



News release

Results for the quarter ended 31 March 2011

Making steady progress

Luxembourg – 28 April 2011 – ProLogis European Properties (Euronext: PEPR), one of Europe's largest owners of modern distribution facilities, today reports results for the quarter ended 31 March 2011.

Highlights

- 48 lease transactions covering 388,500m², including 127,400m² of new or expanded leases
- 93.2% portfolio occupancy (Q4 2010: 94.5%), in line with expectations
- Loan-to-value ratio improved to 52.6% from 53.0% at the end of 2010, further reduction post quarter end to 51.5%
- EPRA⁽¹⁾ earnings €0.10 per ordinary unit (Q1 2010: €0.10 per ordinary unit)
- Generated €18.3 million, or €0.10 per unit, of distributable cash flow (Q1 2010: €22.9 million or €0.12 per ordinary unit)
- IFRS earnings of €0.06 per ordinary unit (Q1 2010: €0.08 per ordinary unit)
- EPRA net asset value €6.37 per ordinary unit (Q4 2010: €6.32 per ordinary unit)
- IFRS net asset value €5.72 per ordinary unit (Q4 2010: €5.62 per ordinary unit)

Commenting on the results, **Peter Cassells, chief executive officer of PEPR**, said: "We are pleased to report financial results firmly in line with the guidance set at the beginning of the year and steady operating performance during the first quarter of 2011.

"Leasing activity has carried on at the high levels seen in 2010 with 388,500 square metres completed in the first three months of the year, including over 127,000 square metres of new agreements or lease expansions. Portfolio occupancy at 93.2% is in line with our forecasts and remains well above the market average. We continue to expect average occupancy for 2011 to be in the 93% to 94% range, in line with 2010 levels.

"In addition, we continue to make progress with our deleveraging efforts. Loan-to-value reduced to 52.6% at March 2011 from 53.0% at the end of December 2010. Post quarter end we have reduced this further to 51.5% following the early repayment of one of our more expensive debt facilities, a €51 million secured loan originally due to mature in October 2014. This repayment is in line with our strategy to further improve our capital structure as we pursue a return to an investment grade credit rating. With no debt maturing until late 2012 and our continued focus on deleveraging actions, we are confident in our ability to achieve this upgrade.

"We are currently in the process of reviewing the tender offer document relating to ProLogis' mandatory public take-over bid of €6.10 per ordinary unit as well as the bid of €6.10 per convertible preferred unit. We have retained external advisors to assist in this matter and intend to provide a reasoned opinion in relation to the offer as soon as practicable. We will continue to focus on acting

⁽¹⁾ European Public Real Estate Association *Best Practices Recommendations*, issued October 2010

in the interests of PEPR as a whole and all unitholders and as such remain open to exploring all options that we consider value enhancing.”

Tender offer

On 21 April 2011, ProLogis (NYSE: PLD) published a tender offer document relating to its mandatory public take-over bid of PEPR of €6.10 in cash per ordinary unit and the bid of €6.10 in cash per convertible preferred unit. The offer period set by ProLogis started on 22 April 2011 and the acceptance period, or deadline for tendering units into the offer, will end on 6 May 2011 unless extended by ProLogis as per the terms of the offer document or otherwise in accordance with applicable Luxembourg regulation.

As required by applicable Luxembourg regulation, ProLogis Management S.à r.l., acting in its capacity as the management company of PEPR (the “Management Company”) in accordance with PEPR’s management regulations, will review the offer document and provide a reasoned opinion in relation to the offer as soon as practicable. In forming its view, the Management Company will seek the advice and guidance of the independent members of the PEPR Board and reaffirms its commitment to act in the interests of PEPR as a whole and all unitholders.

PEPR has engaged Deutsche Bank as financial advisor and Arendt & Medernach and Freshfields Bruckhaus Deringer LLP as legal counsel.

The tender offer document is available to download on the ProLogis website, www.prologis.com.

Market outlook

Overall, the European logistics market conditions continue to improve, with economic forecasters predicting modest positive real GDP growth across Europe of between 1.5 and 2.0% during 2011-2012. However, there is continued evidence of varying rates of recovery, with Germany, France and Central Europe benefitting more directly from the global recovery. Italy, Spain and the Benelux region remain softer, while the UK is still reacting to recently implemented austerity measures.

Overall market vacancy rates across Europe have remained high, at up to 20% in some markets. However, in the majority of markets this is driven by a growing stockpile of obsolete properties while vacancy levels for the more efficient stock are declining. Modern supply in some prime markets has become noticeably scarce. New supply remains limited to build-to-suit projects with only a small amount of speculative development taking place.

As a consequence, rental levels have stabilised in several markets and lease incentives are reducing. Prime markets are expected to see modest rental growth in the latter part of 2011 and most markets should deliver rental growth in 2012.

The recovery of the European logistics investment market remains on track, although investor demand continues to be focused on prime, long leased assets with strong covenant occupiers. As a result, capital values are expected to remain stable during 2011 as any further yield compression is likely to be offset by lower market rents in the near-term.

Portfolio performance

Leasing activity has remained steady, with 48 lease transactions covering 388,500 square metres completed during the quarter. 20 of these agreements, covering 261,100 square metres, were lease renewals with customers such as Geodis, H&M, Schenker and Wincanton. As a result, customer retention for the first quarter was 60% when measured by rental value, in line with historical average retention rates.

