

PROLOGIS

MEET THE TEAM



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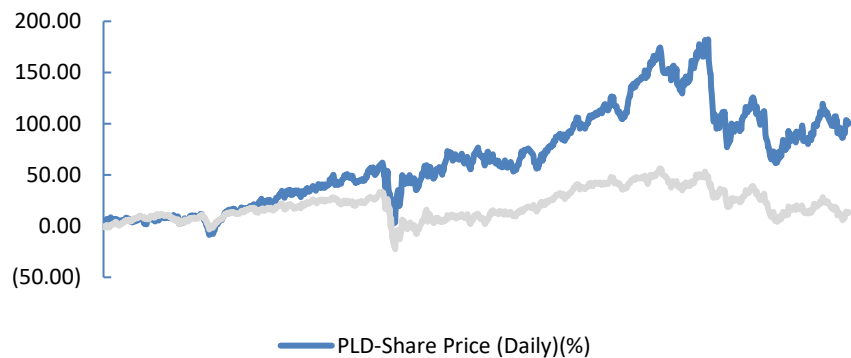
COMPANY OVERVIEW

Company Highlights

- **About:** Prologis, Inc. (NYSE:PLD) is the global leader in logistics real estate with a focus on high-barrier, high-growth markets. It leases modern logistics facilities. It is headquartered in San Francisco, CA.
- **Age:** Prologis was incorporated in 1983, and had an IPO in 1997 under the name SCI. ProLogis and AMD completed a merger of equals to create Prologis in 2011 with \$40 billion of assets under management.
- **Strategy:** PLD's focus is on High-throughput Last Touch® distribution centers, gateway, and multimarket properties. Last Touch® properties reach large, dense, and affluent populations within hours.
- **Competitors:** STAG Industrial (NYSE:STAG), Rexford Industrial (NYSE:REXR)
- **Credit Rating:** S&P Global: **A**, reviewed March 14, 2023, and a stable outlook. Moody's: **A3**, affirmed June 15, 2022 after the merger with Duke Realty. Credit rating illustrates investment grade credit and a stable outlook.

PLD Daily Share Price Comparison (%)

Five-year PLD and FTSE All Equity REIT Index Comparison



Leadership

CEO: Hamid Moghadam

- Co-founder, CEO, and Chairman of the board
- Originally co-founded AMB, Prologis predecessor
- Credited with orchestrating merger with ProLogis in 2011

Valuation & Share Performance

Key Valuation Statistics (\$mm)

Enterprise Value	\$137,650	Revenue (FY22e)	\$6,171
Market Cap	\$113,353	EBITDA (FY22e)	\$4,404
Price/ FFO	20.43x	EBITDA Margin	70%
Price/ AFFO*	24.56x	Net Income Margin	54%
Cash	\$278.5	Total Debt	\$24,514

*All numbers are based on FY22e data

Share Price	Current: \$121.81	52 WK High/Low: \$98.03 /\$174.54
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Key Metrics

Performance

Credit Rating	A
Dividend Yield	2.84%
Fixed Debt	86.5%
Variable Debt	13.5%

Opportunities for Growth

1. Continue domination of logistics category
2. Acquisition and development (Ex. Duke Realty)
3. Utilize economies of scale

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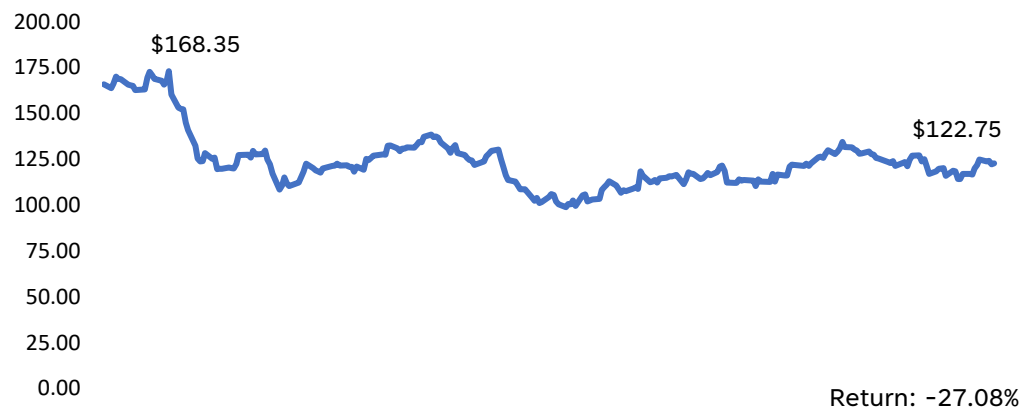
Recommendation

PORTFOLIO HOLDINGS OVERVIEW

Previous Purchase: Stock Information

Average Price	\$168.35
Quantity (#)	192
Total Cost	\$32,323
Current Value	\$23,424
Unrealized Gain/Loss	(\$8,899)

Since Acquisition (Estimated Date: April 1, 2022) PLD-Share Price (\$)



