

News release

Results for the year ended 31 December 2006

Strong fundamentals drive solid results

Luxembourg – 6 February 2007 – ProLogis European Properties (Euronext: PEPR), Europe's largest owner of modern warehouse distribution facilities, today reports results for the quarter and year ended 31 December 2006.

Highlights

- **Successful completion of IPO in September 2006**
- **Active asset management through acquisitions of €370 million and disposals of €55 million**
- **Well-leased portfolio, with 96.9% occupancy rate and an average 7.1 years to lease expiry**

Quarter to 31 December 2006

Year to 31 December 2006

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| <ul style="list-style-type: none"> • €0.20 distribution for the fourth quarter, implying a 5.3% dividend yield¹ • Adjusted net asset value² per unit for the fourth quarter was €13.97; IFRS net asset value per unit increased 1.7% to €11.88 • 2.2% valuation increase on half of portfolio since 30 June 2006³ • Adjusted earnings⁵ increased 27.0% to €36.3 million for the fourth quarter; IFRS pre-tax profit was €61.5 million • Adjusted earnings per unit⁶ were up 5.6% to €0.19 for the quarter; IFRS earnings per unit were €0.30 for Q4 | <ul style="list-style-type: none"> • €0.89 total distribution per ordinary unit, including pre-IPO allocations • Adjusted net asset value per unit increased 15.5% to €13.97 for the year (2005: €12.10); IFRS net asset value per unit rose 13.5% to €11.88 (2005: €10.47) • Same-store portfolio⁴ valuation increased 11.4% to €3.3 billion • Adjusted earnings rose 26.2% to €135.4 million; IFRS pre-tax profit rose 92.4% to €557.4 million (2005: €289.7million), including revaluation surpluses • Adjusted earnings per unit were up 6.8% for the year to €0.79 (2005: €0.74); IFRS earnings per unit were €2.49 for the year |
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¹ Based on the closing share price on 29 December 2006 of €15.00

² Adjusted net assets per unit excludes deferred tax arising on revaluation movements, purchasers' costs and preferred unitholder equity

³ An independent revaluation of approximately half the portfolio is conducted every six months. 142 properties were valued at 31 December 2006, representing 52% of the portfolio by value before appraisal. The balance of the portfolio will be revalued at 30 June 2007. In accordance with IFRS fair value accounting, valuations are reported net, after the deduction of prospective purchasers' costs.

⁴ The same store portfolio includes all properties owned by PEPR as of 1 January 2005, less subsequent disposals in 2005 and 2006

⁵ PEPR's measure of underlying profit is calculated as IFRS pre-tax profit excluding revaluation surplus, result on disposal of properties, distributions made to preferred unitholders and non-recurring events

⁶ Based on post-tax adjusted earnings

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

“It has been four and a half months since PEPR’s successful listing on Euronext Amsterdam and we are proud to announce a strong set of results for 2006 and our first quarter as a public entity. We have continued to execute our strategy of managing the portfolio to generate capital appreciation and a high level of distributable earnings, as demonstrated by our continuous annual distribution growth since inception.

“Our adjusted net asset value of €13.97, based on the gross market value of the portfolio, more realistically reflects the underlying value of our business than fair value accounting principles. The valuation increase provides further evidence of the high quality and prime location of PEPR’s distribution facilities, the strength of the leases currently in place and our high levels of occupancy, at some 97%.

“The outlook for 2007 is positive given the expected addition of €200 million of fully leased distribution facilities from the ProLogis pipeline of completed properties, at 95% of gross property value⁷, the likelihood of increasing demand for space, and income growth in the majority of our core markets. In addition, we are excited by the potential to grow the business through investment in future ProLogis private equity funds and joint ventures.

“ProLogis European Properties has had an active year and given our business model and expertise we believe we are well positioned to continue to generate growing levels of returns for our investors”.

The Portfolio

At the end of December 2006, PEPR owned 277 distribution facilities located in 11 European countries, comprising some 5.4 million square metres of leasable space.

Independent valuers appraise around half of the portfolio every six months and PEPR has experienced a 2.2% increase in the open market value of the 142 properties appraised as at 31 December 2006.

