 and 2022. We believe the drivers of property NOI for the consolidated portfolio are generally the same for the properties owned by the ventures in which we invest and therefore we evaluate the same store metrics of the O&M portfolio based on Prologis’ ownership in the properties (“Prologis Share”). The same store population excludes properties held for sale to third parties, along with development properties that were not stabilized at the beginning.

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of the period (January 1, 2021) and properties acquired or disposed of to third parties during the period. To derive an appropriate measure of period-to-period operating performance, we remove the effects of foreign currency exchange rate movements by using the reported period-end exchange rate to translate from local currency into the U.S. dollar, for both periods.

As non-GAAP financial measures, the same store metrics have certain limitations as analytical tools and may vary among real estate companies. As a result, we provide a reconciliation of *Rental Revenues less Rental Expenses* ("Property NOI") (from our Consolidated Financial Statements prepared in accordance with U.S. GAAP) to our Same Store Property NOI measures.

We evaluate the results of our same store portfolio on a quarterly basis. The following is a reconciliation of our consolidated rental revenues, rental expenses and property NOI for each quarter in 2022 and 2021 to the full year, as included in the Consolidated Statements of Income and within Note 19 to the Consolidated Financial Statements and to the respective amounts in our same store portfolio analysis for the three months ended December 31 (dollars in millions):

| | Three Months Ended | | | | |
|---------------------|--------------------|---------------|---------------|-----------------|-----------------|
| | March 31, | June 30, | September 30, | December 31, | Full Year |
| 2022 | | | | | |
| Rental revenues | \$ 1,077 | \$ 1,093 | \$ 1,152 | \$ 1,591 | \$ 4,913 |
| Rental expenses | (276) | (270) | (285) | (375) | (1,206) |
| Property NOI | \$ 801 | \$ 823 | \$ 867 | \$ 1,216 | \$ 3,707 |
| 2021 | | | | | |
| Rental revenues | \$ 1,022 | \$ 1,015 | \$ 1,037 | \$ 1,074 | \$ 4,148 |
| Rental expenses | (278) | (245) | (256) | (262) | (1,041) |
| Property NOI | \$ 744 | \$ 770 | \$ 781 | \$ 812 | \$ 3,107 |

| | Three Months Ended December 31, | | % Change |
|---|---------------------------------|---------------|----------|
| | 2022 | 2021 | |
| Reconciliation of Consolidated Property NOI to Same Store Property NOI measures: | | | |
| Rental revenues | \$ 1,591 | \$ 1,074 | |
| Rental expenses | (375) | (262) | |
| Consolidated Property NOI | \$ 1,216 | \$ 812 | |

Adjustments to derive same store results:

| | | | |
|--|---------------|---------------|-------------|
| Property NOI from consolidated properties not included in same store portfolio and other adjustments (1) | (471) | (118) | |
| Property NOI from unconsolidated co-investment ventures included in same store portfolio (1)(2) | 615 | 578 | |
| Third parties' share of Property NOI from properties included in same store portfolio (1)(2) | (502) | (475) | |
| Prologis Share of Same Store Property NOI - Net Effective (2) | \$ 858 | \$ 797 | 7.7% |
| Consolidated properties straight-line rent and fair value lease adjustments included in same store portfolio (3) | (17) | (24) | |
| Unconsolidated co-investment ventures straight-line rent and fair value lease adjustments included in same store portfolio (3) | (9) | (15) | |
| Third parties' share of straight-line rent and fair value lease adjustments included in same store portfolio (2)(3) | 7 | 11 | |
| Prologis Share of Same Store Property NOI - Cash (2)(3) | \$ 839 | \$ 769 | 9.1% |

- (1) We exclude properties held for sale to third parties, along with development properties that were not stabilized at the beginning of the period and properties acquired or disposed of to third parties during the period. We also exclude net termination and renegotiation fees to allow us to evaluate the growth or decline in each property's rental revenues without regard to one-time items that are not indicative of the property's recurring operating performance. Net termination and renegotiation fees represent the gross fee negotiated to allow a customer to terminate or renegotiate their lease, offset by the write-off of the asset recorded due to the adjustment to straight-line rents over the lease term. Same Store Property NOI is adjusted to include an allocation of property management expenses for our consolidated properties based on the property management services provided to each property (generally, based on a percentage of revenues). On consolidation, these amounts are eliminated and the actual costs of providing property management and leasing services are recognized as part of our consolidated rental expense.

- (2) We include the Property NOI for the same store portfolio for both consolidated properties and properties owned by the co-investment ventures based on our investment in the underlying properties. In order to calculate our share of Same Store Property NOI from the co-investment ventures in which we own less than 100%, we use the co-investment ventures' underlying Property NOI for the same store portfolio and apply our ownership percentage at December 31, 2022 to the Property NOI for both periods, including the properties contributed during the period. We adjust the total Property NOI from the same store portfolio of the co-investment ventures by subtracting the third parties' share of both consolidated and unconsolidated co-investment ventures.

During the periods presented, certain wholly owned properties were contributed to a co-investment venture and are included in the same store portfolio. Neither our consolidated results nor those of the co-investment ventures, when viewed individually, would be comparable on a same store basis because of the changes in composition of the respective portfolios from period to period (e.g. the results of a contributed property are included in our consolidated results through the contribution date and in the results of the venture subsequent to the contribution date based on our ownership interest at the end of the period). As a result, only line items labeled "Prologis Share of Same Store Property NOI" are comparable period over period.

- (3) We further remove certain noncash items (straight-line rent and amortization of fair value lease adjustments) included in the financial statements prepared in accordance with U.S. GAAP to reflect a Same Store Property NOI - Cash measure.

We manage our business and compensate our executives based on the same store results of our O&M portfolio at 100% as we manage our portfolio on an ownership blind basis. We calculate those results by including 100% of the properties included in our same store portfolio.

Other Components of Income (Expense)

Earnings from Unconsolidated Entities, Net

We recognized net earnings from unconsolidated entities, which are accounted for using the equity method, of \$311 million and \$404 million during 2022 and 2021, respectively. Included in 2021 is our share of the gains recognized upon the sale of certain non-strategic assets acquired in the IPT Transaction and the sale by UKLV of its operating properties to our unconsolidated co-investment ventures, PELF and PELP.

The earnings we recognize can be impacted by: (i) variances in revenues and expenses of each venture; (ii) the size and occupancy rate of the portfolio of properties owned by each venture; (iii) gains or losses from the dispositions of properties and extinguishment of debt; (iv) our ownership interest in each venture; and (v) fluctuations in foreign currency exchange rates used to translate our share of net earnings to U.S. dollars. See the discussion of our unconsolidated entities above in the Strategic Capital Segment discussion and in Note 5 to the Consolidated Financial Statements for a further breakdown of our share of net earnings recognized.

Interest Expense

The following table details our net interest expense (dollars in millions):

| | 2022 | 2021 |
|--|---------------|---------------|
| Gross interest expense | \$ 345 | \$ 299 |
| Amortization of debt discount and debt issuance costs, net | 24 | 9 |
| Capitalized amounts | (60) | (42) |
| Net interest expense | \$ 309 | \$ 266 |
| Weighted average effective interest rate during the year | 1.8% | 1.7% |

Interest expense increased in 2022, as compared to 2021, primarily due to assuming \$4.2 billion of debt in the Duke Transaction with a weighted average interest rate at fair value of 4.9%, which included \$2.9 billion of senior notes and a \$501 million term loan. Additionally, we issued \$3.3 billion of senior notes with a weighted average interest rate of 2.3%, at the issuance date, in 2022.

See Note 8 to the Consolidated Financial Statements and the Liquidity and Capital Resources section below, for further discussion of our debt and borrowing costs.

Foreign Currency and Derivative Gains (Losses) and Other Income (Expense), Net

We recognized foreign currency and derivative gains (losses) and other income (expense), net, of \$242 million and \$165 million for the year ended December 31, 2022 and 2021, respectively.

We are exposed to foreign currency exchange risk related to investments in and earnings from our foreign investments. We primarily hedge our foreign currency risk related to our investments by borrowing in the currencies in which we invest thereby providing a natural hedge. We have issued debt in a currency that is not the same functional currency of the borrowing entity and have designated a portion of the debt as a nonderivative net investment hedge. We recognize the remeasurement and settlement of the translation adjustment on the unhedged portion of the debt and accrued interest in unrealized gains or losses. We may use derivative financial instruments to manage foreign currency exchange rate risk related to our earnings. We recognize the change in fair value of the

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undesignated derivative contracts in unrealized gains and losses. Upon settlement of these transactions, we recognize realized gains or losses.

The following table details our foreign currency and derivative gains (losses), net included in earnings (in millions):

| | 2022 | 2021 |
|---|---------------|---------------|
| Realized foreign currency and derivative gains (losses), net: | | |
| Gains (losses) on the settlement of undesignated derivatives | \$ 145 | \$ (8) |
| Gains (losses) on the settlement of transactions with third parties | 1 | (1) |
| Total realized foreign currency and derivative gains (losses), net | <u>146</u> | <u>(9)</u> |
| Unrealized foreign currency and derivative gains, net: | | |
| Gains on the change in fair value of undesignated derivatives and unhedged debt | 83 | 169 |
| Gains on remeasurement of certain assets and liabilities | 9 | 4 |
| Total unrealized foreign currency and derivative gains, net | <u>92</u> | <u>173</u> |
| Total foreign currency and derivative gains, net | \$ 238 | \$ 164 |

See Note 2 to the Consolidated Financial Statements for more information about our foreign currency and derivative financial instrument policies and Note 15 to the Consolidated Financial Statements for more information about our derivative and nonderivative transactions.

Losses on Early Extinguishment of Debt, Net

We recognized \$20 million and \$187 million of losses on the early extinguishment of debt in 2022 and 2021, respectively. The losses in 2021 included the redemption of \$1.5 billion of senior notes with stated maturities between 2024 and 2025. See Note 8 to the Consolidated Financial Statements and the Liquidity and Capital Resources section, for more information regarding our debt.

Income Tax Expense

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

The following table summarizes our income tax expense (benefit) (in millions):

| | 2022 | 2021 |
|--|---------------|---------------|
| Current income tax expense (benefit): | | |
| Income tax expense | \$ 130 | \$ 108 |
| Income tax expense on dispositions | 13 | 62 |
| Income tax expense (benefit) on dispositions related to acquired tax liabilities | <u>(21)</u> | <u>3</u> |
| Total current income tax expense | <u>122</u> | <u>173</u> |
| Deferred income tax expense (benefit): | | |
| Income tax expense | 13 | 4 |
| Income tax benefit on dispositions related to acquired tax liabilities | - | (3) |
| Total deferred income tax expense | <u>13</u> | <u>1</u> |
| Total income tax expense | \$ 135 | \$ 174 |

Our income taxes are discussed in more detail in Note 13 to the Consolidated Financial Statements.

Net Earnings Attributable to Noncontrolling Interests

This amount represents the third-party investors' share of the earnings generated in consolidated entities in which we do not own 100% of the equity, reduced by the third-party share of fees or promotes payable to us and earned during the period. We had net earnings attributable to noncontrolling interests of \$191 million and \$209 million in 2022 and 2021, respectively. Included in these amounts were \$92 million and \$82 million in 2022 and 2021, respectively, of net earnings attributable to the common limited partnership unitholders of Prologis, L.P. Included in 2021 was the sale of non-strategic operating properties in our consolidated co-investment venture in the U.S.

See Note 11 to the Consolidated Financial Statements for further information on our noncontrolling interests.

Other Comprehensive Income (Loss)

The key driver of changes in *Accumulated Other Comprehensive Income (Loss)* ("AOCI/L") in 2022 and 2021 was the currency translation adjustment derived from changes in exchange rates during both periods primarily on our net investments in real estate outside the U.S. and the borrowings we issue in the functional currencies of the countries where we invest. These borrowings serve as a natural hedge of our foreign investments. In addition, we use derivative financial instruments, such as foreign currency forward and option contracts to manage foreign currency exchange rate risk related to our foreign investments and interest rate swaps to manage interest rate risk, that when designated the change in fair value is included in AOCI/L.

See Note 2 to the Consolidated Financial Statements for more information about our foreign currency and derivative financial instrument policies and Note 15 to the Consolidated Financial Statements for more information about our derivative and nonderivative transactions and other comprehensive income (loss).

ENVIRONMENTAL MATTERS

See Note 16 in the Consolidated Financial Statements for further information about environmental liabilities.

LIQUIDITY AND CAPITAL RESOURCES

Overview

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

Given the uncertain macro environment and the impact on real estate valuations, we expect to be cautious as we evaluate capital deployment activities, including a focus on build-to-suit developments and a pause on contributions in the near term.

Near-Term Principal Cash Sources and Uses

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

- completion of the development and leasing of the properties in our consolidated development portfolio (at December 31, 2022, 136 properties in our development portfolio were 45.2% leased with a current investment of \$4.2 billion and a TEI of \$7.5 billion when completed and leased, leaving \$3.3 billion of estimated additional required investment);
- development of new properties that we may hold for long-term investment or subsequently contribute to unconsolidated co-investment ventures, including the acquisition of land;
- the acquisition of other real estate investments that we acquire with the intention of redeveloping into industrial properties;
- capital expenditures and leasing costs on properties in our operating portfolio, including investments in solar panels and other renewable energy improvements;
- repayment of debt and scheduled principal payments of \$33 million in 2023;
- additional investments in current and future unconsolidated co-investment ventures and other ventures; and
- the acquisition of operating properties or portfolios of operating properties (depending on market and other conditions) for direct, long-term investment in our consolidated portfolio (this might include acquisitions from our unconsolidated entities). In October 2022, we completed the Duke Transaction for \$23.2 billion through the issuance of equity and the assumption of debt.

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

- net cash flow from property operations;
- fees earned for services performed on behalf of co-investment ventures;
- distributions received from co-investment ventures;
- proceeds from the contribution of properties to current or future co-investment ventures;
- proceeds from the disposition of properties or other investments to third parties;

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- available unrestricted cash balances (\$278 million at December 31, 2022);
- borrowing capacity under our current credit facility arrangements (\$3.9 billion available at December 31, 2022); and
- proceeds from the issuance of debt.

Long-term, we may also voluntarily repurchase our outstanding debt or equity securities (depending on prevailing market conditions, our liquidity, contractual restrictions and other factors) through cash purchases, open-market purchases, privately negotiated transactions, tender offers or otherwise. We may also fund our cash needs from the issuance of equity securities, subject to market conditions, and the through sale of a portion of our investments in co-investment ventures.

Debt

The following table summarizes information about our consolidated debt by currency at December 31 (dollars in millions):

| | 2022 | | | 2021 | | |
|------------------------|--------------------------------|--------------------|---------------|--------------------------------|--------------------|---------------|
| | Weighted Average Interest Rate | Amount Outstanding | % of Total | Weighted Average Interest Rate | Amount Outstanding | % of Total |
| British pound sterling | 2.1% | \$ 1,228 | 5.1% | 2.1% | \$ 1,377 | 7.8% |
| Canadian dollar | 4.5% | 815 | 3.4% | 2.7% | 284 | 1.6% |
| Euro | 1.3% | 7,991 | 33.5% | 1.0% | 7,408 | 41.8% |
| Japanese yen | 1.0% | 3,308 | 13.9% | 0.9% | 2,879 | 16.2% |
| U.S. dollar | 3.6% | 10,534 | 44.1% | 2.6% | 5,767 | 32.6% |
| Total debt (1) | 2.5% | \$ 23,876 | 100.0% | 1.6% | \$ 17,715 | 100.0% |

(1) The weighted average remaining maturity for total debt outstanding at December 31, 2022 and 2021 was 9 and 10 years, respectively.

Our credit ratings at December 31, 2022, were A3 from Moody's with a stable outlook and A from Standard & Poor's with a stable outlook. These ratings allow us to borrow at an advantageous interest rate. Adverse changes in our credit ratings could negatively impact our business and, in particular, our refinancing and other capital market activities, our ability to manage debt maturities, our future growth and our development and acquisition activity. A securities rating is not a recommendation to buy, sell or hold securities and is subject to revision or withdrawal at any time by the rating organization.

At December 31, 2022, we were in compliance with all of our financial debt covenants. These covenants include a number of customary financial covenants, such as maintaining debt service coverage ratios, leverage ratios and fixed charge coverage ratios.

See Note 8 to the Consolidated Financial Statements for further discussion on our debt.

Equity Commitments Related to Certain Co-Investment Ventures

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

The following table summarizes the remaining equity commitments at December 31, 2022 (in millions):

| | Equity Commitments (1) | | | |
|---------------------------------------|------------------------|------------------|-----------------|-----------------|
| | Prologis | Venture Partners | Total | Expiration Date |
| Prologis Targeted U.S. Logistics Fund | \$ - | \$ 1,027 | \$ 1,027 | 2024 – 2025 (2) |
| Prologis European Logistics Fund | - | 211 | 211 | 2025 (2) |
| Prologis China Logistics Venture | 252 | 1,318 | 1,570 | 2023 – 2028 |
| Prologis Brazil Logistics Venture | 36 | 141 | 177 | 2026 |
| Total | \$ 288 | \$ 2,697 | \$ 2,985 | |

(1) The equity commitments for the co-investment ventures that operate in a different functional currency than the U.S. dollar were calculated using the foreign currency exchange rate at December 31, 2022.

(2) Venture partners have the option to cancel their equity commitment starting 18 months after the initial commitment date.

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

Cash Flow Summary

The following table summarizes our cash flow activity (in millions):

| | 2022 | 2021 |
|--|-------------|-------------|
| Net cash provided by operating activities | \$ 4,126 | \$ 2,996 |
| Net cash used in investing activities | \$ (4,499) | \$ (1,990) |
| Net cash (used in) provided by financing activities | \$ 116 | \$ (1,008) |
| Net decrease in cash and cash equivalents, including the effect of foreign currency exchange rates on cash | \$ (278) | \$ (42) |

Operating Activities

Cash provided by and used in operating activities, exclusive of changes in receivables and payables, was impacted by the following significant activities:

- **Real Estate Segment.** We receive the majority of our operating cash through the net revenues of our Real Estate Segment, including the recovery of our operating costs. Cash flows generated by the Real Estate Segment are impacted by our acquisition, development and disposition activities, which are drivers of NOI recognized during each period. See the Results of Operations section above for further explanation of our Real Estate Segment. The revenues from this segment include noncash adjustments for straight-lined rents and amortization of above and below market leases of \$268 million and \$148 million for 2022 and 2021, respectively.
- **Strategic Capital Segment.** We also generate operating cash through our Strategic Capital Segment by providing asset management and property management and other services to our unconsolidated co-investment ventures. See the Results of Operations section above for the key drivers of the net revenues from our Strategic Capital Segment. Included in *Strategic Capital Revenues* is the third-party investors' share that is owed for promotes, which is recognized in operating activities in the period the cash is received, generally the quarter after the revenue is recognized.
- **G&A expenses and equity-based compensation awards.** We incurred \$331 million and \$294 million of G&A expenses in 2022 and 2021, respectively. We recognized equity-based, noncash compensation expenses of \$175 million and \$113 million in 2022 and 2021, respectively, which were recorded to *Rental Expenses* in the Real Estate Segment, *Strategic Capital Expenses* in the Strategic Capital Segment and *G&A Expenses*.
- **Operating distributions from unconsolidated entities.** We received \$410 million and \$440 million of distributions as a return on our investment from the cash flows generated from the operations of our unconsolidated entities in 2022 and 2021, respectively.
- **Cash paid for interest, net of amounts capitalized.** We paid interest, net of amounts capitalized, of \$234 million and \$279 million in 2022 and 2021, respectively. See Note 8 to the Consolidated Financial Statements for further information on this activity.
- **Cash paid for income taxes, net of refunds.** We paid income taxes, net of refunds, of \$130 million and \$149 million in 2022 and 2021, respectively. See Note 13 to the Consolidated Financial Statements for further information on this activity.

Investing Activities

Cash provided by investing activities is driven by proceeds from the sale of real estate assets that include the contribution of properties we developed to our unconsolidated co-investment ventures as well as the sale of operating properties. Contribution and disposition activity in 2022 was significantly lower than in 2021 due to the sale of non-strategic assets in 2021 and a pause on contributions in the fourth quarter of 2022. Cash used in investing activities is primarily driven by our capital deployment activities of investing in real estate development, acquisitions and capital expenditures as discussed above. Acquisition activity includes land for future development, operating properties and other real estate assets. See Note 4 to the Consolidated Financial Statements for further information on these activities. In addition, the following significant transactions also impacted our cash used in and provided by investing activities:

- **Duke Transaction, net of cash acquired.** We paid net cash of \$92 million to complete the Duke Transaction in 2022, primarily due to transaction costs. The acquisition was financed through the issuance of equity and the assumption of debt. A portion of this debt was paid down subsequent to the acquisition, see the Financing Activities section below. See Note 3 to the Consolidated Financial Statements for more information on this transaction.
- **Investments in and advances to our unconsolidated entities.** We invested cash in our unconsolidated entities that represented our proportionate share, of \$442 million and \$798 million in 2022 and 2021, respectively. The ventures used the funds for the acquisition of properties, development and repayment of debt. See Note 5 to the Consolidated Financial Statements for more detail on our unconsolidated co-investment ventures.

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- Return of investment from unconsolidated entities.** We received distributions from unconsolidated entities as a return of investment of \$77 million and \$58 million in 2022 and 2021, respectively. Included in these amounts were distributions from venture activities including proceeds from property sales, debt refinancing and the redemption of our investment in certain unconsolidated entities.
- Net proceeds from (payments on) the settlement of net investment hedges.** We received \$56 million and paid \$13 million for the settlement of net investment hedges in 2022 and 2021, respectively. See Note 15 to the Consolidated Financial Statements for further information on our derivative transactions.

Financing Activities

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

Our repurchase of and payments on debt and proceeds from the issuance of debt consisted of the following activity (in millions):

| | 2022 (1) | 2021 |
|--|-----------------|-----------------|
| Repurchase of and payments on debt (including extinguishment costs) | | |
| Regularly scheduled debt principal payments and payments at maturity | \$ 914 | \$ 10 |
| Secured mortgage debt | 328 | 656 |
| Senior notes | 3 | 1,644 |
| Term loans | 136 | 250 |
| Total | \$ 1,381 | \$ 2,560 |
| Proceeds from the issuance of debt | | |
| Secured mortgage debt | \$ 331 | \$ 242 |
| Senior notes | 3,256 | 2,902 |
| Term loans | 529 | 454 |
| Total | \$ 4,116 | \$ 3,598 |

(1) We completed the Duke Transaction in 2022 and assumed \$4.2 billion of debt. We paid down the balance of \$745 million on Duke's line of credit subsequent to closing the acquisition which is reflected in *Net proceeds from (payments on) credit facilities*. The assumption of debt was excluded from this table.

Unconsolidated Co-Investment Venture Debt

We had investments in and advances to our unconsolidated co-investment ventures of \$8.1 billion at December 31, 2022. The ventures listed below had total third-party debt of \$13.5 billion at December 31, 2022 with a weighted average remaining maturity of 7 years and weighted average interest rate of 2.8%. Certain of our ventures do not have third-party debt and are therefore excluded. This debt is non-recourse to Prologis and other investors in the co-investment ventures and bears interest as follows at December 31, 2022 (dollars in millions):

| | Total Debt (1) | Weighted Average Interest Rate | Gross Book Value of Real Estate (1) | Ownership % |
|---------------------------------------|---------------------------|---|--|--------------------|
| Prologis Targeted U.S. Logistics Fund | \$ 3,468 | 3.5% | \$ 13,155 | 26.2% |
| FIBRA Prologis | 920 | 4.0% | 2,939 | 47.9% |
| Prologis European Logistics Fund | 5,315 | 2.4% | 17,581 | 23.8% |
| Nippon Prologis REIT | 2,395 | 0.7% | 6,669 | 15.1% |
| Prologis China Core Logistics Fund | 826 | 5.3% | 2,331 | 15.5% |
| Prologis China Logistics Venture | 589 | 5.5% | 1,168 | 15.0% |
| Total | \$ 13,513 | | \$ 43,843 | |

(1) The weighted average loan-to-value ratio for all unconsolidated co-investment ventures was 26.3% at December 31, 2022. Loan-to-value, a non-GAAP measure, was calculated as the percentage of total third-party debt to the gross book value of real estate for each venture and weighted based on the cumulative gross book value of all unconsolidated co-investment ventures.

At December 31, 2022, we did not guarantee any third-party debt of the unconsolidated co-investment ventures. In our role as the manager or sponsor, we work with the co-investment ventures to maintain sufficient liquidity and 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 our ventures also have credit facilities, or unencumbered properties, both of which may be used to obtain funds.

Dividend and Distribution Requirements

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

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

We paid quarterly cash dividends of \$0.79 and \$0.63 per common share in 2022 and 2021, respectively. Our future common stock dividends, if and as declared, may vary and will be determined by the Board based upon the circumstances prevailing at the time, including our financial condition, operating results and REIT distribution requirements, and may be adjusted at the discretion of the Board during the year.

We make distributions on the common limited partnership units outstanding at the same per unit amount as our common stock dividend. The Class A common limited partnership units ("Class A Units") in the OP are entitled to a quarterly distribution equal to \$0.64665 per unit so long as the common units receive a quarterly distribution of at least \$0.40 per unit. We paid a quarterly cash distribution of \$0.64665 per Class A Unit in 2022 and 2021.

At December 31, 2022, our Series Q preferred stock had an annual dividend rate of 8.54% per share and the 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 an ongoing basis, we are engaged in various stages of negotiations for the acquisition or disposition of individual properties or portfolios of properties.

CRITICAL ACCOUNTING POLICIES

A critical accounting policy is one that involves an estimate or assumption that is subjective and requires management judgment about the effect of a matter that is inherently uncertain and material to an entity's financial condition and results of operations. Management's judgment considers historical and current economic conditions and expectations for the future. Changes in estimates could affect our financial position and specific items in our results of operations that are used by stockholders, potential investors, industry analysts and lenders in their evaluation of our performance. Of the significant accounting policies discussed in Note 2 to the Consolidated Financial Statements, those presented below have been identified by us as meeting the criteria to be considered critical accounting policies as they relate to our financial condition as of December 31, 2022 and 2021 and our operating results for the three-year period ended December 31, 2022. Refer to Note 2 for more information on these critical accounting policies.

Asset Acquisitions

We generally account for an acquisition of a single property or portfolio of properties as an asset acquisition. We measure the real estate assets acquired through an asset acquisition based on their cost or total consideration exchanged. The difference between the cost and the estimated fair value (excess or bargain consideration) is allocated to the real estate properties and related lease intangibles on a relative fair value basis. Assets we do not intend to hold long-term are recorded at fair value. At a property-level, we allocate the fair value to the components, which include building, land, improvements, and intangible assets or liabilities related to acquired leases. The most significant portion of the allocation is to building and land and requires the use of market based estimates and assumptions.

The fair value of real estate properties subject to purchase price allocation is based on the expected future cash flows of the property and various characteristics of the markets where the property is located utilizing an income approach methodology, which may be a discounted cash flow analysis or applying a capitalization rate to the estimated net operating income of a property. Key assumptions may include market rents and capitalization rates. Estimates of future cash flows are based on a number of factors including historical operating results, known trends and market and economic conditions. We determine capitalization rates by market based on recent transactions and other market data and adjust if necessary, based on the property characteristics. The fair value of land is generally based on relevant market data, such as a comparison of the subject site to similar parcels that have recently been sold or are currently being offered on the market for sale. The use of different assumptions to value the acquired properties and allocate the most significant portion of the property value between the building and land could affect the depreciation expense we recognize over the estimated remaining useful life.

Recoverability of Real Estate Assets

We assess the carrying values of our respective long-lived assets whenever events or changes in circumstances indicate that the carrying amounts of these assets may not be fully recoverable. This assessment is primarily triggered based on the shortening of the

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expected hold period due to our change in intent to sell a property in the near term. We have processes to monitor our intent with regard to our investments and the estimated disposition value in comparison to the current carrying value. If our assessment of potential triggering events indicates that the carrying value of a property that we expect to sell in the near term is not recoverable, we recognize an impairment charge for the amount by which the carrying value exceeds the current estimated fair value of the property. We determine the fair value of the property based on the proceeds from disposition that are estimated based on quoted market values, third-party appraisals or discounted cash flow models that utilize the future net operating income of the property and expected market capitalization rates. The use of projected future cash flows is based on assumptions that are consistent with our estimates of future expectations and the strategic plan we use to manage our underlying business. Changes in economic and operating conditions could impact our intent and the assumptions used in determining the fair value that could result in future impairment.

NEW ACCOUNTING PRONOUNCEMENTS

None.

FUNDS FROM OPERATIONS ATTRIBUTABLE TO COMMON STOCKHOLDERS/UNITHOLDERS (“FFO”)

FFO is a non-GAAP financial measure that is commonly used in the real estate industry. The most directly comparable GAAP measure to FFO is net earnings.

The National Association of Real Estate Investment Trusts (“NAREIT”) defines FFO as earnings computed under GAAP to exclude historical cost depreciation and gains and losses from the sales net of any related tax, along with impairment charges, of previously depreciated properties. We also exclude the gains on revaluation of equity investments upon acquisition of a controlling interest and the gain recognized from a partial sale of our investment, as these are similar to gains from the sales of previously depreciated properties. We exclude similar adjustments from our unconsolidated entities and the third parties’ share of our consolidated co-investment ventures.

Our FFO Measures

Our FFO measures begin with NAREIT’s definition and we make certain adjustments to reflect our business and the way that management plans and executes our business strategy. While not infrequent or unusual, the additional items we adjust for in calculating *FFO, as modified by Prologis* and *Core FFO*, both as defined below, are subject to significant fluctuations from period to period. Although these items may have a material impact on our operations and are reflected in our financial statements, the removal of the effects of these items allows us to better understand the core operating performance of our properties over the long term. These items have both positive and negative short-term effects on our results of operations in inconsistent and unpredictable directions that are not relevant to our long-term outlook.

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

These FFO measures are used by management as supplemental financial measures of operating performance and we believe that it is important that stockholders, potential investors and financial analysts understand the measures management uses. We do not use our FFO measures as, nor should they be considered to be, alternatives to net earnings computed under GAAP, as indicators of our operating performance, as alternatives to cash from operating activities computed under GAAP or as indicators of our ability to fund our cash needs.

We analyze our operating performance principally by the rental revenue of our real estate and the revenues from our strategic capital business, net of operating, administrative and financing expenses. This income stream is not directly impacted by fluctuations in the market value of our investments in real estate or debt securities.

FFO, as modified by Prologis attributable to common stockholders/unitholders (“FFO, as modified by Prologis”)

To arrive at *FFO, as modified by Prologis*, we adjust the NAREIT defined FFO measure to exclude the impact of foreign currency related items and deferred tax, specifically:

- deferred income tax benefits and deferred income tax expenses recognized by our subsidiaries;
- current income tax expense related to acquired tax liabilities that were recorded as deferred tax liabilities in an acquisition, to the extent the expense is offset with a deferred income tax benefit in earnings that is excluded from our defined FFO measure; and
- foreign currency exchange gains and losses resulting from (i) debt transactions between us and our foreign entities, (ii) third-party debt that is used to hedge our investment in foreign entities, (iii) derivative financial instruments related to any such debt transactions, and (iv) mark-to-market adjustments associated with other derivative financial instruments.

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We use *FFO, as modified by Prologis*, so that management, analysts and investors are able to evaluate our performance against other REITs that do not have similar operations or operations in jurisdictions outside the U.S.

Core FFO attributable to common stockholders/unitholders (“Core FFO”)

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

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

We use *Core FFO*, including by segment and region, to: (i) assess our operating performance as compared to other real estate companies; (ii) evaluate our performance and the performance of our properties in comparison with expected results and results of previous periods; (iii) evaluate the performance of our management; (iv) budget and forecast future results to assist in the allocation of resources; (v) provide guidance to the financial markets to understand our expected operating performance; and (vi) evaluate how a specific potential investment will impact our future results.

Limitations on the use of our FFO measures

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

- The current income tax expenses that are excluded from our modified FFO measures represent the taxes that are payable.
- Depreciation and amortization of real estate assets are economic costs that are excluded from FFO. FFO is limited, as it does not reflect the cash requirements that may be necessary for future replacements of the real estate assets. Furthermore, the amortization of capital expenditures and leasing costs necessary to maintain the operating performance of logistics facilities are not reflected in FFO.
- Gains or losses from property dispositions and impairment charges related to expected dispositions represent changes in value of the properties. By excluding these gains and losses, FFO does not capture realized changes in the value of disposed properties arising from changes in market conditions.
- The deferred income tax benefits and expenses that are excluded from our modified FFO measures result from the creation of a deferred income tax asset or liability that may have to be settled at some future point. Our modified FFO measures do not currently reflect any income or expense that may result from such settlement.
- The foreign currency exchange gains and losses that are excluded from our modified FFO measures are generally recognized based on movements in foreign currency exchange rates through a specific point in time. The ultimate settlement of our foreign currency-denominated net assets is indefinite as to timing and amount. Our FFO measures are limited in that they do not reflect the current period changes in these net assets that result from periodic foreign currency exchange rate movements.
- The gains and losses on extinguishment of debt or preferred stock that we exclude from our Core FFO, may provide a benefit or cost to us as we may be settling our obligation at less or more than our future obligation.
- The natural disaster expenses that we exclude from Core FFO are costs that we have incurred.

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

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| | 2022 | 2021 |
|--|-----------------|-----------------|
| Reconciliation of net earnings attributable to common stockholders to FFO measures: | | |
| Net earnings attributable to common stockholders | \$ 3,359 | \$ 2,934 |
| Add (deduct) NAREIT defined adjustments: | | |
| Real estate related depreciation and amortization | 1,763 | 1,534 |
| Gains on other dispositions of investments in real estate, net of taxes | (595) | (749) |
| Reconciling items related to noncontrolling interests | (13) | 5 |
| Our share of reconciling items included in earnings related to unconsolidated entities | 363 | 200 |
| NAREIT defined FFO attributable to common stockholders/unitholders | 4,877 | 3,924 |
| Add (deduct) our modified adjustments: | | |
| Unrealized foreign currency and derivative gains, net | (85) | (173) |
| Deferred income tax expense | 13 | 1 |
| Current income tax expense (benefit) on dispositions related to acquired tax liabilities | (21) | 3 |
| Reconciling items related to noncontrolling interests | - | 1 |
| Our share of reconciling items included in earnings related to unconsolidated entities | (42) | (1) |
| FFO, as modified by Prologis attributable to common stockholders/unitholders | 4,742 | 3,755 |
| Adjustments to arrive at Core FFO: | | |
| Gains on dispositions of development properties and land, net | (598) | (817) |
| Current income tax expense on dispositions | 18 | 38 |
| Losses on early extinguishment of debt, net | 20 | 187 |
| Reconciling items related to noncontrolling interests | 5 | 7 |
| Our share of reconciling items included in earnings related to unconsolidated entities | 1 | 2 |
| Core FFO attributable to common stockholders/unitholders | \$ 4,188 | \$ 3,172 |

ITEM 7A. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to the impact of foreign exchange-related variability and earnings volatility on our foreign investments and interest rate changes. See our risk factors in Item 1A. Risk Factors, specifically Risks Related to our Global Operations and Risks Related to Financing and Capital. See also Notes 2 and 15 in the Consolidated Financial Statements in Item 8. Financial Statements and Supplementary Data for more information about our foreign operations and derivative financial instruments.

We monitor our market risk exposures using a sensitivity analysis. Our sensitivity analysis estimates the exposure to market risk sensitive instruments assuming a hypothetical 10% adverse change in foreign currency exchange rates or interest rates at December 31, 2022. The results of the sensitivity analysis are summarized in the following sections. The sensitivity analysis is of limited predictive value. As a result, revenues and expenses, as well as our ultimate realized gains or losses with respect to foreign currency exchange rate and interest rate fluctuations will depend on the exposures that arise during a future period, hedging strategies at the time and the prevailing foreign currency exchange rates and interest rates.

