

PROLOGIS
Form 10-K
February 26, 2010

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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-K

(Mark One)

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2009
- OR**
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission File Number 1-12846

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction
of incorporation or organization)

74-2604728
(I.R.S. employer
identification no.)

**4545 Airport Way
Denver, CO 80239**
(Address of principal executive offices and zip code)

(303) 567-5000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of each exchange on which registered
Common Shares of Beneficial Interest, par value \$0.01 per share	New York Stock Exchange
Series F Cumulative Redeemable Preferred Shares of Beneficial Interest, par value \$0.01 per share	New York Stock Exchange

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Series G Cumulative Redeemable Preferred Shares of Beneficial Interest par value \$0.01
per share

New York Stock
Exchange

Securities registered pursuant to Section 12(g) of the Act: **NONE**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website; if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter periods that the registrant was required to submit and post such files).
Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

(Check one) Large accelerated filer Accelerated filer
 Non-accelerated filer (do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes No

Based on the closing price of the registrant's shares on June 30, 2009, the aggregate market value of the voting common equity held by non-affiliates of the registrant was \$3,563,239,800.

At February 19, 2010, there were outstanding approximately 474,204,900 common shares of beneficial interest of the registrant.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for the 2010 annual meeting of its shareholders are incorporated by reference in Part III of this report.

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Certain statements contained in this discussion or elsewhere in this report may be deemed forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Words and phrases such as expects, anticipates, intends, plans, believes, seeks, estimates, designed to achieve, variations of such words and similar expressions intended to identify such forward-looking statements, which generally are not historical in nature. All statements that address operating performance, events or developments that we expect or anticipate will occur in the future including statements relating to rent and occupancy growth, development activity and changes in sales or contribution volume or profitability of developed properties, economic and market conditions in the geographic areas where we operate and the availability of capital in existing or new property funds are forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Although we believe the expectations reflected in any forward-looking statements are based on reasonable assumptions, we can give no assurance that our expectations will be attained and therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. Many of the factors that may affect outcomes and results are beyond our ability to control. For further discussion of these factors see Item 1A Risk Factors in this annual report on Form 10-K. All references to we, us and our refer to ProLogis and our consolidated subsidiaries.

PART I

ITEM 1. Business

ProLogis is a leading global provider of industrial distribution facilities. We are a Maryland real estate investment trust (REIT) and have elected to be taxed as such under the Internal Revenue Code of 1986, as amended (the Code). Our world headquarters is located in Denver, Colorado. 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.

Our Internet website address is www.prologis.com. All reports required to be filed with the Securities and Exchange Commission (the SEC) are available or may be accessed free of charge through the Investor Relations section of our Internet website as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. Our Internet website and the information contained therein or connected thereto are not intended to be incorporated into this Annual Report on Form 10-K. Our common shares trade under the ticker symbol PLD on the New York Stock Exchange (NYSE).

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

Industrial distribution facilities are a crucial link in the modern supply chain, and they serve three primary purposes for supply-chain participants: (i) support accurate and seamless flow of goods to their appointed destinations; (ii) function as processing centers for goods; and (iii) enable companies to store enough inventory to meet surges in demand and to cushion themselves from the impact of a break in the supply chain.

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At December 31, 2009, our total portfolio of properties owned, managed, and under development includes direct-owned properties and properties owned by property funds and joint ventures that we manage. These properties are located in North America, Europe and Asia and are broken down as follows:

	Number of Properties	Square Feet (in thousands)	Investment (in thousands)
Total owned, managed and under development:			
Industrial properties:			
Operating properties	1,188	191,623	\$ 11,545,501
Properties under development	5	2,930	191,127
Retail and mixed use properties	29	1,150	291,038
Land held for development	n/a	n/a	2,569,343
Other real estate investments	n/a	n/a	618,887
Total	1,222	195,703	15,215,896
Investment management-industrial properties(1)	1,379	284,262	19,913,874
Total properties owned and under management	2,601	479,965	\$ 35,129,770

(1) Amounts represent the entity's investment in the operating property, not our proportionate share.

Business Strategy

In late 2008, we modified our business strategy to adjust to the global financial market and economic disruptions. This new strategy entailed limiting our development activities to conserve capital and focus on strengthening our balance sheet.