The increased level of new leases signed in the fourth quarter 2010 continued into 2011, with 24 new leases signed for a total of 89,600 square metres across all four regions. These include a twelve-year, 10,500 square metre lease with a global luxury brand in Italy and an 11,500 square metre three-year lease with Samsung in Poland. In addition, four lease expansions were agreed adding 37,800 square metres to space leased to existing customers.

The first quarter leasing transactions resulted in a weighted average rental decline of 4.8% over the

previous rental level for these assets. The leases have an average of 2.6 years to lease break or 4.9 years to lease expiry, keeping the entire portfolio lease maturity profile stable.

As outlined in PEPR's Q4 2010 results, there were two customer defaults in the UK and Italy during the first quarter on leases totalling 31,800 square metres.

In summary, at 31 March 2011, 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 93.2% and a diversified customer base. On average the portfolio has 3.4 years to lease break or 5.3 years to lease expiry with over 55% of leases set to expire in 2015 or beyond. An overview of the portfolio is provided on page 18.

Guidance

PEPR maintains its guidance for 2011, with EPRA earnings expected to be between €0.37 and €0.42 per ordinary unit and distributable cash flow expected to be between €0.33 and €0.38 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 Q1 2011 decreased to €12.4 million (Q1 2010: €17.1 million), primarily due to the one-off receipt of €2.6 million insurance proceeds in 2010, a €1.3 million decline in rental income and €4.0 million of higher unrealised valuation losses recorded as compared to last year. These declines were offset by a €3.2 million decrease in tax and finance costs in 2011.

Adjusted EPRA earnings for ordinary unitholders, which provide a better guide to underlying business performance, increased to €19.4 million in Q1 2011 (Q1 2010: €19.1 million). A €2.1 million decrease in tax and finance costs more than offset the decline in rental income.

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

Total revenue

Q1 2011 rental and other property income fell by €4.0 million to €60.5 million (Q1 2010: €64.5 million), primarily due to the non-recurring receipt of €2.6 million in the corresponding period relating to the finalisation of insurance and legal claims. In addition, lower market rents on new lease agreements and the marginal decline in portfolio occupancy resulted in a €2.0 million drop in rental income. These declines were partially offset by a €0.7 million increase in UK and Swedish sourced income when measured in euro.

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 slightly to €6.6 million in Q1 2011 (Q1 2010: €6.3 million), primarily related to a slight increase in bad debt expense and non-recoverable property costs related to the higher level of portfolio vacancy. Property management fees remained broadly flat given their direct correlation to gross portfolio value.

Fund expenses comprise the non-property related costs associated within our business, including fund management, custodian and professional fees. These expenses declined to €2.6 million (Q1 2010: €3.0 million) given the write-off of €0.5 million of legal and advisory fees associated with a previously contemplated second preferred equity raise in 2010. Again, fund management fees remained stable.

Property fair value movements

Whilst no portfolio revaluations were carried out in the first quarter, PEPR incurred a €5.3 million gross valuation loss on property related to capital expenditure, leasing commissions and rent levelling adjustments booked during the quarter.

Financing

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

Q1 2011 interest expense fell to €22.0 million (Q1 2010: €22.8 million) given €2.5 million of savings related to the reduction in average outstanding debt between the two periods. This improvement was offset by a €1.8 million increase in expense due to the increase in average interest rate for the quarter to 5.6% from 5.2% in the comparable period. Interest coverage remains at a healthy level of 2.3 times.

Amortisation charges decreased by €1.1 million to €2.0 million in Q1 2011 (Q1 2010: €3.1 million), reflecting the accelerated amortisation charges incurred in the prior period related to the reduction in size of the revolver and early repayment of the first tranche of the senior unsecured credit facility.

FINANCE EXPENSE

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

| Year ended | | Three months ended | |
|-------------------------|---|---------------------------|----------------------|
| 31 December 2010 | | 31 March 2011 | 31 March 2010 |
| <i>Audited</i> | | <i>Unaudited</i> | <i>Unaudited</i> |
| 89,787 | Interest expense | 22,015 | 22,833 |
| 11,431 | Amortisation of initial borrowing costs | 2,008 | 3,128 |
| 370 | Net foreign currency losses/(gains) | 672 | (239) |
| 101,588 | | 24,695 | 25,722 |

Debt structure

PEPR's financing structure utilises a mix of secured and unsecured debt sources. At 31 March 2011, 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 31 March 2011 was €1,552.3 million, an €18.3 million decrease since 31 December 2010 (€1,570.6 million), primarily due to the repayment of the €10.0 million drawn under the revolving unsecured credit facility and amortisation on certain secured financing packages in the first quarter. PEPR has no outstanding debt maturities until December 2012.

The weighted average interest rate for first quarter 2011 was 5.6% compared to 5.2% for the comparable period in 2010 and 5.6% for 2010 as a whole. The year-on-year increase reflects the higher average fixed interest rates applicable on the new secured debt facilities. At 31 March 2011, 83.8% of debt was at fixed rates of interest with the remaining debt at floating rates of interest, namely the €251 million outstanding balance on the €280 million unsecured credit facility and the undrawn €50 million revolving credit facility, currently at margins of 270 basis points and 240 basis points over Euribor or Libor respectively.

