



Prologis Park Ports Jersey City, Jersey City, New Jersey

# REITworld: 2018 Annual Conference

San Francisco, CA

November 7, 2018

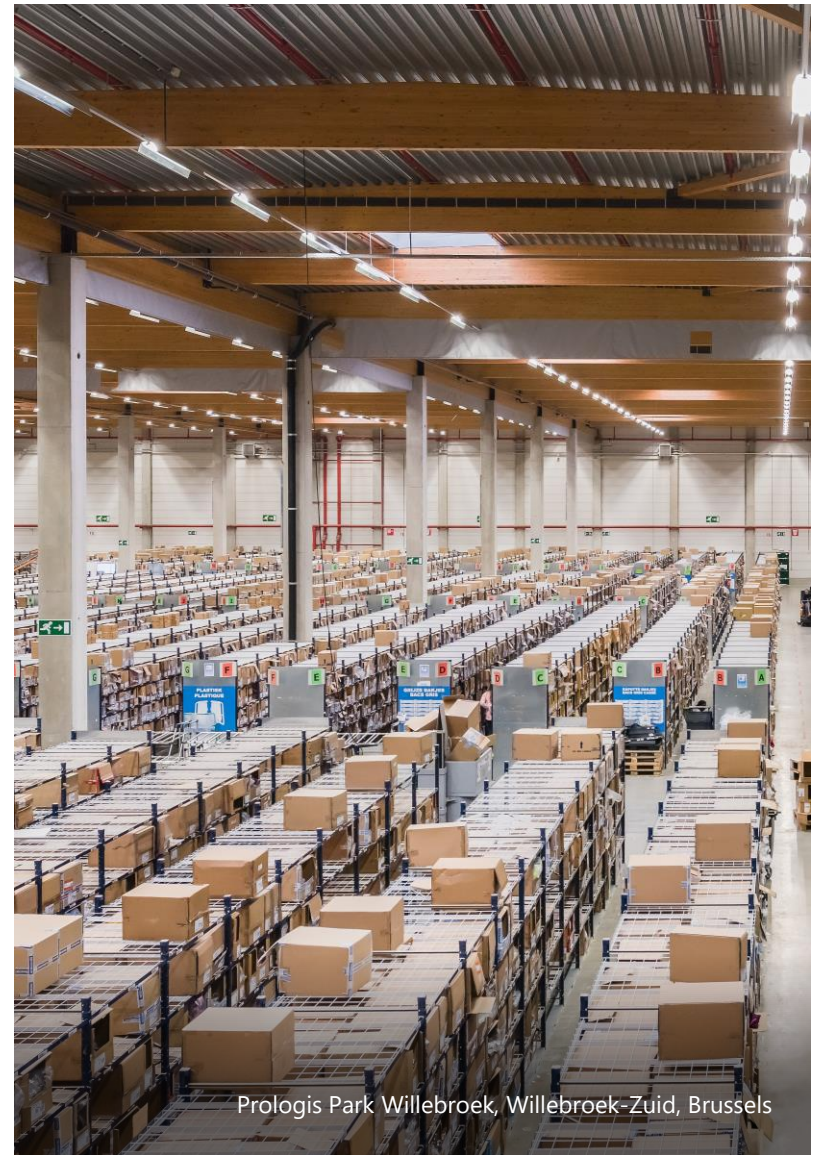
# Forward-looking statements

This presentation includes certain terms and non-GAAP financial measures that are not specifically defined herein. These terms and financial measures are defined and, in the case of the non-GAAP financial measures, reconciled to the most directly comparable GAAP measure, in our third quarter Earnings Release and Supplemental Information that is available on our investor relations website at [www.ir.prologis.com](http://www.ir.prologis.com) and on the SEC's website at [www.sec.gov](http://www.sec.gov).

The statements in this document that are not historical facts are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements are based on current expectations, estimates and projections about the industry and markets in which we operate as well as management's beliefs and assumptions. Such statements involve uncertainties that could significantly impact our financial results. Words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates" and variations of such words and similar expressions are intended to identify such forward-looking statements, which generally are not historical in nature. All statements that address operating performance, events or developments that we expect or anticipate will occur in the future — including statements relating to rent and occupancy growth, development activity and changes in sales or contribution volume of properties, disposition activity, general conditions in the geographic areas where we operate, our debt, capital structure and financial position, our ability to form new co-investment ventures and the availability of capital in existing or new co-investment ventures — are forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Although we believe the expectations reflected in any forward-looking statements are based on reasonable assumptions, we can give no assurance that our expectations will be attained and therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. Some of the factors that may affect outcomes and results include, but are not limited to: (i) national, international, regional and local economic climates, (ii) changes in financial markets, interest rates and foreign currency exchange rates, (iii) increased or unanticipated competition for our properties, (iv) risks associated with acquisitions, dispositions and development of properties, (v) maintenance of real estate investment trust status, tax structuring and income tax rates (vi) availability of financing and capital, the levels of debt that we maintain and our credit ratings, (vii) risks related to our investments in our co-investment ventures, including our ability to establish new co-investment ventures and funds, (viii) risks of doing business internationally, including currency risks, (ix) environmental uncertainties, including risks of natural disasters, and (x) those additional factors discussed in reports filed with the Securities and Exchange Commission by us under the heading "Risk Factors." We undertake no duty to update any forward-looking statements appearing in this document.

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Prologis Park Willebroek, Willebroek-Zuid, Brussels





Prologis Dartford Littlebrook, Dartford, UK

01

## Points of Focus

# Superior earnings and dividend growth

Core FFO* per share CAGR	1-YEAR	3-YEAR	5-YEAR
<b>PLD (excluding promotes)</b>	<b>10%</b>	<b>13%</b>	<b>9%</b>
Other Logistics REITs <sup>1</sup>	7%	4%	4%
Blue Chips <sup>2</sup>	5%	7%	7%
REIT Average <sup>3</sup>	4%	6%	7%
S&P 500 Average <sup>4</sup>	11%	4%	5%

Dividend CAGR	1-YEAR	3-YEAR	5-YEAR
<b>PLD</b>	<b>5%</b>	<b>10%</b>	<b>9%</b>
Other Logistics REITs <sup>1</sup>	(1%)	2%	3%
Blue Chips <sup>2</sup>	8%	10%	11%
REIT Average <sup>3</sup>	7%	7%	8%
S&P 500 Average <sup>4</sup>	4%	9%	12%

## Prologis has:

Best Core FFO\* CAGRs for the three and five-year time periods

## Prologis has:

Top Dividend CAGR for the three-year time period

Over the three-year time period, Prologis reduced leverage by 700 bps and achieved an A3/A-rating<sup>4</sup>

\*This is a non-GAAP financial measure

Source: Factset, data; growth through YE 2017

1. Includes DRE, EGP, FR, LPT and STAG. Weighted on market cap as of YE 2017

2. Includes AVB, BXP, EQR, FRT, HST, PSA, and SPG. Weighted on market cap as of YE 2017

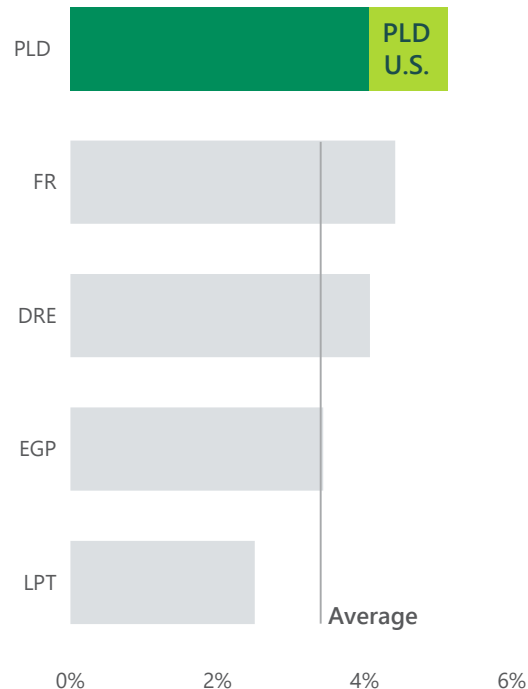
3. Includes REITs in the RMZ as of 12/31/2017 with data for every year in each respective period; weighted on market cap as of YE 2017

4. Source: SP500 per Factset

# Superior cash same store NOI growth

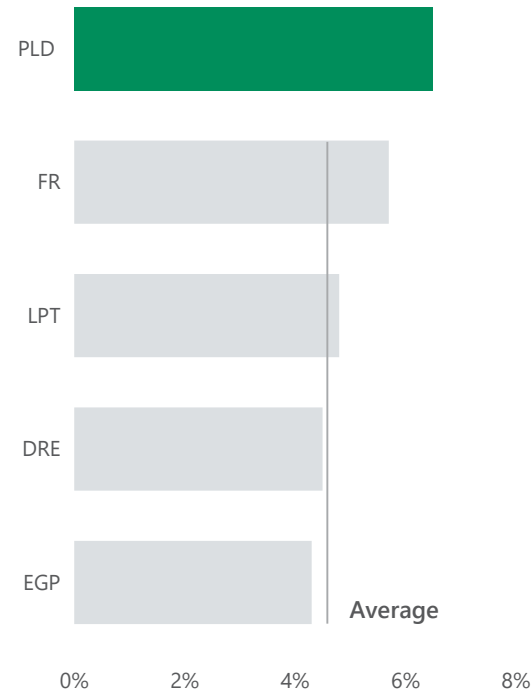
## LAST 5 YEARS<sup>1</sup>

%, Cash SSNOI Growth



## 2018 GUIDANCE<sup>2</sup>

%, Cash SSNOI Growth



Prologis U.S. outperformed the other logistics REIT's by more than

**150**<sub>BPS</sub>

over the last 5 years

Prologis global 2018 guidance is

**180**<sub>BPS</sub>

higher than the other logistics REIT's

# Industry-leading same store and earnings guidance

2018 SAME STORE NOI* GROWTH	CASH	NET EFFECTIVE
<b>PLD<sup>1</sup></b>	<b>6.5%</b>	<b>5.0%</b>
Other Logistics REITs <sup>2</sup>	4.7%	3.8%

## Sector-leading guidance for 2018 SSNOI\* growth among the logistics REITs

- 180 bps higher than the peer average on a cash basis

CORE FFO* PER SHARE GROWTH	PRIOR 3-YEAR CAGR	2018 GUIDANCE MIDPOINT
<b>PLD (excluding promotes)</b>	<b>13%</b>	<b>9%</b>
Other Logistics REITs <sup>2</sup>	4%	-1%
Blue Chips <sup>3</sup>	7%	5%