During 2006, the open market value of the total portfolio increased by €768.6 million, or 22%, to €4.2 billion as a result of €415.2 million net revaluation gain, €370.0 million of additions (21 properties), and €37.1 million of capital expenditure. Disposals of €54.7 million (7 properties) were recorded during the year while currency and other adjustments accounted for the remaining €1.0 million increase.

The acquisitions were all of modern distribution facilities, primarily from the ProLogis pipeline, and were spread across PEPR’s core markets, with five facilities in Poland, four in France and the UK respectively and three in Germany. Of the dispositions, six buildings were located in France and the other in the UK.

The gross yield⁸ of the portfolio at 31 December 2006 decreased to 7.3% (6.9% net yield⁹) from an estimated 8.2% at the end of 2005 (7.8% net yield). In general investment yields in Europe have dropped, with the sharpest reductions occurring in the United Kingdom and Central European markets.

Over the past year ProLogis, the external management company, concluded over 75 lease renewals covering some 255,000 square metres. In addition, the operations team completed 10 lease expansions with existing customers, covering 34,000 square metres.

At the end of the year, total gross annualised rental income was €307.9 million at the end of the year (2005: €284.4 million), compared to an Estimated Rental Value (‘ERV’)¹⁰ of €296.0 million (2005: €280.0 million). The long-term lease profile and customer diversity remains strong, with an

⁷ As valued by independent third party appraisers, without deduction of purchasers’ costs

⁸ Annualised rental income expressed as a percentage of net open market value, i.e. including the deduction of purchasers’ costs

⁹ Annualised rental income expressed as a percentage of gross open market value, i.e. excluding the deduction of purchasers’ costs

¹⁰ ERV refers to the Estimated Gross Annual Rental Value calculated by the independent third party appraisers at 30 June/31 December 2006. As such it is a combination of market rents evident at both measurement dates

occupancy level of some 97%, 34.6% of the leases in place today not expiring before the beginning of 2012 and the largest occupier accounting for only 6.2% of annualised rental income. The customer base comprises almost 400 customers, the most significant of these being third party logistics companies who account for approximately 55.7% of annualised rental income.

Same Store Portfolio

The same store portfolio includes all properties owned by PEPR as of 1 January 2005, less subsequent disposals in 2005 and 2006. This portfolio consists of 217 buildings accounting for 77% of current total open market value, or 78% by area.

	% of portfolio	Q4 2005	Q4 2006	change	Q4 2005	Q4 2006	change	Q4 2005	Q4 2006	change
		Annualised rent in € per leasable m ²			Open Market Value in € per m ²			Occupancy %		
Southern ¹¹	44.6	49.56	49.91	0.7%	574	641	11.7%	96.3	95.9	-0.4%
Northern ¹²	17.0	59.39	56.83	-4.3%	653	728	11.5%	98.8	94.0	-4.9%
Central ¹³	10.2	53.90	52.96	-1.7%	594	666	12.1%	94.5	95.3	0.8%
UK ¹⁴	28.2	87.87	89.31	1.6%	1,302	1,439	10.5%	100.0	100.0	0.0%
Total / Averages	100.0	57.75	57.58	-0.3%	702	782	11.4%	97.1	96.1	-1.0%

On a same store basis, average gross rent per leaseable area have declined marginally, although when adjusted for the slight drop in occupancy levels the gross rent per leased area has increased by 0.7%.

As further evidence of continued yield compression, the value of the same store property pool has increased by 11.4% with individual regions very much in line with this increase. However, indications are that the rate of yield compression will slow in these core markets, with the possible exception of some Central European countries. As such, it is anticipated there will be an overall return to rental growth in the near future.

Adjusted Earnings

Adjusted earnings is PEPR's measure of underlying pre-tax profit and excludes net valuation movements, gains on disposals and other one-off items. Adjusted earnings for the year grew by 26.1% to €135.4 million (2005: €107.3 million). The main reasons for this increase are the additional assets acquired throughout the year and the use of more floating rate debt.

A reconciliation between IFRS profit before tax and adjusted earnings is shown on page 10.

Total Revenue

Rental Income and Other Property Income

Total revenue for the year ending 31 December 2006 was €291.4 million compared to €260.9 million for 2005, representing an increase of 11.7%. This increase was principally accounted for by the net addition of 14 buildings to the portfolio since December 2005.