Previous Purchase: Company Information (FY 2021 information)

Market Cap (Estimated)	\$124,557
Revenue	\$4,783
FFO	\$3,923
Total Debt	\$18,163

Current: Stock Information

Price	\$121.81
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Current: Company Information (FY 2022)

Market Cap	\$104,065
Revenue	\$6,171
FFO	\$4,877
Total Debt	\$24,514

Relevant News Since Initial Acquisition



- Announced in June 2022 and closed in October 2022, Prologis acquired Duke Realty for **\$26 billion** in an all-stock deal including debt
- The deal included **\$4 billion in debt**
- The acquisition added 160 million square feet of space in 19 major markets
- Key markets include New Jersey, South Florida, Chicago, Dallas, Atlanta, and Southern California
- Duke Realty's Chairman and CEO, James Connor, joined the Prologis Board of Directors

Note: numbers are listed in \$mm

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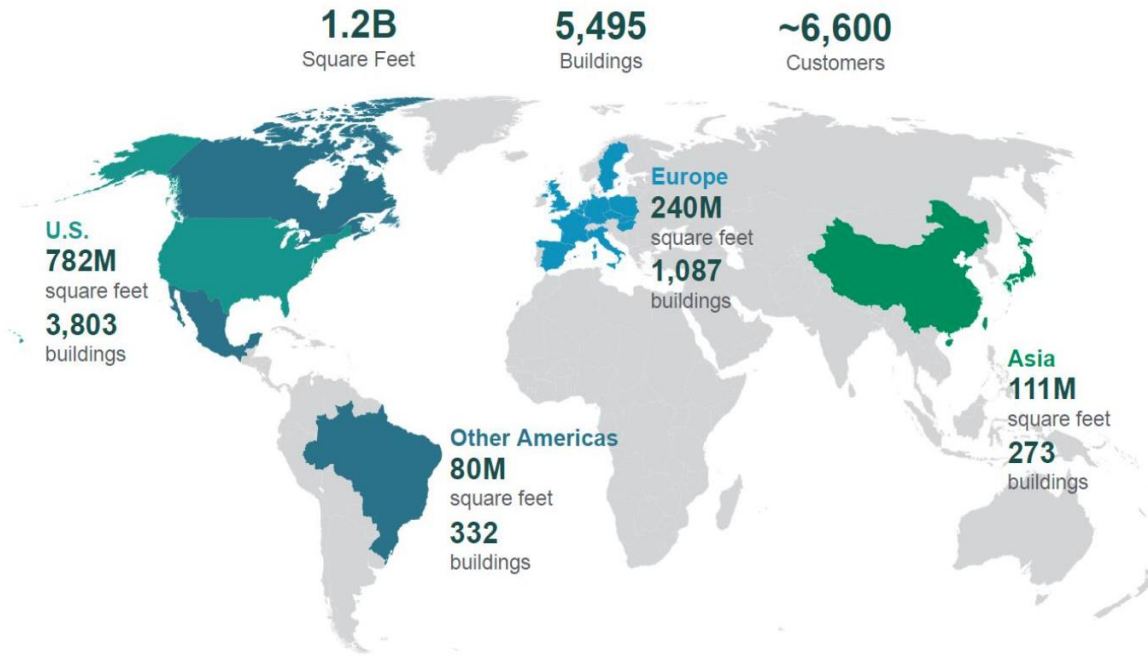
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HOLDINGS BREAKDOWN

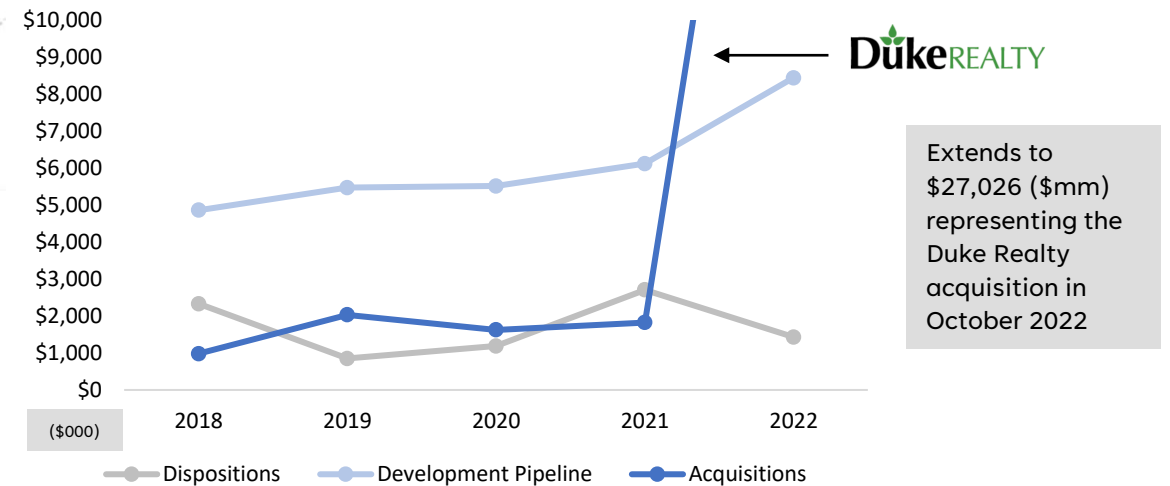
Current Holdings Map



Representation of Development Pipeline

Development Name	State
Austin-Development	Texas
Baltimore/Washington DC-Development	D.C.
Central PA-Development	Pennsylvania
Charlotte-Development	North Carolina
Cincinnati-Development	Ohio
Houston-Development	Texas
Portfolio-Atlanta-Development	Georgia

