PROLOGIS
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PROSPECTUS SUPPLEMENT
March 9, 2010
(To Prospectus dated October 27, 2009)

$400,000,000

3.25% Convertible Senior Notes due 2015

The notes will bear interest at a rate of 3.25% per year. Interest on the notes is payable on March 15 and September 15 of each year, beginning on September 15, 2010. Unless earlier repurchased, converted or redeemed, the notes will mature on March 15, 2015.

The notes are not redeemable by us prior to maturity except to the extent necessary to preserve our status as a real estate investment trust. Upon the occurrence of a fundamental change (as defined herein) on or prior to the maturity date, holders may require us to repurchase notes in whole or in part for cash at 100% of the principal amount of the notes to be repurchased plus accrued and unpaid interest, if any, to, but excluding, the date of repurchase.

The notes are convertible by holders into ProLogis common shares at an initial conversion rate of 57.8503 shares per $1,000 principal amount of notes, equivalent to an initial conversion price of approximately $17.29 per share, subject to adjustment upon the occurrence of certain events, at any time prior to the close of business on the trading day preceding the maturity date of the notes.

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 $60,000,000 principal amount of notes, solely to cover over-allotments.

The ProLogis common shares are listed on the New York Stock Exchange under the symbol PLD. On March 9, 2010 the last reported sale price of ProLogis common shares on the New York Stock Exchange was $13.40 per share.

Concurrently with this offering, we are also conducting a separate registered public offering of $300 million aggregate principal amount of 6.250% notes due 2017 (the 2017 notes) and $800 million aggregate principal amount of 6.875% notes due 2020 (the 2020 notes). The 2017 notes and 2020 notes will be offered pursuant to a separate prospectus supplement. This offering is not conditioned upon the successful completion of the offering of the 2017 notes or 2020 notes.

Investing in the notes involves risks. See Risk Factors beginning on page S-5 for risks relating to an investment in the notes and beginning on page 13 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2009, which are 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	100.00%	$ 400,000,000
Underwriting discount	2.00%	$ 8,000,000
Proceeds, before expenses, to ProLogis	98.00%	$ 392,000,000

Interest on the notes will accrue from March 16, 2010 to the date of delivery. The underwriters expect to deliver the notes to purchasers on or about March 16, 2010.

Joint Book-Running Managers

Citi Barclays Capital Deutsche Bank Securities J.P. Morgan Morgan Stanley

Senior Co-Managers

Daiwa Securities America Inc. ING Wholesale RBC Capital Markets

Co-Managers

Credit Agricole Securities (USA) Inc. Mitsubishi UFJ Securities Scotia Capital

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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 leading global provider of industrial distribution facilities. We are a Maryland real estate investment trust and have elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended (the Code). Our world headquarters is located at 4545 Airport Way, Denver, Colorado 80239 and our phone number is (303) 567-5000. Our European headquarters is located in the Grand Duchy of Luxembourg with our European customer service headquarters located in Amsterdam, the Netherlands. Our primary office in Asia is located in Tokyo, Japan.

We were formed in 1991, primarily as a long-term owner of industrial distribution space operating in the United States. Over time, our business strategy evolved to include the development of properties for contribution to property funds in which we maintain an ownership interest and the management of those property funds and the properties they own. Originally, we sought to differentiate ourselves from our competition by focusing on our corporate customers distribution space requirements on a national, regional and local basis and providing customers with consistent levels of service throughout the United States. However, as our customers needs expanded to markets outside the United States, so did our portfolio and our management team. Today we are an international real estate company with operations in North America, Europe and Asia. Our business strategy is to integrate international scope and expertise with a strong local presence in our markets, thereby becoming an attractive choice for our targeted customer base, the largest global users of distribution space, while achieving long-term sustainable growth in cash flow.

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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

$400,000,000 principal amount of 3.25% convertible senior notes due 2015 plus up to an additional $60,000,000 principal amount available for purchase by the underwriters, solely to cover over-allotments.

Maturity Date

March 15, 2015, unless earlier repurchased, converted or redeemed.

Interest

3.25% per year. Interest will be payable semiannually in arrears in cash on March 15 and September 15 of each year, beginning September 15, 2010.

Optional Redemption

We may not redeem the notes prior to maturity except to preserve our status as a REIT. 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 based upon the applicable conversion rate at any time prior to the close of business on the trading day immediately preceding the maturity date, unless the notes have been previously redeemed or purchased by us. 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 ProLogis common shares issued to you upon conversion.

Conversion Rate

The initial conversion rate will be 57.8503 ProLogis common shares per $1,000 principal amount of notes (equivalent to a conversion rate of approximately $17.29 per ProLogis common share). The conversion rate will be subject to adjustment in some events but will not be adjusted for accrued interest. See Description of Notes Conversion Rights Conversion Rate Adjustments.

Fundamental Change

If we undergo a fundamental change (as defined in this prospectus supplement under Description of Notes Conversion Rights Adjustment to Shares Delivered upon Conversion upon Fundamental Change), 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, 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 $391.2 million after deducting the underwriters discount and estimated offering expenses (assuming the underwriters do not exercise their option to purchase additional notes to cover over-allotments). If the underwriters exercise their over-allotment option to purchase additional notes in full, we estimate our net proceeds after deducting the underwriters discount and estimated offering expenses from this offering will be approximately $450.0 million. We intend to use the net proceeds from the sale of the notes and the concurrent offering of the 2017 notes and 2020 notes for the repayment of borrowings under our Global Credit Agreement (as defined below). We expect to reborrow under our Global Credit Agreement to fund the cash purchase of certain of our senior notes that are tendered pursuant to our offer to purchase such notes, which commenced on March 8, 2010, the repayment or repurchase of other indebtedness and for general corporate purposes.
Risk Factors	You should read carefully the Risk Factors beginning on page S-5 of this prospectus supplement, together with those included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2009, 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 Notes	Concurrently with this offering, we are offering the 2017 notes and 2020 notes in a registered public offering. The 2017 notes and 2020 notes will be offered pursuant to a separate prospectus supplement. There is no assurance that the concurrent offering of 2017 notes and 2020 notes will be completed or, if completed, that it will be completed for the amount contemplated. The completion of this offering is not conditioned on the completion of the concurrent offering of 2017 notes and 2020 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, 2009 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 indebtedness to Bank of America, N.A., as collateral agent, for the benefit of the Credit Parties under and as defined in the Security Agency Agreement. We refer to the Amended and Restated Security Agency Agreement dated as of October 6, 2005 among us, the collateral agent, Bank of America, N.A., as global administrative agent under the

Global Credit Agreement (referred to below), and various other creditors of ours, as amended by Amendment and Supplement No. 1 dated as of August 21, 2009, as the Security Agency Agreement. The Credit Parties under the Security Agency Agreement are the holders of our senior debt, including debt arising under certain guarantees, that we have designated as Designated Senior Debt, including (i) all obligations arising under the Global Senior Credit Agreement among us, various of our affiliates and various lenders and agents (the Global Credit Agreement), (ii) certain of our hedging obligations, (iii) certain other senior debt specified in the Security Agency Agreement and (iv) any 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 of the proceeds of the collateral granted under the various 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 December 31, 2009, on a pro forma basis, after giving effect to this offering of notes and the concurrent offering of the 2017 notes and 2020 notes and the application of the proceeds from both offerings, the notes offered hereby would have ranked:

- equally with approximately $7.9 billion of our debt secured equally and ratably by the pledged intercompany loans, which amount includes the aggregate principal amount of the notes and our guarantee of approximately $155.2 million of debt of our subsidiaries (or equally with approximately $8.0 billion of our debt, assuming all approximately $542.9 million aggregate principal amount of certain series of our senior notes are tendered pursuant to our offer to purchase such notes, which commenced on March 8, 2010);

- effectively subordinated to approximately $197.9 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 $1.1 billion of debt of our subsidiaries, which includes the approximately $155.2 million 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 $155.2 million 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 the Global Credit Agreement, the acceleration of indebtedness under the Global Credit Agreement or any 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 to Designated Senior Debt in a manner such that all Credit Parties receive payment of substantially the same percentage of their respective credit obligations. The 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 Designated Senior Debt than other Credit Parties that do not have the benefit of such arrangements.

The trustee (or another representative of the holders of the notes issued under the Indenture) must take certain actions in order for the holders of the notes to participate in the sharing arrangements described in the preceding paragraph. If a triggering event occurs under the Security Agency Agreement, then the collateral agent is required to give notice of such event to the trustee (or such other representative) within 45 days. 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 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 that 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 above. Not later than 120 days after its receipt of such notice, the trustee (or

such other representative) must deliver to the collateral agent an acknowledgement pursuant to which it would agree (i) to be subject to the obligations applicable to all Credit Parties under the Security Agency Agreement (including obligations to indemnify the collateral agent) and (ii) to turn over to the collateral agent, for sharing in accordance with the Security Agency Agreement, any payment received directly from us or any of our affiliates that should have been paid to the collateral agent as provided in the Security Agency Agreement. The trustee (or such other representative) likely would require reasonable indemnity or security against the costs, expenses and liabilities that it might incur in connection with its becoming a party to, and acting on behalf of the holders of the notes in connection with, the Security Agency Agreement.

We and other parties have the right to take actions under various provisions of the Security Agency Agreement that could affect the rights of the holders of the notes with respect to, or the value of, the security and sharing arrangements described above, including the following:

(1) We may designate other senior debt of ours as Designated Senior Debt, thereby increasing the amount of debt that has the benefit of the security sharing arrangements.

(2) Except as described below in connection with a proposed amendment to the Security Agency Agreement, we may revoke our designation of the notes or all or one or more series of the debt securities issued under the indenture governing 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. If we revoked our designation of the notes as Designated Senior Debt, the holders of the notes would cease to be Credit Parties under the Security Agency Agreement and would no longer be entitled to any benefit from the security and sharing arrangements contemplated by the Security Agency Agreement and the related pledge agreements.

(3) Except as described below in connection with a proposed amendment to the Security Agency Agreement, notwithstanding the foregoing clause (2), we may agree that we will not, at any time prior to a specified date, revoke the Designated Senior Debt status from the notes or all or one or more series of debt securities issued under the indenture governing the notes (or certain other senior debt) until a particular future date.

(4) Subject to certain limitations, we may specify which Credit Parties are entitled to vote on issues arising under the Security Agency Agreement (and all holders of notes are non-voting Credit Parties).

(5) A majority of the voting Credit Parties under the Security Agency Agreement may instruct the collateral agent to release some or all of the collateral held pursuant to the Security Agency Agreement.

(6) The collateral agent or a majority of the voting Credit Parties may, under certain circumstances, defer payments to Credit Parties pursuant to the sharing arrangements either (a) generally for various reasons or (b) specifically with respect to certain holders of Designated Senior Debt (which could include the holders of the notes) if the majority voting Credit Parties determine that such holders might receive more than their pro rata share of payments and other recoveries pursuant to the Security Agency Agreement.

(7) We may grant additional collateral (Specified Collateral) to the holders of some, but not all, of the Designated Senior Debt (Specified DS Debt) and exclude the proceeds of such collateral from the sharing arrangements with other holders of Designated Senior Debt; provided that no property that is pledged pursuant to the pledge agreements described above may become Specified Collateral. No proceeds from Specified Collateral received by any holder of Specified DS Debt would be deducted or otherwise taken into consideration when calculating the amount of proceeds to be allocated among all Credit Parties pursuant to the sharing arrangements under the Security Agency Agreement. Accordingly, the holders of any Specified DS Debt would receive a higher percentage (but not more than 100%) recovery on their Designated Senior Debt than other Credit Parties.

(8) We, the collateral agent and a majority of the voting Credit Parties may amend the Security Agency Agreement without notice to or consent of the holders of the notes, even if such amendment were adverse to the interests of the holders of the notes.

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The Security Agency Agreement provides that whenever the majority voting Credit Parties have the right to make decisions under the Security Agency Agreement, including decisions with respect to pledged collateral or how and when recoveries are shared, such decisions will be made in their sole and complete discretion. The Security Agency Agreement states that the voting Credit Parties have no obligation or duty (including implied obligations of reasonableness, good faith or fair dealing) to, and have no obligation or duty to take into consideration the interests of, the holders of the notes when taking any action or making any determination contemplated by the Security Agency Agreement. By accepting the benefits of the Security Agency Agreement, each holder of notes expressly waives and disclaims any claim or cause of action based upon any vote, decision or determination (including the giving or withholding of consent) made by the majority voting Credit Parties in accordance with the terms of the Security Agency Agreement. Bank of America, N.A., which is the collateral agent under the Security Agency Agreement and under the various pledge agreements, is also a voting Credit Party under the Security Agency Agreement and its interests in such capacity may conflict with the interests of the holders of the notes.

Notwithstanding any benefit to which a holder of notes may become entitled pursuant to the security and sharing arrangements referred to above, the notes will be effectively subordinated to: (1) our indebtedness that is secured by collateral other than the intercompany loans referred to above, to the extent of the value of such collateral, and (2) liabilities of our subsidiaries that are not subject to, or are owing to creditors not parties to, the sharing arrangements.

We have proposed that the lenders under our Global Credit Agreement approve an amendment to the Security Agency Agreement. If the proposed amendment becomes effective:

- we will not be permitted to have one series of senior debt under a particular indenture (or other instrument) constitute Designated Senior Debt unless all indebtedness under such indenture (or other instrument) also has the benefit of such status;

- a designation of (or agreement not to revoke the status of) senior debt as Designated Senior Debt may be either to a specified future date or to a future date on which a particular event occurs; and

- we will agree not to revoke the Designated Senior Debt status of our indebtedness under the Indenture or under our guarantee of certain indebtedness of PLD International Finance LLC until the earlier of (i) August 21, 2012 or (ii) the date on which the Global Credit Agreement terminates.

No assurances can be given that the terms of the Security Agency Agreement will be amended as outlined above.

There is no public market for the notes, which could limit their market price or the ability to sell them for an amount equal to, or higher than, their initial offering price.

The notes are a new issue of securities, and there is currently no existing trading market for the notes. Although the underwriters have advised us that they intend to make a market in the notes, they are not obligated to do so and may discontinue any market-making at any time without notice. Accordingly, an active public trading market may not develop for the notes and, even if one develops, may not be maintained. If an active public trading market for the notes does not develop or is not maintained, the market price and liquidity of the notes is likely to be adversely affected and holders may not be able to sell their notes at desired times and prices, or at all. If any of the notes are traded after their purchase, they may trade at a discount from their purchase price.

The liquidity of the trading market, if any, and future trading prices of the notes will depend on many factors, including, among other things, the market price of the ProLogis common shares, prevailing interest rates, the financial condition, results of operations, business, prospects and credit quality of ProLogis and its subsidiaries, and other

comparable entities, the market for similar securities, the overall securities market and the tax treatment of the notes. The liquidity of the trading market, if any, and future trading prices of the notes may be adversely affected by unfavorable changes in any of these factors, some of which are beyond our control and others of which would not affect debt that is not convertible or exchangeable into capital stock. Historically, the market for convertible or exchangeable debt has been volatile. Market volatility could

materially and adversely affect the notes, regardless of the financial condition, results of operations, business, prospects or credit quality of ProLogis and its subsidiaries.

The notes have a number of features that may adversely affect the value and trading prices of the notes, including the lack of certain financial and other restrictive covenants. It is impossible to assure holders of notes that future closing sale prices of the ProLogis common shares will not have an adverse effect on the trading prices of the notes.

If the market price of ProLogis common shares decreases, the market price of our notes may similarly decrease.

We expect that the market price of our notes will be significantly affected by the market price of ProLogis common shares. This may result in greater volatility in the market price of the notes than would be expected for non-convertible debt securities. The market price of ProLogis common shares will likely continue to fluctuate in response to factors, including the factors discussed elsewhere in this prospectus supplement, the accompanying prospectus and ProLogis Annual Report on Form 10-K for the year ended December 31, 2009, many of which are beyond our control. For instance, the price of ProLogis common shares could be affected by possible sales of ProLogis common shares by investors who view the notes as a more attractive means of equity participation in our company and by hedging or arbitrage trading activity that may develop involving ProLogis common shares. The hedging or arbitrage could, in turn, affect the trading prices of the notes. In addition, anticipated conversion of the notes issued in this offering into ProLogis common shares could depress the price of ProLogis common shares to the extent that any such conversion would result in the issuance by ProLogis of a significant number of additional ProLogis common shares. Future issuances of ProLogis common shares in other circumstances could likewise have a similar effect on the market price of the ProLogis common shares and therefore the market price of our notes.

We may be unable to repurchase notes upon the occurrence of a fundamental change.

You have the right to require us to repurchase your notes upon the occurrence of a fundamental change as described under Description of Notes Fundamental Change Permits Holders to Require Us to Repurchase Notes. We cannot assure you that we will have enough funds to repurchase all the notes if a fundamental change event occurs. In addition, future debt we incur may limit our ability to repurchase the notes upon a fundamental change. Moreover, if you or other investors in our notes exercise the repurchase right upon a fundamental change, it may cause a default under that debt, even if the fundamental change itself does not cause a default owing to the financial effect of such a repurchase on us.

A change in control or a fundamental change may adversely affect us or the notes.

A fundamental change or change in control transaction involving us could have a negative effect on us and the trading price of ProLogis common shares and could negatively impact the trading price of the notes. Furthermore, the fundamental change provisions, including the provisions requiring the increase to the conversion rate for conversions in connection with a fundamental change, may in certain circumstances make it more difficult to complete or discourage a takeover of our company and the removal of incumbent management.

The adjustment to the conversion rate for notes converted in connection with a fundamental change may not adequately compensate you for any lost value of your notes as a result of such transaction.

