

## News release

### ProLogis European Properties results for the quarter and nine months ended 30 September 2010

#### Further deleveraging; Focus remains on return to investment grade

**Luxembourg – 28 October 2010** – ProLogis European Properties (Euronext: PEPR), one of Europe's largest owners of modern distribution facilities, today reports results for the third quarter and nine months ended 30 September 2010.

#### Highlights

- Generated €63.4 million of distributable cash flow over nine months
- Loan-to-value ratio improved to 52.5% from 53.3% at 30 June and 55.0% at end 2009
- Increase in EPRA net asset value by 2.6% to €6.31 per ordinary unit since year end 2009
- As anticipated, portfolio occupancy decreased by 1.0% to 92.7% – still comfortably above the market
- Significant leasing activity completed during the quarter, including lease renewals on over 250,000 square metres in France and Spain
- Closed on new €50 million, three-year, unsecured revolving credit facility giving extra flexibility to meet ongoing working capital requirements
- Amended terms of unsecured debt facility to permit return to paying ordinary dividends

#### *Quarter to 30 September 2010*

- EPRA<sup>1</sup> earnings €0.10 per ordinary unit (Q3 2009: €0.14 per ordinary unit)
- IFRS earnings of €0.06 per ordinary unit (Q3 2009: €0.42 loss per ordinary unit)
- EPRA net asset value €6.31 per ordinary unit (Q2 2010: €6.27 per ordinary unit)
- IFRS net asset value €6.04 per ordinary unit of (Q2 2010: €5.99 per ordinary unit)
- 35 lease transactions covering 312,000m<sup>2</sup>, compared to 23 transactions covering 217,800m<sup>2</sup> in Q3 2009

#### *Nine months to 30 September 2010*

- EPRA earnings €0.31 per ordinary unit (9M 2009: €0.46 per ordinary unit)
- IFRS earnings of €0.11 per ordinary unit (9M 2009: €1.67 loss per ordinary unit)
- EPRA net asset value €6.31 per ordinary unit (2009: €6.15 per ordinary unit)
- IFRS net asset value €6.04 per ordinary unit (2009: €5.97 per ordinary unit)
- 97 lease transactions covering 1,013,800m<sup>2</sup>, compared to 57 transactions covering 615,800m<sup>2</sup> in 9M 2009

Commenting on the results, Peter Cassells, chief executive officer of PEPR, said: "We are pleased with the progress we have made on improving our liquidity profile and reducing PEPR's loan-to-value ratio. We remain firmly focused on maintaining industry-leading occupancy and deleveraging the business to ensure a return to an investment grade rating. With that in mind, we intend to continue to retain distributable cash flow for the foreseeable future.

"Since quarter end, we received approval from our unsecured bank syndicate to partially remove the

<sup>1</sup> Based on EPRA (European Public Real Estate Association) *Best Practices Recommendation*, issued July 2009

restrictions on making ordinary dividend payments, reflecting the confidence our bank syndicate has in our business and the progress we have made in improving our liquidity profile.

“We are further encouraged to announce another quarter of significant leasing activity in spite of macro economic uncertainties and continued softness in occupier demand. Although there are signs of improving market fundamentals, we continue to expect a patchy economic recovery across Europe and remain cautious about rental levels in the near term.

“We have delivered financial results in line with our guidance, with EPRA earnings and distributable cash flow for the nine months at €0.31 and €0.33 per ordinary unit respectively. As anticipated, our portfolio occupancy declined slightly to 92.7% although we remain above general logistics market averages. We believe that we are very well placed to benefit from increased occupier demand as and when market conditions improve.”

## **Market outlook**

Economic forecasters predict positive real GDP growth across Europe of between 0.5 and 1.5% a year during 2010-2011. However, it may be a two-tier recovery given the wide range of projected growth rates, with Sweden, Poland and Germany projected to grow faster than other countries. Overall, it has been widely acknowledged that the rate of improvement is more modest than that experienced in previous recoveries.

World trade has rebounded more quickly than anticipated and many markets have now reached a transitional stage of the real estate cycle with leasing conditions no longer deteriorating. The majority of European markets have seen valuation and rental levels stabilise with improvement in some core locations, although rent concessions remain relatively high at between 10-20% of base rents on average.

Investment flows into Europe's core logistics property markets have continued to increase sharply during the first half of 2010 to €4.3 billion, up 12% from half year 2009, although there has been a slight slowdown in activity during the third quarter. Investor appetite for risk remains low, leading to a continued focus on prime covenant quality, long-lease length product in core locations.

Customers remain cautious over the pace and scale of the market recovery. For now, occupier demand continues to be dominated by consolidation and opportunities to increase operating efficiencies. As a result, customers are moving out of smaller, fragmented and older units into larger, more modern space, creating a widening disparity in rents and yields between primary and secondary distribution facilities.

New supply is restricted to build-to-suit projects with virtually no speculative development. The impact of these supply and demand metrics can be seen in relatively steady occupancy rates across Europe over the past year, although these are still in a wide band, ranging from 90% or more in Northern and Southern Europe to 83 to 88% in Central Europe and the UK.

Looking forward, a number of markets, including Germany and some sectors of the UK, have seen class A vacant space almost completely absorbed, providing room for more optimism on improving occupancy into 2011.

## **Portfolio performance**

ProLogis (NYSE: PLD), PEPR's external manager, has maintained strong leasing momentum during the third quarter, with 35 lease transactions covering 312,000 square metres being completed. Two agreements, covering 12,300 square metres, were new leases in Germany and Poland. A further five leases were expansions, adding 9,300 square metres to existing customers' supply chain needs. The remaining 28 transactions, totalling 290,400 square metres, were lease renewals with customers such as Ceva, DHL, FagorBrandt and Schneider.

These transactions resulted in a weighted average rental decline of 9.7% over the expiring rental level, primarily related to leases signed in Central Europe and the inherent over-renting within the portfolio. The level of over-renting has reduced to 2.8% at 30 September 2010 from 3.4% at 30 June 2010.

There were 64 lease break options or expiries in the portfolio during the nine months to 30 September. Of these, some 64% opted to remain in place when measured by rental value, broadly in line with the 65% customer retention for the half year 2010.

There were no customer defaults during the third quarter and PEPR remains focused on monitoring customer performance to minimise future risk. Total accounts receivable from customers for Q3 2010 increased to €50.1 million, from €46.4 million at 30 June 2010 primarily due to the later UK quarter-end billing date. However, we have already received 100% of those UK invoices since quarter end. At 30 September 2010, PEPR held a €2.9 million provision for bad and doubtful debts (HY 2010: €2.7 million).

In summary, at 30 September 2010, 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 attractive, with above market average occupancy of 92.7%, 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 22.

## **Guidance**

PEPR maintains its guidance for 2010, with EPRA earnings and distributable cash flow expected to be between €0.40 and €0.44 per ordinary unit.

PEPR has retained distributable cash flow since December 2008 as part of the business' strategic initiatives to improve liquidity and as a condition for a debt covenant amendment on PEPR's unsecured credit facility. In October 2010, PEPR received approval from the bank syndicate on its unsecured credit facility to partially remove the restrictions on dividend payments. However, PEPR intends to continue to retain distributable cash flow for the foreseeable future in order to further deleverage the balance sheet and to ensure a return to an investment grade credit rating.