Expenses

Management Expenses — Property and Fund Related

As an externally managed fund, the majority of PEPR's operating expenses relate to fees paid to ProLogis, the external manager, as outlined in the Management Regulations.

¹¹ Southern Europe comprises France, Italy and Spain

¹² Northern Europe comprises Belgium, Germany, The Netherlands and Sweden

¹³ Central Europe comprises the Czech Republic, Hungary and Poland

¹⁴ Sterling comparative figures have been re-translated at December 2006 rates, using the year-end exchange rate for open market values and an average exchange rate for the year for rental income.

	2006 €'000s	2005 €'000s	Change %
Property management expenses	18,372	15,739	+16.7
Fund management expenses	6,526	5,187	+25.8
	<u>24,898</u>	<u>20,926</u>	<u>+19.0%</u>

As expected, these expenses increased 19% to €24.9 million in 2006 as a direct result of the increased value of the portfolio.

Other Expenses

The €39.3 million cost for the year ended 31 December 2006 includes a one-time charge of €35.1 million in relation to completion of the IPO. Excluding this IPO charge, other operating expenses, including professional, custodian, banking and other fees, were slightly below the prior year at €3.4 million.

Profit on disposal of investment property

As part of our strategy of active asset management, seven buildings were disposed during the year with gross proceeds of €72.5 million resulting in a net profit of €17.8 million when compared with historical cost.

Financial income and expenses

PEPR's financing strategy has predominantly been to utilise commercial mortgage-backed securities ("CMBS") transactions to raise debt and to hedge interest rate exposure under the CMBS facilities by swapping floating rate interest payments to fixed-rate obligations. This combination of CMBS financing and interest rate swaps results in a predictable fixed financing cost for the business.

Financial income

Financial income primarily relates to the interest earned on rent receipts or sales proceeds that are required to be held until the associated debt obligations have been paid. This income rose in 2006 to €4.7 million (2005: €1.7 million) due to higher levels of cash retained in various CMBS pools following property sales.

Financial expenses

Financial expenses comprise interest expense, the periodic amortisation charge of borrowing costs and the impact of currency movements for the period. Overall, financial expenses increased 7.2% to €97.2 million in 2006, primarily as a result of increased borrowings.

Interest expense of €85.0 million in 2006, increased 16.4% from €73.0 million in 2005. This is in line with the increased borrowings to finance acquisitions during 2006, the redemption of €153.2 million of preferred units in September, and the increase in euro and sterling interest rates.

PEPR's weighted average interest rate for the year ended 31 December 2006 was 4.7%, reflecting the extent to which the CMBS issuances have enabled PEPR to maintain stable debt servicing costs despite increased market rates.

At the end of 2006 approximately 65% of debt was subject to an average fixed interest rate of 4.9% which remain in place for the next four years. Currently, we have almost €1.3 billion of CMBS debt in place, with the capacity to borrow a further €680 million, based on current balance sheet strength. Some of this capacity will be utilised in the acquisition of the €200 million portfolio from ProLogis and to invest in its private equity funds and joint ventures.

At 31 December 2006, PEPR's indebtedness as a percentage of its gross property value was 44.7%, down from 45.9% at the end of 2005 primarily as a result of the portfolio revaluation.

The amortisation of financing transaction costs decreased to €12.6 million for the year ended 31 December 2006 from €17.3 million for 2005 as a result of the accelerated write-off of transaction costs

in 2005 relating to debt facilities refinanced with the CMBS issuance undertaken in the first quarter of that year.

Foreign exchange gains and losses reflect realised and unrealised gains and losses on monetary assets, monetary liabilities and fair value hedges. Our primary exposure in this regard is to sterling. In the twelve-month period ending 31 December 2006, net foreign exchange gains were €0.4 million, compared to losses of €0.4 million in the same period in 2005.

Charges for taxation

Tax charges increased to €120.3 million for 2006, up from approximately €53.8 million for 2005, primarily as a result of the deferred tax provision on the valuation adjustment. In 2006 a net deferred tax charge of €106.7 million has been made (2005: €37.3 million).

The effective tax rate on the operating activities of our subsidiaries decreased to 9.7% in 2006 from 10.3% in 2005.