If a fundamental change occurs, we will increase the conversion rate by a number of additional ProLogis common shares for notes converted in connection with such fundamental change. The increase in the conversion rate will be determined based on the date on which the fundamental change becomes effective and the price paid per ProLogis common share in such transaction, as described below under Description of Notes Conversion Rights Adjustment to

Shares Delivered upon Conversion upon Fundamental Change. The adjustment to the conversion rate for notes converted in connection with a fundamental change may not adequately compensate you for any lost value of your notes as a result of such transaction. In addition, if the

price of ProLogis common shares in the transaction is greater than $40.00 per share or less than $13.40 per share (in each case, subject to adjustment), no adjustment will be made to the conversion rate. Moreover, in no event will the total number of ProLogis common shares issuable upon conversion as a result of this adjustment exceed 74.6268 per $1,000 principal amount of notes, subject to adjustments in the same manner as the conversion rate as set forth under Description of Notes Conversion Rights Conversion Rate Adjustments. Our obligation to increase the conversion rate in connection with a fundamental change could be considered a penalty, in which case the enforceability thereof would be subject to general principles of reasonableness of economic remedies.

A change in control involving us may not constitute a fundamental change for purposes of the notes.

The indenture, as amended with respect to the notes, contains no covenants or other provisions to afford protection to holders of the notes in the event of a change in control involving us except to the extent described under Description of Notes Fundamental Change Permits Holders to Require Us to Repurchase Notes, and Description of Notes Conversion Rights Adjustment to Shares Delivered upon Conversion upon Fundamental Change. However, the term fundamental change is limited and may not include every change in control event that might cause the market price of the notes to decline. As a result, your rights under the notes upon the occurrence of a fundamental change may not preserve the value of the notes in the event of a change in control involving us. In addition, any change in control involving us may negatively affect the liquidity, value or volatility of ProLogis common shares, negatively impacting the value of the notes.

Ownership limitations in the declaration of trust of ProLogis may impair the ability of holders to convert notes for ProLogis common shares.

Our declaration of trust restricts beneficial ownership of outstanding shares of beneficial interest by a single person, or persons acting as a group, to 9.8% of such shares. The purposes of the restriction are to assist in protecting and preserving our REIT status under the Code and to protect the interest of shareholders in takeover transactions by preventing the acquisition of a substantial block of shares without the prior consent of the board of trustees. For us to qualify as a REIT under the Code, not more than 50% in value of our outstanding shares of beneficial interest may be owned by five or fewer individuals at any time during the last half of any taxable year. The restriction permits five persons to acquire up to a maximum of 9.8% each, or an aggregate of 49% of the outstanding shares, and, thus, assists the board of trustees in protecting and preserving our REIT status under the Code.

Excess shares of beneficial interest owned by a person or group of persons in excess of 9.8% of the outstanding shares of beneficial interest, other than, 30% in the case of shareholders who acquired shares prior to our initial public offering, are subject to redemption by us, at our option, upon 30 days notice, at a price equal to the average daily per share closing sale price during the 30-day period ending on the business day prior to the redemption date. We may make payment of the redemption price at any time or times up to the earlier of five years after the redemption date or liquidation. We may refuse to effect the transfer of any shares of beneficial interest which would make the transferee a holder of excess shares. Shareholders are required to disclose, upon demand of the board of trustees, such information with respect to their direct and indirect ownership of shares as the board of trustees deems necessary to comply with the provisions of the Code pertaining to qualification, for tax purposes, of REITs, or to comply with the requirements of any other appropriate taxing authority.

Notwithstanding any other provision of the notes, no holder of notes will be entitled to receive ProLogis common shares upon a conversion of notes to the extent that receipt of such ProLogis common shares would cause such holder (together with such holder s affiliates) to exceed the ownership limit contained in the declaration of trust of ProLogis.

If you hold notes, you will not be entitled to any rights with respect to ProLogis common shares, but you will be subject to all changes made with respect to ProLogis common shares.

If you hold notes, you will not be entitled to any rights with respect to ProLogis common shares (including, without limitation, voting rights and rights to receive any dividends or other distributions on ProLogis common

shares), but if you subsequently convert your notes for ProLogis common shares, you will be subject to all changes affecting the ProLogis common shares. You will have rights with respect to ProLogis common shares only if and when we deliver ProLogis common shares to you upon conversion of your notes and, to a limited extent, under the conversion rate adjustments applicable to the notes. For example, in the event that an amendment is proposed to ProLogis declaration of trust or bylaws requiring shareholder approval and the record date for determining the shareholders of record entitled to vote on the amendment occurs prior to delivery of ProLogis common shares to you, you will not be entitled to vote on the amendment, although you will nevertheless be subject to any changes in the powers or rights of ProLogis common shares if you are issued shares upon conversion of your notes.

The value of the conversion right associated with the notes may be substantially lessened or eliminated if we are party to a merger, consolidation, or other similar transaction.

If we are party to a consolidation, merger, binding share exchange or sale of all or substantially all of our assets pursuant to which ProLogis common shares are converted into the right to receive cash, securities or other property, at the effective time of the transaction, the right to convert the notes into ProLogis common shares will be changed into a right to convert the notes into the kind and amount of cash, securities or other property which the holder would have received if the holder had converted its notes immediately prior to the transaction. This change could substantially lessen or eliminate the value of the conversion privilege associated with the notes in the future. For example, if all of the outstanding ProLogis common shares were acquired for cash in a merger transaction, each note would become convertible solely into cash and would no longer be convertible into securities whose value would vary depending on our future prospects and other factors.

The conversion rate of the notes may not be adjusted for all dilutive events, which may adversely affect the trading price of the notes.

The conversion rate of the notes is subject to adjustment for certain events, including, but not limited to, the issuance of share dividends or payment of certain cash dividends, whether quarterly or special, on ProLogis common shares, the issuance of certain rights or warrants, subdivisions, combinations, distributions of common shares of beneficial interest, indebtedness, or assets and certain issuer tender or exchange offers as described under Description of Notes Conversion Rights Conversion Rate Adjustments in this prospectus supplement. However, the conversion rate will not be adjusted for other events, such as certain exchange offers or an issuance of ProLogis common shares for cash, that may adversely affect the trading price of the notes or the ProLogis common shares. An event that adversely affects the value of the notes may occur, and that event may not result in an adjustment to the conversion rate.

You may be deemed to have received taxable income if the conversion rate of the notes is adjusted, even if you do not receive any cash.

If we pay a cash dividend on ProLogis common shares over a set dividend threshold amount described below under clause (4) of the heading Description of Notes Conversion Rights Conversion Rate Adjustments Adjustment Events, an adjustment to the conversion rate may result, and you may be deemed to have received a taxable dividend subject to U.S. federal income tax without the receipt of any cash. In addition, adjustments (or failures to make adjustments) that have the effect of increasing a holder s proportionate share in our assets or earnings may, in some circumstances, result in a deemed distribution to such holder. For example, if the conversion rate is increased at our discretion or in certain other circumstances (including in connection with the payment of a dividend to ProLogis common shareholders that results in an adjustment to the conversion rate and that is taxable to the ProLogis common shareholders), such increase may result in a deemed payment of a taxable dividend to holders of the notes, notwithstanding the fact that the holders do not receive a cash payment. See Certain U.S. Federal Income Tax Considerations Taxation of Noteholders United States Holders of the Notes Constructive Dividends. If you are a Non-United States Holder (as defined in Certain U.S. Federal Income Tax Considerations), such deemed dividend

may be subject to U.S. federal withholding tax at a 30% rate or such lower rate as may be specified by an applicable treaty. See Certain U.S. Federal Income Tax Considerations Taxation of Noteholders Non-United States Holders of the Notes Adjustments to Conversion Rate.

We cannot assure you that we will not be required to withhold on payments to Non-U.S. Holders of notes in connection with a sale, exchange, redemption, repurchase, conversion, or other disposition of notes based on the facts and circumstances at the time.

Although we believe that currently the notes do not constitute U.S. real property interests and we therefore do not currently intend to withhold under the Foreign Investment in Real Property Tax Act, or FIRPTA, we cannot assure you that the notes will not constitute U.S. real property interests depending on the facts in existence at the time of any sale, exchange, redemption, repurchase, conversion or other disposition of a note. If the notes were to constitute U.S. real property interests, withholding on payments to Non-United States Holders (as defined below) in connection with such a sale, exchange, redemption, repurchase, conversion or other disposition of notes may be required regardless of whether such Non-United States Holders provided certification documenting their non-U.S. status. See Certain U.S. Federal Income Tax Considerations Taxation of Noteholders Non-United States Holders of the Notes Sale, Conversion or Other Dispositions of the Notes in this prospectus supplement.

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USE OF PROCEEDS

The net proceeds from the sale of the notes are estimated to be approximately $391.2 million, after deducting the underwriters discount and estimated offering expenses (assuming the underwriters do not exercise their option to purchase additional notes to cover over-allotments). If the underwriters exercise their over-allotment option to purchase additional notes in full, we estimate our net proceeds from this offering will be approximately $450.0 million. We will use the net proceeds from the sale of the notes and the concurrent offering of the 2017 notes and 2020 notes for the repayment of borrowings under our Global Credit Agreement. We expect to reborrow under our Global Credit Agreement to fund the cash purchase of certain of our senior notes having an aggregate principal amount of approximately $542.9 million that are tendered pursuant to our offer to purchase any and all of such notes, which commenced on March 8, 2010, the repayment or repurchase of other indebtedness and for general corporate purposes.

As of December 31, 2009, we had approximately $736.6 million outstanding and the ability to borrow an additional approximately $1.1 billion under our Global Credit Agreement. Amounts repaid under the Global Credit Agreement may be reborrowed and we expect to make additional borrowings under the Global Credit Agreement following this offering for the development of industrial distribution properties, for the repayment or repurchase of outstanding indebtedness, including the senior notes described above, and for general corporate purposes. Affiliates of certain of the underwriters participating in this offering are lenders under the Global Credit Agreement and therefore will receive proceeds from the offering to the extent that proceeds are used to repay borrowings under our Global Credit Agreement. Based on our public debt ratings and a pricing grid, interest on the borrowings under the Global Credit Agreement accrues at a variable rate based upon the interbank offered rate in each respective jurisdiction in which the borrowings are outstanding and we pay utilization fees that are calculated on the outstanding balance. The interest and utilization fees result in a weighted average borrowing rate of 2.27% per annum at December 31, 2009 using local currency rates. The Global Credit Agreement is scheduled to mature August 21, 2012.

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our ratios of earnings to fixed charges for the periods indicated. For this purpose, earnings consist of earnings from continuing operations, excluding income taxes, noncontrolling interests share in earnings and fixed charges, other than capitalized interest, and fixed charges consist of interest on borrowed funds, including amounts that have been capitalized, and amortization of capitalized debt issuance costs, debt premiums and debt discounts.

Year Ended December 31,				
2009(a)	**2008(a)(b)**	**2007(b)**	**2006**	**2005**
0.2x	0.3x	2.7x	2.6x	2.0x

(a) The loss from continuing operations for 2009 and 2008 includes impairment charges of $495.2 million and $901.8 million, respectively, that are discussed in our Consolidated Financial Statements in Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2009. Due to these impairment charges, our fixed charges exceed our earnings as adjusted by $353.2 million and $383.1 million for 2009 and 2008, respectively.

(b)

These periods have been restated to reflect the retroactive adoption of the new accounting standard for interest expense related to our convertible debt.

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PRICE RANGE OF PROLOGIS COMMON SHARES

The common shares of ProLogis are listed on the New York Stock Exchange (the NYSE) under the symbol PLD. On March 9, 2010, the closing price per ProLogis common share on the NYSE was $13.40, and there were approximately 7,900 holders of record. The table below sets forth the historical quarterly high and low sales prices per ProLogis common share as reported on the NYSE and the distribution paid per share with respect to each period.

	High	Low	Distribution
2008			
First Quarter	$ 64.00	$ 54.01	$ 0.5175
Second Quarter	$ 66.51	$ 53.42	$ 0.5175
Third Quarter	$ 54.89	$ 34.61	$ 0.5175
Fourth Quarter	$ 39.85	$ 2.20	$ 0.5175
2009			
First Quarter	$ 16.68	$ 4.87	$ 0.25
Second Quarter	$ 9.77	$ 6.10	$ 0.15
Third Quarter	$ 13.30	$ 6.54	$ 0.15
Fourth Quarter	$ 15.04	$ 10.76	$ 0.15
2010			
First Quarter (through March 9)	$ 14.12	$ 11.32	$ 0.15(1)

(1) Declared on February 1, 2010 and paid on February 26, 2010 to holders of record on February 12, 2010

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CAPITALIZATION

The following table sets forth our actual consolidated cash and cash equivalents and capitalization as of December 31, 2009, and as adjusted to give effect to this offering (assuming no exercise by the underwriters of their over-allotment option), the concurrent offering of $300,000,000 aggregate principal amount of 2017 notes and $800,000,000 aggregate principal amount of 2020 notes and the application of the estimated net proceeds from both offerings as set forth under Use of Proceeds in this prospectus supplement. The following table does not give effect to the cash purchase of certain of our senior notes having an aggregate principal amount of up to approximately $542.9 million that are tendered pursuant to our offer to purchase any and all of such notes, which commenced on March 8, 2010.

	As of December 31, 2009	
	Actual	As Adjusted
	(In thousands, except per share amounts)	
Cash and cash equivalents	$ 34,362	$ 777,149
Debt:		
Global Credit Agreement(1)	$ 736,591	$
Convertible notes offered hereby		400,000
Senior notes offered in the concurrent offering		1,097,031
Senior and other notes(1)	4,047,905	4,047,905
Convertible debt	2,078,441	2,078,441
Secured mortgage debt and assessment bonds	1,114,841	1,114,841
Total debt	7,977,778	8,738,218
Equity:		
ProLogis shareholders equity:		
Series C Preferred Shares at stated liquidation preference of $50.00 per share	100,000	100,000
Series F Preferred Shares at stated liquidation preference of $25.00 per share	125,000	125,000
Series G Preferred Shares at stated liquidation preference of $25.00 per share	125,000	125,000
Common Shares at $.01 par value per share	4,742	4,742
Additional paid-in capital	8,524,867	8,524,867
Accumulated other comprehensive income	42,298	42,298
Distributions in excess of net earnings	(934,583)	(934,583)
Total ProLogis shareholders equity	7,987,324	7,987,324
Noncontrolling interests	19,962	19,962
Total equity	8,007,286	8,007,286
Total Capitalization	$ 15,985,064	$ 16,745,504

(1)

On March 8, 2010, we announced an offer to purchase for cash any and all of approximately $542.9 million aggregate principal amount of certain of our outstanding senior notes. As discussed in Use of Proceeds, we expect to fund the purchase of those senior notes with borrowings under our Global Credit Agreement. Assuming all $542.9 million aggregate principal amount of those senior notes are tendered, the As Adjusted amounts for Global Credit Agreement in the table above would increase to $579.1 million, and Senior and other notes in the table above would decrease to $3.5 billion.

DESCRIPTION OF NOTES

The following description is a summary of the material provisions of the notes and the indenture (as defined below) and does not purport to be complete. This summary is subject to and is qualified by reference to all the provisions of the notes and the indenture, including the definitions of certain terms used in the indenture. We urge you to read the indenture because it, and not this description, defines your rights as a holder of the notes.

General

The notes constitute a separate series of debt securities to be issued pursuant to an Indenture, dated as of March 1, 1995 (the Original Indenture), between us and U.S. Bank National Association (as successor in interest to State Street Bank and Trust Company), as trustee. The Indenture has been supplemented by a First Supplemental Indenture, dated February 9, 2005, a Second Supplemental Indenture, dated November 2, 2005, a Third Supplemental Indenture, dated November 2, 2005, a Fourth Supplemental Indenture, dated March 26, 2007, a Fifth Supplemental Indenture, dated November 8, 2007, a Sixth Supplemental Indenture, dated May 7, 2008, a Seventh Supplemental Indenture, dated May 7, 2008, an Eighth Supplemental Indenture, dated August 14, 2009, and a Ninth Supplemental Indenture, dated October, 1, 2009, and will be further supplemented by a Tenth Supplemental Indenture to be entered into concurrently with the delivery of the notes. We collectively refer to the Original Indenture as amended and supplemented as the Indenture. The terms of the notes include those provisions contained in the Indenture, portions of which are described in this prospectus supplement and the accompanying prospectus, and those made part of the Indenture by reference to the Trust Indenture Act of 1939. The notes are subject to all of these terms, and holders of notes are referred to the Indenture and the Trust Indenture Act for a statement of those terms. As of December 31, 2009, we had $6.2 billion aggregate principal amount of debt securities outstanding under the Indenture.

Capitalized terms used but not defined under the caption Description of Notes have the meaning given to them in the Original Indenture.

As described in the accompanying prospectus in the section entitled Description of Debt Securities Security and sharing arrangements, 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 the Security Agency Agreement. The Credit Parties under the Security Agency Agreement include the holders of specified credit obligations of ours, including (i) all obligations arising under the Global Credit Agreement among us, various of our affiliates and various lenders and agents, (ii) certain of our hedging obligations, (iii) certain other senior debt specified in the Security Agency Agreement and (iv) any 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 in the accompanying prospectus, holders of the notes are entitled to a pro rata share of the proceeds of the collateral granted under the various 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 in the accompanying prospectus, 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 the intercompany loans that are pledged to secure the notes, and to the liabilities of our subsidiaries.

We have proposed that the lenders under our Global Credit Agreement approve an amendment to the Security Agency Agreement. If the proposed amendment becomes effective:

we will not be permitted to have one series of senior debt under a particular indenture (or other instrument) constitute Designated Senior Debt unless all indebtedness under such indenture (or other instrument) also has the benefit of such status;

a designation of (or agreement not to revoke the status of) senior debt as Designated Senior Debt may be either to a specified future date or to a future date on which a particular event occurs; and

we will agree not to revoke the Designated Senior Debt status of our indebtedness under the Indenture or under our guarantee of certain indebtedness of PLD International Finance LLC until the earlier of (i) August 21, 2012 or (ii) the date on which the Global Credit Agreement terminates.

