PROLOGIS EUROPEAN LOGISTICS FUND FCP-FIS

2018 Green Bond Report

15 March 2019

Prologis Park Northampton Pineham, Northampton, UK

Table of contents

Introduction

Today, we, Prologis European Logistics Fund FCP-FIS (PELF), publish the 2018 Green Bond Report for our two 2018 green bond issuances. As part of Prologis, sustainability is in PELF's DNA and an integral part of our forward-thinking strategy. The year 2018 was significant in advancing PELF's sustainability objectives.

On 15 March 2018, we issued the first green bond by a logistics real estate company, an inaugural €300 million green bond (ISIN no. XS1789176846), maturing 15 March 2028. On 14 November 2018, we issued a second €300 million green bond (ISIN no. XS1904690341), maturing 14 November 2030. Both issuances were on the basis of Prologis' Green Bond Framework and had resounding success, demonstrated by the high-quality order book of Pan-European investors.

The green bonds further demonstrate our alignment with the Paris Climate Agreement and the UN's Sustainable Development Goals. As a result of our ongoing commitment to sustainability, PELF earned a 2018 GRESB Green Star and increased its total GRESB score to 86 (from 80 in 2017), ranking second in the European industrial sector and in the top quintile of GRESB-certified funds. In addition, Moody's upgraded our long-term issuer rating to A3 with a stable outlook in February 2018 and referred to the Green Bond Framework as credit positive.[1,2]

We worked with Arcadis to assess the potential reduction in carbon dioxide emissions as a result of our building design. European legislation has developed a benchmark for measuring these outputs across various countries, which were used for comparison with PELF's buildings. This research is a pioneering effort across the European countries in which we operate, providing insight into how logistics buildings can contribute to a sustainable future.

This report includes the allocation of the net proceeds of the March and November 2018 green bond issuances. It also details our sustainability goals and provides insight into some of our initiatives by highlighting building features via case studies. Overall, this report reflects PELF's commitment to sustainability and our hope that others follow our lead toward a cleaner, greener future.

1. 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 organisation.
2. https://www.moodys.com/research/Prologis-European-Logistics-Fund-Planned-issuance-under-the-new-Prologis--PBC_1113207

Sustainability

Sustainability is embedded in our long-term strategy. PELF, along with Prologis, has focused on continuous improvements to its portfolio, expanding the number and quality of sustainable buildings. We future-proof our buildings to stay ahead of our customers' evolving energy, transportation and labour requirements. Sustainable design features, such as efficient lighting, cool roofs, data sensors and smart metering, result in less energy consumption and reduced carbon emissions.

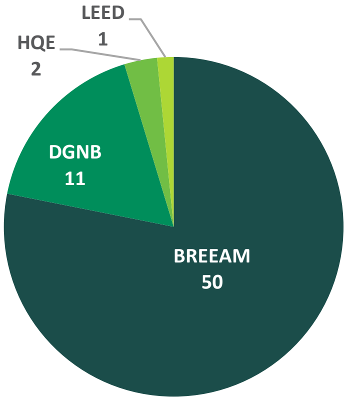
Our location decisions are driven primarily by customer needs and preferences as they look to shorten delivery routes and reduce transit times along with the associated carbon emissions. Design features using more natural light, efficient insulation and access to nature can enhance employee health and comfort in the work environment. Our high-quality buildings result in operational efficiency, cost savings and health benefits for our customers and their employees. Ultimately, these efforts ensure value creation for our customers, shareholders and investors, along with the environment.

