



Fourth quarter & full year 2010 results

10 February 2011

Agenda

- Peter Cassells, CEO Performance and outlook
- David Doyle, CFO Financial performance
- Simon Nelson, Head of Asset Management Operations and market outlook
- Q & A



Performance and outlook

Peter Cassells

10 February 2011

Financial results highlights

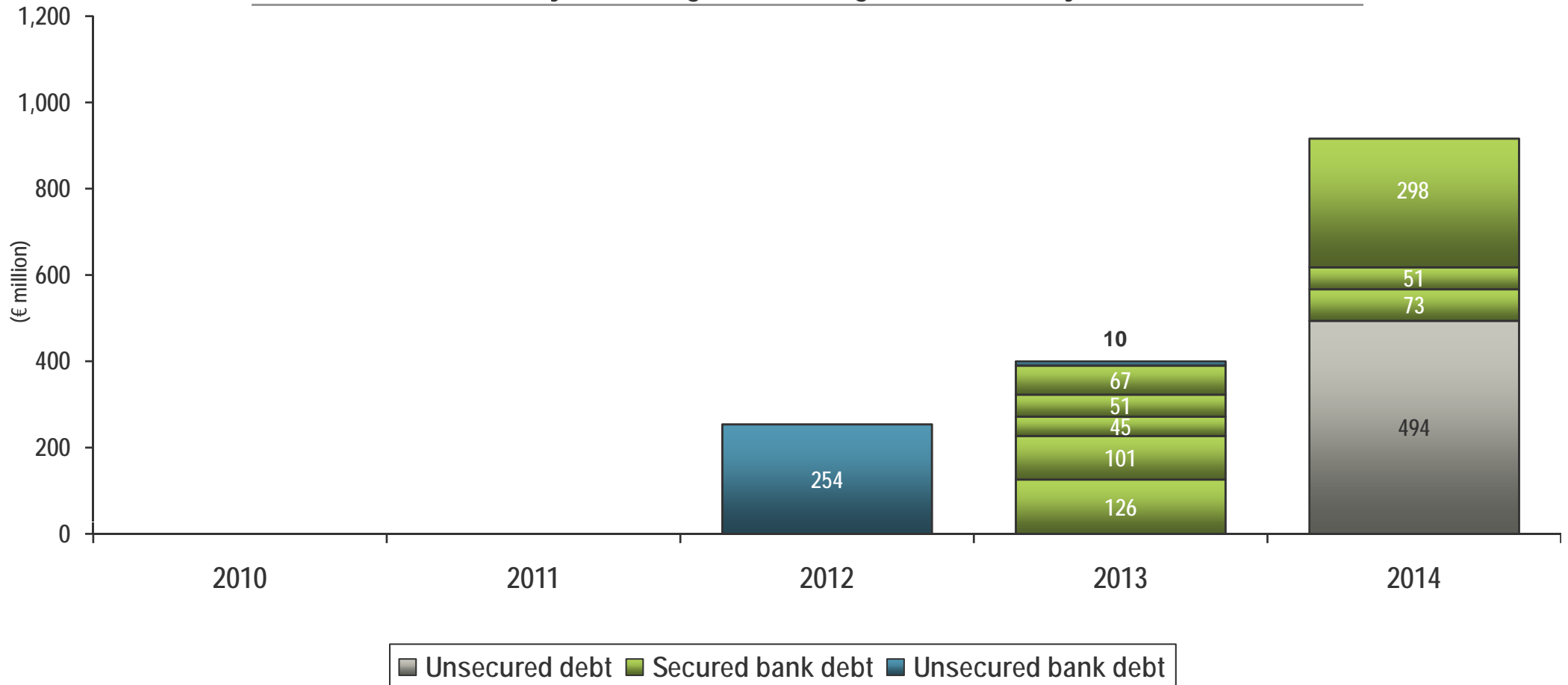
<i>Amounts per ordinary unit</i>	2010 €	2009 €	Q4 2010 €	Q4 2009 €
IFRS earnings/(loss)	0.07	(1.64)	0.00	0.00
EPRA earnings	0.45	0.54	0.14	0.05
IFRS net asset value	5.62	5.55	5.62	5.55
EPRA net asset value	6.32	6.15	6.32	6.15
Distributable cash flow ⁽¹⁾	0.45	0.55	0.12	0.08

- 68 leasing transactions, totalling 546,600m² in Q4 2010
- Portfolio occupancy increased 180 basis points in Q4 to 94.5%
- Results ahead of revised 2010 guidance
 - EPRA earnings per ordinary unit €0.40 - €0.44
 - Distributable cash flow per ordinary unit €0.40 - €0.44
- Loan-to-value at 53%
 - Further reduced to 52.6% post year-end

