



# J.P. Morgan China Conference 2012

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Prologis Overview

Prologis China

China Business Drivers

Key Takeaways

# AGENDA



# Prologis Overview

## World Class Platform

- NYSE Listed, S&P 500
- Deep global presence with AUM of ~\$45 billion across ~584 msf (54 msm) in 22 countries on four continents
- Broad, diverse, multi-national customer base that results in repeat business
- Breadth and depth of team is unparalleled in the real estate industry

## Differentiated Strategy

- Global operating company with a distinct advantage over capital allocators and local developers
- Invest in distribution and logistics facilities vital to global and regional supply chains
- Local market knowledge, development expertise and commitment to sustainable design

## Vibrant Private Capital Franchise

- Focused exclusively on high-quality global and regional industrial logistics markets
- AUM of ~\$22 billion in 18 co-investment ventures and funds
- ~\$2 billion of deployment capacity across three continents

## Financial Strength

- Committed to building one of the top three balance sheets in the REIT industry
- Debt maturities well-laddered, geographically diverse and in manageable tranches
- Continued access to debt capital markets through established lender relationships

# Unmatched Global Platform



	Americas		Europe		Asia		Total	
	Total	Prologis' Share	Total	Prologis' Share	Total	Prologis' Share	Total	Prologis' Share
<b>Total Portfolio<sup>(1)</sup> - Square Feet / Square Meters (millions)</b>	410 / 38	69%	142 / 13	67%	32 / 3	70%	585 / 54	69%
<b>Development – TEI (\$mm)</b>	\$348	72%	\$147	92%	\$858	94%	\$1,353	88%
<b>Land (acres)</b>	7,265	97%	3,587	100%	146	90%	10,989	98%

**Platform covers countries representing ~80% of global GDP<sup>(2)</sup>**

Note: Data as of March 31, 2012.

1) Comprises operating, development and other portfolio.

2) International Monetary Fund.

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# Prologis' Investment Focus



## GLOBAL MARKETS – 83% of NOI<sup>(1)</sup>

- Typically in markets that are served by a major seaport and/or international airport
- Targeted development opportunities, increased capital deployment
- Operating Portfolio – 411 msf / 38 msm (293 msf / 27 msm) <sup>(1)</sup>

## REGIONAL MARKETS – 12% of NOI<sup>(1)</sup>

- Local and regional distribution, not storage optimization
- Selectively disposing, acquiring and developing
- Operating Portfolio – 84 msf / 8 msm (64 msf / 6 msm) <sup>(1)</sup>

## OTHER MARKETS – 5% of NOI<sup>(1)</sup>

- Exit over time
- Operating Portfolio – 42 msf / 4 msm (26 msf / 2 msm) <sup>(1)</sup>

Note: Data as of March 31, 2012

1) Data represents Prologis' share from Real Estate Operations.

# Leading Customer Brand



**Panasonic**

**BOSE**



**HITACHI**



**P&G**



**SONY**



**amazon.com**



**FedEx**



**SANYO**



Deep partnerships with highly diversified customer base

# Prologis Business Lines<sup>(1)</sup>

## OPERATIONS

### Collect Rent

- Stable income stream
- Global presence/local market expertise
- Diversified global customer base

- \$2.3B of annualized NOI (\$1.7B Prologis' share)
- 584 msf (403 msf Prologis' share) / 22 countries / 4 continents
- 4,500 customers

## PRIVATE CAPITAL

### Generate Fees

- Recurring annuity stream diversified by geography and capital source
- Expands global operating platform: less Prologis capital; lower currency exposure
- New ventures will be seeded with Prologis assets

- \$129M annualized private capital revenue<sup>(2)</sup>
- \$21.6B of AUM (\$7.3B Prologis' share)

## DEVELOPMENT

### Create Value

- Various demand drivers exist across all business cycles
- Established customer relationships drive BTS opportunities
- Existing land bank represents an asset as markets recover

- \$1.4B under development (\$1.2B Prologis' share)
- Expected value creation \$287M (\$248M Prologis' share)<sup>(2)</sup>

## Future Growth Drivers

- Rent recoveries, to align with replacement costs, and occupancy gains
- Long-term growth from annual contractual rent increases

