

Q2 2009 financial results

23 July 2009

 **ProLogis European Properties™**



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Agenda

- Peter Cassells, CEO
- Simon Nelson,
Head of asset management
- Q & A

Performance and outlook
Financial performance
Operational performance
and market outlook



Performance and outlook

Peter Cassells



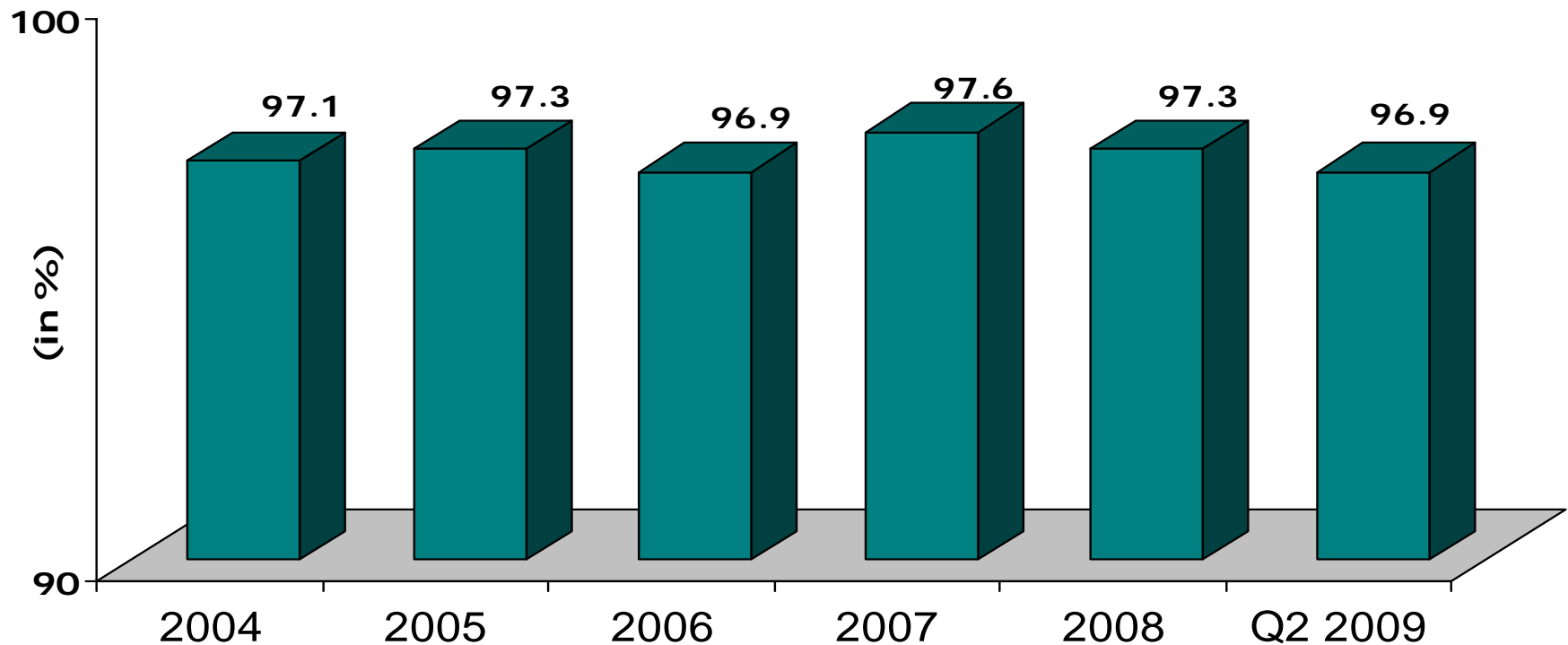
David Doyle, chief financial officer



- Previously CFO at Colliers CRE, a leading UK property professional services firm
- CFO and executive director at Egg plc, the UK's leading internet bank, with accountability for all finance, legal and company secretarial matters.
- Head of corporate finance at Prudential plc

Portfolio occupancy

(as at 30 June 2009)

