PROLOGIS
Form 424B5
April 09, 2009

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**Filed Pursuant to Rule 424(b)(5)**
**Registration No. 333-157818**

| Title of Each Class of Securities to be Registered | Amount to be Registered | Proposed Maximum Offering Price Per Share | Proposed Maximum Aggregate Offering Price | Amount of Registration Fee |
|---|---|---|---|---|
| Common Shares of Beneficial Interest, par value, $0.01 per share | 174,800,000 | $6.60 | $1,153,680,000 | $64,375.34 |

**Prospectus Supplement**
**(To Prospectus dated March 10, 2009)**

**152,000,000 Shares**

**Common Shares**

We are offering 152,000,000 of our common shares of beneficial interest, par value $0.01 per share, to be sold in this offering. We have granted the underwriters an option to purchase up to an additional 22,800,000 common shares within 30 days from the date of this prospectus to cover overallotments.

We are organized and conduct our operations in a manner which we believe allows us to qualify as a real estate investment trust for federal income tax purposes. To assist us in complying with certain federal income tax requirements applicable to real estate investment trusts, our charter contains certain restrictions relating to the ownership and transfer of our shares, including an ownership limit of 9.8% in value or number (whichever is more restrictive) of our common shares. See Description of Common Shares in the accompanying prospectus.

Our common shares are listed on the New York Stock Exchange under the symbol PLD. The last reported sale price of our common shares on the New York Stock Exchange on April 7, 2009 was $6.82 per share.

**Investing in our common shares involves risks. See Risk Factors beginning on page S-4 in this prospectus supplement, on page 1 of the accompanying prospectus and on page 13 of our Annual Report on Form 10-K for the year ended December 31, 2008, which is incorporated herein by reference.**

| | Per Share | Total |
|---|---|---|
| Public offering price | $6.60 | $1,003,200,000 |
| Underwriting discount | $.264 | $40,128,000 |
| Proceeds, before expenses, to ProLogis | $6.336 | $963,072,000 |

Neither the United States Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares against payment on April 14, 2009.

*Joint Book-Running Managers*

**Merrill Lynch & Co.** **Citi** **Deutsche Bank Securities**

*Senior Co-Managers*

**ABN AMRO Incorporated** **Barclays Capital** **J.P.Morgan** **Morgan Stanley** **UBS Investment Bank**

*Co-Managers*

**CALYON** **Daiwa Securities America Inc.** **ING Wholesale** **Scotia Capital**

The date of this prospectus supplement is April 8, 2009.

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You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized anyone to provide you with different information. We are not, and the underwriters are not, making an offer of these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information contained in this prospectus supplement, the accompanying prospectus or the documents incorporated by reference in this prospectus supplement and the accompanying prospectus 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.

Information contained on our web site does not constitute part of this prospectus supplement or the accompanying prospectus.

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## ABOUT THIS PROSPECTUS SUPPLEMENT

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.

This prospectus supplement contains the terms of this offering. A description of our common shares is incorporated by reference in the accompanying prospectus. This prospectus supplement, or the information incorporated by reference herein, may add, update or change information in the accompanying prospectus. If information in this prospectus supplement, or the information incorporated by reference herein, is inconsistent with the accompanying prospectus, this prospectus supplement, or the information incorporated by reference herein, will apply and will supersede that information in the accompanying prospectus. References to the prospectus are to the prospectus supplement, together with the accompanying prospectus, and the information incorporated by reference to each.

It is important for you to read and consider all information contained in this prospectus supplement, the accompanying prospectus and the information incorporated by reference herein and therein in making your investment decision. You should also read and consider the information in the documents to which we have referred you in Where You Can Find More Information in the accompanying prospectus.

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## PROSPECTUS SUPPLEMENT SUMMARY

*This summary highlights selected information about us. It may not contain all the information that may be important to you in deciding whether to invest in the common shares. You should read this entire prospectus supplement and the accompanying prospectus, together with the information incorporated by reference, including the risk factors, financial data and related notes, before making an investment decision.*

## ProLogis

### Overview

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

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

### Recent Developments

The following provides an update on our year-to-date disposition, contribution and financing activities:

***Contribution & Disposition Activities***

During the first quarter of 2009, we completed $131 million of contributions to ProLogis European Properties Fund II (PEPFII) that closed in March.

