

News release

ProLogis European Properties results for the quarter and year ended 31 December 2010

Strong operating performance delivers financial results ahead of guidance

Luxembourg – 10 February 2011 – ProLogis European Properties (Euronext: PEPR), one of Europe's largest owners of modern distribution facilities, today reports results for the fourth quarter and year ended 31 December 2010.

Highlights

- Adjusted EPRA earnings and distributable cash flow per ordinary unit of €0.45, both ahead of guidance (€0.40 to €0.44)
- Record leasing activity increases portfolio occupancy by 180 basis points in Q4 to 94.5% (Q3 2010: 92.7%)
- Generated €86.1 million of distributable cash flow (2009: €104.2 million)
- Portfolio values remained stable, with overall net portfolio value down just 0.6%, excluding currency impacts (UK +0.1% and Continental Europe -0.8%).
- Loan-to-value ratio improved to 53.0% from 55.0% at the end of 2009

Quarter to 31 December 2010

- Adjusted EPRA⁽¹⁾ earnings €0.14 per ordinary unit (Q4 2009: €0.05 per ordinary unit)
- IFRS earnings of €0.00 per ordinary unit (Q4 2009: €0.00 per ordinary unit)
- EPRA net asset value €6.32 per ordinary unit (Q3 2010: €6.31 per ordinary unit)
- IFRS net asset value €5.62 per ordinary unit (Q3 2010⁽²⁾: €5.58 per ordinary unit)
- 68 lease transactions covering 546,600m², compared to 31 transactions covering 331,600m² in Q4 2009

Year to 31 December 2010

- Adjusted EPRA earnings €0.45 per ordinary unit (2009: €0.54 per ordinary unit)
- IFRS earnings of €0.07 per ordinary unit (2009: €1.64 loss per ordinary unit)
- EPRA net asset value €6.32 per ordinary unit (2009: €6.15 per ordinary unit)
- IFRS net asset value €5.62 per ordinary unit (2009⁽²⁾: €5.55 per ordinary unit)
- 165 lease transactions covering 1,560,400m², compared to 88 transactions covering 947,300m² in 2009

¹ European Public Real Estate Association *Best Practices Recommendation*, issued October 2010 after PEPR specific adjustments

² 2009 and Q3 2010 IFRS NAV is restated to reflect the correction of PEPR's deferred tax liability, as announced on 24 January 2011

Commenting on the results, **Peter Cassells, chief executive officer of PEPR**, said: “At the end of last year, we set ourselves three main objectives for 2010: to improve net asset value through asset management initiatives, drive occupancy and re-establish our investment grade rating. I am pleased to report we have made substantial progress against these objectives. We have repaid or refinanced over €480 million of outstanding debt, reduced leverage to 53.0% and while we are still working towards achieving an investment grade rating, we did secure an improved credit outlook from Moody’s Investor Services.

“In addition, we have completed record leasing of over 1.5 million square metres during the year, some 60% ahead of 2009, maintaining a high level of customer retention and ending the year with above-market portfolio occupancy. This consistently strong operational performance has helped our portfolio valuation to remain flat over the year and ultimately to deliver financial results ahead of guidance.

“During the fourth quarter and into the new year, we have seen improving market fundamentals with increased customer demand for logistics space. Although this provides optimism that we are at or close to an inflection point in terms of both rental levels and the scale of lease incentives, we remain cautious about the pace and scale of the recovery. As such, we expect market rents and property values to remain stable across Europe in the near term, with the opportunity for improvement when the macro economic recovery takes hold.”

Chief executive’s review

The macro economic recovery is expected to be slow and steady, albeit with differing rates of recovery across the European countries. For the time being, consolidation and outsourcing remain the main drivers of demand rather than GDP growth. We continue to believe that there will be a return to positive net absorption in most markets, particularly in core markets, and we are confident that the quality of our asset and platform will enable us to continue to outperform the market on leasing. Nevertheless, there is likely to be a time lag before we see a positive impact on rental values, especially in secondary or oversupplied markets. In the meantime, we will continue to experience the negative impact of rent roll downs to market on recent leasing activity.

2010 was a challenging year for the European commercial property sector, with uncertainty over the pace and scale of the economic recovery and the introduction of austerity measures in a number of EU member countries hindering improvements in occupier market conditions. Despite these factors, we delivered strong financial results. Our EPRA NAV increased 2.8% to €6.32 per ordinary unit, reflecting stable portfolio valuations and the impact of retaining earnings. Adjusted EPRA earnings of €0.45 per ordinary unit, including €0.04 in lease termination fee income, exceeded revised guidance. Although early termination fee income is part of the normal course of business, the level received in the final quarter of 2010 was significantly higher than average. Excluding this fee income, underlying EPRA earnings were €0.41 per ordinary unit, down from €0.54 in 2009 given higher finance costs, preferred dividend payments and lower rental income associated with higher average level of vacancies and lower rental rates. We generated distributable cash flow of €86.1 million or €0.45 per ordinary unit in 2010 which was retained in the business to further strengthen our balance sheet.

On 31 January 2011, PEPR’s external manager, ProLogis (NYSE: PLD), and AMB Property Corporation (NYSE: AMB) announced a proposed merger of equals. There are no contractual ‘change of control’ provisions or other direct impacts on PEPR arising from the proposed merger.

During 2011, we will strive to improve further our financial metrics, continuing to reduce leverage and pursue a return to an investment grade credit rating. In addition, we will ensure that we remain well placed to capture the benefits of improvements in occupier demand, maintaining high portfolio occupancy through consistently strong leasing performance and driving cash flow from the portfolio through proactive asset management and exemplary customer service.

Guidance

EPRA earnings for 2011 are expected to be between €0.37 and €0.42 per ordinary unit, reflecting the impact of rents reverting to market in 2010 and the likelihood of further rental decline on leases

rolling in 2011 given the in-place rents agreed in the past. In addition, guidance reflects management assumptions of broadly stable occupancy levels for the year, no early termination fee income and a return to an ordinary level of asset disposals as part of normal asset management initiatives.

Distributable cash flow, after payment of preferred dividends, is forecast to be between €0.33 and €0.38 per unit reflecting the same factors as for EPRA earning guidance as well as higher anticipated capital expenditures than in 2009 and 2010.

