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2007 Sustainability Report

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At ProLogis, sustainability is a business approach that balances environmental, societal and economic objectives. We engage key stakeholders, such as customers, employees, investors and the local communities in which we operate, to solicit feedback and further our understanding of the sustainability issues that are most relevant to them.



ProLogis is focused on becoming the global leader in environmental best practices. We consider sustainability and climate change to be fundamental issues and understand the importance of actively managing the impact of both our day-to-day operations as well as our development business.

The creation of our first report was an illuminating experience. Not only did we begin to monitor our global activities, we furthered our existing sustainability objectives by implementing industry-approved methods for future data collection.

Our efforts have also helped us gain a better understanding of potential impacts of climate change and how the depletion of resources can disrupt world economies. Consumers catch a glimpse of this dynamic when they fill their gas tanks or pay their utility bills. At the same time, real estate developers are noting more stringent building codes and minimum energy performance standards that have led to higher construction costs.

In addition, our reporting helps us stay focused on progressing our CSR initiatives – such as installing renewable energy systems or requiring minimum environmental construction standards. We are fortunate to

have established what we believe is a core competency in sustainable design and construction and have already achieved some notable successes in delivering high-performance properties to key customers.

Company wide, we have made significant strides toward meeting the goals and objectives outlined in last year's report. Among the recognition we have received:

- Ranked No. 1 “Most Admired Real Estate Company” by *Fortune* magazine for the second year in a row with top scores across all performance categories, including social responsibility and innovation
- Received multiple top awards from the National Association of Industrial and Office Properties for the development of LEED-certified space
- Presented with the Urban Design Award for 2007 by the South Bedfordshire District Council in the United Kingdom. The former brownfield site is now ProLogis Park Dunstable, which also received the BREEAM ‘Excellent’ rating for environmental performance
- Received CASBEE Osaka ‘A’ grade certification for two distribution centers in Japan; ProLogis Parc Maishima II and ProLogis Parc Osaka II

It has been gratifying to see how ProLogis associates worldwide have embraced our programs and have become ambassadors for change – communicating the importance of our efforts throughout their local markets and to others within their communities. We welcome your feedback and look forward to sharing additional results with you in next year's report.

A handwritten signature in black ink, appearing to read 'Jeffrey H. Schwartz'. The signature is stylized and fluid, with a long horizontal line extending to the right.

Jeffrey H. Schwartz
Chairman and Chief Executive Officer

Our mission with regard to sustainability is straightforward: to be the leading global provider of sustainable distribution facilities and to create an optimal balance between shareholder value, the environment and corporate social responsibility. To ProLogis, sustainability is a business approach that recognizes economic, environmental and social objectives. It defines who we are and how we operate.

We strive to retain the trust and support of our investors, customers, employees and the communities in which we operate and to manage our business in a way that benefits all of our stakeholders.

REPORT GUIDE

This is the second corporate sustainability report produced by ProLogis. It is global in scope and covers our activities in North America, Europe and Asia for the full year ended December 31, 2007, unless otherwise noted.

The basis for reporting on other matters specific to the operations of our business, including joint ventures, subsidiaries, leased facilities, outsourced operations and other entities that can affect comparability from period to period, can be found in ProLogis' Annual Report on Form 10-K, which is filed with the Securities and Exchange Commission.

This report is intended to provide information about the most significant sustainability-related impacts that arise from our business activities and is focused on those for which we have the greatest degree of control or influence. By identifying and reporting on the most material issues to ProLogis and our stakeholders, we ensure that our reporting remains relevant and useful.

We are pleased to report that as of December 31, 2007, there have been no re-statements of information provided in previous sustainability-related disclosure. In addition, the scope of reporting related to our total carbon footprint has been expanded to include international data; in 2006, we only reported on the CO₂ emissions resulting from our U.S. business operations.

To the extent possible, we have included data from internal resources or with the help of our business partners. When original data was not available, we relied on third-party sources for estimates. We also have engaged a third-party assurance provider to assist in expanding the scope and level of detail included, as well as in developing and refining data collection methodologies for this and future reports.

This report incorporates the most recent G3 Guidelines as released by the Global Reporting Initiative (GRI) as a general framework for this report. GRI is an international, multi-stakeholder network through which a recognized sustainability reporting framework has been developed. This report has been externally assured and GRI-checked as meeting the requirements for GRI's Application Level "B+".

Questions or feedback? Please contact ProLogis' Investor Relations department at 1-800-566-2706.

INDEPENDENT ASSURANCE STATEMENT SUPPLEMENT

Opinion On the basis of the method and scope of work undertaken and the information provided to us by ProLogis:

Materiality Nothing came to our attention to suggest that significant material issues for the company have been omitted from the scope of the Report. We recommend that ProLogis consider discussing the following areas in more detail in future reports: health and safety performance indicators, the implications of the Foreign Corrupt Practices Act and issues around labor standards for suppliers and contractors in emerging markets.

Completeness We are not aware of any material reporting units which have been excluded from the consolidated data, beyond those specified in the scope of the Report. Nothing has come to our attention that causes us to believe that the data have not been properly collated from information reported at operations level. In the future, ProLogis should consider explicitly linking its identification of material issues to stakeholder feedback to ensure that concerns from all stakeholders are being addressed by the company. The introduction of a systematic approach to giving and reporting on charitable donations and community support activities at corporate and operations level should be a priority for the coming year. We found evidence that appropriate systems are in place for monitoring and gathering information on relevant management arrangements and consolidated performance.

Responsiveness We reviewed evidence of a variety of mechanisms in place for responding to key stakeholders such as investors, employees and customers at group level and some examples of engagement mechanisms for additional stakeholders at the operational level. We note ProLogis' strength in conducting systematic dialogue with customers and believe that this example could be used to develop more systematic engagement mechanisms with other stakeholders. Looking forward, we recommend setting group-wide targets around social aspects of performance, particularly with regard to employee development, community interaction and supplier standards.

csr network ltd
U.K. March 2008



Jon Woodhead, Director



Todd Cort, Project Manager

This 2007 ProLogis Sustainability Report has been subjected to independent assurance by **csrnetwork**. In conducting the assurance, **csrnetwork** evaluated the Materiality, Completeness and Responsiveness of the Report in line with the guidelines of the AA1000 Assurance Standard as well as the requirements for reporting at the B+ level for the Global Reporting Initiative G3 guidelines. The full draft of this assurance statement, including the scope of the assurance process, responsibilities, findings and recommendations, can be found at:

<http://ir.prologis.com/investors/sustainability.cfm>

csr network ltd
U.K. April 2008



KEY STAKEHOLDER ENGAGEMENT

We identify our key stakeholders as any person or group of people who may affect, or be affected by, ProLogis' business operations. This includes customers, investors, planners, non-governmental organizations, governmental agencies, suppliers, employees and the communities in which we operate. All of these entities have an interest in ProLogis' sustainability efforts and are therefore expected to find value in this report. As the ultimate beneficiaries, stakeholders' priorities were the key driver for determining report content.