Foreign Currency Risk

We are exposed to foreign currency exchange variability related to investments in and earnings from our foreign investments. Foreign currency market risk is the possibility that our results of operations or financial position could be better or worse than planned because of changes in foreign currency exchange rates. We primarily hedge our foreign currency risk by borrowing in the currencies in which we invest thereby providing a natural hedge. Additionally, we hedge our foreign currency risk by entering into derivative financial instruments that we designate as net investment hedges, as these amounts offset the translation adjustments on the underlying net assets of our foreign investments. At December 31, 2022, after consideration of our ability to borrow in the foreign currencies in which we invest and also derivative and nonderivative financial instruments as discussed in Note 15 to the Consolidated Financial Statements, we had minimal net equity denominated in a currency other than the U.S. dollar.

For the year ended December 31, 2022, \$975 million or 16% of our total consolidated revenue was denominated in foreign currencies. We enter into other foreign currency contracts, such as forwards, to reduce fluctuations in foreign currency associated with the translation of the future earnings of our international subsidiaries. We have forward contracts that were not designated as hedges, denominated principally in British pound sterling, Canadian dollar, euro and Japanese yen, and have an aggregate notional amount of \$1.6 billion to mitigate risk associated with the translation of the future earnings of our subsidiaries denominated in these currencies. The gain or loss on settlement of these contracts is included in our earnings and offsets the lower or higher translation of earnings from our investments denominated in currencies other than the U.S. dollar. Although the impact to net earnings is mitigated through higher translated U.S. dollar earnings from these currencies, a weakening of the U.S. dollar against these currencies by 10% could result in a \$164 million cash payment on settlement of these contracts.

Interest Rate Risk

We are also exposed to the impact of interest rate changes on future earnings and cash flows. To mitigate that risk, we generally borrow with fixed rate debt and we may use derivative instruments to fix the interest rate on our variable rate debt. At December 31, 2022, \$21.1 billion of our debt bore interest at fixed rates and therefore the fair value of these instruments was affected by changes in market interest rates. At December 31, 2022, \$3.3 billion of our debt bore interest at variable rates. The following table summarizes the future repayment of debt and scheduled principal payments at December 31, 2022 (dollars in millions):

| Fixed rate debt (1) | 2023 | 2024 | 2025 | 2026 | Thereafter | Total | Fair Value |
|------------------------------------|-------------|---------------|---------------|-----------------|-------------------|-----------------|-------------------|
| Weighted average interest rate (2) | \$ 29 | \$ 255 | \$ 176 | \$ 1,313 | \$ 19,343 | \$ 21,116 | \$ 17,324 |
| Variable rate debt | | | | | | | |
| Credit facilities | \$ - | \$ 487 | \$ - | \$ 1,051 | \$ - | \$ 1,538 | \$ 1,538 |
| Secured mortgage debt | 4 | - | 10 | 64 | - | 78 | 79 |
| Senior notes | - | 160 | - | - | - | 160 | 160 |
| Term loans | - | - | 721 | 645 | 190 | 1,556 | 1,555 |
| Total variable rate debt | \$ 4 | \$ 647 | \$ 731 | \$ 1,760 | \$ 190 | \$ 3,332 | \$ 3,332 |

- (1) At December 31, 2022, we had one interest rate swap agreement to fix €150 million (\$156 million) of our floating rate euro senior notes which is included in fixed rate debt.
- (2) The weighted average interest rates represent the effective interest rates (including amortization of debt issuance costs and noncash premiums and discounts) at December 31, 2022 for the debt outstanding and include the impact of designated interest rate swaps, which effectively fix the interest rate on certain variable rate debt.

At December 31, 2022, the weighted average effective interest rate on our variable rate debt was 2.5%, which was calculated using an average balance on our credit facilities throughout the year and our other variable rate debt balances at December 31, 2022. Changes in interest rates can cause interest expense to fluctuate on our variable rate debt. On the basis of our sensitivity analysis, a 10% increase in interest rates on our average outstanding variable rate debt balances would result in additional annual interest expense of \$6 million for the year ended December 31, 2022, which equates to a change in interest rates of 25 basis points on our average outstanding variable rate debt balances and 2 basis point on our average total debt portfolio balances.

ITEM 8. Financial Statements and Supplementary Data

The Consolidated Balance Sheets of Prologis, Inc. and Prologis, L.P. at December 31, 2022 and 2021, the Consolidated Statements of Income of Prologis, Inc. and Prologis, L.P., the Consolidated Statements of Comprehensive Income of Prologis, Inc. and Prologis, L.P., the Consolidated Statements of Equity of Prologis, Inc., the Consolidated Statements of Capital of Prologis, L.P. and the Consolidated Statements of Cash Flows of Prologis, Inc. and Prologis, L.P. for each of the years in the three-year period ended December 31, 2022, Notes to Consolidated Financial Statements and Schedule III — Real Estate and Accumulated Depreciation, together with the reports of KPMG LLP, independent registered public accounting firm, are included under Item 15 of this report and are incorporated herein by reference. Selected unaudited quarterly financial data are voluntarily presented in Note 19 of the Consolidated Financial Statements.

ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

ITEM 9A. Controls and Procedures**Controls and Procedures (Prologis, Inc.)**

Prologis, Inc. 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-15(e) under the Securities and Exchange Act of 1934 (the "Exchange Act")) at December 31, 2022. 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 that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms. Subsequent to December 31, 2022, there were no significant changes in the internal controls or in other factors that could significantly affect these controls, including any corrective actions with regard to significant deficiencies and material weaknesses.

Changes in Internal Control over Financial Reporting

There have not been any changes in Prologis, Inc.'s internal control over financial reporting (as defined in Rules 13a-15(f) and 15(d)-15(f) under the Exchange Act) that occurred during the quarter ended December 31, 2022, that have materially affected, or are reasonably likely to materially affect, Prologis, Inc.'s internal control over financial reporting.

Management's Annual Report on Internal Control over Financial Reporting

We are responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act.

Under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, an evaluation of the effectiveness of the internal control over financial reporting was conducted at December 31, 2022, based on the criteria described in "Internal Control — Integrated Framework" (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management determined that, at December 31, 2022, the internal control over financial reporting was effective.

Our internal control over financial reporting at December 31, 2022, has been audited by KPMG LLP, an independent registered public accounting firm, as stated in their attestation report, which is included herein.

Limitations of the Effectiveness of Controls

Management's assessment included an evaluation of the design of the internal control over financial reporting and testing of the operational effectiveness of the internal control over financial reporting. The internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Controls and Procedures (Prologis, L.P.)

Prologis, L.P. 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-15(e) under the Exchange Act) at December 31, 2022. 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 that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms. Subsequent to December 31, 2022, there were no significant changes in the internal controls or in other factors that could significantly affect these controls, including any corrective actions with regard to significant deficiencies and material weaknesses.

Changes in Internal Control over Financial Reporting

There have not been any changes in Prologis, L.P.'s internal control over financial reporting (as defined in Rules 13a-15(f) and 15(d)-15(f) under the Exchange Act) that occurred during the quarter ended December 31, 2022, that have materially affected, or are reasonably likely to materially affect, Prologis, L.P.'s internal control over financial reporting.

Management's Annual Report on Internal Control over Financial Reporting

We are responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act.

Under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, an evaluation of the effectiveness of the internal control over financial reporting was conducted at December 31, 2022, based on the criteria described in "Internal Control — Integrated Framework" (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management determined that, at December 31, 2022, the internal control over financial reporting was effective.

Limitations of the Effectiveness of Controls

Management's assessment included an evaluation of the design of the internal control over financial reporting and testing of the operational effectiveness of the internal control over financial reporting. The internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may

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become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

ITEM 9B. Other Information

None.

ITEM 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not Applicable.

PART III

ITEM 10. Directors, Executive Officers and Corporate Governance

The information required by this item is incorporated herein by reference to, including relevant sections in our 2023 Proxy Statement, under the captions entitled Board of Directors and Corporate Governance; Executive Officers; Executive Compensation; Director Compensation; Security Ownership; Equity Compensation Plans and Additional Information or will be provided in an amendment filed on Form 10-K/A.

ITEM 11. Executive Compensation

The information required by this item is incorporated herein by reference to the relevant sections in our 2023 Proxy Statement, under the captions entitled Board of Directors and Corporate Governance; Executive Officers; Executive Compensation and Director Compensation or will be provided in an amendment filed on Form 10-K/A.

ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item is incorporated herein by reference to the relevant sections in our 2023 Proxy Statement, under the captions entitled Security Ownership and Equity Compensation Plans or will be provided in an amendment filed on Form 10-K/A.

ITEM 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item is incorporated herein by reference to the relevant sections in our 2023 Proxy Statement, under the caption entitled Board of Directors and Corporate Governance or will be provided in an amendment filed on Form 10-K/A.

ITEM 14. Principal Accounting Fees and Services

The information required by this item is incorporated herein by reference to the relevant sections in our 2023 Proxy Statement, under the caption entitled Audit Matters or will be provided in an amendment filed on Form 10-K/A.

PART IV

ITEM 15. Exhibits, Financial Statements and Schedules

The following documents are filed as a part of this report:

(a) Financial Statements and Schedules:

1. Financial Statements:

See Index to the Consolidated Financial Statements and Schedule III on page 49 of this report, which is incorporated herein by reference.

2. Financial Statement Schedules:

Schedule III — Real Estate and Accumulated Depreciation

All other schedules have been omitted since the required information is presented in the Consolidated Financial Statements and the related notes or is not applicable.

(b) Exhibits: The Exhibits required by Item 601 of Regulation S-K are listed in the Index to the Exhibits on pages 104 to 116 of this report, which is incorporated herein by reference.

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(c) Financial Statements: See Index to the Consolidated Financial Statements and Schedule III on page 49 of this report, which is incorporated by reference.

ITEM 16. Form 10-K Summary

Not Applicable.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors

Prologis, Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Prologis, Inc. and subsidiaries (the Company) as of December 31, 2022 and 2021, the related consolidated statements of income, comprehensive income, equity, and cash flows for each of the years in the three-year period ended December 31, 2022, and the related notes and financial statement schedule III (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2022, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 14, 2023 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Assessment of the Company's evaluation of the expected holding period for operating properties

As discussed in Notes 2 and 4, the Company had \$69,039 million of operating properties as of December 31, 2022. The Company tests the recoverability of operating properties whenever events or changes in circumstances, including shortening the expected holding period of such assets, indicate that the carrying amount of these assets may not be recoverable.

We identified the assessment of the Company's evaluation of the expected holding period for operating properties as a critical audit matter. Subjective auditor judgment was required to assess the relevant events or changes in circumstances that the Company used to evaluate its expected holding period. A shortening of the expected holding period could indicate a potential impairment.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to determining the expected holding period of operating properties and any related changes. We evaluated the Company's expected holding period by inquiring of the Company regarding changes to the expected holding period, considering certain factors related to the current economic environment, reading minutes of the meetings of the Company's Board of Directors, reading external communications with investors and analysts, and analyzing documents prepared by the Company regarding proposed real estate transactions and potential changes to the expected holding period.

Duke Realty transaction

As discussed in Note 3 to the consolidated financial statements, on October 3, 2022 Prologis, Inc. and Prologis, L.P. acquired Duke Realty Corporation and Duke Realty Limited Partnership (collectively the "Duke Realty transaction") for \$23.2 billion and the transaction was accounted for as an asset acquisition. In asset acquisitions, the Company measures the real estate assets acquired based on their cost or total consideration exchanged and any excess or bargain consideration is allocated to the real estate properties and related lease intangibles on a relative fair value basis. The components of the acquisition include an initial allocation to investments in real estate properties acquired based on fair value and an initial allocation of that fair value to buildings and land. The Company determines fair value of the real estate properties based on the expected future cash flows of the property and various characteristics of the markets where the property is located utilizing an income approach methodology, which may be a discounted cash flow analysis or applying a capitalization rate to the estimated net operating income of a property.

We identified the evaluation of the fair value allocated to investments in real estate properties acquired, including the allocation of the property fair value to land and building, in the Duke Realty transaction as a critical audit matter. Evaluating the fair value amounts estimated by the Company in the allocation involved complex auditor judgment as a result of measurement uncertainty. Specifically, testing significant assumptions of market rents and capitalization rates related to investments in real estate and testing

the allocation of property fair value to land and building required specialized skills and knowledge.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls over the Company's fair value estimation process for investments in real estate properties, including land and building. This included controls related to the determination of amounts allocated to land and building and determination of market rents and capitalization rates used to estimate the fair value of investments in real estate properties. For a selection of investments in real estate properties we involved valuation professionals with specialized skills and knowledge, who assisted in:

- Comparing the Company's determination of the fair value of investments in real estate properties to sales prices from available property sales
- Comparing the Company's market rent and capitalization rate assumptions used in the determination of the fair value of investments in real estate properties to available leasing information, industry research publications and inquiries of market participants
- Comparing the Company's determination of the fair value of land to sales prices from available land sales
- Comparing the Company's determination of the fair value of building to developed ranges of estimates based on market data, such as industry guides used for developing replacement building values.

/s/ KPMG LLP

We have served as the Company's auditor since 2002.

Denver, Colorado
February 14, 2023

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Partners of Prologis, L.P. and the Board of Directors of Prologis, Inc.:.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Prologis, L.P. and subsidiaries (the Operating Partnership) as of December 31, 2022 and 2021, the related consolidated statements of income, comprehensive income, capital, and cash flows for each of the years in the three-year period ended December 31, 2022, and the related notes and financial statement schedule III (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Operating Partnership as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2022, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These consolidated financial statements are the responsibility of the Operating Partnership's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Operating Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Operating Partnership is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Operating Partnership's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Assessment of the Operating Partnership's evaluation of the expected holding period for operating properties

As discussed in Notes 2 and 4, the Operating Partnership had \$69,039 million of operating properties as of December 31, 2022. The Operating Partnership tests the recoverability of operating properties whenever events or changes in circumstances, including shortening the expected holding period of such assets, indicate that the carrying amount of these assets may not be recoverable.

We identified the assessment of the Operating Partnership's evaluation of the expected holding period for operating properties as a critical audit matter. Subjective auditor judgment was required to assess the relevant events or changes in circumstances that the Operating Partnership used to evaluate its expected holding period. A shortening of the expected holding period could indicate a potential impairment.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to determining the expected holding period of operating properties and any related changes. We evaluated the Operating Partnership's expected holding period by inquiring of the Operating Partnership regarding changes to the expected holding period, considering certain factors related to the current economic environment, reading minutes of the meetings of the Board of Directors of Prologis, Inc., reading external communications with investors and analysts, and analyzing documents prepared by the Operating Partnership regarding proposed real estate transactions and potential changes to the expected holding period.

Duke Realty transaction

As discussed in Note 3 to the consolidated financial statements, on October 3, 2022 Prologis, Inc. and Prologis, L.P. acquired Duke Realty Corporation and Duke Realty Limited Partnership (collectively the "Duke Realty transaction") for \$23.2 billion and the transaction was accounted for as an asset acquisition. In asset acquisitions, the Company measures the real estate assets acquired based on their cost or total consideration exchanged and any excess or bargain consideration is allocated to the real estate properties and related lease intangibles on a relative fair value basis. The components of the acquisition include an initial allocation to investments in real estate properties acquired based on fair value and an initial allocation of that fair value to buildings and land. The Company determines fair value of the real estate properties based on the expected future cash flows of the property and various characteristics of the markets where the property is located utilizing an income approach methodology, which may be a discounted cash flow analysis or applying a capitalization

rate to the estimated net operating income of a property.

We identified the evaluation of the fair value allocated to investments in real estate properties acquired, including the allocation of the property fair value to land and building, in the Duke Realty transaction as a critical audit matter. Evaluating the fair value amounts estimated by the Company in the allocation involved complex auditor judgment as a result of measurement uncertainty. Specifically, testing significant assumptions of market rents and capitalization rates related to investments in real estate and testing the allocation of property fair value to land and building required specialized skills and knowledge.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls over the Company's fair value estimation process for investments in real estate properties, including land and building. This included controls related to the determination of amounts allocated to land and building and determination of market rents and capitalization rates used to estimate the fair value of investments in real estate properties. For a selection of investments in real estate properties we involved valuation professionals with specialized skills and knowledge, who assisted in:

- Comparing the Company's determination of the fair value of investments in real estate properties to sales prices from available property sales
- Comparing the Company's market rent and capitalization rate assumptions used in the determination of the fair value of investments in real estate properties to available leasing information, industry research publications and inquiries of market participants
- Comparing the Company's determination of the fair value of land to sales prices from available land sales
- Comparing the Company's determination of the fair value of building to developed ranges of estimates based on market data, such as industry guides used for developing replacement building values

/s/ KPMG LLP

We have served as the Operating Partnership's auditor since 2002.

Denver, Colorado
February 14, 2023

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on Internal Control Over Financial Reporting

We have audited Prologis, Inc. and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2022 and 2021, the related consolidated statements of income, comprehensive income, equity, and cash flows for each of the years in the three-year period ended December 31, 2022, and the related notes and financial statement schedule III (collectively, the consolidated financial statements), and our report dated February 14, 2023 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

Denver, Colorado
February 14, 2023

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

| | December 31, | |
|--|---------------------|---------------------|
| | 2022 | 2021 |
| ASSETS | | |
| Investments in real estate properties | \$ 81,623,396 | \$ 53,005,190 |
| Less accumulated depreciation | 9,036,085 | 7,668,187 |
| Net investments in real estate properties | 72,587,311 | 45,337,003 |
| Investments in and advances to unconsolidated entities | 9,698,898 | 8,610,958 |
| Assets held for sale or contribution | 531,257 | 669,688 |
| Net investments in real estate | 82,817,466 | 54,617,649 |
| Cash and cash equivalents | 278,483 | 556,117 |
| Other assets | 4,801,499 | 3,312,454 |
| Total assets | \$87,897,448 | \$58,486,220 |
| LIABILITIES AND EQUITY | | |
| Liabilities: | | |
| Debt | \$ 23,875,961 | \$ 17,715,054 |
| Accounts payable and accrued expenses | 1,711,885 | 1,252,767 |
| Other liabilities | 4,446,509 | 1,776,189 |
| Total liabilities | 30,034,355 | 20,744,010 |
| Equity: | | |
| Prologis, Inc. stockholders' equity: | | |
| Series Q preferred stock at stated liquidation preference of \$ 50 per share; \$ 0.01 par value; 1,279 shares issued and outstanding and 100,000 preferred shares authorized at December 31, 2022 and 2021 | 63,948 | 63,948 |
| Common stock; \$ 0.01 par value; 923,142 and 739,827 shares issued and outstanding at December 31, 2022 and 2021, respectively | 9,231 | 7,398 |
| Additional paid-in capital | 54,065,407 | 35,561,608 |
| Accumulated other comprehensive loss | (443,609) | (878,253) |
| Distributions in excess of net earnings | (457,695) | (1,327,828) |
| Total Prologis, Inc. stockholders' equity | 53,237,282 | 33,426,873 |
| Noncontrolling interests | 4,625,811 | 4,315,337 |
| Total equity | 57,863,093 | 37,742,210 |
| Total liabilities and equity | \$87,897,448 | \$58,486,220 |

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

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

| | Years Ended December 31, | | |
|--|---------------------------------|---------------------|---------------------|
| | 2022 | 2021 | 2020 |
| Revenues: | | | |
| Rental | \$ 4,913,171 | \$ 4,147,994 | \$ 3,791,131 |
| Strategic capital | 1,039,585 | 590,750 | 636,987 |
| Development management and other | 20,936 | 20,696 | 10,617 |
| Total revenues | <u>5,973,692</u> | <u>4,759,440</u> | <u>4,438,735</u> |
| Expenses: | | | |
| Rental | 1,205,738 | 1,041,316 | 952,063 |
| Strategic capital | 303,356 | 207,171 | 218,041 |
| General and administrative | 331,083 | 293,167 | 274,845 |
| Depreciation and amortization | 1,812,777 | 1,577,942 | 1,561,969 |
| Other | 40,336 | 22,435 | 30,010 |
| Total expenses | <u>3,693,290</u> | <u>3,142,031</u> | <u>3,036,928</u> |
| Operating income before gains on real estate transactions, net | 2,280,402 | 1,617,409 | 1,401,807 |
| Gains on dispositions of development properties and land, net | 597,745 | 817,017 | 464,942 |
| Gains on other dispositions of investments in real estate, net | 589,391 | 772,570 | 252,195 |
| Operating income | <u>3,467,538</u> | <u>3,206,996</u> | <u>2,118,944</u> |
| Other income (expense): | | | |
| Earnings from unconsolidated entities, net | 310,872 | 404,255 | 297,370 |
| Interest expense | (309,037) | (266,228) | (314,507) |
| Foreign currency and derivative gains (losses) and other income (expense), net | 241,621 | 165,278 | (166,429) |
| Losses on early extinguishment of debt, net | (20,184) | (187,453) | (188,290) |
| Total other income (expense) | <u>223,272</u> | <u>115,852</u> | <u>(371,856)</u> |
| Earnings before income taxes | 3,690,810 | 3,322,848 | 1,747,088 |
| Total income tax expense | (135,412) | (174,258) | (130,458) |
| Consolidated net earnings | 3,555,398 | 3,148,590 | 1,616,630 |
| Less net earnings attributable to noncontrolling interests | 190,542 | 208,867 | 134,816 |
| Net earnings attributable to controlling interests | 3,364,856 | 2,939,723 | 1,481,814 |
| Less preferred stock dividends | 6,060 | 6,152 | 6,345 |
| Loss on preferred stock repurchase | - | - | 2,347 |
| Net earnings attributable to common stockholders | \$ 3,358,796 | \$ 2,933,571 | \$ 1,473,122 |
| Weighted average common shares outstanding - Basic | 785,675 | 739,363 | 728,323 |
| Weighted average common shares outstanding - Diluted | <u>811,608</u> | <u>764,762</u> | <u>754,414</u> |
| Net earnings per share attributable to common stockholders - Basic | \$ 4.28 | \$ 3.97 | \$ 2.02 |
| Net earnings per share attributable to common stockholders - Diluted | \$ 4.25 | \$ 3.94 | \$ 2.01 |

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

PROLOGIS, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands)

| | Years Ended December 31, | | |
|--|---------------------------------|---------------------|---------------------|
| | 2022 | 2021 | 2020 |
| Consolidated net earnings | \$ 3,555,398 | \$ 3,148,590 | \$ 1,616,630 |
| Other comprehensive income (loss): | | | |
| Foreign currency translation gains (losses), net | 373,405 | 305,929 | (194,673) |
| Unrealized gains (losses) on derivative contracts, net | 71,639 | 17,542 | (14,117) |
| Comprehensive income | 4,000,442 | 3,472,061 | 1,407,840 |
| Net earnings attributable to noncontrolling interests | (190,542) | (208,867) | (134,816) |
| Other comprehensive loss (income) attributable to noncontrolling interests | (10,400) | (7,985) | 5,449 |
| Comprehensive income attributable to common stockholders | \$ 3,799,500 | \$ 3,255,209 | \$ 1,278,473 |

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

PROLOGIS, INC.

CONSOLIDATED STATEMENTS OF EQUITY
(In thousands)

| | Preferred Stock | Common Stock | | Additional Paid-in Capital | Accumulated Other Comprehensive Income (Loss) | Distributions in Excess of Net Earnings | Non-controlling Interests | Total Equity |
|--|------------------------|-------------------------|------------------|-----------------------------------|--|--|----------------------------------|----------------------|
| | | Number of Shares | Par Value | | | | | |
| Balance at January 1, 2020 | \$ 68,948 | 631,797 | \$ 6,318 | \$ 25,719,427 | \$ (990,398) | \$ (2,151,168) | \$ 3,418,657 | \$ 26,071,784 |
| Consolidated net earnings | - | - | - | - | - | 1,481,814 | 134,816 | 1,616,630 |
| Effect of equity compensation plans | - | 690 | 7 | 27,745 | - | - | 82,233 | 109,985 |
| Liberty Transaction, net of issuance costs | - | 106,723 | 1,067 | 9,801,373 | - | - | 211,086 | 10,013,526 |
| Acquisitions by noncontrolling interests | - | - | - | - | - | - | 48,533 | 48,533 |
| Repurchase of common stock | - | (539) | (5) | (34,824) | - | - | - | (34,829) |
| Repurchase of preferred stock | (5,000) | - | - | 147 | - | (2,347) | - | (7,200) |
| Capital contributions | - | - | - | - | - | - | 917,092 | 917,092 |
| Redemption of noncontrolling interests | - | 710 | 7 | 30,727 | - | - | (147,712) | (116,978) |
| Foreign currency translation losses, net | - | - | - | - | (189,599) | - | (5,074) | (194,673) |
| Unrealized losses on derivative contracts, net | - | - | - | - | (13,742) | - | (375) | (14,117) |
| Reallocation of equity | - | - | - | (55,413) | - | - | 55,413 | - |
| Dividends (\$ 2.32 per common share) and other distributions | - | - | - | (548) | - | (1,722,989) | (361,636) | (2,085,173) |
| Balance at December 31, 2020 | \$ 63,948 | 739,381 | \$ 7,394 | \$ 35,488,634 | \$ (1,193,739) | \$ (2,394,690) | \$ 4,353,033 | \$ 36,324,580 |
| Consolidated net earnings | - | - | - | - | - | 2,939,723 | 208,867 | 3,148,590 |
| Effect of equity compensation plans | - | (389) | (4) | 38,114 | - | - | 78,062 | 116,172 |
| Capital contributions | - | - | - | - | - | - | 74,404 | 74,404 |
| Redemption of noncontrolling interests | - | 835 | 8 | 37,238 | - | - | (190,482) | (153,236) |
| Consolidation of other venture | - | - | - | - | - | - | 25,759 | 25,759 |
| Acquisitions by noncontrolling interests | - | - | - | - | - | - | 130,416 | 130,416 |
| Foreign currency translation gains, net | - | - | - | - | 298,413 | - | 7,516 | 305,929 |
| Unrealized gains on derivative contracts, net | - | - | - | - | 17,073 | - | 469 | 17,542 |
| Reallocation of equity | - | - | - | (2,347) | - | - | 2,347 | - |
| Dividends (\$ 2.52 per common share) and other distributions | - | - | - | (31) | - | (1,872,861) | (375,054) | (2,247,946) |
| Balance at December 31, 2021 | \$ 63,948 | 739,827 | \$ 7,398 | \$ 35,561,608 | \$ (878,253) | \$ (1,327,828) | \$ 4,315,337 | \$ 37,742,210 |
| Consolidated net earnings | - | - | - | - | - | 3,364,856 | 190,542 | 3,555,398 |
| Effect of equity compensation plans | - | 393 | 4 | 66,647 | - | - | 121,074 | 187,725 |
| Duke Transaction, net of issuance costs | - | 182,661 | 1,827 | 18,551,852 | - | - | 219,565 | 18,773,244 |
| Capital contributions | - | - | - | - | - | - | 13,295 | 13,295 |
| Redemption of noncontrolling interests | - | 261 | 2 | 12,445 | - | - | (101,427) | (88,980) |
| Foreign currency translation gains, net | - | - | - | - | 364,725 | - | 8,680 | 373,405 |
| Unrealized gains on derivative contracts, net | - | - | - | - | 69,919 | - | 1,720 | 71,639 |
| Reallocation of equity | - | - | - | (127,134) | - | - | 127,134 | - |
| Dividends (\$ 3.16 per common share) and other distributions | - | - | - | (11) | - | (2,494,723) | (270,109) | (2,764,843) |
| Balance at December 31, 2022 | \$ 63,948 | 923,142 | \$ 9,231 | \$ 54,065,407 | \$ (443,609) | \$ (457,695) | \$ 4,625,811 | \$ 57,863,093 |

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

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

| | Years Ended December 31, | | |
|---|---------------------------------|---------------------|---------------------|
| | 2022 | 2021 | 2020 |
| Operating activities: | | | |
| Consolidated net earnings | \$ 3,555,398 | \$ 3,148,590 | \$ 1,616,630 |
| Adjustments to reconcile net earnings to net cash provided by operating activities: | | | |
| Straight-lined rents and amortization of above and below market leases | (267,709) | (148,239) | (126,328) |
| Equity-based compensation awards | 175,356 | 113,028 | 109,831 |
| Depreciation and amortization | 1,812,777 | 1,577,942 | 1,561,969 |
| Earnings from unconsolidated entities, net | (310,872) | (404,255) | (297,370) |
| Operating distributions from unconsolidated entities | 410,483 | 440,034 | 450,622 |
| Decrease (increase) in operating receivables from unconsolidated entities | (63,947) | (14,223) | 14,670 |
| Amortization of debt discounts and debt issuance costs, net | 23,736 | 8,656 | 7,859 |
| Gains on dispositions of development properties and land, net | (597,745) | (817,017) | (464,942) |
| Gains on other dispositions of investments in real estate, net | (589,391) | (772,570) | (252,195) |
| Unrealized foreign currency and derivative losses (gains), net | (92,201) | (173,026) | 160,739 |
| Losses on early extinguishment of debt, net | 20,184 | 187,453 | 188,290 |
| Deferred income tax expense | 12,638 | 1,322 | 744 |
| Increase in accounts receivable and other assets | (71,307) | (328,511) | (127,619) |
| Increase in accounts payable and accrued expenses and other liabilities | 109,030 | 176,858 | 94,105 |
| Net cash provided by operating activities | <u>4,126,430</u> | <u>2,996,042</u> | <u>2,937,005</u> |
| Investing activities: | | | |
| Real estate development | (3,118,379) | (2,639,872) | (1,920,218) |
| Real estate acquisitions | (2,492,108) | (2,320,448) | (1,239,034) |
| Duke Transaction, net of cash acquired | (92,052) | - | - |
| Liberty Transaction, net of cash acquired | - | - | (29,436) |
| IPT Transaction, net of cash acquired | - | - | (1,665,359) |
| Tenant improvements and lease commissions on previously leased space | (339,234) | (329,059) | (221,491) |
| Property improvements | (211,358) | (169,933) | (149,491) |
| Proceeds from dispositions and contributions of real estate | 2,063,623 | 4,222,290 | 2,281,940 |
| Investments in and advances to unconsolidated entities | (442,366) | (798,103) | (385,936) |
| Return of investment from unconsolidated entities | 76,994 | 58,275 | 257,065 |
| Proceeds from repayment of notes receivable backed by real estate | - | - | 4,312 |
| Proceeds from the settlement of net investment hedges | 59,281 | 3,305 | 2,352 |
| Payments on the settlement of net investment hedges | (3,458) | (16,513) | (9,034) |
| Net cash used in investing activities | <u>(4,499,057)</u> | <u>(1,990,058)</u> | <u>(3,074,330)</u> |
| Financing activities: | | | |
| Proceeds from issuance of common stock | - | 743 | 2,217 |
| Repurchase and retirement of common stock | - | - | (34,829) |
| Repurchase of preferred stock | - | - | (7,200) |
| Dividends paid on common and preferred stock | (2,494,723) | (1,872,861) | (1,722,989) |
| Noncontrolling interests contributions | 13,295 | 74,404 | 917,092 |
| Noncontrolling interests distributions | (270,109) | (375,054) | (361,636) |
| Settlement of noncontrolling interests | (88,980) | (153,236) | (116,978) |
| Tax paid with shares withheld | (27,688) | (19,855) | (24,887) |
| Debt and equity issuance costs paid | (45,654) | (23,318) | (54,204) |
| Net proceeds from (payments on) credit facilities | 294,164 | 323,336 | (10,959) |
| Repurchase of and payments on debt | (1,381,005) | (2,560,174) | (6,782,306) |
| Proceeds from the issuance of debt | 4,116,489 | 3,597,690 | 7,824,517 |
| Net cash provided by (used in) financing activities | <u>115,789</u> | <u>(1,008,325)</u> | <u>(372,162)</u> |
| Effect of foreign currency exchange rate changes on cash | (20,796) | (39,628) | 18,718 |
| Net decrease in cash and cash equivalents | (277,634) | (41,969) | (490,769) |
| Cash and cash equivalents, beginning of year | 556,117 | 598,086 | 1,088,855 |
| Cash and cash equivalents, end of year | <u>\$ 278,483</u> | <u>\$ 556,117</u> | <u>\$ 598,086</u> |

See Note 18 for information on noncash investing and financing activities and other information.

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

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

| | December 31, | |
|--|----------------------|----------------------|
| | 2022 | 2021 |
| ASSETS | | |
| Investments in real estate properties | \$ 81,623,396 | \$ 53,005,190 |
| Less accumulated depreciation | 9,036,085 | 7,668,187 |
| Net investments in real estate properties | 72,587,311 | 45,337,003 |
| Investments in and advances to unconsolidated entities | 9,698,898 | 8,610,958 |
| Assets held for sale or contribution | 531,257 | 669,688 |
| Net investments in real estate | 82,817,466 | 54,617,649 |
| Cash and cash equivalents | 278,483 | 556,117 |
| Other assets | 4,801,499 | 3,312,454 |
| Total assets | \$ 87,897,448 | \$ 58,486,220 |
| LIABILITIES AND CAPITAL | | |
| Liabilities: | | |
| Debt | \$ 23,875,961 | \$ 17,715,054 |
| Accounts payable and accrued expenses | 1,711,885 | 1,252,767 |
| Other liabilities | 4,446,509 | 1,776,189 |
| Total liabilities | 30,034,355 | 20,744,010 |
| Capital: | | |
| Partners' capital: | | |
| General partner - preferred | 63,948 | 63,948 |
| General partner - common | 53,173,334 | 33,362,925 |
| Limited partners - common | 843,263 | 557,097 |
| Limited partners - Class A common | 464,781 | 360,702 |
| Total partners' capital | 54,545,326 | 34,344,672 |
| Noncontrolling interests | 3,317,767 | 3,397,538 |
| Total capital | 57,863,093 | 37,742,210 |
| Total liabilities and capital | \$ 87,897,448 | \$ 58,486,220 |

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

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

| | Years Ended December 31, | | |
|--|---------------------------------|----------------------------|----------------------------|
| | 2022 | 2021 | 2020 |
| Revenues: | | | |
| Rental | \$ 4,913,171 | \$ 4,147,994 | \$ 3,791,131 |
| Strategic capital | 1,039,585 | 590,750 | 636,987 |
| Development management and other | 20,936 | 20,696 | 10,617 |
| Total revenues | <u>5,973,692</u> | <u>4,759,440</u> | <u>4,438,735</u> |
| Expenses: | | | |
| Rental | 1,205,738 | 1,041,316 | 952,063 |
| Strategic capital | 303,356 | 207,171 | 218,041 |
| General and administrative | 331,083 | 293,167 | 274,845 |
| Depreciation and amortization | 1,812,777 | 1,577,942 | 1,561,969 |
| Other | 40,336 | 22,435 | 30,010 |
| Total expenses | <u>3,693,290</u> | <u>3,142,031</u> | <u>3,036,928</u> |
| Operating income before gains on real estate transactions, net | 2,280,402 | 1,617,409 | 1,401,807 |
| Gains on dispositions of development properties and land, net | 597,745 | 817,017 | 464,942 |
| Gains on other dispositions of investments in real estate, net | 589,391 | 772,570 | 252,195 |
| Operating income | <u>3,467,538</u> | <u>3,206,996</u> | <u>2,118,944</u> |
| Other income (expense): | | | |
| Earnings from unconsolidated entities, net | 310,872 | 404,255 | 297,370 |
| Interest expense | (309,037) | (266,228) | (314,507) |
| Foreign currency and derivative gains (losses) and other income (expense), net | 241,621 | 165,278 | (166,429) |
| Losses on early extinguishment of debt, net | (20,184) | (187,453) | (188,290) |
| Total other income (expense) | <u>223,272</u> | <u>115,852</u> | <u>(371,856)</u> |
| Earnings before income taxes | 3,690,810 | 3,322,848 | 1,747,088 |
| Total income tax expense | (135,412) | (174,258) | (130,458) |
| Consolidated net earnings | 3,555,398 | 3,148,590 | 1,616,630 |
| Less net earnings attributable to noncontrolling interests | 98,611 | 127,075 | 93,195 |
| Net earnings attributable to controlling interests | <u>3,456,787</u> | <u>3,021,515</u> | <u>1,523,435</u> |
| Less preferred unit distributions | 6,060 | 6,152 | 6,345 |
| Loss on preferred unit repurchase | - | - | 2,347 |
| Net earnings attributable to common unitholders | <u>\$ 3,450,727</u> | <u>\$ 3,015,363</u> | <u>\$ 1,514,743</u> |
| Weighted average common units outstanding - Basic | 799,153 | 751,973 | 740,860 |
| Weighted average common units outstanding - Diluted | 811,608 | 764,762 | 754,414 |
| Net earnings per unit attributable to common unitholders - Basic | \$ 4.28 | \$ 3.97 | \$ 2.02 |
| Net earnings per unit attributable to common unitholders - Diluted | \$ 4.25 | \$ 3.94 | \$ 2.01 |

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

PROLOGIS, L.P.

