

ProLogis European Properties
Presenters: Robert Watson, Peter Cassells, Ralf Wessel
Thursday 24 April 2008
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Slide 1: Title slide

Operator: Good afternoon, my name is Elaine and I will be your conference facilitator today. I would like to welcome everyone to ProLogis European Properties first quarter 2008 financial results conference call. Today's call is being recorded. All lines are currently in a listen only mode to prevent any background noise. After the speakers presentation, there will be a question and answer session. If you wish to ask a question during this session simply press *1 on your telephone keypad. The questions will be taken in the order in which they are received. At this time I'd like to turn the conference over to Jennifer Van Der Eem Vice President of Investor Relations with ProLogis European Properties. Please go ahead.

Slide 2: Important notice

Jennifer van der Eem: Thank you Elaine and good afternoon everyone. Before we get underway I'd like to state that this conference call will contain forward looking statements. These statements are based on current expectations, estimates and projections about the market and the industry in which ProLogis European Properties operates as well as management's beliefs and assumptions. Forward looking statements are not guarantees of performance and actual operating results may be affected by a variety of factors.

Slide 3: Agenda

Robert Watson CEO will give an overview of general performance and outlook, then Peter Cassells the CFO will cover financial performance and finally Ralf Wessel - Head of Asset Management, will talk about operating performance and leasing activity. At the end of the presentation we'll be happy to take your questions from either the call or online. Robert please begin.

Slide 4: Robert Watson – Performance and outlook

Robert Watson: Thank you Jen and good afternoon everyone. We're pleased to be announcing today that PEPR has seen positive operating performance in the first three months of 2008, and are reporting to you a set of financial results that fall in line with our forecast. These results reflect the financial quality of our business and operating plans and the stable and secure cash flows derived from our high quality portfolio of assets.

Slide 5: Gordon Keiser

I will hand the presentation over to Peter Cassells in a moment to talk in more depth about our figures. Before that and before I go through the quarter's highlights, I would like to welcome and introduce Gordon Keiser to all of you on the call. We announced this morning that Gordon will

become CEO of PEPR on June 1st as I return to the United States. I'm very pleased to introduce Gordon to you, more so because I've known and worked with Gordon for over 12 years and know that he will do a wonderful job leading PEPR, Gordon?

Gordon Keiser: Yes thanks Robert. I look forward to leading ProLogis European Properties and working with our customers, investors and lenders in the years ahead as we continue to execute the business plan. In prior years I have enjoyed working directly with the ProLogis European Real Estate team and also PEPR's lenders and fixed income investors from the initial lines of credit back in 1999 to leading the CMBS issuances and more recently PEPR's debut Eurobond issuances last October and the expansion of our bank lines in December. I will be transitioning with Robert over the next month and look forward to meeting with all of you in the coming months as your schedules allow, Robert?

Slide 6: Overview

Robert Watson: Thank you Gordon and now to the highlights. PEPR net asset value stands at €12.57 and earnings at €0.18 per unit as at the end of March 2008. The marginal decrease of 1.9% in net asset value per unit since year end December 2007 and three cents in earnings per unit compared to March 2007 can be largely attributed to the weakening of Sterling versus the Euro. We are, however, delighted to report that PEPR has earned and will be paying a quarterly distribution of 20 cents per unit in spite of this movement in the exchange rate, due to our operating successes.

Slide 7: Portfolio occupancy

We are also extremely pleased with the portfolio's operating performance in the first quarter which continues to deliver strong results. Occupancy for the combined portfolio has risen to 98.2%. This performance not only reflects the outstanding quality of our portfolio and our proactive management activities but also the less volatile nature of the industrial sub-sector as compared to other real estate classes.

Slide 8: ProLogis European Properties Fund II

We continue to deliver on our strategy of revenue growth through our investment in PEPF II making a further €91.7 million investment at the end of March. We are ahead of schedule with the development of the fund, which when fully invested will have an anticipated capitalisation of between €6 - 7.5 billion and will be the largest industrial acquisition fund in Europe. This latest investment takes us to a gross total equity investment of €225 million or 25% of the total €900 million commitment that we made in August last year. We expect to have invested the entire amount by the end of the third quarter 2010.

Slide 9: Outlook for 2008

Ralf Wessel will talk in more detail about our markets and leasing activities but I would like to point out that ProLogis as PEPR's external manager completed 20 lease transactions covering 106,900 square metres of distribution space. The gross yield of the direct portfolio at March 31st 2008 marginally increased to 7.1% or 6.8% net compared to the end of December 2007. As you are aware we will revalue the entire wholly owned portfolio for the half year reporting period.

