

PROLOGIS, INC. (PLD)

Real Estate – Industrial

April 22, 2025

Stock Rating

HOLD

Investment Thesis

Prologis, Inc.'s expansion into the data center sector, strategic capital investments, and consistent dividend payments support its long-term growth prospects. However, the stock's elevated relative valuation raises concerns about the sustainability of its current market price. Based on an intrinsic value of \$100.15 compared to the current market price of \$99.95, the implied upside is approximately 0.20%, suggesting the stock is trading near fair value. Given this limited margin and conflicting signals between growth prospects and valuation, a **HOLD** rating is recommended.

Drivers of Thesis

- **Expansion into Data Centers:** Prologis's plan to develop 20 data centers with \$7-8 billion in investment over the next four years reflects a strategic move to capitalize on the growing demand for digital infrastructure.
- **Long-Term Inflation Protection:** The company's long-term, inflation-linked lease agreements provide a built-in hedge against rising inflationary pressures.
- **Consistent Dividend Payments:** Prologis's history of steadily increasing dividends is a significant positive factor. The company's strong cash flow generation allows for reliable and sustainable dividend payouts, further enhancing its attractiveness as a stable income-generating investment.

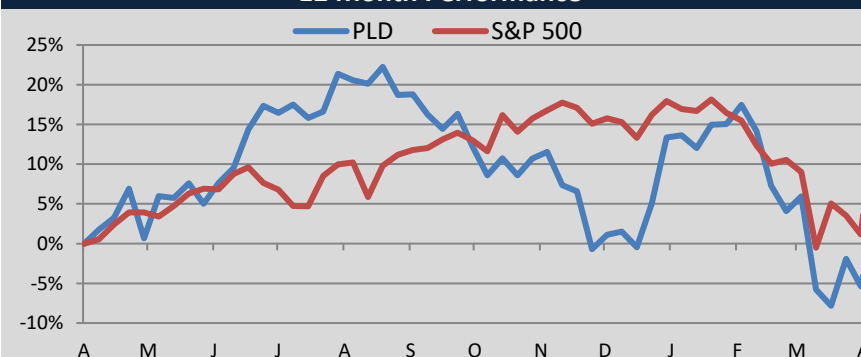
Risks to Thesis

- **Overvaluation Concerns:** Prologis's elevated relative P/E ratio indicates that a significant portion of future growth may already be priced in. If the company fails to meet these expectations or if market sentiment shifts, there could be downside pressure on the stock.
- **Tariffs and Construction Costs:** Increased tariffs on construction materials and rising construction costs in certain regions could affect Prologis's development expenses and overall profitability.
- **Interest Rate Sensitivity:** Prologis is highly sensitive to fluctuations in interest rates, which could significantly affect its borrowing costs and overall valuation.

Earnings Estimates

Year	2022	2023	2024	2025E	2026E	2027E
EPS	\$4.28	\$3.30	\$4.38	\$2.95	\$3.40	\$3.88
HF est.				\$3.90	\$5.63	\$5.49
Growth	7.78%	-22.73%	32.69%	-10.99%	44.26%	-2.42%

12 Month Performance



Target Price

\$101 - 124

Henry Fund Equity DCF	\$100.15
Henry Fund Equity DDM	\$102.66
Henry Fund Relative P/E	\$123.69

Price Data

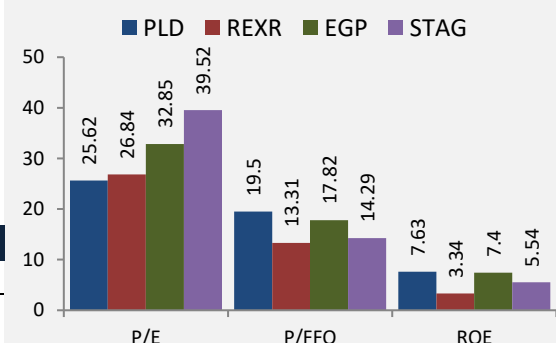
Current Price	\$99.95
52wk Range	\$100 – \$135
Consensus 1yr Target	\$130

Key Statistics

Market Cap (B)	\$111.501
Shares Outstanding (M)	926.17
Institutional Ownership	93.62%
Beta	1.11
Dividend Yield	3.26%
Est. 5yr Growth	11.83%
Price/Earnings (2025E)	30.83
Price/Earnings (2026E)	21.37
Price/FFO (2025E)	23.40
Price/FFO (2026E)	18.60

Profitability (TTM)

Operating Margin	62.23%
Profit Margin	37.77%
Return on Assets	4.26%
Return on Equity	7.63%



Company Description

Prologis, Inc. (PLD) is a global leader in logistics real estate, offering high-quality warehouse and distribution facilities. With 1.3 billion square feet across 20 countries, Prologis provides services such as property leasing, supply chain management, and sustainable initiatives. Key markets include North America, Europe, and Asia, serving customers in the business-to-business and online retail sectors. Recently, Prologis has begun expanding into the data center sector, further diversifying their real estate portfolio.

COMPANY DESCRIPTION

Prologis, Inc. is a leading global real estate investment trust (REIT) specializing in logistics facilities. Headquartered in San Francisco, California, Prologis operates across North America, South America, Europe, and Asia. The company was formed through the merger of AMB Property Corporation and Prologis in June 2011, making it the largest industrial real estate company in the world^[10]. As of year-end 2024, Prologis owns or has investments in properties and developments totaling 1.3 billion square feet.

Prologis has established itself as a premier global logistics real estate company, with a strategic focus on high-barrier, high-growth markets. The company's vast portfolio spans several countries, reflecting its commitment to diversifying assets and tapping into emerging markets around the world. Prologis operates through three primary segments: rental, strategic capital, and development management.

Rental Segment

The rental segment forms the backbone of Prologis's operations, concentrating on long-term ownership, management and leasing of industrial warehousing and distribution properties. Revenue in this segment is primarily derived from rental income collected from tenants. With most of Prologis's tenants being signed to long-term leases of 3-5 years or longer, this segment provides a steady and reliable income stream. Among PLD's three revenue segments, the rental segment has the highest operating margin at 91.62%.

Strategic Capital Segment

Prologis's strategic capital segment allows institutional capital partners – such as banks, insurance companies, hedge funds, etc. – the opportunity to co-invest alongside Prologis, generating long-term cash flows through asset management and property management services for its unconsolidated co-investment ventures^[11]. This segment manages approximately \$60 billion in third-party assets under management (AUM).

Development Management Segment

The development management segment is dedicated to the development and acquisition of industrial properties. Prologis states that their strategic focus is the

development and acquisition of logistics real estate in the most desirable locations around the globe, acquiring properties that are designed and built technically with the future in mind^[12].

Market Position

Prologis holds a dominant position in the global logistics real estate market. The company serves approximately 6,700 tenants, including major players like Amazon, Home Depot, FedEx, and Walmart. Prologis's clients span various industries, including retail, e-commerce, and third-party logistics providers. The table below provides further context of Prologis's top 10 tenants occupying the company's owned and managed facilities, as well as their % of Net Effective Rent (NER), and total square footage in millions.

Tenants	% of NER	Total Square Feet (in millions)
1. Amazon	4.9	46
2. Home Depot	1.8	19
3. FedEx	1.3	11
4. DHL	1.1	13
5. Geodis	1.1	15
6. CEVA Logistics	1.0	13
7. GXO	0.8	10
8. UPS	0.8	9
9. Maersk	0.8	7
10. Kuehne + Nagel	0.7	9
Total	14.3	152

Source: PLD 10-K^[1]

Although Prologis's top tenant is clearly Amazon, accounting for 4.9% of NER, compared to the next closest, Home Depot, at 1.8%, Prologis serves a diverse range of clients. This extensive client base ensures that even if Amazon were to start producing its own logistics facilities, Prologis would still have a strong business foundation. Soon, we may observe shifts in Prologis's top clients as the real estate and energy sectors collide. Prologis currently harnesses 500 megawatts of rooftop solar and storage capacity and has plans to expand that to 6 gigawatts^[13]. This forward-thinking approach and embrace of the AI revolution have positioned the company well to attract high-spending energy and data center clients, further diversifying its revenue streams and enhancing its market resilience.

Revenue by Segment

Prologis's rental segment continues to be the company's primary revenue driver, making up the largest portion of total revenue. In 2024, rental revenue reached \$7.51 billion and is expected to grow steadily to \$13.40 billion by 2034. This growth is driven by a combination of rising rents and expanding square footage across all regions.

U.S. rental revenues, which account for the bulk of the segment, are projected to grow from \$7.22 billion in 2024 to \$12.76 billion in 2034. This is based on a gradual increase in square footage, from 797 million sq. ft. in 2024 to over 1.05 billion by 2034, as well as rising rental revenue per square foot, which moves from \$9.05 in 2024 to \$12.12 in 2034. These projections assume stable demand for industrial space and strong occupancy (averaging around 95%).

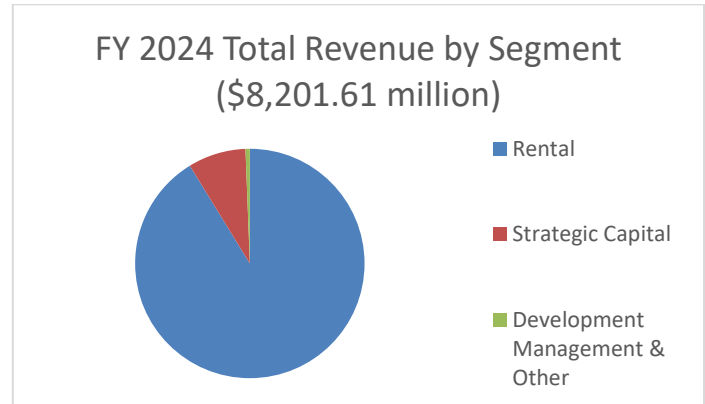
Other Americas and international markets contribute a smaller share but show stronger growth rates. For example, rental revenue in Europe and Asia grows at a compound annual rate of over 6% and 7%, respectively, due to both increasing square footage and modest rent increases.

Strategic capital revenue is more volatile but shows significant long-term growth potential, increasing from \$671.91 million in 2024 to an expected \$6.78 billion in 2034. The uneven pattern in this segment reflects Prologis's historical trend of making large capital investments roughly every three years. This assumption is baked into the model, with recurring spikes in strategic capital revenue, particularly in 2027, 2030, and 2033. Most of this growth is expected to come from the U.S. and Europe, with contributions from other regions steadily increasing as well.

Development management and other revenues make up a relatively small portion of total revenue but are forecasted to grow modestly from \$15 million in 2024 to \$24.9 million in 2034. Due to the volatility in this line item, growth

estimates are based on a long-term FactSet consensus forecast of 5.2% Y/Y growth.

Visualized below is the proportion of revenue generated by each segment out of \$8,201.61 million total revenue in FY 2024.



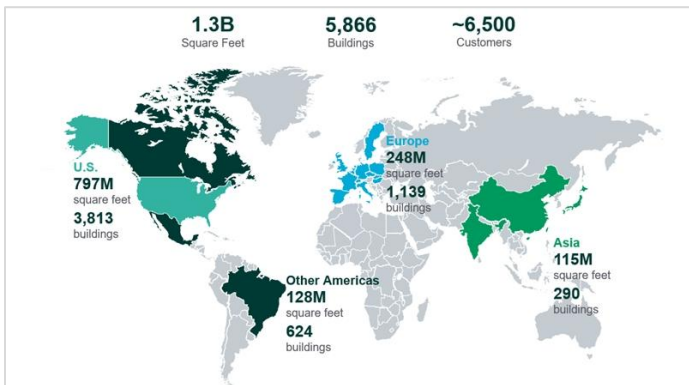
Source: PLD 10-k [\[1\]](#)

Revenue by Location

Prologis's portfolio spans various geographies, reflecting the company's strategic approach to diversifying its assets and tapping into emerging global markets. Rental revenues are distributed across the globe, including locations in the United States, Other Americas, Europe, and Asia.

Although Prologis operates worldwide, it reports all financial statement amounts in US dollars. To minimize exposure to foreign currency fluctuations, the company uses co-investment ventures when investing outside of the US. This strategy allows Prologis to borrow in the currency in which their subsidiaries invest, and hedge against various financial risks, such as foreign currency fluctuations, interest rate changes, and commodity price

movements. The chart below gives a visual of PLD's global presence in square feet.

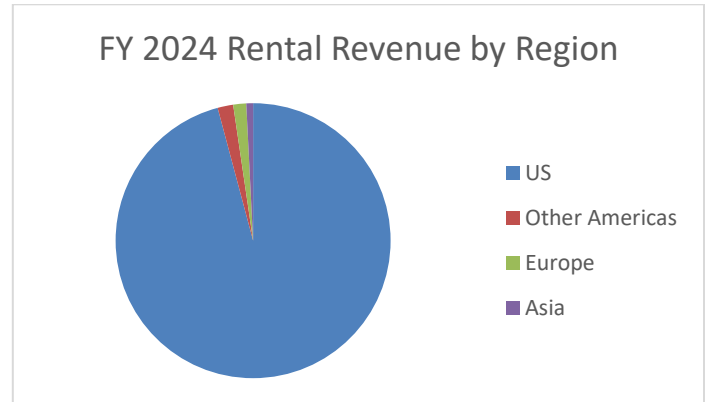


Source: PLD 10-k^[1]

The United States remains the dominant market in Prologis' portfolio, contributing the vast majority of rental revenues. It is projected to reach \$12,757.78 million by 2034. Other Americas, Europe, and Asia also bring in revenue for the company, with contributions expected to grow steadily over the coming years. Strategic capital revenues show a similar geographic distribution, with notable increases in the United States and Europe. The company's focus on key markets in North America, Europe, and Asia ensures a balanced and resilient revenue stream, diversifying against regional economic risks. In the near future, we expect PLD to focus primarily on keeping their US properties rented rather than a push for global expansion. As tariffs bring concern to global trade, now

may not be an opportune time for PLD to continue their global reach.