Since quarter end, PEPR has fully repaid a €51.1 million (SEK322.6 million and €15.0 million) secured debt facility, originally due to mature in October 2014, resulting in a net €33.1 million reduction in outstanding debt. This repayment was financed with cash on hand and a draw down under the revolving credit facility. Approximately €96.5 million of secured assets were released to

the unsecured asset pool and loan-to-value was further reduced to 51.5% as a result of the repayment.

PEPR has a number of financial debt covenants within its credit facilities. At 31 March 2011, PEPR was in compliance with all covenants.

SUMMARY OF FINANCIAL DEBT COVENANTS

| | Limit | 31 Mar. 2011 | 31 Dec. 2010 |
|---|-----------------|--------------|--------------|
| Unsecured debt: | | | |
| <i>€300m unsecured credit facility</i> | | | |
| Leverage | less than 60% | 54% | 55% |
| Fixed charge coverage | a least 1.5x | 1.8x | 1.8x |
| Unencumbered interest coverage | a least 1.5x | 1.8x | 1.8x |
| Net Worth (excluding Intangible assets) | at least €0.9bn | €1.3bn | €1.2bn |
| Unsecured debt as % of unsecured assets | less than 65% | 58% | 59% |
| <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% | 52.6% | 53.0% |

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

Tax

PEPR recorded a €8.9 tax charge for Q1 2011 (Q1 2010: €11.2 million), primarily due to a €1.8 million decline in current income tax expense.

Q1 2011 current income tax expense was €4.7 million (Q1 2010: €6.5 million), reflecting lower taxable profits, further utilisation of available tax losses and the positive effect of additional tax planning initiatives implemented in 2010. The Q1 2011 current income tax expense represents an effective tax rate of 17.8%, using EPRA earnings before taxation as a proxy for taxable income, down from 23.6% for Q1 2010.

The deferred tax expense decreased to €4.2 million for Q1 2011 (Q1 2010: €4.7 million) principally due to changes in the underlying tax base of the portfolio, partially offset by the utilisation of available tax losses.

While PEPR will continue to pursue strategies to manage its future tax expense, it anticipates an increase in the full year 2011 current income tax charge and effective tax rate compared to 2010 given the level of one-off benefits achieved last year.

Distributable cash flow and distributions

PEPR generated €18.3 million, or €0.10 per unit of distributable cash flow for ordinary unitholders in the first quarter 2011 (Q1 2010: €22.9 million or €0.12 per unit). PEPR 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.

PEPR will pay a preferred dividend distribution to holders of its Class A(1) convertible preferred units on 6 May 2011. The €0.155663 per unit distribution relates to the period from 1 January 2011 to 31 March 2011. The ex-dividend date is 2 May 2011 and the record date is 4 May 2011.

Net asset value

IFRS NAV per ordinary unit increased to €5.72 at 31 March 2011, compared to €5.62 at 31 December 2010 and €5.55 at 31 March 2010, driven by continued retention of earnings and unrealised gains on cash flow hedges, partially offset by the negative impact of sterling's depreciation against the euro over the three months.

EPRA NAV per ordinary unit, which makes adjustments for hedging instruments and deferred tax movements, increased to €6.37 at 31 March 2011, compared to €6.32 at 31 December 2010 and €6.26 at 31 March 2010.

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

Earnings webcast and conference call details:

We invite you to access the live presentation webcast and conference call, held today, Thursday 28 April 2011, at 12 noon CET, by clicking on the link entitled "First quarter 2011 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, using passcode 57254876#:

| | <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 | +1 1634 510 7498 |

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 28 April 2011 until Wednesday 11 May 2011. To access the conference call replay please dial one of the following numbers, using passcode 57254876#:

| | <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.

In January 2011, PEPR determined that its accounting treatment relating to its deferred tax liability was incorrect and subsequently restated prior year audited financial statements. The unaudited comparative figures provided herein for Q1 2010 are similarly restated.

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PEPR financial statements

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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)

