



Marco Update & FS&RE Pitch

March 4th, 2024

Weekly Meeting Agenda



01

Macro Update

The Fund Administration team will be giving an insight to the markets as of late and what we can expect in the future.

02

FS&RE Pitch: Prologis

FS&RE will pitch Prologis, a Real Estate Investment Trust



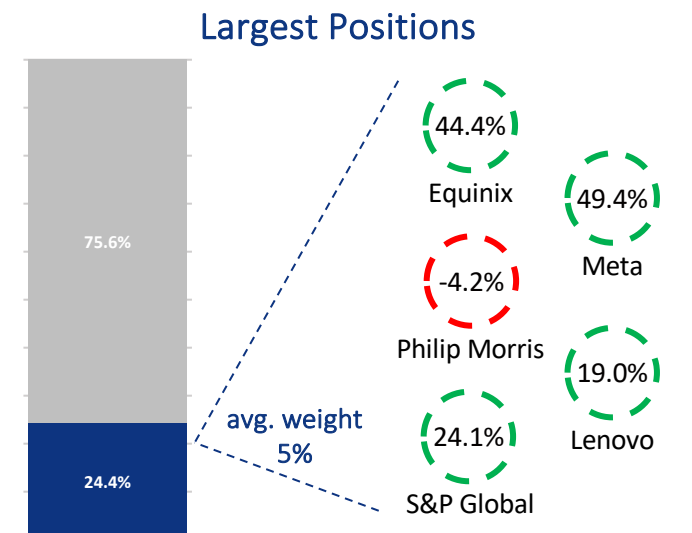
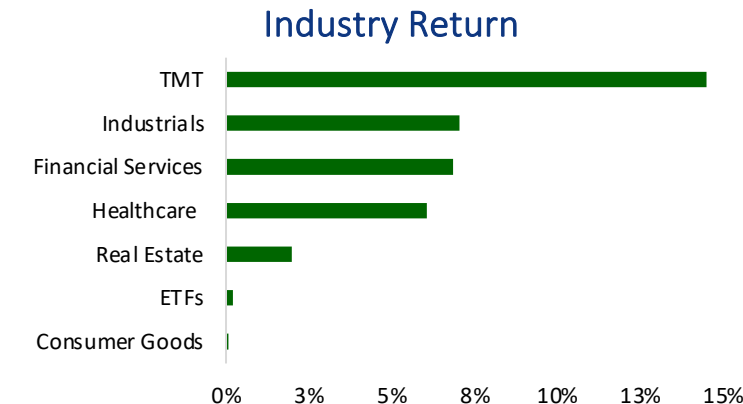
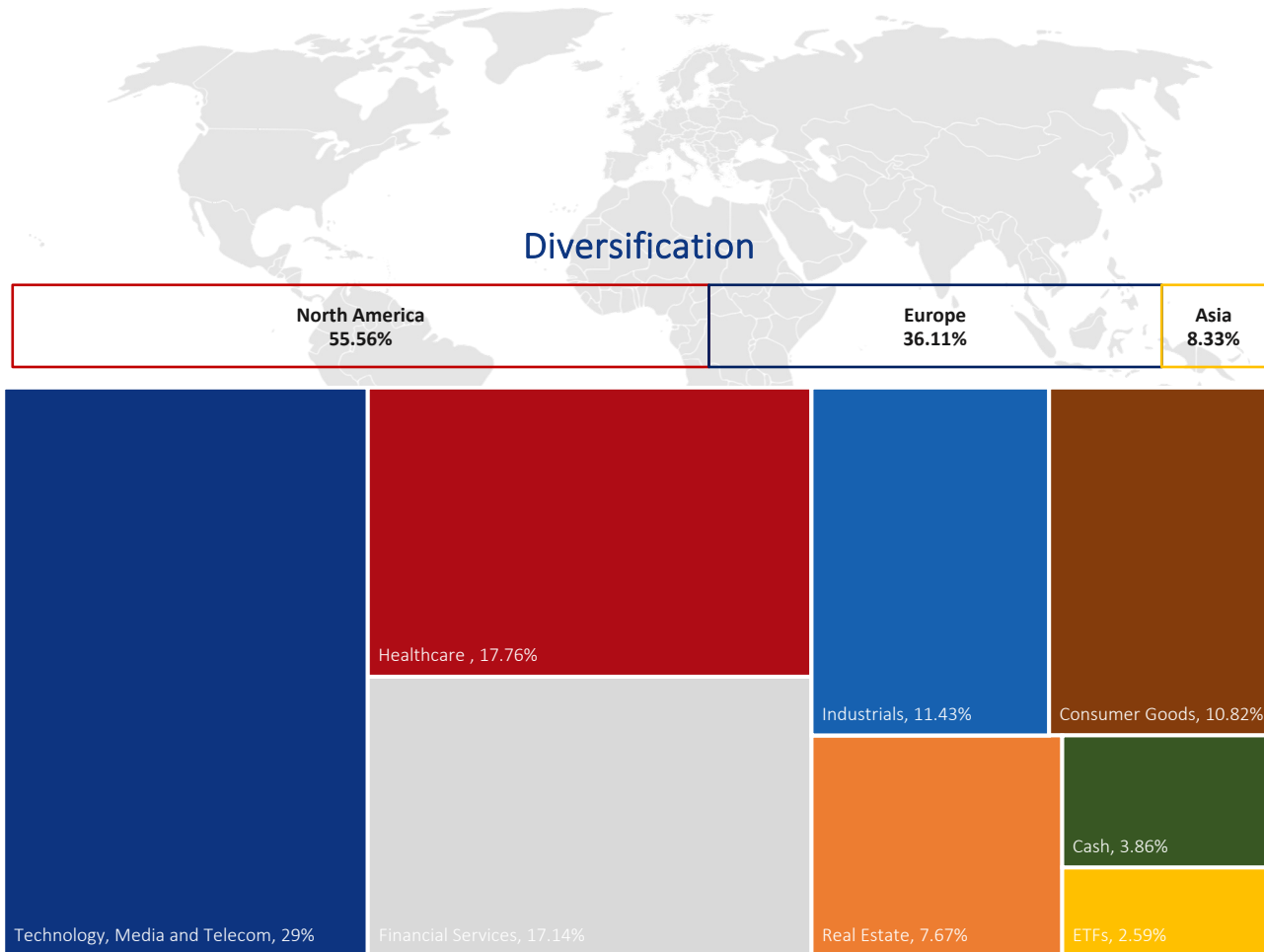
Macro Update

Σigma
Investments

Fund Composition



Well-diversified portfolio has led to strong returns and moderate volatility



Uncertainty due to tensions in Ukraine and the middle-east and upcoming EU election in 2024.

- 1 Supply chain disruptions due to attacks in red sea
- 2 Crude prices down following production cuts
- 3 EU energy prices expected to Fall in Q1 2024
- 4 Sticky inflation – drop in Q1 is less than expected

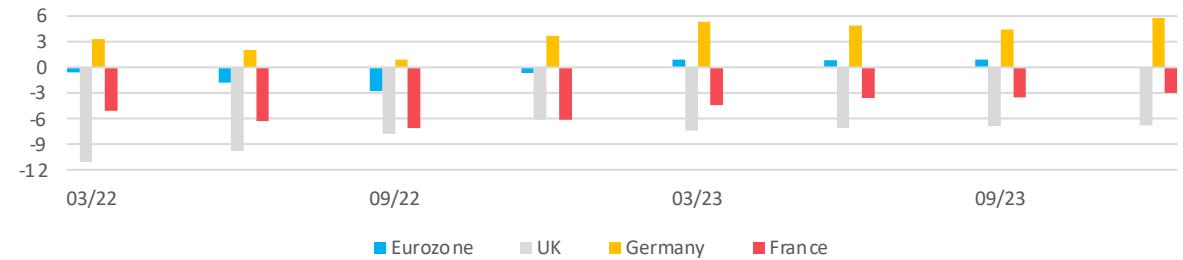


Sweden set to become NATO's 32nd member

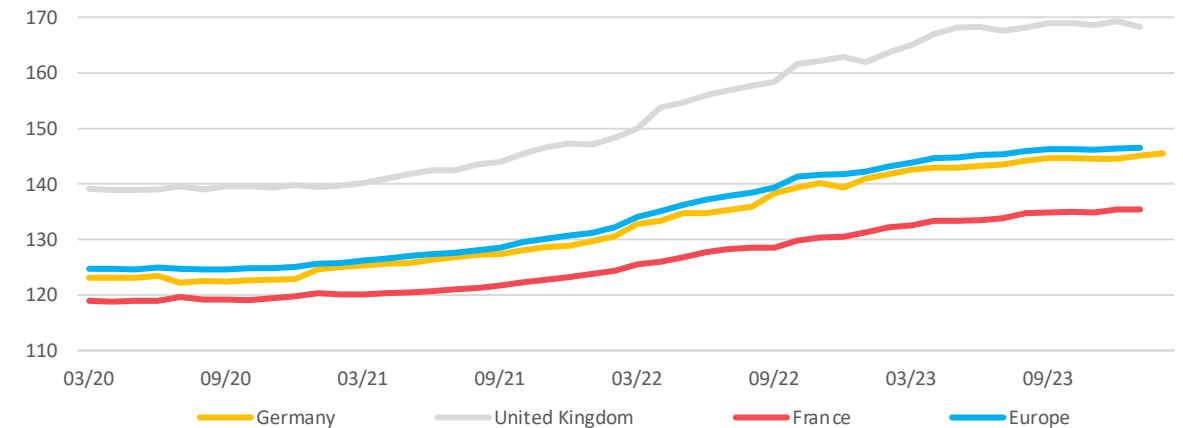
FDI – Dec. 23

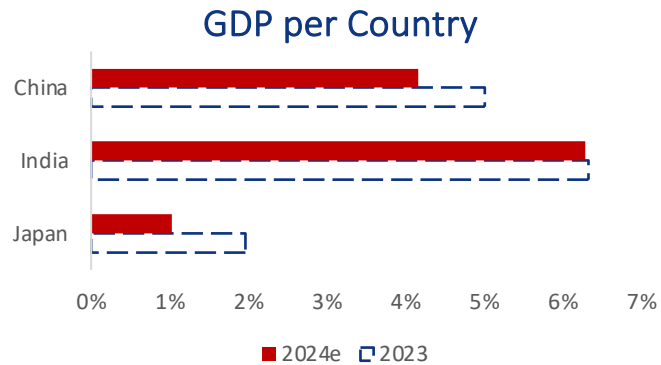
Germany	United Kingdom	France
5908	-935	5907

Trade Balance



CPI





China

- 1 Increased infrastructure expenditure
- 2 Youth unemployment surpasses 20%
- 3 Government intervention to restore confidence

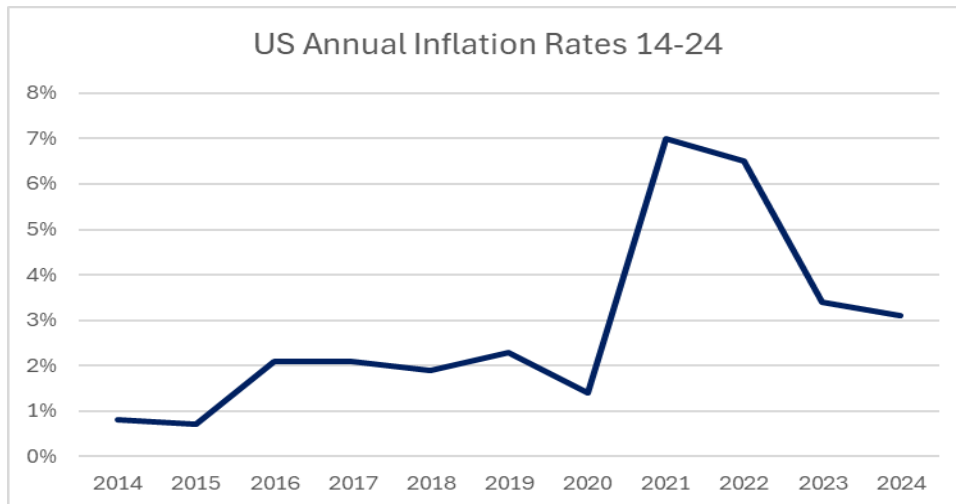
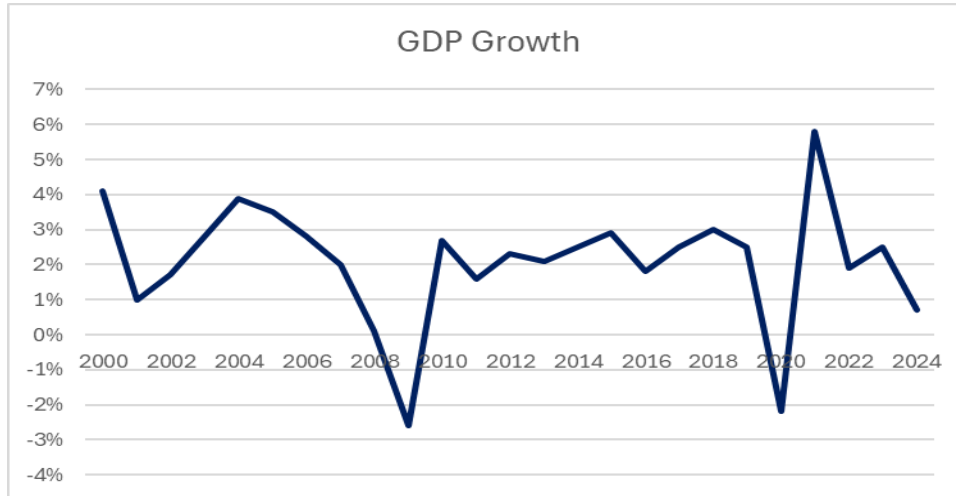


India

- 1 Manufacturing and construction activity fuel economy
- 2 RBI to maintain 6.5% as inflation sits at 4,5%

Japan

- 1 Inflation rate remains around 2.8%
- 2 Labor shortage drives wage growth, 2.5% to 3.5%



Current Economic Overview

- ❖ **GDP Growth:** From 2.8% in 2023 to 0.7% in 2024.
- ❖ **Sectors:** Tech thrives; real estate, manufacturing face headwinds.

Monetary and Fiscal Policy Updates

- ❖ **Fed Rate:** Rise ends, aiming for 4.00%-4.25% by year-end.
- ❖ **Fiscal Shift:** 2023's boost turns into 2024's struggle.

Impact of Global Events

- ❖ **Trade Challenges:** Strong dollar, global slowdown impact trade.
- ❖ **Geopolitical Tensions:** Affect trade balances, commodity prices.

Upcoming Elections

- ❖ **Policy Uncertainty:** Elections could sway economic policies.
- ❖ **Market Sentiment:** Platforms influence taxation, spending.

Future Outlook

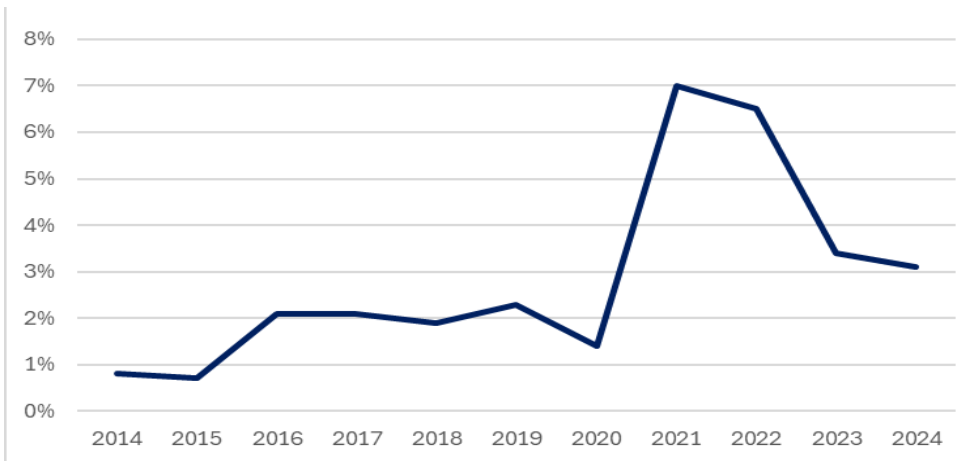
- ❖ **Moderate Growth:** Forecast suggests cautious optimism.
- ❖ **Technological Advancements:** Opportunities amidst challenges.



GDP Growth



US Annual Inflation Rates 14-24



Current Economic Overview

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- 2 Fiscal Shift:** 2023's boost turns into 2024's struggle

Impact of Global Events

- 1 Trade Challenges:** Strong dollar, global slowdown impact trade
- 2 Geopolitical Tensions:** Affect trade balances, commodity prices

Future Outlook

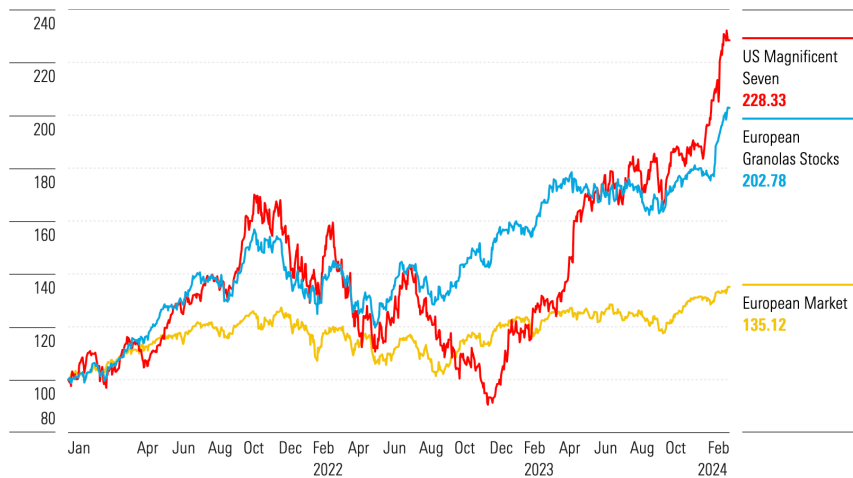
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- 2 Technological Advancements:** Opportunities amidst challenges

EQUITY

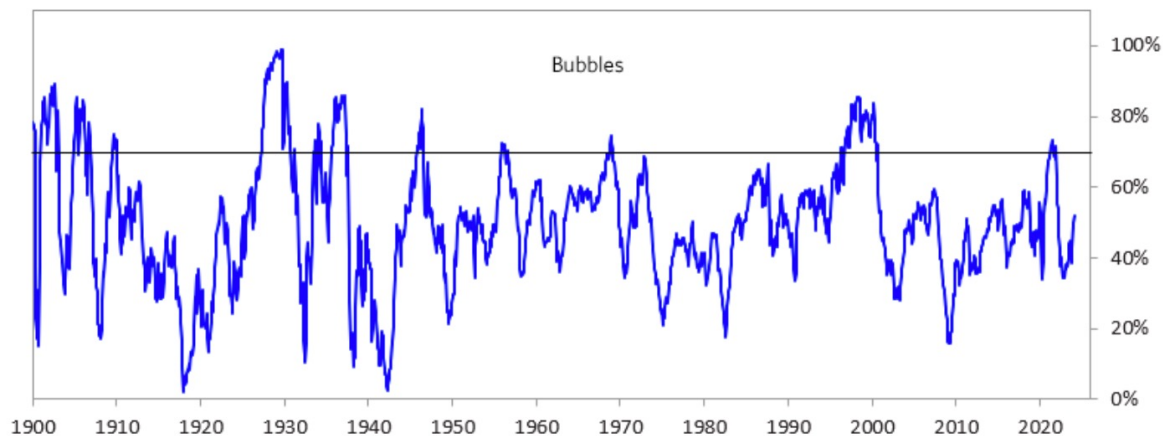


Equity Dynamics: AI Boom, MAG 7 vs. GRANOLAS, Investor Sentiment, and Defensive Stock Strategies