## The highest estimated Core FFO per share growth for 2018

- Almost 1,000 bps higher than the logistics peer average
- Over 400 bps higher than the blue chip peer average

\*This is a non-GAAP financial measure  
Data as of November 1, 2018

1. Midpoint of Prologis 2018 guidance for Net Effective SS NOI\* growth of 4.7%-5.2% and Cash SS NOI\* growth of 6.25%-6.75%
2. Includes midpoint of 2018 guidance for DRE, EGP, FR and LPT. Weighted on market cap
3. Includes midpoint of 2018 guidance for AVB, BXP, EQR, FRT, HST, and SPG and consensus for PSA. Weighted on market cap

# Strong three-year return potential

Illustrative, as presented at Prologis Investor Forum – November 2016

4.0–5.0%

Net Effective SSNOI\*<sup>1</sup>  
Midpoint of Low &  
High Scenario

## Expect to deliver sector-leading same store growth

- Superior rent growth from market selection and infill focus
- Significant embedded upside from marking current rents in our portfolio to market

+

1.5%

Yield on Value  
Creation

Global platform enables us to allocate capital opportunistically and capture a disproportionate share of profitable development opportunities

+

1.8%

Platform  
Leverage

## Scale will drive efficiency

- Ability to grow NOI and fees without increasing costs
- Balance sheet continues to strengthen

–

0.3%

Assumed  
Interest Rate  
Expansion

Conservative expectation for interest rate expansion will be a slight drag

= 7.0–8.0%

Core FFO\* Growth  
excluding promotes

+ 3.0%

Dividend Yield

= 10.0–11.0%

Annual Total Return<sup>2</sup>

\* This is a non-GAAP financial measure

1. Expect Cash SSNOI to be higher. Expectations remain consistent after aligning definitions across the Industrial REIT Group
2. Based on a number of assumptions that Prologis believes to be reasonable; however, no assurance can be made that Prologis' expectations will be attained and there actual outcomes and results may differ materially



# \$10B of internal capacity to fund growth<sup>1</sup>

## ANNUAL CAPITAL SOURCES

Millions

Contribution Proceeds	\$1,050
Retained Cash Flow (from Core Operations)	\$125
Leverage Capacity (on Value Creation)	\$150

**Total Annual Capital Sources** **\$1,325**

## ANNUAL CAPITAL USES

Millions

Development Spend	\$1,800
Acquisitions (via co-investment ventures)	\$100

**Total Annual Capital Uses** **\$1,900**

Significant investment capacity to self fund without the need to issue equity

We have not issued equity through a follow-on offering or through our ATM since Q1 2015

## ONE-TIME CAPITAL SOURCES

Millions

Open-End Funds Capacity	\$2,500 <sup>2</sup>
Joint Venture Capacity	\$4,300 <sup>2</sup>
Land Bank Rationalization (U.S. and Europe)	\$125
Balance Sheet Capacity	\$3,000

**Total Additional Capital Sources** **\$9,925**

**Total Annual  
Funding Requirement**

**\$575M**

**+10 years**  
of anticipated funding  
requirements from one-  
time capital sources

# Top-rated financial position

A3/A- rated by Moody's/S&P<sup>1</sup>

PROLOGIS DEBT METRICS	Q3 2018
Debt as % of Gross Market Cap*	22.5%
Debt / Adjusted-EBITDA*	4.4x
Fixed Charge Coverage Ratio*	7.2x
USD Net Equity Exposure	93%
Liquidity	~\$3.5 <sub>B</sub>

Prologis manages its balance sheet to:

- Low leverage
- High liquidity
- Low near-term maturities



Shanghai, China

02

## Why Logistics Real Estate

# We are essential to the global supply chain

- World's leading owner, operator and developer of logistics real estate
- We build, lease and operate distribution space to facilitate the flow of goods around the world
- Our irreplaceable portfolio is concentrated in population centers where consumption and supply chain reconfiguration drive logistics demand
- The world's best brands choose to partner with us
- Principally an owner/operator in the U.S. and an asset manager/developer outside the U.S.



# Logistics real estate delivers consistent returns

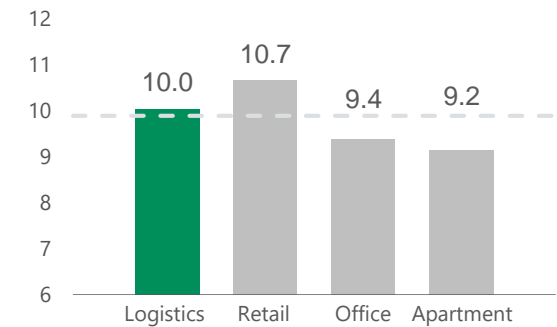
## TOTAL RETURNS FORECAST, 2018-2022E

%, Unleveraged Pre-fee and Before Tax



## 1997-2017

%



Logistics is projected to be the highest-performing property type through 2022

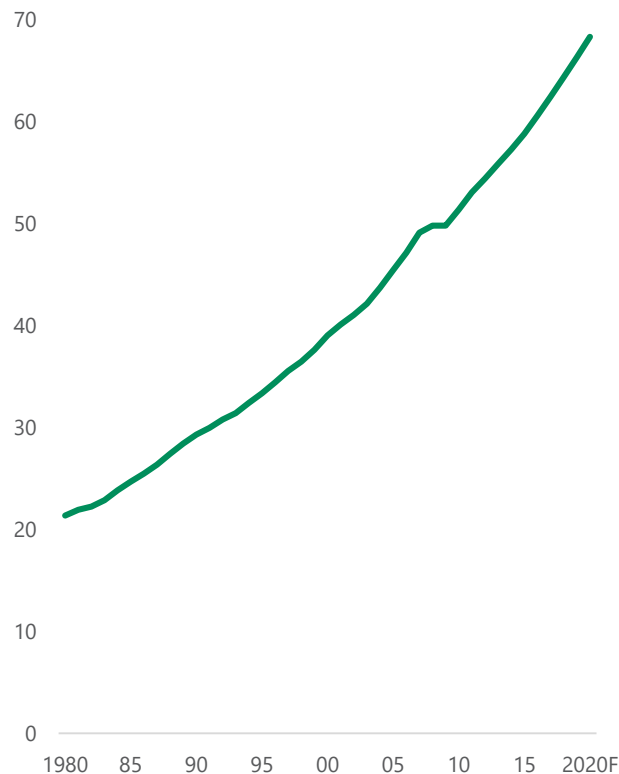
Historically, logistics consistently delivered one of the highest returns and had one of the lowest standard deviations



# Logistics real estate is a growth industry

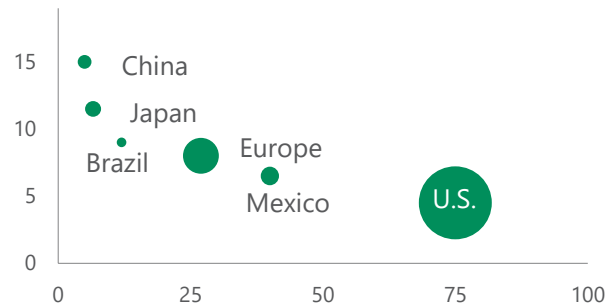
## CONSUMPTION, GLOBAL

Inflation Adjusted 2015 Dollars, Trillions



## SUPPLY CHAIN RECONFIGURATION

SF, Normalized Demand Growth %  
vs. Modern Stock per Consumer Household



- Consumption is the largest share of economic activity and outperforms across economic cycles
- Supply chains are mission critical, driving demand for logistics space
- New trends in how inventories are carried could be a tailwind to demand

## REVERSAL IN INVENTORY TO SALES RATIO

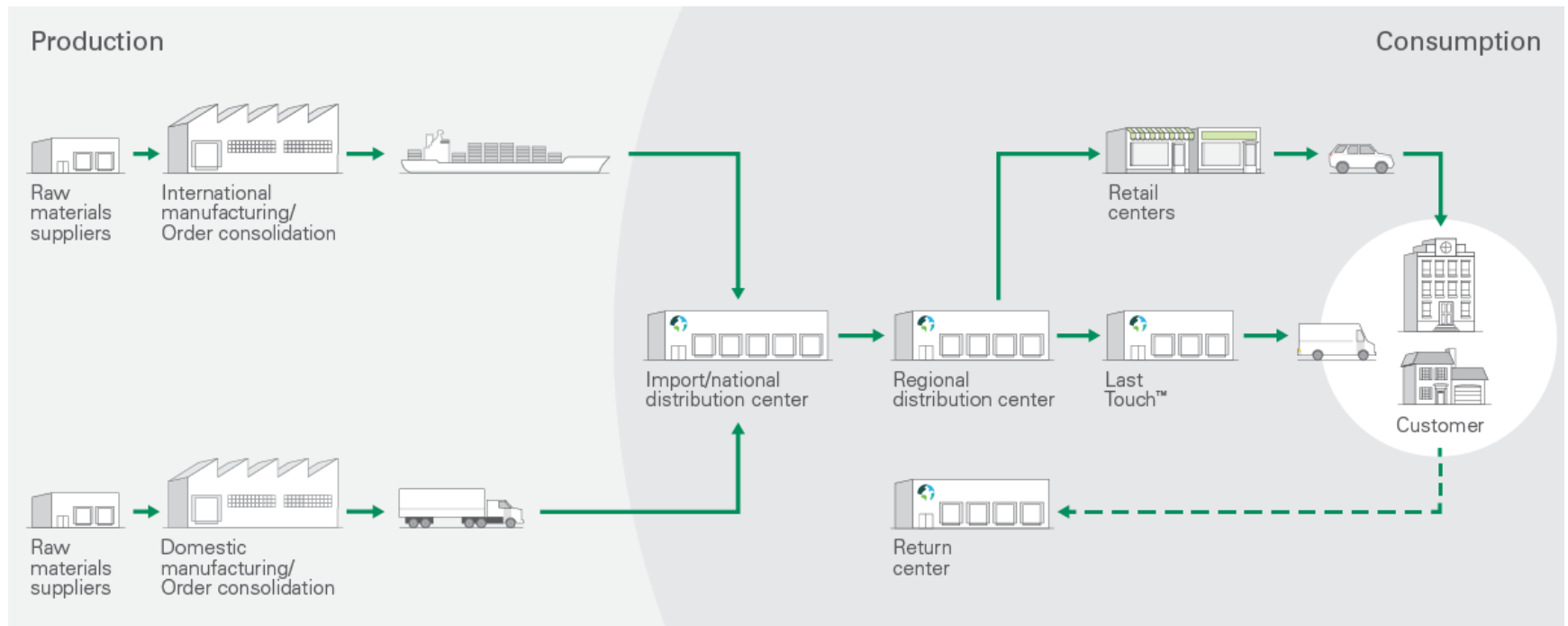
Ratio, Inventories to Retail Sales



# Logistics real estate requirements have evolved

Facilities serving the consumption-end of the supply chain offer a superior long-term value proposition due to:

