

News release

ProLogis European Properties results for the quarter ended 31 March 2008

Strong operational performance demonstrates continued demand for prime industrial real estate

Luxembourg – 24 April 2008 – ProLogis European Properties (Euronext: PEPR), Europe's largest owner of modern distribution facilities, today reports results for the quarter ended 31 March 2008.

Highlights

- €0.20 distribution per unit, in line with underlying distribution per unit of €0.20 in Q1 2007¹
- EPRA net asset value per unit² of €12.57, a 1.9% decrease since 31 December 2007 primarily due to the movement in the sterling exchange rate; IFRS net asset value per unit of €11.59 (Q4 2007: €11.73)
- EPRA earnings² per unit €0.18, a decrease of €0.03 per unit (Q1 2007: €0.21), primarily due to the Garonor portfolio disposal and the movement in the sterling exchange rate; IFRS earnings per unit of €0.10 (Q4 2007: €0.22)
- Continued execution of growth strategy with a further €91.7m investment in ProLogis European Properties Fund II ("PEPF II")
- Improved operational performance: occupancy increased from 97.2% at the end of 2007 to 97.7% in our directly owned portfolio through proactive leasing, with 20 lease transactions covering 106,900m²
- Strong Balance Sheet with current loan to value of 47.8%, allowing for further growth
- Appointment of Gordon Keiser, previously senior vice president and treasurer at ProLogis, PEPR's external manager, as chief executive officer replacing Robert Watson with effect from 1 June 2008

Commenting on the results, Robert Watson, chief executive office of PEPR, said:

"We are pleased to announce first quarter results in line with our forecasts, reflecting the financial stability of our business plan and the secure cash flows derived from our high-quality portfolio. As we revalue the portfolio semi-annually, our EPRA net asset value per unit for the quarter has been primarily impacted by the weakening of sterling versus the euro in the first three months of the year. Our strong operating results and stable cash flows from our high-quality portfolio enable us to pay a quarterly distribution of €0.20 per unit despite the impact of the weaker sterling exchange rate on our earnings.

"Our operational performance continues to deliver strong results, with occupancy in our wholly owned portfolio up to 97.7% from 97.2% at the year end. In addition, our recent investment in PEPF II improved combined portfolio occupancy to 98.2%. This performance not only reflects the outstanding quality of our portfolio but also the less volatile nature of the industrial sub-sector compared to other real estate classes.

¹ The total Q1 2007 distribution was €0.22 per unit, which included a one-off receipt of €4.9 million, previously held in escrow, relating to the sale of 13 properties in December 2003. Excluding this receipt, the underlying distribution for Q1 2007 was €0.20

² Based on EPRA (European Public Real Estate Association) *Best Practises Policy Recommendations*, issued in November 2006 – see page 9

“We continue to deliver on our strategy of revenue growth through investment in PEPF II, with a further €91.7 million investment at the end of the quarter. We have now invested €225 million, or 25%, of our total €900 million commitment.

“The outlook for the remainder of 2008 remains encouraging, with good occupier demand across all our major markets, driven by EU enlargement, continuing growth in world trade and our customer’s efforts to improve efficiency in their European supply chains. In addition, the strong fundamentals of our business enable us to remain confident in our ability to continue to drive unitholder value.”

ProLogis European Properties Fund II

PEPR’s stated growth strategy, in the main, is to invest in ProLogis (NYSE: PLD) private equity funds in Europe, extending the unique relationship with ProLogis through continued, indirect investment in newly developed and fully let facilities. In August 2007, ProLogis established a private equity fund, PEPF II, in which PEPR has committed to invest €900 million by August 2010, giving it a 30% ownership. PEPF II will invest its targeted total capital of €6 - €7.5 billion in modern distribution facilities, either through contributions from ProLogis’ extensive European development pipeline or direct acquisitions from third parties.

Properties contributed to PEPF II from ProLogis have to meet certain criteria, agreed by all PEPF II investors at the fund’s inception and provided for within PEPF II’s Management Regulations. These criteria include: construction substantially completed, buildings at least 90% let for a minimum of three years on average, minimum yield criteria per country and compliance with regional weighting limits. Once buildings meet these criteria, they are considered “stabilised” and one of five approved independent appraisers engaged to carry out an open market valuation, using RICS³ methodology. ProLogis must contribute, and PEPF II must acquire, the building at gross open market value, as determined by the independent appraiser subject to meeting the criteria. PEPF II finances these contributions through a combination of debt and new equity called from its investors.

PEPR made an additional investment of €91.7 million to PEPF II in March 2007. This investment, entirely funded from existing credit facilities, increases PEPR’s gross investment in PEPF II to €225.0 million and maintains PEPR’s ownership at 30%.

PEPR received a €1.8 million distribution from PEPF II for the first quarter, corresponding to an annualised cash return of 5.4%⁴. Anticipated target returns of 6.5 to 7.0% will be achieved over time as the current UK weighting, at 40%, of the PEPF II portfolio falls to a more normal 20-25% level as more properties are added.