Portfolio Acquisitions, Dispositions, & Development



Portfolio characteristics

- Weighted average lease term: 69 months (a little under 6 years)
- High-quality logistic centers in central markets with wide exposure
- Annual report states internal growth will be called upon with the closure of the Duke Realty acquisition

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TENANT AND NOI DISTRIBUTION

Tenant and Location Information

Top Customers	% of NER	Occupied Square Feet
1. Amazon	5.3	43
2. Home Depot	1.7	17
3. FedEx	1.3	10
4. Geodis	1.3	17
5. DHL	1.1	12
6. CEVA Logistics	0.9	12
7. UPS	0.8	8
8. GXO	0.7	9
9. DSV Panalpina	0.7	7
10. Maersk	0.6	6
Top 10 Customers	14.4	141

Important Note

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.

Lease Expiration Schedule

	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			

Top 12 U.S. Geographic Breakdown

Market Name	Market NOI (%)	Occupancy (%)
Southern California	20.50	98.50
New Jersey/New York City	9.00	98.10
Other-U.S Markets	6.70	98.70
Chicago	5.80	98.30
San Francisco Bay Area	5.30	95.50
Dallas/Fort Worth, TX	4.80	98.00
Atlanta	4.40	99.70
South Florida	4.30	96.30
Lehigh Valley	4.20	100.00
Houston, TX	3.40	97.90
Seattle, WA	3.30	97.50
Central Valley, CA	2.60	96.70

Top 5 International Geographic Breakdown

Market Name	Market NOI (%)	Occupancy (%)
Other European Countries	2.90	98.50
Mexico	2.30	98.90
United Kingdom	2.20	98.70
Japan	1.30	97.60
Canada	1.20	100.00

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THE INDUSTRIAL SECTOR

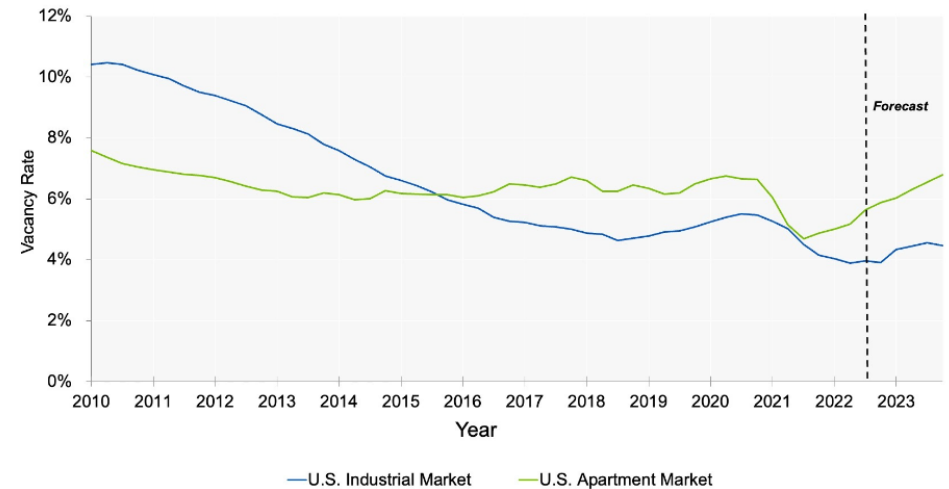
Industrial Sector Analysis

- A record 661 million sq. ft. of industrial space was under construction as of Q3 2022.
- CBRE projects ground-breakings will decline by more than 50% in 2023 due to construction financing challenges and economic uncertainty
- E-commerce growth, supply chain transformation, and location optimization will drive demand for industrial space in 2023.
- Leasing activity is expected to moderate in 2023 as occupiers delay expansion plans and the post-pandemic need to hold additional inventory dissipates.
- Despite the slowdown, demand will keep up with supply in 2023, with a 13th consecutive year of positive net absorption, a near record-low vacancy rate and solid rent growth.
- In 2022, Industrial REIT's dropped -18.99%; presenting investment opportunities
- Western markets remained the most expensive in the country. Overall, Central Valley (\$5.74) was the only region in the West to record in-place rents below the \$7.12 national figure.

