

Prologis: integrating SEGRO without losing the local edge

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Decision date: October 2, 2026 (hypothetical executive-team exercise)

Information cutoff: October 2, 2026, 4:00 p.m. ET

Decision scope: Design the integration architecture and first-year priorities for the proposed SEGRO combination, including how to stage adjacent development commitments. This is not a vote on whether to make the offer.

The decision

On September 28, SEGRO shareholders approved the resolutions required for its proposed combination with Prologis. The transaction had not closed: High Court sanction, regulatory clearances and other conditions remained. The companies expected completion in the first half of 2027. [S1, S2]

Assume Prologis's executive team meets on October 2 to set its pre-close planning mandate and the operating principles that should take effect if the transaction closes. This meeting and mandate are fictional; no private deliberation is represented. The team must decide what to integrate, what to leave with SEGRO's local leaders, how quickly to sequence changes, and how much attention to devote to development and data-center opportunities while the transaction remains pending.

Decision question: What integration architecture should Prologis prepare to capture the proposed combination's scale while protecting the local capabilities that generate customer and property value?

Assignment: Recommend a first-year design with (1) workstreams and decision rights, (2) actions that can be prepared before closing versus those that should await closing or evidence, (3) milestones and measures that would trigger deeper integration or a pause, and (4) a resource-allocation rule for logistics and data-center development. Address the strongest argument against your recommendation. Use only information available by the cutoff; no transaction valuation or spreadsheet is required.

Two operating platforms

Prologis is a global logistics-property owner, developer and operator, with investments held both directly and through co-investment ventures. It has also been selectively pursuing data-center development. At year-end 2025, its Form 10-K reported \$42.6 billion of total expected investment (TEI) in potential logistics development and redevelopment from land and sites, and \$686 million TEI in data-center projects under development. TEI is a projected investment-cost measure, not asset value, approved spending or a promised return. [S3]

SEGRO operates in the United Kingdom and continental Europe. Its H1 2026 results show an established business with local leasing and development activity: occupancy was 94.5%, like-for-like net rental income grew 5.3%, and the company secured £53 million of new headline rent. It reported £157 million of potential embedded rent, £5.919 billion of net debt at SEGRO share and 31% loan-to-value at June 30. Its expected 2026 development capex of £500-550 million was guidance, not completed spend. [S4]

Prologis described the rationale for the combination as extending its European urban-logistics reach and customer coverage. It estimated that the proposed combined European operating portfolio would be about 368 million square feet-117 million at SEGRO plus 251 million at Prologis. That is a company estimate for the European operating portfolio, not total global area or an independently measured synergy. [S1]

Exhibit 1. Selected operating signals

Company / measure	Reported value	Period and scope	What the measure does not establish
SEGRO occupancy	94.5%	June 30, 2026; SEGRO portfolio	Future occupancy or merger-generated value
SEGRO like-for-like net rental income growth	5.3%	H1 2026; SEGRO definition and share basis	Growth attributable to the proposed transaction
SEGRO new headline rent secured	£53m	H1 2026; SEGRO	Collected rent or incremental merger synergy
Prologis occupancy	95.5%	June 30, 2026; owned-and-managed portfolio	A like-for-like comparison with SEGRO
Prologis same-store NOI growth	6.4% net-effective; 8.5% cash	Q2 2026; Prologis share	SEGRO-comparable growth or acquisition impact
Prologis leases signed	More than 67m sq. ft.	Q2 2026; owned-and-managed portfolio; company described this as a record	Leases commenced or income realized in the same quarter

Sources: [S4], SEGRO H1 2026 results, pp. 1-2 and operating review; [S5], Prologis Q2 2026 results, pp. 1-2; [S6], Prologis Q2 supplemental tables. Prologis's same-store NOI growth is on a Prologis-share basis; occupancy and leases signed are owned-and-managed measures. These are company-reported measures with different periods, definitions and scopes. They are context, not a controlled comparison.

