



# Annual General Meeting Luxembourg

22 June 2011

 **ProLogis European Properties**™



Welcome  
Geoffrey Bell, Chairman

22 June 2011

 **ProLogis European Properties**™

# Agenda

- Welcome
    - Introduction of Board members
  - Operating results and outlook
  - Official business
  - Question and answer session
- Geoffrey Bell, Chairman
- Peter Cassells, CEO
- Geoffrey Bell, Chairman
- Geoffrey Bell, Chairman

# Your Board



**Geoffrey Bell**  
Chairman



**Didier Cherpitel**  
Independent member



**Pierre  
Rodocannachi**  
Independent member



**Sylvia Tóth**  
Independent member



**Gary Anderson**  
Prologis member



**Philip Dunne**  
Prologis member

## Philip Dunne, new Prologis Board Member

- Replacement Prologis Board Member following Ted Antenucci's retirement
- Currently President of Prologis Europe and a member of the Executive Committee, responsible for all aspects of Prologis' European operational performance, including investments and development.
- Previously, Mr. Dunne was the Chief Operating Officer - EMEA at Jones Lang LaSalle (JLL), a global financial and professional services firm specialising in real estate services and investment management.
- In addition, Mr. Dunne spent five years as Chief Operating Officer for the JLL's Central and Eastern Europe and Russia region.
- Prior to joining JLL's EMEA business, Mr. Dunne worked with the company's European Finance team based in London.





# Operating results and outlook

Peter Cassells, CEO

22 June 2011

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# Increased Prologis ownership

- On 14 April 2011 Prologis announced it would make a bid for all remaining Ordinary and Preferred Units
- Offer document published on 21 April 2011 with an offer price of €6.10 per unit; this was subsequently increased to €6.20 per unit on 9 May 2011
- At the end of the offer period, 18 May 2011, Prologis owned 89.58% of the Ordinary Units and 94.62% of the Preferred Units
  - As at 1 June 2011, Prologis owned 92.4% of PEPR on a fully diluted basis
- A 95% holding was not achieved, therefore Prologis is not in a position to use its *squeeze-out* right;
  - furthermore, as a 90% holding was not achieved, the remaining Unitholders are not in a position to exercise any *sell-out* rights which would require Prologis to acquire their units
- Prologis' offer document indicated that it would continue to operate PEPR as a listed entity if it did not achieve a holding of 95% at the conclusion of offer period, with
  - No operational changes in management anticipated and
  - The renewal of the management agreement will occur in 2016.

# 2010 results highlights

<i>Amount per ordinary unit</i>	2010 guidance	2010 €	2009 €
IFRS earnings/(loss)		0.07	(1.64)
EPRA earnings	€0.40 - €0.44	0.45	0.54
IFRS net asset value		5.62	5.55
EPRA net asset value		6.32	6.15
Distributable cash flow <sup>(1)</sup>	€0.40 - €0.44	0.45	0.55
Portfolio occupancy		94.5%	96.1%

- Results were ahead of management guidance
- Record leasing year with 165 completed transactions, totalling 1,560,400m<sup>2</sup>
  - 66% customer retention rate
- Stable portfolio valuation, down just 0.6% since June 2010, excluding foreign exchange
  - Down 1.7% since December 2009, excluding foreign exchange
- Loan-to-value reduced from 55% to 53%
  - Leverage as measured by Moody's reduced to 54.3% from 55.6%

