Global Trends in Product Flows

Robert Watson
President and Chief Operating Officer
North America
ProLogis
Agenda

- ProLogis Overview
- Trends in World Trade
- Impacts on Asia
- Impact on U.S. Distribution Networks
Why we stayed in Denver

- Quality of our existing workforce and talent pool available in Denver
- World Class Airport
- City of Denver and State of Colorado supported our decision with training funds and grants
- Strong business position in Denver Metropolitan Market
Global Platform and Continued Expansion

Over 370 msf and 2,300 Distribution Facilities
Serving over 4,400 Customers
76 Markets in North America, Europe, and Asia
Providing for the World’s Best

DaimlerChrysler

Kraft

International Paper

GM

The Home Depot

Office Depot

Panasonic

Bose

P&G

Sharp

Unilever

TNT

FedEx

Nippon Express

DHL

GE

Sears

Amazon.com

UPS

Whirlpool

Moen

Master Lock

ProLogis
Global Trends – International Flow of Goods

- World trade is expected to grow 6%-12% per year over next 5 years and almost 90% of world trade is by sea

- Growth will be the largest from Asia

- Ocean shipping capacities are increasing

- Domestic Supply Chains are changing
Global Trends: Panamax and Post Panamax Ships

Post Panamax Ship (8,000 TEU)  Panamax Ship (4,000 TEU)
In 1995, no major liner service called at a mainland China port. Today, every major liner service has calls at multiple mainland China ports.

Including Hong Kong, 3 of the top 5 global ports are in China.

Preliminary results indicate that Shanghai passed Singapore in terms of total teu’s in 2005 making Shanghai and Hong Kong the two largest ports in the world.
2004 Top 15 Global Container Ports

Total TEU 151,691,794

152% GROWTH
Yangshan Deep Water Port

Lingang Industrial Area

East Sea Bridge

Yangshan Deep Water Port
Yangshan Bridge
Yangshan Port
Shanghai to North American Port Destinations

Legend
- 🛳️ Seaport
- 🚢 Ship Transit
- 🚋 Intermodal Rail
- 🚗 Transshipment
- 📅 Transit Days

Source: ShipmentLink.com (Evergreen) Sailing Schedules

Shanghai

Source: ShipmentLink.com (Evergreen) Sailing Schedules
<table>
<thead>
<tr>
<th>U.S. Ports</th>
<th>TEU’s (000’s)</th>
<th>% of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Los Angeles</td>
<td>7,321</td>
<td>25%</td>
</tr>
<tr>
<td>Long Beach</td>
<td>5,779</td>
<td>19%</td>
</tr>
<tr>
<td>New York / NJ</td>
<td>4,478</td>
<td>15%</td>
</tr>
<tr>
<td>Charleston</td>
<td>1,864</td>
<td>6%</td>
</tr>
<tr>
<td>Norfolk</td>
<td>1,808</td>
<td>6%</td>
</tr>
<tr>
<td>Savannah</td>
<td>1,662</td>
<td>6%</td>
</tr>
<tr>
<td>Tacoma</td>
<td>1,797</td>
<td>6%</td>
</tr>
<tr>
<td>Oakland</td>
<td>1,882</td>
<td>6%</td>
</tr>
<tr>
<td>Seattle</td>
<td>1,776</td>
<td>6%</td>
</tr>
<tr>
<td>Houston</td>
<td>1,438</td>
<td>5%</td>
</tr>
</tbody>
</table>

Total: 29,805

Source: Containerization International 2004
East Coast Market Share

Container Import Market Share

% of total TEU's

Year

2001 2002 2003 2004

West Coast

East Coast

Gulf Coast

Source: Containerization International, ProLogis Analysis
Global Trends - Double Stack Train
Regional Distribution: Percentage of U.S. Population Reached Within 500 Miles
The 10 Best Warehouse Networks for 2005
Networks with the Lowest Possible "Time-to-Market"

Source: Chicago Consulting
Major retailers - Import DCs

Legend
- Blue: Wal*Mart
- Red: Target
- Orange: Home Depot
- Port
- ProLogis Location

Map of major retailers' import DCs across the United States with locations in major ports and states.
Final Thoughts

1. The L.A. market will continue to be hot

2. More containers will leave the ports on intermodal trains

3. Shifting sources of supply will drive network reconfiguration for some companies

4. Security concerns could create a major bottleneck at our ports

5. China is investing heavily in port infrastructure, they believe exports and imports will continue to grow
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