Distributable cash flow

Distributable cash flow increased by 13% to €37.3 million for the fourth quarter of 2006, up from €35.3 million for the same period in 2005. The Management Regulations provide that PEPR distribute substantially all distributable cash flow on a quarterly basis. PEPR has historically made cash distributions on this basis and anticipates continuing to do so in the future, whilst making provisions for anticipated capital expenditures and retaining discretion to reinvest proceeds of disposals made during the quarter.

The Q4 2006 distribution per unit was €0.1974 implying a dividend yield of 5.3% based on the year-end closing price of €15.00. Total distributions for 2006 were equivalent to €0.89 per ordinary unit.

Earnings Webcast and Conference Call:

We would encourage you to access the live webcast, held today, 6 February, at 4pm GMT / 5pm CET, by clicking on the link entitled "Fourth Quarter & Year End 2006 Financial Results Webcast" located on the home page of the ProLogis European Properties website, www.prologis-ep.com.

To participate in the conference call please dial:

- 0800 0517 166 from within the UK
- 800 818 5264 from within the US
- +1 913 981 4910 from outside the UK or the US

Replay Information:

A replay of the conference call and webcast will be available from 7pm GMT / 8pm CET on Tuesday, 6 February 2007 until Tuesday, 20 February 2007. For the conference call replay, please dial either 0800 028 8204 from the UK, +1 719 457 0820 internationally or 888 203 1112 from the US and enter the passcode 4530895. The webcast replay and a transcript of the call will be available in the "Presentations & Webcasts" section of the Investor Relations page of the ProLogis European Properties website, www.prologis-ep.com.

Financial statements and portfolio information

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CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2006

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

	31 December 2006 <i>Unaudited</i>	31 December 2005 <i>Audited</i>
Assets		
<i>Non Current Assets</i>		
Investment in property (see statement of investment in property, page 12)	4,242,418	3,473,808
Property under construction	7,157	7,052
Hedging instruments	38,087	27,148
Deferred tax asset	7,326	5,992
	4,294,988	3,514,000
<i>Current Assets</i>		
Accounts receivable, net	33,913	32,276
Other current assets	94,241	76,457
Cash and cash equivalents	138,049	96,785
	266,203	205,518
Total Assets	4,561,191	3,719,518
Equity		
Capital contributions	1,883,571	1,792,422
Costs of raising capital	(37,721)	(37,721)
Net capital contributed	1,845,850	1,754,701
Profit for the period	436,731	235,325
Net retained earnings	(38,403)	(108,530)
Cumulative foreign currency translation	(5,682)	(20,846)
Cashflow hedge valuation reserve	3,993	(39,300)
Equity attributable to unitholders	2,242,489	1,821,350
Minority interest in subsidiaries	5,625	4,353
Total Equity	2,248,114	1,825,703
Liabilities		
<i>Non-current liabilities</i>		
Interest bearing secured notes	1,269,331	1,262,461
Hedging instruments	10,311	38,648
Interest bearing bank loans, long term portion	159,056	168,341
Deferred taxation	192,774	84,735
	1,631,472	1,554,185
<i>Current liabilities</i>		
Interest bearing bank loans, current portion	534,231	201,162
Accounts payable	12,243	5,415
Due to related parties	5,062	7,404
Income and other taxes payable	14,811	16,457
Accrued expenses and other current liabilities	92,984	86,084
Deferred income	22,274	23,108
	681,605	339,630
Total liabilities	2,313,077	1,893,815
Total equity and liabilities	4,561,191	3,719,518
Equity attributable to ordinary unitholders	2,242,489	1,618,149 ¹⁵
Number of ordinary units	188,687,510	154,500,000
IFRS Net Asset Value per ordinary unit	€11.88	€10.47
Adjusted Net Asset Value per ordinary unit (unaudited)	€13.97	€12.10

¹⁵ Derived from equity attributable to unitholders less preferred equity of €203.2 million