In order to further improve PELF's sustainability program, we have set specific goals measured by key performance indicators (KPIs). These goals include but are not limited to:

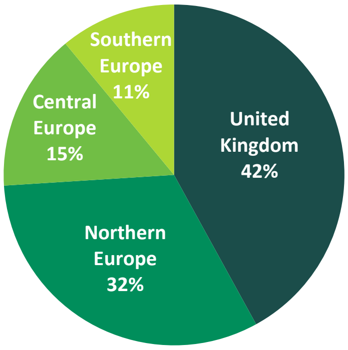
PELF KPI	31 DEC 2018 ACTUALS	31 DEC 2021 GOAL
Installed solar energy capacity (megawatts)	16 MW	30 MW
LED lighting (percent of PELF portfolio)	36%	75%
Smart metering (percent of PELF portfolio)	40%	85%

PELF's total portfolio of green buildings (in accordance with the Green Bond Framework criteria) comprises 64 buildings with a total value of approximately €1.9 billion[3] across 10 European countries.

PORTFOLIO COMPOSITION BY CERTIFICATION TYPE



PORTFOLIO COMPOSITION BY REGION

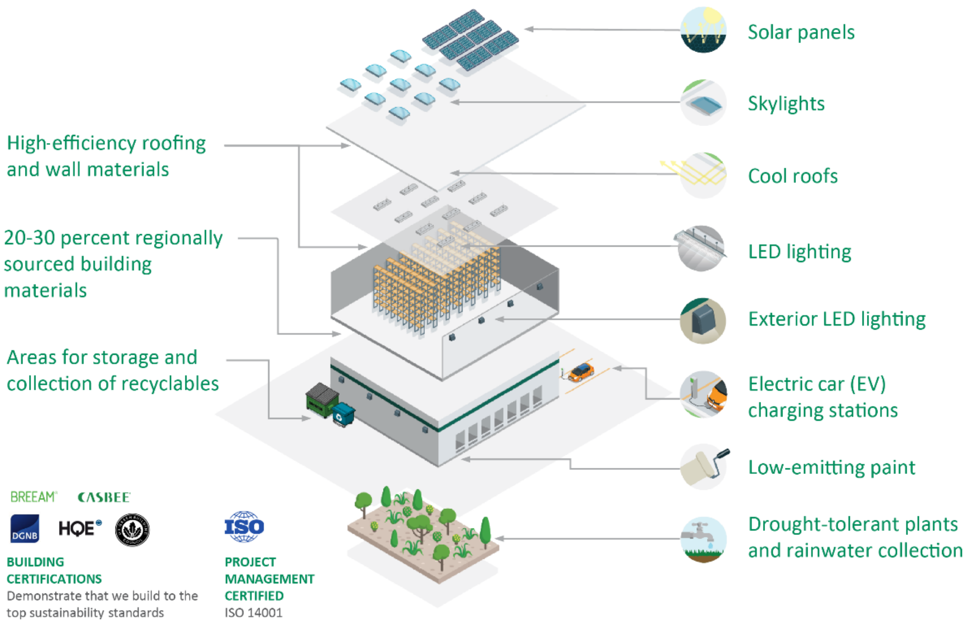


3. Represents the investment in the buildings as determined at the end of the quarter when acquired. See the section titled "Allocation" for further detail.

PELF is sponsored and managed by Prologis, Inc. (NYSE: PLD), one of the top sustainable global companies. Prologis ranked sixth in the world on the 2019 Corporate Knights Global 100 Most Sustainable Corporations in the World index. The company has been in the winner's circle with GRESB for seven years in a row and has achieved sector-leading distinction 11 times since 2012. In addition, Prologis has been part of the Dow Jones Sustainability Index for 11 years and received NAREIT's Industrial Leader in the Light Award for sustainability for seven consecutive years. For more information regarding Prologis' sustainability initiatives, please visit the Sustainability section of the Prologis website or the Prologis 2017 Sustainability Report.

PROLOGIS BUILDINGS: SUSTAINABLE DESIGN

Prologis' high-quality buildings are constructed with reputable sustainable design standards and have features that minimise use of energy and water, reducing operating costs for our customers and Prologis. Higher-quality insulation, ventilation and lighting minimise costs and promote employee wellness and productivity. The following is an illustration of the sustainable design features typical of the certified sustainable buildings in our green portfolio.



PELF reviews its sustainability KPIs and works on sustainability initiatives continuously. The following four case studies, two from each of our bond issuances, provide further insights. These case studies highlight certain building features and showcase the projected carbon dioxide emissions avoided in comparison with benchmark data.