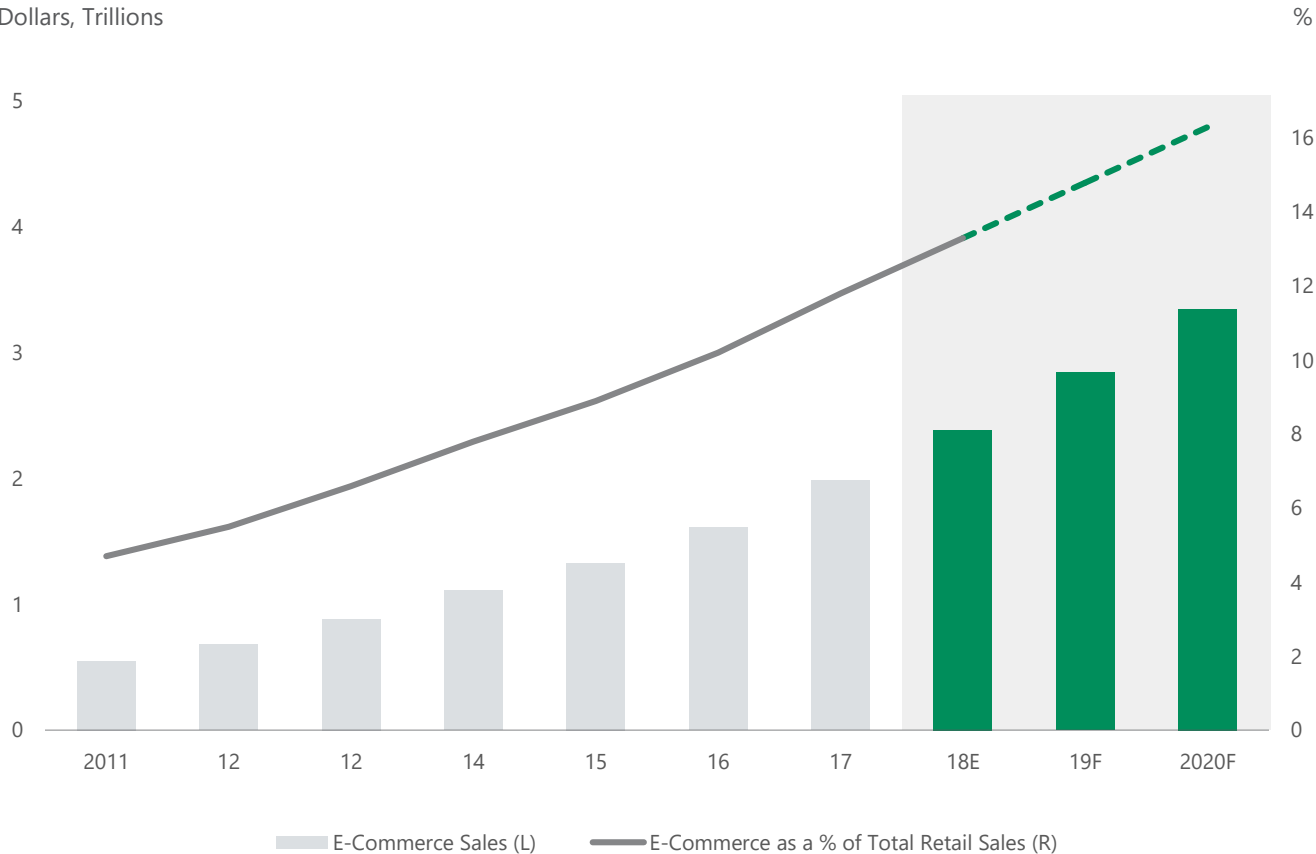
- Higher barriers to supply
- Growth in trade
- Growth in e-commerce
- Greater permanence in population centers



# Significant shift as e-commerce adoption rate increases

## E-COMMERCE SALES, GLOBAL

Dollars, Trillions



118%

Shift to e-commerce

+ 17%

Inflation



+ 17%

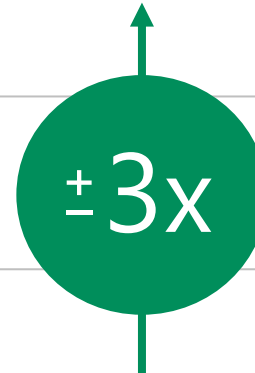
Real growth in sales

= 152%

Projected growth of e-commerce sales from 2015-2020

# E-Commerce requires +/- 3x the distribution space of traditional retail

	SALES US\$, B	FACILITIES SF, M	PRODUCTIVITY US\$/SF	EFFICIENCY SF/\$1B
 <p>Online</p>	\$228B	286	\$799	1,251 KSF
 <p>Brick and Mortar</p>	\$1,068B	510	\$2,091	478 KSF



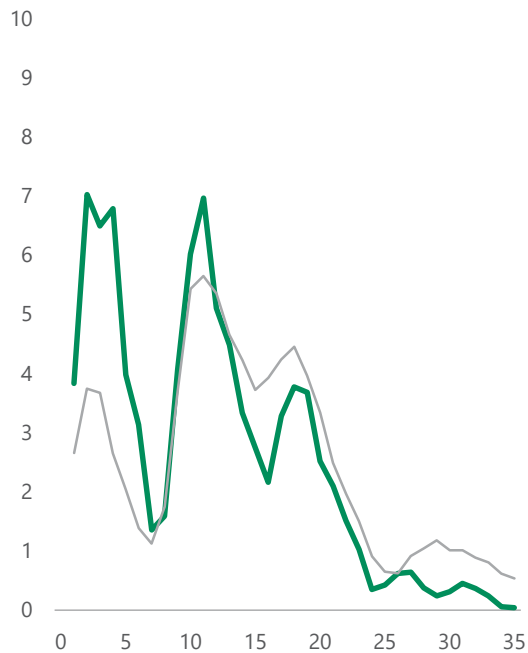
E-fulfillment requires 3x the logistics space used of brick-and-mortar retailers due to:

- Shipping parcels versus pallets
- High inventory level
- Broader product variety
- Reverse logistics

# Not all e-commerce facilities are new or large

## DISTRIBUTION OF LEASES BY BUILDING AGE

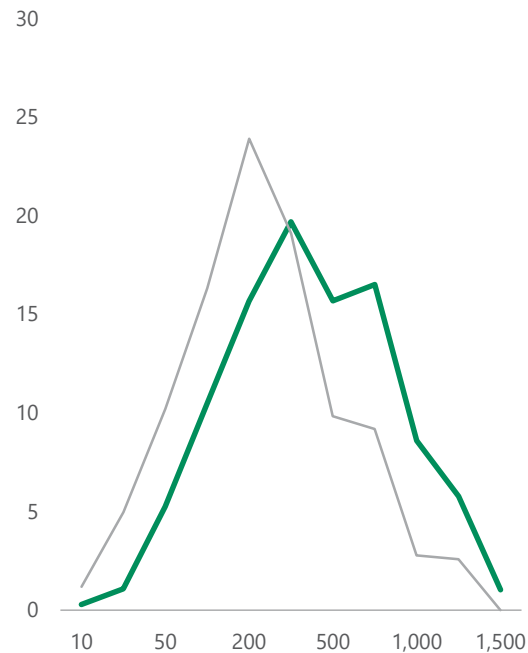
%, Share of Prologis Global Portfolio, by Age



— E-Commerce

## DISTRIBUTION OF LEASES BY UNIT SIZE

%, Share of Prologis Portfolio, Global by Size Category in Thousands SF



— Non E-Commerce

140,000<sub>SF</sub>

Average unit size for  
e-commerce customers

16 years

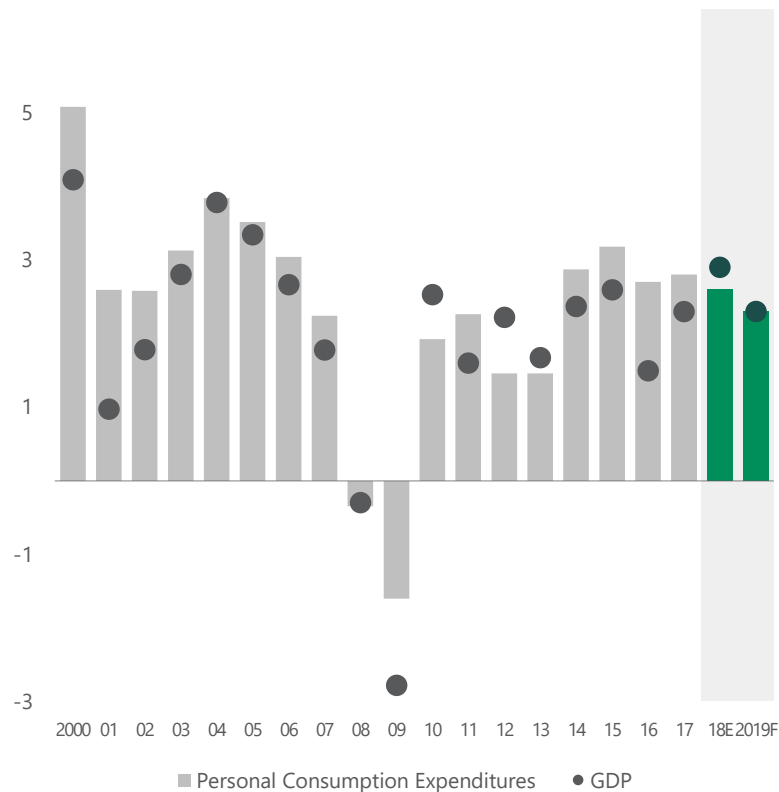
Average building age for  
e-commerce customers



# Other segments of the economy outperforming

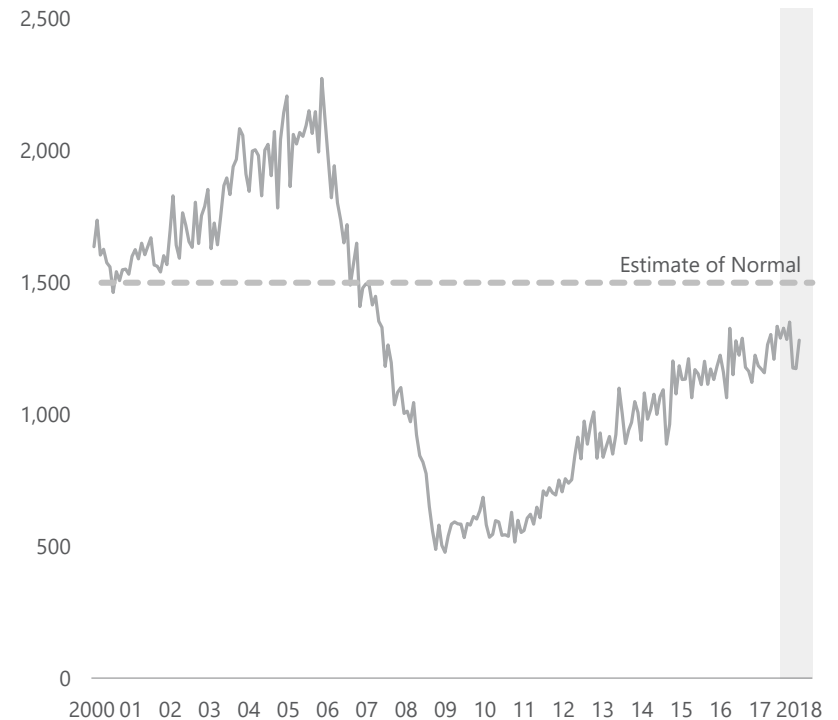
## CONSUMPTION VS. GDP, U.S.