Visualized below is the proportion of rental revenue generated by each region out of \$7,529.70 million total rental revenue in FY 2024.



Source: PLD 10-k^[1]

Drivers of Revenue Growth

Prologis's revenue growth is driven by several key factors. First, the increasing demand for logistics facilities. A decline in new construction, along with growing e-commerce platforms, creates a favorable market environment for Prologis, driving up rental rates as there is less available space to meet the growing demands.

The looming trade wars between the US and major global supply chain players like China and Canada also bodes well for Prologis. When any kind of disruption happens that raises havoc with the supply chain, companies want to have extra inventory to deal with the uncertainty. Prologis CEO Hamid Moghadam was quoted in a recent interview saying, "in the short term, it's a demand booster for our business, but I don't like to make our money that way".^[13] Moghadam and Prologis would prefer to see more domestic manufacturing and less inflation.

Next, the company's strategic capital investments provide significant growth opportunities. Strategic capital revenue follows a cyclical pattern with significant growth every three years, followed by periods of decline. This three-year cycle is projected out to 2034 and forms the basis of the strategic capital growth assumptions in our model. Prologis's reputation as a trusted leader in logistics real estate will continue to attract significant investments from institutional partners. Their focus on constant innovation and acquisition of cutting-edge facilities to maximize

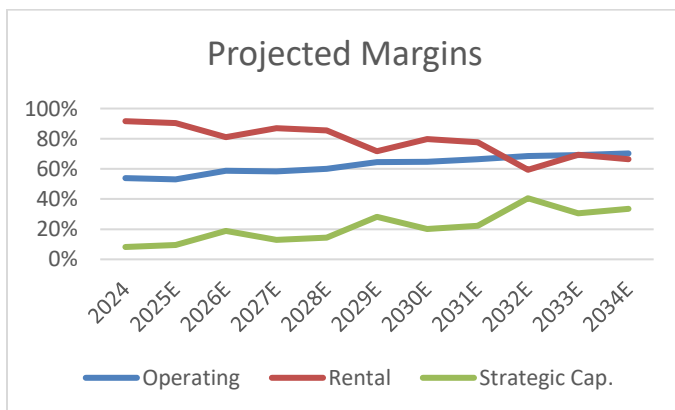
efficiency and sustainability will enhance the value of their portfolio as they continue to invest through each cycle.

The development management segment is highly volatile with no discernible patterns in growth. Given its small percentage of total revenue, a base long-term growth rate of 5.2% (FactSet projected long-term growth rate)^[4] was applied to this segment for projections extending to 2034.

Prologis also plans to further expand their reach into data centers, aiming to develop 20 data centers with \$7-8 billion in investment over the next four years. Revenues from these projects have already been observed, including \$139 million in additional profits from co-investment ventures, with a net gain of \$43 million after expenses, most of which came from the successful redevelopment, leasing, and sale of a data center in late 2024^[11]. We expect Prologis' budding data center segment to continue to play a part in future revenue growth.

Cost Structure Analysis

PLD has delivered strong historical margin performances, showing the company's ability to manage their costs effectively. Operating margin has steadily increased over the years, sitting at a very strong 53.84% in 2024. This steady increase is projected to continue as PLD pays off debt related to land and property acquisitions, which will further reduce interest expenses and improve profitability. The rental revenue margin, a significant contribution to overall revenue, has remained high historically and is projected to continue to be strong in the future.

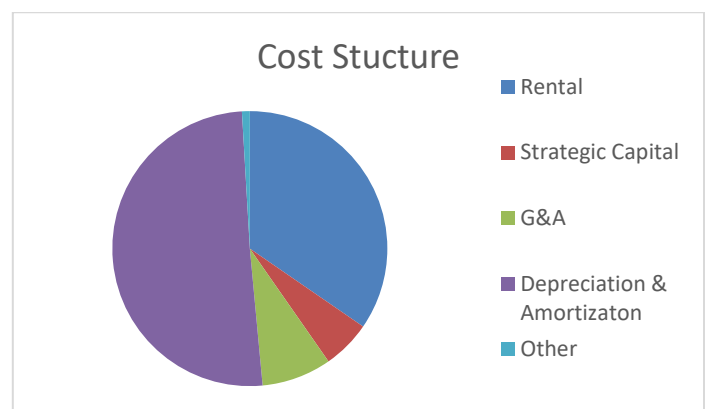


Henry Fund Model Estimates

Looking ahead, Prologis anticipates continued growth in major cost categories, particularly in property maintenance and development expenses. Property maintenance costs are projected to increase annually,

influenced by inflation and ongoing maintenance requirements. Development expenses are expected to rise due to tariffs on imported construction materials, such as steel and aluminum, which can raise the costs of building and maintaining logistics facilities.

In response to these rising costs, Prologis's has historically relied on strategic acquisitions to lower their cost per unit or reduce overall company expenses. For example, after PLD stock had hit an all-time high in 2022, the company used their excess cash to acquire Duke Realty, adding 167 million rentable square feet of US based industrial assets to their portfolio. This move not only eliminated one of Prologis's biggest competitors in the industrial real estate market, but it also led to economies of scale, reducing overall costs to the company, and further cemented Prologis's position in key geographies which the company believes will outperform in the future. This strategic use of funds provides confidence for investors that future acquisitions, such as data center projects, will continue to be profitable and well executed by PLD management. Visualized below is Prologis's cost structure for FY 2024.



Source: PLD 10-k^[1]

Debt Maturity Analysis

As of December 31, 2024, Prologis's total debt amounted \$30.9 billion, with a weighted average maturity of 9 years and an effective interest rate of 3.1%. Prologis's financing strategy has a mix of fixed-rate and variable-rate debt, alongside strategies to mitigate interest rate risk, including hedging activities.

Five-Year Debt Maturity Schedule

Fiscal Year	Coupon (%)	Payment (mil)
2025	3.29%	\$ 514.22
2026	2.89%	\$ 2,173.49
2027	2.99%	\$ 2,010.42
2028	2.99%	\$ 2,616.04
2029	2.98%	\$ 3,196.32
Thereafter	2.98%	\$ 20,939.41
Total		\$ 30,879.26

Source: PLD 10-k^[1]

As illustrated in the chart above, Prologis has a significant portion of its debt maturing after 2029, with approximately \$20.9 billion due beyond that horizon. However, the near term still presents substantial obligations, with over \$10 billion in debt maturing between 2025 and 2029.

While the company is expected to refinance this debt, current interest rate conditions suggest that future borrowings may come at higher costs compared to historical averages. If Prologis has trouble refinancing on favorable terms, or if interest rates remain elevated, this could pressure its interest expense and reduce cash flow margins.

Credit Ratings

Agency	Rating	Interpretation
S&P	A	Strong, but somewhat susceptible to economic conditions
Moody's	A2	Upper-medium grade with low credit risk

Source: PLD 10-k^[1], SPglobal^[15], Moodys^[16]

Prologis holds solid credit ratings from the two major rating agencies. These ratings allow the company to borrow at favorable interest rates, as evidenced by the effective interest rate of 3.1% on its current debt. However, a downgrade in credit ratings could increase borrowing costs and negatively impact Prologis's ability to refinance debt in the future.

Interest Rate Risk and Hedging

Prologis uses a combination of fixed-rate debt and derivative instruments to mitigate interest rate risk. Fixed rate refers to debt where the interest rate remains

constant throughout the life of the loan or bond. On the other hand, derivative instruments, such as interest rate swaps, are financial contracts that allow Prologis to manage the variability of its interest expenses, often by exchanging floating-rate interest payments for fixed-rate ones^[17], helping to hedge against potential increases in interest rates. As of December 31, 2024, the company's \$30.2 billion of debt is largely fixed-rate (with an average interest rate of around 3.1%), meaning its interest expense is relatively insulated from changes in the market.

Refinancing Risk and Strategy

Given the \$20.9 billion of debt maturing after 2029, Prologis has plenty of time to plan and manage its refinancing activities. However, a concentration of debt maturing in later years could create challenges if market conditions are unfavorable at that time, or if Prologis's financial position worsens. Prologis's current A-rated credit status and fixed-rate borrowing strategy should provide it with the flexibility to raise capital when needed.

Prologis's ability to refinance or service its debt is also supported by its strong liquidity and solid cash flow generation from rental income and strategic capital. With projected revenue growth across various segments, Prologis is positioned well to meet its debt obligations.

ESG Analysis

The principles of ESG are ingrained in Prologis's business strategy through their integrated approach to global impact and sustainability, which they believe creates value for their customers, investors, employees and communities^[1]. Prologis has set the following goals and objectives to support the communities in which they do business:

Environmental (E)

Prologis aims to install 1 gigawatt of solar generation and storage capacity within its operations by 2025. The company has already made significant progress, with 626 megawatts of solar capacity installed by the end of 2024. Prologis is also committed to equipping its properties with LED lighting in 100% of its new developments and redevelopments, with 79% of eligible operating properties having already adopted LED lighting by December 2024.

The company also uses technologies such as heat pumps, cool roofs, EV charging stations, and recycling to reduce

energy consumption, and lower greenhouse gas emissions across its portfolio.

Despite these advancements, Prologis is still exposed to risks related to the environmental impact of new construction projects, especially regarding land use and resource consumption. As the company continues to expand, there will be continued pressure to balance development with sustainability goals.

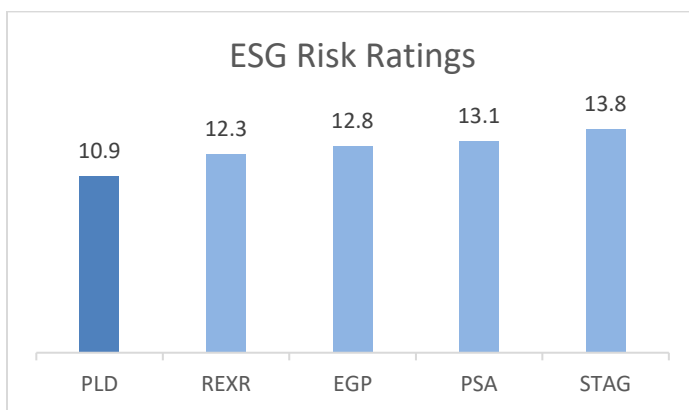
Social (S)

Prologis promotes community involvement for its employees through its “Dollars for Doers” program through which the company donates to charities based on employees’ personal volunteer hours. With employees contributing over 74,300 hours of service as of December 2024. Prologis further strengthens its ties with local communities.

Governance (G)

Prologis has increased the diversity of its Board of Directors over the past decade, with the addition of seven new directors. The Board’s diversity spans ethnicity, gender, and geography, contributing to well-rounded governance.

As of 2024, Prologis has introduced a Chief Energy and Sustainability Officer into its management Executive Committee, ensuring that its sustainability strategies are closely aligned with the company’s real estate business goals.



Source: Sustainalytics^[21]

Among their peers, Prologis stands out with the lowest ESG Risk Rating, with a lower score indicating better risk management.

RECENT DEVELOPMENTS

Q1 2025 Earnings Results

On April 16, 2025, Prologis posted their financial results for Q1 2025. This announcement was highlighted by Core FFO of \$1.42–\$1.43 per share, excluding one-time items. The company maintained a strong occupancy rate of 95.2%, though this was slightly down from year-end.

Prologis continued to benefit from strong rental demand, with new and renewed leases seeing a 54% average increase in rent (or 32% when looking just at cash received). Its existing portfolio performed well, with income from long-held properties rising around 6%, a healthy sign of organic growth. The company also reported that if current leases were reset to today’s market rates, it could generate 25% more in rent — translating to an extra \$1.1 billion over time.

On the development front, Prologis began \$650 million in new construction projects, mostly custom-built for tenants. It also continued its expansion into digital infrastructure by adding 400 megawatts of data center power capacity, reaching a total of 2 gigawatts, while progressing toward its sustainability goals with over 900 megawatts of solar and battery storage capacity now active or under development.

To support growth, the company raised \$400 million in new capital and issued \$550 million in debt at a 4.1% interest rate. Although borrowing costs are rising, Prologis remains financially strong, recently earning a credit rating upgrade to A2 from Moody’s. While it reaffirmed its earnings guidance, the company did lower its development outlook for the year, citing a cautious approach amid global uncertainty and slower leasing volumes in recent weeks^[19].

Management Guidance

Looking ahead in 2025, Prologis forecasts net earnings between \$3.45 and \$3.70 per diluted share and Core FFO of \$5.65 to \$5.81 per diluted share. The company expects average occupancy to range from 94.5% to 95.5%, with cash same-store NOI growth projected between 4.0% and 5.0%. As far as strategic capital investments, Prologis plans

\$2.25 billion to \$2.75 billion in development stabilizations and starts, and \$750 million to \$1.25 billion in acquisitions.

Prologis leadership remains cautiously optimistic about the remainder of 2025, highlighting both long-term structural tailwinds and a realistic approach to near-term challenges.

CEO Hamid Moghadam emphasized that while a potential recession could temporarily impact consumer spending, the broader trend of rising global consumption remains intact.

On the operational side, CFO Timothy Arndt addressed the drop in Q1 occupancy, attributing it to large amounts of lease expirations early in the year. He reassured investors that occupancy is expected to remain stable throughout the rest of 2025, even amid economic uncertainty^[19].

