

News release

ProLogis European Properties results for the quarter ended 31 March 2010

PEPR maintains robust operational performance and continues to improve balance sheet leverage

Luxembourg – 22 April 2010 – ProLogis European Properties (Euronext: PEPR), Europe's largest owner of modern distribution facilities, today reports results for the quarter ended 31 March 2010.

Highlights

- Received €392.6 million of new secured financing, eliminating all debt maturities until December 2012 and further reducing the loan-to-value ratio to 53.7% (2009: 55.0%)
- 31 lease transactions concluded, covering 452,300m², more than double the volume for Q1 2009 (16 lease transactions, covering 178,300m²)
- High portfolio occupancy at 94.8%, down 1.3% since end 2009
- EPRA net asset value per ordinary unit¹ of €6.26, a 1.8% increase since year end 2009 as a result of retained earnings; IFRS net asset value per ordinary unit of €6.01 (2009: €5.97)
- EPRA earnings per ordinary unit¹ of €0.10, a decrease of €0.05 per unit (Q1 2009: €0.15), primarily related to declining rental income, accelerated loan amortisation costs, preferred dividends and higher taxes, partially offset by lower interest expense; IFRS earnings per ordinary unit of €0.11 (Q1 2009: €0.15)
- Moody's Investor Service improves credit rating outlook to stable

Commenting on the results, Peter Cassells, chief executive officer of PEPR, said:

"PEPR continues to achieve robust operational performance and financial results in spite of the sustained challenging market conditions. Portfolio occupancy remains high, at 94.8%, and continues to be a primary focus for us. The volume of leasing completed during the quarter demonstrates that our modern, pan-European portfolio remains highly sought-after to existing and prospective customers.

"EPRA earnings and distributable cash flow for the quarter, of €0.10 and €0.12 per ordinary unit respectively, are broadly in line with 2010 guidance. These results reflect the secure cash flows derived from our portfolio and the relative stability of logistics as a real estate asset class.

"During the quarter, we received a further €392.6 million of new secured financings, in what remains a tight and conservative credit market. These financings enabled us to repay all outstanding debt in 2010 and to begin to reduce our 2012 maturity. The subsequent improved liquidity profile was key to Moody's improving PEPR's credit rating outlook, an important first step in achieving our stated objective of returning to an investment grade credit rating.

"Our main operational priority for 2010 is to continue to drive cash flow from the portfolio through proactive asset management and exemplary customer service. Whilst the market outlook remains challenging and we continue to be cautious over net occupier demand and rental levels for the remainder of 2010, we believe that the strength of our pan-European portfolio and strong customer relationships leave PEPR well positioned for the future."

¹ Based on EPRA (European Public Real Estate Association) *Best Practices Policy Recommendations*, issued in July 2009

Market outlook

The pan-European economic slump ended in mid-2009, but recovery looks to be slow and intermittent. The below-trend growth projections for 2010 suggest that the markets will stabilise but not rebound. However, world trade, a key indicator for logistics real estate, appears to be increasing faster than market commentators had predicted.

Increased confidence in the capital markets has led to improving investment yields across the majority of sectors, particularly the UK and core Western European markets. The volume of investment transactions in the logistics sector has increased steadily from summer 2009, although demand remains focused on prime and mid-range properties in the traditional core markets.

Occupier demand continues to be driven by customer consolidation and business rationalisation, with little net absorption for the time being. Nonetheless, certain market segments such as food and discount retailers have continued to expand their supply chains. Demand in 2010 is likely to remain concentrated around similar sectors and is expected to be at a similar overall level to 2009.

New speculative development remains non-existent across all markets. There is limited build-to-suit activity as financing of these developments remains relatively difficult to source. The impact of these demand and supply metrics has meant that net effective rents have remained under downward pressure. However, market observers point to a slowing of the rate of decrease and suggest that the low point may now have been reached.

Looking ahead, we believe that the patchy economic recovery will lead to a gradual absorption of existing vacancy over the coming months and as such we do not expect to see material improvement in the occupier markets until later in 2010.

Portfolio performance

Leasing activity in the first quarter has remained strong with ProLogis, PEPR's external manager, completing 31 lease transactions, covering 452,300 square metres. 20 leases, covering 325,100 square metres, were renewed with existing customers including DHL, Fiege and ND Logistics. In Germany, Adloq Logistik expanded their lease by a further 1,700 square metres. In addition, 10 new leases were signed, totalling 125,500 square metres, with customers such as GE Energy, Samsung and Wincanton. Whilst these transactions demonstrate the attractiveness of the portfolio to occupiers and PEPR's continued commitment to maintaining occupancy, the current challenging market conditions have resulted in a slight decline in overall portfolio occupancy to 94.8%.

There were 11 leases with breaks or expiries in the first quarter, totalling 136,000 square metres. Of these, only four lease breaks, or 52,700 square metres, were exercised implying a customer retention rate of 61% in line with PEPR's historical average customer retention rate.

Overall, the 31 leases signed during Q1 2010 showed an 11% decline in passing rent, in line with market rental value movements of between 5% in markets generally unaffected by oversupply such as Northern Europe to 15-20% in markets in Central Europe.

At the end of March 2009, the portfolio comprised 232 distribution facilities, covering 4.9 million square metres across 11 European countries with an estimated net market value of €2.8 billion. The portfolio risk profile remains highly attractive, with occupancy at 94.8%, a diversified customer base, and on average 3.3 years to next lease break or 5.4 years to lease expiry. An overview of the portfolio is provided on page 18.

Financial results

Earnings

IFRS earnings for the first quarter 2010 decreased by €6.9 million to €22.4 million from €29.3 million in the comparable period of 2009, primarily driven by a €3.6 million decline in total revenue, €1.4 million of property fair value movements and €2.8 million of higher taxes.