## **Financial results**

### *Earnings*

IFRS earnings for Q3 2010 were €14.1 million compared to an €80.6 million loss for Q3 2009, primarily due to valuation declines arising from the additional portfolio revaluation conducted in 2009 in relation to PEPR's preferred equity offering. In addition, IFRS earnings for Q3 2010 were negatively impacted by a €4.1 million decline in total revenue and a €3.7 million increase in finance expense.

EPRA earnings for ordinary unitholders, which provide a better guide to underlying business performance, decreased from €27.5 million for Q3 2009 to €18.2 million in Q3 2010. The reduction is primarily due to the €4.1 million decline in total revenue, €3.7 million of increased finance expense and €1.6 million of preferred dividend distributions.

For the nine months, IFRS earnings increased substantially to €26.0 million compared to a loss of €318.1 million for the comparable period in 2009. The majority of the difference is due to the €387.3 million higher unrealised portfolio net valuation losses incurred in 2009 as well as the €42.7 million loss on property disposals and consequential tax impacts recorded in 2009. IFRS earnings for the nine months 2010 were negatively impacted by €16.0 million lower total revenue, €2.2 million of increased operating costs and €1.5 million higher net finance expense.

EPRA earnings for ordinary unitholders for the nine months decreased to €58.6 million from €87.9 million for the comparable period in 2009, primarily due to €18.6 million lower rental income, €3.2 million of increased operating and finance expenses, a €2.0 million higher tax charge and €4.9 million of preferred dividends.

A reconciliation between IFRS and EPRA earnings is shown on page 13.

### *Total revenue*

Third quarter rental and other property income fell by €4.1 million to €61.1 million (Q3 2009: €65.2 million), primarily related to the loss of €0.4 million of rental income from portfolio sales completed in 2009, a decline of €4.4 million in rental income due to lower market rents on new lease agreements and the marginal decline in portfolio occupancy. This decline was partially offset by a €0.7 million increase in UK sourced income when measured in euro.

Total revenue for the nine months fell by 7.9% to €186.1 million (9M 2009: €202.1 million), as a result of the loss of €9.1 million of rental income from the portfolio sales, a decline of €11.2 million as a result of leases rolling back to market and lower portfolio occupancy, partially offset by a €1.6 million increase in UK sourced income when measured in euro. In addition, as previously reported, half year 2010 included a €2.6 million non-recurring receipt relating to the finalisation of insurance and legal claims.

### *Operating expenses*

Total operating expenses comprise the cost of operating the portfolio and managing PEPR as a listed real estate fund.

Cost of rental activities includes ground rents paid, property management fees, the provision for bad debt and other non-recoverable property related expenses.

The cost of rental activities decreased slightly to €6.9 million in Q3 2010 from €7.1 million in the comparable period, where €0.3 million of non-recoverable property costs related to lower portfolio occupancy were offset by a €0.5 million reduction in PEPR's bad debt expense and savings on property management fees. Property management fees are directly correlated to gross portfolio value which has been impacted by portfolio disposals and valuation movements.

For nine months 2010, the cost of rental activities increased by €1.5 million to €20.9 million (9M 2009: €19.4 million) due to the €1.3 million non-recurring charge arising from a reassessment of the recoverability of service charges recorded in Q2 2010, a €2.0 million increase in non-recoverable property costs related to higher portfolio vacancy and the recovery of an unusually high level of rental expenses in the prior period. These increased costs were partially offset by an 11.4% decrease in property management fees to €10.1 million for the nine months (9M 2009: €11.4 million) and a €0.5 million reduction in PEPR's bad debt expense.

Fund expenses comprise the non-property related costs associated within our business, including fund management, custodian and professional fees. These expenses remained broadly flat in Q3 2010 at €2.3 million as compared to €2.2 million in the Q2 2009.

On a nine month basis, fund expenses increased by €0.6 million, to €8.2 million, primarily due to the write-off of €0.5 million of legal and advisory fees associated with a potential second preferred equity raise reported in Q1 2010. Underlying fund management fees declined to €3.4 million, from €3.8 million in the prior period, as these fees are directly correlated to the gross market value of the portfolio.

### *Property fair value movements*

Whilst no portfolio revaluations were carried out in the third quarter, PEPR incurred a €6.9 million gross valuation loss on property related to capital expenditure, leasing commissions and rent levelling adjustments incurred during the quarter.

### *Financing*

Finance income for the nine months 2010 decreased to €0.3 million from €2.3 million in the comparable period, primarily related to a €1.3 million dividend received from ProLogis European Properties Fund II in Q1 2009 and lower levels of cash on deposit.

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

Interest expense for the quarter increased to €22.5 million from €21.1 million in Q3 2009 given the increase in average interest rate for the quarter to 5.6% from 4.5% in the comparable period, partially offset by the decrease in outstanding debt between the periods.

Amortisation charges increased by €1.5 million to €4.2 million in Q3 2010, reflecting €1.0 million of accelerated amortisation related to the repayment of the unsecured credit facility and finalisation of costs associated with the €300 million syndicated bank loan.

## FINANCE EXPENSE

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

<b>Year ended</b>		<b>Nine months ended</b>	
<b>31 December 2009</b>		<b>30 Sept. 2010</b>	<b>30 Sept. 2009</b>
<i>Audited</i>		<i>Unaudited</i>	<i>Unaudited</i>
96,173	Interest expense	67,531	70,642
10,524	Amortisation of initial borrowing costs	9,685	7,445
1,092	Net foreign currency (gains)/losses	267	(27)
<b>107,789</b>		<b>77,483</b>	<b>78,060</b>

Interest expense for nine months 2010 decreased by 4.4% to €67.5 million (9M 2009: €70.6 million), primarily related to PEPR's successful deleveraging initiatives. These include the repayment of €449.7 million of CMBS debt between the two periods incurring some €5 million of costs associated with the early retirement in the prior period. During nine months 2010, PEPR incurred €15 million in higher interest costs as a result of the increase in weighted average cost of debt to 5.5% from 4.5%. This increase was partially offset by €13 million of savings related to the reduction in outstanding debt between the two periods.

Amortisation charges increased by €2.2 million in nine months 2010, reflecting accelerated amortisation related to the reduction in size and early repayment of the revolving portion of the unsecured credit facility, the early repayment of the first €300 million tranche of that facility, originally due December 2010 and finalisation of costs associated with the syndicated bank loan.

### Debt structure

PEPR's financing structure utilises a mix of secured and unsecured debt sources. At the end of September 2010, 52.0% of outstanding debt was secured against specific pools of assets with no recourse to the security of other debt or assets elsewhere within the business.

Total outstanding debt as at 30 September 2010 was €1,564.5 million, a €30.0 million or 1.9% decrease since 30 June 2010 (€1,594.5 million), primarily due to the full repayment of the €24.2 million outstanding under the revolving portion of the unsecured credit facility and amortisation on certain secured financing packages.

During the quarter, PEPR finalised a new €50 million, three-year, unsecured revolving credit facility jointly arranged by Deutsche Bank AG, Morgan Stanley Senior Funding Inc. and The Royal Bank of Scotland N.V. The facility has a €100 million accordion increase feature, subject to obtaining additional lender commitments. The new facility replaced the €100 million revolving credit facility, originally due to expire December 2010. As a result, PEPR has no outstanding debt maturities prior to December 2012.