In order to define the content for our 2007 sustainability report, ProLogis associates who interact with various stakeholders met with external consultants to establish a framework for determining the most important topics. The group then assessed which of those topics we have some degree of control over, since those are the areas where our resources can best be deployed for bringing about the desired results.

STAKEHOLDER COMMUNICATION FRAMEWORK

We communicate openly and in good faith with our stakeholders and encourage honest feedback from them. This is obtained through active outreach including customer satisfaction surveys, group and one-on-one investor meetings, industry forums, media interviews, quarterly earnings calls, employee training sessions, public planning meetings and meetings with vendors and suppliers. Additionally, we provide departmental contact information on our corporate website, www.prologis.com

We also respond to incoming inquiries. They can originate from local communities seeking volunteers, from third-party organizations looking for information about ProLogis' plans to address climate change, such as the Carbon Disclosure Project and KLD Analytics, and from individual or institutional investors trying to better understand our business operations.

These efforts have helped us understand and address the needs of our stakeholders. Taking this a step further, we actively publicize our sustainability goals and achievements and have completed a number of strategic stakeholder engagement activities, including:

- Specific investor targeting analysis via Thomson Financial, a leading global financial information company, to identify U.S.-based socially responsible investors
- Registering for the report alert service through CorporateRegister, the world's largest online directory of company-issued CSR, Sustainability and Environmental reports
- Developing a "Sustainability Champion" program, wherein each ProLogis office will have a designated individual charged with helping to implement ProLogis' environmental initiatives in that office, collecting information on sustainability efforts and participating in quarterly conference calls to share ideas with other Sustainability Champions

GRI Content Index		
DMA EC	p16	Disclosure on management approach
EC1	p18	Direct economic value generated and distributed
EC2	p16	Financial implications, risks and opportunities due to climate change
EC6	p18	Policy, practices and proportion of spending on locally based suppliers
EC7	p18	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation
EC8	p15	Development and impact of infrastructure investments and services provided primarily for public benefit
DMA EN	p8	Disclosure on management approach
EN1	p8	Materials used by weight or volume
EN3, EN4	p8, 11	Direct and indirect energy consumption by primary energy source
EN6, EN7	p8 – 11	Use of energy-efficient or renewable energy initiatives to achieve direct and indirect energy reduction requirements; reductions achieved
EN13, EN14	p9, 11	Strategies, current actions and future plans for managing impacts on biodiversity; habitats protected or restored
EN16	p11	Total direct and indirect greenhouse gas emissions by weight
EN23	p9	Total number and volume of significant spills
EN26	p8, 10	Initiatives to mitigate environmental impacts of products and services
EN28	p9	Significant fines or sanctions for non-compliance with environmental laws and regulations
DMA LA	p13	Disclosure on management approach
LA1	p13	Total workforce by employment type, employment contract and region
LA2	p13	Total number and rate of employee turnover by age group, gender and region
LA3, LA4	p14	Benefits provided to employees; percentage of employees covered by collective bargaining agreements
LA10, LA12	p14	Average hours of training per year; performance and career development reviews
DMA HR	p13	Disclosure on management approach
HR4	p14	Total number of incidents of discrimination and actions taken
DMA SO	p13	Disclosure on management approach
S01	p14, 15	Programs to assess and manage the impacts of operations on communities
S03, S04	p14	Total number of employees trained in organization's anti-corruption policies and procedures; any incidents and actions taken
S07	p14	Total number of legal actions for anti-competitive behavior, anti-trust and monopoly practices and their outcomes
S08	p14	Significant fines or sanctions for non-compliance with laws and regulations
DMA PR	p18	Disclosure on management approach
PR1	p18	Product and service life cycle assessments
PR5	p18	Customer satisfaction measurement
PR6, PR7	p18	Marketing and communications compliance; any incidents and actions taken

GRI Profile Indicators		
1.1 – 1.2	p2	Statement from the CEO about relevance of sustainability to ProLogis and its strategy, including a description of the organization's key impacts, risks and opportunities
2.1 – 2.4	p7	Name of organization, primary products and services; operational structure, location of headquarters
2.5	p19	Countries of operation
2.6	p7	Nature of ownership; legal form
2.7	p19	Markets served
2.8	p7	Scale of organization: employees, net sales, capitalization and products
2.9	p17	Significant changes during reporting period regarding size, structure, or ownership
2.10	p2	Awards received during reporting period
3.1 – 3.3	p4	Reporting period, cycle and date of previous report
3.4	p4	Contact point for questions regarding report
3.5 – 3.7	p4, 5	Process for defining report content; boundary and limitations of report
3.8	p4	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations and other entities that can significantly affect comparability from period to period
3.9	p4	Data measurement techniques and the bases of calculations
3.10 – 3.11	p4, 17	Re-statements or significant changes from previous reports
3.12 – 3.13	p4, 6	GRI Standard Disclosures table; policy and practice with regard to seeking external assurance for report
4.1 – 4.4	p16, 17	Governance structure; indication if chairman is also executive officer; independence of members; mechanism for direction to the highest governance body
4.5 – 4.6	p16, 17	Linkage between compensation and organizational performance; processes in place to avoid conflicts of interest among members of the highest governance body
4.7 – 4.10	p3, 16	Processes for determining the highest governance body's qualifications and expertise on economic, environmental and social topics; internal mission statements; codes of conduct; management, evaluation and assessment frequency
4.11	p17	Explanation of whether/how the "precautionary approach" is addressed
4.12 – 4.13	p17	Externally developed economic, environmental or social charters, principles, or other initiatives; organizational membership in associations or advocacy organizations
4.14 – 4.17	p5	List of stakeholder groups engaged by the organization; key topics and concerns raised, explanation of response

ProLogis is the world's largest owner, manager and developer of distribution facilities, with operations in 118 markets across Asia, Europe and North America.

ProLogis is headquartered in Denver, Colorado, and employs more than 1,500 people worldwide. The company had \$36.3 billion of assets owned, managed and under development, comprising 510.2 million square feet (47.4 million square meters) in 2,773 properties as of December 31, 2007.

