



First quarter 2011 results

28 April 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

28 April 2011

- ProLogis published tender offer document relating to its mandatory public offer of €6.10 in cash per ordinary unit and a bid also at €6.10 per convertible preferred unit
- Our primary focus and clear duty is to act in the interests of PEPR as a whole and all its unitholders
- Deutsche Bank appointed as independent advisors
- Inappropriate to comment on the offer itself ahead of the publication of our reasoned opinion

Financial results highlights

2010		Q1 2011	Q1 2010
€	<i>Amounts per ordinary unit</i>	€	€
0.07	IFRS earnings/(loss)	0.06	0.08
0.45	EPRA earnings	0.10	0.10
5.62	IFRS net asset value	5.72	5.55
6.32	EPRA net asset value	6.37	6.26
0.45	Distributable cash flow ⁽¹⁾	0.10	0.12

- 93.2% portfolio occupancy, in line with expectations
- Results in line with 2011 guidance
 - EPRA earnings per ordinary unit €0.37 - €0.42
 - Distributable cash flow per ordinary unit €0.33 - €0.38
- Loan-to-value at 52.6%
 - Further reduced to 51.5% post quarter-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

Q1 2011 leasing activity



- 48 leasing transactions, totalling 388,500m²
 - 20 lease renewals, for 261,100m²
 - 24 new leases, for 89,600m²
 - 4 lease expansions, adding 37,800m²

Market outlook improving

- Positive real GDP growth of 1.5 to 2.0% predicted during 2011-12
- Varying rates of recovery
- Occupier demand remains relatively strong
- New supply limited
- Market values and rental levels expected to remain flat





Financial performance

David Doyle

28 April 2011

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- Results in line with 2011 guidance

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Income statement – total revenue

2010		Q1 2011	Q1 2010
€	<i>(Unless otherwise stated, amounts are in thousands of euros)</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

- €2.6 million receipt in Q1 2010 following finalisation of insurance and legal claims in Q1 2010
- €2.0 million decline in rental income from leases rolling back to market rents and increased vacancy
- €0.7 million increase is UK sourced income when measured in euros

Income statement – operating expenses

2010		Q1 2011	Q1 2010
€	<i>(Unless otherwise stated, amounts are in thousands of euros)</i>	€	€
(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)
(4,473)	Fund management fees	(1,111)	(1,115)
(156)	Custodian fees	(29)	(24)
(7,785)	Other operating expenses	(1,421)	(1,890)
(12,414)	Fund expenses	(2,561)	(3,029)
(43,263)	Operating expenses	(9,147)	(9,321)

- €0.5 million write-off of costs associated with previously contemplated second preferred equity raise, reported in Q1 2010

Income statement – property fair value movements

2010		Q1 2011	Q1 2010
€	<i>(Unless otherwise stated, amounts are in thousands of euros)</i>	€	€
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)

- No independent portfolio valuation
- Recorded technical loss related to capital expenditure and rent levelling adjustments

Income statement – net finance expense

2010		Q1 2011	Q1 2010
€	<i>(Unless otherwise stated, amounts are in thousands of euros)</i>	€	€
307	Finance income	39	166
(101,588)	Finance expense	(24,695)	(25,722)
(101,281)	Net finance expense	(24,656)	(25,556)
5.6%	Average interest rate	5.6%	5.2%

- Interest expense €2.5 million lower due to the decrease in average outstanding debt, offset by €0.8 million increase due to higher average interest rate