In addition, we are currently marketing approximately $700 million of operating and development properties for sale, approximately 85% of which are currently under contract or non-binding letters of intent. We have other assets in our operating and development portfolios that are currently under contract for sale or which we plan to contribute to unconsolidated property funds in 2009, subject to certain conditions. We expect to complete sales and contributions of properties in 2009, including the recently completed contribution to PEPFII, of approximately $950 million, including approximately:

- ¥12.5 billion ($138 million as of March 31, 2009) in proceeds from the sale of ProLogis Park Misato II to affiliates of GIC Real Estate scheduled to close in April;

$606 million of additional contributions to PEPFII anticipated to close in 2009 as properties meet stabilization criteria (properties representing approximately $538 million are currently greater than 93% leased, which meets the primary criterion for contribution to the fund); and

$75 million of contributions to Mexico Industrial Fund anticipated to close in 2009 as properties meet stabilization criteria (properties representing approximately $43 million are currently greater than 93% leased, which meets the primary criterion for contribution to the fund).

No assurance can be given that any of the transactions under contract, scheduled for contribution, subject to non-binding letters of intent or being currently marketed will actually be completed or as to the terms on which they may be completed.

*Capital Markets Activities*

We are currently taking or have taken the following actions with respect to our consolidated indebtedness:

New secured financing:

We are in the process of negotiating term sheets with various lenders for approximately $344 million in new secured borrowings in the U.S. and have fixed the interest rate on all of such secured financing; and

We are targeting new secured financings in Japan.

Global line of credit:

We are in active discussions with our bank group to restructure our global line of credit; and

We currently plan to reduce borrowing capacity under the line and are targeting an extension of the line to 2012.

Repurchases of Senior Notes:

On April 7, 2009, we announced that we had accepted for purchase 42.65 million (approximately $57.6 million) original principal amount of our 4.375% guaranteed notes due April 2011 for approximately 32.0 million (approximately $43.2 million) including accrued interest;

During March and April 2009, we repurchased $21.7 million original principal amount of our 2.25% convertible senior notes due 2037 (which have a cash put right in 2012) for approximately $12.0 million including accrued interest and $141.1 million of our 1.875% convertible senior notes due 2037 (which have a cash put right in 2013) for approximately $72.3 million including accrued interest; and

We funded the purchase of these notes with borrowings under our global line of credit and cash on hand, resulting in a net reduction in our on-balance sheet debt of approximately $94 million.

No assurance can be given that any of the prospective transactions described above will actually be completed or as to the terms on which they may be completed.

*Other Events*

Recognizing the need to maintain maximum financial flexibility in light of the current state of the capital markets and considering the impact of issuing additional shares in this offering, our board of trustees set our 2009 annualized distribution level at $0.70 per common share (including the $0.25 per share already paid in 2009). The payment of distributions is subject to authorization by the board out of funds legally available for the payment of distributions. The remaining distributions for 2009 are ProLogis current expectation and the actual distributions payable will be determined by our board of trustees based upon the circumstances at the time of authorization and the actual dividend payable may vary from such expected amounts.

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## The Offering

| | |
|---|---|
| Issuer | ProLogis, a Maryland real estate investment trust |
| Common Shares Offered by Us | 152,000,000 shares (or 174,800,000 shares if the underwriters overallotment option is exercised in full) |
| Common Shares to be Outstanding after this Offering | 419,787,827 shares[(1)] (or 442,587,827 shares if the underwriters overallotment option is exercised in full) |
| Use of Proceeds | We will use the net proceeds from the sale of the common shares to repay borrowings under our global line of credit and for general corporate purposes, including the repayment or repurchase of outstanding indebtedness. Bank of America, N.A., an affiliate of Merrill Lynch, Pierce, Fenner & Smith Incorporated, and certain affiliates of Citigroup Global Markets Inc. and Deutsche Bank Securities Inc. 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. See Underwriting. |
| Restriction on Ownership | In order to assist us in maintaining our qualification as a real estate investment trust for federal income tax purposes, ownership, actually or constructively, by any person of more than 9.8% in value or number (whichever is more restrictive) of common shares is restricted by our charter. See Description of Common Shares in the accompanying prospectus. |
| Listing | Our common shares are listed on the New York Stock Exchange under the symbol PLD . |
| Risk Factors | An investment in our common shares involves various risks, and prospective investors should carefully consider the matters discussed under the caption entitled Risk Factors beginning on page S-4 of this prospectus supplement, on page 1 of the accompanying prospectus and on page 13 of our Annual Report on Form 10-K for the year ended December 31, 2008, which is incorporated herein by reference. |