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands)**

| | Years Ended December 31, | | |
|--|---------------------------------|---------------------|---------------------|
| | 2022 | 2021 | 2020 |
| Consolidated net earnings | \$ 3,555,398 | \$ 3,148,590 | \$ 1,616,630 |
| Other comprehensive income (loss): | | | |
| Foreign currency translation gains (losses), net | 373,405 | 305,929 | (194,673) |
| Unrealized gains (losses) on derivative contracts, net | 71,639 | 17,542 | (14,117) |
| Comprehensive income | 4,000,442 | 3,472,061 | 1,407,840 |
| Net earnings attributable to noncontrolling interests | (98,611) | (127,075) | (93,195) |
| Other comprehensive loss (income) attributable to noncontrolling interests | 292 | 692 | (92) |
| Comprehensive income attributable to common unitholders | \$ 3,902,123 | \$ 3,345,678 | \$ 1,314,553 |

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

PROLOGIS, L.P.

CONSOLIDATED STATEMENTS OF CAPITAL
 (In thousands)

| | General Partner | | | | Limited Partners | | | | Non-controlling Interests | | Total | |
|---|-----------------|------------------|----------------|----------------------|------------------|-------------------|----------------|-------------------|----------------------------------|----------------------|--------------|--|
| | Preferred | | Common | | Common | | Class A Common | | Non-controlling Interests | | | |
| | Units | Amount | Units | Amount | Units | Amount | Units | Amount | | | | |
| Balance at January 1, 2020 | 1,379 | \$ 68,948 | 631,797 | \$ 22,584,179 | 9,933 | \$ 355,076 | 8,613 | \$ 288,187 | \$ 2,775,394 | \$ 26,071,784 | | |
| Consolidated net earnings | - | - | 690 | 1,481,814 | - | 25,359 | - | 16,262 | 93,195 | 1,616,630 | | |
| Effect of equity compensation plans | - | - | 27,752 | 82,233 | - | - | - | - | - | 109,985 | | |
| Liberty Transaction, net of issuance costs | - | - | 106,723 | 9,802,440 | 2,288 | 210,190 | - | - | 896 | 10,013,526 | | |
| Issuance of units related to acquisitions | - | - | - | - | 461 | 48,533 | - | - | - | 48,533 | | |
| Repurchase of common units | - | (539) | (34,829) | - | - | - | - | - | - | (34,829) | | |
| Repurchase of preferred units | (100) | (5,000) | - | (2,200) | - | - | - | - | - | (7,200) | | |
| Capital contributions | - | - | - | - | - | - | - | - | 917,092 | 917,092 | | |
| Redemption of limited partnership units | - | - | 710 | 30,734 | (1,902) | (146,990) | (18) | (722) | - | (116,978) | | |
| Foreign currency translation gains (losses), net | - | - | - | (189,599) | - | (3,113) | - | (2,053) | 92 | (194,673) | | |
| Unrealized losses on derivative contracts, net | - | - | - | (13,742) | - | (226) | - | (149) | - | (14,117) | | |
| Reallocation of capital | - | - | - | (55,413) | - | (10,868) | - | 66,281 | - | - | | |
| Distributions (\$ 2.32 per common unit) and other | - | - | - | (1,723,537) | - | (36,240) | - | (22,253) | (303,143) | (2,085,173) | | |
| Balance at December 31, 2020 | 1,279 | \$ 63,948 | 739,381 | \$ 31,907,599 | 12,142 | \$ 523,954 | 8,595 | \$ 345,553 | \$ 3,483,526 | \$ 36,324,580 | | |
| Consolidated net earnings | - | - | - | 2,939,723 | - | 50,034 | - | 31,758 | 127,075 | 3,148,590 | | |
| Effect of equity compensation plans | - | (389) | 38,110 | 1,286 | - | 78,062 | - | - | - | 116,172 | | |
| Capital contributions | - | - | - | - | - | - | - | - | 74,404 | 74,404 | | |
| Redemption of limited partnership units | - | - | 835 | 37,246 | (2,105) | (190,482) | - | - | - | (153,236) | | |
| Consolidation of other venture | - | - | - | - | - | - | - | - | 25,759 | 25,759 | | |
| Issuance of units related to acquisitions | - | - | - | - | 1,031 | 130,416 | - | - | - | 130,416 | | |
| Foreign currency translation gains (losses), net | - | - | - | 298,413 | - | 4,982 | - | 3,226 | (692) | 305,929 | | |
| Unrealized gains on derivative contracts, net | - | - | - | 17,073 | - | 285 | - | 184 | - | 17,542 | | |
| Reallocation of capital | - | - | - | (2,347) | - | 133 | - | 2,214 | - | - | | |
| Distributions (\$ 2.52 per common unit) and other | - | - | - | (1,872,892) | - | (40,287) | - | (22,233) | (312,534) | (2,247,946) | | |
| Balance at December 31, 2021 | 1,279 | \$ 63,948 | 739,827 | \$ 33,362,925 | 12,354 | \$ 557,097 | 8,595 | \$ 360,702 | \$ 3,397,538 | \$ 37,742,210 | | |
| Consolidated net earnings | - | - | - | 3,364,856 | - | 57,620 | - | 34,311 | 98,611 | 3,555,398 | | |
| Effect of equity compensation plans | - | - | 393 | 66,651 | 1,064 | 121,074 | - | - | - | 187,725 | | |
| Duke Transaction, net of issuance costs | - | - | 182,661 | 18,553,679 | 2,140 | 217,385 | - | - | 2,180 | 18,773,244 | | |
| Capital contributions | - | - | - | - | - | - | - | - | 13,295 | 13,295 | | |
| Redemption of limited partnership units | - | - | 261 | 12,447 | (918) | (101,427) | - | - | - | (88,980) | | |
| Foreign currency translation gains (losses), net | - | - | - | 364,725 | - | 5,785 | - | 3,187 | (292) | 373,405 | | |
| Unrealized gains on derivative contracts, net | - | - | - | 69,919 | - | 1,109 | - | 611 | - | 71,639 | | |
| Reallocation of capital | - | - | - | (127,134) | - | 38,931 | - | 88,203 | - | - | | |
| Distributions (\$ 3.16 per common unit) and other | - | - | - | (2,494,734) | - | (54,311) | - | (22,233) | (193,565) | (2,764,843) | | |
| Balance at December 31, 2022 | 1,279 | \$ 63,948 | 923,142 | \$ 53,173,334 | 14,640 | \$ 843,263 | 8,595 | \$ 464,781 | \$ 3,317,767 | \$ 57,863,093 | | |

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

PROLOGIS, L.P.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

| | Years Ended December 31, | | |
|---|---------------------------------|---------------------|---------------------|
| | 2022 | 2021 | 2020 |
| Operating activities: | | | |
| Consolidated net earnings | \$ 3,555,398 | \$ 3,148,590 | \$ 1,616,630 |
| Adjustments to reconcile net earnings to net cash provided by operating activities: | | | |
| Straight-lined rents and amortization of above and below market leases | (267,709) | (148,239) | (126,328) |
| Equity-based compensation awards | 175,356 | 113,028 | 109,831 |
| Depreciation and amortization | 1,812,777 | 1,577,942 | 1,561,969 |
| Earnings from unconsolidated entities, net | (310,872) | (404,255) | (297,370) |
| Operating distributions from unconsolidated entities | 410,483 | 440,034 | 450,622 |
| Decrease (increase) in operating receivables from unconsolidated entities | (63,947) | (14,223) | 14,670 |
| Amortization of debt discounts and debt issuance costs, net | 23,736 | 8,656 | 7,859 |
| Gains on dispositions of development properties and land, net | (597,745) | (817,017) | (464,942) |
| Gains on other dispositions of investments in real estate, net | (589,391) | (772,570) | (252,195) |
| Unrealized foreign currency and derivative losses (gains), net | (92,201) | (173,026) | 160,739 |
| Losses on early extinguishment of debt, net | 20,184 | 187,453 | 188,290 |
| Deferred income tax expense | 12,638 | 1,322 | 744 |
| Increase in accounts receivable and other assets | (71,307) | (328,511) | (127,619) |
| Increase in accounts payable and accrued expenses and other liabilities | 109,030 | 176,858 | 94,105 |
| Net cash provided by operating activities | <u>4,126,430</u> | <u>2,996,042</u> | <u>2,937,005</u> |
| Investing activities: | | | |
| Real estate development | (3,118,379) | (2,639,872) | (1,920,218) |
| Real estate acquisitions | (2,492,108) | (2,320,448) | (1,239,034) |
| Duke Transaction, net of cash acquired | (92,052) | - | - |
| Liberty Transaction, net of cash acquired | - | - | (29,436) |
| IPT Transaction, net of cash acquired | - | - | (1,665,359) |
| Tenant improvements and lease commissions on previously leased space | (339,234) | (329,059) | (221,491) |
| Property improvements | (211,358) | (169,933) | (149,491) |
| Proceeds from dispositions and contributions of real estate | 2,063,623 | 4,222,290 | 2,281,940 |
| Investments in and advances to unconsolidated entities | (442,366) | (798,103) | (385,936) |
| Return of investment from unconsolidated entities | 76,994 | 58,275 | 257,065 |
| Proceeds from repayment of notes receivable backed by real estate | - | - | 4,312 |
| Proceeds from the settlement of net investment hedges | 59,281 | 3,305 | 2,352 |
| Payments on the settlement of net investment hedges | (3,458) | (16,513) | (9,034) |
| Net cash used in investing activities | <u>(4,499,057)</u> | <u>(1,990,058)</u> | <u>(3,074,330)</u> |
| Financing activities: | | | |
| Proceeds from issuance of common partnership units in exchange for contributions from | | | |
| Prologis, Inc. | - | 743 | 2,217 |
| Repurchase and retirement of common units | - | - | (34,829) |
| Repurchase of preferred units | - | - | (7,200) |
| Distributions paid on common and preferred units | (2,571,267) | (1,935,381) | (1,781,482) |
| Noncontrolling interests contributions | 13,295 | 74,404 | 917,092 |
| Noncontrolling interests distributions | (193,565) | (312,534) | (303,143) |
| Redemption of common limited partnership units | (88,980) | (153,236) | (116,978) |
| Tax paid with shares of the Parent withheld | (27,688) | (19,855) | (24,887) |
| Debt and equity issuance costs paid | (45,654) | (23,318) | (54,204) |
| Net proceeds from (payments on) credit facilities | 294,164 | 323,336 | (10,959) |
| Repurchase of and payments on debt | (1,381,005) | (2,560,174) | (6,782,306) |
| Proceeds from the issuance of debt | 4,116,489 | 3,597,690 | 7,824,517 |
| Net cash provided by (used in) financing activities | <u>115,789</u> | <u>(1,008,325)</u> | <u>(372,162)</u> |
| Effect of foreign currency exchange rate changes on cash | (20,796) | (39,628) | 18,718 |
| Net decrease in cash and cash equivalents | (277,634) | (41,969) | (490,769) |
| Cash and cash equivalents, beginning of year | 556,117 | 598,086 | 1,088,855 |
| Cash and cash equivalents, end of year | <u>\$ 278,483</u> | <u>\$ 556,117</u> | <u>\$ 598,086</u> |

See Note 18 for information on noncash investing and financing activities and other information.

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

PROLOGIS, INC. AND PROLOGIS, L.P.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. DESCRIPTION OF THE BUSINESS

Prologis, Inc. (or the “Parent”) commenced operations as a fully integrated real estate company in 1997, elected to be taxed as a real estate investment trust (“REIT”) under the Internal Revenue Code of 1986, as amended (the “Internal Revenue Code” or “IRC”), and believes the current organization and method of operation will enable it to maintain its status as a REIT. The Parent is the general partner of Prologis, L.P. (or the “Operating Partnership” or “OP”). Through the OP, we are engaged in the ownership, acquisition, development and management of logistics facilities with a focus on key markets in 19 countries on four continents. We invest in real estate through wholly owned subsidiaries and other entities through which we co-invest with partners and investors. We maintain a significant level of ownership in these co-investment ventures, which may be consolidated or unconsolidated based on our level of control of the entity. Our current business strategy consists of two operating business segments: Real Estate (Rental Operations and Development) and Strategic Capital. Our Real Estate Segment represents the ownership, leasing and development of logistics properties. Our Strategic Capital Segment represents the management of properties owned by our unconsolidated co-investment ventures and other ventures. See Note 17 for further discussion of our business segments. Unless otherwise indicated, the Notes to the Consolidated Financial Statements apply to both the Parent and the OP. The terms “the Company,” “Prologis,” “we,” “our” or “us” means the Parent and OP collectively.

For each share of preferred or common stock the Parent issues, the OP issues a corresponding preferred or common partnership unit, as applicable, to the Parent in exchange for the contribution of the proceeds from the stock issuance. At December 31, 2022, the Parent owned a 97.60 % common general partnership interest in the OP and substantially all of the preferred units in the OP. The remaining 2.40 % common limited partnership interests, which include Class A common limited partnership units (“Class A Units”) in the OP, are owned by unaffiliated investors and certain current and former directors and officers of the Parent. Each partner’s percentage interest in the OP is determined based on the number of OP units held, including the number of OP units into which Class A Units are convertible, compared to total OP units outstanding at each period end and is used as the basis for the allocation of net income or loss to each partner. At the end of each reporting period, a capital adjustment is made in the OP to reflect the appropriate ownership interest for each of the common unitholders. These adjustments are reflected in the line items *Reallocation of Equity* in the Consolidated Statements of Equity of the Parent and *Reallocation of Capital* in the Consolidated Statements of Capital of the OP.

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

Information with respect to the square footage, number of buildings and acres of land is unaudited.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation. The accompanying Consolidated Financial Statements are prepared in accordance with United States (“U.S.”) generally accepted accounting principles (“GAAP”) and are presented in our reporting currency, the U.S. dollar. Intercompany transactions with consolidated entities have been eliminated.

Consolidation. We consolidate all entities that are wholly owned and those in which we own less than 100% of the equity but control the entity, as well as any variable interest entities (“VIEs”) in which we are the primary beneficiary. We evaluate our ability to control an entity and whether the entity is a VIE and we are the primary beneficiary through consideration of substantive terms of the arrangement to identify which enterprise has the power to direct the activities of the entity that most significantly impact the entity’s economic performance and the obligation to absorb losses and the right to receive benefits from the entity.

For entities that are not defined as VIEs, we first consider whether we are the general partner or the limited partner (or the equivalent in such investments that are not structured as partnerships). We consolidate entities in which we are the general partner and the limited partners in such entities that do not have rights that would preclude control. For entities in which we are the general partner but do not control the entity as the other partners hold substantive participating or kick-out rights, we apply the equity method of accounting since, as the general partner, we have the ability to exercise significant influence over the operating and financial policies of the venture. For ventures for which we are a limited partner, or our investment is in an entity that is not structured similar to a partnership, we consider factors such as ownership interest, voting control, authority to make decisions and contractual and substantive participating rights of the partners. In instances where the factors indicate that we have a controlling financial interest in the venture, we consolidate the entity. In instances where we do not have a controlling interest in the venture, we apply the equity method of accounting when the factors indicate we have the ability to exercise significant influence over the venture.

Use of Estimates. GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting

period. Although we believe the assumptions and estimates we made are reasonable and appropriate, as discussed in the applicable sections throughout the Consolidated Financial Statements, different assumptions and estimates could materially impact our reported results.

Foreign Operations. The U.S. dollar is the functional currency for our consolidated subsidiaries and unconsolidated entities operating in the U.S. and Mexico. The functional currency for our consolidated subsidiaries and unconsolidated entities operating in other countries is the principal currency in which the entity's assets, liabilities, income and expenses are denominated, which may be different from the local currency of the country of incorporation or where the entity conducts its operations. The functional currencies of entities outside of the U.S. and Mexico generally include the Brazilian real, British pound sterling, Canadian dollar, Chinese renminbi, euro, Japanese yen, Singapore dollar and Swedish krona. We take part in business transactions denominated in these and other local currencies where we operate.

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 at the balance sheet date. The resulting translation adjustments are included in *Accumulated Other Comprehensive Income (Loss)* ("AOCI/L") in the Consolidated Balance Sheets. Certain balance sheet items, primarily equity and capital-related accounts, are reflected at the historical exchange rate. Income statement accounts are translated using the average exchange rate for the period; income statement accounts that represent significant nonrecurring transactions, are translated at the rate in effect at the date of the transaction. We translate our share of the net income or loss of our unconsolidated entities at the average exchange rate for the period other than significant nonrecurring transactions of the unconsolidated entities which are translated at the rate in effect at the date of the transaction.

We and certain of our consolidated subsidiaries have intercompany and third-party debt that is not denominated in the entity's functional currency. When the debt is remeasured against the functional currency of the entity, a gain or loss can result. The resulting adjustment is reflected in *Foreign Currency and Derivative Gains (Losses) and Other Income (Expense), Net* in the Consolidated Statements of Income, unless it is intercompany debt that is deemed to be long-term in nature or third-party debt that has been designated as a nonderivative net investment hedge and then the adjustment is recorded as a cumulative translation adjustment in AOCI/L.

Acquisitions. We apply a screen test to evaluate if substantially all the fair value of the acquired property is concentrated in a single identifiable asset or group of similar identifiable assets to determine whether a transaction is accounted for as an asset acquisition or business combination. As the fair value of most of our real estate acquisitions is concentrated in either a single or a group of similar identifiable assets, our real estate transactions are generally accounted for as asset acquisitions, which permits the capitalization of transaction costs to the basis of the acquired property. We measure the real estate assets acquired through an asset acquisition based on their cost or total consideration exchanged. The difference between the cost and the estimated fair value (excess or bargain consideration) is allocated to the real estate properties and related lease intangibles on a relative fair value basis. All other assets and liabilities assumed, including debt, and real estate assets that we intend to sell in the next twelve months are recorded at fair value. At a property-level, we allocate the fair value to the components which include building, land, improvements, and intangible assets or liabilities related to acquired leases. Purchase price allocations for a business combination are recorded at fair value.

When we obtain control of an unconsolidated entity and the acquisition qualifies as a business combination, we account for the acquisition in accordance with the guidance for a business combination achieved in stages. We remeasure our previously held interest in the unconsolidated entity at its acquisition-date fair value and recognize any resulting gain or loss in earnings.

We allocate the purchase price using primarily Level 2 and Level 3 inputs (further defined in Fair Value Measurements below) as follows:

Investments in Real Estate Properties. We value operating properties as if vacant. We estimate fair value by applying an income approach methodology using either a discounted cash flow analysis or applying a capitalization rate to the estimated net operating income, defined as rental revenues less rental expenses, of a property. Key assumptions include market rents, growth rates, and discount and capitalization rates. Estimates of future cash flows are based on a number of factors including historical operating results, known trends and market and economic conditions. We determine the discount or capitalization rate by market based on recent transactions and other market data and adjust if necessary, based on the property characteristics. The fair value of land is generally based on relevant market data, such as a comparison of the subject site to similar parcels that have recently been sold or are currently being offered on the market for sale. At a property level, we allocate the fair value to land and building.

Lease Intangibles. We determine the portion of the purchase price related to acquired in-place leases as intangible assets and liabilities as follows:

- **Above and Below Market Leases.** We recognize an asset or liability for acquired leases with in-place rents that are higher or lower than our estimate of current market rents in each of the applicable markets. The above or below market lease intangibles are valued using a discounted cash flow approach through which we recognize the present value of the difference in cash flows between in-place and market rents. The value is recorded in either *Other Assets* or *Other Liabilities*, as appropriate, and is amortized over the remaining term of the respective leases, including any bargain renewal options, to rental revenues.

- **Foregone Rent.** We calculate the value of the revenue and recovery of costs which would be foregone during a reasonable lease-up period, if the space was vacant, in each of the applicable markets. The values are recorded in *Other Assets* and amortized over the remaining life of the respective leases to amortization expense.
- **Leasing Commissions.** We recognize an asset for leasing commissions based on our estimate of the cost to lease space in the applicable markets. The value is recorded in *Other Assets* and amortized over the remaining life of the respective leases to amortization expense.

Investments in Unconsolidated Entities. We estimate the fair value of the entity by using similar valuation methods as those used for the consolidated real estate properties and debt. We apply our ownership percentage to the estimated net asset value of the entity to determine the fair value of our investment.

Debt. We estimate the fair value of debt based on contractual future cash flows discounted using borrowing spreads and market interest rates that would be available to us for the issuance of debt with similar terms and remaining maturities. In the case of publicly traded debt, we estimate the fair value based on available market data. Any discount or premium to the principal amount is included in the carrying value and amortized to interest expense over the remaining term of the related debt using the effective interest method.

Noncontrolling Interests. We estimate the portion of the fair value of the net assets owned by third parties based on the fair value of the consolidated net assets, principally real estate properties and debt.

Working Capital. We estimate the fair value of other acquired assets and assumed liabilities using the best information available.

Fair Value Measurements. The objective of fair value is to determine the price that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (the exit price). We estimate fair value 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 on disposition. The fair value hierarchy consists of three broad levels:

- Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 — Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 — Unobservable inputs for the asset or liability.

Fair Value Measurements on a Recurring Basis. We estimate the fair value of our financial instruments using available market information and valuation methodologies we believe to be appropriate for these purposes. We determine the fair value of our derivative financial instruments using widely accepted valuation techniques. The technique utilized depends on the type of derivative financial instrument being valued, principally foreign currency forwards and interest rate swaps, and involves the contractual term of the derivative, observable market-based inputs and implied volatilities.

We determine the fair values of our interest rate swaps using a market standard methodology of netting the discounted future fixed cash receipts and the discounted expected variable cash payments through a discounted cash flow analysis. We base the variable cash payments on an expectation of future interest rates, or forward curves, derived from observable market interest rate curves through the contractual term of the debt. We determine the fair values of our foreign currency forwards by comparing the contracted forward exchange rate to the current market exchange rate. We build a foreign exchange forward curve to determine the foreign exchange forward rate that pertains to the specific maturity date. Using this foreign exchange forward rate, spot rates and the interest rate curve of the domestic currency as inputs, we calculate the mark-to-market value of the forward.

We incorporate credit valuation adjustments to appropriately reflect nonperformance risk for us and the respective counterparty in the fair value measurements. In adjusting the fair value of our derivative contracts for the effect of nonperformance risk, we consider 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 assess 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.

Fair Value Measurements on a Nonrecurring Basis. Assets measured at fair value on a nonrecurring basis generally consist of real estate assets and investments in unconsolidated entities that were subject to impairment charges due to our evaluation of recoverability whenever events or changes in circumstances indicate the carrying amount may not be recoverable. As discussed below, our analysis of recoverability is primarily triggered based on the shortening of the expected hold period due to our change in intent to sell a property

in the near term. We estimate the fair value of our investments based on expected sales prices in the market (Level 2) or by applying the income approach methodology using a discounted cash flow analysis (Level 3).

Fair Value of Financial Instruments. We estimate the fair value of our senior notes for disclosure purposes based on quoted market prices for the same (Level 1) or similar (Level 2) issues when current quoted market prices are available. We estimate the fair value of our credit facilities, term loans, secured mortgage debt and other debt by discounting the future cash flows using rates and borrowing spreads currently available to us (Level 3).

Real Estate Assets. Real estate assets are carried at depreciated cost. We capitalize costs incurred in developing, redeveloping and improving real estate assets as part of the investment basis. We expense costs for repairs and maintenance as incurred.

Depreciation and Amortization. We charge the depreciable portions of real estate assets to depreciation expense on a straight-line basis over the respective estimated useful lives. Depreciation on development buildings commences when the asset is ready for its intended use, which we define as the earlier of when a property that was developed has been completed for one year, or is 90% occupied. We generally use the following useful lives: 5 to 7 years for capital improvements, 10 years for standard tenant improvements, 15 to 25 years for depreciable land improvements, 25 to 40 years for operating properties acquired based on the age of the building and 40 years for operating properties we develop. We depreciate building improvements on land parcels subject to land leases over the shorter of the estimated life of the building improvement or the contractual term of the underlying land lease. Capitalized leasing costs are amortized over the estimated remaining lease term. The weighted average lease term for leases that commenced during 2022, based on square feet, was 69 months.

Capitalization of Costs. During the land development and construction periods of qualifying projects, we capitalize interest costs, insurance, real estate taxes and general and administrative costs of the personnel performing the development; if such costs are incremental and identifiable to a specific activity to ready the asset for its intended use. We capitalize transaction costs related to the acquisition of land for future development and operating properties that qualify as asset acquisitions. We capitalize incremental, third-party costs incurred to successfully originate a lease that result directly from obtaining a lease and would not have been incurred if the lease had not been obtained. Leasing costs that meet the requirements for capitalization are presented as a component of Other Assets and all other capitalized costs are included in the investment basis of the real estate assets.

Recoverability of Real Estate Assets. We assess the carrying values of our respective long-lived assets whenever events or changes in circumstances indicate that the carrying amounts of these assets may not be fully recoverable. This assessment is primarily triggered based on the shortening of the expected hold period due to our change in intent to sell a property in the near term. We have processes to monitor our intent with regard to our investments and the estimated disposition value in comparison to the current carrying value. If our assessment of potential triggering events indicates that the carrying value of a property that we expect to sell in the near term is not recoverable, we recognize an impairment charge for the amount by which the carrying value exceeds the current estimated fair value of the property. We determine the fair value of the property based on the proceeds from disposition that are estimated based on quoted market values, third-party appraisals or discounted cash flow models that utilize the future net operating income from the property and expected market capitalization rates. The use of projected future cash flows is based on assumptions that are consistent with our estimates of future expectations and the strategic plan we use to manage our underlying business. Changes in economic and operating conditions could impact our intent and the assumptions used in determining the fair value that could result in future impairment.

At least annually or more frequently given the presence of a triggering event, we measure the recoverability of our assets. We compare the carrying amount of the asset to the fair value based on our intent as follows:

- for real estate properties that we intend to hold long-term; including land held for development, properties currently under development and operating properties; recoverability is assessed based on the estimated undiscounted future net operating income from the property and the terminal value, including anticipated costs to develop;
- for real estate properties we intend to sell, including properties currently under development and operating properties; recoverability is assessed based on proceeds from disposition that are estimated based on the future net operating income from the property, expected market capitalization rates and anticipated costs to develop;
- for land parcels we intend to sell, recoverability is assessed based on the estimated proceeds from disposition; and
- for costs incurred related to the potential acquisition of land and operating properties and future development projects, recoverability is assessed based on the probability that the acquisition or development is likely to occur at the measurement date.

Assets Held for Sale or Contribution. We classify a property as held for sale or contribution when certain criteria are met in accordance with GAAP. Assets classified as held for sale are expected to be sold to a third party and assets classified as held for contribution are generally newly developed assets we intend to contribute to an unconsolidated co-investment venture within twelve months. When the criteria are met, the respective assets and liabilities are presented separately in the Consolidated Balance Sheets and depreciation is not recognized. Assets held for sale or contribution are reported at the lower of carrying amount or estimated fair value less costs to sell.

Investments in Unconsolidated Entities. We present our investments in certain entities under the equity method. We use the equity method when we have the ability to exercise significant influence over operating and financial policies of the venture but do not have control of the entity. Under the equity method, we initially recognize these investments (including advances) in the balance sheet at our cost, including formation costs and net of deferred gains from the contribution of properties (recognized prior to January 1, 2018), if applicable. The transaction costs related to the formation of equity method investments are also capitalized. We subsequently adjust the accounts to reflect our proportionate share of net earnings or losses recognized and accumulated other comprehensive income or loss, distributions received, contributions made, sales and redemptions of our investments and certain other adjustments, as appropriate. When circumstances indicate there may have been a reduction in the value of an equity investment, we evaluate whether the loss in value is other than temporary. If we conclude it is other than temporary, we recognize an impairment charge to reflect the equity investment at fair value.

With regard to distributions from unconsolidated entities, we have elected the nature of distribution approach as the information is available to us to determine the nature of the underlying activity that generated the distributions. In accordance with the nature of distribution approach, cash flows generated from the operations of an unconsolidated entity are classified as a return on investment (cash inflow from operating activities) and cash flows that are generated from property sales, debt refinancing or sales and redemptions of our investments are classified as a return of investment (cash inflow from investing activities).

Cash and Cash Equivalents. We consider all cash on hand, demand deposits with financial institutions and short-term highly liquid investments with original maturities of three months or less to be cash equivalents. Our cash and cash equivalents are financial instruments that are exposed to concentrations of credit risk. We invest our cash with high-credit quality institutions both domestically and internationally. Cash balances may be invested in money market accounts that are not insured. We have not realized any losses of such cash investments or accounts and believe that we are not exposed to any significant credit risk.

Derivative Financial Instruments. We primarily hedge our foreign currency risk by borrowing in the currencies in which we invest. We may use derivative financial instruments, such as foreign currency forward and option contracts to manage foreign currency exchange rate risk related to both our foreign investments and the related earnings. In addition, we occasionally use interest rate swap and forward contracts to manage interest rate risk and limit the impact of future interest rate changes on earnings and cash flows, primarily with variable-rate debt.

We do not use derivative financial instruments for trading or speculative purposes. Each derivative transaction is customized and not exchange-traded. We recognize all derivatives at fair value within the line items *Other Assets* or *Other Liabilities*. We do not net our derivative position by counterparty for purposes of balance sheet presentation and disclosure. Management reviews our derivative positions, overall risk management strategy and hedging program, on a regular basis. We only enter into transactions that we believe will be highly effective at offsetting the underlying risk. Our use of derivatives involves the risk that counterparties may default on a derivative contract; therefore we: (i) establish exposure limits for each counterparty to minimize this risk and provide counterparty diversification; (ii) contract with counterparties that have long-term credit ratings of single-A or better; (iii) enter into master agreements that generally allow for netting of certain exposures; thereby significantly reducing the actual loss that would be incurred should a counterparty fail to perform its contractual obligations; and (iv) set minimum credit standards that become more stringent as the duration of the derivative financial instrument increases. Based on these factors, we consider the risk of counterparty default to be minimal.

Designated Derivatives. We may choose to designate our derivative financial instruments, generally foreign currency forwards to hedge our net investment in foreign operations or interest rate swaps to hedge future interest payments on variable debt. At inception of the transaction, we formally designate and document the derivative financial instrument as a hedge of a specific underlying exposure, the risk management objective and the strategy for undertaking the hedge transaction. We formally assess both at inception and at least quarterly thereafter, the effectiveness of our hedging transactions. Due to the high degree of effectiveness between the hedging instruments and the underlying exposures hedged, fluctuations in the value of the derivative financial instruments will generally be offset by changes in the cash flows or fair values of the underlying exposures being hedged.

Changes in the fair value of derivatives that are designated and qualify as net investment hedges of our foreign operations or cash flow hedges are recorded in *AOCI/L*. For net investment hedges, these amounts offset the translation adjustments on the underlying net assets of our foreign investments and are recorded in *AOCI/L*. This includes debt issued in a currency that is not the same functional currency of the borrowing entity that we may designate as a nonderivative net investment hedge. We compare the net equity available from our foreign investments first to the derivative financial instruments designated as net investment hedges followed by any nonderivative net investment hedges. If the total notional amount of the derivative and nonderivative financial instruments exceeds the net equity available, that excess portion is considered unhedged and the translation of that excess portion is recognized in *Foreign Currency and Derivative Gains (Losses) and Other Income (Expense), Net*.

For cash flow hedges, we report the effective portion of the gain or loss as a component of *AOCI/L* and reclassify it to the applicable line item in the Consolidated Statements of Income, generally *Interest Expense*, over the corresponding period of the underlying hedged item. The ineffective portion of the change in fair value of a derivative financial instrument is recognized in earnings, generally *Interest Expense*, at the time the ineffectiveness occurred. To the extent the hedged forecasted interest payments on debt related to our interest rate swaps is paid off, the remaining balance in *AOCI/L* is recognized in *Interest Expense* in the Consolidated Statements of Income.

Undesignated Derivatives. We also use derivatives, such as foreign currency forwards and option contracts, that are not designated as hedges to manage foreign currency exchange rate risk related to the translation of our results of operations. The changes in fair values of these derivatives that were not designated as hedging instruments are immediately recognized in earnings within the line item *Foreign Currency and Derivative Gains (Losses) and Other Income (Expense), Net*. These gains or losses are generally offset by lower or higher earnings due to the translation at exchange rates that were different than our expectations. In addition, we may choose to not designate our interest rate swap contracts. If a swap contract is not designated as a hedge, the changes in fair value of these instruments is immediately recognized in earnings within the line item *Interest Expense* in the Consolidated Statements of Income.

Noncontrolling Interests. Noncontrolling interests represent the share of consolidated entities owned by third parties. We recognize each noncontrolling holder's respective share of the estimated fair value of the net assets at the date of formation or acquisition. Noncontrolling interests are subsequently adjusted for the noncontrolling holder's share of additional contributions, distributions and their share of the net earnings or losses of each respective consolidated entity. We allocate net income to noncontrolling interests based on the weighted average ownership interest during the period. The net income that is not attributable to us is reflected in the line item *Net Earnings Attributable to Noncontrolling Interests*. We do not recognize a gain or loss on transactions with a consolidated entity in which we do not own 100 % of the equity and recognize the difference between the carrying amount of the noncontrolling interest and the consideration paid or received as additional paid-in-capital.

Certain limited partnership interests, including OP units, are exchangeable into our common stock. Common stock issued upon exchange of a holder's noncontrolling interest is accounted for at the carrying value of the surrendered limited partnership interest and the difference between the carrying value and the fair value of the common stock issued is recorded to additional paid-in-capital.

Revenue Recognition.

Rental Revenues and Recoveries. We lease our operating properties to customers under agreements that are classified as operating leases. We recognize the total minimum lease payments provided for under the leases on a straight-line basis over the lease term. Generally, under the terms of our leases, the majority of our rental expenses are recovered from our customers, including common area maintenance, real estate taxes and insurance. Rental expenses recovered through reimbursements received from customers are recognized in *Rental Revenues* in the Consolidated Statements of Income. We generally record amounts reimbursed by our customers ("rental recoveries") as revenues in the period that the applicable expenses are incurred. We account for and present rental revenue and rental recoveries as a single component under *Rental Revenues* as the timing of recognition is the same, the pattern with which we transfer the right of use of the property and related services to the lessee are both on a straight-line basis and our leases qualify as operating leases. We perform credit analyses of our customers prior to the execution of our leases and continue these analyses for each individual lease on an ongoing basis in order to ensure the collectability of rental revenue. We recognize revenue to the extent that amounts are determined to be collectible.

Strategic Capital Revenues. Strategic capital revenues include revenues we earn from the management services we provide to unconsolidated entities. These fees are determined in accordance with the terms specific to each arrangement and may include recurring fees such as asset management and property management fees or transactional fees for leasing, acquisition, development, construction, financing and tax services provided. We recognize these fees as we provide the services or on a cost basis for development fees.

We may also earn incentive returns ("promotes" or "promote revenues") directly from third-party investors in the co-investment ventures based on the cumulative returns of the venture over a three-year period or the stabilization of individual development projects owned by the venture. The returns are determined by both the operating performance and real estate valuation of the venture, including highly variable inputs such as capitalization rates, market rents, interest rates and foreign currency exchange rates. As these key inputs are highly volatile and out of our control, and such volatility can materially impact our promotes period over period, we recognize promote revenues at the end of the performance period. We generally earn promote revenue directly from third-party investors in the co-investment ventures. We include the third-party investors' share of promotes in *Strategic Capital Revenues*.

We also earn fees from ventures that we consolidate. Upon consolidation, these fees are eliminated from our earnings and the third-party investors' share of these fees are recognized as a reduction of *Net Earnings Attributable to Noncontrolling Interests*.

Development Management and Other Revenues. Development management and other revenues principally include development and construction management fees from third parties and are recognized as we provide the services or on a cost basis.