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 same bank syndicate to partially remove the restrictions on dividend payments. However, PEPR intends to continue to retain distributable cash flow in 2011 to further deleverage the balance sheet and to ensure a return to an investment grade credit rating.

Portfolio revaluation

The entire portfolio was independently revalued at 31 December 2010, with net market value decreasing 0.6%, excluding foreign exchange adjustments, from the valuation carried out at 30 June 2010. The overall net market value, including the impact of foreign exchange, declined by 0.9% to €2,822.0 million compared to €2,847.2 million at 30 June 2010.

Over 2010 as a whole, PEPR's portfolio net market value decreased 1.7%, excluding foreign exchange adjustments. However, the strengthening of sterling and Swedish krona exchange rates during the year improved the overall net market value decline to 0.6%, to €2,822.0 million at end 2010 from €2,839.2 million at the end of 2009.

Continental European assets recorded an overall valuation decline of 0.6% from €2,312.2 million to €2,298.7 million over the six months to December 2010, including movements in the Swedish krona exchange rate. Excluding this currency effect, continental European asset values fell 0.8% over the same period. Property values in Northern Europe fell by 1.9%, driven by two separate early lease terminations in Germany totalling 25,800 square metres, softening rental values and the repricing of shorter dated income across the region. Both Central Europe and Southern Europe suffered a modest decline of 0.4% in property values.

The UK portfolio value remained flat at £444.9 million at December 2010, compared to £444.5 million at June 2010. The weakening of the sterling exchange rate during the second half of 2010 took the total value of the UK portfolio down 2.2%, to €523.3 million from €535.0 million at 30 June 2010.

The net initial yield⁽³⁾ of the portfolio at 31 December 2010 remained at 7.7%, versus 7.7% at 30 June 2010 and 8.4% at 31 December 2009.

Market outlook

Economic forecasters predict continued modest positive real GDP growth across Europe of between 1.5 and 2.0% during 2011-2012. Although concerns of a double-dip recession have faded, the recovery remains fragile with differing projected growth rates and the impact of governments' austerity measures across the individual countries.

World trade and shipping volumes have increased more quickly than anticipated and occupier demand for new space is expected to follow. Customer sentiment is improving, particularly in the third-party logistics sector which has seen an increase in the volume of goods handled. As a result, there has been increased demand for logistics space although for the time being this continues to be dominated by consolidation and opportunities to increase operating efficiencies.

Rental levels are expected to remain stable with lease incentives likely to reduce over the course of

³ Annualised rent less non-recoverable property expenses expressed as a percentage of gross market value i.e. before the deduction of notional purchasers' costs.

the year, although secondary or oversupplied locations could still see some downward pressure.

New supply is primarily linked to build-to-suit projects, with a small amount of speculative development started or is expected to start in France, Germany and Poland. Market occupancy rates across Europe remained relatively steady throughout the year, ranging from 90% or more in Northern and Southern Europe to 81 to 88% in Central Europe and the UK.

Investment flows into Europe's core logistics property markets increased by 21% to approximately €8 billion compared to 2009, around half of that experienced at the peak of the market. Investor appetite for risk remains low, leading to a continued focus on prime covenant quality, long-lease length product in core locations.

As a result, capital values have stabilised with no significant change anticipated in 2011 as any further yield compression is likely to be offset by lower market rents in the near-term.

Portfolio performance

PEPR has completed a record level of leasing activity during the fourth quarter, with 68 lease transactions covering 546,600 square metres finalised. This activity takes total leasing for 2010 as a whole to 1,560,400 square metres, some 60% ahead of 2009 leasing, also making 2010 a record year for PEPR.

The fourth quarter saw a significant increase in the number of new leases signed, with 22 transactions for 216,300 square metres completed. This compares to a total of 15 new leases for 159,100 square metres signed in all of 2009. New leases completed during the fourth quarter include 59,300 square metres to C. Steinweg Handelsveem in The Netherlands, 45,500 square metres to Travis Perkins in the UK and 41,200 square metres to four customers in Italy.

13 leases were expanded during the quarter, adding 46,600 square metres to existing customers' supply chain needs. The remaining 33 transactions, totalling 283,700 square metres, were lease renewals with customers such as Ceva, ITM Logistique, NYK Logistics and Tesco.

These transactions resulted in a weighted average rental decline of 9.2% over the expiring rental level, primarily related to leases rolling back to market rents. On average, the leases have 4.2 years to lease break or 5.8 years to lease expiry. As a result, the next lease break of the entire portfolio has increased to 3.4 years on average from 3.3 years at 30 September 2010 and 3.2 years at 31 December 2009.

There were 33 lease breaks and expiries in the portfolio during the fourth quarter 2010. Of these, some 69% opted to remain in place when measured by rental value, ahead of customer retention for prior quarters. As a result, customer retention for full year 2010 was 66%, slightly ahead of our historical average retention rates of 60 to 65%.

During the quarter, PEPR agreed to two separate early lease terminations for a total of 25,800 square metres in Germany. PEPR received €7.4 million in early termination fees for these leases and has subsequently released 15,300 square metres in a short-term deal.

There were no customer defaults during the fourth quarter, although two customers have defaulted on leases totalling 31,800 square metres, or 0.75% of annualised rental income, since year end. The largest of these had been identified on PEPR's customer watchlist and both leases have been provided for at year end 2010.

Total accounts receivable from customers at 31 December 2010 decreased to €40.8 million, from €50.1 million at 30 September 2010 primarily due to the later UK quarter-end billing date in the prior period. At 31 December 2010, PEPR held a €4.0 million provision for bad and doubtful debts (2009: €2.5 million).

In summary, at 31 December 2010, the portfolio comprised 232 distribution facilities, covering 4.9 million square metres across 11 European countries with a net market value of €2.8 billion. The portfolio risk profile remains attractive, with above market average occupancy of 94.5%, a diversified customer base, and on average 3.4 years to next lease break or 5.3 years to lease expiry. An

overview of the portfolio is provided on page 22.