(1) Based on the number of shares outstanding at March 31, 2009. Excludes (i) 22,800,000 shares that may be sold by us if the underwriters exercise their overallotment option in full, (ii) approximately 15.0 million common shares reserved and available for future issuance as of March 31, 2009 under our share option, incentive and compensation plans, of which approximately 7.6 million common shares were subject to outstanding options with a weighted average exercise price of $31.46 per share, (iii) approximately 1.2 million common shares issuable upon exchange of units of limited partnership interest in certain of our limited partnerships as of March 31, 2009 and (iv) approximately 36.9 million common shares issuable upon conversion of outstanding convertible notes at March 31, 2009.

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## RISK FACTORS

*An investment in our common shares involves various material risks. You should carefully consider the risk factors set forth below and the risks set forth under the caption Risk Factors on page 1 of the accompanying prospectus and on page 13 of our most recent annual report on Form 10-K incorporated by reference in this prospectus supplement and the accompanying prospectus, as updated by our subsequent filings under the Securities Exchange Act of 1934, as amended.*

**We may change the distribution policy for our common shares in the future.**

On February 9, 2009, our Board of Directors declared a distribution of $0.25 per share that was paid on February 27, 2009 to our common shareholders of record on February 19, 2009. Recognizing the need to maintain maximum financial flexibility in light of the current state of the capital markets, and considering the distribution requirements for the increased number of shares expected to be outstanding upon completion of this offering, we expect to reduce distribution payments on our common shares for the balance of 2009 to an annualized distribution level of $0.70 per share (including the $0.25 distribution previously paid).

In addition, a recent Internal Revenue Service revenue procedure allows us to satisfy the REIT income distribution requirement by distributing up to 90% of our distributions on our common shares in our common shares in lieu of paying distributions entirely in cash. Although we reserve the right to utilize this procedure in the future, we currently have no intent to do so. In the event that we pay a portion of a distribution in our common shares, taxable U.S. shareholders would be required to pay tax on the entire amount of the distribution, including the portion paid in common shares, in which case such shareholders might have to pay the tax using cash from other sources. If a U.S. shareholder sells the shares it receives as a distribution in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the distribution, depending on the market price of our shares at the time of the sale. Furthermore, with respect to non-U.S. shareholders, we may be required to withhold U.S. tax with respect to such distribution, including in respect of all or a portion of such distribution that is payable in shares. In addition, if a significant number of our shareholders sell our common shares in order to pay taxes owed on distributions, such sales would put downward pressure on the market price of our common shares.

The decision to declare and pay distributions on our common shares in the future, as well as the timing, amount and composition of any such future distributions, will be at the sole discretion of our Board of Trustees and will depend on our earnings, funds from operations, liquidity, financial condition, capital requirements, contractual prohibitions or other limitations under our indebtedness and preferred shares, the annual distribution requirements under the REIT provisions of the Code, state law and such other factors as our Board of Trustees deems relevant. While the statements above concerning the remaining distributions for 2009 are the Company s current expectation, the actual distribution payable will be determined by our Board of Trustees based upon the circumstances at the time of declaration and the actual distribution payable may vary from such expected amounts. Any change in our distribution policy could have a material adverse effect on the market price of our common shares.

**Our shareholders will experience dilution as a result of this offering and they may experience dilution if we issue additional common shares.**

Based on the issuance of common shares in this offering, the receipt of the expected net offering proceeds and the use of those proceeds, we expect this offering to have a dilutive effect of approximately $0.48 to $0.50 per share and $0.25 to $0.27 per share on our previously announced expected funds from operations per share and earnings per share, respectively, for full-year 2009.

Any additional future issuances of common shares will reduce the percentage of our common shares owned by investors purchasing shares in this offering who do not participate in future issuances. In most circumstances shareholders will not be entitled to vote on whether or not we issue additional common shares. In addition, depending on the terms and pricing of an additional offering of our common shares and the value of our properties, our shareholders may experience dilution in both the book value and fair value of their shares.

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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 regarding 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, 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, and any such statements incorporated by reference from documents filed with the Securities and Exchange Commission ( SEC ) by us;

(2) any statements preceded by, followed by or that include the words believes, expects, anticipates, intends, plan 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 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. For a discussion of some of these factors, see Risk Factors beginning on page 13 of our Annual Report on Form 10-K for the year ended December 31, 2008, which is incorporated herein by reference.