Gains on Real Estate Transactions, Net.

Throughout the Notes to the Consolidated Financial Statements, *Gains on Real Estate Transactions, Net* collectively refers to *Gains on Dispositions of Development Properties and Land, Net* and *Gains on Other Dispositions of Investments in Real Estate, Net*.

We recognize gains on the disposition of real estate when control transfers to the buyer, generally when consideration and title are exchanged and the risks and rewards of ownership transfer. We recognize losses from the disposition of real estate when known.

Beginning January 1, 2018 with the adoption of the new revenue recognition guidance, we recognize the entire gain attributed to contributions of real estate properties to unconsolidated entities. We previously recognized a gain on contribution only to the extent of the third-party ownership in the unconsolidated entity acquiring the property and deferred the portion of the gain related to our ownership through a reduction to our investment in the applicable unconsolidated entity. We adjusted our proportionate share of net earnings or losses recognized in future periods to reflect the entities' recorded depreciation expense as if it were computed on our lower basis in the contributed properties rather than on the entity's basis. For deferred gains from partial sales recorded prior to the adoption of the revenue recognition standard, we continue to recognize these gains over the lives of the underlying real estate properties or at the time of disposition to a third party. If our ownership interest in an unconsolidated entity decreases and the decrease is expected to be permanent, we recognize the amounts relating to previously deferred gains to coincide with our new ownership interest.

Gains on Dispositions of Development Properties and Land, Net. We present gains separately based on the type of real estate sold or contributed. We present gains on sales to third parties or contributions to our unconsolidated co-investment ventures as **Gains on Dispositions of Development Properties and Land, Net** when the property was included in our land portfolio or when we developed the property with the intent to sell or contribute.

Gains on Other Dispositions of Investments in Real Estate, Net. We present all other gains on sales to third parties or contributions to our unconsolidated entities of primarily operating properties and other real estate transactions as **Gains on Other Dispositions of Investments in Real Estate, Net**. We also include gains or losses on the remeasurement of equity investments to fair value upon acquisition of a controlling interest if the transaction is considered the acquisition of a business and gains or losses upon the partial redemption or sale of our investment in an unconsolidated entity.

Rental Expenses. Rental expenses principally include the cost of our property management and leasing personnel, utilities, repairs and maintenance, property insurance, real estate taxes and the other costs of managing our properties. We are also a lessee of land under leases which generally meet the criteria to be accounted for as operating leases.

Strategic Capital Expenses. Strategic capital expenses generally include the direct expenses associated with the asset management of the co-investment ventures provided by our employees who are assigned to our Strategic Capital Segment and the costs of our Prologis Promote Plan ("PPP") based on earned promotes. For further discussion on the PPP, see Note 12. In addition, in order to achieve efficiencies and economies of scale, all of our property management and leasing functions are provided by property management and leasing personnel who are assigned to our Real Estate Segment. These individuals perform the property-level management and leasing of the properties in our owned and managed portfolio, which includes properties we consolidate and those we manage that are owned by the unconsolidated co-investment ventures. We allocate the costs of our property management and leasing teams to the properties we consolidate (included in *Rental Expenses*) and the properties owned by the unconsolidated co-investment ventures (included in *Strategic Capital Expenses*) by using the square feet owned by the respective portfolios.

Equity-Based Compensation. We account for equity-based compensation by measuring the cost of employee services received in exchange for an award of an equity instrument based on the fair value of the award on the grant date. We recognize the cost of the award on a straight-line basis over the period during which an employee is required to provide service in exchange for the award, generally the vesting period.

Income Taxes. Under the IRC, to qualify as a REIT, we are required to distribute at least 90 % of our taxable income, and meet certain income, asset and stockholder tests. REITs which meet these certain income, asset and stockholder tests are generally not required to pay federal income taxes if they distribute 100 % of their taxable income. If we fail to qualify as a REIT in any taxable year, we will be subject to federal income taxes at regular corporate rates and may not be able to qualify as a REIT for the four subsequent taxable years. Even as a REIT, we may be subject to certain foreign, state and local taxes on our own income and property, and to federal income and excise taxes on our undistributed taxable income.

We have elected taxable REIT subsidiary ("TRS") status for some of our consolidated subsidiaries. This allows us to provide services that would otherwise be considered impermissible for REITs. Many of the foreign countries in which we have operations do not recognize REITs or do not accord REIT status under their respective tax laws to our entities that operate in their jurisdiction. In the U.S., we are taxed in certain states in which we operate. Accordingly, we recognize income tax expense for the federal and state income taxes incurred by our TRSs, taxes incurred in certain states and foreign jurisdictions, and interest and penalties associated with our unrecognized tax benefit liabilities.

We evaluate tax positions taken in the Consolidated Financial Statements under the interpretation for accounting for uncertainty in income taxes. As a result of this evaluation, we may recognize a tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities.

We recognize deferred income taxes in certain taxable entities. For federal income tax purposes, certain acquisitions have been treated as tax-free transactions resulting in a carry-over tax basis in assets and liabilities. For financial reporting purposes and in accordance with purchase accounting, we record all of the acquired assets and assumed liabilities based on their relative fair value at date of acquisition, as discussed above. For our taxable subsidiaries, including certain international jurisdictions, we recognize the deferred income tax liabilities that represent the tax effect of the difference between the tax basis carried over and the relative fair value of the tangible and intangible assets at date of acquisition. Any subsequent increases or decreases to the deferred income tax liability recorded in connection with these acquisitions, are reflected in earnings.

If taxable income is generated in these subsidiaries, we recognize a benefit in earnings as a result of the reversal of the deferred income tax liability previously recorded at the acquisition date and we record current income tax expense representing the entire current income tax liability. If the reversal of the deferred income tax liability results from a sale or contribution of assets, the classification of the reversal to the Consolidated Statements of Income is based on the taxability of the transaction. If the sale or contribution is of the real estate asset and results in a taxable transaction, the reversal is recorded to deferred income tax benefit. If the sale or contribution is the disposition of the entity that owns the asset, the reversal is recorded through gains.

Deferred income tax expense is generally a function of the period's temporary differences (items that are treated differently for tax purposes than for financial reporting purposes) and the utilization of tax net operating losses ("NOL") generated in prior years that had been previously recognized as deferred income tax assets. We provide for a valuation allowance for deferred income tax assets if we believe all or some portion of the deferred income tax asset may not be realized. Any increase or decrease in the valuation allowance that results from a change in circumstances that causes a change in the estimated ability to realize the related deferred income tax asset is included in deferred tax expense.

Environmental Costs. We incur certain environmental remediation costs, including cleanup costs, consulting fees for environmental studies and investigations, monitoring costs, and legal costs relating to cleanup, litigation defense, and the pursuit of responsible third parties. We expense costs incurred in connection with operating properties and properties previously sold. We capitalize costs related to undeveloped land as development costs and record any expected future environmental liabilities at the time of acquisition. We maintain a liability for the estimated costs of environmental remediation expected to be incurred in connection with undeveloped land, acquired operating properties and properties previously sold that we adjust as appropriate as information becomes available.

NOTE 3. ACQUISITIONS

Duke Transaction

On October 3, 2022, we acquired Duke Realty Corporation and Duke Realty Limited Partnership (collectively "Duke" or the "Duke Transaction"). Through the Duke Transaction, we acquired a portfolio primarily comprised of logistics real estate assets, including 494 industrial operating properties, aggregating 144.4 million square feet, which are highly complementary to our U.S. portfolio in terms of product quality, location and growth potential in our key markets. There was approximately 15 million square feet of non-strategic operating industrial properties acquired in the Duke Transaction for which our intent is not to operate these properties long-term. These assets are classified as *Other Real Estate Investments* in the Consolidated Balance Sheets. The portfolio also included properties under development, land for future development and investments in other ventures.

The Duke Transaction was completed for \$ 23.2 billion through the issuance of equity based on the value of the Prologis common stock and units issued of \$ 18.8 billion, the assumption of debt of \$ 4.2 billion and transaction costs. In connection with the transaction, each issued and outstanding share or unit held by a Duke shareholder or unitholder was converted automatically into 0.475 shares of Prologis common stock or common units of Prologis, L.P., respectively, including shares and units under Duke's equity incentive plan that became fully vested at closing.

The aggregate equity consideration is calculated below (in millions, except price per share):

| | |
|---|------------------|
| Number of Prologis shares and units issued upon conversion of Duke's shares and units at October 3, 2022 | 184.80 |
| Multiplied by price of Prologis' common stock on September 30, 2022 | \$ 101.60 |
| Fair value of Prologis shares and units issued | \$ 18,776 |

We accounted for the Duke Transaction as an asset acquisition and as a result, the transaction costs of \$ 239.8 million were capitalized to the basis of the acquired properties. Transaction costs included the direct costs incurred to acquire the real estate assets.

Under acquisition accounting, the total cost or total consideration exchanged is allocated to the real estate properties and related lease intangibles on a relative fair value basis. As the fair value of the properties acquired exceeded the purchase price, we allocated the bargain consideration at a property-level based on the relative fair value of the property in comparison to the total portfolio. All other assets acquired and liabilities assumed, including debt, and real estate assets that we intend to sell in the next twelve months were recorded at fair value. The total purchase price, including transaction costs, was allocated as follows (in millions):

| | |
|--|------------------|
| Net investments in real estate | \$ 24,908 |
| Cash and other assets | 441 |
| Debt | (4,162) |
| Intangible liabilities, net of intangible assets (1) | (1,461) |
| Accounts payable, accrued expenses and other liabilities | (708) |
| Noncontrolling interests | (2) |
| Total purchase price, including transaction costs | \$ 19,016 |

- (1) Intangible assets of \$ 832.5 million and intangible liabilities of \$ 2.3 billion were included within *Other Assets* and *Other Liabilities*, respectively, on the Consolidated Balance Sheets. The acquired lease intangibles from the Duke Transaction will be amortized over the terms of the respective leases with a weighted average remaining lease term of 64 months.

Liberty Transaction

On February 4, 2020 , we acquired Liberty Property Trust and Liberty Property Limited Partnership (collectively “Liberty” or the “Liberty Transaction”). Through the Liberty Transaction, we acquired a portfolio primarily comprised of logistics real estate assets, including 519 industrial operating properties, aggregating 99.6 million square feet.

The Liberty Transaction was completed for \$ 13.0 billion through the issuance of equity based on the value of the Prologis common stock and units issued of \$ 10.0 billion, the assumption of debt of \$ 2.8 billion and transaction costs. In connection with the transaction, each issued and outstanding share or unit held by a Liberty stockholder or unitholder was converted automatically into 0.675 shares of Prologis common stock or common units of Prologis, L.P., respectively, including shares and units under Liberty’s equity incentive plan that became fully vested at closing.

The aggregate equity consideration is calculated below (in millions, except price per share):

Number of Prologis shares and units issued upon conversion of

Liberty shares and units at February 4, 2020

109.01

Multiplied by price of Prologis' common stock on February 3, 2020

\$ 91.87

Fair value of Prologis shares and units issued

\$ 10,015

We accounted for the Liberty Transaction as an asset acquisition and as a result, the transaction costs of \$ 115.8 million were capitalized to the basis of the acquired properties. Transaction costs included the direct costs incurred to acquire the real estate assets.

The total purchase price allocation for Liberty was as follows (in millions):

| | | |
|--|--|------------------|
| Net investments in real estate | | \$ 12,636 |
| Intangible assets, net of intangible liabilities | | 491 |
| Cash and other assets | | 233 |
| Debt | | (2,845) |
| Accounts payable, accrued expenses and other liabilities | | (383) |
| Noncontrolling interests | | (1) |
| Total purchase price, including transaction costs | | \$ 10,131 |

NOTE 4. REAL ESTATE

Investments in real estate properties consisted of the following at December 31 (dollars and square feet in thousands):

| | Square Feet | | Number of Buildings | | | |
|--|--------------------|-------------|----------------------------|-------------|----------------------|----------------------|
| | 2022 (1) | 2021 | 2022 (1) | 2021 | 2022 (1) | 2021 |
| Operating properties: | | | | | | |
| Buildings and improvements | 597,362 | 444,413 | 2,825 | 2,310 | \$ 48,650,334 | \$ 32,159,514 |
| Improved land | | | | | 20,388,461 | 12,294,246 |
| Development portfolio, including land costs: | | | | | | |
| Prestabilized | 4,874 | 6,325 | 15 | 16 | 597,553 | 710,091 |
| Properties under development | 44,011 | 28,638 | 121 | 83 | 3,614,601 | 2,019,249 |
| Land (2) | | | | | 3,338,121 | 2,519,590 |
| Other real estate investments (3) | | | | | 5,034,326 | 3,302,500 |
| Total investments in real estate properties | | | | | 81,623,396 | 53,005,190 |
| Less accumulated depreciation | | | | | 9,036,085 | 7,668,187 |
| Net investments in real estate properties | | | | | \$ 72,587,311 | \$ 45,337,003 |

(1) Includes the acquired real estate properties from the Duke Transaction at December 31, 2022. See Note 3 for more information.

(2) At December 31, 2022 and 2021, our land was comprised of 7,188 and 6,227 acres, respectively.

(3) Included in other real estate investments were: (i) non-strategic real estate assets, primarily acquired from the Duke Transaction, that we do not intend to operate long-term; (ii) land parcels we own and lease to third parties; (iii) non-industrial real estate assets that we generally intend to redevelop into industrial properties; and (iv) costs associated with potential acquisitions and future development projects, including purchase options on land.

At December 31, 2022, we had investments in real estate assets in the U.S. and other Americas (Brazil, Canada and Mexico), Europe (Belgium, the Czech Republic, France, Germany, Hungary, Italy, the Netherlands, Poland, Slovakia, Spain, Sweden and the United Kingdom ("U.K.")) and Asia (China, Japan and Singapore).

Acquisitions

The following table summarizes our real estate acquisition activity, excluding the Duke Transaction and Liberty Transaction as discussed in Note 3, for the years ended December 31 (dollars and square feet in thousands):

| | 2022 | 2021 (1) | 2020 (2) |
|---|--------------|-----------------|-----------------|
| Number of operating properties | 23 | 31 | 150 |
| Square feet | 5,169 | 6,760 | 21,874 |
| Acres of land | 2,218 | 2,684 | 830 |
| Acquisition cost of net investments in real estate, excluding other real estate investments | \$ 1,828,256 | \$ 2,517,644 | \$ 3,054,381 |
| Acquisition cost of other real estate investments | \$ 641,168 | \$ 525,499 | \$ 206,084 |

- (1) Included in 2021, is our acquisition of additional ownership interest in certain unconsolidated other ventures that we acquired from our partners and subsequently resulted in the consolidation of the real estate assets.
- (2) On January 8, 2020, our two U.S. co-investment ventures, Prologis Targeted U.S. Logistics Fund, L.P. ("USLF") and Prologis U.S. Logistics Venture, LLC ("USLV"), acquired the wholly-owned real estate assets of Industrial Property Trust Inc. ("IPT") for \$ 2.0 billion each in a cash transaction, including transaction costs and the assumption and repayment of debt (the "IPT Transaction"). As we consolidate USLV, the number of operating properties, square feet and acquisition cost for the properties acquired by USLV are included in the consolidated acquisition activity.

Dispositions

The following table summarizes our dispositions of net investments in real estate which include contributions to unconsolidated co-investment ventures and dispositions to third parties for the years ended December 31 (dollars and square feet in thousands):

| | 2022 | 2021 | 2020 |
|--|--------------|--------------|--------------|
| Dispositions of development properties and land, net (1) | | | |
| Number of properties | 21 | 41 | 41 |
| Square feet | 7,676 | 16,482 | 14,482 |
| Net proceeds | \$ 1,398,585 | \$ 2,629,750 | \$ 1,693,557 |
| Gains on dispositions of development properties and land, net | \$ 597,745 | \$ 817,017 | \$ 464,942 |
| Other dispositions of investments in real estate, net (2) | | | |
| Number of properties | 103 | 97 | 61 |
| Square feet | 8,718 | 20,806 | 10,562 |
| Net proceeds | \$ 1,271,639 | \$ 2,536,622 | \$ 1,264,692 |
| Gains on other dispositions of investments in real estate, net | \$ 589,391 | \$ 772,570 | \$ 252,195 |

- (1) The gains we recognize in *Gains on Dispositions of Development Properties and Land, Net* are primarily driven by the contribution of newly developed properties to our unconsolidated co-investment ventures and occasionally sales to a third party.
- (2) In 2021, we sold our ownership interest in an unconsolidated other venture.

Leases

As a Lessor

We lease our real estate properties to customers under agreements that are classified primarily as operating leases. We recognize the total minimum lease payments provided for under the leases on a straight-line basis over the lease term. Our weighted average lease term remaining was 55 months based on square feet for all leases in effect at December 31, 2022.

The following table summarizes the minimum lease payments due from our customers on leases for space in our operating properties, pre-stabilized and under development properties, other real estate investments and assets held for sale or contribution at December 31, 2022 (in thousands):

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| | | |
|--------------|-----------|-------------------|
| 2023 | \$ | 4,404,367 |
| 2024 | | 4,221,731 |
| 2025 | | 3,800,708 |
| 2026 | | 3,231,191 |
| 2027 | | 2,578,599 |
| Thereafter | | 9,452,245 |
| Total | \$ | 27,688,841 |

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

As a Lessee

We had approximately 135 and 120 land and office space leases in which we were the lessee at December 31, 2022 and 2021, respectively, which primarily qualify as operating leases with remaining lease terms of 1 to 87 years at December 31, 2022. Our lease liabilities were \$ 638.8 million and \$ 448.4 million at December 31, 2022 and 2021, respectively.

The following table summarizes the fixed, future minimum rental payments, excluding variable costs, for leases that had commenced at December 31, 2022, with amounts discounted at lease commencement by our incremental borrowing rates to calculate the lease liabilities of our leases (in thousands):

| | | |
|------------------------------------|-----------|----------------|
| 2023 | \$ | 62,061 |
| 2024 | | 71,709 |
| 2025 | | 56,349 |
| 2026 | | 47,443 |
| 2027 | | 39,642 |
| Thereafter | | 1,144,025 |
| Total undiscounted rental payments | | 1,421,229 |
| Less imputed interest | | 782,418 |
| Total lease liabilities | \$ | 638,811 |

The weighted average remaining lease term for these leases was 31 and 28 years at December 31, 2022 and 2021, respectively. We do not include renewal options in the lease term for calculating the lease liability unless we are reasonably certain we will exercise the option or the lessor has the sole ability to exercise the option. The weighted average discount rate was 3.4 % and 3.2 % at December 31, 2022 and 2021, respectively. We assigned a collateralized interest rate to each lease based on the term of the lease and the currency in which the lease was denominated.

NOTE 5. UNCONSOLIDATED ENTITIES

Summary of Investments

We have investments in entities through a variety of ventures. We co-invest in entities that own multiple properties with partners and investors and we provide asset management and property management services to these entities, which we refer to as co-investment ventures. These entities may be consolidated or unconsolidated depending on the structure, our partner's participation and other rights and our level of control of the entity. This note details our investments in unconsolidated co-investment ventures, which are related parties and accounted for using the equity method of accounting. See Note 11 for more detail regarding our consolidated investments that are not wholly owned.

We also have investments in other ventures, generally with one partner, which we account for using the equity method. We refer to our investments in both unconsolidated co-investment ventures and other ventures, collectively, as unconsolidated entities.

The following table summarizes our investments in and advances to unconsolidated entities at December 31 (in thousands):

| | 2022 | 2021 |
|---------------------------------------|---------------------|---------------------|
| Unconsolidated co-investment ventures | \$ 8,073,927 | \$ 7,825,455 |
| Other ventures (1) | 1,624,971 | 785,503 |
| Total | \$ 9,698,898 | \$ 8,610,958 |

(1) In 2022, we completed the Duke Transaction and acquired an equity method investment in several other ventures.

Unconsolidated Co-Investment Ventures

The following table summarizes our investments in the individual co-investment ventures at December 31 (dollars in thousands):

| Co-Investment Venture | Ownership Percentage | | Investment in and Advances to | |
|---|-----------------------------|-------------|--------------------------------------|--------------------|
| | 2022 | 2021 | 2022 | 2021 |
| Prologis Targeted U.S. Logistics Fund, L.P. ("USLF") | 26.2% | 27.0% | \$ 2,397,544 | \$ 2,393,232 |
| FIBRA Prologis (1) | 47.9% | 47.3% | 888,710 | 694,590 |
| Prologis European Logistics Partners ("PELP") (2) (3) | 50.0% | 50.0% | 1,949,002 | 2,097,332 |
| Prologis European Logistics Fund ("PELF") (3) | 23.8% | 23.8% | 1,837,615 | 1,605,253 |
| Prologis UK Logistics Venture ("UKLV") (2) (3) | - | 15.0% | - | 9,243 |
| Nippon Prologis REIT, Inc. ("NPR") (4) | 15.1% | 15.1% | 614,933 | 684,029 |
| Prologis China Core Logistics Fund, LP ("PCCLF") | 15.5% | 15.3% | 92,863 | 75,922 |
| Prologis China Logistics Venture I, LP, II, LP and III, LP ("Prologis China Logistics Venture") (2) | 15.0% | 15.0% | 111,906 | 120,283 |
| Prologis Brazil Logistics Venture ("PBLV") and other joint ventures (2) | 20.0% | 20.0% | 181,354 | 145,571 |
| Total | | | \$8,073,927 | \$7,825,455 |

- (1) At December 31, 2022, we owned 489.1 million units of FIBRA Prologis that had a closing price of Ps 55.83 (\$ 2.88) per unit on the Mexican Stock Exchange. We have granted FIBRA Prologis a right of first refusal with respect to stabilized properties that we plan to sell in Mexico.
- (2) We have one partner in each of these co-investment ventures.
- (3) In December 2021, UKLV sold its operating properties to our unconsolidated co-investment ventures, PELF and PELP, and its land to us and recognized the related gains upon disposition. At December 31, 2021, there was a \$ 9.2 million outstanding receivable balance that was paid in the second quarter of 2022.
- (4) At December 31, 2022, we owned 0.4 million units of NPR that had a closing price of ¥ 308,500 (\$ 2,339) per share on the Tokyo Stock Exchange. For any properties we develop and plan to sell in Japan, we have committed to offer those properties to NPR if we determine the properties meet NPR's investment objectives.

At December 31, 2022 and 2021, we had receivables from NPR of \$ 161.4 million and \$ 175.2 million, respectively, related to customer security deposits that originated through a leasing company owned by us that pertain to properties previously contributed to NPR. We have a corresponding payable to NPR's customers in *Other Liabilities*. These amounts are repaid to us as the leases turn over.

The amounts recognized in *Strategic Capital Revenues* and *Earnings from Unconsolidated Entities, Net* depend on the size, real estate valuations, operations and transactions of the unconsolidated co-investment ventures, the timing of revenues earned through promotes and transactional fees, as well as fluctuations in foreign currency exchange rates and our ownership interest. We recognized *Strategic Capital Expenses* for direct costs associated with the asset management of these ventures, allocated property-level management and leasing costs for the properties owned by the ventures and compensation expenses under the PPP. For additional discussion on the PPP, see Note 12.

The following table summarizes the *Strategic Capital Revenues* we recognized in the Consolidated Statements of Income related to our unconsolidated co-investment ventures for the years ended December 31 (in thousands):

| | 2022 | 2021 | 2020 |
|--|---------------------|-------------------|-------------------|
| Recurring fees | \$ 455,385 | \$ 395,765 | \$ 318,423 |
| Transactional fees | 67,048 | 78,552 | 65,804 |
| Promote revenue (1) | 503,779 | 77,199 | 239,268 |
| Total strategic capital revenues from unconsolidated co-investment ventures (2) | \$ 1,026,212 | \$ 551,516 | \$ 623,495 |

(1) Includes promote revenue earned primarily from PELF in September 2022 and USLF in June 2020.

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

The following table summarizes the key property information, financial position and operating information of our unconsolidated co-investment ventures on a U.S. GAAP basis (not our proportionate share) and the amounts we recognized in the Consolidated Financial Statements related to these ventures at December 31 and for the years ended December 31 (dollars and square feet in millions):

| At: | U.S. | | Other Americas (1) | | Europe | | Asia | | Total | |
|---|--------|--------------------|--------------------|--------|----------|--------|-------|--------|--------|--------|
| | 2022 | 2021 | 2022 | 2021 | 2022 (2) | 2021 | 2022 | 2021 | 2022 | 2021 |
| Key property information: | | | | | | | | | | |
| Ventures | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 3 | 3 | 8 |
| Operating properties | 739 | 732 | 260 | 254 | 989 | 818 | 217 | 203 | 2,205 | 2,007 |
| Square feet | 123 | 122 | 60 | 56 | 219 | 198 | 89 | 82 | 491 | 458 |
| Financial position: | | | | | | | | | | |
| Total assets (\$) | 12,617 | 11,619 | 3,744 | 3,349 | 22,502 | 18,373 | 9,964 | 10,746 | 48,827 | 44,087 |
| Third-party debt (\$) | 3,468 | 3,069 | 919 | 1,052 | 5,315 | 3,737 | 3,811 | 4,157 | 13,513 | 12,015 |
| Total liabilities (\$) | 4,143 | 3,717 | 1,011 | 1,116 | 7,292 | 5,619 | 4,279 | 4,685 | 16,725 | 15,137 |
| Our investment balance (\$) (3) | 2,398 | 2,393 | 1,070 | 840 | 3,786 | 3,712 | 820 | 880 | 8,074 | 7,825 |
| Our weighted average ownership (4) | 26.2% | 27.0% | 41.0% | 40.8% | 31.0% | 30.9% | 15.2% | 15.1% | 27.4% | 26.9% |
| Operating Information: | | | | | | | | | | |
| U.S. | | Other Americas (1) | | Europe | | Asia | | Total | | |
| 2022 | 2021 | 2020 | 2022 | 2021 | 2020 | 2022 | 2021 | 2022 | 2021 | 2020 |
| <i>For the years ended:</i> | | | | | | | | | | |
| Total revenues (\$) | 1,182 | 1,039 | 946 | 383 | 321 | 278 | 1,424 | 1,387 | 1,208 | 629 |
| Net earnings (\$) | 292 | 312 | 169 | 137 | 120 | 91 | 493 | 1,070 | 390 | 114 |
| Our earnings from unconsolidated co-investment ventures, net (\$) | 79 | 82 | 46 | 47 | 43 | 34 | 150 | 214 | 121 | 19 |

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

- (2) In September 2022, PELF acquired a real estate portfolio that primarily included 125 industrial operating properties.
- (3) Prologis' investment balance is presented at our adjusted basis. The difference between our ownership interest of a venture's equity and our investment balance at December 31, 2022 and 2021, results principally from four types of transactions: (i) deferred gains from the contribution of property to a venture prior to January 1, 2018 (\$ 546.9 million and \$ 559.7 million, respectively); (ii) recording additional costs associated with our investment in the venture (\$ 90.4 million and \$ 96.6 million, respectively); (iii) receivables, principally for fees and promotes (\$ 193.7 million and \$ 149.5 million, respectively); and (iv) customer security deposits retained subsequent to property contributions to NPR, as discussed above.
- (4) Represents our weighted average ownership interest in all unconsolidated co-investment ventures based on each entity's contribution of total assets before depreciation, net of other liabilities.

Equity Commitments Related to Certain Unconsolidated Co-Investment Ventures

Certain unconsolidated 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 commitments are generally used for the acquisition or development of properties but may be used for the repayment of debt or other general uses. The venture may obtain financing for the acquisition of properties and therefore the acquisition price of additional investments that the venture could make may be more than the equity commitment. Depending on market conditions, the investment objectives of the ventures, our liquidity needs and other factors, we may make additional contributions of properties or additional cash investments in these ventures.

At December 31, 2022, our outstanding equity commitments were \$ 287.6 million, principally for Prologis China Logistics Venture. The equity commitments expire from 2023 to 2028 if they have not been previously called. Typically, equity commitments are used for future development and acquisitions in the unconsolidated co-investment ventures.

NOTE 6. ASSETS HELD FOR SALE OR CONTRIBUTION

We had investments in certain real estate properties that met the criteria to be classified as held for sale or contribution at December 31, 2022 and 2021. At the time of classification, these properties were expected to be sold to third parties or were recently stabilized and expected to be contributed to unconsolidated co-investment ventures within twelve months. The amounts included in *Assets Held for Sale or Contribution* represented real estate investment balances and the related assets and liabilities.

Assets held for sale or contribution consisted of the following at December 31 (dollars and square feet in thousands):

| | 2022 | 2021 |
|---|-------------|-------------|
| Number of operating properties | 21 | 14 |
| Square feet | 4,061 | 5,486 |
| Total assets held for sale or contribution | \$ 531,257 | \$ 669,688 |
| Total liabilities associated with assets held for sale or contribution – included in <i>Other Liabilities</i> | \$ 4,536 | \$ 10,631 |

NOTE 7. OTHER ASSETS AND OTHER LIABILITIES

The following table summarizes our other assets, net of amortization and depreciation, and other liabilities, net of amortization, if applicable, at December 31 (in thousands):

| | 2022 | 2021 |
|--|---------------------|---------------------|
| Acquired lease intangibles (1) | \$ 1,183,006 | \$ 552,517 |
| Lease right-of-use assets (2) | 735,430 | 459,364 |
| Rent leveling | 715,679 | 578,960 |
| Leasing commissions | 650,127 | 520,778 |
| Accounts receivable | 377,996 | 424,240 |
| Prepaid assets | 239,483 | 153,591 |
| Derivative assets | 227,236 | 91,047 |
| Value added taxes receivable | 143,317 | 133,034 |
| Fixed assets | 119,897 | 118,044 |
| Other notes receivable | 116,537 | 35,970 |
| Management contracts | 11,048 | 12,282 |
| Deferred income taxes | 5,732 | 8,926 |
| Other | 276,011 | 223,701 |
| Total other assets | \$ 4,801,499 | \$ 3,312,454 |
| | | |
| Acquired lease intangibles (1) | \$ 2,373,050 | \$ 198,894 |
| Lease liabilities (2) | 638,811 | 448,445 |
| Tenant security deposits | 419,409 | 373,432 |
| Unearned rents | 305,299 | 164,669 |
| Environmental liabilities | 209,935 | 86,920 |
| Deferred income taxes | 99,757 | 75,007 |
| Indemnification liability | 44,356 | 44,416 |
| Deferred income | 24,481 | 21,699 |
| Value added taxes payable | 15,160 | 17,556 |
| Derivative liabilities | 6,682 | 9,675 |
| Liabilities associated with assets held for sale or contribution | 4,536 | 10,631 |
| Other | 305,033 | 324,845 |
| Total other liabilities | \$ 4,446,509 | \$ 1,776,189 |

- (1) Included in acquired lease intangible assets and liabilities were \$ 832.5 million of intangible assets and \$ 2.3 billion of intangible liabilities from the Duke Transaction, respectively. These assets and liabilities will be amortized over the terms of the respective leases with a weighted average remaining lease term of 64 months. See Note 3 for more information.
- (2) For the amortization of the future minimum rental payments into rental expense and G&A expense on our land and office leases, respectively, refer to Note 4.

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The following table summarizes the expected future amortization of leasing commissions and forgone rent (included in acquired lease intangibles above) into amortization expense and above and below market leases (included in acquired lease intangibles above) and rent leveling net assets into rental revenues, all based on the balances at December 31, 2022 (in thousands):

| | Amortization Expense | Net Increase to Rental Revenues |
|--------------|---------------------------------|--|
| 2023 | \$ 421,196 | \$ 479,339 |
| 2024 | 323,562 | 343,066 |
| 2025 | 257,560 | 231,108 |
| 2026 | 202,120 | 157,520 |
| 2027 | 152,028 | 112,213 |
| Thereafter | 376,559 | 234,017 |
| Total | \$ 1,733,025 | \$ 1,557,263 |

NOTE 8. DEBT

All debt is incurred by the OP or its consolidated subsidiaries. The following table summarizes our debt at December 31 (dollars in thousands):

| | 2022 | | | 2021 | | |
|---------------------------------------|------------------------------|----------------------|---------------------------|------------------------------|----------------------|---------------------------|
| | Weighted Average | | Amount Outstanding | Weighted Average | | Amount Outstanding |
| | Interest Rate (1) | Years (2) | (3) | Interest Rate (1) | Years (2) | (3) |
| Credit facilities (4) | 4.2 % | 2.8 | \$ 1,538,461 | 0.8 % | 1.6 | \$ 491,393 |
| Senior notes (4) (5) | 2.3 % | 10.3 | 19,786,253 | 1.7 % | 11.6 | 14,981,690 |
| Term loans and unsecured other (4) | 2.3 % | 4.9 | 2,106,592 | 0.5 % | 4.2 | 1,825,195 |
| Secured mortgage (4) (6) | 3.0 % | 4.3 | 444,655 | 5.1 % | 4.7 | 416,776 |
| Total | 2.5 % | 9.2 | \$ 23,875,961 | 1.6 % | 10.4 | \$ 17,715,054 |

- (1) The weighted average interest rates presented represent the effective interest rates (including amortization of debt issuance costs and noncash premiums or discounts) at the end of the period for the debt outstanding and include the impact of designated interest rate swaps, which effectively fix the interest rate on certain variable rate debt.
- (2) The weighted average years represents the remaining maturity in years on the debt outstanding at period end.
- (3) We borrow in the functional currencies of the countries where we invest. Included in the outstanding balances at December 31 were borrowings denominated in the following currencies:

| | 2022 | | | 2021 | | | | |
|------------------------|---|----------------------|-------------------------------|-----------------------|---|----------------------|-------------------------------|-----------------------|
| | Weighted Average Interest Rate | | Amount Outstanding | % of Total | Weighted Average Interest Rate | | Amount Outstanding | % of Total |
| | Interest Rate | Interest Rate | (1) | (2) | Interest Rate | Interest Rate | (1) | (2) |
| British pound sterling | 2.1% | 2.1% | \$ 1,228,483 | 5.1% | 2.1% | 2.1% | \$ 1,376,807 | 7.8% |
| Canadian dollar | 4.5% | 4.5% | 814,491 | 3.4% | 2.7% | 2.7% | 283,773 | 1.6% |
| Euro | 1.3% | 1.3% | 7,991,301 | 33.5% | 1.0% | 1.0% | 7,408,407 | 41.8% |
| Japanese yen | 1.0% | 1.0% | 3,308,009 | 13.9% | 0.9% | 0.9% | 2,878,542 | 16.2% |
| U.S. dollar | 3.6% | 3.6% | 10,533,677 | 44.1% | 2.6% | 2.6% | 5,767,525 | 32.6% |
| Total | 2.5% | 2.5% | \$ 23,875,961 | 100.0% | 1.6% | 1.6% | \$ 17,715,054 | 100.0% |

- (4) Through the Duke Transaction, we assumed \$ 4.2 billion of debt with a weighted average stated interest rate of 2.3 % and 4.9 % at fair value consisting of \$ 2.9 billion of senior notes, a \$ 746.4 million line of credit, a \$ 501.2 million term loan and \$ 34.2 million of secured mortgage debt. We paid down the balance on Duke's line of credit subsequent to closing the acquisition.
- (5) Senior notes are due from February 2024 to June 2061 with effective interest rates ranging from 0.3 % to 5.3 % at December 31, 2022.
- (6) Secured mortgage debt is due from April 2023 to September 2033 with effective interest rates ranging from 0.4 % to 7.0 % at December 31, 2022. The debt was principally secured by 21 operating properties, two properties under development, one prestabilized property, two other real estate investments and one land parcel with an aggregate undepreciated cost of \$ 1.3 billion at December 31, 2022.

Credit Facilities

In June 2022, we terminated our global senior credit facility (the “2019 Global Facility”) and entered into the 2022 Global Facility with a borrowing capacity of up to \$ 3.0 billion (subject to currency fluctuations). We also upsized our second global senior credit facility (the “2021 Global Facility”), increasing its borrowing capacity to \$ 2.0 billion (subject to currency fluctuations). We may draw on both facilities in British pounds sterling, Canadian dollars, euro, Japanese yen, Mexican pesos and U.S. dollars on a revolving basis. During the recast of both facilities, we modified the base rate of the aggregate lender commitments in U.S. dollars from the U.S. dollar London Inter-bank Offered Rate to the Secured Overnight Financing Rate. The 2021 Global Facility is scheduled to initially mature in April 2024 and the 2022 Global Facility in June 2026 ; however, we can extend the maturity date for each facility by six months on two occasions, subject to the payment of extension fees. We have the ability to increase the 2021 Global Facility to \$ 2.5 billion and the 2022 Global Facility to \$ 4.0 billion, subject to currency fluctuations and obtaining additional lender commitments.