A large transaction, not yet a combined company

The recommended offer provides 0.0920 Prologis shares for each SEGRO share, with a capped partial cash alternative of approximately £3.51 billion. Prologis described an equity value of approximately £14.0 billion using specified July 21 share-price and currency reference marks and assuming the maximum cash alternative. The £14.0 billion is not a cash payment: the offer is primarily stock, cash elections are capped, and market prices, exchange rates and elections affect the final mix. [S1]

Prologis said it expected the first full year’s per-share impact on Core FFO and AFFO to be “broadly neutral to minimally dilutive,” assuming annualized run-rate synergies. These are management forecasts using non-GAAP measures. The announcement did not quantify the synergies in that statement; it is not evidence of achieved savings, accretion or attractive total returns. [S1]

The September 28 votes passed by the required majorities. They did not complete the scheme. Court sanction, applicable regulatory clearances and other conditions remained outstanding at the cutoff. Prologis disclosed risks including delay or failure to complete, financing and currency exposure, integration costs and complexity, employee retention and customer relationships, and the possibility that anticipated benefits could be delayed or not realized. [S1, S2]

Exhibit 2. Offer and status at the cutoff

Item	Public information available October 2, 2026
Stock consideration	0.0920 Prologis shares per SEGRO share
Partial cash alternative	Capped at approximately £3.51bn in aggregate
Reference equity value	Approximately £14.0bn at specified July 21 price/FX marks and full cash-alternative assumption; not a cash outlay
Management’s first-full-year estimate	Core FFO and AFFO per-share impact “broadly neutral to minimally dilutive,” assuming annualized run-rate synergies; non-GAAP forecast, not realized result
Shareholder votes	Required SEGRO Court Meeting and General Meeting resolutions passed September 28
Remaining status	High Court sanction, regulatory clearances and other conditions remained; expected completion was first half 2027

Source: [S1], August 4 Rule 2.7 transaction announcement and Prologis release, “Expected Financial Impact”; [S2], SEGRO, “Results of Court and General Meetings,” September 28. Terms and forecasts remain conditional.

Core integration or local judgment?

Scale could help Prologis coordinate multinational customers, property data, procurement, financing and development discipline. A common capital-allocation process might direct scarce management attention toward the strongest opportunities. The combination could also create a broader European operating platform.

But real-estate value is local. Leasing depends on customer requirements, land-use permissions, transport and utility infrastructure, local relationships and the timing of competing

supply. SEGRO's reported rental opportunities and active development pipeline could be damaged if central standards displace market knowledge before leaders understand which decisions are genuinely interdependent. Prologis's public transaction materials identify retention, customer relationships and integration execution as risks. The sources reviewed do not disclose an independently validated synergy bridge, integration budget, site-level customer overlap or workstream-by-workstream economics. [S1, S4]

Research on acquisition integration offers competing hypotheses rather than a blueprint. A longitudinal study of one airline acquisition describes task integration and employee collaboration as interacting over time, with needs varying across units. A study of 207 technology acquisitions by established IT-hardware firms associates target interdependence with structural integration, while common ground moderates that relationship; its outcome is organizational form, not performance. Both suggest mapping actual interdependence and shared knowledge before imposing a single structure. Neither estimates an effect for a real-estate merger. [S7, S8]

Development choices compete for attention and capital

Prologis reported Q2 development starts of \$1.6 billion on an owned-and-managed basis. At Prologis share, starts were \$1.342 billion, with company-estimated stabilized yield of 7.2%, margin of 32.3% and estimated value creation of \$434 million. It raised full-year 2026 development-start guidance to \$4.5-5.5 billion, inclusive of data centers. These are different scope measures and management estimates; they are neither realized returns nor directly comparable segment economics. [S5, S6]

Prologis's Q2 supplemental described its data-center power pipeline as **"5.8 GW secured or in advanced stage."** The slide did not split the amount between those stages or establish that every opportunity was committed, permitted, tenant-backed, energized or operating. SEGRO separately reported a **3.0 GVA potential power bank**, including 0.5 GVA added in H1; it had planning approval for its first fully fitted lease and targeted 1.4 GVA for lease over seven years. Those are differently stated and scoped figures, in unlike units and at potentially different stages. They should not be added or converted into combined deliverable capacity. [S4, S6]

Data centers may extend Prologis's land, customer and energy capabilities, but a power opportunity alone does not establish an executable project. Utilities, equipment, construction, permitting and tenant demand are complementary inputs. Real-options models show that irreversibility, waiting and competitive entry can shape development timing; ecosystem research emphasizes that bottlenecks in complements can constrain value capture. These studies provide questions for project gates, not return estimates for Prologis. [S9, S10]

