

News release

ProLogis European Properties results for the quarter and nine months ended 30 September 2008

Sustained operational performance drives increased occupancy

Luxembourg – 23 October 2008 – ProLogis European Properties (Euronext: PEPR), Europe's largest owner of modern distribution facilities, today reports results for the quarter and nine months ended 30 September 2008.

Highlights

Quarter to 30 September 2008

- €0.18 distribution per unit, including €0.02 per unit from ProLogis European Properties Fund II
- EPRA net asset value⁽¹⁾ per unit of €11.69, a 1.1% decrease compared to the half year (€11.82); IFRS net asset value per unit was €10.84 (HY 2008: €10.98)
- EPRA earnings⁽¹⁾ decreased to €0.16 per unit (Q3 2007: €0.18 per unit)
- €52.5m additional investment in ProLogis European Properties Fund II
- 21 lease transactions covering 81,000m², increasing directly owned portfolio occupancy to 97.7%

Nine months to 30 September 2008

- €0.57 distribution per unit, returning €107.6 million cash to investors in the form of dividends
- EPRA net asset value per unit decreased €1.04 to €11.69 over the period (2007: €12.73); IFRS net asset value per unit decreased to €10.84 (2007: €11.73)
- EPRA earnings per unit decreased €0.07 to €0.52 (9M07: €0.59); IFRS loss of €0.01 per unit (9M07 earnings: €1.06 per unit)
- €214.4m investment into ProLogis European Properties Fund II
- 60 lease transactions covering 479,400m², compared to 66 transactions covering 434,900m² in the nine months to 30 September 2007⁽²⁾

Commenting on the results, Gordon Keiser, chief executive officer of PEPR, said:

“In the first nine months of 2008, PEPR has maintained strong operational performance and resilient financial results in the face of the global credit crisis and an increasingly uncertain economic outlook. Occupancy in both our directly owned and combined portfolio increased over the third quarter, to 97.7% and 98.5% respectively, reflecting continued occupier demand for large, modern and well-located facilities.

“As we revalue the directly owned portfolio semi-annually, the slight decrease in our EPRA net asset value per unit for the quarter has been primarily related to accounting for our investment in PEPF II. Our strong operating results, stable cash flows from our high-quality portfolio and increasing distributions received from PEPF II enable us to pay a quarterly distribution of €0.18 per unit, in line with our revised guidance for 2008.

“In this challenging financial environment, we believe it is prudent to conserve liquidity and have reviewed a number of options to realise this including the refinancing of 2009 debt maturities and the advancing of our property disposal programme once real estate markets improve.”

¹ Based on EPRA (European Public Real Estate Association) *Best Practices Policy Recommendations*, issued in May 2008

² Excluding 35 leases, covering 36,200 square metres related to the Garonor portfolio sold in July 2007

Guidance

Management has maintained their distribution guidance level for 2008, as updated in July 2008, of between €0.76 and €0.80 cents per unit for the year.

In response to the current economic environment, management has accelerated its business plan with regards to financing and asset disposals. As such, guidance for 2009 will be provided with the Fourth Quarter and Year End 2008 results.

Portfolio performance

At the beginning of the quarter, PEPR sold Zibido DC1, a 12,800 square metre distribution facility near Milan, for a gross consideration of €6.4 million. Including the lease surrender premium received, the total proceeds represented a premium to the latest NAV of over 14%.

In the normal course of business, PEPR would expect to sell €75 to €100 million of assets per annum, on average. Given current market conditions this process slowed in 2008, however PEPR plans to continue its disposal programme once liquidity returns to the market and assuming satisfactory pricing can be achieved.

Within the directly owned portfolio ProLogis, as PEPR's external manager, completed 21 lease transactions covering 81,000 square metres during the third quarter with the majority of leases at annualised rental levels in line with or above the previous lease terms. 5 of the 7 new leases, or 23,000 square metres of 49,000 square metres, were in Central Europe with existing customers, such as DHL, L'Oreal and Gefco. 14 leases were renewed, with seven leases incorporating minor extensions, covering a total of 32,000 square metres. These renewals include a nine year lease to DHL in Moerdijk for 14,600 square metres.

As a result of this activity, the combined portfolio of PEPR and PEPF II at the end of September comprised 364 distribution facilities, covering some 8.0 million square metres across 12 European countries with an open market value of €6.0 billion. The risk profile of both portfolios remains highly attractive, providing a combined occupancy level of 98.5%, a diversified customer base, and on average 4.8 years to next lease break or 6.7 years to lease expiry. Summaries of the directly owned, PEPF II and Combined portfolios are shown on pages 24 to 26.

Of the 19 lease breaks and expiries remaining in 2008, in the directly owned portfolio, 5 have been exercised, equating to €3.7 million of annualised rental income. Furthermore, of the 12 lease breaks or expiries due in Q1, 68% by value will not be exercised.

ProLogis European Properties Fund II ("PEPF II")

PEPR has committed to invest up to a total of €900 million in PEPF II by August 2010. Investments are made as called for by PEPF II, and PEPR anticipates investing €60 to 70 million per quarter on average over the remaining period, with contributions from the ProLogis development pipeline typically weighted towards the fourth quarter. Neither PEPR nor any other PEPF II investor can withhold or delay investments into PEPF II without incurring punitive penalties.

PEPR invested a further €52.5 million into PEPF II in the third quarter, increasing its gross investment in PEPF II to €347.7 million and maintaining its 30% ownership in the fund. While the current market environment continues to be challenging, PEPR is a long-term business focused on cash flow generation and believes that prime logistics assets will withstand economic cycles with less volatility than most other real estate classes. Given the difficulty in sourcing suitable and sufficient opportunities in the open market, management are satisfied that investing indirectly in new, fully leased distribution facilities in prime locations at market price is an attractive use of capital over the long-term.

During the third quarter, PEPF II acquired €395.9 million of modern distribution facilities, covering 548,500 square metres, in six European countries, representing a 7.1% gross yield on investment. Four of the 25 buildings were sourced from third-parties with the remainder contributed from the ProLogis development pipeline. On average, the 25 facilities are two years old, 99.9% leased to Pan-European customers, such as Kuehne + Nagel, Schenker, Schneider Electric and Wincanton,

and have 7.7 years to lease expiry, or 5.4 years to lease break.

35 buildings or €471 million of properties in the PEPF II portfolio were revalued during the third quarter with net market values decreasing by 7.1% since contribution.

PEPR received a €4.4 million distribution from PEPF II in the third quarter, a substantial increase over the second quarter distribution of €3.5 million, reflecting the addition of 23 facilities in the second quarter and to a lesser extent the 25 facilities acquired in the third quarter.

For the nine months to end September 2008, PEPR has received €9.7 million of distributions from PEPF II corresponding to a 5.7% annualised cash return³, on target to achieve our expected income return of 6.5% to 7% on average per annum on a ten-year time horizon.

Market outlook

While the macro-economic and general real estate sector outlook is clearly challenging, the logistics sector has so far shown resilience in the face of global stresses. Occupier demand across most markets has remained steady, although customers are taking longer to make decisions.

Market yields are increasing across Europe, with those in the UK having experienced the sharpest correction. However, the continental markets continue to show higher occupancy levels while new supply is decreasing.

Management is confident that it will be able to continue to deliver strong operational performance, to successfully manage the business' financial position and deliver value to unitholders.

Financial results

PEPR, in conjunction with its external auditors, has changed the accounting treatment for a number of items in the financial statements following the review of the interim 2008 results. These changes relate to:

1. Profit/Loss on disposal of investment properties
2. Share of gain/loss of an associate
3. Property fair value movements

Overall, these changes have no impact on distributions and have limited impact on EPRA earnings and net asset values.

As a result, PEPR has restated the comparative income statements and balance sheets as well as the EPRA and distributable cash flow calculations for September 2007, December 2007 and June 2008. Reconciliation between prior and restated disclosures are provided on pages 27 to 34.

In addition, PEPR has improved transparency through the provision of a more comprehensive statement of changes in equity and additional disclosure on its investment in PEPF II. Pages 21 to 23 contain a summarised income statement, balance sheet and overview of debt facilities for PEPF II and the statement of movement in investment in an associate, on page 14, provides a reconciliation of PEPF II's results to what PEPR has recorded in its financial statement.

Earnings

PEPR reported an IFRS gain for the third quarter of €18.5 million, compared to €80.3 million for the same period last year. This decline mainly relates to the gain on sale of the Garonor portfolio in 2007, higher interest expense in 2008 and the fair value adjustment associated with the investment in PEPF II.

EPRA earnings, a measure of underlying profitability, were €30.8 million for the quarter, or €0.16 per unit, a decrease from €35.1 million or €0.18 per unit for the same period last year, related primarily to increased interest expense.

³ Based on a time weighted cash investment

PEPR reported an IFRS loss for the nine months to September 2008 of €1.0 million compared to a €202.1 million gain for the same period last year. This is largely due to the impact of unrealised valuation losses in 2008 of €113.1 million compared to €55.1 million of unrealised valuation gains, a movement of €168.2 million. Additionally, PEPR recorded a €38.3 million gain on disposal of the Garonor portfolio in 2007.

EPRA earnings for the nine months decreased by €12.9 million, from €112.2 million to €99.2 million, primarily due to the inclusion in last year's results of an exceptionally large UK lease termination receipt of €6.0 million. Total revenue for the period fell €20.7 million offset largely by dividends received from PEPF II of €9.8 million and a €4.3 million decrease in fund expenses

Total revenue

Third quarter rental and other property income of €73.7 million, remained in line with the same period last year. Underlying rental income is down compared to last year due mainly to the Garonor portfolio sale in July 2007, three customer defaults in the first half of 2008 and the devaluation of sterling. Offsetting this shortfall is a combination of increased occupancy levels and release of further rent indemnifications received when properties were acquired.

Rental and property income for the nine months to September 2008 reduced by €19.4 million to €221.7 million, primarily related to the loss of €13.3 million in rents following the sale of the Garonor portfolio and a €5.5 million decline in UK sourced income due to the weaker sterling.

