PROLOGIS
Form 424B3
May 01, 2008

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The information in this preliminary prospectus supplement and the accompanying prospectus is not complete and may be changed. This prospectus supplement and the accompanying prospectus are not an offer to sell these securities and we are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Filed Pursuant to Rule 424(b)(3)
Registration File No. 333-132616

SUBJECT TO COMPLETION
Preliminary Prospectus Supplement Dated April 30, 2008

Prospectus Supplement
May , 2008
(To Prospectus dated August 21, 2006)

$350,000,000

% Convertible Senior Notes due 2038

The notes will bear interest at a rate of % per year. Interest on the notes is payable on May 15 and November 15 of each year, beginning on November 15, 2008. Unless earlier repurchased, converted or redeemed, the notes will mature on May 15, 2038.

Holders may at their option convert their notes into ProLogis common shares on any day prior to the close of business on the trading day immediately preceding the final maturity date of the notes only under the following circumstances: (1) during the five business day period after any ten consecutive trading day period (the measurement period) in which the trading price per note for each day of that measurement period was less than 98% of the product of the last reported sale price per ProLogis common share and the conversion rate on each such day; (2) during any calendar quarter beginning after June 30, 2008 if the closing sale price per ProLogis common share for at least 20 trading days in the 30 consecutive trading days ending on the last day of the preceding calendar quarter is more than 130% of the conversion price per ProLogis common share on the last day of such preceding calendar quarter; (3) if we have called such notes for redemption, at any time prior to the close of business on the day that is two business days prior to the redemption date; (4) upon the occurrence of specified corporate events; (5) if ProLogis common shares are not listed on a U.S. national securities exchange; or (6) at any time on or after February 15, 2013.

The initial conversion rate will be ProLogis common shares per $1,000 principal amount of notes (equivalent to an initial conversion price of approximately $ per ProLogis common share). The conversion price will be subject to adjustment in some events but will not be adjusted for accrued interest. In addition, if a fundamental change (as defined herein) occurs on or prior to May 20, 2013, we will increase the conversion rate for a holder that elects to convert its notes in connection with such fundamental change.

Upon the occurrence of any of the circumstances described above, holders may convert any outstanding notes into cash, ProLogis common shares or a combination of cash and ProLogis common shares, at our election. We will inform you through the trustee of the method we will choose to satisfy our conversion obligations within two trading days after our receipt of your conversion notice; provided, however, that at any time on or prior to February 15, 2013, we may irrevocably elect, in our sole discretion without the consent of the holders of the notes, to settle all of our future conversion obligations entirely in ProLogis common shares, and, provided further, that we are required to settle all conversions with a conversion date occurring on or after February 15, 2013 in the same manner, and we will notify holders of the manner of settlement on or before such date. If we do not elect otherwise, we shall satisfy our

conversion obligations pursuant to a net share settlement method as described in this prospectus supplement.

On or after May 20, 2013, we may at our option redeem all or part of the notes for cash, provided that, subject to our rights under the next sentence, we must make at least 10 semi-annual interest payments (including the interest payments on November 15, 2008 and May 15, 2013) in the full amount required by the indenture before redeeming any notes at our option. We may also redeem all of the notes at any time prior to maturity to the extent necessary to preserve ProLogis status as a real estate investment trust. Holders may require us to repurchase the notes for cash in full on May 15 of 2013, 2018, 2023, 2028, and 2033 and at any time prior to their maturity upon a fundamental change, in each case at a price equal to 100% of the principal amount of the notes being repurchased plus any accrued and unpaid interest up to, but excluding, the repurchase date.

The notes will be our senior obligations which, together with our obligations under our global credit facility and certain of our other indebtedness, will be secured by a pledge of certain intercompany loans. The notes will be effectively subordinated to any of our debt that is secured by assets, other than the pledged intercompany loans, to the extent of the value of the assets securing such debt. In addition, except to the extent the notes become entitled to the benefits of the sharing agreements described in the accompanying prospectus under Description of Debt Securities Security and Sharing Arrangements, the notes will be effectively subordinated to the debt and other liabilities, including trade payables, of our subsidiaries.