West Regional Highlights

Market	Feb-23 Average Rent	Avg Rate Signed in Last 12 Months	Vacancy Rate	Under Construction (Mil. SqFt)	YTD Sales Price PSF	YTD Sales (Mil, as of 02/28)
Orange County	\$13.20	\$18.59	3.7%	1	\$302	\$58
Los Angeles	\$12.39	\$19.55	2.6%	3	\$575	\$155
Bay Area	\$12.24	\$13.47	3.7%	8	\$190	\$58

Industrial Will Lead Major Property Types in U.S. Rent Growth



Property Sector/Subsector	Number of REITs	Dividend Yield	Price Return 11-Apr-23	Period to Date Performance (%)				Compound Annual Total Returns (%)			
				Total Returns				Compound Annual Total Returns (%)			
				11-Apr-23	MTD	QTD	YTD	1-Year	3-Year	5-Year	10-year
FTSE Nareit All Equity REITs	145	4.07	0.42	0.42	0.14	0.14	1.89	-19.74	5.80	6.43	6.02
FTSE Nareit Equity REITs	138	4.26	0.33	0.33	-0.22	-0.22	2.45	-19.09	7.82	6.05	5.48
Industrial	12	3.01	-0.82	-0.82	-1.99	-1.99	7.74	-18.99	11.64	16.38	14.05

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OPERATING METRICS

Prologis operating metrics

Vacancy

- 2022 occupancy was 98.2%, therefore, 1.8% vacancy

Top 5 U.S. Markets	Occupancy (%)
Southern California	98.50
New Jersey/New York City	98.10
Other-U.S Markets	98.70
Chicago	98.30
San Francisco Bay Area	95.50

Revenue Sources

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

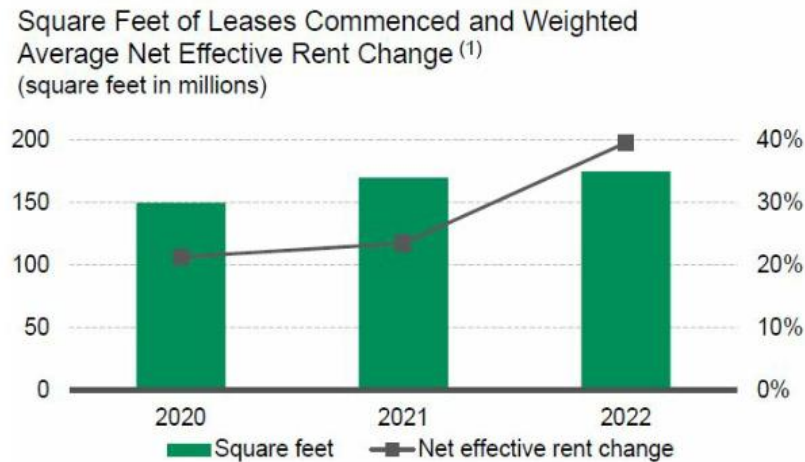
Cyclical Spending – 26%

Construction
Appliances
Auto
Home Goods

Note: Graphic from the most recent (2022) 10-k

Rent Growth and Structure

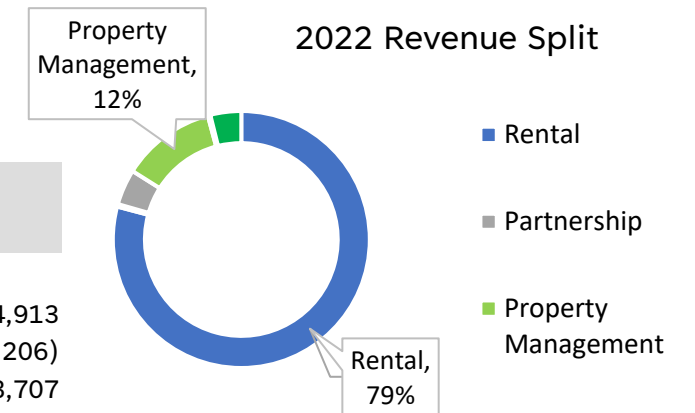
- Lease renewals are expected to translate into significant future income
- Have experienced positive rent rollover every quarter since 2013
- Leases reimburse most operating expenses



Same-Store Performance (\$mm)

2022	
Rental revenues	\$4,913
Rental expenses	(\$1,206)
Property NOI	\$3,707
2021	
Rental revenues	\$4,148
Rental expenses	(\$1,041)
Property NOI	\$3,107

2022 Revenue Split



FINANCIALS

Financial Breakdown – Net Asset Value

2022FY NAV Breakdown

<i>Average Derived Cap Rate (2018FY-2022FY) (%)</i>	3.27%
<i>Price/NAV @ 4.0%</i>	126.83
<i>Price/NAV @ 6.0%</i>	209.76
<i>Price/NAV @ 10.0%</i>	N/A
<i>NAV per Share @ 4.0% (\$)</i>	89.02
<i>NAV per Share @ 6.0% (\$)</i>	53.74
<i>NAV per Share @ 10.0% (\$)</i>	25.52
<i>NAV @ 4.0% (\$mm)</i>	84,275
<i>NAV @ 6.0% (\$mm)</i>	50,876
<i>NAV @ 10.0% (\$mm)</i>	24,157