Our customers include manufacturers, retailers, transportation companies, third-party logistics providers and other enterprises with large-scale distribution needs. In addition to our core industrial business, we are active in retail and mixed-use development in Europe and Asia, and throughout North America as Catellus Development Group, a ProLogis company.

ProLogis is organized under Maryland law and is taxed as a Real Estate Investment Trust under the Internal Revenue Code of 1986, as amended. Our European headquarters are located in the Grand Duchy of Luxembourg with our European customer service headquarters located in Amsterdam, the Netherlands. Our regional offices in Asia are located in Tokyo, Japan, and Shanghai, China.

Our business is currently organized into three reportable business segments: (1) property operations, (2) investment management and (3) CDFS business.

PROPERTY OPERATIONS

Our property operations segment represents the direct, long-term ownership of industrial distribution and retail properties.

INVESTMENT MANAGEMENT

Our investment management segment represents the long-term management of unconsolidated property funds, and the properties they own, with the objective of generating a high level of returns to us and our fund partners. Along with the income recognized under the equity method from our investments in the property funds, we include fees and incentives earned for services performed on behalf of the property funds (primarily property and asset management services) and interest earned on advances to the property funds, if any, in this segment.

CDFS BUSINESS

Our CDFS business segment primarily encompasses our development of properties that generally are either contributed to a property fund or sold to third parties. Additionally, we acquire properties with the intent to rehabilitate and/or reposition those properties in the CDFS business segment prior to being contributed to a property fund. We also engage in commercial, mixed-use development activities generally with the intention of selling the land or completed projects to third parties.

Additionally, we have land positions, including land owned by the CDFS joint ventures and land controlled through contracts or options, for future development of industrial distribution properties or other commercial development.

environmental

ProLogis is committed to continuously improving the environmental performance of our global portfolio. Through state-of-the-art design and construction, innovative customer programs, active engagement with suppliers and benchmarking our performance, we strive to be the world leader in environmental best practice in our industry.

GOALS / RESULTS

In 2006, ProLogis adopted a series of multi-year, quantifiable waste and renewable energy goals for all new development in its global portfolio to be achieved by 2010. They are as follows:

- Utilization of 20% recycled content, based on cost, in all new warehouse developments
- Diversion of 75% of construction debris from disposal in landfills and incinerators on all new projects
- Installation of renewable energy sources that have a combined generation capacity of over 25 million kWh per year across the company's global property portfolio

- Reduction of potable water usage for landscape irrigation by 50% in accordance with methodology established under the U.S. Green Building Council's (USGBC) LEED (Leadership in Energy and Environmental Design) program

ProLogis continued to make progress toward these goals during 2007. By building to BREEAM (Building Research Establishment Environmental Assessment Method) standards we will achieve the first, second and fourth of these goals on all new development in the United Kingdom, while under LEED standards, we are making progress toward these objectives. For example, in Minooka, Illinois, over 90% of the waste related to the construction of an 800,000-square-foot facility leased to Kraft Foods was diverted from landfills.

U.S. and U.K. Sustainable Warehouse Initiatives

Early in 2008, ProLogis announced two important sustainable development initiatives. We pledged to develop all new warehouses in the United States to environmental standards developed by the USGBC and to register each building with the USGBC for certification under LEED, the U.S. national standard for environmentally responsible construction. Additionally, we plan to develop all new warehouses in the United Kingdom to BREEAM standards developed by BRE Global. These initiatives impact all new development currently in the design or planning stage, as well as future projects in the United States and the United Kingdom.

In an increasing number of global markets, regulators are adopting policies that provide preferential permitting treatment for those development projects that will comply with leading environmental standards, creating an advantage for the frontrunners. Our facilities will

not only provide options for our customers that are interested in furthering their own sustainability initiatives and reducing energy consumption, but we believe that as customer demand grows, these high-performance buildings will lease more quickly and generate higher rents and greater return on investment.

Presently, we have 5.7 million square feet of warehouses in the United States under design or construction for which we are pursuing LEED certification. In addition, Catellus has submitted two projects – Alameda Landing in California and Mueller in Texas – that were accepted into the USGBC's LEED Neighborhood Development pilot project. In the United Kingdom, we have 3.7 million square feet of facilities either completed, under development or in planning that have received BREEAM ratings, with another two million square feet of space that is eligible to be rated in the future.

We also implemented waste diversion and potable water reduction strategies at various global projects and established a mechanism for tracking our progress on these initiatives during 2007. Additionally, we continue to work on increasing our use of recycled materials and are focused on understanding the recycled content of steel and concrete – two of the largest items used in warehouse construction. ProLogis has never been fined for non-compliance with environmental laws and regulations and due to the nature of our business, we have a very low risk of significant spills.

In March 2008, we announced an initiative with Southern California Edison (SCE) to provide rooftop space in one of our distribution parks for a solar panel installation pilot project. SCE will make the capital investment in the panels and harvest the energy for their customers' use in the region, while ProLogis will install the panels and earn "roof rent" from SCE. We anticipate the first installation will be made late in 2008 and will provide an update on the progress of this initiative in future reports.

Finally, in order to improve our fluency in green construction practices, we required our North American construction management team to undergo LEED accreditation training. So far, 25 ProLogis employees have achieved LEED AP status.

ENERGY-EFFICIENT LIGHTING

In 2006, ProLogis embarked on a lighting program to install or upgrade the lighting systems in our North American portfolio to energy-efficient T5 and T8 fluorescent lighting systems, which can cut electricity usage by 30 to 40%. To date, we have installed more than 14.1 million square feet of high-efficiency lighting, which translates into roughly 15.8 million kWh saved annually compared with standard systems. That is enough to power 1,489 U.S. homes for a year. In terms of carbon, the combined installations avoid approximately 9,694 metric tons of CO₂ from being emitted annually.

WORKING WITH SUPPLIERS

Through the building components and products we purchase, we enhance the environmental attributes of our warehouses. In 2007, we met with suppliers to learn more about their sustainable offerings in order to incorporate such products into our purchasing practices. One outcome included testing environmentally friendly paints and carpets during initial warehouse construction and tenant improvements. Based on positive feedback, we plan to incorporate environmentally preferred products into our standard offering for 2008.

Lowest Carbon Footprint Warehouse in Europe

In October 2007, we completed construction of a U.K. distribution warehouse for Sainsbury's, one of the U.K.'s leading retailers, that has the lowest carbon footprint of any such facility in Europe. The award-winning, 624,000-square-foot facility at ProLogis Park Pineham, Northampton, sets new standards for sustainable development with an ultra-low carbon design that exceeds U.K. building regulations by 40%.