- Increased revenues from incremental AUM
- Significant promote opportunities from recovery

- BTS activity in U.S. and Europe
- Speculative development in Asia and emerging markets

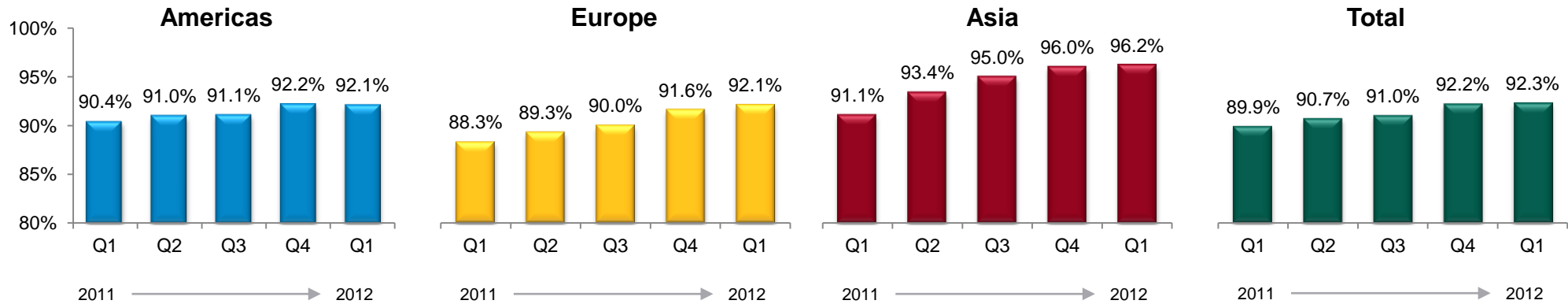
1) Data as of March 31, 2012

2) Excludes promotes and development fees.

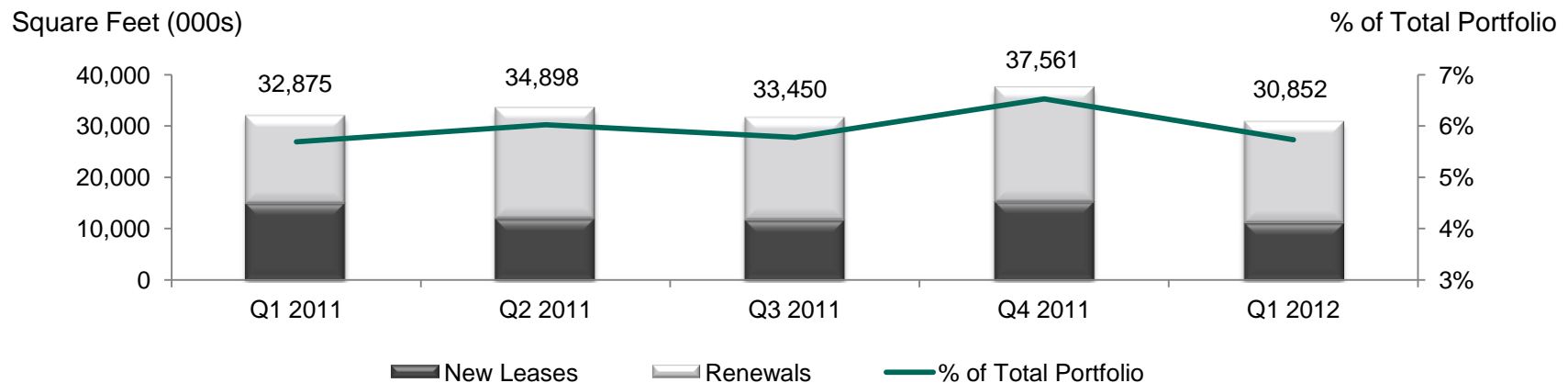


# Operating Fundamentals

## Operating Portfolio – Period Ending Occupancy



## Leasing Activity



Note: Data as of March 31, 2012.