Operating expenses

Total operating expenses comprise the cost of operating the portfolio and managing PEPR as a fund.

| | Nine months to 30 September | | Change |
|---|------------------------------------|----------------------|---------------|
| | 2008 | 2007 | |
| | €'000 | €'000 | % |
| Cost of rental activities, including property management fees | 25,078 | 22,788 | 10.0% |
| Fund expenses, including fund management fees | 9,159 | 13,440 | |
| Reversal of provision for incentive fee | - | (5,241) | |
| | <u>9,159</u> | <u>8,199</u> | 11.7% |
| Underlying operating expenses | <u>34,237</u> | <u>30,987</u> | 10.5% |

Cost of rental activities includes ground rents paid, property management fees, the provision for bad debt and other non-recoverable property related expenses, such as property insurance and property tax. During the nine months to September 2008 PEPR provided for €2.8 million of bad debt expense, including €2.4 million related to customer defaults in the first half of the year. Property management fees are correlated to the gross value of the directly owned portfolio and as such has declined €1.2 million compared to the same period last year.

Fund expenses include the non-property related costs associated with our business, including fund management, custodian and professional fees. During the nine months, €1.0 has been expensed for non reclaimable VAT. Fund management fees are also correlated to the gross value of the directly owned portfolio and as such have declined €0.4 million compared to the same period last year.

At the end of September 2007, the incentive fee had been estimated at €5.2 million for the period from IPO to that date and was provided for in the nine months results. Following subsequent portfolio revaluations, this hurdle rate was no longer exceeded and the provision was reversed. There is no current accrual for the incentive fee.

Profit on disposal of investment properties

Net profit on disposal for the third quarter of €0.9 million relates to the sale of Zibido DC1, a 12,800

square metre distribution facility near Milan, and will be distributed as part of the Q3 dividend.

For the nine months to 30 September, profit on disposals also includes a €0.6 million gain related to a land sale in Hungary.

Property fair value movements

Total property fair value movements for the nine months resulted in a net loss of €113.1 million, comprising €37.5 million of revaluation gains, €155.3 million of revaluation losses and a €4.7 million reduction in PEPR's purchasers' cost provision.

There were no portfolio revaluations carried out in the third quarter for the directly owned portfolio.

Investment fair value movements

PEPR recorded a €6.2 million negative fair value adjustment for the first nine months of 2008 relating to its investment in ProLogis European Properties Fund II. PEPR's share of the operating income was more than offset by its share of the purchaser's costs on the 75 properties acquired by PEPF II in 2008 and its share of PEPF II's portfolio revaluation losses for the period which had partially been provided for at the end of 2007.

PEPR received €4.4 million of distributions from PEPF II for the third quarter, taking distributions for the nine months to €9.8 million.

Financing and debt

Interest income of €4.3 million for the nine months of 2008 showed a €0.8 million increase over the comparable period, relating to the higher level of cash on deposit during the second and third quarters.

Interest expense of €80.2 million for the nine months increased by €6.7 million compared to the same period in 2007, primarily related to the PEPR's refinanced debt structure and the increase in interest rates over the past year.

The weighted average interest rate for the nine months ended 30 September 2008 was 5.25% (9M07: 4.9%). At the end of September 2008, 65.1% of PEPR's debt is at fixed rates of interest, with the remaining floating debt based on Euribor or sterling 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 covering Central European properties.

Amortisation charges for the nine months decreased substantially to €4.7 million (2007: €7.2 million) due to the termination of two Commercial Mortgage Backed Securities facilities in the third quarter of 2007.

Total outstanding debt at the end of September 2008 was €2.1 billion, an 11.8% increase since the end of 2007 (€1.9 billion), mainly due to the €214.4 million investment into PEPF II. The €300 million revolving portion of the senior unsecured facility has not yet been utilised and PEPR has €98.6 million cash on its Balance Sheet. An overview of PEPR's outstanding debt is on page [19].

At the end of September, PEPR's loan to value was 48.0%, without the consideration of the use of cash on hand, as compared to 48.4% at the end of June (2007: 43.3%) and remains well within the 60% limit as set out in our Management Regulations.

Tax

The overall tax recorded in the Income Statement for the nine months is a credit of €10.0 million, comprising current income tax expense of €15.9 million offset by a large deferred tax credit of €25.9 million. The deferred tax credit results primarily from the decline in the valuation of the portfolio in June which lead to a partial reversal of deferred tax liabilities previously recorded on unrealised revaluation gains.

The current income tax expense of €15.9 million for the nine months represents a 7.5% decrease

over the prior year expense of €17.2 million and represents a consolidated effective tax rate of 13.0% for the nine months to September 2008 compared to 12.0% for the same period last year.

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 or other obligations and retaining discretion to reinvest gains on disposals. In compliance with our Management Regulations, PEPR pays all distributions quarterly from operational cash flow.

The third quarter distribution per unit is €0.183166, including €0.02 relating to income from PEPR's investment in PEPF II. Distributions for the nine months equalled €0.57 per unit, returning €107.6 million of cash to unitholders.

The third quarter distribution will have an ex-dividend date of 27 October 2008, a record date of 29 October 2008 and a payment date of 5 November 2008.

Earnings webcast and conference call details:

We invite you to access the live presentation webcast and conference call, held today, 23 October 2008, at 4pm BST/5pm CET, by clicking on the link entitled "Third 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> |
|-----------------|------------------|----------------------|
| 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 | -- |

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

A replay of the conference call will be available from 7pm GMT/8pm CET on Thursday 23 October 2008 until Wednesday 5 November 2008. To access the conference call replay, please dial one of the following numbers, using passcode 67207012#:

| | <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 | |

Financial statements and portfolio information

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

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PEPR financial statements

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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

PROLOGIS EUROPEAN PROPERTIES

CONSOLIDATED INCOME STATEMENT

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

| Year ended | | Three months ended | |
|-------------------------|--|------------------------------|------------------------------|
| 31 December 2007 | | 30 September 2008 | 30 September 2007 |
| <i>Restated</i> | | <i>Unaudited</i> | <i>Restated</i> |
| 299,879 | Rental income | 73,705 | 73,105 |
| 10,321 | Other property income | 32 | 738 |
| 310,200 | Total revenue | 73,738 | 73,843 |
| (2,273) | Ground rents paid | (623) | (573) |
| (20,176) | Property management fees | (4,579) | (11,798) |
| (7,472) | Other property rental expenses | (3,277) | 5,024 |
| (29,921) | Cost of rental activities | (8,479) | (7,347) |
| 280,279 | Gross profit | 65,259 | 66,496 |
| (6,690) | Fund management fees | (1,532) | (1,702) |
| (253) | Fund custodian fees | (79) | (59) |
| (4,226) | Other operating expenses | (1,924) | (1,050) |
| - | Provision for fund incentive fee | - | (697) |
| (11,169) | Fund expenses | (3,535) | (3,508) |
| 376,197 | Investment property disposal proceeds | 7,064 | 371,310 |
| (333,028) | Fair value of investment property disposals | (6,173) | (316,407) |
| 43,169 | Profit on disposal of investment properties | 891 | 54,903 |
| 146,459 | Gross valuation gains on property | - | - |
| (105,521) | Gross valuation losses on property | (1,018) | (11,301) |
| (27,300) | Purchasers costs | - | - |
| 13,638 | Property fair value movements | (1,018) | (11,301) |
| 325,917 | Earnings before share of an associate, interest and tax | 61,597 | 106,590 |
| 4,772 | Finance income | 1,835 | 1,537 |
| (101,842) | Finance costs | (29,718) | (25,022) |
| (22,790) | Share of gain / (loss) of an associate | (5,998) | - |
| 206,057 | Earnings before tax | 27,716 | 83,105 |
| (20,978) | Current income tax expense | (6,157) | (4,250) |
| 2,826 | Deferred income tax (expense)/credit | (3,106) | 1,427 |
| (18,152) | Charge for taxation | (9,263) | (2,823) |
| 187,905 | Net earnings for the period | 18,453 | 80,282 |
| | Attributable to: | | |
| 186,918 | Unitholders | 18,262 | 79,790 |
| 987 | Minority interest | 191 | 492 |
| 187,905 | Net earnings for the period | 18,453 | 80,282 |
| €0.98 | IFRS earnings per ordinary unit | €0.10 | €0.42 |
| €0.80 | EPRA earnings per ordinary unit | €0.16 | €0.18 |

PROLOGIS EUROPEAN PROPERTIES

CONSOLIDATED INCOME STATEMENT

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

| Year ended | | Nine months ended | |
|------------------|--|----------------------|----------------------|
| 31 December 2007 | | 30 September 2008 | 30 September 2007 |
| <i>Restated</i> | | <i>Unaudited</i> | <i>Restated</i> |
| 299,879 | Rental income | 221,487 | 232,280 |
| 10,321 | Other property income | 195 | 8,741 |
| 310,200 | Total revenue | 221,682 | 241,021 |
| (2,273) | Ground rents paid | (1,951) | (1,695) |
| (20,176) | Property management fees | (14,145) | (15,321) |
| (7,472) | Other property rental expenses | (8,982) | (5,772) |
| (29,921) | Cost of rental activities | (25,078) | (22,788) |
| 280,279 | Gross profit | 196,604 | 218,233 |
| (6,690) | Fund management fees | (4,700) | (5,080) |
| (253) | Fund custodian fees | (160) | (164) |
| (4,226) | Other operating expenses | (4,299) | (2,955) |
| - | Provision for fund incentive fee | - | (5,241) |
| (11,169) | Fund expenses | (9,159) | (13,440) |
| 376,197 | Investment property disposal proceeds | 27,698 | 376,197 |
| (333,028) | Fair value of investment property disposals | (26,221) | (333,028) |
| 43,169 | Profit on disposal of investment properties | 1,477 | 43,169 |
| 146,459 | Gross valuation gains on property | 37,471 | 86,831 |
| (105,521) | Gross valuation losses on property | (155,250) | (7,129) |
| (27,300) | Purchasers costs | 4,715 | (24,590) |
| 13,638 | Property fair value movements | (113,064) | 55,112 |
| 325,917 | Earnings before share of an associate, interest and tax | 75,858 | 303,074 |
| 4,772 | Finance income | 4,280 | 3,477 |
| (101,842) | Finance costs | (84,918) | (78,497) |
| (22,790) | Share of gain / (loss) of an associate | (6,191) | - |
| 206,057 | Earnings / (loss) before tax | (10,971) | 228,054 |
| (20,978) | Current income tax expense | (15,921) | (17,217) |
| 2,826 | Deferred income tax (expense)/credit | 25,945 | (8,744) |
| (18,152) | Charge for taxation | 10,024 | (25,961) |
| 187,905 | Net earnings / (loss) for the period | (947) | 202,093 |
| | Attributable to: | | |
| 186,918 | Unitholders | (1,414) | 201,350 |
| 987 | Minority interest | 467 | 743 |
| 187,905 | Net earnings / (loss) for the period | (947) | 202,093 |
| €0.98 | IFRS earnings per ordinary unit | (€0.01) | €1.06 |
| €0.80 | EPRA earnings per ordinary unit | €0.52 | €0.59 |