The notes will not be listed on any securities exchange or quoted on any automated quotation system. Currently, there is no public market for the notes.

We have granted the underwriters the right to purchase for 30 days up to an additional $50,000,000 principal amount of notes, solely to cover overallotments.

The ProLogis common shares are listed on the New York Stock Exchange under the symbol PLD. On April 30, 2008 the last reported sale price of ProLogis common shares on the New York Stock Exchange was $62.61 per share.

Concurrently with this offering, we are also conducting a separate registered public offering of $350,000,000 aggregate principal amount of % notes due 2018 (the 2018 notes). The 2018 notes will be offered pursuant to a separate prospectus supplement. This offering is not conditioned upon the successful completion of the offering of the 2018 notes.

Investing in the notes involves risks. See Risk Factors beginning on page S-10 for risks relating to an investment in the notes and beginning on page 15 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2007, which is incorporated herein by reference, for risks relating to our business.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement and the accompanying prospectus are truthful or complete. Any representation to the contrary is a criminal offense.

	Per Note	**Total**

Public offering price	%	$
Underwriting discount	%	$
Proceeds, before expenses, to ProLogis	%	$

Interest on the notes will accrue from May , 2008 to the date of delivery.
The underwriters expect to deliver the notes to purchasers on or about May , 2008.

Joint Book-Running Managers

Goldman, Sachs & Co. **Banc of America Securities LLC** **Morgan Stanley**

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You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized anyone to provide you with different information. We are not, and the underwriters are not, making an offer of these notes in any jurisdiction where the offer is not permitted. You should not assume that the information contained in this prospectus supplement, the accompanying prospectus or the documents incorporated by reference is accurate as of any date other than their respective dates. Our business, financial condition, results of operations and prospects may have changed since that date.

References to we, us, and our in this prospectus supplement and the accompanying prospectus are to ProLogis and its consolidated subsidiaries, unless the context otherwise requires.

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PROSPECTUS SUPPLEMENT SUMMARY

ProLogis

We are a REIT that operates a global network of real estate properties, primarily industrial distribution properties. Our business strategy is designed to achieve long-term sustainable growth in cash flow and sustain a high level of return for our shareholders. We manage our business by utilizing an organizational structure and service delivery system that we built around our customers that allows us to meet our customers distribution space needs on a global basis. We believe that by integrating international scope and expertise with a strong local presence in our markets, we have become an attractive choice for our targeted customer base, the largest global users of distribution space.

We are organized under Maryland law and have elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended (the Code). Our world headquarters are located in Denver, Colorado. 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 common shares were first listed on the New York Stock Exchange (NYSE) in March 1994 and trade under the ticker symbol PLD. Our Series F cumulative redeemable preferred shares of beneficial interest and Series G cumulative redeemable preferred shares of beneficial interest are listed on the NYSE under the ticker symbols PLD-PRF and PLD-PRG, respectively.

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Recent Developments

The following information for the three months ended March 31, 2008 sets forth preliminary operating and financial condition data. Our results of operations for the three months ended March 31, 2008 are not necessarily indicative of results that may be expected for the full year or any future period.