No assurances can be given that the terms of the Security Agency Agreement will be amended as outlined above.

The notes will be limited initially to $400,000,000 aggregate principal amount (or $460,000,000 in the event the underwriters exercise their over-allotment option in full). We may in the future, without the consent of holders, issue additional notes on the same terms and conditions and with the same CUSIP number as the notes being offered hereby. The notes and any additional notes subsequently issued under the Indenture would be treated as a single series for all purposes under the Indenture, including without limitation, waivers, amendments, redemptions and offers to purchase.

The Indenture permits us to issue different series of debt securities from time to time. The notes we are offering will be a single, distinct series of debt securities. The specific terms of each other series may differ from those of the notes. Except as described in the accompanying prospectus under Description of Debt Securities Covenants, the Indenture does not limit the aggregate amount of debt securities that may be issued under the Indenture, nor does it limit the number of other series or the aggregate amount of any particular series, although the covenants described under Description of Debt Securities Covenants in the accompanying prospectus do not apply to these notes. When we refer to a series of debt securities, we mean a series of debt securities, such as the series of notes we are offering by means of this prospectus supplement and the accompanying prospectus, issued under the Indenture. When we refer to the notes or these notes, we mean the 3.25% convertible senior notes due 2015 we are offering by means of this prospectus supplement and the accompanying prospectus. The notes will be issued only in denominations of $1,000 and integral multiples of $1,000. The registered holder of a note will be treated as the owner of it for all purposes.

Other than the restrictions described under Fundamental Change Permits Holders to Require us to Repurchase Notes and Merger, Consolidation or Sale below, and except for the provisions set forth under Conversion Rights Adjustment to Shares Delivered upon Conversion upon Fundamental Change, the Indenture as supplemented with respect to the notes contains no other provisions that would limit our ability to incur indebtedness or that would afford holders of the notes protection in the event of a highly leveraged or similar transaction involving us or in the event of a change of control or a decline in our credit rating as the result of a takeover, recapitalization, highly leveraged transaction or similar restructuring involving us that could adversely affect such holders.

Principal and Interest

The notes will bear interest at the rate of 3.25% per year and will mature on March 15, 2015, unless earlier converted, repurchased or redeemed. Interest on the notes will accrue from March 16, 2010 and will be payable semi-annually in arrears on March 15 and September 15 of each year, commencing on September 15, 2010 (each such date being an interest payment date), to the persons in whose names the notes are registered in the security register on the preceding March 1 or September 1, whether or not a business day, as the case may be (each such date being a regular record date). Interest on the notes will be computed on the basis of a 360-day year consisting of twelve 30-day months.

If any interest payment date or the maturity date falls on a day that is not a business day, the required payment shall be made on the next business day as if it were made on the date the payment was due and no interest shall accrue on the amount so payable for the period from and after the interest payment date or the maturity date, as the case may be,

until the next business day. A business day means any day, other than a Saturday or Sunday, or legal holidays on which banks in The City of New York or The City of Boston are not required or authorized by law or executive order to be closed. In addition, you will not receive any separate

cash payment for accrued and unpaid interest, if any, upon conversion, except as described under Conversion Rights.

Optional Redemption by Us

We may not redeem the notes prior to maturity except to preserve ProLogis status as a REIT. If at any time we determine it is necessary to redeem the notes in order to preserve ProLogis status as a REIT, we may, on at least 30 days and no more than 60 days notice, redeem 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. You may convert notes or portions of notes called for redemption until the close of business on the day that is two business days prior to the redemption date.

We or a third party may, to the extent permitted by applicable law, at any time purchase notes in the open market, by tender at any price or by private agreement. Any notes so purchased may, to the extent permitted by applicable law and subject to restrictions contained in the underwriting agreement with the underwriters, be reissued or resold or may, at our or such third party s option, be surrendered to the trustee for cancellation. Any notes surrendered for cancellation may not be reissued or resold and will be canceled promptly.

We may deduct and withhold, from the amount payable upon redemption, any amounts required to be deducted and withheld under applicable law.

No sinking fund is provided for the notes.

Fundamental Change Permits Holders to Require Us to Repurchase Notes

If a fundamental change (as defined below) occurs at any time, you will have the right, at your option, to require us to repurchase all of your notes, or any portion of the principal amount thereof that is equal to $1,000 or an integral multiple of $1,000, on a date (the fundamental change repurchase date) of our choosing that is not less than 20 nor more than 35 business days after the date of our notice of the fundamental change. The price we are required to pay is equal to 100% of the principal amount of the notes to be purchased plus accrued and unpaid interest to, but excluding, the fundamental change repurchase date. Any notes purchased by us will be paid for in cash.

On or before the 20th day after the occurrence of a fundamental change, we will provide to all holders of the notes, the trustee and the paying agent a notice of the occurrence of the fundamental change and of the resulting repurchase right. Such notice shall state, among other things:

- the events causing the fundamental change;
- the date of the fundamental change;
- the last date on which a holder may exercise the repurchase right;
- the fundamental change repurchase price;
- the fundamental change repurchase date;
- the name and address of the paying agent and the conversion agent, if applicable;
- the applicable conversion rate and any adjustments to the applicable conversion rate;

- that the notes with respect to which a fundamental change repurchase notice has been delivered by a holder may be converted only if the holder withdraws the fundamental change repurchase notice in accordance with the terms of the indenture; and

- the procedures that holders must follow to require us to repurchase their notes.

Simultaneously with providing such notice, we will publish a notice containing this information in a newspaper of general circulation in New York City or publish the information on our website or through such other public medium as we may use at that time.

To exercise the repurchase right, you must deliver, on or before the fundamental change repurchase date, the notes to be purchased, duly endorsed for transfer, together with a written repurchase notice and the form entitled Form of Fundamental Change Repurchase Notice on the reverse side of the notes duly completed, to the paying agent. Your repurchase notice must state:

- if certificated, the certificate numbers of your notes to be delivered for repurchase;
- the portion of the principal amount of notes to be purchased, which must be $1,000 or an integral multiple thereof; and
- that the notes are to be purchased by us pursuant to the applicable provisions of the notes and the indenture.

You may withdraw any repurchase notice (in whole or in part) by a written notice of withdrawal delivered to the paying agent prior to the close of business on the business day prior to the fundamental change repurchase date. The notice of withdrawal shall state:

- the principal amount of the withdrawn notes;
- if certificated notes have been issued, the certificate numbers of the withdrawn notes, or if not certificated, your notice must comply with appropriate DTC procedures; and
- the principal amount, if any, which remains subject to the repurchase notice.

We will be required to repurchase the notes on the fundamental change repurchase date. You will receive payment of the fundamental change repurchase price promptly following the later of the fundamental change repurchase date or the time of book-entry transfer or the delivery of the notes. If the paying agent holds money or securities sufficient to pay the fundamental change repurchase price of the notes on the second business day following the fundamental change repurchase date, then:

- the notes will cease to be outstanding and interest will cease to accrue (whether or not book-entry transfer of the notes is made or whether or not the note is delivered to the paying agent); and
- all other rights of the holder will terminate (other than the right to receive the fundamental change repurchase price and previously accrued and unpaid interest upon delivery or transfer of the notes).

The repurchase rights of the holders could discourage a potential acquirer of us. The fundamental change repurchase feature, however, is not the result of management s knowledge of any specific effort to obtain control of us by any means or part of a plan by management to adopt a series of anti-takeover provisions.

If a fundamental change were to occur, we may not have enough funds to pay the fundamental change repurchase price. See Risk Factors in this prospectus supplement under the caption We may be unable to repurchase notes upon the occurrence of a fundamental change. If we fail to repurchase the notes when required following a fundamental change, we will be in default under the indenture. In addition, we have incurred, and may in the future incur, other indebtedness with change in control provisions permitting the holders thereof to accelerate or to require us to repurchase such indebtedness upon the occurrence of specified change in control events or on some specific dates.

Certain of our debt agreements may limit our ability to repurchase notes.

No notes may be purchased at the option of holders upon a fundamental change if there has occurred and is continuing an event of default other than an event of default that is cured by the payment of the fundamental change repurchase price.

Conversion Rights

General

Subject to the restrictions on ownership of ProLogis common shares and the further conditions described below, holders may convert each of their notes at an initial conversion rate of 57.8503 ProLogis common shares per $1,000 principal amount of notes (equivalent to a conversion price of approximately $17.29 per

ProLogis common share) at any time prior to the close of business on the trading day immediately preceding the final maturity date of the notes.

The conversion rate and the equivalent conversion price in effect at any given time are referred to as the applicable conversion rate and the applicable conversion price, respectively, and will be subject to adjustment as described below. The conversion price at any given time will be computed by dividing $1,000 by the applicable conversion rate at such time. A holder may convert fewer than all of such holder s notes so long as the notes converted are an integral multiple of $1,000 principal amount.

Except as described below, you will not receive any separate cash payment for accrued and unpaid interest upon conversion. Our settlement of conversions as described below under Payment upon Conversion will be deemed to satisfy our obligation to pay:

- the principal amount of the note; and
- accrued and unpaid interest to, but not including, the conversion date.

As a result, accrued and unpaid interest to, but not including, the conversion date will be deemed to be paid in full rather than cancelled, extinguished or forfeited.

Notwithstanding the preceding paragraph, if notes are converted after 5:00 p.m., New York City time, on a record date, holders of such notes at 5:00 p.m., New York City time, on the record date will receive the interest payable on such notes on the corresponding interest payment date notwithstanding the conversion. Notes surrendered for conversion during the period from 5:00 p.m., New York City time, on any regular record date to 9:00 a.m., New York City time, on the immediately following interest payment date must be accompanied by funds equal to the amount of interest payable on such notes on such interest payment date; provided that no such payment need be made with respect to notes surrendered for conversion:

- if we have called the notes for redemption and the redemption date falls within such period;
- in connection with a fundamental change if we have specified a fundamental change repurchase date that falls within such period;
- after 5:00 p.m., New York City time on the record date immediately preceding the maturity date; or
- to the extent of any overdue interest, if any overdue interest exists at the time of conversion with respect to such notes.

If a holder converts notes, we will pay any documentary, stamp or similar issue or transfer tax due on the issue of any ProLogis common shares upon the conversion, unless the tax is due because the holder requests any shares to be issued in a name other than the holder s name, in which case the holder will pay that tax.

Notes in respect of which a holder has delivered a notice of exercise of its option to require us to repurchase its notes upon the occurrence of a fundamental change (defined below) may not be surrendered for conversion until the holder has withdrawn the notice in accordance with the indenture.

Conversion Procedures

If you hold a beneficial interest in a global note, to exercise your conversion right you must comply with The Depository Trust Company s (DTC) procedures for converting a beneficial interest in a global note and, if required, pay funds equal to interest payable on the next interest payment date and, if required, pay all taxes or duties, if any.

If you hold a certificated note, to convert you must:

complete and manually sign the conversion notice on the back of the note, or a facsimile of the conversion notice;

deliver the conversion notice, which is irrevocable, and the note to the conversion agent;

if required, furnish appropriate endorsements and transfer documents;

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if required, pay all transfer or similar taxes; and if required, pay funds equal to interest payable on the next interest payment date.

The date you comply with these requirements is the conversion date under the Indenture. If a holder has already delivered a repurchase notice as described under Fundamental Change Permits Holders to Require Us to Repurchase Notes with respect to a note, the holder may not surrender that note for conversion until the holder has withdrawn the notice in accordance with the Indenture.

Payment upon Conversion

We will deliver to you a number of shares equal to (i) the aggregate principal amount of notes to be converted divided by $1,000, multiplied by (ii) the applicable conversion rate (which will include any increases to reflect any additional shares which you may be entitled to receive as described Adjustment to Shares Delivered upon Conversion upon Fundamental Change). We will not issue fractional common shares upon conversion of notes. A holder of a note otherwise entitled to a fractional share will receive cash equal to such fraction multiplied by the last reported sale price of our common shares on the trading day immediately preceding the conversion date.

In respect of any conversion, we will be obligated to deliver the common shares to which you are entitled, and any cash payment for a fractional share, on the third business day following the conversion date. Notwithstanding the preceding sentence, if any calculation required in order to determine the number of common shares we must deliver in respect of a particular conversion is based upon data that will not be available to us on the conversion date, we will delay settlement of that conversion until the third business day after the relevant data become available. This will be the case, in particular, for any conversion immediately following a spin-off described in paragraph (3) of Conversion Rate Adjustments below, or a tender offer or exchange offer described in paragraph (5) of Conversion Rate Adjustments below.

Conversion Rate Adjustments

The conversion rate will be adjusted as described below, except that we will not make any adjustments to the conversion rate if holders of the notes participate, as a result of holding the notes, in any of the transactions described below without having to convert their notes.

Adjustment Events

(1) If ProLogis issues common shares as a dividend or distribution on ProLogis common shares, or if ProLogis effects a share split or share combination, the conversion rate will be adjusted based on the following formula:

$$CR' = CR_0 \times \frac{OS'}{OS_0}$$

where,

CR_0 = the conversion rate in effect immediately prior to the ex-date for such dividend or distribution or the effective date of such share split or combination, as the case may be;

CR' = the conversion rate in effect as of the ex-date for such dividend or distribution or the effective date of such share split or combination, as the case may be;

OS_0 = the number of ProLogis common shares outstanding immediately prior to such event; and

OS = the number of ProLogis common shares outstanding immediately after such event.

(2) If ProLogis issues to all or substantially all holders of ProLogis common shares any rights, warrants or convertible securities entitling them, for a period of not more than 60 calendar days, to subscribe for or purchase ProLogis common shares at a price per share less than the last reported sale price per ProLogis common share on the business day immediately preceding the date of announcement of such issuance, the conversion rate will be

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adjusted based on the following formula (provided that the conversion rate will be readjusted to the extent that such rights, warrants or convertible securities are not exercised prior to their expiration):

$$CR = CR_0 \times \frac{OS_0 + X}{OS_0 + Y}$$

where,

CR_0 = the conversion rate in effect immediately prior to the ex-date for such distribution;

CR = the conversion rate in effect as of the ex-date for such distribution;

OS_0 = the number of ProLogis common shares outstanding immediately prior to such event;

X = the total number of ProLogis common shares issuable pursuant to such rights; and

Y = the number of ProLogis common shares equal to the aggregate price payable to exercise such rights, warrants or convertible securities divided by the average of the last reported sale prices per ProLogis common share over the ten consecutive trading day period ending on the business day immediately preceding the record date (or, if later, the ex-date relating such distribution) for the issuance of such rights, warrants or convertible securities.

(3) If ProLogis distributes shares of beneficial interest, evidences of indebtedness or other assets or property of ProLogis to all or substantially all holders of ProLogis common shares, excluding:

- dividends or distributions and rights or warrants referred to in clause (1) or (2) above;
- dividends or distributions paid exclusively in cash; and
- spin-offs to which the provisions set forth below in this paragraph (3) shall apply;

then the conversion rate will be adjusted based on the following formula:

$$CR = CR_0 \times \frac{OP_0}{SP_0 - FMV}$$

where,

CR_0 = the conversion rate in effect immediately prior to the ex-date for such distribution;

CR = the conversion rate in effect as of the ex-date for such distribution;

SP_0 = the average of the last reported sale prices of ProLogis common shares over the ten consecutive trading day period ending on the business day immediately preceding the record date for such distribution (or, if earlier, the ex-date relating to such distribution); and

FMV = the fair market value (as determined by the board of trustees of ProLogis) of the shares of beneficial interest, evidences of indebtedness, assets or property distributed with respect to each outstanding ProLogis common shares on

the record date for such distribution (or, if earlier, the ex-date relating to such distribution).

With respect to an adjustment pursuant to this clause (3) where there has been a payment of a dividend or other distribution on ProLogis common shares in shares of beneficial interest of any class or series, or similar equity interest, of or relating to a subsidiary or other business unit, which we refer to as a spinoff, unless we distribute such shares of beneficial interest or equity interests to holders of the notes on the same basis as they would have received had they converted their notes solely into ProLogis common shares immediately prior to such dividend or distribution, the conversion rate in effect immediately before 5:00 p.m., New York City time, on the record date fixed for determination of shareholders entitled to receive the distribution will be increased based on the following formula:

$$CR = CR_0 \times \frac{FMV_0 + MP_0}{MP_0}$$

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where,

CR_0 = the conversion rate in effect immediately prior to the effective date of such distribution;

CR = the conversion rate in effect as of the effective date of such distribution;

FMV_0 = the average of the last reported sale prices of the shares of beneficial interest or similar equity interest distributed to holders of ProLogis common shares applicable to one ProLogis common share over the first ten consecutive trading day period after the effective date of the spin-off; and

MP_0 = the average of the last reported sale prices of ProLogis common shares over the first ten consecutive trading day period after the effective date of the spin-off.

The adjustment to the conversion rate under the preceding paragraph will occur on the tenth trading day from, and including, the effective date of the spin-off; provided that in respect of any conversion within the ten trading days following any spin-off, references within this paragraph (3) to ten days shall be deemed replaced with such lesser number of trading days as have elapsed between such spin-off and the conversion date in determining the applicable conversion rate.