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

# Q1 2011 results highlights

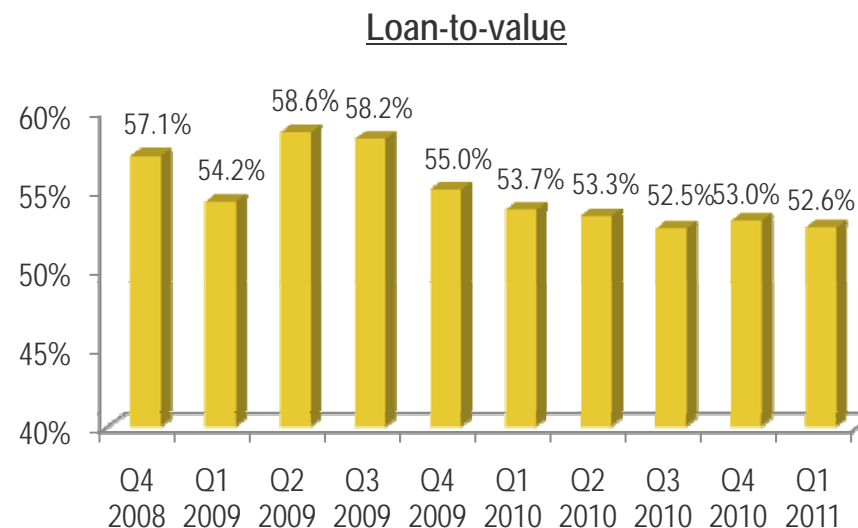
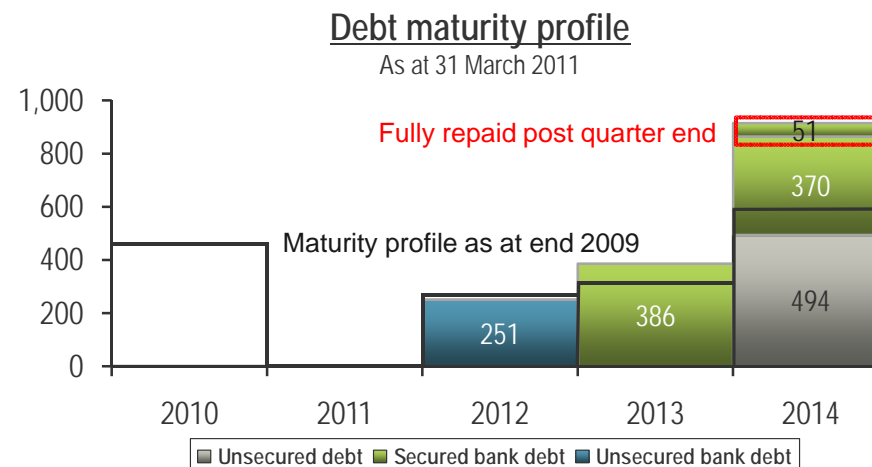
2010 €	Amount per ordinary unit	2011 guidance	Q1 2011 €	Q4 2010 €	Q1 2010 €
0.07	IFRS earnings		0.06	0.00	0.08
0.45	EPRA earnings	€0.37 - €0.42	0.10	0.14	0.10
5.62	IFRS net asset value		5.72	5.62	5.55
6.32	EPRA net asset value		6.37	6.32	6.26
0.45	Distributable cash flow <sup>(1)</sup>	€0.33 - €0.38	0.10	0.12	0.12
94.5%	Portfolio occupancy	93% - 94%	93.2%	94.5%	94.8%

- Results to date in line with 2011 guidance
- 48 lease transactions concluded, covering 388,500m<sup>2</sup>, including over 127,000m<sup>2</sup> of new or expanded leases
  - Customer retention rate remains high at 60%
- 93.2% portfolio occupancy, in line with expectations
- Loan-to-value reduced to 52.6%
  - Further reduced to 51.5% post quarter-end
  - Leverage, as measured by Moody's, has been reduced to 53.6%

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

# Successfully navigating the financial crisis

- Repaid or refinanced €483.6 million of debt outstanding as at 31 December 2009
  - No debt maturities until December 2012
- Completed €392.6 million of new secured financing and a new €50 million unsecured revolving credit facility
- Retained €104.4 million of distributable cash flow
- Amended terms of unsecured credit facility to permit a return to ordinary dividend payments
  - PEPR may pay out up to 50% of cash flow increasing to 90% upon reaching an investment grade rating
- Reduced loan-to-value to 51.5% from 55.0% over the same period
- Moody's rating outlook upgraded to positive recently



# Positive market outlook

- Positive real GDP growth of 1.5 to 2.0% predicted during 2011-12
- World trade is back to pre-crisis levels
- Varying rates of recovery
- Occupier demand remains somewhat positive
  - 3PLs continue to dominate the sector as companies continue to outsource their logistics operation
- New supply limited
  - Little development completed since 2007
- Market values and rental levels expected to remain flat
- Sustained investment market interest
  - Focus remains on prime product
  - 8bp reduction in EMEA industrial yields in Q1\*

