October 18, 2010

ProLogis Announces $1.02 Billion Agreement With Affiliates of Blackstone Real Estate Advisors

- Gross Proceeds from Year-to-date Fund Contributions and Asset Sales under Contract to Exceed $1.6 Billion, Above Previous Target -

- Modest Impact on 2010 Core FFO Guidance -

DENVER, Oct. 18 /PRNewswire-FirstCall/ -- ProLogis (NYSE: PLD), the leading global provider of distribution facilities, announced today that it has entered into a definitive agreement with affiliates of Blackstone Real Estate Advisors ("Blackstone") to sell a North American industrial portfolio, its minority interest in a hotel property and ProLogis' interests in three of its property funds for a total purchase price of $1.02 billion.

The combination of this transaction and year-to-date dispositions and contributions of approximately $600 million is expected to generate over $1.6 billion of gross proceeds, exceeding the company's previously announced expectation for 2010 of $1.3 to $1.5 billion. Net proceeds will be used for the repayment of debt and to fund development activity.

"We are pleased to announce this transaction and to have exceeded the top end of our expected range of dispositions," Walter C. Rakowich, chief executive officer, said. "This transaction with Blackstone supports our strategy of redeploying our investment in non-strategic, direct owned North American assets into further de-leveraging and future development activity to enhance the geographic diversification and overall quality of our portfolio."

North American Asset Sales

The assets being sold to Blackstone include a portfolio of approximately 180 North American industrial properties (the "PLD Industrial Portfolio"), ProLogis' minority interest in the Hilton New Orleans Riverside and related entities (the "Hotel Property") and ProLogis' 20 percent interest in ProLogis North American Property Funds VI - VIII (the "NAPF Portfolio"). These sales are expected to close in mid-November 2010, subject to customary closing conditions.

The PLD Industrial Portfolio is 95.6 percent leased with an average lease term of 34 months and a weighted average age of 23 years. The consideration for this portfolio represents a cap rate of approximately 8 percent. The portfolio comprises 23 million square feet, with properties located in: Atlanta, Austin, Baltimore, Central Valley, California; Charlotte, Chicago, Cincinnati, Columbus, Dallas, Denver, Eastern Pennsylvania, El Paso, Houston, Indianapolis, Kansas City, Las Vegas, Los Angeles, Memphis, Nashville, New Jersey, Orlando, Phoenix, Portland, Reno, San Antonio, San Francisco, Tampa and Virginia.

ProLogis will retain a preferred equity interest in theBlackstone entity that is acquiring the PLD Industrial Portfolio of approximately $190 million, which will earn a preferred return at an annual rate of 7 percent for the first three years of the term, 8 percent for the fourth year of the term and 10 percent thereafter until redeemed. Partial or full redemption can occur at any time at Blackstone's discretion or after the five-year anniversary at ProLogis' discretion. Approximately $910 million of the purchase price was allocated to the PLD Industrial Portfolio.

The Hotel Property, which is being separately acquired by Blackstone affiliate Hilton Worldwide, Inc., includes ProLogis' approximately 25 percent minority interest in the Hilton New Orleans Riverside and an indirect interest in adjacent land and related affiliates. These interests were acquired by ProLogis in its September 2005 merger with Catellus. The purchase price of the Hotel Property is approximately $100 million. Following the closing, Hilton Worldwide, Inc. will own 100 percent of the Hotel Property.

The NAPF Portfolio comprises ProLogis' 20 percent interest in three ProLogis property funds that collectively own 75 properties in 11 states.

Upon closing, ProLogis will provide property management and other services on behalf of Blackstone for both the PLD Industrial and NAPF Portfolios.

Year-to-date Contributions and Dispositions Total Approximately $600 Million of Gross Proceeds

On September 7, 2010, ProLogis announced that it had completed the contribution of ProLogis Parc Ichikawa II to its alliance with Japan Logistics Fund, Inc and Mitsui & Co., Logistics Partners Ltd. for gross proceeds of approximately 18.7 billion yen ($207 million). At the same time, the company announced it had completed certain contributions to ProLogis European Properties Fund II, which when combined with recent European dispositions, generated gross proceeds of euro 94 ($122) million. Combined with first-half dispositions of $249 million and smaller, one-off land and property sales, ProLogis has generated gross proceeds of approximately $600 million in the first three quarters of 2010, not including the Blackstone transaction.

2010 Guidance Range Modified

The company plans to use the transaction proceeds initially to pay down its Global Line of Credit and repay approximately $190 million of senior notes that mature in November 2010. "Between completed dispositions and those under contract or expected to close in the fourth quarter, we believe we will exceed the midpoint of our initial gross disposition target of $1.3 to $1.5 billion by approximately $250 to $300 million this year," said William E. Sullivan, chief financial officer. "We expect this higher level of asset sales combined with the earlier-than-budgeted closing of this transaction in mid-November to be dilutive to our 2010 core FFO by $0.015 to $0.02 per share. And while we believe market fundamentals are poised for improvement in 2011, the uptick in the leasing environment we anticipated in the second half has been slow to materialize. Given this near-term outlook and transaction dilution, we are adjusting our core FFO range to $0.53 to $0.56 per share." Both the company's range for FFO, excluding significant non-cash items, and net earnings per share remain unchanged at $0.70 to $0.78 and $0.09 to $0.13 per share, respectively.

The Blackstone transaction is expected to generate approximately $200 million of net book gains, which will be recognized in earnings per share but not in funds from operations.

About ProLogis

ProLogis is the leading global provider of distribution facilities, with more than 475 million square feet of industrial space owned and managed (44 million square meters) in markets across North America, Europe and Asia. The company leases its industrial facilities to more than 4,400 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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The statements above that are not historical facts are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements are based on current expectations, estimates and projections about the industry and markets in which ProLogis operates, management's beliefs and assumptions made by management, they involve uncertainties that could significantly impact ProLogis' financial results. Words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," variations of such words and similar expressions are intended to identify such forward-looking statements, which generally are not historical in nature. All statements that address operating performance, events or developments that we expect or anticipate will occur in the future – including statements relating to rent and occupancy growth, development activity and changes in sales or contribution volume of developed properties, general conditions in the geographic areas where we operate and the availability of capital in existing or new property funds – are forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Although we believe the expectations reflected in any forward-looking statements are based on reasonable assumptions, we can give no assurance that our expectations will be attained and therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. Some of the factors that may affect outcomes and results include, but are not limited to: (i) national, international, regional and local economic climates, (ii) changes in financial markets, interest rates and foreign currency exchange rates, (iii) increased or unanticipated competition for our properties, (iv) risks associated with acquisitions, (v) maintenance of real estate investment trust ("REIT") status, (vi) availability of financing and capital, (vii) changes in demand for developed properties, and (viii) those additional factors discussed in reports filed with the Securities and Exchange Commission by ProLogis under the heading "Risk Factors." ProLogis undertakes no duty to update any forward-looking statements appearing in this press release.

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