# Global Private Capital Platform — \$21.6 billion AUM

## Europe \$8,828 AUM<sup>(1)</sup> (\$MM)

Prologis European Properties Fund II	\$3,700
Prologis European Properties	3,298
Prologis Targeted Europe Logistics Fund	1,225
Prologis Europe Logistics Joint Venture	605

Average Ownership	~50%
Average Fees <sup>(2)</sup>	70 bps

## Americas \$9,948 AUM<sup>(1)</sup> (\$MM)

Prologis Targeted U.S. Logistics Fund	\$3,695
Prologis NA Industrial	2,548
Prologis NA Industrial III	795
Prologis Institutional Alliance Fund II	567
Prologis NAPF I	260
Prologis AMS	183
Prologis NAPF XI	5
Prologis DFS Fund I	58
Prologis Canada	In Planning

Prologis Fondo Logistico	631
Prologis Brazil Logistics Partners Fund I	449
Prologis Mexico Industrial	414
Prologis SGP Mexico	345

Average Ownership	~30%
Average Fees <sup>(2)</sup>	75 bps

## Asia \$2,851 AUM<sup>(1)</sup> (\$MM)

Prologis Japan Fund I	\$1,649
Prologis China Logistics Venture I	1,202
Prologis Japan Logistics Partners Fund	Active Marketing
Prologis Japan Development Fund	Active Marketing

Average Ownership	~18%
Average Fees <sup>(2)</sup>	85 bps

Infinite life ventures represent 70% of AUM and generate \$82 million in on-going, annual revenue <sup>(3)</sup>

1) AUM is based on fair market value of private capital co-investment ventures and estimated investment capacity as of March 31, 2012.

2) Represents total fees generated as a percentage of AUM.

3) AUM represents all co-investment ventures regardless of consolidation. On-going fee revenue relates only to unconsolidated ventures.

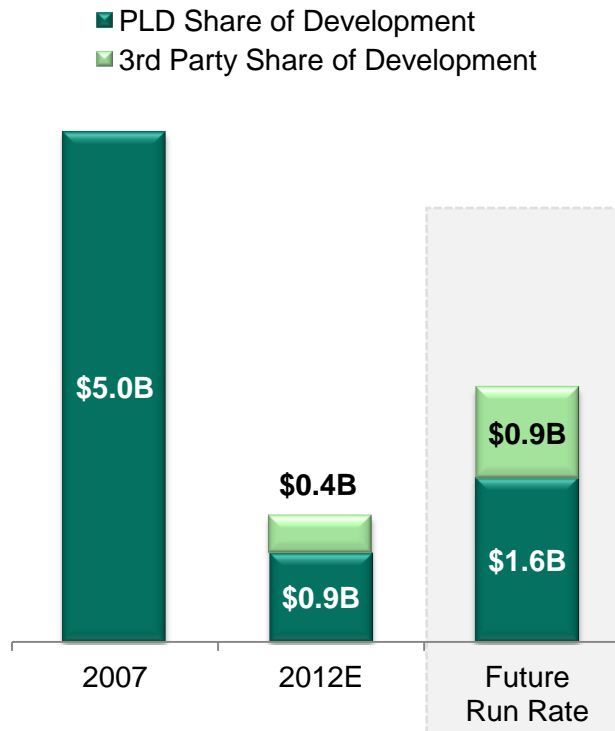
# Development Overview



## Value Creation

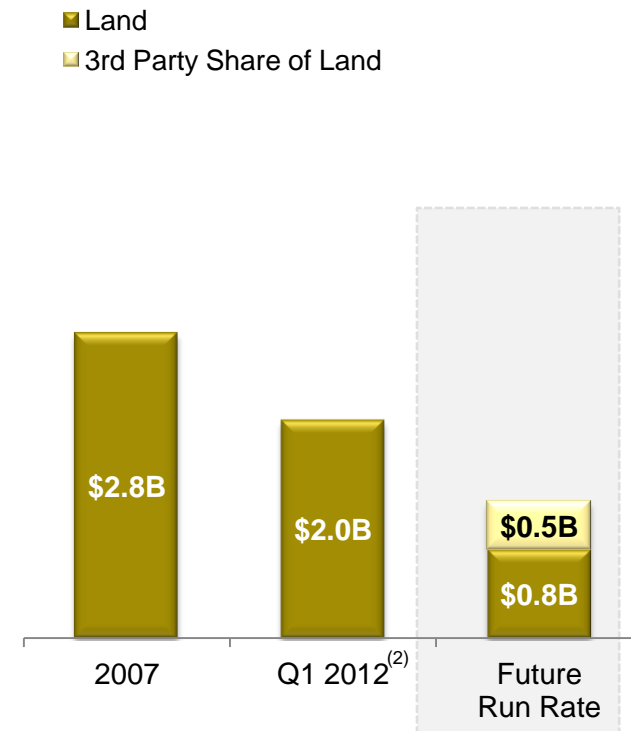
	Future Range <sup>(1)</sup>	
Development Volume	\$2.0B	\$2.5B
Overhead Absorption	4%	4%
Expected Margin	15%	20%
Average PLD Ownership	60%	65%
Annual Value Creation	\$260M	\$425M

