PROLOGIS
Form 424B3
May 01, 2008

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

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

SUBJECT TO COMPLETION
Preliminary Prospectus Supplement Dated April 30, 2008

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

$350,000,000

% Notes due 2018

We are offering $350 million aggregate principal amount of % Notes due 2018 (the notes). Interest on the notes will be paid semi-annually in arrears on May 15 and November 15 of each year, beginning on November 15, 2008. The notes will mature on May 15, 2018. We may redeem some or all of the notes at any time and from time to time at our option. The redemption prices are discussed under the heading Description of Notes Optional Redemption .

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.

Concurrently with this offering, we are also conducting a separate registered public offering of $350 million aggregate principal amount of % senior convertible notes due 2038 (the convertible notes) ($400 million aggregate principal amount of convertible notes if the underwriters exercise their option to purchase additional convertible notes in full). The convertible notes will be offered pursuant to a separate prospectus supplement. This offering is not conditioned upon the successful completion of the offering of the convertible notes.

Investing in the notes involves risks. See Risk Factors beginning on page S-8 of this prospectus supplement and those risk factors incorporated by reference into this prospectus supplement and the accompanying prospectus from our Annual Report on Form 10-K for the year ended December 31, 2007.

	Per Note	Total

Public offering price(1)	%	$
Underwriting discount	%	$
Proceeds, before expenses, to ProLogis	%	$

(1) Plus accrued interest, if any, from May , 2008, if settlement occurs after that date.

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

The underwriters expect to deliver the notes in book-entry form only through the facilities of The Depository Trust Company for the accounts of its participants, including Clearstream Banking, société anonyme, and Euroclear Bank S.A./N.V., as operator of the Euroclear System, against payment in New York, New York on May , 2008.

Joint Book-Running Managers

Citi	**Goldman, Sachs & Co.**	**RBS Greenwich Capital**

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Prospectus Supplement

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

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

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PROSPECTUS SUPPLEMENT SUMMARY

ProLogis

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

We are organized under Maryland law and have elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended (the Code). Our world headquarters are located in Denver, Colorado. Our European headquarters are located in the Grand Duchy of Luxembourg with our European customer service headquarters located in Amsterdam, the Netherlands. Our regional offices in Asia are located in Tokyo, Japan and Shanghai, China. Our common shares were first listed on the New York Stock Exchange (NYSE) in March 1994 and trade under the ticker symbol PLD. Our Series F cumulative redeemable preferred shares of beneficial interest and Series G cumulative redeemable preferred shares of beneficial interest are listed on the NYSE under the ticker symbols PLD-PRF and PLD-PRG, respectively.

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Recent Developments

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

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

Diluted		268.1		265.0
FFO(1):				
Reconciliation of net earnings to FFO, including our share of our unconsolidated investees:				
Net earnings attributable to common shares	$	194.0	$	236.1
Real estate depreciation and amortization		107.0		93.5
Gains recognized on dispositions of non-CDFS business assets		(3.9)		(6.9)

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	Three Months Ended March 31,	
	2008	2007
	(In millions, except per share data) (unaudited)	
Other NAREIT defined adjustments	(4.2)	(1.9)
Foreign currency exchange losses and unrealized losses on derivative contracts	64.0	6.0
Income tax expense	12.2	2.9
FFO attributable to common shares, as defined(1)	$ 369.1	$ 329.7

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

(1) Funds from Operations

Funds from operations (FFO) is a non-U.S. generally accepted accounting principle (GAAP) measure that is commonly used in the real estate industry. The most directly comparable GAAP measure to FFO is net earnings. Although the National Association of Real Estate Investment Trusts (NAREIT) has published a definition of FFO, modifications to the NAREIT calculation of FFO are common among REITs, as companies seek to provide financial measures that meaningfully reflect their business. FFO, as we define it, is presented as a supplemental financial measure. We do not use FFO as, nor should it be considered to be, an alternative to net earnings computed under GAAP as an indicator of our operating performance or as an alternative to cash from operating activities computed under GAAP as an indicator of our ability to fund our cash needs.

FFO is not meant to represent a comprehensive system of financial reporting and does not present, nor do we intend it to present, a complete picture of our financial condition and operating performance. We believe net earnings computed under GAAP remains the primary measure of performance and that FFO is only meaningful when it is used

in conjunction with net earnings computed under GAAP. Further, we believe that our consolidated financial statements, prepared in accordance with GAAP, provide the most meaningful picture of our financial condition and our operating performance.

NAREIT s FFO measure adjusts GAAP net earnings to exclude historical cost depreciation and gains and losses from the sales of previously depreciated properties. We agree that these two NAREIT adjustments are useful to investors for the following reasons:

(a) historical cost accounting for real estate assets in accordance with GAAP assumes, through depreciation charges, that the value of real estate assets diminishes predictably over time. NAREIT stated in its White Paper on FFO since real estate asset values have historically risen or fallen with market conditions, many industry investors have considered presentations of operating results for real estate companies that use historical cost accounting to be insufficient by themselves. Consequently, NAREIT s

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definition of FFO reflects the fact that real estate, as an asset class, generally appreciates over time and depreciation charges required by GAAP do not reflect the underlying economic realities.

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

At the same time that NAREIT created and defined its FFO concept for the REIT industry, it also recognized that management of each of its member companies has the responsibility and authority to publish financial information that it regards as useful to the financial community. We believe that financial analysts, potential investors and shareholders who review our operating results are best served by a defined FFO measure that includes other adjustments to GAAP net earnings in addition to those included in the NAREIT defined measure of FFO.

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

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

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

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

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

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

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

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

Real estate is a capital-intensive business. Investors analyses of the performance of real estate companies tend to be centered on understanding the asset value created by real estate investment decisions and understanding current operating returns that are being generated by those same investment decisions. The adjustments to GAAP net earnings that are included in arriving at our FFO measure are helpful to management in making real estate investment decisions and evaluating our current operating performance. We believe that these adjustments are also helpful to industry analysts, potential investors and shareholders in their

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understanding and evaluation of our performance on the key measures of net asset value and current operating returns generated on real estate investments.

While we believe that our defined FFO measure is an important supplemental measure, neither NAREIT s nor our measure of FFO should be used alone because they exclude significant economic components of GAAP net earnings and are, therefore, limited as an analytical tool. Some of these limitations are:

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

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

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

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

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

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

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The Offering

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

Securities Offered	$350 million principal amount of % notes due 2018.
Maturity Date	May 15, 2018, unless earlier redeemed.
Interest	% per year. Interest will be payable semiannually in arrears in cash on May 15 and November 15 of each year, beginning November 15, 2008.
Optional Redemption	The notes will be redeemable in whole at any time or in part from time to time, at our option, at a redemption price equal to the greater of: 100% of the principal amount of the notes to be redeemed; or the sum of the present values of the remaining scheduled payments of principal and interest on the notes to be redeemed (exclusive of interest accrued to the date of redemption) discounted to the date of redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the then current Treasury Rate plus basis points. In each case we will pay accrued and unpaid interest on the principal amount being redeemed to the date of redemption. See Description of Notes Optional Redemption in this prospectus supplement.
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 $ after deducting the underwriters discount and estimated offering expenses.

We intend to use the net proceeds from the sale of the notes and the concurrent offering of the convertible notes for the repayment of borrowings under our global line of credit and for general corporate purposes.

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Risk Factors	You should read carefully the Risk Factors beginning on page S-8 of this prospectus supplement, together with those included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2007, for certain considerations relevant to an investment in the notes.
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.
Concurrent Public Offering of Convertible Notes	Concurrently with this offering, we are offering the convertible notes in a registered public offering. The convertible notes will be offered pursuant to a separate prospectus supplement. There is no assurance that the concurrent offering of convertible notes will be completed or, if completed, that it will be completed for the amounts contemplated. The completion of this offering is not conditioned on the completion of the concurrent offering of convertible notes.

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RISK FACTORS

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

A public trading market for the notes may not develop.

We have not applied and do not intend to apply for listing of the notes on any securities exchange or any automated quotation system. As a result, a market for the notes may not develop or, if one does develop, it may not be sustained. If an active market for the notes fails to develop or cannot be sustained, the trading price and liquidity of the notes could be adversely affected.

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.

Ratings of notes may not reflect all risks of an investment in the notes.