(4) If ProLogis pays any cash dividend or distribution to all or substantially all holders of ProLogis common shares, to the extent that the aggregate of all such cash dividends or distributions paid in any quarter exceeds the dividend threshold amount (as defined below) for such quarter, the conversion rate will be adjusted based on the following formula:

$$CR = CR_0 \times \frac{SP_0 - T}{SP_0 - C}$$

where,

CR_0 = the conversion rate in effect immediately prior to the ex-date for such distribution;

CR = the conversion rate in effect as of the ex-date for such distribution;

SP_0 = the average of the last reported sale prices of ProLogis common shares over the ten consecutive trading-day period ending on the business day immediately preceding the record date for such distribution (or, if earlier, the ex-date relating to such distribution);

T = the dividend threshold amount, which shall initially be $0.15 per quarter and which amount shall be appropriately adjusted from time to time for any share dividends on, or subdivisions or combinations of, ProLogis common shares; provided, that if a conversion rate adjustment is required to be made as a result of a distribution that is not a quarterly dividend either in whole or in part, the dividend threshold amount shall be deemed to be zero; and

C = the amount in cash per share that ProLogis distributes to holders of ProLogis common shares.

(5) If ProLogis or any of its subsidiaries makes a payment in respect of a tender offer or exchange offer for ProLogis common shares, if the cash and value of any other consideration included in the payment per ProLogis common share exceeds the last reported sale price per ProLogis common share on the trading day next succeeding the last date on which tenders or conversions may be made pursuant to such tender or exchange offer, the conversion rate will be

increased based on the following formula:

$$CR = CR_0 \times \frac{AC + (SP \times OS)}{SP \times OS_0}$$

where,

CR_0 = the conversion rate in effect on the date such tender or exchange offer expires;

CR = the conversion rate in effect on the day next succeeding the date such tender or exchange offer expires;

AC = the aggregate value of all cash and any other consideration (as determined by the board of trustees of ProLogis) paid or payable for shares purchased in such tender or exchange offer;

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OS_0 = the number of ProLogis common shares outstanding immediately prior to the date such tender or exchange offer expires;

OS = the number of ProLogis common shares outstanding immediately after the date such tender or exchange offer expires; and

SP = the average of the last reported sale prices per ProLogis common share over the ten consecutive trading-day period commencing on the trading day next succeeding the date such tender or exchange offer expires.

If, however, the application of the foregoing formula would result in a decrease in the conversion rate, no adjustment to the conversion rate will be made.

As used in this section, ex-date means the first date on which the ProLogis common shares trade on the applicable conversion or in the applicable market, regular way, without the right to receive the issuance or distribution in question.

Except as stated herein, we will not adjust the conversion rate for the issuance of ProLogis common shares or any securities convertible into or convertible for ProLogis common shares or the right to purchase ProLogis common shares or such convertible or convertible securities.

Notwithstanding the foregoing, in no event will the conversion rate exceed 74.6268 shares per $1,000 principal amount of notes, subject to adjustment in the same manner as the conversion rate as set forth in sections (1) through (3) above.

Events That Will Not Result in Adjustments

The applicable conversion rate will not be adjusted:

- upon the issuance of any ProLogis common shares pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on ProLogis securities and the investment of additional optional amounts in ProLogis common shares under any plan;

- upon the issuance of any ProLogis common shares or options or rights to purchase those shares pursuant to any present or future employee, director or consultant benefit plan or program of or assumed by us or any of our subsidiaries;

- upon the issuance of any ProLogis common shares pursuant to any option, warrant, right or exercisable, exchangeable or convertible security not described in the second bullet above and outstanding as of the date the notes were first issued;

- upon the issuance of any ProLogis common shares pursuant to any option, warrant or exercisable, exchangeable or convertible security not described in the second bullet above issued after the date the notes were first issued so long as those securities are not issued to all or substantially all holders of ProLogis common shares;

- for a change in the par value of ProLogis common shares;

- for accrued and unpaid interest; or

for the avoidance of doubt, for (i) the issuance of units that may be exchangeable for ProLogis common shares by any of our subsidiaries (other than to all or substantially all holders of ProLogis common shares) or (ii) the payment of cash or the issuance of ProLogis common shares by ProLogis upon exchange, redemption or repurchase of notes.

Adjustments to the applicable conversion rate will be calculated to the nearest 1/10,000th of a share. We will not be required to make an adjustment in the conversion rate unless the adjustment would require a change of at least 1% in the conversion rate. However, we will carry forward any adjustments that are less than 1% of the conversion rate and make such carried forward adjustments, regardless of whether the aggregate adjustment is less than 1% within one year of the first such adjustment carried forward, upon a

fundamental change, upon any call of the notes for redemption or upon maturity. Except as described in this section, we will not adjust the conversion rate.

Treatment of Reference Property

In the event of any of the following (each, a reorganization event):

any reclassification of ProLogis common shares; or

a consolidation, merger or combination involving ProLogis; or

a sale or conveyance to another person of all or substantially all of the property and assets of ProLogis, in which holders of the outstanding ProLogis common shares would be entitled to receive cash, securities or other property for their ProLogis common shares;

in each case as a result of which holders of our common shares are entitled to receive stock, other securities, other property, assets or cash (or any combination thereof) with respect to or in exchange for our common shares, then from and after the effective date of the reorganization event, the consideration for the settlement of the conversion obligation will be based on, and each share deliverable upon conversion in respect of any settlement will consist of, the kind and amount of shares of stock, other securities or other property, assets or cash (or any combination thereof) that such holder of notes would have owned immediately after such reorganization event if such holder had converted the notes immediately prior to such reorganization event (such consideration, the reference property). For purposes of the foregoing, where a reorganization event involves consideration based upon any form of stockholder election, the consideration will be deemed to be the weighted average of the types and amounts of consideration received by the holders of our common shares that affirmatively make such an election. We may not become party to any transaction of that type unless its terms are materially consistent with the preceding. None of the foregoing provisions shall affect the right of a holder of notes to convert its notes prior to the effective date of the reorganization event. For the avoidance of doubt, adjustments to the conversion rate set forth under Conversion Rate Adjustments do not apply to distributions to the extent that the right to convert notes has been changed into the right to convert into reference property.

Treatment of Rights. To the extent that we have a rights plan in effect upon conversion of the notes into ProLogis common shares, you will receive, in addition to ProLogis common shares, the rights under the rights plan, unless prior to any conversion, the rights have separated from the ProLogis common shares, in which case the conversion rate will be adjusted at the time of separation as if we distributed to all holders of ProLogis common shares, our shares of beneficial interest, evidences of indebtedness or assets as described in clause (3) under Adjustment Events above, subject to readjustment in the event of the expiration, termination or redemption of such rights.

Voluntary Increases of Conversion Rate. We are permitted to the extent permitted by law and subject to the applicable rules of the NYSE to increase the conversion rate of the notes by any amount for a period of at least 20 days if our board of trustees determines that such increase would be in our best interest. We may also (but are not required to) increase the conversion rate to avoid or diminish income tax to holders of ProLogis common shares or rights to purchase ProLogis common shares in connection with a dividend or distribution of shares (or rights to acquire shares) or similar event.

Tax Effect. A holder may, in certain circumstances, including the distribution of cash dividends to holders of ProLogis common shares, be deemed to have received a dividend subject to U.S. federal income tax as a result of an adjustment or the nonoccurrence of an adjustment to the conversion rate. For a discussion of the U.S. federal income tax treatment of an adjustment to the conversion rate, see Certain U.S. Federal Income Tax Considerations in this

prospectus supplement.

Adjustment to Shares Delivered upon Conversion upon Fundamental Change

If a fundamental change (as defined below) occurs at any time, and if you elect to convert your notes at any time on or after the 30th scheduled trading day prior to the anticipated effective date of such fundamental change until the related fundamental change repurchase date, the conversion rate will be increased by an additional number of ProLogis common shares (the additional shares) as described below. We will notify

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holders of the occurrence of any such fundamental change and issue a press release no later than 30 scheduled trading days prior to the anticipated effective date of such transaction. We will settle conversions of notes as described above under Payment Upon Conversion.

A fundamental change means a change of control or a termination of trading. A change of control shall be deemed to occur upon the consummation of any transaction or event (whether by means of an exchange offer, liquidation, tender offer, consolidation, merger, combination, reclassification, recapitalization or otherwise) in connection with which more than 50% of ProLogis common shares are exchanged for, converted into, acquired for or constitutes solely the right to receive, consideration which is not at least 90% common stock (or American Depositary Shares representing common shares) that is:

listed on, or immediately after consummation of such transaction or event will be listed on, a United States national securities exchange; or

approved, or immediately after the transaction or event will be approved, for listing or quotation any United States system of automated dissemination of quotations of securities prices.

A termination of trading shall be deemed to occur if shares of our common stock, or any shares of common stock (or American Depositary Receipts in respect of common shares) into which the notes are convertible pursuant to the terms of the Indenture, are not listed for trading on any of the New York Stock Exchange, the NASDAQ Global Market or the NASDAQ Global Select Market (or any of their respective successors).

The term fundamental change is limited to specified transactions and may not include other events that might adversely affect our financial condition. In addition, the requirement that we offer to repurchase the notes upon a fundamental change may not protect holders in the event of a highly leveraged transaction, reorganization, merger or similar transaction involving us.

The number of additional shares by which the conversion rate will be increased will be determined by reference to the table below, based on the date on which the fundamental change occurs or becomes effective (the effective date) and the price (the share price) paid per ProLogis common share in the fundamental change. If holders of ProLogis common shares receive only cash in the fundamental change, the share price will be the cash amount paid per share. Otherwise, the share price will be the average of the last reported sale prices per ProLogis common share over the five trading-day period ending on the trading day preceding the effective date of the fundamental change.

The share prices set forth in the first row of the table below (i.e., column headers) will be adjusted as of any date on which the conversion rate of the notes is otherwise adjusted. The adjusted share prices will equal the share prices applicable immediately prior to such adjustment, multiplied by a fraction, the numerator of which is the conversion rate immediately prior to the adjustment giving rise to the share price adjustment and the denominator of which is the conversion rate as so adjusted. The number of additional shares will be adjusted in the same manner as the conversion rate as set forth under Conversion Rate Adjustments.

The following table sets forth the share price and the number of additional shares by which the conversion rate per $1,000 principal amount of notes will be increased:

						Stock Price					
e	$13.40	$15.00	$17.50	$20.00	$22.50	$25.00	$27.50	$30.00	$32.50	$35.00	$37.5
	16.7765	13.1608	8.1976	5.1554	3.2512	2.0393	1.2602	0.7572	0.4334	0.2282	0.103

16.7765	12.9280	7.8232	4.7552	2.8834	1.7279	1.0108	0.5662	0.2937	0.1328	0.045
16.7765	12.4979	7.2319	4.1631	2.3658	1.3110	0.6940	0.3377	0.1397	0.0396	0.000
16.7765	11.7694	6.3041	3.2875	1.6518	0.7814	0.3305	0.1106	0.0174	0.0000	0.000
16.7765	10.5088	4.7035	1.8907	0.6585	0.1765	0.0207	0.0000	0.0000	0.0000	0.000
16.7765	8.8164	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.000

The exact share prices and effective dates may not be set forth in the table above, in which case:

If the share price is between two share price amounts in the table or the effective date is between two effective dates in the table, the number of additional shares will be determined by a straight-line

interpolation between the number of additional shares set forth for the higher and lower share price amounts and the two dates, as applicable, based on a 365-day year.

If the share price is greater than $40.00 per share (subject to adjustment), the conversion rate will not be adjusted.

If the share price is less than $13.40 per share (subject to adjustment), the conversion rate will not be adjusted.

Notwithstanding the foregoing, in no event will the total number of ProLogis common shares issuable upon conversion exceed 74.6268 per $1,000 principal amount of notes, subject to adjustments in the same manner as the conversion rate as set forth under sections (1) through (3) of Conversion Rate Adjustments.

Our obligation to increase the conversion rate as described above could be considered a penalty, in which case the enforceability thereof would be subject to general principles of economic remedies.

Ownership Limit

In order to assist ProLogis in maintaining its qualification as a REIT for U.S. federal income tax purposes, no person may own more than 9.8% of the ProLogis common shares, subject to 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. Moreover, the holders of the notes will have no right to receive cash or other consideration in lieu of ProLogis common shares upon the conversion of their notes to the extent such conversion would otherwise result in their aggregate ownership of ProLogis common shares, options, warrants, convertible securities or other rights to acquire ProLogis common shares exceeding 9.8% of the value of the outstanding ProLogis common shares (provided that such holders will be entitled to receive on the same basis as all other note holders cash we pay to redeem or repurchase the notes for cash as described herein). See Description of Common Shares Restrictions on Size of Holdings in the accompanying prospectus.

Calculations in Respect of the Notes

Except as explicitly specified otherwise herein, we will be responsible for making all calculations required under the notes. These calculations include, but are not limited to, determinations of the conversion price and conversion rate applicable to the notes. We will make all these calculations in good faith and, absent manifest error, our calculations will be final and binding on holders of the notes. We will provide a schedule of our calculations to the trustee, and the trustee is entitled to rely upon the accuracy of our calculations without independent verification. The trustee will forward our calculations to any holder of notes upon request.

No Personal Liability

No past, present or future trustee, officer, employee or shareholder of ours or any successor to us will have any liability for any of our obligations under the notes or the Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of debt securities by accepting the debt securities waives and releases all such liability. The waiver and release are part of the consideration for the issue of debt securities.

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 any dividends or other distributions on ProLogis common shares).

Merger, Consolidation or Sale

We may consolidate with or merge with or into another entity, or sell, lease or convey all or substantially all of our assets to another entity, provided that the following three conditions are met:

(1) After the transaction, we are, or a person organized and existing under the laws of the United States or one of the fifty states is, the continuing entity. If the continuing entity is an entity other than us, that entity must also assume our payment obligations under the Indenture, as well as, the due and punctual performance and observance of all of the covenants contained in the Indenture;

(2) After giving effect to the transaction and treating any indebtedness which became an obligation of ours or any of our subsidiaries as a result of the transaction as having been incurred by us or such subsidiary at the time of such transaction, an event of default (or an event which, with notice or lapse of time or both, would become an event of default) has not occurred under the Indenture. Additionally, the transaction may not cause an event which, after notice or a lapse of time, or both, would become an event of default; and

(3) The continuing entity delivers an officer s certificate and legal opinion covering (1) and (2) above.

Events of Default, Notice and Waiver

Each of the following is an event of default with respect to the notes:

(1) default in the payment of any installment of interest or additional amounts payable on the notes which continues for 30 days;

(2) default in the payment of the principal or premium, if any, on the notes at its maturity or redemption date;

(3) failure by us to comply with our obligation to convert the notes into ProLogis common shares upon exercise of a holder s conversion right, and such failure continues for a period of 10 days;

(4) failure by us to issue a fundamental change notice when due, and such failure continues for a period of two days;

(5) default in the performance of any other of our covenants contained in the Indenture relating to the notes, which continues for 60 days after written notice as provided in the Indenture;

(6) default in the payment of an aggregate principal amount exceeding $50,000,000 under any bond, note or other evidence of indebtedness or any mortgage, indenture or other instrument under which such indebtedness is issued or by which such indebtedness is secured (or any such indebtedness of any of our subsidiaries, which we have guaranteed), such default having occurred after the expiration of any applicable grace period and having resulted in the acceleration of the maturity of such indebtedness, but only if such indebtedness is not discharged or such acceleration is not rescinded or annulled within 10 days after written notice as provided in the Indenture;

(7) the entry by a court of competent jurisdiction of one or more judgments, orders or decrees against us or any of our subsidiaries in an aggregate amount, excluding amounts fully covered by insurance, in excess of $50,000,000 and such judgments, orders or decrees remain undischarged, unstayed and unsatisfied in an aggregate amount, excluding amounts fully covered by insurance, in excess of $50,000,000 for a period of 30 consecutive days; and

(8) events of bankruptcy, insolvency or reorganization, or court appointment of a receiver, liquidator or trustee for us or any significant subsidiary or for all or substantially all of our or our significant subsidiary s property.

The term significant subsidiary means each of our significant subsidiaries, as defined in Regulation S-X promulgated under the Securities Act.

If an event of default under the Indenture with respect to the notes occurs and is continuing, then in every such case, unless the principal of the notes shall already have become due and payable, the trustee or the holders of not less than 25% in principal amount of the notes may declare the principal on the notes to be due and payable immediately by written notice to us that payment of the notes is due, and to the trustee if given by the holders. However, at any time after such a declaration of acceleration with respect to the notes has been made, but before a judgment or decree for payment of the money due has been obtained by the trustee, the holders of not less than a majority in principal amount of the notes may rescind and annul such declaration and its consequences if we shall have deposited with the trustee all required payments of the principal of, and premium and interest on, the notes, plus fees, expenses, disbursements and advances of the trustee and all events of default, other than the nonpayment of accelerated principal, and the interest, with respect to the notes have been cured or waived as provided in the Indenture. The Indenture also provides that the holders of not less than a majority in principal amount of the notes may waive any past default with respect to such series and its consequences, except a default in the payment of the principal of, or interest payable on the notes or in respect of a covenant or provision contained in the Indenture that cannot be modified or amended without the consent of the holder of each outstanding note affected the proposed modification or amendment.

The trustee is required to give notice to the holders of the notes within 90 days of a default under the Indenture; provided, however, that the trustee may withhold notice to the holders of the notes of any default except a default in the payment of the principal of, or interest payable on the notes if the responsible officers of the trustee consider such withholding to be in the interest of such holders.

The Indenture provides that no holders of the notes may institute any proceedings, judicial or otherwise, with respect to the Indenture or for any remedy which the Indenture provides, except in the case of failure of the trustee, for 60 days, to act after it has received a written request to institute proceedings in respect of an event of default from the holders of not less than 25% in principal amount of the outstanding notes, as well as an offer of reasonable indemnity. This provision will not prevent, however, any holder of the notes from instituting suit for the enforcement of payment of the principal of, or interest on, the notes at the due date of the notes.

Subject to provisions in the Indenture relating to its duties in case of default, the trustee is under no obligation to exercise any of its rights or powers under the Indenture at the request or direction of any holders of notes then outstanding under the Indenture, unless such holders shall have offered to the trustee reasonable security or indemnity. The holders of not less than a majority in principal amount of the outstanding notes shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee, or of exercising any trust or power conferred upon the trustee. However, the trustee may refuse to follow any direction which is in conflict with any law or the Indenture, which may involve the trustee in personal liability or which may be unduly prejudicial to the holders of the notes not joining in the proceeding.