(1) In December 2008, PEPR suspended ordinary dividend payments, therefore all distributable cash flow from Q4 2008 onwards has been retained in the business

Improved debt maturity profile as at 31 December 2010

3.0 years weighted average debt maturity



All secured bank facilities can be repaid during the last year of the facility with no prepayment penalty

2010 leasing activity



- 165 leasing transactions, totalling 1,560,400m², 60% ahead of 2009
 - 99 lease renewals, for 1,097,000m²
 - 39 new leases, for 396,000m²
 - 27 lease expansion, adding 67,400m²
- A record year

Market outlook improving

- Positive real GDP growth of 1.5 to 2.0% predicted during 2011-12
- World trade and shipping rebounded more quickly than anticipated
- Increase in occupier demand
 - demand dominated by consolidation and reconfiguration of supply chains
- Most markets have seen valuations and rents stabilise





Financial performance

David Doyle

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Financial results highlights

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Income statement – rental income

<i>(Unless otherwise stated, amounts are in thousands of euros)</i>	2010 €	2009 €
Rental Income	243,421	265,320
Other property income	11,211	462
Total revenue	254,632	265,782

- €9 million loss of rental income related to portfolio sales in 2009
- €16 million decline in rental income from leases rolling back to market rents and increased vacancy
- €3 million increase is UK sourced income when measured in euros
- €8.2 million receipt of early lease termination fee income in Q4 2010
- €2.6 million receipt in Q1 2010 following finalisation of insurance and legal claims

Income statement – operating expenses

<i>(Unless otherwise stated, amounts are in thousands of euros)</i>	2010 €	2009 €
Ground rents paid	(2,210)	(2,446)
Property management fees	(13,439)	(14,746)
Other property rental expenses	(15,200)	(9,236)
Cost of rental activities	(30,849)	(26,428)

- €2 million non-recurring charge resulting from a reassessment of recoverability of service charges dating back over a number of years
- €2 million increase in non-recoverable property costs given lower portfolio occupancy and unusually high recovery of *other property rental expenses* in 2009
- Improvement in *property management fees* related to decline in total portfolio value and asset sales

Income statement – operating expenses

	2010	2009
	€	€
<i>(Unless otherwise stated, amounts are in thousands of euros)</i>		
Cost of rental activities	(30,849)	(26,428)
Fund management fees	(4,473)	(4,910)
Custodian fees	(156)	(102)
Other operating expenses	(7,785)	(9,071)
Fund expenses	(12,414)	(14,083)
Operating expenses	(43,263)	(40,511)

- €3 million write-off of legal conversion costs included in 2009
- €0.5 million write-off of costs associated with second preferred equity raise, reported in Q1 2010
- Improvement in *fund management fees* related to decline in total portfolio value and asset sales

Income statement – property fair value movements

<i>(Unless otherwise stated, amounts are in thousands of euros)</i>	2010 €	2009 €
Gross valuation gains on property	37,804	6,949
Gross valuation losses on property	(108,713)	(476,344)
Purchasers costs	1,102	23,618
Property fair value movements	(69,807)	(445,777)

- Reflects broadly stable property values experienced over the year, compared to -13.4% decline in portfolio value in 2009
- €13 million increase in capital expenditure and leasing commissions resulting from significant levels of leasing activity

Income statement – net finance expense

	2010	2009
	€	€
<i>(Unless otherwise stated, amounts are in thousands of euros)</i>		
Finance income	307	2,357
Finance expense	(101,588)	(107,789)
Net finance expense	(101,281)	(105,432)
Average interest rate	5.6%	4.6%

- 2009 *finance income* includes a €1.3 million dividend receipt from ProLogis European Properties Fund II
- Interest expense €10 million lower due to early retirement of CMBS facilities in 2009
- €19 million increase in interest costs due to higher average interest rate partially offset by €15 million saving due to lower outstanding debt

Income statement – charge for taxation

<i>(Unless otherwise stated, amounts are in thousands of euros)</i>	2010 €	2009 €
Current income tax expense	(13,767)	(31,506)
Deferred income tax (expense)/credit	(6,011)	85,619
Benefit/(charge for taxation)	(19,778)	54,113
Effective tax rate	12.8%	19.9%

- Reduction in *deferred income tax credit* predominately due to the unrealised portfolio valuation losses in 2009
- Decrease in *current income tax expense* due to €5.7 million capital gains tax on portfolio sales in 2009, lower taxable profits and the implementation of tax strategies and initiatives

2011 guidance

	2011 guidance €	2010 €
EPRA earnings per ordinary unit	0.37 - 0.42	0.45
Distributable cash flow per ordinary unit	0.33 - 0.38	0.45

- Distributable cash flow impacted by higher anticipated capital expenditure
- Management assumptions of:
 - Broadly stable occupancy
 - No early termination fee income
 - Return to ordinary level of asset dispositions