The weighted average interest rate for nine months 2010 was 5.5%, broadly consistent with that of half-year 2010, compared to 4.5% for nine months 2009. The year-on-year increase reflects the 175 basis point increase in the €500 million Eurobond coupon arising from the credit rating downgrade in June 2009 and the higher average fixed interest rates applicable on the new secured debt facilities. At 30 September 2010, 83.5% of debt was at fixed rates of interest with the remaining floating debt, namely the outstanding balance on the €300 million unsecured credit facility and the €50 million revolving credit facility, currently at margins of 270 basis points and 240 basis points over EURIBOR or LIBOR respectively.

PEPR has a number of financial debt covenants within its credit facilities. At 30 September 2010,

PEPR was in compliance with all covenants.

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## SUMMARY OF FINANCIAL DEBT COVENANTS

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	Limit	30 Sept. 2010	30 June 2010
<b>Unsecured debt:</b>			
<i>€300m unsecured credit facility</i>			
Leverage	less than 60%	54%	55%
Fixed charge coverage	a least 1.5x	1.8x	1.9x
Unencumbered interest coverage	a least 1.5x	1.7x	1.7x
Net Worth (excluding Intangible assets)	at least €0.9bn	€1.2bn	€1.2bn
Unsecured debt as % of unsecured assets	less than 65%	58%	60%
<i>€500m 2014 Eurobond</i>			
Secured debt as % of total assets	less than 40%	28%	28%
<b><i>Fonds commun de placement structure:</i></b>			
Loan-to-value (total debt as percentage of gross portfolio value)	less than 60%	52.5%	53.3%

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An overview of PEPR's outstanding debt is on page 21.

### *Tax*

PEPR recorded a €4.5 tax charge for Q3 2010 compared to a €10.5 million tax benefit in Q3 2009, primarily due to the deferred tax benefit arising from the portfolio valuation decline in the prior period.

The overall tax charge for nine months 2010 was €10.4 million compared to a benefit of €55.9 million for the prior period, again primarily due to a significant deferred income tax benefit in 2009 related to declining portfolio values.

The current income tax expense of €12.2 million for nine months 2010 represents a €10.2 million decrease over the comparable period (9M 2009: €22.4 million), of which €5.7 million relates to a one-off income tax charge on capital gains generated by asset sales in 2009. The remaining €4.5 million reduction is primarily due to the introduction of tax strategies and initiatives combined with the impact of lower taxable profits. The nine month 2010 current income tax expense represents an effective tax rate of 15.9%, using EPRA earnings before taxation as a proxy for taxable income, down from 16.8% for nine months 2009 (excluding the one-off tax expense).

PEPR will continue to pursue strategies to manage its future tax expense and anticipates a lower full year current income tax charge and effective tax rate than the underlying charge 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 unsecured credit facility. In October 2010, PEPR received approval from the bank syndicate on its unsecured credit facility to partially remove the restrictions on dividend payments. Whilst PEPR intends to revert to paying ordinary dividends as soon as it is prudent to do so it will continue to retain distributable cash flow for the foreseeable future in order to further deleverage the balance sheet and to ensure a return to an investment grade credit rating.

As a result, Q3 2010 distributable cash flow of €20.1 million, or €0.11 per ordinary unit, will be retained in the business. Distributable cash flow for ordinary unitholders for the nine months to 30 September 2010 equalled €0.33 per unit, or €63.4 million.

PEPR will pay a preferred dividend distribution to holders of its Class A(1) convertible preferred units on 5 November 2010. The €0.159122 per unit distribution relates to the period from 1 July 2010 to 30 September 2010. The ex-dividend date is 1 November 2010 and the record date is 3 November 2010.

*Net asset value*

IFRS NAV per ordinary unit increased to €6.04 at 30 September 2010, compared to €5.99 at 30 June 2010, driven by continued retention of earnings partially offset by the negative impact of sterling's depreciation against the euro and €1.6 million of preferred dividend distributions.

EPRA NAV per ordinary unit, which makes adjustments for hedging instruments and deferred tax movements, increased to €6.31 at 30 September 2010, compared to €6.27 at 30 June 2010.

A reconciliation between IFRS and EPRA NAV is shown on page 14.

**Earnings webcast and conference call details:**

We invite you to access the live presentation webcast and conference call, held today, Thursday 28 October 2010, at 12 noon CET, by clicking on the link entitled "Third Quarter 2010 Financial Results Webcast" located on the homepage of our website, [www.prologis-ep.com](http://www.prologis-ep.com).

To participate in the conference call please dial one of the following numbers:

	<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 Investor Relations section of the PEPR website, [www.prologis-ep.com](http://www.prologis-ep.com).

A replay of the conference call will be available from 4pm CET on Thursday 28 October 2010 until Wednesday 10 November 2010. To access the conference call replay please dial one of the following numbers, using passcode 14479183#:

	<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.

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##### 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)

<b>Year ended</b>		<b>Three months ended</b>	
<b>31 December 2009</b>		<b>30 Sept. 2010</b>	<b>30 Sept. 2009</b>
<i>Audited</i>		<i>Unaudited</i>	<i>Unaudited</i>
265,320	Rental income	61,016	65,146
462	Other property income	51	70
<b>265,782</b>	<b>Total revenue</b>	<b>61,067</b>	<b>65,216</b>
(2,446)	Ground rents paid	(531)	(608)
(14,746)	Property management fees	(3,360)	(3,572)
(9,236)	Other property rental expenses	(2,963)	(2,883)
<b>(26,428)</b>	<b>Cost of rental activities</b>	<b>(6,854)</b>	<b>(7,063)</b>
<b>239,354</b>	<b>Gross profit</b>	<b>54,213</b>	<b>58,153</b>
(4,910)	Fund management fees	(1,120)	(1,181)
(102)	Fund custodian fees	(23)	(29)
(9,071)	Other fund expenses	(1,154)	(993)
<b>(14,083)</b>	<b>Fund expenses</b>	<b>(2,297)</b>	<b>(2,203)</b>
189,097	Investment and development property disposal proceeds	-	22,187
(231,751)	Carrying value of investment and development property and currency translation effect on disposal	-	(22,319)
<b>(42,654)</b>	<b>Loss on disposal of investment and development property</b>	<b>-</b>	<b>(132)</b>
6,949	Gross valuation gains on property	-	4,152
(476,344)	Gross valuation losses on property	(6,852)	(135,254)
23,618	Purchasers costs	-	6,985
<b>(445,777)</b>	<b>Property fair value movements</b>	<b>(6,852)</b>	<b>(124,117)</b>
<b>(263,160)</b>	<b>Earnings/(loss) before net finance expense and tax</b>	<b>45,064</b>	<b>(68,299)</b>
2,357	Finance income	88	79
(107,789)	Finance expense	(26,605)	(22,894)
<b>(105,432)</b>	<b>Net finance expense</b>	<b>(26,517)</b>	<b>(22,815)</b>
<b>(368,592)</b>	<b>Earnings/(loss) before tax</b>	<b>18,547</b>	<b>(91,114)</b>
(30,804)	Charge for current income tax	(3,422)	(6,454)
88,777	Deferred income tax benefit/(charge)	(1,059)	16,924
<b>57,973</b>	<b>(Charge)/benefit for taxation</b>	<b>(4,481)</b>	<b>10,470</b>
<b>(310,619)</b>	<b>Net earnings/(loss) for the period</b>	<b>14,066</b>	<b>(80,644)</b>
	<b>Attributable to:</b>		
(309,393)	Unitholders	13,918	(80,567)
(1,226)	Non-controlling interests	148	(77)
<b>(310,619)</b>	<b>Net earnings/(loss) for the period</b>	<b>14,066</b>	<b>(80,644)</b>
<b>€(1.62)</b>	<b>IFRS earnings/(loss) per ordinary unit</b>	<b>€0.06</b>	<b>€(0.42)</b>
<b>€0.54</b>	<b>EPRA earnings per ordinary unit</b>	<b>€0.10</b>	<b>€0.14</b>