Within 120 days after the close of each fiscal year, we must deliver to the trustee a certificate, signed by one of several specified officers, stating whether or not such officer has knowledge of any default under the Indenture and, if so, specifying each such default and the nature and status of the default.

Modification of the Indenture

Modifications and amendments of the Indenture may be made with the consent of the holders of not less than a majority in principal amount of all outstanding debt securities issued under the indenture, including the notes, which are affected by such modification or amendment; provided, however, that no such modification or amendment may, without the consent of the holder of each debt security affected by the modification or amendment:

(1) change the stated maturity of the principal of, or premium or make-whole amounts, if any, or any installment of principal of or interest or additional amounts payable on, any such debt security;

(2) reduce the principal amount of, or the rate or amount of interest on, or any premium or make-whole amounts payable on redemption of, or any additional amounts payable with respect to, any such

debt security, or reduce the amount of principal of an original issue discount security or make-whole amount, if any, that would be due and payable upon declaration of acceleration of the maturity of the security or would be provable in bankruptcy, or adversely affect any right of repayment of the holder of any such debt security;

(3) change the place of payment, or the coin or currency, for payment of principal of, and premium or make-whole amounts, if any, or interest on, or any additional amounts payable with respect to, any such debt security;

(4) impair the right to institute suit for the enforcement of any payment on or with respect to any such debt security;

(5) reduce the above-stated percentage of outstanding debt securities of any series, including the notes, necessary to modify or amend the Indenture, to waive compliance with a provisions of the debt security or defaults and consequences under the Indenture or to reduce the quorum or voting requirements set forth in the Indenture; or

(6) modify any of the provisions relating to modification of the Indenture or any of the provisions relating to the waiver of past defaults or covenants, except to increase the required percentage to effect such action or to provide that other provisions may not be modified or waived without the consent of the holder of the affected debt security.

In addition, with respect to the notes, without the consent of each holder of an outstanding note affected, no amendment may make any change that adversely affects the conversion rights of any notes, or reduce the fundamental change repurchase price or redemption price of any note or amend or modify in any manner adverse to the holders of notes our obligation to make such payments or the provisions relating to redemption or repurchase of the notes, whether through an amendment or waiver of provisions in the covenants, definitions or otherwise.

The holders of not less than a majority in principal amount of outstanding notes have the right to waive our compliance with covenants in the Indenture applicable to the notes other than those covenants which require the consent of each affected note holder with respect to modifications or amendments to such covenant.

Modifications and amendments of the Indenture may be made by us and the trustee without the consent of any holder of debt securities for any of the following purposes:

(1) to evidence the succession of another person to us as obligor under the Indenture;

(2) to add to our covenants for the benefit of the holders of all or any series of debt securities or to surrender any right or power conferred upon us in the Indenture;

(3) to add events of default for the benefit of the holders of all or any series of debt securities;

(4) to add or change any provisions of the Indenture to facilitate the issuance of, or to liberalize terms of, debt securities in bearer form, or to permit or facilitate the issuance of debt securities in uncertificated form, provided that such action shall not adversely affect the interests of the holders of the debt securities of any series in any material respect;

(5) to change or eliminate any provisions of the Indenture, provided that any such change or elimination will become effective only when there are no debt securities outstanding of any series created prior to such change which are entitled to the benefit of that provision;

(6) to secure the debt securities;

(7) to establish the form or terms of debt securities of any series and any related coupons;

(8) to provide for the acceptance of appointment by a successor trustee or facilitate the administration of the trust under the Indenture by more than one trustee;

(9) to cure any ambiguity, defect or inconsistency in the Indenture or to make any other changes, provided that in each case, the action shall not adversely affect the interests of holders of debt securities of any series in any material respect;

(10) to close the Indenture with respect to the authentication and delivery of additional series of debt securities or to qualify, or maintain qualification of, the Indenture under the Trust Indenture Act of 1939; or

(11) to supplement any of the provisions of the Indenture to the extent necessary to permit or facilitate defeasance and discharge of any series of such debt securities, provided that the action shall not adversely affect the interests of the holders of the debt securities of any series in any material respect.

The Indenture provides that in determining whether the holders of the requisite principal amount of outstanding debt securities of a series have given any request, demand, authorization, direction, notice, consent or waiver under the Indenture or whether a quorum is present at a meeting of holders of debt securities:

(1) the principal amount of an original issue discount security that will be deemed to be outstanding shall be the amount of the principal of the security that would be due and payable as of the date of the determination upon declaration of acceleration of the maturity of the debt security; the principal amount of a debt security denominated in a foreign currency that will be deemed outstanding shall be the United States dollar equivalent, determined on the issue date for the debt security, of the principal amount, or, in the case of an original issue discount security, the United States dollar equivalent on the issue date of the debt security of the amount determined as provided in (1) above;

(2) the principal amount of an indexed security that shall be deemed outstanding will be the principal face amount of the indexed security at original issuance, unless otherwise provided with respect to the indexed security pursuant to Section 301 of the Indenture; and

(3) debt securities owned by us or any other obligor upon the debt securities or any of our affiliates or of the other obligor will be disregarded.

The Indenture contains provisions for convening meetings of the holders of debt securities of a series. A meeting may be called at any time by the trustee, and also, upon request, by us or the holders of at least 10% in principal amount of the outstanding debt securities of that series, in any such case upon notice given as provided in the Indenture.

Except for any consent that must be given by the holder of each debt security affected by modifications and amendments of the Indenture, any resolution presented at a meeting or at an adjourned meeting duly reconvened, at which a quorum is present, may be adopted by the affirmative vote of the holders of a majority in principal amount of the outstanding debt securities of that series; provided, however, that, except as referred to above, any resolution with respect to any request, demand, authorization, direction, notice, consent, waiver or other action that may be made, given or taken by the holders of a specified percentage, which is less than a majority, in principal amount of the outstanding debt securities of a series may be adopted at a meeting or adjourned meeting duly reconvened at which a quorum is present by the affirmative vote of the holders of the specified percentage in principal amount of the outstanding debt securities of that series. Any resolution passed or decision taken at any meeting of holders of debt securities of any series duly held in accordance with the Indenture will be binding on all holders of debt securities of that series. The quorum at any meeting called to adopt a resolution, and at any reconvened meeting, will be persons holding or representing a majority in principal amount of the outstanding debt securities of a series; provided, however, that if any action is to be taken at the meeting with respect to a consent or waiver which may be given by the holders of not less than a specified percentage in principal amount of the outstanding debt securities of a series, the persons holding or representing the specified percentage in principal amount of the outstanding debt securities of that

series will constitute a quorum.

Notwithstanding the foregoing provisions, if any action is to be taken at a meeting of holders of debt securities of any series with respect to any request, demand, authorization, direction, notice, consent, waiver or other action that the Indenture expressly provides may be made, given or taken by the holders of a specified

percentage in principal amount of all outstanding debt securities affected the action, or of the holders of that series and one or more additional series:

(1) there shall be no minimum quorum requirement for the meeting; and

(2) the principal amount of the outstanding debt securities of that series that vote in favor of the request, demand, authorization, direction, notice, consent, waiver or other action will be taken into account in determining whether the request, demand, authorization, direction, notice, consent, waiver or other action has been made, given or taken under the Indenture.

Any request, demand, authorization, direction, notice, consent, waiver or other action provided by the Indenture to be given or taken by a specified percentage in principal amount of the holders of any or all series of debt securities may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by the specified percentage of holders in person or by agent duly appointed in writing; and, except as otherwise expressly provided in the Indenture, the action will become effective when the instrument or instruments are delivered to the trustee. Proof of execution of any instrument or of a writing appointing any the agent will be sufficient for any purpose of the Indenture and, subject to the Indenture provisions relating to the appointment of any such agent, conclusive in favor of the trustee and us, if made in the manner specified above.

Registration and Transfer

Subject to limitations imposed upon debt securities issued in book-entry form, the debt securities of any series, including the notes, will be exchangeable for other debt securities of the same series and of a like aggregate principal amount and tenor of different authorized denominations upon surrender of the debt securities at the corporate trust office of the trustee. In addition, subject to the limitations imposed upon debt securities issued in book-entry form, the debt securities of any series may be surrendered for conversion or registration of transfer of the security at the corporate trust office of the trustee. Every debt security surrendered for registration of transfer or exchange will be duly endorsed or accompanied by a written instrument of transfer. No service charge will be made for any registration of transfer or exchange of any debt securities, but we may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith. We may at any time designate a transfer agent, in addition to the trustee, with respect to any series of debt securities. If we have designated such a transfer agent or transfer agents, we may at any time rescind the designation of any such transfer agent or approve a change in the location at which any such transfer agent acts, except that we will be required to maintain a transfer agent in each place of payment for the series.

Neither we nor the trustee will be required to

(1) issue, register the transfer of or exchange debt securities of any series during a period beginning at the opening of business 15 days before any selection of debt securities of that series to be redeemed and ending at the close of business on the day of mailing of the relevant notice of redemption;

(2) register the transfer of or exchange any debt security, or portion of security, called for redemption, except the unredeemed portion of any debt security being redeemed in part; or

(3) issue, register the transfer of or exchange any debt security which has been surrendered for repayment at the option of the holder, except the portion, if any, of such debt security not to be so repaid.

Discharge

We may satisfy and discharge our obligations under the Indenture by delivering to the trustee for cancellation all outstanding notes or by depositing with the trustee, the paying agent or the conversion agent, if applicable, after the notes have become due and payable, whether at stated maturity or a fundamental change purchase date or upon conversion or otherwise, cash or common shares (as applicable under the terms of the Indenture) sufficient to pay all of the outstanding notes and paying all other sums payable under the Indenture. Such discharge is subject to terms contained in the Indenture. See Description of Debt Securities Discharge, defeasance and covenant defeasance in the accompanying prospectus.

Covenants

The items under the heading Description of Debt Securities Covenants in the accompanying prospectus will not apply to the notes. Instead, only the following covenants will apply to the notes:

Existence

Except as permitted under Merger, consolidation or sale, we will do or cause to be done all things necessary to preserve and keep in full force and effect our and our subsidiaries existence, rights, both charter and statutory, and franchises; provided, however, that we will not be required to preserve any right or franchise if we determine that the preservation of the right or franchise is no longer desirable in the conduct of our business and that the loss of the right or franchise is not disadvantageous in any material respect to the holders of the debt securities.

Payment of taxes and other claims

We will pay or discharge or cause to be paid or discharged, before the same shall become delinquent, all taxes, assessments and governmental charges levied or imposed upon us or any subsidiary or upon our income, profits or property or any subsidiary and all lawful claims for labor, materials and supplies which, if unpaid, might by law become a lien upon our property or any subsidiary; provided, however, that we will not be required to pay or discharge or cause to be paid or discharged any such tax, assessment, charge or claim whose amount, applicability or validity is being contested in good faith by appropriate proceedings.

Provision of financial information

Whether or not we are subject to Section 13 or 15(d) of the Exchange Act, we will file with the SEC, to the extent permitted under the Exchange Act, the annual reports, quarterly reports and other documents which we would have been required to file with the SEC pursuant to Section 13 or 15(d) if we were so subject. We will file the documents with the SEC on or prior to the respective filing dates by which we would have been required so to file the documents if we were so subject. We will also in any event within 15 days of each required filing date transmit to all holders of debt securities issued under the indenture, including the notes as their names and addresses appear in the security register, without cost to such holders, copies of the annual reports and quarterly reports which we would have been required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act if we were subject to Section 13 or 15(d). Additionally, we will provide the trustee with copies of the annual reports, quarterly reports and other documents which we would have been required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act if we were subject to such sections. If filing the documents by us with the SEC is not permitted under the Exchange Act, we will promptly upon written request and payment of the reasonable cost of duplication and delivery, supply copies of such documents to any prospective holder.

Trustee

U.S. Bank National Association will be the trustee, registrar, conversion agent, bid solicitation agent and paying agent. Under the Indenture, the trustee may resign or be removed with respect to the notes, and a successor trustee may be appointed to act with respect to the notes. If an event of default occurs and is continuing, the trustee will be required to use the degree of care and skill of a prudent man in the conduct of his own affairs. The trustee will become obligated to exercise any of its powers under the Indenture at the request of any of the holders of any notes only after those holders have offered the trustee indemnity satisfactory to it. If the trustee becomes one of our creditors, it will be subject to limitations on its rights to obtain payment of claims or to realize on some property received for any such claim, as security or otherwise. The trustee is permitted to engage in other transactions with us. If, however, it acquires any conflicting interest, it must eliminate that conflict or resign.

Book-Entry System

DTC will act as securities depository for the notes. The notes will be issued as fully-registered securities registered in the name of Cede & Co., which is DTC s nominee. One or more fully-registered global notes in book-entry form will be issued with respect to the notes.

Except as described below, each global note may be transferred, in whole and not in part, only to DTC, to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in global notes will be represented, and transfers of such beneficial interests will be made, through accounts of financial institutions acting on behalf of beneficial owners either directly as account holders, or indirectly through account holders, at DTC. Beneficial interests will be in minimum denominations of $1,000 and integral multiples of $1,000.

So long as DTC or its nominee is the registered owner of a global note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the debt securities represented by the global note for all purposes under the indenture. Owners of beneficial interests in a global note will not be entitled to have debt securities represented by such global note registered in their names, will not receive or be entitled to receive physical delivery of certificated notes, and will not be considered the owners or holders thereof under the Indenture for any purpose, including with respect to the giving of any direction, instruction or approval to the trustee thereunder. Accordingly, each holder owning a beneficial interest in a global note must rely on the procedures of DTC and, if such holder is not a participant or an Indirect Participant, on the procedures of the participant through which such holder owns its interest, to exercise any rights of a holder of debt securities under the Indenture or such global note. We understand that under existing industry practice, in the event that we request any action of holders of debt securities, or a holder that is an owner of a beneficial interest in a global note desires to take any action that DTC, as the holder of such global note, is entitled to take, DTC would authorize the participants to take such action and the participants would authorize holders owning through such participants to take such action or would otherwise act upon the instruction of such holders. Neither we nor the trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of debt securities by DTC, or for maintaining, supervising or reviewing any records of DTC relating to such debt securities.

Exchanges Among the Global Notes

Any beneficial interest in one of the global notes that is transferred to a person who takes delivery in the form of an interest in another global note will, upon transfer, cease to be an interest in such global note and become an interest in the other global note and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to beneficial interests in such other global note for as long as it remains such an interest.

Definitive Notes

A global note is exchangeable for definitive securities in registered certificated form (certificated notes) if

(1) DTC (a) notifies the issuer that it is unwilling or unable to continue as depositary for the global notes or (b) has ceased to be a clearing agency registered under the Exchange Act, and in each cash the issuer fails to appoint a successor depositary; we issuer, at our option, notifies the trustee in writing that we elects to cause the issuance of the certificated notes; or

(2) there shall have occurred and be continuing a default or event of default with respect to the debt securities.

In all cases, certificated notes delivered in exchange for any global note or beneficial interests in global notes will be registered in the names, and issued in any approved denominations, requested by or on behalf of DTC (in accordance

with its customary procedures).

Certain Book-Entry Procedures for the Global Notes

The descriptions of the operations and procedures of DTC set forth below are provided solely as a matter of convenience. These operations and procedures are solely within the control of the DTC and are subject to change by them from time to time. Neither we nor the underwriters take any responsibility for these operations or procedures, and investors are urged to contact the relevant system or its participants directly to discuss these matters.

DTC has advised us that it is:

(1) a limited-purpose trust company organized under the New York State Banking Law;

(2) a banking organization within the meaning of the New York State Banking Law;

(3) a member of the Federal Reserve System;

(4) a clearing corporation within the meaning of the New York Uniform Commercial Code, as amended; and

(5) a clearing agency registered pursuant to Section 17A of the Exchange Act.

DTC was created to hold securities for its participants and facilitates the clearance and settlement of securities transactions between participants through electronic book-entry changes to the accounts of its participants, thereby eliminating the need for physical transfer and delivery of certificates. DTC s participants include securities brokers and dealers (including one or more of the underwriters), banks and trust companies, clearing corporations and certain other organizations. Indirect access to DTC s system is also available to other entities such as banks, brokers, dealers and trust companies (collectively, the Indirect Participants) that clear through or maintain a custodial relationship with a participant, either directly or indirectly. Investors who are not participants may beneficially own securities held by or on behalf of DTC only through participants or Indirect Participants.

We expect that pursuant to procedures established by DTC (1) upon deposit of each global note, DTC will credit the accounts of participants designated by the underwriters with an interest in the global note and (2) ownership of the debt securities will be shown on, and the transfer of ownership thereof will be effected only through, records maintained by DTC (with respect to the interests of participants) and the records of participants and the Indirect Participants (with respect to the interests of persons other than participants).

The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. Accordingly, the ability to transfer interests in the debt securities represented by a global note to such persons may be limited. In addition, because DTC can act only on behalf of its participants, who in turn act on behalf of persons who hold interests through participants, the ability of a person having an interest in debt securities represented by a global note to pledge or transfer such interest to persons or entities that do not participate in DTC s system, or to otherwise take actions in respect of such interest, may be affected by the lack of a physical definitive security in respect of such interest.

