



Dear Fellow Shareholders,

In a year that will forever be linked to COVID-19, Prologis delivered exceptional financial results while simultaneously helping our employees, customers and communities navigate the unprecedented environment.

We entered 2020 on the momentum of our strong performance in 2019—delivering sector-leading earnings growth, further fortifying our balance sheet and completing two significant acquisitions totaling \$17 billion: Industrial Property Trust, Inc. (IPT) and Liberty Property Trust (LPT). These transactions expanded our customer relationships, generated significant revenue and cost synergies, and brought our portfolio to nearly 1 billion square feet. I am pleased to report that the integration of both acquisitions was effectively complete on day one and we achieved the expected annual synergies of more than \$150 million.

During the year, we made progress on the Prologis 3Cs, our strategic blueprint for driving success and innovation across the organization: *Customer Centricity*; *Change Through Innovation and Operational Excellence*; and *Culture and Talent*. These business imperatives are the framework for our rapid, efficient and impactful recovery strategy that has protected and promoted resiliency among all of our stakeholders.

Responding to the Pandemic

In early March, our actions centered around our employees, customers and communities.

Keeping Employees Safe

As always, the safety and well-being of our employees and their families is our top priority. Our early investments in technology and data infrastructure allowed us to transition quickly to remote working to comply with stay-at-home ordinances. Our property management and maintenance teams continued to perform standard property inspections, but only under strict safety protocols.

“ I am extremely proud of how our people have rallied to take care of each other and our customers. ”



Prologis Park Beacon Lakes, Miami, Florida

Our crisis communications plan included the rollout of an information portal on our company intranet where employees can access up-to-date information and weekly video updates from our senior leadership team. In addition, we formed a COVID-19 task force that met daily to assess business risk. We continue to follow regulations and guidance from governmental authorities regarding the containment of the coronavirus, as well as parameters set by the World Health Organization, Centers for Disease Control and Prevention, and other public health organizations.

I am extremely proud of how our people have rallied to take care of each other and our customers.

Helping Customers Thrive

The flow of goods through Prologis buildings represents 2.5 percent of global GDP—and an estimated 4.4 percent of global household consumption. These statistics underscore how the pandemic magnified our essential role in helping our customers meet the basic daily needs of consumers.

Even at the onset of the pandemic, the vast majority of our customers stayed open for business. Our customer experience teams set up a steady cadence of virtual check-ins to understand needs in real time, and our operations teams leaned into longstanding supplier relationships to give customers care packages of gloves, disinfecting wipes and hand sanitizer.

Moreover, we launched a comprehensive digital transformation initiative to improve operational efficiency through the deployment of flexible technology solutions. Our Prologis Essentials Marketplace is an online platform that offers goods and services curated specifically for our customers. This portal taps into our unmatched purchasing power and scale to help our customers procure forklifts, conveyors, robotics and janitorial services at favorable rates.

We continued our work at Prologis Labs, our dedicated technology incubator facility. Our teams there design and test leading-edge technology, often in partnership with our customers. Through Prologis Ventures, we made noteworthy investments in companies focused on building the future of commerce. Also, we initiated multiple large-scale, customer-led development projects around the world.

It is worth noting that our global net promoter score (NPS) increased by 4 points to 56 in a year when benchmarks from other companies declined—a testament to our team's deep commitment to helping Prologis customers thrive.

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Prologis is building the future of commerce with Locus Robotics.

Standing With Our Communities

Our first steps specific to the pandemic occurred in China. We partnered with health officials there to donate medical-grade masks and protective clothing in the hope of limiting the spread of the virus and easing the burden on local aid workers and medical personnel.



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The Prologis Foundation subsequently earmarked \$5 million for nonprofits and community-based organizations on the frontlines of the response. Feeding America and the European Food Bank Federation were our primary partners in this effort; in total, the Foundation's gift funded 8.5 million meals for those in need across the U.S. and Europe.

