PROLOGIS

PROLOGIS INDUSTRIAL BUSINESS INDICATOR SHOWS CONTINUING EXPANSION:

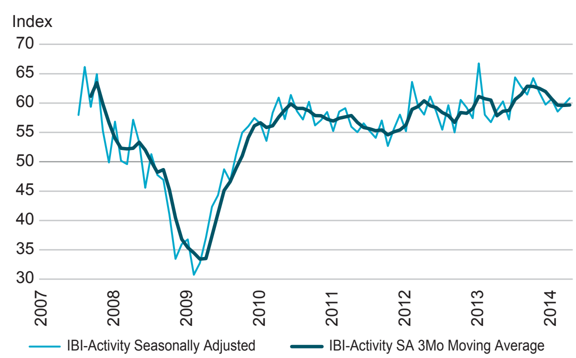
PROLOGIS RESEARCH FORECASTS 2014 NET ABSORPTION OF 225 MILLION SQUARE FEET

Prologis' Industrial Business Indicator (IBI), the company's proprietary survey of customer activity levels and facility utilization rates, reveals the logistics market has maintained momentum despite volatile economic conditions in the first quarter. Our customers report that their businesses achieved another record level of activity in the first quarter and their utilization of existing space remains above average. Along with the IBI, incoming logistics market and economic data signal that demand is outpacing supply. We maintain our view of 225M sf of net absorption and 110-115M sf of completions in 2014, with the favorable supply/demand imbalance pushing vacancy to 15-year lows.

Our IBI survey indicates that customer activity levels continue to achieve new heights. The IBI index achieved an all-time high result of 66.3 in March before adjusting for seasonality. The IBI is a diffusion index, where results above 50 indicate expansion. As other macroeconomic indicators have shown, the IBI survey results signal that business momentum is improving after the cold weather in the first quarter. For example, IBI results in the East were soft earlier in the year but rose in April, as delayed demand uncoiled into activity. At the same time, our survey indicates the utilization rate of existing space remains above average and continues to trend higher, leaving little unused space to accommodate further business growth.

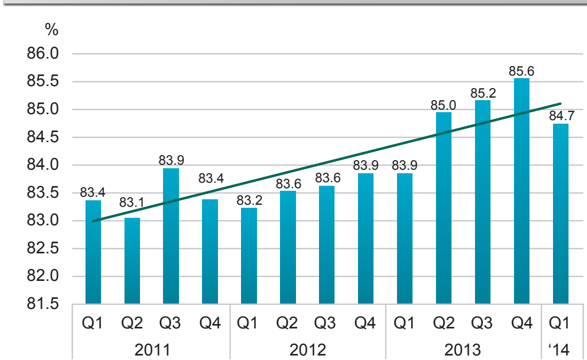
Introducing seasonal adjustment. We now have enough survey history to estimate seasonal adjustments. The IBI survey debuted in 2007, but seasonal patterns were masked by the global financial crisis until 2010. Seasonal adjustment allows for meaningful comparisons between months throughout the year. The seasonally adjusted index more clearly shows the midsummer slowdowns in 2011 and 2012 and the jump in activity throughout 2013. Among recent trends, the IBI Activity Index improved in April to a five-month high, continuing its multiyear positive trend.

EXHIBIT 1:
IBI – Activity Index, Seasonally Adjusted



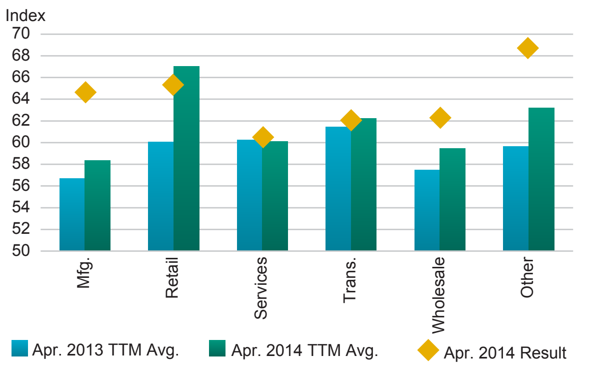
Source: Prologis

EXHIBIT 2:
IBI - Utilization Rate



Source: Prologis

EXHIBIT 3:
IBI Activity Index By Sector

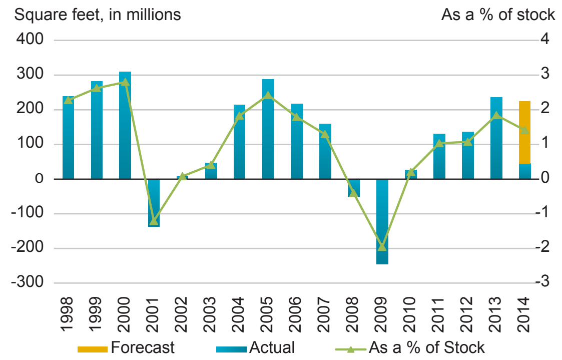


Note: TTM is trailing 12-month average
Source: Prologis

The strong IBI result is broad-based among customer industries. In both March and April, each of the six industry verticals tracked by the IBI had readings above 60, with the strongest results in the retail sector. This unprecedented result reflects the growing diversity of the economic expansion in the United States. In addition, as we discussed in a recent white paper, "The Growth of Logistics Real Estate: An Analysis of Demand by Leading Customer Industries", we see notable logistics demand among housing-related and auto-related industries. Within our survey, manufacturing has been a notable stand-out recently, rising +12 points in the past six months.