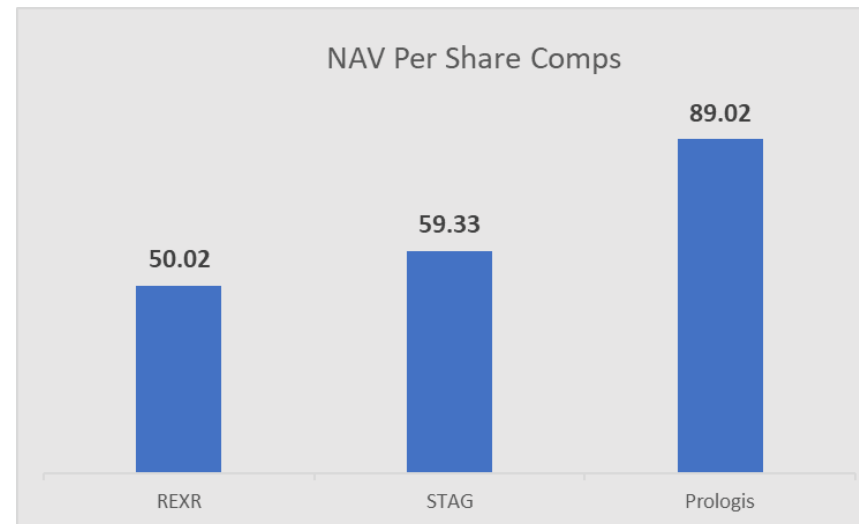
The NAV for Prologis illustrates a 0.6% discount to NAV. When compared to the Dow Jones Equity All REIT Index with a 7.6% discount, PLD looks to be selling at a small discount.

After averaging the last five years (2018FY – 2022FY), the cap rate came out to 3.27%. Accounting for future uncertainty we came to a 4% cap. This demonstrates a Price/Nav of 126.83%, NAV per Share of \$89.02, and NAV of \$84,275 (\$mm).

Prologis's NAV per share is roughly 1.5x the NAV per share of its competitors.

Our outlook on Prologis's real estate holdings is viewed as positive due to the strength of scale they have and our desire to increase exposure to Industrial

NAV Per Share Comps



Current Share Values (4/12/23)

PLD - \$121.81
REXR- \$56.86
STAG- \$32.38

NAV Comp

Entity	Pricing Date	Price/NAV	Closing Price (\$)	Premium/ Discount
Prologis	4/11/23	99.4	122.67	-0.6
Dow Jones Equity All REIT Index	4/11/23	90.8	NA	-7.6

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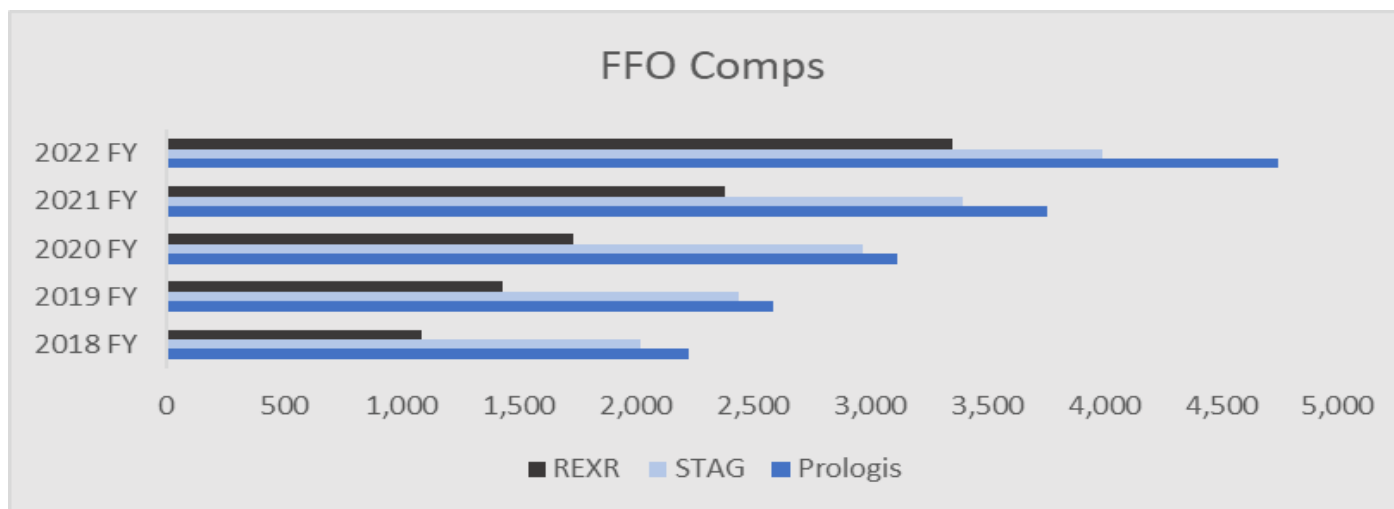
FINANCIALS