PROLOGIS EUROPEAN PROPERTIES

CONSOLIDATED INCOME STATEMENT

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

Year ended		Nine months ended	
31 December 2009		30 Sept. 2010	30 Sept. 2009
<i>Audited</i>		<i>Unaudited</i>	<i>Unaudited</i>
265,320	Rental income	183,128	201,744
462	Other property income	3,013	357
<b>265,782</b>	<b>Total revenue</b>	<b>186,141</b>	<b>202,101</b>
(2,446)	Ground rents paid	(1,679)	(1,897)
(14,746)	Property management fees	(10,083)	(11,409)
(9,236)	Other property rental expenses	(9,183)	(6,103)
<b>(26,428)</b>	<b>Cost of rental activities</b>	<b>(20,945)</b>	<b>(19,409)</b>
<b>239,354</b>	<b>Gross profit</b>	<b>165,196</b>	<b>182,692</b>
(4,910)	Fund management fees	(3,361)	(3,772)
(102)	Fund custodian fees	(83)	(86)
(9,071)	Other fund expenses	(4,739)	(3,701)
<b>(14,083)</b>	<b>Fund expenses</b>	<b>(8,183)</b>	<b>(7,559)</b>
189,097	Investment and development property disposal proceeds	-	189,097
(231,751)	Carrying value of investment and development property and currency translation effect on disposal	-	(231,751)
<b>(42,654)</b>	<b>Loss on disposal of investment and development property</b>	<b>-</b>	<b>(42,654)</b>
6,949	Gross valuation gains on property	29,446	5,300
(476,344)	Gross valuation losses on property	(72,385)	(458,973)
23,618	Purchasers costs	(470)	22,943
<b>(445,777)</b>	<b>Property fair value movements</b>	<b>(43,409)</b>	<b>(430,730)</b>
<b>(263,160)</b>	<b>Earnings/(loss) before net finance expense and tax</b>	<b>113,604</b>	<b>(298,251)</b>
2,357	Finance income	284	2,323
(107,789)	Finance expense	(77,483)	(78,060)
<b>(105,432)</b>	<b>Net finance expense</b>	<b>(77,199)</b>	<b>(75,737)</b>
<b>(368,592)</b>	<b>Earnings/(loss) before tax</b>	<b>36,405</b>	<b>(373,988)</b>
(30,804)	Charge for current income tax	(12,211)	(22,394)
88,777	Deferred income tax benefit	1,771	78,274
<b>57,973</b>	<b>(Charge)/benefit for taxation</b>	<b>(10,440)</b>	<b>55,880</b>
<b>(310,619)</b>	<b>Net earnings/(loss) for the period</b>	<b>25,965</b>	<b>(318,108)</b>
	<b>Attributable to:</b>		
(309,393)	Unitholders	25,136	(317,332)
(1,226)	Non-controlling interests	829	(776)
<b>(310,619)</b>	<b>Net earnings/(loss) for the period</b>	<b>25,965</b>	<b>(318,108)</b>
<b>€(1.62)</b>	<b>IFRS earnings/(loss) per ordinary unit</b>	<b>€0.11</b>	<b>€(1.67)</b>
<b>€0.54</b>	<b>EPRA earnings per ordinary unit</b>	<b>€0.31</b>	<b>€0.46</b>

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		30 Sept. 2010	30 Sept. 2009
<i>Audited</i>		<i>Unaudited</i>	<i>Unaudited</i>
(310,619)	<b>Net earnings/(loss) for the period</b>	14,066	(80,644)
	<b>Other comprehensive income/(loss):</b>		
21,078	Exchange difference on translating foreign operations	(3,605)	(8,204)
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	367	(1,328)
<b>46,928</b>	<b>Other comprehensive (loss)/income for the period</b>	<b>(3,238)</b>	<b>(9,532)</b>
<b>(263,691)</b>	<b>Total comprehensive income/(loss) for the period</b>	<b>10,828</b>	<b>(90,176)</b>
	<b>Attributable to:</b>		
(260,368)	Unitholders	10,680	(90,099)
(3,323)	Non-controlling interests	148	(77)
<b>(263,691)</b>	<b>Total comprehensive income/(loss) for the period</b>	<b>10,828</b>	<b>(90,176)</b>

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

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

Year ended		Nine months ended	
31 December 2009		30 Sept. 2010	30 Sept. 2009
<i>Audited</i>		<i>Unaudited</i>	<i>Unaudited</i>
(310,619)	<b>Net earnings/(loss) for the period</b>	25,965	(318,108)
	<b>Other comprehensive income/(loss):</b>		
21,078	Exchange difference on translating foreign operations	13,478	17,391
23,675	Transfer of cumulative exchange difference on disposal of foreign operations	-	23,675
(2,097)	Non-controlling interest on disposal of foreign operations	(499)	-
4,272	Cash flow hedges	(21,626)	69
<b>46,928</b>	<b>Other comprehensive (loss)/income for the period</b>	<b>(8,647)</b>	<b>41,135</b>
<b>(263,691)</b>	<b>Total comprehensive income/(loss) for the period</b>	<b>17,318</b>	<b>(276,973)</b>
	<b>Attributable to:</b>		
(260,368)	Unitholders	16,988	(276,197)
(3,323)	Non-controlling interests	330	(776)
<b>(263,691)</b>	<b>Total comprehensive income/(loss) for the period</b>	<b>17,318</b>	<b>(276,973)</b>