**CONSOLIDATED INCOME STATEMENT
FOR THE THREE AND TWELVE MONTH PERIODS ENDED 31 DECEMBER 2006**

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

	Three months ended 31 December		Twelve months ended 31 December	
	2006 <i>Unaudited</i>	2005 <i>Unaudited</i>	2006 <i>Unaudited</i>	2005 <i>Audited</i>
Rental income	73,234	68,150	286,713	259,079
Other property income	1,382	461	4,716	1,805
Gross rental and property income	74,616	68,611	291,429	260,884
Ground rents paid	(544)	(503)	(2,173)	(2,009)
Property management expenses	(5,002)	(4,200)	(18,372)	(15,739)
Other property rental expenses	(1,443)	(2,325)	(8,007)	(6,851)
Cost of rental activities	(6,989)	(7,028)	(28,552)	(24,599)
Net rental income	67,627	61,583	262,877	236,285
Fund management expenses	(1,815)	(1,458)	(6,526)	(5,187)
Custodian expenses	(39)	(35)	(231)	(69)
Other operating expenses	(2,094)	(927)	(39,316)	(3,889)
Fund expenses	(3,948)	(2,420)	(46,073)	(9,145)
Investment property disposal proceeds	(1,501)	55	72,501	34,596
Carrying value of investment property disposals	89	(52)	(54,682)	(33,910)
Profit/(loss) on disposal of investment properties	(1,412)	3	17,819	686
Gross valuation gains on property, net of disposals	54,111	173,362	471,587	208,781
Gross valuation losses on property, net of disposals	(21,455)	(24,658)	(21,455)	(24,658)
Purchasers costs, net of disposals	(8,626)	(18,887)	(34,894)	(31,485)
Impairment of goodwill	-	-	-	(1,736)
Valuation movements	24,030	129,817	415,238	150,902
Net operating profit before financing cost (EBITDA)	86,297	188,983	649,861	378,728
Finance income	1,395	428	4,673	1,663
Finance expense	(26,183)	(24,997)	(97,174)	(90,663)
Profit before tax	61,509	164,414	557,360	289,728
Income tax expense	(3,268)	(2,257)	(13,557)	(16,568)
Deferred tax expense	(1,817)	(31,088)	(106,705)	(37,259)
Tax expense	(5,085)	(33,345)	(120,262)	(53,827)
Profit for the period	56,424	131,069	437,098	235,901
Attributable to:				
PEPR unitholders	56,304	130,735	436,731	235,325
Minority interest	120	334	367	576
Profit for the period	56,424	131,069	437,098	235,901
IFRS earnings per ordinary unit	€0.30	€0.82	€2.49	€1.52
Earnings per preferred unit	-	€0.17	€0.50	€0.68
Adjusted earnings per unit (unaudited)	€0.19	€0.18	€0.79	€0.74

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE AND TWELVE MONTH PERIODS ENDED 31 DECEMBER 2006**

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

	Three months ended 31 December		Twelve months ended 31 December	
	2006 <i>Unaudited</i>	2005 <i>Unaudited</i>	2006 <i>Unaudited</i>	2005 <i>Audited</i>
Profit before tax	61,509	164,414	557,360	289,728
Adjust for non-cash items and changes in operating assets	(21,336)	(156,245)	(417,649)	(141,861)
Net cash flow from operating activities	40,173	8,169	139,711	147,867
Cash flow from investing activities				
Acquisitions of property	(22,735)	(128,142)	(321,632)	(302,037)
Acquisition of a business net of cash	-	-	-	(20,986)
Capital expenditure on investment property	(10,715)	(6,395)	(37,043)	(21,881)
Property under construction	(2,179)	(7,582)	(13,576)	(13,530)
Proceeds from disposal of investment in property	(1,501)	55	72,501	34,596
Proceeds from insurance claim	-	(427)	-	(427)
Net cash used in investing activities	(37,130)	(142,491)	(299,750)	(324,265)
Cash flow from financing activities				
Proceeds from secured notes:				
- Gross proceeds	(4,645)	-	(4,645)	389,000
- Transaction costs	-	(2,530)	-	(12,734)
Proceeds from bank loans:				
- Gross (repayments)/proceeds	38,766	59,637	321,792	(209,657)
- Transaction costs	-	(3,194)	(220)	(3,194)
Proceeds from capital contributions	-	105,003	200,749	172,500
Redemption of units	-	-	(153,200)	-
Distributions to unitholders	(39,900)	(32,336)	(162,395)	(131,093)
Net cash provided from/(used in) financing activities	(5,779)	126,580	202,081	204,822
Effects of exchange rate changes	2,546	(5,043)	(778)	(401)
Net increase/(decrease) in cash and cash equivalents	(188)	(12,785)	41,266	28,023
Cash and cash equivalents at the beginning of the period	138,237	109,570	96,785	68,762
Cash and cash equivalents at the end of the period	138,049	96,785	138,049	96,785