Portfolio performance

At the end of March, ProLogis contributed a €482.9 million portfolio covering over 660,000 square metres in seven target European countries into PEPF II. The 27 modern distribution facilities are 2.3 years old on average, fully occupied by global customers and have 8.1 years to lease expiry or 6.5 years to first lease break on average. Twenty properties are within ProLogis Parks owned by PEPR or PEPF II, complementing existing assets and increasing critical mass in several target markets.

Following this contribution, the combined portfolio of PEPR and PEPF II at the end of Q1 2008 comprised 317 distribution facilities, covering 6.9 million square metres across 12 European countries with an estimated open market value of €5.4 billion. The risk profile of both portfolios is highly attractive, producing a combined occupancy level of 98.2%, a diversified customer base, and on average 5.1 years to next lease break or 6.9 years to lease expiry. A summary of the directly owned, PEPF II and combined portfolios are shown on pages 15 to 17.

During the first quarter ProLogis, as PEPR’s external manager, completed 20 lease transactions covering 106,900 square metres of distribution space and delivering rental rate growth of over 4.5%. Nine of these, totalling 73,500 square metres, were new leases, including 41,100 square metres in Clesud, France, leased to two new third party logistics customers. Five existing customers expanded their relationship with PEPR taking an additional 14,900 square metres of distribution

³ Royal Institution of Chartered Surveyors

⁴ Based on a cash investment of €133.3 million, given the €91.7 million investment occurred at the end of the quarter.

space and six customers renewed their leases, covering 18,500 square metres.

The gross yield⁵ of the direct portfolio at 31 March 2008 was essentially flat at 7.1% (6.8% net yield⁶) compared to the end of December 2007.

Market outlook

In terms of market outlook, we are in a period of increased uncertainty in the financial and real estate markets, with concerns over a slowdown in the global economy. However, we are still seeing good to sizable occupier demand across all our major markets, driven by the expansion of the EU and continued growth in the global economy. In addition, our customers continue to reconfigure their supply chains to build more efficient and cost-effective distribution networks – increasingly important at a time of high fuel prices and more challenging economic environment.

On the supply side, we anticipate a decrease in future supply, firstly, as cash and credit-constrained developers struggle to source suitable finance due to the continued dislocation in the credit markets and secondly, as it becomes more difficult for developers to generate their required returns given the recent yield expansion and increasing construction and land costs. As a result of both the continued demand and anticipated decrease in supply, we anticipate the return of rental rate growth to accelerate in our markets.

Financial results

Earnings

IFRS earnings decreased substantially in the first quarter to €19.1 million from €41.4 million to Q1 2007, mainly related to €11.0 million of non-cash accounting for fair value movements and related deferred tax adjustments, the inclusion in last year's results of a one-off receipt of €4.9 million, previously held in escrow, relating to the sale of 13 properties in December 2003, the impact of timing of last year's additions to and disposals from the portfolio and the weaker sterling exchange rate.

EPRA earnings, provided to enable direct comparison with other real estate companies and to measure PEPR's underlying profitability, decreased €6.4 million, to €34.5 million (Q1 2007: €40.9 million), primarily as a result of the portfolio reshaping in 2007, increased financing costs and a weaker sterling exchange rate. A reconciliation between IFRS net earnings and EPRA earnings for the period is shown on page 9.

Total revenue

Over the quarter, PEPR's rental and other property income decreased 6.4%, to €73.4 million (Q1 2007: €78.4 million), primarily due to the impact of last year's portfolio reshaping through acquisitions and disposals and a €1.8 million decline in our UK sourced income due to the weakened sterling exchange rate.

Operating expenses

Total operating expenses comprise the cost of operating the portfolio and managing PEPR as a fund. These expenses remained flat at €10.0 million (Q1 2007: €10.0 million)

The majority of operating expenses relate to the 60 basis point management fee paid to ProLogis and as such has a direct correlation to the gross value of the directly owned portfolio. Given the reduction in portfolio value since Q1 2007, this fee has decreased 2.7% to €6.4 million for the quarter (Q1 2007: €6.6 million). This fee is split on the face of the Consolidated Income Statement between property management fees and fund management fees. PEPR does not pay any fees on its investment in PEPF II.

An incentive fee, if earned, is payable to ProLogis in quarter one 2009 and every year thereafter. The fee is calculated on a rolling three year basis, with the first computation period from IPO, in

⁵ Annualised rental income expressed as a percentage of net open market value i.e. after deduction of purchasers' costs

⁶ Annualised rental income expressed as a percentage of gross open market value i.e. before deduction of purchasers' costs

September 2006, to 31 December 2008 and annually thereafter. The fee becomes payable if PEPR's IFRS earnings per unit for a year exceeds a hurdle rate of 9% of the opening IFRS NAV per unit for that year. Where this is the case, the incentive fee payable would be 20% of the excess over the hurdle rate. As at 31 March 2008, this hurdle rate was not exceeded and so no provision has been made for this potential fee.

Investment fair value movements

PEPR recorded an IFRS fair value write-down in the valuation of its investment in PEPF II of €7.1 million, related to its share of purchasers' costs on the 27 properties acquired by PEPF II at the end of March and the impact of the weakened sterling exchange rate. This has been partially offset by €1.8 million of distributions received for the first quarter.