| Year ended | | Three months ended | |
|------------------|---|--------------------|------------------|
| 31 December 2010 | | 31 March 2011 | 31 March 2010 |
| <i>Audited</i> | | <i>Unaudited</i> | <i>Unaudited</i> |
| 243,421 | Rental income | 60,389 | 61,694 |
| 11,211 | Other property income | 90 | 2,829 |
| 254,632 | Total revenue | 60,479 | 64,523 |
| (2,210) | Ground rents paid | (557) | (618) |
| (13,439) | Property management fees | (3,336) | (3,347) |
| (15,200) | Other property rental expenses | (2,693) | (2,327) |
| (30,849) | Cost of rental activities | (6,586) | (6,292) |
| 223,783 | Gross profit | 53,893 | 58,231 |
| (4,473) | Fund management fees | (1,111) | (1,115) |
| (156) | Fund custodian fees | (29) | (24) |
| (7,785) | Other fund expenses | (1,421) | (1,890) |
| (12,414) | Fund expenses | (2,561) | (3,029) |
| 37,804 | Gross valuation gains on property | - | - |
| (108,713) | Gross valuation losses on property | (5,346) | (1,365) |
| 1,102 | Purchasers costs | - | - |
| (69,807) | Property fair value movements | (5,346) | (1,365) |
| 141,562 | Earnings before net financial cost and tax | 45,986 | 53,837 |
| 307 | Finance income | 39 | 166 |
| (101,588) | Finance expense | (24,695) | (25,722) |
| (101,281) | Net financial cost | (24,656) | (25,556) |
| 40,281 | Net earnings before tax | 21,330 | 28,281 |
| (13,767) | Charge for current income tax | (4,719) | (6,475) |
| (6,011) | Deferred income tax charge | (4,205) | (4,700) |
| (19,778) | Charge for taxation | (8,924) | (11,175) |
| 20,503 | Net earnings for the period | 12,406 | 17,106 |
| | Attributable to: | | |
| 19,874 | Unitholders | 12,307 | 16,971 |
| 629 | Non-controlling interest | 99 | 135 |
| 20,503 | Net earnings for the period | 12,406 | 17,106 |
| €0.07 | IFRS earnings per ordinary unit | €0.06 | €0.08 |
| €0.45 | EPRA earnings per ordinary unit | €0.10 | €0.10 |

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 2010 | | 31 March 2011 | 31 March 2010 |
| <i>Audited</i> | | <i>Unaudited</i> | <i>Unaudited</i> |
| 20,503 | Net earnings for the period | 12,406 | 17,106 |
| | Other comprehensive income/(loss): | | |
| 14,353 | Exchange difference on translating foreign operations | (4,752) | 960 |
| (13,956) | Net gain/(loss) on cash flow hedges | 13,884 | (14,661) |
| (1,120) | Non-controlling interest on disposal of foreign operations | - | - |
| (723) | Other comprehensive income/(loss) for the period | 9,132 | (13,701) |
| 19,780 | Total comprehensive income for the period | 21,538 | 3,405 |
| | Attributable to: | | |
| 20,271 | Unitholders | 21,439 | 3,273 |
| (491) | Non-controlling interest | 99 | 132 |
| 19,780 | Total comprehensive income for the period | 21,538 | 3,405 |

PROLOGIS EUROPEAN PROPERTIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

| 31 December 2010 <i>Audited</i> | | 31 March 2011 <i>Unaudited</i> | 31 March 2010 <i>Unaudited</i> |
|------------------------------------|---|-----------------------------------|-----------------------------------|
| | Assets | | |
| | <i>Non Current Assets</i> | | |
| 2,821,961 | Investment in property | 2,810,548 | 2,841,406 |
| - | Property under construction | - | 25 |
| - | Hedging instruments | 746 | - |
| 4,693 | Deferred tax asset | 3,619 | 10,114 |
| <u>2,826,654</u> | | <u>2,814,913</u> | <u>2,851,545</u> |
| | <i>Current Assets</i> | | |
| 40,797 | Accounts receivable, net | 41,545 | 48,872 |
| 1,963 | Due from related parties | - | - |
| 18,549 | Other current assets | 24,284 | 31,744 |
| - | Hedging instruments | - | 1,318 |
| 22,766 | Cash and cash equivalents | 39,807 | 49,176 |
| <u>84,075</u> | | <u>105,636</u> | <u>131,110</u> |
| <u>2,910,729</u> | Total assets | <u>2,920,549</u> | <u>2,982,655</u> |
| | <i>Equity</i> | | |
| 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 |
| (44,705) | Costs of raising capital | (44,705) | (44,718) |
| 1,928,175 | Net capital contributed | 1,928,175 | 1,928,162 |
| (660,030) | Net retained losses | (649,326) | (658,032) |
| (117,182) | Cumulative foreign currency translation adjustment | (121,934) | (130,575) |
| (19,643) | Cash flow hedge valuation reserve | (5,759) | (20,348) |
| 1,131,320 | Equity attributable to unitholders | 1,151,156 | 1,119,207 |
| 1,775 | Non-controlling interests in subsidiaries | 1,874 | 2,400 |
| <u>1,133,095</u> | Total equity | <u>1,153,030</u> | <u>1,121,607</u> |
| | <i>Non-current liabilities</i> | | |
| 1,537,878 | Interest bearing notes and bank loans, net of current portion | 1,522,407 | 1,514,268 |
| 19,643 | Hedging instruments | 6,505 | 20,894 |
| 111,078 | Deferred tax liability | 114,283 | 114,241 |
| <u>1,668,599</u> | | <u>1,643,195</u> | <u>1,649,403</u> |
| | <i>Current liabilities</i> | | |
| 4,585 | Interest bearing notes and bank loans, current portion | 4,584 | 55,431 |
| 2,857 | Accounts payable | 7,753 | 7,665 |
| - | Due to related parties | 2,134 | 5,362 |
| 11,528 | Income and other taxes payable | 11,130 | 28,337 |
| 47,646 | Accrued expenses and other current liabilities | 57,640 | 68,280 |
| 42,419 | Deferred income | 41,083 | 46,570 |
| <u>109,035</u> | | <u>124,324</u> | <u>211,645</u> |
| <u>1,777,634</u> | Total liabilities | <u>1,767,519</u> | <u>1,861,048</u> |
| <u>2,910,729</u> | Total equity and liabilities | <u>2,920,549</u> | <u>2,982,655</u> |
| €6.62 | IFRS NAV per ordinary unit | €7.72 | €5.55 |
| €6.32 | EPRA NAV per ordinary unit | €6.37 | €6.26 |