FFO Breakdown

PLD FFO Overview

YEAR	2018FY	2019FY	2020FY	2021FY	2022FY
FFO (\$MM)	2,350	2,517	2,955	3,924	4,877
FFO Growth (%)	34.85	7.10	17.41	32.79	24.31
FFO Per Share (\$)	3.03	3.31	3.80	4.15	5.16

FFO Comparison to REXR and STAG



- Prologis has experienced strong Funds From Operation growth over the past 5 years
- The FFO growth per year has exceeded 15% for the past 3 years
- Prologis is close to the average Price-to-Funds From Operations multiple compared to their competitors
- Prologis outpaces both STAG (currently held in portfolio) and Rexford Industrial in terms of Funds From Operation

REIT NAME	Price/FFO
Prologis (PLD)	24.77
Rexford Industrial Realty (REXR)	30.89
Americold (COLD)	22.96
Eastgroup Properties (EGP)	23.53
First Industrial Realty Trust (FR)	17.71
STAG Industrial (STAG)	14.82
Average	22.45

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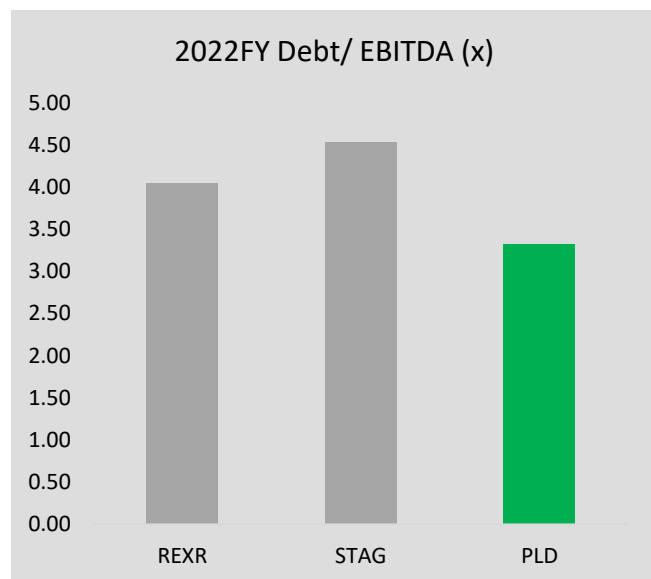
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Debt Overview

Key Debt Ratios

Debt Ratios	2022Y
Total Debt/Total Capitalization	18.21
EBITDA/Interest Expense	18.81x
Variable-rate Debt/Debt	13.50%
Fixed-rate Debt/Debt	86.50%

Debt/EBITDA Comparison

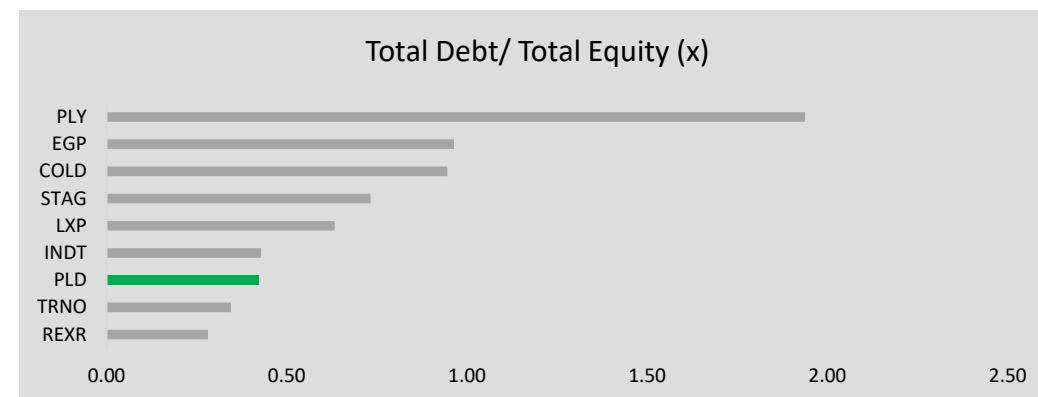


Total Debt (\$mm)

Year	Total Debt (\$mm)
2018FY	\$11,089
2019FY	\$12,377
2020FY	\$17,336
2021FY	\$18,163
2022FY	\$24,514

Weighted average remaining maturity of consolidated debt is 9 years with a weighted average interest rate of 2.5%. With refinancing activity, debt maturities until 2026 have been addressed.