Payments with respect to the principal of, and premium, if any, and interest on, any debt securities represented by a global note registered in the name of DTC or its nominee on the applicable record date will be payable by the trustee to or at the direction of DTC or its nominee in its capacity as the registered holder of the global note representing such debt securities under the Indenture. Under the terms of the indenture, we and the trustee may treat the persons in whose names the debt securities, including the global notes, are registered as the owners hereof for the purpose of receiving payment thereon and for any and all other purposes whatsoever. Accordingly, neither we nor the trustee has or will have any responsibility or liability for the payment of such amounts to owners of beneficial interests in a global

note (including principal, premium, if any, and interest). We understand that it is DTC s current practice, upon DTC s receipt of any payment of principal of, or any interest or premium on, global securities such as the global notes, to credit the accounts of the applicable direct participants on the applicable payment date with payment in amounts proportionate to their respective beneficial interests in the principal amount of a global note as shown on the records of DTC. Payments by the participants and the Indirect Participants to the owners of beneficial interests in a global note

will be governed by standing instructions and customary industry practice and will be the responsibility of the participants or the Indirect Participants and DTC.

Transfers between participants in DTC will be effected in accordance with DTC s procedures, and will be settled in same-day funds.

Although DTC has agreed to the foregoing procedures to facilitate transfers of interests in global notes among participants in DTC, DTC is under no obligation to perform or to continue to perform such procedures, and such procedures may be discontinued at any time. Neither we nor the trustee will have any responsibility for the performance by DTC or its respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Settlement and Payment

Settlement for the notes will be made by the underwriters in immediately available funds. All payments of principal and interest will be made by us in immediately available funds or the equivalent, so long as DTC continues to make its Same-Day Funds Settlement System available to us.

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CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

General

The following is a discussion of certain material U.S. federal income tax consequences of the purchase, ownership and disposition of the notes. This discussion is based on the Code, the Treasury regulations under the Code (the Treasury Regulations), and administrative and judicial interpretations of the Code, as of the date of this prospectus supplement, all of which are subject to change, possibly on a retroactive basis. This summary is for general information only and does not consider all aspects of U.S. federal income taxation that may be relevant to the purchase, ownership and disposition of the notes and the ownership and disposition of the ProLogis common shares for which the notes may be converted by a prospective investor in light of his, her or its personal circumstances.

This discussion generally is limited to the U.S. federal income tax consequences to investors who are beneficial owners of the notes and who hold the notes as capital assets within the meaning of Section 1221 of the Code. This discussion does not address the U.S. federal income tax consequences to investors subject to special treatment under the U.S. federal income tax laws, such as dealers in securities or foreign currency, tax exempt entities, financial institutions, insurance companies, cooperatives, persons who hold the notes as part of a straddle, a conversion transaction or other integrated transaction, persons that have a functional currency other than the U.S. dollar, persons that are liable for alternative minimum tax, certain expatriates or former long-term residents of the United States, and investors in pass-through entities (such as partnerships) that hold the notes. In addition, except as specifically discussed below, this discussion is generally limited to the tax consequences to initial holders that purchase the notes at the issue price, within the meaning of Section 1273 of the Code, and does not describe any tax consequences arising out of the tax laws of any state, local or foreign jurisdiction, or any possible applicability of U.S. laws other than income tax laws.

If a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) holds the notes, the tax treatment of a partner generally will depend on the status of the partner and the activities of the partnership. If you are a partner of a partnership holding the notes, you are particularly urged to consult your tax advisors.

We have not sought any rulings from the Internal Revenue Service (the IRS) with respect to the U.S. federal income tax consequences discussed below. The discussion below is not binding on the IRS or the courts. Accordingly, there can be no assurance that the IRS will not take, or that a court will not sustain, a position concerning the tax consequences of the purchase, ownership or disposition of the notes, the qualification and taxation of ProLogis as a REIT or the ownership or disposition of the ProLogis common shares for which the notes may be converted that is different from that discussed below and in the accompanying prospectus.

Persons considering the purchase of notes or the conversion of notes for the ProLogis common shares should consult their own tax advisors concerning the application of U.S. federal income and other tax laws, as well as the law of any state, local or foreign taxing jurisdiction, to their particular situations.

Taxation of Noteholders

As used in this discussion, the term United States Holder means any beneficial owner of notes or ProLogis common shares for which the notes may be converted who is:

- a citizen or resident of the United States for U.S. federal income tax purposes;

a corporation (or other entity taxable as a corporation) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;

an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or

a trust if (1) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all

substantial decisions of the trust or (2) the trust has in effect a valid election to be treated as a domestic trust for U.S. federal income tax purposes.

A Non-United States Holder is any beneficial owner of notes or ProLogis common shares for which the notes may be converted that is an individual, corporation, estate or trust and is not a United States Holder and who is not, by reason of being either a United States expatriate or a former long-term resident, taxable under Section 877 of the Code.

United States Holders of the Notes

Interest. Stated interest received on the notes by a United States Holder generally will be included in income and will be taxable as ordinary income: (1) when it accrues, if the holder uses the accrual method of accounting for U.S. federal income tax purposes; or (2) when the holder receives or is treated as receiving it, if the holder uses the cash method of accounting for U.S. federal income tax purposes.

Original Issue Discount. In general, if the terms of a debt instrument entitle a United States Holder to receive payments, other than fixed periodic interest, that exceed the issue price of an instrument by an amount equal to or greater than a statutory *de minimis* amount (1/4 of 1% of the stated redemption price at maturity times the number of complete years from issuance to maturity), such holder will be required to recognize as interest such original issue discount (OID) in advance of receipt as it accrues on a constant yield method.

Because the notes mature on March 15, 2015, the statutory *de minimis* amount with respect to the notes is 1.0%.

If the notes are issued at a discount greater than 1.0%, the notes will be subject to the OID rules. A United States Holder calculates the amount of OID that it must include in income by adding the daily portions of OID with respect to the notes for each day during the taxable year or portion of the taxable year that such holder holds the notes. The United States Holder determines the daily portion of OID by allocating to each day in any accrual period a pro rata portion of the OID allocable to that accrual period. A United States Holder determines the amount of OID allocable to an accrual period by multiplying the note s adjusted issue price at the beginning of the accrual period by the note s yield to maturity. A United States Holder must determine the note s yield to maturity on the basis of compounding at the close of each accrual period and adjusting for the length of each accrual period. Further, a United States Holder determines the Note s adjusted issue price at the beginning of any accrual period by (1) adding the note s issue price and any accrued OID for each prior accrual period and (2) subtracting any payments previously made on the note.

Sale or Other Disposition of the Notes. A United States Holder will recognize taxable gain or loss on the sale, redemption, repurchase, retirement or other taxable disposition of a note. The amount of a United States Holder s gain or loss will equal the difference between the amount of cash and the fair market value of any property received for the note, minus the amount attributable to accrued interest on the note (which will be taxable as interest income if not previously included in gross income), and the United States Holder s adjusted tax basis in the note. A United States Holder s initial tax basis in a note equals the price paid for the note and will be increased by any OID previously included in income with respect to the note and decreased by the amount of payments (other than stated interest payments) received with respect to the note. Special rules may apply to notes redeemed in part.

Any gain or loss on a taxable disposition of a note as described in the foregoing paragraph will generally constitute capital gain or loss and will be long-term capital gain or loss if such note was held by the United States Holder for more than one year at the time of the disposition. Under current law, net long-term capital gains of non-corporate holders, including individuals, generally are taxed at a maximum rate of 15% through 2010, and 20% thereafter. Capital gain of a non-corporate holder, including an individual, that is not long-term capital gain will be taxed at ordinary income tax rates. The deduction of capital losses is subject to certain limitations.

Conversion. A United States Holder will not recognize taxable gain or loss on the conversion of a note for ProLogis common shares (excluding shares allocable to interest, which will be taxable as ordinary income if not previously included in such holder s income, and cash, if any, received in lieu of a fractional ProLogis common share). The United States Holder s tax basis in the ProLogis common shares will equal the United States

Holder s adjusted tax basis in the notes (reduced by any tax basis allocable to a fractional ProLogis common share). The United States Holder s holding period for the ProLogis common shares received will include the holding period for the notes (except for any ProLogis common shares received allocable to accrued but unpaid interest, which will have a holding period beginning on the day after receipt). Cash, if any, received in lieu of a fractional ProLogis common share upon conversion of the notes will generally be treated as a payment in exchange for such fractional share. Accordingly, any receipt of cash in lieu of a fractional ProLogis common share generally will result in capital gain or loss measured by the difference between the cash received for the fractional share and the United States Holder s adjusted tax basis allocable to such fractional share.

Constructive Dividends. The conversion rate of the notes will be adjusted in certain circumstances. Under Section 305(c) of the Code, adjustments (or failures to make adjustments) that have the effect of increasing your proportionate interest in our assets or earnings may in some circumstances result in a deemed distribution to you. Adjustments to the conversion rate made pursuant to a bona fide reasonable adjustment formula that has the effect of preventing the dilution of the interest of the holders of the notes, however, will generally not be considered to result in a deemed distribution to you. Certain of the possible conversion rate adjustments provided in the notes (including, without limitation, adjustments in respect of taxable dividends to holders of ProLogis common shares) will not qualify as being pursuant to a bona fide reasonable adjustment formula. If such adjustments are made, you may be deemed to have received a distribution even though you have not received any cash or property as a result of such adjustments. Any deemed distributions will be taxable as a dividend, return of capital, or capital gain in accordance with the earnings and profits rules under the Code. The U.S. federal income tax treatment of the constructive dividend is described in Federal Income Tax Considerations Taxation of ProLogis shareholders in the accompanying prospectus. It is possible that any such deemed distribution under Code Section 305(c) may be treated as a non-pro-rata distribution (i.e., a preferential dividend) for purposes of the REIT distribution requirements, which could affect the amount of distributions that are treated as made by ProLogis for purposes of the REIT distribution requirements. See Federal Income Tax Considerations Taxation of ProLogis Annual distribution requirements contained in the accompanying prospectus.

Information Reporting and Backup Withholding. A United States Holder will generally be subject to information reporting and may also be subject to backup withholding tax, currently at a rate of 28% (but scheduled to increase to 31% after December 31, 2010), when such holder receives payments of stated interest and accruals of OID, if any, on the note. Certain United States Holders (including, among others, corporations and certain tax-exempt organizations) are generally not subject to information reporting or backup withholding. In addition, the backup withholding tax will not apply to a United States Holder if such holder provides his taxpayer identification number (TIN) in the prescribed manner unless:

- the IRS notifies us or our agent that the TIN the United States Holder provides is incorrect;
- the United States Holder fails to report interest and dividend payments that the holder receives on his tax return and the IRS notifies us or our agent that withholding is required; or
- the United States Holder fails to certify under penalties of perjury that (1) the holder provided to us his correct TIN, (2) the holder is not subject to backup withholding and (3) the holder is a U.S. person (including a U.S. resident alien).

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding tax rules from a payment to a United States Holder may be refunded or credited against the United States Holder s U.S. federal income tax liability, provided the required information is furnished to the IRS in a timely manner.

Non-United States Holders of the Notes

This section applies to Non-United States Holders of the notes. For purposes of the discussion below, interest and gain on the sale, exchange, redemption or repayment of the notes will be considered to be U.S. trade or business income if such income or gain is (1) effectively connected with the Non-United States Holder s conduct of a U.S. trade or business or (2) in the case of a treaty resident, attributable to a U.S. permanent establishment (or, in the case of an individual, a fixed base) in the United States.

Interest. Subject to the discussion below regarding backup withholding, interest paid on the notes (including OID, if any) to a Non-United States Holder generally will not be subject to U.S. federal income or withholding tax if such interest is not U.S. trade or business income and is portfolio interest. Generally, interest on the notes will qualify as portfolio interest if the Non-United States Holder (1) does not actually or constructively own 10% or more of the common shares of ProLogis, (2) is not a controlled foreign corporation with respect to which ProLogis is a related person within the meaning of the Code, (3) is not a bank that is receiving the interest on a loan made in the ordinary course of its trade or business and (4) certifies, under penalties of perjury on a Form W-8BEN (or such successor form as the IRS designates), prior to the payment that such holder is not a United States person and provides such holder s name and address, or a financial institution holding the note on behalf of the holder certifies, under penalty of perjury, that such statement has been received by it and furnishes us or our paying agent with a copy thereof.

The gross amount of payments of interest that do not qualify as portfolio interest and that are not U.S. trade or business income will be subject to U.S. withholding tax at a rate of 30% unless a treaty applies to reduce or eliminate withholding. U.S. trade or business income will be taxed at regular, graduated U.S. federal income tax rates rather than the 30% gross rate. In the case of a Non-United States Holder that is a corporation, such U.S. trade or business income may also be subject to the branch profits tax equal to 30% (or a lower rate under an applicable income tax treaty) of such amount, subject to certain adjustments. To claim the benefits of a treaty exemption from or reduction in withholding, a Non-United States Holder must provide a properly executed Form W-8BEN (or such successor form as the IRS designates), and to claim an exemption from withholding because income is U.S. trade or business income, a Non-United States Holder must provide a properly executed Form W-8ECI (or such successor form as the IRS designates), as applicable prior to the payment of interest. In general, these forms must be periodically updated. A Non-United States Holder that is claiming the benefits of a treaty may be required in certain instances to obtain and to provide a U.S. TIN on a Form W-8BEN. As an alternative to providing a Form W-8BEN, in certain circumstances, a Non-United States Holder may provide certain documentary evidence issued by foreign governmental authorities to prove residence in the foreign country. Also, under applicable Treasury Regulations, special procedures are provided for payments through qualified intermediaries or certain financial institutions that hold customers securities in the ordinary course of their trade or business.

Sale, Conversion or Other Disposition of the Notes. Subject to the discussion below concerning backup withholding, a Non-United States Holder will generally not be subject to U.S. federal income tax on any gain recognized on a sale, conversion, redemption or repayment of a note (other than any amount representing accrued but unpaid interest, which will be treated as such) unless (1) the gain is U.S. trade or business income (in which case the branch profits tax may also apply to a corporate Non-United States Holder), (2) the Non-United States Holder is an individual who is present in the United States for 183 or more days in the taxable year of the disposition and certain other requirements are met or (3) the notes constitute U.S. real property interests within the meaning of the Foreign Investment in Real Property Tax Act of 1980 (FIRPTA). Special rules may apply to notes redeemed in part.

We currently anticipate that we constitute a domestically controlled REIT (defined generally as a REIT in which at all times during a specified testing period less than 50% in value of the shares was held directly or indirectly by foreign persons), in which case gain recognized by a Non-United States Holder will not be taxable under FIRPTA. However, because ProLogis common shares are publicly traded, there can be no assurance that we have or will retain that status. Even if we do not qualify as a domestically-controlled REIT at the time a Non-United States Holder disposes of the notes, gain arising from such disposition still generally would not be subject to FIRPTA tax if any class of our interests is considered regularly traded under applicable Treasury Regulations on an established securities market, such as the New York Stock Exchange, and either (1) if the notes are not regularly traded, on the date the notes were acquired by the Non-United States Holder, the Non-United States Holder did not own, actually or constructively, notes with a fair market value greater than the fair market value on that date of 5% of outstanding ProLogis common shares (or, possibly, of the regularly traded class of ProLogis common shares with the lowest fair market value) or (2) if the notes are regularly traded, the Non-United States Holder did not own, actually or constructively, more than

5% of the total fair market value of the notes throughout the shorter of the period during which the Non-United States Holder held

the notes being sold or the five-year period ending on the date of the sale or exchange. If the gain on the sale of the notes were to be subject to taxation under FIRPTA, a Non-United States Holder would be subject to the same treatment as United States Holders with respect to the gain (subject to applicable alternative minimum tax and a special alternative minimum tax in the case of nonresident alien individuals and except in the case of certain conversions of notes described above in United States Holders of the Notes Conversion of Notes). Further, with respect to Non-United States Holders, withholding tax at a rate of 10% of the gross amount payable would apply, although any withholding tax withheld pursuant to these rules would be creditable against such Non-United States Holder s U.S. federal income tax liability.

Again, we currently anticipate that we are a domestically controlled REIT. Accordingly, we do not intend to withhold FIRPTA taxes from amounts payable upon a redemption, repurchase or conversion of the notes. However, because ProLogis common shares are currently publicly traded, there can be no assurance that we in fact are qualified or will continue to qualify as a domestically controlled REIT. Even if we do not qualify as a domestically controlled REIT, and as indicated immediately above, exemptions from FIRPTA may nonetheless apply depending on the level of ownership by a Non-United States Holder of notes and ProLogis common shares. If a sale, exchange, redemption, repurchase, conversion or other disposition of a note for shares of ProLogis common shares are exempt from U.S. federal income tax under FIRPTA, any amounts nonetheless withheld from payments with respect to such sale, exchange, repurchase, conversion or other disposition to a Non-United States Holder s federal income tax liability may be refunded or credited against such Non-United States Holder s federal income tax liability, if any, if such Non-United States Holder timely files the required forms with the IRS.

Non-United States Holders are urged to consult their own tax advisors as to whether they will be subject to tax under FIRPTA upon a disposition of their notes.

You are urged to consult your tax advisor as to whether the sale, redemption, repurchase or conversion of a note for common shares is exempt from U.S. federal income tax under FIRPTA.

Adjustments to Conversion Rate. The conversion rate is subject to adjustment in certain circumstances. Any such adjustment could, in certain circumstances, give rise to a deemed distribution to Non-United States Holders of the notes. See United States Holders of the Notes Constructive Dividends above. In such circumstances, we intend to take the position that Non-United States Holders will be deemed to have received constructive distributions from us even though Non-United States Holders have not received any cash or property as a result of such adjustments. The deemed distribution would be subject to the rules described under Federal Income Tax Considerations Taxation of ProLogis Shareholders Taxation of foreign shareholders in the accompanying prospectus.

