



# NEWS RELEASE

Apr 19, 2024

Rating and Investment Information, Inc. (R&I) has announced the following:

**Prologis, L.P.** (Sec. Code: -)

**[Affirmed]**

Issuer Rating: AA-, Stable

**Prologis Yen Finance LLC** (Sec. Code: -)

**[Affirmed]**

Bond Rating: AA-

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## **RATIONALE:**

Prologis, L.P. (Prologis) is the global leader in logistics real estate. Prologis is responsible for the operation of Prologis Group, as an operating partnership of Prologis, Inc. (Parent), the holding company which is a real estate investment trust (REIT) listed on the stock exchange in the U.S. The rating reflects the group's creditworthiness in light of the integrated operation of Prologis and Parent as one enterprise.

Including the operation in the mainstay U.S. market, Prologis owns, manages and develops logistics facilities in 19 countries worldwide. With assets under management exceeding US\$200 billion in value and way over 5,000 properties managed, Prologis is also one of the largest real estate companies in the world. Prologis maintains high occupancy rates, reflecting the property profile comprised mostly of logistics facilities located in the nearby areas of major U.S. cities. Despite the changing external environment such as tenacious inflation, persistently high interest rates and review of supply chains, there is no indication that the supply-demand balance will be eased, in light of the firm demand and the slowdown in the pace of facility construction. On top of this, the logistics facilities in the nearby areas of big cities, which constitute the strengths of Prologis, enjoy strong demand of e-commerce operators and related service providers, making it possible for Prologis to reflect the rising goods prices to rents. Prologis will likely be able to maintain the profit and cash flow at a level that matches its operational scale, given the tight supply-demand balance and the strong competitiveness over its peers.

Prologis is aggressively pursuing mergers and acquisitions of U.S. peers as well as acquisition of properties. These moves include the acquisition of Duke Realty Corp., one of the major U.S. REITs, in 2022 and the asset acquisition equivalent to US\$3.1 billion in value from Blackstone, the U.S.-based alternative asset management company, in 2023, among other transactions, which collectively led to a roughly fourfold increase in asset size in the past decade. Meanwhile, all-stock acquisitions at fair prices have allowed Prologis to maintain the LTV of approximately 30%, among other indicators, and keep the robust financial balance. The ratio of consolidated debt to EBITDA exclusive of gains on development is kept at around 5x. Debt has a long average remaining term of slightly more than 9 years, suggesting strong resilience to a rise in interest rates.

While many of the facilities Prologis operates outside the U.S. are owned by equity-method affiliates (funds) it set up with institutional investors and other partners, those funds are also managed with financial discipline.

As U.S. REITs are allowed to hire staff and manage assets, Prologis is engaged in management and development both at home and outside the U.S., which translates to the exposure to business risks similar to ordinary real estate companies. Although R&I has a positive opinion of Prologis' specialization in real estate leasing, the mandatory dividend payout of at least 90% of taxable income is a negative factor in terms of financial risk assessment. That said, the dividend distribution has been controlled way below the level of funds from operations (FFO, an indicator computed to be net income after adjustment of depreciation & amortization and gains & losses on dispositions of real estate) due to appropriate tax planning, allowing Prologis to realize certain profit accumulation.

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# NEWS RELEASE

## R&I RATINGS:

**ISSUER: Prologis, L.P.**

### [Affirmed]

	Rating	Rating Outlook
Issuer Rating	AA-	Stable

## ISSUER: Prologis Yen Finance LLC

### [Affirmed]

	Issue Amount	Issue Date	Maturity Date	Rating
Senior Notes due 2025 (Guaranteed by Prologis, L.P.)	JPY 5,000 mn	Sep 25, 2018	Sep 25, 2025	AA-
Senior Notes due 2028 (Guaranteed by Prologis, L.P.)	JPY 40,000 mn	Sep 25, 2018	Sep 25, 2028	AA-
Senior Notes due 2030 (Guaranteed by Prologis, L.P.)	JPY 5,100 mn	Sep 25, 2018	Sep 25, 2030	AA-
Senior Notes due 2038 (Guaranteed by Prologis, L.P.)	JPY 5,000 mn	Sep 25, 2018	Sep 24, 2038	AA-
Senior Notes due 2027 (Guaranteed by Prologis, L.P.)	JPY 9,300 mn	Jun 24, 2020	Jun 24, 2027	AA-
Senior Notes due 2030 (Guaranteed by Prologis, L.P.)	JPY 5,300 mn	Jun 24, 2020	Jun 24, 2030	AA-
Senior Notes due 2032 (Guaranteed by Prologis, L.P.)	JPY 11,600 mn	Jun 24, 2020	Jun 24, 2032	AA-
Senior Notes due 2035 (Guaranteed by Prologis, L.P.)	JPY 13,000 mn	Jun 24, 2020	Jun 22, 2035	AA-
Senior Notes due 2050 (Guaranteed by Prologis, L.P.)	JPY 2,000 mn	Jun 24, 2020	Jun 24, 2050	AA-
Senior Notes due 2028 (Guaranteed by Prologis, L.P.)	JPY 9,300 mn	Jun 29, 2021	Jun 29, 2028	AA-
Senior Notes due 2031 (Guaranteed by Prologis, L.P.)	JPY 11,700 mn	Jun 29, 2021	Jun 27, 2031	AA-
Senior Notes due 2036 (Guaranteed by Prologis, L.P.)	JPY 28,900 mn	Jun 29, 2021	Jun 27, 2036	AA-
Senior Notes due 2041 (Guaranteed by Prologis, L.P.)	JPY 11,100 mn	Jun 29, 2021	Jun 28, 2041	AA-
Senior Notes due 2061 (Guaranteed by Prologis, L.P.)	JPY 4,000 mn	Jun 29, 2021	Jun 29, 2061	AA-
Senior Notes due 2027 (Guaranteed by Prologis, L.P.)	JPY 1,600 mn	Dec 1, 2022	Dec 1, 2027	AA-
Senior Notes due 2029 (Guaranteed by Prologis, L.P.)	JPY 2,800 mn	Dec 1, 2022	Nov 30, 2029	AA-
Senior Notes due 2037 (Guaranteed by Prologis, L.P.)	JPY 19,800 mn	Dec 1, 2022	Dec 1, 2037	AA-

Prologis, L.P.

Primary rating methodologies applied:

R&I's Basic Methodology for Corporate Credit Ratings [Jun 1, 2021]

R&I's Analytical Approach to Group Companies [Mar 8, 2022]

Prologis Yen Finance LLC

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R&I's Basic Methodology for Corporate Credit Ratings [Jun 1, 2021]

R&I's Analytical Approach to Group Companies [Mar 8, 2022]

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