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PROLOGIS TRUST  
Form POS AM  
April 16, 2002

As filed with the Securities and Exchange Commission on April 16, 2002  
Registration Statement No. 333-75722

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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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POST-EFFECTIVE AMENDMENT NO. 1  
to  
FORM S-3  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

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PROLOGIS TRUST  
(Exact Name of Registrant as Specified in its Charter)

Maryland  
(State of organization)

74-2604728  
(I.R.S. Employer  
Identification No.)

14100 East 35th Place  
Aurora, Colorado 80011  
(303) 375-9292

(Address, including zip code, and telephone number, including area code, of  
registrant's principal executive offices)

-----  
Edward S. Nekritz, Secretary  
ProLogis Trust  
14100 East 35th Place  
Aurora, Colorado 80011  
(303) 375-9292

(Name, address, including zip code, and telephone number,  
including area code, of agent for service):  
Copies to:

Michael T. Blair  
Mayer, Brown, Rowe & Maw  
190 South LaSalle Street  
Chicago, Illinois 60603  
(312) 782-0600

Adam O. Emmerich  
Wachtell, Lipton, Rosen & Katz  
51 West 52nd Street New York, New  
York 10019  
(212) 403-1000

Raymond O. Gietz  
Weil, Gotshal & Manges LLP  
767 Fifth Avenue  
New York, New York 10153  
(212) 310-8007

Approximate Date of Commencement of Proposed Sale to the Public: As soon as  
practicable after the Registration Statement becomes effective with regard to  
the transaction described in this post-effective amendment and from time to time  
thereafter with respect to other transactions described in this Registration  
Statement.

If the only securities being registered on this form are being offered  
pursuant to dividend or interest reinvestment plans, please check the following  
box. [ ]

If any of the securities being registered on this form are to be offered on  
a delayed or continuous basis pursuant to Rule 415 under the Securities Act of  
1933, check the following box. [X]

If this form is filed to register additional securities for an offering  
pursuant to Rule 462(b) under the Securities Act of 1933, please check the  
following box and list the Securities Act of 1933 registration statement number

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of the earlier effective registration statement for the same offering. [ ]

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act of 1933, check the following box and list the Securities Act of 1933 registration statement number of the earlier effective registration statement for the same offering. [ ]

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THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.  
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EXPLANATORY NOTE

The following document consists of the proxy statement of Security Capital Group Incorporated to be used in connection with its special meeting of stockholders to be held on May 14, 2002, and the prospectus of ProLogis Trust with respect to the ProLogis common shares owned by Security Capital Group Incorporated that may be issued in connection with the transactions described herein.

SECURITY CAPITAL GROUP INCORPORATED

125 LINCOLN AVENUE  
SANTA FE, NEW MEXICO 87501

APRIL 16, 2002

TO OUR STOCKHOLDERS:

You are cordially invited to attend a special meeting of stockholders of Security Capital Group Incorporated ("Security Capital") to be held on Tuesday, May 14, 2002, at 8:30 a.m., local time, at the Holiday Inn, 4140 West 95th Street, Oak Lawn, Illinois.

At the special meeting you will be asked to consider and vote upon a proposal to approve a merger between an indirect wholly owned subsidiary of General Electric Capital Corporation ("GE Capital") and Security Capital. If the merger is completed, Security Capital will become an indirect wholly owned subsidiary of GE Capital, and you will receive \$26.00 in cash for each of your shares of Security Capital class B stock, subject to the substitution, at the option of GE Capital, of a combination of cash and common shares of beneficial interest of ProLogis Trust owned by Security Capital with an agreed aggregate value of \$26.00 per share. The value of the ProLogis common shares will be measured during the 10 consecutive full trading days preceding May 10, 2002. At and after the closing, Security Capital stockholders will bear all of the economic risk of fluctuations, if any, in the market price of the ProLogis common shares below the average price during the measurement period. Each share of Security Capital class A stock will be converted into the right to receive 50 times the per share class B consideration. GE Capital has informed Security Capital that its current plan is to cause Security Capital to distribute some (but not all) of the ProLogis common shares to Security Capital stockholders. However GE Capital has not made a formal election, and has informed Security Capital that it intends to continue to evaluate its alternatives and could change its plans.

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The Security Capital board has determined that the merger is advisable, fair to and in the best interests of Security Capital and its stockholders. ACCORDINGLY, THE SECURITY CAPITAL BOARD HAS APPROVED AND ADOPTED THE MERGER AGREEMENT AND THE MERGER, AND RECOMMENDS THAT YOU VOTE FOR THE APPROVAL OF THE MERGER AGREEMENT AND THE MERGER AT THE SPECIAL MEETING.

The accompanying notice of special meeting and proxy statement/prospectus explain the proposed merger and provide specific information concerning the special meeting.

Your vote is very important. We cannot complete the merger unless holders of shares entitled to cast a majority of all the votes entitled to be cast on the proposal approve the merger agreement and the merger. Accordingly, failing to vote your shares of Security Capital stock will have the same effect as a vote against the merger agreement and the merger. Whether or not you plan to be present at the special meeting, please sign and return your proxy as soon as possible in the enclosed self-addressed envelope so that your vote will be recorded. You can also authorize a proxy to vote your shares of Security Capital stock through the Internet or by telephone.

WILLIAM D. SANDERS

/s/ William D. Sanders  
Chairman of the Board of Directors and  
Chief Executive Officer

This proxy statement/prospectus is dated April 16, 2002, and is first being mailed to stockholders on or about April 16, 2002.

### SECURITY CAPITAL GROUP INCORPORATED

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NOTICE OF SPECIAL MEETING OF STOCKHOLDERS  
TO BE HELD ON MAY 14, 2002  
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To Our Stockholders:

A special meeting of stockholders of Security Capital Group Incorporated, a Maryland corporation ("Security Capital"), will be held on Tuesday, May 14, 2002, at 8:30 a.m., local time, at the Holiday Inn, 4140 West 95th Street, Oak Lawn, Illinois, to do the following:

1. consider and vote on a proposal to approve and adopt the Agreement and Plan of Merger, dated as of December 14, 2001, by and among Security Capital, General Electric Capital Corporation ("GE Capital"), and EB Acquisition Corp., an indirect, wholly owned subsidiary of GE Capital ("Merger Sub"), and approve the merger of Merger Sub with and into Security Capital, with Security Capital surviving the merger as an indirect wholly owned subsidiary of GE Capital. In the merger, each share of Security Capital class B stock will be converted into the right to receive \$26.00 in cash, subject to the substitution, at the election of GE Capital as described in the accompanying proxy statement/prospectus, of a combination of cash and common shares of beneficial interest of ProLogis Trust owned by Security Capital with an agreed aggregate value of \$26.00. The value of the ProLogis common shares will be measured during the 10 consecutive full trading days

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preceding May 10, 2002. Each share of Security Capital class A stock will be converted into the right to receive 50 times the per share class B consideration; and

2. transact any other business as may properly come before the special meeting or any adjournment or postponement of the special meeting.

We have described these matters more fully in the proxy statement/prospectus accompanying this notice. We have attached a copy of the merger agreement as Appendix A to the proxy statement/prospectus. Please read these materials carefully.

The Security Capital board has fixed April 11, 2002 as the record date for the determination of stockholders entitled to notice of and to vote at the special meeting or any adjournment of the special meeting of not more than 120 days after the record date of the special meeting. If you are a registered owner and plan to attend the meeting in person, you may request an admission ticket by marking the attendance box on your attached proxy card. Beneficial owners whose ownership is registered under another party's name and who plan to attend the meeting in person may obtain admission tickets in advance by sending written requests, along with proof of ownership, such as a bank or brokerage firm account statement, to: Frances Josephic, Security Capital Group Incorporated, 125 Lincoln Avenue, Santa Fe, New Mexico 87501. We will admit registered owners and beneficial owners who do not present valid admission tickets at the meeting or who have not pre-registered only upon verification of ownership at the registration counter at the meeting.

Whether or not you expect to attend the special meeting in person, please date and sign the accompanying proxy card and return it promptly in the envelope enclosed for that purpose. You can also authorize a proxy to vote your shares of Security Capital stock through the Internet or by telephone.

We look forward to seeing you at the special meeting.

By Order of the Board of Directors,  
/s/ Jeffrey A. Klopf  
Jeffrey A. Klopf

Senior Vice President and Secretary

YOUR VOTE IS IMPORTANT. PLEASE PROMPTLY MARK, DATE, SIGN AND RETURN YOUR PROXY IN THE ENCLOSED ENVELOPE, OR AUTHORIZE YOUR PROXY BY TELEPHONE OR THROUGH THE INTERNET.

### QUESTIONS & ANSWERS ABOUT THE MERGER

Q: WHY IS SECURITY CAPITAL PROPOSING THE MERGER?

A: Security Capital believes that the merger fulfills its goal of substantially eliminating the trading discount to its net asset value, and that the current transaction presents stockholders with a significant premium to the market prices of Security Capital class A and class B stock over the past three years. Security Capital believes that Security Capital stockholders could expect to realize greater value from the proposed transaction with GE Capital than could be expected to be generated in a reasonable period were Security Capital to remain independent.

To review the reasons for the merger in greater detail, see pages 14 through 15.

Q: WHAT WILL HAPPEN IN THE MERGER?

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A: In the merger, Security Capital will merge with an indirect wholly owned subsidiary of GE Capital and survive as an indirect wholly owned subsidiary of GE Capital. The merger agreement is attached to this document as Appendix A. We encourage you to read it carefully.

Q: WHAT WILL I RECEIVE IN THE MERGER?

A: Security Capital class B stockholders:

In the merger, each share of Security Capital class B stock will be converted into the right to receive \$26.00 in cash, subject to the substitution, at the election of GE Capital as described in the accompanying proxy statement/prospectus, of a combination of cash and some or all of the common shares of beneficial interest of ProLogis Trust owned by Security Capital, the total consideration to have an agreed aggregate value of \$26.00. GE Capital has informed Security Capital that its current plan is to cause Security Capital to distribute some (but not all) of the ProLogis common shares to Security Capital stockholders, such that each share of class B stock would be entitled to receive approximately 0.19 ProLogis common shares. GE Capital has not made a formal election and has informed Security Capital that it intends to continue to evaluate its alternatives and could change its plans.

For example, if GE Capital were to change its current plans, and elect to substitute all of the ProLogis common shares currently owned by Security Capital for a portion of the merger consideration, each share of class B stock will receive approximately 0.3 ProLogis common shares. The number of ProLogis common shares to be received with respect to each share of class B stock will not change regardless of any decision, election or other action by Security Capital option holders, preferred stockholders or holders of convertible debentures in connection with the merger.

The ProLogis common shares will be valued based on the average closing prices on the ten consecutive full trading days ending on May 9, 2002 (the day immediately preceding the two consecutive full trading days before the stockholders meeting). Stockholders will also receive cash in lieu of fractional common shares of ProLogis. Class B stockholders will receive the remainder of the consideration in cash so that the total value received, with ProLogis common shares valued as described above, will remain \$26.00 per share. Under GE Capital's current plans, the former stockholders of Security Capital will, in the aggregate, own approximately 18.2% of ProLogis and Security Capital will become an indirect wholly owned subsidiary of GE Capital owning approximately 9.8% of ProLogis.