Vancouver Expansion

On March 12, 2025, Prologis made a strategic move to enter the Vancouver market by acquiring a 289,000-square-foot Class-A industrial building in Delta, BC. This acquisition marks the company's entry into one of Canada's most critical logistics hubs. Prologis aims to capitalize on the high demand for industrial space driven by the Port of Vancouver's growth and Canada's booming e-commerce sector^[20]. This expansion further bolsters the company's Canadian supply chain infrastructure and emphasizes their commitment to securing prime properties in key locations, even amid ongoing trade tensions between the US and Canada. By increasing its property holdings in Canada, Prologis may be positioning themselves to minimize the potential impact of tariffs, reducing its reliance on imports and exports from Canada and protecting its operations from trade-related disruptions.

INDUSTRY ANALYSIS

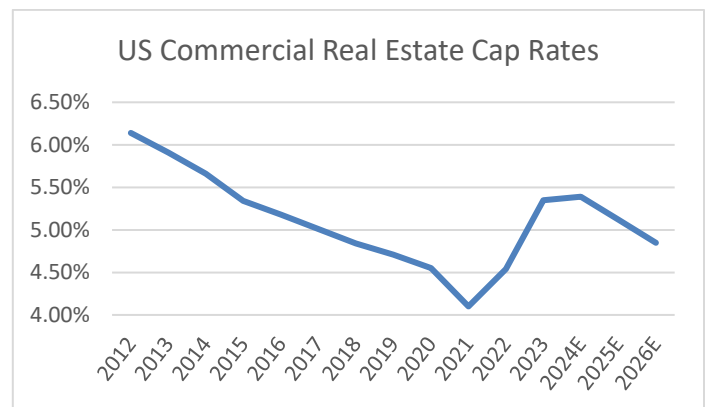
The industrial real estate sector, represented by Industrial REITs, plays a crucial role in the global supply chain by owning, operating, and managing properties such as warehouses and logistics facilities. Driven primarily by the growth of e-commerce, industrial REITs focus on providing businesses with the spaces they need to store and distribute goods. These REITs typically offer long-term leases and stable rental income, making them attractive investments. As demand for industrial spaces continues to

rise, the performance of these REITs is closely tied to key metrics like capitalization rates (cap rates), funds from operations (FFO), and occupancy rates.

Capitalization Rates (Cap Rates)

Capitalization rates, or "cap rates," are a critical metric for evaluating real estate investments. Cap rates are calculated by dividing a property's NOI by its asset value, providing investors with the property's expected return over the course of a year. In general, lower cap rates are preferred as they suggest the property is more valuable and carries less risk. On the other hand, a higher cap rate may offer a higher return, but it typically signals that the investment is riskier.

Cap rates are influenced by several factors, including property location, tenant quality, and rent growth. They are also affected by broader market conditions like interest rates. As borrowing costs increase, cap rates tend to rise as well^[22].



Source: Statista^[23]

As seen in the chart above, industrial real estate cap rates are projected to fall for the next 2-3 years, signaling a favorable outlook.

Funds From Operations (FFO)

FFO is the metric used by REITs to define cash flow from their operations. It is calculated by adding depreciation, amortization, and losses on sales of assets to earnings while any gains on the sale of assets and interest income are subtracted.

FFO is often a more reliable metric than net income for industrial REITs, as it removes the effect of property depreciation. While depreciation is an important factor in

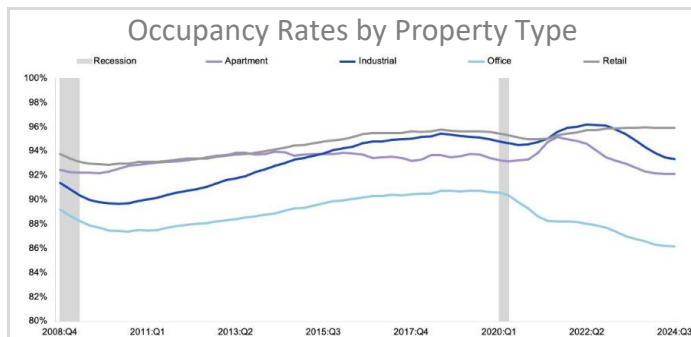
real estate, it does not always capture the increase in value of properties over time^[24].

Occupancy Rates

Occupancy rates may be the most essential metric for REITs, as they reflect the percentage of owned property that is currently leased to tenants and generating revenue. High occupancy rates indicate strong demand for property, which is a positive signal for investors.

The outlook for industrial REIT occupancy rates appears to be stable but with some challenges ahead. After a period of strong demand in 2022, industrial occupancy rates are returning to more historically average levels, with 93.4% occupancy as of Q3 2024. We expect occupancy rates to remain lowered through 2025, reflecting a more cautious market, as tenants delay leasing decisions due to economic uncertainty and shifts in political and economic conditions.

Despite this dip, industrial properties have remained one of the highest leased sectors over the past decade. The chart below shows occupancy rates by property type, with industrial properties marked in dark blue, consistently demonstrating strong demand relative to other sectors like office and retail.



Source: CoStar; NAREIT. Data as of 2024: Q3^[25]

PEER COMPARISONS

Prologis stands as a dominant leader in the industrial REIT sector, with a market cap of \$110,842.26M. Its cap rate of 5.21 signals a lower risk investment with stable returns, while an FFO per share of \$6.20 shows strong operational performance. An occupancy rate of 95.80% is slightly lower than some competitors, though it can be harder for

PLD to maintain a high occupancy rate given the large scale of their portfolio.

Prologis, Inc. (PLD)

Market Cap (M)	\$ 110,842.26
Cap. Rate	5.21
FFO (Per share)	\$ 6.20
Occupancy Rate	95.80%
Top Tenants	- Amazon - Home Depot - FedEx

Source: FactSet^[4], PLD 10-K^[1]

In comparison to Prologis, other key players in the industrial REIT market offer a unique competitive landscape:

Rexford Industrial Realty, Inc. (REXR)

Market Cap (M)	\$ 9,303.34
Cap. Rate	5.83
FFO (Per share)	\$ 2.34
Occupancy Rate	96.60%
Top Tenants	- Tireco - L3 Technologies - Zenith Energy

Source: FactSet^[4]

Rexford Industrial Realty owns industrial properties primarily in the Southern California area, catering to e-commerce, logistics, and manufacturing tenants^[26]. With a market cap of \$9,303.34M, Rexford is a smaller player in the industrial sector but is well positioned in its regional market. The company's cap rate is 5.83, suggesting higher risk compared to Prologis, but it may offer higher returns. Rexford's FFO per share of \$2.34 is not concerningly low, but it is the lowest of the companies compared. An occupancy rate of 96.60% shows strong demand for its properties in a competitive Southern California market.

Rexford's tenant base is diversified, but it faces some risks. Tenants like L3 Technologies, Zenith Energy, and Tireco are stable, though they are smaller tenants, introducing some credit risk. Rexford is also more exposed to specific sectors like automotive and energy, which could impact the company if those industries were to see a downturn.

EastGroup Properties, Inc. (EGP)

Market Cap (M)	\$ 9,435.09
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Cap. Rate	4.86
FFO (Per share)	\$ 8.35
Occupancy Rate	97.1%
Top Tenants	- Amazon - Consolidated Electrical - Mattress Firm

Source: FactSet^[4]

EastGroup Properties is a REIT that focuses on the development, acquisition, and operation of industrial properties in the Sunbelt markets of the US, with an emphasis on the states of Florida, Texas, Arizona, California and North Carolina^[27]. With a market cap of \$9,435.09M, EastGroup is similar in size to Rexford but distinguishes itself by its focus on high-growth regions in the U.S. The company has the lowest cap rate among the compared firms at 4.86, indicating that its properties are seen as lower-risk investments. EastGroup boasts an impressive FFO per share of \$8.35, reflecting its strong ability to generate cash from operations. The company's occupancy rate of 97.10% is the highest in the comparison group, indicating success in their goal of entering high-growth regions.

STAG Industrial, Inc. (STAG)

Market Cap (M)	\$ 6,593.03
Cap. Rate	6.76
FFO (per share)	\$ 2.46
Occupancy Rate	96.5%
Top Tenants	- Amazon - American Tire - Soho Studio

Source: FactSet^[4]

STAG Industrial specializes in owning and operating single-tenant industrial properties across the United States^[28]. Unlike its competitors, STAG focuses on a niche market of single-tenant properties, which generally carries more risk but can offer higher returns, hence their higher cap rate of 6.76. With a market cap of \$6,593.03M, STAG is smaller than Prologis but is still a significant player in the industrial REIT space. STAG's FFO per share of \$2.46 is lower than Prologis', suggesting that its single-tenant strategy may not be as profitable as a more diversified approach. Despite this, STAG maintains a strong occupancy rate of 96.50%, showing steady demand for its properties.

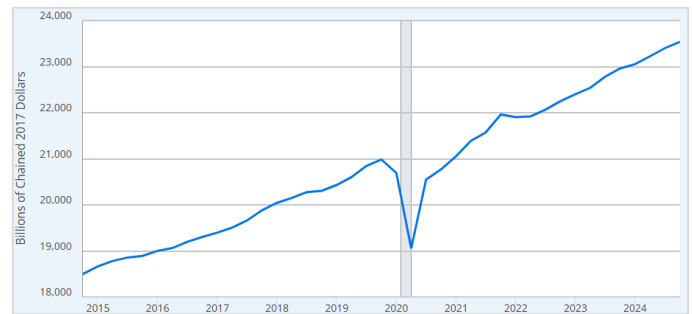
ECONOMIC OUTLOOK

GDP Growth

Members of the Fund are slightly optimistic about Real GDP growth, projecting an average of 2.71% growth in the next six months, which is higher than the 2.3% in Q4 2024. Slightly higher GDP growth would be positive for Prologis. The industrial REIT sector benefits from general economic growth as it stimulates demand for warehouse space. Prologis benefits from increased consumer demand, especially in e-commerce and logistics, both of which are tied to GDP growth.

Given the Fund's projection, Prologis should continue to experience stable demand for its industrial properties, especially in regions where e-commerce and logistics are crucial. While this projected growth rate isn't overly high, it's enough to keep tenant demand stable and generate confidence in PLD as an investment.

Real GDP has historically followed a consistent, linear progression over the past 10 years. Barring another major economic shock like the COVID-19 pandemic, we expect this trend to continue.



Source: US Bureau of Economic Analysis via FRED^[4]

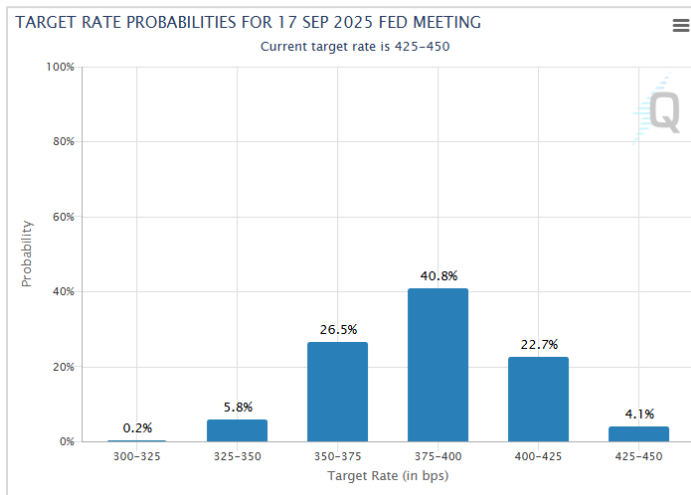
Interest Rates & Fed Policy

We expect no change in the Federal Funds Rate in the next 6 months, with an average projected rate of 4.39%, within the same range as the current Fed Funds rate at 4.25-4.5%. With Inflation rates continuing to rise, the idea of a rate cut seems farfetched, though the Federal reserve has indicated plans to lower rates toward the end of 2025.

This potential future rate cut is significant for Prologis, as the company relies on debt for financing its acquisitions,

developments, and operations. Lower borrowing costs would directly benefit Prologis, as it would reduce interest expenses and improve retained earnings. Additionally, rate cuts could boost investor interest in the industrial real estate sector, as lower rates often make real estate investments more attractive.

The visual below shows the target rate probabilities for the Federal Reserve meeting in about 6 months, with the leading probability indicating a target rate in the 375-400 basis point range. This would represent a cut from the current rate, and a boost for PLD's profitability.



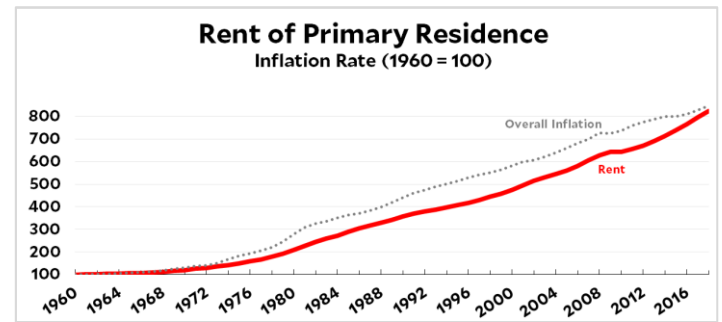
Source: CME Group [\[29\]](#)

Inflation and Supply Chain Disruptions

The Henry Fund expects inflation to rise to 3.33% in the next six months, up from the most recent 3.0% figure. This expectation stems from the uncertainty surrounding tariff policies, which have historically driven up inflation and disrupted global supply chains. Prologis is directly exposed to inflationary pressures, particularly when it comes to construction costs and supply chain disruptions. Higher inflation, along with tariffs on building materials such as steel and aluminum, will lead to increased costs for building and maintaining properties. However, Prologis benefits from having long-term, inflation-linked leases. As tenants renew leases or sign new agreements, Prologis can adjust rents in line with inflation, effectively hedging against the rising costs and protecting its revenue streams.