Like-for-like portfolio

LIKE-FOR-LIKE PORTFOLIO OVERVIEW

AS AT 31 DECEMBER 2010

	% of portfolio by m ²	31 December			31 December			31 December		
		2010	2009	Change	2010	2009	Change	2010	2009	Change
		Annualised rental income in € per leasable m ²			Net market value in € per m ²			Occupancy %		
Southern ⁽⁴⁾	49%	45.08	49.82	-9.5%	1,296	1,319	-1.7%	95.5%	98.6%	-310bp
Northern ⁽⁵⁾	19%	53.50	58.92	-9.2%	578	601	-3.8%	96.3%	94.5%	+180bp
Central ⁽⁶⁾	18%	40.04	44.84	-10.7%	425	435	-2.3%	90.0%	88.5%	+150bp
UK ⁽⁷⁾	14%	62.43	67.30	-7.2%	523	517	+1.2%	94.1%	98.6%	-450bp
Total / Averages	100%	48.30	53.19	-9.2%	2,822	2,872	-1.7%	94.5%	96.1%	-160bp

The like-for-like portfolio includes all properties owned by PEPR as at 31 December 2010.

On a like-for-like basis, average annualised rent per square metre decreased 9.2% over the year as a result of rent incentives given on the significant number of leases signed during 2010 and increased portfolio vacancy.

Over the year, the total market value per square metre of the like-for-like portfolio decreased by 1.7%, with continental European countries recording valuation decreases of between 1.8% and 3.9% and the UK improving, up 1.3%.

Financial results

Correction of IFRS deferred tax liability

On 24 January 2011, PEPR announced that it has corrected its accounting treatment of its IFRS deferred tax liability and that it will restate its prior year audited financial statements. The restatement resulted in the recording of an additional €87.5 million IFRS deferred tax liability at 30 September 2010 and a €6.3 million charge to IFRS earnings for the nine months ended 30 September 2010. Overall, this correction has no impact EPRA NAV, EPRA earnings, revenues, distributable cash flow, cash position, ratings metrics, debt covenants, earnings guidance or operational performance.

PEPR has provided restated comparative financial statements in this news release and will restate its audited consolidated statement of financial position at the end of 2008 and 2009 as well as its audited consolidated income statement for the year ended 2009 as part of the 2010 Annual Report.

Earnings

Q4 2010 IFRS earnings were €0.8 million (Q4 2009: €0.4 million). Within this, Q4 2010 earnings were positively impacted by the receipt of €8.2 million early lease termination fee income, a €5.6 million decline in financing costs and a €1.9 million tax saving. These impacts were offset by €11.4 million of higher valuation declines recorded in Q4 2010, the loss of €3.3 million of rental income and a €0.6 million increase in operating costs.

EPRA earnings for ordinary unitholders increased to €27.3 million for Q4 2010, after adjusting for items not included in the ordinary course of business (Q4 2009: €10.0 million). The key drivers are the same net increase in total revenue and decline in financing costs as for IFRS earnings plus a

⁴ Southern Europe comprises France, Italy and Spain

⁵ Northern Europe comprises Belgium, Germany, The Netherlands and Sweden

⁶ Central Europe comprises the Czech Republic, Hungary and Poland

⁷ Sterling comparative figures have been re-translated using the December 2010 exchange rate for net market values and an average 2010 exchange rate for annualised rent.

€13.5 million tax saving, as EPRA ignores deferred tax related to property revaluations. These impacts were offset by €3.9 million higher operating costs and €1.5 million of additional preferred dividend distributions.

For 2010, IFRS earnings increased substantially to €20.5 million (2009: €314.5 million loss), primarily due to the significantly higher unrealised portfolio net valuation losses incurred in 2009, the €42.7 million loss on property disposals and the consequential tax impacts recorded on both these items in 2009. IFRS earnings for 2010 were negatively impacted by €11.2 million lower total revenue and €2.8 million of increased operating costs. Net finance costs reduced by €4.1 million and current income taxes were €17.7 million lower.

Adjusted EPRA earnings for ordinary unitholders for 2010 fell to €85.9 million (2009: €103.5 million), resulting from €13.7 million lower total revenue, €6.4 million of additional preferred dividend payments and €5.5 million of increased operating costs, partially offset by €4.2 million of finance cost savings and a €6.5 million lower tax charge.

A reconciliation between IFRS and EPRA earnings is shown on page 15.

Total revenue

Total revenue, which comprises rental income and other property income, increased to €68.5 million during Q4 2010 (Q4 2009: €63.7 million) primarily due to the receipt of €8.2 million of early lease termination fee income and a €1.5 million increase in UK and Swedish sourced income when measured in euro. This income was partially offset by a decline of €4.8 million in rental income due to lower market rents on new lease agreements and the marginal decline in portfolio occupancy over the period.

Total revenue for 2010 fell by 4.2% to €254.6 million (2009: €265.8 million), as a result of the loss of €9.1 million of rental income from the portfolio sales in 2009, a decline of €15.9 million as a result of leases rolling back to market and lower portfolio occupancy, partially offset by a €3.2 million increase in UK and Swedish sourced income when measured in euro, the €8.2 million early lease termination fee income and the previously reported €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 increased by €2.9 million in Q4 2010 to €9.9 million (Q4 2009: €7.0 million) as a result of higher other property rental expenses. The main drivers are a €0.8 million increase in PEPR's bad debt expense and €1.8 million higher insurance and maintenance costs. Property management fees decreased marginally as these are directly correlated to gross portfolio value.

For 2010, the cost of rental activities increased by €4.4 million to €30.8 million (2009: €26.4 million) primarily due to a €1.4 million increase in non-recoverable property costs related to higher portfolio vacancy, a €1.8 million non-recurring charge arising from a reassessment of the recoverability of service charges, €1.8 million of higher insurance and maintenance costs and the recovery of an unusually high level of rental expenses in 2009. These increased costs were partially offset by a €1.3 million decrease in property management fees as these fees are directly correlated to the gross market value of the portfolio.

Fund expenses comprise the non-property related costs associated within our business, including fund management, custodian and professional fees. These expenses decreased in Q4 2010 to €4.2 million (Q4 2009: €6.5 million) as a result of the write-off of €3.3 million of legal structure conversion costs in the comparable period offset by higher professional fees associated with tax planning and compliance initiatives.