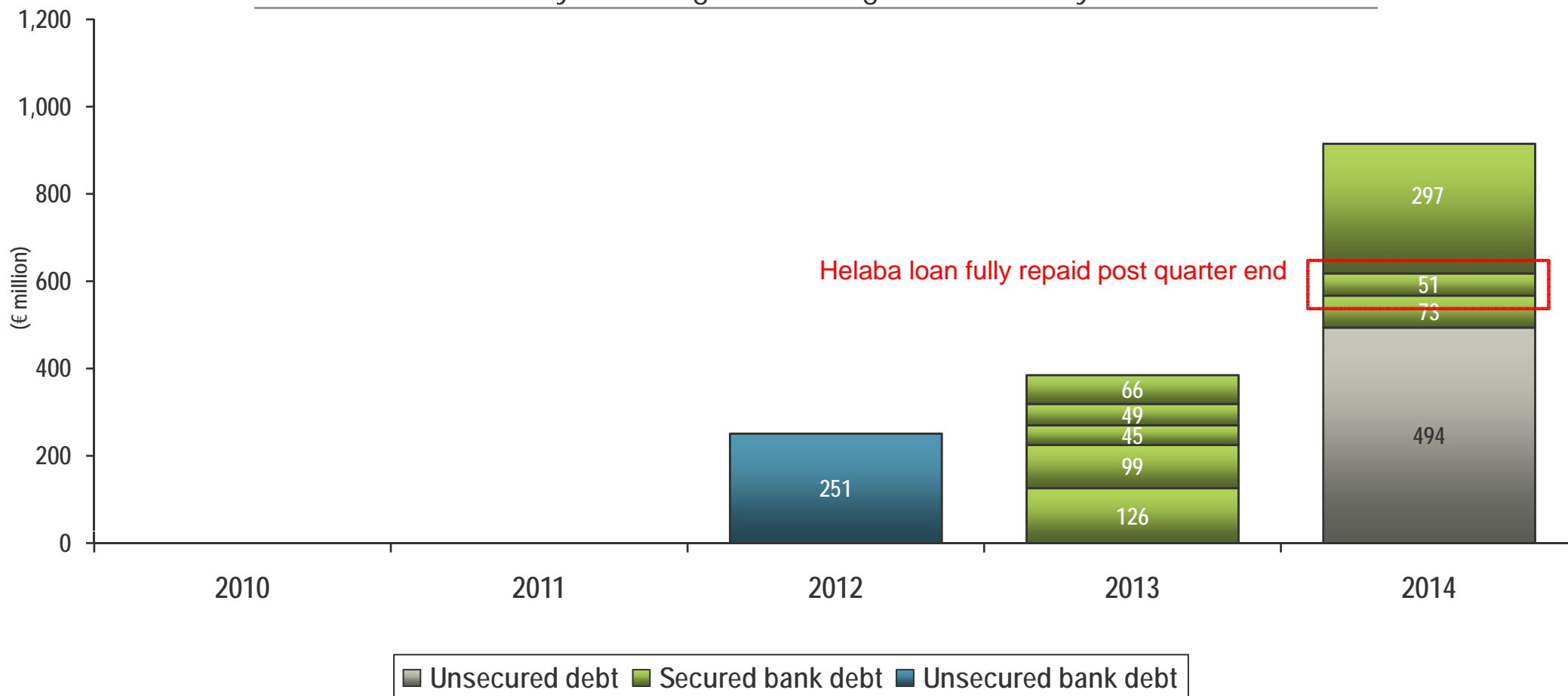
Income statement – charge for taxation

2010		Q1 2011	Q1 2010
€	<i>(Unless otherwise stated, amounts are in thousands of euros)</i>	€	€
(13,767)	Current income tax expense	(4,719)	(6,475)
(6,011)	Deferred income tax (expense)/credit	(4,205)	(4,700)
(19,778)	Benefit/(charge for taxation)	(8,924)	(11,175)
12.8%	Effective tax rate	17.8%	23.6%

- Decrease in *current income tax expense* due to lower taxable profits and the positive impact of tax strategies and initiatives implemented in 2010