MARCH 2018 GREEN BOND

Boscombe Road DC2, United Kingdom

Classification: BREEAM “Outstanding”
Winner of 2018 Western Europe BREEAM Awards

Potential CO_2 savings[4]: 756 tonnes of CO_2 equivalent/annum

Improvement over baseline: 82 percent

Boscombe Road DC2 is the first logistics building to be accredited as “Outstanding” under the BREEAM 2014 guidelines. This recognition confirms Prologis Park Dunstable, in which Boscombe Road DC2 is located, as the first large-scale distribution park to be fully classified as BREEAM “Outstanding” with accreditation for the DC1 unit in 2011.

Core features: The building has a 230 kilowatt-peak solar panel rooftop, a rooftop solar thermal system, and a solar air heating system providing pre-heated air to office areas and improving indoor air quality. In addition, it features an 8,000-litre rainwater harvesting system, capturing water for non-potable use.

The facility was built on a brownfield site with specific issues, such as ground contamination and management of demolition materials. During development, 93 percent of demolition and construction waste was diverted from the landfill—either reused or recycled—and 100 percent of high-grade aggregate was sourced from the remediation of the brownfield site.

4. Baseline and avoided CO_2 emissions estimated by Arcadis based on an analysis of data from existing BREEAM and EPC assessments as of 19 Feb 2019.