%, y/y, Inflation Adjusted



## HOUSING STARTS, U.S.

Square Feet, Thousands, New Privately Owned Housing Units Started, Monthly, SAAR

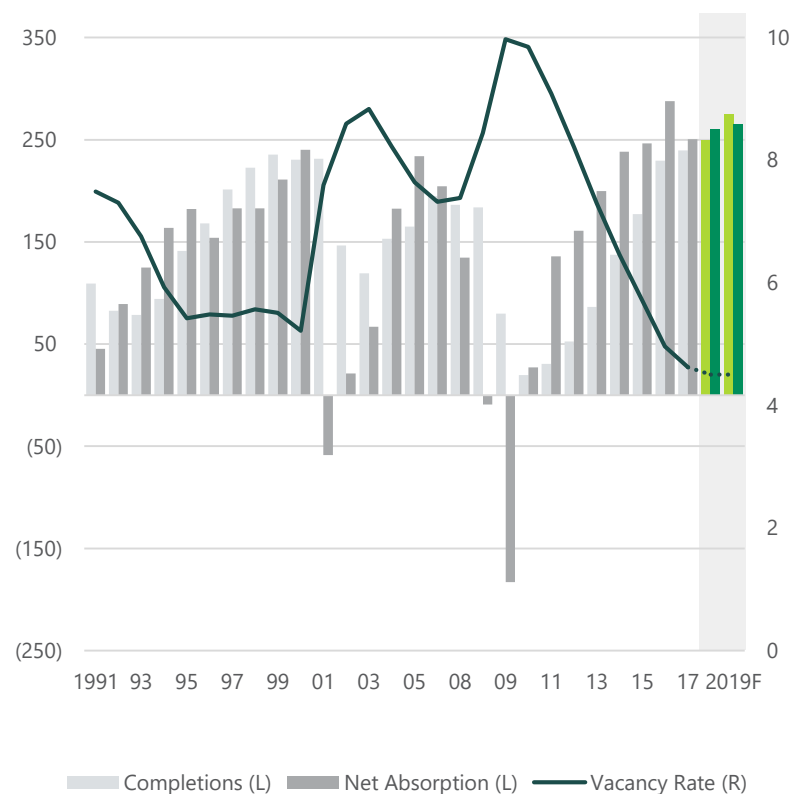


# Vacancies at or near all-time lows

## U.S.

Square Feet, Millions

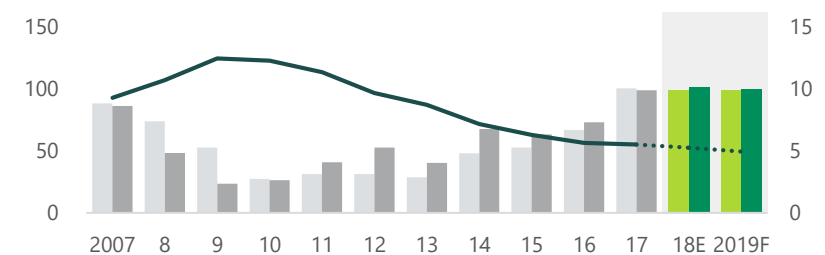
%



## EUROPE

Square Feet, Millions

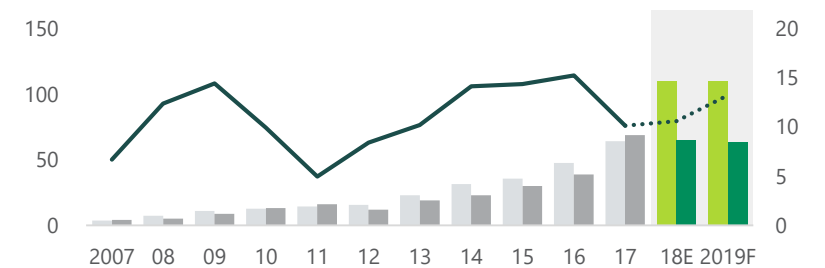
%



## ASIA

Square Feet, Millions

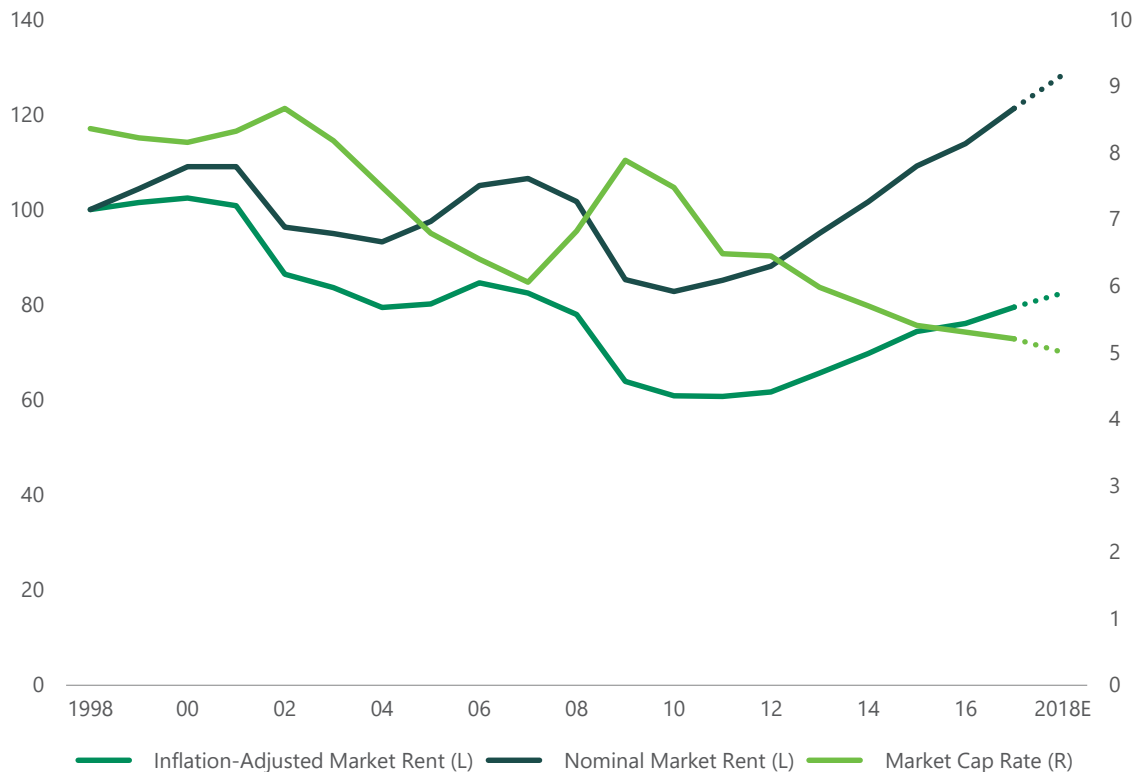
%



# Logistics rental rate history

## MARKET RENTS, GLOBAL

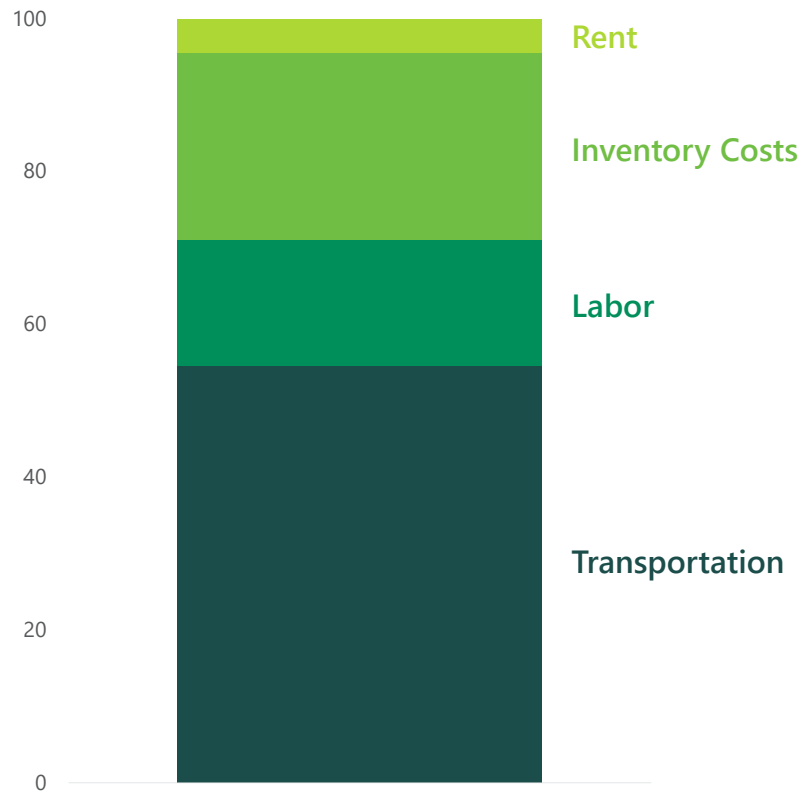
Index, 1998 = 100 (%)



- The structural decline of cap rates mitigated rent growth
- Inflation-adjusted market rents well below the prior peak

# Logistics rents have room to grow

## Distribution of Supply Chain Costs



### Rent accounts for <5% of total supply chain costs

Expect this composition to change as supply chains become more efficient

- Transportation costs will decrease with advances in technology
- Rent will increase as customers seek quality locations near major population centers to meet consumer delivery requirements