Narrowing our focus allowed us to work on specific goals we set forth for 2009, which were to:

reduce debt by \$2.0 billion;

recast our global line of credit;

complete the properties under development as of the end of 2008 and focus on leasing our total development portfolio;

manage our core portfolio of industrial distribution properties to maintain and improve our net operating income stream from these assets;

generate liquidity through contributions of properties to our property funds and through sales of real estate to third parties; and

reduce gross general and administrative expenses (G&A) by 20% to 25%.

In 2009, we generated liquidity through the issuance of nearly \$1.5 billion of common equity as well as nearly \$2.9 billion of asset dispositions and property fund contributions, including \$1.3 billion from the sale of certain Asian operations. These transactions allowed us to reduce our debt by \$2.7 billion from December 31, 2008. In addition, we renegotiated and extended our global line of credit, simplified the debt covenants related to our senior notes and extended the maturities of our debt. See further discussion in Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources.

We reduced our gross G&A by 26.5% in 2009 from 2008, through various cost savings initiatives, including a reduction in workforce (RIF) program. We executed leasing in our development portfolio in 2009, increasing the leased percentage to 64.3% at December 31, 2009 from 41.4% at the beginning of the year.

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Now that we have achieved our goals for 2009, we believe we are in a better liquidity position and can focus on our longer-term strategy of conservative growth through the ownership, management and development of industrial properties with a concentrated focus on customer service. Included in our objectives for 2010 and beyond are to:

retain more of our development assets in order to improve the geographic diversification of our direct owned properties, as most of our planned developments are in international markets;

monetize our investment in land of \$2.6 billion at December 31, 2009; and

continue to focus on staggering and extending our debt maturities.

We plan to accomplish these objectives by generating proceeds through selective sales of real estate properties (primarily located in the U.S.) and land parcels, and limited contribution of development properties to the property funds. We will use the proceeds to fund our development activities, which will allow us to respond to new build-to-suit (pre-leased) opportunities to better serve our customers and to transition our non-income producing land into income producing properties. We will continue to focus on leasing the development portfolio (representing 53.5 million square feet at December 31, 2009 that was 64.3% leased).

Our Operating Segments

The following discussion of our business segments should be read in conjunction with Item 1A Risk Factors, our property information presented in Item 2 Properties, Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations and our segment footnote - Note 20 to our Consolidated Financial Statements in Item 8.

Our current business strategy includes two operating segments: (i) direct owned and (ii) investment management. Our direct owned segment represents the direct long-term ownership of industrial and retail properties. Our investment management segment represents the long-term investment management of property funds, other unconsolidated investees and the properties they own.

Operating Segments - Direct Owned

Our direct owned segment represents the long-term ownership of industrial and retail properties. Our investment strategy focuses primarily on the ownership and leasing of these properties in key distribution markets. We divide our operating properties into two categories, properties that we developed (completed development properties) and all other operating properties (core properties). Prior to December 31, 2008, the completed development properties were referred to as our CDFS properties.

Also included in this segment are industrial properties that are currently under development, land available for development and land subject to ground leases.

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At December 31, 2009, the following properties are in the direct owned segment and located in North America, Europe and Asia (square feet and investment in thousands):

	Number of Properties	Square Feet	Leased Percentage	Investment (before depreciation) at December 31, 2009
Industrial and retail properties:				
Core properties	1,025	141,019	90.1%	\$ 7,436,539
Completed development properties	163	50,604	62.2%	4,108,962
Properties under development	5	2,930	100.0%	191,127
Retail properties	27	1,014	91.5%	251,948
Total industrial and retail properties	1,220	195,567	83.0%	11,988,576
Land held for development				2,569,343
Land subject to ground leases and other				385,222
Total				\$ 14,943,141

Results of Operations

We earn rent from our customers, including reimbursement of certain operating costs, under long-term operating leases (with an average lease term of five to six years at December 31, 2009). The revenue in this segment decreased in 2009 principally due to the contributions of properties (generally completed and fully leased development properties) to the unconsolidated property funds and decreases in rental rates on turnovers, offset partially by new leasing activity in our completed development properties. However, rental revenues generated by the lease-up of newly developed properties have not been adequate to offset the loss of rental revenues from fully leased property contributions. We expect our total revenues from this segment to increase slightly in 2010 through increases in occupied square feet predominantly in our development portfolio, offset partially with decreases from contributions of properties we made in 2009 or may make in 2010. We anticipate the increases in occupied square feet to come from leases that were signed in 2009, but have not commenced occupancy, and future leasing activity in 2010.