The following chart illustrates the relationship between overall inflation rates and rental prices over time. While this particular graph focuses on residential rents, it offers

insight into how rent prices tend to rise in response to inflation across all sectors of real estate.



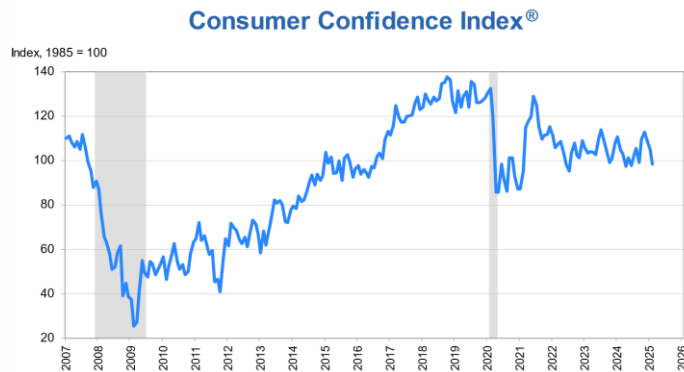
Source: Bureau of Labor Statistics via FRED [\[30\]](#)

Consumer Confidence & Recession Risk

Members of the Fund were in majority agreement on a decline in consumer confidence over the next six months, coupled with the probability of a recession in the next 12 months increasing to 25.06%. This is higher than the previous forecast of 23.17%, reflecting growing concern about the current state of the economy. A downturn in consumer confidence and an increased probability of recession would slow demand for industrial real estate. A recession would mean reduced consumer spending, which slows e-commerce and manufacturing activities, key drivers for Prologis's tenant base. However, these tenants are large and stable companies like Amazon, FedEx, and Home Depot, which may protect Prologis from some of the downturns in the broader economy. Logistics and distribution facilities are also less susceptible to economic slowdowns compared to other sectors like office or retail.

The graph below, which tracks historical consumer confidence, shows a noticeable dip at the start of 2025. This pessimistic trend could be due to sticky inflation, the

recent jump in prices of key household staples like eggs, and the expected impact of tariffs.



Source: The Conference Board [\[31\]](#)

VALUATION

WACC

Prologis's WACC calculation involves determining the costs of equity, debt, and preferred stock, and weighting them according to their proportions in the capital structure. The cost of equity is derived using the Capital Asset Pricing Model (CAPM), resulting in a cost of equity of 9.75%. The cost of debt, adjusted for the marginal tax rate, returns an after-tax cost of debt of 5.24%. The cost of preferred stock is calculated at 8.54%. The WACC is then determined as a weighted average of these costs, resulting in an estimated WACC of 8.61%.

Equity Discounted Cash Flow (DCF) & Economic Profit (EP)

For Prologis, an equity-based DCF and Economic Profit (EP) approach was utilized to estimate the company's value, as traditional enterprise DCF models may not effectively capture the true value of the underlying real estate assets. This discrepancy arises from the nature of real estate assets, which do not depreciate in the same way as typical corporate assets. While conventional companies see their physical assets depreciate over time, real estate tends to hold its value and even appreciate. Buildings constructed by Prologis are expected to have a long lifespan of 40 to 60 years, yet they are depreciated over a period of about 30 years for accounting purposes. The traditional enterprise DCF model primarily focuses on accounting profits and cash flows, without accounting for the true potential appreciation of the underlying real estate, which could significantly impact the company's long-term value.

Key inputs for the DCF model include a continuing value (CV) growth of net income at 3.00%, a CV Year return on equity (ROE) of 15.33%, and a cost of equity (R_E) of 9.75%. The present value (PV) of FCFE from 2025 to 2034 is combined with the PV of the CV to estimate the value of operating assets at \$91,658.66 million. Dividing by shares outstanding and adjusting to today's date, we arrive at an implied price of \$100.15 per share.

The Equity EP model evaluates the company's value based on economic profit (EEP). This is calculated by taking the beginning-of-year Total Stockholders' Equity (TSE) and multiplying it by the difference between ROE and R_E . The present value of EEP from 2025 to 2034, combined with the CV, results in a total present value of EEP of \$33,041.89 million. Adding back TSE from 2024 gives us the same value of operating assets as the DCF model (\$91,658.66 million) and an identical implied price of \$100.15 per share.

While our valuation implies a slight premium to the current market price of \$99.95, we view this as a reflection of fair value rather than a compelling buying opportunity at this time.

Dividend Discount Model (DDM)

The DDM values Prologis based on projected dividends, considering the company's consistent dividend payments and growth rate. Key assumptions for the DDM include a CV growth of EPS at 3.00%, a CV Year ROE of 16.63%, and a cost of equity of 9.75%. The future cash flows are derived from the projected dividends per share, which are then discounted to present value. The intrinsic value as of the last fiscal year-end (FYE) is calculated to be \$101.44, with an implied price as of today at \$102.66.

Relative Valuation

To assess the relative value of Prologis, we used two key valuation multiples: Price to Funds from Operations (P/FFO) and Price to Earnings (P/E). We compared Prologis to several peers in the real estate sector, namely Public Storage (PSA), Extra Space Storage (EXR), Lineage (LINE), EastGroup Properties (EGP), Rexford Industrial Realty (REXR), First Industrial Realty Trust (FR), and STAG Industrial (STAG).

P/FFO Multiple

Prologis's estimated P/FFO ratios for 2025 and 2026 are 19.5 and 15.4, respectively. Comparing these to the peer

averages of 16.42 for 2025 and 15.41 for 2026, Prologis is trading at an average to above average P/FFO multiple compared to its peers. This indicates that Prologis is slightly more expensive based on its funds from operations, particularly in 2025, where its P/FFO is above the peer average.

P/E Multiple

Prologis's P/E ratios for 2025 and 2026 are 25.62 and 17.76, respectively. Comparing these to the peer averages of 31.70 for 2025 and 28.22 for 2026, Prologis's P/E ratio is lower than the peer average, suggesting it is relatively undervalued based on earnings.

Implied Relative Value

The implied relative values for Prologis based on P/FFO and P/E multiples are as follows:

	2025E	2026E
Implied P/FFO	84.35	99.95
Implied P/E	123.69	158.81

Prologis appears fairly valued based on its implied FFO multiples, which suggest an average price just under its current value of \$99.95, indicating the market may be pricing in higher growth or factors not captured by FFO alone. However, the implied P/E multiples suggest the stock is overvalued relative to its earnings potential. These mixed signals suggest that while the market might be expecting strong growth from Prologis, the current stock price could be ahead of its actual earnings performance. Investors may take a cautious approach, especially if interest rates remain high or the economy slows.

Sensitivity Analysis

The sensitivity analysis for Prologis provides insight into how key assumptions impact the company's intrinsic value under different scenarios. Various parameters, such as the Weighted Average Cost of Capital (WACC), Rental Expenses as a percentage of revenue, and growth rates for key regions like Europe and the US, show how small changes in these inputs can influence the implied stock price. For instance, in the DCF model, varying beta and Equity Risk Premium (ERP) results in a price range from \$81.23 to \$125.45.

ERP	DCF		Beta					
	\$100.15	0.93	0.99	1.05	1.11	1.17	1.23	1.29
4.70%	125.45	118.43	112.09	106.32	101.05	96.23	91.79	
4.80%	123.05	116.14	109.88	104.19	99.00	94.25	89.88	
4.90%	120.74	113.92	107.74	102.13	97.02	92.34	88.04	
5.00%	118.51	111.77	105.68	100.15	95.11	90.50	86.26	
5.10%	116.34	109.69	103.68	98.23	93.26	88.72	84.55	
5.20%	114.25	107.68	101.75	96.38	91.48	87.00	82.89	
5.30%	112.22	105.74	99.89	94.58	89.75	85.34	81.29	

KEYS TO MONITOR

Prologis presents a compelling investment case, but as with any investment, there are factors that could drive both upside and downside risks. Below are the key positives and negatives to monitor:

Bull Case

Strong Global Real Estate Demand: Prologis benefits from growing demand for logistics space driven by e-commerce and supply chain optimization. If rental revenue growth exceeds 3-4% annually, this would signal positive market conditions for PLD.

Operational Efficiency: Prologis' ability to maintain low operational costs and make strategic investments could drive stronger-than-expected returns. A higher-than-expected ROIC would be a positive indicator.

Earnings Growth: Prologis is undervalued based on its earnings potential. If EPS continues to grow, it would support a higher valuation.

Bear Case

Overvaluation on FFO Multiples: If Prologis' stock price exceeds its implied FFO value, particularly if rental revenue growth slows, the stock could be overvalued.

Economic or Geopolitical Risks: Economic slowdowns or geopolitical tensions could reduce demand for logistics space, impacting revenue growth. A significant drop in global rental rates would be a red flag.

Rising Interest Rates: Higher rates could increase capital costs, impacting margins and valuations. If interest rates rise sharply, especially beyond 4%, Prologis' stock may face downward pressure.

INVESTMENT SUMMARY

In conclusion, Prologis demonstrates strong growth potential driven by global demand for logistics space, though its current valuation appears to reflect significant market optimism, especially in relation to its P/E multiples. The company is well-positioned for continued growth, with strategic capital investments, efficient operations, and a solid earnings growth outlook. However, potential risks such as rising interest rates and slower-than-expected rental revenue growth show that the stock is currently priced at a level that may not fully reflect the risks. Therefore, despite Prologis' strong balance sheet and growth potential, we recommend a **HOLD** rating, as the stock appears fairly priced at its current levels, and investors should monitor key variables such as rental revenue growth, interest rates, and overall market conditions for future direction.

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30. [Motherjones](#)
31. [The Conference Board](#)

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Income Statement
(In millions, except per share amounts)

[illegible]