**CALCULATION OF ADJUSTED EARNINGS
FOR THE THREE AND TWELVE MONTH PERIODS ENDED 31 DECEMBER 2006**

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

	Three months ended 31 December		Twelve months ended 31 December	
	2006 <i>Unaudited</i>	2005 <i>Unaudited</i>	2006 <i>Unaudited</i>	2005 <i>Unaudited</i>
Profit attributable to unitholders of PEPR	56,304	130,735	436,731	235,325
Adjustments for:				
Distributions to preferred unitholders	-	(3,429)	(10,165)	(13,716)
Net valuation movements	(24,030)	(129,817)	(415,238)	(150,902)
Result on disposal of investment properties	1,412	(3)	(17,819)	(686)
Costs related to non-recurring events ¹⁶	795	-	35,148	-
Tax associated with the above adjustments	1,817	31,088	106,705	37,259
Adjusted earnings for the period	36,298	28,574	135,362	107,280
Weighted average number of equivalent ordinary units	188.7m	154.5m	171.6m	145.8m
Adjusted earnings for the period per ordinary unit	€0.19	€0.18	€0.79	€0.74

**CALCULATION OF ADJUSTED NET ASSET VALUE ('NAV')
AS AT 31 DECEMBER 2006**

	31 December 2006		31 December 2005	
	€ million	€ per unit	€ million	€ per unit
Number of ordinary units	188.7m		154.5m	
Net asset value per IFRS financial statements	2,242.5	11.88	1,821.3	11.79
Adjustments for:				
Net asset value attributable to preferred unitholders	-	-	(203.2)	(1.32)
Deferred tax	192.8	1.02	84.7	0.55
Purchasers' costs	201.6	1.07	166.7	1.08
Adjusted NAV	2,636.9	€13.97	1,869.5	€12.10

**FINANCIAL RATIOS
AS AT 31 DECEMBER 2006**

	31 December 2006	31 December 2005
Gross value of real estate portfolio	€4,444.0 million	€3,640.5 million
Debt	€1,984.8 million	€1,670.9 million
Leverage (debt as % gross value of portfolio)	44.7%	45.9%
Average interest	4.7%	4.7%
Average maturity, based on earliest repayment date	2.3 years	3.4 years
Average maturity, based on latest repayment date	4.2 years	5.8 years

¹⁶ Non-recurring events in 2006 relate to the IPO which closed in Q3.

**RECONCILIATION OF PROFIT TO DISTRIBUTABLE CASH FLOW
FOR THE THREE AND TWELVE MONTH PERIODS ENDED 31 DECEMBER 2006**

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

	Three months ended 31 December		Twelve months ended 31 December	
	2006 <i>Unaudited</i>	2005 <i>Unaudited</i>	2006 <i>Unaudited</i>	2005 <i>Unaudited</i>
Profit attributable to unitholders of PEPR	56,304	130,735	436,731	235,325
Adjustments for items per the Management Regulations:				
Rent levelling adjustment	2,110	49	8,863	2,116
Net valuation gains on property, net of disposals	(32,656)	(148,704)	(450,132)	(184,123)
Purchasers costs, net of disposals	8,626	18,887	34,894	31,485
Impairment of goodwill	-	-	-	1,736
Unrealised currency (gains)/losses	166	1,690	2,273	1,024
Amortisation of debt expenses	3,309	3,553	12,635	17,283
Movements on deferred tax balances	1,817	31,088	106,705	37,259
Costs related to non-recurring events	795	-	35,148	-
Repayment of debt	1,412	-	(11,050)	-
Less an allowance for capital and re-letting expenses	(4,558)	(1,982)	(13,082)	(8,600)
Total adjustments	(18,979)	(95,419)	(273,746)	(101,820)
Distributable cash flow	37,325	35,316	162,985	133,505
Distributions made to preferred unitholders	-	(3,429)	(10,165)	(13,716)
Distributable cash flow for ordinary units	37,325	31,887	152,820	119,789
Number of ordinary units outstanding	188.7m	154.5m	171.6m	145.8m
Distributable cash flow per ordinary unit	€0.20	€0.20	€0.89	€0.83