Market Presence

At December 31, 2009, our 1,188 industrial operating properties in this segment aggregating 191.6 million square feet were located in 39 markets in 3 countries in North America (1 market in Canada, 6 markets in Mexico and 32 markets in the United States), 28 markets in 12 countries in Europe (Czech Republic, France, Germany, Hungary, Italy, the Netherlands, Poland, Romania, Slovakia, Spain, Sweden and the United Kingdom) and 6 markets in 2 countries in Asia (Japan and South Korea). Our largest markets for this segment in North America (based on our investment in the properties) are Atlanta, Chicago, Dallas/Fort Worth, Inland Empire, Los Angeles, New Jersey and San Francisco South Bay. Our largest investments in Europe are in Poland and the United Kingdom and our largest investment in

Asia is in Japan. Our 5 properties under development at December 31, 2009 aggregated 2.9 million square feet and were located in 1 market in North America, 3 markets in Europe and 1 market in Asia. At December 31, 2009, we owned 10,360 acres of land with an investment of \$2.6 billion and located in North America (6,275 acres, \$1.1 billion investment), Europe (3,959 acres, \$1.2 billion investment) and Asia (126 acres, \$0.3 billion investment). The retail properties and land subject to ground leases are all located in the United States. See further detail in Item 2 Properties .

Competition

The existence of competitively priced distribution space available in any market could have a material impact on our ability to rent space and on the rents that we can charge. To the extent we wish to acquire land for future development of properties in our direct owned segment, we may compete with local, regional, and national developers. We also face competition from other investment managers in attracting capital for our property funds to be utilized to acquire properties from us or third parties.

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We believe we have competitive advantages due to (i) our ability to quickly respond to customer's needs for high-quality distribution space in key global distribution markets; (ii) our established relationships with key customers serviced by our local personnel; (iii) our ability to leverage our organizational structure to provide a single point of contact for our global customers; (iv) our property management and leasing expertise; (v) our relationships and proven track record with current and prospective investors in the property funds; (vi) our global experience in the development and management of industrial properties; (vii) the strategic locations of our land positions; and (viii) our personnel who are experienced in the land acquisition and entitlement process.

Property Management

Our business strategy includes a customer service focus that enables us to provide responsive, professional and effective property management services at the local level. To enhance our management services, we have developed and implemented proprietary operating and training systems to achieve consistent levels of performance and professionalism and to enable our property management team to give the proper level of attention to our customers. We manage substantially all of our operating properties.

Customers

We have developed a customer base that is diverse in terms of industry concentration and represents a broad spectrum of international, national, regional and local distribution space users. At December 31, 2009, in our direct owned segment, we had 2,468 customers occupying 155.2 million square feet of industrial and retail space. Our largest customer and 25 largest customers accounted for 2.3% and 21.4%, respectively, of our annualized collected base rents at December 31, 2009.

Employees

We employ 1,135 persons in our entire business. Our employees work in 3 countries in North America (725 persons), in 13 countries in Europe (310 persons) and in 2 countries in Asia (100 persons). Of the total, we have assigned 645 employees to our direct owned segment and 40 employees to our investment management segment. We have 450 employees who work in corporate positions who are not assigned to a segment who may assist with segment activities. We believe our relationships with our employees are good. Our employees are not organized under collective bargaining agreements, although some of our employees in Europe are represented by statutory Works Councils and benefit from applicable labor agreements.

Future Plans

Our current business plan allows for the selective development of industrial properties (generally pre-leased) to: (i) address the specific expansion needs of customers; (ii) enhance our market presence in a specific country, market or submarket; (iii) take advantage of opportunities where we believe we have the ability to achieve favorable returns; (iv) monetize our existing land positions through pre-committed development of industrial properties to primarily hold for long-term investment; and (v) improve the geographic diversification of our portfolio. In addition, we expect to complete the development of the properties we have under development, focus on leasing the properties in our development portfolio and complete the properties under development in joint ventures in which we have an ownership interest.