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

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## USE OF PROCEEDS

We expect to receive net proceeds from this offering of approximately $962.6 million after deducting underwriting discounts and commissions and estimated transaction expenses payable by us of approximately $40.6 million (or approximately $1,107.0 million if the underwriters exercise their overallotment option in full). We will use the net proceeds from this offering of the common shares to repay borrowings under our global line of credit and for general corporate purposes, including the repayment or repurchase of outstanding indebtedness.

As of December 31, 2008, we had a total commitment of $3.8 billion under our global line of credit. This commitment was reduced by $109 million representing letters of credit outstanding with the lending banks. We had approximately $2.6 billion outstanding and an available balance of approximately $1.1 billion at December 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, for the repayment or repurchase of outstanding indebtedness and for working capital purposes. Bank of America, N.A., an affiliate of Merrill Lynch, Pierce, Fenner & Smith Incorporated, and certain affiliates of Citigroup Global Markets Inc. and Deutsche Bank Securities Inc. 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 plus a margin (resulting in a weighted average interest rate of 2.38% for borrowings outstanding at December 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.

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## PRICE RANGE OF COMMON SHARES AND DISTRIBUTIONS

Our common shares are listed on the New York Stock Exchange under the symbol PLD . The following table sets forth the high and low sale prices, as reported in the New York Stock Exchange Composite Tape, and distributions per common share, for the periods indicated.

| | High Sale Price | Low Sale Price | Per Common Share Cash Distribution |
|---|---|---|---|
| **2007:** | | | |
| First Quarter | $ 72.08 | $ 58.00 | $ 0.46 |
| Second Quarter | 67.99 | 55.76 | 0.46 |
| Third Quarter | 66.86 | 51.65 | 0.46 |
| Fourth Quarter | 73.34 | 59.37 | 0.46 |
| **2008:** | | | |
| First Quarter | $ 64.00 | $ 51.04 | $ 0.5175 |
| Second Quarter | 66.51 | 53.42 | 0.5175 |
| Third Quarter | 54.89 | 34.61 | 0.5175 |
| Fourth Quarter | 39.85 | 2.20 | 0.5175 |
| **2009:** | | | |
| First Quarter | $ 16.68 | $ 4.87 | $ 0.25 |
| Second Quarter (through April 7) | 8.40 | 6.10 | |

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## CAPITALIZATION

The following table sets forth our capitalization as of December 31, 2008, on an actual basis and on an as adjusted basis, to give effect to:

- the offering and sale of 152,000,000 of our common shares in this offering (assuming no exercise of the underwriters overallotment option) at an offering price per share of $6.60, after deducting underwriting discounts and commissions and estimated transaction expenses payable by us; and

- the application of the entire net proceeds from the offering to reduce our borrowings under our global line of credit as described in Use of Proceeds.

The capitalization table should be read in conjunction with our consolidated financial statements and the related notes incorporated by reference in this prospectus supplement and the accompanying prospectus.

| | As of December 31, 2008 | | |
|---|---|---|---|
| | Actual | Adjustments | As adjusted |
| | (In thousands, except per share amounts) | | |
| Cash and cash equivalents | $ 174,636 | | $ 174,636 |
| Debt: | | | |
| Credit facilities (including global line) | $ 3,218,283 | (962,572) | $ 2,255,711 |
| Senior and other notes | 3,995,410 | | 3,995,410 |
| Convertible senior notes | 2,886,401 | | 2,886,401 |
| Secured debt and assessment bonds | 907,542 | | 907,542 |
| Total debt | 11,007,636 | (962,572) | 10,045,064 |
| Minority interest | 19,878 | | 19,878 |
| Shareholders equity: | | | |
| Series C Preferred Shares at stated liquidation preference of $50.00 per share | 100,000 | | 100,000 |
| Series F Preferred Shares at stated liquidation preference of $25.00 per share | 125,000 | | 125,000 |
| Series G Preferred Shares at stated liquidation preference of $25.00 per share | 125,000 | | 125,000 |
| Common Shares at $.01 par value per share | 2,670 | 1,520 | 4,190 |
| Additional paid-in capital | 6,688,615 | 961,052 | 7,649,667 |
| Accumulated other comprehensive income (loss) | (29,374) | | (29,374) |
| Distributions in excess of net earnings | (587,199) | | (587,199) |
| Total shareholders equity | 6,424,712 | 962,572 | 7,387,284 |
| Total Capitalization | $ 17,452,226 | | $ 17,452,226 |