A carbon management system recorded the carbon footprint of every aspect of the construction process, including emissions associated with the production of raw materials and construction components, carbon associated with transport to the site and energy used on site. The carbon footprint was further reduced through a waste management plan to reduce and recycle construction waste.

The building also has significantly reduced operational carbon emissions. A combined heat and power plant drives the refrigeration system, warms rainwater



harvested from the roof and generates electricity for use on the site. Air tightness levels exceed U.K. regulations by 75%, while a solar wall and wall-mounted photovoltaic panels generate renewable electricity and provide passive warehouse heating. Carbon credits were purchased to offset the embodied carbon by 110%, creating a net reduction in emissions equivalent to that of more than 440 homes.

GLOBAL STANDARDS CHECKLIST

ProLogis is committed to delivering the most energy efficient, environmentally responsible buildings possible. Green building rating systems, which can be found in a number of regions across the globe, have proven to be a credible way to communicate the sustainable components of a building.

Where standards for green construction exist, we are building projects that qualify for certification based on those criteria. Where green rating systems do not exist, we plan to utilize a global standards checklist we created in 2007 based on the requirements for environmental certification from the leading regional rating systems in the United States (LEED), in Japan (CASBEE) and in the United Kingdom (BREEAM).

As of December 31, 2007, we had 29 distribution centers worldwide that had received, or were in the process of receiving, LEED, CASBEE or BREEAM ratings. We are currently tracking development projects using our global checklist and will report on progress as appropriate.

ENERGY STAR

In early 2008, ProLogis was accepted as a partner in ENERGY STAR, a joint program of the U.S. Environmental Protection Agency (U.S. EPA) and the U.S. Department of Energy (DOE) that aims to protect the environment

through energy-efficient practices and products. As a partner, we pledge to assess our current energy consumption and operating and maintenance practices, as well as identify strategies that will continually improve energy performance enterprise wide. We are currently developing a formalized operations and maintenance plan for our headquarters that will be customized for our field offices and will meet monthly to discuss progress.

CHICAGO CLIMATE EXCHANGE

In February 2007, ProLogis announced its membership in the Chicago Climate Exchange (CCX), the world's first voluntary, legally binding greenhouse gas emissions reduction, registry and trading program. Membership in the Exchange requires us to completely offset the "carbon footprint" associated with our business operations in the United States.

We were the first real estate developer to join CCX; at the time, CCX did not have energy-efficiency standards that could be applied to real estate. We are collaborating with the Exchange on a protocol to provide a way for CCX participants to earn carbon offsets for the energy performance of their buildings. Our goal is for the protocol to be utilized by any member company wanting to earn carbon credits for their energy-efficiency measures.

A Visionary Mixed-Use Development

In 2002, Catellus was selected as master developer for the former Robert Mueller Municipal Airport redevelopment in Austin, Texas. The original master plan, which envisioned Mueller as a mixed-use, dense, transit-oriented urban node, was the result of close collaboration between the city government and surrounding neighborhoods – and more than 100 public planning meetings.

Catellus' role at the project has been to execute that vision and to strike a balance between the ambitions of the community and the realities of the marketplace. Although there have been challenges, the end result is a highly successful master plan that incorporates a number of green principles, including material and land reuse, open space, parks, multi-modal transit, affordable housing and utilization of renewable energy.

Uniquely, the Mueller plan requires all commercial buildings to meet or exceed a two-star energy efficiency rating from Austin Energy's Green Building Program



Strictly Pediatrics Subspecialty Center at Mueller in Austin, Texas

or be LEED certified; all single family homes must meet or exceed a three-star energy efficiency rating. Distinctively, Mueller's retailers exceeded both local and national standards for green building, making the retail district one of the most sustainable in a mixed-use community in the nation. For Best Buy, Mueller is home to their first "green" retail store.

Global Carbon Footprint

Electricity/Indirect Energy Consumption	Natural Gas	Carbon Footprint ¹
12,394,108 kWh	63,099 therms	14,881 metric tons of CO ₂

¹ Operations include electricity and natural gas usage at ProLogis offices as well as emissions associated with business travel via plane, automobile, commuter rail, intercity rail and bus.

Note: These figures are based upon actual utility bills and travel reports, where available, and based upon square footage and estimations where exact data was not available. Sources of emissions factors used in the calculation are the U.S. EPA, DOE and CCX. Our carbon footprint calculation follows the GHG Protocol established by the World Resources Institute and the World Business Council for Sustainable Development.

Through a combination of offset procurement and organic reductions, including reduced hours of HVAC operation and installation of energy-efficient lighting, we plan to offset the entire carbon output related to our global business operations for 2007 later this year.

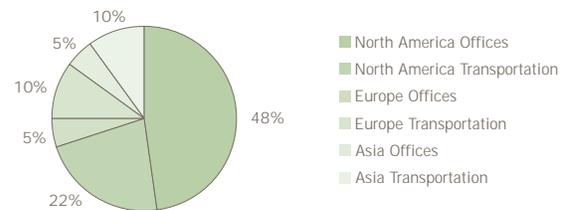
HABITAT RENEWAL

As part of the land procurement and entitlement process, ProLogis completes an Environmental Impact Assessment (EIA) for every project and identifies threatened or impacted species and habitats during the assessment process. We are currently working

to formalize reporting for our environmental impact mitigation and, working in partnership with agencies and organizations, will go above and beyond where feasible.

ProLogis has completed a number of habitat protection and restoration projects across the globe. In Florida, we worked with the Fish and Wildlife Commission to safely relocate 74 burrows and 21 gopher tortoises. At ProLogis Park Uzice in the Czech Republic, we helped revitalize a nearby forest by planting trees – increasing the area of the existing forest by more than 100%. And at Catellus’ Mueller airport redevelopment in Texas, we are restoring parts of the site not just to its pre-airport condition but to its original state as Texas blackland prairie. This includes creating educational trails and displays to help park users learn about native plants and ecosystems.

2007 Global Carbon Footprint



Harnessing the Wind

Japan is a densely populated and highly land constrained country, with nearly 70% of its landmass mountainous and uninhabitable. Consequently, the large majority of Japan’s population is concentrated in about 30% of the country’s coastal flatlands.

Strong, sustained winds along the coast create ideal conditions for wind-based power systems. So far, ProLogis has included wind turbines at three large distribution centers developed by the company in Osaka and Nagoya.