Ground breaking at Prologis Park Grande, Mexico City, Mexico

03

## Why Prologis



# World's leading owner, operator and developer of logistics real estate

- Our business draws on consumption, supply chain modernization and e-commerce
- Irreplaceable portfolio focused on the world's most vibrant markets
- Longstanding relationships with diverse group of customers and premier institutional partners
- Strong financial framework optimized for the future
- Business model uniquely designed to deliver superior results



# Prologis at a glance

1983

Founded

100 GLOBAL

Most sustainable corporations<sup>1</sup>

PLD NYSE

S&P 500 member

\$92<sub>B</sub>

Assets under management

771 MSF

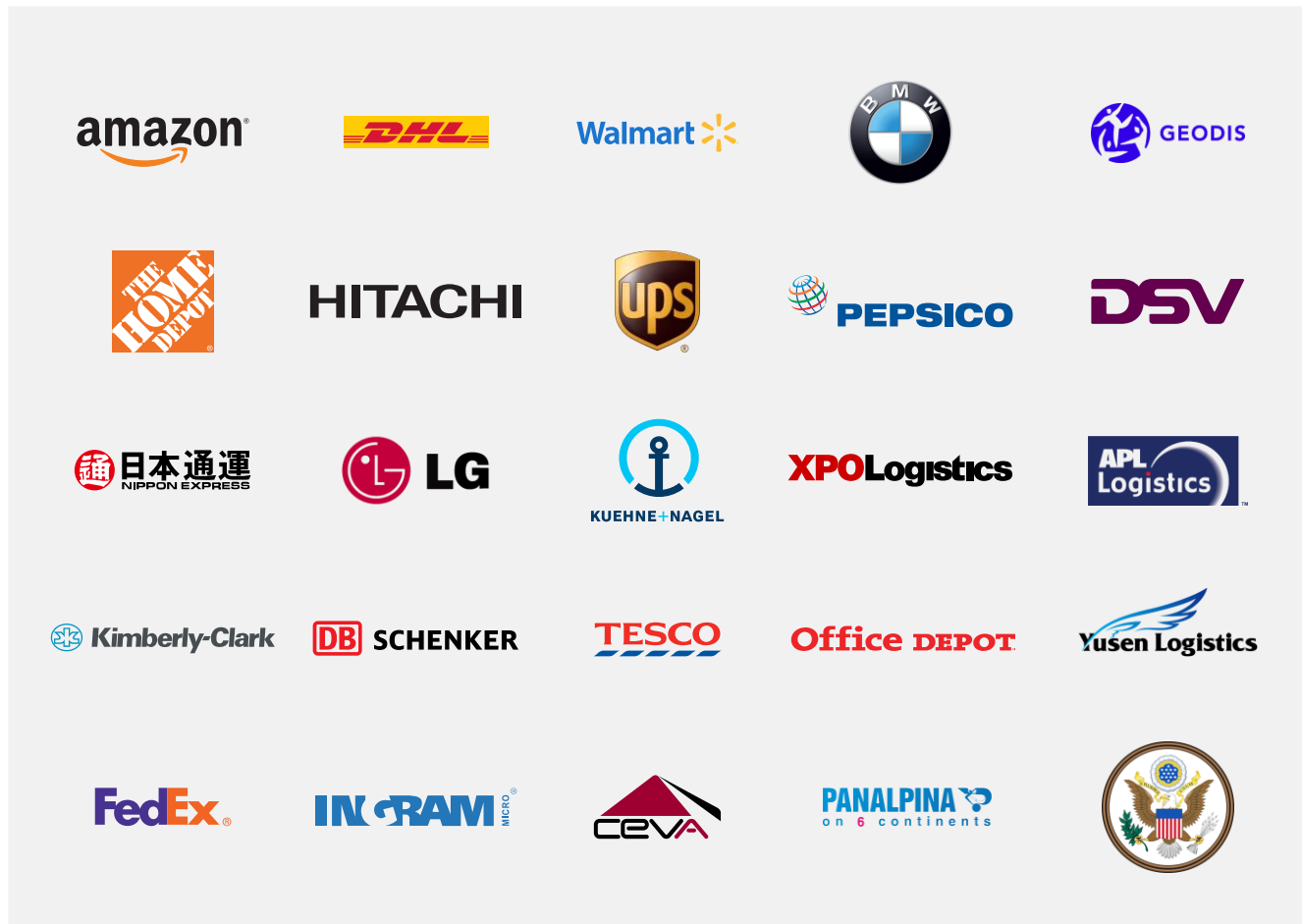
on four continents

A3/A-

Credit rating

Note: A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time  
Data as of September 30, 2018 unless otherwise noted  
1. As of December 31, 2017

# Serving the world's best brands



95%

of our top 25 customers  
operate globally

75%

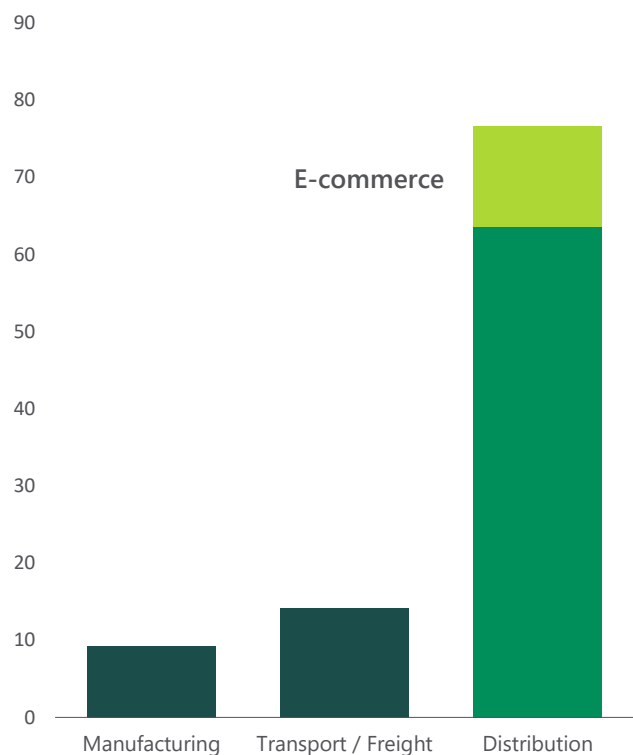
lease from us on multiple  
continents

# Consumer-driven business

Diverse by customer and industry

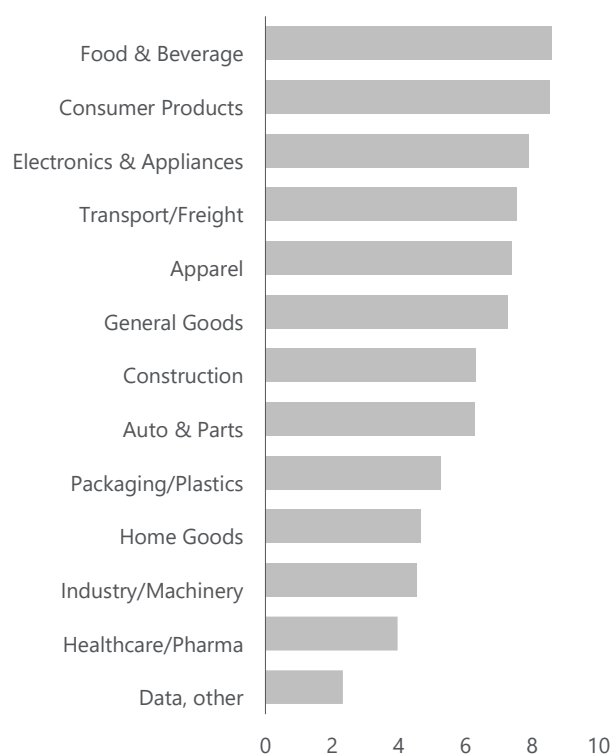
## CUSTOMER ACTIVITY IN BUILDING

%, Net Rentable Area basis (NRA)



## TYPE OF GOODS IN BUILDING

%, NRA basis



Our top 25 customers represent just

19%

of net effective rent



# Prologis is a critical waypoint for the global economy

## \$1.3 TRILLION

is the economic value of goods flowing through our distribution centers each year, representing

## 2.4%

of GDP for the 19 countries where we do business, and

## 1.7%

of the World's GDP



Source: Oxford Economics, Prologis Research

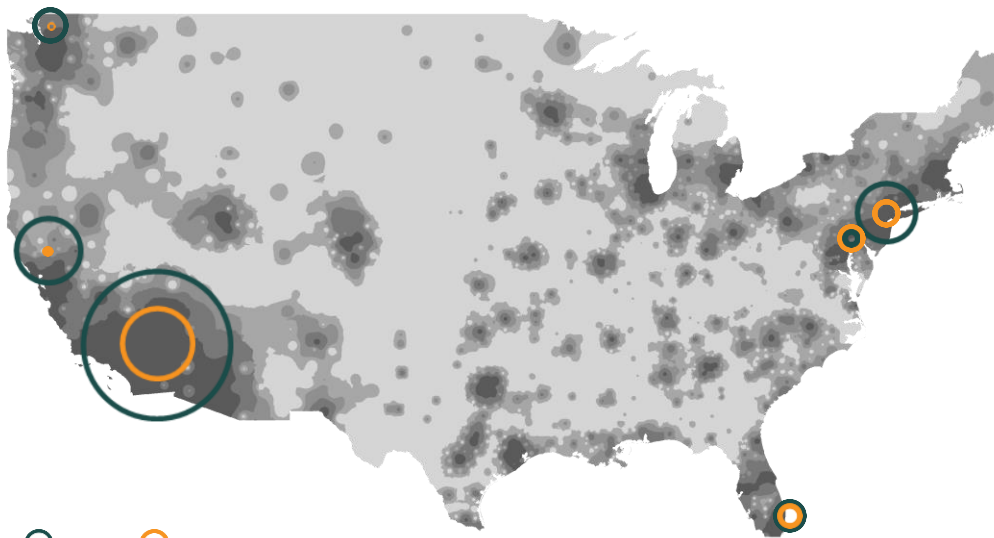
Prologis Park Northampton Pineham, Northampton, UK