A prospectus describing the ProLogis common shares which you will receive is included in this document. We encourage you to read it carefully.

Security Capital class A stockholders:

In the merger, each share of Security Capital class A stock will be converted into the right to receive 50 times the per share class B consideration.

Security Capital option holders:

Following the merger, each option to purchase Security Capital class A or class B stock will be cancelled, and the holder will receive cash in the amount of the difference, or "spread," if any, between \$26 in the case of an option to purchase class B stock or \$1,300 in the case of an option to purchase class A stock, and the exercise price per share of such option (less applicable withholding taxes).

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If GE Capital elects to substitute some or all of the ProLogis common shares, each option holder may elect to receive the merger consideration (less the applicable exercise price and withholding taxes) in lieu of a payment entirely in cash.

Security Capital convertible debenture holders: Following the merger, each Security Capital 6.5% convertible subordinated debenture due 2016 which has not been converted will remain outstanding and will be convertible, at the option of the holder, into the merger consideration received by holders of class A stock. Alternatively, prior to the merger, convertible debenture holders may elect to convert such debentures into Security Capital class A stock pursuant to the terms of such debentures, in which case they will receive the same consideration as other holders of class A stock.

Security Capital series B preferred holders: Following the merger, each share of series B preferred stock which has not been converted will remain outstanding and will be convertible at the option of the holder into the merger consideration received by holders of class B stock. Alternatively, prior to the merger, series B preferred holders may elect to convert such shares into class B stock pursuant to the terms of the series B preferred stock, in which case they will receive the same consideration as other holders of class B stock. GE Capital has entered into an agreement with the holder of the series B preferred stock to purchase all of the issued and outstanding shares of series B preferred stock from the series B holder at a per share price of \$1,000, together with all accrued and unpaid dividends thereon up to the date of purchase. GE Capital has informed Security Capital that it expects the purchase of the series B preferred shares to occur immediately following the closing of the merger.

Q: WHEN WILL I KNOW IF PROLOGIS COMMON SHARES WILL BE PART OF THE MERGER CONSIDERATION?

A: If GE Capital elects to substitute some or all of the ProLogis common shares currently owned by Security Capital for a portion of the merger consideration:

- . it will make its decision no later than the 15th day prior to the stockholder meeting;
- . GE Capital and Security Capital will promptly issue a press release announcing the election; and
- . Two days before the stockholder meeting, GE Capital and Security Capital will issue a press release with the number of ProLogis common shares, and the amount of cash to be received.

Stockholders may withhold submitting their proxy cards until after any announcement is made, or may change any vote that they may have delivered prior to any announcement by following the procedures set forth in this proxy statement. See "Security Capital Special Meeting--How to Revoke A Proxy."

GE CAPITAL NOTIFIED SECURITY CAPITAL ON MARCH 8, 2002 THAT ITS CURRENT PLAN IS TO CAUSE SECURITY CAPITAL TO DISTRIBUTE APPROXIMATELY 32.8 MILLION PROLOGIS COMMON SHARES AS PART OF THE MERGER CONSIDERATION, OR 0.19 PROLOGIS COMMON SHARES FOR EACH CLASS B SHARE. HOWEVER, GE CAPITAL HAS NOT MADE A FORMAL ELECTION AND HAS INFORMED SECURITY CAPITAL THAT IT INTENDS TO CONTINUE TO EVALUATE ITS ALTERNATIVES AND COULD CHANGE ITS PLANS.

Q: CAN GE CAPITAL REVOKE ITS ELECTION TO INCLUDE PROLOGIS COMMON SHARES AS PART OF THE MERGER CONSIDERATION?

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A: Yes, GE Capital may revoke its election to include ProLogis common shares as part of the merger consideration. If GE Capital elects to revoke its election:

- . it will make its decision no later than the 10th day prior to the stockholder meeting;
- . GE Capital and Security Capital will promptly issue a press release announcing the election.

Stockholders may withhold submitting their proxy cards until after any announcement is made, or may change any vote that they may have delivered prior to any announcement by

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following the procedures set forth in this proxy statement. See "Security Capital Special Meeting--How to Revoke A Proxy."

Q: HOW WILL SECURITY CAPITAL DETERMINE HOW MUCH CASH I WILL RECEIVE IN THE MERGER?

A: Security Capital will first determine the value of the ProLogis common shares. This value will be measured based on the average closing prices of these shares on the ten consecutive full trading days ending on May 9, 2002 (the day immediately preceding the two consecutive full trading days before the stockholders meeting). This value will be multiplied by the number of ProLogis common shares, if any, to be distributed for each class B share and subtracted from \$26 to determine the amount of cash you will receive.

By way of example, if the average price of the ProLogis common shares during the measurement period is \$23.50 and GE Capital, as is its current plan, elects to distribute 0.19 ProLogis common shares to each holder of class B shares, Security Capital class B stockholders will receive \$21.54 in cash (\$26--\$23.50x .19).

Alternatively, by way of example, if the average price of the ProLogis common shares during the measurement period is \$21.33 and GE Capital changes its current plan and elects to distribute 0.30 ProLogis common shares to each holder of class B shares, Security Capital class B stockholders will receive \$19.60 in cash (\$26--\$21.33x .30).

The exact amount of cash to be received will be announced in a press release as soon as the information is known.

It is important to note that once fixed, the amount of cash to be received will not change regardless of any subsequent change in the price of the ProLogis common shares. This means that at and after the Closing, Security Capital stockholders will bear all of the economic risk of subsequent fluctuations, if any, in the market price of the ProLogis shares below the average price of those shares during the measurement period. For example, the price of the ProLogis shares at the end of the measurement period and/or at the closing could be lower than the average price during the measurement period.

Q: WHAT ARE THE UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER?

A: The merger will be a taxable transaction to you. For United States federal income tax purposes, you will generally recognize gain or loss in the merger in an amount equal to the difference between the sum of the cash and the fair market value of the ProLogis common shares, if any, you receive or are

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deemed to receive, and your tax basis in Security Capital common stock. Because determining the tax consequences of the merger can be complicated, you should consult your own tax advisor in order to understand fully how the merger will affect you.

Q: SHOULD I SEND IN MY SECURITY CAPITAL STOCK CERTIFICATES NOW?

A: No. After the merger is completed, Security Capital stockholders will receive written instructions for exchanging their Security Capital stock certificates. Please do not send in your Security Capital stock certificates with your proxy.

Q: WHEN DO YOU EXPECT TO COMPLETE THE MERGER?

A: We are working to complete the merger as quickly as practicable. If Security Capital stockholders approve the merger agreement and the merger, we expect to complete the merger in the second quarter of 2002.

Q: DO I HAVE APPRAISAL RIGHTS?

A: No. No rights of appraisal are available.

Q: WHAT DO I NEED TO DO NOW?

A: Carefully read and consider the information contained in this document. There are several ways your shares can be represented at the stockholder meeting. You can attend the stockholder meeting in person or you can indicate on the enclosed proxy card how you want to vote and then sign and mail the proxy card in the enclosed return envelope as soon as possible. You may also authorize a proxy via the Internet or by telephone to vote your shares instead by following the instructions set forth on your proxy card.

Your vote is important regardless of the number of shares that you own.

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Q: IF MY BROKER HOLDS MY SHARES IN "STREET NAME," WILL MY BROKER VOTE MY SHARES?

A: Your broker will not vote your shares unless you follow the voting directions your broker provides to you.

If you fail to provide your broker with instructions, it will have the same effect as a vote against the merger.

Q: CAN I CHANGE MY VOTE AFTER I HAVE DELIVERED MY PROXY?

A: Yes. You can change your vote by sending in a written notice of revocation or a later-dated, signed proxy card to the Secretary of Security Capital at or before the stockholders meeting or by attending the meeting in person and voting.

Q: WHAT IF I DON'T VOTE?

A: If you do not vote or if you return your proxy marked "ABSTAIN," it will have the same effect as a vote against the merger.

Q: WHOM SHOULD I CALL WITH QUESTIONS?

A: If you have any questions about the proposed merger, including how to complete and return your proxy card, please call the firm assisting us with the solicitation of proxies:

Georgeson Shareholder Communications Inc.

Banks & Brokers Call Collect:  
(212) 440-9800

All Others Call Toll Free:



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(866) 300-8589

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## SUMMARY TERM SHEET FOR THE MERGER

This summary highlights selected information from this document regarding the merger and the merger agreement and may not contain all of the information that is important to you as a Security Capital stockholder. Accordingly, we encourage you to carefully read this entire document and the documents to which we have referred you.

### THE PROPOSED TRANSACTION

THE PROPOSAL (PAGE 7). We are asking you to consider and vote upon a proposal to approve the merger agreement that provides for Security Capital to be acquired by GE Capital and the merger of an indirect wholly owned subsidiary of GE Capital with and into Security Capital.

WHAT YOU WILL RECEIVE (PAGE 7). Upon completion of the merger, you will be entitled to receive \$26.00 in value for each of your shares of Security Capital class B stock that you own as of the Closing. A holder of a share of class A stock will receive 50 times the value received by a holder of a share of class B stock. At the election of GE Capital, a portion of the class B consideration may consist of common shares of ProLogis Trust (which we refer to as ProLogis) owned by Security Capital. The value of the ProLogis common shares will be measured during the 10 consecutive full trading days preceding May 10, 2002.

A PROSPECTUS DESCRIBING THE PROLOGIS COMMON SHARES IS INCLUDED IN THIS DOCUMENT BEGINNING ON PAGE 69. WE ENCOURAGE YOU TO READ IT CAREFULLY.

THE ACQUIROR (PAGE 1). GE Capital, based in Stamford, Connecticut, is a provider of financing, asset management and insurance products and services.

SECURITY CAPITAL'S RECOMMENDATION TO STOCKHOLDERS (PAGE 14). The Security Capital board has determined, by the unanimous vote of those directors voting on the proposal, that the merger is advisable, fair to and in the best interests of Security Capital and its stockholders and has approved and adopted the merger agreement and the merger. The Security Capital board recommends that stockholders vote FOR approval of the merger agreement and the merger at the special meeting.

OPINION OF GOLDMAN SACHS (PAGE 16 AND APPENDIX C). On December 14, 2001, Goldman Sachs delivered to the Security Capital board a written opinion, dated December 14, 2001, that, based upon and subject to the matters set forth in the opinion, as of the date of the opinion, the consideration to be received by the holders of the class A stock and the class B stock of Security Capital pursuant to the merger agreement was fair from a financial point of view to the holders.

Goldman Sachs provided its advisory services and its opinion for the information and assistance of the Security Capital board in connection with its consideration of the merger. Goldman Sachs' opinion is not a recommendation as to how any Security Capital stockholder should vote at the special meeting. THE FULL TEXT OF GOLDMAN SACHS' OPINION, WHICH SETS FORTH ASSUMPTIONS MADE, MATTERS CONSIDERED AND LIMITATIONS ON THE REVIEW UNDERTAKEN IN CONNECTION WITH THE OPINION, IS ATTACHED AS APPENDIX C TO THIS PROXY STATEMENT/PROSPECTUS AND WE URGE YOU TO READ THE OPINION IN ITS ENTIRETY.