In the case of a deemed distribution, because such deemed distribution will not give rise to any cash from which any applicable U.S. federal withholding tax can be satisfied, the indenture provides that we may set off any withholding tax that we are required to collect with respect to any such deemed distribution against cash payments of interest or from cash or shares of ProLogis common shares otherwise deliverable to a Non-United States Holder upon a conversion of notes or a redemption or repurchase of a note. Until such time as judicial, legislative, or regulatory guidance becomes available that would, in our reasonable determination, permit us to treat such deemed distributions as other than deemed dividend distributions treated as ordinary income, we in general intend to withhold on such distributions at a 30% rate (or lower applicable treaty rate), to the extent such dividends are made out of our current or accumulated earnings and profits. A Non-United States Holder who is subject to withholding tax under such circumstances is particularly urged to consult its own tax advisor as to whether it can obtain a refund for all or a portion of the withholding tax.

Information Reporting and Backup Withholding. We must report annually to the IRS and to each Non-United States Holder any interest (including OID, if any) paid to the Non-United States Holder. Copies of these information returns

may also be made available under the provisions of a specific treaty or other agreement to the tax authorities of the country in which the Non-United States Holder resides.

Treasury Regulations provide that the backup withholding tax (currently at a rate of 28%, but scheduled to increase to 31% after December 31, 2010) and certain information reporting will not apply to such payments of interest with respect to which either the requisite certification that the Non-United States Holder

is not a U.S. person, as described above, has been received or an exemption has otherwise been established; provided that neither we nor our paying agent has actual knowledge, or reason to know, that the holder is a U.S. person or that the conditions of any other exemption are not in fact satisfied. The payment of the gross proceeds from the sale, conversion, redemption or repayment of notes to or through the United States office of any broker, U.S. or foreign, will be subject to information reporting and possible backup withholding unless the owner certifies as to its non-U.S. status under penalty of perjury or otherwise establishes an exemption, provided that the broker does not have actual knowledge, or reason to know, that the holder is a U.S. person or that the conditions of any other exemption are not, in fact, satisfied. The payment of the gross proceeds from the sale, conversion, redemption or repayment of notes to or through a non-U.S. office of a non-U.S. broker will not be subject to information reporting or backup withholding unless the non-U.S. broker has certain types of relationships with the United States (we refer to such a broker as a United States Related Person).

In the case of the gross payment of proceeds from the sale, conversion, redemption or repayment of notes to or through a non-United States office of a broker that is either a U.S. person or a United States Related Person, the Treasury Regulations require information reporting (but not backup withholding) on the payment unless the broker has documentary evidence in its files that the owner is a Non-United States Holder and the broker has no knowledge, or reason to know, to the contrary.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a Non-United States Holder may be refunded or credited against the Non-United States Holder s U.S. federal income tax liability, provided that the required information is furnished to the IRS in a timely manner.

Legislative Developments. Proposed legislation recently introduced in the United States Congress and passed by the House of Representatives, if enacted in its current form, among other changes to current law, would generally (i) impose new diligence and reporting requirements on foreign financial institutions and (ii) require non-financial foreign entities to certify that they are not beneficially owned by U.S. persons or identify the direct and indirect U.S. owners of the entity. If a foreign financial institution or non-financial foreign entity did not satisfy the requirements, payors of certain passive income, such as interest or dividends, or proceeds of the sale of certain assets, would be required to withhold tax at a rate of 30%. Interest on the notes and proceeds of the sale of the notes would be a category of income subject to withholding under such proposed legislation. Under certain circumstances, a Non-United States Holder might be eligible for refunds or credits of such withheld amounts. The proposed legislation also imposes new U.S. return disclosure obligations (and related penalties for failure to disclose) on U.S. individuals that hold certain specified foreign financial assets (which include financial accounts in foreign financial institutions). It is unclear whether, or in what form, this proposed legislation may be enacted. Non-United States Holders are encouraged to consult with their tax advisors regarding the possible implications of the proposed legislation.

You are advised to consult with your own tax advisor regarding the specific tax consequences to you of the ownership and sales of ProLogis debt securities and common shares, including the U.S. federal, state, local, foreign, and other tax consequences of such purchase and ownership and of potential changes in applicable tax laws.

UNDERWRITING

Subject to the terms and conditions set forth in an underwriting agreement dated the date of this prospectus supplement, we have agreed to sell to the underwriters named below, and the underwriters, for whom Citigroup Global Markets Inc., Barclays Capital Inc., Deutsche Bank Securities Inc., J.P. Morgan Securities Inc. and Morgan Stanley & Co. Incorporated are acting as representatives, have severally agreed to purchase, the respective principal amount of notes appearing opposite their names below:

Underwriters	Principal Amount of Notes
Citigroup Global Markets Inc.	$ 52,000,000
Barclays Capital Inc.	52,000,000
Deutsche Bank Securities Inc.	52,000,000
J.P. Morgan Securities Inc.	52,000,000
Morgan Stanley & Co. Incorporated	52,000,000
Daiwa Securities America Inc.	26,667,000
ING Financial Markets LLC	26,667,000
RBC Capital Markets Corporation	26,666,000
Credit Agricole Securities (USA) Inc.	20,000,000
Mitsubishi UFJ Securities (USA), Inc.	20,000,000
Scotia Capital (USA) Inc.	20,000,000
Total	$ 400,000,000

The underwriters have agreed to purchase all of the notes shown in the above table if any of those notes are purchased. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the non-defaulting underwriters may be increased or the underwriting agreement may be terminated.

The notes are being offered by the underwriters, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by counsel for the underwriters and other conditions. The underwriters reserve the right to withdraw, cancel or modify the offer and to reject orders in whole or in part.

Commissions and Discounts

The underwriters have advised us that they propose to offer the notes to the public at the public offering price appearing on the cover page of this prospectus supplement and to certain dealers at that price less a concession of not more than 1.2% of the principal amount of notes. After the initial offering, the public offering price and concession to dealers may be changed.

The following table shows the public offering price, underwriting discounts and commissions and proceeds, before expenses, to us, both on a per note basis and in total, assuming either no exercise or full exercise by the underwriters of their over-allotment option.

	Per Note	Total No Exercise	Total Full Exercise
Public offering price	$ 1,000.00	$ 400,000,000	$ 460,000,000
Underwriting discounts and commissions	$ 20.00	$ 8,000,000	$ 9,200,000
Proceeds, before expenses, to us	$ 980.00	$ 392,000,000	$ 450,800,000

We estimate that the expenses of this offering payable by us, not including underwriting discounts and commissions, will be approximately $800,000.

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Over-Allotment Option

We have granted to the underwriters an option, exercisable during the 30-day period after the date of this prospectus supplement, to purchase up to an additional $60,000,000 aggregate principal amount of notes at the public offering price per note less the underwriting discounts and commissions per note shown on the cover page of this prospectus supplement. To the extent that the underwriters exercise this option, each underwriter will have a firm commitment, subject to conditions, to purchase approximately the same percentage of those additional notes that the principal amount of notes to be purchased by that underwriter as shown in the above table represents as a percentage of the total number of notes shown in that table.

Indemnity

We have agreed to indemnify the underwriters against specified liabilities, including liabilities under the Securities Act of 1933, as amended, or to contribute to payments that the underwriters may be required to make in respect of those liabilities.

Lock-Up Agreements

We and certain of our executive officers and trustees have agreed that, for a period of 30 days from the date of this prospectus supplement and subject to certain exceptions, we and they will not, without the prior written consent of Citigroup Global Markets Inc., Deutsche Bank Securities Inc. and J.P. Morgan Securities Inc.:

(1) offer, pledge, sell, contract to sell, lend, or otherwise transfer or dispose of, directly or indirectly, any ProLogis common shares or any securities convertible into or exercisable or exchangeable for ProLogis common shares,

(2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of ProLogis common shares, or

(3) in the case of the company, file with the SEC a registration statement under the Securities Act relating to any additional shares of ProLogis common shares or securities convertible into, or exchangeable for, any ProLogis common shares,

whether any such transaction described in clauses (1) or (2) above is to be settled by delivery of ProLogis common shares or such other securities, in cash or otherwise. Citigroup Global Markets Inc., in its sole discretion, may release any of the securities subject to these lock-up agreements at any time without notice.

Stabilization

In order to facilitate this offering of notes, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the market price of the notes. Specifically, the underwriters may sell more notes than they are obligated to purchase under the underwriting agreement, creating a short position. A short sale is covered if the short position is no greater than the principal amount of notes available for purchase by the underwriters under the over-allotment option. The underwriters may close out a covered short sale by exercising the over-allotment option or purchasing notes in the open market. In determining the source of notes to close out a covered short sale, the underwriters may consider, among other things, the market price of notes compared to the price payable under the over-allotment option. The underwriters may also sell notes in excess of the over-allotment option, creating a naked short position. The underwriters must close out any naked short position by purchasing notes in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the notes in the open market after the date of pricing of this offering that could adversely

affect investors who purchase in this offering.

As an additional means of facilitating this offering, the underwriters may bid for, and purchase, notes in the open market to stabilize the price of the notes. The underwriting syndicate may also reclaim selling

concessions allowed to an underwriter or a dealer for distributing notes in this offering if the syndicate repurchases previously distributed notes to cover syndicate short positions or to stabilize the price of the notes.

The foregoing transactions, if commenced, may raise or maintain the market price of the notes above independent market levels or prevent or retard a decline in the market price of the notes.

The representative of the underwriters has advised us that these transactions, if commenced, may be effected on the New York Stock Exchange or otherwise. Neither we nor any of the underwriters makes any representation that the underwriters will engage in any of the transactions described above and these transactions, if commenced, may be discontinued without notice. Neither we nor any of the underwriters makes any representation or prediction as to the direction or magnitude of the effect that the transactions described above, if commenced, may have on the market price of the notes.

Other

The notes are a new issue of securities with no established trading market. The notes will not be listed on any securities exchange or on any automated dealer quotation system. The underwriters may make a market in the notes after completion of the offering, but will not be obligated to do so and may discontinue any market-making activities at any time without notice. No assurance can be given as to the liquidity of the trading market for the notes or that an active public market for the notes will develop. If an active public market for the notes does not develop, the market price and liquidity of the notes may be adversely affected.

ProLogis common shares are quoted on the New York Stock Exchange under the symbol PLD. We intend to list the ProLogis common shares issuable upon conversion of the notes, as described herein, on the New York Stock Exchange.

The underwriters and certain of their affiliates have provided from time to time, and may provide in the future, investment and commercial banking (including acting as a lender under our global credit facility) and financial advisory services to us and our affiliates in the ordinary course of business, for which they have received and may continue to receive customary fees and commissions. In the ordinary course of their business, the underwriters and their affiliates may actively trade or hold our securities or loans for their own accounts or for the accounts of customers and, accordingly, may at any time hold long or short positions in these securities or loans. In addition, from time to time, as a result of market making activities, the underwriters may own our common shares or other equity or debt securities issued by us or our affiliates. In addition, Citigroup Global Markets Inc. and its affiliates own a 63% equity interest in and are lenders to North American Industrial Fund II, a joint venture property fund sponsored by us.

Citigroup Global Markets Inc. is also an underwriter for our concurrent offering of the 2017 notes and 2020 notes. Citigroup Global Markets Inc. is also a dealer manager for our offer to purchase certain of our outstanding senior notes, which we commenced on March 8, 2010.

Sales Outside the United States. No action has been taken in any jurisdiction (except in the United States) that would permit a public offering of the notes, or the possession, circulation or distribution of this prospectus or any other material relating to us or the notes in any jurisdiction where action for that purpose is required. Accordingly, the notes may not be offered or sold, directly or indirectly, and neither this prospectus supplement, the accompanying prospectus nor any other offering material or advertisements in connection with the notes may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of any such country or jurisdiction.

Each of the underwriters may arrange to sell notes offered hereby in certain jurisdictions outside the United States through affiliates, either directly where they are permitted to do so or through affiliates.

In relation to each Member State of the European Economic Area that has implemented the Prospectus Directive (each, a Relevant Member State), each underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of securities to the public in that Relevant Member State prior to the publication of a prospectus in relation to the securities which has been

approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of securities to the public in that Relevant Member State at any time:

to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than 43,000,000; and (3) an annual net turnover of more than 50,000,000, as shown in its last annual or consolidated accounts;

to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the representatives for any such offer; or

in any other circumstances that do not require the publication by the issuer of a prospectus according to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an offer of the securities to the public in relation to the securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe for the securities, as the same may be varied in the Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Each underwriter has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (FSMA) received by it in connection with the issue or sale of the securities in circumstances in which Section 21(1) of the FSMA does not apply to us; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the securities in, from or otherwise involving the United Kingdom.

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EXPERTS

The consolidated financial statements and related financial statement schedule of ProLogis as of December 31, 2009 and 2008, and for each of the years in the three-year period ended December 31, 2009, and management s assessment of the effectiveness of internal control over financial reporting as of December 31, 2009 have been incorporated by reference herein in reliance upon the reports of KPMG LLP, independent registered public accounting firm, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

LEGAL MATTERS

The validity of the notes will be passed upon for us by Mayer Brown LLP, Chicago, Illinois. Certain legal matters will be passed upon for the underwriters by Shearman & Sterling LLP, New York, New York.

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DEBT SECURITIES
PREFERRED SHARES
COMMON SHARES

We may offer and sell from time to time debt securities, common shares of beneficial interest, preferred shares of beneficial interest and rights to purchase common shares of beneficial interest covered by this prospectus independently, or together in any combination that may include other securities set forth in an accompanying prospectus supplement, in one or more offerings, for sale directly to purchasers or through underwriters, dealers or agents to be designated at a future date. Our outstanding common shares, Series F cumulative redeemable preferred shares of beneficial interest and Series G cumulative redeemable preferred shares of beneficial interest, are listed on the New York Stock Exchange under the symbols PLD, PLD-PRF and PLD-PRG, respectively. This prospectus provides you with a general description of the securities we may offer.

We may sell securities to or through underwriters, dealers or agents. For additional information on the method of sale, you should refer to the section entitled Plan of Distribution. The names of any underwriters, dealers or agents involved in the sale of any securities and the specific manner in which they may be offered will be set forth in the prospectus supplement covering the sale of those securities.

This prospectus contains summaries of certain provisions contained in some of the documents described herein, but reference is made to the actual documents for complete information. All of the summaries are qualified in their entirety by the actual documents. Copies of some of the documents referred to herein have been filed or will be filed or incorporated by reference as exhibits to the registration statement of which this prospectus is a part, and you may obtain copies of those documents as described below under Where You Can Find More Information.

Investment in any securities offered by this prospectus involves risk. See Risk Factors on page 1 of this prospectus, in our periodic reports filed from time to time with the Securities and Exchange Commission and in the applicable prospectus supplement.

These securities have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission, nor has the securities and exchange commission or any state securities commission passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this Prospectus is October 27, 2009.

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This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission (which we refer to in this prospectus as the SEC) utilizing a shelf registration process. Under this shelf process, we may sell any combination of our securities, as described in this prospectus, from time to time and in one or more offerings. This prospectus provides you with a general description of the securities we may offer. When we sell securities, we may provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement and any free writing prospectus prepared by or on behalf of us together with additional information described below under Where You Can Find More Information.

WHERE YOU CAN FIND MORE INFORMATION

We are subject to the informational requirements of the Securities Exchange Act of 1934 (which we refer to herein as the Exchange Act) and, in accordance therewith, file reports, proxy statements and other information with the SEC. Such reports, proxy statements and other information can be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street NE, Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling 1-800-SEC-0330. This material can also be obtained from the SEC s worldwide web site at http://www.sec.gov., and all such reports, proxy statements and other information filed by us with the New York Stock Exchange may be inspected at the New York Stock Exchange s offices at 20 Broad Street, New York, New York 10005. You can also obtain information about us at our web site, www.prologis.com. Information available on or through our web site is not intended to constitute part of the prospectus.

We have filed with the SEC a registration statement on Form S-3 under the Securities Act of 1933 (which we refer to herein as the Securities Act) with respect to our securities being offered. This prospectus, which constitutes part of the registration statement, does not contain all of the information set forth in the registration statement. Parts of the registration statement are omitted from this prospectus in accordance with the rules and regulations of the SEC. For further information, your attention is directed to the registration statement. Statements made in this prospectus concerning the contents of any documents referred to herein are not necessarily complete, and in each case are qualified in all respects by reference to the copy of such document filed with the SEC.

The SEC allows us to incorporate by reference the information we file with the SEC, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will automatically update and supersede this information.

We incorporate by reference the documents listed below:

(a) Our annual report on Form 10-K for the year ended December 31, 2008, filed on March 2, 2009;

(b) Our quarterly reports on Form 10-Q for the quarters ended March 31, 2009 and June 30, 2009, filed on May 7, 2009 and August 4, 2009, respectively;

(c) Our periodic reports on Form 8-K filed January 7, 2009, January 13, 2009, February 9, 2009 and February 13, 2009, April 7, 2009 (filed with respect to Item 8.01 and Item 9.01), April 14, 2009, June 2, 2009, August 14, 2009, August 26, 2009, September 16, 2009 and October 2, 2009;

(d) The description of our common shares contained or incorporated by reference in our registration statement on Form 8-A filed February 23, 1994;

(e)

The description of Series F cumulative redeemable preferred shares of beneficial interest contained or incorporated by reference in our registration statement on Form 8-A filed November 26, 2003; and

(f) The description of Series G cumulative redeemable preferred shares of beneficial interest contained or incorporated by reference in our registration statement on Form 8-A filed December 24, 2003.

The SEC has assigned file number 1-12846 to the reports and other information that ProLogis files with the SEC.

All documents subsequently filed (other than any portions of the respective filings that were furnished, under applicable SEC rules, rather than filed) by us pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act, prior to the termination of the offering, shall be deemed to be incorporated by reference into this prospectus.

