

# BREAK— ING NEW GROUND

[www.prologis.events](http://www.prologis.events)

## UBS Global Real Estate Virtual Conference

December 2021

# 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," and "estimates," including 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, contribution and 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 and political climates; (ii) changes in global 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 changes in income tax laws and 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; (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 except as may be required by law.

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## SECTION 01

Prologis Park Moissy, DC II France

# Prologis: A disciplined, global strategy pays off

# 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 balance sheet optimized for the future.
- Business model designed to deliver superior results.





# Prologis at a glance

1983

Founded

100 GLOBAL

Most sustainable corporations

PLD NYSE

S&P 500 member

\$177<sub>B</sub>

Assets under management

994 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, 2021, the company owned or had investments in, on a wholly owned basis or through co-investment ventures, properties and development projects expected to total approximately 994 million square feet (92 million square meters) in 19 countries.



# What sets Prologis apart?

A powerful, global platform that delivers durable, sector-leading growth

## Global Scale

- 2.5% of world's GDP flows through our buildings annually<sup>1</sup>.
- Irreplaceable global portfolio of ~1BSF enables network effect and clustering benefits.
- In-place-to-market rent discount of 22% equates to 28% rent change and over \$925M in annual NOI.

## Strategic Capital & Efficiencies

- Very durable fee stream with 94% from perpetual or long-life ventures.
- High margin business of 75%.

## Development & Land

- 20-year track record: \$36.5B invested and ~21% IRR achieved; 70% of historical value creation outside the U.S.
- Significant land portfolio to support ~\$21B of future development globally.

## Solutions Beyond Real Estate

- Prologis Essentials centered on addressing customer pain points.
- Prologis Ventures / ESG program / data infrastructure to lead innovation in next-generation technologies.

## Financial Strength

- Liquidity and combined leverage capacity between Prologis and open-ended vehicles of \$15B.
- Industry-leading cost of capital with ability to self fund run-rate deployment without the need to issue equity.

\* This is a non-GAAP financial measure.

1. Source: Oxford Economics, IMF, Prologis Research as of June 30, 2020.



# Prologis is a critical waypoint for the global economy

\$2.2 TRILLION

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

3.5%

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

2.5%

of the World's GDP.

850<sub>K</sub>

Employees under Prologis' roofs.



# Unique, scalable business model

Strong, interconnected enterprise designed for superior results

## OPERATIONS

**\$3.3<sub>B</sub>**

Generated in  
annual NOI<sup>1</sup>\*



## STRATEGIC CAPITAL

**~\$380<sub>M</sub>**

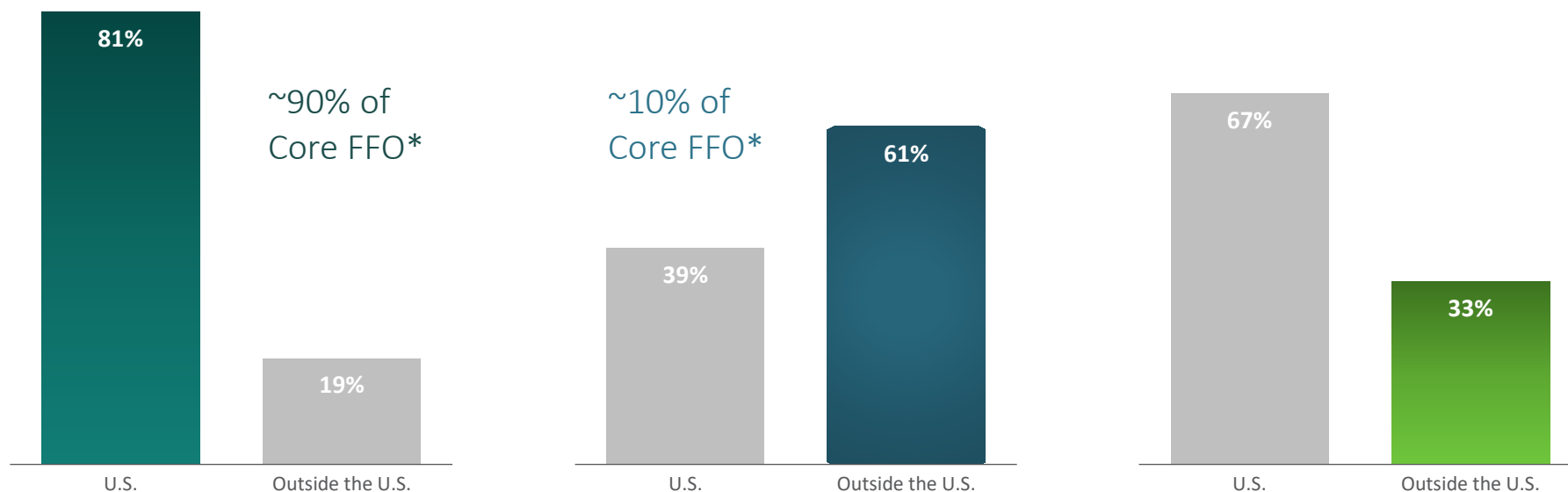
Produced in recurring  
fees and promotes<sup>2</sup>



