



Broker Update

4Q 2011

Building Excitement in Brazil: Interview with Prologis' Nick Kittredge

One of the most strategic customer benefits to result from the merger of AMB and Prologis is the company's growing presence in Brazil. With a population of over 190 million people and GDP growth of 3%, Brazil is the economic force of the southern



The Prologis Brazil Team



Prologis CCP Cajamar I

hemisphere that is increasingly attracting global attention. Active in the country since 2008, Prologis recently sold a 90% stake in its first development project to PREVI, a Brazilian pension fund, indicating the market's confidence in industrial real estate investment.

To give brokers insight into Prologis' strategy for Brazil and the strategic importance of this market to its customers, Broker Update interviewed Nick Kittredge, Prologis' senior vice president and general manager for its Brazil operations, located in São Paulo.

Broker Update: How did Prologis—and you—get started in Brazil?

Nick Kittredge: Prior to the merger, both AMB and legacy ProLogis had identified Brazil as a target market for serving global customers, and

both companies did some exploratory research in 2007. To capitalize on the rising demand for and short supply of industrial real estate in Brazil, in early 2008 AMB formed a strategic alliance with Cyrela Commercial Properties, a leading Brazilian commercial developer. Being part of AMB at the time, I moved down here in October 2008, and we spent most of 2009 tying up land sites, ahead of our competitors. By 2010, we were already positioned to serve our customers as the recovery took hold. Then, of course, the merger took place, which established Prologis' name in the Brazilian market.

Featured Broker



Randy Arrillaga

Cassidy Turley BT Commercial
East Palo Alto, California

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BU: What makes the Brazil market so attractive for Prologis?

NK: Brazil is well on its way to becoming the world's fifth largest economic power, and the country currently boasts a higher GDP per capita than the other BRIC nations—Russia, India and China. With a population of approximately 41 million, the state of São Paulo is home to more people than the state of California. Add to this another 12 million people in Rio de Janeiro, just 260 miles east, and you have an extremely concentrated consumer base requiring the efficient distribution of goods. This fact is not lost on the multinational consumer-driven companies that are locating here.

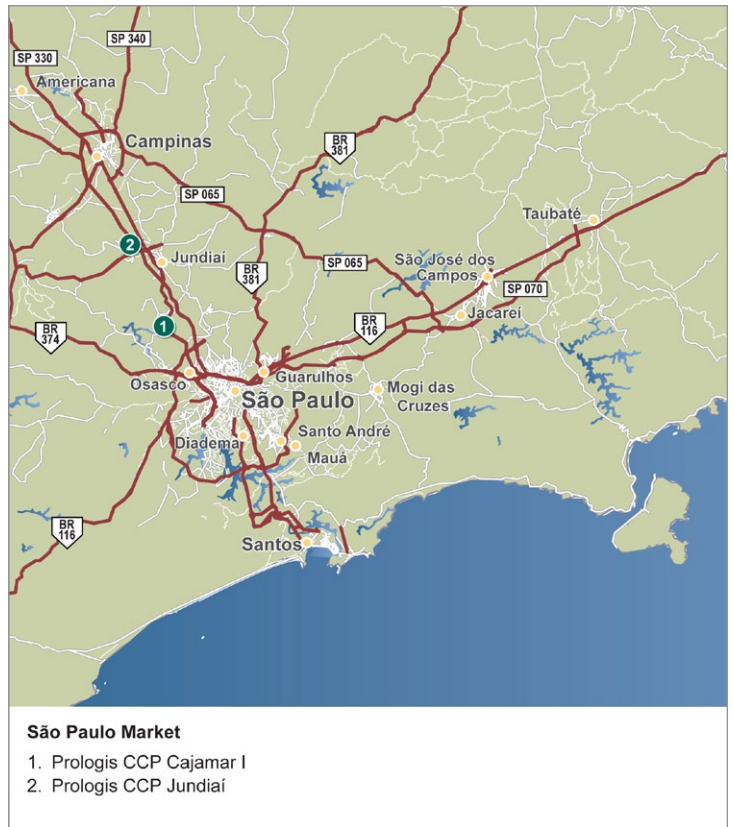
However, these companies are greatly underserved by the current supply of distribution facilities—too few, too small, and lacking sufficient quality to meet world-class standards. The current supply of Class-A logistics space is only about 7.5 million square feet in São Paulo and about 4.3 million square feet in Rio. And in recent years, the government has focused on increasing spending for infrastructure improvement, which will further support demand for high-quality industrial real estate.

This gives us an excellent opportunity to meet a growing need for facilities built to global standards with respect to functionality, flexibility, circulation and security. The Prologis-CCP joint venture provides our customers a best-in-class team for industrial real estate acquisition, development, leasing and operations in Brazil.

BU: What does the Prologis platform in Brazil look like today?

NK: Focusing on São Paulo and Rio de Janeiro, we have four logistics parks in various stages of planning and development, two near each city. Just a few miles north of São Paulo, Prologis CCP Cajamar Industrial Park comprises nearly 2 million square feet in seven buildings, three of which are completed and leased. A little farther north, halfway between São Paulo and Campinas, Prologis CCP Jundiaí will offer four buildings with larger floorplates, totaling approximately 2.6 million square feet.

Near Rio de Janeiro, we have four buildings planned for Prologis CCP Park Rio Guandu, totaling about 1.7 million square feet, and we have another land site not far from there in the municipality of Seropédica. In addition, we are in the process of purchasing additional strategic land sites in São Paulo, which will further bolster the capacity of our development pipeline. So in three to five years, we expect to have a 10 million-square-foot platform to offer our customers. We are very likely the most active industrial developer in Brazil today.