We also have a Japanese yen revolver (the “Yen Credit Facility”) with total commitments of ¥ 55.0 billion (\$ 417.1 million at December 31, 2022). We have the ability to increase the borrowing capacity of the Yen Credit Facility to ¥ 75.0 billion (\$ 568.7 million at December 31, 2022), subject to obtaining additional lender commitments. The Yen Credit Facility is initially scheduled to mature in July 2024 ; however, we may extend the maturity date for one year, subject to the payment of extension fees.

We refer to the 2021 Global Facility, the 2022 Global Facility and the Yen Credit Facility, collectively, as our “Credit Facilities.” Pricing for the Credit Facilities, including the spread over the applicable benchmark and the rates applicable to facility fees and letter of credit fees, varies based on the public debt ratings of the OP.

The following table summarizes information about our Credit Facility activity and available liquidity (dollars in millions):

| | 2022 | 2021 | 2020 |
|--|-----------------|-----------------|-----------------|
| Credit Facility activity for the years ended December 31: | | | |
| Weighted average daily interest rate | 1.7 % | 1.3 % | 1.1 % |
| Weighted average daily borrowings | \$ 519 | \$ 60 | \$ 109 |
| Maximum borrowings outstanding at any month-end | \$ 1,538 | \$ 491 | \$ 727 |
| Available liquidity at December 31: | | | |
| Aggregate lender commitments | | | |
| Credit Facilities | \$ 5,441 | \$ 4,940 | \$ 4,119 |
| Less: | | | |
| Borrowings outstanding | 1,538 | 491 | 172 |
| Outstanding letters of credit | 38 | 7 | 24 |
| Current availability | \$ 3,865 | \$ 4,442 | \$ 3,923 |
| Available term loans | - | - | 250 |
| Cash and cash equivalents | 278 | 556 | 598 |
| Total liquidity | \$ 4,143 | \$ 4,998 | \$ 4,771 |

Senior Notes

The senior notes are unsecured and our obligations are effectively subordinated in certain respects to any of our debt that is secured by a lien on real property, to the extent of the value of such real property. The senior notes require interest payments be made quarterly, semi-annually or annually. The majority of the senior notes are redeemable at any time at our option, subject to certain prepayment penalties. Such repurchase and other terms are governed by the provisions of indenture agreements, various note purchase agreements or trust deeds. The following table summarizes the issuances of senior notes during 2022 (principal in thousands):

| Issuance Date | Aggregate Principal | | Issuance Date Weighted Average | | |
|---------------|----------------------------|----------------|---------------------------------------|--------------|-----------------------|
| | Borrowing Currency | USD (1) | Interest Rate | Years | Maturity Dates |
| January | £ 60,000 | \$ 80,932 | 2.1 % | 20.0 | December 2041 |
| February (2) | € 1,550,000 | \$ 1,768,240 | 1.0 % | 8.5 | February 2024 - 2034 |
| July | ¥ 30,964,500 | \$ 226,588 | 1.4 % | 15.5 | July 2027 - 2042 |
| September (2) | \$ 650,000 | \$ 650,000 | 4.6 % | 10.3 | January 2033 |
| November | C\$ 500,000 | \$ 362,511 | 5.3 % | 8.2 | January 2031 |
| December | ¥ 24,200,000 | \$ 177,560 | 1.8% | 13.4 | December 2027 - 2037 |
| Total | \$ 3,265,831 | | 2.3 % | 9.8 | |

(1) The exchange rate used to calculate into U.S. dollars was the spot rate at the settlement date.

- (2) A portion of the net proceeds from the issuance of these notes were used to finance green projects eligible under our green bond framework.

On October 6, 2022, we completed an exchange offer and consent solicitation for nine series of Duke's senior notes for an aggregate amount of \$ 3.4 billion, with \$ 3.2 billion, or 96 %, of the aggregate principal amount being validly tendered for exchange. The validly tendered senior notes were exchanged for notes issued by the OP. As a result of the consent solicitation, we have no separate remaining financial reporting obligations or financial covenants associated with the senior notes assumed in the Duke Transaction. All other terms of the assumed Duke senior notes remained substantially the same.

Early Extinguishment of Debt

We repurchased, redeemed or repaid certain debt before the maturity date in an effort to reduce our borrowing costs and extend our debt maturities. As a result, the difference between the recorded debt (including premiums, discounts and related debt issuance costs) and the consideration we paid to retire the debt, including fees, was recognized as gains or losses. Fees associated with the restructuring of debt that meets the modification criteria, along with existing unamortized premium or discount and debt issuance costs, are amortized over the term of the new debt.

We recognized \$ 20.2 million, \$ 187.5 million and \$ 188.3 million of losses on the early extinguishment of debt in 2022, 2021 and 2020, respectively. The losses during 2021 and 2020 were driven by the redemption of certain higher interest rate senior notes before their stated maturity. We redeemed \$ 1.5 billion of senior notes in 2021, with stated maturities of 2024 and 2025, and \$ 2.6 billion of senior notes in 2020, with stated maturities between 2021 and 2024. The losses in 2020 also included the extinguishment of debt assumed in the Liberty Transaction and IPT Transaction, which represented the excess of the prepayment penalties over the premium recorded upon assumption of the debt.

Term Loans

The following table summarizes our outstanding term loans at December 31 (dollars and borrowing currency in thousands):

| Term Loan | Borrowing Currency | Issuance Date | Lender Commitment at 2022 | | Amount Outstanding at 2022 | Amount Outstanding at 2021 | Interest Rate | Maturity Date |
|-----------------------------------|--------------------|---------------|---------------------------|------------|----------------------------|----------------------------|-----------------------|---------------------------|
| | | | Borrowing Currency | USD | | | | |
| 2015 Canadian (1) Term Loan | CAD | December 2015 | | \$ - | \$ 134,173 | CDOR + 0.9% | | February 2023 |
| March 2017 Yen Term Loan | JPY | March 2017 | ¥ 12,000,000 | \$ 90,994 | 90,994 | 104,243 | 0.9% and 1.0% | March 2027 - 2028 |
| October 2017 Yen Term Loan | JPY | October 2017 | ¥ 10,000,000 | \$ 75,828 | 75,828 | 86,869 | 0.9% | October 2032 |
| December 2018 Yen Term Loan | JPY | December 2018 | ¥ 20,000,000 | \$ 151,656 | 151,656 | 173,738 | 1.2% and TIBOR + 0.7% | December 2031 - June 2033 |
| January 2019 Yen Term Loan | JPY | January 2019 | ¥ 15,000,000 | \$ 113,742 | 113,742 | 130,304 | TIBOR + 0.5% to 0.6% | January 2028 - 2030 |
| March 2019 Yen Term Loan | JPY | March 2019 | ¥ 85,000,000 | \$ 644,540 | 644,540 | 738,388 | TIBOR + 0.4% | March 2026 |
| June 2022 Yen Term Loan | JPY | June 2022 | ¥ 25,000,000 | \$ 189,570 | 189,570 | - | 1.1% and 1.2% | June 2032 - 2034 |
| 2022 Canadian Term Loan (1) | CAD | August 2022 | C\$ 300,000 | \$ 221,593 | 221,593 | - | CDOR + spread | August 2025 |
| 2022 U.S. Dollar Term Loan (2) | USD | October 2022 | \$ 500,000 | \$ 500,000 | 500,000 | - | SOFR + 0.1% | March 2025 |
| December 2022 Yen Term Loan | JPY | December 2022 | ¥ 15,000,000 | \$ 113,742 | 113,742 | - | 1.4% | December 2033 |
| Subtotal | | | | | 2,101,665 | 1,367,715 | | |
| Debt issuance costs, net | | | | | (5,007) | (5,169) | | |
| Total term loans | | | | | \$ 2,096,658 | \$ 1,362,546 | | |

(1) In July 2022, we paid down our existing term loan in Canada of CAD \$ 170.5 million (\$ 133.5 million) and entered into a new term loan in Canada ("2022 Canadian Term Loan") for CAD \$ 300.0 million (\$ 221.6 million at December 31, 2022), bearing interest at the Canada Dollar Offered Rate ("CDOR") plus a spread over the applicable benchmark. We can extend the maturity date on the 2022 Canadian Term Loan by one year on two occasions, subject to the payment of extension fees. As the CDOR interest rate will transition to the Canadian Overnight Repo Rate Average prior to June 30, 2024, we anticipate modifying the interest rate on this loan prior to this transition and do not expect it to have a material impact on our Consolidated Financial Statements .

(2) This term loan was acquired in the Duke Transaction.

Other Debt

In December 2021, we entered into a loan for € 400.0 million (\$ 453.0 million at December 31, 2021) with an interest rate of -0.5 % and a maturity of June 2022 . This loan matured in 2022.

Long-Term Debt Maturities

Scheduled principal payments due on our debt for each year through the period ended December 31, 2027, and thereafter were as follows at December 31, 2022 (in thousands):

| Maturity | Unsecured | | | Secured Mortgage | Total |
|---------------------------------------|--------------------------|----------------------|-----------------------------|-------------------------|----------------------|
| | Credit Facilities | Senior Notes | Term Loans and Other | | |
| 2023 (1) | \$ - | \$ - | \$ - | \$ 32,940 | \$ 32,940 |
| 2024 (2) | 486,795 | 319,980 | - | 95,379 | 902,154 |
| 2025 (3) | - | 37,914 | 722,711 | 146,793 | 907,418 |
| 2026 (4) | 1,051,666 | 1,308,179 | 644,605 | 68,434 | 3,072,884 |
| 2027 | - | 1,746,859 | 54,348 | 4,156 | 1,805,363 |
| Thereafter | - | 16,949,473 | 688,869 | 89,135 | 17,727,477 |
| Subtotal | 1,538,461 | 20,362,405 | 2,110,533 | 436,837 | 24,448,236 |
| Unamortized premiums (discounts), net | - | (490,968) | 1,066 | 8,766 | (481,136) |
| Unamortized debt issuance costs, net | - | (85,184) | (5,007) | (948) | (91,139) |
| Total | \$ 1,538,461 | \$ 19,786,253 | \$ 2,106,592 | \$ 444,655 | \$ 23,875,961 |

- (1) We expect to repay the amounts maturing in the next twelve months with cash generated from operations, proceeds from dispositions of real estate properties, or as necessary, with additional borrowings.
- (2) Included in the 2024 maturities is the 2021 Global Facility and Yen Credit Facility that can be extended until 2025.
- (3) Included in the 2025 maturities is the 2022 Canadian Term Loan that can be extended until 2027.
- (4) Included in the 2026 maturities is the 2022 Global Facility that can be extended until 2027.

Interest Expense

The following table summarizes the components of interest expense for the years ended December 31 (in thousands):

| | 2022 | 2021 | 2020 |
|---|-------------------|-------------------|-------------------|
| Gross interest expense | \$ 345,398 | \$ 299,115 | \$ 348,427 |
| Amortization of debt discounts (premiums), net | 6,602 | (7,478) | (6,741) |
| Amortization of debt issuance costs, net | 17,134 | 16,134 | 14,600 |
| Interest expense before capitalization | \$ 369,134 | \$ 307,771 | \$ 356,286 |
| Capitalized amounts | (60,097) | (41,543) | (41,779) |
| Net interest expense | \$ 309,037 | \$ 266,228 | \$ 314,507 |
| Total cash paid for interest, net of amounts capitalized | \$ 234,131 | \$ 278,861 | \$ 309,390 |

Financial Debt Covenants

Our senior notes, term loans and Credit Facilities outstanding at December 31, 2022 were subject to certain financial covenants under their related documents. At December 31, 2022, we were in compliance with all of our financial debt covenants.

Guarantee of Finance Subsidiary Debt

We have finance subsidiaries as part of our operations in Europe (Prologis Euro Finance LLC), Japan (Prologis Yen Finance LLC) and the U.K. (Prologis Sterling Finance LLC) in order to mitigate our foreign currency risk by borrowing in the currencies in which we invest. These entities are 100 % indirectly owned by the OP and all unsecured debt issued or to be issued by each entity is or will be fully and unconditionally guaranteed by the OP. There are no restrictions or limits on the OP's ability to obtain funds from its subsidiaries by dividend or loan. In reliance on Rule 13-01 of Regulation S-X, the separate financial statements of Prologis Euro Finance LLC, Prologis Yen Finance LLC and Prologis Sterling Finance LLC are not provided.

NOTE 9. STOCKHOLDERS' EQUITY OF PROLOGIS, INC.**Shares Authorized**

At December 31, 2022, 2.1 billion shares were authorized to be issued by the Parent, of which 2.0 billion shares represent common stock and 0.1 billion shares represent preferred stock. Our board of directors (the "Board") may, without stockholder approval, classify or reclassify any unissued shares of our stock from time to time by setting or changing the preferences, conversion or other rights, voting powers, restrictions, limitations as to distributions, qualifications and terms or conditions of redemption of such shares.

Common Stock

Our at-the-market program allows us to sell up to \$ 1.5 billion in aggregate gross sales proceeds of shares of common stock through twenty designated agents. These agents earn a fee of up to 2 % of the gross sales price per share of common stock as agreed to on a transaction-by-transaction basis. We have not issued any shares of common stock under this program.

On October 3, 2022, we issued 182.7 million common shares in the Duke Transaction. On February 4, 2020, we issued 106.7 million common shares in the Liberty Transaction. See Note 3 for more detail on these transactions.

Under the 2020 Long-Term Incentive Plan, certain of our employees and outside directors are able to participate in equity-based compensation plans. See Note 12 for additional information on equity-based compensation plans.

Share Purchase Program

We have a share purchase program for the repurchase of outstanding shares of our common stock on the open market or in privately negotiated transactions for an aggregate purchase price of up to \$ 1.0 billion. In 2020, we repurchased and retired 0.5 million shares of common stock for an aggregate price of \$ 34.8 million at a weighted average price of \$ 64.66 per share on the open market.

Preferred Stock

In 2020, we repurchased approximately 0.1 million shares of Series Q preferred stock and recognized a loss of \$ 2.3 million, which primarily represented the difference between the repurchase price and the carrying value of the preferred stock, net of original issuance costs.

At December 31, 2022 and 2021 our Series Q preferred stock outstanding had a dividend rate of 8.54 % and will be redeemable at our option on or after November 13, 2026. Holders have, subject to certain conditions, limited voting rights and all holders are entitled to receive cumulative preferential dividends based on liquidation preference. The dividends are payable quarterly when, and if, they have been declared by the Board, out of funds legally available for the payment of dividends.

Ownership Restrictions

For us to qualify as a REIT, five or fewer individuals may not own more than 50 % of the value of our outstanding stock at any time during the last half of our taxable year. Therefore, our charter restricts beneficial ownership (or ownership generally attributed to a person under the REIT rules), by a person, or persons acting as a group, of issued and outstanding common and preferred stock that would cause that person to own or be deemed to own more than 9.8 % (by value or number of shares, whichever is more restrictive) of our issued and outstanding common stock. Furthermore, subject to certain exceptions, no person shall at any time directly or indirectly acquire ownership of more than 25 % of any of the preferred stock. These provisions assist us in protecting and preserving our REIT status and protect the interests of stockholders in takeover transactions by preventing the acquisition of a substantial block of outstanding shares of stock.

Shares of stock owned by a person or group of people in excess of these limits are subject to redemption by us. The provision does not apply where a majority of the Board, in its sole and absolute discretion, waives such limit after determining that our status as a REIT for federal income tax purposes will not be jeopardized.

Dividends

To comply with the REIT requirements of the IRC, we are generally required to make common and preferred stock dividends (other than capital gain distributions) to our stockholders in amounts that together at least equal (i) the sum of (a) 90 % of our "REIT taxable income" computed without regard to the dividends paid deduction and net capital gains and (b) 90% of the net income (after tax), if any, from foreclosure property, minus (ii) certain excess noncash income. Our common stock distribution policy is to distribute a percentage of our cash flow that ensures that we will meet the distribution requirements of the IRC and that allows us to also retain cash to meet other needs, such as capital improvements and other investment activities.

The taxability of our dividends for the years ended December 31, 2022, 2021 and 2020 are presented below. The taxability of dividends paid in 2022 was based on management's estimates as our tax return for the year ended December 31, 2022 has not been filed. As the

statute of limitations is generally three years, our tax returns for certain years remain subject to examination and consequently the taxability of the dividends is subject to change.

In 2022, 2021 and 2020, we paid all of our dividends in cash.

The following summarizes the taxability of our common and preferred stock dividends for the years ended December 31:

| | 2022 (1) | 2021 | 2020 |
|-----------------------------|-----------------|----------------|----------------|
| Common Stock: | | | |
| Ordinary income | \$ 3.08 | \$ 2.45 | \$ 2.12 |
| Qualified dividend | 0.02 | 0.00 | 0.00 |
| Capital gains | 0.06 | 0.07 | 0.20 |
| Total distribution | <u>\$ 3.16</u> | <u>\$ 2.52</u> | <u>\$ 2.32</u> |
| Preferred Stock - Series Q: | | | |
| Ordinary income | \$ 4.16 | \$ 4.15 | \$ 3.96 |
| Qualified dividend | 0.02 | 0.01 | 0.02 |
| Capital gains | 0.09 | 0.11 | 0.29 |
| Total dividend | <u>\$ 4.27</u> | <u>\$ 4.27</u> | <u>\$ 4.27</u> |

(1) Taxability for 2022 is estimated.

Common stock dividends are characterized for federal income tax purposes as ordinary income, qualified dividend, capital gains, non-taxable return of capital or a combination of the four. Common stock dividends that exceed our current and accumulated earnings and profits (calculated for tax purposes) constitute a return of capital rather than a dividend and generally reduce the stockholder's basis in the common stock. To the extent that a dividend exceeds both current and accumulated earnings and profits and the stockholder's basis in the common stock, it will generally be treated as a gain from the sale or exchange of that stockholder's common stock. At the beginning of each year, we notify our stockholders of the taxability of the common stock dividends paid during the preceding year.

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.

NOTE 10. PARTNERS' CAPITAL OF PROLOGIS, L.P.

Distributions paid on the common limited partnership units, and the taxability of those distributions, are similar to dividends paid on the Parent's common stock disclosed above.

On October 3, 2022, we issued 2.1 million common limited partnership units in the OP in the Duke Transaction. On February 4, 2020, we issued 2.3 million common limited partnership units in the OP in the Liberty Transaction. See Note 3 for more detail on these transactions. Additionally, we issued 1.0 million limited partnership units to our partner as partial consideration for the acquisition of additional ownership interest in an unconsolidated other venture in 2021 and 0.5 million limited partnership units as partial consideration for the acquisition of other properties in 2020.

We issued Class A Units in the OP through an acquisition of a portfolio of properties in 2015. The Class A Units generally have the same rights as the existing common limited partnership units of the OP, except that the Class A Units are entitled to a quarterly distribution equal to \$ 0.64665 per unit so long as the common limited partnership units receive a quarterly distribution of at least \$ 0.40 per unit (in the event the common limited partnership units receive a quarterly distribution of less than \$ 0.40 per unit, the Class A Unit distribution would be reduced by a proportionate amount). Class A Units are convertible into common limited partnership units at an initial conversion rate of one-for-one. The conversion rate will be increased or decreased to the extent that, at the time of conversion, the net present value of the distributions paid with respect to the Class A Units are less or more than the distributions paid on common limited partnership units from the time of issuance of the Class A Units until the time of conversion. At December 31, 2022 and 2021, the Class A Units were convertible into 8.0 million common limited partnership units. The OP may redeem the Class A Units at any time after October 7, 2025, for an amount in cash equal to the then-current number of the common limited partnership units into which the Class A Units are convertible, multiplied by \$ 43.11 , subject to the holders' right to convert the Class A Units into common limited partnership units. Distributions paid to the Class A Units were \$ 2.58660 annually during the years ended December 31, 2022, 2021 and 2020.

NOTE 11. NONCONTROLLING INTERESTS

Prologis, L.P.

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

As discussed in Note 1, the Parent has complete responsibility, power and discretion in the day-to-day management of the OP. The Parent, through its majority interest, has the right to receive benefits from and incur losses of the OP. In addition, the OP does not have either substantive liquidation rights or substantive kick-out rights without cause or substantive participating rights that could be exercised by a simple majority of noncontrolling interests. The absence of such rights renders the OP as a VIE. Accordingly, the Parent is the primary beneficiary and therefore consolidates the OP.

Prologis, Inc.

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

The following table summarizes these entities at December 31 (dollars in thousands):

| | Our Ownership Percentage | | Noncontrolling Interests | | Total Assets | | Total Liabilities | |
|---|--------------------------|---------|--------------------------|--------------------|--------------------|--------------------|-------------------|------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Prologis U.S. Logistics Venture | 55.0% | 55.0% | \$ 3,182,858 | \$ 3,264,337 | \$ 7,225,438 | \$ 7,397,195 | \$ 158,453 | \$ 147,545 |
| Other consolidated entities (1) | various | various | 134,909 | 133,201 | 1,737,311 | 1,453,236 | 259,524 | 162,598 |
| Prologis, L.P. | | | 3,317,767 | 3,397,538 | 8,962,749 | 8,850,431 | 417,977 | 310,143 |
| Limited partners in Prologis, L.P. (2)(3) | | | 1,308,044 | 917,799 | - | - | - | - |
| Prologis, Inc. | | | \$4,625,811 | \$4,315,337 | \$8,962,749 | \$8,850,431 | \$417,977 | \$310,143 |

- (1) Includes two partnerships that have issued limited partnership units to third parties, as discussed above, along with various other consolidated entities. The limited partnership units outstanding at December 31, 2022 and 2021 were exchangeable into cash or, at our option, 0.3 million shares of the Parent's common stock.
- (2) We had 8.6 million Class A Units at December 31, 2022 and 2021 that were convertible into 8.0 million limited partnership units of the OP at the end of each year. See Note 10 for further discussion of our Class A Units .
- (3) There were limited partnership units in the OP, excluding the Class A Units, that were exchangeable into cash or, at our option, 10.0 million and 8.4 million shares of the Parent's common stock, at December 31, 2022 and 2021, respectively. Also included are the vested OP Long-Term Incentive Plan Units ("LTIP Units") associated with our long-term compensation plans of 4.6 million and 4.0 million shares of the Parent's common stock at December 31, 2022 and 2021, respectively. See further discussion of LTIP Units in Note 12.

NOTE 12. LONG-TERM COMPENSATION

2020 Long-Term Incentive Plan

In 2020, our stockholders approved the 2020 Long-Term Incentive Plan ("2020 LTIP"), which replaced the 2012 Long-Term Incentive Plan ("2012 LTIP"). After approval of the 2020 LTIP, no further awards could be made under the 2012 LTIP and outstanding awards previously granted under the 2012 LTIP will remain outstanding in accordance with the awards' terms.

The 2020 LTIP provides for grants of awards to officers, directors, employees and consultants of the Parent or its subsidiaries. Awards can be in the form of: full value awards, stock appreciation rights and stock options (non-qualified options and incentive stock options). Full value awards generally consist of: (i) common stock; (ii) restricted stock units ("RSUs"); (iii) OP LTIP units ("LTIP Units") and (iv) Prologis Outperformance Plan ("POP") OP LTIP units ("POP LTIP Units"). The equity-based compensation plans and programs under which awards can be made were not changed under the 2020 LTIP. Awards may be made under the 2020 LTIP until it is terminated by the Board or until the ten-year anniversary of the effective date of the plan.

The awards have been issued under the following components of our equity-based compensation plans and programs at December 31, 2022: (i) POP; (ii) Prologis Promote Plan ("PPP"); (iii) annual long-term incentive ("LTI") equity award program ("Annual LTI Award");

and (iv) annual bonus exchange program. Under all of these components, certain employees may elect to receive their equity award payout either in the form of RSUs or other equity of the Parent or LTIP Units of the OP.

At December 31, 2022, we had 33.3 million shares reserved or available for issuance, including 5.7 million shares of common stock to be issued upon vesting of awards previously granted and 21.0 million shares of common stock remaining available for future issuance under equity compensation plans. Each LTIP Unit and POP LTIP Unit counts as one share of common stock for purposes of calculating the limit on shares that may be issued.

Equity-Based Compensation Plans and Programs

Prologis Outperformance Plan (“POP”)

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

We granted participation points for the 2022 – 2024 performance period in January 2022, as discussed in the table below. The 2022 – 2024 performance period has an absolute maximum cap of \$ 100 million. If an award is earned at the end of the initial three-year performance period, then 20 % of the POP award is paid at the end of the initial performance period and the remaining 80 % is subject to additional seven-year cliff vesting. The 20% that is paid at the end of the initial three-year performance period is subject to an additional three-year holding requirement.

Each participant is eligible to receive a percentage of the total compensation pool based on the number of participation points allocated to the participant, or in the case of certain executive officers, a set percentage of the compensation pool. If the performance criteria are met, the participants’ points or compensation pool percentage will be paid in the form of common stock, restricted stock units, POP LTIP Units or LTIP Units, as elected by the participant. Annually, a participant may exchange their participation points or compensation pool percentage for POP LTIP Units. If the performance criteria are not met, the participants’ points, compensation pool percentage and POP LTIP Units will be forfeited.

At December 31, 2022, all awards were equity classified. The initial valuation was calculated using a Monte Carlo valuation model.

The following table details the assumptions used for each grant based on the year it was granted (dollars in thousands):

| | 2022 | 2021 | 2020 |
|--|-------------|-------------|-------------|
| Risk free interest rate | 1.0% | 0.2% | 1.7% |
| Prologis expected volatility | 31.0% | 32.0% | 19.0% |
| MSCI US REIT Index expected volatility | 29.0% | 29.0% | 13.0% |
| Aggregate fair value | \$ 30,400 | \$ 30,300 | \$ 28,800 |

Total remaining compensation cost related to the POP at December 31, 2022, was \$ 62.5 million, prior to adjustments for capitalized amounts due to our development activities. The remaining compensation cost will be recognized through 2031, with a weighted average period of 2.8 years.

The performance criteria were met for the 2020 – 2022, 2019 – 2021, 2018 – 2020, and 2017 – 2019 performance periods at the end of the initial three-year performance period, which resulted in awards being earned in January 2023, 2022, 2021 and 2020, respectively, in the form of the awards listed below. See below for details on these performance periods (dollars, shares and units in thousands, except average price):

| | 2020 - 2022 | 2019 - 2021 | 2018 - 2020 | 2017 - 2019 (1) |
|--|--------------------|--------------------|--------------------|----------------------------|
| Performance pool | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 142,133 |
| Common stock shares | 53 | 34 | 61 | 443 |
| Restricted stock units | 211 | 134 | 242 | - |
| POP LTIP Units and LTIP Units | 623 | 426 | 701 | 930 |
| Average price used to determine number of awards | \$ 112.74 | \$ 168.37 | \$ 99.67 | \$ 103.56 |

(1) These performance period amounts include awards earned subsequent to the initial three-year performance period. One-third of the remaining compensation pool in excess of the \$ 75.0 million aggregate initial award amounts can be earned at the end of each

of the three years following the end of the initial three-year performance period if our performance meets or exceeds the MSCI US REIT Index at the end of each of such three years.

The tables below include POP awards that were earned but are unvested while any vested awards are reflected within the Consolidated Statements of Equity and Capital. The initial grant date fair value derived using a Monte Carlo valuation model was used in determining the grant date fair value per unit in the award tables below.

Other Equity-Based Compensation Plans and Programs

Awards may be issued in the form of RSUs or LTIP Units at the participants' elections under the following equity-based compensation plans and programs. RSUs and LTIP Units are valued based on the market price of the Parent's common stock on the date the award is granted and the grant date value is charged to compensation expense over the service period. The service period is generally four years, except for awards under the annual bonus exchange program. Dividends and distributions are paid with respect to both RSUs and LTIP Units during the vesting period, and therefore they are considered participating securities. We do not allocate undistributed earnings to participating securities as our net earnings per share or unit would not be materially different. The value of the dividend is charged to retained earnings for RSUs and the distribution is charged to *Net Earnings Attributable to Noncontrolling Interests* in the OP for LTIP Units in the Consolidated Financial Statements of the Parent.

Prologis Promote Plan ("PPP")

Under the PPP, we establish a compensation pool for certain employees up to 40 % of the third-party portion of promotes earned by Prologis from the co-investment ventures. The awards may be settled in some combination of cash and full value awards, at our election.

Annual LTI Equity Award Program ("Annual LTI Award")

The Annual LTI Award provides for grants to certain employees subject to our performance against benchmark indices that relate to the most recent year's performance.

Annual Bonus Exchange Program

Under our bonus exchange program, generally all our employees may elect to receive all or a portion of their annual cash bonus in equity. Equity awards granted through the bonus exchange are valued at a premium to the cash bonus exchanged and vest over three years, excluding certain executive officers. As certain executive officers do not receive a bonus exchange premium for participating in the bonus exchange program, the equity they receive upon exchange for their cash bonuses does not have a vesting period.

Summary of Award Activity

RSUs

Each RSU represents the right to receive one share of common stock of the Parent.

The following table summarizes the activity for RSUs for the year ended December 31, 2022 (units in thousands):

| | Unvested RSUs | Weighted Average Grant Date Fair Value |
|-------------------------------------|----------------------|---|
| Balance at January 1, 2022 | 1,237 | \$ 87.87 |
| Granted | 838 | 118.05 |
| Vested and distributed | (502) | 96.74 |
| Forfeited | (40) | 121.42 |
| Balance at December 31, 2022 | 1,533 | \$ 100.59 |

The fair value of stock awards granted and vested was \$ 98.9 million and \$ 48.6 million for 2022, respectively, and \$ 74.5 million and \$ 32.6 million for 2021 respectively, based on the weighted average grant date fair value per unit.

Total remaining compensation cost related to RSUs outstanding, excluding POP, at December 31, 2022, was \$ 90.9 million, prior to adjustments for capitalized amounts due to our development activities. The remaining compensation cost will be recognized through 2026, with a weighted average period of 1.4 years.

LTIP Units

An LTIP Unit represents a partnership interest in the OP. After vesting and the satisfaction of certain conditions, an LTIP Unit may be exchangeable for a common limited partnership unit in the OP and then redeemable for a share of common stock or cash at our option.

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The following table summarizes the activity for LTIP Units for the year ended December 31, 2022 (units in thousands):

| | Unvested LTIP Units | Weighted Average Grant Date Fair Value |
|-------------------------------------|--------------------------------|---|
| Balance at January 1, 2022 | 3,317 | \$ 61.65 |
| Granted | 1,831 | 103.13 |
| Vested LTIP Units | (934) | 90.30 |
| Balance at December 31, 2022 | 4,214 | \$ 73.31 |

The fair value of unit awards granted and vested, excluding POP awards, was \$ 188.8 million and \$ 84.3 million for 2022, respectively, and \$ 86.6 million and \$ 82.2 million for 2021, respectively, based on the weighted average grant date fair value per unit.

Total remaining compensation cost related to LTIP Units, excluding POP, at December 31, 2022, was \$ 176.5 million, prior to adjustments for capitalized amounts due to our development activities. The remaining compensation cost will be recognized through 2026, with a weighted average period of 1.4 years.

Other Plans

In 2020, the Prologis 401(k) Plan (the "401(k) Plan") was amended to provide for a new matching employer contribution of \$ 0.50 for every dollar contributed by an employee, up to 12 % of the employee's annual compensation (within the statutory compensation limit). The matching employer contribution was previously up to 6 % of the employee's annual compensation. In the 401(k) Plan, vesting in the matching employer contributions is based on the employee's years of service, with 100 % vesting at the completion of one year of service. Our contributions under the matching provisions were \$ 8.1 million, \$ 5.8 million and \$ 5.9 million for the years ended December 31, 2022, 2021 and 2020, respectively.

We have a non-qualified savings plan that allows highly compensated employees the opportunity to defer the receipt and income taxation of a certain portion of their compensation in excess of the amount permitted under the 401(k) Plan. There has been no employer matching within this plan in the three-year period ended December 31, 2022.

NOTE 13. INCOME TAXES

Components of Earnings Before Income Taxes

The following table summarizes the components of earnings before income taxes for the years ended December 31 (in thousands):

| | 2022 | 2021 | 2020 |
|-------------------------------------|---------------------|---------------------|---------------------|
| Domestic | \$ 2,423,809 | \$ 2,208,168 | \$ 1,030,609 |
| International | 1,267,001 | 1,114,680 | 716,479 |
| Earnings before income taxes | \$ 3,690,810 | \$ 3,322,848 | \$ 1,747,088 |

Summary of Current and Deferred Income Taxes

The following table summarizes the components of the provision for income taxes for the years ended December 31 (in thousands):

| | 2022 | 2021 | 2020 |
|---|-------------------|-------------------|-------------------|
| Current income tax expense (benefit): | | | |
| U.S. federal | \$ (6,645) | \$ 58,906 | \$ 48,440 |
| International | 112,489 | 103,488 | 65,720 |
| State and local | 16,930 | 10,542 | 15,554 |
| Total current income tax expense | <u>122,774</u> | <u>172,936</u> | <u>129,714</u> |
| Deferred income tax expense (benefit): | | | |
| U.S. federal | 3,359 | 2,895 | (2,464) |
| International | 9,279 | (1,573) | 3,208 |
| Total deferred income tax expense | <u>12,638</u> | <u>1,322</u> | <u>744</u> |
| Total income tax expense | \$ 135,412 | \$ 174,258 | \$ 130,458 |

Current Income Taxes

We recognize current income tax expense for the federal and state income taxes incurred by our TRSs and taxes incurred in certain states and foreign jurisdictions. Current income tax expense fluctuates from period to period based primarily on the timing of our taxable income. Taxable income incurred over the last three years was principally due to the following: (i) the contribution of real estate properties to our unconsolidated co-investment ventures and sales to third parties; (ii) recurring and transactional strategic capital fees earned; and (iii) taxable earnings from unconsolidated co-investment ventures. For 2021 and 2020, we had higher current tax expense in the U.S. primarily due to the tax incurred on the sale of assets. Included in 2022 is the reversal of a liability for an uncertain tax position, related to a previous acquisition, due to the expiration of the statute of limitations.

During the years ended December 31, 2022, 2021 and 2020, cash paid for income taxes, net of refunds, was \$ 130.0 million, \$ 148.7 million and \$ 100.7 million, respectively.

Deferred Income Taxes

The deferred income tax expense recognized in 2022, 2021 and 2020 was primarily due to changes in temporary differences and utilization of NOLs.

The following table summarizes the deferred income tax assets and liabilities at December 31 (in thousands):

| | 2022 | 2021 |
|--|------------------|------------------|
| Gross deferred income tax assets: | | |
| NOL carryforwards | \$ 229,410 | \$ 272,713 |
| Basis difference - real estate properties | 94,610 | 99,984 |
| Basis difference - equity investments | 17,042 | 8,462 |
| Section 163(j) interest limitation | 2,218 | 1,599 |
| Capital loss carryforward | 6,903 | 14,238 |
| Other - temporary differences | 9,250 | 10,027 |
| Total gross deferred income tax assets | 359,433 | 407,023 |
| Valuation allowance | (295,834) | (337,587) |
| Gross deferred income tax assets, net of valuation allowance | 63,599 | 69,436 |
| Gross deferred income tax liabilities: | | |
| Basis difference - real estate properties | 116,102 | 104,292 |
| Basis difference - equity investments | 40,333 | 30,276 |
| Other - temporary differences | 1,189 | 949 |
| Total gross deferred income tax liabilities | 157,624 | 135,517 |
| Net deferred income tax liabilities | \$ 94,025 | \$ 66,081 |

At December 31, 2022, we had NOL carryforwards as follows (in thousands):

| | U.S. | Europe | Mexico | Japan | Other |
|---|---------------|-----------------|---------------|--------------|-------------------|
| Gross NOL carryforward | \$ 68,491 | \$ 564,972 | \$ 161,964 | \$ 62,563 | \$ 36,810 |
| Tax-effected NOL carryforward | 17,415 | 142,330 | 51,290 | 9,258 | 9,117 |
| Valuation allowance | 16,811 | 137,055 | 51,290 | 9,258 | 9,117 |
| Net deferred tax asset - NOL carryforward | <u>\$ 604</u> | <u>\$ 5,275</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Expiration periods | 2023 - 2042 | indefinite | 2023 - 2033 | 2023 - 2032 | 2023 - indefinite |

The deferred tax asset valuation allowance at December 31, 2022, was adequate to reduce the total deferred tax asset to an amount that we estimate will more likely than not be realized.