We expect that the notes will be rated by at least one nationally recognized statistical rating organization. The ratings of the notes will primarily reflect our financial strength and will change in accordance with the rating of our financial strength. Any rating is not a recommendation to purchase, sell or hold the notes. These ratings do not correspond to

market price or suitability for a particular investor. In addition, ratings at any time may be lowered or withdrawn in their entirety. As a result, the ratings of the notes may not reflect the potential impact of all risks related to structure and other factors on any trading market for, or trading value of, your notes.

The notes restrict, but do not eliminate, our ability to incur additional debt or prohibit us from taking other action that could negatively impact holders of the notes.

We are restricted from incurring additional indebtedness under the terms of the notes and the Indenture governing the notes. However, these limitations are subject to numerous exceptions. See Description of Notes Covenants Limitations on the incurrence of debt in this prospectus supplement and Description of Debt Securities Covenants Limitations on incurrence of debt in the accompanying prospectus. Our

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ability to recapitalize, incur additional debt, secure existing or future debt or take a number of other actions that are not limited by the terms of the Indenture and the notes, including repurchasing indebtedness or common or preferred shares or paying dividends, could have the effect of diminishing our ability to make payments on the notes when due. Additionally, except as set forth under Description of Notes Covenants Limitations on the incurrence of debt in this prospectus supplement and in the accompanying prospectus under Description of Debt Securities Covenants Limitations on incurrence of debt, the Indenture does not contain any 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.

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

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

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

Pursuant to various pledge agreements, we and certain of our subsidiaries have pledged specified intercompany loans to Bank of America, N.A., as collateral agent, for the benefit of the Credit Parties under and as defined in the Amended and Restated Security Agency Agreement dated as of October 6, 2005 (the Security Agency Agreement) among us, the collateral agent, Bank of America, N.A., as global administrative agent under our global senior credit facility, and various other creditors of ours. The Credit Parties under the Security Agency Agreement include the holders of our specified credit obligations, including, all obligations arising under our global credit facility, other Designated Senior Debt specified therein, as well as any of our other senior debt designated from time to time by us as Designated Senior Debt in accordance with the Security Agency Agreement. The notes are included within the definition of Designated Senior Debt and, unless we revoke the designation of the notes as Designated Senior Debt as described below, holders of the notes are entitled to a pro rata share in the proceeds of the collateral granted under the pledge agreements.

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

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

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

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

To the extent the notes become entitled to the benefits of the sharing arrangements described below, the notes will be entitled to share ratably in any recoveries received by the holders of the $3.4 billion of subsidiary debt subject to such

arrangements, so as to effectively eliminate or mitigate the consequence of any structural subordination of the notes that might otherwise exist.

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

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

The Security Agency Agreement allows us to: (i) designate our other senior debt as Designated Senior Debt; (ii) specify which Credit Parties are entitled to vote on issues arising under the Security Agency Agreement (and the holders of the notes will be non-voting Credit Parties); and/or (iii) revoke our designation of the notes as Designated Senior Debt effective not less than 90 days after disclosing such revocation (in a footnote or otherwise) in a Form 10-Q or Form 10-K filed with the SEC. In the event that we elect to revoke our designation of the notes as Designated Senior Debt under the Security Agency Agreement, the holders of the notes will cease to be Credit Parties and will no longer be entitled to any benefit of the security and sharing arrangements contemplated by the Security Agency Agreement and the related pledge agreements. In addition, a majority of the voting Credit Parties under the Security Agency Agreement may elect (a) to release some or all of the collateral held pursuant to the Security Agency Agreement and/or (b) under certain circumstances, to defer payments to Credit Parties pursuant to the sharing arrangements either (i) generally for various reasons or (ii) specifically to certain holders of debt (including the holders of the notes) if the collateral agent or the voting Credit Parties determine, in their sole discretion, that such holders might receive more than their share of payments and other recoveries pursuant to the Security Agency Agreement. Without notice to or consent of the holders of the notes, the Security Agency Agreement may be amended by us, the collateral agent and a majority of the voting Credit Parties, even if such amendment is adverse to the interests of the holders of the notes.

The Security Agency Agreement provides that whenever the majority voting Credit Parties are granted and exercise 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 voting Credit Parties have no obligation or duty (including implied obligations of reasonableness, good faith or fair dealing) to any holder of notes 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 acts as the collateral agent under the Security Agency Agreement and under the various pledge agreements, is

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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.

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USE OF PROCEEDS

The net proceeds from the sale of the notes are expected to be approximately $ million, after deducting underwriting discounts and estimated offering expenses. We will use the net proceeds from the sale of the notes and the concurrent offering of the convertible notes to repay borrowings under our global line of credit and for general corporate purposes.

As of March 31, 2008, we had a total commitment of $3.9 billion under our global line of credit. As of March 31, 2008, this commitment was reduced by $109.8 million representing letters of credit outstanding with the lending banks. We had approximately $2.9 billion outstanding and an available balance of approximately $1.0 billion at March 31, 2008. Amounts repaid under the global line of credit may be reborrowed and we expect to make additional borrowings under the global line of credit following this offering for the development and acquisition of industrial distribution properties and for working capital purposes. Affiliates of certain of the underwriters participating in this offering are lenders under the global line of credit and therefore will receive proceeds from the offering to the extent that proceeds are used to repay borrowings under our global line of credit. Based on our current public debt ratings, interest on borrowings under the global line of credit accrues at a variable rate based upon the interbank offered rate in each respective jurisdiction which the borrowings are outstanding (other than borrowing in Chinese renminbi, which is a rate set by the People s Bank of China) plus a margin (resulting in a weighted average interest rate of 3.18% for borrowings outstanding at March 31, 2008 using local currency rates). The global line of credit matures on October 6, 2009, subject to a 12-month extension at our option for all currencies (other than borrowings in Chinese renminbi).

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, minority interest 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,				
2007	**2006**	**2005**	**2004**	**2003**
2.9x	2.7x	2.1x	2.2x	2.1x

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CAPITALIZATION

The following table sets forth our actual consolidated cash and cash equivalents and capitalization as of March 31, 2008, and as adjusted to give effect to this offering, the concurrent offering of $350,000,000 aggregate principal amount of the convertible notes (assuming no exercise by the underwriters of their over-allotment option) and the application of the estimated net proceeds from both offerings as set forth under Use of Proceeds in this prospectus supplement.

	As of March 31, 2008	
	Actual	As Adjusted
	(In thousands, except per share amounts)	
Cash and cash equivalents	$ 901,608	$ 901,608
Debt:		
Unsecured lines of credit	$ 2,857,384	$
Senior and other notes	4,583,179	
Convertible debt(1)	2,334,977	
Secured debt and assessment bonds	1,321,382	1,321,382
Total debt	11,096,922	
Minority interest	92,712	92,712
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 $0.01 par value per share	2,603	2,603
Additional paid-in capital	6,518,505	6,518,505
Accumulated other comprehensive income	392,754	392,754
Retained earnings	456,384	456,384
Total shareholders equity	7,720,246	7,720,246
Total Capitalization	$ 18,909,880	$

(1) Amounts reflect original issue discount of $35.5 million for the 2.25% convertible senior notes due 2037 issued in March 2007 and the 1.875% convertible senior notes issued in November 2007.

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DESCRIPTION OF NOTES

The following description of the terms of the notes, which are referred to in the accompanying prospectus as the debt securities, supplements, and to the extent inconsistent therewith replaces, the description of the general terms and provisions of the debt securities set forth in the accompanying prospectus, to which reference is hereby made. As used in this section, Description of Notes, the terms we, ours and us refer to ProLogis and not to any of its subsidiaries.

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, and a Fifth Supplemental Indenture, dated November 8, 2007, and will be further supplemented by a Sixth Supplemental Indenture to be entered into concurrently with the delivery of the convertible notes and a Seventh 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 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 March 31, 2008, we had $5.8 billion aggregate principal amount of debt securities outstanding under the Indenture.

As described in the accompanying prospectus in the section entitled Description of Debt Securities Security and sharing arrangements, pursuant to various pledge agreements, ProLogis and certain of its 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 ProLogis, including, all obligations arising under ProLogis global credit facility, other Designated Senior Debt specified therein, as well as any other senior debt of ProLogis designated from time to time by ProLogis as Designated Senior Debt in accordance with the Security Agency Agreement. The notes are included within the definition of Designated Senior Debt and, unless we revoke the designation of the notes as Designated Senior Debt as described below, holders of the notes are entitled to a pro rata share in the proceeds of the collateral granted under the pledge agreements.