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### THE SPECIAL MEETING

DATE, TIME AND PLACE (PAGE 7). The special meeting will be held on Tuesday, May 14, 2002 at 8:30 a.m., local time at the Holiday Inn, 4140 West 95th Street, Oak Lawn, Illinois.

REQUIRED VOTE (PAGE 7). Approval of the merger requires the affirmative vote of the holders of a majority of the votes entitled to be cast by the holders of class A stock, class B stock and series B preferred stock, voting together as a single class.

WHO MAY VOTE (PAGE 7). You are entitled to vote at the special meeting if you owned shares of Security Capital stock at the close of business on April 11, 2002, the record date for the special

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meeting. As of that date, 640,055.963 shares of class A stock entitled to 640,055.963 votes, 109,207,399.826 shares of class B stock entitled to 546,036 votes, and 257,642 shares of series B preferred stock entitled to 33,029 votes (voting on an as converted basis) were outstanding and are entitled to be voted at the special meeting.

PROCEDURE FOR VOTING (PAGE 8). You may vote in any of three ways:

- (1) by completing and returning the enclosed proxy card,
- (2) by authorizing a proxy by telephone or through the Internet according to the instructions on the proxy card, or
- (3) by appearing in person at the special meeting and casting a ballot in person.

If you complete and return the enclosed proxy but wish to revoke it, you must file with the Secretary of Security Capital a written, later-dated notice of revocation, send a later-dated proxy relating to the same shares to the Secretary of Security Capital at or before the special meeting or appear and cast a ballot in person at the special meeting.

### THE MERGER

THE STRUCTURE (PAGE 32). On the terms and subject to the conditions of the merger agreement, an indirect wholly owned subsidiary of GE Capital will merge with and into Security Capital. Security Capital will remain in existence as an indirect wholly owned subsidiary of GE Capital. Security Capital common stockholders will have no equity interest in Security Capital or GE Capital after the merger.

ACCOUNTING TREATMENT (PAGE 28). The merger will be treated as a "purchase" for accounting purposes.

MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES (PAGE 25). The merger will be a taxable transaction to you. For United States federal income tax purposes, you generally will recognize gain or loss in the merger in an amount equal to the difference between the sum of the cash and the fair market value of the ProLogis common shares, if any, you receive or are deemed to receive and your tax basis in Security Capital common stock. Because determining the tax consequences of the merger can be complicated, you should consult your own tax advisor in order to understand fully how the

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merger will affect you.

ANTITRUST MATTERS (PAGE 27). Under United States federal antitrust law, the merger may not be completed until Security Capital and GE Capital have made filings with the United States Federal Trade Commission and the Antitrust Division of the United States Department of Justice, and the applicable waiting periods have expired or been terminated. The applicable waiting period was terminated effective as of January 14, 2002. GE Capital and Security Capital do not believe the merger requires any other antitrust approvals, but if any such approvals are determined to be necessary, the parties will make the requisite filings expeditiously.

DISSENTERS' APPRAISAL RIGHTS (PAGE 31). Under Maryland law, Security Capital stockholders will not have dissenters' rights to an appraisal of their shares in connection with the merger.

MERGER FINANCING. GE Capital has advised us that it expects to finance the merger from the issuance of its commercial paper or other borrowings in the ordinary course, and that it does not believe that there are any uncertainties regarding the availability of funds to complete the merger. Completion of the merger is not conditioned on any financing arrangements.

THE MERGER AGREEMENT (PAGE 32 AND APPENDIX A).

CLOSING OF THE MERGER (PAGE 41). Before we can complete the merger, we must satisfy a number of conditions. These include:

- . approval of the merger agreement and the merger by the affirmative vote of a majority of the votes entitled to be cast by the holders of the voting securities of Security Capital voting together as a single class;

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- . absence of any legal prohibitions against the merger;
- . expiration or early termination of applicable waiting periods under United States federal antitrust laws and any other applicable antitrust laws;
- . receipt of other material governmental consents and approvals;
- . no material adverse effect will have occurred with respect to Security Capital; and
- . Security Capital's representations and warranties will be true and Security Capital will have complied with its obligations under the merger agreement.

We expect to merge as promptly as practicable after all of the conditions to the merger have been satisfied or waived.

RESTRICTIONS AGAINST THE SOLICITATION OF ACQUISITION TRANSACTIONS (PAGE 37). The merger agreement contains detailed provisions prohibiting us from seeking an alternative transaction. The no solicitation covenant generally prohibits us and any of our officers, directors, employees, investment bankers, attorneys, accountants, or other advisor or representatives or any of our subsidiaries from, directly or indirectly, doing any of the following:

- . soliciting, initiating or encouraging the submission of alternative

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transactions; and

- . participating in any discussions or negotiations regarding, or furnishing to any person any information with respect to, or taking any other action to facilitate alternative transactions.

In addition, we have agreed that our board will not withdraw or modify, or propose to withdraw or modify, in a manner adverse to GE Capital, its approval or recommendation of the merger agreement or the merger. The merger agreement does not, however, prohibit us from considering, or our board from considering and potentially recommending an unsolicited bona fide written superior proposal from a third party in the circumstances described under "The Merger Agreement--No Solicitation of Acquisition Transactions" on pages 37 through 39.

TERMINATION OF THE MERGER AGREEMENT (PAGE 43). Security Capital and GE Capital may agree in writing to terminate the merger agreement at any time without completing the merger, even after Security Capital stockholders have approved the merger agreement and the merger. The merger agreement also may be terminated at any time prior to the effective time of the merger:

- . by either party if any court or governmental agency issues a final order preventing the merger;
- . by either party if the merger is not completed by August 14, 2002;
- . by GE Capital if the Security Capital board changes its recommendation or fails to reconfirm its recommendation of the merger agreement and the merger or approves an alternative acquisition proposal;
- . by Security Capital after giving GE Capital at least three days prior written notice of its intent to terminate the merger agreement because it has received a more favorable acquisition proposal which it intends to accept, GE Capital in the three-day period fails to increase the merger consideration to be equal to or greater than the alternative proposal, and Security Capital pays a termination fee of \$120 million plus expenses of up to \$40 million and Security Capital immediately enters into an agreement with respect to the alternative transaction;
- . by either party if the other party materially breaches its representations or agreements and fails to cure its breach within 30 days after receiving notice of the breach or the breach is incapable of being cured prior to August 14, 2002; and

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- . by either party if Security Capital stockholders fail to approve the merger agreement and the merger at the special meeting (including any adjournments or postponements of the special meeting).

TERMINATION FEE IF MERGER IS NOT COMPLETED (PAGE 44). In addition to the circumstances described above, we must also pay GE Capital a termination fee of \$120 million and expenses of up to \$40 million if:

- . the merger agreement is terminated by GE Capital because the Security Capital board changes its recommendation or fails to reconfirm its recommendation of the merger agreement and the merger or approves an alternative acquisition proposal; or

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- . the merger agreement is terminated by either GE Capital or Security Capital because the Security Capital stockholders fail to approve the merger agreement and the merger after the Security Capital board has changed its recommendation or fails to reconfirm its recommendation of the merger agreement and the merger or approves an alternative acquisition proposal;

AND

- . a third party has previously proposed publicly to acquire Security Capital; or
- . within 12 months following the termination of the merger agreement, Security Capital is acquired or enters into a definitive agreement to be acquired by a third party.

SUPPORT AGREEMENTS (PAGE 47 AND APPENDIX B).

As an inducement to GE Capital to enter into the merger agreement, two stockholders holding 7.55% of the voting power of Security Capital as of April 11, 2002 have executed Support Agreements agreeing to vote their shares in favor of the merger. The Support Agreements could discourage other persons from trying or proposing to combine with Security Capital before we complete the merger.

INTERESTS OF CERTAIN PERSONS IN THE MERGER (PAGE 28).

Some members of Security Capital management and the Security Capital board have certain interests in the merger that are different from or in addition to the interests of Security Capital stockholders generally. These additional interests relate to provisions in the merger agreement or Security Capital employee benefit plans, as well as:

- . entering into non-competition agreements with several executives pursuant to which the executives will receive at the completion of the merger, in exchange for entering into an 18-month non-competition restriction, cash payments in the aggregate of approximately \$26.8 million;
- . entering into letter agreements of employment with several executives that replace the executive's existing change in control employment agreements. These letter agreements provide the benefits and terms for a one-year term of employment, subject to termination by either party on thirty days notice, and for welfare and fringe benefits. Assuming each executive is employed for the entire one-year term the minimum aggregate cash consideration GE Capital would be required to pay under these letter agreements is approximately \$7.9 million;
- . modifying existing change in control agreements with two executives. The minimum aggregate consideration required to be paid under these letter agreements is approximately \$3.4 million;
- . acceleration and payments in respect of outstanding Security Capital stock options and restricted stock units; and
- . indemnification of and provisions for liability insurance for Security Capital directors and officers.

The Security Capital board was aware of these interests and considered them in approving and adopting the merger agreement and the merger.

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## TRADING OF PROLOGIS COMMON SHARES.

ProLogis' common shares are currently listed on the New York Stock Exchange under the symbol "PLD". The ProLogis common shares, if any, distributed to Security Capital stockholders will also be listed on the New York Stock Exchange.

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## TRANSACTIONS WITH STORAGE USA (PAGE 45).

On December 4, 2001 the Security Capital board approved a purchase and sale agreement, which provides for the sale of all of the assets of Storage USA, including its operating partnership, to Security Capital, and the merger of Storage USA with and into its operating partnership.

The Storage USA transaction is conditioned upon, among other things, the approval of the Storage USA shareholders at a special meeting. This Storage USA special meeting will be held on April 26, 2002. You will know the results of the Storage USA special meeting before the special meeting. The Storage USA transaction requires the approval of a majority of Storage USA shares, of which Security Capital already owns 41%.

The transactions with Storage USA and GE Capital are independent and not contingent upon each other. You are not being asked to vote on the Storage USA transaction in this proxy statement/prospectus.

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## APPENDICES

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## THE COMPANIES

### Security Capital Group Incorporated

Security Capital is a leading international real estate operating and investment management company. The principal offices of Security Capital and its directly owned affiliates are located in Brussels, Chicago, El Paso, Houston, London, Luxembourg, New York and Santa Fe.

Security Capital is a Maryland corporation. Our executive offices are located at 125 Lincoln Avenue, Santa Fe, New Mexico 87501; telephone (505) 982-9292.

The information contained in pages 1 to 68 relates primarily to the transaction by which GE Capital will acquire Security Capital. It is followed by information relating to ProLogis and the shares of ProLogis which may be distributed in the acquisition. This is important information if GE Capital elects to distribute some or all of the ProLogis common shares, and we urge you to read this information. GE Capital has informed Security Capital that its current plan is to cause Security Capital to distribute some (but not all) of the ProLogis common shares to Security Capital stockholders, however GE Capital has not made a formal election, and has informed Security Capital that they intend to continue to evaluate their alternatives and could change their current plan. This information in the portion of this proxy statement/prospectus relating to the transaction with GE Capital has been prepared by Security Capital, from the perspective of Security Capital. Accordingly references to "we," "us," "our" or "the Company" on pages 1 to 68 are references to Security Capital.