Financing and debt

The financing expense for the quarter, comprising interest expense, amortisation charges and foreign exchange gains/losses, increased 15.0% to €26.1 million (Q1 2007: €22.7 million).

Interest expense of €24.2 million for the quarter showed a marginal increase over the €23.9 million incurred in Q1 2007, primarily related to the increase in European and UK market interest rates over the past year offset by the impact of the weak sterling exchange rate.

Amortisation charges for the quarter decreased substantially to €1.9 million (Q1 2007: €3.0 million), offset by an immaterial realised and unrealised currency gain for the quarter (Q1 2007: €4.2 million).

Total outstanding debt at the end of March 2008 was €2.1 billion, a 10.4% increase since the end of 2007. This increase primarily relates to the recent €91.7 million investment into PEPF II and additional borrowing under the three-year term loan of the €900 million senior unsecured debt facility in anticipation of upcoming investments in PEPF II.

PEPR's loan to value increased to 47.8% from 43.3% at the end of December and remains well within the 60% limit as set out in our Management Regulations. PEPR retains significant capacity to borrow additional debt of approximately €540 million based on its balance sheet strength, without factoring in leverage on additional investments. An overview of PEPR's outstanding debt is on page 14.

The weighted average interest rate for the three months ended 31 March 2008 was 5.2% (Q1 2007: 4.8%). At the end of March 2008, 65.0% of PEPR's debt is at fixed rates of interest, (Q1 2007: 59.0%), with the remaining floating debt based on Euribor or Libor with margins varying between 65 to 70 bps on the €900 million senior unsecured debt facility and up to 137 bps on the €151.1 million secured bank loan.

Tax

The operational income tax charge for the quarter of €5.5 million represents a 5.9% decrease over the Q1 2007 charge of €5.8 million and represents an estimated effective tax rate of 13.1% for the three months to March 2008 compared to 12.3% for Q1 2007.

Distributable cash flow and distributions

PEPR distributes substantially all of its distributable cash flow on a quarterly basis, whilst making provision for anticipated capital expenditure and retaining discretion to reinvest disposal proceeds. In compliance with our Management Regulations, PEPR pays all of our distributions quarterly from operational cash flow.

The first quarter distribution per unit is €0.196013, including €0.009 relating to income from PEPR's investment in PEPF II, implying an annualised dividend yield of 7.8% based on the quarter-end closing price of €10.04.

The first quarter distribution will have an ex-dividend date of 28 April 2008, a record date of 30 April 2008 and a payment date of 6 May 2008.

Earnings webcast and conference call details:

We invite you to access the live presentation webcast and conference call, held today, 24 April 2008, at 4pm BST / 5pm CET, by clicking on the link entitled "First Quarter 2008 Financial Results Webcast" located on the homepage of our website, www.prologis-ep.com.

To participate in the conference call please dial:

	<u>Toll free</u>	<u>Toll</u>
France	800 970 211	+33 (0)1 70 99 42 78
Luxembourg	800 21140	+352 342 080 8570
Netherlands	0800 022 5992	+31 (0)20 713 2790
UK	0800 559 3272	+44 (0)20 7138 0815
US	1 866 239 0753	+1 718 354 1359

Replay Information:

A replay of the webcast and a transcript of the call will be available in "Presentations & Webcasts" in the Investor Relations section of the PEPR website, www.prologis-ep.com/pepr/investor/.

The conference call replay will be available from 7pm BST / 8pm CET on Thursday 24 April 2008 until Thursday 8 May 2008. To access the conference call replay, please dial one of the following numbers, using passcode 2153842#:

	<u>Toll free</u>	<u>Toll</u>
France	800 911 479	+33 (0)1 71 23 02 48
Netherlands	0800 027 0028	+31 (0)20 713 2791
UK	0800 559 3271	+44 (0)20 7806 1970
US	1 866 883 4489	+1 718 354 1112

Financial statements and portfolio information

The financial statements have been produced in accordance with International Financial Reporting Standards.

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For further information, please contact:

