

## PROLOGIS FORMS 1.3 BILLION US DOLLAR EUROPEAN PROPERTIES FUND

:: Fund Includes Over 1 Billion US dollars in Third-Party Equity for European Expansion

:: Total Fund Investment Capacity of 2.7 Billion US dollars

Denver, September 16 (PRN) - ProLogis (NYSE: PLD), a leading global provider of distribution services and facilities, today announced the formation of the ProLogis European Properties Fund ("the Fund"). The Fund enables ProLogis to take advantage of the extraordinary growth opportunity in Europe by accessing third party equity capital for the expansion of the ProLogis Operating System(TM). A total of 1.07 billion US dollars of third party equity has been committed by a group of 16 institutional investors through a private placement, which when combined with ProLogis' equity investment and debt financings, brings the total committed capitalization of the Fund to 2.7 billion dlrs by year-end 2002.

(Photo: NewsCom: <http://www.newscom.com/cgi-bin/prnh/19990420/PROLOGIS> )

ProLogis will contribute to the Fund approximately 6.6 million square feet of stabilized European distribution properties, valued at 352 million dlrs (171 million dlrs in equity, 181 million dlrs in debt). The Fund also will purchase ProLogis' future stabilized European development properties. The Fund will be managed within the ProLogis Operating System pursuant to a 20-year management contract and will enhance ProLogis' ability to provide services and facilities to its global customer base. ProLogis will have the largest equity interest in the Fund and will maintain a minimum equity ownership in the Fund of 20%. The Fund will have a conservative capital structure and will be operated with a maximum leverage ratio of 50%.

### Fund Enhances Return on Shareholders' Invested Capital

K. Dane Brooksher, ProLogis chairman and chief executive officer, said, "The ProLogis European Properties Fund allows us to expand the ProLogis Operating System in Europe, serve our global customers and maintain long-term management and control of our pan-European distribution facilities without raising additional common equity. ProLogis' equity requirement for our planned expansion in Europe is now complete. In addition, the Fund will enhance ProLogis' shareholder returns on invested capital through cash flow generated from the company's ownership in the Fund, ongoing profits from the sale of development properties to the Fund, returns on reinvestment of development profits, and asset management fee income."

## Fund to Capture Significant European Growth Opportunity

Jeffrey H. Schwartz, vice chairman for international operations, said, "The demand for distribution space in Europe continues to grow rapidly as cross-border trade increases and many major companies move to consolidate and reconfigure their distribution networks. This consolidation and the emergence of dominant regional distribution centers has led many multinational companies to seek a single source provider that can meet their distribution facility requirements across Europe. Frequently, development of new facilities is desired due to the functional obsolescence of much of the existing space and the limited supply of new space in European markets. ProLogis has a unique market position. We are the only company operating on a pan-European basis, we control over 2,000 acres of land for development and we have the capital to capture this extraordinary growth opportunity."

Schwartz added, "The ProLogis European Properties Fund is the first of its kind in Europe, bringing together institutional investors from across the globe that historically had not invested in real estate on a pan-European basis. The overwhelming response to the Fund from such high-quality institutional investors demonstrates their support of ProLogis' pan-European strategy and their confidence in our ability to capture additional growth opportunities through our expanding relationships with global customers."

Peter Wittendorp, executive vice president of ABP, the largest pension fund in Europe and a lead investor in the Fund, said, "We are very excited to have a significant role in forming the ProLogis European Properties Fund, which is both at the forefront of creating pan-European property companies and of satisfying the tremendous growth in demand for distribution space across Europe. The unique position of the Fund meets our investment objective, while ProLogis' development sites and expertise, high quality properties, strong customer relationships and unique operating system satisfy our strategic objective to be part of creating the leading pan-European real estate platform."

ProLogis is a leading global provider of integrated distribution services, with over 1,575 distribution facilities owned and operating throughout North America and Europe. ProLogis has built the industry's first and only global network of distribution facilities with the primary objective to build shareholder value by becoming the leading provider of distribution services. The company expects to achieve this objective through the ProLogis Operating System(TM), and its commitment to be "The Global Distribution Solution" by providing exceptional corporate distribution services and facilities to meet

customer expansion and reconfiguration needs globally. As of June 30, 1999, ProLogis has over 172.3 million square feet of distribution facilities operating or under development in 94 global markets.

Additional information on this transaction can be found on the company's website at <http://www.prologis.com> under "Supplemental Information," or by request at +1-800-820-0181.

This news release shall not constitute an offer to sell or the solicitation of an offer to buy the securities of ProLogis European Properties Fund. The offering related to those securities has been consummated and no further offers or sales will be made.

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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Contact: Jeffrey H. Schwartz, tel Netherlands +31-65-323-0176, or Analyst and Media: Melissa Marsden, tel Colorado +1 303-576-2622, both of ProLogis, or ProLogis Investor Relations: tel USA +1 800-820-0181

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PRN Photo Desk, +1 888-776-6555 or +1 201-369-3467

Web site: <http://www.prologis.com>