## DEVELOPMENT

**~\$1.1<sub>B</sub>**

Created in value from  
annual starts<sup>3</sup>



\*This is a non-GAAP measure.

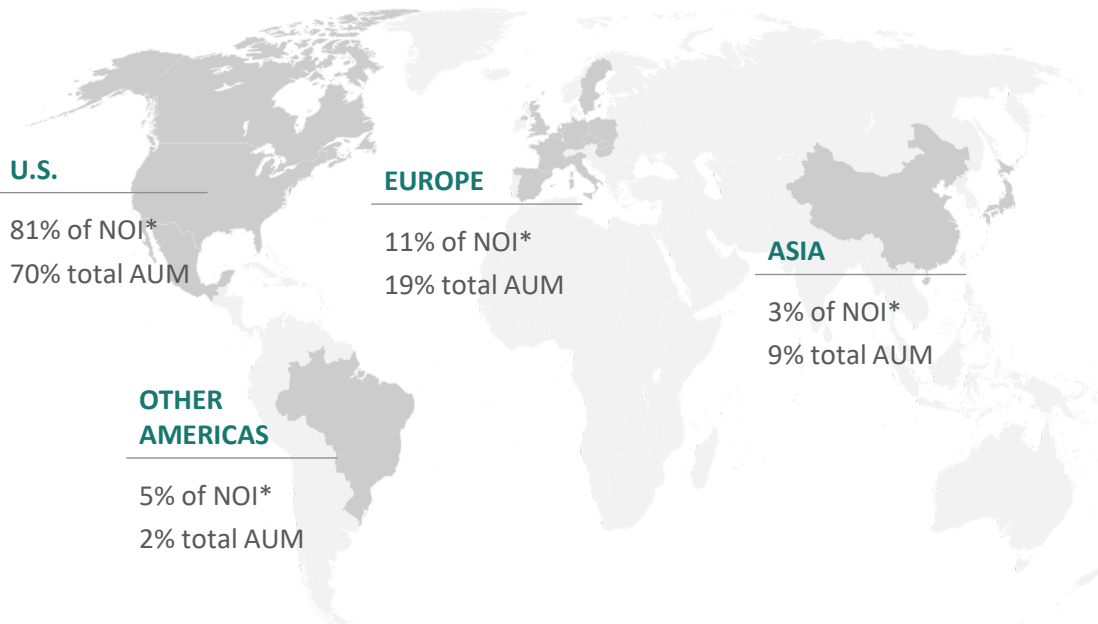
1. 3Q 2021 Prologis Share of NOI of the Operating Portfolio annualized.

2. Third-party asset management fees annualized plus trailing twelve-month third-party transaction fees and normalized net promotes of \$25M as of September 30, 2021.