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 2010 | | 31 March 2011 | 31 March 2010 |
| <i>Unaudited</i> | | <i>Unaudited</i> | <i>Unaudited</i> |
| 19,874 | Net earnings attributable to unitholders | 12,307 | 16,971 |
| | <i>Adjustments for:</i> | | |
| 69,807 | Revaluation movements on investment properties | 5,346 | 1,365 |
| 5,244 | Deferred tax in respect of EPRA adjustments | 3,408 | 4,441 |
| (401) | Non-controlling interests in respect of the above | (15) | 1 |
| 94,524 | EPRA earnings for the period | 21,046 | 22,778 |
| (6,503) | Preferred distributions | (1,603) | (1,603) |
| 88,021 | EPRA earnings for ordinary unitholders | 19,443 | 21,175 |
| (2,573) | Income received not in the ordinary course of business | - | (2,573) |
| 500 | Expenses incurred not in the ordinary course of business | - | 500 |
| 85,948 | Adjusted EPRA earnings | 19,443 | 19,102 |
| €0.45 | Adjusted EPRA earnings per ordinary unit | €0.10 | €0.10 |

STATEMENT OF PERFORMANCE MEASURES - EPRA NET ASSET VALUE

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

| 31 December 2010 | | 31 March 2011 | 31 March 2010 |
|------------------|--|------------------|------------------|
| <i>Unaudited</i> | | <i>Unaudited</i> | <i>Unaudited</i> |
| 1,131,320 | Net asset value attributable to unitholders per IFRS financial statements | 1,151,156 | 1,119,207 |
| | <i>Adjustments for:</i> | | |
| 19,643 | Cash flow hedge valuation reserve | 5,759 | 20,348 |
| 114,907 | Deferred tax | 118,315 | 114,241 |
| 1,265,870 | EPRA net asset value | 1,275,230 | 1,253,796 |
| | Attributable to: | | |
| 1,204,800 | Ordinary unitholders | 1,214,160 | 1,192,726 |
| 61,070 | Preferred unitholders | 61,070 | 61,070 |
| 1,265,870 | EPRA net asset value | 1,275,230 | 1,253,796 |
| €6.32 | EPRA net asset value per ordinary unit | €6.37 | €6.26 |

PROLOGIS EUROPEAN PROPERTIES

FINANCIAL RATIOS

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

| 31 December 2010 | | 31 March 2011 | 31 March 2010 |
|-------------------------|--|---------------------------|----------------------|
| <i>Unaudited</i> | | <i>Unaudited</i> | <i>Unaudited</i> |
| 2,963,841 | Gross value of real estate portfolio | 2,951,760 | 2,982,748 |
| 1,570,596 | Debt (excluding unamortised transaction costs) | 1,552,257 | 1,602,641 |
| 53.0% | LTV (debt as percentage of total value) | 52.6% | 53.7% |
| 40,000 | Undrawn committed facilities | 50,000 | 100,000 |
| 3.0 years | Average maturity, based on earliest repayment date | 2.8 years | 3.6 years |
| Year ended | | Three months ended | |
| 31 December 2010 | | 31 March 2011 | 31 March 2010 |
| <i>Unaudited</i> | | <i>Unaudited</i> | <i>Unaudited</i> |
| 5.6% | Average interest rate | 5.6% | 5.2% |
| 2.3x | Interest cover | 2.3x | 2.3x |

PROLOGIS EUROPEAN PROPERTIES

CONSOLIDATED STATEMENT OF INVESTMENT IN PROPERTIES

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

| 31 December 2010 <i>Audited</i> | | 31 March 2011 <i>Unaudited</i> | 31 March 2010 <i>Unaudited</i> |
|------------------------------------|---|-----------------------------------|-----------------------------------|
| | Historic cost | | |
| 3,058,985 | Cost at the beginning of the period | 3,122,711 | 3,058,985 |
| 11,926 | Capital expenditure | 2,040 | 782 |
| 3,875 | Leasing commissions | 509 | 112 |
| 3,918 | Rent levelling | 2,572 | 264 |
| 44,007 | Effect of unrealised currency movements | (13,605) | 8,968 |
| 3,122,711 | Cost at the end of the period | 3,114,227 | 3,069,111 |
| | Net unrealised gains/(losses) related to property | | |
| (219,738) | Net unrealised losses at the beginning of the period | (300,750) | (219,738) |
| 37,804 | Gross valuations gains on investment in property during the period | - | - |
| (108,713) | Gross valuations losses on investment in property during the period | (5,346) | (1,365) |
| 1,102 | Adjustment for purchasers costs | - | - |
| (11,205) | Effect of unrealised currency movements | 2,417 | (6,602) |
| (300,750) | Net unrealised losses at the end of the period | (303,679) | (227,705) |
| 2,821,961 | Fair value at the end of the period | 2,810,548 | 2,841,406 |
| | Fair value of investment property | | |
| 2,963,841 | Appraised gross property value at the end of the period | 2,951,760 | 2,982,748 |
| (141,880) | Purchasers costs | (141,212) | (141,342) |
| 2,821,961 | Fair value at the end of the period | 2,810,548 | 2,841,406 |
| | Fair value of investment property subject to security | | |
| 1,588,464 | Secured bank loans | 1,579,810 | 1,679,565 |