## Development Starts



- Removing risk by utilizing private capital to fund development
- Scale of global development business positions us well for future growth

## Land Portfolio



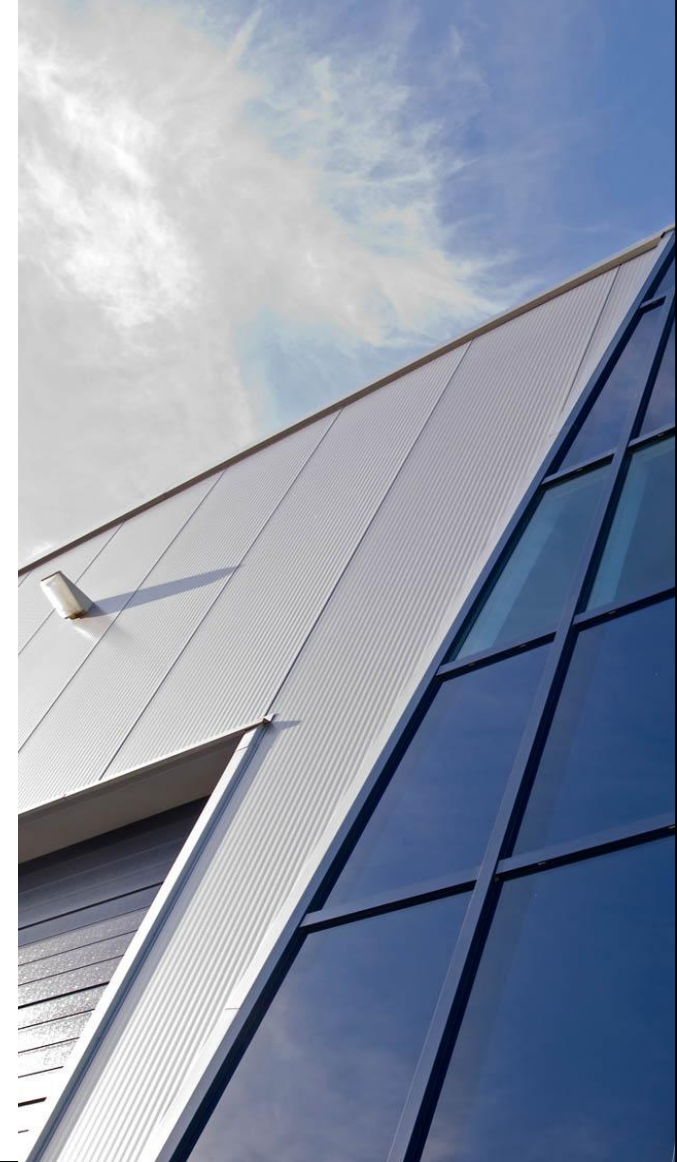
- Expect to significantly monetize land bank through development and third party sales

1) Excludes promotes and development fees.

2) Original land cost basis of \$3.1B.