PROLOGIS EUROPEAN PROPERTIES
CONSOLIDATED BALANCE SHEET
(Unless otherwise stated, amounts are expressed in thousands of euros)

| 31 Dec. 2007 <i>Restated</i> | | 30 September | | 30 June 2008 <i>Restated</i> |
|---------------------------------|---|--------------------------|-------------------------|---------------------------------|
| | | 2008 <i>Unaudited</i> | 2007 <i>Restated</i> | |
| | Assets | | | |
| | <i>Non Current Assets</i> | | | |
| 4,143,109 | Investment in property | 3,937,126 | 4,187,946 | 3,945,297 |
| 14,050 | Property under construction | 134 | 6,508 | 45 |
| 107,931 | Investment in an associate | 300,338 | 82,350 | 258,644 |
| 48,577 | Hedging instruments | 64,376 | 32,936 | 73,886 |
| 7,740 | Deferred tax asset | 6,713 | 7,117 | 7,838 |
| <u>4,321,407</u> | | <u>4,308,687</u> | <u>4,316,857</u> | <u>4,285,710</u> |
| | <i>Current Assets</i> | | | |
| 1,294 | Due from related parties | 4,446 | - | 3,514 |
| 44,533 | Accounts receivable, net | 42,744 | 43,595 | 44,622 |
| 49,900 | Other current assets | 49,246 | 86,443 | 42,355 |
| 78,680 | Cash and cash equivalents | 98,584 | 123,822 | 131,440 |
| <u>174,407</u> | | <u>195,020</u> | <u>253,860</u> | <u>221,931</u> |
| <u>4,495,814</u> | Total assets | <u>4,503,707</u> | <u>4,570,717</u> | <u>4,507,641</u> |
| | Equity | | | |
| 1,911,810 | Capital contributions | 1,911,810 | 1,911,810 | 1,911,810 |
| (37,721) | Costs of raising capital | (37,721) | (37,721) | (37,721) |
| <u>1,874,089</u> | Net capital contributed | <u>1,874,089</u> | <u>1,874,089</u> | <u>1,874,089</u> |
| 418,533 | Net retained earnings | 309,469 | 474,939 | 326,104 |
| (71,440) | Cumulative foreign currency translation | (120,508) | (24,057) | (121,599) |
| 15,250 | Cash flow hedge valuation reserve | 9,678 | 1,343 | 19,812 |
| (1,335) | Equity items of an associate | (7,402) | - | (7,005) |
| <u>2,235,097</u> | Equity attributable to unitholders | <u>2,065,325</u> | <u>2,326,314</u> | <u>2,091,401</u> |
| 6,612 | Minority interest in subsidiaries | 7,079 | 7,778 | 6,888 |
| <u>2,241,709</u> | Total equity | <u>2,072,404</u> | <u>2,334,092</u> | <u>2,098,289</u> |
| | Liabilities | | | |
| | <i>Non-current liabilities</i> | | | |
| 874,574 | Interest bearing secured notes | 877,829 | 911,105 | 876,744 |
| 491,168 | Interest bearing unsecured notes | 491,721 | - | 491,442 |
| 534,086 | Interest bearing long-term bank loans, net of current portion | 733,381 | 156,148 | 734,150 |
| - | Fund incentive fee | - | 5,241 | - |
| 1,885 | Hedging instruments | 334 | 6,875 | - |
| 190,362 | Deferred taxation | 161,277 | 201,309 | 161,409 |
| <u>2,092,075</u> | | <u>2,264,542</u> | <u>1,280,678</u> | <u>2,263,745</u> |
| | <i>Current liabilities</i> | | | |
| 2,099 | Interest bearing bank loans, current portion | 1,637 | 806,416 | 1,925 |
| 8,558 | Accounts payable | 6,426 | 10,728 | 3,453 |
| 9,289 | Due to related parties | 8,602 | 8,731 | 7,341 |
| 17,570 | Income and other taxes payable | 15,345 | 18,098 | 12,029 |
| 93,610 | Accrued expenses and other current liabilities | 108,186 | 86,491 | 95,184 |
| 30,904 | Deferred income | 26,565 | 25,483 | 25,675 |
| <u>162,030</u> | | <u>166,761</u> | <u>955,947</u> | <u>145,607</u> |
| <u>2,254,105</u> | Total liabilities | <u>2,431,303</u> | <u>2,236,625</u> | <u>2,409,352</u> |
| <u>4,495,814</u> | Total equity and liabilities | <u>4,503,707</u> | <u>4,570,717</u> | <u>4,507,641</u> |
| €11.73 | IFRS NAV per ordinary unit | €10.84 | €12.21 | €10.98 |
| €12.73 | EPRA NAV per ordinary unit | €11.69 | €13.27 | €11.82 |

PROLOGIS EUROPEAN PROPERTIES

CALCULATION OF EPRA EARNINGS

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

| Year ended | | Three months ended | |
|-------------------------|---|---------------------------|--------------------------|
| 31 December 2007 | | 30 September 2008 | 30 September 2007 |
| <i>Restated</i> | | <i>Unaudited</i> | <i>Restated</i> |
| 186,918 | Net earnings attributable to unitholders for the period | 18,262 | 79,790 |
| | Adjustments for: | | |
| (13,638) | Revaluation movements on investment properties and development properties | 1,017 | 11,301 |
| 22,790 | Movements in share of net assets of an associate | 5,998 | - |
| 1,259 | Distributions from an associate | 4,446 | - |
| (43,172) | Profit on disposal of investment properties, net of tax | (906) | (54,905) |
| (2,409) | Deferred tax effects arising on revaluation of investment properties | 2,021 | (1,215) |
| 644 | Minority interest in respect of the above | (1) | 129 |
| 152,392 | EPRA earnings for the period | 30,837 | 35,100 |
| 190,522,441 | Weighted average number of ordinary units | 190,522,441 | 190,522,441 |
| €0.80 | EPRA earnings per unit for the period | €0.16 | €0.18 |

CALCULATION OF EPRA EARNINGS

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

| Year ended | | Nine months ended | |
|-------------------------|---|--------------------------|--------------------------|
| 31 December 2007 | | 30 September 2008 | 30 September 2007 |
| <i>Restated</i> | | <i>Unaudited</i> | <i>Restated</i> |
| 186,918 | Net earnings /(losses) attributable to unitholders for the period | (1,414) | 201,350 |
| | Adjustments for: | | |
| (13,638) | Revaluation movements on investment properties and development properties | 113,064 | (55,112) |
| 22,790 | Movements in share of net assets of an associate | 6,191 | - |
| 1,259 | Distributions from an associate | 9,750 | - |
| (43,172) | Profit on disposal of investment properties, net of tax | (2,008) | (43,172) |
| (2,409) | Deferred tax effects arising on revaluation of investment properties | (26,441) | 8,747 |
| 644 | Minority interest in respect of the above | 102 | 379 |
| 152,392 | EPRA earnings for the period | 99,244 | 112,192 |
| 190,522,441 | Weighted average number of ordinary units | 190,522,441 | 190,522,441 |
| €0.80 | EPRA earnings per unit for the period | €0.52 | €0.59 |

PROLOGIS EUROPEAN PROPERTIES

CALCULATION OF EPRA NET ASSET VALUE

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

| 31 Dec. 2007 <i>Restated</i> | | 30 September | | 30 June 2008 <i>Restated</i> |
|---------------------------------|--|--------------------------|--------------------------|---------------------------------|
| | | 2008 <i>Unaudited</i> | 2007 <i>Unaudited</i> | |
| 2,235,097 | Net asset value attributable to unitholders per IFRS financial statements | 2,065,325 | 2,326,314 | 2,091,401 |
| | Adjustments for: | | | |
| 190,362 | Deferred tax | 161,277 | 201,309 | 161,409 |
| 2,425,459 | EPRA net asset value | 2,226,602 | 2,527,623 | 2,252,810 |
| 190,522,441 | Number of ordinary units | 190,522,441 | 190,522,441 | 190,522,441 |
| €12.73 | EPRA net asset value per unit | €11.69 | €13.27 | €11.82 |

FINANCIAL RATIOS

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

| 31 Dec. 2007 <i>Restated</i> | | 30 September | | 30 June 2008 <i>Restated</i> |
|---------------------------------|--|-----------------------------------|--------------------------|---------------------------------|
| | | 2008 <i>Unaudited</i> | 2007 <i>Unaudited</i> | |
| €4,348.9m | Gross value of real estate portfolio | €4,132.4m | €4,392.7m | €4,140.9m |
| €107.9m | Investment in associate | €300.3m | €82.3m | €258.6m |
| €4,456.8m | Total value | €4,432.7m | €4,475.0m | €4,399.5m |
| €1,928.5m | Debt (excluding unamortised transaction costs) | €2,126.1m | €1,886.8m | €2,127.3m |
| 43.3% | LTV (debt as percentage of total value) | 48.0% | 42.2% | 48.4% |
| 3.8 years | Average maturity, based on earliest repayment date | 3.0 years | 1.5 years | 3.2 years |
| 5.1 years | Average maturity, based on latest repayment date | 4.2 years | 3.0 years | 4.5 years |
| | | Nine months ended 30 Sept. | | Six months ended |
| | | 2008 | 2007 | 30 June 2008 |
| 5.1% | Average interest rate | 5.3% | 4.9% | 5.2% |

