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ProLogis Launches New Property Funds in Europe, Mexico and South Korea

- Additional North American Fund Formed Following Conversion of MPR Loan From Citigroup -

- Raises Guidance for 2007 FFO and Earnings by $0.30 Per Share -

- Committed Equity Supports Doubling of ProLogis' Investment Management Business -

DENVER, Aug. 20 /PRNewswire-FirstCall/ -- ProLogis (NYSE: PLD), the world's largest owner, manager and developer of distribution facilities, today announced that it has formed four new property funds that will own state-of- the-art distribution centers in Europe, the United States, Mexico and South Korea.

The new funds have a combined capacity of over $14 billion. They will serve as exclusive investment vehicles for properties from ProLogis' development pipeline in their respective regions and will have the ability to make third-party acquisitions that meet the respective funds' criteria.

"Together with the capacity in ProLogis' existing funds, we now have fund agreements in place to support $33 billion of assets under management in funds -- more than double the $14.2 billion of assets under management at the end of the second quarter," said Jeffrey H. Schwartz, ProLogis chairman and chief executive officer. "We expect to see a commensurate rise in fund management fee income as these new equity commitments are invested over the next three years."

Schwartz noted that the European and Mexican funds were oversubscribed. "These new fund agreements illustrate the quality of our worldwide platform, as well as the global nature of the company's capital relationships," Schwartz said. "Our investment management business continues to serve as a powerful growth engine for ProLogis, allowing us to continue to serve our growing global customer base while redeploying capital efficiently and increasing and diversifying our revenue.

"Taken together, our recent investment management activity represents a transformative event for ProLogis," Schwartz said. "We are building an investment management business on a scale unmatched in our industry. At the same time, we are enabling our fund partners to achieve their investment objectives by delivering stable cash flows, asset appreciation and access to the world's leading industrial platform."

Click here to view a video message from Jeff Schwartz
http://video.prologis.com/allfunds/a_funds_all.wmv .

Also today, ProLogis announced a decision by an affiliate of Citigroup to convert approximately $550 million in bridge financing for the previously announced acquisition of Macquarie ProLogis Trust (MPR) into a 63 percent equity interest in a new ProLogis fund. The fund, with a total capitalization of $2.3 billion, will own the industrial assets purchased by ProLogis through its acquisition of MPR.

As a result of the Citigroup conversion, ProLogis will recognize incremental funds from operations (FFO) of $0.30 per share in the third quarter of 2007 and raise FFO guidance for the year accordingly. Further detail is provided below.

New European fund

ProLogis European Properties Fund II will function as an open-end, infinite-life fund with a total capacity of up to euro7.5 billion (US$10.1 billion), including equity of euro3.0 billion (US$4.0 billion) and targeted leverage of 50 to 60 percent.

ProLogis has identified a portfolio for contribution to the fund in the third quarter of 2007 valued at approximately euro600 million (US$810 million), comprising recently developed, stabilized properties as well as certain facilities obtained through the company's 2007 acquisition of Parkridge Holdings' European industrial business.

The fund is the second for ProLogis in Europe. The first, ProLogis European Properties (PEPR), was created in 1999 and increased in 2003. PEPR now owns approximately 62 million square feet (5.8 million square meters) of industrial property in 11 countries valued at euro4.5 billion (US$6.1 billion) as of June 30, 2007. In September 2006, PEPR became listed on the Euronext exchange in Amsterdam.

Among the investors in the European fund are PEPR, the CPP Investment Board, an investment organization that invests the assets of the Canada Pension Plan, and an affiliate of GIC Real Estate Pte Ltd (GIC RE), the real estate investment arm of the Government of Singapore Investment Corporation. GIC RE is an existing ProLogis fund investor in Europe, North America and Japan and is ProLogis' joint venture partner in the South Korea fund.

The new fund will comprise 28 institutional investors, including five repeat and a number of new investors, thereby expanding our network of high-quality institutional relationships. PEPR will have a 30 percent ownership interest, while ProLogis will initially retain a 17 percent direct interest in the fund, along with the eight percent interest it will own indirectly through its investment in PEPR. ProLogis will serve as external manager of the fund and receive property and asset management fees consistent with many of its other property funds and will also have the potential for periodic recognition of incentive performance fees.

"We're excited about the opportunity to invest in the new European fund," said Robert Watson, chief executive officer of PEPR. "The fund will provide us with continued access to ProLogis' pipeline of high-quality industrial product and help us achieve future growth objectives on behalf of PEPR shareholders."

"By investing in ProLogis' European fund, we are continuing our strategy of building relationships with world-class developers and operators of industrial real estate," said Graeme Eadie, CPP Investment Board's Senior Vice-President, Real Estate Investments. "This investment will help us build a long-term core real estate holding and supports our objective of geographically diversifying our overall investment portfolio."

"We are very pleased with the performance of our previous ProLogis property fund investments and look forward to expanding our relationship in different countries," said Dr. Seek Ngee Huat, President of GIC RE. "This strategic long-term alliance will enable GIC RE and ProLogis to capture opportunities arising from the growing leasing demand for modern distribution warehousing facilities globally and is also a good fit with our investment and return objectives."