\* CBRE "Global Industrial MarketView" Q1 2011



# Key objectives for 2011

- Maintain proactive asset management and excellent customer service
- Continue to deliver above-market occupancy
  - Between 93-94% on average is basis for guidance
- Increase rents in markets where excess supply has been absorbed
  - Look to take some selective vacancy risk
- Re-establish investment grade credit rating before end October, saving in excess of €8.5 million of annualised interest
- Review return to paying ordinary dividends in due course
  - PEPR does not contemplate paying an ordinary dividend in 2011



# Summary



- Financial results in line with guidance
- Capital values and rental levels have stabilised
- Occupational markets at or around inflexion point
- Maintained high leasing activity to continue to deliver above-market occupancy
- Further improvement to debt profile
- Making progress towards re-establishing an investment grade credit rating



Official business  
Geoffrey Bell, Chairman

22 June 2011

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# Agenda items 1 and 2

## Resolution number

1 Approval of the financial accounts of PEPR for the year ending 31 December 2010.

2 Appointment of KPMG Audit S.à r.l. as independent auditor for a term of one year until the annual general meeting of PEPR to be held in 2012

- The Management Company and Audit Committee of the PEPR Board conducted a careful and thorough review of PEPR's audit requirements and recommend the replacement of Ernst & Young S.A., PEPR's previous independent public accounting firm, with KPMG Audit S.à r.l.
- KPMG are the largest provider of audit, tax and advisory services in Europe and the fifth largest global accounting practice. In addition, KPMG have substantial experience of the real estate sector, with a dedicated Real Estate and Construction practice.
- The Management Company and the Audit Committee believe that KPMG has the right mix of geographic presence and service offerings to meet PEPR's needs now and in the future.

## Agenda item 3

### Resolution number

- 3 Re-election of Sylvia Tóth as Independent Board Member for a term of three years.  
In accordance with Article 4. (*The PEPR Board*) of the Management Regulations, the Nomination Committee has recommended Ms. Tóth be elected to the PEPR Board for the full three year term.
- Ms. Tóth is President of Tóco USA and Tóco d'Azur and was previously chairwoman of Content Beheer and a supervisory director at Aegon N.V., Endemol Entertainment, Creyf's and Vendex KBB N.V..
- Ms. Tóth was originally appointed on 8 September 2006 and re-elected on 22 May 2008 for a period ending on the date of the annual general meeting of Unitholders in 2011. If re-elected at the upcoming meeting, Ms. Tóth shall be appointed for a period ending on the date of the annual general meeting of Unitholders to be held in 2014.
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## Sylvia Tóth, Independent Board Member

- Originally appointed to Board on 8 September 2006
- Re-elected on 22 May 2008 for a three-year term
- Currently President of Tóco USA, and Tóco d'Azur, which assists non-French citizens to manage their legal, business and personal affairs in the South of France
- Previously chairwoman of Content Beheer and a supervisory director at Aegon N.V., Endemol Entertainment, Creyf's and Vendex KBB N.V.

The Nomination Committee unanimously propose that Ms. Tóth is re-elected to the Board for a further three-year term



## Agenda item 4

### Resolution number

- 4 Re-election of Geoffrey Bell as Independent Board Member for a term of three years. In accordance with Article 4. (*The PEPR Board*) of the Management Regulations, the Nomination Committee has recommended Mr. Bell be elected to the PEPR Board for the full three year term.
- Mr. Bell is an economist, banker, and Executive Secretary and founder of the Washington based Group of 30, chaired by Paul Volcker. He is also President of Geoffrey Bell and Company.
- Mr. Bell was originally appointed on 8 September 2006 and re-elected on 22 May 2008 for a period ending on the date of the annual general meeting of Unitholders in 2011. If re-elected at the upcoming meeting, Mr. Bell shall be appointed for a period ending on the date of the annual general meeting of Unitholders to be held in 2014.
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# Geoffrey Bell, Independent Board Member

- Originally appointed to Board on 8 September 2006
- Re-elected on 22 May 2008 for a three-year term
- Chairman of the Board since December 2008
- Mr Bell is an economist, banker and Executive Secretary and founder of the Washington based Group of 30, chaired by Paul Volcker.
- Currently President of Geoffrey Bell and Company, a consulting company which advises a wide range of central banks and governments on their international reserve asset and liability management programmes.

The Nomination Committee unanimously propose that Mr. Bell is re-elected to the Board for a further three-year term





## Question and answer session

22 June 2011

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