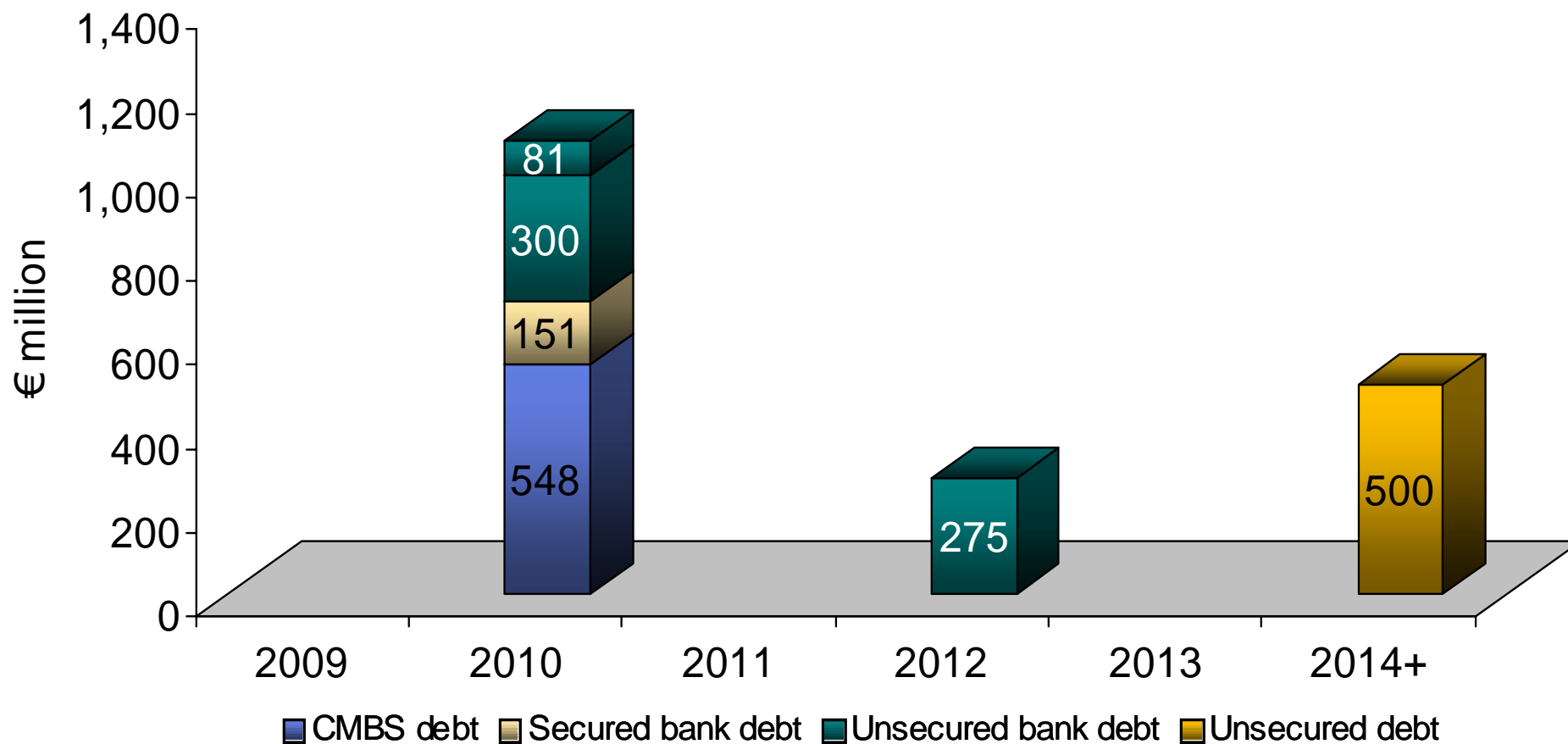


- Retained €60.5 million of distributable cash flow
- Agreed €119.5 million disposal of Dutch and German portfolio, €92.2 million completed
- Additional £64.4 million UK portfolio disposal completed
- Further progress of €226 million of new secured bank loans, subject to meeting conditions precedent and receiving funding

Outstanding debt

Debt maturity

(as at 30 June 2009)