**PROLOGIS EUROPEAN PROPERTIES**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

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

<b>31 December 2009</b> <i>Audited</i>		<b>30 Sept. 2010</b> <i>Unaudited</i>	<b>30 June 2010</b> <i>Unaudited</i>
	<b>Assets</b>		
	<i>Non Current Assets</i>		
2,839,247	Investment in property	2,837,919	2,847,164
25	Property under construction	-	-
-	Hedging instruments	-	-
10,381	Deferred tax asset	9,012	11,130
<u>2,849,653</u>		<u>2,846,931</u>	<u>2,858,294</u>
	<i>Current Assets</i>		
46,898	Accounts receivable, net	50,112	46,362
21,692	Other current assets	22,847	24,363
64,530	Cash and cash equivalents	29,627	32,756
<u>133,120</u>		<u>102,586</u>	<u>103,481</u>
<b><u>2,982,773</u></b>	<b>Total assets</b>	<b><u>2,949,517</u></b>	<b><u>2,961,775</u></b>
	<b>Equity</b>		
1,911,810	Ordinary capital	1,911,810	1,911,810
61,070	Preferred capital	61,070	61,070
1,972,880	Capital contributions	1,972,880	1,972,880
(44,718)	Costs of raising capital	(44,718)	(44,718)
1,928,162	Net capital contributed	1,928,162	1,928,162
(592,137)	Net retained losses	(571,867)	(584,148)
(131,535)	Cumulative foreign currency translation adjustment	(118,057)	(114,452)
(5,687)	Cash flow hedge valuation reserve	(27,313)	(27,680)
1,198,803	Equity attributable to unitholders	1,210,925	1,201,882
2,266	Non-controlling interests in subsidiaries	2,596	2,448
<b><u>1,201,069</u></b>	<b>Total equity</b>	<b><u>1,213,521</u></b>	<b><u>1,204,330</u></b>
	<b>Liabilities</b>		
	<i>Non-current liabilities</i>		
1,157,847	Interest bearing notes and bank loans, net of current portion	1,530,087	1,534,586
4,826	Hedging instruments	27,313	27,680
28,400	Deferred tax liability	25,377	26,302
<u>1,191,073</u>		<u>1,582,777</u>	<u>1,588,568</u>
	<i>Current liabilities</i>		
460,853	Interest bearing notes and bank loans, current portion	4,566	28,775
1,487	Hedging instruments	-	-
3,799	Accounts payable	4,492	7,502
6,095	Due to related parties	304	528
22,845	Income and other taxes payable	18,219	19,000
49,861	Accrued expenses and other current liabilities	80,713	66,818
45,691	Deferred income	44,925	46,254
<u>590,631</u>		<u>153,219</u>	<u>168,877</u>
<b><u>1,781,704</u></b>	<b>Total liabilities</b>	<b><u>1,735,996</u></b>	<b><u>1,757,445</u></b>
<b><u>2,982,773</u></b>	<b>Total equity and liabilities</b>	<b><u>2,949,517</u></b>	<b><u>2,961,775</u></b>
<b>€5.97</b>	<b>IFRS NAV per ordinary unit</b>	<b>€6.04</b>	<b>€5.99</b>
<b>€6.15</b>	<b>EPRA NAV per ordinary unit</b>	<b>€6.31</b>	<b>€6.27</b>

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		30 Sept. 2010	30 Sept. 2009
<i>Unaudited</i>		<i>Unaudited</i>	<i>Unaudited</i>
(309,393)	<b>Net earnings/(loss) attributable to unitholders</b>	<b>13,918</b>	<b>(80,567)</b>
	<i>Adjustments for:</i>		
445,777	Revaluation movements on investment properties and development properties	6,852	124,117
48,362	Loss on disposal of investment properties, net of tax	-	131
(84,021)	Deferred tax effects arising on revaluation of investment properties	(924)	(16,288)
3,275	Expenses incurred not in the ordinary course of business	-	-
(351)	Non-controlling interests in respect of the above	1	95
<b>103,649</b>	<b>EPRA earnings for the period</b>	<b>19,847</b>	<b>27,488</b>
(158)	Preferred dividend	(1,637)	-
<b>103,491</b>	<b>EPRA earnings for ordinary unitholders</b>	<b>18,210</b>	<b>27,488</b>
190,522,441	Weighted average number of ordinary units	190,522,441	190,522,441
<b>€0.54</b>	<b>EPRA earnings per ordinary unit</b>	<b>€0.10</b>	<b>€0.14</b>

STATEMENT OF PERFORMANCE MEASURES - EPRA EARNINGS

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

Year ended		Nine months ended	
31 December 2009		30 Sept. 2010	30 Sept. 2009
<i>Unaudited</i>		<i>Unaudited</i>	<i>Unaudited</i>
(309,393)	<b>Net earnings/(loss) attributable to unitholders</b>	<b>25,136</b>	<b>(317,332)</b>
	<i>Adjustments for:</i>		
445,777	Revaluation movements on investment properties and development properties	43,409	430,730
48,362	Loss on disposal of investment properties, net of tax	-	42,736
(84,021)	Deferred tax effects arising on revaluation of investment properties	(3,022)	(67,368)
-	Income received not in the ordinary course of business	(2,573)	-
3,275	Expenses incurred not in the ordinary course of business	500	-
(351)	Non-controlling interests in respect of the above	22	(883)
<b>103,649</b>	<b>EPRA earnings for the period</b>	<b>63,472</b>	<b>87,883</b>
(158)	Preferred dividend	(4,863)	-
<b>103,491</b>	<b>EPRA earnings for ordinary unitholders</b>	<b>58,609</b>	<b>87,883</b>
190,522,441	Weighted average number of ordinary units	190,522,441	190,522,441
<b>€0.54</b>	<b>EPRA earnings per ordinary unit</b>	<b>€0.31</b>	<b>€0.46</b>

PROLOGIS EUROPEAN PROPERTIES

STATEMENT OF PERFORMANCE MEASURES - EPRA NET ASSET VALUE

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

<b>31 December 2009</b> <i>Unaudited</i>		<b>30 Sept. 2010</b> <i>Unaudited</i>	<b>30 June 2010</b> <i>Unaudited</i>
1,198,803	<b>Net asset value attributable to unitholders per IFRS financial statements</b>	1,210,925	1,201,882
	<i>Adjustments for:</i>		
5,687	Cash flow hedge valuation reserve	27,313	27,680
28,400	Deferred tax	25,377	26,302
<b>1,232,890</b>	<b>EPRA net asset value</b>	<b>1,263,615</b>	<b>1,255,864</b>
	<b>Attributable to:</b>		
1,171,820	Ordinary unitholders	1,202,545	1,194,794
61,070	Preferred unitholders	61,070	61,070
<b>1,232,890</b>		<b>1,263,615</b>	<b>1,255,864</b>
190,522,441	Number of ordinary units outstanding	190,522,441	190,522,441
<b>€6.15</b>	<b>EPRA net asset value per ordinary unit</b>	<b>€6.31</b>	<b>€6.27</b>

FINANCIAL RATIOS

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

<b>31 December 2009</b> <i>Unaudited</i>		<b>30 Sept. 2010</b> <i>Unaudited</i>	<b>30 June 2010</b> <i>Unaudited</i>
2,980,594	Gross value of real estate portfolio	2,981,337	2,991,196
1,638,943	Debt (excluding unamortised transaction costs)	1,564,526	1,594,474
55.0%	LTV (debt as percentage of total value)	52.5%	53.3%
227,000	Undrawn committed facilities	46,472	75,778
3.1 years	Average maturity, based on earliest repayment date	3.3 years	3.5 years
		<b>Nine months ended</b>	
<b>Year ended</b> <b>31 December 2009</b> <i>Unaudited</i>		<b>30 Sept. 2010</b> <i>Unaudited</i>	<b>30 Sept. 2009</b> <i>Unaudited</i>
4.6%	Average interest rate	5.5%	4.5%
2.4x	Interest cover	2.3x	1.9x