	Three Months Ended March 31,	
	2008	2007
	(in millions, except per share data) (unaudited)	
Operating Data:		
Revenues:		
Rental income	$ 268.9	$ 256.5
CDFS disposition proceeds:		
Developed and repositioned properties	1,263.4	669.9
Acquired property portfolios	83.3	
Other	36.7	29.1
Total revenues	1,652.3	955.5
Expenses:		
Rental expenses	91.3	67.4
Cost of CDFS dispositions:		
Developed and repositioned properties	985.3	439.0
Acquired property portfolios	83.3	
General & Administrative	56.5	48.3
Depreciation and Other	80.0	80.7
Total expenses	1,296.4	635.4
Operating income	355.9	320.1
Earnings (losses) from unconsolidated investees	(15.3)	19.5
Foreign currency exchange losses, net	(36.7)	(13.5)
Interest, income taxes and other income (expense), net	(108.0)	(99.1)
Earnings from continuing operations	$ 195.9	$ 227.0
Net earnings	$ 200.4	$ 242.4
Net earnings attributable to common shares	$ 194.0	$ 236.1
Net earnings per share attributable to Common Shares Basic	$ 0.75	$ 0.93
Net earnings per share attributable to Common Shares Diluted	$ 0.73	$ 0.89
Weighted average Common Shares outstanding:		
Basic	258.9	254.3

Diluted		268.1		265.0
FFO(1):				
Reconciliation of net earnings to FFO, including our share of our unconsolidated investees:				
Net earnings attributable to common shares	$	194.0	$	236.1
Real estate depreciation and amortization		107.0		93.5
Gains recognized on dispositions of non-CDFS business assets		(3.9)		(6.9)
Other NAREIT defined adjustments		(4.2)		(1.9)
Foreign currency exchange losses and unrealized losses on derivative contracts		64.0		6.0
Income tax expense		12.2		2.9
FFO attributable to common shares, as defined(1)	$	369.1	$	329.7

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	As of March 31, 2008	As of December 31, 2007
	(in millions) (unaudited)	
Financial Position:		
Real estate owned, excluding land held for development, before depreciation	$ 14,592.4	$ 14,425.9
Land held for development	$ 2,374.5	$ 2,153.0
Investments in and advances to unconsolidated investees	$ 2,384.2	$ 2,345.3
Cash and cash equivalents	$ 901.6	$ 419.0
Total assets	$ 20,629.2	$ 19,724.0
Total debt	$ 11,096.9	$ 10,506.1
Total liabilities	$ 12,816.2	$ 12,209.0
Minority interest	$ 92.7	$ 78.7
Total shareholders equity	$ 7,720.2	$ 7,436.4
Number of common shares outstanding	260.3	257.7

(1) Funds from Operations

Funds from operations (FFO) is a non-U.S. generally accepted accounting principle (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. We do not use FFO 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 net earnings computed under GAAP remains the primary measure of performance and that FFO is only meaningful when it is used in conjunction with net earnings computed under GAAP. Further, we believe that 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. We agree that these two NAREIT adjustments are useful to investors for the following reasons:

(a) historical cost accounting for real estate assets in accordance with GAAP assumes, through depreciation charges, that the value of real estate assets diminishes predictably over time. NAREIT stated in its White Paper on FFO since real estate asset values have historically risen or fallen with market conditions, many industry investors have considered presentations of operating results for real estate companies that use historical cost accounting to be insufficient by themselves. Consequently, NAREIT s definition of FFO reflects the fact that real estate, as an asset class, generally appreciates over time and depreciation charges required by GAAP do not reflect the underlying economic realities.

(b) REITs were created as a legal form of organization in order to encourage public ownership of real estate as an asset class through investment in firms that were in the business of long-term ownership and management of real estate. The exclusion, in NAREIT s definition of FFO, of gains and losses from the sales of previously depreciated operating real estate assets allows investors and analysts to readily identify the operating results of the long-term assets that form the core of a REIT s activities and assists in comparing those operating results between periods. We include the gains and losses from dispositions of properties acquired or developed in our CDFS business segment and our proportionate share of the gains and losses from dispositions recognized by the property funds in our definition of FFO.

At the same time that NAREIT created and defined its FFO concept for the REIT industry, it also recognized that management of each of its member companies has the responsibility and authority to publish financial

information that it regards as useful to the financial community. We believe that financial analysts, potential investors and shareholders who review our operating results are best served by a defined FFO measure that includes other adjustments to GAAP net earnings in addition to those included in the NAREIT defined measure of FFO.