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## UNDERWRITING

We are offering our common shares described in this prospectus supplement through the underwriters listed in the table below. Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc. and Deutsche Bank Securities Inc. are acting as joint book-running managers of the offering and as representatives of the underwriters. We have entered into a purchase agreement with the underwriters. Subject to the terms and conditions of the purchase agreement, we have agreed to sell to the underwriters, and each underwriter has severally agreed to purchase, at the public offering price less the underwriting discounts and commissions set forth on the cover page of this prospectus supplement, the number of our common shares listed next to its name in the following table:

| Underwriter | Number of Shares |
|---|---|
| Merrill Lynch, Pierce, Fenner & Smith Incorporated | 38,000,000 |
| Citigroup Global Markets Inc. | 30,400,000 |
| Deutsche Bank Securities Inc. | 26,600,000 |
| ABN AMRO Incorporated | 9,120,000 |
| Barclays Capital Inc. | 9,120,000 |
| J.P. Morgan Securities Inc. | 9,120,000 |
| Morgan Stanley & Co. Incorporated | 9,120,000 |
| UBS Securities LLC | 9,120,000 |
| Calyon Securities (USA) Inc. | 2,850,000 |
| Daiwa Securities America Inc. | 2,850,000 |
| ING Financial Markets LLC | 2,850,000 |
| Scotia Capital (USA) Inc. | 2,850,000 |
| Total | 152,000,000 |

The underwriters are committed to purchase all the common shares offered by us if they purchase any shares. However, the underwriters are not required to take or pay for the shares covered by the underwriters overallotment option described below. The purchase agreement also provides that if an underwriter defaults, the purchase commitments of non-defaulting underwriters may also be increased or the offering may be terminated.

The underwriters initially propose to offer the common shares directly to the public at the public offering price set forth on the cover page of this prospectus supplement and to certain dealers at that price less a concession not in excess of $.1584 per share. Any such dealers may resell shares to certain other brokers or dealers at a discount of up to $.10 per share from the offering price. After the initial public offering of the shares offered by this prospectus supplement, the offering price and other selling terms may be changed by the underwriters. Sales of shares made outside of the United States may be made by affiliates of the underwriters.

The underwriters have an option to buy up to 22,800,000 additional common shares from us to cover sales of shares by the underwriters which exceed the number of shares specified in the table above. The underwriters have 30 days from the date of this prospectus supplement to exercise this overallotment option. If any shares are purchased with this overallotment option, the underwriters will purchase shares in approximately the same proportion as shown in the table above. If any additional common shares are purchased, the underwriters will offer the additional shares on the same terms as those on which the shares are being offered.

The underwriting fee is equal to the public offering price per common share less the amount paid by the underwriters to us per common share. The underwriting fee is $.264 per share. The following table shows

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the per share and total underwriting discounts and commissions to be paid to the underwriters assuming both no exercise and full exercise of the underwriters overallotment option.

| | Per Share | Without Overallotment Exercise | With Full Overallotment Exercise |
|---|---|---|---|
| Public offering price | $6.60 | $1,003,200,000 | $1,153,680,000 |
| Underwriting discount | $.264 | $40,128,000 | $46,147,200 |
| Proceeds, before expenses, to ProLogis | $6.336 | $963,072,000 | $1,107,532,800 |

We estimate that the total expenses of this offering, including registration, filing and listing fees, printing fees and legal and accounting expenses, but excluding the underwriting discounts and commissions, will be approximately $500,000.

A prospectus supplement in electronic format may be made available on the web sites maintained by one or more underwriters, or selling group members, if any, participating in the offering. The underwriters may agree to allocate a number of shares to underwriters and selling group members for sale to their online brokerage account holders. Internet distributions will be allocated by the representatives to underwriters and selling group members that may make Internet distributions on the same basis as other allocations.

We, our trustees and certain of our executive officers have agreed that, for a period of 45 days from the date of this prospectus supplement and subject to certain exceptions, we and they will not, without the prior written consent of Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc. and Deutsche Bank Securities Inc.:

offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any ProLogis common shares or any securities convertible into or exercisable or exchangeable for ProLogis common shares,