Investor relations

ProLogis European Properties

+44 20 7518 8708

Jennifer van der Eem, VP Investor Relations

jvandereem@prologis.com

Media

M:Communications

+44 20 7153 1523 or 7153 1549

Ed Orlebar / Charlotte McMullen

orlebar@mcomgroup.com / mcmullen@mcomgroup.com

CONSOLIDATED INCOME STATEMENT

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

Year ended		Three months ended	
31 December 2007		31 March 2008	31 March 2007
<i>Audited</i>		<i>Unaudited</i>	<i>Unaudited</i>
298,555	Rental income	72,785	77,067
10,321	Other property income	651	1,286
308,876	Total revenue	73,436	78,353
(2,273)	Ground rents paid	(695)	(538)
(20,176)	Property management fees	(4,812)	(4,940)
(6,148)	Other property rental expenses	(1,851)	(1,745)
(28,597)	Cost of rental activities	(7,358)	(7,223)
280,279	Gross profit	66,078	71,130
(6,690)	Fund management fees	(1,592)	(1,643)
(253)	Custodian fees	(63)	(39)
(4,226)	Other operating expenses	(1,024)	(1,054)
-	Provision for incentive fee	-	-
(11,169)	Fund expenses	(2,679)	(2,736)
376,197	Investment property disposal proceeds	-	4,887
(375,032)	Cost basis of investment properties disposed of	-	-
1,165	Profit/(loss) on disposal of investment properties	-	4,887
169,399	Gross valuation gains on property, less disposals	-	12,218
(125,052)	Gross valuation losses on property, less disposals	(15,365)	(18,776)
(4,151)	Purchasers costs, less disposals	5,047	(10,193)
40,196	Fair value movements on property	(10,318)	(16,751)
1,259	Distribution income from investments	1,790	-
(25,178)	Valuation adjustments on investments	(7,121)	-
(23,919)	Fair value movements on investments	(5,331)	-
286,552	Earnings before interest and tax	47,750	56,530
4,772	Finance income	841	996
(101,842)	Finance expense	(26,069)	(22,694)
(97,070)	Net financing cost	(25,228)	(21,698)
189,482	Earnings before tax	22,522	34,832
(20,978)	Income tax expense	(5,465)	(5,807)
2,826	Deferred tax (expense)/credit	2,034	12,343
(18,152)	Charge for taxation	(3,431)	6,536
171,330	Net earnings for the period	19,091	41,368
	Attributable to:		
170,343	Unitholders	18,963	41,248
987	Minority interest	128	120
171,330	Net earnings for the period	19,091	41,368
€0.89	IFRS earnings per ordinary unit	€0.10	€0.22
€0.79	EPRA earnings per ordinary unit	€0.18	€0.21

**CONSOLIDATED BALANCE SHEET
AS AT**

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

31 December 2007 <i>Audited</i>		31 March 2008 <i>Unaudited</i>	31 March 2007 <i>Unaudited</i>
	Assets		
	<i>Non Current Assets</i>		
4,143,109	Investment in property	4,055,868	4,430,954
14,050	Property under construction	2,439	8,995
108,172	Investment in private equity funds	192,732	-
48,577	Hedging instruments	63,781	44,385
7,740	Deferred tax asset	7,660	7,326
<u>4,321,648</u>		<u>4,322,480</u>	<u>4,491,660</u>
	<i>Current Assets</i>		
-	Due from related parties	16,167	-
44,533	Accounts receivable, net	40,603	41,224
51,159	Other current assets	54,921	81,111
78,680	Cash and cash equivalents	188,667	114,274
<u>174,372</u>		<u>300,358</u>	<u>236,609</u>
4,496,020	Total assets	4,622,838	4,728,269
	Equity		
1,911,810	Capital contributions	1,911,810	1,911,810
(37,721)	Costs of raising capital	(37,721)	(37,721)
<u>1,874,089</u>	Net capital contributed	<u>1,874,089</u>	<u>1,874,089</u>
170,343	Net earnings for the period	18,963	41,248
(166,713)	Distributions for the period	-	-
398,328	Net retained earnings	401,957	356,079
(55,994)	Cumulative foreign currency translation	(95,858)	(13,394)
15,250	Cash flow hedge valuation reserve	8,244	4,520
<u>2,235,303</u>	Equity attributable to unitholders	<u>2,207,395</u>	<u>2,262,542</u>
6,612	Minority interest in subsidiaries	6,740	7,186
2,241,915	Total equity	2,214,135	2,269,728
	Liabilities		
	<i>Non-current liabilities</i>		
874,574	Interest bearing secured notes	876,018	1,250,167
491,168	Eurobond	491,167	-
1,885	Hedging instruments	1,579	13,582
534,086	Interest bearing long-term bank loans, net	735,099	158,365
190,362	of current portion	188,248	180,431
<u>2,092,075</u>	Deferred taxation	<u>2,292,111</u>	<u>1,602,545</u>
	<i>Current liabilities</i>		
2,099	Interest bearing bank loans, current	2,099	693,282
8,558	portion	6,459	7,911
8,807	Accounts payable	6,721	7,899
17,570	Due to related parties	20,112	16,957
94,092	Income and other taxes payable	54,473	107,078
30,904	Accrued expenses and other current	26,728	22,869
<u>162,030</u>	liabilities	<u>116,592</u>	<u>855,996</u>
2,254,105	Deferred income		
		2,408,703	2,458,541
4,496,020	Total liabilities		
	Total equity and liabilities	4,622,838	4,728,269
€11.73	IFRS NAV per ordinary unit	€11.59	€11.88
€12.73	EPRA NAV per ordinary unit	€12.57	€12.82

CALCULATION OF EPRA EARNINGS

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

Year ended		Three months ended	
31 December 2007		31 March 2008	31 March 2007
<i>Audited</i>		<i>Unaudited</i>	<i>Unaudited</i>
170,343	Net earnings attributable to unitholders for the period	18,963	41,248
	Adjustments for:		
(40,196)	Revaluation movements on investment properties and development properties	10,318	16,751
23,919	Movements in share of net assets of an associate	7,121	-
(1,165)	Profit on disposal of investment properties, net of tax	-	(4,887)
(2,412)	Deferred tax effects arising on revaluation of investment properties	(2,034)	(12,343)
644	Minority interest in respect of the above	128	120
151,133	EPRA earnings for the period	34,496	40,889
190,522,441	Weighted average number of ordinary units	190,522,441	190,522,441
€0.80	EPRA earnings per unit for the period	€0.18	€0.21