Our defined FFO measure excludes the following items from GAAP net earnings that are not excluded in the NAREIT defined FFO measure:

(i) deferred income tax benefits and deferred income tax expenses recognized by our subsidiaries;

(ii) current income tax expense related to acquired tax liabilities that were recorded as deferred tax liabilities in an acquisition, to the extent the expense is offset with a deferred income tax benefit in GAAP earnings that is excluded from our defined FFO measure;

(iii) certain foreign currency exchange gains and losses resulting from certain debt transactions between us and our foreign consolidated subsidiaries and our foreign unconsolidated investees;

(iv) foreign currency exchange gains and losses from the remeasurement (based on current foreign currency exchange rates) of certain third party debt of our foreign consolidated subsidiaries and our foreign unconsolidated investees; and

(v) mark-to-market adjustments associated with derivative financial instruments utilized to manage our foreign currency and interest rate risks.

FFO of our unconsolidated investees is calculated on the same basis.

The items that we exclude from GAAP net earnings, while not infrequent or unusual, 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. Most importantly, the economics underlying the items that we exclude from GAAP net earnings are not the primary drivers in management s decision-making process and capital investment decisions. Period to period fluctuations in these items can be driven by accounting for short-term factors that are not relevant to long-term investment decisions, long-term capital structures or long-term tax planning and tax structuring decisions. Accordingly, we believe that investors are best served if the information that is made available to them allows them to align their analysis and evaluation of our operating results along the same lines that our management uses in planning and executing our business strategy.

Real estate is a capital-intensive business. Investors analyses of the performance of real estate companies tend to be centered on understanding the asset value created by real estate investment decisions and understanding current operating returns that are being generated by those same investment decisions. The 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 evaluating our current operating performance. We believe that these adjustments are also helpful to industry analysts, potential investors and shareholders 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. Some of these limitations are:

The current income tax expenses that are excluded from our defined FFO measure represent taxes that are payable.

Depreciation and amortization of real estate assets are economic costs that are excluded from FFO. FFO is limited as it does not reflect the cash requirements that may be necessary for future replacements of the real estate assets. Further, the amortization of capital expenditures and leasing costs necessary to maintain the operating performance of distribution properties are not reflected in FFO.

Gains or losses from property dispositions represent changes in the value of the disposed properties. By excluding these gains and losses, FFO does not capture realized changes in the value of disposed properties arising from changes in market conditions.

The deferred income tax benefits and expenses that are excluded from our defined FFO measure result from the creation of a deferred income tax asset or liability that may have to be settled at some future point. Our defined FFO measure does not currently reflect any income or expense that may result from such settlement.

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The foreign currency exchange gains and losses that are excluded from our defined FFO measure are generally recognized based on movements in foreign currency exchange rates through a specific point in time. The ultimate settlement of our foreign currency-denominated net assets is indefinite as to timing and amount. Our defined FFO measure is limited in that it does not reflect the current period changes in these net assets that result from periodic foreign currency exchange rate movements.

We compensate for these limitations by using our FFO measure only in conjunction with GAAP net earnings. To further compensate, we always reconcile our defined FFO measure to GAAP net earnings in our financial reports. Additionally, we provide investors with (i) our complete financial statements prepared under GAAP; (ii) our definition of FFO, which includes a discussion of the limitations of using our non-GAAP measure; and (iii) a reconciliation of our GAAP measure (net earnings) to our non-GAAP measure (FFO, as we define it), so that investors can appropriately incorporate this measure and its limitations into their analyses.

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The Offering

The following summary of the offering is provided solely for your convenience. This summary is not intended to be complete. You should read the full text and more specific details contained elsewhere in this prospectus supplement under the heading Description of Notes and in the accompanying prospectus under the heading Description of Debt Securities. For purposes of this section entitled The Offering and the Description of Notes, references to we, us, and our refer only to ProLogis and not to its subsidiaries.