PROLOGIS EUROPEAN PROPERTIES
CONSOLIDATED STATEMENT OF INVESTMENT IN PROPERTY
(Unless otherwise stated, amounts are expressed in thousands of euros)

| 31 Dec. 2007 <i>Restated</i> | | 30 September | | 30 June 2008 <i>Restated</i> |
|---------------------------------|--|--------------------------|-------------------------|---------------------------------|
| | | 2008 <i>Unaudited</i> | 2007 <i>Restated</i> | |
| | Historic cost | | | |
| 3,575,310 | Cost at the beginning of the period | 3,435,805 | 3,575,310 | 3,435,805 |
| 215,873 | Asset additions, by way of agreement with ProLogis | - | 215,873 | - |
| 18,474 | Asset additions, by way of corporate acquisition | - | 18,474 | - |
| 52,178 | Capital expenditure | 4,868 | 43,054 | 3,821 |
| 2,446 | Transfer from property under construction | 2,440 | - | 2,440 |
| (375,032) | Disposals, by way of direct disposals | (8,531) | (375,032) | (2,610) |
| (53,444) | Effect of unrealised currency movements | (82,836) | (44,646) | (77,857) |
| <u>3,435,805</u> | Cost at the end of the period | <u>3,351,746</u> | <u>3,433,033</u> | <u>3,361,599</u> |
| | Net unrealised gains related to property | | | |
| 667,108 | Net unrealised gains at the beginning of the period | 707,304 | 667,108 | 707,304 |
| 146,459 | Gross valuations gains on investment in real estate during the period | 37,471 | 86,831 | 37,471 |
| (105,521) | Gross valuations losses on investment in real estate during the period | (155,250) | (7,129) | (154,233) |
| (27,300) | Deduction for purchasers' costs | 4,715 | (24,590) | 4,715 |
| 42,004 | Reversal of prior years' revaluation (gain) / loss provisions on disposals | (2,067) | 42,004 | (1,930) |
| (15,446) | Effect of unrealised currency movements | (6,793) | (9,311) | (9,629) |
| <u>707,304</u> | Net unrealised gains at the end of the period | <u>585,380</u> | <u>754,913</u> | <u>583,698</u> |
| <u>4,143,109</u> | Fair value at the end of the period | <u>3,937,126</u> | <u>4,187,946</u> | <u>3,945,297</u> |
| | Fair value of investment property | | | |
| 4,348,888 | Appraised gross property value at the end of the period | 4,132,428 | 4,392,662 | 4,140,944 |
| (205,779) | Purchasers' costs | (195,302) | (204,716) | (195,647) |
| <u>4,143,109</u> | Fair value at the end of the period | <u>3,937,126</u> | <u>4,187,946</u> | <u>3,945,297</u> |
| 185% | Appraised market value as a percentage of net assets | 184% | 181% | 185% |

PROLOGIS EUROPEAN PROPERTIES

STATEMENT OF MOVEMENT IN INVESTMENT IN AN ASSOCIATE

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

| Period ended 31 December 2007⁴ <i>Restated</i> | | Nine months ended 30 Sept 2008 <i>Unaudited</i> |
|---|---|---|
| - | Investment at beginning of period | 107,931 |
| 133,350 | Additions | 214,381 |
| - | Disposals | - |
| (22,790) | Share of profit/(loss) after taxation | (6,191) |
| (1,294) | Distributions received | (9,750) |
| (1,052) | Transaction costs | 355 |
| - | Hedging movements | (49) |
| (283) | Cumulative foreign exchange translation | (6,339) |
| 107,931 | Investment at period end | 300,338 |

⁴ Period from fund inception on 14 August 2007.

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 2007 | | 30 September 2008 | 30 September 2007 |
| <i>Restated</i> | | <i>Unaudited</i> | <i>Restated</i> |
| 206,057 | Earnings before tax | 27,716 | 83,105 |
| (19,927) | Adjustment for non-cash items and changes in operating assets | 72,520 | (26,055) |
| 186,130 | Net cash flow from operating activities | 100,236 | 57,050 |
| | Cash flow from investing activities | | |
| (206,108) | Acquisitions of property | - | (14,223) |
| (133,350) | Investment in an associate | (52,500) | (82,350) |
| - | Distributions from an associate | 3,514 | - |
| (54,624) | Capital expenditure on investment property | (1,018) | (11,301) |
| (6,893) | Property under construction | (89) | (112) |
| - | Proceeds from disposal of property under construction | - | - |
| 376,197 | Proceeds from disposal of investment in property | 10,867 | 371,310 |
| 18,029 | Proceeds from insurance claim | 3,499 | 5,510 |
| (6,749) | Net cash provided from/(used in) investing activities | (35,726) | 268,834 |
| | Cash flow from financing activities | | |
| | Proceeds from secured notes: | | |
| (404,324) | Gross proceeds/(repayments) | - | (340,824) |
| - | Transaction costs | - | - |
| | Proceeds from bank loans: | | |
| 330,712 | Gross proceeds/(repayments) | (2,858) | 78,279 |
| - | Transaction costs | - | - |
| (162,872) | Distributions to unitholders | (35,407) | (38,240) |
| (236,484) | Net cash used from financing activities | (38,265) | (300,785) |
| (2,266) | Effects of changes in exchange rates | 269 | 5,655 |
| (59,369) | Net increase/(decrease) in cash and cash equivalents | 26,514 | 30,754 |
| 138,049 | Cash and cash equivalents at the beginning of the period | 72,070 | 93,068 |
| 78,680 | Cash and cash equivalents at the end of the period | 98,584 | 123,822 |

PROLOGIS EUROPEAN PROPERTIES

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 | | 30 September 2008 | 30 September 2007 |
| <i>Restated</i> | | <i>Unaudited</i> | <i>Restated</i> |
| 186,918 | Net earnings attributable to unitholders for the period | 18,262 | 79,790 |
| | Adjustments for items per the Management Regulations: | | |
| 6,891 | Rent levelling adjustment | 757 | 2,961 |
| (40,938) | Net valuation (gains) / losses on property, net of disposals | 1,018 | 11,301 |
| 27,300 | Purchasers' costs, net of disposals | - | - |
| 22,790 | (Gain) / loss on associate | 5,998 | - |
| 1,259 | Distributions from an associate | 4,446 | - |
| (842) | Unrealised currency (gains)/losses | 238 | (676) |
| 12,921 | Amortisation of debt expenses | 1,551 | 2,587 |
| (2,826) | Movements on deferred tax balances | 3,106 | (3,164) |
| - | Costs related to non-recurring events | - | - |
| (38,293) | Profit on disposal | 457 | (54,902) |
| - | Provision of incentive fee | - | 697 |
| (8,467) | Less an allowance for capital and re-letting expenses | (936) | (359) |
| (20,205) | Total adjustments | 16,635 | (41,555) |
| 166,713 | Distributable cash flow for ordinary unitholders | 34,897 | 38,235 |
| 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 | €0.18 | €0.20 |

PROLOGIS EUROPEAN PROPERTIES

RECONCILIATION OF PROFIT TO DISTRIBUTABLE CASH FLOW

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

| Year ended | | Nine months ended | |
|-------------------------|---|------------------------------|------------------------------|
| 31 December 2007 | | 30 September 2008 | 30 September 2007 |
| <i>Restated</i> | | <i>Unaudited</i> | <i>Restated</i> |
| 186,918 | Net (losses)/earnings attributable to unitholders for the period | (1,414) | 201,350 |
| | Adjustments for items per the Management Regulations: | | |
| 6,891 | Rent levelling adjustment | 1,996 | 3,000 |
| (40,938) | Net valuation (gains) / losses on property, net of disposals | 117,779 | (77,265) |
| 27,300 | Purchasers' costs, net of disposals | (4,715) | 22,153 |
| 22,790 | (Gain) / loss on associate | 6,191 | - |
| 1,259 | Distributions from an associate | 9,750 | - |
| (842) | Unrealised currency (gains)/losses | (162) | (742) |
| 12,921 | Amortisation of debt expenses | 4,706 | 7,223 |
| (2,826) | Movements on deferred tax balances | (25,945) | 8,744 |
| - | Costs related to non-recurring events | 700 | - |
| (38,293) | Profit on disposal | 2,067 | (38,282) |
| - | Provision of incentive fee | - | 5,241 |
| (8,467) | Less an allowance for capital and re-letting expenses | (3,306) | (6,679) |
| (20,205) | Total adjustments | 109,061 | (76,607) |
| 166,713 | Distributable cash flow for ordinary unitholders | 107,647 | 124,743 |
| 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 | €0.57 | €0.65 |