# Our portfolio is located near consumers

## PORTFOLIO SIZE BY NRA, PROLOGIS VS SUM OF LOGISTICS REITS

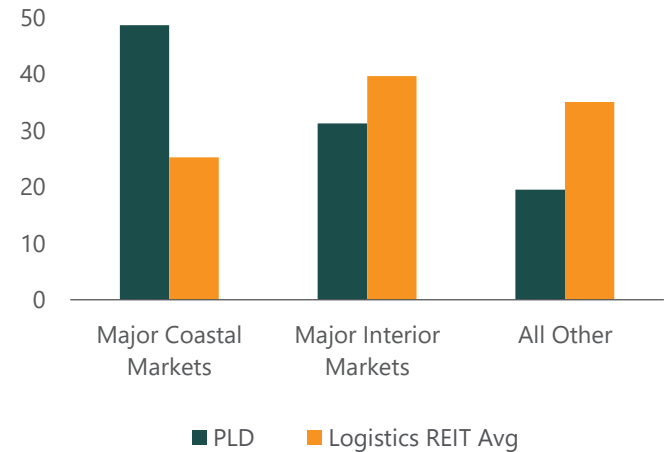
Major Coastal Markets



○ PLD ○ Other Logistics REITs

## MARKET SHARE OF U.S. OPERATING PORTFOLIO

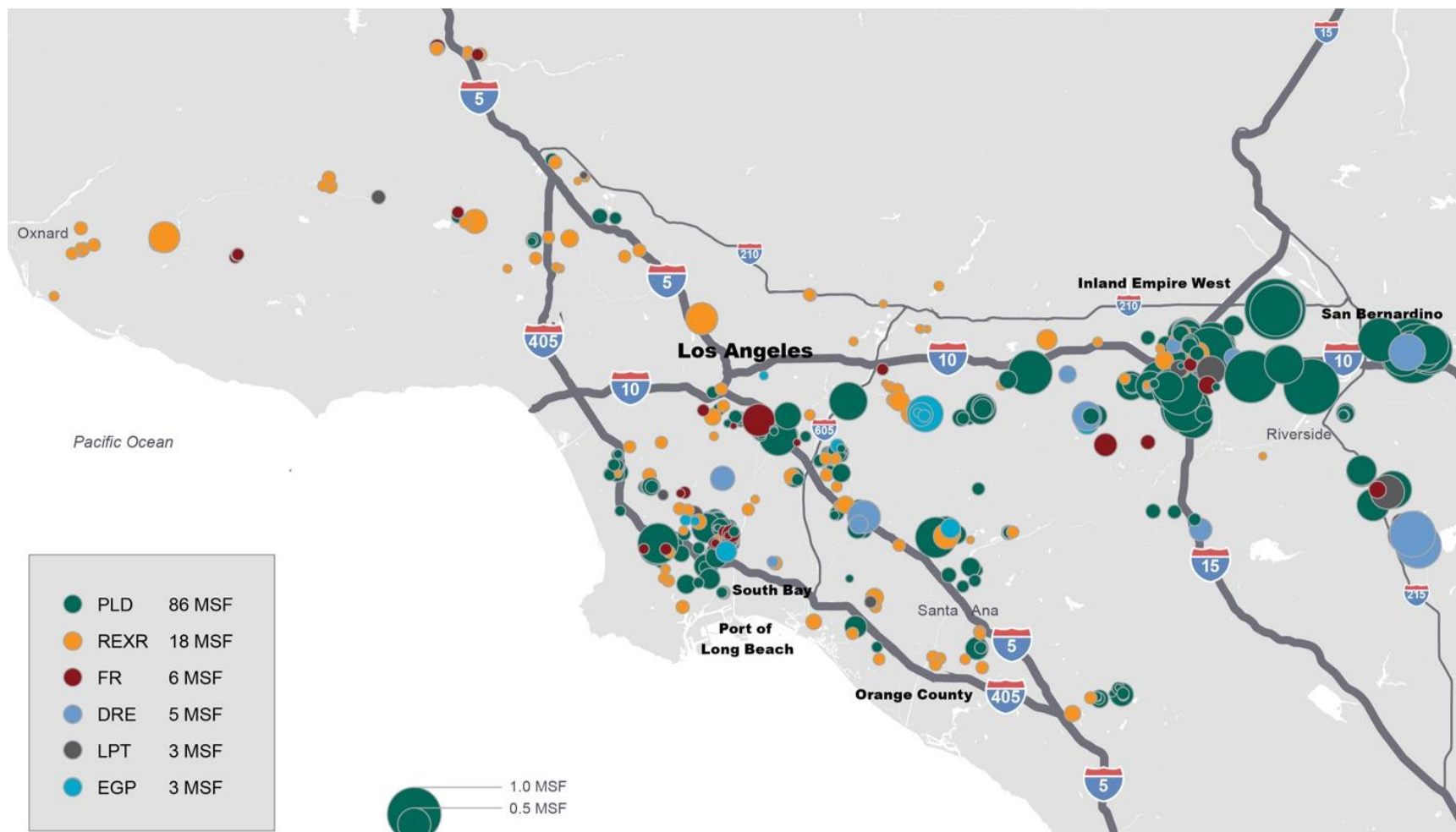
% of NRA



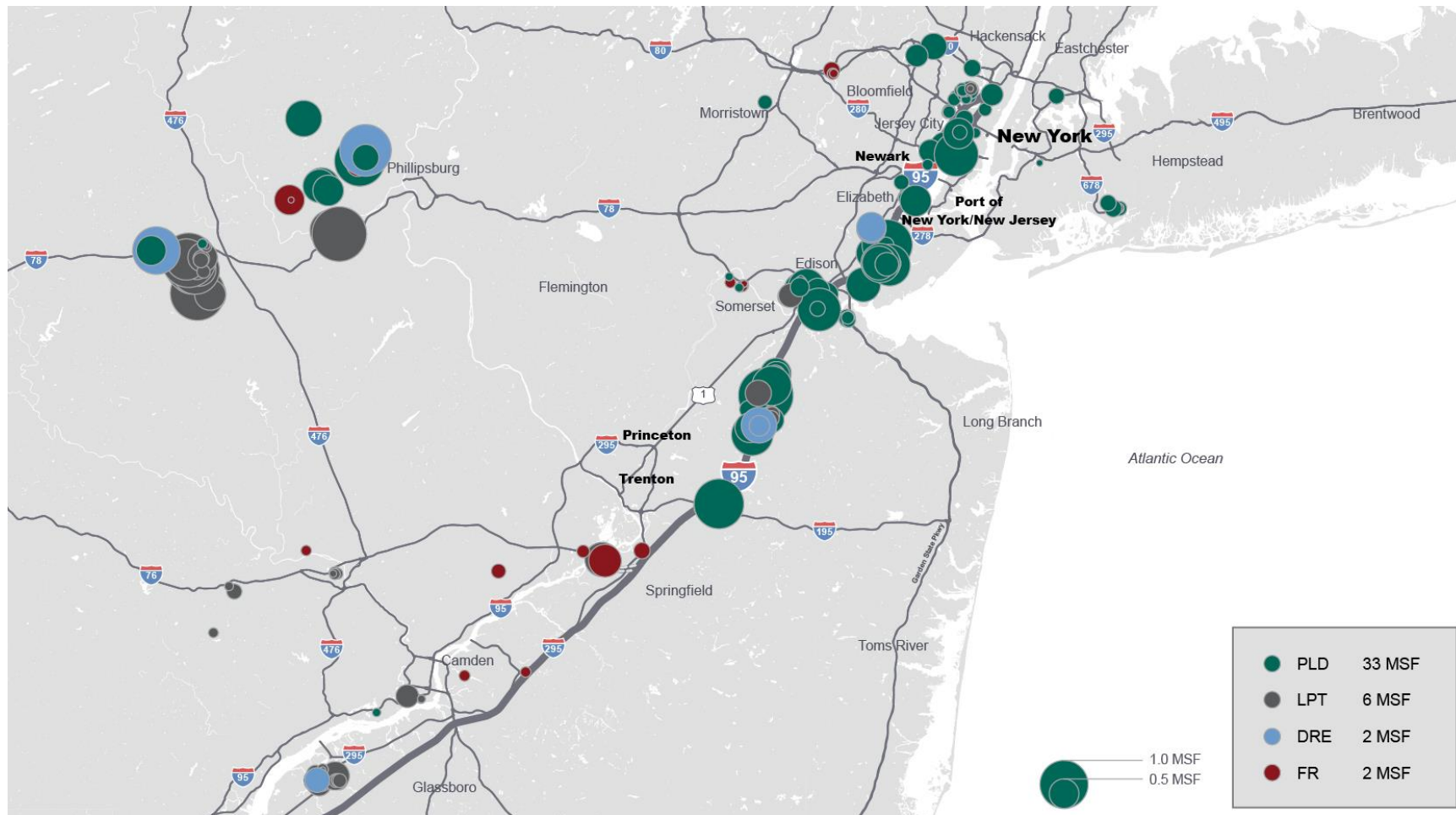
Nearly 50% of our portfolio is located in the major coastal markets