MARCH 2018 GREEN BOND

Hamm DC1, Germany

Classification: DGNB Gold

Potential CO_2 savings[5]: 411 tonnes of CO_2 equivalent/annum

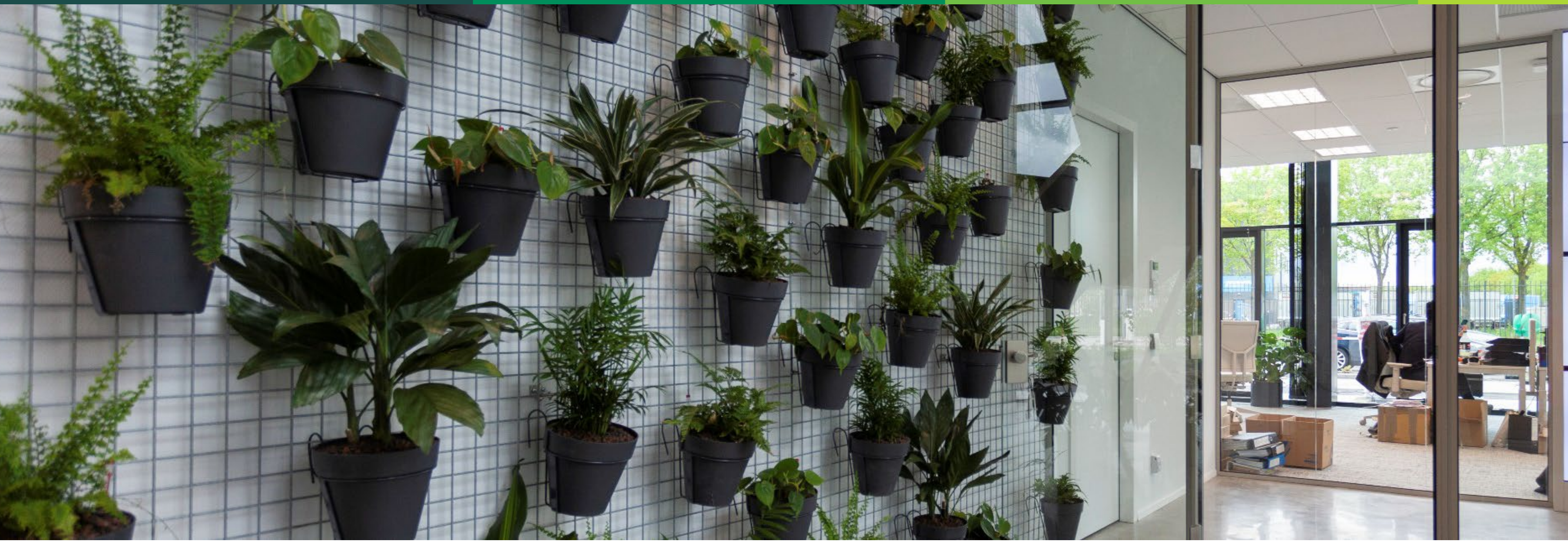
Improvement over baseline: 28 percent

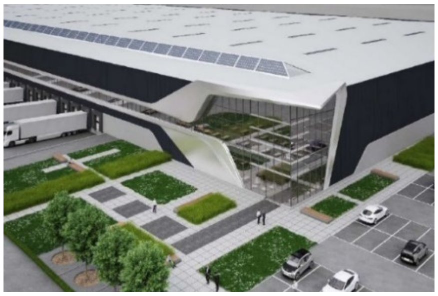
Hamm DC1 is a distribution centre in the eastern Ruhr-Region of Germany. The building was constructed in 2017 and fully leased before completion.

Core features: The facility makes uses of interior and exterior LED lighting to reduce energy costs, and its roof dome lights and continuous strip windows allow for efficient use of daylight. The building's rainwater recycling system further reduces dependence on non-sustainable energy sources. The water can be heated by using energy from solar panels on the roof, offering an integrated system suiting employees' needs.

The building's emphasis on self-sufficiency exemplifies Prologis' and PELF's sustainability strategy and contributed to its DGNB Gold certification.

5. Baseline and avoided CO_2 emissions estimated by Arcadis based on an analysis of data from existing BREEAM and EPC assessments as of 19 Feb 2019.





NOVEMBER 2018 GREEN BOND

Tilburg DC5, the Netherlands

Classification: BREEAM “Very Good”