CALCULATION OF EPRA NET ASSET VALUE AS AT

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

31 December 2007		31 March 2008	31 March 2007
<i>Audited</i>		<i>Unaudited</i>	<i>Unaudited</i>
2,235,303	Net asset value per IFRS financial statements	2,207,395	2,262,542
	Adjustments for:		
190,362	Deferred tax	188,248	180,431
2,425,665	EPRA net asset value	2,395,643	2,442,973
190,522,441	Number of ordinary units	190,522,441	190,522,441
€12.73	EPRA earnings per unit for the period	€12.57	€12.82

FINANCIAL RATIOS AS AT

31 December 2007		31 March 2008	31 March 2007
<i>Unaudited</i>		<i>Unaudited</i>	<i>Unaudited</i>
€4,348.9 million	Gross value of real estate portfolio	€4,256.6 million	€4,642.8 million
€108.2 million	Investment in associate	€192.7 million	-
€4,457.1 million	Total value	€4,449.3 million	€4,642.8 million
€1,928.5 million	Debt	€2,128.6 million	€2,120.9 million
43.3%	LTV (debt as percentage of total value)	47.8%	45.7%
3.8 years	Average maturity, based on earliest repayment date	3.5 years	1.9 years
5.1 years	Average maturity, based on latest repayment date	4.8 years	3.7 years
Year ended		Three months ended	
31 December 2007		31 March 2008	31 March 2007
5.1%	Average interest rate	5.2%	4.8%

**CONSOLIDATED STATEMENT OF INVESTMENT IN PROPERTY
AS AT**

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

31 December 2007 <i>Audited</i>		31 March 2008 <i>Unaudited</i>	31 March 2007 <i>Unaudited</i>
	Historic cost		
3,575,310	Cost at the beginning of the period	3,435,805	3,575,310
215,873	Asset additions, by way of agreement with ProLogis	-	200,278
18,474	Asset additions, by way of corporate acquisition	-	-
33,882	Other asset additions	66	3,455
20,742	Capital expenditure	603	16,828
-	Transfer from property under construction	-	-
(375,032)	Disposals, by way of direct disposals	-	-
(53,444)	Effect of unrealised currency movements	(77,592)	(15,275)
<u>3,435,805</u>	Cost at the end of the period	<u>3,358,882</u>	<u>3,780,596</u>
	Net unrealised gains related to property		
667,108	Net unrealised gains at the beginning of the period	707,304	667,108
169,399	Gross valuations gains on investment in real estate during the period, less disposals	-	12,219
(147,991)	Gross valuations losses on investment in real estate during the period, less disposals	(15,365)	(18,776)
22,939	Reversal of prior years' revaluation loss provisions on disposals	-	-
19,064	Reversal of prior years' purchasers' costs provisions on disposals	-	-
(23,215)	Deduction for purchasers' costs, less disposals	5,047	(10,193)
<u>707,304</u>	Net unrealised gains at the end of the period	<u>696,986</u>	<u>650,358</u>
<u>4,143,109</u>	Fair value at the end of the period	<u>4,055,868</u>	<u>4,430,954</u>
	Fair value of investment property		
4,348,888	Appraised gross property value at the end of the period	4,256,600	4,642,774
(205,779)	Purchasers' costs	(200,732)	(211,820)
<u>4,143,109</u>	Fair value at the end of the period	<u>4,055,868</u>	<u>4,430,954</u>
185%	Appraised market value as a percentage of net assets	184%	196%

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

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

Year ended	Three months ended	
	31 March 2008 <i>Unaudited</i>	31 March 2007 <i>Unaudited</i>
31 December 2007		
<i>Audited</i>		
189,482	22,522	34,832
Earnings before tax		
Adjustment for non-cash items and changes in operating assets	8,688	19,925
186,130	31,210	54,757
	Cash flow from investing activities	
(206,109)	Acquisitions of property	(171,971)
(133,350)	Investment in private equity funds	-
(54,624)	Capital expenditure on investment property	(16,828)
(6,892)	Property under construction	(1,838)
376,197	Proceeds from disposal of investment in property	4,887
18,029	Proceeds from insurance claim	-
(6,749)	Net cash provided from / (used in) investing activities	(185,750)
	Cash flow from financing activities	
(404,325)	Proceeds from secured notes:	
-	Gross proceeds / (repayments)	(21,363)
-	Transaction costs	-
330,713	Proceeds from bank loans:	
-	Gross proceeds / (repayments)	157,465
(162,872)	Transaction costs	-
(236,484)	Distributions to unitholders	(38,132)
	Net cash from financing activities	97,970
(2,266)	Effects of changes in exchange rates	9,248
(59,369)	Net increase / (decrease) in cash and cash equivalents	(23,775)
138,049	Cash and cash equivalents at the beginning of the period	138,049
78,680	Cash and cash equivalents at the end of the period	114,274