3. Estimated pro rata share of value creation from development starts on a trailing twelve-month basis.

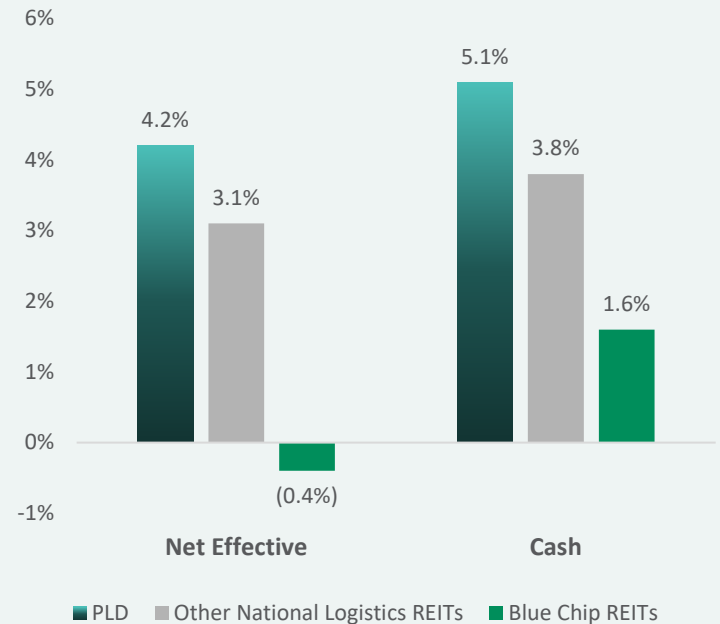


# Superior, global location strategy



Net Effective and Cash SSNOI growth outperformed the other national logistics REITs over last 5 years

5-year Avg<sup>1</sup>. SSNOI Growth\*<sup>2,3</sup>



\* This is a non-GAAP financial measure.

Data as of September 30, 2021, unless otherwise noted. % NOI at PLD share.

1. Weighted average based on total NOI. Q3 2016 through Q3 2021.

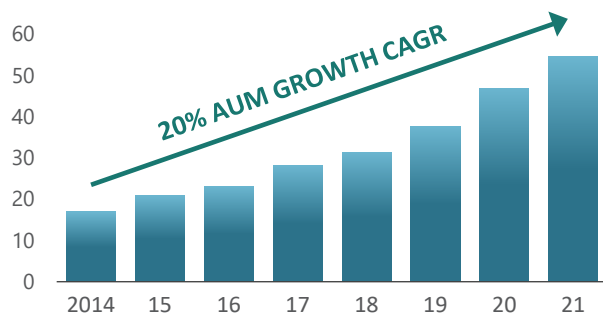
2. Other National Logistics REITs include DRE, EGP, FR and STAG, all of which, along with PLD, joined together in 2018 to establish consistent non-GAAP operating metrics such as SSNOI. [link to PR](#)

3. Includes AVB, BXP, EQR, FRT, HST, and SPG based on availability of company disclosures.

# Perpetual-life ventures produce durable cash flow

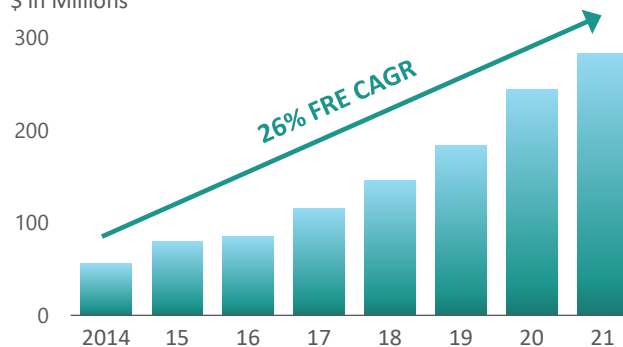
## GROWTH IN THIRD-PARTY AUM<sup>1</sup>

\$ in Billions



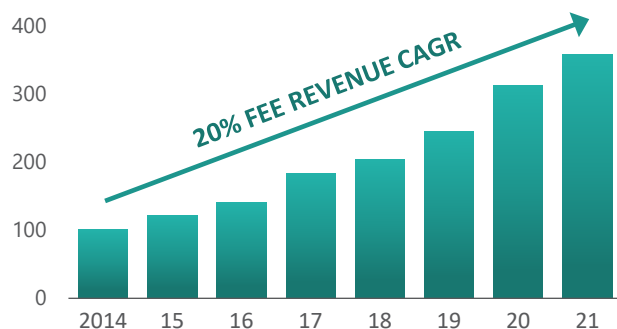
## GROWTH IN THIRD-PARTY FEE RELATED EARNINGS (FRE)

\$ in Millions



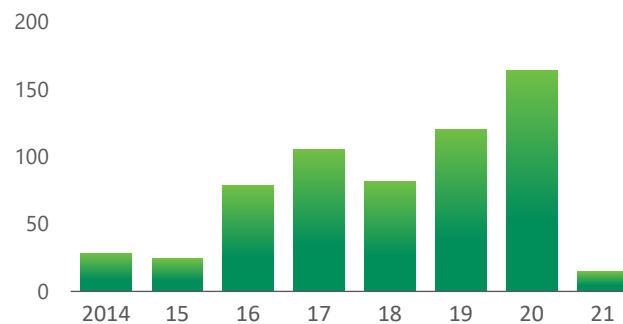
## GROWTH IN THIRD-PARTY FEE REVENUE<sup>2</sup>