# Prologis China

- **Leader** in developing international standard logistics facilities since entering China in 2004
- Strategic decision to **grow organically** rather than through JVs with government entities and local developers or by acquiring an existing platform
- Prologis' operating platform and all logistics facility projects are **owned and operated** by Prologis allowing us to maintain high customer service and quality levels
- Existing portfolio and future pipeline of **best-in-class logistics** facilities built for efficiency in key locations
- **Diversified customer base** including some of China's top domestic distribution, manufacturing and export/import companies
- **Long-term commitment** to China's logistics facilities market with established local government relationships



# Prologis' Established Presence in China

- Nationwide presence with four offices and investments in nine cities
- 838,226 SM portfolio<sup>(1)</sup>
  - 495,266 SM operating properties
  - 100,149 SM under development
  - 242,811 SM of land for future development
- Investment strategy focused on key markets



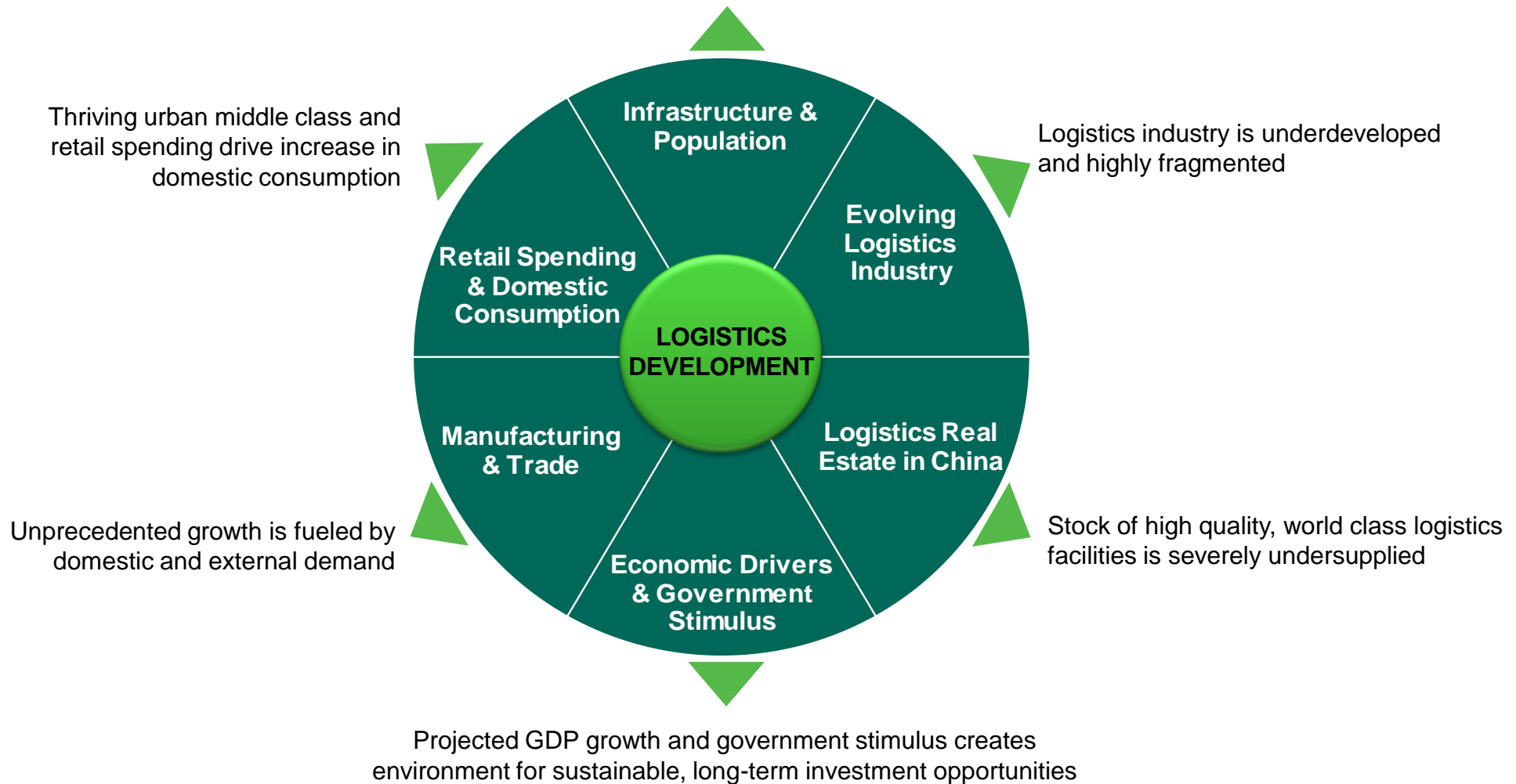
Note: Data as of March 31, 2012.

