



## BUSINESS DRIVERS SUPPORTING 2008 GUIDANCE

February 7, 2008

<b>2008 FFO and EPS Guidance</b>	<ul style="list-style-type: none"> <li>• <b>FFO</b> for the full year 2008 is expected to be between \$4.65 and \$4.85 per share, with full-year earnings per share of \$3.15 to \$3.35. The primary reconciling items between per share FFO and EPS are depreciation and amortization of approximately \$1.80 per share, including ProLogis' share of depreciation in property funds, and deferred taxes, offset by approximately \$0.30 per share for net gains on the sale of non-CDFS assets.</li> </ul>												
<b>Components of AFFO</b>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">FFO per share</td> <td style="text-align: right;">\$4.65 to \$4.85</td> </tr> <tr> <td>Straight-line rents (approx.)</td> <td style="text-align: right;">\$0.16</td> </tr> <tr> <td>Capital expenditures, (direct and Fund) includes TIs, leasing commissions and recurring capital maintenance (approx.)</td> <td style="text-align: right;"><u>\$0.55</u></td> </tr> <tr> <td>• <b>AFFO per share</b></td> <td style="text-align: right;"><b>\$3.94 to \$4.14</b></td> </tr> <tr> <td>• <b>Projected annual dividend per share</b></td> <td style="text-align: right;"><b>\$2.07</b></td> </tr> <tr> <td>• <b>Dividend payout as a percentage of AFFO</b></td> <td style="text-align: right;"><b>50% to 52%</b></td> </tr> </table>	FFO per share	\$4.65 to \$4.85	Straight-line rents (approx.)	\$0.16	Capital expenditures, (direct and Fund) includes TIs, leasing commissions and recurring capital maintenance (approx.)	<u>\$0.55</u>	• <b>AFFO per share</b>	<b>\$3.94 to \$4.14</b>	• <b>Projected annual dividend per share</b>	<b>\$2.07</b>	• <b>Dividend payout as a percentage of AFFO</b>	<b>50% to 52%</b>
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<b>Property Operations - NOI Growth</b>	<ul style="list-style-type: none"> <li>• <b>Same-store NOI growth</b> and rent growth on lease turnovers in the same-store pool are both expected to be approximately 3% - 4%, with stabilized occupancies remaining at approximately 95%.</li> <li>• <b>Expiring leases</b> represent 16.2% of annualized base rents in ProLogis' direct portfolio and 10.7% of base rents from properties held in funds.</li> </ul>												
<b>Corporate Distribution Facilities Services (CDFS)</b>	<ul style="list-style-type: none"> <li>• <b>Development starts</b> in 2008 are expected to be \$4.4 to \$4.8 billion, including ProLogis' proportionate share of development starts in CDFS joint ventures and its Mixed-use and Retail business.</li> <li>• <b>CDFS Dispositions/Contributions</b>, primarily into property funds, are expected to generate gross proceeds of \$4.5 to \$4.9 billion. Blended profit margins are expected to be in the 18% to 21% range after the deferral of gains related to ProLogis' continuing ownership in its various property funds and income taxes.</li> <li>• <b>Total CDFS income after deferral and net of income taxes</b> is expected to be between \$730 and \$750 million, reflecting higher contribution levels and lower average margins. In 2007, CDFS income after deferral and net of income taxes was \$755 million, which included \$68 million of gains related to the acquisition of shares of Macquarie ProLogis Trust and subsequent contribution of the assets to a new fund.</li> <li>• <b>Development management and Earnings from CDFS joint ventures</b> are expected to total approximately \$45 to \$50 million, in line with 2007.</li> </ul>												
<b>ProLogis Investment Management Business Income</b>	<ul style="list-style-type: none"> <li>• <b>ProLogis' share of FFO from property funds</b> is expected to be \$190 to \$210 million, due to the increase in average gross assets under management in the Investment Management business of roughly \$6 billion.</li> <li>• <b>Management fees</b> from ProLogis' property funds are expected to be \$130 to \$140 million, also reflecting the higher level of assets under management.</li> <li>• <b>Average ownership</b> in ProLogis property funds is expected to be approximately in line with 25% average ownership at December 31, 2007.</li> </ul>												