In 2010, we intend to fund our investment activities in the direct owned segment by generating proceeds through selective sales of completed real estate properties and land parcels. Additionally, depending on market conditions and the capital available from our fund partners, we may contribute core properties and/or completed development properties to the property funds.

Operating Segments **Investment Management**

The investment management segment represents the investment management of unconsolidated property funds and certain joint ventures and the properties they own. We utilize our investment management expertise to

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manage the property funds and joint ventures and we utilize our leasing and property management expertise to manage the properties owned by these entities.

Our property fund strategy:

allows us, as the manager of the property funds, to maintain and expand our market presence and customer relationships;

allows us to maintain a long-term ownership position in the properties;

allows us to earn fees for providing services to the property funds; and

provides us an opportunity to earn incentive performance participation income based on the investors' returns over a specified period.

Investments

As of December 31, 2009, we had investments in and advances to 15 property funds totaling \$1.9 billion with ownership interests ranging from 20% to 50%. These investments are in North America 12 aggregating \$1,010.2 million; Europe 2 aggregating \$845.0 million; and Asia 1 with \$21.4 million. These property funds own, on a combined basis, 1,287 distribution properties aggregating 274.2 million square feet with a total entity investment (not our proportionate share) in operating properties of \$19.5 billion. Also included in this segment are certain industrial joint ventures, which we manage and that own 92 operating properties with 10.0 million square feet all located in North America.

Results of Operations

We recognize our proportionate share of the earnings or losses from our investments in unconsolidated property funds and certain joint ventures that are accounted for under the equity method. In addition, we recognize fees and incentives earned for services performed on behalf of these and other entities. We provide services to these entities, which may include property management, asset management, leasing, acquisition, financing and development services. We may also earn incentives from our property funds depending on the return provided to the fund partners over a specified period.

We report the costs associated with our investment management segment as a separate line item Investment Management Expenses in our Consolidated Statements of Operations. These costs include the direct expenses associated with the asset management of the property funds provided by 40 individuals (as of December 31, 2009 and as discussed below) who are assigned to our investment management segment. In addition, in order to achieve efficiencies and economies of scale, all of our property management functions are provided by a team of professionals who are assigned to our direct owned segment. These individuals perform the property-level management of the properties we own and the properties we manage that are owned by the unconsolidated investees. We allocate the costs of our property management function to the properties we own (reported in Rental Expenses) and the properties owned by the unconsolidated investees (included in Investment Management Expenses), by using the square feet owned at the beginning of the period by the respective portfolios. For 2009, we allocated approximately 55% of our total property management costs to the investment management segment.

Market Presence

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At December 31, 2009, the property funds on a combined basis owned 1,287 properties aggregating 274.2 million square feet located in 45 markets in 3 countries in North America (Canada, Mexico and the United States), 35 markets in 12 countries in Europe (Belgium, the Czech Republic, France, Germany, Hungary, Italy, the Netherlands, Poland, Slovakia, Spain, Sweden, and the United Kingdom) and 2 markets in 1 country in Asia (South Korea). The industrial joint ventures included in this segment are located in the United States and operate 92 industrial properties with 10.0 million square feet that we manage, including one joint venture that is not accounted for on the equity method. See further detail in Item 2 Unconsolidated Investees .

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Competition

As the manager of the property funds, we compete with other fund managers for institutional capital. As the manager of the properties owned by the property funds, we compete with other industrial properties located in close proximity to the properties owned by the property funds. The amount of rentable distribution space available and its current occupancy in any market could have a material effect on the ability to rent space and on the rents that can be charged by the fund properties. We believe we have competitive advantages as discussed above in Operating Segments Direct Owned .

Property Management

We manage the properties owned by unconsolidated investees utilizing our leasing and property management experience from the employees who are in our direct owned segment. Our business strategy includes a customer service focus that enables us to provide responsive, professional and effective property management services at the local level. To enhance our management services, we have developed and implemented proprietary operating and training systems to achieve consistent levels of performance and professionalism and to enable our property management team to give the proper level of attention to our customers.