Top US. And European Stocks against Stoxx 600 Index



USA Equity Market Bubble Gauge



Magnificent 7 and GRANOLAS

- 1 High valuations and a bit frothy
- 2 P/E ratio stable
- 3 Technology, pharmaceuticals and consumer goods

AI Market Booming

- 1 Regulatory Considerations
- 2 Increased investments and funding

Market Bubble

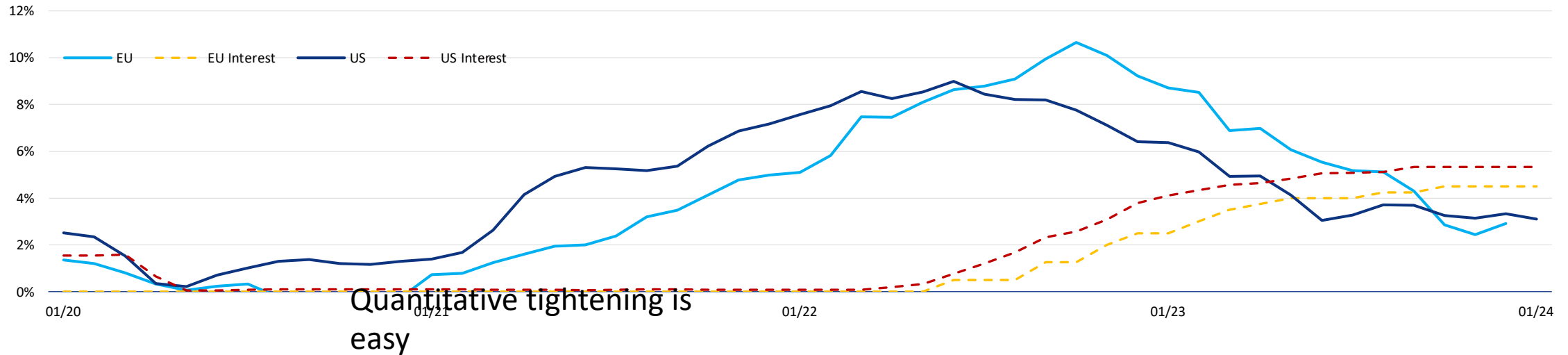
- 1 Bullish Sentiment
- 2 Unlikely to be in a bubble

Fixed Income



Analysts project central banks to cut rates in H2

US & EU Inflation Cycle



Bonds are back

Pimco's inflows are already almost equal to its 2023 total

Rising credit card delinquencies signal 'increased financial stress' — NY Fed

Investors pile in to European junk bonds as inflation cools

European investors opt for junk bond ETFs in home markets over US for first time since 2019

German, Dutch central banks post big losses, warn of more

First fall in eurozone loans for five months dents recovery hopes

€12.2bn drop in credit supply to private sector shows how record high interest rates are 'crushing' demand

Exclusive: ECB to keep floor under market rates but with eye on demand

Big investors grow nervous about private credit boom

Allocations to the sector have fallen as pension funds worry about the impact of higher borrowing costs

Voting



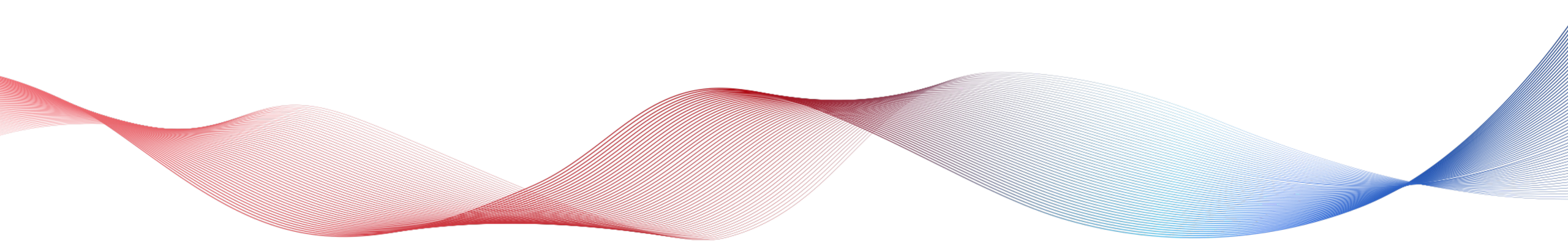
Overhaul voting system to increase investment attractiveness within the fund

Marginal Approach

- ❖ Allows students to invest in tickets of €100.
- ❖ Each ticket grants one vote, up to a maximum of 15 votes.
- ❖ Investment/redemption periods at turn of semester

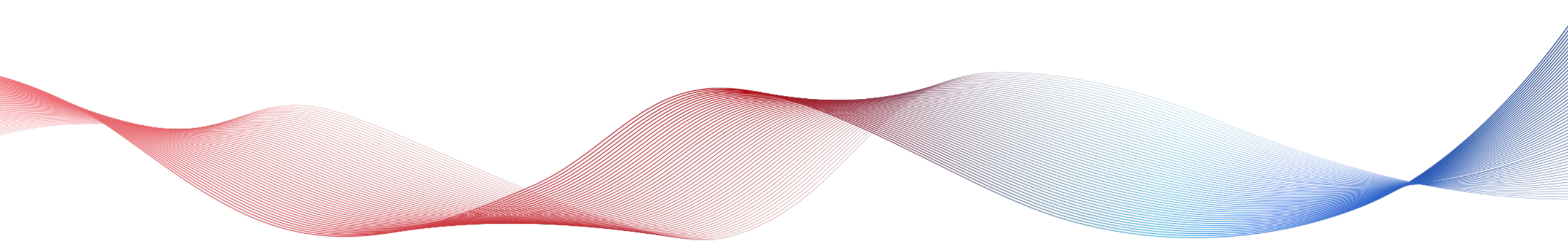


All holding period restrictions would be voided upon the investor's graduation



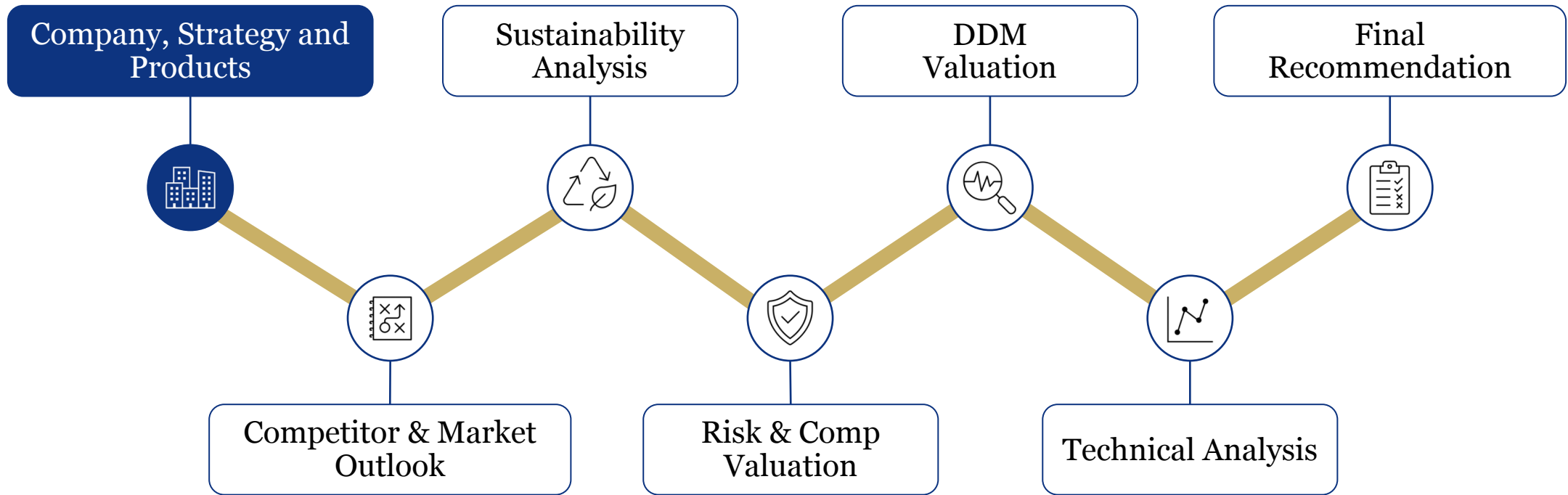
Financial Services & Real Estate

Σigma
Investments



PROLOGIS

Σigma
Investments



Company Overview



Largest American REIT Market Cap aspiring to lead in profits the global real estate and logistic solution market

Profile

Prologis operates in the RE Operation and Strategic Capital sector

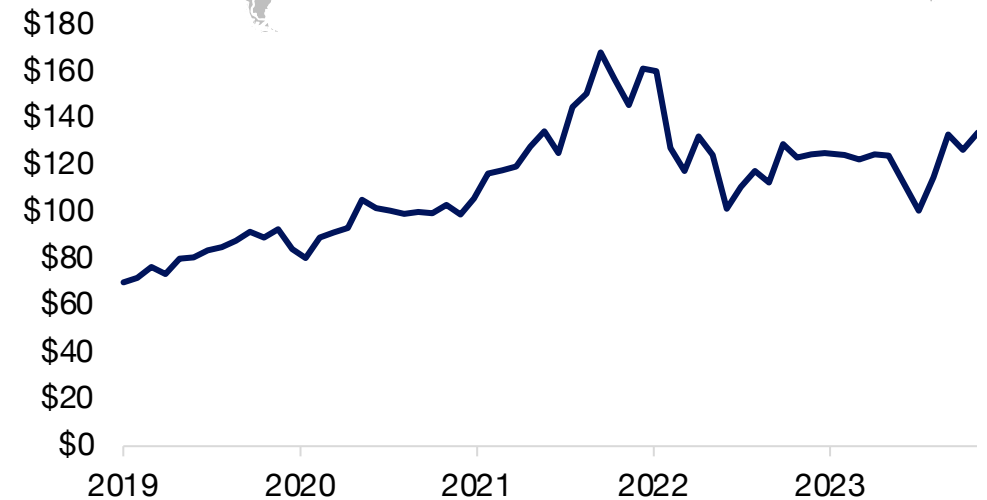
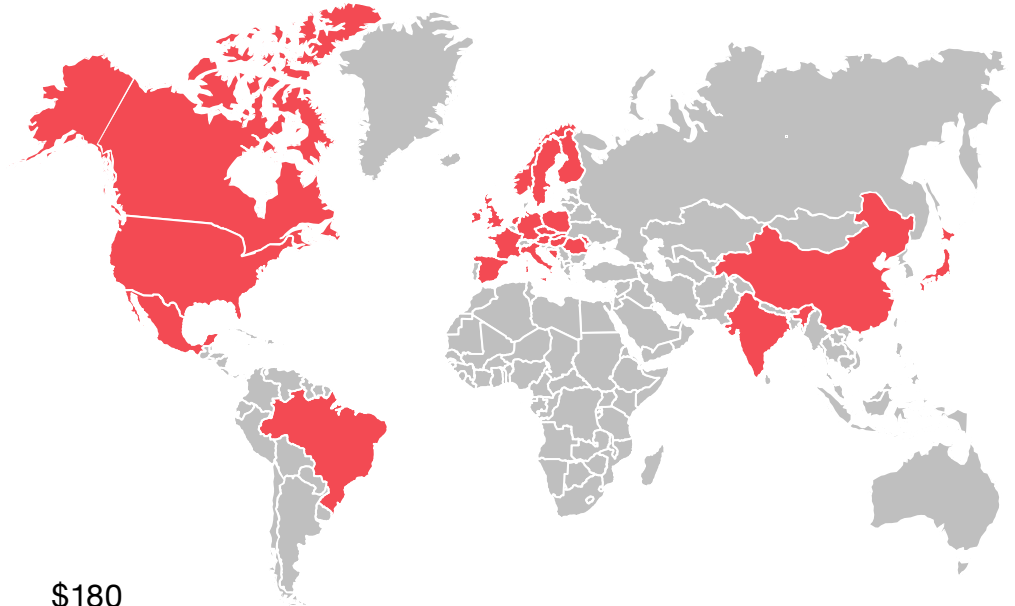
Global leader in Logistic RE in high growth and barrier markets

Reduced market presence to deepen its scale

Invest in new technologies and renewables (AI, robots, solar panels)

Diversified customer based with global market players (Amazon, Walmart)

9-11% expected market rent growth for 2024-2026

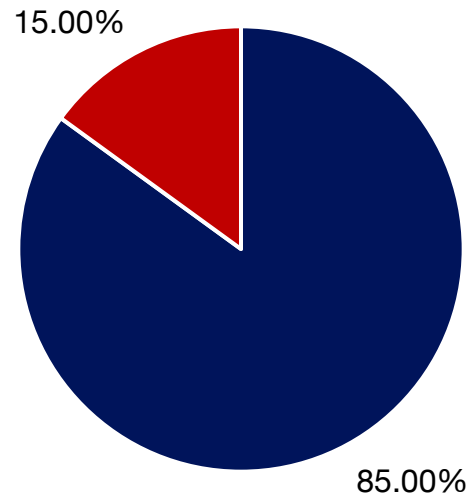


Products and Services



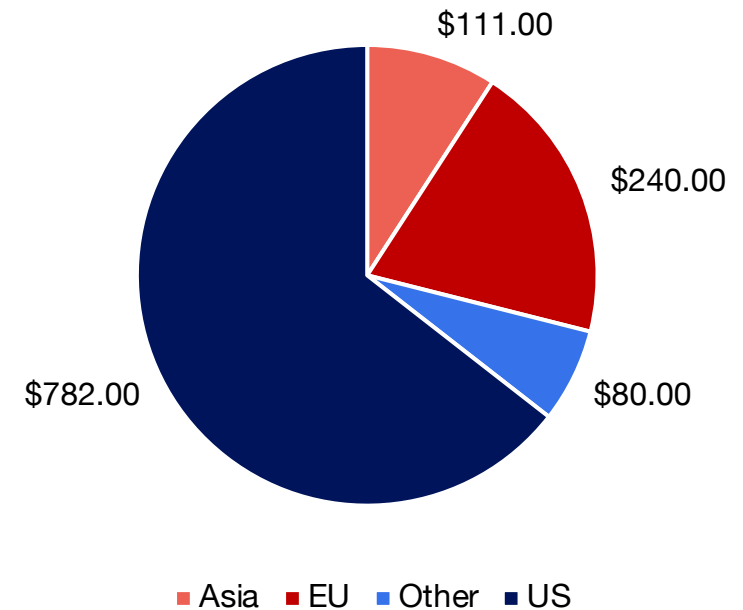
Revenue Breakdown

2023 Revenue by Product Segment



85% Real Estate, 15% Strategic Capital

2023 Revenue by Region



Growing European Presence

Real Estate Operations



Prologis main activity-US focused

Logistic Warehousing

Revenues carried by Duke Realty

- Gateway
- Multi-Market
- City distribution
- Last Touch



Real Estate Development

- Build-to-Suit strategy to provide tailored solutions for a whole project
- Use of past data to find location coinciding with client's needs



Strategic Capital



Management of third-party properties through joint-ventures for institutional and PE capital

Activity

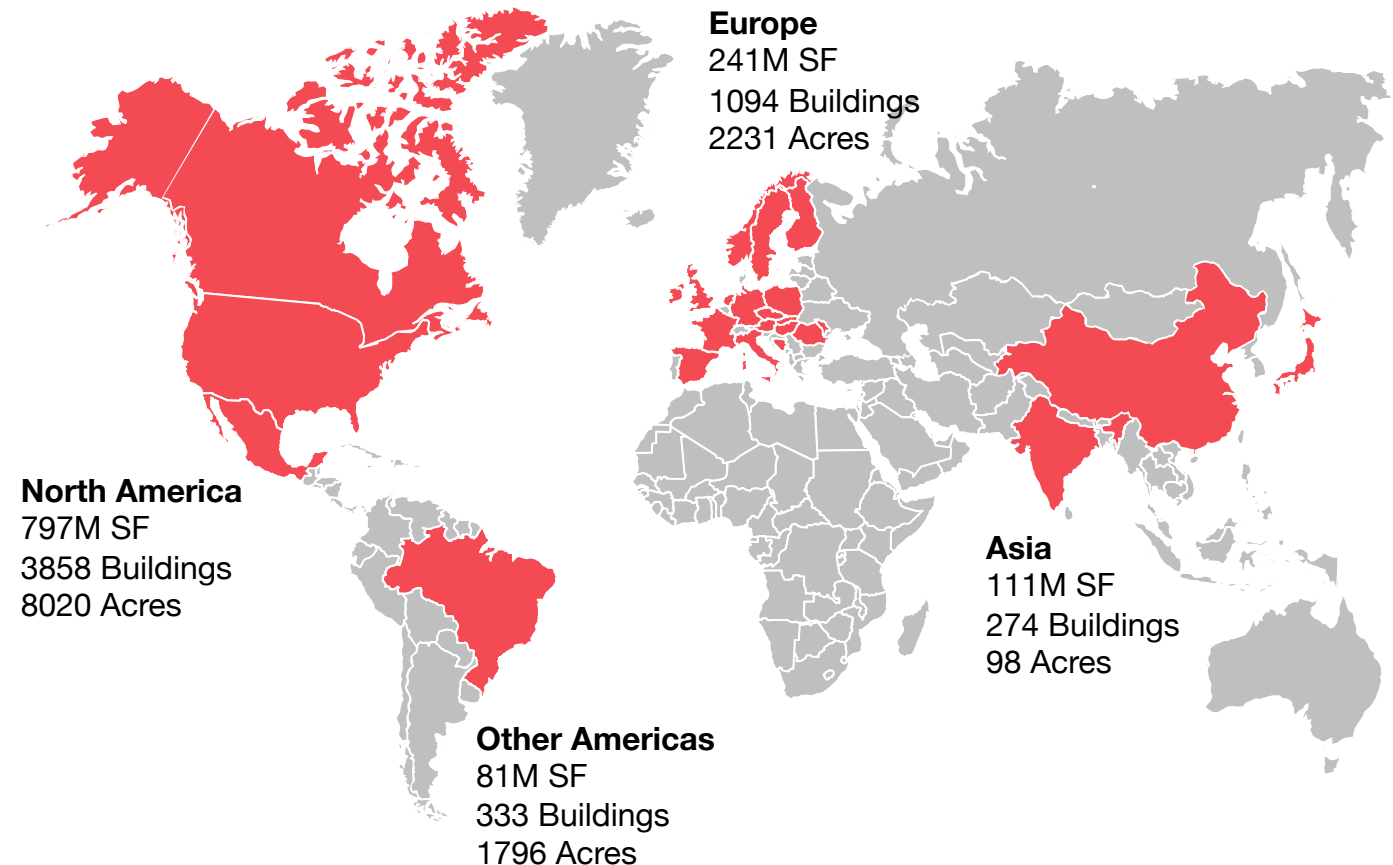
10 private, open, and closed-end investment funds focusing on 17 countries

2 publicly traded: Nippon (Japan) & FIBRA (Mexico)