RECONCILIATION OF PROFIT TO DISTRIBUTABLE CASH FLOW

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

Year ended		Three months ended	
31 December 2007		31 March 2008	31 March 2007
<i>Audited</i>		<i>Unaudited</i>	<i>Unaudited</i>
170,343	Net earnings attributable to unitholders for the period	18,963	41,368
	Adjustments for items per the Management Regulations:		
6,891	Rent levelling adjustment	1,744	1,100
(44,347)	Net valuation gains / (losses) on property, net of disposals	15,365	6,558
4,151	Purchasers' costs, net of disposals	(5,047)	10,193
25,178	Gain/ (loss) on associate	7,121	-
(842)	Unrealised currency (gains) / losses	(53)	(4,118)
12,921	Amortisation of debt expenses	1,955	3,028
(2,826)	Movements on deferred tax balances	(2,034)	(12,343)
3,711	Profit on disposal	-	-
-	Repayment of debt	-	-
(8,467)	Less an allowance for capital and re-letting expenses	(669)	(3,535)
(3,630)	Total adjustments	18,382	883
166,713	Distributable cash flow for ordinary unitholders	37,345	42,251
190,522,441	Weighted average number of ordinary units	190,522,441	190,522,441
€0.87	Distributable cash flow per ordinary unit for the period	€0.20	€0.22

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO UNITHOLDERS
AS AT**

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

31 December 2007 <i>Audited</i>		31 March 2008 <i>Unaudited</i>	31 March 2007 <i>Unaudited</i>
2,242,489	Total equity attributable to unitholders brought forward	2,235,302	2,242,489
(50,312)	Foreign currency translation	(39,864)	(7,710)
11,257	Net gains on cash flow hedges fair valuation	(7,006)	527
(39,055)	Total income / (expense) for the period recognised directly in equity	(46,870)	(7,183)
170,343	Net earnings for the period	18,963	41,248
(166,714)	Distributions for the period	-	(42,251)
3,629	Total net income and expense for the period	18,963	(1,003)
28,239	Capital contributions by way of contribution in kind	-	28,239
-	Capital redemptions	-	-
28,239	Net movement in capital for the period	-	28,239
(7,187)	Changes in Equity	(27,907)	20,053
2,235,302	Total equity attributable to unitholders carried forward	2,207,395	2,262,542

**OUTSTANDING DEBT
AS AT 31 MARCH 2008**

Description	Rating	Issue date	Issue size	Coupon ⁷	Maturity date ⁸	Drawn amount		Swapped rate	Comments
						Local currency	Euros		
<i>Listed on the London Stock Exchange</i>									
Pan European Industrial Properties Series II S.A	AAA AAA AA	May 2002	€356.0m	€285m: + 32bps €31m: + 48bps €40m: + 90bps	Jul 2012	€190.7m £89.2m	€335.9m	5.72%	100% swapped
Pan European Industrial Properties Series III S.A	AAA AAA AA	Feb 2003	€190.5m	€151m: + 35bps €17m: + 48bps €23m: + 85bps	May 2013	€97.0m £48.9m	€174.4m	4.61%	100% swapped
Pan European Industrial Properties Series IV S.A	AAA AA AAA	Mar 2005	€389.0m	€337m: + 14bps €32m: + 18bps €20m: + 30bps	May 2013	€311.9m £42.8m	€373.8m	3.58%	100% swapped
<i>Listed on the Luxembourg Stock Exchange</i>									
ProLogis International Funding S.A.	A3	Oct 2007	€500.0m	5.875%	Oct 2014	€500.0m	€500.0m	5.875%	Fixed rate
<i>Other</i>									
Bank loan	-	Feb 2004	€151.1m	+ 137bps	Mar 2010	€151.1m	€151.1m	n/a	
				€300m: + 65bps	Dec 2010	-	-		
Senior unsecured credit facility	-	Dec 2007	€900.0m	€300m: + 65bps	Dec 2010	€300.0m	€300.0m	n/a	
				€300m: + 70bps	Dec 2012	€129.0m £123.5m	€286.1m		
Mortgage (Italy)	-		€0.9m	various	Dec 2010	€0.7m	€0.7m	n/a	
Finance lease	-		€7.6m	various	Dec 2014	€6.6m	€6.6m	n/a	
Total			€2,495.1m				€2,128.6m		

⁷ All coupons are three month Euribor +

⁸ Maturity dates relate to legal maturity dates, rather than the repayable dates which are typically three years earlier

