

News release

Annual General Meeting Statement Thursday 22 May 2008

Luxembourg – 22 May 2008 – 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 from 09:00am CET / 08:00am BST at Sofitel Luxembourg Hotel, 6 rue du Fort Niedergruenewald, Quartier Européen Nord, Plateau de Kirchberg, L-2015, Luxembourg.

In February this year, PEPR reported strong operating and financial performance for 2007, demonstrating the continued strength of our business model and the underlying stability of the industrial sector in these more turbulent times. Throughout the course of 2007 we succeeded in delivering on our business plan through investment in PEP Fund II, we restructured our platform through the sale of older assets, actively managed the portfolio to maintain industry leading occupancy and optimised our financing strategy, giving us increased scope to continue to grow our operating platform as planned.

Our first quarter results, announced in April, were in line with our forecasts, reflecting the financial stability of the business plan and the secure cash flows derived from our portfolio. The exemplary operational performance not only reflects the outstanding quality of this portfolio but also the less volatile nature of the industrial sub-sector compared to other real estate classes. With an estimated open market value of €5.4 billion, PEPR and PEP Fund II is the largest combined pan-European portfolio and through its access to ProLogis' unparalleled development pipeline in Europe, it remains an exciting platform for future growth.

Market outlook

We are in a period of increased uncertainty in the consumer, financial and real estate markets, with concerns over a slowdown in the global economy. However, we are still seeing high levels of occupier demand across all our major markets. World trade figures have shown strong growth and forecasts predict continued growth over the next years, albeit at a slower rate.

In addition to the new leases, expansions and renewals in our directly-owned portfolio, this strong demand has enabled us to increase the size of our platform through our investment in PEPF II and so improve our combined portfolio occupancy rate. We anticipate a decrease in future supply due to developers' struggle to source suitable financing within the current credit market and the impact of the recent yield expansion and increasing construction and land costs on their ability to generate the required returns. As a result of both the continued demand and anticipated decrease in supply, we are seeing some return of rental growth in our markets and expect further increases.

In Southern Europe, France, where we have the largest part of our portfolio, continues to be the major pan-European logistics market. This is largely due to its geographic location, which allows it to benefit from the east-west movement of goods. 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.

Demand in Italy as been driven by an expanding retail sector although rents are expected to come under downward pressure, particularly in secondary locations, as a result of the high level of recently completed developments. 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 entitled land. This has resulted in a good rental rate growth, especially in and around Madrid and Barcelona. The two most recent deals we have executed there have seen real rental rate growth of over 6%.

Demand in the UK has been driven by both internet and conventional retailers. Concerns over an economic slowdown have led to a small reduction in activity in this market. PEPR remains 100% let with no lease breaks or expiries until 2009. We have no exposure to "empty rates" legislation at the present time.

Germany has shown the strongest performance in Northern Europe, largely due 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.

The Dutch and Belgium markets have seen good levels of leasing activities and improving rents as a result of the scarcity of entitled land and continued strong customer demand.

The Central European market remains by far the most active, with high levels of demand seen for both manufacturing purposes and servicing the growing consumer demand within Central and Eastern Europe. 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.

On a more general note, we see the forces in place for across the board rental rate increases. These forces include constrained debt markets (requiring more equity by developers of new products), resulting in less development, a continuing increase in the cost of construction, and ceasing of cap rate contraction. Even with the reduction in NAVs, we believe that the increased rents over time will support increasing NAV's in the future.

PEPR's future priorities

Our immediate priority is to ensure an effective handover to Gordon Keiser, whom we welcome on board as the new CEO. Gordon is already very familiar with PEPR's business having made a considerable contribution to the fund through his involvement in our strategic operating and financing initiatives whilst at ProLogis. His experience in both the industrial real estate and financial sectors will be an enormous asset to PEPR as he takes the business forward.

In the longer term we need to drive unit price performance to more accurately reflect our operating and financial performance. PEPR's other priorities include its continued investment in PEP Fund II, while driving returns through active management of our directly owned portfolio, and our focus on the condition of the credit markets over the coming year with a view to optimising the timing of the 2009 CMBS refinancing.

In summary, we are pleased with the progress we have made and the levels of activity we have achieved to date, particularly given the recent challenging economic environment. Our modern pan-European portfolio, strong customer relationships and local market expertise combined with the potential to continue to grow the business through investment in PEP Fund II mean that we are well positioned to maintain our leadership role in the industrial sector in Europe.

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About ProLogis European Properties (PEPR)

ProLogis European Properties, or PEPR, which listed on Euronext Amsterdam on 22 September 2006, is the largest pan-European owner of high quality distribution and logistics facilities. 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 world's largest owner, manager and developer of industrial distribution properties.

As at 31 March 2008, PEPR has a portfolio of 317 distribution facilities, owned both directly and indirectly, covering just under 7 million square metres in 12 European countries, with an open market value estimated at €5.4 billion. The combined portfolio has an occupancy level of 98.2% and an average of over 5 years to the next lease break or 7 years to lease expiry. Of the combined portfolio, PEPR's directly owned properties comprise 247 buildings, covering 5.2 million square metres in 11 European countries, with an open market

value estimated at €4.1 billion. PEPR and PEPF II's customers are large third party logistic service providers as well as a broad range of companies in the retail and manufacturing sectors.