PROLOGIS EUROPEAN PROPERTIES

CONSOLIDATED STATEMENT OF CASH FLOWS

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

| Year ended | | Three months ended | |
|-------------------------|--|---------------------------|----------------------|
| 31 December 2010 | | 31 March 2011 | 31 March 2010 |
| <i>Audited</i> | | <i>Unaudited</i> | <i>Unaudited</i> |
| 40,281 | Net earnings before tax | 21,330 | 28,281 |
| 43,241 | Adjustment for non-cash items and changes in operating assets | 10,554 | 26,358 |
| 83,522 | Net cash flow from operating activities | 31,884 | 54,639 |
| | Cash flow from investing activities | | |
| (15,801) | Capital expenditure and other expenditure on investment property | (2,549) | (894) |
| 2,573 | Proceeds from insurance claims | - | - |
| (13,228) | Net cash (used in)/provided from investing activities | (2,549) | (894) |
| | Cash flow from financing activities | | |
| (90,590) | Repayment of secured notes | - | (36,542) |
| - | Proceeds from hedges related to secured notes | - | 1,580 |
| (2,000) | Repayment of unsecured notes | - | - |
| (425,594) | Repayment of bank loans | (11,203) | (393,248) |
| 410,704 | Proceeds from bank loans | 696 | 360,627 |
| - | Restricted proceeds from swap contracts | - | (1,640) |
| (5,025) | Distributions to preferred unitholders | (1,603) | (158) |
| (112,505) | Net cash used for financing activities | (12,110) | (69,381) |
| 447 | Effects of exchange rates changes | (184) | 282 |
| (41,764) | Net (decrease)/increase in cash and cash equivalents | 17,041 | (15,354) |
| 64,530 | Cash and cash equivalents at the beginning of the period | 22,766 | 64,530 |
| 22,766 | Cash and cash equivalents at the end of the period | 39,807 | 49,176 |

PROLOGIS EUROPEAN PROPERTIES

RECONCILIATION OF PROFIT TO DISTRIBUTABLE CASH FLOW

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

| <u>Year ended</u> | | <u>Three months ended</u> | |
|-------------------------|--|---------------------------|----------------------|
| <u>31 December 2010</u> | | <u>31 March 2011</u> | <u>31 March 2010</u> |
| <i>Unaudited</i> | | <i>Unaudited</i> | <i>Unaudited</i> |
| 19,874 | Net earnings attributable to unitholders for the period | 12,307 | 16,971 |
| | <i>Adjustments for items per the Management Regulations:</i> | | |
| 70,909 | Net valuation losses on property | 5,346 | 1,365 |
| (1,102) | Purchasers costs | | - |
| (3,918) | Reversal of rent levelling adjustment | (2,572) | (283) |
| (437) | Unrealised currency (gains)/losses | 605 | (572) |
| 11,431 | Amortisation of debt transaction costs | 2,008 | 3,128 |
| 6,011 | Movements on deferred tax balances | 4,205 | 4,700 |
| (10,123) | Allowance for capital and re-letting expenses | (2,040) | (782) |
| (6,504) | Preferred distributions | (1,603) | (1,603) |
| <u>66,267</u> | Total adjustments | <u>5,949</u> | <u>5,953</u> |
| 86,141 | Distributable cash flow | 18,256 | 22,924 |
| €0.45 | Distributable cash flow per unit for the period⁽²⁾ | €0.10 | €0.12 |

⁽²⁾ 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 | 2,266 | 1,119,805 |
| Other comprehensive income/(loss) | - | - | - | 14,353 | (13,956) | 397 | (1,120) | (723) |
| Profit for the period | - | - | 19,874 | - | - | 19,874 | 629 | 20,503 |
| Total comprehensive income/(loss) | - | - | 19,874 | 14,353 | (13,956) | 20,271 | (491) | 19,780 |
| Issue of preferred units | - | 13 | - | - | - | 13 | - | 13 |
| Preferred distributions | - | - | (6,503) | - | - | (6,503) | - | (6,503) |
| Balance as at 31 December 2010 <i>Audited</i> | 1,972,880 | (44,705) | (660,030) | (117,182) | (19,643) | 1,131,320 | 1,775 | 1,133,095 |
| Other comprehensive income/(loss) | - | - | - | (4,752) | 13,884 | 9,132 | - | 9,132 |
| Profit for the period | - | - | 12,307 | - | - | 12,307 | 99 | 12,406 |
| Total comprehensive income/(loss) | - | - | 12,307 | (4,752) | 13,884 | 21,439 | 99 | 21,538 |
| Preferred distributions | - | - | (1,603) | - | - | (1,603) | - | (1,603) |
| Balance as at 31 March 2011 <i>Unaudited</i> | 1,972,880 | (44,705) | (649,326) | (121,934) | (5,759) | 1,151,156 | 1,874 | 1,153,030 |