Leasing, acquisition, construction, development, and financing services

Geographic and Service diversification

Geographical Break Down

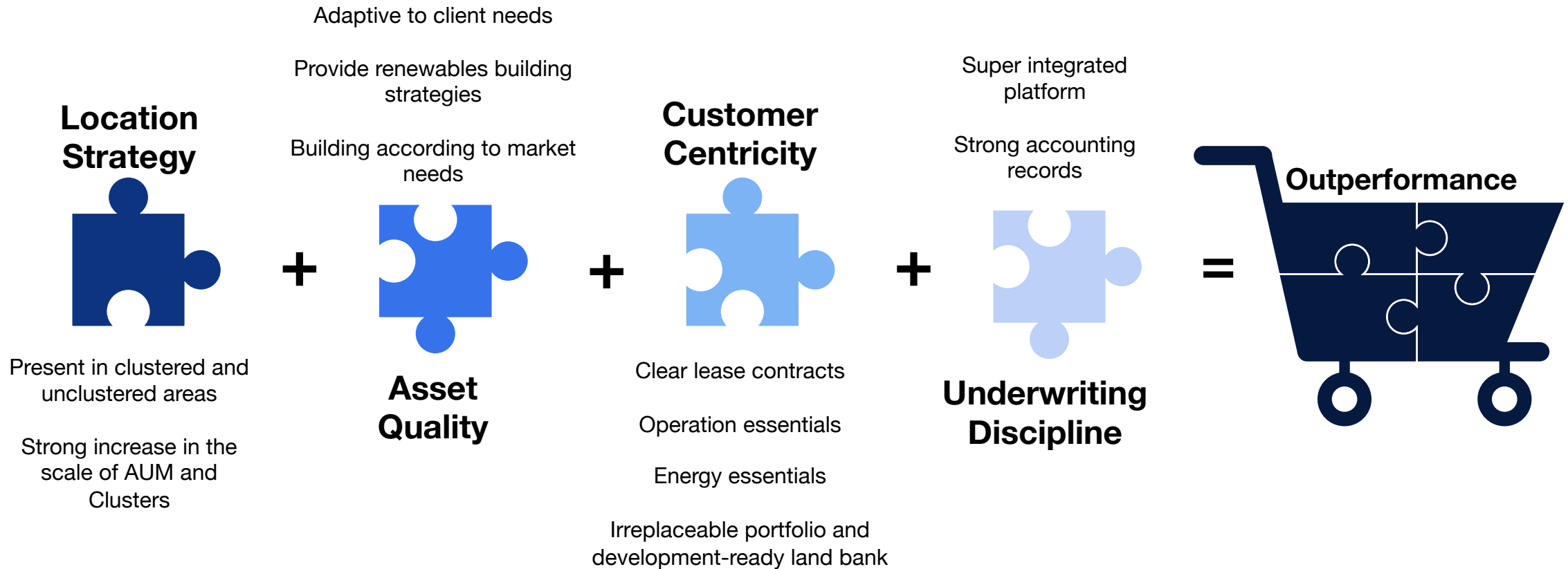


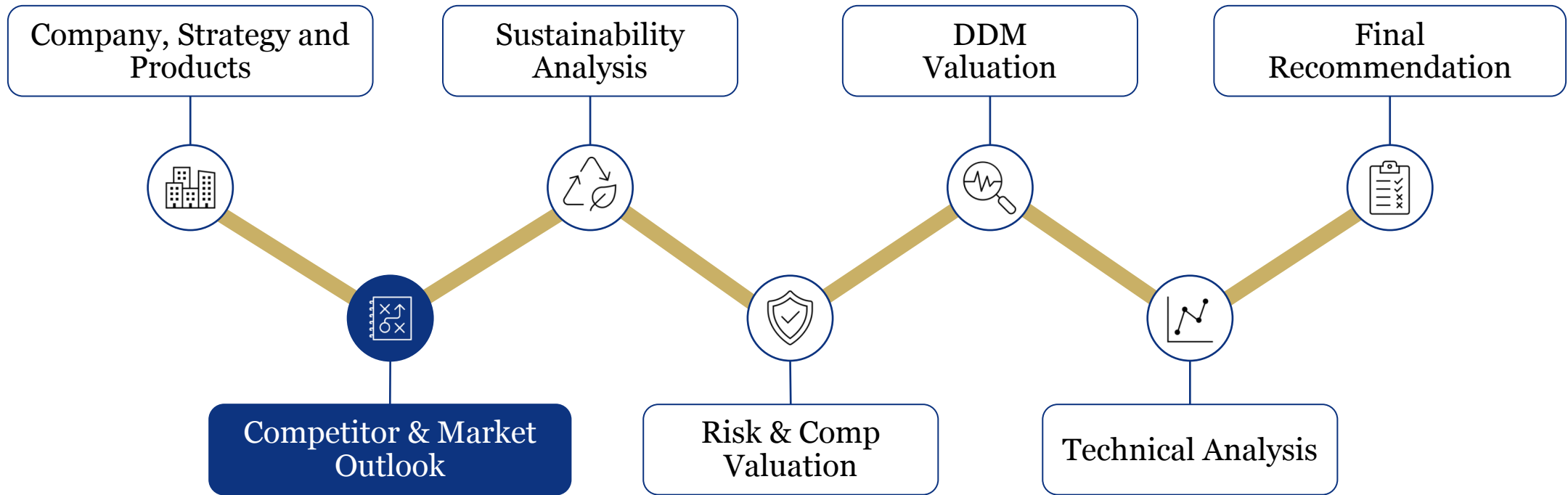
Strategy



Differentiation compared to industry competitors focusing on building an “unparallel scale”

Four differentiation pillars to reach market outperformance



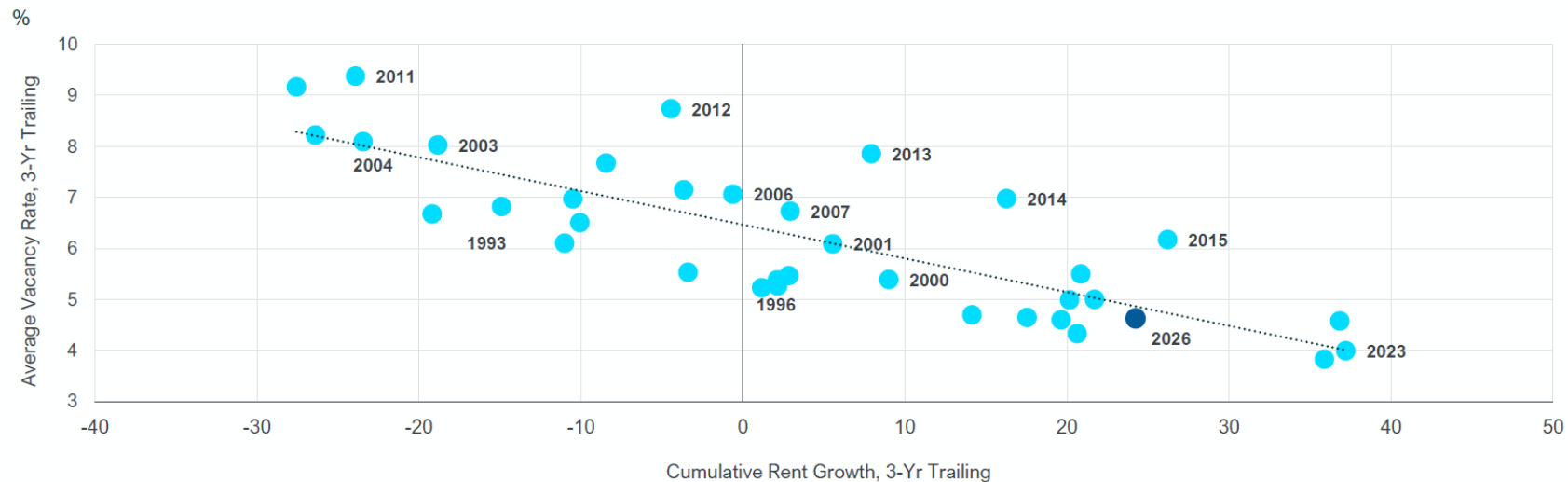


Industry Outlook



Risks and Opportunities

E-commerce post covid



25% decrease of e-commerce transaction post-Covid

Effect on logistic rental expansions

Expected increase in vacancy rate: 6% in 2024

2026 is forecasted to have a better cumulative rent growth than its expected compared to past years average considering the vacancy rate

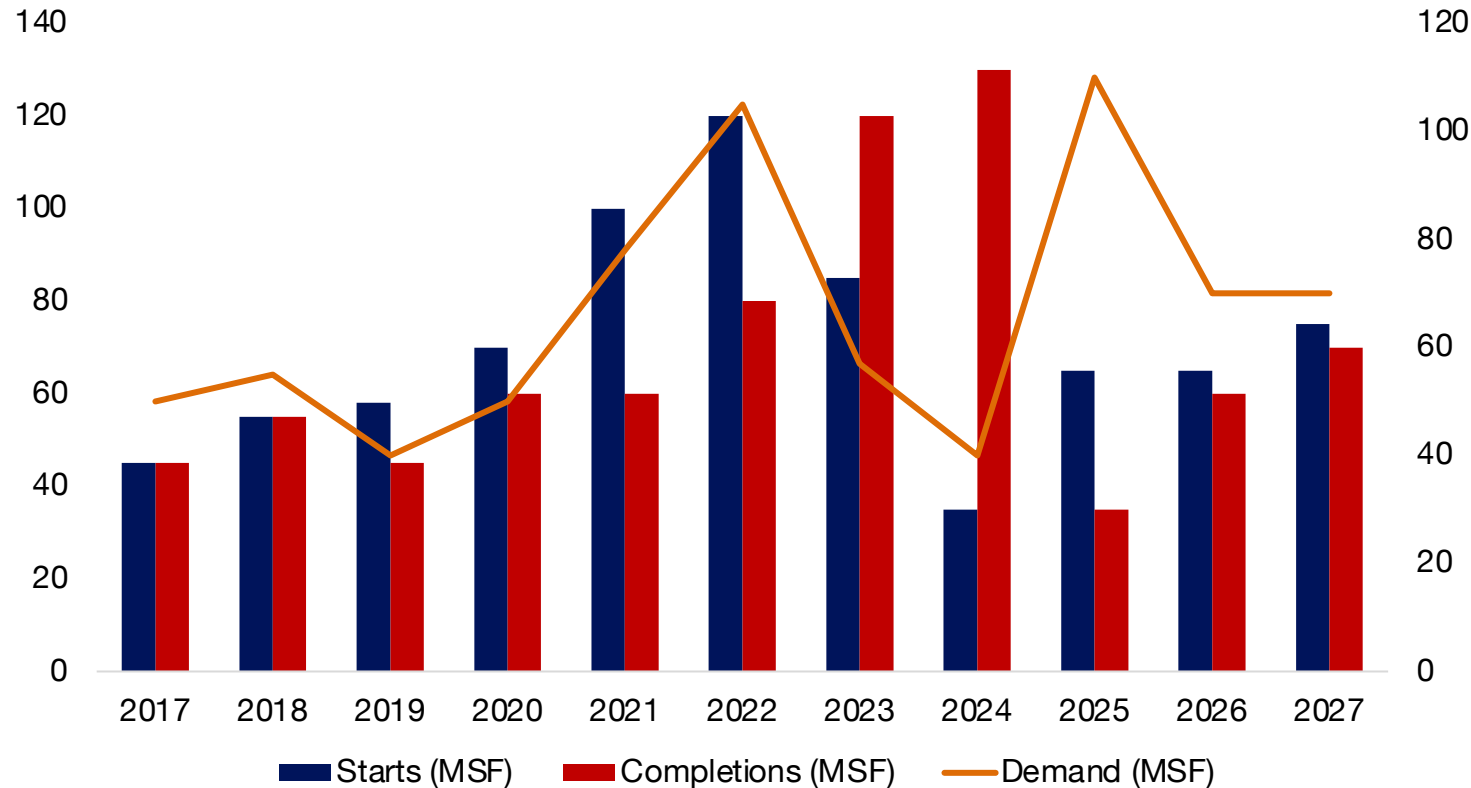
Industry Outlook



Risks and Opportunities

Supply Cliff

Supply and Demand Indicators, US



Projects are started according to the yearly past demand

Reduction in project development due to the Fed battling inflation in 2023

Future shock in supply while demand is rising

Industry Outlook



Risks and Opportunities

Return Expectations

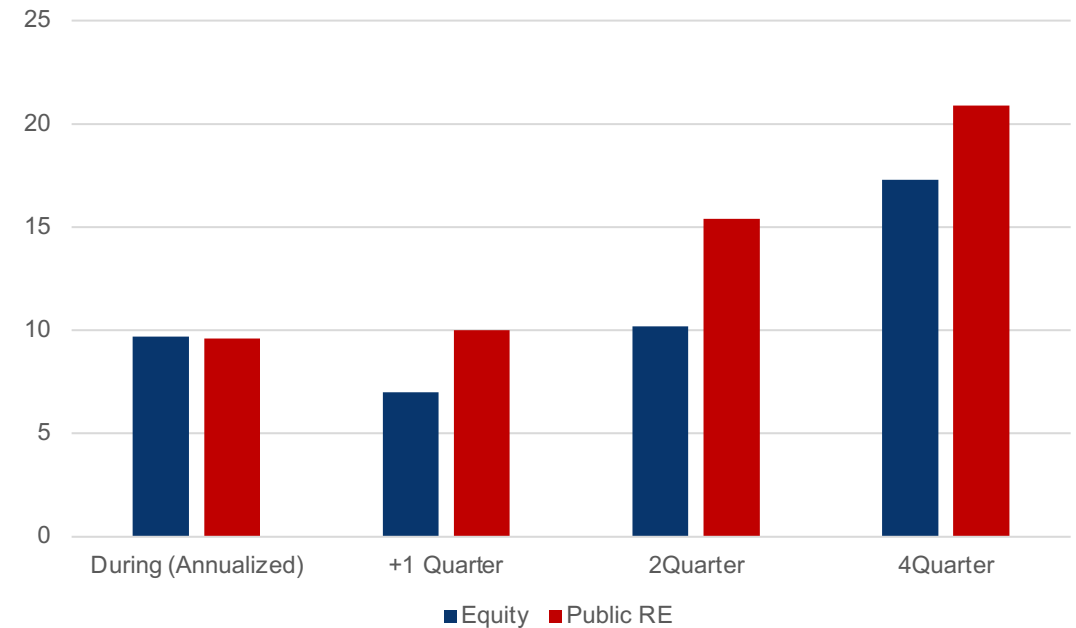
Usual outperformance of Public RE over Equity during and post hikes-periods due to strong balance sheets

Expected recovery of REITs with further institutional investors

Large Cap RE is on average more impacted during uncertainty periods

Growth driven by digital transformation and past investments in AI, Cybersecurity and Sustainable Technologies

Historic returns of REITs after the FED tightening cycles



Industry Outlook



Future Outlook

Expected Environment

New York Local Law 97 Energy efficiency benchmarking and penalizes non-compliance	WAIRE Program Warehouse facilities must reduce emissions from goods movement industry	Inflation Reduction Act Most climate impactful legislation in U.S. history, accelerate clean energy	CA Senate Bill 253 & 261 Companies >\$1 billion annually must report direct and indirect emissions
2019	2020	2021	2022
Net Zero Buildings From January 2030, all new buildings in EU must be zero-emission buildings		EU 'Fit for 55' Upgrade energy efficiency in buildings, reduce GHG emissions 55% by 2030	Advanced Clean Fleet CA fleets must adopt zero-emissions vehicles, any new truck must buy ZEVs

Prologis Timeline

Committed to net zero and launched key partnerships	Deploy 1 GW of onsite solar supported by storage Carbon neutral for construction and operations	Net zero for operations	Net zero value chain
2022	2025	2030	2040

Market opportunity:

Passenger EVs will reach 44% of new sales globally by 2030

Regulatory drivers:

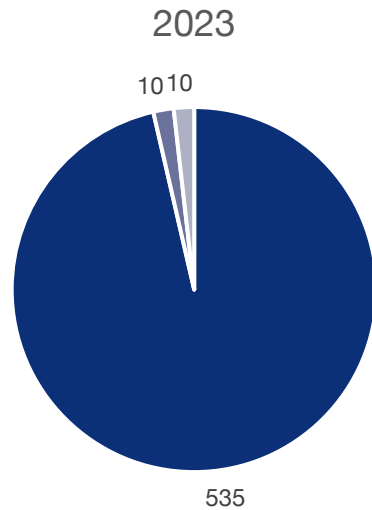
100% of drayage trucks must be zero emission by 2035

Future Outlook



Company's strategy for the future

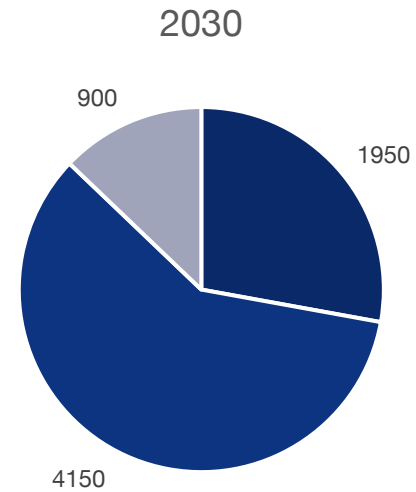
Solar, storage, and mobility pipeline scaling to 7GW and \$1.4B gross revenue business by 2030



\$49 M Revenue, \$37 M NOI



\$1.4 B Revenue, \$800 M NOI, 12-14% IRR



■ Solar (TAM \$60B) ■ Storage (TAM \$85B) ■ Mobility (TAM \$300B)

*All figures in Mega Wats

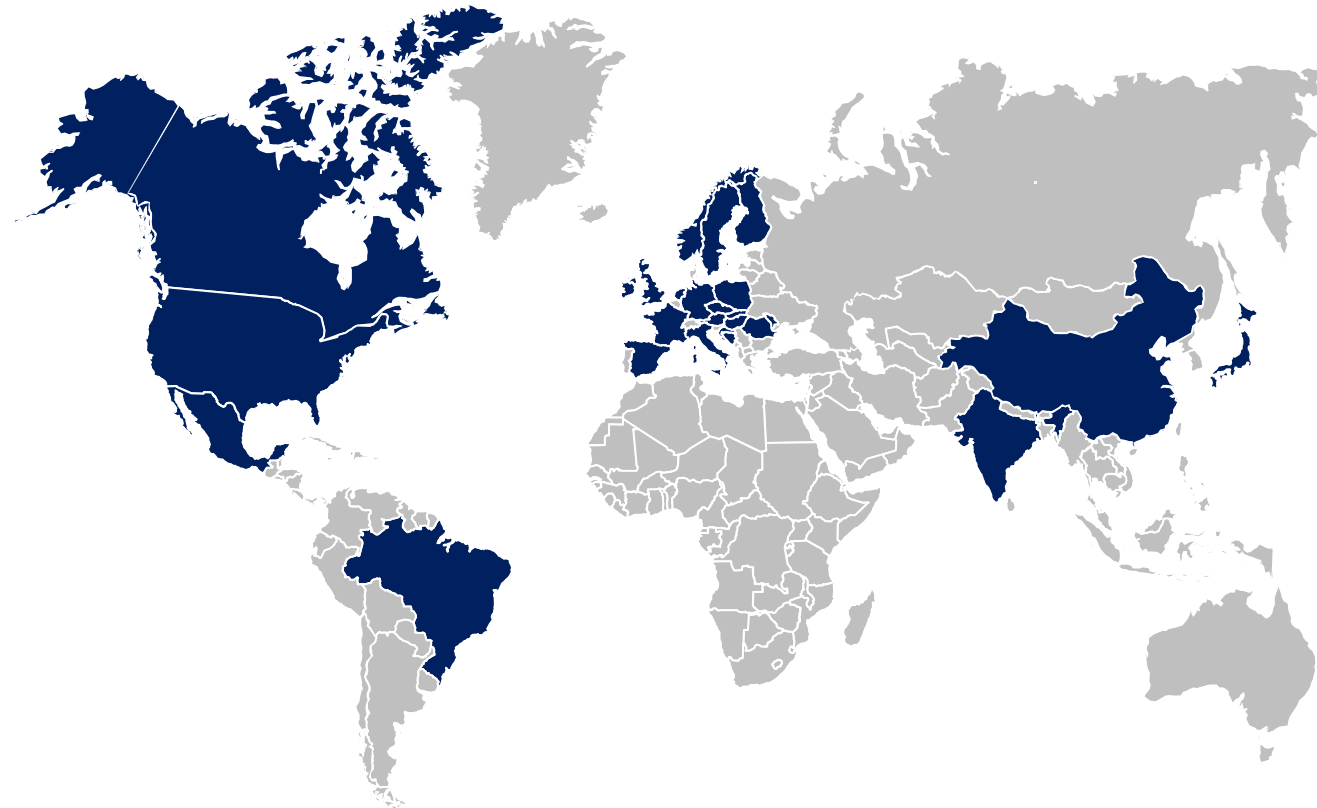
■ Solar (SAM 20%) ■ Storage (SAM 10%) ■ Mobility (SAM 20%)