**PORTFOLIO OVERVIEW – DIRECTLY OWNED PORTFOLIO
AS AT 31 MARCH 2008**

	Number of distribution facilities	Open market value ('OMV') ⁹ €million	% of total OMV	Leasable area 000m ²	% of total leasable area	Annualised rental income ¹⁰ €million	ERV ¹¹ €million	Yield on OMV ¹²	Average age of distribution facilities years	Occupancy level	Number of leases	Average number of years to next lease break	Average number of years to lease expiry
France	61	1,049	26%	1,590.6	31%	75.2	69.6	7.2%	6.8	97.6%	73	3.1	6.5
Italy	19	334	8%	535.1	10%	26.2	23.9	7.9%	9.4	100.0%	20	6.1	6.4
Spain	13	325	8%	309.4	6%	20.8	22.5	6.4%	5.3	99.8%	21	3.5	6.0
<i>Southern</i>	<i>93</i>	<i>1,708</i>	<i>42%</i>	<i>2,435.1</i>	<i>47%</i>	<i>122.2</i>	<i>116.1</i>	<i>7.2%</i>	<i>7.1</i>	<i>98.4%</i>	<i>114</i>	<i>3.8</i>	<i>6.4</i>
Belgium	5	58	1%	98.3	2%	4.2	4.1	7.3%	3.8	100.0%	5	3.3	10.1
Germany	26	338	8%	422.4	8%	25.1	24.2	7.4%	3.9	99.4%	43	3.6	5.2
Netherlands	23	373	9%	512.3	10%	28.2	28.1	7.6%	7.7	92.5%	36	3.4	3.8
Sweden	4	108	3%	130.3	2%	7.7	7.1	7.2%	13.1	100.0%	4	9.5	10.9
<i>Northern</i>	<i>58</i>	<i>877</i>	<i>21%</i>	<i>1,163.3</i>	<i>22%</i>	<i>65.2</i>	<i>63.5</i>	<i>7.4%</i>	<i>7.1</i>	<i>96.5%</i>	<i>88</i>	<i>4.2</i>	<i>5.6</i>
Czech Republic	12	137	3%	180.5	3%	9.1	8.6	6.6%	5.0	92.3%	40	2.3	2.8
Hungary	14	134	3%	181.9	4%	9.7	8.9	7.3%	4.9	96.0%	38	3.1	5.3
Poland	26	321	8%	493.8	9%	21.4	21.0	6.7%	5.8	96.2%	76	3.0	3.6
Slovakia	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Central</i>	<i>52</i>	<i>592</i>	<i>15%</i>	<i>856.2</i>	<i>16%</i>	<i>40.2</i>	<i>38.5</i>	<i>6.8%</i>	<i>5.2</i>	<i>95.3%</i>	<i>154</i>	<i>2.9</i>	<i>3.8</i>
<i>UK</i>	<i>44</i>	<i>879</i>	<i>22%</i>	<i>784.4</i>	<i>15%</i>	<i>60.4</i>	<i>61.6</i>	<i>6.9%</i>	<i>6.7</i>	<i>100.0%</i>	<i>44</i>	<i>7.3</i>	<i>9.9</i>
TOTAL	247	4,056	100%	5,239.0	100%	288.0	279.6	7.1%	6.4	97.7%	400	4.5	6.6

Vacant space (at ERV per m²)

5.8
285.4

⁹ 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

¹⁰ Annualised rental income means the estimate of annual income based on the gross rental income for leases in place as at 31 December 2007 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

¹¹ ERV refers to the Estimated Rental Value calculated by the independent third-party appraisers at 31 December 2007

¹² Annualised rental income expressed as a percentage of open market value.

**PORTFOLIO OVERVIEW – PROLOGIS EUROPEAN PROPERTIES FUND II PORTFOLIO (PEPR HAS A 30% EQUITY STAKE IN PEPF II)
AS AT 31 MARCH 2008**

	Number of distribution facilities	Open market value ('OMV') ¹³ €million	% of total OMV	Leasable area 000m ²	% of total leasable area	Annualised rental income ¹⁴ €million	ERV ¹⁵ €million	Yield on OMV ¹⁶	Average age of distribution facilities years	Occupancy level	Number of leases	Average number of years to next lease break	Average number of years to lease expiry
France	9	145	11%	218.1	13%	9.8	9.9	6.8%	2.0	99.5%	13	5.1	9.4
Italy	-	-	-	-	-	-	-	-	-	-	-	-	-
Spain	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Southern</i>	9	145	11%	218.1	13%	9.8	9.9	6.8%	2.0	99.5%	13	5.1	9.4
Belgium	-	-	-	-	-	-	-	-	-	-	-	-	-
Germany	8	110	8%	169.7	10%	7.6	8.1	6.9%	1.4	99.6%	10	6.1	6.3
Netherlands	4	61	5%	82.7	5%	4.2	4.3	7.0%	0.9	100.0%	4	2.8	4.4
Sweden	1	17	1%	20.4	1%	1.1	0.1	6.5%	1.2	100.0%	2	2.7	4.7
<i>Northern</i>	13	187	14%	272.8	17%	13.0	12.6	6.9%	1.2	99.7	16	4.7	5.6
Czech Republic	7	142	11%	202.6	12%	10.0	9.8	7.1%	1.5	100.0%	20	4.4	4.5
Hungary	2	26	2%	40.4	2%	2.0	1.9	7.7%	1.7	100.0%	3	3.6	6.1
Poland	22	227	17%	380.1	23%	15.1	15.9	6.6%	1.9	99.8%	56	2.9	3.1
Slovakia	3	68	5%	93.8	6%	4.7	4.6	6.9%	2.5	100.0%	4	2.8	2.9
<i>Central</i>	34	461	35%	716.9	43%	31.7	32.3	6.9%	1.9	99.9%	83	3.4	3.7
<i>UK</i>	14	535	40%	443.0	27%	33.9	34.4	6.3%	2.8	100.0%	14	12.4	12.8
TOTAL	70	1,329	100%	1,650.8	100%	88.4	89.2	6.6%	1.9	99.8%	126	7.2	8.1

Vacant space (at ERV per m²)

0.1
89.3

¹³ An independent revaluation of the portfolio is conducted on an annual basis; the total portfolio value at 31 December 2007 is based on contribution values less deduction for purchasers' costs and annual revaluations will commence in September 2008 in relation to those properties contributed in September 2007. In accordance with IFRS fair value accounting, valuations are reported net i.e. after deduction of purchasers' costs.

