

## News release

### ProLogis European Properties results for the quarter and half year ended 30 June 2008

#### Sustained operational performance reflects continued demand across continental Europe

**Luxembourg – 24 July 2008** – ProLogis European Properties (Euronext: PEPR), Europe's largest owner of modern distribution facilities, today reports results for the quarter and half year ended 30 June 2008.

#### Highlights

##### *Quarter to 30 June 2008*

- €0.18 distribution per unit
- EPRA net asset value per unit<sup>2</sup> of €12.03, a €0.54 decrease compared to the first quarter (€12.57); IFRS net asset value per unit was €11.18 (Q1 2008: €11.59)
- EPRA earnings<sup>2</sup> decreased slightly to €0.18 per unit (Q2 2007: €0.19 per unit)
- €70.2m additional investment in ProLogis European Properties Fund II
- 22 lease transactions covering 138,900m<sup>2</sup>

##### *Half year to 30 June 2008*

- €0.38 distribution per unit, implying an annualised dividend yield of 8.4%<sup>1</sup>
- EPRA net asset value per unit decreased €0.70 to €12.03 over the half year (2007: €12.73); IFRS net asset value per unit decreased to €11.18 (2007: €11.73)
- 2.6% valuation decrease on the portfolio since 31 December 2007 (4.8% including foreign exchange adjustments)
- EPRA earnings per unit decreased €0.04 to €0.36 (HY 2007: €0.40); IFRS loss of €0.17 per unit (HY 2007 earnings: €0.64 per unit)
- €161.9m additional investment into ProLogis European Properties Fund II
- 42 lease transactions covering 245,800m<sup>2</sup>, compared to 37 transactions covering 296,100m<sup>2</sup> in half year 2007<sup>3</sup>

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

“We are pleased to report that PEPR has continued to show good operational performance in the first half of 2008, maintaining its industry-leading high occupancy levels and completing a total of 42 lease transactions, reflecting the continued occupier demand across our European markets. However, the significant weakening of sterling versus the euro has affected our ongoing sterling earnings as compared to our earlier forecast and as a result we are marginally revising our dividend target for the year to reflect this.

“PEPR's additional investment in ProLogis European Properties Fund II demonstrates our commitment to continue to execute our growth strategy across Europe. We are confident that the strength of our business model, sustained growth in world trade and our customer relationships will enable us to benefit from the continued solid performance of the European logistics market.”

<sup>1</sup> Based on the closing unit price on 30 June 2008 of €9.07

<sup>2</sup> Based on EPRA (European Public Real Estate Association) *Best Practices Policy Recommendations*, issued in May 2008

<sup>3</sup> Excluding 35 leases, covering 36,200 square metres related to the Garonor portfolio sold in July 2007

## Guidance

As part of its usual semi-annual business review process, management has re-examined the guidance provided for the year. Given the exceptional fluctuations in the currency markets, with sterling weakening against the euro by 10% in the first six months of the year alone, combined with challenging conditions in the property and financial markets, management has decided to revise its 2008 distribution guidance to between €0.76 and €0.80 cents per unit from the earlier guidance of €0.80 to €0.86 cents per unit. PEPR continues to target a 6.0% to 6.5% cash return on its investment in PEPF II for the year.

## Directly owned portfolio revaluation

The entire directly owned portfolio was revalued as at 30 June 2008, with overall net market value decreasing by 2.6% from the December 2007 valuation (4.8% including foreign exchange adjustments) to €3,945.3 million (2007: €4,143.1 million).

The largest movement was in the value of the UK properties, which fell 8.5% to £631.7 million (2007: £690.7 million). The reporting of the UK portfolio in euro was also significantly impacted by the weakening of sterling in the first six months of the year. The total value of the UK portfolio, including this currency impact, decreased 16.9% to €803.4 million (2007: €966.3 million). The gross yield<sup>4</sup> on the UK assets increased 40 basis points to 7.3% from 6.9% at the year end.

Valuation movements on the continent were more muted with the continental portfolio showing a slight decline of 1.1% overall to €3,141.9 million (2007: €3,176.9million). PEPR experienced modest valuation increases in Poland (€7.3 million), The Netherlands (€4.1 million) and Spain (€2.6 million), more than offset by devaluations in France (€28.2 million), Italy (€6.1 million), the Czech Republic (€5.2 million), Hungary (€2.4 million) and Germany (€2.2 million).

The gross yield of the direct portfolio at 30 June 2008 increased to 7.3% (6.9% net yield<sup>5</sup>) from 7.1% (6.7% net yield) at the year-end.