The outlook for the rest of 2008 remains encouraging despite a period of uncertainty in the financial and real estate markets and concerns over a slowdown in the global economy. We continue to see good occupier demand across all our major markets. Driven primarily by EU enlargement, continuing growth in world trade and efforts by our customers to improve the efficiency of the European supply chains. I'm encouraged to note that our industry by and large has been very disciplined during this development cycle. Even with the so-called wall of capital available for investment, inventories have been largely demand driven across the pan-European marketplace, especially for the large scale distribution facilities in which we specialise. These strong fundamentals of our business give us confidence in our ability to continue to drive unit holder value.

In addition we anticipated a decrease in future competitive supply, as cash and credit constrained developers struggle to source suitable finance and all developers find it harder to generate returns, given the recent yield expansion in some markets, cessation of yield contraction in others and increasing construction and land costs. With petroleum driven commodity and energy costs on the rise, we see no respite to these construction cost drivers. Additionally market specific barriers, such as the elimination of empty rates relief in the UK have the prospect of holding future supply as well. With both continued demand from our customers and an anticipated decrease in new supply, we expect rental rate growth to accelerate in our markets towards the end of this year.

Now I'd like to turn the call over to Peter Cassells to go into detail on our financials, Peter?

Slide 10: Peter Cassells – Financial performance

Peter Cassells: Thank you Robert and good afternoon.

Slide 11: Earnings

Let me start this afternoon with IFRS earnings for the quarter, which at €19.1 million is down from €41.2 million from the same period last year. In order to explain the shortfall, it is necessary to point out that the IFRS earnings for the first quarter of 2007 included a number of positive one time cash and non-cash elements. The most notable item during the first quarter last year, was a receipt of €4.9 million from previously escrowed sales proceeds relating to the disposal of 13 properties in 2003. Last year also saw an incremental €8.9 million of unrealised income from fair value accounting entries over and above that recorded this year. The most significant element of which came from reductions in certain tax rates used in calculating our deferred tax liabilities.

Meanwhile our IFRS earnings for the first quarter of 2008 reflect a downward fair value adjustment of €7.1 million associated with our investment in PEPF II. A net loss of 2.6 million in rental income from the sale of the Garonor portfolio offset by the rents of the 16 properties purchased in 2007. Plus the impact of weaker Sterling on our Euro denominated results. These reductions in earnings were further offset by €1.8 million of dividend income from fund number two.

To better reflect our underlying performance and improve direct comparison with other real estate companies; we have moved from providing self defined adjusted return to those recommended as best practice measures by EPRA.

In summary EPRA earnings excludes certain one off and non-cash fair value adjustments. Page nine of our Q1 release details how we arrive at these EPRA earnings. For the quarter EPRA earnings are €34.5 million or 18 cents a unit. A €6.4 million or 3 cents per unit decrease compared to the same period last year. Again, the main components of this decrease are the net loss of some €2.6 million of rental income referred to earlier, a €1.7 million shortfall from our UK sourced income in 2008 due to weaker Sterling and the absence of a €4.2 million unrealised foreign currency gain included as an element of finance expense in Q1 2007. Again as with our IFRS analysis earlier, the shortfall in earnings is partly offset by distributions received from PEPF II.

Slide 12: Distributable cash flow

In terms of dividend as Robert mentioned, that are to be paid by PEPR shortly, we are pleased to report a Q1 dividend of €37.3 million or 20 cents per unit. In line with our 2008 forecast of 80 - 86 cents a unit for the year. This is equivalent to an annualised dividend yield of 7.8% based on the quarter end closing price of €10.04 and compares favourably to last year's underlying first quarter dividend of 20 cents per unit. This is despite the earnings impact I've just covered and demonstrates the stable nature of the cash flow we received from our high quality and geographically diversified portfolio. Let me just reiterate that under the managing regulations, we are required to distribute substantially all of our operational cash flow, retaining only a portion to cover maintenance capital expenditures. A reconciliation between IFRS earnings and distributable cash flow is contained within the Q1 press release. The distribution mentioned will be paid on the 6th May, next.

