

## News release

### Annual General Meeting Statement

**Luxembourg – 23 May 2007** – Robert Watson, CEO of ProLogis European Properties (Euronext: PEPR), Europe's largest owner of modern distribution facilities, will make the following statements at today's AGM to be held at 09:00am at Hotel Le Royal, 12 Boulevard Royal, L-2449, Luxembourg.

In February we reported a very strong set of results for 2006 and at the beginning of May we were pleased to announce a significant increase in adjusted earnings and rental income over the first quarter of 2007. We believe that this increase demonstrates the value of our strategy of focusing on top quality distribution facilities in key logistics markets across Europe, thereby generating capital appreciation and a high level of distributable earnings.

At the end of 2006, we anticipated growing the business through the acquisition of €200 million of newly constructed and leased distribution facilities across Europe which had been developed by ProLogis. The target for completing this process was no later than October 2007 yet we have executed this strategic milestone of our growth plan earlier than expected by acquiring 14 buildings for €201.6 million on 28 March 2007. The remaining facility is due to be acquired by the end of the second quarter.

Future growth will come through our opportunity to make major investments in all of the ProLogis private equity funds and joint ventures which will be established in Europe. Following its acquisition of Parkridge, ProLogis' existing European pipeline contained US\$2.7 billion of properties and a land bank of some 5,300 acres, compared to an initial expected pipeline of US\$1.45 billion. This substantial increase in opportunity for PEPR is very significant for our future growth. The strength of our Balance Sheet provides us with the capacity to invest over €600m in future opportunities.

In terms of market outlook, we see strong occupier demand in our major markets as a result of the favourable economic climate in continental Europe, strong global trade growth and the continuing efforts of our customers to build more efficient and cost effective supply chains. This is underlined by the portfolio's leasing status at 96.5% occupied. Our target markets continue to show yield compression, although at a slower rate, and we anticipate the return of rental growth given increasing land prices and construction costs. Indeed, we have already seen this occurring in our portfolio in the UK and Spain.

Looking more closely at the individual markets, France continues to be a major pan-European logistics market and demand for modern logistics space has been improving in the key sub-market of Paris. In Italy, where we are 100% let, the economic environment is improving, boding well for the future. We are seeing strong demand in the dynamic Spanish market where there is a short supply of land and properties, indeed we have experienced great success at ProLogis Park Sant Boi and are virtually 100% leased in Spain.

The UK market remains strong, with low yields relating to the favourable lease structure, and over the past two to three years, we have seen a period of sustained yield shift across all types of property. We nevertheless believe that further yield shift is unlikely. The fact that Germany has become the geographical centre of the enlarged European Union has had a positive impact on demand and the increased economic activity in the Belgian and Dutch markets has also improved demand.

In Central Europe, yields have been converging with western levels over the past few years while demand for industrial space remains robust. The Czech Republic remains one of the most dynamic markets and demand in Poland increased significantly in 2006 as a result of the growing economy and an increased inflow of goods from west to east. The Hungarian market is also becoming more stable. Demand for prime modern warehouse space is growing and we believe that Hungary has the potential to become a regional hub for south east Europe.

We believe that we are well positioned for growth and with such a promising outlook, we remain confident in our prospects for 2007 and beyond. In the short term, we are successfully integrating the 14 new assets into the portfolio and the completion of an outstanding facility, as well as the future investment in ProLogis' sponsored private equity fund. On an ongoing basis, we will continue to focus on offering a superior level of

customer service, growing our income through best in class operations and investing in new state-of-the-art facilities.

**-Ends-**

**For further information, please contact:**

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**About ProLogis European Properties (PEPR)**

ProLogis European Properties, or PEPR, which listed on Euronext Amsterdam on 22 September 2006, is a leading pan-European owner of high quality logistics facilities. PEPR's portfolio of real estate is located in 25 submarkets within 11 European countries. Established in 1999, PEPR is a real estate investment fund (organised as a Luxembourg closed-ended *fonds commun de placement*) externally managed by a subsidiary of ProLogis, the largest U.S. based real estate investment trust that operates a global network of industrial distribution properties.

As at the end of March 2007, PEPR owned 292 distribution facilities covering approximately 5.7 million square metres of leasable space. PEPR's customers are large third party logistic service providers as well as a broad range of companies in the retail and manufacturing sectors.