PROLOGIS EUROPEAN PROPERTIES

CONSOLIDATED STATEMENT OF INVESTMENT IN PROPERTIES

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

<b>31 December 2009</b> <i>Audited</i>		<b>30 Sept. 2010</b> <i>Unaudited</i>	<b>30 June 2010</b> <i>Unaudited</i>
	<b>Historic cost</b>		
3,244,724	Cost at the beginning of the period	3,058,985	3,058,985
2,951	Capital expenditure	5,963	1,909
(160)	Leasing commission	2,236	1,333
(387)	Rent levelling	2,771	912
109	Transfer of completed developments from property under construction	-	-
(222,407)	Disposals	-	-
34,155	Effect of unrealised currency movements	41,834	53,854
<b>3,058,985</b>	<b>Cost at the end of the period</b>	<b>3,111,789</b>	<b>3,116,993</b>
	<b>Net unrealised gains/(losses) related to property</b>		
196,998	Net unrealised gains/(losses) at the beginning of the period	(219,738)	(219,738)
6,949	Gross valuations gains on investment in property during the period	29,446	29,446
(476,344)	Gross valuations losses on investment in property during the period	(72,385)	(65,532)
23,618	Adjustment for purchasers costs	(470)	(470)
14,331	Reversal of accumulated revaluation loss/(gain) and purchaser cost on disposals	-	-
14,710	Effect of unrealised currency movements	(10,723)	(13,535)
<b>(219,738)</b>	<b>Net unrealised (losses)/gains at the end of the period</b>	<b>(273,870)</b>	<b>(269,829)</b>
<b>2,839,247</b>	<b>Fair value at the end of the period</b>	<b>2,837,919</b>	<b>2,847,164</b>
	<b>Fair value of investment property</b>		
2,980,594	Appraised gross property value at the end of the period	2,981,337	2,991,196
(141,347)	Purchasers costs	(143,418)	(144,032)
<b>2,839,247</b>	<b>Fair value at the end of the period</b>	<b>2,837,919</b>	<b>2,847,164</b>
	<b>Appraised net property value subject to security</b>		
208,085	Secured notes	-	-
872,277	Bank loans	1,593,782	1,600,154
<b>1,080,362</b>		<b>1,593,782</b>	<b>1,600,154</b>

PROLOGIS EUROPEAN PROPERTIES

CONSOLIDATED STATEMENT OF CASH FLOWS

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

<b>Year ended</b>		<b>Three months ended</b>	
<b>31 December 2009</b>		<b>30 Sept. 2010</b>	<b>30 Sept. 2009</b>
<i>Audited</i>		<i>Unaudited</i>	<i>Unaudited</i>
<b>(368,592)</b>	<b>Earnings/(loss)before tax</b>	<b>18,547</b>	<b>(91,114)</b>
484,429	Adjustment for non-cash items and changes in operating assets	(13,005)	143,886
<b>115,837</b>	<b>Net cash flow from operating activities</b>	<b>5,542</b>	<b>52,772</b>
	<b>Cash flow from investing activities</b>		
6,168	Distribution from an associate	-	-
(38,000)	Investment in other financial assets, available for sale	-	-
1,270	Distributions from other financial assets, available for sale	-	-
(2,951)	Capital expenditure and other expenditure on investment property	(4,957)	(1,408)
(2)	Property under construction	-	-
1,082	Payments from insurance company in regard of building losses, net of rebuilding costs	-	145
48,496	Proceeds from disposal of shares of an associate	-	-
189,097	Proceeds from disposal of investment property	-	20,458
<b>205,160</b>	<b>Net cash (used in)/provided from investing activities</b>	<b>(4,957)</b>	<b>19,195</b>
	<b>Cash flow from financing activities</b>		
(793,545)	Repayment of secured notes	-	(98,594)
75,302	Proceeds from hedges related to secured notes	-	6,833
(4,250)	Repayment of unsecured notes	(2,000)	-
(25,059)	Repayment of bank loans	(1,434)	(105,526)
353,796	Proceeds from bank loans	1,293	96,246
5,760	Restricted proceeds from swap contracts	-	150
54,073	Net proceeds from preferred units issue	-	-
-	Distributions to preferred unitholders	(1,621)	-
<b>(333,923)</b>	<b>Net cash used for financing activities</b>	<b>(3,762)</b>	<b>(100,891)</b>
<b>355</b>	<b>Effects of exchange rates changes</b>	<b>48</b>	<b>318</b>
<b>(12,571)</b>	<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(3,129)</b>	<b>(28,606)</b>
77,101	Cash and cash equivalents at the beginning of the period	32,756	133,559
<b>64,530</b>	<b>Cash and cash equivalents at the end of the period</b>	<b>29,627</b>	<b>104,953</b>

PROLOGIS EUROPEAN PROPERTIES

CONSOLIDATED STATEMENT OF CASH FLOWS

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

Year ended		Nine months ended	
31 December 2009		30 Sept. 2010	30 Sept. 2009
<i>Audited</i>		<i>Unaudited</i>	<i>Unaudited</i>
		€000	€000
<b>(368,592)</b>	<b>Earnings/(loss)before tax</b>	<b>36,405</b>	<b>(373,988)</b>
484,429	Adjustment for non-cash items and changes in operating assets	26,065	483,769
<b>115,837</b>	<b>Net cash flow from operating activities</b>	<b>62,470</b>	<b>109,781</b>
	<b>Cash flow from investing activities</b>		
-	Investment in an associate	-	(38,000)
6,168	Distribution from an associate	-	6,168
(38,000)	Investment in other financial assets, available for sale	-	-
1,270	Distributions from other financial assets, available for sale	-	1,270
(2,951)	Capital expenditure and other expenditure on investment property	(8,199)	(1,797)
(2)	Property under construction	-	-
1,082	Payments from insurance company in regard of building losses, net of rebuilding costs	2,573	1,082
48,496	Proceeds from disposal of shares of an associate	-	48,496
189,097	Proceeds from disposal of investment property	-	189,097
<b>205,160</b>	<b>Net cash (used in)/provided from investing activities</b>	<b>(5,626)</b>	<b>206,316</b>
	<b>Cash flow from financing activities</b>		
(793,545)	Repayment of secured notes	(90,590)	(434,466)
75,302	Proceeds from hedges related to secured notes	-	57,588
(4,250)	Repayment of unsecured notes	(2,000)	-
(25,059)	Repayment of bank loans	-	-
353,796	Proceeds from bank loans	3,936	71,151
5,760	Restricted proceeds from swap contracts	-	16,620
54,073	Net proceeds from preferred units issue	-	-
-	Distributions to preferred unitholders	(3,387)	-
<b>(333,923)</b>	<b>Net cash used for financing activities</b>	<b>(92,041)</b>	<b>(289,107)</b>
<b>355</b>	<b>Effects of exchange rates changes</b>	<b>294</b>	<b>862</b>
<b>(12,571)</b>	<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(34,903)</b>	<b>27,852</b>
77,101	Cash and cash equivalents at the beginning of the period	64,530	77,101
<b>64,530</b>	<b>Cash and cash equivalents at the end of the period</b>	<b>29,627</b>	<b>104,953</b>

