

FIRST AMENDMENT TO EXCLUSIVE NEGOTIATION AGREEMENT

THIS FIRST AMENDMENT TO EXCLUSIVE NEGOTIATION AGREEMENT (the "First Amendment") is made effective the 1st day of July, 2008 by the City of Redlands, a California municipal corporation, (the "City"), and ProLogis, a Maryland Real Estate Investment Trust (the "ProLogis"), on the terms and provisions set forth below. The City and ProLogis are sometimes individually referred to herein as a "Party" and, together, as the "Parties."

WITNESSETH THAT:

WHEREAS, On February 5, 2008, the City and the ProLogis previously entered into an Exclusive Negotiation Agreement (the "Original Agreement"); and

WHEREAS, All of the terms defined in the Original Agreement shall have the same meaning when used in this First Amendment; and

WHEREAS, The ProLogis has requested an extension of the Negotiation Period to August 15, 2008; and

WHEREAS, it now becomes necessary to amend said Original Agreement and both Parties are desirous of such amendment.

NOW THEREFORE, in consideration of the mutual undertakings herein, the Parties agree that the Original Agreement shall be amended as follows:

1. The first sentence of the first paragraph in Section 103, Negotiation Period, is amended in its entirety to read as follows:

"The duration of this Agreement (the "Negotiation Period") shall be **February 5, 2008 through August 15, 2008**, unless sooner terminated pursuant to the provisions of this Agreement."

2. Paragraph (2) of Section 102, Required Actions, is amended in its entirety to read as follows:

"The City shall obtain two appraisals of the City Site. The appraisals shall be prepared by an appraiser ("Appraiser") that is a Member of the Appraisal Institute ("MAI") and shall be approved of by both Parties. The actual cost of the appraisals shall be funded by ProLogis from the Implementation Deposit defined in Section 105, below. The first appraisal assignment shall require the Appraiser to value the City Site without any hypothetical assumptions. The second appraisal assignment shall require the Appraiser to value the City Site as though its General Plan land-use and zoning designations were fully sufficient for the development of

a distribution or warehouse facility of the type currently contemplated by ProLogis. The second appraisal may be an addendum or supplement to the first appraisal and the cost shall not exceed \$600.00. The Appraiser shall utilize the Uniform Standards of Professional Appraisal Practice in the conduct of their work. The Parties concur that the Appraiser shall be informed and that the appraisal shall reflect that the City Site currently has a General Plan land-use designation of agriculture with a corresponding zoning designation of open space and that any development of the City Site is subject to certain Mitigation Improvements, as defined in Section 300, below."

3. All other terms and conditions of said Original Agreement shall remain the same.

IN WITNESS WHEREOF, the City and the ProLogis, through their duly authorized officers, have executed this First Amendment to Exclusive Negotiation Agreement effective as of the date first above written.

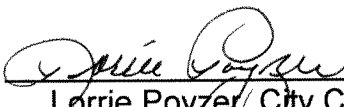
PROLOGIS

By:  6-17-08
Michael V. Del Santo
Its: First V.P.

CITY OF REDLANDS

By: 
Jon Harrison, Mayor

ATTEST:

By: 
Lorrie Poyzer, City Clerk