PROLOGIS EUROPEAN PROPERTIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO UNITHOLDERS

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

| | Capital contribution | Cost of raising capital | Net retained earnings | Cumulative translation adjustment | Cash flow hedge valuation reserve | Equity items of an associate | TOTAL | Minority interest | TOTAL EQUITY |
|---|----------------------|-------------------------|-----------------------|-----------------------------------|-----------------------------------|------------------------------|------------------|-------------------|------------------|
| Balance as at 30/09/07 | 1,911,810 | (37, 721) | 474,939 | (24,057) | 1,343 | - | 2,326,314 | 7,778 | 2,334,092 |
| Foreign currency translation | - | - | - | (47,383) | - | - | (47,383) | - | (47,383) |
| Net gains / (losses) on cash flow hedge | - | - | - | - | 13,907 | - | 13,907 | - | 13,907 |
| Share of equity items of an associate | - | - | - | - | - | (1,335) | (1,335) | - | (1,335) |
| Profit | - | - | (14,431) | - | - | - | (14,431) | (1,166) | (15,597) |
| Total recognised (loss) | - | - | (14,431) | (47,383) | 13,907 | (1,335) | (49,241) | (1,166) | (50,407) |
| Capital contributed | - | - | - | - | - | - | - | - | - |
| Distributions | - | - | (41,975) | - | - | - | (41,975) | - | (41,975) |
| Balance as at 31/12/07 | 1,911,810 | (37, 721) | 418,533 | (71,440) | 15,250 | (1,335) | 2,235,097 | 6,612 | 2,241,709 |
| Foreign currency translation | - | - | - | (50,159) | - | - | (50,159) | - | (50,159) |
| Net gains / (losses) on cash flow hedge | - | - | - | - | 4,562 | - | 4,562 | - | 4,562 |
| Share of equity items of an associate | - | - | - | - | - | (5,670) | (5,670) | - | (5,670) |
| Profit | - | - | (19,676) | - | - | - | (19,676) | 276 | (19,400) |
| Total recognised (loss) | - | - | (19,676) | (50,159) | 4,562 | (5,670) | (70,943) | 276 | (70,667) |
| Capital contributed | - | - | - | - | - | - | - | - | - |
| Distributions | - | - | (72,753) | - | - | - | (72,753) | - | (72,753) |
| Balance as at 30/06/08 | 1,911,810 | (37, 721) | 326,104 | (121,599) | 19,812 | (7,005) | 2,091,401 | 6,888 | 2,098,289 |
| Foreign currency translation | - | - | - | 1,090 | - | - | 1,090 | - | 1,090 |
| Net gains / (losses) on cash flow hedge | - | - | - | - | (10,134) | - | (10,134) | - | (10,134) |
| Share of equity items of an associate | - | - | - | - | - | (397) | (397) | - | (397) |
| Profit | - | - | 18,262 | - | - | - | 18,262 | 191 | 18,453 |
| Total recognised (loss) | - | - | 18,262 | 1,090 | (10,134) | (397) | 8,821 | 191 | 9,012 |
| Capital contributed | - | - | - | - | - | - | - | - | - |
| Distributions | - | - | (34,897) | - | - | - | (34,897) | - | (34,897) |
| Balance as at 30/09/08 | 1,911,810 | (37, 721) | 309,469 | (120,509) | 9,678 | (7,402) | 2,065,325 | 7,079 | 2,072,404 |

PROLOGIS EUROPEAN PROPERTIES

**OUTSTANDING DEBT
AS AT 30 SEPTEMBER 2008**

| Description | Rating | Issue date | Issue size | Coupon ⁵ | Maturity date ⁶ | 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 2009 | €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 2010 | €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 2010 | €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 €300m: +70bps | Dec 2010 Dec 2012 | €300.0m €129.0m £123.5m | €300.0m | n/a | |
| Finance lease | - | | €7.6m | various | Dec 2014 | €5.0m | €5.0m | n/a | |
| Total | | | €2,494.2m | | | | €2,126.1m | | |

⁵ All coupons are three month Euribor +

⁶ Maturity dates relate to repayable dates rather than legal maturity dates, which are typically three years later

PROLOGIS EUROPEAN PROPERTIES FUND II

SUMMARISED INCOME STATEMENT

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

| Period ended 31 December 2007⁷ Unaudited | | Nine months ended 30 Sept 2008 Unaudited | Three months ended 30 Sept 2008 Unaudited |
|--|---|---|--|
| 11,565 | Total revenue | 67,908 | 30,841 |
| (1,069) | Cost of rental activities | (2,014) | (1,135) |
| 10,496 | Gross profit | 65,894 | 29,706 |
| (853) | Fund expenses | (5,094) | (2,231) |
| - | Profit/(loss) on disposal of investment properties | - | - |
| (41,709) | Fair value movements on properties | (124,002) | (36,243) |
| (32,066) | Earnings before interest and tax | (63,202) | (8,768) |
| (7,906) | Net financing cost | (30,775) | (14,607) |
| (39,972) | Earnings before tax | (93,977) | (23,375) |
| 9,369 | Charge for taxation | 27,494 | 2,975 |
| (30,603) | Net earnings for the period | (66,483) | (20,400) |
| | Attributable to: | | |
| (30,450) | Unitholders | (66,100) | (19,996) |
| (152) | Minority interest | (382) | (404) |
| (30,603) | Net earnings for the period | (66,483) | (20,400) |
| (9,135) | PEPR 30% share of of PEPF II net earnings | (19,830) | (5,998) |
| (13,655) | PEPR adjustments | 13,638 | - |
| (22,790) | PEPR share of PEPF II net earnings | (6,191) | (5,998) |

⁷ Period from fund inception on 14 August 2007.

PROLOGIS EUROPEAN PROPERTIES FUND II

SUMMARISED BALANCE SHEET

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

| 31 December 2007 <i>Unaudited</i> | | 30 Sept 2008 <i>Unaudited</i> |
|--------------------------------------|---|----------------------------------|
| 915,279 | Investment in property | 2,019,727 |
| 9,388 | Deferred tax asset | 38,776 |
| 24,216 | Other assets | 83,462 |
| 25,387 | Cash and cash equivalents | 34,223 |
| 974,270 | Total assets | 2,176,188 |
| 404,607 | Equity attributable to unitholders | 1,001,778 |
| 687 | Minority interest in subsidiaries | 1,216 |
| 405,294 | Total equity | 1,002,994 |
| 493,479 | Interest bearing secured notes | 1,053,467 |
| 75,497 | Other liabilities | 119,727 |
| 568,976 | Total liabilities | 1,173,194 |
| 974,270 | Total equity and liabilities | 2,176,188 |
| € 12 | IFRS NAV | € 61 |
| €10.20 | Redemption NAV | €31 |
| | PEPR share of PEPF II: | |
| 404,607 | PEPF II IFRS equity attributable to unitholders | 1,001,778 |
| (44,837) | Adjustments | (646) |
| 359,770 | | 1,001,132 |
| 107,931 | PEPR 30% share of PEPF II equity | 300,338 |

PROLOGIS EUROPEAN PROPERTIES FUND II

FINANCIAL RATIOS

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

| 31 December 2007 <i>Restated</i> | | 30 Sept. 2008 <i>Unaudited</i> | |
|--|--|--|--|
| €963.1 million | Gross value of real estate portfolio | €2,101.8 million | |
| €493.5 million 51.2% | Debt LTV (debt as percentage of total value) | €1,059.0 million 50.4% | |
| 0.25 years | Average maturity, based on earliest repayment date | 2.5 years | |
| 0.25 years | Average maturity, based on latest repayment date | 2.5 years | |
| Period ended 31 December 2007⁸ | | Nine months ended 30 Sept. 2008 | |
| 5.5% | Average interest rate | 5.6% | |

OUTSTANDING DEBT AS AT 30 SEPTEMBER 2008

| Description | Rating | Issue date | Issue size | Coupon ⁹ | Maturity date | Drawn amount | | Swapped rate | Comments |
|----------------------------------|--------|------------|------------------|---|---------------|--------------------|------------------|--------------|---|
| | | | | | | Local currency | Euros | | |
| Senior unsecured credit facility | - | May 2008 | €1,000.0m | Regionalised between +75bps and +150bps | May 2010 | €431.5m £286.5m | €795.4m | n/a | The borrower may extend the maturity by up to one year at the lenders' discretion for a 10bps fixed fee |
| Bank loan | - | Aug 2008 | €263.6m | + 125bps | Aug 2013 | €263.6m | €263.6m | 5.58% | |
| Total | | | €1,263.6m | | | | €1,059.0m | | |

⁸ Period from fund inception on 14 August 2007.

⁹ All coupons are three month Euribor +

**PORTFOLIO OVERVIEW – DIRECTLY OWNED PORTFOLIO
AS AT 30 SEPTEMBER 2008**

| | Number of distribution facilities | Open market value ('OMV') ¹⁰ €million | % of total OMV | Leasable area 000m ² | % of total leasable area | Annualised rental income ¹¹ €million | ERV ¹² €million | Yield on OMV ¹³ | 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 | 1,021 | 26% | 1,590.6 | 31% | 75.2 | 70.8 | 7.4% | 7.3 | 99.7% | 76 | 2.9 | 6.4 |
| Italy | 18 | 322 | 8% | 522.7 | 10% | 25.5 | 23.1 | 7.9% | 8.3 | 100.0% | 19 | 5.8 | 6.5 |
| Spain | 13 | 327 | 8% | 309.5 | 6% | 20.8 | 23.5 | 6.4% | 5.8 | 99.8% | 21 | 3.1 | 5.5 |
| <i>Southern</i> | <i>92</i> | <i>1,670</i> | <i>42%</i> | <i>2,422.8</i> | <i>47%</i> | <i>121.5</i> | <i>117.4</i> | <i>7.3%</i> | <i>7.1</i> | <i>99.8%</i> | <i>116</i> | <i>3.5</i> | <i>6.3</i> |
| Belgium | 5 | 58 | 1% | 98.3 | 2% | 4.2 | 4.1 | 7.2% | 4.3 | 100.0% | 5 | 2.8 | 9.8 |
| Germany | 26 | 336 | 9% | 423.1 | 8% | 25.2 | 24.0 | 7.5% | 4.4 | 98.3% | 47 | 3.5 | 4.9 |
| Netherlands | 23 | 373 | 9% | 512.3 | 10% | 28.4 | 28.2 | 7.6% | 8.2 | 92.4% | 36 | 3.2 | 4.0 |
| Sweden | 4 | 106 | 3% | 130.3 | 2% | 7.6 | 7.1 | 7.2% | 13.6 | 100.0% | 4 | 9.0 | 10.4 |
| <i>Northern</i> | <i>58</i> | <i>873</i> | <i>22%</i> | <i>1,164.0</i> | <i>22%</i> | <i>65.4</i> | <i>63.4</i> | <i>7.5%</i> | <i>7.6</i> | <i>96.0%</i> | <i>92</i> | <i>4.0</i> | <i>5.4</i> |
| Czech Republic | 12 | 132 | 3% | 180.3 | 3% | 9.5 | 8.9 | 7.2% | 5.5 | 95.3% | 42 | 1.9 | 2.5 |
| Hungary | 14 | 132 | 3% | 182.0 | 3% | 10.1 | 9.0 | 7.7% | 5.4 | 97.8% | 44 | 2.9 | 4.9 |
| Poland | 26 | 328 | 9% | 494.3 | 10% | 21.5 | 21.5 | 6.5% | 6.3 | 93.7% | 92 | 3.0 | 3.5 |
| Slovakia | - | - | - | - | - | - | - | - | - | - | - | - | - |
| <i>Central</i> | <i>52</i> | <i>592</i> | <i>15%</i> | <i>856.6</i> | <i>16%</i> | <i>41.1</i> | <i>39.5</i> | <i>7.0%</i> | <i>5.7</i> | <i>94.9%</i> | <i>178</i> | <i>2.7</i> | <i>3.6</i> |
| <i>UK</i> | <i>44</i> | <i>802</i> | <i>21%</i> | <i>784.4</i> | <i>15%</i> | <i>59.1</i> | <i>57.6</i> | <i>7.4%</i> | <i>7.2</i> | <i>97.0%</i> | <i>43</i> | <i>6.5</i> | <i>9.3</i> |
| TOTAL | 246 | 3,937 | 100% | 5,227.8 | 100% | 287.1 | 277.8 | 7.3% | 6.8 | 97.7% | 429 | 4.1 | 6.3 |

