Prologis, Inc. (NYSE: PLD)
Sector: REITS (Industrial)

Target Price	Current Price	52 Week High	52 Week Low	P/E	Market Cap.	Dividend Yield	Beta
$74.36	$65.30	$68.20	$58.28	26.70	$43.10 B	2.98%	1.04

Business Description
Prologis, Inc. is the global leader in logistics real estate with a focus on high-barrier and high growth markets, headquartered in San Francisco. Prologis owned or had investment on wholly owned and through co-investment ventures. The company is divided into two operating segments: Real Estate Operations, and Strategic Capital. Real Estate Operations contributes to 90% of revenues that are mostly generated in the United States, while Strategic Capital contributes to 10% of revenues that are mostly generated outside of the United States. As of June 30, 2018, Prologis has $90 billion in assets under management, which includes 3,718 buildings, and serves approximately 5,500 customers in 19 countries.

Industry Trends
Overall, the real estate sector has outperformed due to the still relative low interest rates, high demand from apartments and office markets, and robust economic conditions. Specifically, for industrial markets, the outlook for availability rates is 7.5 percent, which is well below the 20-year average of 10.1 percent that will help to support the rental rate growth of 4.6%; and with continued growth of e-commerce as consumer demand increases, as well as the market for rapid delivery grows, this means additional distribution center space is needed.

Investment Thesis
Prologis will provide long term sustainable growth through (1) the "built-to-suit" model, (2) global expansion, and (3) inorganic growth through competitor acquisition. Prologis currently has 448 building that were built with this method, and using this helps control rent prices and keep customers in their buildings. Prologis also currently owns building or is part of a joint venture in 19 countries. Finally, Prologis recently acquired one of their largest competitors, DCT Industrial, for $8.5 billion.

Valuation Assumptions	**Key Financials**
WACC: 6.94%	Current stock price: $ 65.30
Terminal FCF Growth Rate: 3.5%	Intrinsic Value: $74.36
Upside: 12.86%	

Sources: Bloomberg, Value Line, Annual Reports

Report Prepared By:
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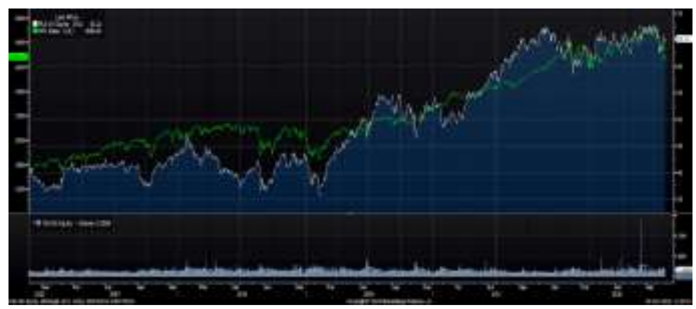
Corporate Social Responsibility
Prologis strives for excellence in environmental stewardship and social responsibility. As of 2017, company has 304 sustainable building certifications totaling 112 million square feet in 17 countries, 82% of total operating portfolio has efficient lighting, 40% of total operating portfolio has cool roof, 175MW of solar energy installations, $2 million in grants and donations to support local causes and nonprofits, and 11,200 volunteer hours to local communities.

5-Year Stock Performance


Competitive Analysis
Some of Prologis' key competitors include First Industrial, Duke Reality, and Monmouth Real Estate Investment Corporation. First Industrial is more concentrated in the Midwest. Duke Reality directly competes with Prologis to gain distribution for Amazon. Finally, Monmouth competes for distribution for FedEx and Home Depot.

Competitive Advantages
Prologis has two major advantages over its competitors. First, their built-to-suit model allows for customization to fit specific client needs. No other industrial REIT utilizes this strategy. This model has helped control the risk of clients leaving and led to a 15.4% increase in effective rent on lease rollovers. The second advantage is international expansions. Currently, 15.9% of Prologis' revenue comes from foreign holdings, and this value is increasing. They are also targeting some of the most well know companies in foreign markets, such as BMW in Germany.

Risks
- Tariffs and trade disagreements
- International operations and cultural differences
- A faster-than-anticipated rise in the supply of distribution facilities could lead to an excess capacity