EPRA earnings, which provide a guide to underlying business performance, decreased by €8.4 million to €20.8 million from €29.2 million for the same period last year, primarily driven by a €6.2

million decline in rental income, €1.1 million of accelerated loan amortisation costs and €2.1 million of higher taxes, partially offset by €2.7 million of lower interest expense.

After allowing for the additional €1.6 million of preferred dividends, EPRA earnings for ordinary unitholders decreased to €0.10 per unit from €0.15 per unit in the prior period.

A reconciliation between IFRS and EPRA earnings is shown on page 11.

Total revenue

Total revenue for Q1 2010 fell by €3.6 million to €64.5 million (Q1 2009: €68.1 million), primarily related to the loss of €4.2 million of rental income from portfolio sales in 2009 and a decline of €2.4 million in rental income as a result of leases rolling back to market. This decline in rental income was partially offset by the one-off receipt of €2.6 million following the finalisation of insurance and legal claims related to properties in Hemel Hempstead, UK, that were damaged in the Buncefield oil terminal explosion at the end of 2005.

Operating expenses

Total operating expenses consist of the cost of operating the portfolio and managing PEPR as a fund.

Cost of rental activities includes ground rents paid, property management fees, the provision for bad debt and other non-recoverable property related expenses, such as property insurance and property tax. During Q1 2010 the cost of rental activities of €6.3 million was broadly in line with the €6.1 million in the comparable period. Property management fees of €3.3 million for the quarter were €1.0 million lower than the prior period as they are directly correlated to the gross value of the portfolio which has been impacted by portfolio disposals and valuation movements.

Fund expenses consist of the non-property related costs associated with our business, including fund management, custodian and professional fees. These expenses increased by €0.4 million to €3.0 million for the quarter, primarily due to the write-off of €0.5 million of legal and advisory fees associated with a potential second preferred equity raise.

Property fair value movements

Whilst no portfolio revaluations were carried out in the first quarter, PEPR incurred a €1.4 million gross valuation loss on property related to capital expenditure and rent levelling adjustments incurred during the quarter.

Financing

Finance income for the quarter decreased to €0.2 million from €1.8 million for the same period in 2009 primarily related to the receipt in 2009 of a €1.3 million dividend from ProLogis European Properties Fund II. Lower levels of cash and lower interest rates received on deposits account for the remainder of the decline.

Finance costs for the period, comprise interest expense, debt amortisation charges and foreign exchange gains/losses.

FINANCE EXPENSE

Year ended		Three months ended	
31 December 2009		31 March 2010	31 March 2009
€'000		€'000	€'000
96,173	Interest expense	22,833	25,543
10,524	Amortisation of initial borrowing costs	3,128	2,659
1,092	Net foreign currency (gains)/losses	(239)	733
107,789		25,722	28,935

Interest expense of €22.8 million for the quarter decreased by €2.7 million, or 10.6%, from €25.5 million for the comparable period, primarily related to successful deleveraging efforts. These include

the repayment of €494.2 million of Commercial Mortgage Backed Securities (“CMBS”) between the two quarters, partially offset by the increase in weighted average interest rate to 5.2% from 4.8%.

Amortisation charges increased in Q1 2009 to €3.1 million (Q1 2009: €2.7 million), reflecting accelerated amortisation charges related to the €200 million reduction in the size of the revolver and the early repayment of the first €300 million tranche of the €900 million senior unsecured credit facility, due December 2010.

Debt structure

PEPR’s financing structure utilises a mix of secured and unsecured debt sources. All of PEPR’s secured debt is secured against specific pools of assets, with no recourse to another debt instruments or assets elsewhere within the business.

PEPR is obliged to comply with a number of financial debt covenants within its credit facilities. At the end of March 2010, PEPR was in compliance with all of these covenants.

SUMMARY OF FINANCIAL DEBT COVENANTS

	Limit	31 Mar 2010	31 Dec 2009
Unsecured debt:			
<i>€900m unsecured credit facility</i>			
Leverage	less than 60%	55%	55%
Fixed charge coverage	a least 1.5x	2.0x	2.0x
Unencumbered interest coverage	a least 1.5x	1.8x	2.0x
Net Worth (excluding Intangible assets)	at least €1.0bn	€1.2bn	€1.2bn
Unsecured debt as % of unsecured assets	less than 65%	61%	61%
<i>€500m 2014 Eurobond</i>			
Secured debt as % of total assets	less than 40%	29%	17%
Fonds commun de placement structure:			
Loan to value (total debt as percentage of gross portfolio value) – see page 12	less than 60% ²	53.7%	55.0%

In addition to the covenants in the table above, the €500 million Eurobond is redeemable at par if there is a change of control of PEPR and a subsequent downgrade of PEPR’s credit rating to Ba1 or below within 120 days. On 15 March 2010, Moody’s Investors Service improved PEPR’s credit rating outlook to stable, whilst maintaining the Ba1 rating.