PROLOGIS EUROPEAN PROPERTIES

RECONCILIATION OF PROFIT TO DISTRIBUTABLE CASH FLOW

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

<b>Year ended</b>		<b>Three months ended</b>	
<b>31 December 2009</b>		<b>30 Sept. 2010</b>	<b>30 Sept. 2009</b>
<i>Unaudited</i>		<i>Unaudited</i>	<i>Unaudited</i>
<b>(309,393)</b>	<b>Net earnings/(loss) attributable to unitholders for the period</b>	<b>13,918</b>	<b>(80,567)</b>
	<i>Adjustments for items per the Management Regulations:</i>		
469,782	Net valuation losses on property	6,852	130,480
(23,618)	Purchasers costs	-	(6,985)
-	Reversal of rent levelling adjustment	(2,070)	72
951	Unrealised currency (gains)/losses	(31)	(876)
10,524	Amortisation of debt expenses	4,178	2,687
(89,479)	Movements on deferred tax balances	1,059	(16,924)
42,654	Loss on asset disposals	-	132
5,708	Charge for current income tax, related to asset disposals	-	1,151
(2,788)	Less an allowance for capital and re-letting expenses	(2,133)	(1,492)
(158)	Preferred dividend	(1,639)	-
413,576	Total adjustments	6,216	108,245
<b>104,183</b>	<b>Distributable cash flow for ordinary unitholders</b>	<b>20,134</b>	<b>27,678</b>
190,522,441	Weighted average number of ordinary units	190,522,441	190,522,441
<b>€0.55</b>	<b>Distributable cash flow per unit for the period<sup>2</sup></b>	<b>€0.11</b>	<b>€0.14</b>

<sup>2</sup> 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

RECONCILIATION OF PROFIT TO DISTRIBUTABLE CASH FLOW

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

Year ended		Nine months ended	
31 December 2009		30 Sept. 2010	30 Sept. 2009
<i>Unaudited</i>		<i>Unaudited</i>	<i>Unaudited</i>
<b>(309,393)</b>	<b>Net earnings/(loss) attributable to unitholders for the period</b>	<b>25,136</b>	<b>(317,322)</b>
	<i>Adjustments for items per the Management Regulations:</i>		
469,782	Net valuation losses on property	42,939	453,673
(23,618)	Purchasers costs	470	(22,943)
-	Reversal of rent levelling adjustment	(2,777)	72
951	Unrealised currency (gains)/losses	(60)	(456)
10,524	Amortisation of debt expenses	9,685	7,445
(89,479)	Movements on deferred tax balances	(1,771)	(78,274)
42,654	Loss on asset disposals	-	42,654
5,708	Charge for current income tax, related to asset disposals	-	5,708
(2,788)	Less an allowance for capital and re-letting expenses	(5,375)	(2,312)
(158)	Preferred dividend	(4,865)	-
413,576	Total adjustments	38,246	405,567
<b>104,183</b>	<b>Distributable cash flow for ordinary unitholders</b>	<b>63,382</b>	<b>88,235</b>
190,522,441	Weighted average number of ordinary units	190,522,441	190,522,441
<b>€0.55</b>	<b>Distributable cash flow per unit for the period<sup>2</sup></b>	<b>€0.33</b>	<b>€0.46</b>

PROLOGIS EUROPEAN PROPERTIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

	Capital contributions	Cost of raising capital	Net retained earnings/ (losses)	Cumulative foreign currency translation adjustment	Cash flow hedge valuation reserve	Total equity attributable to unitholders	Non-controlling interests	Total equity
<b>Balance as at 31 December 2009</b> <i>Audited</i>	<b>1,972,880</b>	<b>(44,718)</b>	<b>(592,137)</b>	<b>(131,535)</b>	<b>(5,687)</b>	<b>1,198,803</b>	<b>2,266</b>	<b>1,201,069</b>
Other comprehensive income/(loss)	-	-	-	960	(14,661)	(13,701)	-	(13,701)
Profit/(loss) for the period	-	-	22,233	-	-	22,233	134	22,367
Total comprehensive income/(loss)	-	-	22,233	960	(14,661)	8,532	134	8,666
Preferred distributions	-	-	(1,603)	-	-	(1,603)	-	(1,603)
<b>Balance as at 31 March 2010</b> <i>Unaudited</i>	<b>1,972,880</b>	<b>(44,718)</b>	<b>(571,507)</b>	<b>(130,575)</b>	<b>(20,348)</b>	<b>1,205,732</b>	<b>2,400</b>	<b>1,208,132</b>
Other comprehensive income/(loss)	-	-	-	16,123	(7,332)	8,791	(499)	8,292
Profit/(loss) for the period	-	-	(11,018)	-	-	(11,018)	547	(10,471)
Total comprehensive income/(loss)	-	-	(11,018)	16,123	(7,332)	(2,227)	48	(2,179)
Preferred distributions	-	-	(1,623)	-	-	(1,623)	-	(1,623)
<b>Balance as at 30 June 2010</b> <i>Unaudited</i>	<b>1,972,880</b>	<b>(44,718)</b>	<b>(584,148)</b>	<b>(114,452)</b>	<b>(27,680)</b>	<b>1,201,882</b>	<b>2,448</b>	<b>1,204,330</b>
Other comprehensive income/(loss)	-	-	-	(3,605)	367	(3,238)	-	(3,238)
Profit/(loss) for the period	-	-	13,918	-	-	13,918	148	14,066
Total comprehensive income/(loss)	-	-	13,918	(3,605)	367	10,680	148	10,828
Preferred distributions	-	-	(1,637)	-	-	(1,637)	-	(1,637)
<b>Balance as at 30 September 2010</b> <i>Unaudited</i>	<b>1,972,880</b>	<b>(44,718)</b>	<b>(571,867)</b>	<b>(118,057)</b>	<b>(27,313)</b>	<b>1,210,925</b>	<b>2,596</b>	<b>1,213,521</b>

**PROLOGIS EUROPEAN PROPERTIES**

**OUTSTANDING DEBT  
AS AT 30 SEPTEMBER 2010**

Description	Rating	Issue date	Issue size	Coupon	Maturity date	Loan amount outstanding		Comments/facility LTV <sup>3</sup>
						Local ccy	Euros	
<i>Listed on the Luxembourg Stock Exchange</i>								
ProLogis International Funding S.A.	Ba1	Oct 2007	€500.0m	7.625% <sup>4</sup>	Oct 2014	€493.8m	€493.8m	Unsecured
<i>Other</i>								
Senior unsecured credit facility	-	Dec 2007	€300.0m	+270 bps	Dec 2012	€109.0m £123.5m	€254.2m	Unsecured
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	€101.3m	LTV: 50%
Helaba bank loan	-	Oct 2009	SEK 332.5m €15.5m	5.93% 5.19%	Oct 2014	SEK 325.9m €15.2m	€50.7m	LTV: 55% Amortisation: 2% in years 1 & 2, 2.25% in years 3 & 4, and 2.5% in year 5
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	€50.6m	LTV: 50%
Landesbank Berlin bank loan	-	Dec 2009	€74.0m	3.93%	Jan 2014	€73.6m	€73.6m	LTV: 50% Amortisation: 1% per annum
Deutsche Pfandbriefbank loan	-	Dec 2009	€74.5m	5.42% 4.80%	Dec 2013	£24.3m €38.5m	€67.0m	LTV: 54%
Syndicated bank loan	-	Jan 2010	€300.0m	5.16%	Jan 2014	€298.5m	€298.5m	LTV: 52% Amortisation: 1% in years 1 & 2, and 1.5% in years 3 & 4
Revolving credit facility	-	Aug 2010	€50.0m	+240 bps <sup>5</sup>	Aug 2013	£3.0m	€3.5m	Unsecured €100m accordion feature
<b>TOTAL</b>							<b>€1,564.5m</b>	

<sup>3</sup> Facility loan-to-value as at latest covenant reporting date.