Future Outlook

Company's strategy for the future



Mobility Opportunities



Prologis Mobility

Provides charging as a service and infrastructure to customers where it's needed most (depots, hubs, workplace)

BY 2030

900 MW
Charging Capacity

\$1,3 B
Capital Deployed

12-14%
IRR Unlevered

20-30%
Charging Installed Across Prologis

Competitive Advantage



 Strong Tenant with Low-risk Profiles (e.g., amazon, FedEx, UPS)



Value-add and core + properties



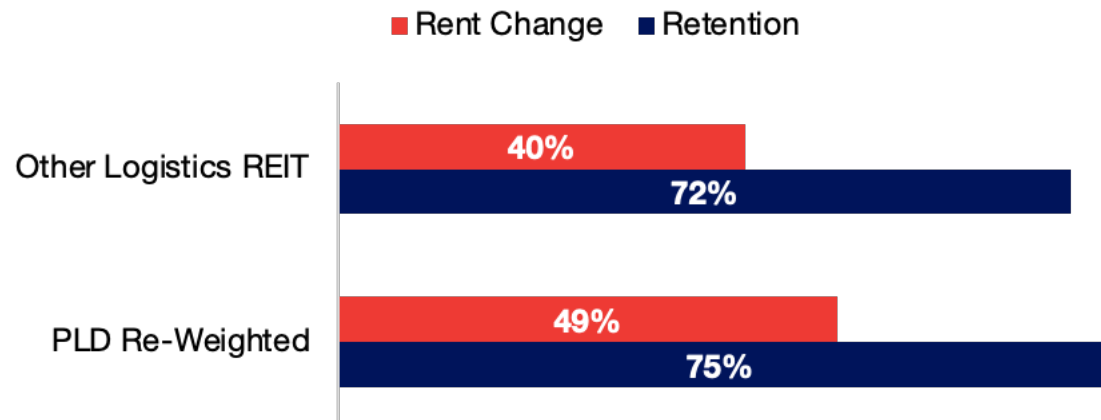
Focus on Sustainability



Differentiated Platform



Efficient Cost Strategy

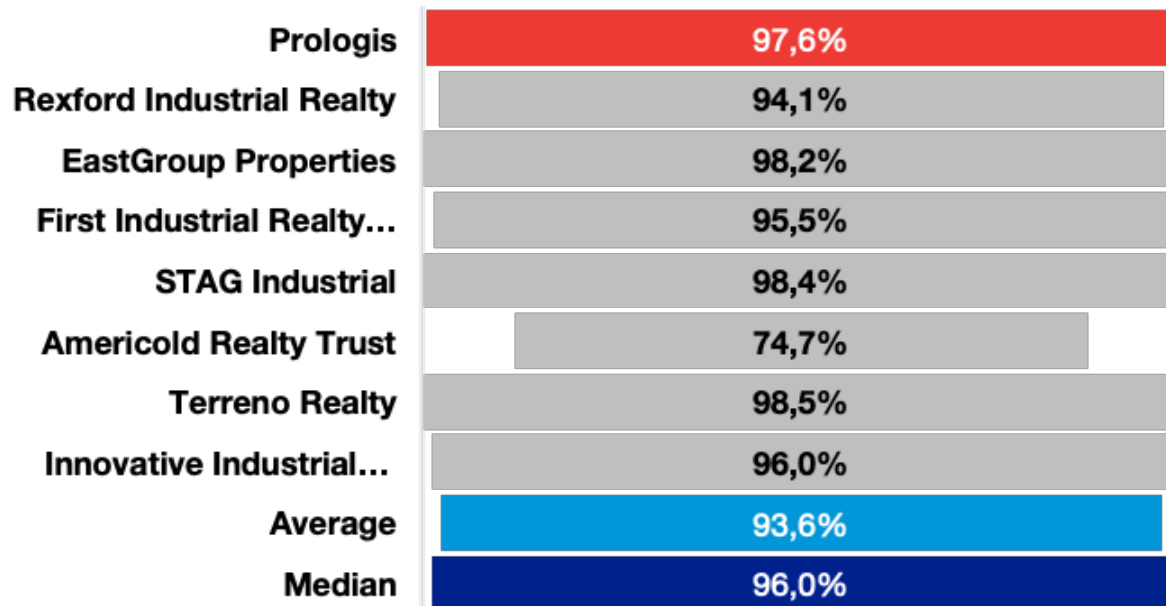


Competitive Advantage



Strong Tenant with Low-risk Profiles (e.g., amazon, FedEx, UPS)

Occupancy % 2023



Stable Revenue Stream

Operational Efficiency

Market Demand

Investor Confidence

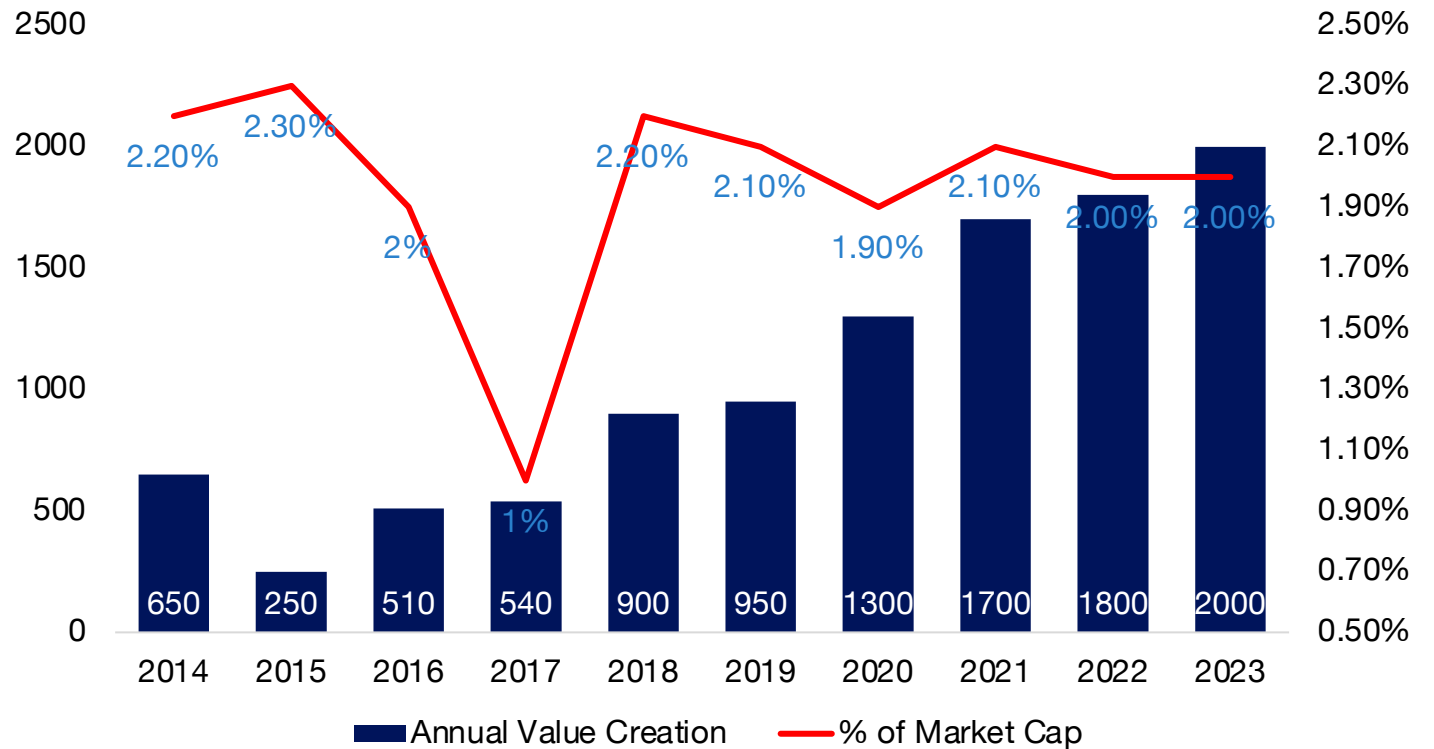
Creditworthiness

Competitive Advantage



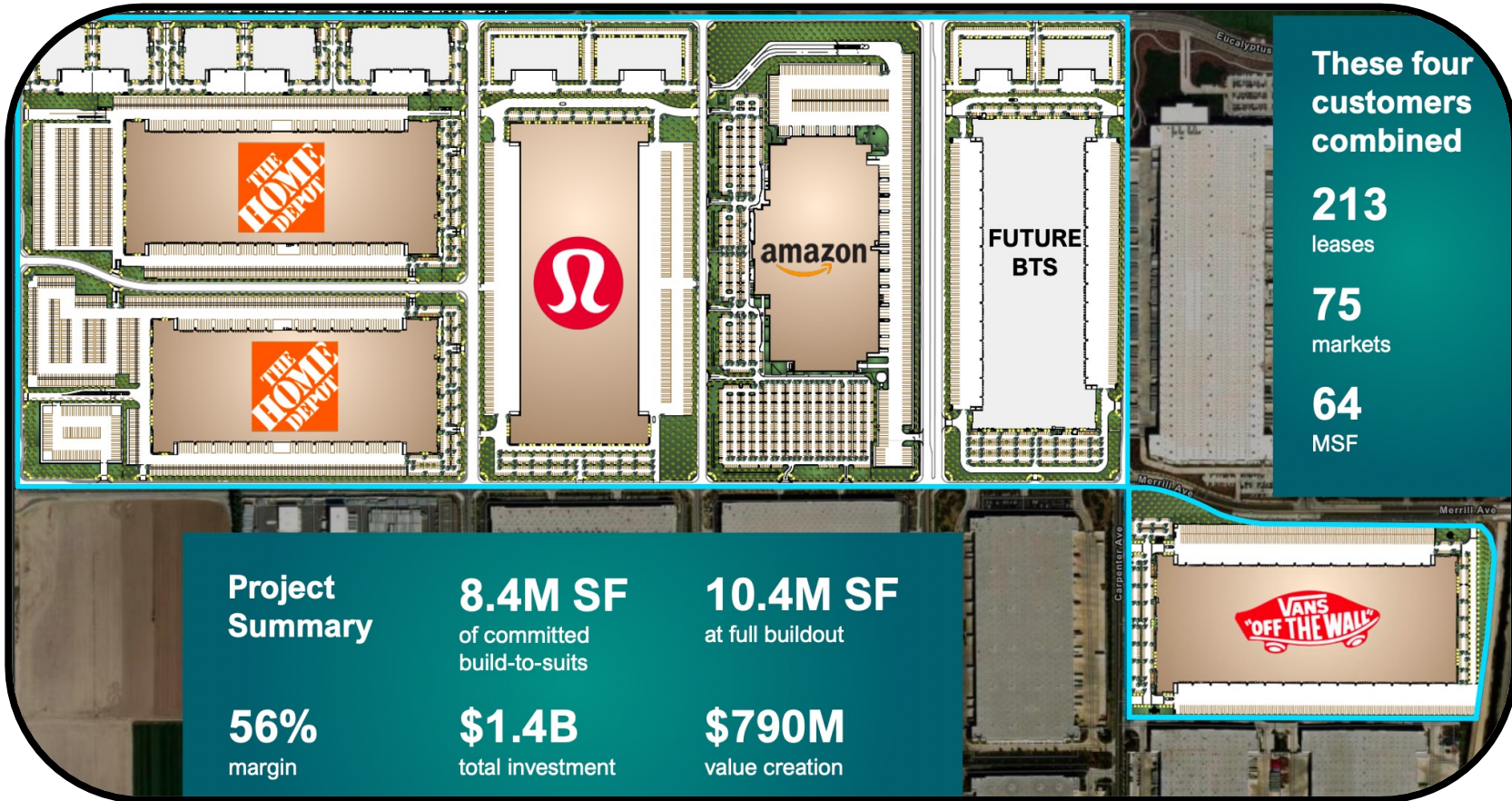
Value-add and Core + Properties

GLOBAL	IN THE U.S.	OUTSIDE THE U.S.
INVESTMENT \$44.6B	\$13.7B	\$30.9B
SQUARE FEET 541M	191M	350M
VALUE CREATION ¹ \$13.1B	\$4.8B	\$8.4B
MARGIN 29.4%	34.7%	27.0%



*All figures in millions of USD

Competitive Advantage



IN THE U.S

\$13.7B

191M

\$4.8B

34.7%

Competitive Advantage



Strong Tenant with Low-risk Profiles (e.g., amazon, FedEx, UPS)



Value-add and Core + Properties



Focus on Sustainability



Differentiated Platform



Efficient Cost Strategy

Prologis' is #2 for onsite solar generation in the U.S.



10

solar projects

\$3.7M

annual solar revenue

15+MW

solar capacity

4

storage projects

\$4.6M

annual storage revenue

20MW

storage capacity

“Our deep dive on the level of ambition for science-based targets suggests PLD's goal will set it on the path to be the most ambitious across all ~170 public REITs.”

– Morgan Stanley Research; Review of PLD ESG Report

Competitive Advantage



Strong Tenant with Low-risk Profiles (e.g., amazon, FedEx, UPS)



Value-add and Core + Properties



Focus on Sustainability

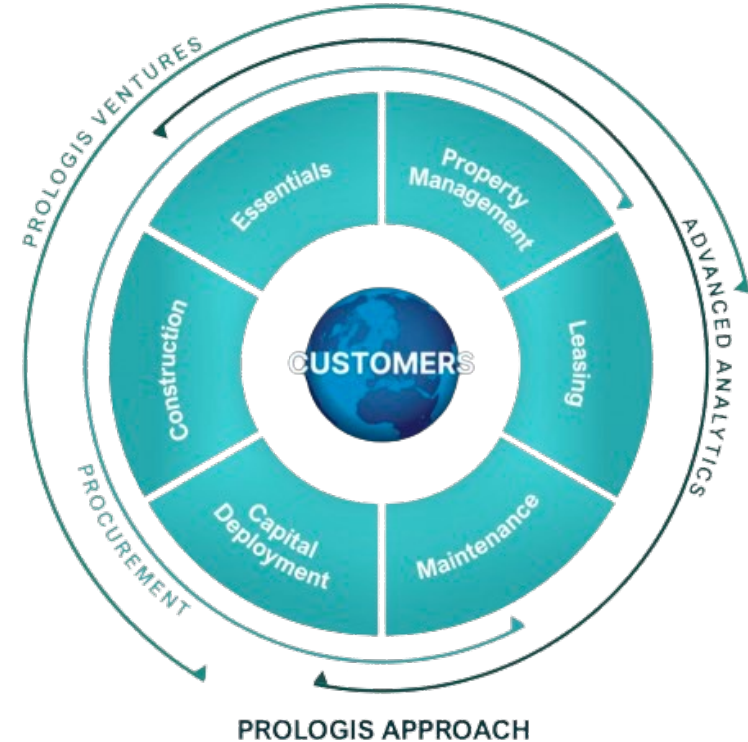


Differentiated Platform



Efficient Cost Strategy

“Prologis Super Integrated Platform”



Competitive Advantage



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Value-add and Core + Properties