Total outstanding debt as at 31 March 2009 was €1,602.6 million, a 2.2% decrease since year end 2009 (€1,638.9 million), primarily due to the retention of Q1 distributable cash flow. During the quarter, PEPR repaid €373.0 million of debt, due 2010, and €20.0 million, due 2012, under the senior unsecured credit facility. In addition, PEPR repaid €36.6 million of CMBS debt, due May 2010 and received €392.6 million of new secured financing, as follows:

- €300 million pan-European syndicated loan with six European lenders with Goldman Sachs as sole arranger. The syndicate includes Deutsche Pfandbriefbank AG (as Facility and Security Agent), AXA, BAWAG P.S.K., Credit Foncier de France, M&G Investments and ING Real Estate Finance. The loan is secured by a portfolio of 39 properties located in four countries and will mature in January 2014.
- €74.5 million loan, of which €66.9 million has been received and a further €7.6 million committed, with Deutsche Pfandbriefbank AG. The €66.9 million tranche is secured by a portfolio of nine French and UK assets and will mature in December 2013.
- €25.7 million second tranche of a €74.0 million four-year secured loan with Landesbank Berlin. The first tranche of €48.3 million was received in December 2009 with the remainder received in January. The loan is secured by a portfolio of 17 German and Polish assets and will mature in January 2014.

² Can be exceeded up to 65% for a maximum of six months

In addition, PEPR reduced the principal of the €300 million revolving portion of the €900 million unsecured credit facility by €200 million to €100 million, effective from 12 February 2010. This reduction will save PEPR €0.8 million in undrawn facility fees for the remainder of 2010. At the end of the quarter, €100 million remains undrawn under the facility and PEPR has €49.2 million cash on its balance sheet.

Proceeds from the refinancing and other deleveraging activities have enabled PEPR to significantly strengthen its balance sheet, reducing total outstanding debt by 21.7% from €2.1 billion at the end of 2008 to €1.6 billion at the end of March 2010 and leverage from 57.1% to 53.7% over the same period. The continued retention of distributable cash flow and the flexibility to complete additional asset sales or a further equity raise, if required, leave PEPR well positioned for the future. These factors were key contributors to the positive action taken by Moody's in respect of PEPR's credit rating outlook.

Since quarter end, PEPR has repaid the final €54.0 million of outstanding CMBS, releasing €94.2 million of assets into the unencumbered asset pool, which now aggregates to €1.26 billion.

The weighted average interest rate for the quarter increased to 5.2% compared to 4.8% for Q1 2009, given the 175 basis point increase in the €500 million Eurobond effective from 23 October 2009 due to the credit rating downgrade in June 2009. In addition, PEPR has fixed the interest rates on new secured financing between 4% to 6% in anticipation of possible increases in today's historically low base rate.

At 31 March 2010, 84.6% of PEPR's debt was at fixed rates of interest, with the remaining floating debt based on EURIBOR or LIBOR with margins varying between 215 to 270 basis points on the €900 million senior unsecured credit facility.

An overview of PEPR's outstanding debt is on page 17.

Tax

The overall tax charge for Q1 2010 is €5.9 million compared to a charge of €3.1 million in Q1 2009, the increase being primarily due to a €2.1 million reduction in the deferred income tax benefit.

The current income tax expense of €6.5 million for the quarter represents a €0.7 million increase over the comparable period expense of €5.8 million. Current income tax expense includes corporate income taxes together with other taxes such as subscription taxes and net wealth tax (specifically for PEPR's Luxembourg companies), local business taxes, stamp duty and capital taxes and other taxes and licenses. This expense represents an effective tax rate of 23.6% for the quarter, using EPRA earnings as a proxy for taxable income, up from the 19.9% reported for full year 2009. The increase in the current tax charge and effective tax rate is primarily due to taxes on unrealised foreign exchange gains and the recent settlement of prior period tax returns.

Looking forward, PEPR will continue to pursue strategies to manage its tax expense and anticipates a slightly lower income tax charge (and thus generally consistent effective tax rate) than that incurred in 2009.

Distributable cash flow and distributions

In December 2008, PEPR suspended future dividend payments as part of the business' strategic initiatives to improve liquidity and as a condition for a debt covenant amendment on PEPR's €900 million unsecured credit facility. Under the terms of that facility, PEPR is prohibited from paying an ordinary dividend until either it raised €200 million of aggregate new equity (of which €61.1 million has been raised) or the facility is repaid.

The first quarter distributable cash flow of €22.9 million, or €0.12 per unit, will therefore be retained in the business to reduce debt and improve liquidity.

PEPR intends to revert to paying an ordinary dividend as soon as it is prudent to do so and when permitted under the terms of the €900m unsecured credit facility.

PEPR will pay a preferred dividend distribution to holders of its Class A(1) convertible preferred

units ("Preferred Units") on 29 April 2010. The €0.155663 per unit distribution relates to the period from 1 January 2010 to 31 March 2010. The ex-dividend date is 23 April 2010 and the record date 26 April 2010.

Earnings guidance

Management has maintained their guidance for 2010, with EPRA earnings expected to be between €0.45 and €0.50 per unit for the year.

Distributable cash flow, after payment of preferred dividends, is also forecast to be between €0.45 and €0.50 per unit. The terms of PEPR's €900 million unsecured credit facility currently prohibit cash distributions to ordinary unitholders. As a result, PEPR does not contemplate paying ordinary dividends in 2010.

Earnings webcast and conference call details:

We invite you to access the live webcast and conference call, held today, Thursday 22 April 2010, at 12 noon CET, by clicking on the link entitled "First Quarter 2010 Financial Results Webcast" located on the homepage of our website, www.prologis-ep.com.

To participate in the conference call please dial:

	<u>Toll free</u>	<u>Toll</u>
International	--	+44 (0)1452 555 566
France	0805 632 056	+33 (0)1 76 74 24 28
Luxembourg	800 27512	--
The Netherlands	0800 023 5091	+31 (0) 20 717 6886
UK	0800 694 0257	+44 (0)844 493 3800
US	1 866 966 9439	--

A replay of the presentation webcast and a transcript of the call will be available in the "Presentations & Webcasts" page of the Investor Relations section of the PEPR website.