Results highlights

2008 €	Figures per unit	2009 guidance €	HY 2009 €	HY 2008 €
(3.03)	IFRS earnings	(1.50) – (1.70)	(1.24)	(0.10)
0.67	EPRA earnings	0.55 – 0.60	0.32	0.36
7.38	IFRS NAV	-	6.40	10.98
8.02	EPRA NAV	-	8.18	12.34
0.72	Distributable cash flow ⁽¹⁾	0.55 – 0.60	0.32 ⁽¹⁾	0.38

- 13 % valuation decrease on the portfolio since 31 December 2008 (9.3% excluding disposals and foreign exchange adjustments)

(1) In December 2008, PEPR suspended future dividend payments, therefore Q4 2008 and future distributable cash flow have been retained by the business.

Deleveraging initiatives underway



- Agreed €126 million three-year extension of €151 million Hypo Real Estate secured bank loan
 - Subject to meeting customary conditions precedent
 - Margin +250 bps over Euribor
- Closed on new £86 million four-year secured bank loan with Eurohypo
 - Expect to receive fund by end July 2009
 - Margin +250 bps over Libor
- Active discussions on a further seven financing packages, totalling over €650 million

- Discussions underway with lead banks to extend all or a portion of €900 million unsecured credit facility maturing 2010
- Initiated discussions with *Commission de Surveillance du Secteur Financier* ('CSSF') to convert legal form from a *fonds commun de placement* ('FCP') to a *Société d'Investissement à Capital Fixe* ('SICAF')

Financial performance

Peter Cassells



Income statement – total revenue



2008		HY 2009	HY 2008
€000		€000	€000
292,177	Rental income	136,598	148,422
1,146	Other property income	287	163
29,323	Total revenue	136,885	148,585

Income statement – operating expenses



2008		HY 2009	HY 2008
€000		€000	€000
(2,576)	Ground rents paid	(1,289)	(1,328)
(18,332)	Property management fees	(7,837)	(9,566)
(11,484)	Other property rental expenses	(3,220)	(6,343)
(32,392)	Cost of rental activities	(12,346)	(17,237)
(6,058)	Fund management fees	(2,591)	(3,168)
(191)	Custodian fees	(57)	(81)
(6,065)	Other operating expenses	(2,708)	(2,376)
(12,314)	Fund expenses	(5,356)	(5,625)
(44,706)	Operating expenses	(17,702)	(22,862)

Income statement – disposals and valuations



2008		HY 2009	HY 2008
€000		€000	€000
27,609	Investment property disposal proceeds	166,910	20,634
(26,082)	Fair value of investment property disposals	(209,432)	(20,049)
1,527	Profit/(loss) on disposal of investment properties	(42,522)	585
39,022	Gross valuation gains on property	1,148	37,471
(539,382)	Gross valuation losses on property	(323,719)	(152,994)
16,642	Purchasers costs	15,958	4,715
(483,718)	Property fair value movements	(306,613)	(110,808)

Income statement – finance income and expense



2008		HY 2009	HY 2008
€000		€000	€000
5,319	Finance income	2,244	2,445
(108,321)	Interest expense	(49,535)	(52,168)
(6,403)	Amortisation of initial borrowing costs	(4,758)	(3,155)
(1,400)	Net foreign currency (losses)/gains	(873)	(123)
(116,124)	Finance expense	(55,166)	(55,200)
(110,805)	Net financing costs	(52,922)	(52,755)
5.3%	Average interest rate	4.5%	5.2%

Income statement – taxation



2008		HY 2009	HY 2008
€000		€000	€000
(23,606)	Current income tax expense	(15,940)	(9,764)
72,472	Deferred income tax (expense)/credit	61,350	(29,051)
48,866	Charge for taxation	(45,410)	(19,287)
13.6%	Effective tax rate	17.3%	12.5%

2009 guidance



2008		2009 guidance
€000		€
0.67	EPRA earnings per unit	0.55 – 0.60
(3.03)	IFRS losses per unit	(1.50) – (1.70)
0.72	Distributable cash flow per unit ⁽¹⁾	0.55 – 0.60

(1) In December 2008, PEPR suspended future dividend payments, therefore Q4 2008 and future distributable cash flow have been retained by the business.