Vacant space (at ERV per m²)

6.6
284.5

¹⁰ An independent revaluation of the portfolio is conducted every 30 September and 31 December. In accordance with IFRS fair value accounting, valuations are reported net i.e. after deduction of purchasers' costs

¹¹ Annualised rental income means the estimate of annual income based on the gross rental income for leases in place as at 30 September 2008 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

¹² ERV refers to the Estimated Rental Value calculated by the independent third-party appraisers at 30 September 2008

¹³ 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 30 SEPTEMBER 2008**

| | Number of distribution facilities | Open market value ('OMV') ¹⁴ €million | % of total OMV | Leasable area 000m ² | % of total leasable area | Annualised rental income ¹⁵ €million | ERV ¹⁶ €million | Yield on OMV ¹⁷ | 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 | 15 | 246 | 12% | 375.3 | 13% | 17.5 | 17.0 | 7.1% | 0.7 | 99.7% | 22 | 4.5 | 8.9 |
| Italy | 2 | 36 | 2% | 56.1 | 2% | 2.4 | 2.4 | 6.5% | 0.4 | 100.0% | 2 | 9.5 | 9.5 |
| Spain | 2 | 53 | 3% | 87.4 | 3% | 3.9 | 3.9 | 7.3% | 0.6 | 100.0% | 2 | 7.0 | 9.8 |
| <i>Southern</i> | 19 | 335 | 17% | 518.9 | 19% | 23.7 | 22.6 | 7.1% | 0.7 | 99.8% | 26 | 5.4 | 9.1 |
| Belgium | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Germany | 17 | 237 | 12% | 402.6 | 14% | 14.2 | 17.9 | 6.0% | 0.6 | 99.8% | 21 | 5.7 | 6.0 |
| Netherlands | 5 | 69 | 3% | 94.0 | 3% | 4.8 | 4.9 | 6.9% | 0.6 | 100.0% | 5 | 2.7 | 6.2 |
| Sweden | 2 | 31 | 2% | 37.7 | 1% | 2.0 | 1.2 | 6.6% | 1.2 | 100.0% | 5 | 2.7 | 5.2 |
| <i>Northern</i> | 24 | 337 | 17% | 534.3 | 19% | 21.0 | 24.0 | 6.2% | 0.7 | 99.8% | 31 | 4.7 | 6.0 |
| Czech Republic | 7 | 135 | 7% | 202.6 | 7% | 10.2 | 9.8 | 7.4% | 0.8 | 100.0% | 22 | 3.9 | 4.0 |
| Hungary | 9 | 118 | 6% | 166.4 | 6% | 8.3 | 8.3 | 7.2% | 1.2 | 100.0% | 23 | 3.5 | 4.7 |
| Poland | 34 | 359 | 17% | 609.0 | 22% | 25.9 | 26.2 | 7.2% | 1.1 | 99.7% | 118 | 2.6 | 3.1 |
| Slovakia | 6 | 96 | 5% | 158.7 | 6% | 7.1 | 7.5 | 7.0% | 1.0 | 100.0% | 11 | 3.0 | 3.1 |
| <i>Central</i> | 56 | 708 | 35% | 1,136.7 | 41% | 51.6 | 51.8 | 7.2% | 1.1 | 99.8% | 174 | 3.0 | 3.5 |
| <i>UK</i> | 19 | 640 | 31% | 602.9 | 22% | 45.1 | 46.0 | 7.0% | 1.5 | 100.0% | 20 | 11.2 | 11.9 |
| TOTAL | 118 | 2,020 | 100% | 2,792.7 | 100% | 141.4 | 144.4 | 7.0% | 1.0 | 99.9% | 251 | 6.3 | 7.5 |
| Vacant space (at ERV per m ²) | | | | | | | <u>0.2</u> | | | | | | |
| | | | | | | | 144.6 | | | | | | |

¹⁴ An independent revaluation of the portfolio is conducted on an annual basis; therefore the total portfolio value at 30 September 2008 is based a blend of net contribution values and annual revaluations for those properties already in the portfolio. In accordance with IFRS fair value accounting, valuations are reported net i.e. after deduction of purchasers' costs.

¹⁵ Annualised rental income means the estimate of annual income based on the gross rental income for leases in place as at 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

¹⁶ ERV refers to the Estimated Rental Value calculated by the independent third-party appraisers

¹⁷ 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 30 SEPTEMBER 2008**

| | Number of distribution facilities | Open market value ('OMV') ¹⁸ €million | % of total OMV | Leasable area 000m ² | % of total leasable area | Annualised rental income ¹⁹ €million | ERV ²⁰ €million | Yield on OMV ²¹ | 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 | 76 | 1,267 | 21% | 1,965.9 | 25% | 92.7 | 87.8 | 7.3% | 6.0 | 99.7% | 98 | 3.2 | 6.8 |
| Italy | 20 | 358 | 6% | 578.8 | 7% | 27.9 | 25.5 | 7.8% | 7.5 | 100.0% | 21 | 6.1 | 6.7 |
| Spain | 15 | 380 | 7% | 396.9 | 5% | 24.7 | 26.8 | 6.5% | 5.1 | 99.8% | 23 | 3.7 | 6.2 |
| <i>Southern</i> | <i>111</i> | <i>2,005</i> | <i>34%</i> | <i>2,941.6</i> | <i>37%</i> | <i>145.3</i> | <i>140.1</i> | <i>7.2%</i> | <i>6.1</i> | <i>99.8%</i> | <i>142</i> | <i>3.8</i> | <i>6.7</i> |
| Belgium | 5 | 58 | 1% | 98.3 | 1% | 4.2 | 4.1 | 7.2% | 4.3 | 100.0% | 5 | 2.8 | 9.8 |
| Germany | 43 | 573 | 10% | 825.7 | 10% | 39.4 | 41.9 | 6.9% | 2.9 | 99.0% | 68 | 4.3 | 5.3 |
| Netherlands | 28 | 442 | 7% | 606.3 | 8% | 33.2 | 33.1 | 7.5% | 6.8 | 93.6% | 41 | 3.2 | 4.3 |
| Sweden | 6 | 137 | 2% | 168.0 | 2% | 9.6 | 8.3 | 7.0% | 9.5 | 100.0% | 9 | 7.7 | 9.3 |
| <i>Northern</i> | <i>82</i> | <i>1,210</i> | <i>20%</i> | <i>1,698.3</i> | <i>21%</i> | <i>86.4</i> | <i>87.4</i> | <i>7.1%</i> | <i>4.8</i> | <i>97.2%</i> | <i>123</i> | <i>4.2</i> | <i>5.6</i> |
| Czech Republic | 19 | 267 | 4% | 382.9 | 5% | 19.7 | 18.7 | 7.4% | 3.8 | 97.8% | 64 | 3.0 | 3.3 |
| Hungary | 23 | 250 | 4% | 348.4 | 4% | 18.4 | 17.3 | 7.4% | 3.7 | 98.9% | 67 | 3.1 | 4.9 |
| Poland | 60 | 687 | 12% | 1,103.3 | 14% | 47.4 | 47.7 | 6.9% | 3.3 | 97.0% | 210 | 2.8 | 3.3 |
| Slovakia | 6 | 96 | 2% | 158.7 | 2% | 7.1 | 7.5 | 7.4% | 1.0 | 100.0% | 11 | 3.0 | 3.1 |
| <i>Central</i> | <i>108</i> | <i>1,300</i> | <i>22%</i> | <i>1,993.3</i> | <i>25%</i> | <i>92.6</i> | <i>91.2</i> | <i>7.1%</i> | <i>3.4</i> | <i>97.7%</i> | <i>352</i> | <i>2.7</i> | <i>3.3</i> |
| <i>UK</i> | <i>63</i> | <i>1,442</i> | <i>24%</i> | <i>1,387.3</i> | <i>17%</i> | <i>104.2</i> | <i>103.6</i> | <i>7.2%</i> | <i>5.5</i> | <i>98.3%</i> | <i>63</i> | <i>8.5</i> | <i>10.4</i> |
| TOTAL | 364 | 5,957 | 100% | 8,020.5 | 100% | 428.5 | 422.3 | 7.2% | 4.9 | 98.5% | 680 | 4.8 | 6.7 |
| Vacant space (at ERV per m ²) | | | | | | | | | | | | | |
| | | | | | | | 6.8 | | | | | | |
| | | | | | | | 429.1 | | | | | | |

¹⁸ 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 30 September is a blend of 30 September valuations and most recent PEPF II values. In accordance with IFRS fair value accounting, valuations are reported net i.e. after deduction of purchasers' costs.

¹⁹ Annualised rental income means the estimate of annual income based on the gross rental income for leases in place as at 30 September 2008 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

²⁰ ERV refers to the Estimated Rental Value calculated by the independent third-party appraisers

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

Changes to accounting treatment

Profit on disposal of investment properties

Prior to 30 September 2008, PEPR reported the result on investment property disposals within two items on the income statement; 'profit on disposal of investment properties' and 'property fair value movements'. The net cash gain, namely the difference between sales proceeds and historic cost, was reported as 'profit on disposal of investment properties' and the accumulated difference between historic cost and the latest property valuation was reported as a component of 'property fair value movements'.

