PROLOGIS
Form 424B3
October 25, 2010

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Filed Pursuant to Rule 424(b)(3)
Registration No. 333-157818

Subject to Completion
Preliminary Prospectus Supplement dated October 25, 2010

PROSPECTUS SUPPLEMENT
(To Prospectus dated October 27, 2009)

80,000,000 Shares

Common Shares

We are offering 80,000,000 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 12,000,000 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 October 22, 2010 was $12.60 per share.

Investing in our common shares involves risks. See Risk Factors beginning on page S-12 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, 2009, which is incorporated herein by reference.

	Per Share	Total
Public offering price	$	$
Underwriting discount	$	$
Proceeds, before expenses, to ProLogis	$	$

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 November , 2010.

Joint Book-Running Managers

BofA Merrill Lynch **Morgan Stanley** **Goldman, Sachs & Co.** **J.P. Morgan**

The date of this prospectus supplement is October , 2010.

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We have not, and the underwriters have not, authorized anyone to provide you with information other than that contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. 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 into 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.

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

Preliminary Operating and Financial Data for the Three and Nine Months Ended September 30, 2010 and 2009

The following information for the three and nine months ended September 30, 2010 and 2009 sets forth preliminary operating and financial condition data. Our results of operations for the three and nine months ended September 30, 2010 and 2009 are not necessarily indicative of results that may be expected for the full year or any future period.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
	(In millions, except per share data) (unaudited)			
Operating Data:				
Revenues:				
Rental income	$236.1	$220.5	$695.8	$661.3
CDFS disposition proceeds:				180.2

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	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
	(In millions, except per share data) (unaudited)			
Property management fees and other income	34.0	48.8	94.7	118.8
Total revenues	270.1	269.3	790.5	960.3
Expenses:				
Rental expenses	69.1	67.9	201.7	203.3
Investment management expenses	9.8	10.2	30.1	31.6
General and administrative	35.0	38.6	115.9	128.3
Impairment of real estate properties and other assets	2.9	46.3	3.3	130.5
Depreciation and other	98.9	88.5	281.3	262.1
Total expenses	215.7	251.5	632.3	755.8
Operating income	54.4	17.8	158.2	204.5
Other income (expense):				
Earnings from unconsolidated investees, net	9.3	10.9	20.5	34.0
Gain (loss) on early extinguishment of debt, net	(1.8)	12.0	(48.4)	173.2
Foreign currency exchange gains, net	6.1	13.4	2.6	34.9
Net gains on dispositions of real estate properties	35.9	13.6	58.7	22.4
Interest, income taxes and other income (expenses), net	(120.3)	(90.1)	(318.7)	(281.1)
Earnings (loss) from continuing operations	$(16.4)	$(22.4)	$(127.1)	$187.9
Total discontinued operations	7.9	17.0	17.5	238.0
Consolidated net earnings (loss)	$(8.5)	$(5.4)	$(109.6)	$425.9
Net earnings (loss) attributable to common shares	$(15.1)	$(11.8)	$(129.3)	$405.8
Net earnings (loss) per share attributable to common shares Basic	$(0.03)	$(0.03)	$(0.27)	$1.07
Net earnings (loss) per share attributable to common shares Diluted	$(0.03)	$(0.03)	$(0.27)	$1.06
Weighted average common shares outstanding:				
Basic	477.0	452.7	476.3	379.4
Diluted	477.0	452.7	476.3	382.6
FFO (1):				
Reconciliation of net earnings (loss) to FFO, including our share of our unconsolidated investees:				

Net earnings (loss) attributable to common shares	$(15.1)	$(11.8)	$(129.3)	$405.8
Add (deduct) NAREIT defined adjustments:				
Real estate related depreciation and amortization	123.9	110.6	359.2	326.4
Gains on dispositions of non-development/ non-CDFS properties	(0.6)	(14.4)	(9.7)	(201.4)
Subtotals NAREIT defined FFO	$108.2	$84.4	$220.2	$530.8
Add (deduct) our defined adjustments:				
Foreign currency exchange gains, net	(6.5)	(13.6)	(0.3)	(57.7)
Deferred income tax expense (benefit)	0.9	(5.4)	(40.8)	(22.3)