### GE Capital

GE Capital was incorporated in 1943 in the State of New York under the provisions of the New York Banking Law relating to investment companies. On July 2, 2001, GE Capital reincorporated and changed its domicile from New York to Delaware. All outstanding common stock of GE Capital is owned by General Electric Capital Services, Inc., the common stock of which is in turn wholly owned directly or indirectly by General Electric Company.

GE Capital provides a wide variety of financing, asset management, and insurance products and services which are organized into the following five key operating segments: consumer products; equipment management; mid-market financing; specialized financing; and specialty insurance. These operations are subject to a variety of regulations in their respective jurisdictions. Services of GE Capital are offered primarily in the United States, Canada, Europe and the Pacific Basin. The principal executive offices of GE Capital are located at 292 Long Ridge Road, Stamford, Connecticut 06927 and the telephone number is (203) 961-5400.

### Merger Subsidiary



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Merger Sub is a Maryland corporation formed by GE Capital solely for the purpose of merging into Security Capital. Merger Sub is an indirect wholly owned subsidiary of GE Capital. The mailing address of Merger Sub's principal executive offices is c/o GE Capital Real Estate, 292 Long Ridge Road, Stamford, Connecticut 06927; telephone (203) 961-5400.

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### SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The table below shows summary selected historical financial information for Security Capital as of and for the years ended December 31, 1997, 1998, 1999, 2000 and 2001. Summary selected financial information from 1997, 1998, 1999, 2000 and 2001 has been derived from the audited consolidated financial statements of Security Capital. This information is only a summary, and you should read it in conjunction with Security Capital's historical financial statements and related notes and Management's Discussion and Analysis of Financial Condition and Results of Operations contained in the annual reports, quarterly reports and other information on file with the U.S. Securities and Exchange Commission. See "Where You Can Find More Information" on page 66.

|   | Years Ended December 31, |             |             |           |           |
|---|--------------------------|-------------|-------------|-----------|-----------|
|   | 1997                     | 1998        | 1999        | 2000      | 2001(1)   |
|   | (in thousands)           |             |             |           |           |
| Operating Data:   |                          |             |             |           |           |
| Equity in earnings (loss) of investees  | \$171,873                | \$ (60,860) | \$ 85,440   | \$369,045 | \$140,835 |
| Property revenues.....  | 58,397                   | 144,374     | 226,730     | 274,980   | 401,544   |
| Realized gains (losses) (2).....  | 8,024                    | (12,582)    | (53,856)    | 154,893   | 122,522   |
| Total revenues.....   | 261,763                  | 71,627      | 266,655     | 801,684   | 684,137   |
| Property expenses.....  | 25,089                   | 63,339      | 101,795     | 117,965   | 192,442   |
| General, administrative and other expenses, net of reimbursements from related parties..... | 36,189                   | 45,017      | 55,330      | 25,010    | 60,248    |
| Provision for loss(3).....  | --                       | --          | 65,296      | 69,481    | --        |
| Interest expense:   |                          |             |             |           |           |
| Security Capital.....   | 102,380                  | 59,220      | 82,331      | 78,161    | 77,698    |
| Majority-owned subsidiaries(4)....  | 2,054                    | 22,983      | 51,123      | 30,397    | 44,846    |
| Total interest expense.....   | 104,434                  | 82,203      | 133,454     | 108,558   | 122,544   |
| Net earnings (loss) attributable to   |                          |             |             |           |           |
| Class B Equivalent Shares(5).....   | \$106,154                | \$(157,104) | \$(116,996) | \$317,269 | \$183,530 |

|   | Years Ended December 31, |          |          |          |       |
|---|--------------------------|----------|----------|----------|-------|
|   | 1997                     | 1998     | 1999     | 2000     | 2001  |
| Per Share Data:                                 |                          |          |          |          |       |
| Series A Preferred Share cash dividends(6)..... | \$ 75.00                 | \$ 27.50 | \$ --    | \$ --    | \$ -- |
| Series B Preferred Share cash dividends(6)..... | \$ --                    | \$ 44.33 | \$ 70.00 | \$ 70.00 | \$ -- |

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Net earnings (loss) per Class B Equivalent Share:(7)

|   |         |           |           |         |     |
|---|---------|-----------|-----------|---------|-----|
| Basic.....  | \$ 1.39 | \$ (1.29) | \$ (0.98) | \$ 2.95 | \$  |
| Diluted.....  | \$ 1.28 | \$ (1.29) | \$ (0.98) | \$ 2.74 | \$  |
| Weighted average Class B Equivalent Shares outstanding: |         |           |           |         |     |
| Basic.....  | 76,577  | 121,325   | 119,255   | 107,514 | 139 |
| Diluted.....  | 93,054  | 121,325   | 119,255   | 126,232 | 151 |

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|  | Years Ended December 31, |             |             |             |           |
|--|--------------------------|-------------|-------------|-------------|-----------|
|  | 1997                     | 1998        | 1999        | 2000        | 2001(1)   |
| Balance Sheet Data:                          |                          |             |             |             |           |
| Investments, at equity.....                  | \$2,658,748              | \$3,071,772 | \$2,659,398 | \$2,476,389 | \$1,676,3 |
| Real estate, net of accumulated depreciation | 716,882                  | 1,164,869   | 1,073,474   | 999,278     | 1,081,6   |
| Total assets.....                            | 3,614,239                | 4,510,357   | 3,957,151   | 3,637,213   | 4,758,5   |
| Long-term debt:                              |                          |             |             |             |           |
| Security Capital(8).....                     | 323,024                  | 937,010     | 978,557     | 929,494     | 896,0     |
| Majority-owned subsidiaries(4).....          | 301,606                  | 343,362     | 378,210     | 182,685     | 558,2     |
| Minority interests(9).....                   | 107,135                  | 132,718     | 94,723      | 63          | 10,8      |
| Total shareholders' equity.....              | \$2,548,873              | \$2,422,979 | \$2,180,787 | \$2,292,989 | \$3,160,9 |

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- (1) In January 2001, Security Capital acquired the net assets of Security Capital U.S. Realty for 45.4 million shares of class B stock and \$565 million in cash, resulting in higher revenues, expenses and real estate.
  - (2) The realized gains in 2000 and 2001 were the result of the sale of substantially all of Security Capital's shares of Archstone Communities Trust, which were partially offset by the realized loss from the sale of Homestead Village in November 2001.
  - (3) Represents loss provisions recorded at Homestead Village in 2000, and in 1999 relates to the sale of Strategic Hotel Capital in which Security Capital disposed of its 33% ownership.
  - (4) Security Capital does not guarantee the debt of any of its consolidated or unconsolidated operating companies.
  - (5) 2001 net earnings includes a \$2.4 million adjustment to equity in earnings of SC-European Realty recorded subsequent to the issuance of Security Capital's 2001 year-end earnings report on February 14, 2002.
  - (6) 257,642 shares of series B preferred stock were issued on May 12, 1998, in exchange for the 139,000 shares of series A preferred stock then outstanding and 3,293,288 shares of class B stock.
  - (7) Includes the conversion of class A stock into class B stock at a ratio of 1:50.
  - (8) During 1998, Security Capital issued \$614 million of long-term debt.
  - (9) Prior to June 2000, the minority interests primarily relate to Homestead Village, which was 87% owned by Security Capital until June 2000, after which it was 99.9% owned. In November 2001, Security Capital sold all of its interest in Homestead Village.

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RISK FACTORS

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Security Capital stockholders should consider the following factors, in addition to the other risk factors incorporated by reference into this proxy statement/prospectus, in deciding whether to vote for approval of the merger agreement and the merger. See "Where You Can Find More Information" on page 66 for where you can find the additional risk factors incorporated by reference. In addition, you should also carefully consider the risk factors on page 74 for additional risk factors concerning the ProLogis common shares.

The total value of the merger consideration you will receive is fixed and will not take into account any changes in the value of Security Capital between December 14, 2001, the date the merger agreement was signed, and the closing of the merger.

If the contemplated transaction with GE Capital is approved and completed, each share of Security Capital will be exchanged for merger consideration with a fixed value (\$26 in the case of class B shares and \$1,300 in the case of class A shares). This value is a fixed number and the merger agreement does not contain any provision to adjust this ratio for changes in the underlying value of Security Capital. Neither party is permitted to terminate the merger agreement because of changes in the market price of Security Capital common stock or the underlying value of Security Capital. Security Capital shareholders will not be compensated for any delays in the closing of the merger. The underlying value of Security Capital may vary because of a number of factors including:

- . changes in the business, operating results or prospects of Security Capital, including its investee companies;
- . market assessments of the likelihood that the merger will be completed;
- . the timing of the completion of the merger;
- . additions or departures of key personnel;
- . announcements of significant acquisitions, strategic partnerships, joint ventures or capital commitments including the contemplated transaction with Storage USA;
- . conditions or trends in the real estate industry;
- . changes in market valuations of other comparable companies;
- . the prospects of post-merger operations; and
- . general market and economic conditions.

You may receive a portion of the merger consideration as ProLogis common shares.

GE Capital may, in its sole discretion, elect to include some or all of the ProLogis common shares owned by Security Capital as part of the merger consideration received by the Security Capital stockholders. Neither Security Capital nor its stockholders will have any control over GE Capital's decision whether or not to make this election. Consequently you may receive ProLogis common shares when you might otherwise have preferred to receive cash. Similarly, GE Capital has the right to revoke its election to include ProLogis common shares in the merger consideration. While GE Capital has informed Security Capital that it will not make any such revocation later than the 10<sup>th</sup>/ day before the stockholders meeting, you may receive all cash when you might otherwise have preferred to receive a portion of the merger consideration in ProLogis common shares.

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GE Capital has informed Security Capital that its current plan is to cause Security Capital to distribute some (but not all) of the ProLogis common shares to Security Capital stockholders, however GE Capital has not made a formal election, and has informed Security Capital that it intends to continue to evaluate its alternatives and could change its plans.

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If GE elects to substitute some or all of the ProLogis common shares as merger consideration, and the merger is successfully completed, holders of Security Capital common stock will become holders of ProLogis common shares. ProLogis' business differs significantly from Security Capital's business, and ProLogis' results of operations, as well as the price of ProLogis common shares, may be affected by factors different than those affecting Security Capital's results of operations and the price of Security Capital common stock. See page 74 for additional risks associated with owning ProLogis common shares.

The value attributed to ProLogis common shares that may be included as a portion of the merger consideration may not reflect the market price of these shares at the closing of the transaction.