Liability for Uncertain Tax Positions

During the years ended December 31, 2022, 2021 and 2020, we believe that we had complied with the REIT requirements of the IRC. The statute of limitations for our tax returns is generally three years. As such, our tax returns that remain subject to examination would be primarily from 2019 and thereafter. Liabilities or any related settlements for uncertain tax positions for the years ended December 31, 2022, 2021 and 2020 were not material to our Consolidated Financial Statements.

NOTE 14. EARNINGS PER COMMON SHARE OR UNIT

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

The computation of our basic and diluted earnings per share and unit for the years ended December 31 was as follows (in thousands, except per share and unit amounts):

Prologis, Inc.

| | 2022 | 2021 | 2020 |
|--|--------------------|--------------------|--------------------|
| Net earnings attributable to common stockholders – Basic | \$ 3,358,796 | \$ 2,933,571 | \$ 1,473,122 |
| Net earnings attributable to exchangeable limited partnership units (1) | 92,236 | 82,092 | 41,938 |
| Adjusted net earnings attributable to common stockholders – Diluted | \$3,451,032 | \$3,015,663 | \$1,515,060 |
| Weighted average common shares outstanding – Basic | 785,675 | 739,363 | 728,323 |
| Incremental weighted average effect on exchange of limited partnership units (1) | 21,803 | 20,913 | 20,877 |
| Incremental weighted average effect of equity awards | 4,130 | 4,486 | 5,214 |
| Weighted average common shares outstanding – Diluted (2) | 811,608 | 764,762 | 754,414 |

Net earnings per share attributable to common stockholders:

Basic

Diluted

| | 2022 | 2021 | 2020 |
|---------|-------------|-------------|-------------|
| \$ 4.28 | \$ 3.97 | \$ 2.02 | |
| \$ 4.25 | \$ 3.94 | \$ 2.01 | |

Prologis, L.P.

| | 2022 | 2021 | 2020 |
|--|--------------------|--------------------|--------------------|
| Net earnings attributable to common unitholders | \$ 3,450,727 | \$ 3,015,363 | \$ 1,514,743 |
| Net earnings attributable to Class A Units | (34,311) | (31,758) | (16,262) |
| Net earnings attributable to common unitholders – Basic | 3,416,416 | 2,983,605 | 1,498,481 |
| Net earnings attributable to Class A Units | 34,311 | 31,758 | 16,262 |
| Net earnings attributable to exchangeable other limited partnership units | 305 | 300 | 317 |
| Adjusted net earnings attributable to common unitholders – Diluted | \$3,451,032 | \$3,015,663 | \$1,515,060 |
| Weighted average common partnership units outstanding – Basic | 799,153 | 751,973 | 740,860 |
| Incremental weighted average effect on exchange of Class A Units | 8,026 | 8,004 | 8,041 |
| Incremental weighted average effect on exchange of other limited partnership units | 299 | 299 | 299 |
| Incremental weighted average effect of equity awards of Prologis, Inc. | 4,130 | 4,486 | 5,214 |
| Weighted average common units outstanding – Diluted (2) | 811,608 | 764,762 | 754,414 |

Net earnings per unit attributable to common unitholders:

Basic

Diluted

| | 2022 | 2021 | 2020 |
|---------|-------------|-------------|-------------|
| \$ 4.28 | \$ 3.97 | \$ 2.02 | |
| \$ 4.25 | \$ 3.94 | \$ 2.01 | |

- (1) Earnings allocated to the exchangeable OP units not held by the Parent have been included in the numerator and exchangeable common units have been included in the denominator for the purpose of computing diluted earnings per share for all periods as the per share and unit amount is the same.
- (2) Our total weighted average potentially dilutive shares and units outstanding for the years ended December 31 consisted of the following :

| | 2022 | 2021 | 2020 |
|----------------------------------|---------------|---------------|---------------|
| Class A Units | 8,026 | 8,004 | 8,041 |
| Other limited partnership units | 299 | 299 | 299 |
| Equity awards | 6,298 | 6,719 | 7,798 |
| Prologis, L.P. | 14,623 | 15,022 | 16,138 |
| Common limited partnership units | 13,478 | 12,610 | 12,537 |
| Prologis, Inc. | 28,101 | 27,632 | 28,675 |

NOTE 15. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS**Derivative Financial Instruments**

In the normal course of business, our operations are exposed to market risks, including the effect of changes in foreign currency exchange rates and interest rates. We may enter into derivative financial instruments to offset these underlying market risks. See Note 2 for our derivative financial instruments policy.

The following table presents the fair value of our derivative financial instruments recognized within *Other Assets* and *Other Liabilities* on the Consolidated Balance Sheets at December 31 (in thousands):

| | 2022 | | 2021 | |
|--|-------------------|------------------|------------------|------------------|
| | Asset | Liability | Asset | Liability |
| Undesignated derivatives | | | | |
| Foreign currency contracts | | | | |
| Forwards | | | | |
| Brazilian real | \$ 35 | \$ 494 | \$ 664 | \$ - |
| British pound sterling | 29,187 | 648 | 5,361 | 3,492 |
| Canadian dollar | 12,074 | 2 | 2,856 | 1,790 |
| Chinese renminbi | 657 | 364 | - | 550 |
| Euro | 51,317 | 2,801 | 40,484 | 136 |
| Japanese yen | 34,022 | 2,344 | 23,341 | - |
| Swedish krona | 6,292 | - | 3,773 | 201 |
| Designated derivatives | | | | |
| Foreign currency contracts | | | | |
| Net investment hedges | | | | |
| British pound sterling | 23,534 | - | 9,158 | 2,683 |
| Canadian dollar | 24,552 | - | 5,410 | 823 |
| Interest rate swaps | | | | |
| Cash flow hedges | | | | |
| Euro | 44,982 | - | - | - |
| U.S. dollar | 584 | 29 | - | - |
| Total fair value of derivatives | \$ 227,236 | \$ 6,682 | \$ 91,047 | \$ 9,675 |

Undesignated Derivative Financial Instruments

Foreign Currency Contracts

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

| | 2022 | | | | | | 2021 | | | | | | 2020 | | | | | |
|---|-------------|-------------|-------------|---------------|-----------|--------------|-------------|-------------|-------------|---------------|------------|--------------|-------------|-------------|-------------|---------------|-----------|--------------|
| | CAD | EUR | GBP | JPY | Other | Total | CAD | EUR | GBP | JPY | Other | Total | CAD | EUR | GBP | JPY | Other | Total |
| Notional amounts at January 1 (\$) | 175 | 749 | 383 | 250 | 105 | 1,662 | 163 | 474 | 207 | 252 | 66 | 1,162 | 120 | 581 | 178 | 182 | 46 | 1,107 |
| New contracts (\$) | 172 | 658 | 264 | 181 | 92 | 1,367 | 225 | 437 | 308 | 76 | 91 | 1,137 | 88 | 1,314 | 364 | 154 | 85 | 2,005 |
| Matured, expired or settled contracts (\$) | (806) | (298) | (100) | (116) | (1,384) | | (213) | (162) | (132) | (78) | (52) | (637) | (45) | (335) | (84) | (65) | (1,950) | |
| Notional amounts at December 31 (\$) | 283 | 601 | 349 | 331 | 81 | 1,645 | 175 | 749 | 383 | 250 | 105 | 1,662 | 163 | 474 | 207 | 252 | 66 | 1,162 |
| Weighted average forward rate at December 31 | 1.29 | 1.18 | 1.31 | 109.79 | | | 1.26 | 1.22 | 1.20 | 103.14 | | | 1.32 | 1.23 | 1.32 | 102.66 | | |
| Active contracts at December 31 | 103 | 97 | 90 | 96 | | | 72 | 86 | 70 | 74 | | | 58 | 64 | 53 | 59 | | |

The following table summarizes the undesignated derivative financial instruments exercised and associated realized and unrealized gains (losses) in *Foreign Currency and Derivative Gains (Losses) and Other Income (Expense), Net* in the Consolidated Statements of Income for the years ended December 31 (in millions, except for number of exercised contracts):

| | 2022 | 2021 | 2020 |
|--|--------|----------|-----------|
| Exercised contracts | 158 | 161 | 173 |
| Realized gains (losses) on the matured, expired or settled contracts | \$ 145 | \$ (8) | \$ (6) |
| Unrealized gains (losses) on the change in fair value of outstanding contracts | \$ 39 | \$ 88 | \$ (13) |

Designated Derivative Financial Instruments

Changes in the fair value of derivatives that are designated as net investment hedges of our foreign operations and cash flow hedges are recorded in *AOCI/L* and reflected within the Other Comprehensive Income (Loss) table below.

Foreign Currency Contracts

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

| | 2022 | | | 2021 | | | 2020 | | |
|---|-------------|-------------|------------------|-------------|-------------|----------------|-------------|-------------|----------------|
| | CAD | GBP | Total | CAD | GBP | Total | CAD | GBP | Total |
| Notional amounts at January 1 (\$) | 535 | 432 | 967 | 377 | 135 | 512 | 97 | 387 | 484 |
| New contracts (\$) | 964 | 440 | 1,404 | 535 | 432 | 967 | 377 | 459 | 836 |
| Matured, expired or settled contracts (\$) | (965) | (432) | (1,397) | (377) | (135) | (512) | (97) | (711) | (808) |
| Notional amounts at December 31 (\$) | 534 | 440 | 974 | 535 | 432 | 967 | 377 | 135 | 512 |
| Weighted average forward rate at December 31 | 1.29 | 1.28 | | 1.25 | 1.37 | | 1.31 | 1.35 | |
| Active contracts at December 31 | 6 | 4 | | 6 | 4 | | 6 | 1 | |

Interest Rate Swaps

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

| | 2022 | | | | | 2021 | | | | | 2020 | | | | |
|---|------------|------------|----------|----------|------------------|------------|----------|------------|------------|----------------|------------|------------|-----------|-----------|------------------|
| | EUR | USD | CAD | JPY | Total | EUR | USD | CAD | JPY | Total | EUR | USD | CAD | JPY | Total |
| Notional amounts at January 1 (\$) | 165 | - | - | - | 165 | 165 | 250 | - | - | 415 | - | - | - | - | - |
| New contracts (\$) | 1,004 | 400 | 184 | 104 | 1,692 | - | - | - | - | - | 165 | 1,500 | - | - | 1,665 |
| Matured, expired or settled contracts (\$) | (722) | (250) | (184) | (104) | (1,260) | - | (250) | (250) | (250) | (250) | - | (1,250) | (1,250) | (1,250) | (1,250) |
| Notional amounts at December 31 (\$) | 447 | 150 | - | - | 597 | 165 | - | 165 | 165 | 415 | 165 | 250 | - | - | 415 |

Designated Nonderivative Financial Instruments

The following table summarizes our debt and accrued interest, designated as a hedge of our net investment in international subsidiaries at December 31 (in millions):

| | 2022 | 2021 | 2020 |
|------------------------|-------------|-------------|-------------|
| British pound sterling | \$ 1,237 | \$ 624 | \$ 842 |
| Canadian dollar | \$ 370 | \$ - | \$ - |

The following table summarizes the unrealized gains (losses) in *Foreign Currency and Derivative Gains (Losses) and Other Income (Expense)*, Net on the remeasurement of the unhedged portion of our debt and accrued interest, including euro and British pound sterling denominated debt, for the years ended December 31 (in millions):

| | 2022 | 2021 | 2020 |
|---|-------------|-------------|-------------|
| Unrealized gains (losses) on the unhedged portion | \$ 44 | \$ 81 | \$ (139) |

Other Comprehensive Income (Loss)

The change in *Other Comprehensive Income (Loss)* in the Consolidated Statements of Comprehensive Income during the periods presented was due to the translation into U.S. dollars from the consolidation of the financial statements of our consolidated subsidiaries whose functional currency is not the U.S. dollar. The change in fair value of the effective portion of our derivative financial instruments that have been designated as net investment hedges and cash flow hedges and the translation of the hedged portion of our debt, as discussed above, are also included in *Other Comprehensive Income (Loss)*.

The following table presents these changes in *Other Comprehensive Income (Loss)* for the years ended December 31 (in thousands):

| | 2022 | 2021 | 2020 |
|---|--------------------------|--------------------------|-----------------------------|
| Derivative net investment hedges | \$ 95,012 | \$ 9,792 | \$ (4,301) |
| Debt designated as nonderivative net investment hedges | 133,135 | (832) | (62,263) |
| Cumulative translation adjustment | 145,258 | 296,969 | (128,109) |
| Total foreign currency translation gains (losses), net | <u>\$ 373,405</u> | <u>\$ 305,929</u> | <u>\$ (194,673)</u> |
| Cash flow hedges (1)(2) | \$ 45,837 | \$ 9,098 | \$ (11,269) |
| Our share of derivatives from unconsolidated co-investment ventures | 25,802 | 8,444 | (2,848) |
| Total unrealized gains (losses) on derivative contracts, net | <u>\$ 71,639</u> | <u>\$ 17,542</u> | <u>\$ (14,117)</u> |
| Total change in other comprehensive income (loss) | <u>\$ 445,044</u> | <u>\$ 323,471</u> | <u>\$ (208,790)</u> |

- (1) We estimate an additional expense of \$ 13.9 million will be reclassified to *Interest Expense* over the next 12 months from December 31, 2022, due to the amortization of previously settled derivatives designated as cash flow hedges.
- (2) Included in the year ended December 31, 2020, was \$ 16.8 million in losses associated with the termination of four U.S. dollar treasury lock contracts with an aggregate notional amount of \$ 750.0 million that fixed the interest rate on the forecasted issuance of U.S. dollar senior notes, which were then issued in February 2020.

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 on disposition. See Note 2 for more information on our fair value measurements policy.

Fair Value Measurements on a Recurring Basis

At December 31, 2022 and 2021, other than the derivatives discussed previously, we had no significant financial assets or financial liabilities that were measured at fair value on a recurring basis in the Consolidated Financial Statements. All of our derivatives held at December 31, 2022 and 2021 were classified as Level 2 of the fair value hierarchy.

Fair Value Measurements on Nonrecurring Basis

Acquired properties and assets we expect to sell or contribute are significant nonfinancial assets that met the criteria to be measured at fair value on a nonrecurring basis, as detailed in our accounting policy in Note 2. At December 31, 2022 and 2021, we estimated the fair value of our properties using Level 2 or Level 3 inputs from the fair value hierarchy. See more information on our acquired properties in Notes 3 and 4 and assets held for sale or contribution in Note 6.

Fair Value of Financial Instruments

At December 31, 2022 and 2021, the carrying amounts of certain financial instruments, including cash and cash equivalents, accounts and notes receivable, accounts payable and accrued expenses were representative of their fair values.

The differences in the fair value of our debt from the carrying value in the table below were the result of differences in interest rates or borrowing spreads that were available to us at December 31, 2022 and 2021, as compared with those in effect when the debt was issued or assumed, including reduced borrowing spreads due to our improved credit ratings. The fair value of the senior notes decreased in 2022 due to the increase in bond yields in the market as compared to the weighted average interest rates on our senior notes. The senior notes and many of the issuances of secured mortgage debt contain prepayment 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. We evaluate this on an on-going basis and have taken the opportunity to refinance some of our debt at lower rates and longer maturities as discussed in Note 8.

The following table reflects the carrying amounts and estimated fair values of our debt at December 31 (in thousands):

| | 2022 | 2021 |
|--------------------------------|-----------------------|----------------------|
| | Carrying Value | Fair Value |
| Credit Facilities | \$ 1,538,461 | \$ 1,538,461 |
| Senior notes | 19,786,253 | 16,604,241 |
| Term loans and unsecured other | 2,106,592 | 2,092,264 |
| Secured mortgage | 444,655 | 420,964 |
| Total | \$ 23,875,961 | \$ 20,655,930 |
| | | |
| | \$ 17,715,054 | \$ 17,915,994 |

NOTE 16. COMMITMENTS AND CONTINGENCIES

Environmental Matters

A majority of the properties we acquire, including land, are subjected to environmental reviews either by us or the previous owners. In addition, we may incur environmental remediation costs associated with certain land parcels we acquire in connection with the development of the land. We have acquired certain properties that may have been leased to or previously owned by companies that discharged hazardous materials. We establish a liability at the time of acquisition to cover such costs and adjust the liabilities as appropriate when additional information becomes available. We record our environmental liabilities in *Other Liabilities*. We purchase various environmental insurance policies to mitigate our exposure to environmental liabilities. We are not aware of any environmental liabilities that would have a material adverse effect on our business, financial condition or results of operations.

Indemnification Agreements

We have entered into agreements whereby we indemnify certain co-investment ventures, or our venture partners, outside of the U.S. for taxes that may be assessed with respect to certain properties we contributed to these ventures. Our contributions to these ventures are generally structured as contributions of shares of companies that own the real estate assets. Accordingly, the capital gains associated with the step up in the value of the underlying real estate assets, for tax purposes, are deferred and transferred at contribution. We have generally indemnified these ventures to the extent that the ventures incur capital gains or withholding tax as a result of a direct sale. The agreements limit the amount that is subject to our indemnification with respect to each property to 100 % of the actual tax liabilities related to the capital gains that are deferred and transferred by us to the ventures at the time of the initial contribution less any deferred tax assets transferred with the property.

The outcome under these agreements is uncertain as it depends on the method and timing of dissolution of the related venture or disposition of any properties by the venture. We record liabilities related to the indemnification agreements in *Other Liabilities*. We continue to monitor these agreements and the likelihood of the sale of assets that would result in recognition and will adjust the potential liability in the future as facts and circumstances dictate.

Off-Balance Sheet Liabilities

We have issued performance and surety bonds and standby letters of credit in connection with certain development projects. Performance and surety bonds are commonly required by public agencies from real estate developers. Performance and surety bonds are renewable and expire on the completion of the improvements and infrastructure. At December 31, 2022 and 2021, we had \$ 456.0 million and \$ 394.6 million, respectively, outstanding under such arrangements.

We may be required under capital commitments or we may choose to make additional capital contributions to certain of our unconsolidated entities, representing our proportionate ownership interest, should additional capital contributions be necessary to fund development or acquisition costs, repayment of debt or operational shortfalls. See Note 5 for further discussion related to equity commitments to our unconsolidated co-investment ventures.

Litigation

From time to time, we 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 matter will not have material adverse effect on our business, financial position or results of operations.

NOTE 17. BUSINESS SEGMENTS

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

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

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

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The following reconciliations are presented in thousands:

| | Years Ended December 31, | | |
|--|---------------------------------|---------------------|---------------------|
| | 2022 | 2021 | 2020 |
| Revenues: | | | |
| Real estate segment: | | | |
| U.S. | \$ 4,726,072 | \$ 3,967,180 | \$ 3,600,335 |
| Other Americas | 92,751 | 98,620 | 87,830 |
| Europe | 56,731 | 55,533 | 68,801 |
| Asia | 58,553 | 47,357 | 44,782 |
| Total real estate segment | <u>4,934,107</u> | <u>4,168,690</u> | <u>3,801,748</u> |
| Strategic capital segment: | | | |
| U.S. | 215,416 | 171,761 | 354,825 |
| Other Americas | 82,462 | 58,655 | 37,696 |
| Europe | 644,832 | 249,600 | 145,016 |
| Asia | 96,875 | 110,734 | 99,450 |
| Total strategic capital segment | <u>1,039,585</u> | <u>590,750</u> | <u>636,987</u> |
| Total revenues | 5,973,692 | 4,759,440 | 4,438,735 |
| Segment net operating income: | | | |
| Real estate segment: | | | |
| U.S. (1) | 3,555,627 | 2,966,498 | 2,679,685 |
| Other Americas | 67,552 | 72,424 | 64,473 |
| Europe | 24,738 | 31,163 | 43,531 |
| Asia | 40,116 | 34,854 | 31,986 |
| Total real estate segment | <u>3,688,033</u> | <u>3,104,939</u> | <u>2,819,675</u> |
| Strategic capital segment: | | | |
| U.S. (1) | 59,561 | 59,991 | 237,271 |
| Other Americas | 63,464 | 47,247 | 24,923 |
| Europe | 557,676 | 203,779 | 99,504 |
| Asia | 55,528 | 72,562 | 57,248 |
| Total strategic capital segment | <u>736,229</u> | <u>383,579</u> | <u>418,946</u> |
| Total segment net operating income | 4,424,262 | 3,488,518 | 3,238,621 |
| Reconciling items: | | | |
| General and administrative expenses | (331,083) | (293,167) | (274,845) |
| Depreciation and amortization expenses | (1,812,777) | (1,577,942) | (1,561,969) |
| Gains on dispositions of development properties and land, net | 597,745 | 817,017 | 464,942 |
| Gains on other dispositions of investments in real estate, net | 589,391 | 772,570 | 252,195 |
| Operating income | 3,467,538 | 3,206,996 | 2,118,944 |
| Earnings from unconsolidated entities, net | 310,872 | 404,255 | 297,370 |
| Interest expense | (309,037) | (266,228) | (314,507) |
| Foreign currency and derivative gains (losses) and other income (expense), net | 241,621 | 165,278 | (166,429) |
| Losses on early extinguishment of debt, net | (20,184) | (187,453) | (188,290) |
| Earnings before income taxes | \$ 3,690,810 | \$ 3,322,848 | \$ 1,747,088 |

| | December 31, | |
|--|----------------------------|----------------------------|
| | 2022 | 2021 |
| Segment assets: | | |
| Real estate segment: | | |
| U.S. | \$ 71,858,560 | \$ 44,136,140 |
| Other Americas | 1,831,956 | 1,148,371 |
| Europe | 1,952,160 | 1,837,800 |
| Asia | 1,031,135 | 965,854 |
| Total real estate segment | <u>76,673,811</u> | <u>48,088,165</u> |
| Strategic capital segment (2): | | |
| U.S. | 10,817 | 11,984 |
| Europe | 25,280 | 25,280 |
| Asia | 231 | 299 |
| Total strategic capital segment | <u>36,328</u> | <u>37,563</u> |
| Total segment assets | <u>76,710,139</u> | <u>48,125,728</u> |
| Reconciling items: | | |
| Investments in and advances to unconsolidated entities | 9,698,898 | 8,610,958 |
| Assets held for sale or contribution | 531,257 | 669,688 |
| Cash and cash equivalents | 278,483 | 556,117 |
| Other assets | 678,671 | 523,729 |
| Total reconciling items | <u>11,187,309</u> | <u>10,360,492</u> |
| Total assets | <u>\$87,897,448</u> | <u>\$58,486,220</u> |

- (1) This includes compensation and personnel costs for employees who were located in the U.S. but also support other geographies.
- (2) Represents management contracts and goodwill recorded in connection with business combinations associated with the Strategic Capital Segment. Goodwill was \$ 25.3 million at December 31, 2022 and 2021.

NOTE 18. SUPPLEMENTAL CASH FLOW INFORMATION

Our significant noncash investing and financing activities for the years ended December 31, 2022, 2021 and 2020 included the following:

- We completed the Duke Transaction on October 3, 2022 for \$ 23.2 billion through the issuance of equity and the assumption of debt. We completed the Liberty Transaction on February 4, 2020 for \$ 13.0 billion through the issuance of equity and the assumption of debt. See Note 3 for more information on these transactions. Additionally, in 2020, USLV assumed \$ 341.8 million debt as part of the IPT Transaction. See Note 4 for more information on this transaction.
- We recognized lease right-of-use assets and lease liabilities related to leases in which we are the lessee within *Other Assets* and *Other Liabilities* on the Consolidated Balance Sheets, including any new leases, renewals and modifications of \$ 162.5 million in 2022, \$ 71.4 million in 2021 and \$ 47.8 million in 2020 for both assets and liabilities.
- We capitalized \$ 34.9 million, \$ 25.6 million and \$ 22.4 million in 2022, 2021 and 2020, respectively, of equity-based compensation expense.
- We received \$ 597.5 million, \$ 886.1 million and \$ 433.7 million of ownership interests in certain unconsolidated co-investment ventures as a portion of our proceeds from the contribution of properties to these entities during 2022, 2021 and 2020, respectively, as disclosed in Note 5. Included in 2022 was the equity interests we received in a newly formed other venture from the contribution of real estate properties. Included in 2020 was the equity interests we received in PCCLF for the contribution of real estate properties from Prologis China Logistics Venture II, LP and Prologis China Logistics Venture I, LP.
- We issued 0.3 million, 0.8 million and 0.7 million shares in 2022, 2021 and 2020, respectively, of the Parent's common stock upon redemption of an equal number of common limited partnership units in the OP.
- We reinvested distributions from unconsolidated co-investment ventures of \$ 64.7 million and \$ 45.6 million and increased our ownership in 2022 and 2020, respectively.
- We issued 1.0 million common limited partnership units for \$ 130.4 million to our partner and assumed debt of \$ 215.3 million in our acquisition of additional ownership interest in and subsequent consolidation of two unconsolidated other ventures in 2021. We issued 0.5 million common limited partnership units for \$ 48.5 million as partial consideration for the acquisition of properties in 2020. See Note 10 for more information.

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- We received a distribution of proceeds from UKLV for the sale of real estate properties that we subsequently reinvested in PELF and PELP of \$ 153.0 million in 2021.
- As partial consideration for the disposition of a portfolio of properties during 2020, the buyer assumed debt of \$ 169.8 million.

NOTE 19. SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

The following table details our selected quarterly financial data (in thousands, except per share and unit data):

| Prologis, Inc. 2022: | Three Months Ended | | | |
|---|--------------------|---------------|------------------|-----------------|
| | March 31, | June 30, | September 30, | December 31, |
| | \$ 1,076,861 | \$ 1,093,452 | \$ 1,151,846 | \$ 1,591,012 |
| Rental revenues | \$ 1,219,128 | \$ 1,252,080 | \$ 1,750,892 | \$ 1,751,592 |
| Total revenues | \$ (275,674) | \$ (270,465) | \$ (284,707) | \$ (374,892) |
| Rental expenses | | | | |
| Gains on dispositions of development properties and land, net | \$ 210,206 | \$ 105,802 | \$ 74,678 | \$ 207,059 |
| Gains on other dispositions of investments in real estate, net | \$ 584,835 | \$ - | \$ 1,019 | \$ 3,537 |
| Operating income | \$ 1,205,802 | \$ 533,317 | \$ 914,970 | \$ 813,449 |
| Consolidated net earnings | \$ 1,219,722 | \$ 646,436 | \$ 1,069,174 | \$ 620,066 |
| Net earnings attributable to common stockholders | \$ 1,149,254 | \$ 609,855 | \$ 1,013,933 | \$ 585,754 |
| Net earnings per share attributable to common stockholders – Basic (1) | \$ 1.55 | \$ 0.82 | \$ 1.37 | \$ 0.64 |
| Net earnings per share attributable to common stockholders – Diluted (1)(2) | \$ 1.54 | \$ 0.82 | \$ 1.36 | \$ 0.63 |
| 2021: | | | | |
| Rental revenues | \$ 1,021,656 | \$ 1,014,763 | \$ 1,037,281 | \$ 1,074,294 |
| Total revenues | \$ 1,148,316 | \$ 1,150,842 | \$ 1,183,049 | \$ 1,277,233 |
| Rental expenses | \$ (277,884) | \$ (245,133) | \$ (256,607) | \$ (261,692) |
| Gains on dispositions of development properties and land, net | \$ 173,643 | \$ 187,361 | \$ 139,406 | \$ 316,607 |
| Gains on other dispositions of investments in real estate, net | \$ 16,623 | \$ 127,167 | \$ 214,390 | \$ 414,390 |
| Operating income | \$ 532,197 | \$ 700,866 | \$ 765,660 | \$ 1,208,273 |
| Consolidated net earnings | \$ 399,693 | \$ 650,313 | \$ 797,731 | \$ 1,300,853 |
| Net earnings attributable to common stockholders | \$ 365,815 | \$ 598,625 | \$ 722,007 | \$ 1,247,124 |
| Net earnings per share attributable to common stockholders – Basic (1) | \$ 0.50 | \$ 0.81 | \$ 0.98 | \$ 1.68 |
| Net earnings per share attributable to common stockholders – Diluted (1)(2) | \$ 0.49 | \$ 0.81 | \$ 0.97 | \$ 1.67 |
| Prologis, L.P. | | | | |
| 2022: | | | | |
| Rental revenues | \$ 1,076,861 | \$ 1,093,452 | \$ 1,151,846 | \$ 1,591,012 |
| Total revenues | \$ 1,219,128 | \$ 1,252,080 | \$ 1,750,892 | \$ 1,751,592 |
| Rental expenses | \$ (275,674) | \$ (270,465) | \$ (284,707) | \$ (374,892) |
| Gains on dispositions of development properties and land, net | \$ 210,206 | \$ 105,802 | \$ 74,678 | \$ 207,059 |
| Gains on other dispositions of investments in real estate, net | \$ 584,835 | \$ - | \$ 1,019 | \$ 3,537 |
| Operating income | \$ 1,205,802 | \$ 533,317 | \$ 914,970 | \$ 813,449 |
| Consolidated net earnings | \$ 1,219,722 | \$ 646,436 | \$ 1,069,174 | \$ 620,066 |
| Net earnings attributable to common unitholders | \$ 1,181,525 | \$ 627,286 | \$ 1,042,664 | \$ 599,252 |
| Net earnings per unit attributable to common unitholders – Basic (1) | \$ 1.55 | \$ 0.82 | \$ 1.37 | \$ 0.64 |
| Net earnings per unit attributable to common unitholders – Diluted (1) | \$ 1.54 | \$ 0.82 | \$ 1.36 | \$ 0.63 |
| 2021: | | | | |
| Rental revenues | \$ 1,021,656 | \$ 1,014,763 | \$ 1,037,281 | \$ 1,074,294 |
| Total revenues | \$ 1,148,316 | \$ 1,150,842 | \$ 1,183,049 | \$ 1,277,233 |
| Rental expenses | \$ (277,884) | \$ (245,133) | \$ (256,607) | \$ (261,692) |
| Gains on dispositions of development properties and land, net | \$ 173,643 | \$ 187,361 | \$ 139,406 | \$ 316,607 |
| Gains on other dispositions of investments in real estate, net | \$ 16,623 | \$ 127,167 | \$ 214,390 | \$ 414,390 |
| Operating income | \$ 532,197 | \$ 700,866 | \$ 765,660 | \$ 1,208,273 |
| Consolidated net earnings | \$ 399,693 | \$ 650,313 | \$ 797,731 | \$ 1,300,853 |
| Net earnings attributable to common unitholders | \$ 376,083 | \$ 615,478 | \$ 741,794 | \$ 1,282,008 |
| Net earnings per unit attributable to common unitholders – Basic (1) | \$ 0.50 | \$ 0.81 | \$ 0.98 | \$ 1.68 |
| Net earnings per unit attributable to common unitholders – Diluted (1) | \$ 0.49 | \$ 0.81 | \$ 0.97 | \$ 1.67 |

- (1) Quarterly earnings per common share or unit amounts may not total to the annual amounts due to rounding and the changes in the number of weighted average common shares or units outstanding included in the calculation of basic and diluted shares or units.
- (2) Income allocated to the exchangeable OP units not held by the Parent has been included in the numerator and exchangeable OP units have been included in the denominator for the purpose of computing diluted earnings per share for all periods since the per share and unit is the same.