compared to <25% for other logistics REITs

# Southern California



# New York/ New Jersey





# Last Touch<sup>®</sup> asset

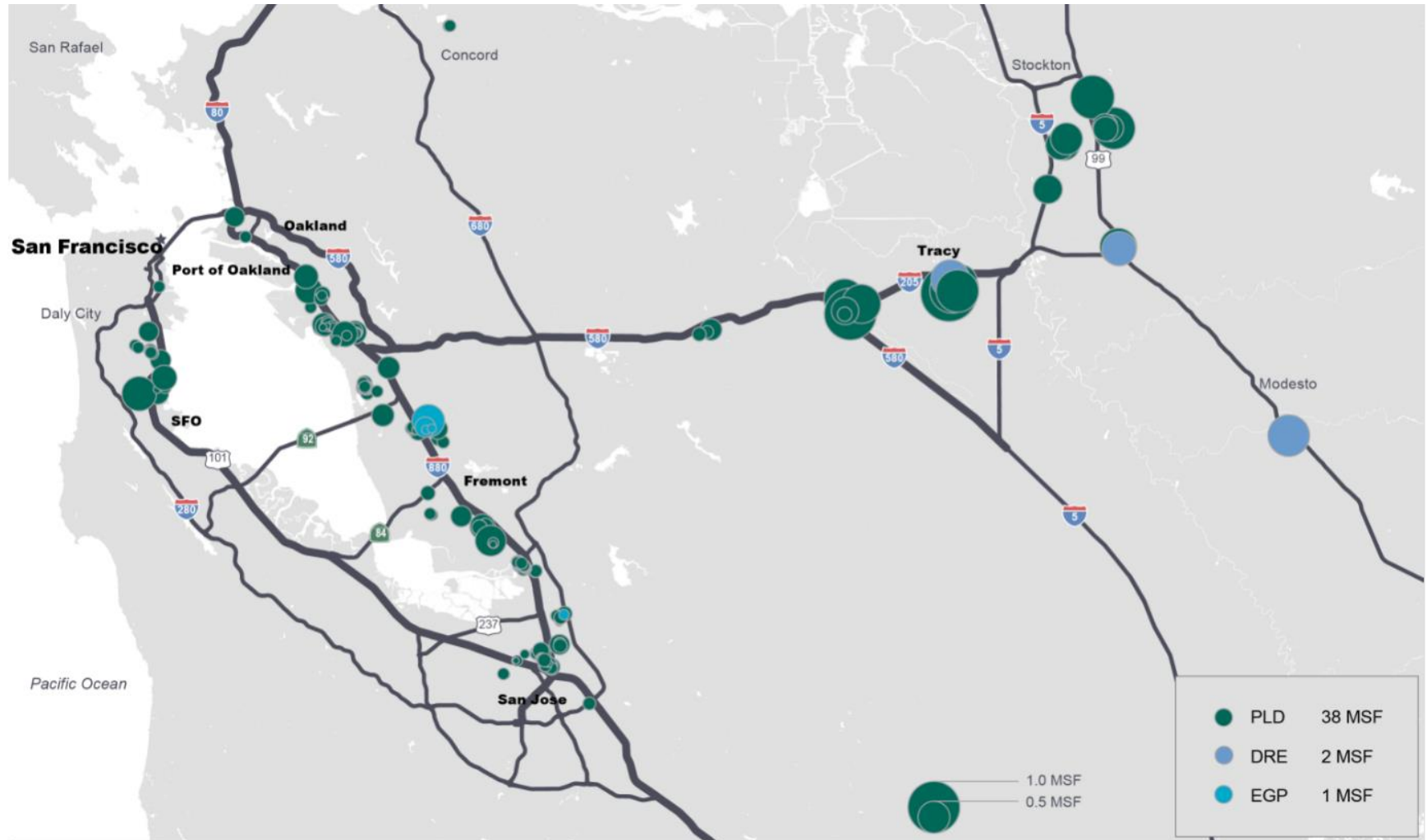
## Prologis Bronx 1, New York

- High-density, high-consumption market
- Last Touch<sup>®</sup> distribution center
- Leased to Jet.com

DATE ACQUIRED	2017
SIZE	205K SF
LOCATION ADVANTAGE	Strategic infill an hour drive to ~7M consumers
OCCUPANCY	100% leased to JET.com for 5 years <sup>1</sup>
PURCHASE PRICE	\$38M plus \$15M of additional improvements <ul style="list-style-type: none"><li>• Installation of parking ramp</li><li>• Conversion of lower roof to car parking</li><li>• Significant upgrades to electrical and HVAC systems</li><li>• Installation of ESFR system</li></ul>
EST. VALUE CREATION MARGIN	17%

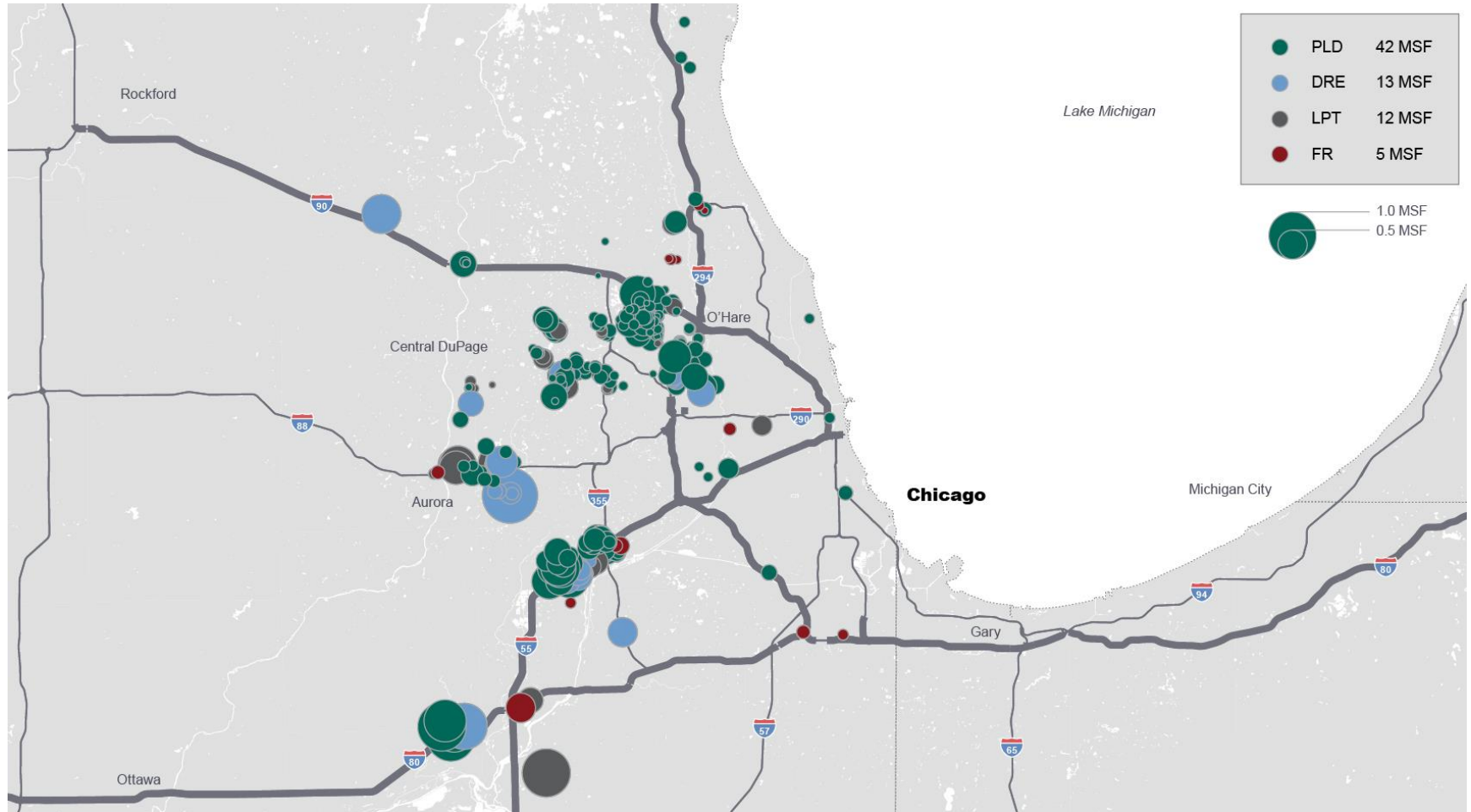
1. Initial 5-year term with two 5-year renewal options at greater of 2.5% escalation or fair market value

# Bay Area and Central Valley

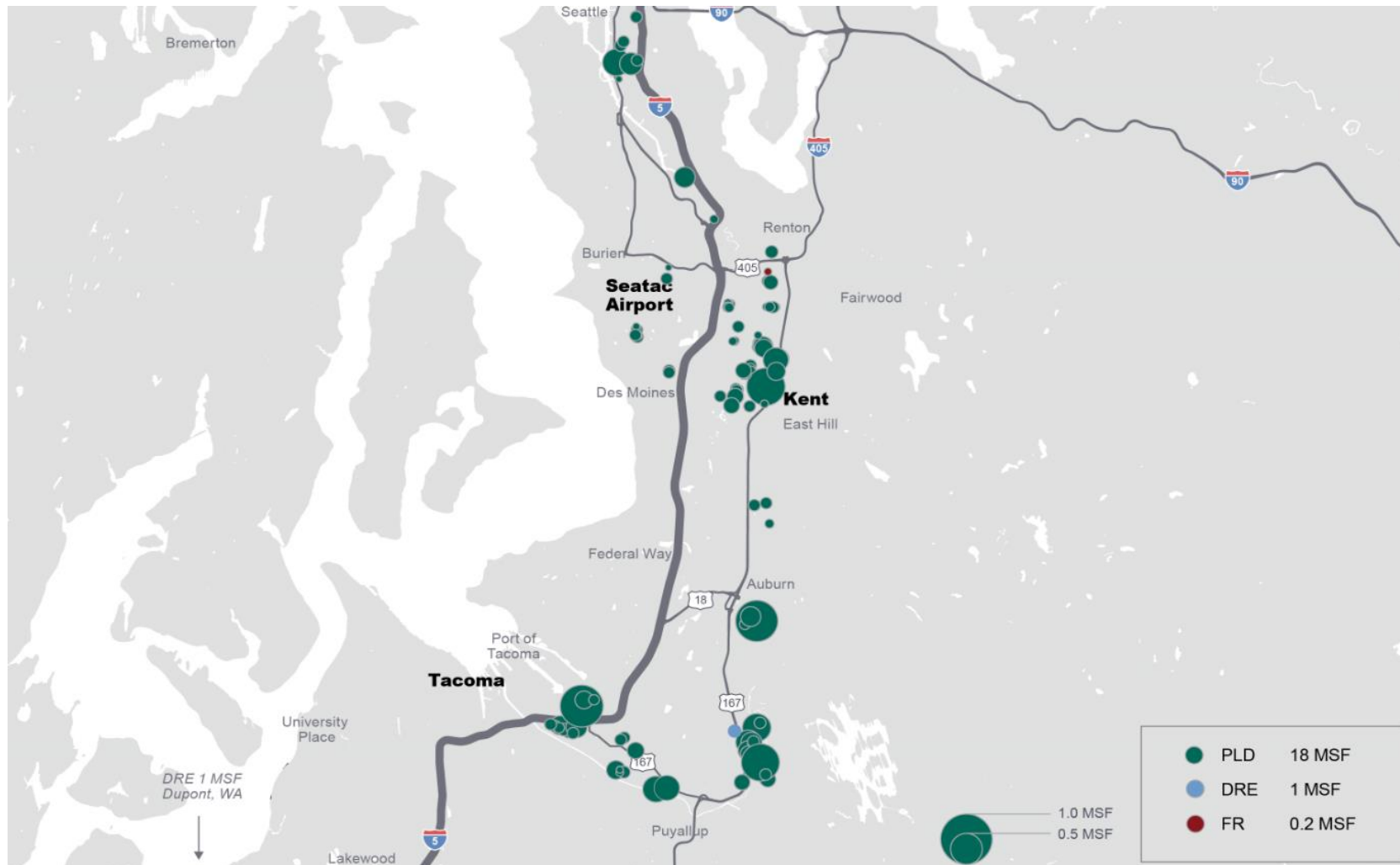




# Chicago



# Seattle





# Multistory asset

## Georgetown Crossroads, Washington

- First state-of-the-art multi-story in the U.S.
- Unique, flexible design for multiple uses
- 5 minutes to Downtown Seattle and Port of Seattle

Georgetown  
Crossroads





# Benefits of a focused strategy

Average Prologis U.S. Markets vs. Other Logistics REITs

## RENT GROWTH

+105 BPS

Annual Difference

2012-2017. Average annual market rental growth for Prologis U.S. markets vs. average of other logistics REITs<sup>1</sup>

## CAP RATE

-27 BPS

Difference

CoStar logistics market cap rate. Differential between Prologis market exposure vs. average of other logistics REITs at YE 2017<sup>1</sup>



Prologis Park Krefeld, Krefeld, Germany



# Location and quality matter

Going forward it's all about Same Store NOI growth and value creation.  
Prologis has superior organic and external growth potential.