Mexico fund

ProLogis MX Industrial Fund LP will function as a closed-end fund with a total expected capitalization of approximately $1.5 billion, including $625 million of equity and targeted leverage of 55 to 60 percent. ProLogis will maintain a 20 percent equity interest in the fund.

The new fund will comprise nine institutional investors, six of which are repeat investors in ProLogis property funds.

An initial portfolio of ProLogis' stabilized Mexican assets will be contributed to the fund, including approximately 3.8 million square feet in five markets, representing an investment of over $200 million. The properties are currently 99 percent leased to a diverse mix of more than 31 customers.

"The Mexican industrial market is increasingly attractive for institutional capital," Schwartz said. "Mexico's large population, low labor cost and expanding middle class make it a highly compelling distribution market, while the recent shift to a more open, pro-business economy is enabling the country to enhance its competitive position in the global marketplace. Beyond these macroeconomic factors, our portfolio in Mexico enjoys a stable base of high-credit global customers with a high percentage of leases denominated in U.S. dollars."

The fund has an initial term of ten years, which may be extended for an additional five years, and will have exclusive access to ProLogis' development pipeline and stabilized acquisitions in target markets throughout Mexico. ProLogis will receive property and asset management fees consistent with many of its other property funds and will also have the potential for incentive performance participation.

Korea fund

ProLogis Korea Fund has been established as a closed-end fund with a total expected capitalization of approximately $500 million, including $250 million of equity and targeted leverage of 50 percent. ProLogis will maintain a 20 percent equity interest.

The fund will be the exclusive investment vehicle for ProLogis' newly developed, stabilized properties in South Korea and will also make third-party acquisitions. The fund recently completed the acquisition of its first asset, a 108,000 square-foot, fully leased distribution facility along the Seoul- Busan Expressway outside Seoul.

"South Korea is one of Asia's most dynamic distribution markets," Schwartz said. "Given South Korea's rising prominence as a center for global manufacturing and trade, we have significant opportunities to leverage our global customer base and develop new relationships with Korean customers. This fund will enable us to expand our market presence and create real value for ProLogis shareholders and our fund partner."

The initial term of the fund is 15 years and ProLogis will receive property and asset management fees consistent with many of its other funds in addition to the potential for incentive performance participation.

MPR loan conversion

In July, ProLogis acquired all the outstanding units of Macquarie ProLogis Trust, a publicly traded fund that had been listed on the Australian stock exchange. Formed in 2002, MPR owned 138 industrial properties in the U.S. and Mexico. As previously announced, Citigroup provided financing for the acquisition through convertible and term loans.

Citigroup's decision to convert the loan will trigger recognition of previously deferred proceeds on contributions of industrial assets to MPR and the gain on contribution of the MPR assets to a new property fund, ProLogis North American Industrial Fund II.

On July 26, 2007, the company announced revised 2007 guidance of $3.95 - $4.10 in FFO per share and $3.50 - $3.70 in earnings per share, not including the potential FFO from the loan conversion. The company's new guidance for 2007 is therefore now $4.25 - $4.40 in FFO per share and $3.80 - $4.00 in earnings per share.

Rick Conklin, managing director for global investment management, said institutional investors are seeking to team with developers that have a proven track record of building and managing distribution centers in key markets around the world.

"Over the past decade, ProLogis has successfully established itself as a strategic partner to some of the world's largest and most sophisticated real estate investment companies," Conklin said. "These investors are attracted by our reputation for quality, the strength of our development pipeline and the depth of our relationships with global customers. We will continue to leverage institutional demand for our distribution centers to drive future growth and create long-term value for the company."

M3 Capital Partners Limited and Morgan Stanley acted as exclusive financial advisors for ProLogis European Properties Fund II, and M3 Capital Partners acted as exclusive financial advisor for ProLogis MX Industrial Fund LP.

About ProLogis

ProLogis is the world's largest owner, manager and developer of distribution facilities, with operations in 105 markets across North America, Europe and Asia. The company has $29.9 billion of assets owned, managed and under development, comprising 446.9 million square feet (41.5 million square meters) in 2,523 properties as of June 30, 2007. ProLogis' customers include manufacturers, retailers, transportation companies, third-party logistics providers and other enterprises with large-scale distribution needs. Headquartered in Denver, Colorado, ProLogis employs more than 1,300 people worldwide.

This announcement does not constitute an offer to sell or the solicitation of an offer to buy any securities of ProLogis European Properties Fund II, ProLogis MX Industrial Fund, or ProLogis Korea Fund and such securities may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the

Securities Act of 1933.

In addition to historical information, this press release contains forward-looking statements under the federal securities laws. These 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. Forward-looking statements are not guarantees of future performance and involve certain risks and uncertainties, which are difficult to predict. Actual operating results may be affected by changes in global, national and local economic conditions, competitive market conditions, changes in financial markets or interest rates that could adversely affect ProLogis' ability to meet its financing needs and obligations, weather, obtaining governmental approvals and meeting development schedules, and therefore, may differ materially from what is expressed or forecasted in this press release.

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