The notes will be effectively subordinated to any of our debt that is secured by assets, other than the pledged intercompany loans, to the extent of the value of the assets securing such debt. In addition, except to the extent that the notes become entitled to the benefits of the sharing arrangements described below, the notes will be effectively subordinated to the debt and other liabilities, including trade payables, of our subsidiaries. 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.

The notes will be limited initially to $350 million aggregate principal amount. 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. 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. 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,

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issued under the Indenture. When we refer to the notes or these notes, we mean the series of notes we are offering by means of this prospectus supplement and accompanying prospectus.

Reference is made to the section below entitled Covenants and the section entitled Description of Debt Securities Covenants in the accompanying prospectus for a description of the covenants applicable to the notes. The defeasance and covenant defeasance provisions of the Indenture described under Description of Debt Securities Discharge, Defeasance and Covenant Defeasance in the accompanying prospectus will apply to the notes. Each of the covenants described below under Covenants Limitations on the incurrence of debt and in the accompanying prospectus under the caption Description of Debt Securities Covenants will be subject to defeasance.

Except as set forth below under Covenants Limitations on the incurrence of debt and in the accompanying prospectus under Description of Debt Securities Covenants Limitations on incurrence of debt, the Indenture does not contain any 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.

The notes will be issued only in fully registered form in minimum denominations of $1,000 and integral multiples of $1,000.

Principal and Interest

The notes will bear interest at the rate of % per year and will mature on May 15, 2018. Interest on the notes will accrue from May , 2008 and will be payable semi-annually in arrears on May 15 and November 15 of each year, commencing on November 15, 2008 (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 May 1 or November 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.

Optional Redemption

The notes will be redeemable in whole at any time or in part from time to time, at our option, at a redemption price equal to the greater of:

- 100% of the principal amount of the notes to be redeemed; or
- the sum of the present values of the remaining scheduled payments of principal and interest on the notes to be redeemed (exclusive of interest accrued to the date of redemption) discounted to the date of redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the then current Treasury Rate plus basis points.

In each case we will pay accrued and unpaid interest on the principal amount being redeemed to the date of redemption.

Comparable Treasury Issue means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term (Remaining Life) of the notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the Remaining Life.

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Comparable Treasury Price means, with respect to any redemption date, (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (2) if the trustee obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

Independent Investment Banker means one of the Reference Treasury Dealers that we appoint to act as the Independent Investment Banker from time to time.

Reference Treasury Dealer means each of Citigroup Global Markets Inc., Goldman, Sachs & Co. and Greenwich Capital Markets, Inc., and their successors, and one other firm that is a primary U.S. Government securities dealer (each a Primary Treasury Dealer) which we specify from time to time; provided, however, that if any of them ceases to be a Primary Treasury Dealer, we will substitute another Primary Treasury Dealer.

Reference Treasury Dealer Quotations means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the trustee by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third business day preceding such redemption date.

Treasury Rate means, with respect to any redemption date, the rate per year equal to: (1) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated H.15(519) or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption Treasury Constant Maturities, for the maturity corresponding to the Comparable Treasury Issue; provided that, if no maturity is within three months before or after the Remaining Life of the notes to be redeemed, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Treasury Rate shall be interpolated or extrapolated from those yields on a straight line basis, rounding to the nearest month; or (2) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date. The Treasury Rate shall be calculated on the third business day preceding the redemption date.

Notice of redemption will be mailed at least 30 but not more than 60 days before the redemption date to each holder of record of the notes to be redeemed at its registered address. The notice of redemption for the notes will state, among other things, the amount of notes to be redeemed, the redemption date, the redemption price and the place or places that payment will be made upon presentation and surrender of notes to be redeemed. Unless we default in payment of the redemption price, interest will cease to accrue on any notes that have been called for redemption at the redemption date.

If less than all of the notes within a series are to be redeemed at our option, we will notify the trustee under the Indenture at least 45 days prior to the redemption date, or any shorter period as may be satisfactory to the trustee, of the aggregate principal amount of the notes of such series to be redeemed and the redemption date. The trustee will select, in the manner as it deems fair and appropriate, the notes to be redeemed. Notes may be redeemed in part in the minimum authorized denomination for notes or in any integral multiple of such amount.

Covenants

This section describes covenants we make in the Indenture for the benefit of the holders of the notes in addition to the covenants contained in the Indenture described under the caption Description of Debt Securities Covenants in the accompanying prospectus. The covenants contained in the Indenture described under the caption Description of Debt Securities Covenants Limitations on Incurrence of Debt in the

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accompanying prospectus will apply to the notes only for so long as any debt securities issued under the Indenture prior to November 2, 2005 remain outstanding, which consist of the 8.72% notes due March 1, 2009, 9.34% notes due March 1, 2015, 7.875% notes due May 15, 2009, 7.95% notes due May 15, 2008, 8.65% notes due May 15, 2016, 7.81% medium-term notes, series A, due February 1, 2015, 7.625% notes due July 1, 2017 and 5.50% notes due March 1, 2013. From and after the time that no debt securities issued pursuant to the Indenture prior to November 2, 2005 remain outstanding, with respect to the notes, the covenants described below under Limitations on the incurrence of debt will be the only covenants under the Indenture limiting our incurrence of Debt unless the Indenture is further modified or supplemented. The covenants described under the caption Description of Debt Securities Covenants Debt covenants contained in the Second Supplemental Indenture in the accompanying prospectus will not apply to the notes.

Limitations on the Incurrence of Debt

The covenants contained in the Indenture, as supplemented, provide that we will not, and will not permit any subsidiary to, incur any Debt if, immediately after giving effect to the incurrence of such additional Debt and the application of the net proceeds of the additional Debt, the aggregate principal amount of all our outstanding Debt determined in accordance with GAAP and that of our Subsidiaries is greater than 65% of the sum of

(1) our Total Assets, and

(2) the purchase price of any real estate assets or mortgages receivable acquired and the amount of any securities offering proceeds received by us or any Subsidiary since the end of the last calendar quarter, including those proceeds obtained in connection with the incurrence of the additional Debt.

Our Total Assets will be measured at the end of the calendar quarter covered in our annual report on Form 10-K or quarterly report on Form 10-Q, as the case may be, most recently filed with the SEC. If such filing is not permitted under the Securities Exchange Act, we will provide this information to the trustee, prior to the incurrence of such additional Debt. To the extent that any assets or mortgage receivables had been previously included in our Total Assets, or the proceeds from a securities offering were used to purchase assets or mortgage receivables, their accounting will not be duplicated.

In addition to this limitation on the incurrence of Debt, we and our Subsidiaries will not incur or suffer to exist any Debt that is secured by an Encumbrance to be greater than 40% of the sum (without duplication) of our Total Assets, the purchase price of real estate or mortgage receivables, and proceeds from the sale of securities, determined as described above. This ratio will be measured immediately after giving effect to the incurrence of such additional Debt and the application of the proceeds of the additional Debt. In making this calculation, we are not required to include the amount of any Pari Passu Debt.

Our and our Subsidiaries Total Unencumbered Assets may not at any time be less than 125% of the aggregate outstanding principal amount of our Unsecured Debt and that of our Subsidiaries.

In addition to these limitations on the incurrence of Debt, we will not, and will not permit any Subsidiary to, incur any additional Debt if the ratio of Consolidated Income Available for Debt Service to the Annual Service Charge for the four consecutive fiscal quarters most recently ended prior to the date on which such additional Debt is to be incurred shall have been less than 1.5 to 1.0 on a pro forma basis after giving effect to the incurrence of such Debt and to the application of the net proceeds therefrom and calculated on the assumption that the additional Debt had been incurred and, the application of the proceeds (including projected income therefrom) had occurred, at the beginning of the relevant period.

Notwithstanding the foregoing, nothing in the above covenants shall prevent (a) us from incurring Debt owed to any of our Subsidiaries, provided that such Debt is unsecured and expressly subordinated to the notes, (b) any of our Subsidiaries from incurring Debt owed to us or (c) any other Subsidiary or us or any Subsidiary from incurring Refinancing Debt.