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	Three Months Ended September 30, 2010	2009	Nine Months Ended September 30, 2010	2009
	(In millions, except per share data) (unaudited)			
Unrealized losses (gains) on derivative contracts, net	1.5	(0.2)	(0.1)	(6.2)
FFO, including significant non-cash items, as we define it (1)	$104.1	$65.2	$179.0	$444.6
Add (deduct) significant non-cash items:				
Impairment of real estate properties and other assets	2.9	46.2	3.3	130.5
Net gain related to disposed assets China operations				(3.3)
Losses (gains) on early extinguishment of debt	1.8	(12.0)	16.0	(173.2)
Write-off deferred extension fees associated with Global Line			0.9	
Our share of certain (gains) losses recognized by the property funds		(4.9)	3.6	6.4
FFO, excluding significant non-cash items, as we define it (1)	$108.8	$94.5	$202.8	$405.0

	As of September 30, 2010	As of December 31, 2009
	(In millions) (unaudited)	
Financial Position		
Real estate owned, excluding land held for development, before depreciation	$ 12,745.3	$ 12,603.2
Land held for development	$ 2,380.9	$ 2,569.3
Investments in and advances to unconsolidated investees	$ 2,352.2	$ 2,151.7
Cash and cash equivalents	$ 17.8	$ 34.4
Total assets	$ 16,769.9	$ 16,796.9
Total debt	$ 8,170.0	$ 7,977.8
Total liabilities	$ 9,086.8	$ 8,789.6
Noncontrolling interests	$ 17.7	$ 20.0
Total ProLogis shareholders equity	$ 7,665.4	$ 7,987.3
Number of common shares outstanding	477.0	474.2

(1) **FFO, FFO including significant non-cash items, FFO excluding significant non-cash items (collectively referred to as FFO)** 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 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 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 net earnings computed under GAAP 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:

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

(ii) 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 activity and assists in comparing those operating results between periods. We include the gains and losses from dispositions of land, development properties and properties acquired in our CDFS business segment, as well as our proportionate share of the gains and losses from dispositions recognized by the property funds, in our definition of FFO.

Our FFO Measures

At the same time that NAREIT created and defined its FFO measure 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 shareholders, potential investors and financial analysts who review our operating results are best served by a defined FFO measure that includes other adjustments to net earnings computed under GAAP in addition to those included in the NAREIT defined measure of FFO. Our FFO measures are used by management in analyzing our business and the performance of our properties and we believe that it is important that shareholders, potential investors and financial analysts understand the measures management uses.

We use our FFO measures as supplemental financial measures of operating performance. We do not use our FFO measures as, nor should they be considered to be, alternatives to net earnings computed under GAAP, as indicators of our operating performance, as alternatives to cash from operating activities computed under GAAP or as indicators of our ability to fund our cash needs.

FFO, including significant non-cash items

To arrive at *FFO, including significant non-cash items*, we adjust the NAREIT defined FFO measure to exclude:

(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 foreign currency and interest rate risks.

We calculate *FFO, including significant non-cash items* for our unconsolidated investees on the same basis as we calculate our *FFO, including significant non-cash items*.

We use this FFO measure, including by segment and region, to: (i) evaluate our performance and the performance of our properties in comparison to expected results and results of previous periods, relative to resource allocation decisions; (ii) evaluate the performance of our management; (iii) budget and forecast future results to assist in the allocation of resources; (iv) assess our performance as compared to similar real estate companies and the industry in general; and (v) evaluate how a specific potential investment will impact our future results. Because we make decisions with regard to our performance with a long-term outlook, we believe it is appropriate to remove the effects of short-term items that we do not expect to affect the underlying long-term performance of the properties. The long-term performance of our properties is principally driven by rental income. While not infrequent or unusual, these additional items we exclude in calculating *FFO, including significant non-cash items*, are subject to significant fluctuations from period to period that cause both positive and negative short-term effects on our results of operations, in inconsistent and unpredictable directions that are not relevant to our long-term outlook.

We believe 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.

FFO, excluding significant non-cash items

When we began to experience the effects of the global economic crises in the fourth quarter of 2008, we decided that *FFO, including significant non-cash items*, did not provide all of the information we needed to evaluate our business in this environment. As a result, we developed *FFO, excluding significant non-cash items* to provide additional information that allows us to better evaluate our operating performance in this unprecedented economic time.

To arrive at *FFO, excluding significant non-cash items*, we adjust *FFO, including significant non-cash items*, to exclude the following items that we recognized directly or our share recognized by our unconsolidated investees:

<u>Non-recurring items</u>

(i) impairment charges related to the sale of our China operations;

(ii) impairment charges of goodwill; and

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(iii) our share of the losses recognized by ProLogis European Properties on the sale of its investment in ProLogis European Properties Fund II.