Any statement contained in a document incorporated or deemed to be incorporated herein shall be deemed modified or superseded for purposes of this prospectus to the extent that a statement contained herein or in any other subsequently filed document that is deemed to be incorporated herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

You should rely only on the information contained in this document or to which we have referred you. We have not authorized anyone to provide you with information that is inconsistent with information contained in this document or any document incorporated herein. This prospectus is not an offer to sell these securities in any state where the offer and sale of these securities is not permitted. The information in this prospectus is current as of the date it is mailed to security holders, and not necessarily as of any later date. If any material change occurs during the period that this prospectus is required to be delivered, this prospectus will be supplemented or amended.

You may request a copy of each of the above-listed ProLogis documents at no cost, by writing or telephoning us at the following address or telephone number.

Investor Relations Department
ProLogis
4545 Airport Way
Denver, Colorado 80239
(800) 820-0181
http://ir.prologis.com

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FORWARD-LOOKING STATEMENTS

This prospectus, the prospectus supplement, the documents incorporated by reference in this prospectus and other written reports and oral statements made from time to time by the company may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements may include:

(1) statements, including our possible or assumed future results of operations including any forecasts, projections and descriptions of anticipated cost savings or other synergies referred to in such statements, and any such statements incorporated by reference from documents filed with the SEC by us, including any statements contained in such documents or this prospectus regarding the development or possible or assumed future results of operations of our businesses, the markets for our services and products, anticipated capital expenditures or competition;

(2) any statements preceded by, followed by or that include the words believes, expects, anticipates, intends, plans, seeks, estimates or similar expressions; and

(3) other statements contained or incorporated by reference in this prospectus regarding matters that are not historical facts.

Because such statements are subject to risks and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements. Investors are cautioned not to place undue reliance on such statements, which speak only as of the date the statements were made.

Among the factors that could cause actual results to differ materially are: national, international, regional and local economic climates, changes in financial markets, interest rates and foreign currency exchange rates, increased or unanticipated competition for our properties, risks associated with acquisitions, maintenance of real estate investment trust status, availability of financing and capital, changes in demand for developed properties, and other risks detailed from time to time in the reports filed with the SEC by us.

Except for our ongoing obligations to disclose material information as required by the federal securities laws, we do not undertake any obligation to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date of the filing of this prospectus or to reflect the occurrence of unanticipated events.

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PROLOGIS

We are a leading global provider of industrial distribution facilities. We are a Maryland real estate investment trust and have elected to be taxed as a REIT under the Internal Revenue Code. Our world headquarters is located at 4545 Airport Way Denver, Colorado 80239 and our phone number is (303) 567-5000. Our European headquarters is located in the Grand Duchy of Luxembourg with our European customer service headquarters located in Amsterdam, the Netherlands. Our primary office in Asia is located in Tokyo, Japan.

We were formed in 1991, primarily as a long-term owner of industrial distribution space operating in the United States. Over time, our business strategy evolved to include the development of property for contribution to property funds in which we maintain an ownership interest and the management of those property funds and the properties they own. Originally, we sought to differentiate ourselves from our competition by focusing on our corporate customers distribution space requirements on a national, regional and local basis and providing customers with consistent levels of service throughout the United States. However, as our customers needs expanded to markets outside the United States, so did our portfolio and our management team. Today we are an international real estate company with operations in North America, Europe and Asia. Our business strategy is to integrate international scope and expertise with a strong local presence in our markets, thereby becoming an attractive choice for our targeted customer base, the largest global users of distribution space, while achieving long-term sustainable growth in cash flow.

RISK FACTORS

Investment in any securities offered pursuant to this prospectus involves risks. You should carefully consider the risk factors incorporated by reference to our most recent Annual Report on Form 10-K and our subsequent Quarterly Reports on Form 10-Q and the other information contained in this prospectus, as updated by our subsequent filings under the Exchange Act and the risk factors and other information contained in the applicable prospectus supplement before acquiring any of such securities.

RATIOS

For purposes of computing these ratios: (i) earnings consist of earnings from continuing operations, excluding income taxes, minority interest share in earnings and fixed charges, other than capitalized interest, and (ii) fixed charges consist of interest on borrowed funds, including amounts that have been capitalized, and amortization of capitalized debt issuance costs, debt premiums and debt discounts.

The following table shows our ratio of earnings to fixed charges for each of the periods indicated:

Six Months Ended June 30,		Year Ended December 31,				
2009	**2008(a)**	**2008(a)(b)**	**2007(a)**	**2006**	**2005**	**2004**
1.8x	2.3x	0.4x	2.8x	2.7x	2.1x	2.2x

(a) These periods have been restated to reflect the retroactive adoption of FSP APB 14-1, also known as ASC 470-20, for interest expense related to our convertible debt.

(b) The loss from continuing operations for 2008 includes impairment charges of $901.8 million. Due to these impairment charges, our fixed charges exceed our earnings as adjusted by $339.3 million.

The following table shows our ratio of earnings to combined fixed charges and preferred share dividends for each of the periods indicated:

Six Months Ended June 30,		**Year Ended December 31,**				
2009	**2008(a)**	**2008(a)(b)**	**2007(a)**	**2006**	**2005**	**2004**
1.7x	2.2x	0.4x	2.6x	2.5x	1.9x	1.9x

(a) These periods have been restated to reflect the retroactive adoption of FSP APB 14-1, also known as ASC 470-20, for interest expense related to our convertible debt.

(b) The loss from continuing operations for 2008 includes impairment charges of $901.8 million. Due to these impairment charges, our combined fixed charges and preferred share dividends exceed our earnings as adjusted by $364.7 million.

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USE OF PROCEEDS

Unless otherwise described in the applicable prospectus supplement, the net proceeds from the sale of the offered securities will be used for the acquisition and development of properties as suitable opportunities arise, for the repayment of any outstanding indebtedness, for capital improvements to properties and for general corporate purposes.

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DESCRIPTION OF DEBT SECURITIES

The debt securities are to be issued under an Indenture, dated as of March 1, 1995, (the Original Indenture) between us and U.S. Bank National Association (successor in interest to State Street Bank and Trust Company), as trustee. The Indenture has been supplemented by a First Supplemental Indenture dated February 9, 2005, a Second Supplemental Indenture dated November 2, 2005, a Third Supplemental Indenture dated November 2, 2005, a Fourth Supplemental Indenture dated March 26, 2007, a Fifth Supplemental Indenture dated November 8, 2007, a Sixth Supplemental Indenture dated May 7, 2008, a Seventh Supplemental Indenture dated May 7, 2008, an Eighth Supplemental Indenture dated August 14, 2009 and a Ninth Supplemental Indenture dated October 1, 2009. We collectively refer to the Original Indenture as amended and supplemented by the First Supplemental Indenture, Second Supplemental Indenture, Third Supplemental Indenture, Fourth Supplemental Indenture, Fifth Supplemental Indenture, Sixth Supplemental Indenture, Seventh Supplemental Indenture, Eighth Supplemental Indenture and Ninth Supplemental Indenture as the Indenture. The Indenture has been incorporated by reference as an exhibit to the registration statement of which this prospectus is a part and is available for inspection at the corporate trust office of the trustee at 100 Wall Street, Suite 1600, New York, New York 10005 or as described above under Where You Can Find More Information. The Indenture is subject to, and governed by, the Trust Indenture Act of 1939. The statements made in this prospectus relating to the Indenture and the debt securities to be issued pursuant to the Indenture are summaries of some of the provisions of the Indenture and do not purport to be complete. The statements are subject to and are qualified in their entirety by reference to all the provisions of the Indenture and the debt securities. As used in this section, Description of Debt Securities, the terms we, our, and us refer to ProLogis and not to any of its subsidiaries.

General

The debt securities will be our direct, unsubordinated obligations and will rank equally with all of our other unsubordinated indebtedness outstanding from time to time, unless otherwise stated in the prospectus supplement relating to the series of debt securities being offered. Additionally, unless otherwise stated in the prospectus supplement relating to the debt securities being offered, the debt securities will be included as Designated Senior Debt and the holders of the debt securities will be included as Credit Parties that receive the benefit of the Security Agency Agreement described below under Security and Sharing Agreements. The Indenture provides that the debt securities may be issued without limit as to aggregate principal amount, in one or more series. Each series may be as established from time to time in or pursuant to authority granted by a resolution of our board of trustees or as established in one or more indentures supplemental to the Indenture. All debt securities of one series need not be issued at the same time and, unless otherwise provided, a series may be reopened for issuances of additional debt securities of that series without the consent of the holders of the debt securities of that series.

Please refer to the prospectus supplement relating to the series of debt securities being offered for the specific terms of the securities, including:

(1) the title of the series of debt securities;

(2) the aggregate principal amount of the series of debt securities and any limit on the principal amount;

(3) the percentage of the principal amount at which the debt securities of the series will be issued and, if other than the full principal amount of the debt securities, the portion of the principal amount of the debt securities payable upon declaration of acceleration of the maturity of the securities, or the method by which any portion will be determined;

(4) the date or dates, or the method by which the date or dates will be determined, on which the principal of the debt securities of the series will be payable and the amount of principal payable on the debt securities;

(5) the rate or rates at which the debt securities will bear interest, if any which may be fixed or variable or the method by which the rate or rates will be determined;

(6) the date or dates, or the method by which the date or dates will be determined, from which any interest will accrue, the interest payment dates on which any interest will be payable, the regular record dates for the interest payment dates, or the method by which the dates will be determined, the person to whom, and the manner in which, the interest will be payable, and the basis upon which interest will be calculated if other than that of a 360-day year comprised of twelve 30-day months;

(7) the place or places where the principal of and premium or make-whole amounts, if any and interest and additional amounts, if any, on the debt securities of the series will be payable, where the debt securities may be surrendered for registration of transfer or exchange and where notices or demands to or upon us in respect of the debt securities and the Indenture may be served;

(8) the period or periods within which, the price or prices, including the premium or make-whole amounts, if any, at which, the currency or currencies in which, and the other terms and conditions upon which the debt securities of the series may be redeemed, as a whole or in part, at our option, if we are to have such an option;

(9) our obligation, if any, to redeem, repay or purchase the debt securities of the series pursuant to any sinking fund or analogous provision or at the option of a holder of the debt securities, and the period or periods within which, the date or dates upon which, the price or prices at which, the currency or currencies, currency unit or units or composite currency or currencies in which, and the other terms and conditions upon which the debt securities shall be redeemed, repaid or purchased, as a whole or in part, pursuant to that obligation;

(10) if other than United States dollars, the currency or currencies in which the debt securities of the series are denominated and payable, which may be a foreign currency or units of two or more foreign currencies or a composite currency or currencies, and the terms and conditions relating to the currency;

(11) whether the amount of payments of principal and premium or make-whole amounts, if any or interest, if any, on the debt securities of the series may be determined with reference to an index, formula or other method, and the manner in which those amounts will be determined; the index, formula or method may be, but need not be, based on a currency, currencies, currency unit or units or composite currency or currencies;

(12) whether the principal and premium or make-whole amounts, if any or interest or additional amounts, if any, on the debt securities of the series are to be payable, at our election or at the election of a holder of debt securities, in a currency or currencies, currency unit or units or composite currency or currencies, other than that in which the debt securities are denominated or stated to be payable, the period or periods within which, and the terms and conditions upon which, the election may be made, and the time and manner of, and identity of the exchange rate agent with responsibility for, determining the exchange rate between the currency or currencies in which the debt securities are denominated or stated to be payable and the currency or currencies in which the debt securities are to be so payable;

(13) any deletions from, modifications of or additions to the terms of the series of debt securities with respect to the events of default or covenants set forth in the Indenture;

(14) whether the debt securities of the series will be issued in certificated or book-entry form;

(15) whether the debt securities of the series will be in registered or bearer form and, if in registered form, the denominations of the debt securities if other than $1,000 and any integral multiple of the debt securities and, if in bearer form, the denominations of the debt securities if other than $5,000 and the terms and conditions relating to the debt securities;

(16) the applicability, if any, of the defeasance and covenant defeasance provisions of Article Fourteen of the Indenture to the series of debt securities and any additions to or substitutions of the provisions;

(17) if the debt securities of the series are to be issued upon the exercise of debt warrants, the time, manner and place for the debt securities to be authenticated and delivered;

(18) whether and under what circumstances we will pay additional amounts as contemplated in the Indenture on the debt securities of the series in respect of any tax, assessment or governmental charge and, if so, whether we will have the option to redeem the debt securities rather than pay the additional amounts; and

(19) any other terms of the series of debt securities not inconsistent with the provisions of the Indenture.

We may issue original issue discount securities. Original issue discount securities refer to debt securities which may provide that less than the entire principal amount of the debt securities will be paid if their maturity is accelerated, or bear no interest or bear interest at a rate which at the time of issuance is below market rates. Special U.S. federal income tax, accounting and other considerations apply to original issue discount securities and will be described in the applicable prospectus supplement.

Under the Indenture, in addition to the ability to issue debt securities with terms different from those of debt securities previously issued, we will have the ability to reopen a previous issue of a series of debt securities and issue additional debt securities of the series without the consent of the holders.

Except as set forth below under Covenants Limitations on incurrence of debt, the Indenture does not contain any other provisions that would limit our ability to incur indebtedness or that would afford holders of debt securities protection in the event of a highly leveraged or similar transaction involving us or in the event of a change of control. However, our Declaration of Trust restricts beneficial ownership of our outstanding shares of beneficial interest by a single person, or persons acting as a group, to 9.8% of such shares, with exceptions. See Description of Common Shares Restriction on size of holdings. Additionally, the articles supplementary relating to the Series C preferred shares, Series F preferred shares and Series G preferred shares restrict beneficial ownership of such shares by a person, or persons acting as a group, to 25% of the Series C preferred shares, Series F preferred shares and Series G preferred shares, respectively, with limited exceptions. Similarly, the articles supplementary for each other series of preferred shares will contain specific provisions restricting the ownership and transfer of the preferred shares. See Description of Preferred Shares Restrictions on ownership. These restrictions are designed to preserve our status as a real estate investment trust under the Internal Revenue Code and may act to prevent or hinder a change of control. Refer to the applicable prospectus supplement for information with respect to any deletions from, modifications of or additions to the events of default or covenants that are described below, including any addition of a covenant or other provision providing event risk or similar protection.

Denominations

Unless otherwise described in the applicable prospectus supplement, the debt securities of any series issued in registered form will be issuable in denominations of $1,000 and integral multiples of $1,000. Unless otherwise described in the applicable prospectus supplement, the debt securities of any series issued in bearer form will be issuable in denominations of $5,000.

Principal and interest

Unless otherwise specified in the applicable prospectus supplement, the principal of and premium or make-whole amounts, if any and interest on any series of debt securities will be payable at the corporate trust office of U.S. Bank National Association, initially located at 100 Wall Street, Suite 1600, New York, New York 10005; provided that, at our option, payment of interest may be made by check mailed to the address of the person entitled to the payment as it appears in the security register or by wire transfer of funds to the person to an account maintained within the United States.

If any interest payment date, principal payment date or the maturity date falls on a day that is not a business day, the required payment will be made on the next business day as if it were made on the date the payment was due and no interest will accrue on the amount so payable for the period from and after the interest payment date, principal payment date or the maturity date, as the case may be. Business day means any day, other than a Saturday, Sunday or holiday, on which banks in Boston, Massachusetts or New York, New York are not authorized or required by law or executive order to close. Any interest not punctually paid or duly provided for on any interest payment date with respect to a debt security, will cease to be payable to the holder on the applicable regular record date and either may be paid to the person in whose name the debt security is registered at the close of business on a special record date for the payment of the defaulted interest to be fixed by the trustee, notice of which will be given to the holder of the debt security not less than 10 days prior to the special record date, or may be paid at any time in any other lawful manner, all as more completely described in the Indenture.

Security and sharing arrangements

Pursuant to various pledge agreements, we and certain of our subsidiaries have pledged specified intercompany indebtedness to Bank of America, N.A., as collateral agent, for the benefit of the Credit Parties under and as defined in the Security Agency Agreement. We refer to the Amended and Restated Security Agency Agreement dated as of October 6, 2005 among us, the collateral agent, Bank of America, N.A., as global administrative agent under our Global Senior Credit Agreement (the Global Credit Agreement), and various other creditors of ours, as amended by Amendment and Supplement No. 1 dated as of August 21, 2009, as the Security Agency Agreement. The Credit Parties under the Security Agency Agreement are the holders of our senior debt, including debt arising under certain guarantees, that we have designated as Designated Senior Debt , including (i) all obligations arising under the Global Credit Agreement among us, various of our affiliates and various lenders and agents, (ii) certain of our hedging obligations, (iii) certain other senior debt specified in the Security Agency Agreement and (iv) any other senior debt designated from time to time by us as Designated Senior Debt in accordance with the Security Agency Agreement. Unless otherwise stated in the applicable prospectus supplement relating to any series of debt securities, and subject to the revocation provisions described below, all debt securities issued under the Indenture are included within the definition of Designated Senior Debt and the holders of such debt securities will be Credit Parties under the Security Agency Agreement and will be entitled to a pro rata share of the proceeds of the collateral granted under the various pledge agreements.

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 the Global Credit Agreement, the acceleration of indebtedness under the Global Credit Agreement or any 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 debt securities, the requirements set forth in the following paragraph), share payments and other recoveries received from us and our subsidiaries to be applied to Designated Senior Debt in a manner such that all Credit Parties receive payment of substantially the same percentage of their respective credit obligations. The 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 a subsidiary of us or that have the benefit of guarantees from one or more of our subsidiaries) to recover a higher percentage of their Designated Senior Debt than other Credit Parties that do not have the benefit of such arrangements.

The trustee (or another representative of the holders of the debt securities issued under the Indenture) must take certain actions in order for the holders of the debt securities to participate in the sharing arrangements described in the preceding paragraph. If a triggering event occurs under the Security Agency Agreement, then the collateral agent is required to give notice of such event to the trustee (or such other representative) within 45 days. 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 holders of the debt securities, (y) execute and deliver, on behalf of the holders, an acknowledgment entitling the holders to participate in