Exhibit 3. Development and power pipeline: keep definitions visible

Company measure	Reported amount	Basis / status	Interpretation limit
Prologis development starts	\$1.6bn	Q2 2026, owned-and-managed	Not the same scope as Prologis-share starts
Prologis development starts	\$1.342bn	Q2 2026, Prologis share; 7.2% estimated stabilized yield, 32.3% margin, \$434m estimated value creation	Company estimates, not realized returns
Prologis data-center power pipeline	5.8 GW	“Secured or in advanced stage,” Q2 2026 supplemental	Stage split and project-level commitments not provided; not all energized capacity
SEGRO data-center power bank	3.0 GVA	“Potential” power bank at H1 2026; 0.5 GVA added in H1	Different unit and potentially different stage definition; do not add to Prologis figure
SEGRO 2026 development capex	£500-550m	Management forecast at H1 2026	Guidance, not completed expenditure or incremental merger cost

Sources: [S4], SEGRO H1 2026 results, development and data-center sections; [S5], Prologis Q2 2026 results; [S6], Q2 supplemental, Company Profile slide 4 and development tables. No conversion or aggregate is calculated.

Three credible paths

A. Standardize early. Prepare broad functional integration in systems, procurement, capital allocation and customer coverage, with common reporting lines and operating standards activated as soon as legally permitted. This could speed coordination and make accountability clear. It could also impose process and reporting costs before the team knows where local discretion matters.

B. Integrate by interdependence, in stages. Identify shared decisions and capabilities, establish common information and capital-allocation rules, and preserve local authority over leasing, customer commitments and market-specific development until evidence supports change. Expand integration through explicit gates. This protects local knowledge but may slow savings, duplicate systems and create ambiguous accountability.

C. Preserve and observe. Plan for legal close and essential reporting, but defer broad integration and new cross-platform commitments until the combined organization has operating evidence. This limits disruption and preserves optionality. It may leave customer or procurement opportunities uncaptured and prolong duplication.

The public record does not reveal enough to calculate a definitive synergy value or to rank individual workstreams. Each path must therefore state what evidence would change the decision.

Discussion questions

1. Which activities should share decision rights from day one, and which should remain local? Map your choices to interdependence, customer impact and reversibility.
2. How should Prologis use the “broadly neutral to minimally dilutive” per-share forecast? What does it say-and not say-about value creation and the integration plan?
3. What can be planned before close, and what should wait for court sanction, regulatory clearance or combined-company evidence?
4. How should the team govern logistics and data-center development while integration competes for capital and management attention? What project-level evidence should a gate require?
5. Identify three measures and thresholds that would trigger deeper integration, a pause or a reversal. What is the strongest case against your recommendation?

Sources and cutoff

All facts above were public by **October 2, 2026, 4:00 p.m. ET**. Later events and outcomes are excluded.

- **[S1]** Prologis, August 4, 2026, Form 8-K, Rule 2.7 announcement and transaction release. **Offer announcement; release**. Offer terms, reference valuation, strategic rationale, conditions and expected financial impact.
- **[S2]** SEGRO, “Results of Court and General Meetings,” September 28, 2026. **Issuer announcement**. Vote results and outstanding scheme steps.
- **[S3]** Prologis, 2025 Form 10-K, filed February 13, 2026. **SEC filing**, Item 1, “The Company” and “Future Growth,” printed pp. 3-10.
- **[S4]** SEGRO, H1 2026 results, published July 30, 2026. **Company release**, operating review, development and data-center sections.
- **[S5]** Prologis, Q2 2026 results, published July 16, 2026. **Investor release**, pp. 1-3.
- **[S6]** Prologis, Q2 2026 Form 8-K supplemental, Exhibit 99.1. **SEC exhibit**, Company Profile slide 4 and development tables.
- **[S7]** Kroon, D. P., Noorderhaven, N. G., Corley, K. G., & Vaara, E. (2022). “Hard and Soft Integration: Towards a Dynamic Model of Post-Acquisition Integration.” *Journal of Management Studies*, 59(5), 1132-1161. **Article**.
- **[S8]** Puranam, P., Singh, H., & Chaudhuri, S. (2009). “Integrating Acquired Capabilities: When Structural Integration Is (Un)necessary.” *Organization Science*, 20(2), 313-328. **Article**.
- **[S9]** Grenadier, S. R. (1996). “The Strategic Exercise of Options: Development Cascades and Overbuilding in Real Estate Markets.” *Journal of Finance*, 51(5), 1653-1679. **Article**. The case uses the published abstract and a selective model exposition in later full-text academic work; the original full text was unavailable to the research team.
- **[S10]** Adner, R., & Kapoor, R. (2010). “Value Creation in Innovation Ecosystems: How the Structure of Technological Interdependence Affects Firm Performance in New Technology Generations.” *Strategic Management Journal*, 31(3), 306-333. **Article**.