A replay of the conference call will be available from 4pm CET on Thursday 22 April 2010 until Wednesday 5 May 2010. To access the replay please dial one of the following numbers, using passcode 64918682#:

	<u>Toll free</u>	<u>Toll</u>
International	--	+44 (0)1452 550 000
UK	0800 953 1533	+44 (0)845 245 5205
US	1 866 247 4222	--

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Financial statements and portfolio information

The financial statements have been produced in accordance with International Financial Reporting Standards.

	Page
PEPR financial statements	
Consolidated income statement	8
Consolidated statement of total comprehensive income	9
Consolidated statement of financial position	10
Statement of performance measures – EPRA earnings and EPRA net asset value	11
Financial ratios	12
Consolidated statement of investment in properties	13
Consolidated statement of cash flows	14
Reconciliation of profit to distributable cash flow	15
Consolidated statement of changes in equity attributable to unitholders	16
Outstanding debt	17
Portfolio information	
Portfolio overview	18
Lease break and maturity dates	19
Largest 20 customers by annualised rental income	19

Notes:

Forward-looking statements

This document may contain certain 'forward-looking statements'. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Actual outcomes and results may differ materially from any outcomes of results expressed or implied by such forward-looking statements.

Any forward-looking statements made by or on behalf of PEPR speak only as of the date they are made and no representation or warranty is given in relation to them, including as to their accuracy or completeness or the basis on which they were prepared. PEPR does not undertake to update forward-looking statements to reflect any changes in PEPR's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

Information contained in this document relating to PEPR should not be relied upon as an indicator of future performance.

PROLOGIS EUROPEAN PROPERTIES

CONSOLIDATED INCOME STATEMENT

(Unless otherwise stated, amounts are expressed in thousands of euros)

Year ended		Three months ended	
31 December 2009		31 March 2010	31 March 2009
<i>Audited</i>		<i>Unaudited</i>	<i>Unaudited</i>
265,320	Rental income	61,694	67,864
462	Other property income	2,829	276
265,782	Total revenue	64,523	68,140
(2,446)	Ground rents paid	(618)	(684)
(14,746)	Property management fees	(3,347)	(4,294)
(9,236)	Other property rental expenses	(2,327)	(1,074)
(26,428)	Cost of rental activities	(6,292)	(6,052)
239,354	Gross profit	58,231	62,088
(4,910)	Fund management fees	(1,115)	(1,420)
(102)	Fund custodian fees	(24)	(30)
(9,071)	Other fund expenses	(1,890)	(1,169)
(14,083)	Fund expenses	(3,029)	(2,619)
189,097	Investment and development property disposal proceeds	-	-
(231,751)	Carrying value of investment and development property disposals	-	-
(42,654)	(Loss) on disposal of investment and development properties	-	-
6,949	Gross valuation gains on property	-	-
(476,344)	Gross valuation losses on property	(1,365)	114
23,618	Purchasers costs	-	-
(445,777)	Property fair value movements	(1,365)	114
(263,160)	(Loss)/earnings before net financial cost and tax	53,837	59,583
2,357	Finance income	166	1,804
(107,789)	Finance expense	(25,722)	(28,935)
(105,432)	Net finance expense	(25,556)	(27,131)
(368,592)	(Loss)/earnings before tax	28,281	32,452
(31,506)	Charge for current income tax	(6,475)	(5,753)
89,479	Deferred income tax benefit	562	2,641
57,973	Benefit/(charge) for taxation	(5,913)	(3,112)
(310,619)	Net (loss)/earnings for the period	22,368	29,340
	Attributable to:		
(309,393)	Unitholders	22,233	29,318
(1,226)	Non-controlling interests	135	22
(310,619)	Net (loss)/earnings for the period	22,368	29,340
€(1.62)	IFRS (loss)/earnings per ordinary unit	€0.11	€0.15
€0.54	EPRA earnings per ordinary unit	€0.10	€0.15

PROLOGIS EUROPEAN PROPERTIES

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

(Unless otherwise stated, amounts are expressed in thousands of euros)

Year ended		Three months ended	
31 December 2009		31 March 2010	31 March 2009
<i>Audited</i>		<i>Unaudited</i>	<i>Unaudited</i>
(310,619)	(Loss)/earnings for the period	22,368	29,340
	Other comprehensive income/(loss):		
21,078	Exchange difference on translating foreign operations	960	1,201
23,675	Transfer of cumulative exchange difference on disposal of foreign operations	-	-
(2,097)	Non-controlling interest on disposal of foreign operations	-	-
4,272	Cash flow hedges	(14,661)	(3,399)
46,928	Other comprehensive (loss)/income for the period	(13,701)	(2,198)
(263,691)	Total comprehensive (loss)/income for the period	8,667	27,142
	Attributable to:		
(260,368)	Unitholders	8,535	27,120
(3,323)	Non-controlling interests	132	22
(263,691)	Total comprehensive (loss)/income for the period	8,667	27,142

PROLOGIS EUROPEAN PROPERTIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Unless otherwise stated, amounts are expressed in thousands of euros)