The first is ProLogis Parc Amagasaki, a 1.5-million-square-foot industrial park completed in 2006. The park features two, 10 kW wind turbines with an expected annual capacity of 6,400 kWh. The second, ProLogis Parc Osaka II, includes two, 4 kW wind turbines, photo-catalytic pavement, energy-efficient lighting and high-insulation wall paneling. The park



ProLogis Parc Centrair

totals 1.4 million square feet and was completed in 2007. Also completed in 2007 is ProLogis Parc Centrair in Nagoya, an 860,00-square-foot park that features four, 10 kW wind turbines.

social

Corporate social responsibility is a core value of our company. Through our partnerships, corporate giving, community outreach, employee involvement and education, we are committed to building healthy and productive relationships with our employees, business partners and the local communities in which we do business around the world.

COMMUNITY ENGAGEMENT

ProLogis is proud to invest in the communities in which we operate. We contribute our time, our expertise and our financial support in numerous ways around the globe, all with the goal of making a positive difference to people and organizations in need. In 2007, we created a company-wide volunteer program that provides every ProLogis employee with two paid days each year to be used for community volunteer efforts.

We intend to further develop our company-wide community investment strategy in 2008 and began to measure our financial investments as a percentage of company profits in 2007.

As a part of our due diligence process, ProLogis closely examines the impact that new development will have on the environment and community. We make every effort to ensure that the public is educated on our plans by attending city council and planning meetings, listening to public feedback and working to create master-planned distribution parks that will assimilate into the community. While every project is different, some examples of our process include traffic analysis to determine if there are any required infrastructure upgrades and economic analysis to research potential job creation our project will provide, as well as the increased tax revenues for local and/or state agencies.

Sustainability at ProLogis transcends our development business; its principles are being utilized company wide. For example, at our corporate events and meetings, we no longer offer bottled water or paper, plastic or Styrofoam cups. Instead, we provide reusable cold and hot beverage containers. We also require venues to have plastic, paper and aluminum recycling, and hotels must have a linen reuse program. Finally, in order to eliminate paper distribution at tradeshow, we now provide reusable USB flash drives.

NORTH AMERICA

In 2007, 706 of our employees in 38 different North American offices took part in a variety of activities benefiting over 81 different charities and donated more than 4,700 hours of time. Some of the organizations we helped include:

- 19 different schools
- The Humane Society
- Race for the Cure
- Toys for Tots
- YMCA
- United Way
- St. Jude Childrens' Hospital
- Four food banks
- The Salvation Army
- Junior Achievement
- Two childrens' hospitals
- Habitat for Humanity
- Boys and Girls Clubs of America

EUROPE

We are committed to supporting local charities and non-profit organizations throughout Europe. We provide in-kind donations, monetary gifts and supplies to encourage local growth and revitalization and to engage each community's individual spirit.

Through the Park Foundation in Poland, we donated funds to upgrade equipment at the children's oncology ward at the Maria Konopnicka University Hospital – this effort was part of a nationwide initiative to support underprivileged children in the country. We also donated time and resources to: sponsor an elementary school basketball tournament where winning schools received sports equipment, support three months worth of summer events for disadvantaged children in Piotrkow, buy lunch for poor children at Warsaw schools, and create scholarships to the Higher School of Logistics in Poznan.

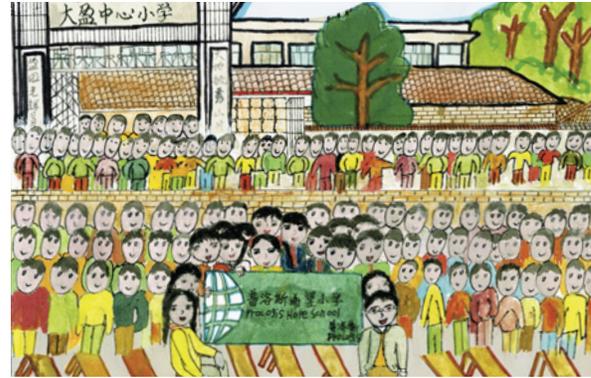
In Bucharest, Romania, we gave our time and resources to create new football fields and playgrounds for children. We also partnered with the Real Estate Economics master program run by the Academy of Economics to award sponsorships totaling €5,000.

We regularly allocate funds for community dispersal in the United Kingdom. In 2007, we gave to the Sutton United Football Club, the Racing Blyth Youth Football Team and the Stafford Rangers Football Club. We also funded the installation of a stone memorial at one of our parks in remembrance of a fallen U.S. World War II pilot, who heroically redirected his damaged aircraft, saving innocent lives.

In Germany, with each new distribution facility developed, we donate funds to a local charity. In 2007, we gave to: Sozialstation Neufahrn, an elder care organization, two different organizations supporting research and fulfilling wishes for children with cancer, Kinderheim Anna-Stiftung, a children's home and Circusschule TriBühne, an education program in Hamburg.

ASIA

We are proud to support local communities in Asia by fostering school programs and participating in local events. In China, ProLogis has pledged to fund the construction of one new school for every five million square feet of industrial development that the company completes in the country. Last year, we constructed one school and expect to complete three more in 2008. In addition, we support Shanghai Surprise, a university scholarship program for underprivileged children.



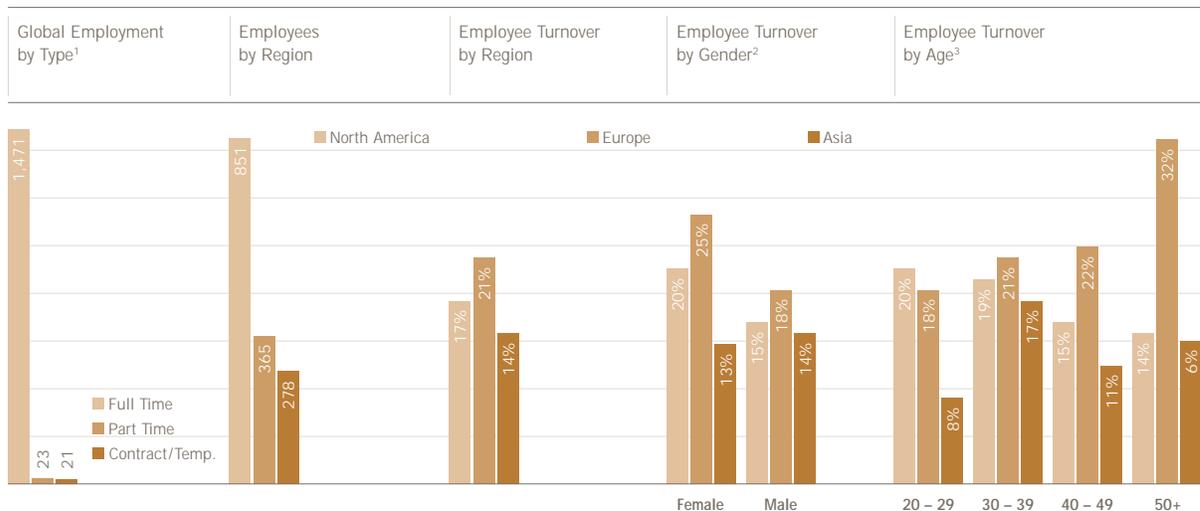
In the Guangxi disaster area in China, school children commemorated ProLogis' first Hope School with an art contest.