<sup>4</sup> Reduces to 5.875% in the event of a return to an investment grade credit rating, subject to annual reset date of 23 October.

<sup>5</sup> Margin over Euribor or Libor ranges from +225 to +300 basis points, depending upon PEPR's credit rating.

## PROLOGIS EUROPEAN PROPERTIES

### PORTFOLIO OVERVIEW AS AT 30 SEPTEMBER 2010

	Number of facilities	Market value <sup>6</sup> € million	% of total market value	Leasable area 000m <sup>2</sup>	% of total leasable area	Annualised rental income <sup>7</sup> € million	ERV <sup>8</sup> € million	Net portfolio yield <sup>9</sup>	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	810.8	29%	1,590.5	32%	69.0	67.5	8.0%	95.3%	9.3	73	2.4	5.9
Italy	18	258.6	9%	522.7	11%	21.3	19.0	7.8%	86.7%	10.3	17	4.8	4.8
Spain	13	231.9	8%	309.5	6%	17.3	18.1	7.6%	93.6%	7.8	29	3.0	3.8
<i>Southern</i>	<b>92</b>	<b>1,301.3</b>	<b>46%</b>	<b>2,422.7</b>	<b>49%</b>	<b>107.6</b>	<b>104.6</b>	<b>7.9%</b>	<b>93.2%</b>	<b>9.1</b>	<b>119</b>	<b>2.9</b>	<b>5.3</b>
Belgium	5	50.3	2%	98.3	2%	4.4	4.1	7.9%	100.0%	6.3	5	2.3	8.1
Germany	20	220.5	8%	327.9	7%	19.5	19.3	8.3%	99.1%	6.3	38	2.6	2.7
Netherlands	20	221.8	8%	378.5	8%	18.4	19.4	6.1%	84.4%	10.3	29	2.3	3.7
Sweden	4	94.6	3%	130.4	2%	8.2	7.1	7.9%	100.0%	15.6	4	7.0	8.4
<i>Northern</i>	<b>49</b>	<b>587.2</b>	<b>21%</b>	<b>935.1</b>	<b>19%</b>	<b>50.5</b>	<b>49.9</b>	<b>7.3%</b>	<b>93.4%</b>	<b>8.9</b>	<b>76</b>	<b>3.2</b>	<b>4.5</b>
Czech Republic	12	99.1	4%	180.4	4%	7.9	8.2	6.8%	86.6%	7.5	33	2.5	2.6
Hungary	14	92.2	3%	182.1	4%	8.1	7.7	8.5%	89.8%	7.4	31	2.8	3.6
Poland	26	235.4	8%	494.5	10%	19.6	20.3	7.4%	91.1%	8.3	79	2.7	3.3
<i>Central</i>	<b>52</b>	<b>426.7</b>	<b>15%</b>	<b>857.0</b>	<b>18%</b>	<b>35.6</b>	<b>36.2</b>	<b>7.5%</b>	<b>89.9%</b>	<b>7.5</b>	<b>143</b>	<b>2.7</b>	<b>3.2</b>
UK	39	522.7	18%	706.9	14%	44.5	41.1	7.9%	93.7%	8.7	37	5.0	8.1
<b>TOTAL</b>	<b>232</b>	<b>2,837.9</b>	<b>100%</b>	<b>4,921.7</b>	<b>100%</b>	<b>238.2</b>	<b>231.8</b>	<b>7.7%</b>	<b>92.7%</b>	<b>8.9</b>	<b>375</b>	<b>3.3</b>	<b>5.4</b>
Vacant space (at ERV per m <sup>2</sup> )							17.0						
							<b>248.8</b>						

<sup>6</sup> 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

<sup>7</sup> 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

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

<sup>9</sup> Annualised rental income less non-recoverable property expenses, expressed as a percentage of gross market value i.e. before the deduction of notional purchasers' costs

**LEASE BREAK AND MATURITY DATES  
AS AT 30 SEPTEMBER 2010**

	Number of leases with next break option in year	Leased space subject to next break option <sup>10</sup> 000m <sup>2</sup>	Annualised rental income of leases subject to first break option		Number of leases with expiry date in year <sup>11</sup>	Leased space subject to lease expiry 000m <sup>2</sup>	Annualised rental income of expiring leases	
			(€ m)	%			(€ m)	%
2010	44	250	13.1	5.5	44	250	13.1	5.5
2011	87	957	49.2	20.7	63	558	28.9	12.1
2012	78	914	48.2	20.2	55	445	25.9	10.9
2013	50	534	27.1	11.4	43	358	19.5	8.2
2014	37	548	29.8	12.5	32	490	26.2	11.0
2015	29	558	28.3	11.9	29	522	24.5	10.3
2016	14	253	14.3	6.0	19	419	20.6	8.7
2017	10	284	15.4	6.5	22	426	21.7	9.1
2018	3	57	1.8	0.7	12	222	10.9	4.5
2019	6	57	3.5	1.5	10	129	8.4	3.5
2020+	17	153	7.5	3.1	46	746	38.5	16.2
<b>Total</b>	<b>375</b>	<b>4,565</b>	<b>238.2</b>	<b>100.0</b>	<b>375</b>	<b>4,565</b>	<b>238.2</b>	<b>100.0</b>

**LARGEST 20 CUSTOMERS BY ANNUALISED RENTAL INCOME  
AS AT 30 SEPTEMBER 2010**

	Customer Name <sup>12</sup>	Industry Type	Share of annualised rental income	Number of leases
1	Ceva	3PL	6.6%	15
2	Geodis	3PL	5.0%	12
3	NYK Holdings (Nippon Yusen Kaisha)	3PL	4.1%	8
4	Deutsche Post AG (DHL)	3PL	3.4%	13
5	Gefco (PSA Peugeot)	3PL	2.8%	7
6	ND Logistics	3PL	2.5%	5
7	FM Logistic	3PL	2.4%	3
8	Fagor Electrodomesticos (Brandt Appliances)	Industrial Durables	1.8%	4
9	Kuehne & Nagel	3PL	1.8%	4
10	Intermarche	Retail	1.7%	3
11	GoodYear/Dunlop	Automotive	1.6%	2
12	Carrefour	Retail	1.6%	2
13	ID Logistics Group	3PL	1.4%	4
14	DSV A/S	3PL	1.4%	4
15	Amazon.com Inc	Retail	1.3%	1
16	Schneider	Electrical/Mechanical	1.3%	2
17	J. Sainsbury	Retail	1.2%	2
18	Sonepar NV (Elektroskandia)	Electrical/Mechanical	1.2%	1
19	Wincanton Logistics	3PL	1.1%	7
20	Fiege Logistik	3PL	1.1%	5
	Subtotal of largest 20 customers		45.3%	104
	Leases with 186 other customers		54.7%	271
	<b>Total</b>		<b>100.0%</b>	<b>375</b>

<sup>10</sup> Leases at earlier of next break date or expiry date

<sup>11</sup> Leases at expiry date regardless of upcoming lease breaks

<sup>12</sup> Customers shown are either actual names on the lease or the name of the group