\$ in Millions



## NET PROMOTE INCOME<sup>3</sup>

\$ in Millions



- Fee growth significantly outpaces expense growth
- 80% margin on fee related revenues
- Asset values marked-to-market quarterly with fees based on appraisals
- Promotes provide additional revenue, averaging 17.5bps of third-party AUM per year, historically
- ~70% of third-party AUM is promotable

1. AUM (fee earning) represents estimated fair value of real estate owned by third-parties and managed by Prologis through both our consolidated and unconsolidated entities, calculated by adding investment capacity and the third-party investors' share of the estimated fair value of assets in co-investment ventures.

2. Third-party fees include asset management and related transactional fees. Q4 annualized numbers for each respective period except 2021.

3. Promotes are net of expenses.

# The power of a 20-year development track record

\$36.5B

Investment

461M

MSF

\$8.9B

Value Creation<sup>1</sup>

24.5%

Margin

20.8%

Unlevered IRR<sup>2</sup>

IN THE U.S.

\$10.0B

152M

\$2.7B (30%)

26.6%

19.4%

OUTSIDE THE U.S.

\$26.5B

309M

\$6.2B (70%)

23.7%

21.4%

What makes our development program unique?

- Ability to source the highest risk-adjusted returns across 19 countries
- Durability of value creation from global footprint
- Land bank buildout of ~5 years
- 300+ dedicated professionals

Prologis Gateway Park, San Francisco, CA

Note: Data based on development activity from 2001 through 2020.

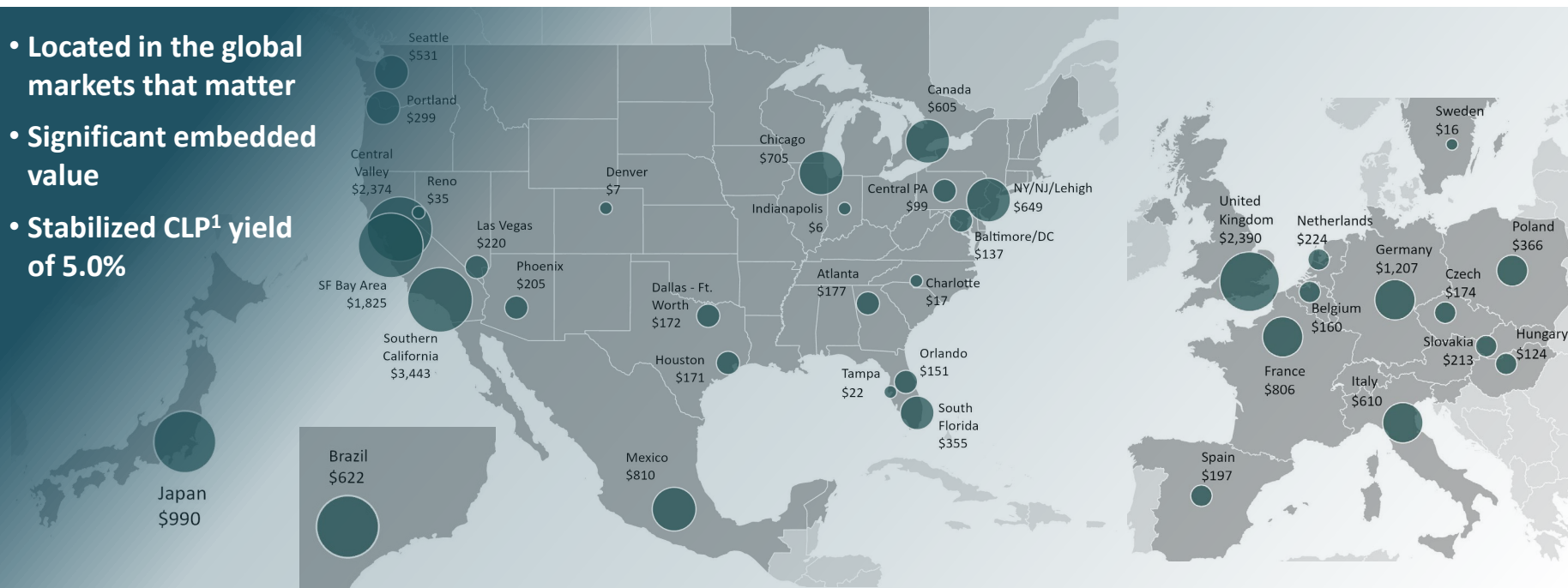
1. Value Creation is calculated as the amount by which our value exceeds our TEI and does not include any fees or promotes we may earn.