Securities Offered

$350,000,000 principal amount of % convertible senior notes due 2038 plus up to an additional $50,000,000 principal amount available for purchase by the underwriters, solely to cover overallotments.

Maturity Date

May 15, 2038, unless earlier repurchased, converted or redeemed.

Interest

% per year. Interest will be payable semiannually in arrears in cash on May 15 and November 15 of each year, beginning November 15, 2008.

Optional Redemption

Prior to May 20, 2013, we may not redeem the notes except to preserve our status as a REIT as described below. On or after May 20, 2013, we may at our option redeem all or part of the notes for cash at a price equal to 100% of the principal amount of the notes being redeemed, plus accrued and unpaid interest. We must make at least 10 semiannual interest payments (including the interest payments on November 15, 2008 and May 15, 2013) in the full amount required by the indenture before redeeming any notes at our option.

If at any time we determine it is necessary to redeem the notes in order to preserve our status as a REIT, we may redeem all, but not less than all, of the notes then outstanding for cash at a price equal to 100% of the principal amount of the notes being redeemed, plus accrued and unpaid interest, if any, to the redemption date.

Conversion Rights

Holders may convert their notes prior to the close of business on the trading day immediately preceding the final maturity date of the notes, in multiples of $1,000 principal amount, at the option of the holder under the following circumstances:

during the five business day period after any ten consecutive trading day period (the measurement period) in which the trading price per note for each day of such measurement period was less than 98% of the product of the last reported sale price per ProLogis common share and the conversion rate on each such day;

during any calendar quarter beginning after June 30, 2008, if the closing sale price per ProLogis common share for at least 20 trading days in the 30 consecutive trading days ending on the last day of the preceding calendar quarter is more than 130% of the conversion price per ProLogis

common share on the last day of such preceding calendar quarter;

if we have called such notes for redemption, at any time prior to the close of business on the day that is two days prior to the redemption date;

upon the occurrence of specified corporate transactions described under Description of Notes Conversion Rights;

if the ProLogis common shares are not listed on a U.S. national securities exchange; or

any time on or after February 15, 2013.

	The initial conversion rate will be ProLogis common shares per $1,000 principal amount of notes (equivalent to an initial conversion price of approximately $ per ProLogis common share), subject to adjustment. Upon the occurrence of any of the circumstances described above, holders may convert any outstanding notes into cash, ProLogis common shares or a combination of cash and ProLogis common shares, at our election. We will inform you through the trustee of the method we will choose to satisfy our conversion obligations within two trading days after our receipt of your conversion notice; provided, however, that at any time on or prior to February 15, 2013, we may irrevocably elect, in our sole discretion without the consent of the holders of the notes, to settle all of our future conversion obligations entirely in ProLogis common shares, and, provided further, that we are required to settle all conversions with a conversion date occurring on or after February 15, 2013 in the same manner and we will notify holders of the manner of settlement on or before such date. If we do not elect otherwise, our conversion obligations will be settled in a combination of cash and ProLogis common shares as follows: (i) we will pay cash in an amount equal to the lesser of the principal amount of the notes to be converted and the conversion value of the notes to be converted, calculated as described in this prospectus supplement, and (ii) to the extent that the conversion value of the notes to be converted exceeds the principal amount of the notes to be converted (such difference being referred to as the excess amount), we will issue ProLogis common shares or, at our election, cash, equivalent to the excess amount. The number of shares to be delivered will be determined based on a daily conversion value, as described in this prospectus supplement, calculated on a proportionate basis for each day of a 20 trading day observation period, as described in this prospectus supplement. However, we may elect to deliver cash in settlement of all or a portion of the excess amount or we may elect to settle our conversion obligations entirely in ProLogis common shares. See Description of Notes Conversion Rights Payment Upon Conversion. You will not receive any additional cash payment or additional shares representing accrued and unpaid interest upon conversion of a note, except in limited circumstances. Instead, interest will be deemed paid by the cash and ProLogis common shares, if any, issued to you upon conversion.
Repurchase at Holders Option	Holders may require us to repurchase the notes on May 15 of 2013, 2018, 2023, 2028, and 2033 at a price equal to 100% of the principal amount of the notes being repurchased plus any accrued and unpaid interest up to, but excluding, the repurchase date. We will pay cash for all notes so repurchased.
Fundamental Change	If we undergo a fundamental change (as defined in this prospectus supplement under Description of Notes Fundamental Change Permits