Slide 13 – Income statement – rental income

If we look to the income statement in a bit more detail, we achieved total revenues of €73.4 million for the quarter, down €5 million or 6.4% on 2007 primarily as a result of the portfolio restructuring last year. The loss of rental income from the Garonor portfolio and the result of a weak Pound is offset to a large degree, but not entirely, by rental income from acquisitions made in 2007.

Slide 14 – Income statement – operating expenses

Our operating expenses have remained flat quarter on quarter at €10 million. Fees to ProLogis have dropped 2.7% due to the revised composition of the portfolio, the impact of the 2007 year end revaluations and subsequent Sterling weakness.

Slide 15 – Income statement – fair value movements

As already mentioned we booked a €7.1 million non-cash adjustment during the quarter against our invest in the PEPF II. This represents our share of the latest fair value adjustment to its portfolio which includes the recent €500.5 million acquisition of 27 properties from Pro Logis. PEPF II's portfolio has also been impacted by Sterling weakness. Contributions of properties to PEPF II are at gross open market value, and these values are then restated to net open market value in order to meet the fair value requirements under IFRS.

Slide 16 – Income statement – net financing cost

Our finance expenses for the quarter have increased 15% since last year. As well as pure interest expense this line item also captures realised and unrealised foreign exchange movements for the quarter and a charge amortisation of debt raising costs.

Interest expense showed a marginal increase to €24.2 million for the quarter compared to €23.9 million last year. Although our overall debt levels are on a par with the same period last year, this increase can be attributed to interest rate hikes in the last 12 months and there's also benefit from the weaker pound over the same period. Our average interest rate for the quarter increased 20 basis points to 5.2% in line with our forecast rate for 2008. Amortisation charges, as the final element of this caption, have decreased substantially since last year – from €3 million to €1.9 million as a result of the redemption of two CMBS issuances in the second half of 2007.

Slide 17 – Income statement – charges for taxation

The current income tax charge for the quarter of €5.5 million is almost 6% lower than the comparable period last year due in part to the lower level of taxable income in the current quarter. However, the effective tax rate for the quarter on the operating activities of PEPR is slightly higher at 13.1% compared to 12.3% for the same period last year. The estimate of effective tax rates always tend to be higher in the first quarter of the year, as it reflects the receipt of a number of final tax assessments from prior years plus the effect of spreading the expected total annualised tax charge throughout the year. As previously forecasted we expect the effective tax rate for 2008 to be around 10%.

Slide 18 – financing

Looking at our capital structure; our balance sheet is in good shape with loan to value levels at 47.6% at the end of March 2008, up from 43.3% at the end of December 2007 but well within our managing regulation limit of 60%. In addition, last year's debt re-financing has increased our level of debt paying fixed rates of interest to 65% of the debt portfolio, thereby reducing cost volatility. Our average debt maturity based on the earliest repayment date is now three and a half years from today. In fact we don't need to return to the challenging debt markets until the middle of next year.

At the end of the quarter we have at least €540 million of additional debt capacity based on the current size of the balance sheet, without factoring in any incremental leverage on future investments. This provides us with substantial liquidity to pursue our committed investment strategy.

Slide 19 – Net asset value

If I concentrate on the NAVs for a moment, EPRA NAV at the end of March was €12.57 or, per unit 25 cents lower than at the end of December, again due largely to the impact of the weakening Sterling during that quarter. As Robert pointed out earlier, although no portfolio evaluation was carried out in the first quarter a complete revaluation will take place at the end of June. Overall we are satisfied with our financial performance, the strength of our balance sheet, to finance our growth, and remain confident that our business plan will enable us to achieve the

expected returns for 2008. With that let me hand you over to Ralf to discuss operations and the European markets in which we compete.

Slide 20: Ralf Wessel – operations and market outlook

Ralf Wessel: Thank you Peter.

Slide 21: Q1 2008 leasing activity

The ProLogis real estate team has continued last year's momentum in terms of lease transactions with 20 leases covering 106,000 m² concluded in the first quarter and delivering rental growth of over 4.5%. Nine of these were new leases covering over 73,000 m² including seven leases with new customers for PEPR. In addition, five customers expanded their relationship with PEPR by an additional 15,000 m² and, finally, six leases were renewed totalling over 18,000 m² of distribution space primarily in Central Europe.

This activity has allowed us to improve our wholly owned portfolio occupancy rate to 97.7% from 97.2% and maintained the attractive risk profile of the portfolio.