The exact amount of cash which you may receive will vary depending on whether or not ProLogis common shares are included in the merger consideration and the value of those common shares. While Security Capital has attempted to provide its class B stockholders with a fixed \$26 in value (\$1,300 for class A stockholders), this consideration may include ProLogis common shares whose value may fluctuate. The ProLogis common shares which may be included in the merger consideration will be valued based on the average closing prices on the ten consecutive full trading days ending on May 9, 2002 (the date which precedes the two consecutive full trading days preceding the stockholders meeting). The price of the ProLogis common shares may fluctuate during this ten trading day measurement period for many reasons, including as a result of the merger consideration being determined by the ProLogis common share prices during this period. If the market price of the ProLogis common shares at closing is different from the price set during this measurement period, Security Capital class B stockholders will receive an aggregate merger consideration that may have a market value on the date the merger consideration is received that is higher or lower than \$26 (or \$1,300 for the class A stockholders). At and after the closing, you will bear all of the economic risk of fluctuations, if any, in the price of the ProLogis common shares below the average price during the measurement period. We cannot tell you what the price of ProLogis common shares will be during the measurement period, at the time we complete the merger, or at any other time. We urge you to obtain current market quotations for ProLogis common shares.

You may have taxes and transaction costs associated with the ownership and/or disposition of ProLogis common shares which you may receive in the merger and which may reduce the value you receive in the merger.

If the merger is completed you may receive ProLogis common shares as a portion of the merger consideration. You may have additional costs such as brokerage commissions and other transaction costs in disposing of those shares. You will be responsible for these costs and this will reduce the net value of the merger consideration that you have received. In addition, the receipt of the merger consideration in the merger will be a taxable transaction for United States federal income tax purposes (and also may be a taxable transaction under applicable state, local and other income tax laws). In general, for United States federal income tax purposes, a holder of Security Capital common stock will recognize gain or loss equal to the difference between the stockholder's

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adjusted tax basis in Security Capital common stock and the sum of the amount of cash and the fair market value of the ProLogis common shares received or deemed received in respect thereof in the merger. The tax basis of the ProLogis common shares received, if any, by a holder of Security Capital common stock pursuant to the merger will be the fair market value of such shares on the effective date of the merger, which may be different than the value used for calculating the amount of cash you will receive in the merger. Accordingly, you may be taxed on the portion of the merger consideration, if any, paid in ProLogis common shares, even though you have not sold these shares or otherwise received cash proceeds with which to pay this portion of the tax. For additional information concerning the U.S. federal income tax consequences of the merger we urge you to read the material included under the section "The Merger--Material United States Federal Income Tax Consequences."

Security Capital's officers and directors have interests different from yours that may have influenced them to support or approve the merger.

Security Capital directors and officers have entered into arrangements and there are provisions in the merger agreement and in Security Capital's employee benefit plans that have given these directors and officers interests in the merger that are different from, or in addition to, yours. These interests include the following:

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- . non-competition agreements, modification of change of control agreements and agreements regarding employment terms;
- . acceleration and payments in respect of outstanding Security Capital stock options and restricted stock units; and
- . indemnification of and provisions for liability insurance for Security Capital directors and officers.

For the above reasons, the directors and officers of Security Capital may have been more likely to support and recommend the approval of the merger agreement and the merger than if they did not hold these interests. Security Capital stockholders should consider whether these interests may have influenced the decisions of these directors and officers to support or recommend the merger. You should read more about these interests under "The Merger--Interests of Certain Persons in the Merger."

Some Security Capital shareholders will be restricted in their ability to resell ProLogis common shares.

ProLogis common shares, if any, received by persons who are deemed to be "affiliates" of ProLogis or of Security Capital under the rules and regulations of the Securities Act at the time of the special meeting may only be resold by them in transactions permitted by Rule 145 of the rules and regulations of the Securities Act or as otherwise permitted thereunder. Persons who may be deemed to be affiliates of ProLogis or Security Capital for such purposes generally include individuals or entities that control, are controlled by or are under common control with ProLogis or Security Capital, as the case may be, and generally include certain officers, directors, trustees and significant shareholders. These resale restrictions may lower the value of the merger consideration received by these shareholders.

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### SECURITY CAPITAL SPECIAL MEETING

We are furnishing this proxy statement/prospectus to Security Capital stockholders in connection with the solicitation of proxies by the Security Capital board for use at the Security Capital special meeting. We are first sending this proxy statement/prospectus to stockholders of Security Capital on or about April 16, 2002. You should read this proxy statement/prospectus carefully before voting your shares.

#### Date, Time and Place of the Security Capital Special Meeting

The Security Capital special meeting is scheduled to be held as follows:

Tuesday, May 14, 2002  
8:30 a.m., local time

Holiday Inn  
4140 West 95th Street  
Oak Lawn, Illinois

#### What You Will Vote On

At the special meeting, we will ask you to consider and vote upon the following items:

1. To consider and vote on a proposal to approve and adopt the Agreement and Plan of Merger, dated as of December 14, 2001, by and among Security Capital, GE Capital, and Merger Sub, an indirect wholly owned subsidiary of GE Capital, and approve the merger of Merger Sub with and into Security Capital, with Security Capital surviving the merger as an indirect wholly owned subsidiary of GE Capital. In the merger, each share of class B stock will be converted into the right to receive \$26.00 in cash, subject to the substitution at the election of GE Capital as described below, of a combination of cash and common shares of beneficial interest of ProLogis owned by Security Capital with an agreed aggregate value of \$26.00. The value of the ProLogis common shares will be measured during the 10 consecutive full trading days preceding May 10, 2002. Each share of class A stock will be converted into the right to receive 50 times the per share class B consideration.
2. Any other business as may properly come before the special meeting or any adjournment or postponement of the special meeting.

#### Stockholder Record Date for the Special Meeting

The Security Capital board has fixed the close of business on April 11, 2002, as the record date for determination of Security Capital's stockholders entitled to notice of and to vote at the special meeting. On the record date there were 640,055.963 shares of Security Capital class A stock entitled to notice of and to vote at the special meeting held by approximately 562 holders of record, 109,207,399 shares of Security Capital class B stock entitled to notice of and to 546,036 votes at the special meeting held by approximately 237 holders of record, and 257,642 shares of Security Capital series B preferred stock entitled to notice of and to vote at the special meeting held by one holder of record.

#### Quorum

In order to have a quorum, holders of record of shares of Security Capital class A stock, Security Capital class B stock and Security Capital series B preferred stock representing a majority of the votes entitled to be cast must

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be represented in person or by proxy at the special meeting. Regardless of whether a quorum is present or represented, stockholders represented in person or by proxy and entitled to vote, voting a majority of the votes cast by such stockholders, will have the power to adjourn the special meeting from time to time to a date not later than 120 days from the original record date of the special meeting.

### Vote Required for Approval

Approval of the merger proposal requires the affirmative vote of at least a majority of the votes entitled to be cast by holders of the outstanding Security Capital class A stock, class B stock and series B preferred stock, voting as a single class. Each share of Security Capital class A stock is entitled to cast one vote. Each share of Security Capital class B stock is entitled to cast .005 of a vote. Each share of Security Capital series B preferred

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stock is entitled to cast .1282 of a vote. As of the record date, holders of Security Capital class A stock, Security Capital class B stock and Security Capital series B preferred stock together are entitled to cast a total of 1,219,122.666 votes at the special meeting.

As of the record date, the directors (including a non-voting advisory director) and executive officers of Security Capital and their affiliates beneficially owned and were entitled to vote 103,997 shares of Security Capital class A stock, 5,124,741 shares of Security Capital class B stock and 257,642 shares of Security Capital series B preferred stock (or 13.34% of the total voting power of the Security Capital shares entitled to vote on the merger proposal).

### Voting Your Shares

We will vote all shares of Security Capital class A stock, class B stock and series B preferred stock represented by properly executed proxies received before or at the Security Capital special meeting in accordance with the instructions indicated on those proxies, unless the proxies are revoked. If you do not indicate any instructions on a properly executed proxy card, we will vote the shares represented by the proxy FOR approval of the merger proposal. We urge you to mark the box on the proxy card to indicate how to vote your shares.

We will count properly executed proxies marked "Abstain" for purposes of determining whether there is a quorum, but we will not vote any of the shares represented by these proxies at the Security Capital special meeting. If you hold your shares in an account at a brokerage firm or bank, you must instruct the broker or bank on how to vote your shares. If an executed proxy card is returned by a broker or bank holding shares which indicates that the broker or bank does not have discretionary authority to vote at the special meeting, the shares will be considered present at the meeting for purposes of determining the presence of a quorum, but will not be considered to have been voted. Your broker or bank will vote your shares only if you provide instructions on how to vote by following the information provided to you by your broker or bank. The Security Capital 401(k) Plan provides a mechanism through which all shares of Security Capital common stock held under the 401(k) Plan will be voted whether or not the participant has directed the vote. If you are a participant in the Security Capital 401(k) Plan and you do not vote your Security Capital common stock held by the 401(k) Plan, the administrator for the 401(k) Plan will, pursuant to the terms of the 401(k) Plan, instruct the trustee to vote your

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Security Capital stock in proportion to the votes received from other participants. Abstentions, failures to respond and broker non-votes will have the effect of votes against the merger proposal, since the vote required to approve the merger proposal is based on the total number of shares outstanding.

### Submitting Proxies by Telephone or Internet

Maryland law and our bylaws expressly provide for the authorization of proxies by any electronic or telephonic means. Accordingly, you may submit your proxy by telephone or the Internet. To submit a proxy with voting instructions by telephone call 1-877-381-4019. Proxies may also be submitted over the Internet. Please refer to your proxy card for the website information. In each case stockholders will be required to provide the unique control number which has been printed on each stockholder's proxy card. In addition to the instructions that appear on the proxy card, step-by-step instructions will be provided by a recorded telephone message for those stockholders submitting proxies by telephone, or at the designated web site for those stockholders submitting proxies over the Internet. Stockholders submitting their proxies with voting instructions by telephone or over the Internet will receive confirmation on the telephone or over the Internet, as applicable, that their proxies have been successfully submitted.

### Other Matters

We do not expect any matters other than those mentioned above to be brought before the special meeting. If, however, other matters are presented, the persons named as proxies will only vote your shares in accordance with their discretion with respect to those matters, if you vote in favor of the grant of discretionary authority by marking the "FOR" box under proposal number two on your proxy card.

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### How to Revoke a Proxy

You may revoke your proxy before we vote it at the special meeting in one of three ways:

- . notifying the Secretary of Security Capital in writing;
- . submitting a later dated proxy; or
- . appearing in person and voting at the special meeting if you are a holder of record. Attendance at the special meeting will not in and of itself constitute revocation of a proxy.

If you choose either of the first two methods, you must submit your notice of revocation or your new proxy to the Secretary of Security Capital before your proxy is voted at the special meeting. If you hold your shares through an account at a brokerage firm or bank, or through the 401(k) Plan, you should contact your brokerage firm or bank or, in the case of the 401(k) Plan, the plan trustee, to change your vote.

### Cost of Solicitation

Security Capital will bear its own costs of solicitation of proxies. Security Capital has retained Georgeson, for a fee of \$25,000 plus additional charges related to telephone calls and other services, to assist in the solicitation of proxies. Security Capital and Georgeson will also request banks, brokers and other intermediaries holding Security Capital shares



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beneficially owned by others to send this proxy statement/prospectus to, and obtain proxies from, the beneficial owners and will reimburse the holders for their reasonable expenses. Security Capital may supplement its solicitation of proxies by mail through solicitation by telephone, telegram and other electronic means, advertisements and personal solicitation by the directors, officers or employees of Security Capital. Security Capital will not pay any additional compensation to directors, officers or employees for any such solicitation.