In Japan, we donated funds to support developing countries through Nippon Keidanren, a Japanese Business Federation, and local festivals in Ichikawa City and Misato City. At the Ichikawa San Festa festival, we sponsored games and prizes, serving more than 800 people at the day-long event.

MANAGEMENT APPROACH

We place a dedicated effort on training and education for our employees. In 2007, we strengthened our focus on training and development by regularly communicating and educating our employees about business operations, career growth and our sustainability efforts worldwide.

In 2007, employees participated in a wide variety of training events related to leadership, business skills, team building, ethics, safety, language and technology. In addition, our bi-annual, company-wide, new associate training event, ProLogis University, took place in 2007, bringing more than 350 employees from around the



¹ Contract/temporary workers are not ProLogis employees

² Employees who terminated employment as a percentage of gender by region, not a percentage of total headcount

³ Employees who terminated employment as a percentage of age group by region, not as a percentage of total headcount

globe to Denver, Colorado, to learn more about the company's history and mission. In total, ProLogis spent more than \$1.6 million for employee training in 2007. Moving forward, we have increased our commitment to training with the establishment of a new Training and Development department.

All of our employees receive regular performance reviews, and in 2007, we established an enhanced performance review system to increase the consistency of feedback at the corporate level. We also have a compensation tracking program, a metrics data program and an internship program for career development.

Approximately 36% of our employees have been trained in ProLogis' anticorruption policies and procedures. We have had no acts of corruption take place, nor have we had to engage in any legal actions to address anti-competitive, anti-trust or monopoly practices. We believe that our relationships with our employees are good, and our employees are generally not represented by any collective bargaining agreements. Additionally, as construction is typically outsourced to contractors, the vast majority of ProLogis associates are employed in administrative or managerial positions. Therefore the company does not experience a significant number of health or safety issues.

HUMAN RIGHTS

ProLogis affirms the company's commitment to Equal Employment Opportunity. We believe that our associates are our most important assets and seek to hire and retain superior associates by committing to excellent employment standards.

ProLogis will recruit, hire, train, promote and compensate candidates for employment and our current associates without regard to race, color, age, religion, sex, national origin, disability or sexual orientation. All other personnel actions, including, but not limited to, disciplinary action and fringe benefits programs, will be based on the same principles. In North America, ProLogis had two incidents of discrimination raised during the year. Our attorneys have responded to both incidents, and they are still open. Neither Europe nor Asia reported any discrimination incidents.

Currently, ProLogis Human Resources associates with hiring responsibility typically attend at least one diversity-related career fair each year.

ProLogis follows all relevant federal and state laws applicable to individuals with disabilities, Vietnam-era and disabled veterans and endeavors to maintain guidelines and practices that meet the standards required by law.

ProLogis University at Manual High School

Every two years, ProLogis brings its new hires from all over the world into one location for ProLogis University, a three-day-long event that aims to educate, train and motivate. It includes a series of motivational meetings and networking opportunities for new employees, along with functional training in development, property management, marketing and accounting.

For an entire day of this event, the group participates in a community service project. Last year, 350 employees gathered in Denver to revitalize Manual High School, a school that had been shut down by Denver Public Schools due to low student attendance and poor academic performance.

What the school needed most was support from the community and a boost in morale. ProLogis employees spent a day giving the school a facelift with new landscaping, new paint and general repairs. Their efforts represented over 2,000 hours of ProLogis volunteer



In August 2007, 350 ProLogis employees spent a day revitalizing the campus of Manual High School, located in an inner-city neighborhood in the greater Denver area.

time and – along with an \$80,000 donation from the company – helped turn the fate of the school onto a positive path. The school reopened after the summer on August 20, 2007, with a renewed spirit and sense of hope.

CORPORATE GIVING AND PRO BONO ENGAGEMENT

We build our economic portfolio to include a budget for in-kind donations. We believe that charitable efforts provide long-term return on investment and greatly contribute to our social sustainability.

In 2001, the ProLogis Foundation was established with the goal of providing financial support to institutions of higher education and charitable organizations across North America. In 2007, ProLogis donated \$5 million to the Foundation, approximately 0.5% of net earnings, to help support its efforts. We have plans to hire a foundation manager in 2008 and are formulating a plan to better manage charitable activity and fund allocations.

To facilitate access to our distribution parks and mixed-use developments, we frequently redevelop roads and interchanges for public benefit. The first stage in any development process is to conduct an environmental impact assessment to determine if there is a need to conduct infrastructure upgrades in order to minimize impact on the local community.

For example, as a part of The Bridge development, a 264-acre, mixed-use site near Dartford in the United Kingdom, we constructed a bridge over the M25 motorway – one of Europe’s busiest highways – to connect the property with existing infrastructure. The bridge spans 150 meters and forms part of the bus route for the revolutionary Fastrack public transportation system. Fully funded by ProLogis, we worked in partnership with Dartford Borough Council to create plans and build the £20 million bridge.



HEADQUARTERS EXPANSION

ProLogis formally opened its new global headquarters in Denver, Colorado, in February 2006. The five-story, LEED-certified building comprises more than 89,000 square feet of space and is home to approximately 350 associates. In this building, we provide single-stream recycling, environmentally friendly janitorial and office supplies, and 100% compostable and biodegradable products in our on-site cafeteria.

A year-and-a-half later, we began planning to expand our corporate office. Our explosive growth had resulted in a strong need for more people serving in corporate functions such as accounting, finance, human resources and marketing. In October 2007, we broke ground on an expansion of our headquarters facility.

This facility will also be LEED certified, and we are aiming for a silver rating. At completion, the building will comprise four stories totaling 93,350 square feet and will connect to the first building via an all-glass, ground-level corridor. Uniquely, the roof of the connector will feature a “green” landscaped area with native grass and shrubs.