1) Comprises owned and managed portfolio.



# Prologis China Business Drivers

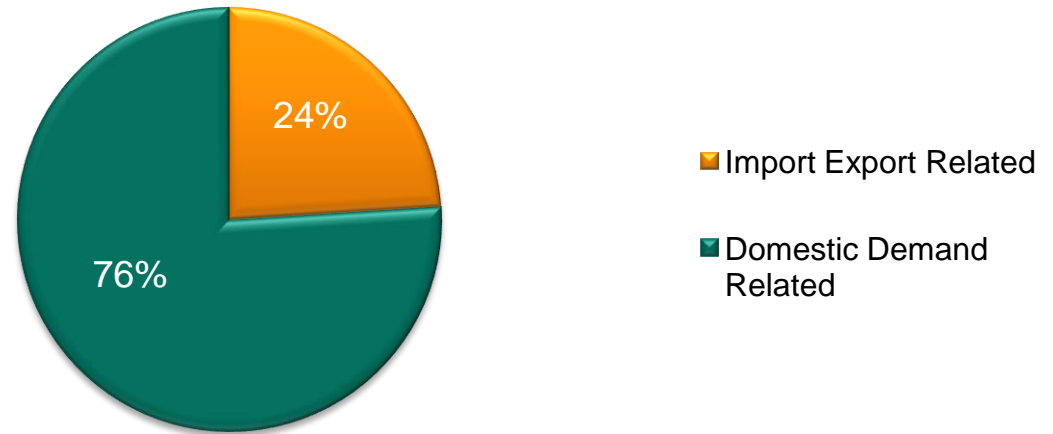
1.3 billion population and significant infrastructure investment drive excellent opportunities for steady expansion



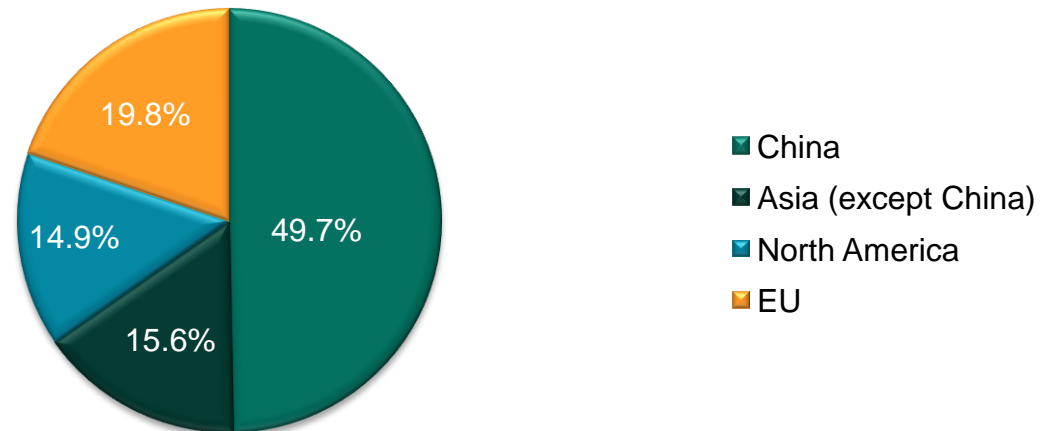
# Domestic Consumption Driving Logistics Needs

- Urbanization trends boosting consumption
- Increasing household income per capita triggering wave of consumption growth
- Government focused on making domestic consumption the growth engine of the economy