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For purposes of the covenants described under this caption the following definitions apply:

Annual Service Charge for any period means interest expense and the amount of dividends, which are payable in respect of Disqualified Stock, as recognized in our consolidated statement of earnings, adjusted to include interest amounts that were capitalized and not included in such interest expense, and to exclude amounts that represent amortization of non-cash items, such as the amortization of premiums or discounts, loan issuance costs, hedging gains or losses or fair value adjustments, and to exclude items classified as extraordinary items.

Capitalized Value means, as of any date, the annualized amount of Net Operating Income for the most recently completed fiscal quarter divided by 7%.

CDFS means our business segment described in our annual report on Form 10-K and referred to as the corporate distribution facilities services or CDFS segment (or successor descriptions).

Consolidated Income Available for Debt Service for any period means our net earnings before preferred share dividends determined in accordance with GAAP and as reported in our Consolidated Statements of Earnings plus amounts which have been deducted, and minus amounts which have been added, for the following, without duplication:

losses (gains) from the disposition or impairment of properties that are classified in our consolidated financial statements as non-CDFS assets (or successor descriptions);

losses (gains) resulting from (i) foreign currency exchange effects of settlement of intercompany Debt and mark-to-market adjustments associated with intercompany Debt between us and our foreign Subsidiaries and our foreign Unconsolidated Affiliates, (ii) foreign currency effects from the remeasurement of third party Debt of our foreign Subsidiaries and (iii) mark-to-market adjustments to foreign exchange and interest rate contracts (or other derivatives), in each case to the extent included in our net earnings and the net earnings of our Subsidiaries;

losses (gains) from early extinguishment of Debt;

excess (deficit) of redemption value over carrying value of preferred shares redeemed;

extraordinary losses (extraordinary gains) determined in accordance with GAAP;

cumulative charges (benefits) from a change in accounting principle;

minority interest;

interest expense and the amount of dividends, which are payable in respect of Disqualified Stock, as recognized in our consolidated statement of earnings, adjusted to include interest amounts that were capitalized and not included in such interest expense, and to exclude amounts that represent amortization of non-cash items, such as the amortization of premiums or discounts, loan issuance costs, hedging gains or losses or fair value adjustments, and to exclude items classified as extraordinary items;

income taxes; and

depreciation and amortization.

Debt means any of our or our Subsidiaries indebtedness (without duplication), in respect of:

borrowed money or evidenced by bonds, notes, mortgages, debentures or similar instruments, but excluding any mark-to-market increase or decrease in indebtedness due to the purchase accounting impact of corporate or portfolio acquisitions and from the remeasurement of intercompany indebtedness of our Subsidiaries or Unconsolidated Affiliates, to the extent it appears as a liability on our consolidated balance sheet;

indebtedness secured by an Encumbrance existing on any of our property or that of any Subsidiary, whether or not such obligation shall have been assumed by us or any Subsidiary; provided that the amount of any Debt under this clause that has not been assumed by us or any Subsidiary shall be equal

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to the lesser of the stated amount of such Debt or the fair market value of the property securing such Debt, in each case, to the extent it appears as a liability on our consolidated balance sheet;

the principal amount of all our or any of our Subsidiaries obligations with respect to redemption, repayment or other repurchase of any Disqualified Stock;

any capitalized lease of property by us or any of our Subsidiaries, as lessee, to the extent it appears as a liability on our consolidated balance sheet; or

to the extent not otherwise included, any obligation of ours or any of our Subsidiaries to be liable for, or to pay, as obligor or guarantor, other than for purposes of collection in the ordinary course of business, Debt of another person other than us or any of our Subsidiaries, excluding, in each case, indemnification obligations, capital contribution obligations and similar obligations that are not required to be reflected on our consolidated balance sheet.

Encumbrance means any mortgage, pledge, lien, charge, encumbrance or any security interest existing on property owned by us or any of our Subsidiaries securing indebtedness for borrowed money, other than a Permitted Encumbrance.

GAAP means generally accepted accounting principles as in effect from time to time in the United States or other accounting method that we are subsequently using and that has been accepted by the SEC.

Net Operating Income means, as of any date for any of our Stabilized Assets and our Subsidiaries Stabilized Assets, the difference, if positive between (a) any rentals, proceeds, expense reimbursements, and revenue received from such Stabilized Assets, and (b) all costs and expenses incurred as a result of, or in connection with, the operation and leasing of the applicable Stabilized Assets, in each case determined in accordance with GAAP, but excluding depreciation, amortization, interest expense, impairment and any capital expenditures related to such Stabilized Assets.

Pari Passu Debt means any of our or our Subsidiaries unsubordinated Debt that is unsecured, is secured only by Encumbrances on property that secure the debt securities issued under the Indenture on an equal and ratable basis with such Debt or the debt securities provided the debt securities are equally and ratably secured.

Permitted Encumbrances means

pledges or deposits made to secure payment of worker s compensation, or to participate in any fund in connection with worker s compensation insurance, unemployment insurance, pensions, or social security programs;

Encumbrances consisting of zoning restrictions, easements, or other restrictions on the use of real property, provided that such items do not materially impair the use of such property for the purposes intended and none of which is violated in any material respect by existing or proposed structures or land use;

Encumbrances imposed by mandatory provisions of law such as for materialmen s, mechanic s, warehousemen s, and other like Encumbrances arising in the ordinary course of business, securing payment of any liability whose payment is not yet due;

Encumbrances for taxes not yet due and payable or for taxes, assessments, and governmental charges or assessments that are being contested in good faith by appropriate proceedings diligently conducted;

Encumbrances on properties where we or the applicable Subsidiary is insured against such Encumbrances by title insurance or other similar arrangements;

Encumbrances securing assessments or charges payable to a property owner association or similar entity, which assessments are not yet due and payable or are being contested in good faith by appropriate proceedings diligently conducted;

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Encumbrances securing assessment bonds and similar facilities district bonds so long as we or the applicable Subsidiary is not in material default under the terms thereof;

Encumbrances granted to us by any of our Subsidiaries;

leases to tenants of space in properties that are entered into in the ordinary course of business;

any netting or set-off arrangement entered into by us or any of our Subsidiaries in the normal course of its banking arrangements for the purpose of netting debit and credit balances, or any set-off arrangement which arises by operation of law as a result of us or any of our Subsidiaries opening a bank account;

any title transfer or retention of title arrangement entered into by us or any of our Subsidiaries in the normal course of its trading activities on the counterparty s standard or usual terms;

Encumbrances over goods and documents of title to goods arising out of letter of credit transactions entered into in the ordinary course of business; and

any Encumbrance which secures the Pari Passu Debt.

Refinancing Debt means Debt issued in exchange for, or the net proceeds of which are used to refinance or refund, then outstanding Debt (including the principal amount, accrued interest and premium, if any, of such Debt plus any fees and expenses incurred in connection with such refinancing); provided that (a) if such Debt, or the proceeds of such Debt, are used to refinance or refund Debt that is subordinated in right of payment to the notes, such Debt shall only be permitted if it is expressly made subordinate in right of payment to the notes at least to the extent that the Debt to be refinanced is subordinated to the notes and (b) such new Debt does not mature prior to the stated maturity of the Debt to be refinanced or refunded, and the weighted average life of such new Debt is at least equal to the remaining weighted average life of the Debt to be refinanced or refunded.

Stabilized Asset means, as of any date, any of our real estate assets and any real estate assets of our Subsidiaries, at least 90% of the rentable area of which was leased pursuant to bona fide tenant leases, licenses, or other agreements requiring current rent or other similar payments for the entire three months of the most recently completed fiscal quarter.

Subsidiary means any entity in which we, directly or indirectly, hold an ownership interest, the operations and results of which are consolidated in our financial statements included in our annual report on Form 10-K or quarterly report on Form 10-Q. An entity in which we, directly or indirectly, hold a 50% or less equity ownership interest and do not consolidate in our financial statements as of March 31, 2008 that later becomes a consolidated entity in our financial statements solely due to a change in GAAP after March 31, 2008 will not be deemed a Subsidiary and will remain an Unconsolidated Affiliate. In no event shall an entity be included as both a Subsidiary and an Unconsolidated Affiliate for purposes of the Indenture.

Total Assets means, as of any date, the sum of the Capitalized Value of Stabilized Assets plus the aggregate book value of all of our and our Subsidiaries other assets before accumulated depreciation and amortization, as reflected on our consolidated balance sheet for the applicable date.

Total Unencumbered Assets means Total Assets, determined on a basis not including any assets that are subject to an Encumbrance.