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### THE MERGER

#### Background of the Merger

At a series of meetings of the Security Capital Board held between February 1999 and December 2001, the board reviewed with management Security Capital's business, structure, relationships with its public and private investees and ideas for creating stockholder value. At these meetings the board discussed a number of ways to increase stockholder value, simplify the structure of Security Capital and eliminate the discount to the underlying value of its assets. Some of the topics discussed included selling its ownership interests in businesses which no longer met its objectives and increasing its ownership interests in other businesses, so that upon completion, Security Capital would own all or a high percentage of six real estate businesses that function as private operating divisions. The board also discussed other strategies which might strengthen Security Capital's balance sheet.

In connection with these board discussions, Security Capital took a number of actions with respect to its interests in its portfolio companies. These actions included the following:

- . the sale of Security Capital's interests in Strategic Hotel Capital in September 1999;
- . the acquisition of the remaining interests Security Capital did not own in Homestead Village Incorporated in June 2000;
- . the sale of Security Capital's interests in Archstone-Smith Operating Trust (formerly Archstone Communities Trust) between July 2000 and February 2001;
- . the acquisition of the remaining interests Security Capital did not own in Security Capital U.S. Realty in January 2001;
- . the sale of Security Capital's interests in CWS Communities Trust in August 2001;
- . the sale of Security Capital's interests in Homestead Village Incorporated in November 2001;
- . the sale of Security Capital's interests in CarrAmerica during November and December 2001; and
- . the entry into an agreement to purchase the remaining interest in Storage USA in December 2001.

In addition, as part of Security Capital's strategy to increase stockholder value, Security Capital instituted a stock buyback program and between September 1999 and April 2001 purchased common stock and convertible debentures

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for a total of \$601 million.

During the first quarter of 2000, GE Capital contacted Security Capital regarding possible business opportunities involving the two firms. Discussions were held between William Sanders and C. Ronald Blankenship of Security Capital and Ronald Pressman and Steven Hoover of GE Capital. The discussions covered a wide range of potential transactions, including the formation of a joint venture to explore potential real estate transactions, the possible sale of one or more of Security Capital's interests in its public and private investees, the possibility of management taking Security Capital private and GE Capital providing the financing for the potential transaction, and the possibility of GE Capital taking an equity position in Security Capital. At that time shares of the class B stock were trading in the range of \$12.00 to \$14.69 per share. Security Capital management, in consultation with the board, decided not to pursue any of these matters.

In February 2000, the Board of Directors of Security Capital U.S. Realty, a former affiliate of Security Capital organized under Luxembourg law, determined to sell \$55,000,000 principal amount of 6.5% Convertible Subordinated Debentures due 2016 of Security Capital that it owned, as well as shares of Security Capital common stock, in order to provide funds for Security Capital U.S. Realty to repurchase its own shares. Toward that end, Security Capital U.S. Realty contacted a number of potential purchasers, including GE Capital. In February 2000, GE Capital executed a confidentiality agreement with Security Capital which also included an agreement not to seek to acquire control of Security Capital or to assist any third party seeking to acquire control of Security Capital for eighteen months other than in a negotiated transaction with Security Capital. After the execution of the confidentiality agreement, GE Capital performed due diligence on Security Capital. In March 2000, GE Capital purchased the debentures from Security Capital U.S. Realty for \$39,875,000 in a private transaction. In March 2001, GE Capital sold the debentures to an unaffiliated third party.

Between March 2000 and September 2001, there were discussions from time to time between Mr. Sanders and senior officers of GE Capital regarding possible business opportunities involving the two firms, although no

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agreements were reached. These discussions did not involve any discussions regarding a possible merger or other change of control of Security Capital. The discussions were regularly reported to the board at its quarterly meetings.

In November 2000, Archstone Communities Trust, at the request of Security Capital pursuant to a registration rights agreement, filed a registration statement for all the shares of beneficial interest of Archstone then owned by Security Capital. As a result of earlier discussions between Security Capital and GE Capital, in early 2001, Steven Hoover of GE Capital contacted Messrs. Sanders and Blankenship and Constance Moore of Security Capital regarding a possible purchase of the Archstone shares. Discussions were held but no agreement was reached, and in February 2001, Security Capital sold substantially all its remaining shares in Archstone in an underwritten secondary public offering.

In early 2001, Security Capital determined to sell its 94% ownership interest in CWS Communities Trust. Security Capital retained Macquarie Capital Partners, which is 40% owned by Security Capital, to assist in the sale of the entire equity interest in CWS. Macquarie Capital Partners contacted a number of potential buyers, including GE Capital, to determine if they would be interested in purchasing CWS. GE Capital signed a confidentiality agreement and

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received information regarding CWS. However, no agreement was reached and in August 2001 Chateau Communities Trust acquired all of CWS.

On September 5, 2001, Mr. Sanders met with Michael Pralle, Alec Burger, and Steven Hoover of GE Capital in New York City to again discuss possible business opportunities involving the two companies. This meeting was arranged by GE Capital and was the result of ongoing discussions which had been held between Security Capital and GE Capital since early 2000. Mr. Sanders gave the GE Capital representatives a presentation regarding Security Capital's current business strategy. This strategy consisted of Security Capital selling its ownership interests in businesses which no longer met its objectives and increasing its ownership interests in other businesses, so that upon completion, Security Capital would own all or a high percentage of six real estate businesses that function as private operating divisions. This strategy also included repurchases of Security Capital common stock in the open market pursuant to a previously announced stock buyback program. Mr. Sanders reviewed the transactions completed or announced in furtherance of this strategy, and described Security Capital's intentions to continue to simplify Security Capital's structure and effectively eliminate, to the extent practicable, the discount to net asset value and to repurchase Security Capital common stock as and when permitted by applicable law.

On September 25, 2001, in a telephone call between Alec Burger of GE Capital and William Sanders of Security Capital, Mr. Burger brought up the subject of GE Capital either acquiring Security Capital or management taking Security Capital private and GE Capital providing the financing.

Between October 1 and November 6, 2001, there were numerous phone calls and meetings between Messrs. Sanders or Blankenship of Security Capital and Michael Pralle, Alec Burger and other senior executives of GE Capital regarding a possible acquisition of Security Capital by GE Capital. The primary focus of the discussions was on the price per share to be offered to Security Capital stockholders, the timing of any potential transaction, as well as the process for exploring whether or not any agreement could be reached. During this time Security Capital provided GE Capital with public information regarding Security Capital.

In late October 2001, Mr. Sanders contacted individual members of the Security Capital board regarding the discussions which were occurring between Security Capital and GE Capital. These directors encouraged Mr. Sanders to continue discussions.

At the direction of the Security Capital board, in late October 2001, Security Capital contacted Goldman, Sachs & Co. regarding a possible transaction with GE Capital, and Security Capital retained Wachtell, Lipton, Rosen & Katz to represent it as legal counsel in connection with a possible transaction with GE Capital.

On November 7, 2001, GE Capital and Security Capital executed a confidentiality agreement. On November 7, 8 and 9, 2001, representatives of GE Capital, and Merrill, Lynch & Co., Inc., financial advisor to GE Capital, met with representatives of Security Capital and its financial advisor, at Security Capital's offices in Santa Fe. Senior management of Security Capital gave presentations regarding Security Capital's business and strategy.

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Between November 7 and November 16, 2001, Security Capital provided additional information to GE Capital regarding Security Capital and its private affiliates. During this period, Messrs. Sanders and Blankenship and Messrs.

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Pralle and Burger held frequent discussions regarding terms of a possible transaction, including price and consideration for a transaction. Mr. Sanders conveyed to GE Capital that Security Capital would not be interested in pursuing a transaction in which Security Capital stockholders received less than \$26 in cash per share. Security Capital believed that \$26 per share represented a reasonable approximation of its realizable net asset value and was at the upper end of what a potential acquirer would be willing to pay. On November 16, 2001, Mr. Sanders called Mr. Burger and told him that because Security Capital was interested in promptly resuming its stock buyback program, unless an agreement could be signed and announced by December 7, 2001, Security Capital was not interested in pursuing a transaction with GE Capital.

Between November 16 and November 21, 2001, discussions were suspended pending GE Capital's consideration of Security Capital's \$26 per share expectation as well as its December 7th deadline. On the evening of November 21, 2001, Mr. Burger contacted Mr. Blankenship and told him that GE Capital was willing to proceed with discussions concerning a transaction along these general lines. GE Capital then instructed its legal counsel, Weil, Gotshal & Manges LLP, to begin preparation of a draft merger agreement and related documentation.

On November 28, 2001, Mr. Blankenship participated in a conference call with Alec Burger, other GE senior officers and counsel for Security Capital and GE Capital to discuss the general terms of a possible transaction and a draft merger agreement which had been prepared by counsel for GE Capital. The primary issues discussed on this call were the conditions to closing, representations and warranties, whether the transaction could be completed by tender offer, GE Capital's desire to retain Security Capital management for some period after the merger, the termination fee, the no-solicitation covenant, and anti-trust matters.

On November 29, 2001, Mr. Sanders discussed with individual directors of Security Capital, by telephone, the general outline of a possible transaction with GE Capital. The directors encouraged management to continue discussions with GE Capital.

During the week of December 3, 2001, discussions between Security Capital and GE Capital, and their respective financial and legal advisors, continued. These discussions focused on the structure of the transaction and the conditions to closing.

On December 4, 2001, the Security Capital board, acting by unanimous written consent, approved a purchase and sale agreement by and among Storage USA, Inc., Storage USA Trust, SUSA Partnership, L.P. and Security Capital, which provides for the sale of all of the assets of Storage USA, including its interests in SUSA Partnership, L.P., its operating partnership, to Security Capital, and the merger of Storage USA, Inc. with and into SUSA Partnership, L.P. The negotiation and approval of the Storage USA transaction was conducted independently of the negotiations concerning the transaction with GE Capital. Security Capital did not provide GE Capital or its representatives with any material information regarding the status of these negotiations (other than to provide information that had been previously publicly disclosed) and GE Capital did not have any role in any aspect of the Storage USA negotiations. GE did request that the closing of the Storage USA acquisition be made a condition to the closing of the GE Capital transaction; Security Capital rejected this request and it was not raised again.

On December 7, 2001, the board of GE Capital met to consider the transaction with Security Capital. The following members of the GE Capital board were present at the December 7, 2001 meeting: Nancy E. Barton, Ferdinando Beccalli, James R. Bunt, David L. Calhoun, Dennis D. Dammerman, Scott C. Donnelly, Michael D. Frazier, Jeffrey R. Immelt, John H. Meyers, Denis J. Nayden, Michael

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A. Neal, James A. Parke, Ronald R. Pressman, Gary M. Reiner, Gary L. Rogers, John M. Samuels, Keith S. Sherin, Edward D. Stewart, and Robert C. Wright. During the board meeting, there were questions and discussions about the Security Capital transaction. At the close of such discussions, the GE Capital Board deferred consideration of the transaction to the Executive Committee comprised of Messrs. Dammerman, Immelt and Nayden which allowed discussions to continue with Security Capital regarding the structure of the transaction.

