

June 30, 2009



ProLogis Generates \$840 Million of Gross Proceeds From Asset Sales and Property Fund Contributions in Second Quarter

- *Closes North American Industrial Asset Sales of \$561 Million -*
- *Contributes euro 110 (\$151) Million of Assets to European Property Fund -*
- *Closed Previously Reported \$128 Million Asset Sale in Japan -*

DENVER, June 30 /PRNewswire-FirstCall/ -- ProLogis (NYSE: PLD), a leading global provider of distribution facilities, announced today that it has generated approximately \$840 million of gross proceeds from the sale of industrial assets as well as contributions to property funds in the second quarter of 2009.

"We are pleased to announce the successful execution of this important element of the action plan we outlined last fall," Walter C. Rakowich, chief executive officer, said. "Our focus on reducing the level of debt and risk in our business included generating proceeds from the sale of some of our industrial assets and continued contributions of development assets into our property funds.

"The quality of our portfolio and long-term attractiveness of industrial assets enabled us to achieve our targets, despite challenging capital market conditions. Through these and other recent initiatives, we have significantly enhanced our liquidity."

North American Asset Sales Substantially Complete

As previously disclosed, ProLogis had identified a portfolio of North American industrial assets that it began marketing for sale in late 2008. In connection with this effort, the company closed on asset sales totaling \$561 million in the second quarter with an additional \$96 million of properties expected to close in the second half of the year. This pool of \$657 million of assets comprises 136 properties, totaling 14.2 million square feet, and is expected to be sold in 28 separate transactions. The \$561 million of second quarter sales are expected to generate approximately \$200 million of net earnings, which will be recognized in earnings per share but not in funds from operations.

The blended, stabilized cap rate for the \$657 million portfolio of assets is expected to be 8.89 percent. The properties average 20 years in age and 105,000 square feet in size and are geographically diverse, located in markets that include Chicago, Houston, Dallas, Atlanta, Memphis, Northern and Southern California, Seattle, Portland, Phoenix, Washington, D.C. and Northern New Jersey.

Included in these transactions is a single venture with a major state pension fund. ProLogis

sold a portfolio of 90 properties, comprising 9.6 million square feet of space, to the venture for total proceeds of \$426 million. The company will retain a five percent interest in the venture and continue to manage the assets.

Property Fund Contribution Pricing Stable in Second Quarter

ProLogis generated proceeds of euro 110 (\$151) million from contributions of stabilized properties to ProLogis European Properties Fund II (PEPF II) during the second quarter. While the appraised cap rate for these contributions averaged 7.78 percent, the properties were contributed to the fund at or near book value with an average cap rate of 8.53 percent. The contribution pricing reflects the company's agreement with PEPF II investors to add a 75 basis point premium to appraised cap rates in the first and second quarters of 2009, due to the belief that appraisals have lagged true market conditions. This premium decreases to 50 basis points for any contributions made in the third quarter and 25 basis points in the fourth quarter. The second quarter cap rate compares with an average appraised cap rate of 7.63 percent and contribution cap rate of 8.39 percent for assets contributed to PEPF II in the first quarter of 2009.

Japan Property Sale Adds to Second Quarter Proceeds

Also, as previously announced, during the second quarter, ProLogis completed the sale of one property in Japan to GIC Real Estate for \$128 million as part of the company's sale of certain Asian operations earlier in the year.

Company Exceeds De-leveraging Goal

"With the proceeds from these second quarter sales and contributions and the \$345 million on-balance sheet secured debt financing announced previously, we have addressed all of our 2009 balance sheet debt maturities and will further reduce the outstanding balance on our global lines of credit," said William E. Sullivan, chief financial officer. "In total, we have slashed our corporate debt by more than 25 percent, or \$2.7 billion, since September 30, 2008, exceeding our objective of de-leveraging by at least \$2 billion by the end of 2009."

About ProLogis

ProLogis is a leading global provider of distribution facilities, with more than 475 million square feet of industrial space (44 million square meters) in markets across North America, Europe and Asia. The company leases its industrial facilities to more than 4,500 customers, including manufacturers, retailers, transportation companies, third-party logistics providers and other enterprises with large-scale distribution needs. For additional information about the company, go to www.prologis.com.

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