



Portfolio Strategy

Driven by premium analytics and hedge fund actions

Industrial REITS

Stocks, ETFs, Structured Products, Call Options
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US Industrial REIT ecosystem

As on June 09, 2023

Stock	Last Price (\$)	Mcap (\$ bn)	P/FFO 2023E	EPS 2023 E	EPS 2024 E	ROE	Consensus rating	Target price
Prologis	121	112	21	2.86	2.91	19%	Strong Buy	xxx
Public Storage	287	51	17	11.38	12.09	22%	Buy	xxx
First Industrial Realty	51	7	21	1.30	1.33	37%	Buy	xxx
CubeSmart	44	10	17	1.63	1.74	15%	Buy	xxx

- Prologis benefits from owning and operating industrial warehouses in high growth, high entry barrier markets in the US and globally.
- Both occupancy and pricing continues to hold strong in the US despite risk of a recession given that higher interest rates and a slowdown in new construction activity limit supply of new units
- Public Storage is the largest self-storage REIT in the US and favorable demand/supply factors should help the REIT to maintain above its average historical occupancy rate and rental growth in the near-term

Developed (ex- US) Industrial REIT ecosystem

As on June 02, 2023

Stock	Last Price	Mcap (\$ bn)	EPS 2023 E	EPS 2024 E	Consensus rating	Target price
Segro PLC	GBp 801	12	GBp 33	GBp 35	Strong Buy	xxx
WDP	EUR 27	6	EUR 1.35	EUR 1.43	Buy	xxx

- Occupancy rate for US industrial REITs should remain strong given a healthy demand and lower supply in many key locations. Key tenants are inclined to stick longer with an owner owing to higher labor costs involved in moving to a new location and increased automation or customization of their warehouses.
- Europe's largest industrial REITS such as Segro and WDP are optimistic of strong operating result in 2023 given strong demand and limited supply.
- Asset values are likely to stabilize in 2023 according to Segro
- Logistics players that have sufficient liquidity, moderately levered balance sheets and a strong presence in major industrial hubs are expected to benefit in the current macro environment
- Valuations of European REITS are currently attractive and dividend growth is also expected to sustain till 2024

Prologis as a portfolio holding

Stock	ETFs
<p>Prologis has one of the strongest balance sheets and the lowest leverage among REITS. Both FFO and dividend payout outlook continues to remain steady given its strong customer base, logistic centers in dense, metropolitan areas which makes it one of the best industrial REITS to own</p>	<p>How to position in an ETF having a concentrated position in Prologis?</p>
<p>How to position in Prologis stock ?</p>	<p>There are four passive ETFs having more than a 12% allocation in this stock</p>
<p>Time horizon: 1-2 years</p>	<p>Time horizon: 1-2 years</p>
<p>Portfolio weight: Maximum 5%</p>	<p>Portfolio weight: Maximum 10%</p>
<p>Capital allocation: Invest x % of your allocation at price P1</p> <p>Invest xx% of your allocation at price P2.</p>	<p>Capital allocation: Invest x % at price , P1</p> <p>Invest xx% of your allocation at price, P2.</p>

Public Storage as a portfolio holding

Stock	ETFs
<p>Public Storage enjoys healthy liquidity, net debt/EBITDA in a rising interest rate environment giving it flexibility to withstand a downturn and be opportunistic if a suitable target become available. Its storage space of 204 mn sft accounts for nearly 9% of US self-storage market.</p>	<p>How to position in an ETF having a concentrated position in Public Storage ?</p>
<p>How to position in Public Storage stock ?</p>	<p>There are three passive ETFs having more than a 11% allocation in this stock</p>
<p>Time horizon: 1-2 years</p>	<p>Time horizon: 1-2 years</p>
<p>Portfolio weight: Maximum 5%</p>	<p>Portfolio weight: Maximum 10%</p>
<p>Capital allocation: Invest x % of your allocation at price P1 Invest xx% of your allocation at price P2.</p>	<p>Capital allocation: Invest x % at price , P1 Invest xx% of your allocation at price, P2.</p>

First Industrial Realty (FIR) as a portfolio holding

Stock	ETFs
<p>FIR's warehouses currently have an occupancy rate of around 98% and enjoy a robust cash rental growth given favorable industry dynamics. FIR leases space to marquee tenants such as Amazon, Lowe's and is moderately levered</p>	<p>How to position in an ETF having a concentrated position in FIR ?</p>
<p>How to position in FIR stock ?</p>	<p>There is only once passive ETFs having more than a 4% allocation in FIR</p>
<p>Time horizon: 1-2 years</p>	<p>Time horizon: 1-2 years</p>
<p>Portfolio weight: Maximum 5%</p>	<p>Portfolio weight: Maximum 10%</p>
<p>Capital allocation: Invest x % at price P1 Invest xx% at price P2.</p>	<p>Capital allocation: Invest x % at price , P1 Invest xx% of your ETF allocation at price P2.</p>

CubeSmart as a portfolio holding

Stock	ETFs
<p>CubeSmart's self-storage assets are mainly located in US metropolitan cities such as NY . Average occupancy was around 91% in Q123 and rental growth continues to be strong given tight supply. The stock currently trades at around 18x its 2023E FFO and offers a dividend yield of 4.3%</p>	<p>How to position in an ETF having a concentrated position in CubeSmart?</p>
<p>How to position in CubeSmart stock ?</p>	<p>There are two passive ETFs having more than a 4% allocation in this stock</p>
<p>Time horizon: 1-2 years</p>	<p>Time horizon: 1-2 years</p>
<p>Portfolio weight: Maximum 5%</p>	<p>Portfolio weight: Maximum 10%</p>
<p>Capital allocation: Invest x % of your allocation at price P1</p>	<p>Capital allocation: Invest x % at price , P1</p>
<p>Invest xx% of your allocation at price P2.</p>	<p>Invest xx% of your allocation at price, P2.</p>

Segro as a portfolio holding

Stock	ETFs
<p>Warehouse tenant demand in Europe continues to be high YTD amid limited supply aiding strong operating results for Segro . The company has indicated early signs of stabilization in asset valuation after a sharp fall in 2022 post rate hikes. Segro enjoys significant liquidity, no near-term refinancing requirements and a modest leverage. Dividend growth is visible over the next two years</p>	<p>How to position in an ETF having a concentrated position in Segro?</p>
<p>How to position in Segro stock ?</p>	<p>There are three passive ETFs having more than an 8% allocation in this stock</p>
<p>Time horizon: 1-2 yrs</p>	<p>Time horizon: 1-2 years</p>
<p>Portfolio weight: Maximum 5%</p>	<p>Portfolio weight: Maximum 10%</p>
<p>Capital allocation: Invest x % at price P1 Invest xx% of your allocation at price P2.</p>	<p>Capital allocation: Invest x % at price , P1 Invest xx% of your allocation at price, P2.</p>

WDP as a portfolio holding

Stock	ETFs
Occupancy rate touched an all time high of 99% in 2022 for WDP which has a lettable area of 6.7 mn sqm in continental Europe. LTV has been steadily declining which is a comforting factor in a tight rate environment.	How to position in an ETF having a concentrated position in WDP ?
How to position in WDP stock ?	There are three passive ETFs having more than a 4% allocation
Time horizon: 1-2 yrs	Time horizon: 1-2 years
Portfolio weight: Maximum 5%	Portfolio weight: Maximum 10%
Capital allocation: Invest x % at price P1 Invest xx% of your allocation at price P2.	Capital allocation: Invest x % at price P1 Invest xx% of your allocation at price P2.

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