Fiscal Years Ending Dec. 31	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Prologis operating segments:													
Rental	4,913.17	6,818.54	7,514.71	7,672.03	8,567.13	9,120.43	9,691.07	10,277.89	10,879.59	11,494.65	12,121.46	12,758.18	13,402.87
Growth	18.45%	38.78%	10.21%	2.09%	11.67%	6.46%	6.26%	6.06%	5.85%	5.65%	5.45%	5.25%	5.05%
Strategic capital	1,039.59	1,200.23	671.91	806.64	1,991.74	1,347.45	1,623.39	4,047.72	2,734.25	3,304.35	8,269.51	5,598.62	6,784.30
Growth	75.98%	15.45%	-44.02%	20.05%	146.92%	-32.35%	20.48%	149.34%	-32.45%	20.85%	150.26%	-32.30%	21.18%
Development management & other	20.94	4.70	15.00	15.78	16.60	17.46	18.37	19.32	20.33	21.39	22.50	23.67	24.90
Growth	1.16%	-77.57%	219.45%	5.20%	5.20%	5.20%	5.20%	5.20%	5.20%	5.20%	5.20%	5.20%	5.20%
Total Revenues	5,973.69	8,023.47	8,201.61	8,494.453	10,575.470	10,485.345	11,332.832	14,344.936	13,634.163	14,820.391	20,413.459	18,380.470	20,212.067
Growth	25.51%	34.31%	2.22%	3.57%	24.50%	-0.85%	8.08%	26.58%	-4.95%	8.70%	37.74%	-9.96%	9.96%
Rental revenue by region:													
US	4,726.07	6,558.05	7,216.82	7,333.51	8,201.69	8,726.53	9,266.97	9,821.78	10,389.60	10,968.88	11,557.93	12,154.90	12,757.78
Growth	19.13%	38.76%	10.05%	1.62%	11.84%	6.40%	6.19%	5.99%	5.78%	5.58%	5.37%	5.17%	4.96%
Other americas	92.75	110.31	137.89	151.30	165.38	180.26	196.09	212.91	230.72	249.55	269.39	290.26	312.13
Growth	-5.95%	18.93%	25.01%	9.73%	9.31%	8.99%	8.78%	8.58%	8.37%	8.16%	7.95%	7.74%	7.54%
Europe	56.73	95.92	115.10	122.77	130.68	138.98	147.66	156.73	166.19	176.05	186.32	197.00	208.08
Growth	2.16%	69.07%	20.01%	6.66%	6.45%	6.35%	6.24%	6.14%	6.04%	5.94%	5.83%	5.73%	5.63%
Asia	58.55	58.97	59.89	64.46	69.37	74.66	80.35	86.48	93.08	100.17	107.81	116.03	124.88
Growth	23.44%	0.71%	1.57%	7.62%	7.62%	7.62%	7.63%	7.62%	7.62%	7.62%	7.62%	7.62%	7.62%
Total Rental Revenues	4,934.11	6,823.24	7,529.70	7,672.03	8,567.13	9,120.43	9,691.07	10,277.89	10,879.59	11,494.65	12,121.46	12,758.18	13,402.87
Growth	18.36%	38.29%	10.35%	1.89%	11.67%	6.46%	6.26%	6.06%	5.85%	5.65%	5.45%	5.25%	5.05%
Strategic capital revenue by region:													
US	215.42	833.40	297.00	337.53	1,403.16	607.11	689.96	2,868.29	1,241.03	1,410.39	5,863.25	2,536.86	2,883.07
Growth	25.42%	286.88%	-64.36%	13.65%	315.72%	-56.73%	13.65%	315.72%	-56.73%	13.65%	315.72%	-56.73%	13.65%
Other americas	82.46	89.78	92.31	117.20	148.79	188.91	239.85	304.52	386.63	490.87	623.23	791.27	1,004.62
Growth	40.59%	8.88%	2.81%	26.96%	26.96%	26.96%	26.96%	26.96%	26.96%	26.96%	26.96%	26.96%	26.96%
Europe	644.83	181.65	194.53	251.95	326.33	422.65	547.41	709.00	918.29	1,189.36	1,540.45	1,995.17	2,584.11
Growth	158.35%	-71.83%	7.09%	29.52%	29.52%	29.52%	29.52%	29.52%	29.52%	29.52%	29.52%	29.52%	29.52%
Asia	96.88	95.40	88.08	99.97	113.46	128.78	146.17	165.90	188.30	213.72	244.58	275.33	312.50
Growth	-12.52%	-1.53%	-7.67%	13.50%	13.50%	13.50%	13.50%	13.50%	13.50%	13.50%	13.50%	13.50%	13.50%
Total Strategic Capital Revenues	1,039.59	1,200.23	671.91	806.64	1,991.74	1,347.45	1,623.39	4,047.72	2,734.25	3,304.35	8,269.51	5,598.62	6,784.30
Growth	75.98%	15.45%	-44.02%	20.05%	146.92%	-32.35%	20.48%	149.34%	-32.45%	20.85%	150.26%	-32.30%	21.18%
Square feet by region (millions):													
US rental square footage	782.00	803.00	797.00	820.91	847.18	873.44	899.64	925.73	951.66	977.35	1,002.76	1,027.83	1,052.50
Growth	28.41%	2.69%	-0.75%	3.00%	3.20%	3.10%	3.00%	2.90%	2.80%	2.70%	2.60%	2.50%	2.40%
US rental revenue per square foot	\$ 6.04	\$ 8.17	\$ 9.05	\$ 9.37	\$ 9.68	\$ 9.99	\$ 10.30	\$ 10.61	\$ 10.92	\$ 11.22	\$ 11.53	\$ 11.83	\$ 12.12
Growth	-7.23%	35.13%	10.87%	3.50%	3.30%	3.20%	3.10%	3.00%	2.90%	2.80%	2.70%	2.60%	2.50%
Other americas rental square footage	82.00	83.00	128.00	\$ 134.40	\$ 140.85	\$ 147.33	\$ 153.96	\$ 160.73	\$ 167.65	\$ 174.69	\$ 181.85	\$ 189.12	\$ 196.50
Growth	11.11%	3.75%	54.22%	5.00%	4.80%	4.60%	4.50%	4.40%	4.30%	4.20%	4.10%	4.00%	3.90%
Other americas rental revenue per square foot	\$ 1.16	\$ 1.33	\$ 1.08	\$ 1.13	\$ 1.17	\$ 1.22	\$ 1.27	\$ 1.32	\$ 1.38	\$ 1.43	\$ 1.48	\$ 1.53	\$ 1.59
Growth	-15.36%	14.63%	-18.94%	4.50%	4.30%	4.20%	4.10%	4.00%	3.90%	3.80%	3.70%	3.60%	3.50%
Europe rental square footage	240.00	242.00	248.00	\$ 256.68	\$ 265.15	\$ 273.64	\$ 282.12	\$ 290.58	\$ 299.01	\$ 307.38	\$ 315.68	\$ 323.89	\$ 331.98
Growth	11.63%	0.83%	2.48%	3.50%	3.30%	3.20%	3.10%	3.00%	2.90%	2.80%	2.70%	2.60%	2.50%
Europe rental revenue per square foot	\$ 0.24	\$ 0.40	\$ 0.46	\$ 0.48	\$ 0.49	\$ 0.51	\$ 0.52	\$ 0.54	\$ 0.56	\$ 0.57	\$ 0.59	\$ 0.61	\$ 0.63
Growth	-8.48%	67.67%	17.10%	3.05%	3.05%	3.05%	3.05%	3.05%	3.05%	3.05%	3.05%	3.05%	3.05%
Asia rental square footage	111.00	114.00	115.00	\$ 120.75	\$ 126.79	\$ 133.13	\$ 139.78	\$ 146.77	\$ 154.11	\$ 161.82	\$ 169.91	\$ 178.40	\$ 187.32
Growth	5.71%	2.70%	0.88%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Asia rental revenue per square foot	\$ 0.53	\$ 0.52	\$ 0.52	\$ 0.53	\$ 0.55	\$ 0.56	\$ 0.57	\$ 0.59	\$ 0.60	\$ 0.62	\$ 0.63	\$ 0.65	\$ 0.67
Growth	16.96%	-1.94%	0.68%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Total Square Footage	1,213.00	1,242.00	1,288.00	1,332.74	1,379.97	1,427.53	1,475.51	1,523.82	1,572.42	1,621.23	1,670.20	1,719.24	1,768.30
Growth	21.18%	2.39%	3.70%	3.47%	3.54%	3.45%	3.36%	3.27%	3.19%	3.10%	3.02%	2.94%	2.85%
Total Revenue per Million Square Feet	\$ 4.07	\$ 5.49	\$ 5.85	\$ 5.76	\$ 6.21	\$ 6.39	\$ 6.57	\$ 6.74	\$ 6.92	\$ 7.09	\$ 7.26	\$ 7.42	\$ 7.58
Growth	-2.33%	35.06%	6.41%	-1.53%	7.85%	2.91%	2.80%	2.69%	2.58%	2.47%	2.36%	2.25%	2.14%
Occupancy rate:													
Total Occupancy	98.30%	97.60%	95.80%	95.32%	94.84%	94.37%	94.84%	95.32%	95.79%	96.27%	96.75%	97.24%	97.72%
Growth	0.10%	-0.71%	-1.84%	-0.50%	-0.50%	-0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%

Prologis
Balance Sheet
(In millions)
Fiscal Years Ending Dec. 31

	2014	2015	2016	2017	2018	2019	2020	2021	2022
ASSETS									
Investments in real estate properties	\$ 22,190.15	\$ 27,521.37	\$ 27,119.33	\$ 25,838.64	\$ 34,586.99	\$ 35,224.41	\$ 50,384.33	\$ 53,005.19	\$ 81,623.40
Less accumulated depreciation	2,790.78	3,274.28	3,758.37	4,059.35	4,656.68	5,437.66	6,539.16	7,668.19	9,036.09
Net investments in real estate properties	19,399.36	24,247.08	23,360.96	21,779.30	29,930.31	29,786.75	43,845.17	45,337.00	72,587.31
Investments in & advances to unconsolidated entities	4,824.72	4,755.62	4,230.43	5,496.45	5,745.29	6,237.37	7,602.01	8,610.96	9,698.90
Assets held for sale or contribution	43.93	378.42	322.14	342.06	622.29	720.69	1,070.72	669.69	531.26
Net investments in real estate	24,268.02	29,381.13	27,913.53	27,617.81	36,297.89	36,744.81	52,517.91	54,617.65	82,817.47
Cash & cash equivalents	350.69	264.08	807.32	447.05	343.86	1,088.86	598.09	556.12	278.48
Accounts receivable and other assets	1,096.06	1,514.51	1,496.99	1,381.96	1,775.92	1,711.86	2,456.21	3,312.45	4,801.50
Total assets	\$ 25,714.78	\$ 31,159.72	\$ 30,217.83	\$ 29,446.82	\$ 38,417.66	\$ 39,545.52	\$ 55,572.20	\$ 58,486.22	\$ 87,897.45
LIABILITIES AND EQUITY									
Liabilities:									
Debt	\$ 9,380.20	\$ 11,626.83	\$ 10,608.29	\$ 9,412.63	\$ 11,089.82	\$ 11,905.88	\$ 16,849.08	\$ 17,715.05	\$ 23,875.96
Accounts payable & accrued expenses	628.00	712.73	556.18	702.80	760.52	704.95	1,143.37	1,252.77	1,711.89
Other liabilities	626.43	634.38	627.32	659.90	766.45	877.60	1,261.01	1,776.19	4,446.51
Total liabilities	10,634.62	12,973.93	11,791.79	10,775.33	12,616.78	13,488.43	19,253.45	20,744.01	30,034.36
Equity									
Series Q preferred stock	78.24	78.24	78.24	68.95	68.95	68.95	63.95	63.95	63.95
Common equity	18,477.20	19,312.86	19,465.61	19,373.65	25,698.58	25,732.06	35,503.42	35,576.40	54,083.87
Accumulated other comprehensive income (loss)	(600.34)	(791.43)	(937.47)	(901.66)	(1,084.67)	(990.40)	(1,193.74)	(878.25)	(443.61)
Distributions in excess of net earnings	(3,974.49)	(3,926.48)	(3,610.01)	(2,904.46)	(2,378.47)	(2,151.17)	(2,394.69)	(1,327.83)	(457.70)
Total Prologis, Inc. stockholders' equity	13,980.60	14,673.18	14,996.37	15,636.48	22,304.39	22,659.45	31,978.94	33,434.27	53,246.51
Noncontrolling interests	1,208.09	3,752.90	3,467.06	3,074.58	3,502.80	3,418.66	4,353.03	4,315.34	4,625.81
Total equity	15,188.69	18,426.08	18,463.43	18,711.06	25,807.18	26,078.10	36,331.97	37,749.61	57,872.32
Total liabilities and equity	\$ 25,823.32	\$ 31,400.01	\$ 30,255.22	\$ 29,486.40	\$ 38,423.96	\$ 39,566.53	\$ 55,585.43	\$ 58,493.62	\$ 87,906.68

2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
\$ 88,666.58	\$91,246.17	\$ 96,738.32	\$ 102,630.53	\$ 108,779.82	\$ 115,201.26	\$ 121,900.37	\$ 128,882.39	\$ 136,152.30	\$ 143,714.78	\$ 151,574.22	\$ 159,734.74
10,931.49	12,758.16	15,468.18	18,274.27	21,186.91	24,211.30	27,352.99	30,617.51	34,010.39	37,537.13	41,203.22	45,014.09
77,735.09	78,488.01	81,270.14	84,356.26	87,592.91	90,989.96	94,547.38	98,264.88	102,141.91	106,177.64	110,371.00	114,720.64
9,543.97	10,079.48	10,425.23	10,868.45	11,301.57	11,773.11	12,367.82	12,934.08	13,549.06	14,396.51	15,159.38	15,998.38
461.66	248.51	373.07	392.45	424.81	439.85	568.97	534.97	584.67	803.15	724.14	795.76
87,740.72	88,816.00	92,068.44	95,617.17	99,319.29	103,202.92	107,484.16	111,733.94	116,275.64	121,377.30	126,254.53	131,514.78
530.39	1,318.59	1,424.05	1,463.30	897.61	692.84	1,574.13	1,354.64	1,939.33	5,579.07	6,410.01	9,213.11
4,749.74	5,194.33	4,969.04	5,568.40	5,895.40	6,313.10	6,698.07	6,962.51	7,487.79	8,004.15	8,383.25	8,628.14
\$ 93,020.84	\$95,328.92	\$ 98,461.54	\$102,648.87	\$106,112.29	\$110,208.86	\$115,756.36	\$120,051.10	\$125,702.76	\$134,960.52	\$ 141,047.79	\$ 149,356.03
\$ 29,000.50	\$30,879.26	\$ 33,173.04	\$ 34,432.74	\$ 35,753.89	\$ 37,140.50	\$ 38,592.58	\$ 40,110.00	\$ 41,692.53	\$ 43,339.85	\$ 45,051.50	\$ 46,826.95
1,766.02	1,769.34	1,851.10	2,293.02	2,279.22	2,460.33	3,116.22	2,960.88	3,219.00	4,433.47	3,992.09	4,389.81
4,430.60	4,063.55	3,840.61	5,113.99	5,419.01	6,128.29	7,270.34	6,806.98	7,408.61	10,367.04	9,408.97	10,330.00
35,197.12	36,712.15	38,864.75	41,839.76	43,452.11	45,729.13	48,979.14	49,877.86	52,320.14	58,140.36	58,452.56	61,546.76
63.95	63.95	63.95	63.95	63.95	63.95	63.95	63.95	63.95	63.95	63.95	63.95
54,268.29	54,473.32	54,473.32	54,473.32	54,473.32	54,473.32	54,473.32	54,473.32	54,473.32	54,473.32	54,473.32	54,473.32
(514.20)	(120.22)	(120.22)	(120.22)	(120.22)	(120.22)	(120.22)	(120.22)	(120.22)	(120.22)	(120.22)	(120.22)
(627.07)	(465.91)	420.27	1,494.28	3,211.84	4,880.50	6,965.71	10,161.35	13,145.91	16,252.43	21,731.12	26,611.77
53,190.97	53,951.14	54,837.32	55,911.33	57,628.90	59,297.55	61,382.76	64,578.40	67,562.96	70,669.48	76,148.17	81,028.82
4,642.00	4,665.63	4,759.46	4,897.78	5,031.28	5,182.18	5,394.45	5,594.83	5,819.66	6,150.68	6,447.05	6,780.45
57,832.96	58,616.77	59,596.78	60,809.11	62,660.18	64,479.73	66,777.21	70,173.23	73,382.62	76,820.16	82,595.22	87,809.27
\$ 93,030.08	\$95,328.92	\$ 98,461.54	\$102,648.87	\$106,112.29	\$110,208.86	\$115,756.36	\$120,051.10	\$125,702.76	\$134,960.52	\$ 141,047.79	\$ 149,356.03