Focus on Sustainability

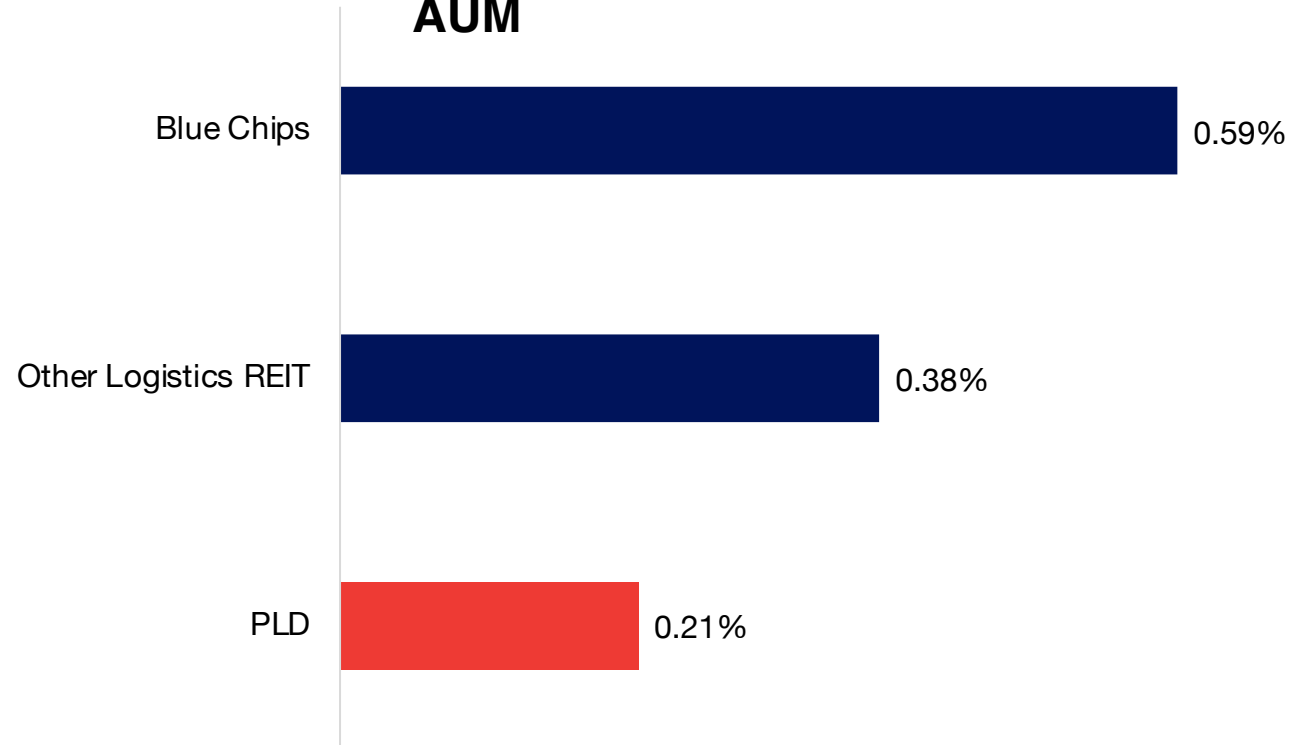


Differentiated Platform



Efficient Cost Strategy

Adjusted G&A % of Market Value AUM

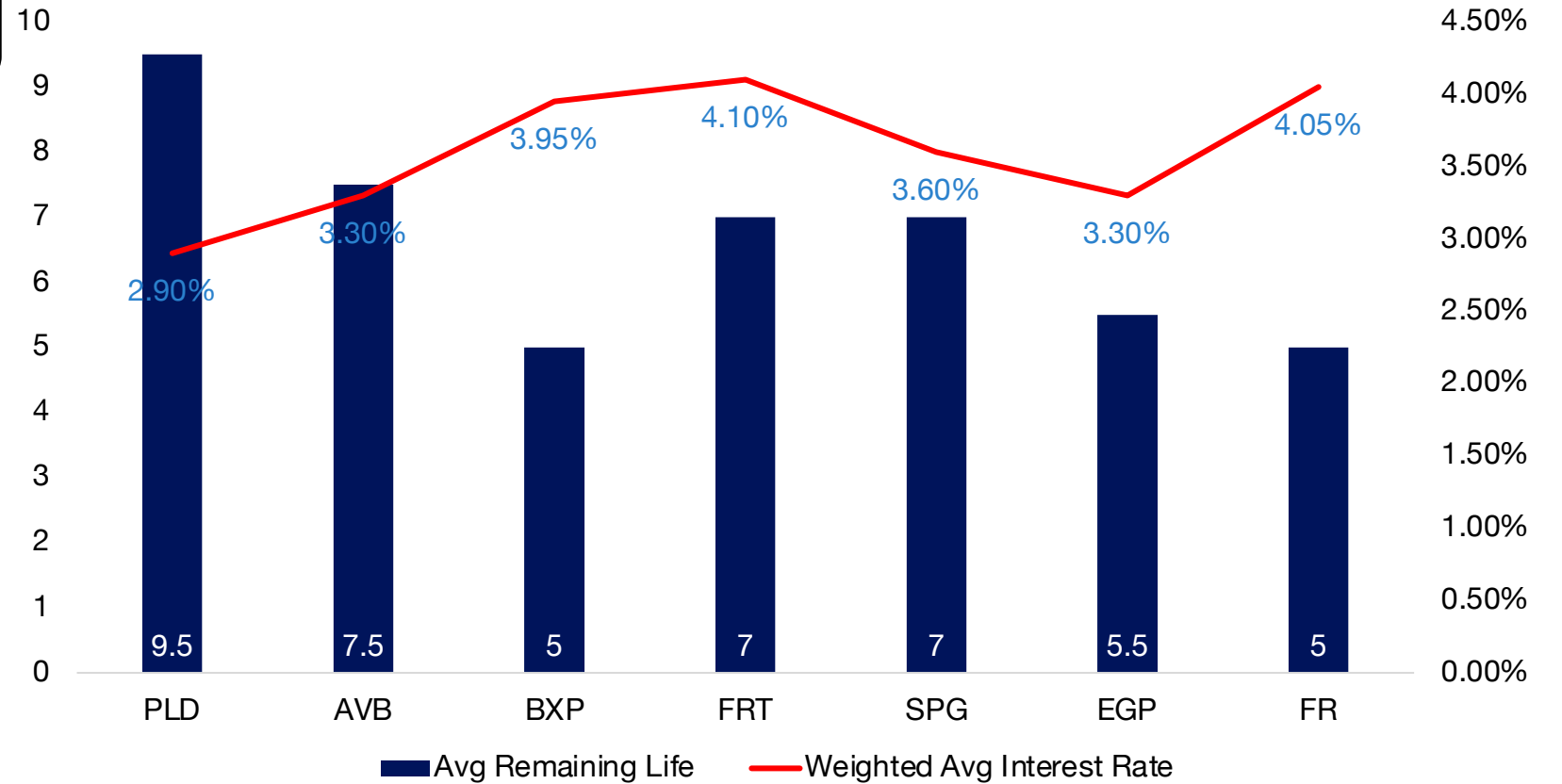
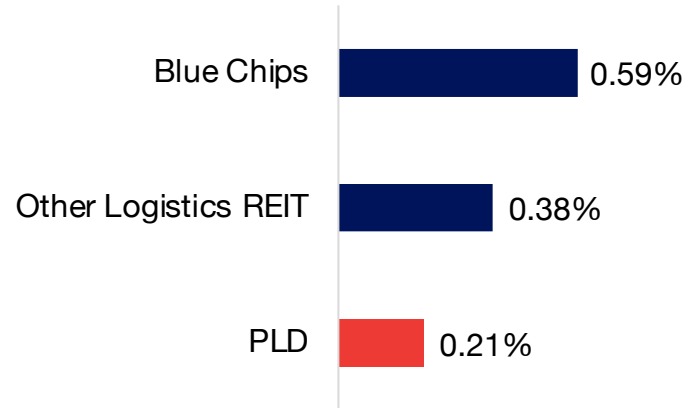


Competitive Advantage



Efficient Cost Strategy

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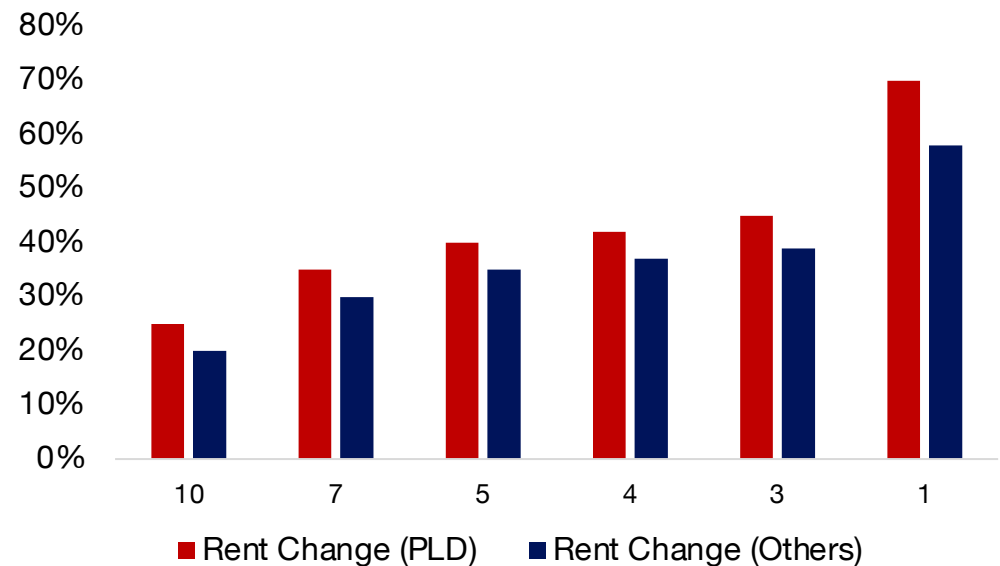
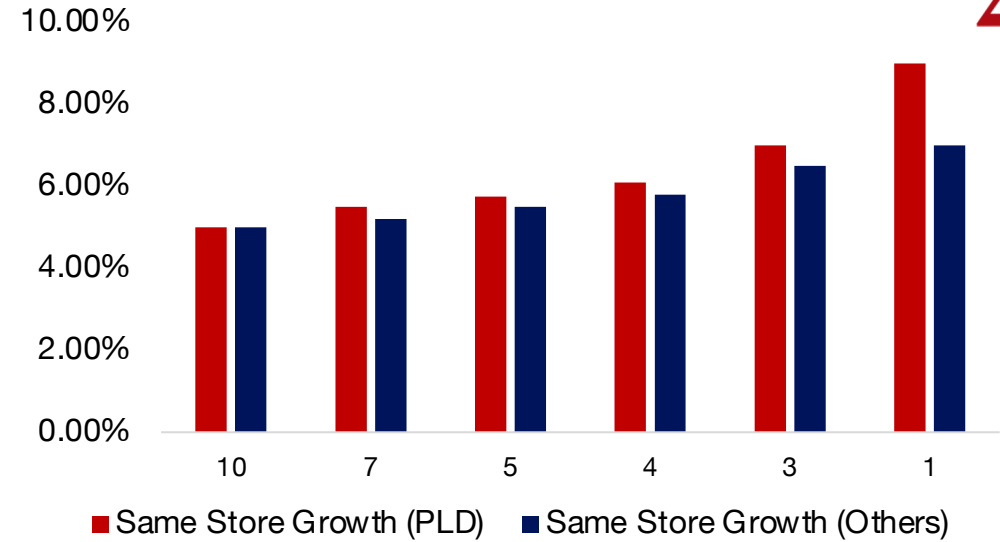
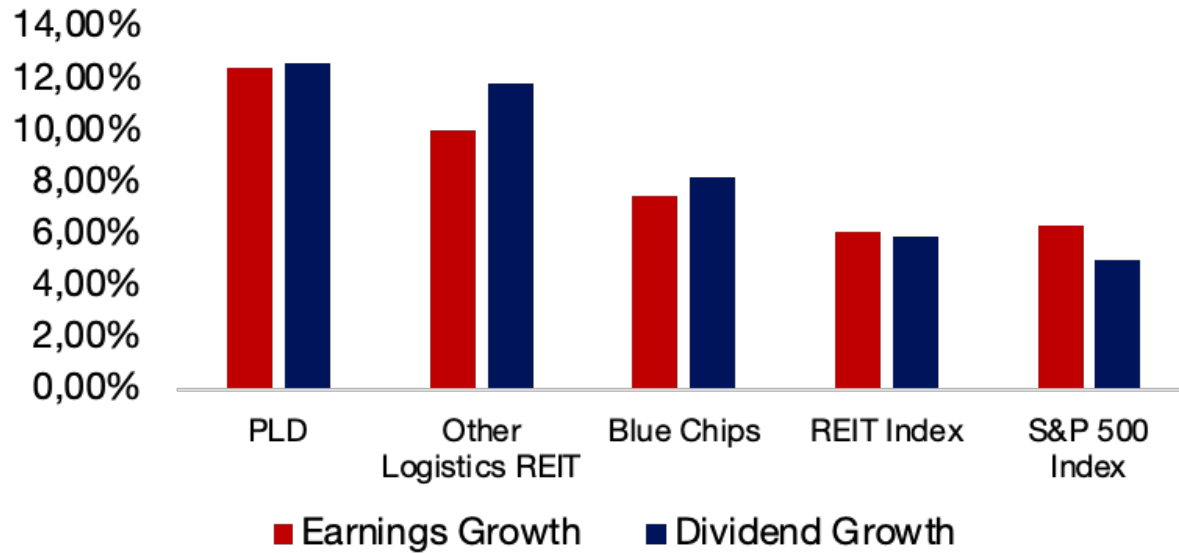


Competitive Advantage



Financial Growth

2018 - 2023 CAGR



Competitive Advantage



Diverse Venture Ecosystem

Operations/Workforce

Energy/Mobility



Digital

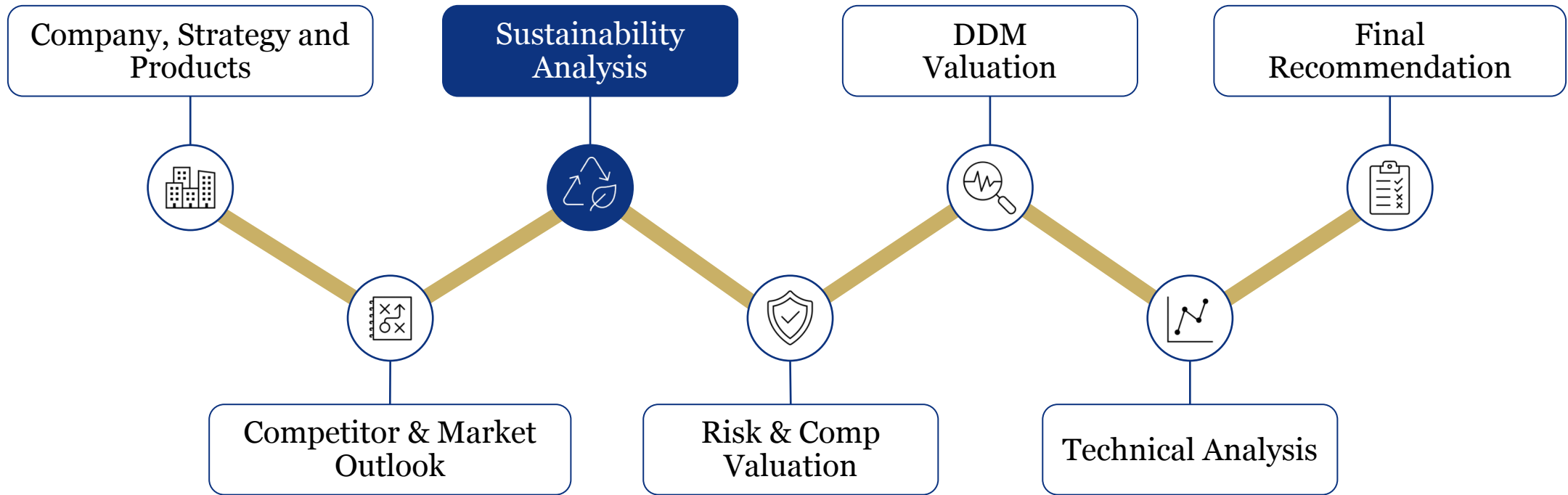
Prop Tech



Experienced Upper-Management



Average of 21 years of experience in their relative sectors

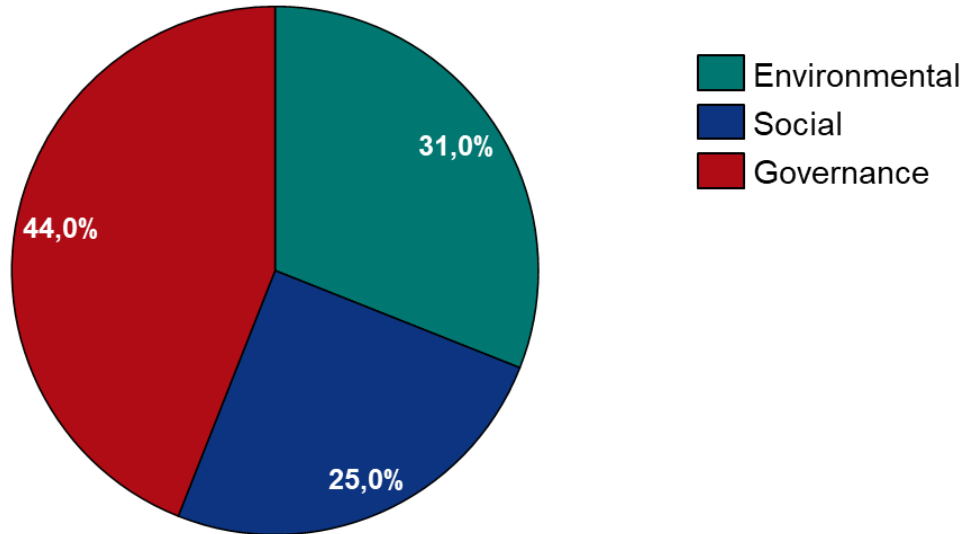


Sustainability Analysis

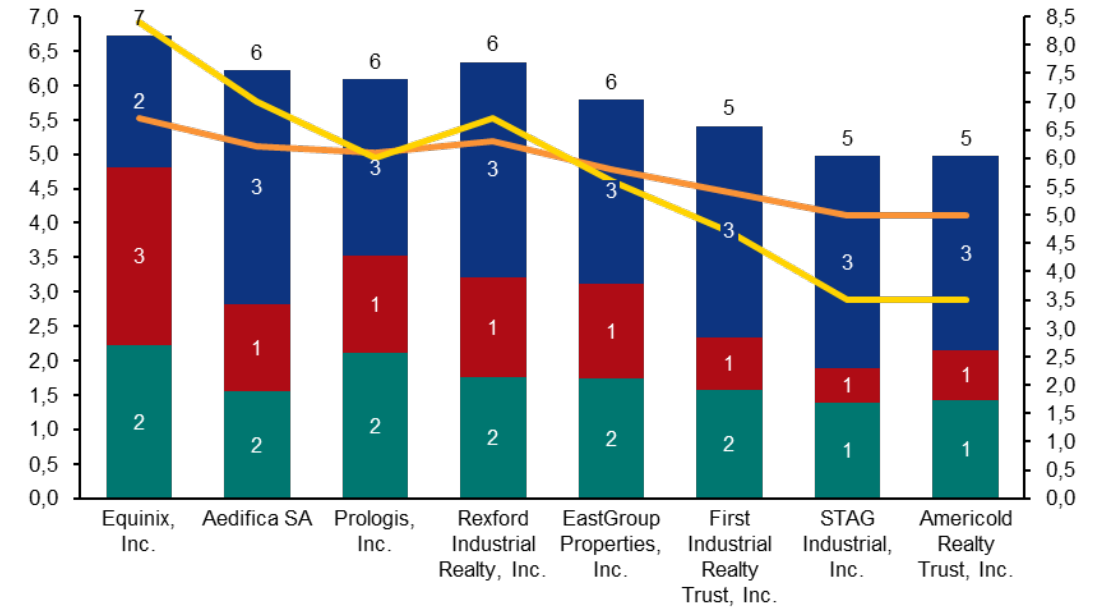


Quantitative View

ESG Pillar Weights



ESG Scores & Portfolio Benchmark



- Key Issues Weighted Average ESG Score
- Industry Adjusted ESG Score
- Weighted E Pillar Score
- Weighted S Pillar Score
- Weighted G Pillar Score

Company	MSCI ESG Label
Equinix, Inc.	AA (Leader)
Aedifica SA	A (Average)
Prologis, Inc.	A (Average)
Rexford Industrial Realty, Inc.	A (Average)
EastGroup Properties, Inc.	BBB (Average)
First Industrial Realty Trust, Inc.	BBB (Average)
STAG Industrial, Inc.	BB (Average)
Americold Realty Trust, Inc.	BB (Average)

Sustainability Analysis



Qualitative View



Environment

Become net-zero emissions by 2030.

- Scope 1 and 2 emissions reduced by 64%*;
- Scope 3 emissions reduced by 20%*;

100% Carbon Neutral Construction by 2025.

- Offset 40% of estimated constructions; green-gas emissions;

1 Gigawatt of solar energy.

- Achieved 405 MW of installed capacity;
- SolarSmart and StorageSmart;

Install 100% LED lighting in all warehouses.

- 71% warehouses and offices is LED lighting.

* from 2019 baseline



Social

Community engagement. Achieve 75.000 hours of volunteering time supporting our local communities over the globe by 2025

- Total to approximately 38.000 hours donated since 2019;

Achieve two DEIB certifications by 2025.

Management Leadership for tomorrow's:

- "Black Equity at work";
- "Hispanic Equity at work";

Train 25.000 people in Logistics by 2025

- 21.000 people trained since 2018

Ensure 100% workers get ethics training.

- Goal Achieved.