Enhancements to the second building will include improved air quality, additional energy efficiency enhancements and building insulation, more natural light and carbon dioxide monitoring in the ductwork. The building is scheduled for completion in late 2008.

economic

ProLogis is committed to leveraging its global leadership position to sustain profitable growth. We strive to maintain industry-leading, long-term financial performance through our diversified business model, the world's largest global platform of distribution facilities and strong relationships with the companies we serve.

MANAGEMENT APPROACH

We seek to be the leading global provider of distribution facilities to the world's largest users of distribution space.

Our business model enables us to grow by accessing and managing a variety of capital sources around the globe. Our investment management business is a powerful engine of growth with more than \$19 billion of industrial assets under management. Our equity partners obtain access to ProLogis' high-quality portfolio through our contribution of properties and benefit from professional management and our strong ties with global customers. ProLogis has the opportunity to establish relationships with equity partners around the world, aligning our interests with theirs. In addition, our investment management business enables us to expand with less of our overall capital invested, since we generally retain a 20 to 25% interest in the funds. In this way, we leverage our operating system and achieve higher returns on invested capital.

We are a globally diversified company. We anticipate that 80 to 85% of our new development in 2008 will be outside the United States. This diversification helps mitigate the impact of an economic downturn in any one region of the world and helps support sustained economic growth.

Our response to universal climate change has been to increase our environmental awareness and green practices, which includes, but is not limited to, our involvement with CCX and the commitment to develop all new buildings to LEED standards in the United States and to BREEAM standards in the United Kingdom. We believe that environmentally friendly facilities will become increasingly sought after by tenants and that

facilities without green features face economic risk, or potentially, ultimate obsolescence. Research already shows that green buildings generate significant benefits. Green buildings command 3% higher rental rates, realize an average increase of 7.5% in building value, deliver 3.5% higher occupancy rates and improve return on investment by an average 6.6%.¹

CORPORATE GOVERNANCE

We are committed to furthering meaningful corporate governance practices and maintaining a business environment of uncompromising integrity. We continue to enhance these objectives through our governance policies and compliance with the Sarbanes-Oxley Act of 2002, the Foreign Corrupt Practices Act and the rules of the New York Stock Exchange (NYSE).

Our highest governance body is the board of trustees, followed by our senior executives. The ProLogis board is responsible for reviewing and approving strategic plans, corporate actions and financial objectives. The chairman of the board is currently the chief executive officer for continuity and involvement purposes. The board adheres to a well-defined code of ethics and participates in a company-wide ethics challenge conducted each year by our legal department.

Following our Annual Meeting of Shareholders in May 2008, our board of trustees will comprise 10 members who are elected annually. We require that a majority of our board be independent under listing standards adopted by the NYSE. To determine whether a trustee is independent, the board must affirmatively determine that there is no direct or indirect material relationship between the company and the trustee.

¹ McGraw-Hill Construction, *Green Building SmartMarket Report*, 2006.

Prior to the election of any member of the board, the board governance and nomination committee screens all potential candidates with a brief biographical sketch, conducts interviews and retains executive search firms as necessary. The committee may look at a variety of factors to identify potential candidates including each individual's focus on environmental, economic and social responsibility.

The board receives an update on sustainability initiatives during quarterly board meetings and attends to each item as appropriate. To address economic sustainability, the board's audit committee is charged with monitoring the quality and integrity of the accounting and reporting practices of the company. Due to the newness of our sustainability initiatives, it is currently not feasible to accurately track the board's performance related to the entirety of our sustainability measures. Moving forward, we plan to establish a formalized evaluation process to assess our board's commitment to our sustainability goals.

We take precautionary measures to address risk management in both operational planning and with new investments. We have operational controls in place for emergency management, carry comprehensive insurance coverage and conduct a thorough underwriting process. Before any capital is committed to a new investment, our investment committee looks at the economic, social and environmental impact of each investment, reviews investment memos and conducts an economic analysis to ensure prudent investments.

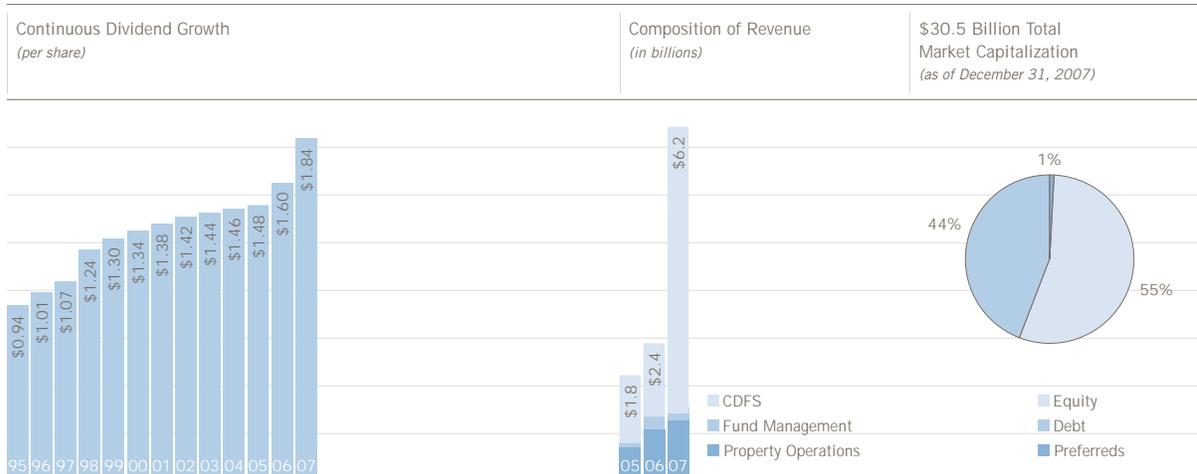
Our compensation philosophy is to reward superior company and executive performance and to attract and retain highly competent executives upon whose judgment, initiative and leadership our success depends. Our board's compensation committee focuses on completing regular performance reviews for our senior executives and is responsible for setting compensation levels in accordance with company goals and objectives; the committee also oversees programs in hiring, motivating and retaining key employees and in creating short- and long-term shareholder value.

You may communicate with any of the trustees, individually or as a group, by writing to them c/o Edward S. Nekritz, Secretary, ProLogis, 4545 Airport Way, Denver, Colorado 80239. All communications should prominently indicate on the outside of the envelope that they are intended for the full board, for outside trustees only or for any particular group or member of the board.

MEMBERSHIPS AND INDICES

We are members of: the National Association of Industrial and Office Properties, the National Association of Real Estate Investment Trusts, the Chicago Climate Exchange, the Real Estate Roundtable, the U.S. Green Building Council, the U.S. Environmental Protection Agency's ENERGY STAR program, the U.K. Green Building Council, the Urban Land Institute and the National Brownfield Association.