**CONSOLIDATED STATEMENT OF INVESTMENT IN PROPERTY
AS AT 31 DECEMBER 2006**

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

	31 December 2006¹⁷ <i>Unaudited</i>	31 December 2005 <i>Audited</i>
Historic cost		
Cost at the beginning of the period	3,221,938	2,824,575
Asset additions, by way of agreement with ProLogis	333,640	261,479
Asset additions, by way of corporate acquisitions	-	63,850
Other asset additions	22,863	67,532
Capital expenditure	37,043	21,881
Write down of property subject to insurance claim	(17,742)	-
Transfer from property under construction	13,471	8,202
Disposals, by way of direct disposals	(54,682)	(33,910)
Effect of unrealised currency movements	18,779	8,329
	3,575,310	3,221,938
Net unrealised gains related to property		
Net unrealised gains/(losses) at the beginning of the period	251,870	99,232
Gross valuation gains on investment in real estate during the period, less disposals	471,587	208,782
Gross valuation losses on investment in property during the period, less disposals	(21,455)	(24,658)
Deduction for purchasers costs, less disposals	(34,894)	(31,486)
	667,108	251,870
Fair value at the end of the period	4,242,418	3,473,808
Fair value of investment property		
Appraised gross property value at the end of the period	4,444,046	3,640,542
Purchasers costs	(201,628)	(166,734)
	4,242,418	3,473,808
Appraised market value as a percentage of net assets	189%	190%

¹⁷ An independent revaluation of half the portfolio is conducted every six months, therefore the total portfolio valuation at the end of 2006 is a blend of 30 June 2006 and 31 December 2006 figures.

PORTFOLIO OVERVIEW
AS AT 31 DECEMBER 2006

	Number of Distribution Facilities	Open Market Value (OMV) ¹⁸ € million	% of total OMV	Leasable m ²	% of total leasable m ²	Annualised rental income ¹⁹ € million	ERV ²⁰ € million	Yield on OMV ²¹	Average age of Distribution Facilities	Occupancy	Number of leases	Average number of years to next lease break	Average number of years to lease expiry date
France	104	1,242	29%	2,035.9	38%	98.1	93.4	7.9%	10.3	96.0%	334	3.3	6.8
Italy	19	323	8%	509.2	9%	23.4	22.4	7.3%	6.0	97.5%	18	6.6	6.6
Spain	12	279	7%	282.7	5%	18.2	19.3	6.5%	3.9	99.7%	20	3.8	6.8
<i>Southern</i>	<i>135</i>	<i>1,844</i>	<i>44%</i>	<i>2,827.8</i>	<i>52%</i>	<i>139.7</i>	<i>135.1</i>	<i>7.6%</i>	<i>6.7</i>	<i>96.7%</i>	<i>372</i>	<i>4.5</i>	<i>6.7</i>
Belgium	2	21	0%	43.5	1%	1.0	0.9	4.7%	4.9	51.6%	1	5.6	20.8
Germany	22	264	6%	324.1	6%	20.3	19.2	7.7%	2.4	98.1%	32	5.5	6.7
Netherlands	23	370	9%	512.3	10%	28.9	29.2	7.8%	5.5	96.2%	37	4.1	4.2
Sweden	4	101	2%	125.0	2%	7.4	7.0	7.4%	13.0	100.0%	4	10.1	12.3
<i>Northern</i>	<i>51</i>	<i>756</i>	<i>17%</i>	<i>1,004.9</i>	<i>19%</i>	<i>57.6</i>	<i>56.3</i>	<i>7.6%</i>	<i>6.5</i>	<i>95.4%</i>	<i>74</i>	<i>6.3</i>	<i>11.0</i>
Czech Republic	9	112	3%	149.2	3%	8.8	6.9	7.9%	4.3	87.8%	26	2.2	2.5
Hungary	14	132	3%	181.7	3%	10.1	9.8	7.7%	2.9	96.2%	45	4.0	4.9
Poland	24	280	7%	451.8	8%	22.5	19.3	8.0%	4.0	99.3%	67	2.8	3.3
<i>Central</i>	<i>47</i>	<i>524</i>	<i>13%</i>	<i>782.7</i>	<i>14%</i>	<i>41.4</i>	<i>36.0</i>	<i>7.9%</i>	<i>3.7</i>	<i>96.4%</i>	<i>138</i>	<i>3.0</i>	<i>3.6</i>
<i>UK</i>	<i>44</i>	<i>1,118</i>	<i>26%</i>	<i>783.5</i>	<i>15%</i>	<i>69.2</i>	<i>68.7</i>	<i>6.2%</i>	<i>4.8</i>	<i>100.0%</i>	<i>45</i>	<i>7.9</i>	<i>10.5</i>
Total	277	4,242	100%	5,398.9	100%	307.9	296.1	7.3%	6.4	96.9%	629	4.9	7.1
Vacant space (@ ERV per m ²)						8.6	8.6						
Rent incentives and redevelopments						1.8	1.8						
						318.3	306.5	7.5%					