Holders to Require Us to Repurchase Notes), you will have the option to require us to purchase all or any portion of your notes.

The fundamental change purchase price will be 100% of the principal amount of the notes to be purchased plus any accrued and unpaid

	interest to, but excluding, the fundamental change purchase date. We will pay cash for all notes so purchased. In addition, if a fundamental change occurs prior to May 20, 2013, we will increase the conversion rate for a holder who elects to convert its notes in connection with such a fundamental change upon conversion in certain circumstances as described under Description of Notes Conversion Rights Adjustment to Shares Delivered upon Conversion upon Fundamental Change.
Ranking	The notes will be our senior obligations which, together with our obligations under our global credit facility and certain of our other indebtedness, will be secured by a pledge of certain intercompany loans. The notes will be effectively subordinated to any of our debt that is secured by assets, other than the pledged intercompany loans, to the extent of the value of the assets securing such debt. In addition, except to the extent the notes become entitled to the benefits of the sharing agreements described in the accompanying prospectus under Description of Debt Securities Security and Sharing Arrangements, the notes will be effectively subordinated to the debt and other liabilities, including trade payables, of our subsidiaries. See Risk Factors The notes are effectively subordinated to our debt that is secured by assets, other than intercompany loans that are pledged to secure the notes, and to the liabilities of our subsidiaries.
Use of Proceeds	The net proceeds from the sale of the notes are estimated to be approximately $ million after deducting the underwriters discount and estimated offering expenses (assuming the underwriters do not exercise their option to purchase additional notes to cover overallotments). If the underwriters exercise their overallotment option in full to purchase additional notes, we estimate our net proceeds from this offering will be approximately $ million. We intend to use the net proceeds from the sale of the notes and the concurrent offering of the 2018 notes for the repayment of borrowings under our global line of credit and for general corporate purposes.
Risk Factors	You should read carefully the Risk Factors beginning on page S-10 of this prospectus supplement, together with those included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2007, for certain considerations relevant to an investment in the notes and the ProLogis common shares.
U.S. Federal Income Taxation	The notes and the ProLogis common shares into which the notes may be converted are subject to special and complex U.S. federal income tax rules. Holders are urged to consult their respective tax advisors with respect to the application of the U.S. federal income tax laws to their own particular situation as well as any tax consequences of the ownership and disposition of the notes and ProLogis common shares arising under the

	federal estate or gift tax rules or under the laws of any state, local, foreign or other taxing jurisdiction or under any applicable treaty. See Certain U.S. Federal Income Tax Considerations in this prospectus supplement and Federal Income Tax Considerations in the accompanying prospectus.
Trading	The notes are a new issue of securities, and there is currently no established trading market for the notes. An active or liquid market