Unconsolidated Affiliate means any entity in which we, directly or indirectly, hold an ownership interest, the operations and results of which are not consolidated in our financial statements included in our annual report on Form 10-K or quarterly report on Form 10-Q. An entity in which we, directly or indirectly, hold a 50% or less equity ownership interest and do not consolidate in our financial statements as of March 31, 2008 that later becomes a consolidated entity in our financial statements solely due to a change in GAAP after March 31, 2008 will not be deemed a Subsidiary and will remain an Unconsolidated Affiliate. In no event shall an entity be included as both a Subsidiary and an Unconsolidated Affiliate for purposes of the Indenture.

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Unsecured Debt means Debt, including Pari Passu Debt, which is not otherwise secured by an Encumbrance upon any of our or our Subsidiaries properties.

Book-Entry Procedures

DTC. The Depository Trust Company, New York, New York (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 fully-registered global note will be issued with respect to the notes. See Description of Debt Securities Global Securities in the accompanying prospectus for a description of DTC s procedures with respect to global notes.

Redemption notices will be sent to DTC. If less than all of the notes within a series are being redeemed, DTC s practice is to determine by lot the amount of the interest of each direct participant in the series to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to the notes. Under its usual procedures, DTC mails an omnibus proxy to us as soon as possible after the record date. The omnibus proxy assigns Cede & Co. s consenting or voting rights to those direct participants to whose accounts the notes are credited on the record date, which are identified in a listing attached to the omnibus proxy.

We may, at any time, decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, certificates representing the notes will be printed and delivered.

Beneficial interests in the Global Securities will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Investors may elect to hold interests in the Global Securities through DTC either directly if they are participants in DTC or indirectly through organizations that are participants in DTC.

Clearstream. Clearstream is incorporated under the laws of Luxembourg as a professional depositary. Clearstream holds securities for its participating organizations (Clearstream Participants) and facilitates the clearance and settlement of securities transactions between Clearstream Participants through electronic book-entry changes in accounts of Clearstream Participants, thereby eliminating the need for physical movement of certificates. Clearstream provides Clearstream Participants with, among other things, services for safekeeping, administration, clearance and establishment of internationally traded securities and securities lending and borrowing. Clearstream interfaces with domestic markets in several countries. As a professional depositary, Clearstream is subject to regulation by the Luxembourg Monetary Institute. Clearstream Participants are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations, and may include the underwriters. Indirect access to Clearstream is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream Participant either directly or indirectly.

Distributions with respect to notes held beneficially through Clearstream will be credited to cash accounts of Clearstream Participants in accordance with its rules and procedures to the extent received by DTC for Clearstream.

Euroclear. Euroclear was created in 1968 to hold securities for participants of Euroclear (Euroclear Participants) and to clear and settle transactions between Euroclear Participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear includes various other services, including securities lending and borrowing and interfaces with domestic markets in several markets in several countries. Euroclear is operated by Euroclear Bank S.A./N.V. (the Euroclear Operator), under contract with Euro-clear Clearance Systems S.C., a Belgian cooperative corporation (the Cooperative). All operations are conducted by the Euroclear Operator, and all Euroclear

securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear Operator, not the Cooperative. The Cooperative establishes policy for Euroclear on behalf of Euroclear Participants. Euroclear Participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries and

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may include the underwriters. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear Participant, either directly or indirectly.

The Euroclear Operator is regulated and examined by the Belgian Banking Commission.

Links have been established among DTC, Clearstream and Euroclear to facilitate the initial issuance of the notes sold outside of the United States and cross-market transfers of the notes associated with secondary market trading.

Although DTC, Clearstream and Euroclear have agreed to the procedures provided below in order to facilitate transfers, they are under no obligation to perform these procedures, and these procedures may be modified or discontinued at any time.

Clearstream and Euroclear will record the ownership interests of their participants in much the same way as DTC, and DTC will record the total ownership of each of the U.S. agents of Clearstream and Euroclear, as participants in DTC. When notes are to be transferred from the account of a DTC participant to the account of a Clearstream participant or a Euroclear participant, the purchaser must send instructions to Clearstream or Euroclear through a participant at least one day prior to settlement. Clearstream or Euroclear, as the case may be, will instruct its U.S. agent to receive notes against payment. After settlement, Clearstream or Euroclear will credit its participant s account. Credit for the notes will appear on the next day (European time).

Because settlement is taking place during New York business hours, DTC participants will be able to employ their usual procedures for sending notes to the relevant U.S. agent acting for the benefit of Clearstream or Euroclear participants. The sale proceeds will be available to the DTC seller on the settlement date. As a result, to the DTC participant, a cross-market transaction will settle no differently than a trade between two DTC participants.

When a Clearstream or Euroclear participant wishes to transfer notes to a DTC participant, the seller will be required to send instructions to Clearstream or Euroclear through a participant at least one business day prior to settlement. In these cases, Clearstream or Euroclear will instruct its U.S. agent to transfer these notes against payment for them. The payment will then be reflected in the account of the Clearstream or Euroclear participant the following day, with the proceeds back valued to the value date, which would be the preceding day, when settlement occurs in New York, if settlement is not completed on the intended value date, that is, the trade fails, proceeds credited to the Clearstream or Euroclear participant s account will instead be valued as of the actual settlement date.

You should be aware that you will only be able to make and receive deliveries, payments and other communications involving the notes through Clearstream and Euroclear on the days when those clearing systems are open for business. Those systems may not be open for business on days when banks, brokers and other institutions are open for business in the United States. In addition, because of time zone differences there may be problems with completing transactions involving Clearstream and Euroclear on the same business day as in the United States.

Same-Day Settlement and Payment

Settlement for the notes will be made by the purchasers 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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UNDERWRITING

We are offering the notes described in this prospectus supplement through a number of underwriters. Citigroup Global Markets Inc., Goldman, Sachs & Co. and Greenwich Capital Markets, Inc. are the representatives of the underwriters. We have entered into a firm commitment underwriting agreement with the representatives. Subject to the terms and conditions of the underwriting agreement, we have agreed to sell to the underwriters, and each underwriter has severally agreed to purchase, the aggregate principal amount of notes listed next to its name in the following table:

Underwriter	Principal Amount of Notes
Citigroup Global Markets Inc.	$
Goldman, Sachs & Co.	
Greenwich Capital Markets, Inc.	
Total	$ 350,000,000

The underwriting agreement is subject to a number of terms and conditions and provides that the underwriters must buy all of the notes if they buy any of them. The underwriters will sell the notes to the public when and if the underwriters buy the notes from us.

The underwriters have advised us that they propose initially to offer the notes to the public for cash at the public offering prices set forth on the cover of this prospectus supplement, and to certain dealers at such price less concessions not in excess of % of the principal amount of the notes. The underwriters may allow, and such dealers may reallow, a concession not in excess of % of the principal amount of the notes to certain other dealers. After the public offering of the notes, the public offering price and other selling terms may be changed.

We estimate that our share of the total expenses of the offering, excluding underwriting discounts, will be approximately $815,000.

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

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.

In connection with the offering of the notes, certain of the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the notes. Specifically, the underwriters may overallot in connection with the offering, creating a short position. In addition, the underwriters may bid for, and purchase, the notes in the open market to cover short positions or to stabilize the price of the notes. Any of these activities may stabilize or maintain the market price of the notes above independent market levels, but no representation is made hereby of the magnitude

of any effect that the transactions described above may have on the market price of the notes. The underwriters will not be required to engage in these activities, and may engage in these activities, and may end any of these activities, at any time without notice.

In relation to each Member State of the European Economic Area which 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:

(a) 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;

(b) 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 EUR 43,000,000 and (3) an annual net turnover of more than EUR 50,000,000, as shown in its last annual or consolidated accounts;

(c) 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 of any such offer; or

(d) in any other circumstances that do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an offer of notes to the public in relation to any notes 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 notes to be offered so as to enable an investor to decide to purchase or subscribe the notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that 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.

Affiliates of certain of the underwriters are lenders under our global line of credit, and therefore will receive proceeds from the offering to the extent that the proceeds are used to repay borrowings under our global line of credit. 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 the securities or our 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 debt securities issued by us or our affiliates. Goldman, Sachs & Co. is also an underwriter for our concurrent offering of the convertible notes. In addition, Citigroup Global Markets Inc. and its affiliates are equity investors in and lenders to a joint venture property fund sponsored by Prologis.