Potential CO_2 savings[6]: 799 tonnes of CO_2 equivalent/annum

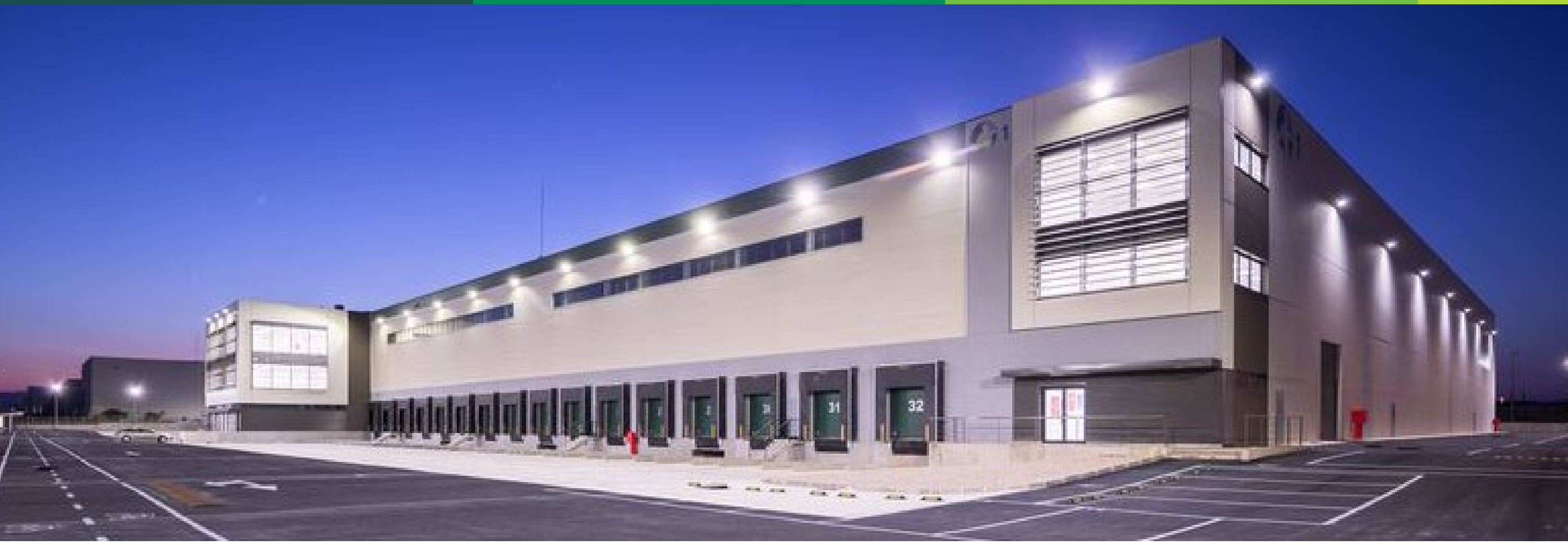
Improvement over baseline: 60 percent

Prologis Park Tilburg is in the industrial park Vossenberg West II and encloses 13 hectares of land with a possibility to build out approximately 80,000 square metres of sustainable, state-of-the-art distribution centre space. This first phase consists of approximately 25,000 square metres and was built in 2018 for a large international logistics provider.

Core features: The building has large glass surfaces and special light systems to maximise daylight and comfort, and several smart data sensors were installed to improve energy efficiency. In addition, PELF collaborated with a Dutch software startup to invest in a system that monitors the climate in real time, reducing energy costs and allowing for more accurate climate control than a centralised system. These measures, as well as interior and exterior LED lighting, will reduce energy consumption by up to 15 percent over the lifetime of the installation. The building’s solar panels supply electric cars with 100 percent renewable energy, and a steel roof structure allows installation of solar panels on the entire roof in the future.

As a result of our efforts to promote health and wellness for our customers’ employees, this project was the first industrial real estate building to be registered through the International WELL Building Institute, helping raise the standard for employees who work in distribution centres. The project is anticipated to receive final WELL certification in 2019.

6. Baseline and avoided CO_2 emissions estimated by Arcadis based on an analysis of data from existing BREEAM and EPC assessments as of 19 Feb 2019.



NOVEMBER 2018 GREEN BOND

Valencia DC1, Spain

Classification: BREEAM "Very Good"

Potential CO_2 savings[7]: 283 tonnes of CO_2 equivalent/annum

Improvement over baseline: 60 percent

Valencia DC1 was completed in 2018 and is in the Ribarroja del Turia logistics zone, close to the El Grao port in Valencia, Spain's largest container port. Being completely digital, it was the first Prologis 4.0 logistics building in Europe.

Core features: The roof has a solar water-heating system, solar panels and intermittent skylights for natural daylight. It uses a combination of LED lighting, building information modeling tools and management systems to optimise energy consumption. The building has motion sensors and smart metres to improve efficiency further. A cool roof helps keep interior temperatures at adequate levels, reducing the need for artificial cooling.

The facility offers a combination of electric car chargers and covered bicycle parking areas in an effort to promote alternative, sustainable transportation methods for employees.

7. Baseline and avoided CO_2 emissions estimated by Arcadis based on an analysis of data from existing BREEAM and EPC assessments as of 19 Feb 2019.

Allocation

On 15 March and 14 November 2018, we issued our first and second green bond, respectively. The Green Bond Committee evaluated and selected projects that comply with the "Use of proceeds" eligibility criteria of the Green Bond Framework and allocated the net proceeds of the bonds to green buildings with a qualifying sustainable building classification (i.e. section 1.a.i of the Green Bond Framework's "Use of proceeds"). The net proceeds were allocated to two portfolios comprised of these green buildings, one for each green bond issuance.

From the total portfolio of 64 green buildings (in accordance with the criteria set out in the Green Bond Framework), the Green Bond Committee composed two sub-portfolios, Portfolio 1 and Portfolio 2, of six and 12 buildings, respectively, to which the bonds' net proceeds were allocated as described in the tables below.