Board diversity¹

Gender

Women
27%

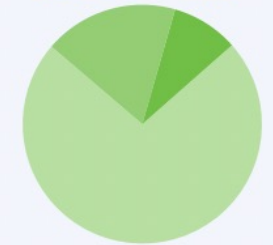


Men
73%

Ethnic/Geographic

West
Asian
18.2%

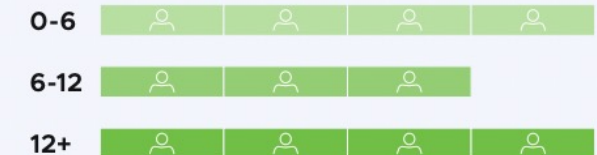
African
American
9.1%

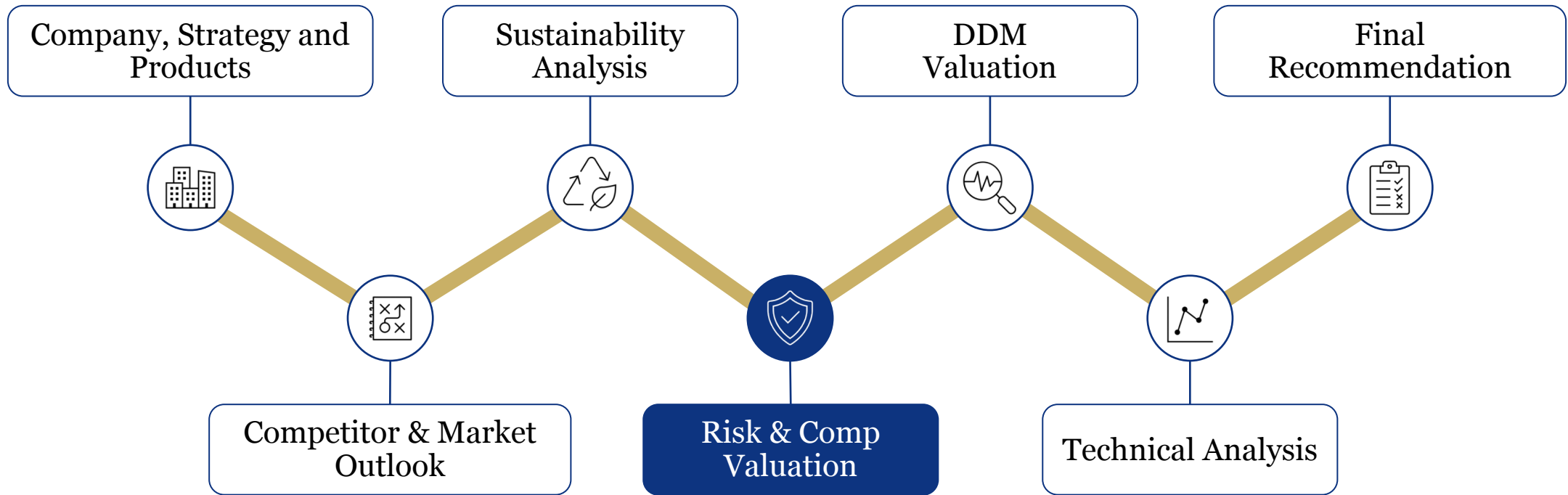


White/Caucasian
72.7%

Number of Directors

(by years of tenure)



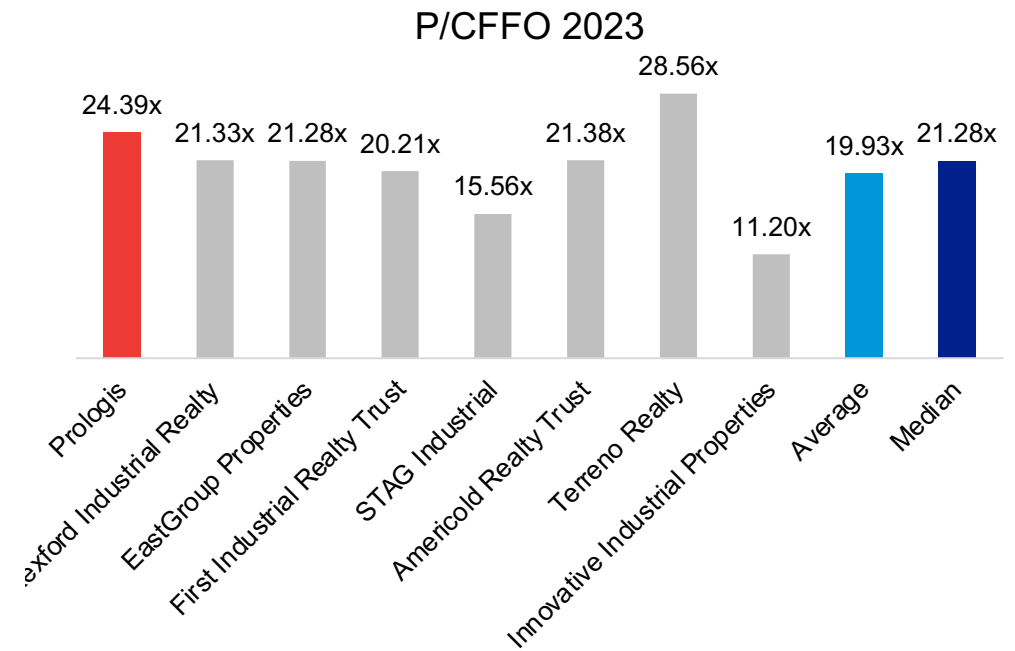
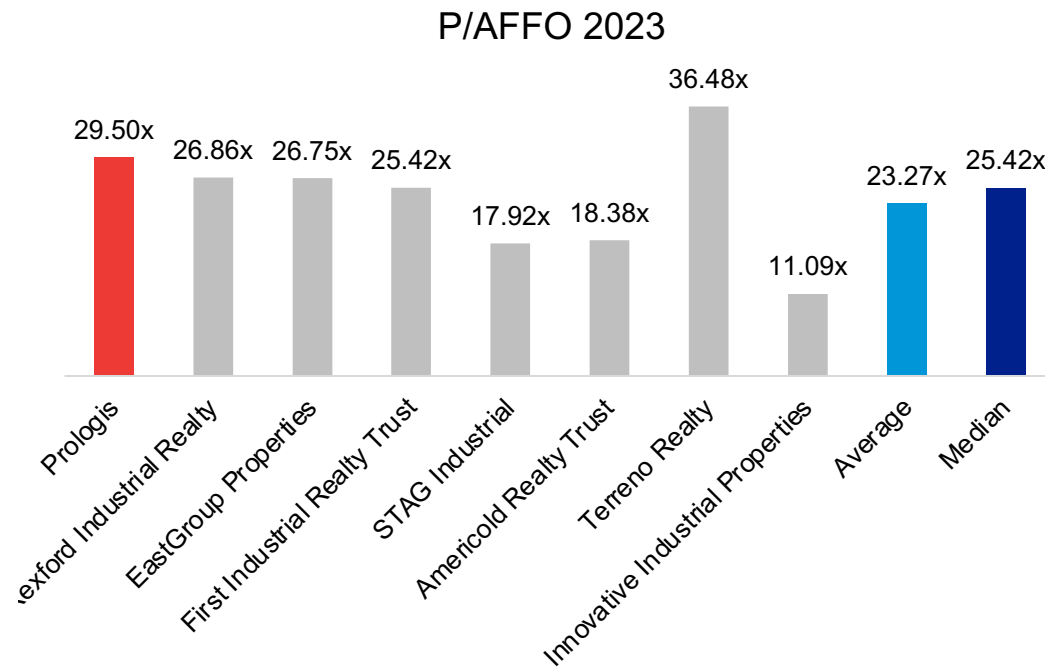


Σigma
Investments

Comparable Valuation



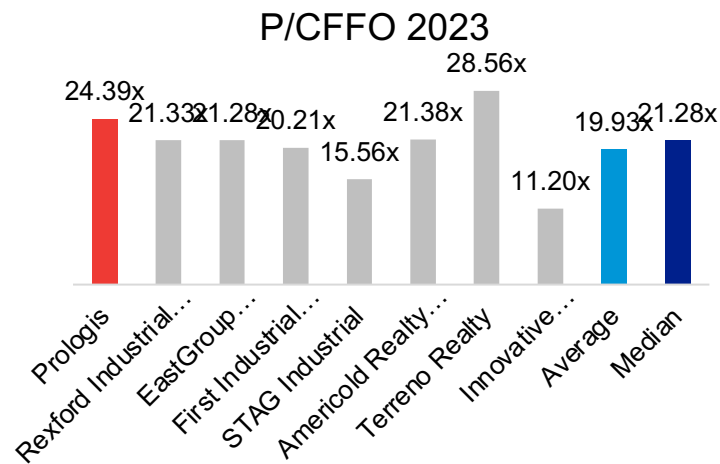
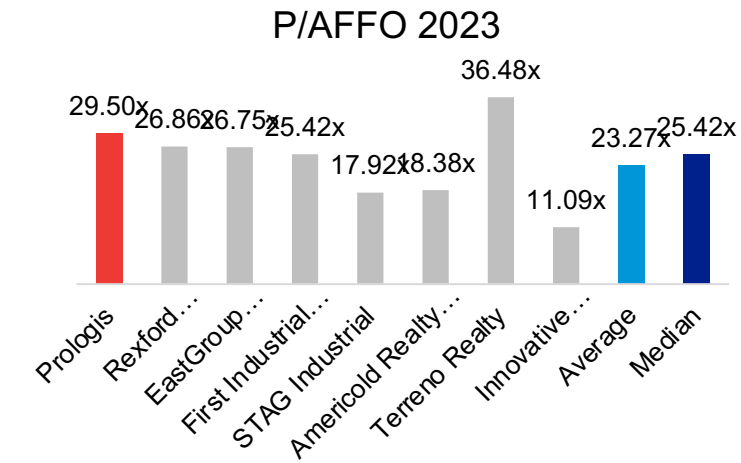
P/AFFO & P/CFFO



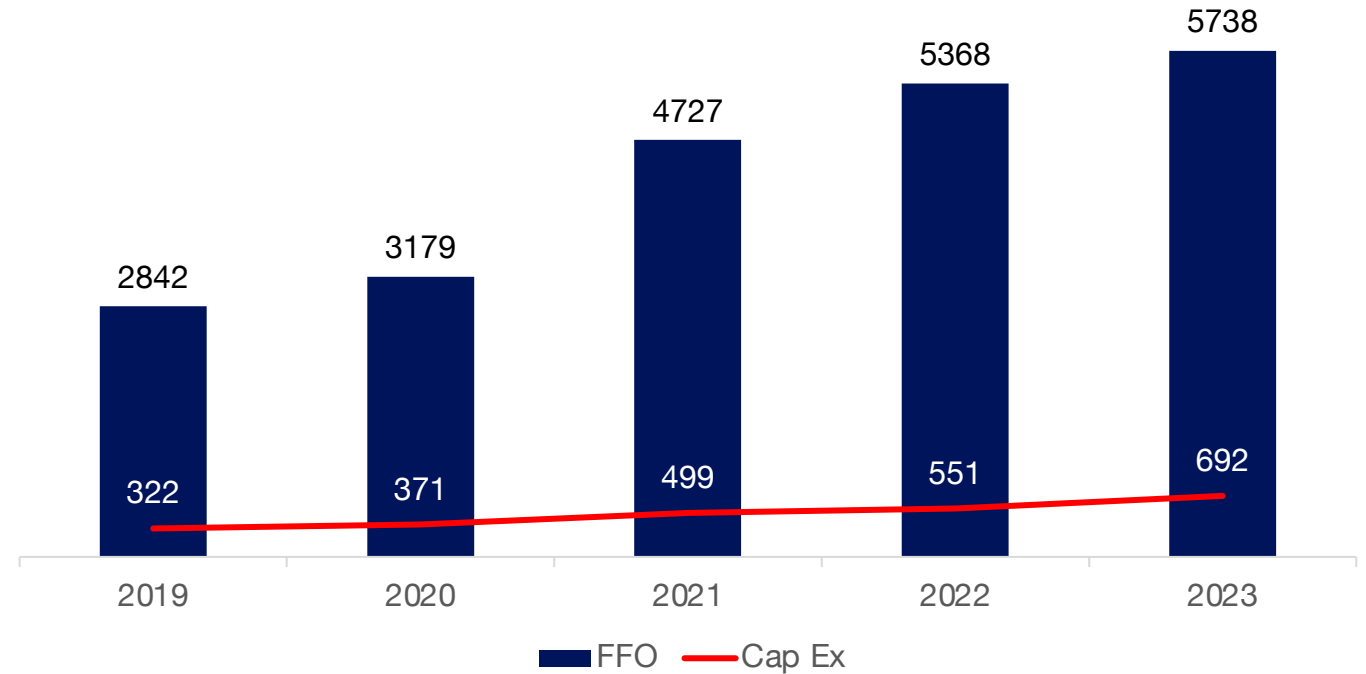
Comparable Valuation



P/AFFO & P/CFFO



The premium of both, the multiple on the P/AFFO and P/CFFO suggest the strong market sentiment for Prologis to keep the healthy growth in their FFO while minimizing maintenance and capital expenditures.

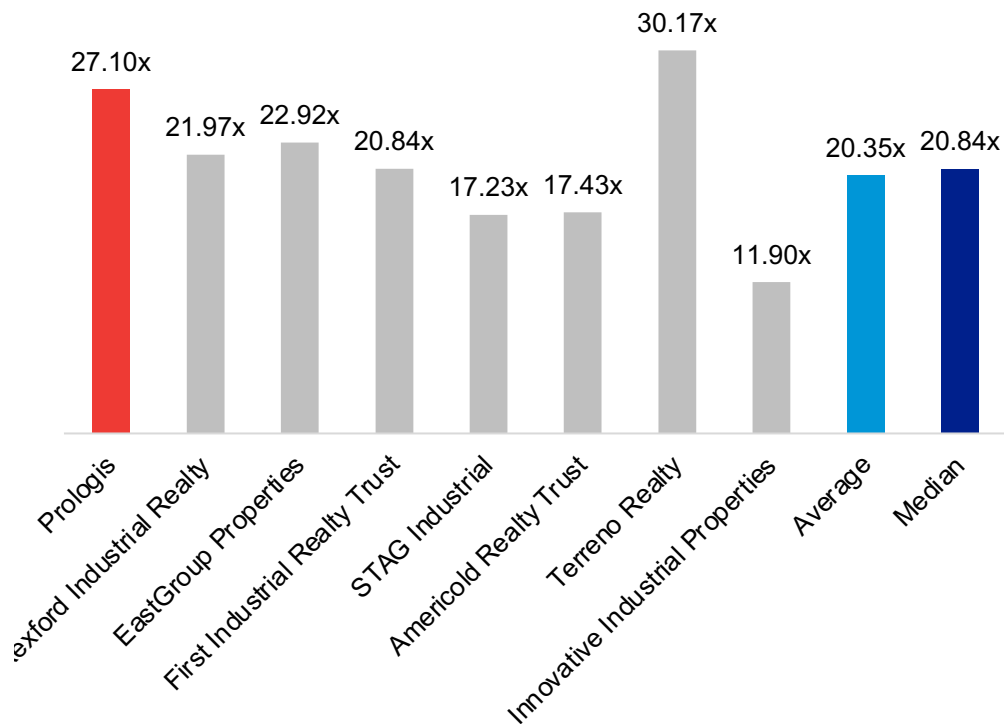


Comparable Valuation



EV/EBITDA

EV/EBITDA 2023



A high EV/EBITDA might suggest one of two things:

- + A high EV/EBITDA, investors are expecting **higher growth** from the REIT compared to its peers (superior asset quality, strong market position, or potential for operational efficiency)
- A high EV/EBITDA ratio, REIT is **overvalued**, shares are priced too high relative to its earnings capability. REIT has a **significant amount of debt**, risk if the company's operational earnings **are insufficient to cover** its debt obligations, with **rising interest rates**.

Balance Sheet Health



Debt Coverage and Maturity Expectations

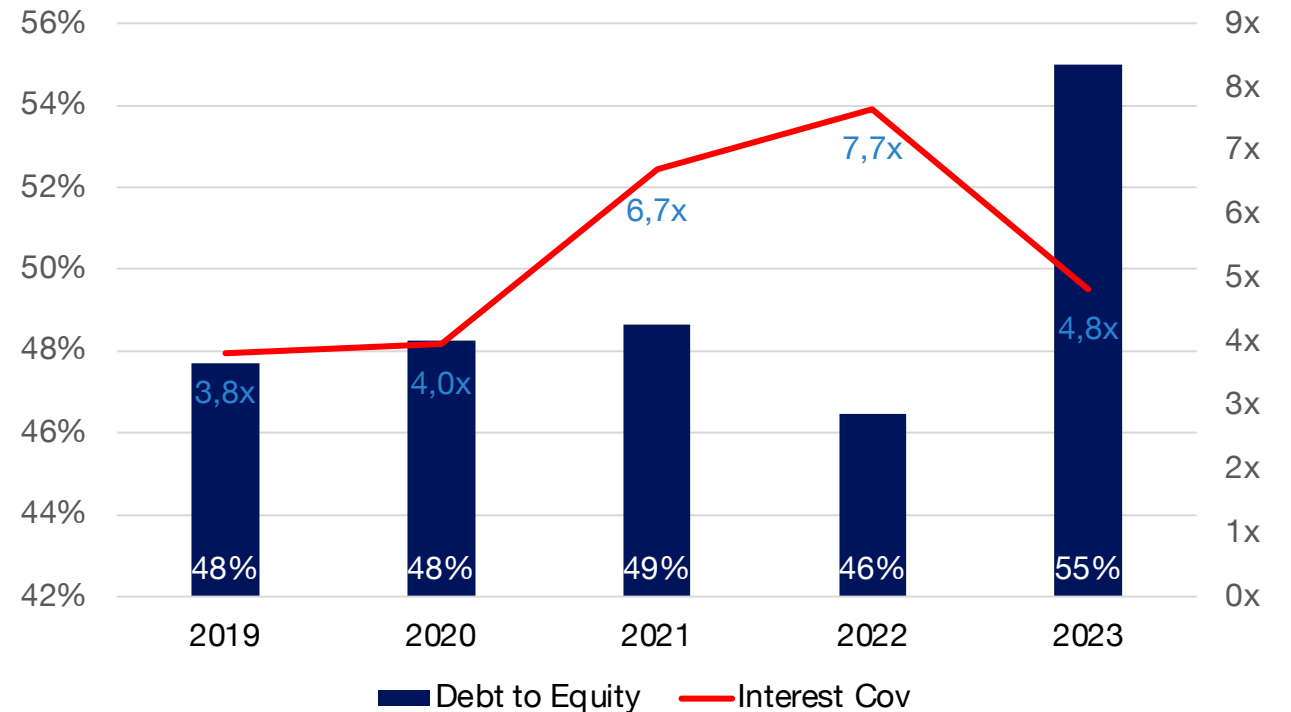
Overvalued, significant amount of debt, insufficient to cover especially with rising interest rates.

An average debt maturity of 9 years and an average interest rate of 3.0% suggests a stable and well-managed debt profile.

Substantial liquidity of \$6.0 billion gives Prologis the flexibility to manage its financial obligations effectively.

'We were able to take advantage of lower interest rates through our refinancing activities and substantially addressed our debt maturities until 2026.'

S&P credit rating A on their debt.



Balance Sheet Health



Debt Coverage and Maturity Expectations

2023 Debt Breakdown

Prologis and its co-investment ventures issued **\$12.3 billion** of debt at a weighted average interest rate of 4.5% and a weighted average term of 9.5 years.