## Breakdown of Leased Area in China



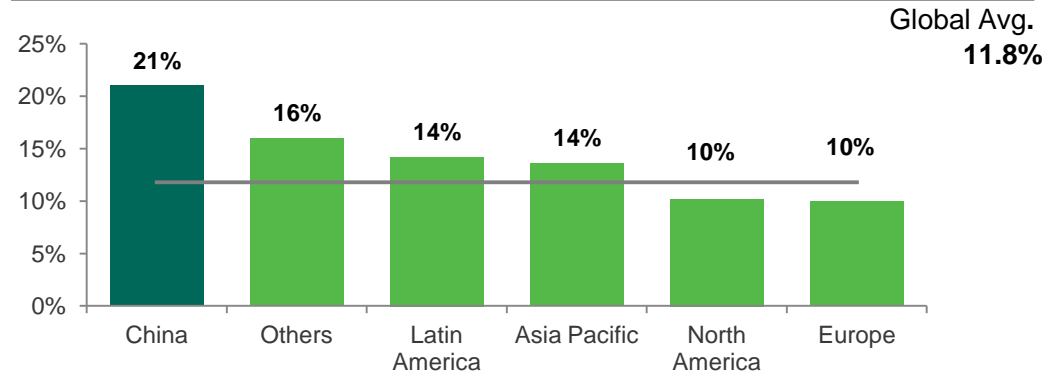
## Leased Area by Tenants' Company Background



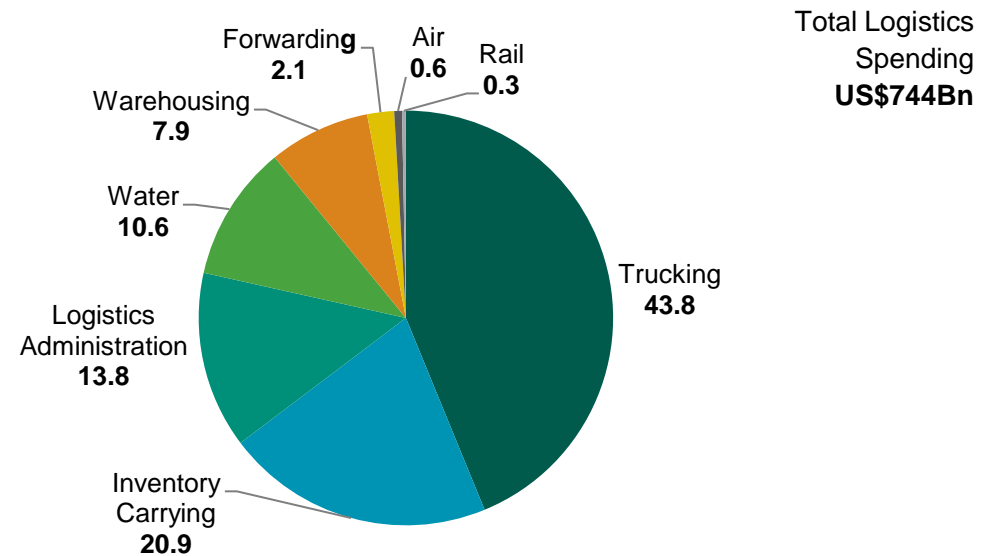
# Emerging Logistics Industry

- Logistics industry is underdeveloped and highly fragmented in China
- Government continues to focus on improving logistics and has designated the sector a top 10 focus industry
  - Demand in China is still strong and mainly from the domestic consumption and E-commerce sectors