Improved debt maturity profile as at 31 March 2011

2.8 years weighted average debt maturity



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



Operating performance and market outlook

Simon Nelson

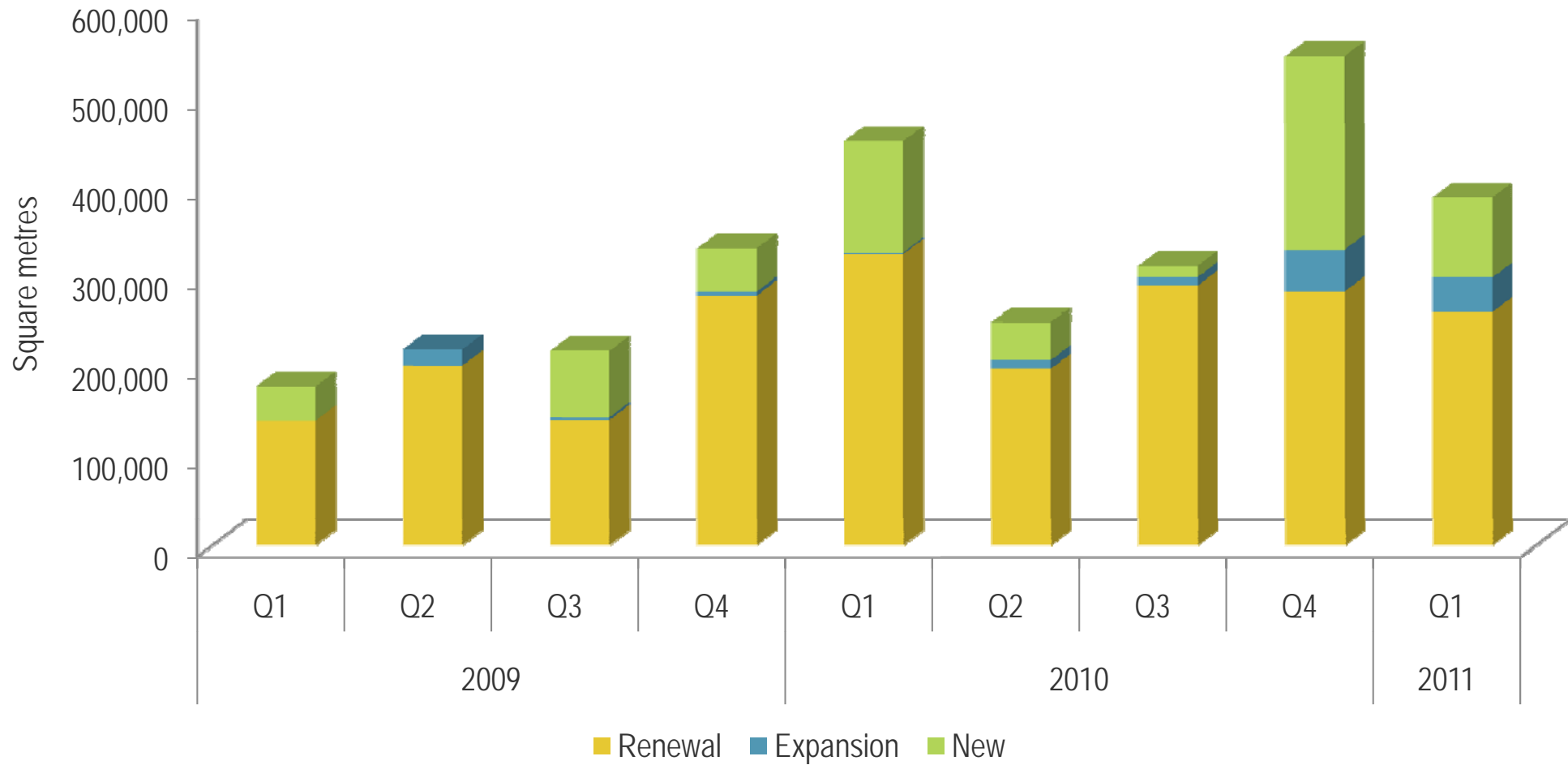
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Q1 2011 leasing activity



- 48 leasing transactions, totalling 388,500m²
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 - 24 new leases, for 89,600m²
 - 4 lease expansions, adding 37,800m²
- 60% customer retention rate, in line with historic averages