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



	2023	2024	2025	2026	Thereafter	Total	Fair Value
Fixed rate debt (1)	\$ 29	\$ 255	\$ 176	\$ 1,313	\$ 19,343	\$ 21,116	\$ 17,324
Weighted average interest rate (2)	3.4 %	1.4 %	3.1 %	3.3 %	2.3 %	2.3 %	
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

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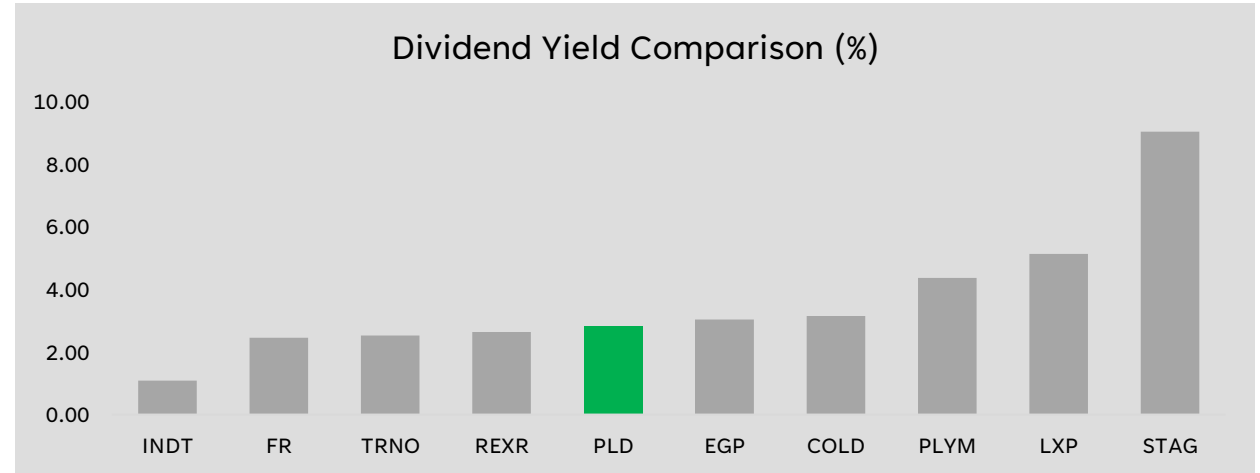
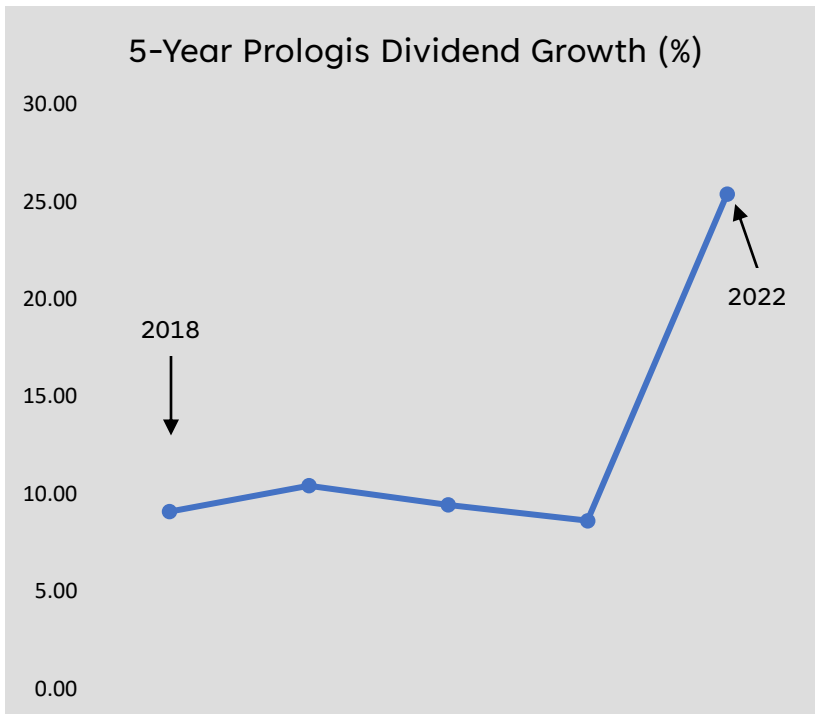
DIVIDEND ANALYSIS

Dividend Breakdown

Prologis Dividend Analysis

	2018Y	2019Y	2020Y	2021Y	2022Y
Dividend Yield (%)	3.27	2.38	2.33	1.50	2.80
Dividend (\$)	\$1.92	\$2.12	\$2.32	\$2.52	\$3.16

Source: S&P Capital IQ SPG Dashboard



Dividend Comparison Analysis

Entity Name	Dividend Yield (%)	LTM Dividend Payout Ratio (%)	Dividend Growth Rate (%)	Common Dividends Declared per Share (\$)
INDUS Realty Trust, Inc.	1.08	115.25	113.33	0.66
First Industrial Realty	2.46	44.30	8.96	1.18
Terreno Realty Corp	2.53	59.00	(8.39)	1.48
Rexford Industrial Realty	2.64	144.02	26.74	1.26
Prologis, Inc.	2.84	76.24	25.40	3.16
EastGroup Properties	3.04	111.24	39.14	4.70
LXP Industrial Trust	5.13	128.95	11.63	0.49
STAG Industrial, Inc.	9.04	170.75	0.69	1.46