31 December 2009 <i>Audited</i>		31 March 2010 <i>Unaudited</i>	31 March 2009 <i>Unaudited</i>
Assets			
<i>Non Current Assets</i>			
2,839,247	Investment in property	2,841,406	3,449,015
25	Property under construction	25	23
-	Hedging instruments	-	36,682
10,381	Deferred tax asset	10,114	8,266
<u>2,849,653</u>		<u>2,851,545</u>	<u>3,493,986</u>
<i>Current Assets</i>			
-	Due from related parties	-	1,313
46,898	Accounts receivable, net of bad debt provision of 2,738 and 2,766 respectively	48,872	59,163
21,692	Other current assets	31,744	34,059
-	Hedging instruments	1,318	-
64,530	Cash and cash equivalents	49,176	53,424
<u>133,120</u>		<u>131,110</u>	<u>147,959</u>
<u>2,982,773</u>	Total assets	<u>2,982,655</u>	<u>3,641,945</u>
Equity			
1,911,810	Ordinary capital	1,911,810	1,911,810
61,070	Preferred capital	61,070	-
<u>1,972,880</u>	Gross capital contributed	<u>1,972,880</u>	<u>1,911,810</u>
(44,718)	Costs of raising capital	(44,718)	(37,721)
1,928,162	Net capital contributed	1,928,162	1,874,089
(592,137)	Net retained losses	(571,507)	(253,268)
(131,535)	Cumulative foreign currency translation adjustment	(130,575)	(175,087)
(5,687)	Cash flow hedge valuation reserve	(20,348)	(13,358)
<u>1,198,803</u>	Equity attributable to unitholders	<u>1,205,732</u>	<u>1,432,376</u>
2,266	Non-controlling interests in subsidiaries	2,400	5,611
<u>1,201,069</u>	Total equity	<u>1,208,132</u>	<u>1,437,987</u>
Liabilities			
<i>Non-current liabilities</i>			
-	Interest bearing secured notes	-	544,454
488,983	Interest bearing unsecured notes	489,296	492,293
668,864	Interest bearing bank loans, net of current portion	1,024,972	908,015
4,826	Hedging instruments	20,894	8,176
28,400	Deferred taxation	27,716	112,500
<u>1,191,073</u>		<u>1,546,810</u>	<u>2,065,438</u>
<i>Current liabilities</i>			
460,853	Interest bearing bank loans and secured notes, current portion	55,431	-
1,487	Hedging instruments	-	-
3,799	Accounts payable	7,665	6,312
6,095	Due to related parties	5,362	6,700
22,845	Income and other taxes payable	28,337	21,172
49,861	Accrued expenses and other current liabilities	68,280	56,353
45,691	Deferred income	46,570	47,983
<u>590,631</u>		<u>211,645</u>	<u>138,520</u>
<u>1,781,704</u>	Total liabilities	<u>1,774,523</u>	<u>2,203,958</u>
<u>2,982,773</u>	Total equity and liabilities	<u>2,982,655</u>	<u>3,641,945</u>
€ 97	IFRS NAV per ordinary unit	€ 6.01	€ 7.52
€ 15	EPRA NAV per ordinary unit	€ 6.26	€ 18

PROLOGIS EUROPEAN PROPERTIES

STATEMENT OF PERFORMANCE MEASURES - EPRA EARNINGS

(Unless otherwise stated, amounts are expressed in thousands of euros)

Year ended	Three months ended	
31 December 2009 <i>Unaudited</i>	31 March 2010 <i>Unaudited</i>	31 March 2009 <i>Unaudited</i>
(309,393)	Net (loss)/earnings attributable to unitholders	
	22,233	29,318
	Adjustments for:	
445,777	1,365	(114)
	Revaluation movements on investment properties and development properties	
48,362	-	-
	Loss on disposal of investment properties, net of tax	
(84,021)	(821)	-
	Deferred tax effects arising on revaluation of investment properties	
3,275	500	-
	Expenses incurred not in the ordinary course of business	
-	(2,573)	-
	Income received not in the ordinary course of business	
(351)	1	22
	Non-controlling interests in respect of the above	
103,649	20,705	29,226
(158)	(1,603)	-
	Preferred dividend	
103,491	19,102	29,226
	EPRA earnings for ordinary unitholders	
190,522,441	190,522,441	190,522,441
	Weighted average number of ordinary units	
€ 54	€ 10	€ 15
	EPRA earnings per ordinary unit for the period	

STATEMENT OF PERFORMANCE MEASURES - EPRA NET ASSET VALUE

(Unless otherwise stated, amounts are expressed in thousands of euros)

31 December 2009 <i>Unaudited</i>	31 March 2010 <i>Unaudited</i>	31 March 2009 <i>Unaudited</i>
1,198,803	Net asset value attributable to unitholders per IFRS consolidated financial statements	
	1,205,732	1,432,376
	Adjustments for:	
5,687	20,348	13,358
	Cash flow hedge valuation reserve	
28,400	27,716	112,500
	Deferred tax	
1,232,890	1,253,796	1,558,234
	EPRA net asset value	
	Attributable to:	
1,171,820	1,192,726	1,558,234
	Ordinary unitholders	
61,070	61,070	-
	Preferred unitholders	
1,232,890	1,253,796	1,558,234
	EPRA net asset value	
€ 15	€ 26	€ 18
	EPRA net asset value per ordinary unit	

PROLOGIS EUROPEAN PROPERTIES

FINANCIAL RATIOS

(Unless otherwise stated, amounts are expressed in thousands of euros)

31 December 2009		31 March 2010	31 March 2009
<i>Unaudited</i>		<i>Unaudited</i>	<i>Unaudited</i>
2,980,594	Gross value of real estate portfolio	2,982,748	3,624,972
1,638,943	Debt (excluding unamortised transaction costs)	1,602,641	1,965,076
55.0%	LTV (debt as percentage of total value)	53.7%	54.2%
227,000	Undrawn committed facilities	100,000	94,500
3.1 years	Average maturity, based on earliest repayment date	3.6 years	2.5 years
Year ended		Three months ended	
31 December 2009		31 March 2010	31 March 2009
4.6%	Average interest rate	5.2%	4.8%
2.4x	Interest cover	2.3x	2.5x

