December 21, 2010

ProLogis Announces $505 Million Agreement With TPG Capital for Sale of Catellus Retail and Mixed-Use Assets

- Transaction Consistent with Focus on Core Industrial Assets in Major Global Logistics Corridors -

- Company Updates Q4 Charges and Provides Preliminary Results of Asset Impairment Review -

DENVER, Dec. 21, 2010 /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 TPG Capital (TPG) to sell a portfolio of U.S. retail and mixed-use assets and the Catellus name for a total purchase price of approximately $505 million.

The properties, owned directly or through equity interests, to be sold in the transaction include: four shopping centers, two office buildings, 11 mixed-use projects with related land and development agreements, two residential development joint ventures, Los Angeles Union Station, certain ground leases and other right-of-way leases. The transaction is expected to be substantially completed in the first quarter of 2011, subject to customary closing conditions. Net proceeds will be used for the repayment of debt and to fund future development activity.

"These assets were acquired in our 2005 merger with Catellus Development Corporation. We have built upon Catellus' legacy for the past five years and are pleased to see these assets and people transfer to TPG, which has significant experience in real estate and a commitment to building the business. The Catellus assets are high-quality with good long-term prospects, but they are not in keeping with our strategy to concentrate our investment in core industrial properties in the world's major logistics corridors," Walter C. Rakowich, ProLogis chief executive officer, said.

"We are excited to partner with the strong Catellus management team in the next chapter of the company's evolution," said Kelvin Davis, TPG senior partner. "The company is already well positioned through its diverse portfolio of high-quality, well-occupied assets in growing markets. As a standalone company, we believe the new Catellus will be in an excellent position to capitalize on the economic recovery and build on its strong footprint."

Ted R. Antenucci Expected to Join New Catellus Entity Mid-2011

It is anticipated that the majority of ProLogis employees associated with the retail/mixed-use properties will be offered employment with Catellus. Following the closing of the sale to TPG, it is expected that ProLogis' president and chief investment officer Ted R. Antenucci, who joined ProLogis with the Catellus merger in 2005, will rejoin Catellus after a transition period concluding in mid-2011. Mike Curless, managing director of global investments, is expected to assume Antenucci's investment role upon Antenucci's departure.

"I would like to thank Ted for his many contributions over the past five years," Rakowich said. "Not only was he instrumental in the seamless integration with Catellus in our merger, but his efforts as we worked through the de-risking and de-leveraging of ProLogis over the past two years were invaluable. We wish Ted the best in this anticipated next phase of his career with Catellus.

"At the same time, we are fortunate to haveMike Curless with us to take Ted's place. Mike was formerly the president of Lauth, a major real estate development company, and was with ProLogis from 1995 to 2000. He has been leading our land review and other investment processes throughout the latter part of this year and will work closely with Ted through the anticipated transition."

ProLogis will retain a preferred equity interest in Catellus of approximately$70 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 TPG's discretion or after the five-year anniversary at ProLogis' discretion. ProLogis also will provide $30 million first mortgage financing on Los Angeles Union Station, which will bear interest at 7 percent.

Update to Anticipated Impairments and Other Fourth Quarter Charges

"We are pleased with the progress we have made during the fourth quarter to reposition the company through non-strategic and non-core asset sales, as well as a successful equity issuance and debt tender offers," Rakowich said. "As a result of these actions, as well as a review of our land bank and other assets and certain restructuring activities, we will incur charges in the fourth quarter associated with the following initiatives."

-- As disclosed on October 26, 2010, in connection with the anticipated disposition of its retail, mixed-use and ground lease assets noted above, the company determined that it expected to recognize a non-cash impairment charge in the fourth quarter. In addition to the charge associated with the planned sale of the Catellus non-core assets, the company expects to incur non-cash charges and impairments related to various other real estate investments (other than land) that are expected to be sold in 2011. The total of all the charges and impairments associated with these activities is expected to range from $170 to $190 million.
-- As disclosed on October 25, 2010, the company made a strategic decision to more aggressively pursue land sales, which was expected to result in further land impairments roughly in line with discount ranges presented in the company's recent investor presentations. As this analysis is now nearing completion, the charges to be taken in the fourth quarter are expected to be $640 to $680 million, representing roughly 27 to 29 percent of the land book basis at September 30, 2010.
-- As planned in conjunction with the company's equity offering and disclosed on December 7, 2010, ProLogis purchased approximately $1.3 billion aggregate principal amount of notes in its senior debt tender offers, which will result in a charge of approximately $139 million to earnings and funds from operations (FFO) in the fourth quarter of 2010. In addition, ProLogis will recognize a loss of approximately $15 million on the repurchase of $303 million aggregate principal amount of

convertible debt and a charge of $6 million due to the reduction in capacity on its credit facility from $2.3 billion to $1.6 billion. The total debt-related charge is expected to be approximately $160 million, of which $33 million is non-cash.

-- Finally, as previously disclosed on October 25, 2010, in the fourth quarter the company intended to close out various derivative positions in light of the current and anticipated interest rate environment and has identified potential cost savings from platform and organizational efficiencies. Implementation of the derivative cancellations and the efficiency initiatives are expected to result in one-time cash charges of approximately $25 to $30 million.

Additionally, the company is undertaking its standard review of goodwill in conjunction with the preparation of its year-end financial statements. Total goodwill is approximately $400 million, with roughly 60 percent of that amount associated with assets in North America, one-third in Europe and the remainder related to ProLogis' investment management business.

William E. Sullivan, chief financial officer, said, "All of the items and related charges detailed above have been previously communicated. We are happy to have completed the analyses and to be putting this process behind us, thereby simplifying our reporting. As we move into 2011, we look forward to focusing on growth in our core business."

2010 Guidance for Core Funds From Operations Unchanged

Excluding all the cash and non-cash charges noted above, the company's most recent 2010 per diluted share guidance for core FFO and for FFO, excluding significant non-cash items and non-recurring charges, remains unchanged. The charges outlined above equate to per share losses of $2.02 to $2.16 based on the anticipated full-year weighted average share count for 2010.

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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About TPG Capital

TPG Capital is the global buyout group of TPG, a leading private investment firm founded in 1992, with more than $48 billion of assets under management and offices in San Francisco, Beijing, Fort Worth, Hong Kong, London, Luxembourg, Melbourne, Moscow, Mumbai, New York, Paris, Shanghai, Singapore and Tokyo. TPG Capital has extensive experience with global public and private investments executed through leveraged buyouts, recapitalizations, spinouts, growth investments, joint ventures and restructurings. TPG seeks to invest in world-class franchises across a range of industries. Real estate-intensive businesses constitute a core area of investment focus and expertise for TPG, including ST Residential (a $4.5 billion portfolio of mortgage loans and REO assets previously owned by Corus bank), Harrah's Entertainment, Fairmont Raffles Hotels International, Neiman Marcus, ParkwayLife REIT, PETCO and Surgical Care Affiliates.

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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