Customers

As in our direct owned segment, we have developed a customer base in the property funds and joint ventures that is diverse in terms of industry concentration and represents a broad spectrum of international, national, regional and local distribution space users. At December 31, 2009, our unconsolidated investees, on a combined basis, had 2,153 customers occupying 254.9 million square feet of distribution space. The largest customer, and 25 largest customers of our unconsolidated investees, on a combined basis, accounted for 4.0% and 27.3%, respectively, of the total combined annualized collected base rents at December 31, 2009. In addition, in this segment we consider our fund partners to also be our customers. As of December 31, 2009 in our private property funds, we partnered with 42 investors, several of which invest in multiple funds.

Employees

The property funds generally have no employees of their own. We have assigned 40 employees directly to the asset management of the property funds in our investment management segment. As discussed above, we have employees in our direct owned segment that are responsible for the property management functions we provide for the properties owned by the property funds, as well as the properties we own. We have 450 employees who work in corporate positions and are not assigned to a segment who also assist with these activities as well.

Future Plans

We expect to continue to increase our investments in property funds. We expect to achieve these increases through the existing property funds acquisition of properties from us, or from third parties, depending on market factors and available capacity, or through the creation of new property funds. We expect the fee income we earn from the property funds and our proportionate share of net earnings of the property funds will increase as the size and value of the portfolios owned by the property funds grows and as more equity is deployed in the funds. We will continue to explore our options related to both new and existing property funds.

Our Management

Our executive team is led by our Chief Executive Officer, Walter C. Rakowich, who also serves as a member of our Board of Trustees (the Board) and an Executive Committee of eleven people, as follows:

Executive Committee

*Walter C. Rakowich** 52 Chief Executive Officer of ProLogis since November 2008. Mr. Rakowich was ProLogis President and Chief Operating Officer from January 2005 to November 2008 and ProLogis Chief

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Financial Officer from December 1998 to September 2005. Mr. Rakowich has been with ProLogis in various capacities since July 1994. Prior to joining ProLogis, Mr. Rakowich was a consultant to ProLogis in the area of due diligence and acquisitions, and he was a principal with Trammell Crow Company, a diversified commercial real estate company in North America. Mr. Rakowich served on the Board from August 2004 to May 2008 and was reappointed to the Board in November 2008.

Gary E. Anderson 44 Head of Global Investment Management since March 2009, where he is responsible for managing ProLogis property funds as well as raising additional private capital for our investment management business. Mr. Anderson also serves on the board of directors of ProLogis European Properties (PEPR), one of our unconsolidated investees that is publicly traded on the Euronext stock exchange in Amsterdam. Mr. Anderson was President of Europe and the Middle East, as well as Chairman of ProLogis European Operating Committee from November 2006 to March 2009. Mr. Anderson was the Managing Director responsible for investments and development in ProLogis Central and Mexico Regions from May 2003 to November 2006 and has been with ProLogis in various capacities since August 1994. Prior to joining ProLogis, Mr. Anderson was in the management development program of Security Capital Group, a real estate holding company.

*Ted R. Antenucci** 45 President and Chief Investment Officer since May 2007. Mr. Antenucci also serves on the board of directors of PEPR, one of our unconsolidated investees that is publicly traded on the Euronext stock exchange in Amsterdam. Mr. Antenucci was ProLogis President of Global Development from September 2005 to May 2007. From September 2001 to September 2005, Mr. Antenucci was president of Catellus Commercial Development Corporation, an industrial and retail real estate company that was merged with ProLogis in September 2005. Mr. Antenucci was with affiliates of Catellus Commercial Development Corporation in various capacities from April 1999 to September 2001.

Philip N. Dunne 41 President Europe since July 2009, where he is responsible for all aspects of ProLogis business performance in Continental Europe and the United Kingdom, including investments and development. He is also Chairman of ProLogis European Management Executive Committee. Prior to this, Mr. Dunne was Chief Operating Officer, Europe and the Middle East. Prior to joining ProLogis on December 1, 2008, Mr. Dunne was the Chief Operating Officer EMEA at Jones Lang LaSalle, a global financial and professional services firm specializing in real estate services and investment management.