2. Unlevered IRR is calculated on a gross basis before the impact of land carry costs.



# Future-ready, global land portfolio

- Located in the global markets that matter
- Significant embedded value
- Stabilized CLP<sup>1</sup> yield of 5.0%



	LAND PORTFOLIO	COVERED LAND <sup>1</sup>	OPTIONED LAND	TOTAL <sup>2</sup>
Total Expected Investment	\$11.1 B	\$5.1 B	\$4.9 B	<b>\$21.1 B</b>
Estimated Build-Out	109 MSF	21 MSF	51 MSF	<b>181 MSF</b>
2021 Development Starts	70%	10%	20%	<b>100%</b>
Estimated Future Mix	~50%	~25%	~25%	<b>100%</b>

Note: Land data as of September 30, 2021. Land values in above bubble map are in \$ millions and represent estimated TEI by market.

1. Covered Land (Plays) are acquisitions of income generating assets with the intention to redevelop for higher and better use. These assets are currently in either Operating Portfolio, Value-Added Properties or Other Real Estate Investments.

2. Owned & Managed.

# Drivers of long-term development value creation

Factor	Key Considerations
<b>Business Model</b>	<ul style="list-style-type: none"><li>• Customer-focused via our dedicated team, driving over 165 BTS's in the last five years</li><li>• Multiple monetization options given built-in recycling model with PLD Strategic Capital</li></ul>
<b>Scale &amp; Diversification</b>	<ul style="list-style-type: none"><li>• Nearly \$4.3B of development starts in 2021</li><li>• Est. portfolio at 12/31 - 166 projects across 62 markets and 15 countries (57M SF/\$6.7B TEI O&amp;M)</li></ul>
<b>Growth</b>	<ul style="list-style-type: none"><li>• \$4.1B value creation and development starts growth of 15% over last 10 years</li><li>• Projects remain highly focused on the markets that matter</li></ul>
<b>Track Record</b>	<ul style="list-style-type: none"><li>• 20-year history, building more SF than all other U.S. logistics REITs<sup>1</sup> combined</li><li>• Leader in groundbreaking development such as multi-story, Last Touch® and certified green buildings</li></ul>
<b>Breadth of Opportunity</b>	<ul style="list-style-type: none"><li>• Greater opportunity outside US given supply chain build out</li><li>• Innovative approaches to land and location (covered land plays)</li><li>• Our current land bank has a \$21.1B buildout potential in the markets that matter / ~5-year runway</li></ul>

1. Includes DRE, EGP, FR, REXR, STAG and TRNO.

A close-up, low-angle photograph of a vast array of solar panels. The panels are dark blue with a white grid pattern, and they are arranged in long, parallel rows that recede into the distance under a clear sky.

## SECTION 02

Prologis International Park of Commerce Building 1

# Prologis: Beyond the real estate



# Beyond real estate: further benefits of scale driving growth

## G&A Scale

- **Operating Leverage**  
G&A/AUM 16bps < other U.S. logistics REITs<sup>1</sup>
- **Size Creates Scale**  
Run efficient, lean business

## Cost of Capital

- **Lowest Cost of Capital**  
All-in debt cost is ~150bps < other U.S. logistics REITs<sup>1</sup>
- **Global Capital Market Reach**  
Unmatched access to five public debt markets

## Essentials

- **Helping Our Customers**  
Strategic partnerships providing turnkey warehouse solutions
- **Growing Business**  
Currently \$65M annual revenue, but on pace to \$150M+

**Total Beyond NAV value of \$8.50/share**

## ADDITIONAL DIFFERENTIATORS

- **Data Analytics:** Significant technology investments to analyze the 2.5%<sup>2</sup> of world's GDP flowing through our buildings
- **Dedicated Research Team:** Leveraging our powerful data platform to provide actionable insights and drive decision making
- **Ventures Team:** Serves as strategic partners and innovation platform to our customers (30 investments)
- **ESG:** Industry-leading, setting the bar across the REIT industry for decades

1. Includes DRE, EGP, FR, REXR, STAG and TRNO. As of September 30, 2021.

2. Source: Oxford Economics, IMF, Prologis Research as of June 30, 2020.

# Beyond real estate: Prologis Essentials Solutions

Integrates state-of-the art innovations and technologies across all segments of fulfillment

## Operations

From one-time set-up services such as lighting and plumbing to recurring needs such as HVAC, dock management and products (forklifts, racking systems).