	may not develop for the notes or, if developed, may not be maintained. We have not applied and do not intend to apply for the listing of the notes on any securities exchange or for quotation on any automated dealer quotation system.
New York Stock Exchange Symbol for ProLogis Common Shares	PLD
Restriction of Ownership	In order to assist us in maintaining our qualification as a REIT for U.S. federal income tax purposes, no person may own more than 9.8% of the outstanding ProLogis common shares, with certain exceptions. Notwithstanding any other provision of the notes, no holder of notes will be entitled to convert such notes for ProLogis common shares to the extent that receipt of such shares would cause such holder (together with such holder s affiliates) to exceed the ownership limit contained in the declaration of trust of ProLogis. See Description of Common Shares Restriction on Size of Holdings in the accompanying prospectus.
No Shareholder Rights for Holders of Notes	Holders of notes, as such, will not have any rights as shareholders of ProLogis (including, without limitation, voting rights and rights to receive dividends or other distributions on ProLogis common shares).
Concurrent Public Offering of 2018 Notes	Concurrently with this offering, we are offering the 2018 notes in a registered public offering. The 2018 notes will be offered pursuant to a separate prospectus supplement. There is no assurance that the concurrent offering of 2018 notes will be completed or, if completed, that it will be completed for the amounts contemplated. The completion of this offering is not conditioned on the completion of the concurrent offering of 2018 notes.

RISK FACTORS

Before you decide to invest in the notes, you should consider the factors set forth below as well as the risk factors discussed in our Annual Report on Form 10-K for the year ended December 31, 2007, which is incorporated by reference into this prospectus supplement and the accompanying prospectus.

The market price of the notes may be volatile.

The market price of the notes will depend on many factors that may vary over time and some of which are beyond our control, including:

- our financial performance;
- the amount of indebtedness we and our subsidiaries have outstanding;
- market interest rates;
- the market for similar securities;
- competition;
- the size and liquidity of the market for the notes; and
- general economic conditions.

As a result of these factors, you may only be able to sell your notes at prices below those you believe to be appropriate, including prices below the price you paid for them.

An increase in interest rates could result in a decrease in the relative value of the notes.

In general, as market interest rates rise, notes bearing interest at a fixed rate generally decline in value because the premium, if any, over market interest rates will decline. Consequently, if you purchase these notes and market interest rates increase, the market value of your notes may decline. We cannot predict the future level of market interest rates.

Our financial performance and other factors could adversely impact our ability to make payments on the notes.

Our ability to make scheduled payments with respect to our indebtedness, including the notes, will depend on our financial and operating performance, which, in turn, is subject to prevailing economic conditions and to financial, business and other factors beyond our control.

The notes are effectively subordinated to our debt that is secured by assets, other than the intercompany loans that are pledged to secure the notes, and to the liabilities of our subsidiaries.

Pursuant to various pledge agreements, we and certain of our subsidiaries have pledged specified intercompany loans to Bank of America, N.A., as collateral agent, for the benefit of the Credit Parties under and as defined in the Amended and Restated Security Agency Agreement dated as of October 6, 2005 (the Security Agency Agreement) among us, the collateral agent, Bank of America, N.A., as global administrative agent under our global senior credit

facility, and various other of our creditors. The Credit Parties under the Security Agency Agreement include the holders of our specified credit obligations, including all obligations arising under our global credit facility, other Designated Senior Debt specified therein, as well as any of our other senior debt designated from time to time by us as Designated Senior Debt in accordance with the Security Agency Agreement. The notes are included within the definition of Designated Senior Debt and, unless we revoke the designation of the notes as Designated Senior Debt as described below, holders of the notes are entitled to a pro rata share in the proceeds of the collateral granted under the pledge agreements.

The notes will be effectively subordinated to any of our debt that is secured by assets, other than the pledged intercompany loans, to the extent of the value of the assets securing such debt. In addition, except to the extent that the notes become entitled to the benefits of the sharing arrangements described below, the notes will be effectively subordinated to the debt and other liabilities, including trade payables, of our subsidiaries. As of March 31, 2008, on a pro forma basis, after giving effect to this offering of notes and the concurrent offering of the 2018 notes and the application of the proceeds from both offerings, the notes offered hereby would have ranked:

- equally with approximately $10.0 billion of our debt secured equally and ratably by the pledged intercompany loans, which amount includes our guarantee of approximately $3.4 billion of debt of our subsidiaries;

effectively subordinated to approximately $225 million of our debt that is secured by assets, other than the pledged intercompany loans, to the extent of the value of the assets securing such secured debt; and

effectively subordinated to approximately $4.6 billion of debt of our subsidiaries, which includes the approximately $3.4 billion of debt of our subsidiaries that we have guaranteed and is subject to the sharing arrangements described below.