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Following this meeting of the GE Capital directors, representatives of GE Capital advised Security Capital that it might not wish to pay \$26 in cash. However, it would consider a transaction in which, at GE Capital's option, Security Capital stockholders could receive part of the merger consideration in the form of ProLogis common shares and part in cash. GE Capital also proposed various mechanisms by which Security Capital stockholders would be partially protected for potential drops in value of the ProLogis common shares. These discussions continued into the evening of December 7. That evening, Security Capital indicated a willingness to discuss a transaction in which GE Capital would have the option to distribute the ProLogis shares. Based on these discussions, the general terms of a transaction with Security Capital involving this option were reviewed and approved by the Executive Committee, subject to endorsement by the Board of Directors of General Electric Company.

Negotiations regarding the terms of the transaction, the potential disposition of the ProLogis shares owned by Security Capital, conditions to closing, support agreements and employment arrangements for senior officers of Security Capital, and employee issues continued through the week of December 10, 2001. During these negotiations Security Capital reiterated its position that its stockholders receive \$26 in cash, and GE Capital again expressed its desire to have an option to cause part of the consideration to be paid in ProLogis common shares and that Security Capital stockholders bear some of the risk of any drop in value of these shares. On December 11, GE Capital and Security Capital tentatively agreed to a structure in which Security Capital stockholders would receive a fixed \$26 in value, with GE Capital having the option to cause Security Capital to distribute the ProLogis common shares to Security Capital stockholders. ProLogis was not involved in any of the discussions or negotiations concerning the merger or any related matters, including the disposition of the ProLogis shares.

On December 12, 2001, at a regularly scheduled Security Capital board meeting (attended by all of Security Capital's directors except Mr. Frank Lowy, a non-voting advisory director), management presented a proposed transaction with GE Capital under which GE Capital would acquire all the outstanding common stock of Security Capital in a merger transaction for a fixed value of \$26 per share of class B stock, either in the form of all cash or partially cash and partially shares of ProLogis at GE Capital's election, and assume all outstanding indebtedness. Each share of class A stock would be entitled to receive 50 times the per share consideration received by holders of class B stock. Under Security Capital's charter each share of class A stock is entitled to 50 times the economic value of each share of class B stock, accordingly there were no separate negotiations as to the consideration to be paid to the holders of class A stock apart from the holders of class B stock. Goldman Sachs made a financial presentation to the board regarding the proposed transaction and advised the board that, provided the terms of the draft merger agreement did not vary materially from the terms presented to the board, it would be able to give a fairness opinion on the transaction. Legal counsel to Security Capital discussed the legal responsibilities of the board regarding the proposed transaction and described the terms and conditions of the draft merger agreement and other related matters.

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From December 12 to December 14, 2001, counsel to GE Capital and counsel to Security Capital further discussed the draft merger agreement at the direction of their respective clients. On the afternoon of December 14, 2001, the Board of General Electric Company endorsed the terms of the merger agreement.

On the afternoon of December 14, 2001, at a special meeting of the Security Capital board (attended by all of Security Capital's directors except Mr. Frank Lowy, a non-voting advisory director, and Ms. Janet Hill), management and its legal and financial advisors made presentations to the board concerning the proposed merger and the status of negotiations with GE Capital. Goldman Sachs made a financial presentation to the board and gave its oral opinion (subsequently rendered in writing) to the board that the consideration to be received in the transaction by the stockholders of Security Capital was fair from a financial point of view. Legal counsel to Security Capital described the consideration proposed to be paid in the merger and the other material terms of the draft merger agreement, the support agreements and the employment arrangements and other related matters. After discussion and consideration, the Security Capital board determined that the merger was advisable, approved the merger agreement and resolved to recommend to the stockholders of Security Capital that they approve the merger agreement and the merger.

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On the evening of December 14, 2001, after Security Capital's and GE Capital's legal counsel had finalized the merger agreement and related matters, Security Capital, GE Capital and EB Acquisition Corp. entered into the merger agreement. On December 14, 2001, GE Capital and Security Capital issued a joint press release announcing the merger and execution of the merger agreement.

On March 8, 2002 GE Capital informed Security Capital that its current plan is to cause Security Capital to distribute approximately 32.8 million ProLogis common shares as part of the Merger Consideration, or 0.19 ProLogis common shares for each class B share. However, GE Capital has not made a formal election, has informed Security Capital that it intends to continue to evaluate its alternatives and could change its plans.

### Security Capital's Reasons for the Merger; Recommendation of the Security Capital Board

At a special board meeting on December 14, 2001, the Security Capital board determined that the merger is advisable, fair to and in the best interests of Security Capital and its stockholders and, by the unanimous vote of all the directors present, approved and adopted the merger agreement, the support agreements and the transactions contemplated by those agreements, including the merger. Ms. Janet Hill, who was present at the December 12, 2001 meeting during which the transaction was discussed, due to scheduling conflicts was not able to attend the December 14th meeting during which the transaction was approved. In addition, Mr. Frank Lowy (a non-voting advisory member of the board) was not present at either the December 12th or the December 14th meetings. Ms. Hill and Mr. Lowy have subsequently informed Security Capital that they agree with and support the actions of the board. Accordingly, the Security Capital board recommends that Security Capital stockholders vote for approval of the merger agreement and the merger at the special meeting.

In reaching its decision to approve and adopt the merger agreement, the support agreements and the transactions contemplated by those agreements, and to recommend that Security Capital stockholders vote to approve the merger agreement and the merger, the Security Capital board considered the following

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material factors:

- . the current and historical market prices of Security Capital class A and class B stock relative to those of other industry participants and general market indices, including the fact that the respective \$1,300.00 and \$26.00 per share values represent premiums of 22.6% and 25.6%, respectively, over the closing prices per share on the last trading day prior to the public announcement of the merger;
- . the fact that the merger consideration provides \$26.00 in value per share of class B stock and 50 times the per share class B consideration per share of class A stock, regardless of whether GE Capital elects to distribute shares of ProLogis;
- . the fact that although the transaction did not completely eliminate the trading discount to Security Capital's net asset value, it would substantially fulfill Security Capital's goal of effectively eliminating the trading discount to its net asset value and would provide the stockholders greater value than could reasonably be expected to be generated in a reasonable time period if Security Capital were to remain independent;
- . the fact that the merger is not subject to any financing conditions;
- . the fact that the merger is not subject to the approval of GE stockholders;
- . the presentations by Goldman Sachs on December 12, 2001 and its oral opinion of December 14, 2001, which was confirmed in a written opinion dated December 14, 2001, that, as of the date of such opinion, and based on and subject to the matters set forth in that opinion, the \$26.00 and \$1,300.00 per share in value to be received by holders of Security Capital class A and class B stock, respectively, pursuant to the merger agreement was fair from a financial point of view to such holders (see "--Opinion of Goldman Sachs");

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- . the Security Capital board's familiarity with, and presentations by Security Capital's management and its financial advisor regarding, the business, operations, properties and assets, financial condition, competitive position, business strategy and prospects of Security Capital (as well as the risks involved in achieving those prospects), the financial budgets prepared by management, and current industry, economic and market conditions, both on an historical and on a prospective basis; and
- . the views of management that, based on the foregoing, Security Capital stockholders could expect to realize greater value from the proposed transaction with GE Capital than could be expected to be generated in a reasonable time period if Security Capital were to remain independent.

The Security Capital board also considered potential drawbacks or risks relating to the merger, including the following material drawbacks and risks:

- . the fact that the only alternative to the merger considered by the Security Capital board was remaining an independent public company and continuing Security Capital's stated business strategy;

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- . the fact that as a result of the merger, Security Capital's current stockholders would no longer hold an equity interest in the business of Security Capital;
- . the fact that the transaction would be taxable to Security Capital stockholders for United States federal income tax purposes; and
- . the possibility that the termination fee and other provisions of the merger agreement, including GE Capital's right to match any superior proposal, and the terms of the support agreements might discourage other parties that might have an interest in a business combination with, or an acquisition of, Security Capital (see "The Merger Agreement" and "Support Agreements").

In addition, the directors of Security Capital were aware of the interests of the officers and directors of Security Capital described under "--Interests of Certain Persons in the Merger."

The foregoing discussion addresses the material information and factors considered by the Security Capital board in its consideration of the merger, including factors that support the merger as well as those that may weigh against it. In view of the variety of factors and the amount of information considered, the Security Capital board did not find it practicable to and did not make specific assessments of, quantify or otherwise assign relative weights to the specific factors considered in reaching its determination. In addition, the Security Capital board did not undertake to make any specific determination as to whether any particular factor, or any aspect of any particular factor, was favorable or unfavorable to its ultimate determination. The determination to approve the merger was made after consideration of all of the factors as a whole. In addition, individual members of the Security Capital board may have given different weights to different factors.

### Projections

Security Capital has advised GE Capital that it does not as a matter of course make public any projections as to future performance, earnings or net asset value, and the projections set forth below are included in this proxy statement/prospectus only because this information was provided to GE Capital. The projections were not prepared with a view to public disclosure or compliance with the published guidelines of the Commission or the guidelines established by the American Institute of Certified Public Accountants regarding projections or forecasts. The projections do not purport to present operations or financial condition in accordance with generally accepted accounting principles, and Security Capital's independent auditors have not examined or compiled the projections and accordingly assume no responsibility for them. Security Capital has also advised GE Capital that its internal financial forecasts (upon which the projections provided to GE Capital were based ) are, in general, prepared solely for internal use and capital budgeting and other management decisions and are subjective in many respects and thus susceptible to interpretations and periodic revision based on actual experience and business developments. The projections also reflect numerous assumptions made by management of Security

Capital with respect to industry performance, general business, economic, market and financial conditions and other matters, including effective tax rates consistent with historical levels for Security Capital and the stock prices of Security Capital's public investees, all of which are difficult to predict, many of which are beyond Security Capital's control, and none of which



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are subject to approval by GE Capital. Accordingly, there can be no assurance that the assumptions made in preparing the projections will prove accurate. It is expected that there will be differences between actual and projected results, and actual results may be materially greater or less than those contained in the projections. The inclusion of the projections herein should not be regarded as an indication that any of GE Capital, or Security Capital or their respective affiliates or representatives considered or consider the projections to be a reliable prediction of future events, and the projections should not be relied upon as such. The projections, which do not reflect the redeployment of cash generated from asset sales, anticipate earnings before depreciation, amortization and deferred taxes (EBDADT) of \$240.1 million for fiscal year 2002 (after payment of preferred stock dividends and interest on convertible debt), EBDADT per share of \$1.87 per share (\$2.13 per share on a pro forma basis giving effect to the completion of the Storage USA acquisition in April 2002) for calendar year 2002, and post-tax net asset value (NAV) per share as of December 31, 2002 of \$29.21. None of Security Capital or GE Capital or any of their respective affiliates or representatives has made or makes any representation to any person regarding the ultimate performance of Security Capital compared to the information contained in the projections, and none of them intends to update or otherwise revise the projections to reflect circumstances existing after the date when made or to reflect the occurrence of future events even in the event that any or all of the assumptions underlying the projections are shown to be in error.