Prologis
Forecasted Cash Flow Statement

<i>Fiscal Years Ending Dec. 31</i>	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Operating Activities:										
Net income (loss)	3,613.49	5,212.70	5,086.70	5,718.69	8,068.72	7,606.17	8,540.65	12,573.04	11,258.24	12,664.28
Adjustments for Non-Cash Operating Expenses:										
+ Depreciation and Amortization	2,710.02	2,806.08	2,912.64	3,024.40	3,141.69	3,264.52	3,392.88	3,526.74	3,666.09	3,810.88
Changes in Working Capital Accounts:										
Increase in accounts receivable and other assets	225.29	(599.36)	(327.00)	(417.70)	(384.97)	(264.45)	(525.27)	(516.36)	(379.10)	(244.89)
Increase in accounts payable and accrued liabilities	81.76	441.92	(13.81)	181.12	655.88	(155.34)	258.12	1,214.47	(441.37)	397.72
Decrease in other liabilities	(222.94)	1,273.38	305.02	709.28	1,142.06	(463.36)	601.63	2,958.43	(958.07)	921.03
Cash Provided by Operating Activities	6,407.63	9,134.73	7,963.56	9,215.78	12,623.38	9,987.54	12,267.99	19,756.33	13,145.78	17,549.02
Investing activities:										
Investments in real estate properties	(5,492.16)	(5,892.21)	(6,149.29)	(6,421.45)	(6,699.11)	(6,982.02)	(7,269.91)	(7,562.48)	(7,859.45)	(8,160.52)
Investments in and advances to unconsolidated entities	(345.76)	(443.22)	(433.12)	(471.54)	(594.71)	(566.27)	(614.98)	(847.45)	(762.88)	(838.99)
Assets held for sale or contribution	(124.56)	(19.38)	(32.36)	(15.04)	(129.12)	33.99	(49.70)	(218.48)	79.01	(71.62)
Cash Provided by Investing Activities	(5,962.47)	(6,354.81)	(6,614.76)	(6,908.03)	(7,422.93)	(7,514.29)	(7,934.58)	(8,628.40)	(8,543.31)	(9,071.13)
Financing Activities:										
Proceeds from debt	2,293.78	1,259.70	1,321.14	1,386.62	1,452.08	1,517.42	1,582.53	1,647.32	1,711.66	1,775.45
Proceeds from preferred stock issuance	-	-	-	-	-	-	-	-	-	-
Proceeds from common stock issuance	-	-	-	-	-	-	-	-	-	-
Noncontrolling interest contributions	93.83	138.32	133.50	150.90	212.27	200.38	224.83	331.02	296.37	333.40
Payments of dividends	(2,727.31)	(4,138.70)	(3,369.14)	(4,050.03)	(5,983.50)	(4,410.53)	(5,556.09)	(9,466.52)	(5,779.55)	(7,783.63)
Cash Provided by Financing Activities	(339.70)	(2,740.68)	(1,914.49)	(2,512.52)	(4,319.16)	(2,692.73)	(3,748.73)	(7,488.18)	(3,771.52)	(5,674.78)
Change in Cash	105.46	39.25	(565.69)	(204.76)	881.29	(219.48)	584.69	3,639.74	830.94	2,803.10
Ending Cash Balance	1,424.05	1,463.30	897.61	692.84	1,574.13	1,354.64	1,939.33	5,579.07	6,410.01	9,213.11

Prologis
Common Size Income Statement

<i>Fiscal Years Ending Dec. 31</i>	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Revenues:													
Rental	82.25%	84.98%	91.62%	90.32%	81.01%	86.98%	85.51%	71.65%	79.80%	77.56%	59.38%	69.41%	66.31%
Strategic capital	17.40%	14.96%	8.19%	9.50%	18.83%	12.85%	14.32%	28.22%	20.05%	22.30%	40.51%	30.46%	33.57%
Development management & other revenues	0.35%	0.06%	0.18%	0.19%	0.16%	0.17%	0.16%	0.13%	0.15%	0.14%	0.11%	0.13%	0.12%
Total revenues	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Expenses:													
Rental	24.54%	23.83%	23.49%	22.18%	20.87%	19.56%	18.25%	16.94%	15.63%	14.32%	13.01%	11.70%	10.39%
Strategic capital	29.18%	32.12%	43.44%	38.30%	37.79%	37.40%	36.84%	36.41%	36.21%	36.09%	36.26%	36.37%	37.02%
General & administrative	5.54%	4.87%	5.11%	5.17%	5.05%	5.11%	5.11%	5.09%	5.10%	5.10%	5.10%	5.10%	5.10%
Depreciation & amortization	30.35%	30.97%	31.46%	35.60%	35.52%	35.10%	34.95%	34.38%	33.72%	33.67%	33.53%	33.57%	33.86%
Other	0.68%	0.66%	0.57%	0.58%	0.58%	0.58%	0.58%	0.60%	0.59%	0.60%	0.59%	0.58%	0.59%
Total expenses	61.83%	61.56%	62.23%	61.32%	56.19%	55.29%	53.26%	50.00%	49.37%	47.75%	45.38%	44.83%	43.86%
Operating income before gains on real estate transactions, net	38.17%	38.44%	37.77%	38.68%	43.81%	44.71%	46.74%	50.00%	50.63%	52.25%	54.62%	55.17%	56.14%
Gains on dispositions of development properties & land, net	10.01%	5.76%	5.04%	5.40%	5.22%	5.31%	5.27%	5.29%	5.28%	5.29%	5.28%	5.28%	5.28%
Gains on other dispositions of investments in real estate, net	9.87%	2.01%	11.02%	8.96%	9.62%	8.30%	7.98%	9.18%	8.81%	8.78%	8.61%	8.67%	8.81%
Operating income (loss)	58.05%	46.21%	53.84%	53.04%	58.66%	58.32%	59.99%	64.47%	64.72%	66.31%	68.51%	69.12%	70.23%
Earnings from unconsolidated entities, net	5.20%	3.83%	4.31%	4.07%	4.19%	4.13%	4.16%	4.15%	4.15%	4.15%	4.15%	4.15%	4.15%
Interest expense	-5.17%	-7.99%	-10.53%	-11.27%	-9.72%	-10.18%	-9.78%	-8.03%	-8.77%	-8.39%	-6.33%	-7.31%	-6.91%
Foreign currency & derivative gains (losses) & other income (expense), net	4.04%	1.09%	2.55%	-	-	-	-	-	-	-	-	-	-
Losses on early extinguishment of debt and preferred stock repurchase, net	-0.34%	0.04%	0.01%	-	-	-	-	-	-	-	-	-	-
Total other income (expenses)	3.74%	-3.04%	-3.67%	-7.20%	-5.53%	-6.05%	-5.62%	-3.88%	-4.62%	-4.24%	-2.18%	-3.16%	-2.76%
Earnings before Income taxes	61.78%	43.18%	50.17%	45.84%	53.12%	52.27%	54.37%	60.59%	60.10%	62.07%	66.33%	65.96%	67.48%
Total income tax expense (benefit)	-2.27%	-2.63%	2.04%	-2.13%	-2.47%	-2.43%	-2.53%	-2.82%	-2.80%	-2.89%	-3.09%	-3.07%	-3.14%
Consolidated net earnings (loss)	59.52%	40.55%	52.21%	43.71%	50.65%	49.84%	51.84%	57.77%	57.30%	59.18%	63.24%	62.89%	64.33%
Less net loss (earnings) attributable to noncontrolling interests	3.19%	2.42%	2.64%	2.53%	2.58%	2.55%	2.57%	2.56%	2.57%	2.56%	2.56%	2.56%	2.56%
Net earnings (loss) attributable to controlling interests	56.33%	38.13%	49.57%	41.18%	48.07%	47.28%	49.27%	55.20%	54.73%	56.62%	60.68%	60.33%	61.77%
Less preferred stock dividends	0.10%	0.07%	0.07%	0.07%	0.07%	0.07%	0.07%	0.07%	0.07%	0.07%	0.07%	0.06%	0.06%
Net earnings (loss) attributable to common stockholders	56.23%	38.06%	49.50%	41.11%	48.00%	47.22%	49.21%	55.14%	54.67%	56.55%	60.61%	60.27%	61.71%

Prologis

Equity DCF & EP Value Driver Estimation

Fiscal Years Ending Dec. 31	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Free Cash Flow to Equity (FCFE):																					
Net Income	628.75	862.79	1,203.22	1,645.83	1,643.43	1,566.95	1,474.43	2,932.70	3,358.80	3,053.37	4,059.64	3,613.49	5,212.70	5,086.70	5,718.69	8,068.72	7,606.17	8,540.65	12,573.04	11,258.24	12,664.28
- Δ in Total Assets	-	5,444.94	(941.88)	(771.02)	8,970.85	1,127.86	16,026.68	2,914.02	29,411.23	5,123.39	2,308.08	3,112.62	4,187.33	3,463.43	4,096.56	5,547.50	4,284.74	5,651.66	9,257.76	6,087.27	8,308.25
+ Δ in Total Liabilities	-	2,339.31	(1,182.14)	(1,016.46)	1,841.44	871.66	5,765.02	1,480.56	9,290.35	5,162.77	1,515.03	2,152.60	2,975.00	1,612.36	2,277.03	3,250.02	898.72	2,442.28	5,820.22	312.21	3,094.20
FCFE	-	\$ (2,242.84)	\$ 962.96	\$ 1,400.39	\$ (5,485.98)	\$ 1,310.75	\$ (8,787.24)	\$ 1,509.24	#####	\$ 3,092.75	\$ 3,266.59	\$ 2,633.48	\$ 4,000.38	\$ 1,235.64	\$ 3,899.13	\$ 5,771.23	\$ 4,210.15	\$ 5,331.26	\$ 9,135.50	\$ 5,483.18	\$ 7,450.23
Total Stockholders' Equity (TSE):																					
TSE	\$15,188.69	\$18,426.08	\$18,463.43	\$18,711.06	\$25,807.18	\$26,078.10	\$36,331.97	\$37,749.61	\$57,872.32	\$57,832.96	\$58,616.77	\$59,596.78	\$60,809.11	\$62,660.18	\$64,479.73	\$66,777.21	\$70,173.23	\$73,382.62	\$76,820.16	\$82,595.22	\$87,809.27
Return on Equity (ROE):																					
Net Income	628.75	862.79	1,203.22	1,645.83	1,643.43	1,566.95	1,474.43	2,932.70	3,358.80	3,053.37	4,059.64	3,613.49	5,212.70	5,086.70	5,718.69	8,068.72	7,606.17	8,540.65	12,573.04	11,258.24	12,664.28
÷ Beginning TSE	-	15,188.69	18,426.08	18,463.43	18,711.06	25,807.18	26,078.10	36,331.97	37,749.61	57,872.32	57,832.96	58,616.77	59,596.78	60,809.11	62,660.18	64,479.73	66,777.21	70,173.23	73,382.62	76,820.16	82,595.22
ROE	-	5.68%	6.53%	8.91%	8.78%	6.07%	5.65%	8.07%	8.90%	5.28%	7.02%	6.16%	8.75%	8.37%	9.13%	12.51%	11.39%	12.17%	17.13%	14.66%	15.33%
Equity Economic Profit (EEP):																					
Beginning TSE	-	15,188.69	18,426.08	18,463.43	18,711.06	25,807.18	26,078.10	36,331.97	37,749.61	57,872.32	57,832.96	58,616.77	59,596.78	60,809.11	62,660.18	64,479.73	66,777.21	70,173.23	73,382.62	76,820.16	82,595.22
* (ROE	-	5.68%	6.53%	8.91%	8.78%	6.07%	5.65%	8.07%	8.90%	5.28%	7.02%	6.16%	8.75%	8.37%	9.13%	12.51%	11.39%	12.17%	17.13%	14.66%	15.33%
- Cost of Equity (Rc))	9.75%	9.75%	9.75%	9.75%	9.75%	9.75%	9.75%	9.75%	9.75%	9.75%	9.75%	9.75%	9.75%	9.75%	9.75%	9.75%	9.75%	9.75%	9.75%	9.75%	9.75%
EEP	-	(618.57)	(593.88)	(154.91)	(181.46)	(950.02)	(1,068.97)	(610.76)	(322.92)	(2,590.91)	(1,580.81)	(2,183.40)	(599.77)	(844.01)	(392.58)	1,780.01	1,093.38	1,696.65	5,416.84	3,765.97	4,608.77

Prologis

Historical Cash Flow Statement

(In millions)