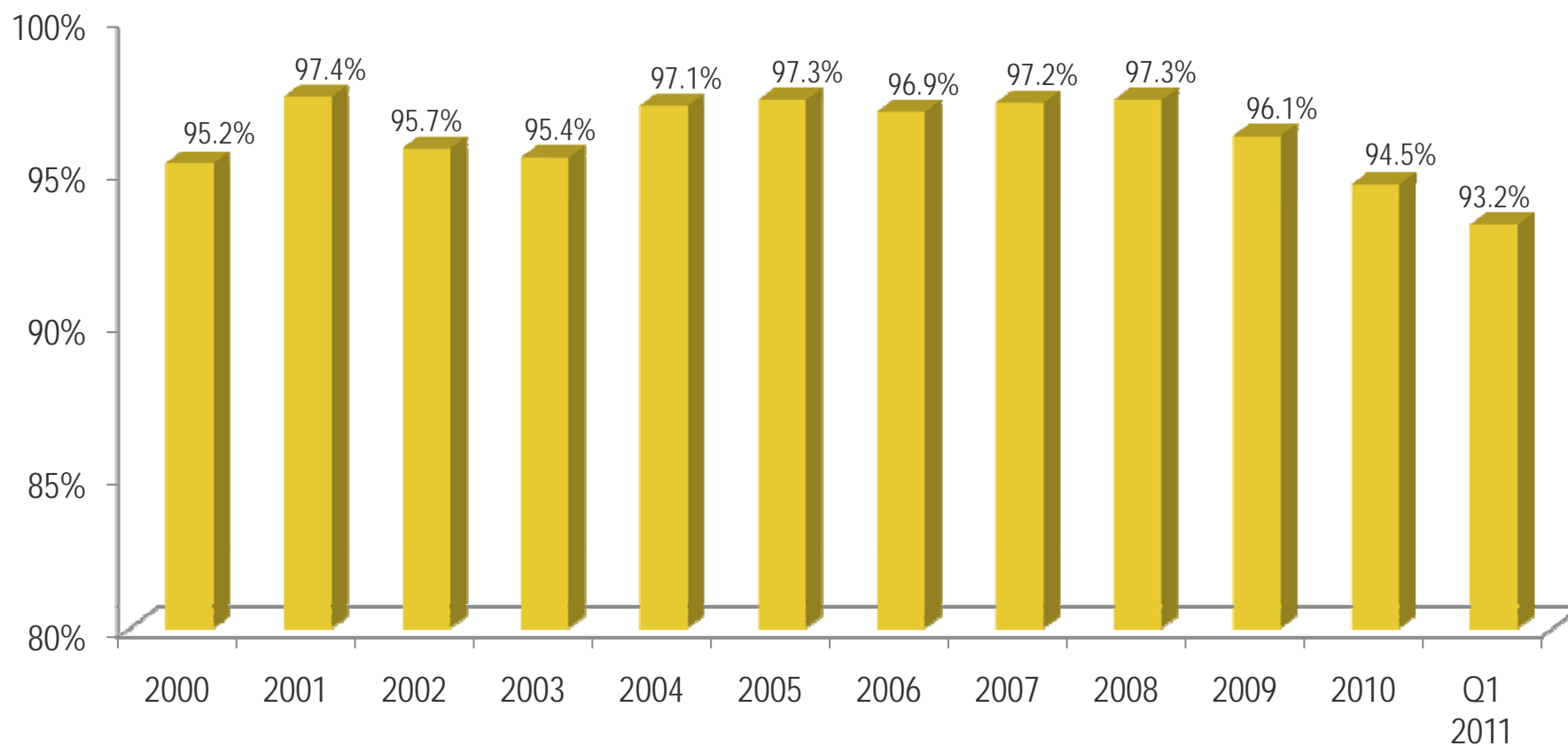
Leasing activity



Occupancy in line with projections

Portfolio occupancy

As at 31 March 2011



Market outlook

- Sustained investment market interest
 - Focus remains on prime product
- Customer confidence improving
- Supply of modern facilities scarce in some markets





Summary

Peter Cassells

28 April 2011

Key objectives



- Financial results in line with guidance
- Maintained high leasing activity to continue to deliver above-market occupancy
- Continue to deleverage the business
- Making progress towards re-establishing an investment grade credit rating



Questions

28 April 2011

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