Fund expenses for 2010 fell by €1.7 million to €12.4 million (2009: €14.1 million), largely due to the €3.3 million write-off of legal structure conversion costs in 2009. This was offset by €0.5 million of legal and advisory fees associated with a potential second preferred equity raise recorded in Q1 2010 and higher professional fees associated with tax planning and compliance initiatives. Underlying fund management fees declined to €4.5 million (2009: €4.9 million) as these fees are directly correlated to the gross market value of the portfolio.

Property fair value movements

Total property fair value movements for Q4 2010 resulted in a net loss of €26.4 million (Q4 2009: €15.0 million net loss), Q4 2010 includes a six month valuation movement to year end, whereas Q4 2009 includes only a three month movement given the additional portfolio revaluation conducted in September 2009 in relation to PEPR's preferred equity offering. In addition, Q4 2010 includes €7.6 million of capital expenditure and leasing commissions related to the significant leasing activity during the period (Q4 2009: €1.4 million).

Total property fair value movements for 2010 improved to a net loss of €69.8 million (2009: €445.8 million net loss) given the relatively stable values experienced in 2010 compared to the 13.4% portfolio value decline recorded in 2009.

Further details on the portfolio valuation movements are provided in the *Portfolio revaluation* section on page 3.

Financing

Finance income for 2010 decreased to €0.3 million (2009: €2.4 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 expense comprises interest expense, amortisation of initial borrowing costs and foreign exchange gains/losses.

FINANCE EXPENSE

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

	Three months ended		Year ended	
	31 December		31 December	
	2010	2009	2010	2009
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Interest expense	22,256	25,531	89,787	96,173
Amortisation of initial borrowing costs	1,747	3,079	11,431	10,524
Net foreign currency (gains)/losses	102	1,119	370	1,092
Finance expense	24,105	29,729	101,588	107,789

Interest expense decreased to €22.3 million during Q4 2010 (Q4 2009: €25.5 million) given the inclusion of some €4.0 million of costs associated with the early retirement of CMBS debt in Q4 2009 and €0.7 million of savings related to the reduction in outstanding debt between the periods. These declines were offset by a €1.4 million additional expense related to the increase in weighted average interest rate for the quarter to 5.6% from 5.1% in Q4 2009.

Amortisation charges for Q4 2010 fell €1.4 million to €1.7 million (Q4 2009: €3.1 million), primarily reflecting the accelerated amortisation charges in Q4 2009 associated with debt refinancing activities.

Interest expense for 2010 decreased by 6.6% to €89.8 million (2009: €96.2 million), primarily related to €10.0 million of costs associated with the early retirement of CMBS debt in 2009 and €15.1 million of savings related to the reduction in outstanding debt over the year. These decreases were partially offset by €19.1 million higher interest costs incurred in 2010 as a result of the increase in weighted average interest rate to 5.6% from 4.6%.

2010 amortisation charges increased to €11.4 million (2009: €10.5 million), reflecting accelerated

amortisation related to the reduction in size and early repayment of the revolving portion of the unsecured credit facility and regular amortisation of costs associated with all the 2009 and 2010 refinancing activities.

Debt structure

PEPR's financing structure utilises a mix of secured and unsecured debt sources. At the end of September 2010, 51.7% 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 31 December 2010 has been reduced by €68.3 million, or 4.2%, to €1,570.6 million (31 December 2009: €1,638.9 million), primarily due to the retention of €86.1 million of distributable cash flow for the year.

During 2010, 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 €90.6 million of CMBS debt, due May 2010, received €392.6 million of new secured financing and finalised a new €50 million unsecured revolving credit facility. PEPR has no outstanding debt maturities prior to December 2012.

The weighted average interest rate for 2010 was 5.6% (2009: 4.6%), reflecting 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 31 December 2010, 83.2% of debt was at fixed rates of interest with the remaining floating debt, namely the outstanding balances on the €280 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 31 December 2010, PEPR was in compliance with all covenants.

SUMMARY OF FINANCIAL DEBT COVENANTS

	Limit	31 Dec. 2010	30 Sept. 2010
Unsecured debt:			
<i>€300m unsecured credit facility</i>			
Leverage	less than 60%	55%	54%
Fixed charge coverage	a least 1.5x	2.1x	1.8x
Unencumbered interest coverage	a least 1.5x	1.8x	1.7x
Net Worth (excluding intangible assets)	at least €0.9bn	€1.2bn	€1.2bn
Unsecured debt as % of unsecured assets	less than 65%	59%	58%
<i>€500m 2014 Eurobond</i>			
Secured debt as % of total assets	less than 40%	28%	28%
Fonds commun de placement structure:			
Loan-to-value (total debt as percentage of gross portfolio value)	less than 60%	53.0%	52.5%

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

Tax

PEPR recorded a €3.1 tax charge for Q4 2010 (Q4 2009: €5.0 million), primarily due to a decline in current income tax expense following the implementation of additional tax planning initiatives in Q4 2010.

The overall tax charge for 2010 was €19.8 million (2009: €54.1 million tax benefit), driven by the

significant deferred income tax benefit recorded in 2009 related to declining portfolio values.

The 2010 charge for current income tax decreased by €17.7 million to €13.8 million (2009: €31.5 million), given lower taxable profits and the implementation of tax planning initiatives during 2010. In addition, the 2009 tax charge included a €5.7 million one-off income tax charge on capital gains generated by asset sales in that year. The 2010 current income tax expense represents an effective tax rate of 12.8%, using EPRA earnings before taxation as a proxy for taxable income, down from 19.9% in 2009 (excluding the one-off tax expense).

The deferred tax expense for 2010 was €6.0 million (2009: €85.6 million benefit). The deferred tax expense is influenced by the changes in the tax base of the properties, changes in the property valuations and the utilisation of losses carried forward. The significant benefit recorded in 2009 was predominantly caused by the unrealised portfolio valuation losses recorded in that year.

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, Q4 2010 distributable cash flow of €22.3 million, or €0.12 per ordinary unit, will be retained in the business. Distributable cash flow for ordinary unitholders for the year to 31 December 2010 amounts to €86.1 million or €0.45 per unit.