We maintain our annual net absorption forecast of 225M sf (1.8% of stock) during 2014. Net absorption in the first quarter, which is typically the lightest of the four quarters during the year due to seasonality, was 45M sf (0.4%), according to CBRE-EA. Excluding 2013, this was the strongest first quarter of demand since 2005. Exhibit 5 presents key figures and implications for net absorption. Several indicators have been weighed down by older data from the winter months. Looking ahead, the U.S. economy is quickly regaining momentum. Improving job growth is translating into firming consumer confidence and spending. Retail sales growth in March was the best in four years. We expect these individual economic-based forecasts to improve as the more recent, stronger data replace first-quarter data in our models.

EXHIBIT 4:
Net Absorption Tracking Forecast Closely



Source: CBRE-EA, Prologis Research

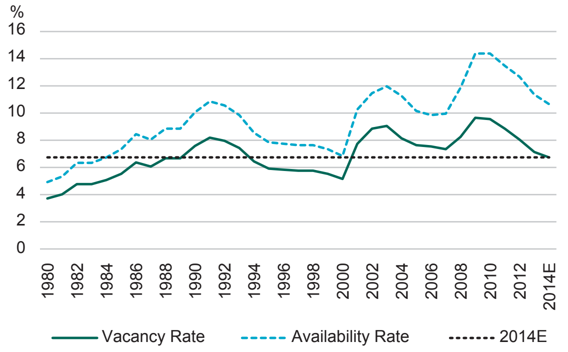
EXHIBIT 5:
Summary of Net Absorption Indicators

	Latest Reading	as of	Est. Net Absorption, M sf Quarterly	Annualized	Regression Fit (R-sqr)
IBI-Activity	**63.9**	**Apr, 2014**	**58**	**232**	**0.86**
Weighted Average of Econ Variables			**55**	**222**	
PMI (non-mfg)	54.9	May, 2014	50	200	0.79
Retail Sales	3.3%	Apr, 2014	45	180	0.72
Inventories	80.4	Q1 2014	64	258	0.68
Jobs (private)	234	May, 2014	63	252	0.74

Source: Institute for Supply Management, Bureau of Economic Analysis, U.S. Census, Bureau of Labor Statistics, Prologis Research
Note: PMI series is the three-month moving average index level. Retail sales series is the yr/yr growth of the three-month moving average. Inventories series is the two-quarter moving average in billions of real dollars (2009 basis). Jobs series is the three-month average change in private employment in thousands. The weighted average is based upon R-squareds.

Vacancy rates, already at their lowest level since 2000, will continue to decline, in our view. Completions in the first quarter amounted to 25M sf (0.2% of stock) and we expect 110-115M sf (0.9%) in total this year, half the pace of net absorption. The current under-construction pipeline is approximately 110M sf, as of the first quarter, according to CBRE-EA, and we expect roughly 85% of it to deliver this year (~90M sf). Notably, the pipeline is concentrated in a handful of markets and is predominantly composed of larger assets. Following years of exceptionally low levels of construction, Dallas and Southern California have

EXHIBIT 6:
Vacancy Forecast to Fall to Lowest Since 2000



Source: CBRE-EA, Prologis Research

Note: 2014E is Prologis Research forecast. Historical vacancy and availability data comes from CBRE-EA. CBRE's vacancy series begins in 2001. Older historical levels have been estimated based on the ratio between vacancy/availability during 2001-2007, which averaged 0.75/1.00.

had the strongest demand in the past year and now have the greatest share of the construction pipeline.

Amid this rising supply backdrop, it is important to consider two factors. First, new demand remains well ahead of new supply. Vacancy rates are continuing to decline, although we monitor market-level conditions closely for signs of overbuilding as the cycle progresses. Second, vacancy rates have fallen to their lowest level in more than a decade, which supports strong rental rate pricing power, and which will require more development in time to reach stabilized market vacancy rates.

CONCLUSION

Real time data further bolsters our confidence in our outlook for demand to run at roughly twice the pace of new supply this year. The leading indicators of logistics demand are brightening, with warmer weather already providing positive surprises in recent economic data. Our newly seasonally adjusted IBI series gives better comparisons month to month and allows for greater insights into the pace of demand within U.S. logistics. Our survey shows activity continues to expand and that utilization is high. Net absorption will benefit as pent-up demand uncoils. We expect low market vacancies will continue to support healthy rent growth in many U.S. markets.

About Prologis

Prologis, Inc., is the leading owner, operator and developer of industrial real estate, focused on global and regional markets across the Americas, Europe and Asia. As of March 31, 2014, Prologis owned or had investments in, on a consolidated basis or through unconsolidated joint ventures, properties and development projects totaling approximately 574 million square feet (53.3 million square meters) in 21 countries. The company leases modern distribution facilities to more than 4,700 customers, including manufacturers, retailers, transportation companies, third-party logistics providers and other enterprises.

Prologis Research

Prologis' research department studies fundamental and investment trends and Prologis' customers' needs to assist in identifying opportunities and avoiding risk across four continents. The team contributes to investment decisions and long-term strategic initiatives, in addition to publishing white papers and other research reports. Prologis publishes research on the market dynamics impacting Prologis' customers' businesses, including global supply chain issues and developments in the logistics and real estate industries. Prologis' dedicated research team works collaboratively with all company departments to help guide Prologis' market entry, expansion, acquisition and development strategies.

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