<b>Direct-Owned Acquisitions &amp; Dispositions</b>	<ul style="list-style-type: none"> <li>• <b>Acquisitions</b> are not expected to exceed the amount of net dispositions from ProLogis' direct-owned portfolio.</li> </ul>
<b>Expense Items</b>	<ul style="list-style-type: none"> <li>• <b>Rental expense</b>, as a percentage of rental revenue, is anticipated to be in line with 2007 levels.</li> <li>• <b>Net G&amp;A expense</b> is expected to increase approximately 10% over 2007 levels.</li> <li>• <b>Net interest expense:</b> Our average net interest expense is currently expected to be approximately \$310 million based on the following assumptions: the average interest rate will decline from 2007 due to the full-year effect of the 2007 convertible debt issuances, on-balance sheet assets are leveraged at approximately 55% and fixed-rate debt represents approximately 70% of total debt.</li> <li>• <b>Preferred dividends</b> are expected to be \$25.4 million, the same as in 2007.</li> <li>• <b>Current taxes</b> are expected to increase 5% to 10% over 2007 levels.</li> <li>• <b>Foreign currency translation.</b> Given our current mix of US dollar and foreign-denominated income, we estimate that a 10% change in the value of the dollar would have a 6% full-year impact on FFO per share. Our 2008 currency strategy and potential hedging activity will somewhat mitigate the downside risk from a strengthening dollar.</li> </ul>

### About ProLogis

ProLogis is the world's largest owner, manager and developer of distribution facilities, with operations in 118 markets across North America, Europe and Asia. The company has \$36.3 billion of assets owned, managed and under development, comprising 508.8 million square feet (47.3 million square meters) in 2,766 properties as of December 31, 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 approximately 1,535 people worldwide.

### Definition of Funds from Operations

FFO is a non-Generally Accepted Accounting Principal (GAAP) measure that is commonly used in the real estate industry. The most directly comparable GAAP measure to FFO is net earnings. Although the National Association of Real Estate Investment Trusts (NAREIT) has published a definition of FFO, modifications to the NAREIT calculation of FFO are common among REITs, as companies seek to provide financial measures that meaningfully reflect their business. FFO, as we define it, is presented as a supplemental financial measure. FFO is not used by us as, nor should it be considered to be, an alternative to net earnings computed under GAAP as an indicator of our operating performance or as an alternative to cash from operating activities computed under GAAP as an indicator of our ability to fund our cash needs.

FFO is not meant to represent a comprehensive system of financial reporting and does not present, nor do we intend it to present, a complete picture of our financial condition and operating performance. We believe GAAP net earnings remains the primary measure of performance and that FFO is only meaningful when it is used in conjunction with GAAP net earnings. Further, we believe our consolidated financial statements, prepared in accordance with GAAP, provide the most meaningful picture of our financial condition and our operating performance.

NAREIT's FFO measure adjusts GAAP net earnings to exclude historical cost depreciation and gains and losses from the sales of previously depreciated properties. In addition to the NAREIT adjustments, we exclude additional items from GAAP net earnings, although not infrequent or unusual, that are subject to significant fluctuations from period to period that cause both positive and negative effects on our results of operations, in inconsistent and unpredictable directions, such as deferred income tax, current income tax related to the reversal of any acquired tax liabilities in an acquisition, foreign currency exchange gains/losses relating to certain debt transactions, and foreign currency exchange gains/losses from the remeasurement of derivative instruments. We include gains from dispositions of properties acquired or developed in our CDFS business segment in our definition of FFO. We calculate FFO of our unconsolidated investees on the same basis.

We believe our adjustments to GAAP net earnings that are included in arriving at our FFO measure are helpful to management in making real estate investment decisions and evaluation our current operating performance. We believe these adjustments are also helpful to industry analysts, potential investor sand shareholder in their understanding and evaluation of our performance on the key measures of net asset value and current operating returns generated on real estate investments. While we believe that our defined FFO measure is an important supplemental measure, neither NAREIT's nor our measure of FFO should be used alone because they exclude significant economic components of GAAP net earnings and are, therefore, limited as an analytical tool.

## **Forward-Looking Statements**

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 statement. 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 acquisition, (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 under "Item 1A – Risk Factors" in ProLogis' Annual Report on Form 10-K for the year ended December 31, 2006.

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