Slide 22: Q1 investment in PEPF II

Through our investment in PEPF II we continue to expand our presence and critical mass across Europe. As Robert mentioned, we invested a further 92 million in PEPF II at the end of March and the fund acquired 27 modern distribution facilities covering over 660,000 m² in seven target European countries with third party appraised value totalling 483 million. These facilities are just over two years old on average, fully occupied by global customers such as DHL, Kuehne & Nagel, Tesco and Volkswagen and have over eight years to lease expiry. 20 properties are within ProLogis Parks owned by PEPR or PEPF II complementing existing assets and increasing critical mass in several target markets.

Of the 27 state of the art facilities, three were developed by Parkridge whom ProLogis acquired in 2007 and 24 were developed by Pro Logis, thereby benefiting from best in class sustainable design and construction initiatives. Four buildings located at Moissy-Cramayel feature one of the largest installations of solar panels in France, generating electricity that is sold back to the local power grid. In addition the ultra low carbon design of a UK building built for Sainsbury in Northampton, has been recognised as one of the environmentally friendly sustainable distribution centres in Europe. It has earned a number of sustainability awards and rates as excellent by BREEAM.

Slide 23: Combined pan-European Portfolio

The combined portfolio of PEPR and PEPF II at the end of March therefore comprises 317 distribution facilities covering just under 7 million m² across 12 European countries, with an estimated open market value of 5.4 billion. The risk profile of both portfolio is highly attractive, producing a combined occupancy level of 98.2%, a diversified customer base and on average, just under 7 years to lease expiry.

In terms of market outlook we are in a period of increased uncertainty in the financial and real estate markets, with concerns over slowdown in the global economy. However, we are still seeing good to sizeable occupier demand across all our major markets. World trade figures

have shown strong growth and forecast predict continued growth over the next years, although at a slower rate.

In addition to the mentioned new leases, expansions and renewals, this strong demand has enabled us to increase the size of our platform through our investment in PEPF II and to improve our combined portfolio occupancy rate. As a result of both the continued demand and anticipated decrease in supply, we anticipate and have seen some return of rental growth in our markets.

Whilst we haven't had a portfolio revaluation for the first quarter we believe that yields have remained relatively stable in the European markets. However, there have been very few transactions to verify current valuer sentiment and we continue to believe that the UK market has been corrected.

Slide 24: Market outlook – Southern Europe

Now, looking at the markets in more detail I wish to start with Southern Europe. Demand for large, modern, logistic space in France remains good, particularly from the third party logistic providers who are estimated to account for 50-60% of take up in France in 2007. In the first quarter we leased 41,000 m² of space in ProLogis Park Clesud outside Marseille to two French third party logistic providers for nine and twelve years respectively. We have seen decreasing competition due to the lack of available credit and we have seen rents flattened. We would expect to see some rental rate growth in the latter part of 2008.

Demand in Italy as been driven by an expanding retail sector, however given the high level of recently completed developments rents are expected to come under downward pressure especially in secondary locations. PEPR remains 100% let in Italy with the first lease break not until mid 2010 and over six years on average to lease expiry.

Spain has been a strong market with extremely low availability due to a shortage of land. This has resulted in a good rental rate growth especially in and around Madrid and Barcelona. Most of our leasing transactions have taken place in these markets and demonstrated a rental rate growth of nearly 6%. PEPR is functionally fully leased in Spain.

Slide 25: Market outlook – UK

Demand in the UK has been driven by retailers and given concerns over an economic slowdown; there has been a small reduction in activity in the UK. PEPR remains 100% let with no lease breaks or expiries until 2009.

Slide 26: Market outlook – Northern Europe

Let me move on to Northern Europe. Activity in Northern Europe continues to be driven by its excellent infrastructure and good economic performance. Germany has shown the strongest performance in this region given its central location. We have seen increased activity following the acquisition of Parkridge by ProLogis in 2007 and the integration of the Parkridge team into ProLogis. We remain functionally fully leased in Germany and we are extremely pleased to invest in three new facilities as part of the recent portfolio contribution into PEPF II.

Furthermore, we have seen a good level of lease activities and improving rents in the Dutch and Belgium market given the scarcity of entitled land and continued strong customer demand.

Slide 24: Market outlook – Central Europe

Lastly, I would like to cover Central Europe. The Central European market remains the most active by far with high levels of demand for both manufacturing purposes and servicing the growing consumer demand within Central Europe and further eastwards. Rents remain at the lower end of the European range as do construction costs, but we have seen rents stabilising in Poland and Hungary and expect the rest of the region to follow this year. We are pleased to have increased our exposure to this market with the recent contribution of eleven fully leased properties into PEPF II.