PROLOGIS EUROPEAN PROPERTIES

CONSOLIDATED STATEMENT OF INVESTMENT IN PROPERTIES

(Unless otherwise stated, amounts are expressed in thousands of euros)

31 December 2009 <i>Audited</i>		31 March 2010 <i>Unaudited</i>	31 March 2009 <i>Unaudited</i>
	Historic cost		
3,244,724	Cost at the beginning of the period	3,058,985	3,244,724
2,951	Capital expenditure	782	49
(160)	Leasing commission	112	(156)
(387)	Rent levelling	264	562
109	Transfer of completed developments from property under construction	-	109
(222,407)	Disposals	-	-
34,155	Effect of unrealised currency movements	8,968	7,012
<u>3,058,985</u>	Cost at the end of the period	<u>3,069,111</u>	<u>3,252,300</u>
	Net unrealised gains related to property		
196,998	Net unrealised gains/(losses) at the beginning of the period	(219,738)	196,998
6,949	Gross valuations gains on investment in property during the period	-	-
(476,344)	Gross valuations losses on investment in property during the period	(1,365)	(448)
23,618	Adjustment for purchasers' costs	-	
14,331	Reversal of accumulated revaluation (gain)/loss on disposals	-	-
14,710	Effect of unrealised currency movements	(6,602)	165
<u>(219,738)</u>	Net unrealised gains/(losses) at the end of the period	<u>(227,705)</u>	<u>196,715</u>
<u>2,839,247</u>	Fair value at the end of the period	<u>2,841,406</u>	<u>3,449,015</u>
	Fair value of investment property		
2,980,594	Appraised gross property value at the end of the period	2,982,748	3,624,972
(141,347)	Purchasers' costs	(141,342)	(175,957)
<u>2,839,247</u>	Fair value at the end of the period	<u>2,841,406</u>	<u>3,449,015</u>

PROLOGIS EUROPEAN PROPERTIES

CONSOLIDATED STATEMENT OF CASH FLOWS

(Unless otherwise stated, amounts are expressed in thousands of euros)

Year ended		Three months ended	
31 December 2009		31 March 2010	31 March 2009
<i>Audited</i>		<i>Unaudited</i>	<i>Unaudited</i>
(368,592)	Earnings/(losses) before tax	28,281	32,452
484,429	Adjustment for non-cash items and changes in operating assets	26,246	7,303
115,837	Net cash flow from operating activities	54,527	39,755
	Cash flow from investing activities		
-	Acquisitions of property	-	-
(38,000)	Investment in an associate	-	(38,000)
6,168	Distributions from an associate	-	6,168
1,270	Distributions from other financial assets, available for sale	-	
(2,951)	Capital expenditure and other expenditure on investment property	(782)	(49)
(2)	Property under construction	-	-
1,082	Payments from insurance company in regard of building losses net of rebuilding costs	-	-
48,496	Proceeds from disposal of shares of an associate	-	48,496
-	Proceeds from disposal of property under construction	-	-
189,097	Proceeds from disposal of investment in property	-	-
205,160	Net cash provided from/(used in) investing activities	(782)	16,615
	Cash flow from financing activities		
(793,545)	Repayment of secured notes	(36,542)	(335,872)
75,302	Proceeds from hedge related to secured notes	1,580	50,754
(4,250)	Proceeds from unsecured notes:		
(25,059)	Repayment of unsecured notes	-	-
353,796	Repayment of bank loans	(393,248)	-
5,760	Proceeds from bank loans	360,627	205,406
54,073	Restricted proceeds from swap contracts	(1,640)	-
-	Capital contributions:		
-	Gross proceeds	-	-
-	Distributions to unitholders	(158)	-
(333,923)	Net cash provided from/(used for) financing activities	(69,381)	(79,712)
355	Effects of exchange rates changes	282	(335)
(12,571)	Net decrease in cash and cash equivalents	(15,354)	(23,677)
77,101	Cash and cash equivalents at the beginning of the period	64,530	77,101
64,530	Cash and cash equivalents at the end of the period	49,176	53,424

PROLOGIS EUROPEAN PROPERTIES

RECONCILIATION OF PROFIT TO DISTRIBUTABLE CASH FLOW

(Unless otherwise stated, amounts are expressed in thousands of euros)

Year ended		Three months ended	
31 December 2009		31 March 2010	31 March 2009
<i>Unaudited</i>		<i>Unaudited</i>	<i>Unaudited</i>
(309,393)	Net (losses)/earnings attributable to unitholders for the period	22,233	29,318
	Adjustments for items per the Management Regulations:		
	Net valuation (gains) / losses on property	1,082	448
469,782	Purchasers' costs	-	-
(23,618)	Unrealised currency (gains)/losses	(572)	763
951	Amortisation of debt expenses	3,128	2,659
10,524	Movements on deferred tax balances	(562)	(2,641)
(89,479)	Loss / (gain) on asset disposals	-	-
42,654	Charge for current income tax, related to asset disposals	-	-
5,708	Less an allowance for capital and re-letting expenses	(782)	(342)
(2,788)	Preference dividend	(1,603)	-
(158)	Total adjustments	691	887
413,576			
104,183	Distributable cash flow for ordinary unitholders	22,924	30,205
	Weighted average number of ordinary units	190,522,441	190,522,441
190,522,441			
€0.55	Distributable cash flow per unit for the period³	€0.12	€0.16³

³ In December 2008, PEPR suspended ordinary dividend payments. Q4 2008 and all subsequent quarters' distributable cash flow for ordinary unitholders has therefore been retained in the business.