Fiscal Years Ending Dec. 31

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Operating Activities:											
Consolidated net earnings (loss)	\$ 739.28	\$ 925.52	\$ 1,292.54	\$ 1,760.96	\$ 1,822.96	\$ 1,701.85	\$ 1,616.63	\$ 3,148.59	\$ 3,555.40	\$ 3,253.15	\$ 3,947.94
Straight-lined rents & amortization of above & below market leases	(42.83)	(59.62)	(93.61)	(81.02)	(66.94)	(98.43)	(126.33)	(148.24)	(267.71)	(613.01)	(644.61)
Equity-based compensation awards	57.48	53.67	60.34	76.64	76.09	97.56	109.83	113.03	175.36	267.65	231.75
Depreciation & amortization	642.46	880.37	930.99	879.14	947.21	1,139.88	1,561.97	1,577.94	1,812.78	2,484.89	2,580.52
Loss (earnings) from unconsolidated entities, net	(134.29)	(159.26)	(206.31)	(248.57)	(298.26)	(200.18)	(297.37)	(404.26)	(310.87)	(307.23)	(353.62)
Operating distributions from unconsolidated entities	110.44	144.05	286.65	307.22	349.88	346.52	450.62	440.03	410.48	680.19	562.48
Increase in operating receivables from unconsolidated entities	(7.50)	(38.19)	14.82	(30.89)	(39.89)	11.56	14.67	(14.22)	(63.95)	(82.38)	20.53
Amortization of debt discounts (premiums) & debt issuance costs, net	21.11	(31.84)	(15.14)	0.75	12.65	17.01	7.86	8.66	23.74	74.59	78.89
Loss (gains) on dispositions of development properties & land, net	-	-	-	-	-	(467.58)	(464.94)	(817.02)	(597.75)	(462.27)	(413.74)
Loss (gains) on other dispositions of investments in real estate, net	-	-	-	-	-	(390.24)	(252.20)	(772.57)	(589.39)	(161.04)	(904.14)
Unrealized foreign currency & derivative losses (gains), net	22.57	(1.02)	(8.05)	68.96	(120.36)	70.69	160.74	(173.03)	(92.20)	71.63	(67.34)
Losses (gains) on early extinguishment of debt, net	165.30	86.30	(2.48)	68.38	2.59	16.13	188.29	187.45	20.18	(3.28)	(0.54)
Deferred income tax expense (benefit)	(87.24)	(5.06)	(5.53)	(5.01)	1.45	12.22	0.74	1.32	12.64	17.71	21.16
Increase in accounts receivable & other assets	(0.09)	(64.75)	(106.34)	37.28	(72.96)	(108.17)	(127.62)	(328.51)	(71.31)	(102.61)	(341.61)
Increase in accounts payable & accrued expenses & other liabilities	(63.87)	(7.87)	26.51	36.37	30.13	115.22	94.11	176.86	109.03	255.06	194.55
Net cash flows from operating activities	1,422.82	1,722.30	2,174.40	2,870.21	2,644.56	2,264.03	2,937.01	2,996.04	4,126.43	5,373.06	4,912.21
Investing activities:											
Real estate and other development	(1,051.18)	(1,339.90)	(1,641.56)	(1,606.13)	(1,953.14)	(1,795.14)	(1,920.22)	(2,639.87)	(3,118.38)	(3,399.11)	(3,206.23)
Real estate acquisitions	(612.33)	(890.18)	(458.52)	(442.70)	(999.13)	(1,006.04)	(1,239.03)	(2,320.45)	(2,492.11)	(4,195.71)	(2,327.61)
Duke Realty Corporation & Duke Realty Limited Partnership ("Duke") transaction, net of cash acquired	-	-	-	-	(45.87)	-	-	-	(92.05)	(33.01)	-
Tenant improvements & lease commissions on previously leased space	(133.96)	(154.56)	(165.93)	(153.26)	(134.87)	(179.27)	(221.49)	(329.06)	(339.23)	(388.81)	(499.93)
Property improvements	-	-	-	(110.64)	(93.07)	(143.03)	(149.49)	(169.93)	(211.36)	(303.04)	(386.48)
Proceeds from dispositions & contributions of real estate	2,285.49	2,795.25	2,826.41	3,236.60	2,310.39	2,331.62	2,281.94	4,222.29	2,063.62	1,764.32	3,790.39
Investments in & advances to unconsolidated entities	(739.64)	(474.42)	(265.95)	(249.74)	(160.36)	(276.17)	(385.94)	(798.10)	(442.37)	(284.19)	(540.56)
Return of investment from unconsolidated entities	244.31	170.03	776.55	209.15	360.28	389.46	257.07	58.28	76.99	348.28	58.34
Proceeds from the settlement of net investment hedges	-	129.15	79.77	7.54	29.43	23.64	2.35	3.31	59.28	37.11	16.02
Payments on the settlement of net investment hedges	-	(0.98)	-	(5.06)	(11.70)	(30.42)	(9.03)	(16.51)	(3.46)	(2.23)	(3.00)
Proceeds from repayment of notes receivable backed by real estate	188.00	9.87	202.95	32.10	34.26	-	4.31	-	-	37.00	-
Net cash flows from investing activities	180.69	244.24	1,353.72	917.88	(663.80)	(685.35)	(1,379.54)	(1,990.06)	(4,499.06)	(6,419.40)	(3,099.06)
Financing Activities:											
Proceeds from issuance of common stock	378.25	90.26	39.47	32.86	6.89	6.08	2.22	0.74	-	-	-
Dividends paid on common & preferred stock	(672.19)	(804.70)	(893.46)	(942.88)	(1,123.37)	(1,345.66)	(1,722.99)	(1,872.86)	(2,494.72)	(3,228.59)	(3,570.48)
Noncontrolling interests contributions	468.28	2,355.37	2.17	240.93	170.07	11.60	917.09	74.40	13.30	21.11	73.09
Noncontrolling interests distributions	(315.43)	(215.74)	(343.55)	(207.79)	(224.85)	(164.42)	(361.64)	(375.05)	(270.11)	(235.05)	(295.70)
Settlement of noncontrolling interests	(2.44)	(2.56)	(3.08)	(813.85)	(75.92)	(109.81)	(116.98)	(153.24)	(88.98)	(69.81)	(1.65)
Tax paid with shares withheld	-	-	(8.57)	(19.78)	(26.51)	(22.43)	(24.89)	(19.86)	(27.69)	(24.54)	(30.53)
Debt & equity issuance costs paid	(23.42)	(32.01)	(20.12)	(7.05)	(17.45)	(17.66)	(54.20)	(23.32)	(45.65)	(58.66)	(30.97)
Net proceeds from (payments on) credit facilities	(717.37)	(7.97)	33.44	283.26	(674.56)	127.57	(10.96)	323.34	294.16	(567.08)	(730.08)
Repurchase of & payments on debt	(4,205.81)	(3,156.29)	(2,301.65)	(3,578.89)	(4,166.09)	(3,301.83)	(6,782.31)	(2,560.17)	(1,381.01)	(272.20)	(919.48)
Proceeds from the issuance of debt	4,779.95	5,381.86	1,369.89	2,419.80	4,899.68	3,976.96	7,824.52	3,597.69	4,116.49	5,755.10	4,505.83
Net cash flows from financing activities	(337.82)	3,608.21	(2,125.47)	(2,606.58)	(1,232.10)	(839.60)	(372.16)	(1,008.33)	115.79	1,320.28	(999.96)
Effect of foreign currency exchange rate changes on cash	(18.84)	(9.62)	(0.34)	15.79	(10.85)	5.91	18.72	(39.63)	(20.80)	(22.04)	(24.99)
Net increase (decrease) in cash & cash equivalents	(140.44)	(86.61)	543.24	(360.27)	(103.19)	745.00	(490.77)	(41.97)	(277.63)	251.91	788.20
Cash & cash equivalents, beginning of year	491.13	350.69	264.08	807.32	447.05	343.86	1,088.86	598.09	556.12	278.48	530.39
Cash & cash equivalents, end of year	\$ 350.69	\$ 264.08	\$ 807.32	\$ 447.05	\$ 343.86	\$ 1,088.86	\$ 598.09	\$ 556.12	\$ 278.48	\$ 530.39	\$ 1,318.59

Equity Discounted Cash Flow (DCF) and Economic Profit (EP) Valuation Models

Net Income of First CV Year	12,664.28
Steady-state Growth Rate of Net Income	3.00%
CV Year ROE	15.33%
Cost of Equity (Re)	9.75%

Equity DCF Model:

Value of Operating Assets:	91,658.66
Shares Outstanding	926.17
Intrinsic Value of Last FYE	\$ 98.97
Implied Price as of Today	\$ 100.15

Total PV of EP	33,041.89
Beginning TSE	58,616.77
Value of Operating Assets:	91,658.66
Shares Outstanding	926.17
Intrinsic Value of Last FYE	\$ 98.97
Implied Price as of Today	\$ 100.15

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Weighted Average Cost of Capital (WACC) Estimation

Cost of Equity:			ASSUMPTIONS:	
Risk-Free Rate	4.20%		10 yr Treasury rate	
Beta	1.11		Source: Yahoo Finance 5-Y Monthly Beta	
Equity Risk Premium	5.00%		Henry Fund Estimate	
Cost of Equity	9.75%			
Cost of Debt:				
Risk-Free Rate	4.20%		10 yr Treasury rate	
Implied Default Premium	1.30%			
Pre-Tax Cost of Debt	5.50%		Source: Bloomberg	
Marginal Tax Rate	4.66%			
After-Tax Cost of Debt	5.24%			
Cost of Preferred Stock:				
Annual Pfd. Dividend	4.27			
Price of Pfd. Shares	\$50.00			
Cost of Preferred:	8.54%			
Market Value of Common Equity:			MV Weights	
Total Shares Outstanding	926.17			
Current Stock Price	\$99.95			
MV of Equity (millions)	\$ 92,570.89		74.52%	
Market Value of Debt:				
Debt	\$ 30,879.26			
PV of Operating Leases	707.81			
MV of Total Debt	\$ 31,587.08		25.43%	
Market Value of Preferred Stock:				
Total Shares Outstanding	1.3			
Price of Pfd. Shares	\$50.00			
MV of Preferred (millions)	\$ 65.00		0.05%	
Market Value of the Firm	124,222.97		100.00%	
Estimated WACC			8.61%	

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Common Size Balance Sheet

Fiscal Years Ending Dec. 31	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
ASSETS													
Investments in real estate properties	1366.38%	1105.09%	1112.54%	1108.81%	1110.68%	1109.75%	1110.21%	1109.98%	1110.10%	1110.04%	1110.07%	1110.05%	1110.06%
Less accumulated depreciation	151.26%	136.24%	155.56%	152.46%	150.66%	151.22%	149.57%	149.28%	151.46%	150.77%	150.49%	150.47%	150.34%
Net investments in real estate properties	1215.12%	968.85%	956.98%	956.74%	797.66%	835.38%	802.89%	659.10%	720.73%	689.20%	520.14%	600.48%	567.58%
Investments in & advances to unconsolidated entities	162.36%	118.95%	122.90%	120.92%	121.91%	121.42%	121.66%	121.54%	121.60%	121.57%	121.59%	121.58%	121.58%
Assets held for sale or contribution	8.89%	5.75%	3.03%	4.39%	3.71%	4.05%	3.88%	3.97%	3.92%	3.95%	3.93%	3.94%	3.94%
Net investments in real estate	1386.37%	1093.55%	1082.91%	1083.87%	904.14%	947.22%	910.65%	749.28%	819.51%	784.57%	594.59%	686.90%	650.67%
Cash & cash equivalents	4.66%	6.61%	16.08%	16.76%	13.84%	8.56%	6.11%	10.97%	9.94%	13.09%	27.33%	34.87%	45.58%
Accounts receivable and other assets	80.38%	59.20%	63.33%	64.77%	65.00%	64.64%	65.14%	65.17%	64.00%	65.14%	66.03%	65.71%	64.38%
Total assets	1471.41%	1159.36%	1162.32%	1159.13%	970.63%	1012.01%	972.47%	806.95%	880.52%	848.17%	661.13%	767.38%	738.94%
LIABILITIES AND EQUITY													
Liabilities:													
Debt	399.69%	361.45%	376.50%	374.48%	377.32%	376.94%	377.73%	374.07%	376.17%	376.12%	376.39%	376.24%	376.12%
Accounts payable & accrued expenses	28.66%	22.01%	21.57%	21.79%	21.68%	21.74%	21.71%	21.72%	21.72%	21.72%	21.72%	21.72%	21.72%
Other liabilities	74.43%	55.22%	49.55%	45.21%	48.36%	51.68%	54.08%	50.68%	49.93%	49.99%	50.79%	51.19%	51.11%
Total liabilities	502.78%	438.68%	447.62%	457.53%	395.63%	414.41%	403.51%	341.44%	365.83%	353.03%	284.81%	318.01%	304.51%
Equity													
Series Q preferred stock	1.07%	0.80%	0.78%	0.75%	0.60%	0.61%	0.56%	0.45%	0.47%	0.43%	0.31%	0.35%	0.32%
Common equity	905.37%	676.37%	664.18%	670.27%	667.23%	668.75%	667.99%	668.37%	668.18%	668.27%	668.23%	668.25%	668.24%
Accumulated other comprehensive income (loss)	-7.43%	-6.41%	-1.47%	-1.45%	-1.44%	-1.42%	-1.41%	-1.39%	-1.38%	-1.37%	-1.35%	-1.34%	-1.33%
Distributions in excess of net earnings	-7.66%	-7.82%	-5.68%	-7.05%	-6.85%	-6.53%	-6.81%	-6.73%	-6.69%	-6.74%	-6.72%	-6.72%	-6.73%
Total Prologis, Inc. stockholders' equity	891.35%	662.94%	657.81%	645.57%	528.69%	549.61%	523.24%	427.91%	473.65%	455.88%	346.19%	414.29%	400.89%
Noncontrolling interests	77.44%	57.86%	56.89%	55.75%	54.63%	53.54%	52.47%	51.42%	50.39%	49.38%	48.40%	47.43%	46.48%
Total equity	968.79%	720.80%	714.70%	701.60%	575.00%	597.60%	568.96%	465.51%	514.69%	495.15%	376.32%	449.36%	434.44%
Total liabilities and equity	1471.56%	1159.47%	1162.32%	1159.13%	970.63%	1012.01%	972.47%	806.95%	880.52%	848.17%	661.13%	767.38%	738.94%

Prologis*Dividend Discount Model (DDM) or Fundamental P/E Valuation Model*

<i>Fiscal Years Ending</i>	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
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EPS	\$ 3.90	\$ 5.63	\$ 5.49	\$ 6.17	\$ 8.71	\$ 8.21	\$ 9.22	\$ 13.58	\$ 12.16	\$ 13.67
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Key Assumptions