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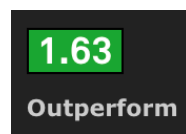
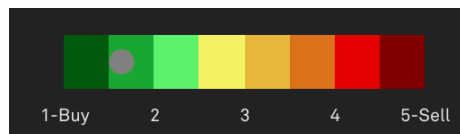
MARKET BEHAVIOR

Insider Trading

Insider Trading Flows

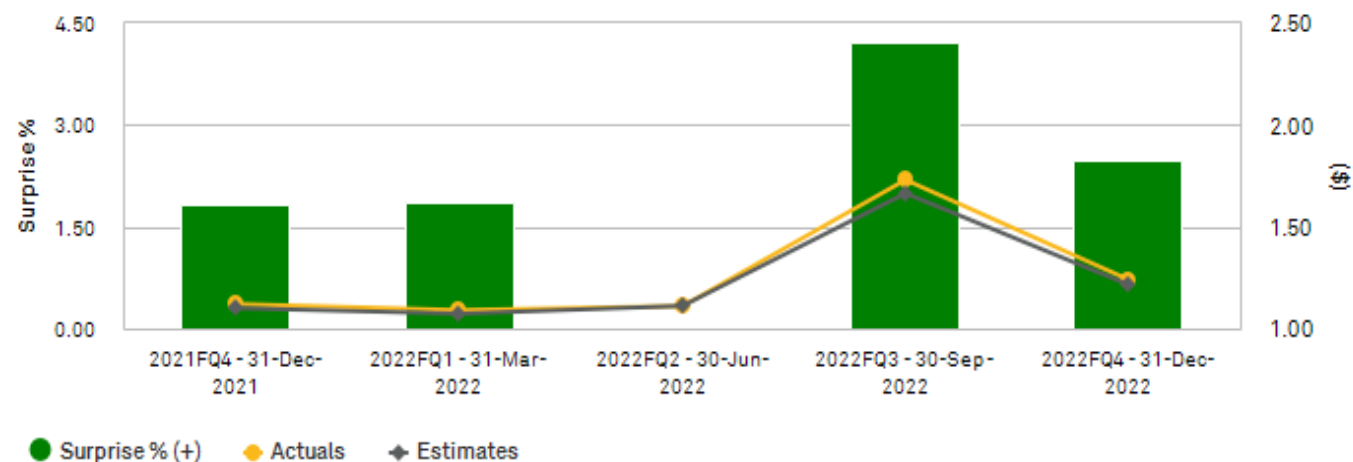
Metric	Last 3 Months	Last 1 Year	Last 5 Years
Share Value Bought (\$M)	0.0	2.8	4.4
Share Value Sold (\$M)	0.00	7.43	107.86
Buyers to Sellers	0 - 0	19 - 6	22 - 17

- Insider trading has been non-existent in the last 3 months
- In the last year, trades have been net negative largely due to a single outlier sale by an independent director who sold \$7.3 million worth of PLD stock at a price of \$164.60 per share.
- Recently, an independent director purchased \$1 million worth of stock at a price of \$114.14 on November 28th, 2022
- The large insider trading net negative over the last 5 years can be attributed to large sales by CEO & Chairman Hamid Moghadam in 2021 through a trust at roughly \$144 a share



Performance Surprises

FFO Per Share Surprise Depiction



Analyst Coverage				
	Target Price (\$)	LT Growth (%)	IND. NAVPS (\$)	Cap Rate (%)
Mean	142	8.12	123.43	4.32
Median	140	8.12	124.94	4.4
High	193	11.20	146.46	4.8
Low	124	5.05	108.14	3.8
Standard Deviation	13.88	3.08	10.86	.29
Number of Analysts	23/23	2/2	13/13	13/13

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RECOMMENDATION

Recommendation: BUY

Risks	Mitigants
28% of NOI in California is highly concentrated	Development pipeline demonstrates a commitment to expand outside of U.S. and California.
Macroeconomic environment could impact tenants, and their ability to cover rent	Current NER concentration for clients is manageable
Full integration of Duke Realty properties could prove more extensive than expected	Duke Realty properties are closely related to existing properties
Use of variable debt instruments exposes Prologis to interest rate risk	The use of various derivatives guard them from interest rate risk
Geopolitical conflict has the potential to drastically reduce imports/exports through tariffs and embargos	Prologis is not completely dependent on international trade for its business model

Our recommendation is incrementally INCREASE our current allocation by 2.23% (\$50,000)

Portfolio Impact

- Increase due to low allocation in industrial sector. Although increasing position by \$50,000, the inflow of \$2 million to the REIT fund makes the new total position only 3.28% of portfolio. Current position is 1.04% of portfolio.
- Average purchase price would be \$136.75 if additional allocation is approved

Recommendation Reasoning

1. Debt amount is attractive when compared to size and growth of company
2. Dividend growth has steadily increased
3. Prologis is the global leader in logistics with economies of scale advantages, acquisition capabilities, and a proven track record
4. PLD stock is attractive in \$120 range
5. Stable balance sheet demonstrates ability to withstand macroeconomic headwinds

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