Operational performance and market outlook

Simon Nelson



High customer retention

- 18 leasing transactions, totalling 219,600m²
 - 14 lease renewals, for 201,700m²
 - 4 lease extensions, for 17,900m²
- Q2 retention rate of 88%
- At least 61% customer retention for H2 2009

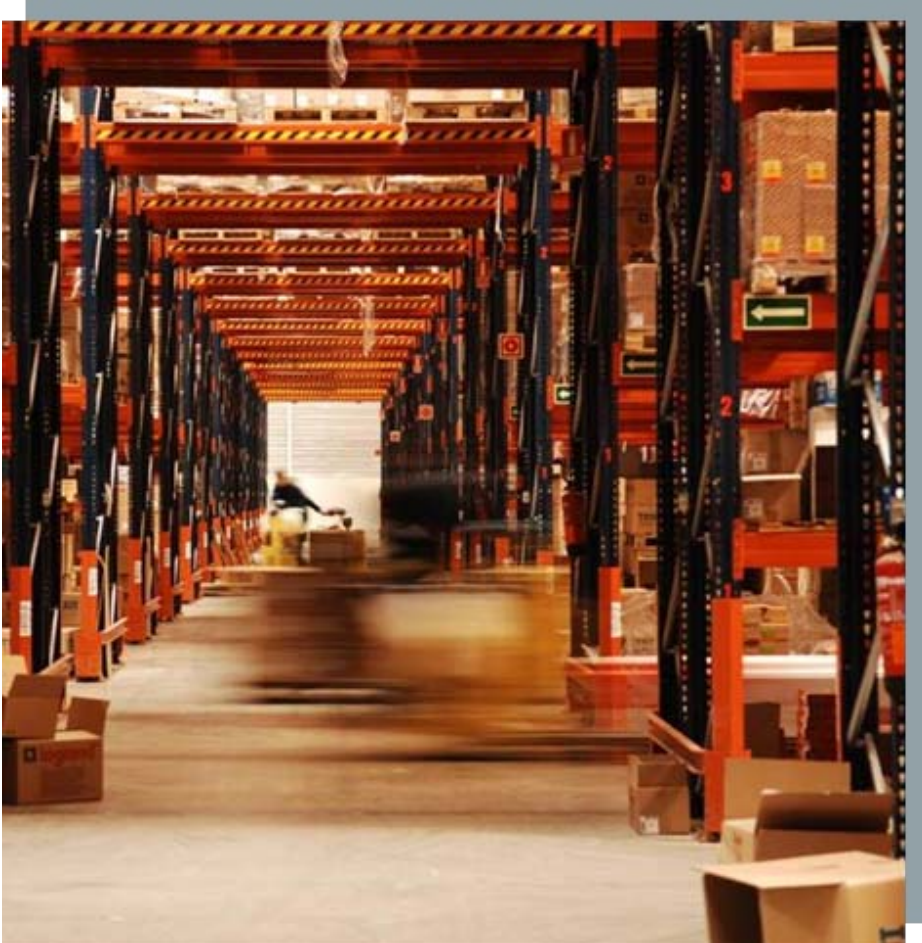




- Targeted €200 million of asset sales for 2009
- €119.5 million Dutch and German portfolio disposal agreed, €92.2m completed
 - Nine assets
 - 229,000m²
- £64.4 million UK portfolio sale completed
 - Five assets
 - 79,000m²



- 232 distribution facilities
- 96.9% let
- €3.0 billion
- 4.9 million m²
- 11 countries
- 5.8 years to lease expiry on average
- 3.6 years to lease break on average
- 8.8% gross portfolio yield



- Pan-European recession
- Property valuations unlikely to improve until 2010
- Slowdown in occupier demand
- Downward pressure on rents
- Decrease in new supply
- Creation of two-tier market

Summary

Peter Cassells

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- Maintained industry-leading portfolio levels
- Agreed two portfolio sales, totalling some €190 million
- Progress made on €226 million of secured bank loans
- Over €650 million of further debt under discussion
- Initiated progress to convert legal structure
- Strengthened management team

Q and A

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