### Opinion of Goldman Sachs

On December 14, 2001, Goldman Sachs delivered to the Security Capital board a written opinion, dated December 14, 2001, that, based upon and subject to the matters set forth in the opinion, as of the date of such opinion, the consideration to be received by the holders of the class A stock and the class B stock of Security Capital pursuant to the merger agreement was fair from a financial point of view to such holders.

The full text of the written opinion of Goldman Sachs, dated December 14, 2001, which sets forth the assumptions made, matters considered and limitations on the review undertaken in connection with the opinion, is attached to this proxy statement/prospectus as Appendix C and is incorporated by reference in this proxy statement/prospectus. Goldman Sachs provided its advisory services and its opinion for the information and assistance of the Security Capital board in connection with its consideration of the merger. The Goldman Sachs opinion is not a recommendation as to how any holder of class A stock or class B stock should vote with respect to the merger. Security Capital stockholders are urged to read the Goldman Sachs opinion in its entirety.

In connection with its opinion, Goldman Sachs reviewed, among other things:

- . the merger agreement and certain related documents;
- . annual reports to stockholders and Annual Reports on Form 10-K of Security Capital for the four years ended December 31, 2000;
- . certain interim reports to stockholders and Quarterly Reports on Form 10-Q of Security Capital for periods during 1998, 1999, 2000 and 2001;
- . certain other communications from Security Capital to its stockholders; and
- . certain internal financial analyses and budgets for Security Capital prepared by its management. With respect to internal financial budgets prepared by Security Capital management in connection with calendar year 2002, Goldman Sachs did not utilize these budgets in performing any of the analyses described below because management's financial budgets did

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not account for deployment of available cash.

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Goldman Sachs also held discussions with members of the senior management of Security Capital regarding their assessment of the strategic rationale for the merger and the past and current business operations, financial condition and future prospects of Security Capital. In addition, Goldman Sachs:

- . reviewed the reported price and trading activity for the class A stock and class B stock of Security Capital and the reported price and trading activity for the equity securities of ProLogis;
- . compared financial and stock market information for Security Capital with similar information for other companies the securities of which are publicly traded;
- . reviewed the financial terms of recent business combinations in the real estate industry specifically and in other industries generally; and
- . performed other studies and analyses Goldman Sachs considered appropriate (including where appropriate pro forma financial analyses as described below).

Goldman Sachs has relied upon the accuracy and completeness of all of the financial, accounting and other information discussed with or reviewed by it, and Goldman Sachs has assumed such accuracy and completeness for purposes of rendering its opinion. In that regard, Goldman Sachs has assumed, with the consent of Security Capital's board, that the internal financial budgets prepared by the management of Security Capital have been reasonably prepared on a basis reflecting the best currently available estimates and judgments of Security Capital. In addition, Goldman Sachs did not make an independent evaluation or appraisal of the assets and liabilities of Security Capital or any of its subsidiaries and was not furnished with any such evaluation or appraisal. Goldman Sachs was not requested to solicit and did not solicit interest from other parties with respect to an acquisition of or other business combination with Security Capital.

The following is a summary of the material financial analyses presented by Goldman Sachs to Security Capital's board on December 12, 2001 in connection with the board's consideration of the merger. It does not purport to be a complete description of the analyses performed by Goldman Sachs. The order of the analyses described, and the results of those analyses, do not represent the relative importance or weight given to the analyses by Goldman Sachs. Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data as it existed on or before December 12, 2001, and is not necessarily indicative of current market conditions.

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The following summaries of financial analyses include information presented in tabular format. You should read these tables together with the text of each summary.

Selected Companies Comparison

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Goldman Sachs reviewed and compared selected financial information, ratios and multiples for Security Capital to corresponding financial information, ratios and multiples for the four publicly traded portfolio companies of Security Capital (ProLogis, Regency Realty Corporation, Storage USA and CarrAmerica) and for other selected publicly traded companies from each of the four real estate industry sectors in which the four portfolio companies operate. On December 12, 2001, the day of Goldman's presentation to the Security Capital board, CarrAmerica was still a portfolio company of Security Capital. On November 19, 2001, CarrAmerica repurchased 32% of Security Capital's holdings in CarrAmerica. Subsequently, on December 19, 2001, Security Capital sold the remaining 68% of its holdings in CarrAmerica in an underwritten offering.

The companies included in the analysis (including the four portfolio companies) consisted of:

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 Industrial real estate  
 companies:

CenterPoint  
 Properties Trust,  
 Cabot Industrial  
 Trust,  
 AMB Property  
 Corporation,  
 ProLogis Trust,  
  
 Liberty Property  
 Trust, and  
 First Industrial  
 Realty Trust, Inc.

Self storage companies:

Public Storage, Inc.,  
  
 Storage USA, Inc.,  
 Shurgard Storage  
 Centers, Inc., and  
 Sovran Self Storage,  
 Inc.

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 Shopping center  
 companies:

Sizeler Property  
 Investors, Inc.,  
  
 Center Trust, Inc.,  
  
 Kimco Realty  
 Corporation,  
 Weingarten Realty  
 Investors,  
 Pan Pacific Retail  
 Properties Inc.,  
 Saul Centers, Inc.,  
  
 New Plan Excel  
 Realty Trust Inc.,  
 Regency Centers  
 Corp.,  
 IRT Property Company,  
  
 Federal Realty  
 Investment Trust,  
 JDN Realty  
 Corporation,  
 Acadia Realty Trust,  
  
 Developers  
 Diversified Realty

Office real estate  
 companies:

Alexandria Real  
 Estate Equities,  
 Inc.,  
 Boston Properties,  
 Inc.,  
 SL Green Realty  
 Corp.,  
 Equity Office  
 Properties Trust,  
 CarrAmerica Realty  
 Corporation,  
 Reckson Associates  
 Realty Corp.,  
 Mack-Cali Realty  
 Corporation,  
  
 Arden Realty, Inc.,  
 Kilroy Realty  
 Corporation,  
 TrizecHahn  
 Corporation,  
 Prentiss Properties  
 Trust,  
 Parkway Properties  
 Inc.,  
  
 Great Lakes REIT,

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|                       |                    |
|-----------------------|--------------------|
| Corporation,          | Inc.,              |
| JP Realty, Inc.,      | Prime Group Realty |
|                       | Trust, and         |
| Kramont Realty Trust, | Highwoods          |
|                       | Properties, Inc.   |
| Konover Property      |                    |
| Trust, Inc., and      |                    |
| Glimcher Realty Trust |                    |

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The multiples, ratios and other financial information reviewed by Goldman Sachs were calculated based on the most recent publicly available information and using closing share prices on December 7, 2001. The estimates of funds from operations, or FFO, per share for Security Capital and for the forty-two other companies included in the comparison were based on median estimates provided by the Institutional Brokers Estimate System, or IBES, for 2001 and 2002. The median IBES estimates for FFO per share for Security Capital was selected as the most appropriate estimate for comparison purposes. Although Goldman Sachs reviewed Security Capital management's financial budgets, they were not used in the analysis because Security Capital's management's financial budgets did not account for deployment of available cash, whereas the IBES estimates

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reflect research analysts' opinions and assumptions as to how Security Capital might use its available cash. In addition, the estimates of net asset value, or NAV, per share for Security Capital and for the forty-two other companies included in the comparison were based on estimates provided by Green Street Advisors. Goldman Sachs' analysis of the selected companies compared the following to the results for Security Capital:

- . the December 7, 2001 closing share price as a percentage of the 52-week high share price;
- . the annual dividend yield (based on the most recently reported dividend);
- . the ratio of net debt (total debt less cash) to total market capitalization (the equity market value as of December 7, 2001 plus net debt and preferred equity). Net debt for Security Capital includes the cash proceeds from the sale of its full interest in Homestead and the sale of 32% of its holdings in CarrAmerica Realty to CarrAmerica Realty on November 19, 2001;
- . the multiple of the closing share price on December 7, 2001 to estimated FFO per share for 2001 and 2002;
- . the growth rate reflected by estimated 2001 and 2002 FFO per share;
- . the ratio of (1) the multiple of estimated 2002 FFO per share represented by the closing share price on December 7, 2001 to (2) the growth rate calculated as described in the preceding bullet; and
- . the premium (discount) to net asset value per share represented by the closing share price on December 7, 2001.

The results of these analyses for Security Capital, ProLogis and the group of six industrial real estate companies (including ProLogis) are summarized as follows:

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|  | SECURITY<br>CAPITAL | PROLOGIS | GROUP<br>MEDIAN |
|--|---------------------|----------|-----------------|
| December 7, 2001 closing share price as a percentage of 52-week high   | 96.1%               | 97.6%    | 97.8%           |
| Annual dividend yield  | 0.0%                | 6.1%     | 6.1%            |
| Ratio of net debt to total market capitalization   | (11.1)%             | 33.5%    | 36.7%           |
| Multiple of December 7, 2001 closing share price to estimated 2001 FFO per share   | 7.9x                | 9.6x     | 9.8x            |
| Multiple of December 7, 2001 closing share price to estimated 2002 FFO per share   | 7.2x                | 9.2x     | 9.4x            |
| Rate of growth from estimated 2001 to estimated 2002 FFO per share   | 4.5%                | 4.3%     | 3.5%            |
| Ratio of (1) the multiple of 2002 estimated FFO per share represented by the December 7, 2001 closing share price to (2) the estimated 2001-2002 FFO per share growth rate | 1.6x                | 2.2x     | 2.5x            |
| Premium/(discount) to NAV per share  | (18.0)%             | 10.2%    | 10.2%           |

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The results of these analyses for Security Capital, Regency Realty and the group of seventeen shopping center companies (including Regency Realty) are summarized as follows:

|  | SECURITY<br>CAPITAL | REGENCY<br>REALTY<br>CORPORATION | GROUP<br>MEDIAN |
|--|---------------------|----------------------------------|-----------------|
| December 7, 2001 closing share price as a percentage of 52-week high | 96.1%               | 99.4%                            | 97.9%           |
| Annual dividend yield  | 0.0%                | 7.4%                             | 7.7%            |
| Ratio of net debt to total market capitalization                     | (11.1)%             | 38.6%                            | 51.5%           |

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|  |      |      |      |
|--|------|------|------|
| Multiple of December 7, 2001 closing share price to estimated 2001 FFO per share   | 7.9x | 9.7x | 8.8x |
| Multiple of December 7, 2001 closing share price to estimated 2002 FFO per share   | 7.2x | 9.3x | 9.3x |
| Rate of growth from estimated 2001 to estimated 2002 FFO per share   | 4.5% | 5.0% | 4.9% |
| Ratio of (1) the multiple of 2002 estimated FFO per share represented by the December 7, 2001 closing share price to (2) the estimated 2001-2002 FFO per share growth rate |      |      |      |