BU: How does this stack up to the competition?

NK: There are actually very few companies focused on delivering high-quality industrial product that are well-capitalized and willing to do speculative development. Hines is the only other international firm here, and they have been successful in developing a high-quality industrial portfolio over the years, which was recently sold. Prosperitas is an active local competitor, with eight parks, four of which are proposed; but once again, their focus is broader than industrial.

BU: What do you see for the immediate future?

NK: Right now we have plenty of land tied up in the sites I mentioned to keep us busy for a while. We may expand our targets in the future to include strategic port locations, such as Recife and Belo Horizonte. But as is always our strategy, we will go where our customers need us and where it makes sense from our long-term ownership perspective.

BU: What would you say is the key to Prologis' success in Brazil?

NK: What we bring to Brazil is our global development experience and relationships with multinational customers. Because we've built facilities for our customers in other parts of the world, we

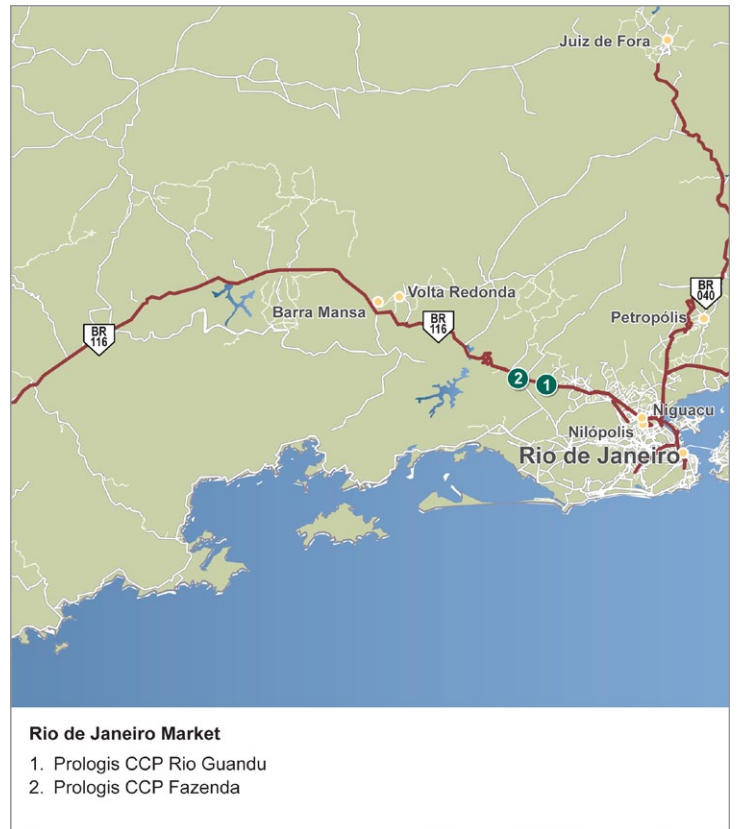
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know what their expectations are. We've produced a Class-A development specification that we have applied in Brazil, modifying it to fit the market and customer needs while maintaining standards that surpass what is currently available. By staying clear on our vision for high-quality product, we fill a huge void in this market for our customers.

BU: And what does this mean for brokers in North America?

Many brokers work with multinational clients or for international brokerage firms with a presence in Brazil. For clients who express interest in this market, brokers can now offer a resource for their distribution space needs with the confidence that their clients will receive the same quality product in South America that they do in North America. We have strong relationships with the brokerage community here and look forward to helping brokers "connect the global dots" for their clients as a valued business partner.



Featured Broker

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Randy Arrillaga, a partner at Cassidy Turley BT Commercial, has 28 years of experience in the real business, serving dozens of both corporate and institutional

clients. Specializing in office, research & development and industrial real estate, he has leased over 14 million square feet of space and closed sales on over 4 million square feet in the Bay Area. Randy has been with his current firm since 1999, and in the 14 years prior he worked for Cornish and Carey. He is a member of the Association of Silicon Valley Brokers and has served on several committees for Cassidy Turley BT Commercial, including the Technology Advisory Group, the Life Science Group, the Partners Advisory Board and the Ethics Committee. Randy earned his Bachelor's degree in political science from UCLA in 1983.

Randy's expertise with technology and life science facilities has greatly benefited Prologis in the leasing of its Menlo Science and Technology Park, a 21-building development comprising nearly a million square feet in Menlo Park,

California. Over the last two decades, Randy has executed 195 leases totaling 2.8 million square feet in this one park alone; in 42 of those deals, Randy brought the customer to Prologis. One major transaction Randy helped execute for the company was with Pacific Biosciences, who leased four life science buildings and two office buildings totaling 175,257 square feet in December of last year.

"Randy Arrillaga is one of the most ethical brokers in the industry and a great friend to Prologis," said Amy Pallas, vice president and leasing officer in Prologis' Menlo Park office. "In fact, he was instrumental in securing a full building credit tenant in one of our projects where he was neither the listing nor the procuring broker. But Randy knew the customer and knew we were the right fit. He went above and beyond to ensure we saw this opportunity and got us the introduction we needed to make the deal.

"Historically, Randy has brought us both off-market acquisitions and numerous new leases, and he has represented us well as a landlord's representative. He certainly has my wholehearted commendation as one of our featured brokers."