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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 Securities Exchange Act) and, in accordance therewith, file reports, proxy statements and other information with the Securities and Exchange Commission (which we refer to herein as 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 our 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, 2007, filed on February 28, 2008 as amended by Form 10-K/A, filed on March 17, 2008; and

(b) Our current reports on Form 8-K filed February 7, 2008 (filed under Item 5.02 and 9.01), February 27, 2008, and March 18, 2008.

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 Securities 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.

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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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EXPERTS

The consolidated financial statements and related financial statement schedule of ProLogis as of December 31, 2007 and 2006, and for each of the years in the three-year period ended December 31, 2007, and the consolidated balance sheet of ProLogis North American Industrial Fund, LP and its subsidiaries as of December 31, 2007 and 2006 and the statements of earnings, partners capital and comprehensive loss, and cash flows for the year ended December 31, 2007 and the period from March 1, 2006 (inception) through December 31, 2006, have been incorporated by reference herein in reliance upon the reports of KPMG LLP, independent registered public accounting firm on such financial statements and ProLogis effectiveness of internal control over financial reporting as of December 31, 2007, 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.

Each time securities are sold using this prospectus, we will provide a supplement to this prospectus or possibly other offering material containing specific information about the offering. The supplement or other offering material may also add, update or change information contained in this prospectus. This prospectus may not be used to offer or sell any securities unless accompanied by a prospectus supplement. You should read this prospectus and any supplement and/or other offering material carefully before you invest.

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.

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 August 21, 2006.

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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 Securities Exchange Act) and, in accordance therewith, file reports, proxy statements and other information with the Securities and Exchange Commission (which we refer to herein as 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 our 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, 2005, filed on March 16, 2006;

(b) Our quarterly reports on Form 10-Q for the fiscal quarters ended March 31, 2006 and June 30, 2006;

(c) Our periodic reports on Form 8-K filed September 20, 2005, January 10, 2006 March 13, 2006, March 17, 2006, March 21, 2006, March 27, 2006, April 6, 2006, June 2, 2006, and July 3, 2006;

(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 Securities 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.

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

We are organized under Maryland law and have elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended (the Code). Our world headquarters are located in Denver, Colorado. Our European headquarters are located in the Grand Duchy of Luxembourg with our European customer service headquarters located in Amsterdam, the Netherlands. Our regional offices in Asia are located in Tokyo, Japan and Shanghai, China. Our common shares were first listed on the New York Stock Exchange (NYSE) in March 1994 and now trade under the ticker symbol PLD . Our Series F cumulative redeemable preferred shares of beneficial interest and Series G cumulative redeemable preferred shares of beneficial interest, are listed on the New York Stock Exchange under the symbols PLD-PRF and PLD-PRG , respectively.

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 our last five fiscal years:

Six Months Ended June 30,		Year Ended December 31,				
2006	**2005**	**2005**	**2004**	**2003**	**2002**	**2001**
2.6	2.5	2.2	2.3	2.2	2.3	1.6

The following table shows our ratio of earnings to combined fixed charges and preferred share dividends for each of our last five fiscal years:

Six Months Ended June 30,		Year Ended December 31,				
2006	**2005**	**2005**	**2004**	**2003**	**2002**	**2001**
2.4	2.2	2.0	2.0	1.9	2.0	1.3

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 additional distribution properties as suitable opportunities arise, for the repayment of any outstanding indebtedness at such time as it is due, 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 and a Third Supplemental Indenture dated November 2, 2005. We collectively refer to the Original Indenture as amended and supplemented by the First Supplemental Indenture, Second Supplemental Indenture and Third 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, 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

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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 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, ProLogis and certain of its subsidiaries have pledged specified intercompany loans to Bank of America, N.A., as collateral agent, for the benefit of the Credit Parties under and as defined in the Security Agency Agreement. The Credit Parties under the Security Agency Agreement include the holders

of specified credit obligations of ProLogis, including, all obligations arising under ProLogis global credit facility, certain hedging obligations of ProLogis, other Designated Senior Debt specified therein, as well as any other senior debt of ProLogis designated from time to time by ProLogis as Designated Senior Debt in accordance with the Security Agency Agreement. Please refer to the applicable prospectus supplement relating to the debt securities being offered for an explanation of whether the debt securities are included within the definition of Designated Senior Debt and holders of the debt securities are entitled to a pro rata share in the proceeds of the collateral granted under the pledge agreements.

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

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

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

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

The Security Agency Agreement provides that whenever the majority voting Credit Parties are granted and exercise 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 voting Credit Parties will have no obligation or duty (including implied obligations of reasonableness, good faith or fair

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dealing) to any holder of debt securities and have no obligation or duty to take into consideration the interests of the holders of the debt securities 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 debt securities 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 acts as 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 debt securities.

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.

Investors in Designated Senior Debt should refer to the Security Agency Agreement for further information regarding the collateral subject thereto, the sharing arrangements set forth therein and the restrictions and limitations on the rights of the holders of the debt securities thereunder. By purchasing a debt security that falls within the definition of Designated Senior Debt, each investor will be deemed to acknowledge that its right to share in the benefits of such collateral and participate in such sharing arrangements are limited as described above and as more fully set forth in the Security Agency Agreement.

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, or a person organized and existing under the laws of the United States or one of the fifty states or are 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.

Covenants

This section describes covenants we make in the Indenture for the benefit of the holders of the debt securities. The covenants contained in the Original Indenture, as amended by the First Supplemental Indenture, are described under the caption Limitations on incurrence of debt. Additional covenants are contained in the Second Supplemental Indenture and that are applicable to debt securities issued on and after November 2, 2005. These additional covenants are described below under the caption Debt covenants contained in the Second Supplemental Indenture.

As explained below, the covenants contained in the Original Indenture, as amended by the First Supplemental Indenture, apply to all debt securities issued under the Indenture for so long as any debt securities issued under the Indenture prior to November 2, 2005 remain outstanding. Following the repayment in full of each series of debt securities issued under the Indenture prior to November 2, 2005, only the covenants contained in the Second Supplemental Indenture will be the only covenants limiting our incurrence of Debt, unless the Indenture is further modified or supplemented.

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Limitations on incurrence of debt

As noted above, the following covenants will apply to the debt securities issued under the Indenture but only for so long as any of our debt securities issued prior to November 2, 2005, the date of the Second Supplemental Indenture, that are currently outstanding remain outstanding. The covenants provide that we will not, and will not permit any subsidiary to, incur any Debt if, immediately after giving effect to the incurrence of such additional Debt and the application of the proceeds of the additional Debt, the aggregate principal amount of all our outstanding Debt and that of our subsidiaries on a consolidated basis determined in accordance with generally accepted accounting principles is greater than 60% of the sum (without duplication) of:

(1) our Total Assets,

(2) the purchase price of any real estate assets or mortgages receivable acquired, and

(3) the amount of any securities offering proceeds received by us or any subsidiary since the end of the last calendar quarter, including those proceeds obtained in connection with the incurrence of the additional Debt.

Our Total Assets will be measured at the end of the calendar quarter covered in our annual report on Form 10-K or quarterly report on Form 10-Q, as the case may be, most recently filed with the SEC. If such filing is not permitted under the Securities Exchange Act, we will provide this information to the trustee, prior to the incurrence of such additional Debt. To the extent that any real estate assets or mortgages had been previously included in our Total Assets, or the proceeds from a securities offering were used to purchase real estate assets, their accounting will not be duplicated.

In addition to this limitation on the incurrence of Debt, we and our subsidiaries will not allow our outstanding Debt that is secured by any mortgage, lien, charge, pledge, encumbrance or security interest of any kind upon any of our property or the property of any of our subsidiaries, if the aggregate principal amount of all of our outstanding Debt and that of our subsidiaries so secured would be greater than 40% of the sum of our Total Assets, and the purchase price of real estate or mortgage receivables acquired, and proceeds from the sale of securities, determined as described above. This ratio will be measured immediately after giving effect to the incurrence of such additional Debt and the application of the proceeds of the additional Debt. In making this calculation, we are not required to include the amount of the debt securities issued under the Indenture if the debt securities are equally and ratably secured and the mortgage, lien, charge, pledge, encumbrance or security interest securing the debt securities arises under the Security Agency Agreement described above under Security and sharing arrangements .