PROLOGIS EUROPEAN PROPERTIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO UNITHOLDERS

(Unless otherwise stated, amounts are expressed in thousands of euros)

	Capital contribution	Cost of raising capital	Net retained earnings/ (losses)	Cumulative foreign currency translation	Cash flow hedge valuation reserve	TOTAL	Non-controlling interests	TOTAL EQUITY
Balance as at 31 December 2008	1,911,810	(37,721)	(282,586)	(176,288)	(9,959)	1,405,256	5,589	1,410,845
Other comprehensive income	-	-	-	44,753	4,272	49,025	(2,097)	46,928
Profit / (loss)	-	-	(309,393)	-	-	(309,393)	(1,226)	(310,619)
Total recognised income/(loss)	-	-	(309,393)	44,753	4,272	(260,368)	(3,323)	(263,691)
Issue of preferred units	61,070	(6,997)	-	-	-	54,073	-	54,073
Distributions	-	-	(158)	-	-	(158)	-	(158)
Balance as at 31 December 2009	1,972,880	(44,718)	(592,137)	(131,535)	(5,687)	1,198,803	2,266	1,201,069
Other comprehensive income	-	-	-	960	(14,661)	(13,701)	-	(13,701)
Profit / (loss)	-	-	22,233	-	-	22,233	134	22,367
Total recognised income/(loss)	-	-	22,233	960	(14,661)	8,532	134	8,666
Distributions	-	-	(1,603)	-	-	(1,603)	-	(1,603)
Balance as at 31 March 2010	1,972,880	(44,718)	(571,507)	(130,575)	(20,348)	1,205,732	2,400	1,208,132

PROLOGIS EUROPEAN PROPERTIES

**OUTSTANDING DEBT
AS AT 31 MARCH 2010**

Description	Rating	Issue date	Issue size	Coupon	Maturity date	Drawn amount		Comments / Facility LTV ⁴
						Local currency	Euros	
<i>Listed on the London Stock Exchange (CMBS issuance)</i>								
Pan European Industrial Properties Series IV S.A	AAA AA AAA	Mar 2005	€389.0m	3.58%	May 2010	€54.0m	€54.0m	
<i>Listed on the Luxembourg Stock Exchange</i>								
ProLogis International Funding S.A.	Ba1	Oct 2007	€500.0m	7.625% ⁵	Oct 2014	€495.7m	€495.7m	Unsecured Fixed rate
<i>Other</i>								
					Dec 2010	-	-	
Senior unsecured credit facility	-	Dec 2007	€900.0m	n/a	Dec 2010	-	-	
					Dec 2012	€109.0m		Unsecured
						£123.5m	€247.1m	Floating rate
Deutsche Pfandbriefbank loan	-	Jul 2009	€126.0m	4.99%	Mar 2013	€126.0m	€126.0m	LTV: 55%
Eurohypo bank loan	-	Jul 2009	£86.1m	5.93%	Jul 2013	£86.1m	€96.4m	LTV: 50%
Helaba bank loan	-	Oct 2009	SEK 332.5m €15.4m	5.93% 5.19%	Oct 2014	SEK 332.5m €15.4m	€49.2m	LTV: 60%
Helaba bank loan	-	Dec 2009	€45.3m	4.34%	Jan 2013	€45.3m	€45.3m	LTV: 55%
Crédit Agricole CIB bank loan	-	Dec 2009	£43.0m	5.04%	Mar 2013	£43.0m	€48.1m	LTV: 50%
Landesbank Berlin bank loan	-	Dec 2009	€74.0m	3.93%	Jan 2014	€74.0m	€74.0m	LTV: 50%
Deutsche Pfandbriefbank loan	-	Dec 2009	€74.5m	5.42% 4.80%	Dec 2013	£24.3m €39.6m	€66.8m	LTV: 54%
Syndicated bank loan	-	Jan 2010	€300.0m	5.16%	Jan 2014	€48.3m	€300.0m	LTV: 52%
TOTAL							€1,602.6m	

⁴ Facility loan-to-value as at latest covenant reporting date

⁵ Reduces to 5.875% (with effect from 23 October 2010) in the event of a return to an investment grade credit rating.