PROLOGIS EUROPEAN PROPERTIES

**OUTSTANDING DEBT
AS AT 31 MARCH 2011**

| Description | Rating | Issue date | Issue size | Coupon | Maturity date | Loan amount outstanding | | Comments/facility LTV ⁽³⁾ |
|--|--------|------------|----------------------|-------------------------|---------------|-------------------------|------------------|--|
| | | | | | | Local ccy | Euros | |
| <i>Listed on the Luxembourg Stock Exchange</i> | | | | | | | | |
| ProLogis International Funding S.A. | Ba1 | Oct 2007 | €500.0m | 7.625% ⁽⁴⁾ | Oct 2014 | €493.8m | €493.8m | Unsecured |
| <i>Other</i> | | | | | | | | |
| Senior unsecured credit facility | - | Dec 2007 | €300.0m | +270 bps ⁽⁵⁾ | Dec 2012 | €109.0m £123.5m | €251.0m | Unsecured Loan size reduced to €280.0m |
| Deutsche Pfandbriefbank loan | - | Jul 2009 | €126.0m | 5.06% | Mar 2013 | €126.0m | €126.0m | LTV: 57% |
| Eurohypo bank loan | - | Jul 2009 | £86.1m | 5.93% | Jul 2013 | £86.1m | €99.0m | LTV: 50% |
| Helaba bank loan | - | Oct 2009 | SEK 332.5m €15.5m | 5.93% 5.19% | Oct 2014 | SEK 322.6m €15.0m | €51.1m | Loan fully repaid in April 2011 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 | €49.4m | LTV: 50% |
| Landesbank Berlin bank loan | - | Dec 2009 | €74.0m | 3.93% | Jan 2014 | €73.3m | €73.3m | LTV: 50% Amortisation: 1% per annum |
| Deutsche Pfandbriefbank loan | - | Dec 2009 | €74.5m | 5.42% 4.80% | Dec 2013 | £24.3m €38.5m | €66.4m | LTV: 55% |
| Syndicated bank loan | - | Jan 2010 | €300.0m | 5.16% | Jan 2014 | €297.m | €297.0m | LTV: 52% Amortisation: 1% in years 1 & 2, and 1.5% in years 3 & 4 |
| Revolving credit facility | - | Aug 2010 | €50.0m | +240 bps ⁽⁶⁾ | Aug 2013 | €0m | - | Unsecured €100m accordion feature |
| TOTAL | | | | | | | €1,552.3m | |

⁽³⁾ Facility loan-to-value as at latest covenant reporting date.

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

⁽⁵⁾ Margin over Euribor or Libor ranges from +180 to +270 basis points, depending upon PEPR's credit rating.

⁽⁶⁾ 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 MARCH 2011

| | Number of facilities | Market value ⁽⁷⁾ €million | % of total market value | Leasable area 000m ² | % of total leasable area | Annualised rental income ⁽⁸⁾ €million | ERV ⁽⁹⁾ €million | Net initial yield ⁽¹⁰⁾ | 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% | 1,590.0 | 32% | 66.3 | 65.3 | 8.0% | 94.6% | 9.8 | 72 | 2.3 | 5.9 |
| Italy | 18 | 249.5 | 9% | 523.1 | 11% | 20.1 | 18.9 | 6.3% | 94.5% | 10.8 | 21 | 4.6 | 4.8 |
| Spain | 13 | 234.7 | 8% | 309.5 | 6% | 19.8 | 18.6 | 8.0% | 97.0% | 8.3 | 29 | 3.0 | 4.2 |
| <i>Southern</i> | 92 | 1,296.0 | 46% | 2,422.6 | 49% | 106.1 | 102.8 | 7.6% | 94.9% | 9.6 | 122 | 2.9 | 5.4 |
| Belgium | 5 | 50.1 | 2% | 98.3 | 2% | 4.4 | 4.1 | 8.0% | 100.0% | 6.8 | 5 | 2.8 | 7.6 |
| Germany | 20 | 213.7 | 8% | 327.9 | 7% | 17.3 | 15.9 | 7.7% | 90.1% | 6.8 | 38 | 2.4 | 2.5 |
| Netherlands | 20 | 217.8 | 8% | 379.2 | 8% | 18.7 | 17.2 | 6.6% | 91.4% | 10.8 | 34 | 2.5 | 3.8 |
| Sweden | 4 | 96.5 | 3% | 130.4 | 2% | 8.3 | 6.8 | 7.8% | 100.0% | 16.1 | 4 | 6.5 | 7.9 |
| <i>Northern</i> | 49 | 578.1 | 21% | 935.8 | 19% | 48.8 | 44.0 | 7.3% | 93.0% | 9.4 | 81 | 3.2 | 4.4 |
| Czech Republic | 12 | 98.8 | 4% | 180.1 | 4% | 8.7 | 8.9 | 7.2% | 97.6% | 8.0 | 35 | 2.3 | 2.4 |
| Hungary | 14 | 89.6 | 3% | 182.1 | 4% | 7.8 | 7.0 | 8.1% | 84.4% | 7.9 | 34 | 3.2 | 3.5 |
| Poland | 26 | 236.6 | 8% | 495.1 | 10% | 18.2 | 19.6 | 7.8% | 88.5% | 8.8 | 73 | 2.5 | 3.2 |
| <i>Central</i> | 52 | 425.0 | 15% | 857.3 | 18% | 34.7 | 35.5 | 7.8% | 89.5% | 8.0 | 142 | 2.6 | 3.1 |
| <i>UK</i> | 39 | 511.5 | 18% | 706.9 | 14% | 40.9 | 39.0 | 8.0% | 91.9% | 9.2 | 35 | 5.5 | 8.1 |
| TOTAL | 232 | 2,810.6 | 100% | 4,922.6 | 100% | 230.5 | 221.3 | 7.7% | 93.2% | 9.4 | 380 | 3.4 | 5.3 |