In addition to these limitations on the incurrence of Debt, no subsidiary may incur any Unsecured Debt other than intercompany Debt subordinate to the debt securities; provided, however, that we or a subsidiary may acquire an entity that becomes a subsidiary that has Unsecured Debt if the incurrence of such Debt, including any guarantees of such Debt assumed by us or any subsidiary, was not intended to evade the restrictions on incurring Unsecured Debt and the incurrence of such Debt, including any guarantees of such Debt assumed by us or any subsidiary, would otherwise be permitted under the Indenture.

We and our subsidiaries may not at any time own Total Unencumbered Assets equal to less than 150% of the aggregate outstanding principal amount of our Unsecured Debt and that of our subsidiaries on a consolidated basis.

In addition to these limitations on the incurrence of Debt, we will not, and will not permit any subsidiary to, incur any Debt if the ratio of Consolidated Income Available for Debt Service to the Annual Service Charge or the four consecutive fiscal quarters most recently ended prior to the date on which such additional Debt is to be incurred shall

have been less than 1.5, on a pro forma basis after giving effect the incurrence of such Debt and to the application of the proceeds therefrom, and calculated on the assumption that:

such Debt and any other Debt incurred by us and our subsidiaries since the first day of such four-quarter period and the application of the proceeds therefrom, including to refinance other Debt, had occurred at the beginning of such period;

the repayment or retirement of any other Debt by us and our subsidiaries since the first day of such four-quarter period had been incurred, repaid or retired at the beginning of such period, except that, in making

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such computation, the amount of Debt under any revolving credit facility shall be computed based upon the average daily balance of such Debt during such period;

in the case of acquired Debt or Debt incurred in connection with any acquisition since the first day of such four-quarter period, the related acquisition had occurred as of the first day of such period with the appropriate adjustments with respect to such acquisition being included in such pro forma calculation; and

in the case of any acquisition or disposition by us or our subsidiaries of any asset or group of assets since the first day of such four-quarter period, whether by merger, stock purchase or sale, or asset purchase or sale, such acquisition or disposition or any related repayment of Debt had occurred as of the first day of such period with the appropriate adjustments with respect to such acquisition or disposition being included in such pro forma calculation.

For purposes of the foregoing covenants, the following definitions apply:

Annual Service Charge as of any date means the maximum amount which is payable in any period for interest on, and original issue discount of, our or our subsidiaries Debt and the amount of dividends which are payable in respect of any Disqualified Stock.

Consolidated Income Available for Debt Service for any period means earnings from operations (defined as net earnings, excluding gains and losses on sales of investments, net, as reflected in our consolidated financial statements), plus amounts which have been deducted, and minus amounts which have been added, for the following, without duplication:

interest on Debt;

provision for taxes based on income;

amortization of debt discount;

provisions for gains and losses on properties and property depreciation and amortization;

the effect of any noncash charge resulting from a change in accounting principles in determining earnings from operations for the applicable period and

amortization of deferred charges.

Debt means any of our or our subsidiaries indebtedness, whether or not contingent, in respect of:

borrowed money or evidenced by bonds, notes, debentures or similar instruments to the extent it appears as a liability on our consolidated balance sheet,

indebtedness secured by any mortgage, pledge, lien, charge, encumbrance or any security interest existing on property that we own to the extent it appears as a liability on our consolidated balance sheet,

the reimbursement obligations, contingent or otherwise, in connection with any letters of credit actually issued or amounts representing the balance deferred and unpaid of the purchase price of any property or services, except any such balance that constitutes an accrued expense or trade payable, or all conditional sale obligations or obligations under any title retention agreement to the extent it (other than a letter of

credit) appears as a liability on our consolidated balance sheet,

the principal amount of all of our and our subsidiaries obligations with respect to redemption, repayment or other repurchase of any Disqualified Stock,

any lease of property by us or any of our subsidiaries as lessee which is reflected on our consolidated balance sheet as a capitalized lease to the extent not otherwise included, any obligation by us or any of our subsidiaries to be liable for, or to pay, as obligor, guarantor or otherwise, other than for purposes of collection in the ordinary course of business, Debt of another person other than us or any of our subsidiaries.

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Disqualified Stock means, with respect to any person, any capital stock of such person which by the terms of such capital stock (or by the terms of any security into which it is convertible or for which it is exchangeable or exercisable), upon the happening of any event or otherwise, (i) matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, (ii) is convertible into or exchangeable or exercisable for Debt or Disqualified Stock or (iii) is redeemable at the option of the holder thereof, in whole or in part, in each case on or prior to the stated maturity of a series of debt securities.

Encumbrance means any mortgage, pledge, lien, charge, encumbrance or any security interest existing on property owned by us or any of our subsidiaries securing indebtedness for borrowed money, other than a Permitted Encumbrance.

Permitted Encumbrances means leases, Encumbrances securing taxes, assessments and similar charges, mechanics liens and other similar Encumbrances.

Total Assets means, as of any date, the sum of (i) Undepreciated Real Estate Assets and (ii) all of our and our subsidiaries other assets, but excluding accounts receivable and intangibles, determined in accordance with GAAP.

Total Unencumbered Assets means the sum of our and our subsidiaries Undepreciated Real Estate Assets and the value (determined in accordance with generally accepted accounting principles in the United States (GAAP)) of all our and our subsidiaries other assets, other than accounts receivable and intangibles, in each case not subject to an Encumbrance.

Undepreciated Real Estate Assets as of any date means the cost (original cost plus capital improvements) of our real estate assets and those of our subsidiaries, before depreciation and amortization determined on a consolidated basis in accordance with GAAP.

Unsecured Debt means Debt of the types described in the first, third and fourth points of the definition of Debt which is not secured by any mortgage, lien, charge, pledge or security interest of any kind upon any of or properties or those of our subsidiaries.

Debt covenants contained in the Second Supplemental Indenture

The Second Supplemental Indenture contains covenants that are currently in effect, and which are in addition to the covenants contained in the Original Indenture, as amended by the First Supplemental Indenture, and described in this prospectus. From and after the time that no debt securities issued pursuant to the Indenture prior to November 2, 2005, the date of the Second Supplemental Indenture, remain outstanding, the covenants contained in the Second Supplemental Indenture will be the only covenants limiting our incurrence of Debt, unless the Indenture is further modified or supplemented.

The covenants contained in the Second Supplemental Indenture provide that we will not, and will not permit any subsidiary to, incur any Debt if, immediately after giving effect to the incurrence of such additional Debt and the application of the net proceeds of the additional Debt, the aggregate principal amount of all our outstanding Debt and that of our subsidiaries on a consolidated basis determined in accordance with generally accepted accounting principles is greater than 65% of the sum of

(1) our Total Assets,

(2) the purchase price of any assets or mortgages receivable acquired, and

(3) the amount of any securities offering proceeds received by us or any subsidiary since the end of the last calendar quarter, including those proceeds obtained in connection with the incurrence of the additional Debt.

Our Total Assets will be measured at the end of the calendar quarter covered in our annual report on Form 10-K or quarterly report on Form 10-Q, as the case may be, most recently filed with the SEC. If such filing is not permitted under the Securities Exchange Act, we will provide this information to the trustee, prior to the incurrence of such additional Debt. To the extent that any assets or mortgage receivables had been previously

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included in our Total Assets, or the proceeds from a securities offering were used to purchase assets or mortgage receivables, their accounting will not be duplicated.

In addition to this limitation on the incurrence of Debt, we and our subsidiaries will not allow our outstanding Debt that is secured by an Encumbrance to be greater than 40% of the sum (without duplication) of our Total Assets, real estate or mortgage receivables, and proceeds from the sale of securities, determined as described above. This ratio will be measured immediately after giving effect to the incurrence of such additional Debt and the application of the proceeds of the additional Debt. In making this calculation, we are not required to include the amount of any Pari Passu Debt.

We and our subsidiaries may not at any time own Total Unencumbered Assets equal to less than 125% of the aggregate outstanding principal amount of our Unsecured Debt and that of our subsidiaries on a consolidated basis.

In addition to these limitations on the incurrence of Debt, we will not, and will not permit any subsidiary to, incur any additional Debt if the ratio of Consolidated Income Available for Debt Service to the Annual Service Charge or the four consecutive fiscal quarters most recently ended prior to the date on which such additional Debt is to be incurred shall have been less than 1.5 to 1.0 on a pro forma basis after giving effect the incurrence of such Debt and to the application of the net proceeds therefrom, and calculated on the assumption that:

- the additional Debt had been incurred at the beginning of the relevant period; and
- any assets acquired, or to be acquired, with the additional Debt and projected income from those assets had been acquired at the beginning of the relevant period.