PROLOGIS, INC. AND PROLOGIS, L.P.
SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2022
(In thousands of U.S. dollars, as applicable)

| Description | No. of Bldgs. | Encum- brances | Initial Cost to Prologis | | Costs Capitalized Subsequent to Acquisition | Gross Amounts at Which Carried at December 31, 2022 | | | Accumulated Depreciation (c) | Date of Construction/ Acquisition |
|---|------------------|-------------------|-----------------------------|----------------------------|---|--|----------------------------|-------------------|------------------------------------|---|
| | | | Land | Building & Improvements | | Land | Building & Improvements | Total (a,b) | | |
| Operating Properties | | | | | | | | | | |
| U.S. Markets | | | | | | | | | | |
| Atlanta | 165 | | 704,450 | 2,108,059 | 498,688 | 725,711 | 2,585,486 | 3,311,197 | (363,505) | 1994-2022 |
| Austin | 10 | | 12,783 | 52,335 | 10,061 | 12,837 | 62,342 | 75,179 | (29,336) | 1994-2015 |
| Baltimore/Washington D.C. | 99 | (d) | 481,309 | 980,954 | 275,881 | 494,517 | 1,243,627 | 1,738,144 | (215,077) | 1995-2022 |
| Central PA | 34 | | 289,391 | 1,043,676 | 155,465 | 306,976 | 1,181,556 | 1,488,532 | (241,811) | 2002-2022 |
| Central Valley | 39 | | 244,099 | 530,993 | 941,345 | 264,445 | 1,451,992 | 1,716,437 | (265,716) | 1999-2022 |
| Charlotte | 45 | | 112,232 | 346,000 | 102,031 | 124,965 | 435,298 | 560,263 | (84,744) | 1994-2020 |
| Chicago | 237 | | 1,093,201 | 3,153,363 | 627,377 | 1,119,733 | 3,754,208 | 4,873,941 | (784,152) | 1995-2022 |
| Cincinnati | 60 | | 157,634 | 830,881 | 137,309 | 165,844 | 959,980 | 1,125,824 | (93,837) | 1996-2022 |
| Columbus | 33 | | 65,940 | 369,748 | 77,539 | 68,889 | 444,338 | 513,227 | (104,224) | 1996-2022 |
| Dallas/Ft. Worth | 185 | | 645,832 | 2,281,203 | 558,842 | 668,061 | 2,817,816 | 3,485,877 | (536,780) | 1994-2022 |
| Denver | 38 | | 115,979 | 295,412 | 178,682 | 115,515 | 474,558 | 590,073 | (154,568) | 1993-2022 |
| Houston | 194 | | 506,818 | 2,226,942 | 391,161 | 551,473 | 2,573,448 | 3,124,921 | (358,694) | 1993-2022 |
| Indianapolis | 37 | | 91,337 | 600,850 | 77,308 | 92,575 | 676,920 | 769,495 | (75,423) | 1995-2022 |
| Jacksonville | 1 | | - | 2,892 | 273 | - | 3,165 | 3,165 | (3,015) | 2011 |
| Las Vegas | 57 | | 175,201 | 345,091 | 297,766 | 159,801 | 658,257 | 818,058 | (129,319) | 1996-2021 |
| Lehigh Valley | 65 | | 1,205,621 | 2,279,491 | 398,406 | 1,282,491 | 2,601,027 | 3,883,518 | (272,175) | 2004-2022 |
| Louisville | 12 | | 48,140 | 188,696 | 94,624 | 50,392 | 281,068 | 331,460 | (80,928) | 2005-2022 |
| Nashville | 45 | | 202,495 | 595,616 | 198,166 | 204,864 | 791,413 | 996,277 | (79,036) | 1995-2022 |
| New Jersey/New York City | 156 | (d) | 2,724,856 | 3,808,098 | 783,582 | 2,759,509 | 4,557,027 | 7,316,536 | (784,219) | 1996-2022 |
| Orlando | 98 | (d) | 284,646 | 880,549 | 180,716 | 299,608 | 1,046,303 | 1,345,911 | (156,640) | 1994-2022 |
| Phoenix | 51 | | 154,063 | 394,219 | 375,847 | 184,342 | 739,787 | 924,129 | (121,859) | 1992-2022 |
| Portland | 41 | (e) | 130,433 | 276,956 | 221,257 | 183,932 | 444,714 | 628,646 | (75,642) | 2006-2022 |
| Raleigh Durham | 37 | | 107,899 | 407,505 | 20,028 | 111,839 | 423,593 | 535,432 | (15,973) | 2020-2022 |
| Reno | 17 | | 25,389 | 142,279 | 119,361 | 26,762 | 260,267 | 287,029 | (94,815) | 1994-2021 |
| San Antonio | 20 | (d) | 25,735 | 95,828 | 47,052 | 25,957 | 142,658 | 168,615 | (69,678) | 1994-2016 |
| San Francisco Bay Area | 233 | | 1,071,018 | 1,670,174 | 577,839 | 1,082,106 | 2,236,925 | 3,319,031 | (875,417) | 1993-2022 |
| Savannah | 23 | | 204,408 | 473,995 | 32,404 | 204,408 | 506,399 | 710,807 | (5,312) | 2022 |
| Seattle | 109 | | 850,208 | 1,434,654 | 377,278 | 876,132 | 1,786,008 | 2,662,140 | (306,484) | 2008-2022 |
| South Florida | 174 | (d) | 1,329,156 | 2,117,967 | 344,476 | 1,342,860 | 2,448,739 | 3,791,599 | (328,733) | 1994-2022 |
| Southern California | 416 | (d)(e) | 6,127,705 | 8,115,196 | 1,842,050 | 6,373,646 | 9,711,305 | 16,084,951 | (1,828,182) | 2005-2022 |
| Tampa | 26 | | 92,357 | 244,738 | 25,477 | 98,472 | 264,100 | 362,572 | (10,963) | 2020-2022 |
| <i>Subtotal U.S. Markets:</i> | <i>2,757</i> | | <i>19,280,335</i> | <i>38,294,360</i> | <i>9,968,291</i> | <i>19,978,662</i> | <i>47,564,324</i> | <i>67,542,986</i> | <i>(8,546,257)</i> | |
| Other Americas Markets | | | | | | | | | | |
| Brazil | 5 | | - | 53,276 | 17 | - | 53,293 | 53,293 | (779) | 2022 |
| Canada | 34 | (d) | 248,162 | 373,220 | 223,615 | 255,888 | 589,109 | 844,997 | (160,947) | 2008-2022 |
| Mexico | 1 | | 730 | 2,287 | 3,224 | 736 | 5,505 | 6,241 | (1,865) | 2011 |
| <i>Subtotal Other Americas Markets:</i> | <i>40</i> | | <i>248,892</i> | <i>428,783</i> | <i>226,856</i> | <i>256,624</i> | <i>647,907</i> | <i>904,531</i> | <i>(163,591)</i> | |
| Europe Markets | | | | | | | | | | |
| Belgium | 3 | | 16,011 | 4,776 | - | 16,011 | 4,776 | 20,787 | (204) | 2022 |
| Germany | 4 | | 47,837 | 7,068 | 35,479 | 52,812 | 37,572 | 90,384 | (5,903) | 2011-2022 |
| Hungary | 1 | | 1,845 | - | 5,983 | 1,845 | 5,983 | 7,828 | (106) | 2022 |
| Slovakia | 2 | | 2,926 | - | 12,652 | 3,239 | 12,339 | 15,578 | (391) | 2021 |
| Spain | 5 | | 10,862 | 34,504 | 13,340 | 9,969 | 48,737 | 58,706 | (17,990) | 2011-2019 |
| United Kingdom | 2 | | 48,510 | 3,291 | 10,347 | 48,919 | 13,229 | 62,148 | (3,412) | 2019-2021 |
| <i>Subtotal Europe Markets:</i> | <i>17</i> | | <i>127,991</i> | <i>49,639</i> | <i>77,801</i> | <i>132,795</i> | <i>122,636</i> | <i>255,431</i> | <i>(28,006)</i> | |
| Asia Markets | | | | | | | | | | |
| Japan | 6 | | 20,380 | 152,367 | 20,618 | 20,380 | 172,985 | 193,365 | (3,024) | 2019-2022 |
| Singapore | 5 | | - | 137,592 | 4,890 | - | 142,482 | 142,482 | (74,846) | 2011 |
| <i>Subtotal Asia Markets:</i> | <i>11</i> | | <i>20,380</i> | <i>289,959</i> | <i>25,508</i> | <i>20,380</i> | <i>315,467</i> | <i>335,847</i> | <i>(77,870)</i> | |
| Total Operating Properties | 2,825 | | 19,677,598 | 39,062,741 | 10,298,456 | 20,388,461 | 48,650,334 | 69,038,795 | (8,815,724) | |

PROLOGIS, INC. AND PROLOGIS, L.P.
SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2022
(In thousands of U.S. dollars, as applicable)

| Description | No. of Bldgs. | Encum- brances | Initial Cost to Prologis | Costs Capitalized Subsequent to Acquisition | Gross Amounts at Which Carried at December 31, 2022 | | | Accumulated Depreciation (c) | Date of Construction/ Acquisition (f) |
|---|------------------|-------------------|-----------------------------|---|--|-------------------|----------------------------|------------------------------------|--|
| | | | Land | | Building & Improvements | Land | Building & Improvements | Total (a,b) | |
| Development Portfolio | | | | | | | | | |
| U.S. Markets | | | | | | | | | |
| Atlanta | 2 | | 21,712 | - | 59,023 | 21,712 | 59,023 | 80,735 | |
| Austin | 1 | | 6,721 | - | 46,522 | 6,721 | 46,522 | 53,243 | |
| Baltimore/Washington D.C. | 1 | | 14,784 | - | 22,364 | 14,784 | 22,364 | 37,148 | |
| Central PA | 1 | | 7,810 | - | 25,226 | 7,810 | 25,226 | 33,036 | |
| Central Valley | 2 | | 10,174 | - | 44,198 | 10,174 | 44,198 | 54,372 | 2022 |
| Charlotte | 1 | | 8,841 | - | 14,848 | 8,841 | 14,848 | 23,689 | |
| Chicago | 9 | | 116,955 | 967 | 163,188 | 116,955 | 164,155 | 281,110 | 2022 |
| Cincinnati | 1 | | 2,536 | - | 11,861 | 2,536 | 11,861 | 14,397 | |
| Dallas/Ft. Worth | 11 | | 83,061 | - | 97,625 | 83,061 | 97,625 | 180,686 | |
| Houston | 1 | | 17,165 | - | 57,237 | 17,165 | 57,237 | 74,402 | |
| Indianapolis | 2 | | 8,440 | 17,058 | 32,671 | 8,440 | 49,729 | 58,169 | |
| Las Vegas | 3 | | 23,262 | - | 60,375 | 23,262 | 60,375 | 83,637 | 2022 |
| Lehigh Valley | 2 | | 48,636 | - | 76,923 | 48,636 | 76,923 | 125,559 | |
| Nashville | 3 | | 10,264 | - | 22,670 | 10,264 | 22,670 | 32,934 | |
| New Jersey/New York City | 2 | | 51,603 | - | 8,216 | 51,603 | 8,216 | 59,819 | |
| Orlando | 5 | | 19,490 | - | 71,228 | 19,490 | 71,228 | 90,718 | 2022 |
| Phoenix | 5 | | 23,600 | - | 26,774 | 23,600 | 26,774 | 50,374 | |
| Reno | 3 | | 19,126 | - | 64,128 | 19,126 | 64,128 | 83,254 | 2022 |
| San Francisco Bay Area | 5 | | 37,507 | 20,605 | 52,718 | 37,507 | 73,323 | 110,830 | 2022 |
| Seattle | 3 | | 62,649 | 14,746 | 30,980 | 62,649 | 45,726 | 108,375 | |
| South Florida | 6 | | 63,291 | - | 59,613 | 63,291 | 59,613 | 122,904 | 2022 |
| Southern California | 11 | | 623,788 | 70,248 | 168,087 | 623,788 | 238,335 | 862,123 | 2022 |
| <i>Subtotal U.S. Markets:</i> | <u>80</u> | | <u>1,281,415</u> | <u>123,624</u> | <u>1,216,475</u> | <u>1,281,415</u> | <u>1,340,099</u> | <u>2,621,514</u> | |
| Other Americas Markets | | | | | | | | | |
| Canada | 5 | | 65,936 | - | 16,302 | 65,936 | 16,302 | 82,238 | |
| Mexico | 13 | | 64,308 | - | 137,871 | 64,308 | 137,871 | 202,179 | 2022 |
| <i>Subtotal Other Americas Markets:</i> | <u>18</u> | | <u>130,244</u> | | <u>154,173</u> | <u>130,244</u> | <u>154,173</u> | <u>284,417</u> | |
| Europe Markets | | | | | | | | | |
| Belgium | 1 | | 9,096 | - | 11,063 | 9,096 | 11,063 | 20,159 | |
| Czech Republic | 2 | | 5,338 | - | 11,574 | 5,338 | 11,574 | 16,912 | |
| France | 2 | | 5,260 | - | 21,730 | 5,260 | 21,730 | 26,990 | |
| Germany | 3 | | 20,134 | - | 49,748 | 20,134 | 49,748 | 69,882 | |
| Hungary | 2 | | 5,708 | - | 18,138 | 5,708 | 18,138 | 23,846 | 2022 |
| Italy | 2 | | 3,637 | - | 17,549 | 3,637 | 17,549 | 21,186 | 2022 |
| Netherlands | 3 | | 13,052 | - | 50,091 | 13,052 | 50,091 | 63,143 | |
| Poland | 2 | | 8,312 | - | 21,206 | 8,312 | 21,206 | 29,518 | |
| Slovakia | 2 | | 4,490 | - | 26,313 | 4,490 | 26,313 | 30,803 | |
| Spain | 2 | | 17,535 | - | 12,198 | 17,535 | 12,198 | 29,733 | |
| Sweden | 3 | | 45,796 | - | 22,794 | 45,796 | 22,794 | 68,590 | |
| U.K. | 7 | | 198,265 | - | 126,289 | 198,265 | 126,289 | 324,554 | |
| <i>Subtotal Europe Markets:</i> | <u>31</u> | | <u>336,623</u> | | <u>388,693</u> | <u>336,623</u> | <u>388,693</u> | <u>725,316</u> | |
| Asia Markets | | | | | | | | | |
| Japan | 7 | | 162,644 | - | 418,263 | 162,644 | 418,263 | 580,907 | 2022 |
| <i>Subtotal Asia Markets:</i> | <u>7</u> | | <u>162,644</u> | | <u>418,263</u> | <u>162,644</u> | <u>418,263</u> | <u>580,907</u> | |
| Total Development Portfolio | <u>136</u> | | <u>1,910,926</u> | <u>123,624</u> | <u>2,177,604</u> | <u>1,910,926</u> | <u>2,301,228</u> | <u>4,212,154</u> | |
| GRAND TOTAL | 2,961 | | 21,588,524 | 39,186,365 | 12,476,060 | 22,299,387 | 50,951,562 | 73,250,949 | (8,815,724) |

Schedule III - Footnotes

- (a) The following table reconciles real estate assets per Schedule III to the Consolidated Balance Sheets in Item 8. Financial Statements and Supplementary Data at December 31, 2022 (in thousands):

| | | |
|---|----------------------|-----|
| Total operating properties and development portfolio per Schedule III | \$ 73,250,949 | (g) |
| Land | 3,338,121 | |
| Other real estate investments (i) | 5,034,326 | |
| Total per Consolidated Balance Sheets | \$ 81,623,396 | |

- (i) Other real estate investments includes non-strategic real estate assets, primarily acquired from the Duke Transaction, that we do not intend to operate long-term at December 31, 2022.
- (b) The aggregate cost for federal tax purposes at December 31, 2022, of our real estate assets was approximately \$ 60 billion (unaudited).
- (c) Real estate assets (excluding land balances) are depreciated over their estimated useful lives. These useful lives are generally 5 to 7 years for capital improvements, 10 years for standard tenant improvements, 15 to 25 years for depreciable land improvements, 25 to 40 years for operating properties acquired based on the age of the building and 40 years for operating properties we develop.

The following table reconciles accumulated depreciation per Schedule III to the Consolidated Balance Sheets in Item 8. Financial Statements and Supplementary Data at December 31, 2022 (in thousands):

| | | |
|---|---------------------|------------|
| Total accumulated depreciation per Schedule III | \$ 8,815,724 | (g) |
| Accumulated depreciation on other real estate investments | 220,361 | |
| Total per Consolidated Balance Sheets | \$ 9,036,085 | |

- (d) Properties with an aggregate undepreciated cost of \$ 631.3 million secure \$ 249.3 million of mortgage notes. See Note 8 to the Consolidated Financial Statements in Item 8. Financial Statements and Supplementary Data for more information related to our secured mortgage debt.
- (e) Assessment bonds of \$ 8.9 million are secured by assessments (similar to property taxes) on various underlying real estate properties with an aggregate undepreciated cost of \$ 580.3 million. The assessment bonds are included in term loans and unsecured other debt in Note 8 to the Consolidated Financial Statements in Item 8. Financial Statements and Supplementary Data.
- (f) Date of construction is provided for properties in the development portfolio that were completed but not yet stabilized.
- (g) The following table summarizes our real estate assets and accumulated depreciation per Schedule III for the years ended December 31 (in thousands):

| | 2022 | 2021 | 2020 |
|--|----------------------|----------------------|----------------------|
| Real estate assets: | | | |
| Balance at beginning of year | \$ 47,183,100 | \$ 45,390,230 | \$ 33,157,100 |
| Acquisitions of and improvements to operating properties, development | | | |
| activity and net effect of changes in foreign exchange rates and other | 25,281,173 | 3,351,730 | 13,985,898 |
| Basis of operating properties disposed of | (445,558) | (1,589,527) | (1,045,128) |
| Change in the development portfolio balance, including the acquisition of properties | 1,482,814 | 846,729 | 13,345 |
| Assets transferred to held for sale and contribution | (250,580) | (816,062) | (720,985) |
| Balance at end year | \$ 73,250,949 | \$ 47,183,100 | \$ 45,390,230 |
| Accumulated depreciation: | | | |
| Balance at beginning of year | \$ 7,451,382 | \$ 6,370,341 | \$ 5,294,212 |
| Depreciation expense | 1,357,180 | 1,143,758 | 1,112,075 |
| Balances retired upon disposition of operating properties and net effect of | | | |
| changes in foreign exchange rates and other | 9,090 | (42,483) | (35,083) |
| Assets transferred to held for sale and contribution | (1,928) | (20,234) | (863) |
| Balance at end of year | \$ 8,815,724 | \$ 7,451,382 | \$ 6,370,341 |

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 12b-32, are incorporated herein by reference.

- 2.1a [Amended and Restated Agreement and Plan of Merger, dated as of August 20, 2019, among Industrial Property Trust Inc., Prologis, L.P. and Rockies Acquisition LLC. \(incorporated by reference to Exhibit 2.2 to Prologis' Current Report From 8-K/A filed on August 23, 2019\).](#)
- 2.2a [Agreement and Plan of Merger, dated as of July 15, 2019, by and among Prologis, L.P., Rockies Acquisition LLC, and Industrial Property Trust Inc. \(incorporated by reference to Exhibit 2.1 to Prologis' Current Report From 8-K filed on July 15, 2019\).](#)
- 2.3a [Agreement and Plan of Merger, dated as of October 27, 2019, by and among the Prologis Parties and the Liberty Parties. \(incorporated by reference to Exhibit 2.1 to Prologis' Current Report form 8-K filed on October 27, 2019\).](#)
- 2.4a [Agreement and Plan of Merger, dated as of June 11, 2022, by and among the Prologis Parties and the DRE Parties \(incorporated by reference to Exhibit 2.1 to Prologis' Current Report on Form 8-K filed June 13, 2022\).](#)
- 2.5 [Letter Agreement, dated as of September 16, 2022, by and among the Prologis Parties and the DRE Parties \(incorporated by reference to Exhibit 2.1 to Prologis' Current Form 8-K filed on September 16, 2022\).](#)
- 3.1 [Articles of Incorporation of Prologis \(incorporated by reference to Exhibit 3.1 to Prologis' Registration Statement on Form S-11/A \(No. 333-35915\) filed November 4, 1997\).](#)
- 3.2 [Articles Supplementary establishing and fixing the rights and preferences of the Series Q Cumulative Redeemable Preferred Stock of Prologis \(incorporated by reference to Exhibit 3.4 to Prologis' Registration Statement on Form 8-A filed June 2, 2011\).](#)
- 3.3 [Articles of Merger of New Pumpkin Inc., a Maryland corporation, with and into Prologis, Inc., a Maryland corporation, changing the name of "AMB Property Corporation" to "Prologis, Inc.", as filed with the Stated Department of Assessments and Taxation of Maryland on June 2, 2011, and effective June 3, 2011 \(incorporated by reference to Exhibit 3.1 to Prologis' Current Report on Form 8-K filed June 8, 2011\).](#)
- 3.4 [Articles of Amendment \(incorporated by reference to Exhibit 3.1 to Prologis' Current Report on Form 8-K filed May 8, 2012\).](#)
- 3.5 [Thirteenth Amended and Restated Agreement of Limited Partnership of the Operating Partnership \(incorporated by reference to Exhibit 3.6 to Prologis' Current Report on Form 8-K filed June 8, 2011\).](#)
- 3.6 [First Amendment to Thirteenth Amended and Restated Agreement of Limited Partnership of Prologis, L.P., dated February 27, 2014, \(incorporated by reference to Exhibit 3.1 to Prologis' Current Report on Form 8-K filed on February 27, 2014\).](#)
- 3.7 [Second Amendment to the Thirteenth Amended and Restated Agreement of the Limited Partnership of Prologis, L.P., dated October 7, 2015 \(incorporated by reference to Exhibit 3.1 to Prologis' Current Report on Form 8-K filed on October 13, 2015\).](#)
- 3.8 [Amended and Restated Certificate of Limited Partnership of the Operating Partnership \(incorporated by reference to Exhibit 3.7 to Prologis' Current Report on Form 8-K filed June 8, 2011\).](#)
- 3.9 [Articles Supplementary dated April 3, 2014, \(incorporated by reference to Exhibit 3.1 to Prologis' Current Report on Form 8-K filed on April 3, 2014\).](#)
- 3.10 [Third Amendment to Thirteenth Amended and Restated Agreement of Limited Partnership of Prologis, L.P. \(incorporated by reference to Exhibit 3.1 to Prologis' Current Report on Form 8-K filed on February 4, 2020\).](#)
- 3.11 [Prologis, Inc. Articles of Amendment, dated May 4, 2020 \(incorporated by reference to Exhibit 3.1 to Prologis' Current Report Form 8-K filed on May 4, 2020\).](#)
- 3.12 [Ninth Amended and Restated Bylaws of Prologis, Inc. \(incorporated by reference to Exhibit 3.1 to Prologis' Current Report on Form 8-K filed on September 24, 2021\).](#)
- 4.1† [Description of Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934.](#)

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- 4.2 [Form of Certificate for Common Stock of Prologis \(incorporated by reference to Exhibit 4.1 to Prologis' Registration Statement on Form S-4/A \(No. 333-172741\) filed April 12, 2011\).](#)
- 4.3 [Form of Certificate for the Series Q Cumulative Redeemable Preferred Stock of Prologis \(incorporated by reference to Exhibit 4.2 to Prologis' Registration Statement on Form S-4/A \(No. 333-172741\) filed April 28, 2011\).](#)
- 4.4 [Indenture, dated as of June 8, 2011, by and among the Operating Partnership, as issuer, Prologis, as guarantor, and U.S. Bank National Association, as trustee \(incorporated by reference to Exhibit 4.2 to Prologis' Registration Statement on Form S-3 \(No. 333-177112\) filed September 30, 2011\).](#)
- 4.5 [Fifth Supplemental Indenture, dated as of August 15, 2013, among Prologis, Inc., Prologis, L.P. and U.S. Bank National Association \(incorporated by reference to Exhibit 4.1 to Prologis' Current Report on Form 8-K filed August 15, 2013\).](#)
- 4.6 [Form of Sixth Supplemental Indenture among Prologis, Inc., Prologis, L.P., Elavon Financial Services Limited, UK Branch, Elavon Financial Services Limited and U.S. Bank National Association \(incorporated by reference to Exhibit 4.1 to Prologis' Current Report on Form 8-K filed December 2, 2013\).](#)
- 4.7 [Form of Seventh Supplemental Indenture among Prologis, Inc., Prologis, L.P., Elavon Financial Services Limited, UK Branch, Elavon Financial Services Limited and U.S. Bank National Association \(incorporated by reference to Exhibit 4.1 to Prologis' Current Report on Form 8-K filed February 18, 2014\).](#)
- 4.8 [Form of Eighth Supplemental Indenture among Prologis, Inc., Prologis, L.P., U.S. Bank National Association and Elavon Financial Services DAC, UK Branch \(incorporated by reference to Exhibit 4.1 to Prologis' Current Report Form 8-K filed on June 6, 2017\).](#)
- 4.9 [Indenture dated as of August 1, 2018 among Prologis Euro Finance LLC, Prologis, L.P. and U.S. Bank National Association, as trustee \(incorporated by reference to Exhibit 4.1 to Prologis' Registration Statement on Form 8-K/A filed on August 1, 2018\).](#)
- 4.10 [First Supplemental Indenture dated as of August 1, 2018 among Prologis Euro Finance LLC, Prologis, L.P., U.S. Bank National Association, as trustee, transfer agent and security registrar and Elavon Financial Services DAC, UK Branch, as paying agent \(incorporated by reference to Exhibit 4.2 to Prologis' Registration Statement on Form 8-K/A filed on August 1, 2018\).](#)
- 4.11 [Form of Indenture dated as of September 25, 2018 among Prologis Yen Finance LLC, Prologis, L.P. and U.S. Bank National Association, as trustee \(incorporated by reference to Exhibit 4.9 to Prologis' Current Report Form 8-K/A filed on September 24, 2018\).](#)
- 4.12 [Form of First Supplemental Indenture dated as of September 25, 2018 among Prologis Yen Finance LLC, Prologis, L.P., U.S. Bank National Association, as trustee, transfer agent, paying agent and security registrar \(incorporated by reference to Exhibit 4.10 to Prologis' Current Report Form 8-K/A filed on September 24, 2018\).](#)
- 4.13 [Second Supplemental Indenture dated as of March 26, 2019 among Prologis Yen Finance LLC, Prologis, L.P. and U.S. Bank National Association as trustee, transfer agent, paying agent and security registrar \(incorporated by reference to Exhibit 4.1 to Prologis' Current Report Form 8-K filed on April 23, 2019\).](#)
- 4.14 [Form of 4.250% Notes due 2023 \(incorporated by reference to Exhibit 4.5 to Prologis' Current Report on Form 8-K filed August 15, 2013\).](#)
- 4.15 [Form of 3.000% Notes due 2022 \(incorporated by reference to Exhibit 4.2 to Prologis' Current Report on Form 8-K filed December 2, 2013\).](#)
- 4.16 [Form of 3.00% Notes due 2026 \(incorporated by reference to Exhibit 4.2 to Prologis' Current Report on Form 8-K filed on May 28, 2014\).](#)
- 4.17 [Form of 2.250% Notes due 2029 \(incorporated by reference to Exhibit 4.3 to Prologis' Current Report Form 8-K filed on June 6, 2017\).](#)
- 4.18 [Form of 3.875% Notes Due 2028 \(incorporated by reference to Exhibit 4.1 to Prologis' Current Report Form 8-K filed on June 20, 2018\).](#)
- 4.19 [Form of 4.375% Notes Due 2048 \(incorporated by reference to Exhibit 4.2 to Prologis' Current Report Form 8-K filed on June 20, 2018\).](#)

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- 4.20 Form of 1.875% Notes Due 2029 (incorporated by reference to Exhibit 4.4 to Prologis' Current Report Form 8-K filed on July 31, 2018).
- 4.21 Form of 0.652% Notes due 2025 (incorporated by reference to Exhibit 4.1 to Prologis' Current Report Form 8-K/A filed on September 24, 2018).
- 4.22 Form of 0.972% Notes due 2028 (incorporated by reference to Exhibit 4.2 to Prologis' Current Report Form 8-K/A filed on September 24, 2018).
- 4.23 Form of 1.077% Notes due 2030 (incorporated by reference to Exhibit 4.3 to Prologis' Current Report Form 8-K/A filed on September 24, 2018).
- 4.24 Form of 1.470% Notes due 2038 (incorporated by reference to Exhibit 4.4 to Prologis' Current Report Form 8-K/A filed on September 24, 2018).
- 4.25 Form of 1.15% Notes due 2039 (incorporated by reference to Exhibit 4.2 to Prologis' Current Report Form 10-Q filed on April 23, 2019).
- 4.26 Form of 0.250% Notes due 2027 (incorporated by reference to Exhibit 4.1 to Prologis' Registration Statement 8-A12B filed on September 10, 2019).
- 4.27 Form of 0.625% Notes due 2031 (incorporated by reference to Exhibit 4.4 to Prologis' Registration Statement 8-A12B filed on September 10, 2019).
- 4.28 Form of 1.500% Notes due 2049 (incorporated by reference to Exhibit 4.6 to Prologis' Registration Statement 8-A12B filed on September 10, 2019).
- 4.29 Form of Officer's Certificate related to the 3.00% Notes due 2026 (incorporated by reference to Exhibit 4.1 to Prologis' Current Report on Form 8-K filed on May 28, 2014).
- 4.30 Form of Officers' Certificate related to 2.250% Notes due 2029 (incorporated by reference to Exhibit 4.2 to Prologis' Current Report Form 8-K filed on June 6, 2017).
- 4.31 Form of Officer's Certificate related to 3.875% Notes Due 2028 (incorporated by reference to Exhibit 4.3 to Prologis' Current Report Form 8-K/A filed on June 20, 2018).
- 4.32 Form of Officer's Certificate related to 4.375% Notes Due 2048 (incorporated by reference to Exhibit 4.4 to Prologis' Current Report Form 8-K/A filed on June 20, 2018).
- 4.33 Form of Officers' Certificate related to 0.652% Notes due 2025 (incorporated by reference to Exhibit 4.5 to Prologis' Current Report Form 8-K/A filed on September 24, 2018).
- 4.34 Form of Officers' Certificate related to 0.972% Notes due 2028 (incorporated by reference to Exhibit 4.6 to Prologis' Current Report Form 8-K/A filed on September 24, 2018).
- 4.35 Form of Officers' Certificate related to 1.077% Notes due 2030 (incorporated by reference to Exhibit 4.7 to Prologis' Current Report Form 8-K/A filed on September 24, 2018).
- 4.36 Form of Officers' Certificate related to 1.470% Notes due 2038 (incorporated by reference to Exhibit 4.8 to Prologis' Current Report Form 8-K/A filed on September 24, 2018).
- 4.37 Form of Officer's Certificate related to 1.875% Notes Due 2029 (incorporated by reference to Exhibit 4.3 to Prologis' Registration Statement on Form 8-K/A filed on August 1, 2018).
- 4.38 Form of Officer's Certificate related to the 1.15% Notes due 2039 (incorporated by reference to Exhibit 4.3 to Prologis' Current Report Form 10-Q filed in April 23, 2019).
- 4.39 Form of Officer's Certificate related to the 0.250% Notes due 2027 (incorporated by reference to Exhibit 4.1 to Prologis' Registration Statement 8-A12B filed on September 10, 2019).
- 4.40 Form of Officer's Certificate related to the 0.625% Notes due 2031 (incorporated by reference to Exhibit 4.3 to Prologis' Registration Statement 8-A12B filed on September 10, 2019).

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- 4.41 [Form of Officer's Certificate related to the 1.500% Notes due 2049 \(incorporated by reference to Exhibit 4.5 to Prologis' Registration Statement 8-A12B filed on September 10, 2019\).](#)
- 4.42 [Form of Officers' Certificate related to the 0.375% Notes due 2028 \(incorporated by reference to Exhibit 4.1 to Prologis L.P.'s Registration Statement on Form 8-A12B filed on February 10, 2020\).](#)
- 4.43 [Form of 0.375% Notes due 2028 \(incorporated by reference to Exhibit 4.2 to Prologis L.P.'s Registration Statement on Form 8-A12B filed on February 10, 2020\).](#)
- 4.44 [Form of Officers' Certificate related to the 1.000% Notes due 2035 \(incorporated by reference to Exhibit 4.3 to Prologis L.P.'s Registration Statement on Form 8-A12B filed on February 10, 2020\).](#)
- 4.45 [Form of 1.000% Notes due 2035 \(incorporated by reference to Exhibit 4.4 to Prologis L.P.'s Registration Statement on Form 8-A12B filed on February 10, 2020\).](#)
- 4.46 [Form of Officers' Certificate related to the Floating Rates Notes due 2022 \(incorporated by reference to Exhibit 4.5 to Prologis L.P.'s Registration Statement on Form 8-A12B filed on February 10, 2020\).](#)
- 4.47 [Form of Floating Rate Notes due 2022 \(incorporated by reference to Exhibit 4.6 to Prologis L.P.'s Registration Statement on Form 8-A12B filed on February 10, 2020\).](#)
- 4.48 [Form of Officers' Certificate related to the 3.250% Notes due 2026 \(incorporated by reference to Exhibit 4.1 to Prologis L.P.'s Current Report on Form 8-K filed on February 14, 2020\).](#)
- 4.49 [Form of 3.250% Notes due 2026 \(incorporated by reference to Exhibit 4.2 to Prologis L.P.'s Current Report on Form 8-K filed on February 14, 2020\).](#)
- 4.50 [Form of Officers' Certificate related to the 4.375% Notes due 2029 \(incorporated by reference to Exhibit 4.3 to Prologis L.P.'s Current Report Form 8-K filed on February 14, 2020\).](#)
- 4.51 [Form of 4.375% Notes due 2029 \(incorporated by reference to Exhibit 4.4 to Prologis L.P.'s Current Report Form 8-K filed on February 14, 2020\).](#)
- 4.52 [Form of Officers' Certificate related to the 2.125% Notes due 2027 \(incorporated by reference to Exhibit 4.5 to Prologis L.P.'s Current Report Form 8-K filed on February 14, 2020\).](#)
- 4.53 [Form of 2.125% Notes due 2027 \(incorporated by reference to Exhibit 4.6 to Prologis L.P.'s Current Report Form 8-K filed on February 14, 2020\).](#)
- 4.54 [Form of Officers' Certificate related to the 2.250% Notes due 2030 \(incorporated by reference to Exhibit 4.7 to Prologis L.P.'s Current Report Form 8-K filed on February 14, 2020\).](#)
- 4.55 [Form of 2.250% Notes due 2030 \(incorporated by reference to Exhibit 4.8 to Prologis L.P.'s Current Report Form 8-K filed on February 14, 2020\).](#)
- 4.56 [Form of Officers' Certificate related to the 3.000% Notes due 2050 \(incorporated by reference to Exhibit 4.9 to Prologis L.P.'s Current Report Form 8-K filed on February 14, 2020\).](#)
- 4.57 [Form of 3.000% Notes due 2050 \(incorporated by reference to Exhibit 4.10 to Prologis L.P.'s Current Report Form 8-K filed on February 14, 2020\).](#)
- 4.58 [Form of Officers' Certificate related to the 0.589% Notes due 2027 \(incorporated by reference to Exhibit 4.1 to Prologis' Current Report Form 8-K filed on June 23, 2020\).](#)
- 4.59 [Form of 0.589% Notes due 2027 \(incorporated by reference to Exhibit 4.2 to Prologis' Current Report Form 8-K filed on June 23, 2020\).](#)
- 4.60 [Form of Officers' Certificate related to the 0.850% Notes due 2030 \(incorporated by reference to Exhibit 4.3 to Prologis' Current Report Form 8-K filed on June 23, 2020\).](#)
- 4.61 [Form of 0.850% Notes due 2030 \(incorporated by reference to Exhibit 4.4 to Prologis' Current Report Form 8-K filed on June 23, 2020\).](#)

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- 4.62 [Form of Officers' Certificate related to the 1.003% Notes due 2032 \(incorporated by reference to Exhibit 4.5 to Prologis' Current Report Form 8-K filed on June 23, 2020\).](#)
- 4.63 [Form of 1.003% Notes due 2032 \(incorporated by reference to Exhibit 4.6 to Prologis' Current Report Form 8-K filed on June 23, 2020\).](#)
- 4.64 [Form of Officers' Certificate related to the 1.222% Notes due 2035 \(incorporated by reference to Exhibit 4.7 to Prologis' Current Report Form 8-K filed on June 23, 2020\).](#)
- 4.65 [Form of 1.222% Notes due 2035 \(incorporated by reference to Exhibit 4.8 to Prologis' Current Report Form 8-K filed on June 23, 2020\).](#)
- 4.66 [Form of Officers' Certificate related to the 1.600% Notes due 2050 \(incorporated by reference to Exhibit 4.9 to Prologis' Current Report Form 8-K filed on June 23, 2020\).](#)
- 4.67 [Form of 1.600% Notes due 2050 \(incorporated by reference to Exhibit 4.10 to Prologis' Current Report Form 8-K filed on June 23, 2020\).](#)
- 4.68 [Form of Officers' Certificate related to the 1.250% Notes due 2030 \(incorporated by reference to Exhibit 4.1 to Prologis' Current Report Form 8-K filed on August 19, 2020\).](#)
- 4.69 [Form of 1.250% Notes due 2030 \(incorporated by reference to Exhibit 4.2 to Prologis' Current Report Form 8-K filed on August 19, 2020\).](#)
- 4.70 [Form of Officers' Certificate related to the 2.125% Notes due 2050 \(incorporated by reference to Exhibit 4.3 to Prologis' Current Report Form 8-K filed on August 19, 2020\).](#)
- 4.71 [Form of 2.125% Notes due 2050 \(incorporated by reference to Exhibit 4.4 to Prologis' Current Report Form 8-K filed on August 19, 2020\).](#)
- 4.72 [Form of Officers' Certificate related to the 0.500% Notes due 2032 \(incorporated by reference to Exhibit 4.1 to Prologis' Current Report Form 8-K filed on February 16, 2021\).](#)
- 4.73 [Form of 0.500% Notes due 2032 \(incorporated by reference to Exhibit 4.2 to Prologis' Current Report Form 8-K filed on February 16, 2021\).](#)
- 4.74 [Form of Officers' Certificate related to the 1.000% Notes due 2041 \(incorporated by reference to Exhibit 4.3 to Prologis' Current Report Form 8-K filed on February 16, 2021\).](#)
- 4.75 [Form of 1.000% Notes due 2041 \(incorporated by reference to Exhibit 4.4 to Prologis' Current Report Form 8-K filed on February 16, 2021\).](#)
- 4.76 [Form of Officers' Certificate related to the 1.625% Notes due 2031 \(incorporated by reference to Exhibit 4.1 to Prologis' Current Report Form 8-K filed on February 19, 2021\).](#)
- 4.77 [Form of 1.625% Notes due 2031 \(incorporated by reference to Exhibit 4.2 to Prologis' Current Report Form 8-K filed on February 19, 2021\).](#)
- 4.78 [Form of Officers' Certificate related to the 0.448% Notes due 2028 \(incorporated by reference to Exhibit 4.1 to Prologis' Current Report Form 8-K filed on June 28, 2021\).](#)
- 4.79 [Form of 0.448% Notes due 2028 \(incorporated by reference to Exhibit 4.2 to Prologis' Current Report Form 8-K filed on June 28, 2021\).](#)
- 4.80 [Form of Officers' Certificate related to the 0.564% Notes due 2031 \(incorporated by reference to Exhibit 4.3 to Prologis' Current Report Form 8-K filed on June 28, 2021\).](#)
- 4.81 [Form of 0.564% Notes due 2031 \(incorporated by reference to Exhibit 4.4 to Prologis' Current Report Form 8-K filed on June 28, 2021\).](#)
- 4.82 [Form of Officers' Certificate related to the 0.885% Notes due 2036 \(incorporated by reference to Exhibit 4.5 to Prologis' Current Report Form 8-K filed on June 28, 2021\).](#)