## Workforce

Offering a range of services to train and retain logistics talent, as well as the latest technology to help keep employees productive and safe (incl wearable devices and autonomous mobile robots).

## Energy

Our comprehensive suite of energy solutions— solar, LED, EV charging and energy efficiency retrofits— reduce energy consumption and support our customers' sustainability goals.

## Transportation

Autonomous yard trucks, last-mile routing solutions and fleet management services can help reduce transportation costs and improve last-mile delivery.

## Data & Analytics

A focus on future-proofing operations with crucial data and actionable insights on everything from inventory, shipping, security, communications management and dock visibility.

# Beyond real estate: Prologis Ventures

Investing in disruptive technologies to define the future of commerce

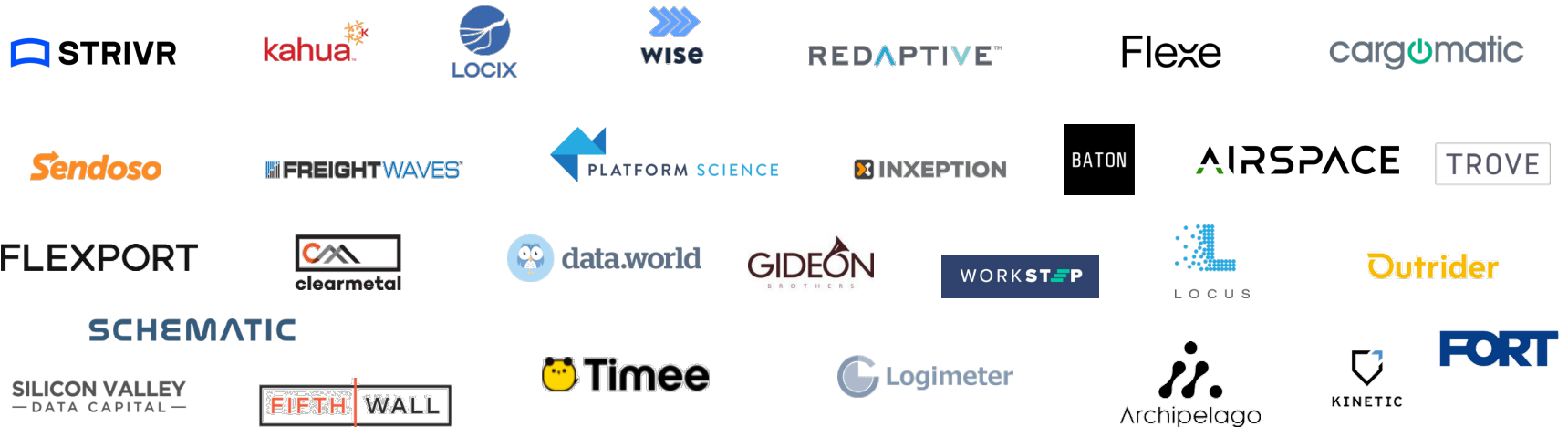
## Our goal is to leverage innovation to:

- Drive new sources of revenue
- Deepen our customer relationships
- Harness the power of data
- Build the future of commerce

## We achieve these through:




- Corporate venture capital investments
- Strategic business development with customer innovation and supply chain teams
- Business model exploration to create and refine new businesses for Prologis

## INVESTMENT PORTFOLIO (OVER \$100M INVESTED IN 30 COMPANIES)





# Beyond real estate: environmental stewardship

SDGS		PROGRESS	GOALS
	Certifications <sup>1</sup>	171 MSF 477 buildings	100% of developments / redevelopments globally
	LED lighting	42% LED <sup>2</sup>	100% LED by 2025
	Solar <sup>3</sup>	252 MW	400 MW by 2025
	Science Based Target for GHG emission (Scope 1, 2 & 3)	Scope 1 & 2: 40% MTCO <sub>2</sub> e increase since 2016 <sup>4</sup>  Scope 3: 37% MTCO <sub>2</sub> e reduction since 2016	Scope 1 & 2: 21% MTCO <sub>2</sub> e to be reduced by 2025  Scope 3: 15% MTCO <sub>2</sub> e to be reduced by 2025

Note: All numbers are as of December 31, 2020 and cover the global portfolio.