Larry H. Harmsen 47 President United States and Canada since February 2009, where he is responsible for all aspects of business performance for ProLogis U.S. and Canada operations. He has been responsible for capital deployment in North America since July 2005. Previous to this and since 2003, Mr. Harmsen had been responsible for capital deployment in North America's Pacific Region. Prior to this and since 1995, Mr. Harmsen oversaw ProLogis Southern California market. Prior to joining ProLogis, Mr. Harmsen was a vice president and general partner of Lincoln Property Company for 10 years.

John P. Morland 51 Managing Director Global Human Resources since October 2006, where he is responsible for strategic human resources initiatives to align ProLogis human capital strategy with overall business activities. Prior to joining ProLogis, Mr. Morland was the Global Head of Compensation at Barclays Global Investors at its San Francisco headquarters from April 2000 to March 2005.

*Edward S. Nekritz** 44 General Counsel of ProLogis since December 1998, Secretary of ProLogis since March 1999 and Head of Global Strategic Risk Management since March 2009. Mr. Nekritz oversees the provision of all legal services and strategic risk management for ProLogis. Mr. Nekritz is also responsible for ProLogis Investment Services Group, which handles all aspects of contract negotiations, real estate and corporate due diligence and closings on acquisitions, dispositions and financings. Mr. Nekritz has been with ProLogis in various capacities since September 1995. Prior to joining ProLogis, Mr. Nekritz was an attorney with Mayer, Brown & Platt (now Mayer Brown LLP).

John R. Jack Rizzo 60 Chief Sustainability Officer and Head of Global Construction for ProLogis since 2009, where he is responsible for implementing our global sustainability initiatives and for maintaining our leadership position in business excellence, environmental stewardship and corporate social responsibility.

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Mr. Rizzo is also responsible for all new industrial development projects worldwide. Mr. Rizzo has been with ProLogis since 1999. Prior to joining ProLogis, Mr. Rizzo was Senior Vice President and Chief Operating Officer of Perini Management Services, Inc., an affiliate of Perini Corporation, a global construction management and general contracting firm, and was responsible for international construction operations.

Charles E. Sullivan 52 Head of Global Operations since February 2009 where he has overall responsibility for global operations, including property management, leasing, information technology and marketing. Mr. Sullivan was Managing Director of ProLogis with overall responsibility for operations in North America from October 2006 to February 2009 and has been with ProLogis in various capacities since October 1994. Prior to joining ProLogis, Mr. Sullivan was an industrial broker with Cushman & Wakefield of Florida, a real estate brokerage and services company.

*William E. Sullivan** 55 Chief Financial Officer since April 2007. Prior to joining ProLogis, Mr. Sullivan was the founder and president of Greenwood Advisors, Inc., a financial consulting and advisory firm focused on providing strategic planning and implementation services to small and mid-cap companies since 2005. From 2001 to 2005, Mr. Sullivan was chairman and chief executive officer of SiteStuff, an online procurement company serving the real estate industry and he continued as their chairman through June 2007.

Mike Yamada 56 President-Japan since February 2009 where he is responsible for all aspects of business performance for ProLogis Japan operations. Mr. Yamada was Japan Co-President from March 2006 to February 2009, where he was responsible for development and leasing activities in Japan and a Managing Director with ProLogis from December 2004 to March 2006 with similar responsibilities in Japan. He has been with ProLogis in various capacities since April 2002. Prior to joining ProLogis, Mr. Yamada was a senior officer of Fujita Corporation, a construction company in Japan.

* These individuals are our Executive Officers under Item 401 of Regulation S-K.

In addition to the leadership and oversight provided by our executive committee, in the United States, a regional director leads each of our four regions (Midwest, East, West and Southwest), and is responsible for both operations and capital deployment. In Europe, each of the four regions (Northern Europe, Central and Eastern Europe, Southern Europe and the United Kingdom) are led by either one or two individuals responsible for operations and capital deployment. Japan, Mexico and South Korea each have one individual who is responsible for operations and capital deployment.

We maintain a Code of Ethics and Business Conduct applicable to our Board and all of our officers and employees, including the principal executive officer, the principal financial officer and the principal accounting officer, or persons performing similar functions. A copy of our Code of Ethics and Business Conduct is available on our website, www.prologis.com. In addition to being