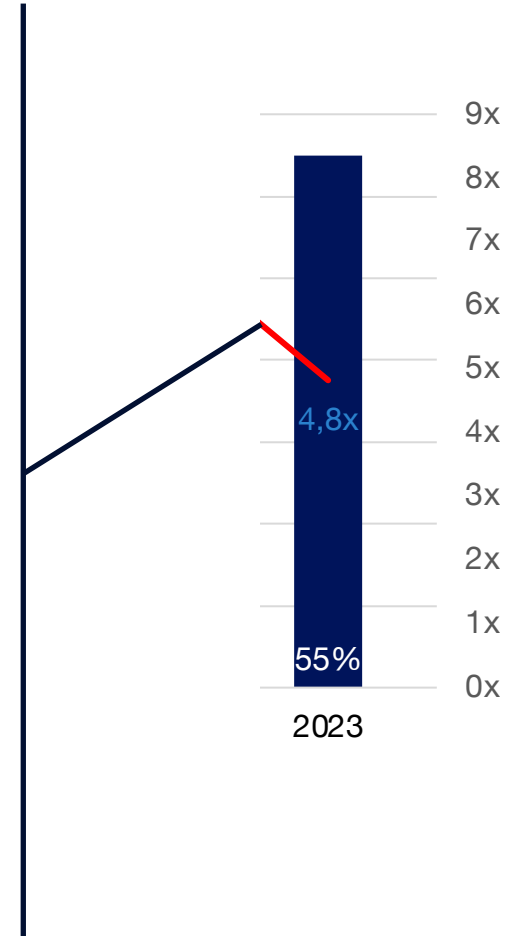
PROLOGIS ACQUIRES 6.5 HECTARES OF LAND



ZERO CARBON CERTIFICATION FOR LOGISTICS BUILDING WORLDWIDE AWARDED TO PROLOGIS



ACQUIRES 20,217 SQUARE METER WAREHOUSE



Balance Sheet Health



Debt Coverage and Maturity Expectations

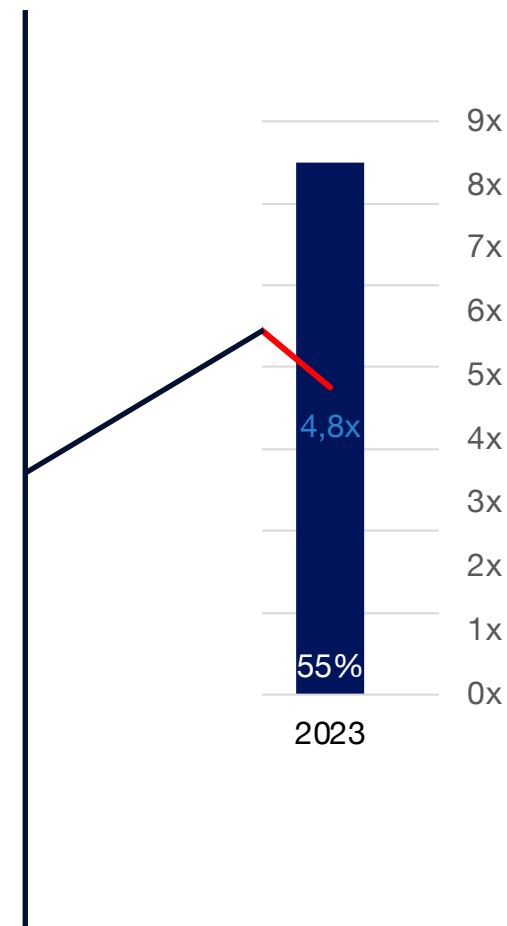
2023 Debt Breakdown & Interest Exposure

	2024	2025	2026	2027	Thereafter	Total	Fair Value
Fixed rate debt ⁽¹⁾	\$ 365	\$ 176	\$ 1,463	\$ 1,796	\$ 23,090	\$ 26,890	\$ 24,096
Weighted average interest rate ⁽²⁾	2.0 %	3.2 %	3.3 %	2.0 %	2.9 %	2.8 %	
Variable rate debt							
Credit facilities	\$ -	\$ -	\$ 355	\$ 624	\$ -	\$ 979	\$ 979
Secured mortgage debt	-	38	-	-	-	38	38
Senior notes	166	-	-	-	-	166	166
Term loans	-	726	601	-	177	1,504	1,503
Total variable rate debt	\$ 166	\$ 764	\$ 956	\$ 624	\$ 177	\$ 2,687	\$ 2,686

	2023	2022
Gross interest expense	\$ 683	\$ 345
Amortization of debt discount and debt issuance costs, net	75	24
Capitalized amounts	(117)	(60)
Net interest expense	\$ 641	\$ 309
Weighted average effective interest rate during the year	2.8 %	1.8 %

A 10% increase in interest rates on the average outstanding variable rate debt would result in an additional annual interest expense of \$8 million, equivalent to a 36 basis point change on the average total debt portfolio balances.

Prologis has one interest rate swap agreement to fix £150 million (\$156 million) of its floating rate euro senior notes, which is included in the fixed rate debt calculation.

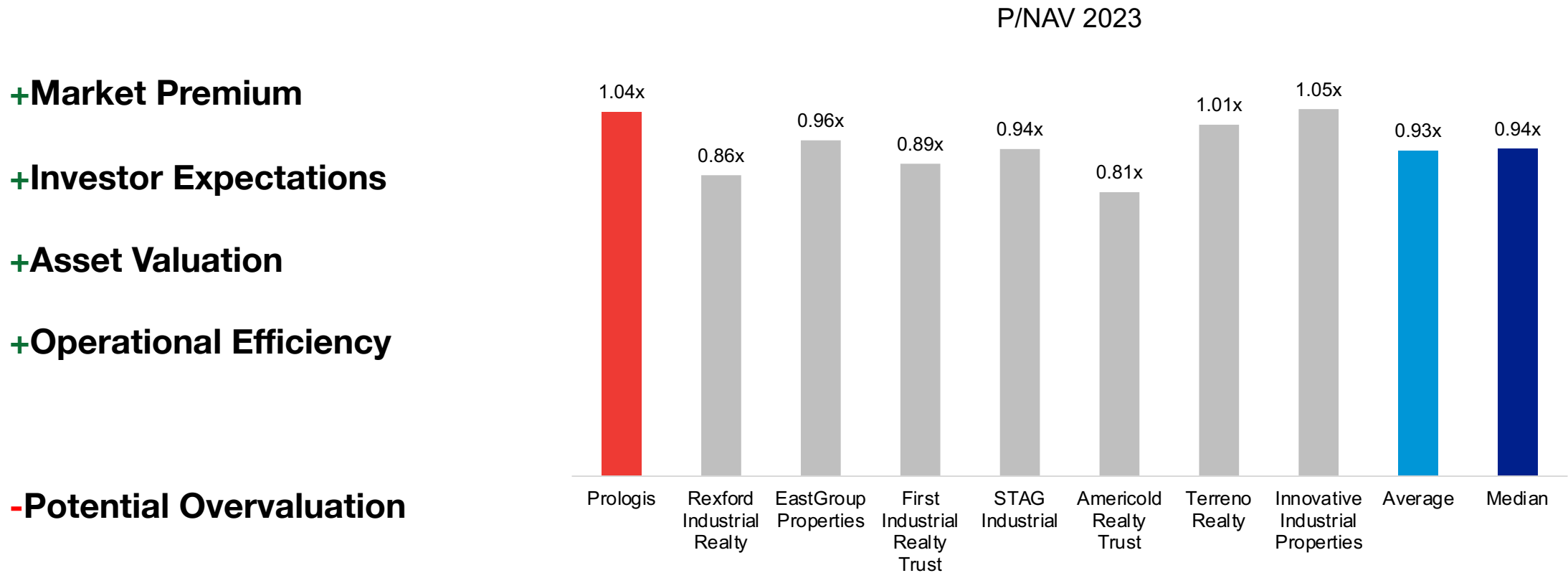


Comparable Valuation



P/NAV

Price over Net Asset Value Compared to Competitors

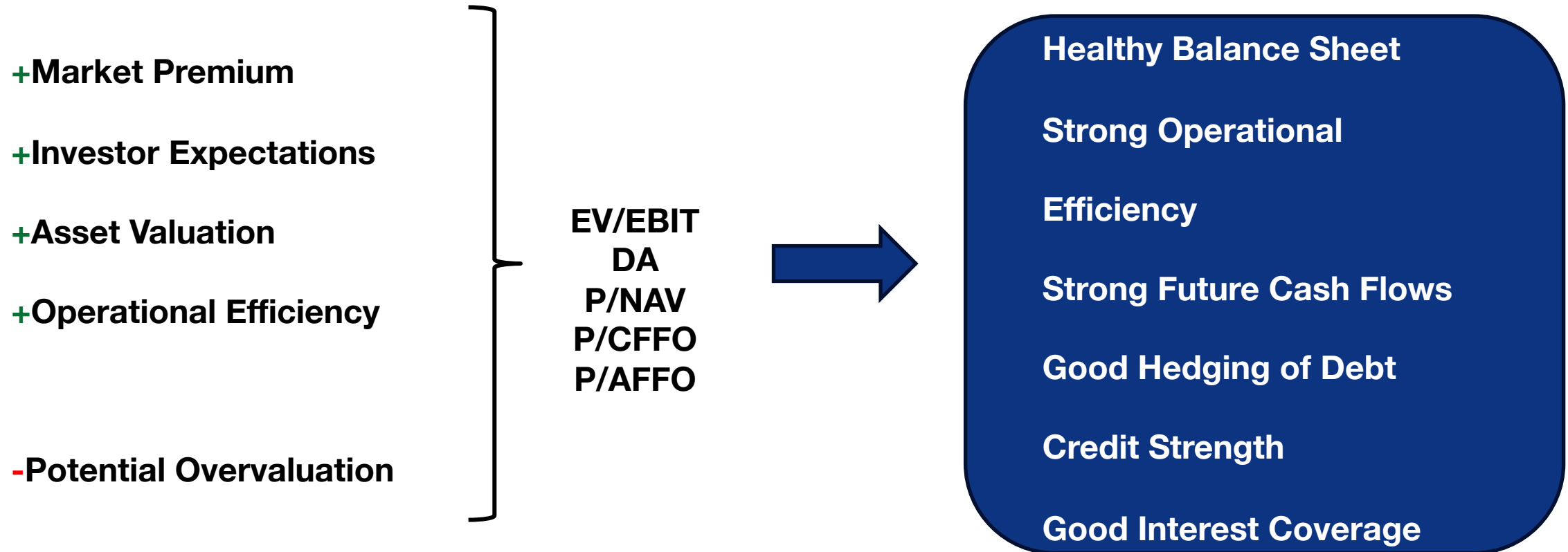


Comparable Valuation



P/NAV

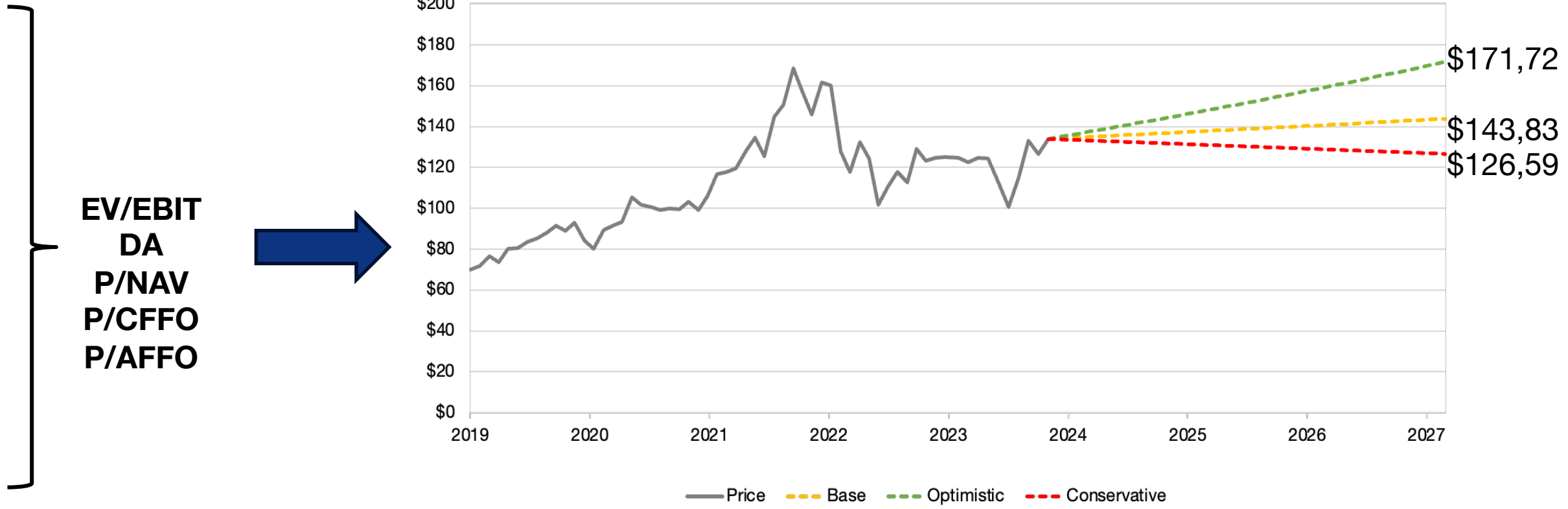
Takeaways

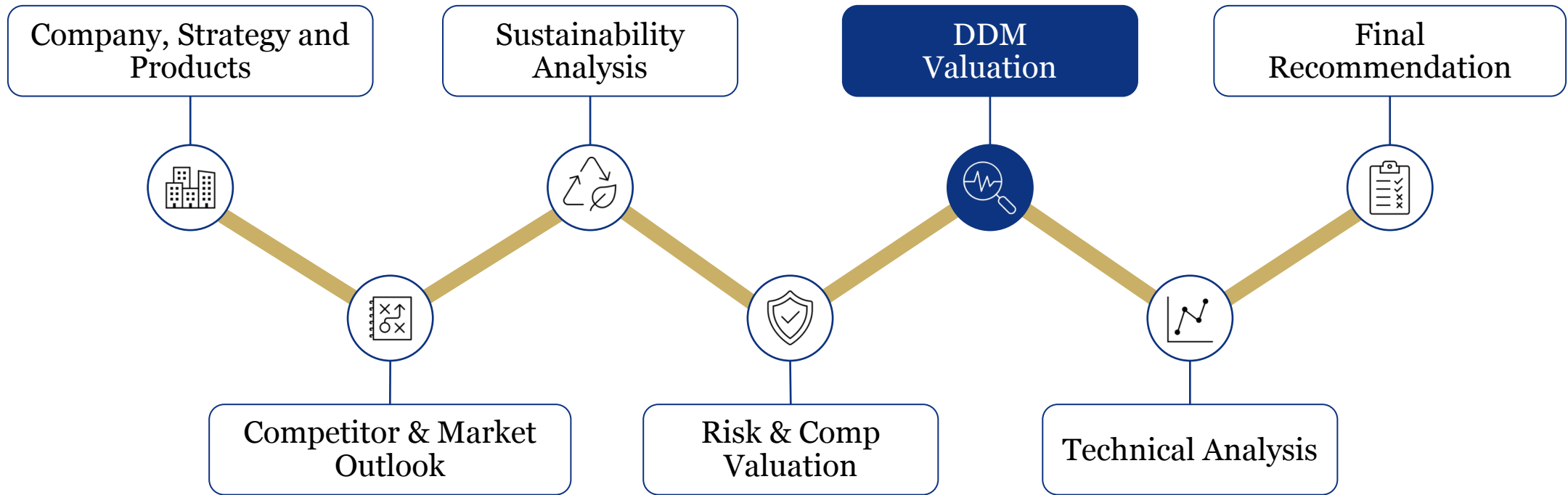


Comparable Valuation



Takeaways





Σigma
Investments

DDM Valuation



Constant but stabilizing revenue growth

	Historical period					Projection period				
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Revenue	3.331	4.439	4.759	5.974	8.023	9.227	10.426	11.678	13.079	14.648
<i>Growth rate</i>	<i>n/a</i>	33,3%	7,2%	25,5%	34,3%	15%	13%	12%	12%	12%*
COGS	(919)	(1.170)	(1.248)	(1.509)	(2.010)	(2.408)	(2.721)	(3.048)	(3.414)	(3.823)
<i>COGS % of Sales</i>	28%	26%	26%	25%	25%	26%	26%	26%	26%	26%

Why do we go conservative on revenue growth?

- 25% growth not feasible
- Industry growth expected to be 10%
- Outperformed industry in the past
- Prologis outlook suggests higher growth than industry average

*All figures in millions of USD

DDM Valuation



Anticipated Reduction in Interest Expenses Due to Forecasted Federal Rate Cuts

	Historical period					Projection period				
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
EBIT	918	1.249	1.787	2.367	3.101	3.617	4.087	4.577	5.127	5.742
<i>EBIT margin %</i>	28%	28%	38%	40%	39%	39%	39%	39%	39%	39%
<i>Interest expense</i>	(240)	(315)	(266)	(309)	(641)	(610)	(626)	(701)	(785)	(732)
<i>Interest % of revenue</i>	7%	7%	6%	5%	8%	7%	6%	6%	6%	5%*
<i>Other income (expense)</i>	(87)	(182)	(147)	(46)	(37)	(61)	(69)	(78)	(87)	(97)
<i>Other income (expense) % of revenue</i>	3%	4%	-3%	-1%	0%	1%	1%	1%	1%	1%

- Strong reasons to believe that FED will decrease interest rates leading to percentage wise lower interest expenses

*All figures in millions of USD

DDM Valuation



Increase in FFO Highlights Operational Efficiency and Earnings Stability

	Historical period					Projection period				
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Dividend per Share	2,12	2,32	2,52	3,16	3,48	2,86	3,29	3,69	4,14	4,78
<i>Year-on-year Growth (%)</i>		9%	9%	25%	10%	-18%	15%	12%	12%	15%
FFO/Share	4,21	4,09	6,01	6,42	5,88	6,19	7,05	7,88	8,80	9,99
<i>Growth</i>		-3%	32%	6%	-9%	5%	12%	11%	11%	12%

What is FFO?