1. Operating portfolio. 100% of new development/redevelopment achieve sustainable certification globally.

2. Percentage of total operating portfolio by square footage.

3. The generating capacity of solar installations is measured in megawatts (MW).

4. Even though Scope 1 and 2 is only 0.1% of our total carbon emission, we continue to seek opportunities to drive reductions. In 2020 we saw a 21% reduction compared to 2019, and we are exploring additional solutions for both mobile and stationary fuel combustion.

\*Goal is to install cool roofing at 100 percent of new developments and property improvements, where feasible and appropriate, given climate factors. By year-end 2020, 44% of our global portfolio had cool or reflective roofing. Note, we are retiring our cool roofs goal due to methodological challenges.

# CWI expansion planning and engagement underway

## MARKETS WITH PROGRAMS 2021

- Chicago
- Dallas
- Los Angeles-Long Beach\*
- Tracy/Stockton
- Miami\*
- DIRFT-UK
- SF/Oakland\*
- Northern NJ/NY
- Atlanta
- Las Vegas

## NEW MARKETS

- Seattle
- Houston
- DC/Baltimore
- Phoenix
- Mexico City
- Pennsylvania

## KEY PARTNERS

Prologis looks to support local organizations that align with our business and share our priorities with CWI. These partners assist with providing:

- Access to a pool of candidates looking for jobs in the logistics industry
- Direct connection to leading workforce providers in the region



## HIGHLIGHTS

# 7,000

Participants (program to date)

# 15 markets

Total by end of 2021

# Certification

Industry-first program in partnership with ASCM

# Goal

Train 25k by 2025

# Differentiators add up...

			INCLUDING DIFFERENTIATORS <sup>4</sup>	
			Intrinsic Value per share <sup>1</sup>	Difference
Platform Differentiators	Development Platform	Value per share <sup>1</sup>	\$16.25	\$11.25 <sup>2</sup>
	Strategic Capital Platform	\$9.00	\$14.25	\$5.25 <sup>2</sup>
Differentiators Beyond NAV <sup>3</sup>	Operating Leverage/Scale	Discounted value of 16 bps lower overhead costs	\$3.00	\$3.00
	Cost of Capital	Discounted value of 150 bps lower debt costs. PV over 10 years, in line with weighted avg maturity of 10.4 years	\$2.75	\$2.75
	Essentials Opportunity	Discounted value of 2021 Essentials income at 25% growth	\$2.75	\$2.75
			<b>TOTAL</b>	<b>\$25.00</b>

- The combined value of Prologis differentiators is 22%<sup>4</sup> above consensus NAV
- If differentiators were valued as illustrated, the implied multiple of PLD's core earnings would be 6.7x<sup>4</sup> lower than currently observed
- This would translate to an implied cap rate difference of 100bps

1. Share count of 760.2M.

2. See appendix for calculations.

3. Sums to \$8.50 shown on slide 15.

4. As of October 2021.





## SECTION 03

Prologis Park Born, Born, Netherlands

# Prologis: Financial strength creates opportunities

# Top-rated financial position

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

## PROLOGIS DEBT METRICS Q3 2021

Debt as % of Gross  
Market Cap\*

16.7%

Debt /  
Adjusted-EBITDA\*

4.3%

Fixed Charge  
Coverage Ratio\*

12.1x

USD Net Equity  
Exposure

95%

Liquidity

\$5.5<sub>B</sub>

Investment  
Capacity

~\$15<sub>B</sub><sup>2</sup>

- Significant liquidity and investment capacity.
- Low leverage.
- Debt weighted avg rate of 1.8% and term of 10.4 years.