**Logistics Spending as a Percentage of GDP<sup>(1)</sup>**

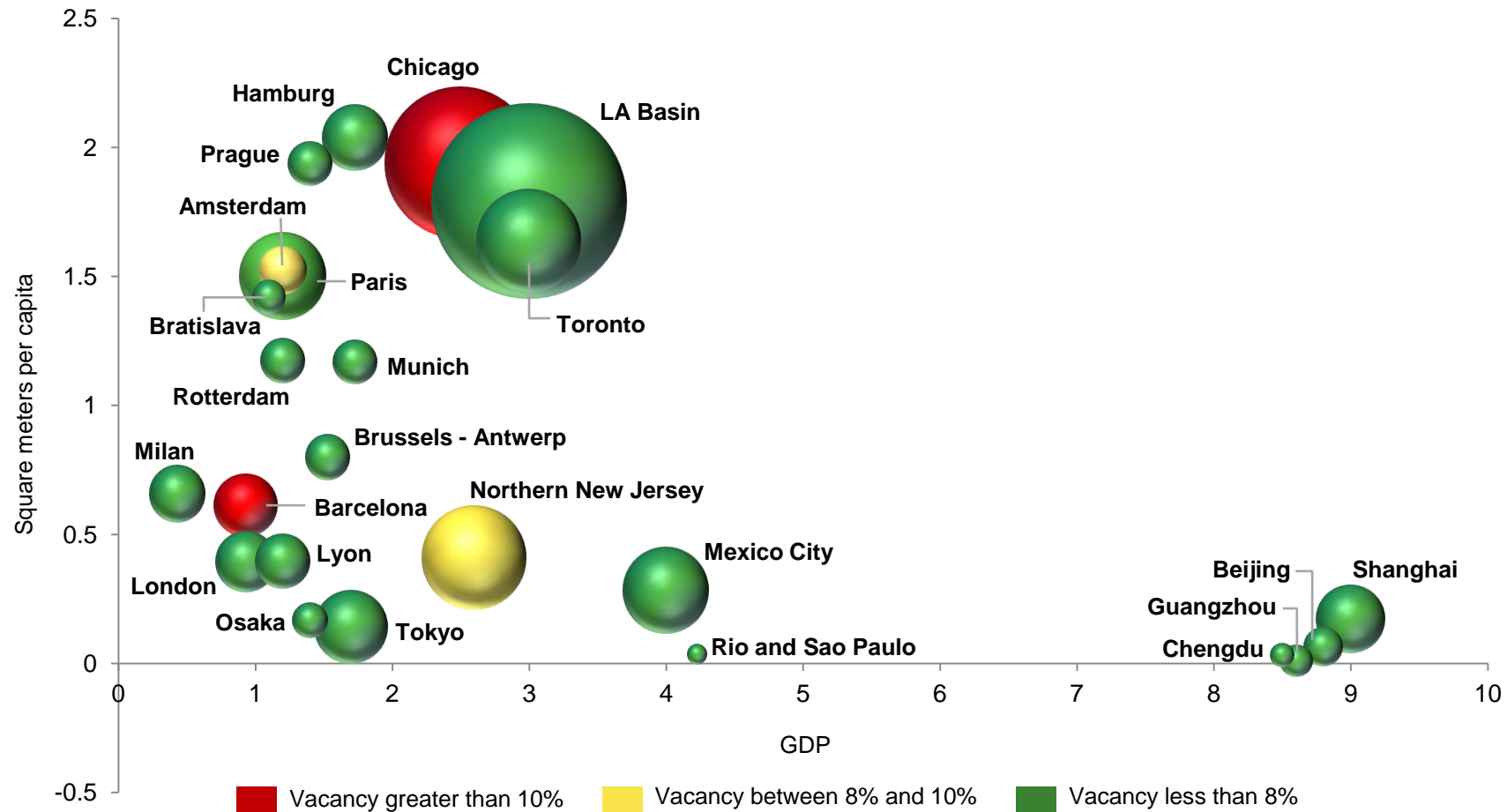


**Logistics Spending Breakdown in China<sup>(1)</sup>**



1) GLP Prospectus; China Logistics Year Book 2011

# Limited Supply of Class-A Logistics Space in Emerging Markets



# Shortfall of High-Quality Distribution Facilities in Asia

- Customers are focused on increasing efficiencies
- Markets are not configured for domestic distribution
- Industry in infancy – virtually no modern stock
  - Japan has less than 100 million square feet of modern logistics facilities
  - China has even less

Unilever, Shanghai



Prologis Beijing Capital Airport Logistics Center 1





# Prologis Jiaxing Logistics Center





# Prologis Kunshan Bonded Logistics Center





# Kaiser Distribution Center – Inland Empire, California



# El Salto Distribution Center – Guadalajara, Mexico





# Swindon – London/South, UK





# Fokker Park Distribution Center 10 – Amsterdam, Netherlands



# Prologis Park Ichikawa – Tokyo, Japan





# Key Takeaways



- Unmatched global platform
- World class operator, developer and investment manager
- Established and growing business in China driven by local Chinese nationals
- Underdeveloped logistics industry in China
- Under supply of modern Class-A logistics space
- Transition from export to consumer economy will drive future growth of our sector in China
- Committed long-term to our business in China



Thank you