

## News release

# ProLogis European Properties comments on Moody's Investors Service credit ratings downgrade

**Luxembourg – 23 December 2008** – ProLogis European Properties (Euronext: PEPR), Europe's largest owner of modern warehouse distribution facilities, announced today that Moody's Investors Service has downgraded PEPR's corporate credit rating to Baa2 from Baa1 and affirmed its negative outlook.

Moody's state "The downgrade reflects the general weakness in the commercial property market, which has required PEPR to adapt its business model to maintain its operating cushion and preserve cash flows to meet maturing debt obligations. Although PEPR continues to evidence a sound business model with good credit metrics, a solid franchise, predictable recurring rental income from a well diversified customer base, the downturn is expected to increase the level of customer business failure, notably in the smaller third party logistics players space, put upward pressure on yields thereby reducing portfolio net asset value, and require the company to undertake strategic measures that were not originally planned."

**Gordon Keiser, chief executive officer of PEPR**, commented "We are disappointed with the ratings action that Moody's has taken, particularly given the significant progress we have made to improve liquidity, strengthen our balance sheet and position PEPR for long-term success. We have successfully executed on the disposal of two-thirds of our investment in PEPF II, significantly reducing future funding requirements; suspended distributions for the foreseeable future; agreed the necessary debt covenant requirements; made good progress on the 2009 debt refinancing and have devised a plan to manage the 2010 debt maturities. We believe that as we continue to progress with our strategic initiatives and meet our financial obligations under these challenging credit market conditions, we will ultimately justify a return to a more appropriate credit rating".

Under the terms of PEPR's €900 million Credit Facility, the borrowing margin will increase by 20 basis points for the one-notch ratings downgrade.

- Ends -

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## **About ProLogis European Properties (PEPR)**

ProLogis European Properties, or PEPR, which listed on Euronext Amsterdam on 22 September 2006, is the largest pan-European owner of high quality distribution and logistics facilities. Established in 1999, PEPR is a real estate investment fund (organised as a Luxembourg closed-ended *fonds commun de placement*) externally managed by a subsidiary of ProLogis (NYSE: PLD), the world's largest owner, manager and developer of industrial distribution properties.

As at 30 September 2008, PEPR has a portfolio of 364 buildings, owned both directly and indirectly, covering 8.0 million square metres in 12 European countries, with an open market value estimated at €6.0 billion. The combined portfolio has an occupancy level of 98.5% and an average of 4.8 years to the next lease break or 6.7 years to lease expiry. Of the combined portfolio, PEPR's directly owned properties comprise 246 buildings, covering 5.2 million square metres in 11 European countries, with an open market value estimated at €3.9 billion.