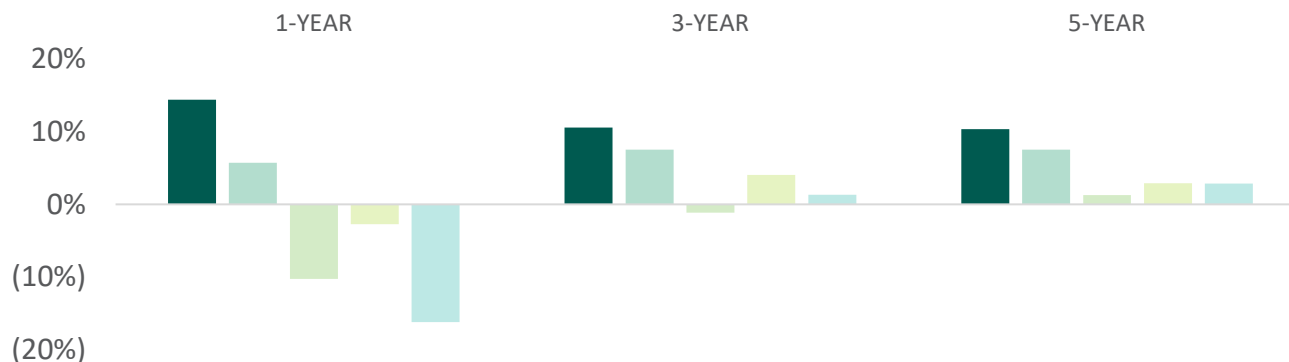
\* This is a non-GAAP financial measure.

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 agency.

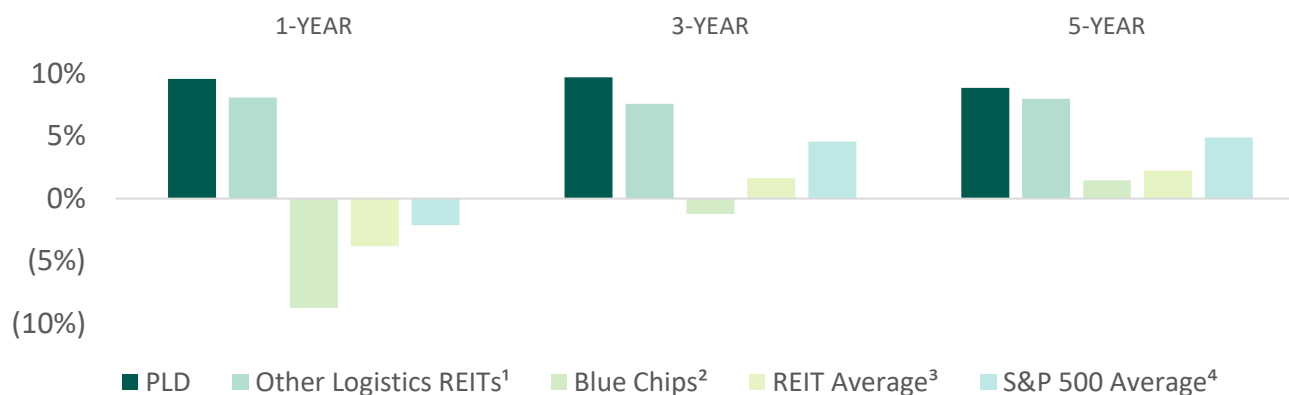
2. Includes leverage capacity of Prologis and its open-ended vehicles as well as a reduction in our ownership interest in our PELF and USLF ventures down to 15%.

# Superior earnings and dividend growth

## CORE FFO\* PER SHARE CAGR



## DIVIDEND CAGR



## Prologis has:

- Best Core FFO\* CAGR for the one, three, and five-year time periods
- Best Dividend CAGR spanning one, three, and five-year time periods
- Over the five-year time period, Prologis reduced leverage by 1,470 bps
- Industry-leading cost structure with expected low 60% AFFO payout ratio\* and \$1.4B of free cash flow\* after dividends for future growth in 2021

\* This is a non-GAAP financial measure.

Source: FactSet; Core FFO and Dividend growth through December 31, 2020.

1. Includes DRE, EGP, FR, REXR, STAG and TRNO. Weighted on market cap as of December 31, 2020.

2. Includes AVB, BXP, EQR, FRT, HST, PSA, and SPG. Weighted on market cap as of December 31, 2020.

3. Includes REITs in the RMZ as of 12/31/2020 with data for every year in each respective period; weighted on market cap as of December 31, 2020.

4. Source: SP500 per FactSet.