PEPR will pay a preferred dividend distribution to holders of its Class A(1) convertible preferred units on 14 February 2011. The €0.159122 per unit distribution relates to the period from 1 October 2010 to 31 December 2010. The ex-dividend date is 8 February 2011 and the record date 10 February 2011.

Net asset value

IFRS NAV per ordinary unit at 31 December 2010 increased to €5.62 (31 December 2009: €5.55), driven by continued retention of earnings partially offset by the €6.5 million of preferred dividend distributions.

EPRA NAV per ordinary unit, which adjusts IFRS NAV for hedging instruments and deferred tax movements, increased to €6.32 at 31 December 2010, compared to €6.15 at 31 December 2009.

A reconciliation between IFRS and EPRA NAV is shown on page 15.

Earnings webcast and conference call details:

We invite you to access the live presentation webcast and conference call, held today, Thursday 10 February 2011, at 12 noon CET, by clicking on the link entitled "Fourth quarter and year end 2010 financial results webcast" located on the homepage of our website, 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.

A replay of the conference call will be available from 4pm CET on Thursday 10 February 2011 until Wednesday 23 February 2011. To access the conference call replay please dial one of the following numbers, using passcode 35738461#:

	<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	--

For further information, please contact:Investor relations

ProLogis European Properties

Jennifer Crooke

+44 207 518 8708

jcrooke@prologis.comMedia

M:Communications

Ed Orlebar/Charlotte McMullen

+44 20 7920 2323 or 7920 2349

orlebar@mcomgroup.com/mcmullen@mcomgroup.com**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.

Financial statements and portfolio information

The financial statements have been produced in accordance with International Financial Reporting Standards. Prior period figures have been restated following PEPR's announcement, on 24 January 2011, that it has corrected the accounting treatment of its IFRS deferred tax liability.

Page

PEPR financial statements

Consolidated income statement	12
Consolidated statement of total comprehensive income	13
Consolidated statement of financial position	14
Statement of performance measures – EPRA earnings and EPRA net asset value	15
Financial ratios	16
Consolidated statement of investment in properties	17
Consolidated statement of cash flows	18
Reconciliation of profit to distributable cash flow	19
Consolidated statement of changes in equity	20
Outstanding debt	21

Portfolio information

Portfolio overview	22
Lease break and maturity dates	23
Largest 20 customers by annualised rental income	23

PROLOGIS EUROPEAN PROPERTIES

CONDOLIDATED INCOME STATEMENT

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

	Three months ended 31 December		Year ended 31 December	
	2010 <i>Unaudited</i>	2009 <i>Restated</i>	2010 <i>Unaudited</i>	2009 <i>Restated</i>
Rental income	60,293	63,576	243,421	265,320
Other property income	8,198	105	11,211	462
Total revenue	68,491	63,681	254,632	265,782
Ground rents paid	(531)	(549)	(2,210)	(2,446)
Property management fees	(3,355)	(3,337)	(13,439)	(14,746)
Other property rental expenses	(6,017)	(3,133)	(15,200)	(9,236)
Cost of rental activities	(9,903)	(7,019)	(30,849)	(26,428)
Gross profit	58,588	56,662	223,783	239,354
Fund management fees	(1,111)	(1,138)	(4,473)	(4,910)
Fund custodian fees	(73)	(16)	(156)	(102)
Other fund expenses	(3,046)	(5,370)	(7,785)	(9,071)
Fund expenses	(4,230)	(6,524)	(12,414)	(14,083)
Investment and development property disposal proceeds	-	-	-	189,097
Carrying value of investment and development property and currency translation effect on disposal	-	-	-	(231,751)
(Loss) on disposal of investment and development property	-	-	-	(42,654)
Gross valuation gains on property	8,358	1,649	37,804	6,949
Gross valuation losses on property	(36,328)	(17,371)	(108,713)	(476,344)
Purchasers costs	1,572	675	1,102	23,618
Property fair value movements	(26,398)	(15,047)	(69,807)	(445,777)
Earnings/(loss) before net finance expense and tax	27,960	35,091	141,562	(263,160)
Finance income	23	34	307	2,357
Finance expense	(24,105)	(29,729)	(101,588)	(107,789)
Net finance expense	(24,082)	(29,695)	(101,281)	(105,432)
Earnings/(loss) before tax	3,878	5,396	40,281	(368,592)
Charge for current income tax	(1,556)	(9,112)	(13,767)	(31,506)
Deferred income tax (expense)/benefit	(1,510)	4,155	(6,011)	85,619
Benefit/(charge) for taxation	(3,066)	(4,957)	(19,778)	54,113
Net earnings/(loss) for the period	812	439	20,503	(314,479)
Attributable to:				
Unitholders	1,012	889	19,874	(313,253)
Non-controlling interests	(200)	(450)	629	(1,226)
Net earnings/(loss) for the period	812	439	20,503	(314,479)
IFRS earnings/(loss) per ordinary unit	€0.00	€0.00	€0.07	€(1.64)
Adjusted EPRA earnings per ordinary unit	€0.14	€0.05	€0.45	€0.54

PROLOGIS EUROPEAN PROPERTIES

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

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

	Three months ended 31 December		Year ended 31 December	
	2010 <i>Unaudited</i>	2009 <i>Restated</i>	2010 <i>Unaudited</i>	2009 <i>Restated</i>
Net earnings/(losses) for the period	812	439	20,503	(314,479)
Other comprehensive income/(loss):				
Exchange difference on translating foreign operations	875	3,687	14,352	21,078
Transfer of cumulative exchange difference on disposal of foreign operations	-	-	-	23,675
Non-controlling interest on disposal of foreign operations	(620)	(2,097)	(1,119)	(2,097)
Cash flow hedges	7,670	4,203	(13,956)	4,272
Other comprehensive income/(loss) for the period	7,925	5,793	(723)	46,928
Total comprehensive income/(loss) for the period	8,737	6,232	19,780	(267,551)
Attributable to:				
Unitholders	9,557	6,682	20,270	(264,228)
Non-controlling interests	(820)	(450)	(490)	(3,323)
Total comprehensive income/(loss) for the period	8,737	6,232	19,780	(267,551)