Our first quarter leasing activity in Czech Republic has improved the portfolio occupancy in the country from 93.6% to 96.4%.

Demand for prime logistic space in Hungary is expected to grow as the country may benefit from further European Union expansion and becoming a distribution hub for South Eastern Europe.

Poland is the most developed warehouse market with Central Europe and demand for distribution space continues to grow across all regions not just around Warsaw. Again, our leasing activity has improved occupancy level this time to 97.7% from 96.5%. With that overview let me hand back to Robert.

Slide 25: Robert Watson – Performance and outlook

Robert Watson: Thank you Ralf. In summary, we are all very happy with the start we have made in 2008. Our business is strong with high occupancies, a solid balance sheet and a straight forward growth plan. I would now like to turn the call over to the Operator to start the question and answer session. Operator?

Slide 26: Q&A

Operator: Thank you. Our question and answer session will be conducted electronically. If you would like to ask a question of our speakers please press the * key followed by the digit 1 on your touch-tone telephone. Once again that is *1 to ask a question. We will pause for just a moment to assemble a roster. Our first question comes from Boudewijn Schoon from Kempen & Co.

Boudewijn Schoon, Kempen & Co: Good afternoon this is Boudewijn Schoon from Kempen. I have a question on PEPF II; you gave a little bit more of insight in the distribution from PEPF II, I think it was around 5.3%. It should increase but it is still significantly below the target. How do you think this distribution from PEPF II on invested capital will develop over the next year or years?

Robert Watson: Well, as we mentioned in our disclosures when we first started making contributions to the PEPF II in the third and fourth quarter of last year, over 50% of those contributions were UK contributions which are at the low end of the return spectrum of all of our contributions. That is still weighing down on our returns from PEPF II. Having said that, we

have made significant contributions outside of the UK and now they are only 40% of the asset base. That will continue to reduce and long term we will be at maximum 25% in the UK, so you will see a significant reduction yet this year but you will always see a lag. It will lag because the assets are going in at the end of the quarter and so the full effect of the new assets going in at the higher returns won't hit for ...you really won't see them for the quarter after that. Having said that as well other UK assets that maybe contributed in the future, may have a different cap rate on the transfer due to the widening of the cap rates that were applied earlier when we first transferred assets there. I can't tell you how quickly it is going to change but I can tell you that we are moving the ratio of UK assets down and that is happening at a quick pace.

Boudewijn Schoon, Kempen & Co: So it will take another year or two before you could actually see it move into the 6.5 - 7%?

Robert Watson: It won't take two years, we will be fully invested by then. It will be much quicker than that.

Boudewijn Schoon, Kempen & Co: Another question regarding the change on the investment portfolio of 7.1 which is related to PEPF II of course. Could you elaborate on that and where it exactly comes from?

Peter Cassells: Hi Boudewijn, it's Peter here. That is purely and simply our proportion of the adjustment made into the IFRS books of fund number 2 for the quarter. Mostly it relates to the Sterling weakening over that three month period. Just like PEPR it applies IFRS fair value accounting, so it recognises the devaluation of the Pound over that three month period and our share of that devaluation is €7.1 million along with our share of the fair value of each property that came in at the end of March. As I said those contributions take place at a gross OMV number so including purchasers costs and fair value accounting requires us to restate that at a net OMV i.e. approximately 5% discount of that number. The 7.1 million also includes our share of that discount.

Boudewijn Schoon, Kempen & Co: Could you break it up into those two aspects?

Peter Cassells: I don't have that number in front of me right now but I can get that to you afterwards.

Boudewijn Schoon, Kempen & Co: That was the main question thank you.

Operator: As a reminder, to ask a question in today's question and answer session please press *1. Our next question will come from Cedrik Lachance from Green Street Advisors.

Cedrik Lachance, Green Street Advisors: Just want to ask a question regarding the weighting in the UK or PEPF II in the UK; ProLogis has been rumoured increasingly to be on the prowl for the BAA portfolio. If that portfolio were to be acquired by ProLogis I suspect it would be in PEPF II; how can that be related to the UK weighting you are expecting to have over time and how may that affect how you can buy other properties from ProLogis over time?