¹⁸ An independent revaluation of half the portfolio is conducted every six months, therefore the total portfolio valuation at the end of 2006 is a blend of 30 June 2006 and 31 December 2006 figures.

¹⁹ Annualised rental income means the estimate of annual income for 2006 based on the rental income for leases in place as at 31 December 2006 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 and does not take into account lease terminations, renewals, replacement of customers or other changes in rent levels in existing leases.

²⁰ ERV refers to the Estimated Gross Annual Rental Value calculated by the independent third party appraisers at 30 June/31 December 2006. As such it is a combination of market rents evident at both measurement dates

²¹ Annualised rental income expressed as a percentage of open market value.

**LEASE BREAK AND MATURITY DATES
AS AT 31 DECEMBER 2006**

	Number of leases with next break option in year	Leased m ² subject to next break option	Annualised rental income ²² of leases subject to first break option (€ m) %		Number of leases with expiry date in year	Leased m ² subject to lease expiry	Annualised rental income ²² of expiring leases (€ m) %	
2006	16	62,877	2.5	0.8	16	62,877	2.5	0.8
2007	174	664,523	37.6	12.2	86	414,732	22.2	7.2
2008	125	826,648	42.5	13.8	85	311,506	17.1	5.6
2009	106	600,491	37.7	12.3	52	281,796	21.1	6.9
2010	57	647,950	38.2	12.4	40	366,626	22.3	7.3
2011	27	343,224	18.0	5.9	44	402,506	20.9	6.8
2012	24	404,253	23.8	7.7	30	347,388	22.0	7.1
2013	15	217,023	12.9	4.2	44	455,168	26.2	8.5
2014	26	457,602	29.3	9.5	47	635,232	35.9	11.7
2015	30	519,275	30.9	10.0	59	763,440	39.8	12.9
2016+	29	486,180	34.5	11.2	126	1,188,775	77.7	25.2
Total	629	5,230,046	307.9	100.0	629	5,230,046	307.9	100.0

**LARGEST 20 CUSTOMERS BY ANNUALISED RENTAL INCOME
AS AT 31 DECEMBER 2006**

Customer Name ²³	Share of annualised rental income	Number of leases
1 Ceva, formerly known as TPG N.V. (TNT Automotive)	6.2%	15
2 DHL (Deutsche Post AG)	5.3%	23
3 NYK Holdings (Nippon Yusen Kaisha)	4.2%	9
4 Geodis	3.2%	12
5 ID Logistics France	2.8%	7
6 PSA Peugeot (Gefco)	2.1%	7
7 FM Logistic	2.1%	5
8 GoodYear/Dunlop	1.8%	2
9 Wincanton Logistics	1.8%	10
10 Brandt Appliances	1.7%	3
11 Kuehne & Nagel	1.5%	6
12 DSV A/S	1.5%	7
13 ND Logistics	1.4%	4
14 Fiege Logistik gruppe	1.4%	7
15 Gillette	1.3%	2
16 Ahold	1.3%	2
17 Schenker (Deutsche Bahn)	1.2%	4
18 Amazon.com Inc	1.1%	1
19 Sainsbury, J	1.1%	2
20 Lear Corporation	1.0%	2
Subtotal of largest 20 customers	44.0%	130
Leases with 386 other customers	56.0%	499
Total	100.0%	629

²² Annualised rental income means the estimate of annual income for 2006 based on the rental income for leases in place as at 31 December 2006 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 and does not take into account lease terminations, renewals, replacement of customers or other changes in rent levels in existing leases.

²³ Customers shown are either actual customers or parent companies of actual customers.