PROLOGIS EUROPEAN PROPERTIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	31 December 2010 <i>Unaudited</i>	31 December 2009 <i>Restated</i>
Assets		
<i>Non Current Assets</i>		
Investment in property	2,821,961	2,839,247
Property under construction	-	25
Deferred tax asset	4,693	10,381
	<u>2,826,654</u>	<u>2,849,653</u>
<i>Current Assets</i>		
Accounts receivable, net	40,797	46,898
Due from related parties	1,963	-
Other current assets	18,549	21,692
Cash and cash equivalents	22,766	64,530
	<u>84,075</u>	<u>133,120</u>
Total assets	<u>2,910,729</u>	<u>2,982,773</u>
Equity		
Ordinary capital	1,911,810	1,911,810
Preferred capital	61,070	61,070
Capital contributions	1,972,880	1,972,880
Costs of raising capital	(44,705)	(44,718)
Net capital contributed	1,928,175	1,928,162
Net retained losses	(660,030)	(673,401)
Cumulative foreign currency translation adjustment	(117,182)	(131,535)
Cash flow hedge valuation reserve	(19,643)	(5,687)
Equity attributable to unitholders	1,131,320	1,117,539
Non-controlling interests in subsidiaries	1,775	2,265
Total equity	<u>1,133,095</u>	<u>1,119,804</u>
Liabilities		
<i>Non-current liabilities</i>		
Interest bearing notes and bank loans, net of current portion	1,537,878	1,157,847
Hedging instruments	19,643	6,314
Deferred tax liability	111,078	109,663
	<u>1,668,599</u>	<u>1,273,824</u>
<i>Current liabilities</i>		
Interest bearing notes and bank loans, current portion	4,585	460,853
Accounts payable	2,857	3,799
Due to related parties	-	6,095
Income and other taxes payable	11,528	22,845
Accrued expenses and other current liabilities	47,646	49,862
Deferred income	42,419	45,691
	<u>109,035</u>	<u>589,145</u>
Total liabilities	<u>1,777,634</u>	<u>1,862,969</u>
Total equity and liabilities	<u>2,910,729</u>	<u>2,982,773</u>
IFRS NAV per ordinary unit	€ 62	€ 55
EPRA NAV per ordinary unit	€ 32	€ 15

PROLOGIS EUROPEAN PROPERTIES

STATEMENT OF PERFORMANCE MEASURES - EPRA EARNINGS

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

	Three months ended 31 December		Year ended 31 December	
	2010 <i>Unaudited</i>	2009 <i>Restated</i>	2010 <i>Unaudited</i>	2009 <i>Restated</i>
Net earnings/(loss) attributable to unitholders	1,012	889	19,874	(313,253)
<i>Adjustments for:</i>				
Changes in value of investment properties, development properties held for investment and other interests	26,398	15,046	69,807	445,777
Loss on disposal of investment property, net of tax	-	-	-	48,362
Deferred tax in respect of EPRA adjustments	1,995	(9,602)	5,244	(80,161)
Non-controlling interests in respect of the above	(423)	532	(401)	(351)
EPRA earnings attributable to all unitholders	28,982	6,865	94,524	100,374
Preferred dividend	(1,639)	(158)	(6,502)	(158)
EPRA earnings for ordinary unitholders	27,343	6,707	88,022	100,216
<i>Adjustments for:</i>				
Income received not in the ordinary course of business	-	-	(2,573)	-
Expenses incurred not in the ordinary course of business	-	3,275	500	3,275
Adjusted EPRA earnings for ordinary unitholders	27,308	9,982	85,949	103,491
Adjusted EPRA earnings per ordinary unit	€0.14	€0.05	€0.45	€0.54

STATEMENT OF PERFORMANCE MEASURES - EPRA NET ASSET VALUE

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

	31 December 2010 <i>Unaudited</i>	31 December 2009 <i>Restated</i>
Net asset value attributable to unitholders per IFRS financial statements	1,131,320	1,117,539
<i>Adjustments for:</i>		
Cash flow hedge valuation reserve	19,643	5,687
Deferred tax	114,907	109,663
EPRA net asset value	1,265,870	1,232,889
<i>Attributable to:</i>		
Ordinary unitholders	1,204,800	1,171,819
Preferred unitholders	61,070	61,070
	1,265,870	1,232,889
EPRA net asset value per ordinary unit	€6.32	€6.15

PROLOGIS EUROPEAN PROPERTIES

FINANCIAL RATIOS

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

	31 December 2010 <i>Unaudited</i>	31 December 2009 <i>Unaudited</i>
Gross value of real estate portfolio	2,963,841	2,980,594
Debt (excluding unamortised transaction costs)	1,570,596	1,638,943
Loan-to-value (debt as percentage of gross value)	53.0%	55.0%
Undrawn committed facilities	40,000	227,000
Average maturity, based on earliest repayment date	3.0 years	3.1 years

	Year ended	
	31 December 2010 <i>Unaudited</i>	31 December 2009 <i>Unaudited</i>
Average interest rate	5.6%	4.6%
Interest cover	2.3x	2.4x

PROLOGIS EUROPEAN PROPERTIES

CONSOLIDATED STATEMENT OF INVESTMENT IN PROPERTIES

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

	31 December 2010 <i>Unaudited</i>	31 December 2009 <i>Audited</i>
Historic cost		
Cost at the beginning of the period	3,058,985	3,244,724
Capital expenditure	11,926	2,951
Leasing commission	3,875	(160)
Rent levelling	3,918	(387)
Transfer of completed developments from property under construction	-	109
Disposals	-	(222,407)
Effect of unrealised currency movements	44,007	34,155
Cost at the end of the period	3,122,711	3,058,985
Net unrealised gains/(losses) related to property		
Net unrealised gains/(losses) at the beginning of the period	(219,738)	196,998
Gross valuations gains on investment in property during the period	37,804	6,949
Gross valuations losses on investment in property during the period	(108,713)	(476,344)
Adjustment for purchasers costs	1,102	23,618
Reversal of accumulated revaluation loss/(gain) and purchaser cost on disposals	-	14,331
Effect of unrealised currency movements	(11,205)	14,710
Net unrealised (losses)/gains at the end of the period	(300,750)	(219,738)
Fair value at the end of the period	2,821,961	2,839,247
Fair value of investment property		
Appraised gross property value at the end of the period	2,963,841	2,980,594
Purchasers costs	(141,880)	(141,347)
Fair value at the end of the period	2,821,961	2,839,247
Fair value of investment property subject to security		
Secured notes	-	208,085
Bank loans	1,667,928	872,277
	1,667,928	1,080,362