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- 4.83 [Form of 0.885% Notes due 2036 \(incorporated by reference to Exhibit 4.6 to Prologis' Current Report Form 8-K filed on June 28, 2021\).](#)
- 4.84 [Form of Officers' Certificate related to the 1.134% Notes due 2041 \(incorporated by reference to Exhibit 4.7 to Prologis' Current Report Form 8-K filed on June 28, 2021\).](#)
- 4.85 [Form of 1.134% Notes due 2041 \(incorporated by reference to Exhibit 4.8 to Prologis' Current Report Form 8-K filed on June 28, 2021\).](#)
- 4.86 [Form of Officers' Certificate related to the 1.550% Notes due 2061 \(incorporated by reference to Exhibit 4.9 to Prologis' Current Report Form 8-K filed on June 28, 2021\).](#)
- 4.87 [Form of 1.550% Notes due 2061 \(incorporated by reference to Exhibit 4.10 to Prologis' Current Report Form 8-K filed on June 28, 2021\).](#)
- 4.88 [Form of Officers' Certificate related to the Floating Rate Notes due 2024 \(incorporated by reference to Exhibit 4.1 to Prologis' Current Report Form 8-K filed on February 8, 2022\).](#)
- 4.89 [Form of Floating Rate Notes due 2024 \(incorporated by reference to Exhibit 4.2 to Prologis' Current Report Form 8-K filed on February 8, 2022\).](#)
- 4.90 [Form of Officers' Certificate related to the 1.000% Notes due 2029 \(incorporated by reference to Exhibit 4.3 to Prologis' Current Report Form 8-K filed on February 8, 2022\).](#)
- 4.91 [Form of 1.000% Notes due 2029 \(incorporated by reference to Exhibit 4.4 to Prologis' Current Report Form 8-K filed on February 8, 2022\).](#)
- 4.92 [Form of Officers' Certificate related to the 1.500% Notes due 2034 \(incorporated by reference to Exhibit 4.5 to Prologis' Current Report Form 8-K filed on February 8, 2022\).](#)
- 4.93 [Form of 1.500% Notes due 2034 \(incorporated by reference to Exhibit 4.6 to Prologis' Current Report Form 8-K filed on February 8, 2022\).](#)
- 4.94 [Form of Officers' Certificate related to the 4.625% Notes due 2033 \(incorporated by reference to Exhibit 4.1 to Prologis' Current Report Form 8-K filed on September 15, 2022\).](#)
- 4.95 [Form of 4.625% Notes due 2033 \(incorporated by reference to Exhibit 4.2 to Prologis' Current Report Form 8-K filed on September 15, 2022\).](#)
- 4.96 [Form of 3.250% Senior Notes due 2026 \(incorporated by reference to Exhibit 4.2 to Prologis' Current Report Form 8-K filed on October 6, 2022\).](#)
- 4.97 [Officers' Certificate related to the 3.250% Senior Notes due 2026 \(incorporated by reference to Exhibit 4.2 to Prologis' Current Report Form 8-K filed on October 6, 2022\).](#)
- 4.98 [Form of 3.375% Senior Notes due 2027 \(incorporated by reference to Exhibit 4.2 to Prologis' Current Report Form 8-K filed on October 6, 2022\).](#)
- 4.99 [Officers' Certificate related to the 3.375% Senior Notes due 2027 \(incorporated by reference to Exhibit 4.2 to Prologis' Current Report Form 8-K filed on October 6, 2022\).](#)
- 4.100 [Form of 7.250% Senior Notes due June 2028 \(incorporated by reference to Exhibit 4.2 to Prologis' Current Report Form 8-K filed on October 6, 2022\).](#)
- 4.101 [Officers' Certificate related to the 7.250% Senior Notes due June 2028 \(incorporated by reference to Exhibit 4.2 to Prologis' Current Report Form 8-K filed on October 6, 2022\).](#)
- 4.102 [Form of 4.000% Senior Notes due September 2028 \(incorporated by reference to Exhibit 4.2 to Prologis' Current Report Form 8-K filed on October 6, 2022\).](#)
- 4.103 [Officers' Certificate related to the 4.000% Senior Notes due September 2028 \(incorporated by reference to Exhibit 4.2 to Prologis' Current Report Form 8-K filed on October 6, 2022\).](#)
- 4.104 [Form of 2.875% Senior Notes due 2029 \(incorporated by reference to Exhibit 4.2 to Prologis' Current Report Form 8-K filed on October 6, 2022\).](#)

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- 4.105 [Officers' Certificate related to the 2.875% Senior Notes due 2029 \(incorporated by reference to Exhibit 4.2 to Prologis' Current Report Form 8-K filed on October 6, 2022\).](#)
- 4.106 [Form of 1.750% Senior Notes due 2030 \(incorporated by reference to Exhibit 4.2 to Prologis' Current Report Form 8-K filed on October 6, 2022\).](#)
- 4.107 [Officers' Certificate related to the 1.750% Senior Notes due 2030 \(incorporated by reference to Exhibit 4.2 to Prologis' Current Report Form 8-K filed on October 6, 2022\).](#)
- 4.108 [Form of 1.750% Senior Notes due 2031 \(incorporated by reference to Exhibit 4.2 to Prologis' Current Report Form 8-K filed on October 6, 2022\).](#)
- 4.109 [Form of Officers' Certificate related to the 1.750% Senior Notes due 2031 \(incorporated by reference to Exhibit 4.2 to Prologis' Current Report Form 8-K filed on October 6, 2022\).](#)
- 4.110 [Form of 2.250% Senior Notes due 2032 \(incorporated by reference to Exhibit 4.2 to Prologis' Current Report Form 8-K filed on October 6, 2022\).](#)
- 4.111 [Form of Officers' Certificate related to the 2.250% Senior Notes due 2032 \(incorporated by reference to Exhibit 4.2 to Prologis' Current Report Form 8-K filed on October 6, 2022\).](#)
- 4.112 [Form of 3.050% Senior Notes due 2050 \(incorporated by reference to Exhibit 4.2 to Prologis' Current Report Form 8-K filed on October 6, 2022\).](#)
- 4.113 [Form of Officers' Certificate related to the 3.050% Senior Notes due 2050 \(incorporated by reference to Exhibit 4.2 to Prologis' Current Report Form 8-K filed on October 6, 2022\).](#)
- 4.114 [Ninth Supplemental Indenture, dated November 3, 2022, by and among Prologis, L.P., Prologis, Inc. and U.S. Bank Trust Company, National Association \(incorporated by reference to Exhibit 4.2 to Prologis' Current Report Form 8-K filed on November 3, 2022\).](#)
- 4.115 [Form of Officers' Certificate related to the 5.250% Notes due 2031 \(incorporated by reference to Exhibit 4.2 to Prologis' Current Report Form 8-K filed on November 3, 2022\).](#)
- 4.116 [Form of 5.250% Notes due 2031 \(incorporated by reference to Exhibit 4.2 to Prologis' Current Report Form 8-K filed on November 3, 2022\).](#)
- 4.117 [Form of Officers' Certificate related to the 1.003% Notes due 2027 \(incorporated by reference to Exhibit 4.1 to Prologis' Current Report filed on December 1, 2022\).](#)
- 4.118 [Form of 1.003% Notes due 2027 \(incorporated by reference to Exhibit 4.2 to Prologis' Current Report Form 8-K filed on December 1, 2022\).](#)
- 4.119 [Form of Officers' Certificate related to the 1.323% Notes due 2029 \(incorporated by reference to Exhibit 4.3 to Prologis' Current Report Form 8-K filed on December 1, 2022\).](#)
- 4.120 [Form of 1.323% Notes due 2029 \(incorporated by reference to Exhibit 4.4 to Prologis' Current Report Form 8-K filed on December 1, 2022\).](#)
- 4.121 [Form of Officers' Certificate related to the 1.903% Notes due 2037 \(incorporated by reference to Exhibit 4.5 to Prologis' Current Report Form 8-K filed on December 1, 2022\).](#)
- 4.122 [Form of 1.903% Notes due 2037 \(incorporated by reference to Exhibit 4.6 to Prologis' Current Report Form 8-K filed on December 1, 2022\).](#)

Other debt instruments are omitted in accordance with Item 601(b)(4)(iii)(A) of Registration S-K. Copies of such instruments will be furnished to the Securities and Exchange Commission upon request.

- 10.1 [Amended and Restated Agreement of Limited Partnership of ProLogis Fraser, L.P., dated as of August 4, 2004 \(incorporated by reference to Exhibit 10.1 to the Trust's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004\).](#)

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- 10.2 [Fifteenth Amended and Restated Agreement of Limited Partnership of Prologis 2, L.P., \(f/k/a AMB Property II, L.P.\) dated February 19, 2010 \(incorporated by reference to Exhibit 10.6 to Prologis' Annual Report on Form 10-K for the year ended December 31, 2009\).](#)
- 10.3* [Amended and Restated 2002 Nonqualified Deferred Compensation Plan \(incorporated by reference to Exhibit 10.2 to Prologis' Current Report on Form 8-K filed October 4, 2006 and also incorporated by reference to Exhibit 10.2 to the Operating Partnership's Current Report on Form 8-K filed October 4, 2006\).](#)
- 10.4* [The Amended and Restated 2002 Stock Option and Incentive Plan of AMB Property Corporation and AMB Property, L.P. \(incorporated by reference to Exhibit 10.1 to Prologis' Current Report on Form 8-K filed May 15, 2007 and also incorporated by reference to Exhibit 10.1 to the Operating Partnership's Current Report on Form 8-K filed May 15, 2007\).](#)
- 10.5* [Prologis Outperformance Plan \(incorporated by reference to Exhibit 10.1 to Prologis' Current Report on Form 8-K filed December 22, 2011\).](#)
- 10.6* [Prologis, Inc. 2016 Outperformance Plan \(incorporated by reference to Exhibit 10.1 to Prologis' Current Report on Form 8-K filed on August 16, 2016\).](#)
- 10.7* [Form of Prologis, Inc. 2016 Outperformance Plan LTIP Unit Award Agreement \(incorporated by reference to Exhibit 10.2 to Prologis' Current Report on Form 8-K filed on August 16, 2016\).](#)
- 10.8* [Form of Participation Points and LTIP Unit Award Agreement \(incorporated by reference to Exhibit 10.1 to Prologis' Current Report on Form 8-K filed on February 27, 2014\).](#)
- 10.9* [Second Amended and Restated Prologis Promote Plan \(incorporated by reference to Exhibit 10.1 to Prologis' Current Report on Form 8-K filed on August 1, 2014\).](#)
- 10.10* [Form of Prologis, Inc. Second Amended and Restated Prologis Promote Plan LTIP Unit Award Agreement \(incorporated by reference to Exhibit 10.1 to Prologis' Current Report on Form 8-K filed on August 18, 2014\).](#)
- 10.11* [Form of Prologis, Inc. Long-Term Incentive Plan LTIP Unit Award Agreement \(General\) \(incorporated by reference to Exhibit 10.3 to Prologis' Quarterly Report on Form 10-Q for the quarter ended September 30, 2014\).](#)
- 10.12* [Form of Prologis, Inc. 2012 Long-Term Incentive Plan Restricted Stock Unit Agreement \(LTIP Unit election\) \(incorporated by reference to Exhibit 10.27 to Prologis' Annual Report on Form 10-K for the year ended December 31, 2015\).](#)
- 10.13* [Form of Prologis, Inc. 2012 Long-Term Incentive Plan Restricted Stock Unit Agreement \(incorporated by reference to Exhibit 10.5 to Prologis' Quarterly Report on Form 10-Q for the quarter ended September 30, 2014\).](#)
- 10.14* [Form of Prologis, Inc. 2012 Long-Term Incentive Plan Restricted Stock Unit Agreement \(Bonus exchange\) \(incorporated by reference to Exhibit 10.6 to Prologis' Quarterly Report on Form 10-Q for the quarter ended September 30, 2014\).](#)
- 10.15* [ProLogis 2006 Long-Term Incentive Plan \(incorporated by reference to Exhibit 10.2 to the Trust's Current Report on Form 8-K filed June 2, 2006\).](#)
- 10.16* [First Amendment of the ProLogis 2006 Long-Term Incentive Plan \(incorporated by reference to Exhibit 10.1 to the Trust's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010\).](#)
- 10.17* [Second Amendment of the ProLogis 2006 Long-Term Incentive Plan \(incorporated by reference to Exhibit 10.1 to the Trust's Current Report on Form 8-K filed May 19, 2010\).](#)
- 10.18* [Third Amendment of the ProLogis 2006 Long-Term Incentive Plan \(incorporated by reference to Exhibit 10.1 to the Trust's Quarterly Report on Form 10-Q for the quarter ended September 30, 2010\).](#)
- 10.19* [Form of Non-Qualified Share Option Award Terms; The Trust 2006 Long-Term Incentive Plan \(incorporated by reference to Exhibit 10.25 to the Trust's Annual Report on Form 10-K for the year ended December 31, 2009\).](#)
- 10.20* [Form of Restricted Share Award Terms; ProLogis 2006 Long-Term Incentive Plan \(incorporated by reference to Exhibit 10.27 to the Trust's Annual Report on Form 10-K for the year ended December 31, 2009\).](#)

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- 10.21* [Form of Performance Share Award Terms; ProLogis 2006 Long-Term Incentive Plan \(incorporated by reference to Exhibit 10.26 to the Trust's Annual Report on Form 10-K for the year ended December 31, 2009\).](#)
- 10.22* [ProLogis 2000 Share Option Plan for Outside Trustees \(as Amended and Restated Effective as of December 31, 2008\) \(incorporated by reference to exhibit 10.13 to ProLogis' Form 10-K for the year ended December 31, 2008\).](#)
- 10.23* [ProLogis Deferred Fee Plan for Trustees \(As Amended and Restated Effective as of May 14, 2010\) \(incorporated by reference to exhibit 10.3 to ProLogis' Form 8-K filed on May 19, 2010\).](#)
- 10.24* [Form of Indemnification Agreement between ProLogis and certain directors and executive officers \(incorporated by reference to Exhibit 10.1 to Prologis' Current Report on Form 8-K filed June 8, 2011\).](#)
- 10.25* [Form of Restricted Stock Unit Agreement; Prologis, Inc. 2012 Long-Term Incentive Plan \(incorporated by reference to Exhibit 10.1 to Prologis' Quarterly Report on Form 10-Q for the quarter ended September 30, 2012\).](#)
- 10.26* [Prologis, Inc. 2012 Long-Term Incentive Plan \(incorporated by reference to Exhibit 10.1 to Prologis' Current Report on Form 8-K filed May 8, 2012\).](#)
- 10.27* [Form of Director Deferred Stock Unit Award terms \(incorporated by reference to Exhibit 10.2 to Prologis' Current Report on Form 8-K filed May 8, 2012\).](#)
- 10.28* [Form of Change of Control and Noncompetition Agreement by and between Prologis, Inc. and its executive officers \(incorporated by reference to Exhibit 10.2 to Prologis' Current Report on Form 8-K filed August 16, 2013\).](#)
- 10.29* [Form of Prologis, Inc. Long-Term Incentive Plan LTIP Unit Award Agreement \(General form 2015\) \(incorporated by reference to Exhibit 10.57 to Prologis' Annual Report on Form 10-K for the year ended December 31, 2014\).](#)
- 10.30* [Form of Prologis, Inc. Long-Term Incentive Plan LTIP Unit Award Agreement \(Bonus exchange\) \(incorporated by reference to Exhibit 10.2 to Prologis' Quarterly Report on Form 10-Q for the quarter ended March 31, 2015\).](#)
- 10.31* [Form of Prologis, Inc. Long-Term Incentive Plan LTIP Unit Award Agreement \(General form 2016\) \(incorporated by reference to Exhibit 10.48 to Prologis' Annual Report on Form 10-K for the year ended December 31, 2015\).](#)
- 10.32* [Form of Prologis, Inc. Outperformance Plan LTIP Unit Exchange Award Agreement \(incorporated by reference to Exhibit 10.58 to Prologis' Annual Report on Form 10-K for the year ended December 31, 2014\).](#)
- 10.33* [Form of Prologis, Inc. Long-Term Incentive Plan Equity Exchange Offer LTIP Unit Award Agreement \(incorporated by reference to Exhibit 10.59 to Prologis' Annual Report on Form 10-K for the year ended December 31, 2014\).](#)
- 10.34* [Amended and Restated Prologis, Inc. 2011 Notional Account Deferred Compensation Plan \(incorporated by reference to Exhibit 10.60 to Prologis' Annual Report on Form 10-K for the year ended December 31, 2014\).](#)
- 10.35* [Amended and Restated Prologis, Inc. Nonqualified Deferred Compensation Plan \(incorporated by reference to Exhibit 10.61 to Prologis' Annual Report on Form 10-K for the year ended December 31, 2014\).](#)
- 10.36* [Second Amended and Restated Prologis 2005 Nonqualified Deferred Compensation Plan \(incorporated by reference to Exhibit 10.62 to Prologis' Annual Report on Form 10-K for the year ended December 31, 2014\).](#)
- 10.37* [Prologis, Inc. 2018 Outperformance Plan \(incorporated by reference to Exhibit 10.1 to Prologis' Current Report Form 8-K filed on January 18, 2018\).](#)
- 10.38* [Prologis, Inc. Amended and Restated 2018 Outperformance Plan \(incorporated by reference to Exhibit 10.1 to Prologis' Current Report Form 8-K filed on March 27, 2018\).](#)
- 10.39* [Form of Prologis, Inc. 2018 Amendment to Outperformance Plan LTIP Unit Award Agreements \(incorporated by reference to Exhibit 10.2 to Prologis' Current Report Form 8-K filed on March 27, 2018\).](#)
- 10.40* [Amended and Restated Director Deferred Stock Unit Award Terms \(incorporated by reference to Exhibit 10.1 to Prologis' Current Report on Form 8-K filed on May 7, 2018\).](#)
- 10.41 [Form of Time-Sharing Agreement for Hamid Moghadam \(incorporated by reference to Exhibit 10.1 to Prologis' Current Report on Form 10-Q filed on October 22, 2018\).](#)

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- 10.42* [Prologis, Inc. Second Amended and Restated 2018 Outperformance Plan \(incorporated by reference to Exhibit 10.1 to Prologis' Current Report Form 8-K filed on August 28, 2018\).](#)
- 10.43* [Form of Outperformance Plan LTIP Unit Award Agreement \(incorporated by reference to Exhibit 10.2 to Prologis' Current Report Form 8-K filed on August 28, 2018\).](#)
- 10.44* [Form of LTIP Unit Award Agreement \(Bonus Exchange\) \(incorporated by reference to Exhibit 10.3 to Prologis' Current Report Form 8-K filed on August 28, 2018\).](#)
- 10.45* [Form of LTIP Unit Award Agreement \(Omnibus\) \(incorporated by reference to Exhibit 10.4 to Prologis' Current Report Form 8-K filed on August 28, 2018\).](#)
- 10.46* [Form of RSU Agreement \(Global\) \(incorporated by reference to Exhibit 10.5 to Prologis' Current Report Form 8-K filed on August 28, 2018\).](#)
- 10.47* [Form of RSU Agreement \(LTIP Unit Election\) \(incorporated by reference to Exhibit 10.6 to Prologis' Current Report Form 8-K filed on August 28, 2018\).](#)
- 10.48* [Form of NEO Retirement Eligibility Waiver \(incorporated by reference to Exhibit 10.7 to Prologis' Current Report Form 8-K filed on August 28, 2018\).](#)
- 10.49* [Letter Agreement dated February 3, 2017 by and between Prologis, Inc. and Hamid R. Moghadam \(incorporated by reference to Exhibit 10.1 to Prologis' Current Report Form 8-K filed on February 3, 2017\).](#)
- 10.50 [Fifth Amended and Restated Revolving Credit Agreement, dated as of February 16, 2017, among Prologis Marunouchi Finance Investment Limited Partnership, as initial borrower, Prologis, Inc. and Prologis, L.P., as guarantors, the lenders listed on the signature pages thereof, and Sumitomo Mitsui Banking Corporation, as Administrative Agent \(incorporated by reference to Exhibit 10.1 to Prologis' Current Report Form 8-K filed on February 21, 2017\).](#)
- 10.51 [Guaranty of Payment, date as of February 16, 2017, among Prologis, Inc. and Prologis, L.P., as guarantors, Sumitomo Mitsui Banking Corporation, as Administrative Agent, for the banks that are from time to time parties to the Fifth Amend and Restated Revolving Credit Agreement, dated as of February 16, 2017 \(incorporated by reference to Exhibit 10.2 to Prologis' Current Report Form 8-K filed on February 22, 2017\).](#)
- 10.52 [Amended and Restated Senior Term Loan Agreement dated as of May 4, 2017 among Prologis, Inc., Prologis, L.P., various affiliates of Prologis, L.P., various lenders and Bank of America, N.A., as Administrative Agent \(incorporated by reference to Exhibit 10.1 to Prologis' Current Report Form 8-K on May 8, 2017\).](#)
- 10.53 [Second Amended and Restated Global Senior Credit Agreement, dated as of January 16, 2019, by and among Prologis, Inc., Prologis, L.P., various affiliates of Prologis, L.P., various lenders and Bank of America, N.A., as Global Administrative Agent \(incorporated by reference to Exhibit 10.1 to Prologis' Current Report Form 8-K on January 16, 2019\).](#)
- 10.54 [Term Loan Agreement dated as of March 4, 2019 among Prologis GK Holdings Y.K., as borrower, Prologis, L.P., as guarantor, the lenders party thereto, and Sumitomo Mitsui Banking Corporation, as Administrative Agent \(incorporated by reference to Exhibit 10.1 to Prologis' Current Report Form 8-K filed on March 6, 2019\).](#)
- 10.55 [Guaranty of Payment dated as of March 4, 2019 between Prologis, L.P., as guarantor, and Sumitomo Mitsui Banking Corporation, as Administrative Agent, for the lenders that are from time to time parties to the Term Loan Agreement dated as of March 4, 2019 \(incorporated by reference to Exhibit 10.2 to Prologis' Current Report Form 8-K filed on March 6, 2019\).](#)
- 10.56* [Amended and Restated Change in Control and Noncompetition Agreement, dated April 30, 2019, between Prologis, Inc. and Hamid R. Moghadam \(incorporated by reference to Exhibit 10.1 to Prologis' Current Report Form 8-K filed on May 3, 2019\).](#)
- 10.57* [Form of Retirement Eligibility Waiver Amendment for Hamid Moghadam \(incorporated by reference to Exhibit 10.1 to Prologis' Current Report Form 8-K filed on December 10, 2019\).](#)
- 10.58* [Form of Retirement Eligibility Waiver Amendment for Named Executive Officers \(other than Hamid Moghadam\) \(incorporated by reference to Exhibit 10.2 to Prologis' Current Report Form 8-K filed on December 10, 2019\).](#)
- 10.59* [Prologis, Inc. 2020 Long-Term Incentive Plan \(incorporated by reference to Exhibit 10.1 to Prologis' Current Report Form 8-K filed on May 4, 2020\).](#)

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- 10.60 [Sixth Amended and Restated Revolving Credit Agreement, dated as of July 10, 2020, among Prologis Marunouchi Finance Investment Limited Partnership, as initial borrower, Prologis, L.P., as guarantor, the lenders listed on the signature pages thereof, and Sumitomo Mitsui Banking Corporation, as Administrative Agent \(incorporated by reference to Exhibit 10.1 to Prologis' Current Report Form 8-K filed on July 14, 2020\).](#)
- 10.61 [Guaranty of Payment, dated as of July 10, 2020, between Prologis, L.P., as guarantor, and Sumitomo Mitsui Banking Corporation, as Administrative Agent, for the banks that are from time to time parties to the Sixth Amended and Restated Revolving Credit Agreement \(incorporated by reference to Exhibit 10.2 to Prologis' Current Report Form 8-K filed on July 14, 2020\).](#)
- 10.62* [Form of First Amendment to Amended and Restated Prologis, Inc. 2011 Notional Account Deferred Compensation Plan \(incorporated by reference to Exhibit 10.1 to Prologis' Current Report Form 8-K filed on September 25, 2020\).](#)
- 10.63* [Form of LTIP Unit Award Agreement \(Omnibus 2020\) \(incorporated by reference to Exhibit 10.2 to Prologis' Current Report Form 8-K filed on September 25, 2020\).](#)
- 10.64* [Form of LTIP Unit Award Agreement \(Bonus Exchange 2020\) \(incorporated by reference to Exhibit 10.3 to Prologis' Current Report Form 8-K filed on September 25, 2020\).](#)
- 10.65* [Form of Outperformance Plan LTIP Unit Award Agreement for Named Executive Officers \(2020\) \(incorporated by reference to Exhibit 10.4 to Prologis' Current Report Form 8-K filed on September 25, 2020\).](#)
- 10.66* [Form of Outperformance Plan LTIP Unit Award Agreement \(General 2020\) \(incorporated by reference to Exhibit 10.5 to Prologis' Current Report Form 8-K filed on September 25, 2020\).](#)
- 10.67* [Form of Deferred Compensation LTIP Unit Award Agreement \(2020\) \(incorporated by reference to Exhibit 10.6 to Prologis' Current Report Form 8-K filed on September 25, 2020\).](#)
- 10.68* [Form of RSU Agreement \(Global 2020\) \(incorporated by reference to Exhibit 10.7 to Prologis' Current Report Form 8-K filed on September 25, 2020\).](#)
- 10.69* [Form of RSU Agreement \(Bonus Exchange 2020\) \(incorporated by reference to Exhibit 10.8 to Prologis' Current Report Form 8-K filed on September 25, 2020\).](#)
- 10.70* [Form of RSU Agreement \(LTIP Unit Election 2020\) \(incorporated by reference to Exhibit 10.9 to Prologis' Current Report Form 8-K filed on September 25, 2020\).](#)
- 10.71 [Global Senior Credit Agreement dated as of April 15, 2021 among Prologis, L.P., various affiliates of Prologis, L.P., various lenders and agents, and Bank of America, N.A., as Global Administrative Agent \(incorporated by reference to Exhibit 10.1 of Prologis' Current Report Form 8-K filed on April 16, 2021\).](#)
- 10.72 [First Amendment to Sixth Amended and Restated Revolving Credit Agreement, dated as of October 1, 2021, among Prologis Marunouchi Finance Investment Limited Partnership, as initial borrower, Prologis, L.P., as guarantor, the lenders listed on the signature pages thereof, and Sumitomo Mitsui Banking Corporation, as Administrative Agent \(incorporated by reference to Exhibit 10.1 to Prologis' Current Report Form 10-Q filed on October 26, 2021\).](#)
- 10.73 [First Amendment to Term Loan Agreement, dated as of October 1, 2021 among Prologis GK Holdings Y.K, as borrower, Prologis, L.P., as guarantor, the lenders party thereto, and Sumitomo Mitsui Banking Corporation, as Administrative Agent \(incorporated by reference to Exhibit 10.2 to Prologis' Current Report Form 10-Q filed on October 26, 2021\).](#)
- 10.74 [First Amendment, dated as of September 20, 2021, to the Global Senior Credit Agreement dated as of April 15, 2021, among Prologis, L.P., various affiliates of Prologis, L.P., various lenders and Bank of America, N.A., as Global Administrative Agent \(incorporated by reference to Exhibit 10.3 to Prologis' Current Report Form 10-Q filed on October 26, 2021\).](#)
- 10.75 [First Amendment, dated as of September 20, 2021, to the Global Senior Credit Agreement dated as of January 16, 2019, among Prologis, L.P., various affiliates of Prologis, L.P., various lenders and Bank of America, N.A., as Administrative Agent \(incorporated by reference to Exhibit 10.4 to Prologis' Current Report Form 10-Q filed on October 26, 2021\).](#)
- 10.76* [Third Amended and Restated Prologis Promote Plan \(incorporated by reference to Exhibit 10.1 to Prologis' Current Report on Form 8-K filed on December 2, 2021\).](#)

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| | |
|-----------|--|
| 10.77 | <u>Global Senior Credit Agreement dated as of June 30, 2022 among Prologis, L.P., various affiliates of Prologis, L.P., various lenders and agents, and Bank of America, N.A., as Global Administrative Agent (incorporated by reference to Exhibit 10.1 to Prologis' Current Report on Form 8-K filed July 6, 2022).</u> |
| 10.78 | <u>Second Amendment dated as of June 30, 2022 among Prologis, L.P., various affiliates of Prologis, L.P., various lenders and agents, and Bank of America, N.A., as Global Administrative Agent to the Second Amended and Restated Global Senior Credit Agreement dated as of April 15, 2021 (incorporated by reference to Exhibit 10.2 to Prologis' Current Report on Form 8-K filed July 6, 2022).</u> |
| 10.79* | <u>Form of LTIP Unit Award Agreement (Omnibus 2022) (incorporated by reference to Exhibit 10.1 to Prologis' Current Report Form 8-K filed on September 27, 2022).</u> |
| 10.80* | <u>Form of Third Amended and Restated Prologis 2005 Nonqualified Deferred Compensation Plan (incorporated by reference to Exhibit 10.1 to Prologis' Current Report Form 8-K filed on December 12, 2022).</u> |
| 10.81* | <u>Form of Second Amended and Restated Prologis, Inc. 2011 Notional Account Deferred Compensation Plan (incorporated by reference to Exhibit 10.2 to Prologis' Current Report Form 8-K filed on December 12, 2022).</u> |
| 10.82* | <u>Form of Second Amended and Restated Prologis, Inc. Nonqualified Deferred Compensation Plan (incorporated by reference to Exhibit 10.3 to Prologis' Current Report Form 8-K filed on December 12, 2022).</u> |
| 10.83† | <u>Prologis Bonus Exchange 2022 LTIP Unit Award Agreement - Advance Grant No Pre-Retirement Election</u> |
| 10.84† | <u>Prologis Bonus Exchange 2022 LTIP Unit Award Agreement - Advance Grant Pre-Retirement Election</u> |
| 21.1† | <u>Subsidiaries of Prologis, Inc. and Prologis, L.P.</u> |
| 22.1† | <u>Subsidiary guarantors and issuers of guaranteed securities.</u> |
| 23.1† | <u>Consent of KPMG LLP with respect to Prologis, Inc.</u> |
| 23.2† | <u>Consent of KPMG LLP with respect to Prologis, L.P.</u> |
| 23.3† | <u>Consent of KPMG LLP with respect to Duke Realty Corporation.</u> |
| 23.4† | <u>Consent of KPMG LLP with respect to Duke Realty Limited Partnership.</u> |
| 24.1† | <u>Power of Attorney for Prologis, Inc. (included in signature page of this annual report).</u> |
| 24.2† | <u>Power of Attorney for Prologis, L.P. (included in signature page of this annual report).</u> |
| 31.1† | <u>Certification of Chief Executive Officer of Prologis, Inc.</u> |
| 31.2† | <u>Certification of Chief Financial Officer of Prologis, Inc.</u> |
| 31.3† | <u>Certification of Chief Executive Officer for Prologis, L.P.</u> |
| 31.4† | <u>Certification of Chief Financial Officer for Prologis, L.P.</u> |
| 32.1† | <u>Certification of Chief Executive Officer and Chief Financial Officer of Prologis, Inc., pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u> |
| 32.2† | <u>Certification of Chief Executive Officer and Chief Financial Officer for Prologis, L.P., pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u> |
| 99.1† | <u>Audited financial statements of Duke Realty Corporation and Duke Realty Limited Partnership and the notes thereto as of December 31, 2021.</u> |
| 101. INST | Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL Document. |
| 101. SCH† | Inline XBRL Taxonomy Extension Schema |

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101. CAL† Inline XBRL Taxonomy Extension Calculation Linkbase
101. DEF† Inline XBRL Taxonomy Extension Definition Linkbase
101. LAB† Inline XBRL Taxonomy Extension Label Linkbase
101. PRE† Inline XBRL Taxonomy Extension Presentation Linkbase
104 Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* *Management Contract or Compensatory Plan or Arrangement*

† *Filed herewith*

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

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PROLOGIS, INC.

By: /s/ Hamid R. Moghadam
Hamid R. Moghadam
Chief Executive Officer

Date: February 14, 2023

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that we, the undersigned officers and directors of Prologis, Inc., hereby severally constitute Hamid R. Moghadam, Timothy D. Arndt and Edward S. Nekritz, and each of them singly, our true and lawful attorneys with full power to them, and each of them singly, to sign for us and in our names in the capacities indicated below, the Form 10-K filed herewith and any and all amendments to said Form 10-K, and generally to do all such things in our names and in our capacities as officers and directors to enable Prologis, Inc. to comply with the provisions of the Securities Exchange Act of 1934, and all requirements of the U.S. Securities and Exchange Commission, hereby ratifying and confirming our signatures as they may be signed by our said attorneys, or any of them, to said Form 10-K and any and all amendments thereto.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

| Signature | Title | Date |
|---|---|-------------------|
| <u>/s/ Hamid R. Moghadam</u> Hamid R. Moghadam | Chairman of the Board and Chief Executive Officer | February 14, 2023 |
| <u>/s/ Timothy D. Arndt</u> Timothy D. Arndt | Chief Financial Officer | February 14, 2023 |
| <u>/s/ Lori A. Palazzolo</u> Lori A. Palazzolo | Managing Director and Chief Accounting Officer | February 14, 2023 |
| <u>/s/ Cristina G. Bita</u> Cristina G. Bita | Director | February 14, 2023 |
| <u>/s/ James B. Connor</u> James B. Connor | Director | February 14, 2023 |
| <u>/s/ George L. Fotiades</u> George L. Fotiades | Director | February 14, 2023 |
| <u>/s/ Lydia H. Kennard</u> Lydia H. Kennard | Director | February 14, 2023 |
| <u>/s/ Irving F. Lyons III</u> Irving F. Lyons III | Director | February 14, 2023 |
| <u>/s/ Avid Modjtabai</u> Avid Modjtabai | Director | February 14, 2023 |
| <u>/s/ David P. O'Connor</u> David P. O'Connor | Director | February 14, 2023 |
| <u>/s/ Olivier Piani</u> Olivier Piani | Director | February 14, 2023 |
| <u>/s/ Jeffrey L. Skelton</u> Jeffrey L. Skelton | Director | February 14, 2023 |
| <u>/s/ Carl B. Webb</u> Carl B. Webb | Director | February 14, 2023 |
| <u>/s/ William D. Zollars</u> William D. Zollars | Director | February 14, 2023 |

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PROLOGIS, L.P.

By: Prologis, Inc., its general partner

By: /s/ Hamid R. Moghadam

Hamid R. Moghadam
Chief Executive Officer

Date: February 14, 2023

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that we, the undersigned officers and directors of Prologis, L.P., hereby severally constitute Hamid R. Moghadam, Timothy D. Arndt and Edward S. Nekritz, and each of them singly, our true and lawful attorneys with full power to them, and each of them singly, to sign for us and in our names in the capacities indicated below, the Form 10-K filed herewith and any and all amendments to said Form 10-K, and generally to do all such things in our names and in our capacities as officers and directors to enable Prologis, L.P. to comply with the provisions of the Securities Exchange Act of 1934, and all requirements of the U.S. Securities and Exchange Commission, hereby ratifying and confirming our signatures as they may be signed by our said attorneys, or any of them, to said Form 10-K and any and all amendments thereto.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

| Signature | Title | Date |
|---|---|-------------------|
| <u>/s/ Hamid R. Moghadam</u> Hamid R. Moghadam | Chairman of the Board and Chief Executive Officer | February 14, 2023 |
| <u>/s/ Timothy D. Arndt</u> Timothy D. Arndt | Chief Financial Officer | February 14, 2023 |
| <u>/s/ Lori A. Palazzolo</u> Lori A. Palazzolo | Managing Director and Chief Accounting Officer | February 14, 2023 |
| <u>/s/ Cristina G. Bita</u> Cristina G. Bita | Director | February 14, 2023 |
| <u>/s/ James B. Connor</u> James B. Connor | Director | February 14, 2023 |
| <u>/s/ George L. Fotiades</u> George L. Fotiades | Director | February 14, 2023 |
| <u>/s/ Lydia H. Kennard</u> Lydia H. Kennard | Director | February 14, 2023 |
| <u>/s/ Irving F. Lyons III</u> Irving F. Lyons III | Director | February 14, 2023 |
| <u>/s/ Avid Modjtabai</u> Avid Modjtabai | Director | February 14, 2023 |
| <u>/s/ David P. O'Connor</u> David P. O'Connor | Director | February 14, 2023 |
| <u>/s/ Olivier Piani</u> Olivier Piani | Director | February 14, 2023 |
| <u>/s/ Jeffrey L. Skelton</u> Jeffrey L. Skelton | Director | February 14, 2023 |
| <u>/s/ Carl B. Webb</u> Carl B. Webb | Director | February 14, 2023 |
| <u>/s/ William D. Zollars</u> William D. Zollars | Director | February 14, 2023 |