The allocation values represent the investment in the buildings as determined at the end of the quarter when acquired. In the case of assets valued in currencies other than Euro, the applicable foreign exchange rate at the end of that quarter was used to convert the values to a Euro equivalent.[8]

PORTFOLIO 1: GREEN BOND ISSUED 15 MARCH 2018

€295,977,000 in net proceeds

PROPERTY NAME	COUNTRY	CERTIFICATION LEVEL
Prague Airport DC2A	Czech Republic	BREEAM "Very Good"
Moissy DC8	France	HQE Performant
Moissy DC10	France	HQE Performant
Munich East DC1	Germany	DGNB Gold
Hamm DC1	Germany	DGNB Gold
Boscombe Road DC2	United Kingdom	BREEAM "Outstanding"
	Total allocation	**€295,977,000**

PORTFOLIO 2: GREEN BOND ISSUED 14 NOVEMBER 2018

€295,611,000 in net proceeds

PROPERTY NAME	COUNTRY	CERTIFICATION LEVEL
Prague D1 West DC4	Czech Republic	BREEAM "Very Good"
Prague Airport DC5	Czech Republic	BREEAM "Good"
Prague-Uzice DC3	Czech Republic	BREEAM "Very Good"
Presles DC1	France	BREEAM "Good"
Isle d'Abeau DC21	France	BREEAM "Very Good"
Valencia DC1	Spain	BREEAM "Very Good"
Tilburg DC5	Netherlands	BREEAM "Very Good"
Budapest-Sziget DC6	Hungary	BREEAM "Good"
Budapest-Sziget DC7	Hungary	BREEAM "Good"
Budapest-Sziget DC8	Hungary	BREEAM "Good"
Milan Pozzuolo DC1	Italy	LEED Gold
DIRFT RFI DC1	United Kingdom	BREEAM "Excellent"
	Total allocation	**€295,611,000**

8. Assets acquired from PTELF (Prologis Targeted Europe Logistics Fund) are represented by their value as of 31 December 2017, equivalent to the end of the quarter when PTELF and its assets were acquired by PEPF II (Prologis European Properties Fund II) to form PELF.

Allocated amounts match the net proceeds for each of the bonds, resulting in a full allocation of the net proceeds. For the Green Bond Committee’s assertion on the allocation of the bonds’ net proceeds and KPMG’s assurance reports, please see Appendices A, B and C.

Appendix

A. Management Assertion

Management Assertion

Prologis Green Bond Committee

Ms. Jeannie Renne-Malone, Mr. Christian Nickels-Teske, Mr. Ali Nassiri

The Prologis Green Bond Committee asserts that the net proceeds of €295,977,000 from the 15 March 2018 green bond issuance and the net proceeds of €295,611,000 from the 14 November 2018 green bond issuance, totalling €591,588,000 in net proceeds, have been allocated fully to Portfolio 1 and Portfolio 2, respectively, in accordance with the eligibility criteria described in the Green Bond Framework.

Appendix

B. First report of Independent Accountant

KPMG

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INDEPENDENT LIMITED ASSURANCE REPORT TO PROLOGIS INTERNATIONAL FUNDING II S.A ON THE ALLOCATION OF THE NET PROCEEDS TO ELIGIBLE PROJECTS

We have been engaged by the Management of Prologis International Funding II S.A. (hereafter referred to as "Prologis" or "the Issuer") to provide limited assurance as to whether the Net Proceeds ("Net Proceeds") of the Green Bond ("the Green Bond") issued in March 2018 by the Issuer, and described in the "Allocation" section on pages 9 and 10 of the Prologis European Logistics Fund FCP-FIS Green Bond Report 2018 dated 15 March 2019 (hereafter "the Report"), have been allocated to eligible projects ("Eligible Projects"), as per the Internal Criteria defined in the Green Bond Framework developed for Prologis Inc., Prologis, L.P., related co-investments ventures and other affiliates and dated February 2018 (hereafter the "Green Bond Framework").