PROLOGIS EUROPEAN PROPERTIES

CONSOLIDATED STATEMENT OF CASH FLOWS

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

	Three months ended		Year ended	
	31 December		31 December	
	2010	2009	2010	2009
	Unaudited	Restated	Unaudited	Restated
Earnings/(loss)before tax	3,878	5,396	40,281	(368,592)
Adjustment for non-cash items and changes in operating assets	17,174	143,886	43,241	484,429
Net cash flow from operating activities	21,052	52,772	83,522	115,837
Cash flow from investing activities				
Distribution from an associate	-	-	-	6,168
Investment in other financial assets, available for sale	-	-	-	(38,000)
Distributions from other financial assets, available for sale	-	-	-	1,270
Capital expenditure and other expenditure on investment property	(7,602)	(1,408)	(15,801)	(2,951)
Property under construction	-	-	-	(2)
Payments from insurance company in regard of building losses, net of rebuilding costs	-	145	2,573	1,082
Proceeds from disposal of shares of an associate	-	-	-	48,496
Proceeds from disposal of investment property	-	20,458	-	189,097
Net cash (used in)/provided from investing activities	(7,602)	19,195	(13,228)	205,160
Cash flow from financing activities				
<i>Proceeds from secured notes</i>				
Gross settlements	-	(98,594)	(90,590)	(793,545)
Hedging proceeds	-	6,833	-	75,302
<i>Proceeds from unsecured notes</i>				
Gross settlements	-	-	(2,000)	(4,250)
<i>Proceeds from bank loans</i>				
Gross settlements	(28,596)	(105,526)	(425,594)	(25,059)
Gross proceeds	10,000	99,509	430,198	361,683
Transaction costs	(230)	(3,263)	(19,494)	(7,887)
Restricted proceeds from swap contracts	-	150	-	5,760
Net proceeds from preferred units issue	-	-	-	54,073
Distributions to preferred unitholders	(1,638)	-	(5,025)	-
Net cash used for financing activities	(20,464)	(100,891)	(112,505)	(333,923)
Effects of exchange rates changes	153	318	447	355
Net (decrease)/increase in cash and cash equivalents	(6,861)	(28,606)	(41,764)	(12,571)
Cash and cash equivalents at the beginning of the period	29,627	93,136	64,530	77,101
Cash and cash equivalents at the end of the period	22,766	64,530	22,766	64,530

PROLOGIS EUROPEAN PROPERTIES

RECONCILIATION OF PROFIT TO DISTRIBUTABLE CASH FLOW

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

	Three months ended 31 December		Year ended 31 December	
	2010 <i>Unaudited</i>	2009 <i>Restated</i>	2010 <i>Unaudited</i>	2009 <i>Restated</i>
Net earnings/(loss) attributable to unitholders for the period	1,012	889	19,874	(313,253)
<i>Adjustments for items per the Management Regulations:</i>				
Net valuation losses on property	27,970	15,487	70,909	469,782
Purchasers costs	(1,572)	(675)	(1,102)	(23,618)
Reversal of rent levelling adjustment	(1,141)	-	(3,918)	-
Unrealised currency (gains)/losses	(377)	1,407	(437)	951
Amortisation of debt expenses	1,747	3,079	11,431	10,524
Movements on deferred tax balances	1,510	(4,155)	6,011	(85,619)
Loss 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	(5,219)	(476)	(10,123)	(2,788)
Preferred dividend	(1,639)	(158)	(6,504)	(158)
Costs relating to non-recurring events	-	(72)	-	-
Total adjustments	21,279	14,437	66,267	417,436
Distributable cash flow for ordinary unitholders	22,291	15,326	86,141	104,183
Distributable cash flow per ordinary unit for the period⁽⁸⁾	€0.12	€0.08	€0.45	€0.55

⁸ 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

(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
Balance as at 31 December 2009								
<i>Restated</i>	1,972,880	(44,718)	(673,401)	(131,535)	(5,687)	1,117,539	2,265	1,119,804
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)
Balance as at 31 March 2010								
<i>Unaudited</i>	1,972,880	(44,718)	(652,771)	(130,575)	(20,348)	1,124,468	2,399	1,126,867
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)
Balance as at 30 June 2010								
<i>Unaudited</i>	1,972,880	(44,718)	(665,412)	(114,452)	(27,680)	1,120,618	2,447	1,123,065
Other comprehensive income/(loss)	-	-	-	(3,605)	367	(3,238)	-	(3,238)
Profit/(loss) for the period	-	-	7,646	-	-	7,646	148	7,794
Total comprehensive income/(loss)	-	-	7,646	(3,605)	367	4,408	148	4,556
Preferred distributions	-	-	(1,637)	-	-	(1,637)	-	(1,637)
Balance as at 30 September 2010								
<i>Unaudited</i>	1,972,880	(44,718)	(659,403)	(118,057)	(27,313)	1,123,389	2,595	1,125,984
Other comprehensive income/(loss)	-	-	-	875	7,670	8,545	(620)	7,925
Profit/(loss) for the period	-	-	1,012	-	-	1,012	(200)	812
Total comprehensive income/(loss)	-	-	1,012	875	7,670	9,557	(820)	8,737
Issue of preferred units	-	13	-	-	-	13	-	13
Preferred distributions	-	-	(1,639)	-	-	(1,639)	-	(1,639)
Balance as at 31 December 2010								
<i>Unaudited</i>	1,972,880	(44,705)	(660,030)	(117,182)	(19,643)	1,131,320	1,775	1,133,095

PROLOGIS EUROPEAN PROPERTIES

**OUTSTANDING DEBT
AS AT 31 DECEMBER 2010**

Description	Rating	Issue date	Issue size	Coupon	Maturity date	Loan amount outstanding		Comments/facility LTV ⁽⁹⁾
						Local ccy	Euros	
<i>Listed on the Luxembourg Stock Exchange</i>								
ProLogis International Funding S.A.	Ba1	Oct 2007	€500.0m	7.625% ⁽¹⁰⁾	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 324.2m €15.1m	€51.2m	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	€73.4m	€73.4m	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	€297.8m	€297.8m	LTV: 52% Amortisation: 1% in years 1 & 2, and 1.5% in years 3 & 4
Revolving credit facility	-	Aug 2010	€50.0m	+240 bps ⁽¹¹⁾	Aug 2013	€10.0m	€10.0m	Unsecured €100m accordion feature
TOTAL							€1,570.6m	

⁹ Facility loan-to-value as at latest covenant reporting date.