Operating performance and market outlook

Simon Nelson

10 February 2011

Q4 2010 leasing activity



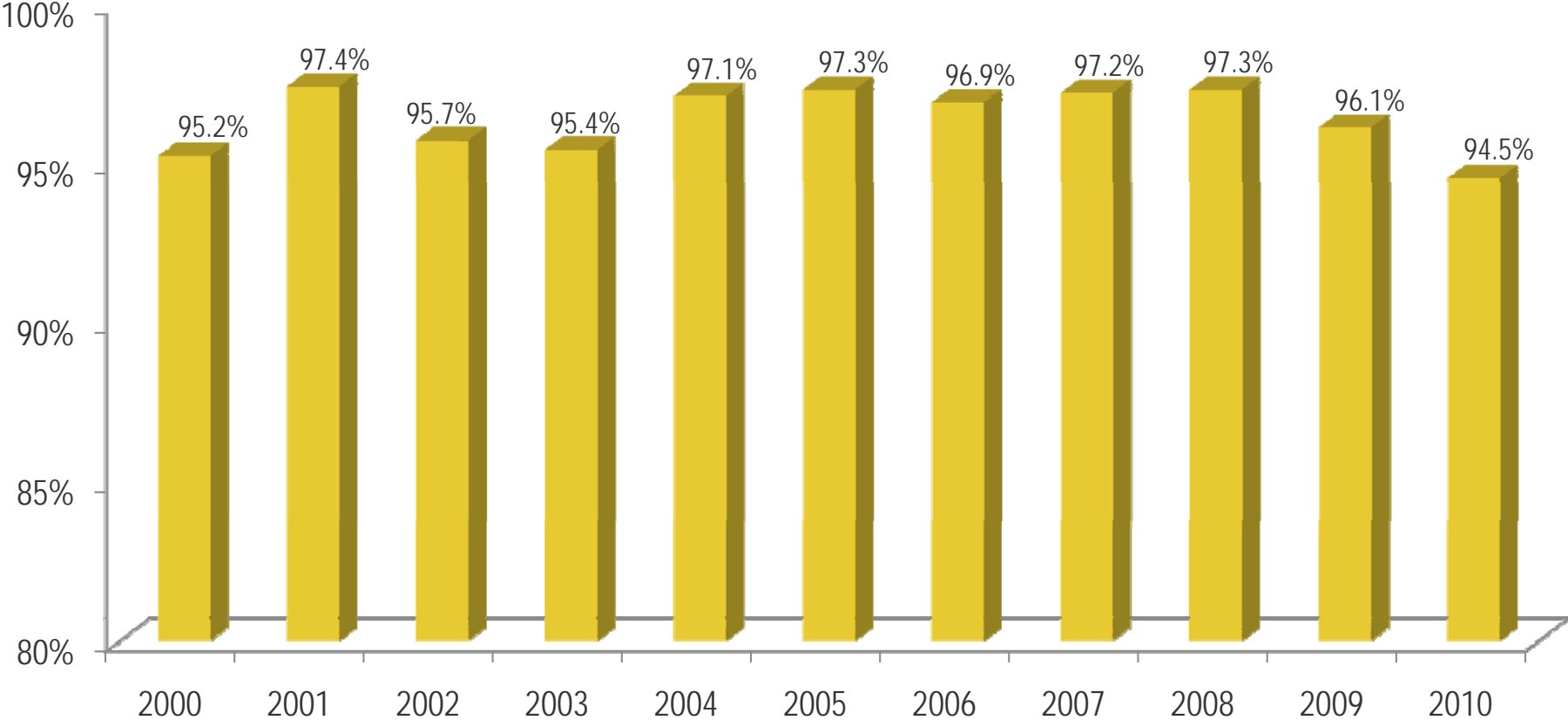
- 68 leasing transactions, totalling 546,600m², a record quarter
 - 22 new leases, for 216,300m²
 - 13 lease expansions, adding 46,600m²
 - 33 lease renewals, for 283,700m²
- 69% customer retention rate, ahead of historical averages
- No customer defaults, although two defaults post year-end

Occupancy in line with projections



Portfolio occupancy

As at 31 December 2010



Market outlook

- Global trade and shipping volumes rebounded faster than anticipated
- Investment market activity increased 21% to some €8 billion
- Rents stable in most markets
- Property values stable across all regions



Portfolio value broadly flat since June 2010

- UK - flat
- Northern Europe - 1.8% decline
- Southern Europe - 0.4% decline
- Central Europe - essentially flat





Summary

Peter Cassells

10 February 2011

Key objectives



- Maintain proactive asset management and excellent customer service
- Continue to deliver above-market occupancy
- Push for higher rents in certain markets
- Re-establish investment grade credit rating



Questions

10 February 2011

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