1. Management's responsibility for the Report

The Management of Prologis is responsible for the:

a) Preparation of the pages 9 and 10 of the Report (and the information contained within it, in accordance with the Internal Criteria included in the Green Bond Framework);

b) Design, implementation and maintenance of such internal control as the Management of Prologis determines is necessary to enable the preparation of the Report that is free from material misstatement, whether due to fraud or error; for determining and implementing Prologis' objectives and related activities in respect of the Report, including Use of Net Proceeds and Eligible Project evaluation and Selection in accordance with the Green Bond Framework; and for defining the Internal Criteria used in this Framework;

c) Prevention and detection of fraud and for identifying and ensuring that Prologis complies with laws and regulations applicable to its activities;

d) Process to ensure that personnel involved with the preparation of the Report are properly trained, systems are properly updated and that any changes in reporting relevant to the Report encompass all significant relevant business units. This responsibility also includes informing us of any changes in the Prologis' operations since the date of preparation and issuance of the "Allocation" section in the Report.

The Report has been prepared for the investors of the Green Bond listed on the Euro MTF and the Management of Prologis.

2. Responsibility of the Réviseur d'Entreprises agréé

Our responsibility is to perform a limited assurance on the allocation of the Net Proceeds of the Green Bond to Eligible Projects in accordance with International Standard on Assurance Engagements ISAE 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information (hereafter "ISAE 3000"), as adopted for Luxembourg by the Institut des Réviseurs d'Entreprises.

KPMG Luxembourg, Société coopérative, a Luxembourg entity and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

T.V.A. LU 27351518
R.C.S. Luxembourg B 149133

This standard requires that we comply with applicable ethical requirements, including independence requirements, and plan and perform the engagement to obtain limited assurance about whether:

- the Net Proceeds of the Green Bond issued in March 2018 by the Issuer, and described on pages 9 and 10 of the Report, have been allocated to Eligible Projects as per the Green Bond Framework.

3. Summary of work performed

A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other evidence gathering procedures, as appropriate, with relation to the data contained in the Report.

These procedures include:

- Read sections of the Offering memorandum dated March 2018 and the Green Bond Framework of Prologis dated February 2018, which address the applicability of the Eligibility Criteria used to evaluate and select Eligible Projects and to allocate the Net Proceeds of the Green Bond;
- Understand how processes, systems and controls related to the use of net proceeds, process for project selection and evaluation have been implemented by the Issuer;
- Verify the existence of internal criteria for asset evaluation and selection;
- Ensure existence of a process in place to determine the eligibility of assets in accordance with the internal criteria;
- Check documentation which supports systems and controls in place for the assets evaluation and selection;
- Review the Eligible Projects to determine whether the eligibility is supported by evidence;
- Recalculate the remaining balance to ensure matching between net proceeds and earmarked Eligible Projects.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement or an audit conducted in accordance with International Standards on Auditing and Assurance Engagements, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit or a reasonable assurance engagement. Our limited assurance engagement is not designed to detect all internal control weaknesses or errors in the Report in meeting the requirements of Prologis, as the evidence has been obtained on a sample basis. Accordingly, we do not express an audit or a reasonable assurance conclusion in the "Allocation" section on pages 9 and 10 of the Report, nor on the Report as a whole.

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

KPMG

4. Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Net Proceeds of the Green Bond issued in March 2018 by the Issuer as described in the "Allocation" section on pages 9 and 10 of the Report, have not been allocated to Eligible Projects, as per the Internal Criteria defined in the Green Bond Framework.

Luxembourg, 15 March 2019

KPMG Luxembourg, Société coopérative
Cabinet de révision agréé

Emmanuelle Ramponi

SUI001

Appendix

C. Second report of Independent Accountant

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1. Management's responsibility for the Report

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d) Process to ensure that personnel involved with the preparation of the Report are properly trained, systems are properly updated and that any changes in reporting relevant to the Report encompass all significant relevant business units. This responsibility also includes informing us of any changes in the Prologis' operations since the date of preparation and issuance of the "Allocation" section in the Report.

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Luxembourg, 15 March 2019

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