To the extent the notes become entitled to the benefits of the sharing arrangements described below, the notes will be entitled to share ratably in any recoveries received by the holders of the $3.4 billion of subsidiary debt subject to such arrangements, so as to effectively eliminate or mitigate the consequence of any structural subordination of the notes that might otherwise exist.

The Security Agency Agreement also provides that, upon the occurrence of a triggering event (which includes bankruptcy or insolvency events of us or any other borrower under our global credit facility, the acceleration of indebtedness under the global credit facility or other indebtedness in excess of $50 million and similar events), the Credit Parties will, subject to certain exceptions and limitations (including, in the case of the holders of the notes, the requirements set forth in the following paragraph), share payments and other recoveries received from us and our subsidiaries, to be applied toward the credit obligations held by such Credit Parties in such a manner that all Credit Parties receive payment of substantially the same percentage of their respective credit obligations. These sharing arrangements are intended to eliminate or mitigate structural subordination issues that otherwise might entitle some Credit Parties (such as Credit Parties that lend directly to one of our subsidiaries or that have the benefit of guarantees from one or more of our subsidiaries) to recover a higher percentage of their credit obligations than other Credit Parties that do not have the benefit of such arrangements.

Within 45 days after a triggering event, the collateral agent will deliver a notice of such event to the trustee. As promptly as practicable, but in any event within 90 days after receiving any notice from the collateral agent with respect to the occurrence of a triggering event, the trustee will (x) forward such notice to the holders of the notes, (y) execute and deliver, on behalf of the holders, an acknowledgment entitling the holders to participate in the sharing arrangements described in the preceding paragraph and (z) take such further actions as a majority of the holders (voting as a single class) may request with respect thereto and with respect to any rights such holders or the trustee may have under the Security Agency Agreement; provided that, in the case of this clause (z), such holders shall have offered the trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction. Upon delivery of such acknowledgment by the trustee, the holders of the notes will be entitled to participate in the sharing arrangements described in the preceding paragraph.

The Security Agency Agreement allows us to: (i) designate our other senior debt as Designated Senior Debt; (ii) specify which Credit Parties are entitled to vote on issues arising under the Security Agency Agreement (and the holders of the notes will be non-voting Credit Parties); and/or (iii) revoke our designation of the notes as Designated Senior Debt effective not less than 90 days after disclosing such revocation (in a footnote or otherwise) in a Form 10-Q or Form 10-K filed with the SEC. In the event that we elect to revoke our designation of the notes as Designated Senior Debt under the Security Agency Agreement, the holders of the notes will cease to be Credit Parties and will no longer be entitled to any benefit of the security and sharing arrangements contemplated by the Security Agency Agreement and the related pledge agreements. In addition, a majority of the voting Credit Parties under the Security Agency Agreement may elect (a) to release some or all of the collateral held pursuant to the Security Agency Agreement and/or (b) under certain circumstances, to defer payments to Credit Parties pursuant to the sharing arrangements either (i) generally for various reasons or (ii) specifically to certain holders of debt (including the holders of the notes) if the collateral agent or the voting Credit Parties determine, in their sole discretion, that such holders might receive more than their share of payments and other recoveries pursuant to the Security Agency

Agreement. Without notice to or consent of the holders of the notes, the Security Agency Agreement may be amended by us, the collateral agent and a majority of the voting Credit Parties, even if such amendment is adverse to the interests of the holders of the notes.

The Security Agency Agreement provides that whenever the