Robert Watson: Cedrik, I cannot comment on any market rumours about acquisitions by someone on a portfolio. I can say that specifically that PEPF II is prohibited from having more than 25% of its assets in the UK at full investment of the fund. That is the upside limit. I think

the answer to your question without speaking to any specific acquisition, is that we are very confident that we will still have the headroom that we need to make investment and should PEPF II invest in a portfolio of any kind it still has to be with under the 25% limit.

Cedrik Lachance, Green Street Advisors: Continuing on the UK; at your last revaluation, your portfolio was valued down by exactly 10%; listening to the ProLogis call just earlier, I think the house view now is that the values in the UK has declined by at least 10 - 15% potentially more; is it fair to assume that if there were a valuation of the UK portfolio today you would expect to see further decline in the year ended '08?

Robert Watson: I am not sure that is exactly what they said on the ProLogis call, but our view I think collectively, is that the correction that has taken place in the UK has taken place and I believe there will be a further separation between class A properties in globally focussed distribution facilities from class B and other facilities in the valuations going forward. I would not say to you that I feel like we are going to see a significant further widening in the cap rates for our UK assets and hopefully I may have misunderstood you, but we did not reduce our entire portfolio by 10% it was just the UK.

Cedrik Lachance, Green Street Advisors: I really meant the UK, I apologise what I said earlier.

Robert Watson: I don't know if you did, I may have heard something different Cedrik.

Cedrik Lachance, Green Street Advisors: Just going to market conditions, you are becoming increasingly bullish on potential rent growth in the future. Where is the demand primarily concentrated? I understand that the supply is definitely going to come down due to debt market conditions. Where do you see the real pockets of demand that are really going to push either occupancies up across markets, pushing rents or creating further demand for some pockets of properties where you are looking at?

Robert Watson: Let Ralf get to you on that.

Ralf Wessel: Hi Cedrik. It's virtually bit of a variety of pockets of demand if you like and also different strategy how to realise the rental growth. In the United Kingdom we have seen less activity than in previous quarters and there we have been sort of like working hard on, is on a typical five year rent review to the typical UK rent revisions upwards only. We are working on a few and there we see compounded average growth rate above 3%, that is something which is important to bear in mind. In evidence of that last year we are also able to review a lease at Marston Gate which was about 6% compounded annual growth rate. That is like on the UK; if we look at more the continental side in continental Europe of our portfolio we have seen very strong demand in Germany, actually from the manufacture and industrial side. That has got mainly to do, as I said, also in the part when we are talking about this market by the team. We have significantly strengthened our team and there for example a very strong focus on the automotive industry, which has given us a very strong impulse from a demand angle. In Germany we were able to do a re-lease on a particular building in Cologne where we increased our rent levels by 18% which was part of the reason it was under rent, but also the fact that we see strong demand in Germany coming from the industrial side of business. Then in Central Europe, it's really like a mixture of retail, manufacturing and the third party logistic providers, are driving mainly in Poland demand and that is where we expect, but that is probably a little bit

later in the year. We see now rents flattening out and we will target and strive to curve them to the upwards but it's more like a blend demand for different pockets.

Cedrik Lachance, Green Street Advisors: Thank you, I appreciate it.

Operator: Once again, if you would like to ask a question please press *1 to signal. We will take our next question from Mike Gallagher from Morley please go ahead.

Mike Gallagher, Morley Fund Management: Just a quick question on capital expenditure. I just wondered if you could give some guidance as to capital expenditure?

Robert Watson: Mike, could you pick up the phone and get closer, we can't hear you.

Mike Gallagher, Morley Fund Management: Yes, just a quick question on capex expenditure going forward, can you give some guidance on that?

Ralf Wessel: We've project a capex spend of just over 7 million for the portfolio in 2008. We have incurred slightly less than a quarter of that in the year so far. We don't see any reason that should change substantially. It's down a lot form last year after the disposal of the Garonor properties but we are still quite comfortable with a 7.2 million target for the year.

Operator: Ms van der Eem are there any questions on the web?

Jennifer van der Eem: There are no questions from the web.

Robert Watson: Okay operator, thank you. In conclusion I would again mention I am real pleased to have Gordon Keiser on board to lead PEPR going forward. I thank all of you for your participation in the call today and your interest in PEPR. Gordon and the team will look forward to talking to you on the next quarterly call. Have a good day.

Operator: Thank you for participating in today's call. This conference call will be available for replay today at 8.00 pm central European time to midnight Central European time on 8th May 2008. Details on how to access this replay are available on the ProLogis European Property website – www.prologis-ep.com. Thank you, you may now disconnect.