The revised accounting treatment combines both elements within 'profit on disposal of investment properties' within the income statement and reports the result on the disposal as the difference between sales proceeds and its fair value, represented by the most recent revaluation of that property.

This change in accounting treatment does not result in a change to the previously-reported earnings (IFRS or EPRA) or distributable cash flow as it reflects the reallocation of existing elements within the income statement.

Share of gain/(loss) of an associate

Prior to 30 September 2008, PEPR recorded its dividend income received from its investment in PEPF II and its 30% share of the entire business of PEPF II for the period within 'fair value movements on investments' in the income statement.

The revised accounting treatment removes the dividend from the income statement and records it as a separate item within the reconciliation of profit to distributable cash flow. In addition, PEPR's share of the performance of PEPF II is now split between its share of that fund's earnings and its other equity items. The former is recorded as 'share of gain/(loss) of an associate' in the income statement, while the latter is included in 'equity items of an associate' within the balance sheet.

This change has impacted 2008 IFRS earnings by €0.1 million loss (2007: €1.1 million gain) but has no impact on either EPRA earnings or distributable cash flow.

Property fair value movements

Foreign currency gains or losses relating to historical cost of investment in property are, and will continue to be, recorded in 'cumulative foreign currency translation' in the balance sheet. Previously, similar foreign currency gains or losses relating to net unrealised valuation gains were recorded within 'property fair value movements' in the income statement. To eliminate inconsistency, PEPR has revised its accounting treatment to record the latter within 'cumulative foreign currency translation' in the balance sheet, thereby removing this element from the income statement.

As a result of this change and the new treatment of the revaluation gains/(losses) on properties disposed of, 'property fair value movements' in the income statement will only reflect the impact of year-to-date fair value adjustments.

This change has impacted 2008 IFRS earnings by €9.6 million gain (9M07: €33.5 million gain / 2007: €15.4 million gain) but has no impact on either EPRA earnings or distributable cash flow.

PROLOGIS EUROPEAN PROPERTIES RESTATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

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

| Nine months 30 September 2007 <i>Unaudited</i> | | Movement | Nine months 30 September 2007 <i>Restated</i> |
|--|--|---------------|---|
| 231,313 | Rental income | 967 | 232,280 |
| 8,741 | Other property income | - | 8,741 |
| 240,054 | Total revenue | 967 | 241,021 |
| (1,695) | Ground rents paid | - | (1,695) |
| (15,321) | Property management fees | - | (15,321) |
| (4,805) | Other property rental expenses | (967) | (5,772) |
| (21,821) | Cost of rental activities | (967) | (22,788) |
| 218,233 | Gross profit | - | 218,233 |
| (5,080) | Fund management fees | - | (5,080) |
| (164) | Fund custodian fees | - | (164) |
| (2,955) | Other operating expenses | - | (2,955) |
| (5,241) | Provision for fund incentive fee | - | (5,241) |
| (13,440) | Fund expenses | - | (13,440) |
| 378,348 | Investment property disposal proceeds | (2,151) | 376,197 |
| (359,334) | Fair value of investment property disposals | 26,306 | (333,028) |
| 19,014 | Profit on disposal of investment properties | 24,155 | 43,169 |
| 86,831 | Gross valuation gains on property | - | 86,831 |
| (18,877) | Gross valuation losses on property | 11,748 | (7,129) |
| (22,153) | Purchasers costs | (2,437) | (24,590) |
| 45,801 | Property fair value movements | 9,311 | 55,112 |
| 269,608 | Earnings before share of an associate, interest and tax | 33,466 | 303,074 |
| 3,477 | Finance income | - | 3,477 |
| (78,497) | Finance costs | - | (78,497) |
| - | Share of gain / (loss) of an associate | - | - |
| 194,588 | Earnings before tax | - | 228,054 |
| (17,217) | Current income tax expense | - | (17,217) |
| (8,744) | Deferred income tax (expense)/credit | - | (8,744) |
| (25,961) | Charge for taxation | - | (25,961) |
| 168,627 | Net earnings for the period | 33,466 | 202,093 |
| | Attributable to: | | |
| 167,884 | Unitholders | 33,466 | 201,350 |
| 743 | Minority interest | - | 743 |
| 168,627 | Net earnings for the period | 33,466 | 202,093 |
| €0.88 | IFRS earnings per ordinary unit | €0.18 | €1.06 |
| n/a | EPRA earnings per ordinary unit | n/a | €0.59 |

PROLOGIS EUROPEAN PROPERTIES RESTATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

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

| As at 30 September 2007 <i>Unaudited</i> | | Movement | As at 30 September 2007 <i>Restated</i> |
|--|--|---------------|---|
| Assets | | | |
| <i>Non Current Assets</i> | | | |
| 4,187,946 | Investment in property | - | 4,187,946 |
| 6,508 | Property under construction | - | 6,508 |
| 82,350 | Investment in an associate | - | 82,350 |
| 32,936 | Hedging instruments | - | 32,936 |
| 7,117 | Deferred tax asset | - | 7,117 |
| <u>4,316,857</u> | | <u>-</u> | <u>4,316,857</u> |
| <i>Current Assets</i> | | | |
| - | Due from related parties | - | - |
| 43,595 | Accounts receivable, net | - | 43,595 |
| 62,288 | Other current assets | 24,155 | 86,443 |
| 123,822 | Cash and cash equivalents | - | 123,822 |
| <u>229,705</u> | | <u>24,155</u> | <u>253,860</u> |
| 4,546,562 | Total assets | 24,155 | 4,570,717 |
| Equity | | | |
| 1,911,810 | Capital contributions | - | 1,911,810 |
| (37,721) | Costs of raising capital | - | (37,721) |
| <u>1,874,089</u> | Net capital contributed | <u>-</u> | <u>1,874,089</u> |
| 441,473 | Net retained earnings | 33,466 | 474,939 |
| (14,746) | Cumulative foreign currency translation | (9,311) | (24,057) |
| 1,343 | Cash flow hedge valuation reserve | - | 1,343 |
| - | Equity items of an associate | - | - |
| 2,302,159 | Equity attributable to unitholders | 24,155 | 2,326,314 |
| 7,778 | Minority interest in subsidiaries | - | 7,778 |
| <u>2,309,937</u> | Total equity | <u>24,155</u> | <u>2,334,092</u> |
| Liabilities | | | |
| <i>Non-current liabilities</i> | | | |
| 911,105 | Interest bearing secured notes | - | 911,105 |
| - | Interest bearing unsecured notes | - | - |
| 156,148 | Interest bearing long-term bank loans, net of current portion | - | 156,148 |
| 5,241 | Fund incentive fee | - | 5,241 |
| 6,875 | Hedging instruments | - | 6,875 |
| 201,309 | Deferred taxation | - | 201,309 |
| <u>1,280,678</u> | | <u>-</u> | <u>1,280,678</u> |
| <i>Current liabilities</i> | | | |
| 806,416 | Interest bearing bank loans, current portion | - | 806,416 |
| 10,728 | Accounts payable | - | 10,728 |
| 8,731 | Due to related parties | - | 8,731 |
| 18,098 | Income and other taxes payable | - | 18,098 |
| 86,491 | Accrued expenses and other current liabilities | - | 86,491 |
| 25,483 | Deferred income | - | 25,483 |
| <u>955,947</u> | | <u>-</u> | <u>955,947</u> |
| 2,236,625 | Total liabilities | - | 2,236,625 |
| 4,546,562 | Total equity and liabilities | 24,155 | 4,570,717 |
| €12.08 | IFRS NAV per ordinary unit | €0.13 | €12.21 |
| €13.14 | EPRA NAV per ordinary unit | €0.13 | €13.27 |

PROLOGIS EUROPEAN PROPERTIES RESTATED FINANCIAL STATEMENTS

RECONCILIATION OF PROFIT TO DISTRIBUTABLE CASH FLOW

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

| Nine months ended 30 September 2007 <i>Unaudited</i> | | Movement | Nine months ended 30 September 2007 <i>Restated</i> |
|--|---|-----------------|---|
| 167,884 | Net (losses)/earnings attributable to unitholders for the period | 33,466 | 201,350 |
| | Adjustments for items per the Management Regulations: | | |
| 3,000 | Rent levelling adjustment | - | 3,000 |
| (45,801) | Net valuation (gains) / losses on property, net of disposals | (9,311) | (55,112) |
| - | Purchasers' costs, net of disposals | - | - |
| - | (Gain) / loss on associate | - | - |
| - | Distributions from an associate | - | - |
| (742) | Unrealised currency (gains)/losses | - | (742) |
| 7,223 | Amortisation of debt expenses | - | 7,223 |
| 8,744 | Movements on deferred tax balances | - | 8,744 |
| - | Costs related to non-recurring events | - | - |
| (14,127) | Profit on disposal | (24,155) | (38,282) |
| 5,241 | Provision of incentive fee | - | 5,241 |
| (6,679) | Less an allowance for capital and re-letting expenses | - | (6,679) |
| (43,141) | Total adjustments | (33,466) | (76,607) |
| 124,743 | Distributable cash flow for ordinary unitholders | - | 124,743 |
| 190,522,441 | Weighted average number of ordinary units | 190,522,441 | 190,522,441 |
| €0.65 | Distributable cash flow per ordinary unit for the period | - | €0.65 |

PROLOGIS EUROPEAN PROPERTIES RESTATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