PROLOGIS EUROPEAN PROPERTIES

PORTFOLIO OVERVIEW AS AT 31 MARCH 2010

	Number of facilities	Market value ('MV') ⁶ € million	% of total MV	Leasable area 000m ²	% of total leasable area	Annualised rental income ⁷ € million	ERV ⁸ € million	Gross portfolio yield ⁹ Current occupancy	Gross portfolio yield ¹⁰ 100% occupancy	Occupancy level	Average age of facilities years	Number of leases	Average number of years to next lease break	Average number of years to lease expiry
France	61	819.6	29%	1,590.6	32%	71.0	67.4	8.7%	9.0%	96.1%	8.8	73	2.3	5.9
Italy	18	260.1	9%	522.7	11%	24.1	22.3	9.3%	9.3%	100.0%	9.8	19	4.7	5.5
Spain	13	239.7	9%	309.5	6%	20.3	18.9	8.5%	8.8%	95.7%	7.3	21	3.0	3.8
<i>Southern</i>	<i>92</i>	<i>1,319.4</i>	<i>47%</i>	<i>2,422.8</i>	<i>49%</i>	<i>115.4</i>	<i>108.6</i>	<i>8.8%</i>	<i>9.0%</i>	<i>96.9%</i>	<i>8.6</i>	<i>113</i>	<i>3.0</i>	<i>5.4</i>
Belgium	5	51.3	1%	98.3	2%	4.4	4.1	8.6%	8.6%	100.0%	5.8	5	2.8	8.6
Germany	20	221.0	8%	328.0	7%	19.9	19.0	9.0%	9.3%	97.0%	5.8	38	2.4	3.2
Netherlands	20	232.4	9%	378.5	8%	19.6	20.3	8.4%	9.8%	87.6%	9.8	29	2.2	4.1
Sweden	4	90.8	3%	130.4	2%	7.9	6.7	8.7%	8.7%	100.0%	15.1	4	7.5	8.9
<i>Northern</i>	<i>49</i>	<i>595.5</i>	<i>21%</i>	<i>935.2</i>	<i>19%</i>	<i>51.8</i>	<i>50.1</i>	<i>8.7%</i>	<i>9.3%</i>	<i>93.9%</i>	<i>8.4</i>	<i>76</i>	<i>3.1</i>	<i>4.8</i>
Czech Republic	12	92.8	3%	180.4	4%	7.9	7.6	8.5%	10.3%	82.1%	7.0	31	2.3	2.3
Hungary	14	97.7	3%	182.1	4%	7.8	8.1	8.0%	9.0%	88.4%	6.9	32	2.7	3.6
Poland	26	244.7	9%	494.5	10%	21.4	21.0	8.8%	9.5%	91.5%	7.8	81	2.1	2.4
<i>Central</i>	<i>52</i>	<i>435.2</i>	<i>15%</i>	<i>857.0</i>	<i>18%</i>	<i>37.1</i>	<i>36.7</i>	<i>8.5%</i>	<i>9.6%</i>	<i>88.9%</i>	<i>7.0</i>	<i>144</i>	<i>2.3</i>	<i>2.6</i>
UK	39	491.3	17%	706.8	14%	43.1	39.9	8.8%	9.2%	95.7%	8.2	37	5.1	8.3
TOTAL	232	2,841.4	100%	4,921.8	100%	247.4	235.3	8.7%	9.2%	94.8%	8.4	370	3.3	5.4

Vacant space (at ERV per m²)

13.4
248.7

⁶ An independent revaluation of the portfolio is conducted every 30 June and 31 December. In accordance with IFRS fair value accounting, valuations are reported net i.e. after deduction of purchasers' costs

⁷ Annualised rental income means the estimate of annual income based on the gross rental income for leases in place as at the latest valuation date based on rates effective at that date and on the assumption that rental income from such leases will continue to be received for the whole of the financial year. It does not take into account lease terminations, renewals, replacement of customers or other changes in rent levels in existing leases

⁸ ERV refers to the Estimated Rental Value calculated by the independent third-party appraisers as at the latest valuation date

⁹ Annualised rental income on occupied portfolio expressed as a percentage of market value

¹⁰ Annualised rental income on occupied portfolio plus ERV on vacant space expressed as a percentage of market value

PROLOGIS EUROPEAN PROPERTIES
**LEASE BREAK AND MATURITY DATES
AS AT 31 MARCH 2010**

	Number of leases with next break option in year	Leased space subject to next break option ¹¹ 000m ²	Annualised rental income of leases subject to first break option		Number of leases with expiry date in year ¹²	Leased space subject to lease expiry 000m ²	Annualised rental income of expiring leases	
			(€m)	%			(€m)	%
2010	87	834	46.0	18.6	73	560	33.0	13.4
2011	95	1,033	50.7	20.5	57	414	20.9	8.4
2012	65	841	44.4	17.9	51	441	25.9	10.4
2013	39	442	23.8	9.6	39	382	22.0	8.9
2014	27	389	22.7	9.2	30	505	26.3	10.6
2015	19	388	21.0	8.5	24	525	24.6	10.0
2016	10	212	11.4	4.6	20	474	21.2	8.6
2017	10	284	15.1	6.1	22	447	22.5	9.1
2018	4	43	1.8	0.7	12	174	9.2	3.7
2019	6	57	3.5	1.4	11	149	9.9	4.0
2020+	8	141	7.0	2.9	31	593	31.9	12.9
Total	370	4,664	247.4	100.0	370	4,664	247.4	100.0

**LARGEST 20 CUSTOMERS BY ANNUALISED RENTAL INCOME
AS AT 31 MARCH 2010**

	Customer Name ¹³	Industry Type	Share of annualised rental income	Number of leases
1	Ceva	3PL	7.1%	15
2	Geodis	3PL	5.1%	11
3	NYK Holdings (Nippon Yusen Kaisha)	3PL	3.8%	8
4	Deutsche Post AG (DHL)	3PL	3.8%	15
5	Gefco (PSA Peugeot)	3PL	2.7%	6
6	ND Logistics	3PL	2.4%	5
7	FM Logistic	3PL	2.2%	5
8	Fagor Electrodomesticos (Brandt Appliances)	Industrial Durables	2.0%	3
9	Carrefour	Retail	1.9%	2
10	GoodYear/Dunlop	Automotive	1.9%	2
11	DSV A/S	3PL	1.6%	5
12	Intermarche	Retail	1.6%	3
13	ID Logistics Group	3PL	1.4%	4
14	Eurofred	3PL	1.3%	2
15	Deutsche Bahn (Schenker)	3PL	1.3%	4
16	Kuehne & Nagel	3PL	1.3%	3
17	Schneider	Electrical/Mechanical	1.2%	2
18	Amazon.com Inc	Retail	1.2%	1
19	Sonepar (Elektroskandia)	Electrical/Mechanical	1.1%	1
20	Depolabo Pharma Logistique	Pharmaceuticals	1.1%	2
	Subtotal of largest 20 customers		46.0%	99
	Leases with 188 other customers		54.0%	271
	Total		100.0%	370

¹¹ Leases at earlier of next break date or expiry date

¹² Leases at expiry date regardless of upcoming lease breaks

¹³ Customers shown are either actual names or the name of the parent company of the customers.