## Prologis ESG: Ahead of What's Next

# Sustainability initiatives have numerous benefits

## Environmental

- Minimizes energy and water consumption and greenhouse gas emissions
- Provides opportunities for renewable energy and storage

## Social

- Improves wellness and productivity
- Increases community involvement and charitable giving

## Economic

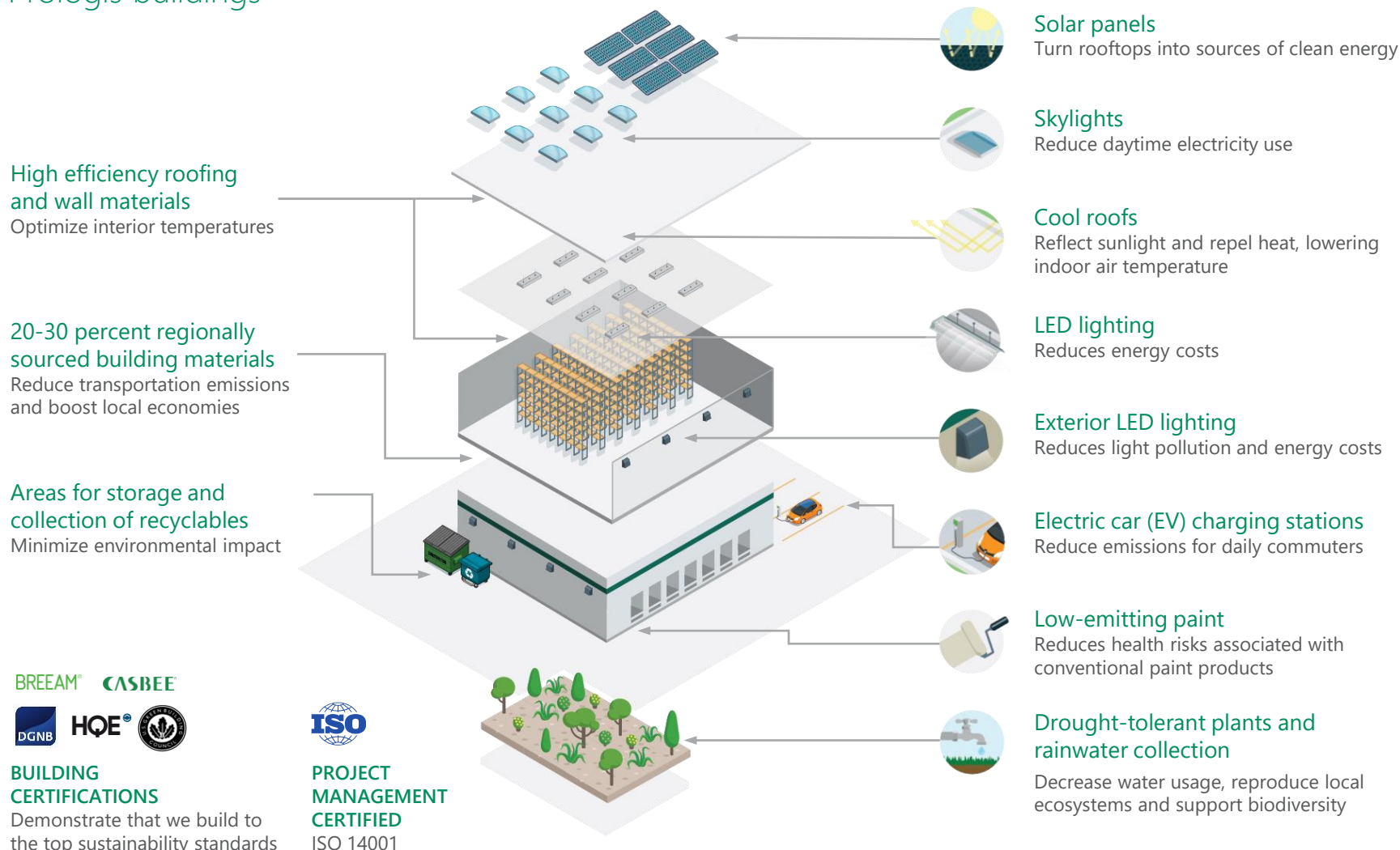
- Lowers operating costs for our customers
- Contributes to higher occupancy and retention rates
- Enhances asset values
- Improves infrastructure
- Influences the industry globally



Prologis International Park of Commerce, Tracy, California

# Sustainable design features

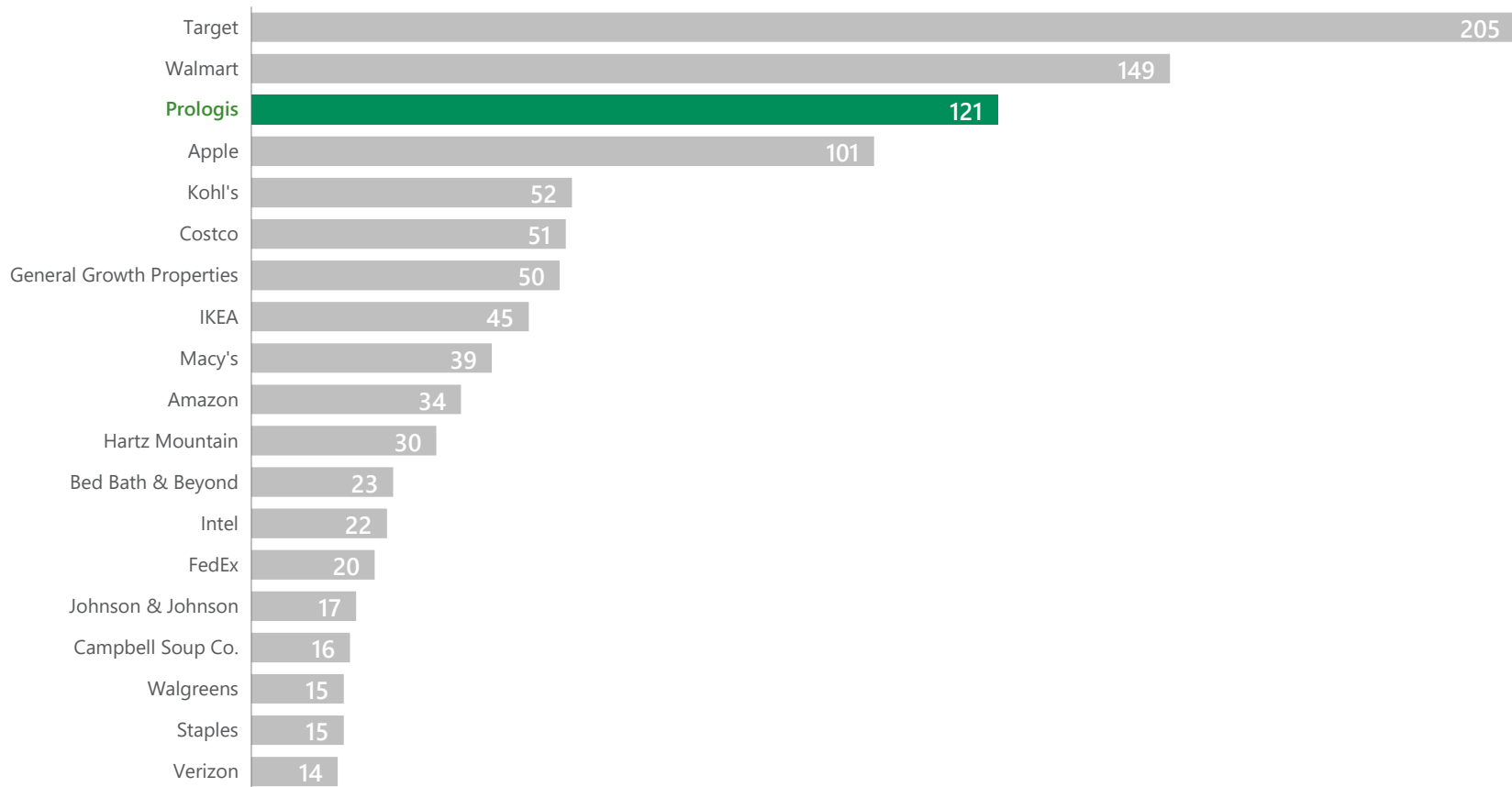
## Prologis buildings





# Top-20 corporate solar producers by installed capacity

MW



# Thinking responsibly means thinking outside the box



Bee hives at Prologis facilities in France



Utilizing EPDM stone from a roof replacement for erosion control in Chicago



DIRFT Wildlife Preserve in the U.K.



**American  
Red Cross**

Prologis Foundation and our  
Space for Good support disaster relief



Prologis supports efforts to save the  
rainforest as part of our carbon  
mitigation program



# Leading by example

- Recognized as one of the world's most sustainable companies (since 2008)
- First logistics real estate company to file an annual sustainability report (since 2006)
- Awarded 10 of 10 GRESB Green Stars: Sector leader in North America and Asia (2017)
- Received NAREIT's Industrial Leader in the Light in sustainability (every year since 2011)
- Harvard Business Review: Best-Performing CEOs in the World (2016)
- Newsweek: Top Green Companies in the U.S. (every year since 2013)
- Corporate Governance Awards: Finalist for Best Proxy (2016 + 2017)



Prologis IMPACT Day, Mexico City, Mexico

# Ranked #1 REIT in governance for 15 consecutive years<sup>1</sup>

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## Director Independence

- All directors, other than the CEO, are independent
- No related-party transactions
- All directors attended 75% or more of board or committee meetings

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## Director Qualifications

- Annual evaluation process administered biennially by third party
- Diverse skills with broad, relevant experience
- Age / tenure policy: 72 years maximum / tenure evaluated through extensive annual board evaluation process

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## Board Leadership

- Lead independent director with significant authority and responsibilities
- Chairman and CEO policy gives board flexibility to determine best candidate for position

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## Strong Stockholder Rights

- Adopted 3/3/20/20 proxy access (2016)
- Directors elected annually; irrevocably opted out of Maryland staggered board provisions (2014)
- Majority vote is standard in uncontested director elections (2007)
- No shareholder rights plan ("poison pill")
- Shareholders can amend bylaws with majority vote (1997)



**PROLOGIS<sup>®</sup>**