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

| Year ended 31 December 2007 <i>Audited</i> | | Movement | Year ended 30 December 2007 <i>Restated</i> |
|--|--|-----------------|---|
| 298,555 | Rental income | 1,324 | 299,879 |
| 10,321 | Other property income | - | 10,321 |
| 308,876 | Total revenue | 1,324 | 310,200 |
| (2,273) | Ground rents paid | - | (2,273) |
| (20,176) | Property management fees | - | (20,176) |
| (6,148) | Other property rental expenses | (1,324) | (7,472) |
| (28,597) | Cost of rental activities | (1,324) | (29,921) |
| 280,279 | Gross profit | - | 280,279 |
| (6,690) | Fund management fees | - | (6,690) |
| (253) | Fund custodian fees | - | (253) |
| (4,226) | Other operating expenses | - | (4,226) |
| - | Provision for fund incentive fee | - | - |
| (11,169) | Fund expenses | - | (11,169) |
| 376,197 | Investment property disposal proceeds | - | 376,197 |
| (375,032) | Fair value of investment property disposals | 42,004 | (333,028) |
| 1,165 | Profit on disposal of investment properties | 42,004 | 43,169 |
| 169,399 | Gross valuation gains on property | (22,940) | 146,459 |
| (125,052) | Gross valuation losses on property | 19,531 | (105,521) |
| (4,151) | Purchasers costs | (23,149) | (27,300) |
| 40,196 | Property fair value movements | (26,558) | 13,638 |
| 310,471 | Earnings before share of an associate, interest and tax | 15,446 | 325,917 |
| 4,772 | Finance income | - | 4,772 |
| (101,842) | Finance costs | - | (101,842) |
| (23,919) | Share of gain / (loss) of an associate | 1,129 | (22,790) |
| 189,482 | Earnings before tax | 16,575 | 206,057 |
| (20,978) | Current income tax expense | - | (20,978) |
| 2,826 | Deferred income tax (expense)/credit | - | 2,826 |
| (18,152) | Charge for taxation | - | (18,152) |
| 171,330 | Net earnings for the period | 16,575 | 187,905 |
| | Attributable to: | | |
| 170,343 | Unitholders | 16,575 | 186,918 |
| 987 | Minority interest | - | 987 |
| 171,330 | Net earnings for the period | 16,575 | 187,905 |
| €0.89 | IFRS earnings per ordinary unit | €0.09 | €0.98 |
| €0.80 | EPRA earnings per ordinary unit | - | €0.80 |

PROLOGIS EUROPEAN PROPERTIES RESTATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

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

| As at 31 December 2007 <i>Audited</i> | | Movement | As at 31 December 2007 <i>Restated</i> |
|---|---|---------------------|--|
| Assets | | | |
| <i>Non Current Assets</i> | | | |
| 4,143,109 | Investment in property | - | 4,143,109 |
| 14,050 | Property under construction | - | 14,050 |
| 108,172 | Investment in an associate | (241) | 107,931 |
| 48,577 | Hedging instruments | | 48,577 |
| 7,740 | Deferred tax asset | | 7,740 |
| <u>4,321,648</u> | | <u>(241)</u> | <u>4,321,407</u> |
| <i>Current Assets</i> | | | |
| - | Due from related parties | 1,294 | 1,294 |
| 44,533 | Accounts receivable, net | - | 44,533 |
| 51,159 | Other current assets | (1,259) | 49,900 |
| 78,680 | Cash and cash equivalents | 0 | 78,680 |
| <u>174,372</u> | | <u>35</u> | <u>174,407</u> |
| <u>4,496,020</u> | Total assets | <u>(206)</u> | <u>4,495,814</u> |
| Equity | | | |
| 1,911,810 | Capital contributions | - | 1,911,810 |
| (37,721) | Costs of raising capital | - | (37,721) |
| <u>1,874,089</u> | Net capital contributed | <u>-</u> | <u>1,874,089</u> |
| 401,958 | Net retained earnings | 16,575 | 418,533 |
| (55,994) | Cumulative foreign currency translation | (15,446) | (71,440) |
| 15,250 | Cash flow hedge valuation reserve | - | 15,250 |
| - | Equity items of an associate | (1,335) | (1,335) |
| <u>2,235,303</u> | Equity attributable to unitholders | <u>(206)</u> | <u>2,235,097</u> |
| 6,612 | Minority interest in subsidiaries | - | 6,612 |
| <u>2,241,915</u> | Total equity | <u>(206)</u> | <u>2,241,709</u> |
| Liabilities | | | |
| <i>Non-current liabilities</i> | | | |
| 874,574 | Interest bearing secured notes | - | 874,574 |
| 491,168 | Interest bearing unsecured notes | - | 491,168 |
| 534,086 | Interest bearing long-term bank loans, net of current portion | - | 534,086 |
| - | Fund incentive fee | - | - |
| 1,885 | Hedging instruments | - | 1,885 |
| 190,362 | Deferred taxation | - | 190,362 |
| <u>2,092,075</u> | | <u>-</u> | <u>2,092,075</u> |
| <i>Current liabilities</i> | | | |
| 2,099 | Interest bearing bank loans, current portion | - | 2,099 |
| 8,558 | Accounts payable | - | 8,558 |
| 8,807 | Due to related parties | 482 | 9,289 |
| 17,570 | Income and other taxes payable | - | 17,570 |
| 94,092 | Accrued expenses and other current liabilities | (482) | 93,610 |
| 30,904 | Deferred income | - | 30,904 |
| <u>162,030</u> | | <u>-</u> | <u>162,030</u> |
| <u>2,254,105</u> | Total liabilities | <u>-</u> | <u>2,254,105</u> |
| <u>4,496,020</u> | Total equity and liabilities | <u>(206)</u> | <u>4,495,814</u> |
| €11.73 | IFRS NAV per ordinary unit | - | €11.73 |
| €12.73 | EPRA NAV per ordinary unit | - | €12.73 |

PROLOGIS EUROPEAN PROPERTIES RESTATED FINANCIAL STATEMENTS

RECONCILIATION OF PROFIT TO DISTRIBUTABLE CASH FLOW

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

| Year ended 31 December 2007 <i>Unaudited</i> | | Movement | Year ended 31 December 2007 <i>Restated</i> |
|--|---|-----------------|---|
| 170,343 | Net (losses)/earnings attributable to unitholders for the period | 16,575 | 186,918 |
| | Adjustments for items per the Management Regulations: | | |
| 6,891 | Rent levelling adjustment | - | 6,891 |
| (44,347) | Net valuation (gains) / losses on property, net of disposals | 3,409 | (40,938) |
| 4,151 | Purchasers' costs, net of disposals | 23,149 | 27,300 |
| 25,178 | (Gain) / loss on associate | (2,388) | 22,790 |
| - | Distributions from an associate | 1,259 | 1,259 |
| (842) | Unrealised currency (gains)/losses | - | (842) |
| 12,921 | Amortisation of debt expenses | - | 12,921 |
| (2,826) | Movements on deferred tax balances | - | (2,826) |
| - | Costs related to non-recurring events | - | - |
| 3,711 | Profit on disposal | (42,004) | (38,293) |
| - | Provision of incentive fee | - | - |
| (8,467) | Less an allowance for capital and re-letting expenses | - | (8,467) |
| (3,630) | Total adjustments | (16,575) | (20,205) |
| 166,713 | Distributable cash flow for ordinary unitholders | - | 166,713 |
| 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 | - | €0.87 |

PROLOGIS EUROPEAN PROPERTIES RESTATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

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

| As at 30 June 2008 <i>Unaudited</i> | | Movement | As at 30 June 2008 <i>Restated</i> |
|---|---|----------------|--|
| Assets | | | |
| <i>Non Current Assets</i> | | | |
| 3,945,297 | Investment in property | | 3,945,297 |
| 45 | Property under construction | | 45 |
| 258,679 | Investment in an associate | (35) | 258,644 |
| 73,886 | Hedging instruments | | 73,886 |
| 7,838 | Deferred tax asset | | 7,838 |
| <u>4,285,745</u> | | <u>(35)</u> | <u>4,285,710</u> |
| <i>Current Assets</i> | | | |
| 3,514 | Due from related parties | | 3,514 |
| 44,622 | Accounts receivable, net | | 44,622 |
| 43,805 | Other current assets | (1,450) | 42,355 |
| 131,440 | Cash and cash equivalents | - | 131,440 |
| <u>223,381</u> | | <u>(1,450)</u> | <u>221,930</u> |
| 4,509,126 | Total assets | (1,485) | 4,507,641 |
| Equity | | | |
| 1,911,810 | Capital contributions | - | 1,911,810 |
| (37,721) | Costs of raising capital | - | (37,721) |
| <u>1,874,089</u> | Net capital contributed | - | <u>1,874,089</u> |
| 301,464 | Net retained earnings | 24,640 | 326,104 |
| (96,525) | Cumulative foreign currency translation | (25,074) | (121,599) |
| 19,812 | Cash flow hedge valuation reserve | - | 19,812 |
| (5,989) | Equity items of an associate | (1,016) | (7,005) |
| 2,092,851 | Equity attributable to unitholders | (1,450) | 2,091,401 |
| 6,888 | Minority interest in subsidiaries | - | 6,888 |
| <u>2,099,739</u> | Total equity | (1,450) | 2,098,289 |
| Liabilities | | | |
| <i>Non-current liabilities</i> | | | |
| 876,744 | Interest bearing secured notes | - | 876,744 |
| 491,442 | Interest bearing unsecured notes | - | 491,442 |
| 734,150 | Interest bearing long-term bank loans, net of current portion | - | 734,150 |
| - | Fund incentive fee | - | - |
| - | Hedging instruments | - | - |
| 161,409 | Deferred taxation | - | 161,409 |
| <u>2,263,745</u> | | <u>-</u> | <u>2,263,745</u> |
| <i>Current liabilities</i> | | | |
| 1,925 | Interest bearing bank loans, current portion | - | 1,925 |
| 3,453 | Accounts payable | - | 3,453 |
| 7,341 | Due to related parties | - | 7,341 |
| 12,029 | Income and other taxes payable | - | 12,029 |
| 95,219 | Accrued expenses and other current liabilities | (35) | 95,108 |
| 25,675 | Deferred income | - | 25,675 |
| <u>145,642</u> | | <u>-</u> | <u>145,607</u> |
| 2,409,387 | Total liabilities | - | 2,409,351 |
| 4,509,126 | Total equity and liabilities | (1,485) | 4,507,641 |
| €10.98 | IFRS NAV per ordinary unit | - | €10.98 |
| €11.83 | EPRA NAV per ordinary unit | (€0.01) | €11.82 |