¹⁰ Reduces to 5.875% in the event of a return to an investment grade credit rating, subject to annual reset date of 23 October.

¹¹ 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 31 DECEMBER 2010

	Number of facilities	Market value ⁽¹²⁾ €million	% of total market value	Leasable area 000m ²	% of total leasable area	Annualised rental income ⁽¹³⁾ €million	ERV ⁽¹⁴⁾ €million	Net portfolio yield ⁽¹⁵⁾	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	811.8	29%	1,590.5	32%	68.4	66.6	8.0%	96.2%	9.5	74	2.3	5.8
Italy	18	249.5	9%	523.1	11%	21.4	18.6	6.7%	94.5%	10.5	21	4.7	4.9
Spain	13	234.7	8%	309.5	6%	19.4	18.6	8.0%	93.6%	8.0	29	3.1	4.2
<i>Southern</i>	92	1,296.0	46%	2,423.1	49%	109.2	103.8	7.7%	95.5%	9.3	124	2.9	5.3
Belgium	5	50.1	2%	98.3	2%	4.4	4.1	8.0%	100.0%	6.5	5	2.0	7.8
Germany	20	213.7	8%	327.9	7%	18.7	17.0	7.7%	94.6%	6.5	36	2.2	2.4
Netherlands	20	217.8	8%	378.3	8%	18.6	18.5	6.6%	95.7%	10.5	32	2.3	3.8
Sweden	4	96.1	3%	130.4	2%	8.3	6.8	7.8%	100.0%	15.9	4	6.7	8.1
<i>Northern</i>	49	577.7	21%	934.9	19%	50.0	46.4	7.3%	96.3%	9.2	77	3.0	4.3
Czech Republic	12	99.8	4%	180.1	4%	7.3	8.9	7.2%	95.0%	7.8	38	2.3	2.4
Hungary	14	89.6	3%	182.1	4%	7.6	7.1	8.1%	84.3%	7.7	32	3.5	3.8
Poland	26	236.6	8%	494.9	10%	19.4	19.9	7.8%	90.4%	8.5	74	2.6	3.3
<i>Central</i>	52	425.0	15%	857.1	18%	34.3	35.9	7.8%	90.0%	7.7	144	2.8	3.2
UK	39	523.3	18%	706.9	14%	44.1	41.3	8.0%	94.1%	8.9	37	5.5	8.0
TOTAL	232	2,822.0	100%	4,922.0	100%	237.6	227.4	7.7%	94.5%	9.2	382	3.4	5.3
Vacant space (at ERV per m ²)							10.1						
							237.5						

¹² 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

¹³ 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

¹⁴ ERV refers to the Estimated Rental Value calculated by the independent third-party appraisers as at the latest valuation date

¹⁵ 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 31 DECEMBER 2010**

	Number of leases with next break option in year	Leased space subject to next break option ⁽¹⁶⁾ 000m ²	Annualised rental income of leases subject to first break option		Number of leases with expiry date in year ⁽¹⁷⁾	Leased space subject to lease expiry 000m ²	Annualised rental income of expiring leases	
			(€ m)	%			(€ m)	%
2010	19	115	6.4	2.7	19	115	6.4	2.7
2011	86	845	41.8	17.6	71	565	29.1	12.2
2012	88	1,020	52.0	21.9	59	467	25.0	10.5
2013	57	602	31.2	13.1	45	359	20.8	8.8
2014	45	638	33.3	14.0	36	512	27.0	11.4
2015	33	578	29.7	12.5	36	589	26.5	11.1
2016	15	274	14.5	6.1	20	441	21.4	9.0
2017	13	278	13.3	5.6	25	455	22.0	9.3
2018	3	57	1.8	0.8	12	222	10.9	4.6
2019	5	47	2.5	1.0	11	148	8.1	3.4
2020+	18	198	11.1	4.7	48	779	40.4	17.0
Total	382	4,652	237.7	100.0	382	4,652	237.7	100.0

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

	Customer Name ⁽¹⁸⁾	Industry Type	Share of annualised rental income	Number of leases
1	Ceva	3PL	6.4%	15
2	Geodis	3PL	5.0%	13
3	Deutsche Post AG (DHL)	3PL	3.4%	15
4	Gefco (PSA Peugeot)	3PL	2.8%	8
5	ND Logistics	3PL	2.6%	7
6	NYK Holdings (Nippon Yusen Kaisha)	3PL	2.5%	7
7	FM Logistic	3PL	2.4%	3
8	GoodYear/Dunlop	Automotive	2.0%	2
9	Fagor Electrodomesticos	Industrial Durables	1.8%	4
10	Kuehne & Nagel	3PL	1.8%	4
11	Intermarche	Retail	1.7%	3
12	Schneider	Electrical/Mechanical	1.6%	4
13	Carrefour	Retail	1.6%	2
14	ID Logistics Group	3PL	1.4%	4
15	Amazon.com Inc	Retail	1.3%	1
16	DSV A/S	3PL	1.3%	3
17	DB Schenker	3PL	1.3%	5
18	Travis Perkins	Building/Construction	1.3%	1
19	Wincanton Logistics	3PL	1.2%	7
20	J. Sainsbury	Retail	1.2%	2
	Subtotal of largest 20 customers		44.6%	110
	Leases with 186 other customers		55.4%	272
	Total		100.0%	382

¹⁶ Leases at earlier of next break date or expiry date

¹⁷ Leases at expiry date regardless of upcoming lease breaks

¹⁸ Customers shown are either actual names on the lease or the name of the group