Our platform plays a vital role in helping people and organizations. Through our Space for Good program, we offered buildings and yard space for a variety of pandemic-related uses. Several of our facilities supported local, state and federal agencies in the U.S. with their efforts, including providing space for vaccine supplies and distribution. Hospitals and humanitarian organizations also benefitted from Space for Good. As of this writing, we have donated 1.2 million square feet of space in 14 markets totaling \$9.3 million of in-kind rent. We were a signatory to the #StopTheSpread campaign, joining other business leaders in pledging a financial commitment for COVID-19 support and recovery.

In 2020, it became tragically clear that the fight against injustice and inequality is a shared responsibility, and that systemic racism must be addressed head-on. With the protests last summer once again bringing into sharp focus centuries of pain and struggle, we stand with those who engage in peaceful and lawful expressions of this injustice. We are committed to doing our part to end racial injustice, hatred and violence. To date, the Prologis Foundation has committed \$1 million to the Equal Justice Initiative, the NAACP Legal Defense and Educational Fund, the National Urban League, the Center for Policing Equity, Year Up and the Dream Corps.

Underscoring the Need for Resiliency

Prologis Research, the only in-house research division in the REIT space, takes proprietary data gathered from our facilities and places that data into context with conversations with leaders across multiple sectors. This approach ensures that our customers and the financial community receive real-time insights into our business. As the pandemic unfolded, Prologis Research published a three-tiered analysis of the economic impact of COVID-19, breaking the pandemic into distinct phases: *Stay-at-Home*, *Recovery* and *New Normal*.

During the *Stay-at-Home* phase, demand surged in large customer industries such as food/beverage, diversified retail, consumer products and transportation/distribution. In the *Recovery* stage, customers who adapted to new patterns of consumer behavior are increasingly focused on optimizing their supply chains for the *New Normal*, which in turn requires a reassessment of ideal inventory-to-sales ratios. Historically, customers that serve essential and basic daily needs have outperformed during recessions.

We anticipate continued fundamental improvement in 2021 and beyond as our customers plan for the long term. In fact, we estimate that 400 million square feet or more of additional U.S. logistics real estate demand will be realized in the next two to three years as companies adjust to two primary drivers. First, the pandemic accelerated the retail revolution. In 2020, the e-commerce penetration rate jumped 480 basis points to 20 percent of goods sold in the U.S. While we expect the share of goods purchased online to grow, a pause later this year would not surprise us, as consumers pivot to services and experiences versus goods. Second, we expect higher inventory levels. Inventory-to-sales ratios remain near all-time lows. We see early signs of inventory restocking: Containerized import volumes in the U.S. rose 21 percent in the fourth quarter and set a quarterly record high. Longer term, the need for more resilient supply chains will prompt increasingly robust inventories.

Despite the uncertainty that prevailed in 2020, investment activity across our global platform was unabated, reflecting strong demand for high-quality logistics real estate in the world's best locations. Our portfolio and development-ready land bank near large population centers is a proven competitive advantage for Prologis customers.

Committed to Our Stakeholders During Unprecedented Times

As COVID-19 began to batter communities across the globe, we were ready. We mobilized our teams quickly to help our customers, communities and employees, working day and night to establish a fast-tracked structure for how to best deploy our resources to support those in need.

Customers

- **COVID-19 RELIEF CENTER:** 24/7 support for our customers.
- **PERSONAL PROTECTIVE EQUIPMENT:** sourcing hard-to-obtain safety gear.
- **PPP¹ TOOLKIT:** made available within days of legislation to help customers understand the resources available to them.

Communities

- **\$5 MILLION** global relief fund launched by the Prologis Foundation in 2020 to help charities around the world mitigate the impacts of the pandemic.
- **\$9.3 MILLION** of in-kind logistics space donated to municipalities, hospitals and relief organizations on the frontlines of the COVID-19 response.

Employees

- **SUPPORT BENEFITS:** ensure that employees have ample access to resources such as telehealth, free testing for COVID-19, quarantine pay and childcare.
- **0% INTEREST LOANS:** offered to non-management employees whose household incomes were impacted by the pandemic.