CV growth of EPS	3.00%
CV Year ROE	16.63%
Cost of Equity	9.75%

Future Cash Flows

P/E Multiple (CV Year)										12.14
EPS (CV Year)										\$ 13.67
Future Stock Price										\$ 165.96
Dividends Per Share	2.94	4.47	3.64	4.37	6.46	4.76	6.00	10.22	6.24	
Discounted Cash Flows	2.68	3.71	2.75	3.01	4.06	2.72	3.13	4.85	2.70	71.82

Intrinsic Value as of Last FYE	\$ 101.44
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Implied Price as of Today	\$ 102.66
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Relative Valuation Models

Ticker	Company	Price	FFO/share				EPS			
			2025E	2026E	P/FFO 25	P/FFO 26	2025E	2026E	P/E 25	P/E 26
PSA	Public Storage	\$ 296.67	\$ 16.99	\$ 17.69	17.46	16.77	\$ 10.33	\$ 10.86	28.72	27.32
EXR	Extra Space Storage Inc.	\$ 154.93	\$ 8.25	\$ 8.58	18.78	18.06	\$ 4.53	\$ 4.82	34.20	32.14
LINE	Lineage, Inc.	\$ 60.25	\$ 3.47	\$ 3.67	17.36	16.42	\$ 0.27	\$ 0.36	223.15	167.36
EGP	EastGroup Properties, Inc.	\$ 158.99	\$ 8.92	\$ 9.75	17.82	16.31	\$ 4.84	\$ 6.12	32.85	25.98
REXR	Rexford Industrial Realty, Inc.	\$ 32.21	\$ 2.42	\$ 2.65	13.31	12.15	\$ 1.20	\$ 1.39	26.84	23.17
FR	First Industrial Realty Trust, Inc.	\$ 46.35	\$ 2.91	\$ 3.14	15.93	14.76	\$ 1.65	\$ 1.82	28.09	25.47
STAG	STAG Industrial, Inc.	\$ 35.57	\$ 2.49	\$ 2.65	14.29	13.42	\$ 0.90	\$ 1.01	39.52	35.22
Average					16.42	15.41	Average			
PLD	Prologis	\$99.95	\$ 5.14	\$ 6.48	19.5	15.4	\$ 3.90	\$ 5.63	25.62	17.76

Implied Relative Value:

P/FFO (2025E)	84.35
P/FFO (2026E)	99.95
P/E (2025E)	123.69
P/E (2026E)	158.81

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Key Management Ratios

Fiscal Years Ending Dec. 31		2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Liquidity Ratios:														
Quick Ratio	Cash + Accounts Rec. / Current Liabilities	281.29	533.08	1,321.53	1,426.73	1,465.73	900.19	695.41	1,576.28	1,357.00	1,941.66	5,580.88	6,412.11	9,215.08
Cash Ratio	Cash / Current Liabilities	0.16	0.30	0.75	0.77	0.64	0.39	0.28	0.51	0.46	0.60	1.26	1.61	2.10
Current Ratio	Current Assets / Current Liabilities	281.29	533.08	1,321.53	1,426.73	1,465.73	900.19	695.41	1,576.28	1,357.00	1,941.66	5,580.88	6,412.11	9,215.08
Asset-Management Ratios:														
Capital Turnover	Revenue / TSE	0.11	0.15	0.15	0.15	0.19	0.18	0.19	0.23	0.21	0.22	0.29	0.24	0.25
PPE Turnover	Revenue / Net Investments in Real Estate	0.07	0.09	0.09	0.09	0.11	0.11	0.11	0.13	0.12	0.13	0.17	0.15	0.15
Financial Leverage Ratios:														
Debt Ratio	Debt / Assets	0.27	0.31	0.32	0.34	0.34	0.34	0.34	0.33	0.33	0.33	0.32	0.32	0.31
Debt-to-Equity Ratio	Debt / Equity	0.41	0.50	0.53	0.56	0.57	0.57	0.58	0.58	0.57	0.57	0.56	0.55	0.53
Debt-to-Capital	Debt / (TSE + Debt)	0.31	0.35	0.36	0.38	0.38	0.38	0.39	0.39	0.38	0.38	0.38	0.37	0.37
Debt-to-EBITDA Ratio	Debt / EBITDA	6.84	7.74	6.79	7.30	5.51	5.81	5.43	4.15	4.52	4.22	3.09	3.53	3.28
Interest Coverage Ratio	EBITDA / Interest Exp.	(11.30)	(5.84)	(5.27)	(4.75)	(6.07)	(5.77)	(6.18)	(8.07)	(7.42)	(7.95)	(10.87)	(9.50)	(10.21)
Profitability Ratios:														
Return on Equity	Net Income / Beg TSE	10.05%	5.73%	7.63%	6.70%	9.51%	9.10%	9.92%	13.61%	12.39%	13.23%	18.61%	15.93%	16.63%
Return on Assets	Net Income / Total Assets	3.82%	3.28%	4.26%	3.67%	5.08%	4.79%	5.19%	6.97%	6.34%	6.79%	9.32%	7.98%	8.48%
Net Profit Margin	Net profit / Total Revenue	38.17%	38.44%	37.77%	38.68%	43.81%	44.71%	46.74%	50.00%	50.63%	52.25%	54.62%	55.17%	56.14%
Operating Margin	Operating income / Total Revenue	61.83%	61.56%	62.23%	61.32%	56.19%	55.29%	53.26%	50.00%	49.37%	47.75%	45.38%	44.83%	43.86%
Rental Revenue Margin	Rental Revenue / Total Revenue	82.25%	84.98%	91.62%	90.32%	81.01%	86.98%	85.51%	71.65%	79.80%	77.56%	59.38%	69.41%	66.31%
Strategic Capital Margin	Strategic Cap. Revenue / Total Revenue	17.40%	14.96%	8.19%	9.50%	18.83%	12.85%	14.32%	28.22%	20.05%	22.30%	40.51%	30.46%	33.57%
Payout Policy Ratios:														
Dividend Payout Ratio	Dividend / EPS	73.92%	105.35%	87.61%	75.48%	79.40%	66.23%	70.82%	74.16%	57.99%	65.05%	75.29%	51.34%	61.46%
Dividend Coverage	EPS / DPS	1.35	0.95	1.14	1.32	1.26	1.51	1.41	1.35	1.72	1.54	1.33	1.95	1.63
Dividend Yield	DPS / Current share price	3.162%	3.482%	3.842%	2.946%	4.471%	3.640%	4.375%	6.464%	4.764%	6.002%	10.226%	6.243%	8.408%

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Sensitivity Tables

CV Growth of NOPLAT	DCF				WACC			
	\$ 69.80	8.46%	8.56%	8.66%	8.76%	8.86%	8.96%	9.06%
	2.70%	73.01	70.77	68.61	66.53	64.52	62.57	60.69
	2.80%	73.08	70.82	68.63	66.52	64.49	62.53	60.63
	2.90%	73.16	70.86	68.65	66.52	64.46	62.48	60.57
	3.00%	73.23	70.91	68.67	66.52	64.44	62.43	60.50
	3.10%	73.31	70.96	68.69	66.51	64.41	62.38	60.43
	3.20%	73.39	71.01	68.71	66.51	64.38	62.33	60.36
	3.30%	73.48	71.06	68.73	66.50	64.35	62.28	60.28

ERP	DCF				Beta			
	\$ 69.80	0.93	0.99	1.05	1.11	1.17	1.23	1.29
	4.70%	93.12	86.76	80.93	75.58	70.65	66.10	61.88
	4.80%	90.96	84.66	78.89	73.60	68.72	64.22	60.05
	4.90%	88.86	82.62	76.91	71.67	66.85	62.40	58.28
	5.00%	86.82	80.64	74.99	69.80	65.04	60.64	56.57
	5.10%	84.84	78.72	73.12	67.99	63.28	58.93	54.91
	5.20%	82.92	76.85	71.31	66.24	61.58	57.28	53.31
	5.30%	81.05	75.04	69.56	64.54	59.93	55.68	51.75

Other Americas Rental Revenue per Square Foot Growth Rate	DCF				US Rental Revenue per Square Foot Growth Rate			
	\$ 69.80	3.20%	3.30%	3.40%	3.50%	3.60%	3.70%	3.80%
	4.20%	66.78	67.75	68.74	69.73	70.74	71.75	72.77
	4.30%	66.80	67.78	68.76	69.76	70.76	71.77	72.79
	4.40%	66.82	67.80	68.79	69.78	70.78	71.79	72.82
	4.50%	66.85	67.83	68.81	69.80	70.81	71.82	72.84
	4.60%	66.87	67.85	68.83	69.83	70.83	71.84	72.86
	4.70%	66.90	67.87	68.86	69.85	70.86	71.87	72.89
	4.80%	66.92	67.90	68.88	69.88	70.88	71.89	72.91

Strategic Capital Expenses as a % of Revenue	DCF				Rental Expenses as a % of Revenue			
	\$ 69.80	21.88%	21.98%	22.08%	22.18%	22.28%	22.38%	22.48%
	38.00%	70.28	70.13	69.99	69.84	69.70	69.55	69.40
	38.10%	70.27	70.12	69.98	69.83	69.68	69.54	69.39
	38.20%	70.26	70.11	69.96	69.82	69.67	69.52	69.38
	38.30%	70.24	70.10	69.95	69.80	69.66	69.51	69.37
	38.40%	70.23	70.08	69.94	69.79	69.65	69.50	69.35
	38.50%	70.22	70.07	69.93	69.78	69.63	69.49	69.34
	38.60%	70.21	70.06	69.91	69.77	69.62	69.47	69.33

Asia Rental Revenue per Square Foot Growth Rate	DCF				Europe Rental Revenue Growth per Square Foot			
	\$ 69.80	2.75%	2.85%	2.95%	3.05%	3.15%	3.25%	3.35%
	2.20%	69.73	69.74	69.76	69.78	69.79	69.81	69.82
	2.30%	69.74	69.75	69.77	69.78	69.80	69.82	69.83
	2.40%	69.75	69.76	69.78	69.79	69.81	69.83	69.84
	2.50%	69.76	69.77	69.79	69.80	69.82	69.84	69.85
	2.60%	69.77	69.78	69.80	69.81	69.83	69.85	69.86
	2.70%	69.78	69.79	69.81	69.82	69.84	69.86	69.87
	2.80%	69.79	69.80	69.82	69.83	69.85	69.87	69.88

Cost of Equity	DDM				CV EPS Growth			
	\$102.66	2.70%	2.80%	2.90%	3.00%	3.10%	3.20%	3.30%
	9.45%	106.48	107.07	107.67	108.30	108.95	109.61	110.30
	9.55%	104.63	105.19	105.77	106.36	106.97	107.60	108.26
	9.65%	102.84	103.37	103.92	104.48	105.06	105.66	106.28
	9.75%	101.10	101.60	102.12	102.66	103.21	103.78	104.36
	9.85%	99.41	99.89	100.38	100.89	101.41	101.95	102.51
	9.95%	97.77	98.22	98.69	99.18	99.67	100.18	100.71
	10.05%	96.17	96.61	97.05	97.51	97.98	98.47	98.97

Prologis
Present Value of Operating Lease Obligations

Fiscal Years Ending Dec. 31	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Year 1	300.0	310.0	320.0	330.0	340.0	350.0	360.0	370.0	380.0	390.0	400.0
Year 2	250.0	260.0	270.0	280.0	290.0	300.0	310.0	320.0	330.0	340.0	350.0
Year 3	225.0	230.0	235.0	240.0	245.0	250.0	255.0	260.0	265.0	270.0	275.0
Year 4	175.0	180.0	185.0	190.0	195.0	200.0	205.0	210.0	215.0	220.0	225.0
Year 5	100.0	104.0	108.0	112.0	116.0	120.0	124.0	128.0	132.0	136.0	140.0
Thereafter	290.0	300.0	310.0	320.0	330.0	340.0	350.0	360.0	370.0	380.0	390.0
Total Minimum Payments	1340.0	1384.0	1428.0	1472.0	1516.0	1560.0	1604.0	1648.0	1692.0	1736.0	1780.0
Less: Cumulative Interest	221.6	228.8	236.0	243.2	250.4	257.6	264.8	272.0	279.2	286.4	293.6
PV of Minimum Payments	1118.4	1155.2	1192.0	1228.8	1265.6	1302.4	1339.2	1376.0	1412.8	1449.6	1486.4
Implied Interest in Year 1 Payment		61.5	63.5	65.6	67.6	69.6	71.6	73.7	75.7	77.7	79.7
Pre-Tax Cost of Debt	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
Years Implied by Year 6 Payment	2.9	2.9	2.9	2.9	2.8	2.8	2.8	2.8	2.8	2.8	2.8
Expected Obligation in Year 6 & Beyond	100	104	108	112	116	120	124	128	132	136	140
Present Value of Lease Payments											
PV of Year 1	284.4	293.8	303.3	312.8	322.3	331.8	341.2	350.7	360.2	369.7	379.1
PV of Year 2	224.6	233.6	242.6	251.6	260.6	269.5	278.5	287.5	296.5	305.5	314.5
PV of Year 3	191.6	195.9	200.1	204.4	208.6	212.9	217.2	221.4	225.7	229.9	234.2
PV of Year 4	141.3	145.3	149.3	153.4	157.4	161.4	165.5	169.5	173.6	177.6	181.6
PV of Year 5	76.5	79.6	82.6	85.7	88.8	91.8	94.9	97.9	101.0	104.1	107.1
PV of 6 & beyond	200.1	207.0	214.0	221.0	228.0	235.0	241.9	248.9	255.9	262.9	269.9
Capitalized PV of Payments	1118.4	1155.2	1192.0	1228.8	1265.6	1302.4	1339.2	1376.0	1412.8	1449.6	1486.4