For purposes of the covenants described under this caption the following definitions apply (all other terms used but not defined have the meanings as described above under Limitations on incurrence of debt):

Annual Service Charge for any period means interest expense that is recognized in our consolidated statement of earnings on, and original issue discount of, our or our subsidiaries Debt and the amount of dividends which are payable in respect of any Disqualified Stock.

CDFS means our business segment described in our annual report on Form 10-K and referred to as the corporate distribution facilities services or CDFS segment (or successor descriptions).

Consolidated Income Available for Debt Service for any period means earnings from our operations and from the operations of our subsidiaries before preferred share dividends determined in accordance with GAAP plus amounts which have been deducted, and minus amounts which have been added, for the following, without duplication:

- losses (gains) from the disposition or impairment of properties that are not classified in our consolidated financial statements as (i) gains and losses on dispositions of CDFS business assets (or successor descriptions) (which includes dispositions of CDFS properties to property funds in which we or one of our subsidiaries maintains an interest, dispositions to third parties under build-to-suit contracts and dispositions of land); (ii) discontinued operations CDFS business assets (or successor descriptions) (which includes dispositions of CDFS business properties to third parties); or (iii) gains and losses on dispositions or impairments of investments in property funds, other Unconsolidated Affiliates or intangible assets (including goodwill), in each case to the extent included in our net earnings and the net earnings of our subsidiaries;

losses (gains) resulting from (i) foreign currency exchange effects of settlement of intercompany Debt and mark-to-market adjustments associated with intercompany Debt between us and our foreign subsidiaries and our foreign Unconsolidated Affiliates, (ii) foreign currency effects from the remeasurement of third party Debt of our foreign subsidiaries and our foreign Unconsolidated Affiliates and (iii) mark-to-market adjustments to foreign exchange hedge contracts (or other derivatives), in each case to the extent included in our net earnings and the net earnings of our subsidiaries;

losses (gains) from early extinguishment of Debt;

excess (deficit) of redemption value over carrying value of preferred shares redeemed;

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extraordinary losses (extraordinary gains) determined in accordance with GAAP; and

cumulative charges (benefits) from a change in accounting principle;

plus all amounts deducted in calculating net earnings in accordance with GAAP, for interest expense, income taxes, depreciation and amortization. The foregoing shall be adjusted accordingly to take into account our interests in our Unconsolidated Affiliates.

Debt means any of our or our subsidiaries indebtedness (without duplication), in respect of:

money or evidenced by bonds, notes, mortgages, debentures or similar instruments, but excluding any mark-to-market increase or decrease in indebtedness due to the purchase accounting impact of corporate or portfolio acquisitions and from the remeasurement of intercompany indebtedness of our subsidiaries or Unconsolidated Affiliates, to the extent it appears as a liability on our consolidated balance sheet,

indebtedness secured by an Encumbrance existing on any of our property or that of any subsidiary, whether or not such obligation shall have been assumed by us or any subsidiary; provided that the amount of any Debt under this clause that has not been assumed by us or any subsidiary shall be equal to the lesser of the stated amount of such Debt or the fair market value of the property securing such Debt, in each case, to the extent it appears as a liability on our consolidated balance sheet,

the principal amount of all our or any of our subsidiaries obligations with respect to redemption, repayment or other repurchase of any Disqualified Stock,

any capitalized lease of property by us or any of our subsidiaries, as lessee, to the extent it appears as a liability on our consolidated balance sheet, or

to the extent not otherwise included, any obligation of ours or any of our subsidiaries to be liable for, or to pay, as obligor or guarantor, other than for purposes of collection in the ordinary course of business, Debt of another person other than us or any of our subsidiaries, excluding, in each case, indemnification obligations, capital contribution obligations and similar obligations that are not required to be reflected on our consolidated balance sheet.

Debt shall be adjusted accordingly to take into account our interests in our Unconsolidated Affiliates by eliminating that portion of Debt that is not our obligation or the obligation of our subsidiaries.

Encumbrance means any mortgage, pledge, lien, charge, encumbrance or any security interest existing on property owned by us or any of our subsidiaries securing indebtedness for borrowed money, other than a Permitted Encumbrance.

GAAP means generally accepted accounting principles as in effect from time to time in the United States; provided that if the cumulative effect of changes in generally accepted accounting principles after December 31, 2004 would result in our failing to be in compliance with any of the financial covenants contained in the Indenture, but we would have been in compliance with any such financial covenant calculated in accordance with generally accepted accounting principles as applied in the preparation of our audited financial statements as at December 31, 2004 (2004 GAAP), then, solely for purposes of calculating such financial covenant, GAAP means 2004 GAAP. In the event that we are required to make any such adjustments in order to so comply with any of the financial covenants contained in the Indenture, we will, concurrently with delivery by us to the trustee of any certificate required by the Indenture as to

our compliance with all conditions and covenants under the Indenture, deliver to the trustee a summary in reasonable detail of the adjustments made to our publicly filed financial statements in order to calculate such financial covenant in accordance with 2004 GAAP.

Pari Passu Debt means any of our or our subsidiaries unsubordinated Debt that is unsecured, is secured only by Encumbrances on property that secure the debt securities issued under the Indenture on an equal and ratable basis with such Debt or the debt securities provided the debt securities are equally and ratably secured.

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Permitted Encumbrances means

pledges or deposits made to secure payment of worker s compensation, or to participate in any fund in connection with worker s compensation insurance, unemployment insurance, pensions, or social security programs,

Encumbrances consisting of zoning restrictions, easements, or other restrictions on the use of real property, provided that such items do not materially impair the use of such property for the purposes intended and none of which is violated in any material respect by existing or proposed structures or land use,

Encumbrances imposed by mandatory provisions of law such as for materialmen s, mechanic s, warehousemen s, and other like Encumbrances arising in the ordinary course of business, securing payment of any liability whose payment is not yet due,

Encumbrances for taxes not yet due and payable or for taxes, assessments, and governmental charges or assessments that are being contested in good faith by appropriate proceedings diligently conducted,

Encumbrances on properties where we or the applicable subsidiary is insured against such Encumbrances by title insurance or other similar arrangements,

Encumbrances securing assessments or charges payable to a property owner association or similar entity, which assessments are not yet due and payable or are being contested in good faith by appropriate proceedings diligently conducted,

Encumbrances securing assessment bonds and similar facilities district bonds so long as we or the applicable subsidiary is not in material default under the terms thereof,

Encumbrances granted to us by any of our subsidiaries,

leases to tenants of space in properties that are entered into in the ordinary course of business,

any netting or set-off arrangement entered into by us or any of our subsidiaries in the normal course of its banking arrangements for the purpose of netting debit and credit balances, or any set-off arrangement which arises by operation of law as a result of us or any of our subsidiaries opening a bank account,

any title transfer or retention of title arrangement entered into by us or any of our subsidiaries in the normal course of its trading activities on the counterparty s standard or usual terms,

Encumbrances over goods and documents of title to goods arising out of letter of credit transactions entered into in the ordinary course of business, and

any Encumbrance which secures the Pari Passu Debt.

Total Assets as of any date means the sum of total assets, before accumulated depreciation and amortization, as reflected on our consolidated balance sheet for such date adjusted accordingly to take into account our interests in our Unconsolidated Affiliates by eliminating that portion of assets that are not our or our subsidiaries assets, and property management and other property fund fees set forth in our most recent consolidated financial statements for the four fiscal quarters immediately preceding the relevant determination divided by 0.08.

Total Unencumbered Assets means Total Assets, determined on a basis not including any assets that are subject to an Encumbrance.

Unconsolidated Affiliate means any entity in which we, directly or indirectly, hold an ownership interest, the operations and results of which are not consolidated in our financial statements included in our annual report on Form 10-K or quarterly report on Form 10-Q or any entity in which we, directly or indirectly, hold a 50% or less equity ownership interest notwithstanding that the operations and results of that entity are consolidated with our operations and results in our financial statements included in our annual report on Form 10-K or quarterly report on Form 10-Q.

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Unsecured Debt means Debt, including Pari Passu Debt, which is not otherwise secured by an Encumbrance upon any of our or our subsidiaries properties.

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.

Maintenance of properties