Investors

- **RAPID ANALYTICS AND INSIGHTS** about our response plans and the impacts of the pandemic on logistics real estate in six special reports over four months.
- **THOUGHT LEADERSHIP** through such research as our collaboration with MIT on the sustainability impacts of e-commerce vs. retail.
- **34% OUTPERFORMANCE** over MSCI REIT Index during the pandemic.²

1. Paycheck Protection Program, a U.S. federal loan program helping businesses during the COVID-19 pandemic.

2. Since March 11, 2020, the official start of the pandemic per the World Health Organization.

In Closing

The guiding principles of our 3Cs positioned us to deliver a rapid and impactful response while producing exceptional financial results for our shareholders. Since the AMB/ProLogis merger in 2011, our 10-year dividend compound annual growth rate of 8.4 percent has increased commensurate with our core earnings. In 2021, we expect to generate more than \$1.0 billion in free cash flow after dividends and maintain a low dividend AFFO payout ratio in the mid-60 percent range.


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Despite the uncertainty that prevailed in 2020, investment activity across our global platform was unabated, reflecting strong demand for high-quality logistics real estate.

The company's success in 2020 would not have been possible without the courage and commitment of our employees. I want to thank them for their diligence, generosity and positive spirit. Though our accomplishments in 2020 were significant, the prospects for our future are the most exciting to us. From San Francisco to London to Shanghai, we have the unmatched scale to deliver value to our customers and produce industry-leading returns for our shareholders and investors.

On behalf of our Prologis team, thank you for your ongoing support and confidence.

Sincerely,



Hamid R. Moghadam
Chairman and CEO, Prologis, Inc.



Prologis Elizabeth Seaport, Elizabeth, New Jersey

Financial Highlights

ASSETS UNDER MANAGEMENT

(in billions)

2020	\$148.3
2019	\$118.4
2018	\$86.7

CORE FFO

(per diluted share)

2020	\$3.80
2019	\$3.31
2018	\$3.03

REVENUE SUMMARY

(in billions)

2020	\$4.4
2019	\$3.3
2018	\$2.8

DIVIDENDS PER COMMON SHARE

2020	\$2.32
2019	\$2.12
2018	\$1.92

DEVELOPMENT VALUE CREATION¹

(in millions)

2020	\$942
2019	\$911
2018	\$661

NET INCOME

(in billions)

2020	\$1.47
2019	\$1.57
2018	\$1.64

Please see Prologis' Annual Report on Form 10-K for the year ended December 31, 2020, and our Q4'20 earnings supplemental for additional detail regarding the financial information presented in this annual report and definitions and reconciliations of non-GAAP measurements, such as Core FFO.

1. Prologis' share of estimated value creation from development stabilizations

Senior Leaders

Hamid R. Moghadam

Chairman of the Board of Directors and Chief Executive Officer

[Click to read bio](#)

Thomas S. Olinger

Chief Financial Officer

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Edward S. Nekritz

Chief Legal Officer and
General Counsel

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Eugene F. Reilly

Chief Investment Officer

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Colleen McKeown

Chief Human Resources
Officer

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Gary E. Anderson

Chief Operating Officer

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Michael S. Curless

Chief Customer Officer

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Board of Directors

Hamid R. Moghadam

Chairman of the Board
of Directors and Chief
Executive Officer

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Cristina G. Bita

Vice President of
Finance, Google

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David P. O'Connor

Managing Partner, High Rise
Capital Partners, LLC

[Click to read bio](#)

Olivier Piani

Chief Executive Officer and
Founder of OP Conseils;
Senior Consultant, Ardian

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George L. Fotiades

President and Chief Executive
Officer, Cantel Medical Corp.

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Jeffrey L. Skelton

Former Managing Partner,
Resultant Capital Partners

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Lydia H. Kennard

Principal, Airport Property
Ventures, LLC; Founder and
Chief Executive Officer, KDG
Construction Consulting

[Click to read bio](#)

Carl B. Webb

Senior Partner, Ford
Management, LP

[Click to read bio](#)

Irving F. Lyons III

Principal, Lyons Asset
Management

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William D. Zollars

Former Chairman, President
and Chief Executive Officer,
YRC Worldwide Inc.

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Avid Modjtabai

Former Senior Executive
Vice President, Payments,
Virtual Solutions and
Innovation, Wells Fargo

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