- FFO = Funds from operations
- Preferred metric for REITs providing more accurate representation of operational cash flow
- D/A is added back to net income

*All figures in millions of USD

WACC Estimation



Debt	Debt	31.805
	% Debt	20,23%
	Cost of Debt	4,50%
	Tax Rate	5,20%
Equity	Market Cap	125.443
	Capital Structure	79,77%
	Cost of Equity	9,4%
	Risk Free Rate	4,50
	Beta	0,98
	Market Risk Premium	5,00%

Key Considerations

- Probable decrease in interest rate will lead to a reduction of the WACC
- Implied tax rate rather than official

Cost of Capital

8.36%

Historical Dividend Growth



Consistent Dividend Growth Reflects Strong Financial Health Over Nine Years

Historical Dividend Growth

	2015	2016	2017	2018	2019	2020	2021	2022	2023	Average
Dividend per share	1,52	1,68	1,76	1,92	2,12	2,32	2,52	3,16	3,48	
<i>Year-on-year Growth</i>		10,53%	4,76%	9,09%	10,42%	9,43%	8,62%	25,40%	10,13%	11%
True Dividend Payout Ratio (%)					50%	57%	42%	49%	59%	51%

Dividend Growth Rates



Projected Dividend Trends Reflect Balanced Growth Expectations

Dividend Growth rates

	Growth rate	Weight
Historical growth	11,0%	30%
Projected growth	16,0%	70%
Weighted average	14,50%	

Case variation

	Conservative	Base	Optimistic
Discount rate	9,5%	8,36%	7,0%
Projected growth	13,0%	14,50%	18,0%

- Amid developing economic activities, more likely to see an optimistic rate rather than conservative

Share Price Valuation



Discounted Dividends Suggest Upside

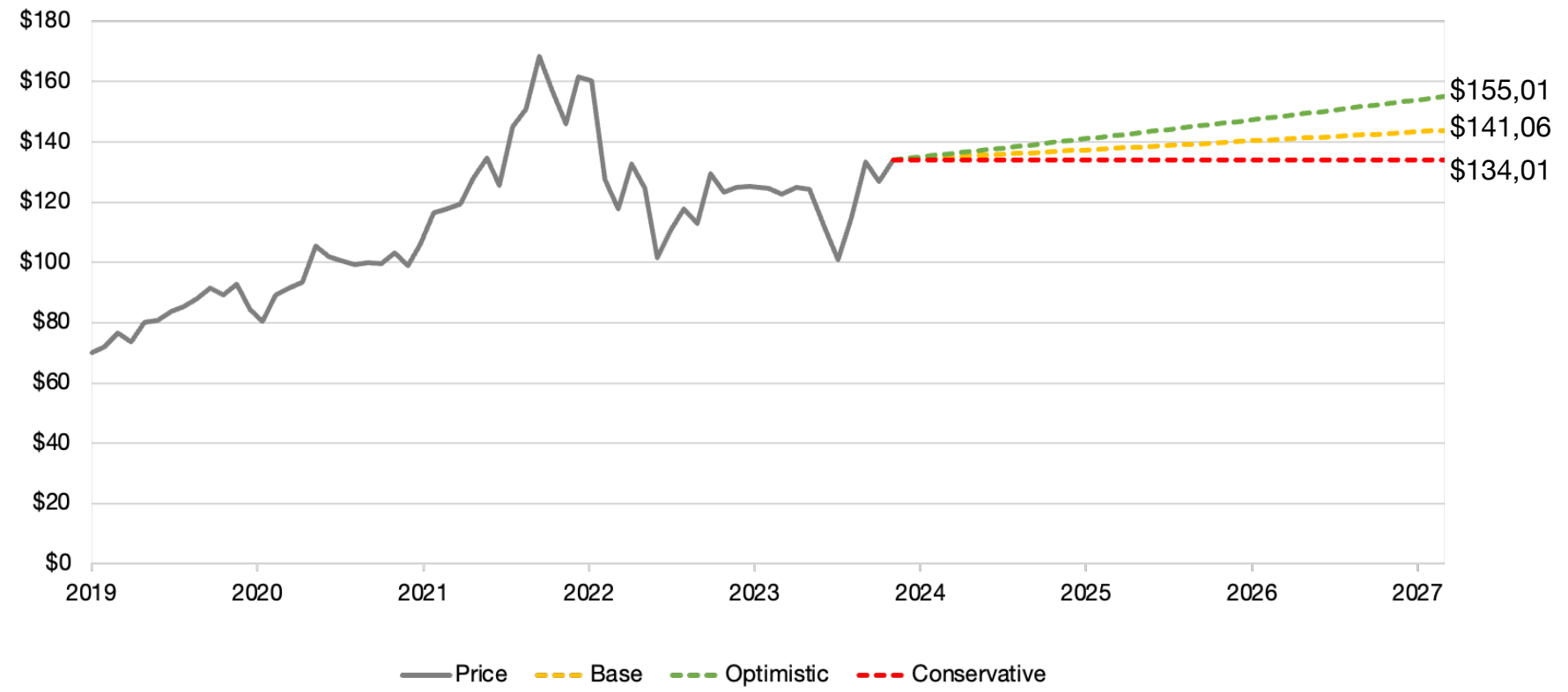
		Projected Dividends					
		2024	2025	2026	2027	2028	Terminal
		1	2	3	4	5	5
	Projected Dividend	3,98	4,56	5,22	5,98	6,85	180,00
	PV of Dividend	3,68	3,89	4,11	4,34	4,58	120,47

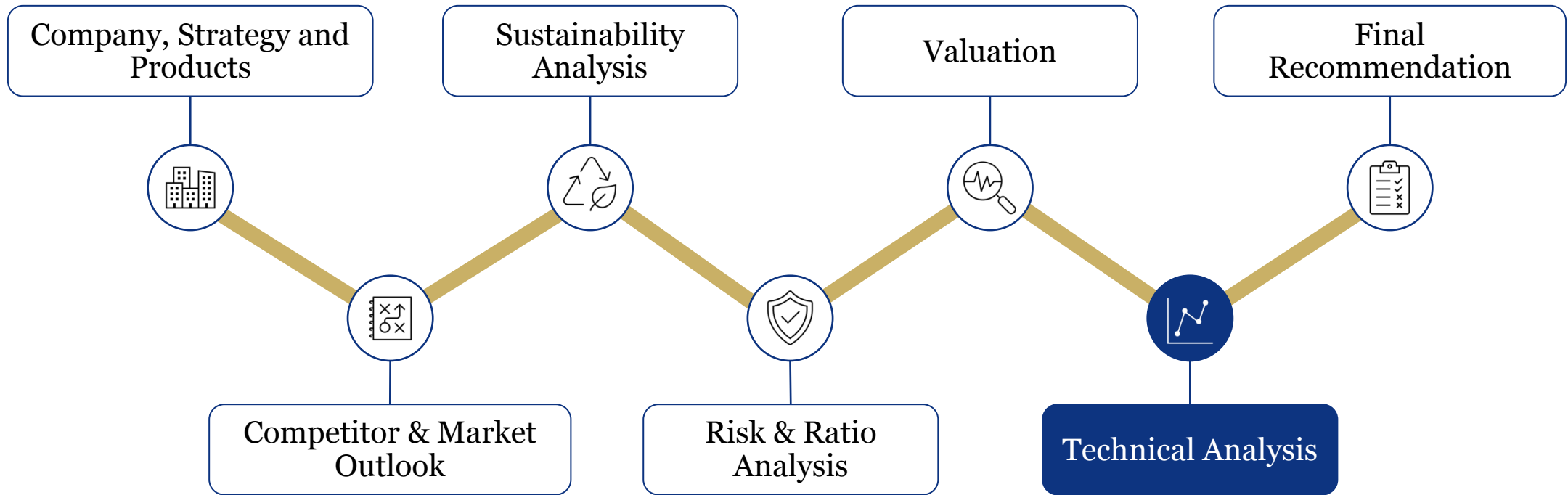
Share Price	
Implied Share Price	141,06
Current Share Price	132,36
Implied Upside	6,57%

DDM Valuation

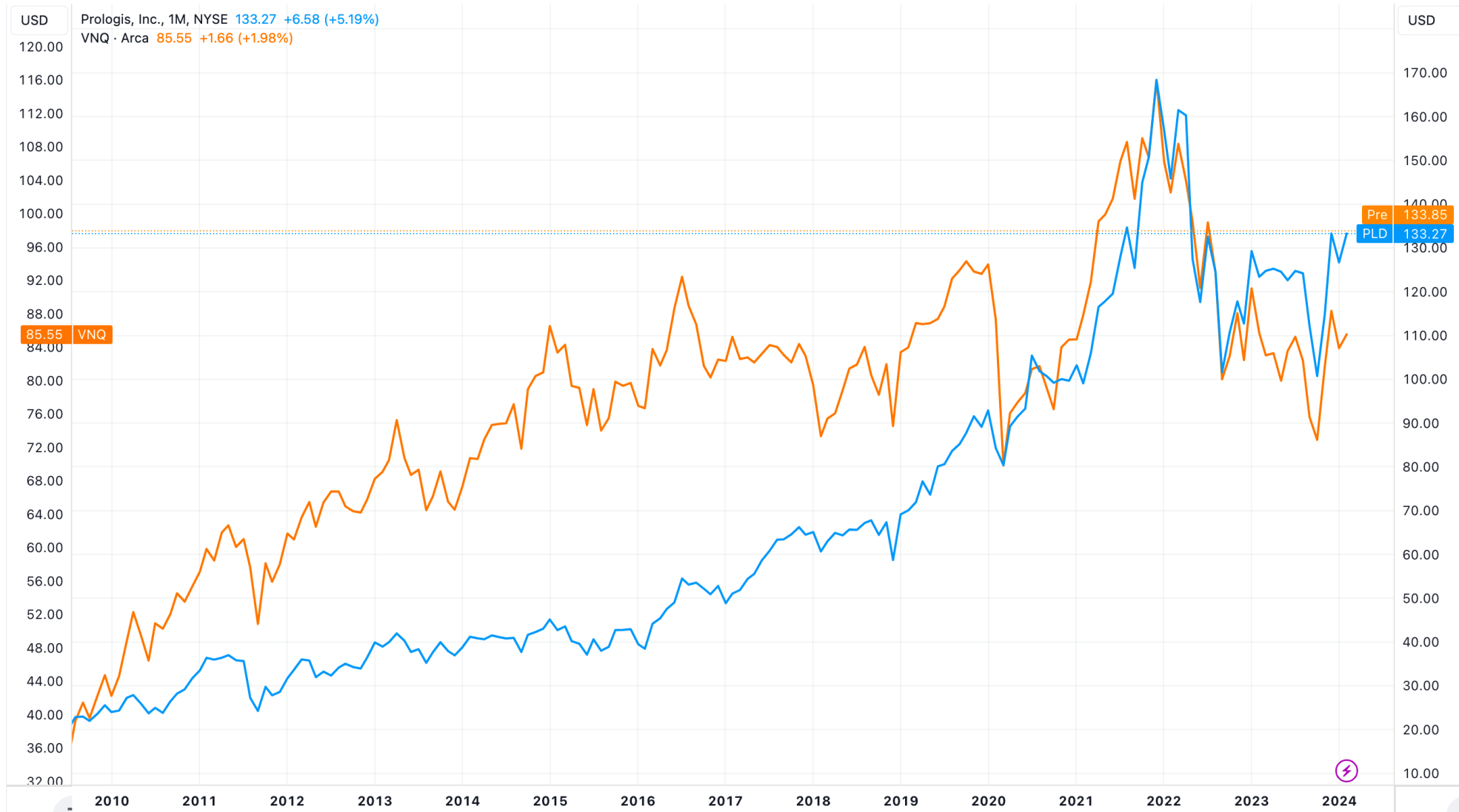


FFO/Share
Payout
Ratio
Div Growth
Financial
Analysis

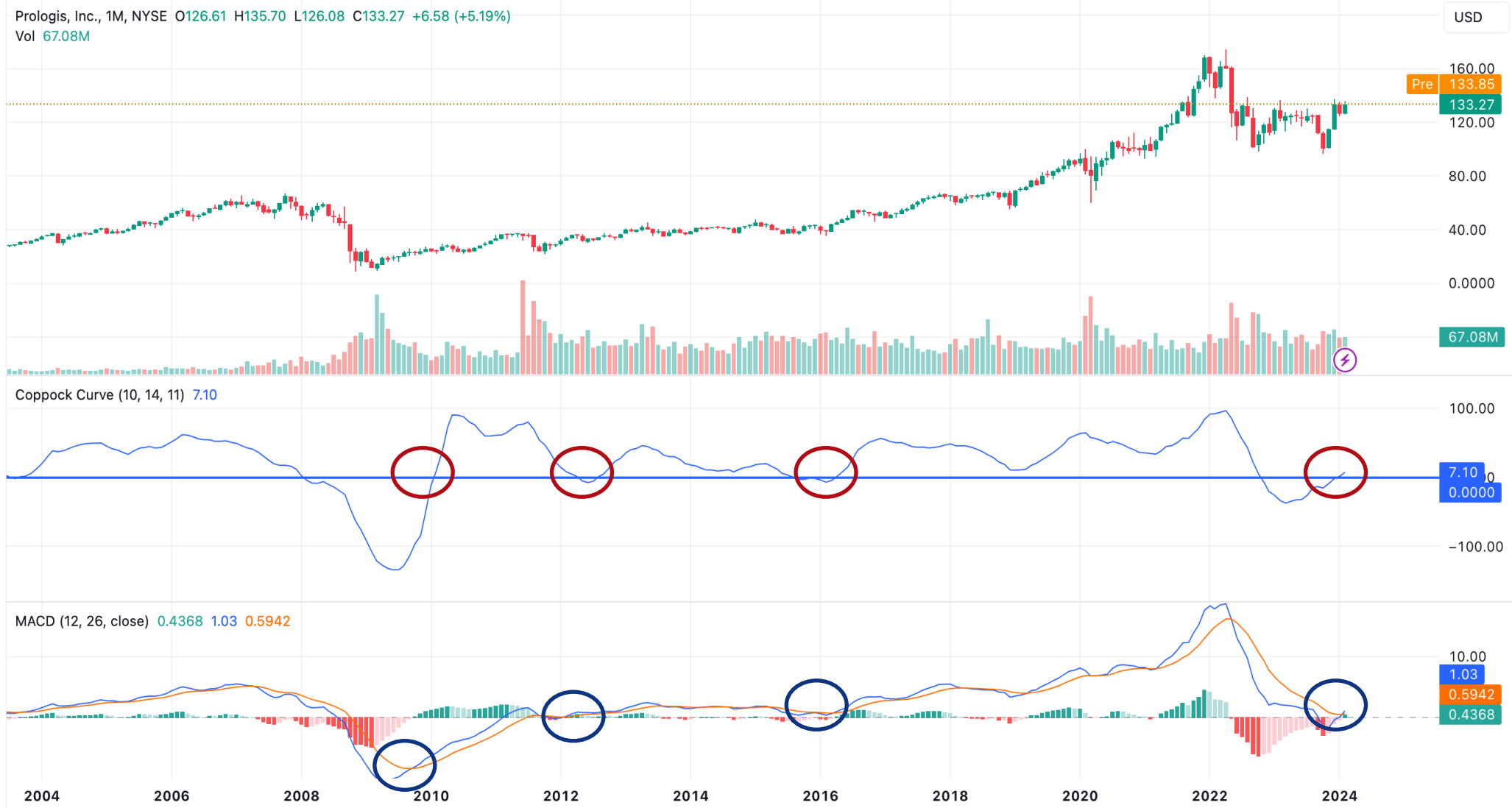




Comparison with the Real Estate Index



Coppock & MACD

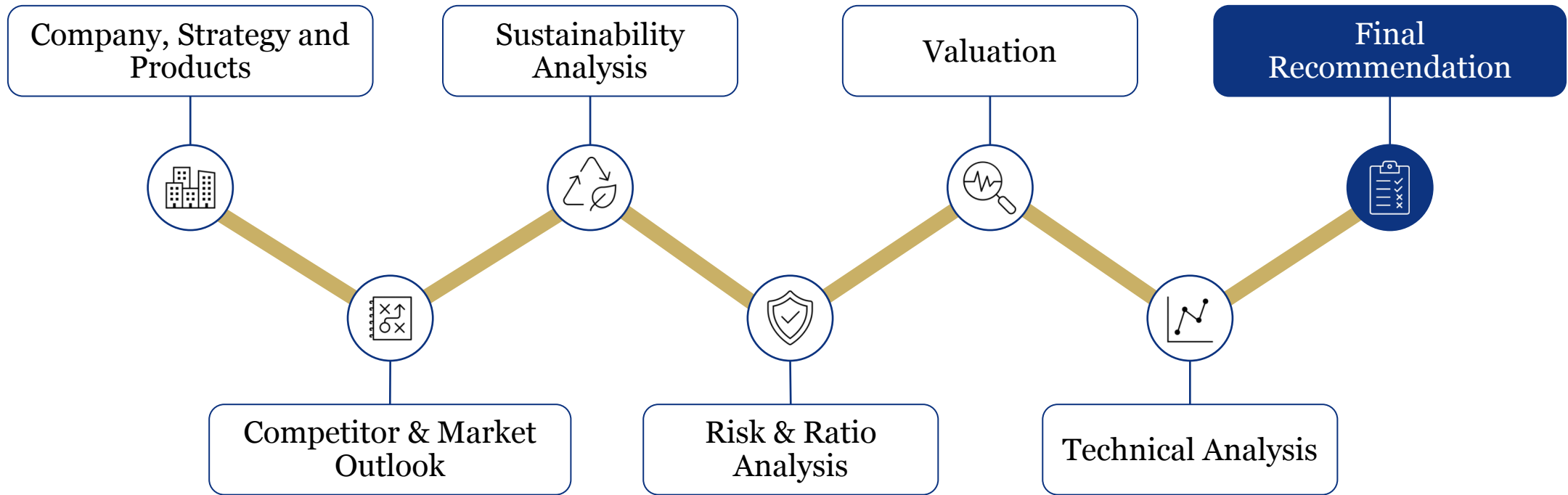


RSI, Channel



Entry points – Fibonacci analysis





Final Recommendation



Invest in the strategy, backed by the financials

Summary

Business Strategy

- Strong business fundamentals
- Healthy financials and valuation
- Strong market outlook proving favorable

Peer Group

- Leader among market competitors
- Strong retention and growth in REIT market
- Competitive advantage

Monitoring and divestment

BUY: Range of entry should be between 128 and 134

Price target should be between 142-147 hoping to meet in the shorter time frame

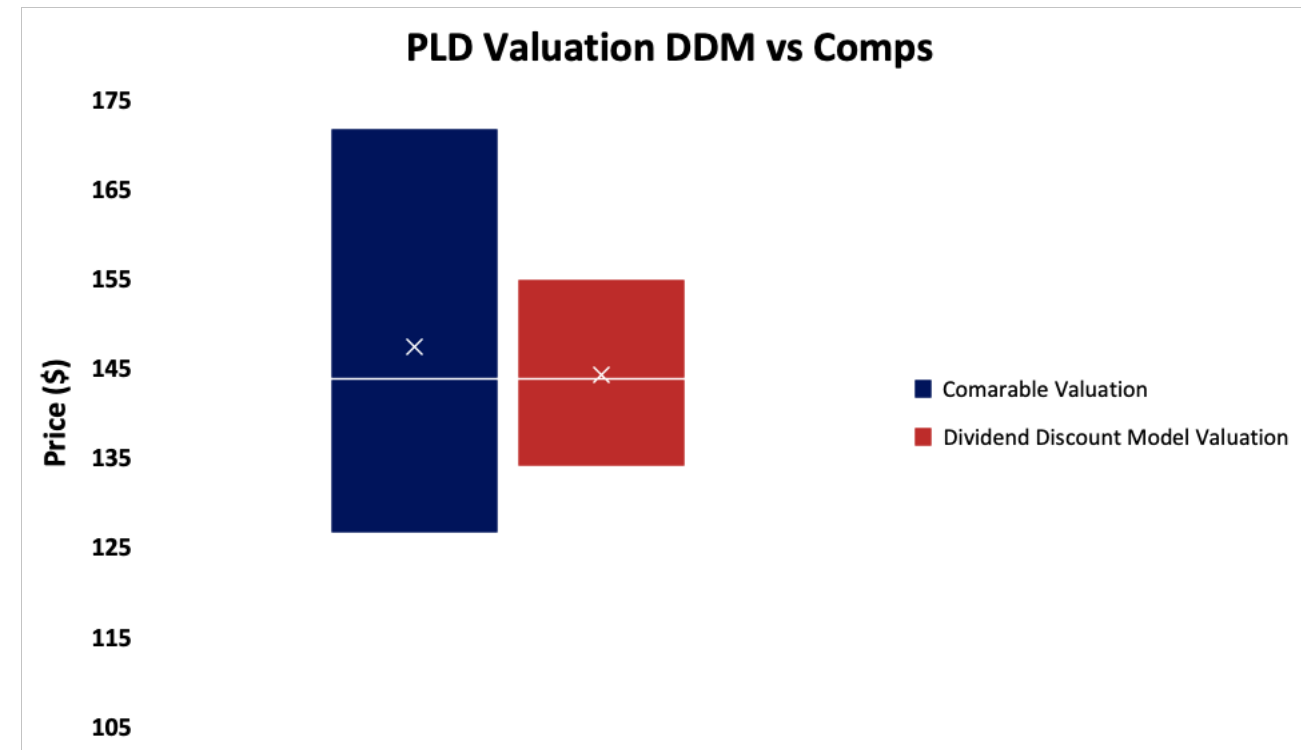
Conservative valuation meaning that it could exceed expectations

Forecasted Share Price Development

17-30% in Optimistic

9% in Base

-4-1% Conservative



Attendance and Voting!



Attendance



Voting