Vacant space (at ERV per m²)
ERV of entire portfolio, assuming 100% leased

15.1
236.4

⁽⁷⁾ 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
⁽⁸⁾ 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

⁽⁹⁾ ERV refers to the Estimated Rental Value calculated by the independent third-party appraisers as at the latest valuation date

⁽¹⁰⁾ 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

PROLOGIS EUROPEAN PROPERTIES

**LEASE BREAK AND MATURITY DATES
AS AT 31 MARCH 2011**

| | Number of leases with next break option in year | Leased space subject to next break option ⁽¹¹⁾ 000m ² | Annualised rental income of leases subject to first break option | | Number of leases with expiry date in year ⁽¹²⁾ | Leased space subject to lease expiry 000m ² | Annualised rental income of expiring leases | |
|--------------|---|--|--|--------------|---|---|---|--------------|
| | | | €m | % | | | €m | % |
| 2011 | 80 | 623 | 28.2 | 12.2 | 70 | 442 | 19.3 | 8.4 |
| 2012 | 100 | 1,138 | 58.2 | 25.2 | 69 | 542 | 30.6 | 13.3 |
| 2013 | 58 | 626 | 34.3 | 14.9 | 46 | 373 | 23.8 | 10.3 |
| 2014 | 49 | 666 | 34.4 | 14.9 | 40 | 521 | 27.5 | 11.9 |
| 2015 | 34 | 604 | 30.9 | 13.4 | 35 | 614 | 27.9 | 12.1 |
| 2016 | 16 | 269 | 14.7 | 6.4 | 23 | 428 | 19.8 | 8.6 |
| 2017 | 16 | 348 | 14.8 | 6.4 | 25 | 467 | 21.5 | 9.3 |
| 2018 | 3 | 57 | 1.8 | 0.8 | 11 | 207 | 10.1 | 4.4 |
| 2019 | 5 | 47 | 2.5 | 1.1 | 11 | 148 | 8.1 | 3.5 |
| 2020 | 5 | 89 | 5.0 | 2.2 | 15 | 280 | 15.6 | 6.8 |
| 2021+ | 14 | 119 | 5.7 | 2.5 | 35 | 564 | 26.3 | 11.4 |
| Total | 380 | 4,586 | 230.5 | 100.0 | 380 | 4,586 | 230.5 | 100.0 |

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

| | Customer name ⁽¹³⁾ | Industry Type | Share of annualised rental income | Number of leases |
|----|------------------------------------|-----------------------|-----------------------------------|------------------|
| 1 | Ceva | Third-party logistics | 6.5% | 14 |
| 2 | Geodis | Third-party logistics | 4.9% | 12 |
| 3 | Deutsche Post AG (DHL) | Third-party logistics | 3.1% | 14 |
| 4 | ND Logistics | Third-party logistics | 3.0% | 9 |
| 5 | NYK Holdings (Nippon Yusen Kaisha) | Third-party logistics | 2.6% | 8 |
| 6 | Gefco (PSA Peugeot) | Third-party logistics | 2.5% | 7 |
| 7 | FM Logistic | Third-party logistics | 2.3% | 3 |
| 8 | GoodYear/Dunlop | Automotive | 2.0% | 2 |
| 9 | Fagor Electrodomesticos | Industrial Durables | 1.9% | 4 |
| 10 | Intermarche | Retail | 1.7% | 3 |
| 11 | Carrefour | Retail | 1.7% | 2 |
| 12 | Schneider | Electrical/Mechanical | 1.5% | 3 |
| 13 | UPS | Third-party logistics | 1.5% | 3 |
| 14 | ID Logistics Group | Third-party logistics | 1.5% | 4 |
| 15 | Kuehne & Nagel | Third-party logistics | 1.4% | 3 |
| 16 | Amazon.com Inc | Retail | 1.4% | 1 |
| 17 | Travis Perkins | Building Supplies | 1.3% | 1 |
| 18 | Wincanton Logistics | Third-party logistics | 1.2% | 7 |
| 19 | J. Sainsbury | Retail | 1.2% | 2 |
| 20 | Sonepar NV (Elektroskandia) | Electrical/Mechanical | 1.2% | 1 |
| | Subtotal of largest 20 customers | | 44.4% | 103 |
| | Leases with 188 other customers | | 55.6% | 277 |
| | Total | | 100.0% | 380 |

¹¹ Leases at earlier of next break date or expiry date

¹² Leases at expiry date regardless of upcoming lease breaks

¹³ Customers shown are either actual names on the lease or the name of the group