We are listed in the Domini 400 Social Index, the FTSE4Good Index and will apply for the Dow Jones Sustainability Index in 2008. Institutional Shareholder



Services (ISS) assigned ProLogis an Industry Corporate Governance Quotient (CGQ) rating of 89.3 as of March 27, 2008. ISS' CGQ is the most widely recognized third-party measure of corporate governance. The organization ranks U.S. companies using 65 different variables across eight categories: board of directors, charter and bylaw provisions, executive and director compensation, audit, anti-takeover provisions, stock ownership, progressive practices and director education.

LOCAL RESOURCES

ProLogis appreciates the value that comes from hiring local nationals in each market where we conduct business. No one knows the local geography, trends or business practices better than someone who is native to that market. More than 99% of our 1,515 employees are local nationals; we have only 13 expatriates working in markets other than their home countries.

In addition to our workforce, we utilize local construction materials and suppliers for all of our property development. By buying from suppliers within 500 miles of the facility, we ensure that the materials are not being transported over long distances to get to the site.

PRODUCT / CUSTOMER RESPONSIBILITY

We seek to exceed customers' expectations with exceptional levels of service. We are proud to maintain high levels of customer retention and satisfaction, which in turn benefit ProLogis' shareholders economically through low turnover and other customer receivable costs. We regularly measure customer satisfaction by conducting surveys that ask our customers in North America to rate their ProLogis personal contacts in areas of leasing, property management and maintenance. Surveys are conducted every two years; the next will be performed in 2008.

The consistency and quality of our distribution facilities are imperative to our economic sustainability. All of our properties are regularly assessed for necessary improvements as a part of our property maintenance procedure. As part of this process, we retrofitted 3.4 million square feet of distribution space in 2007 with new lighting systems for improved efficiency and a healthier atmosphere.

Prior to committing any capital for new investment, we participate in a comprehensive due diligence process – part of which includes analyzing the land to identify the presence of any foreign chemicals. Where appropriate, we conduct a brownfield redevelopment process to completely remove unsafe and unhealthy particles, creating a clean, blank slate for new development. We also seek land designated as brownfield and remediate contaminated soil to support reuse. In 2007, we redeveloped 460 acres of brownfields – 185 in North America and 275 in Europe.

We place a high importance on maintaining consistent messaging when marketing our business. Every public-facing employee adheres to a detailed disclosure policy, and we follow all NYSE guidelines regarding press release announcements and other marketing collateral. The majority of our senior marketing staff belongs to one or more professional organizations, such as the Business Marketing Association and the American Marketing Association, and adheres to guidelines established by these groups. We are in full compliance with our marketing communications regulations and do not have any violations to report for 2007.

DIVIDEND GROWTH AND COMPOSITION OF REVENUE

ProLogis has distributed over \$1.9 billion in common dividends to investors since January 1, 2000. We have increased our dividend every year, from \$1.34 per share in 2000, to \$1.84 per share in 2007, representing a compounded annual growth rate of over 4.6%. For the five years ending December 31, 2007, ProLogis common shares provided a total return (price appreciation plus reinvested dividends) of approximately 205% to investors, compared with 83% for the S&P 500 and 78% for the Dow Jones Industrial Average.

Through ProLogis' property operations, development and investment management segments, we have diversified our sources of income and enhanced our financial stability. In 2007, our net operating income totaled \$1.7 billion, 45.8% of which came from development, 11.5% from investment management and 42.7% from property operations.

Mission

Our mission is to be the leading global provider of sustainable distribution facilities to the world's largest users of distribution space and to maximize shareholder value through customer service, organizational excellence and our commitment to corporate social responsibility.

Profile

ProLogis is the world's largest owner, manager and developer of distribution facilities, with operations in 118 markets across North America, Europe and Asia. We have more than 500 million square feet of industrial space in over 2,750 properties, representing over \$36 billion of assets owned, managed and under development. Our customers include manufacturers, retailers, transportation companies, third-party logistics providers and other enterprises with large-scale distribution needs. Headquartered in Denver, Colorado, we employ approximately 1,500 people worldwide.

Global Presence

North America



Europe



Asia



United States

Atlanta
Austin
Baltimore
Central Valley (CA)
Charlotte
Chicago
Cincinnati
Columbus
Dallas/Fort Worth
Denver
El Paso
Greenville
Houston
Indianapolis
Inland Empire
(So CA)
Jacksonville
Las Vegas
Los Angeles
Louisville
Memphis
Miami/
Ft. Lauderdale
Nashville
New Jersey/I-95
Norfolk

Orlando
Eastern
Pennsylvania
Phoenix
Portland
Reno
Salt Lake City
San Antonio
San Francisco –
East Bay
San Francisco –
South Bay
Seattle
St. Louis
Tampa
Washington D.C.
Mexico
Guadalajara
Juarez
Mexico City
Monterrey
Reynosa
Tijuana
Toluca
Canada
Toronto

Belgium

Brussels
Czech Republic
Pilsen
Prague
Ostrava
France
Orleans
Metz
Le Havre
Paris
Marseille
Germany
Hamburg
Frankfurt
Cologne
Munich
Hungary
Budapest
Hegyeshalom

Italy

Milan
Padova
Rome
Turin
The Netherlands
Amsterdam
BeLux
Brabant
Tilburg
Rotterdam
Poland
Piotrkow
Wroclaw
Gdansk
Katowice
Warsaw
Poznan

Romania

Bucharest

Slovakia

Bratislava
Nove Mesto

Spain

Barcelona
Madrid
Valencia

Sweden

Gothenberg
Jonkoping
Norkopping
Stockholm

United Kingdom

Birmingham
Daventry
London
Wakefield

China

Beijing
Changsha
Chengdu
Chongqing
Dalian
Foshan
Guangzhou
Hangzhou
Jiaxing
Nanjing
Ningbo
Qingdao
Shanghai
Shenyang
Shenzhen
Suzhou
Tianjin
Wuhan
Wuxi

Japan

Fukuoka
Hiroshima
Nagoya
Niigata
Osaka
Sapporo
Sendai
Tokyo

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48.23 trees preserved
for the future



139.27 lbs. of water-
borne waste not created



20,487 gallons of
wastewater flow saved



2,267 lbs. solid
waste not generated



4,463 lbs. net green-
house gases prevented



34,163,200 BTUs
energy not consumed

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For questions or feedback pertaining to the content of this report, please contact Investor Relations at 1 800-566-2706.