¹⁴ Annualised rental income means the estimate of annual income based on the gross rental income for leases in place as at 31 December 2007 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

¹⁵ ERV refers to the Estimated Rental Value calculated by the independent third-party appraisers

¹⁶ Annualised rental income expressed as a percentage of open market value

**COMBINED PORTFOLIO OVERVIEW (100% of directly owned portfolio and 100% of PEPF II portfolio)
AS AT 31 MARCH 2008**

	Number of distribution facilities	Open market value ('OMV') ¹⁷ €million	% of total OMV	Leasable area 000m ²	% of total leasable area	Annualised rental income ¹⁸ €million	ERV ¹⁹ €million	Yield on OMV ²⁰	Average age of distribution facilities years	Occupancy level	Number of leases	Average number of years to next lease break	Average number of years to lease expiry
France	70	1,194	22%	1,808.7	26%	85.0	79.5	7.1%	6.2	97.8%	86	3.4	6.8
Italy	19	334	6%	535.1	8%	26.2	23.9	7.9%	9.4	100.0%	20	6.1	6.4
Spain	13	325	6%	309.5	4%	20.8	22.5	6.4%	5.3	99.8%	21	3.5	6.0
<i>Southern</i>	<i>102</i>	<i>1,853</i>	<i>34%</i>	<i>2,653.2</i>	<i>39%</i>	<i>132.0</i>	<i>125.9</i>	<i>7.1%</i>	<i>6.9</i>	<i>98.5%</i>	<i>127</i>	<i>3.9</i>	<i>6.6</i>
Belgium	5	58	1%	98.3	1%	4.2	4.1	7.3%	3.8	100.0%	5	3.3	10.1
Germany	34	448	8%	592.1	9%	32.7	32.3	7.3%	3.3	99.5%	53	4.2	5.5
Netherlands	27	434	8%	595.0	9%	32.5	32.5	7.5%	6.7	93.5%	40	3.3	3.9
Sweden	5	125	2%	150.7	2%	8.8	7.2	7.1%	10.7	100.0%	6	8.7	10.1
<i>Northern</i>	<i>71</i>	<i>1,065</i>	<i>20%</i>	<i>1,436.1</i>	<i>21%</i>	<i>78.2</i>	<i>76.0</i>	<i>7.3%</i>	<i>6.1</i>	<i>97.1%</i>	<i>104</i>	<i>4.3</i>	<i>5.6</i>
Czech Republic	19	278	5%	383.1	6%	19.0	18.4	6.8%	3.7	96.4%	60	3.4	3.7
Hungary	16	160	3%	222.2	%	11.7	10.8	7.3%	4.5	96.7%	41	3.2	5.4
Poland	43	547	10%	873.9	13%	36.5	36.9	6.6%	4.0	97.7%	132	3.0	3.4
Slovakia	3	67	1%	93.8	1%	4.7	4.6	6.9%	2.5	100.0%	4	2.8	2.9
<i>Central</i>	<i>86</i>	<i>1,053</i>	<i>20%</i>	<i>1,573.1</i>	<i>23%</i>	<i>71.9</i>	<i>70.7</i>	<i>6.8%</i>	<i>3.7</i>	<i>97.4%</i>	<i>237</i>	<i>3.1</i>	<i>3.8</i>
<i>UK</i>	<i>58</i>	<i>1,415</i>	<i>26%</i>	<i>1,227.4</i>	<i>18%</i>	<i>94.3</i>	<i>96.0</i>	<i>6.7%</i>	<i>5.8</i>	<i>100.0%</i>	<i>58</i>	<i>9.1</i>	<i>11.0</i>
TOTAL	317	5,385	100%	6,889.8	100%	376.4	368.6	7.0%	5.4	98.2%	526	5.1	6.9

Vacant space (at ERV per m²)

5.9
374.5

¹⁷ An independent revaluation of the directly owned portfolio is conducted every six months (every 12 months for PEPF II), therefore the combined portfolio valuation at 31 March 2008 is a blend of 31 December 2007 valuations and contribution values deduction of purchasers' costs. In accordance with IFRS fair value accounting, valuations are reported net i.e. after deduction of purchasers' costs.

¹⁸ Annualised rental income means the estimate of annual income based on the gross rental income for leases in place as at 31 December 2007 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

¹⁹ ERV refers to the Estimated Rental Value calculated by the independent third-party appraisers

²⁰ Annualised rental income expressed as a percentage of open market value