## ProLogis European Properties Fund II (“PEPF II”)

PEPR made a further €70.2 million investment into PEPF II in the second quarter, thereby continuing to execute its growth strategy and indirectly investing in modern distribution facilities that complement PEPR’s existing state-of-the-art portfolio and growing relationships with key customers. This investment, entirely funded from existing credit facilities, increases PEPR’s gross investment in PEPF II to €295.2 million.

During the second quarter PEPF II acquired 23 facilities, covering 594,200 square metres, in 10 European countries and independently valued at €367.8 million, representing a 6.9% gross yield on investment.

PEPR received a €3.5 million distribution from PEPF II in the second quarter, a substantial increase over the first quarter distribution of €1.8 million, reflecting the addition of 27 facilities at the end of March and to a lesser extent the 23 facilities acquired in the second quarter. The second quarter distribution corresponds to a 6.0% annualised cash return<sup>6</sup>, on target to achieve our expected income return of 6.5% to 7% on average per annum on a ten-year time horizon.

## Portfolio performance

On 30 June 2008, PEPR sold 23,300 square metres of land in Zaandam, north of Amsterdam, which management believes is not suitable for our target customer base. The gross consideration was €4.6 million, a modest premium to the December 2007 valuation.

After the end 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%.

<sup>4</sup> Annualised rental income expressed as a percentage of net open market value i.e. after deduction of purchasers’ costs

<sup>5</sup> Annualised rental income expressed as a percentage of gross open market value i.e. before deduction of purchasers’ costs

<sup>6</sup> Based on a time weighted cash investment

During the second quarter, ProLogis contributed €367.8 million of modern distribution facilities into PEPF II. These 23 assets are 1.0 years old on average, 99.1% leased to global customers, such as DHL, Tesco, Unilever and Wincanton, and have 7.2 years to lease expiry, or 6.3 years to lease break on average.

As a result of this contribution, the combined portfolio of PEPR and PEPF II at the end of June comprised 340 distribution facilities, covering 7.5 million square metres across 12 European countries with an open market value of €5.6 billion. The risk profile of both portfolios remains highly attractive, providing a combined occupancy level of 97.9%, a diversified customer base, and on average 5.0 years to next lease break or 6.8 years to lease expiry. Summaries of the directly owned, PEPF II and Combined portfolios are shown on pages 20 to 22.

Within the directly owned portfolio ProLogis, as PEPR's external manager, completed 22 lease transactions covering just 138,900 square metres during the second quarter. Eleven of these were new leases, covering 105,400 square metres, mainly with existing customers, such as Fiege Logistik and Iron Mountain. Six leases were renewed for 18,500 square metres, including a 14-year term, 4,000 square metre lease for Nippon Express in The Netherlands, and five leases were expanded for an additional 15,000 square metres. Of the remaining lease breaks in 2008, only one lease break for 4,400 square metres in Hungary has been exercised.

However, the first half of the year also saw three of PEPR's customers go into default, the largest of which is E. Pawson, a family-run, third-party logistics company (3PL) in Wakefield, UK. Vacant possession of the building was obtained in June. Marketing of the two-year old, 24,000 square metre distribution facility has produced a number of viewings. In France, a 26,000 square metre building in Clesud, previously leased to LoraFret, a local 3PL, has already been re-leased. Finally, a 20,600 square metre building in Piacenza, Italy is in advanced negotiations to be re-let. This building was previously leased by Generali Trasporti, a local 3PL.

### Same-store portfolio

The same-store portfolio includes all properties owned by PEPR as at 1 January 2007 less subsequent disposals. At the end of June, this portfolio consisted of 228 properties, accounting for 92.6% of current directly owned portfolio open market value, or 92.8% by area.

#### SAME STORE PORTFOLIO OVERVIEW

##### AS AT 30 JUNE 2008

	% of portfolio	30 June			30 June			30 June		
		2008	2007	change	2008	2007	change	2008	2007	change
		Annualised rent in € per leasable m <sup>2</sup>			Net Open Market Value in € per m <sup>2</sup>			Occupancy %		
Southern <sup>7</sup>	47.5%	50.47	50.24	+0.5%	687	679	+1.1%	98.3%	97.6%	+0.7%
Northern <sup>8</sup>	20.7%	57.17	58.47	-2.2%	761	744	+2.3%	95.5%	97.2%	-1.7%
Central <sup>9</sup>	16.4%	47.40	53.05	-10.7%	689	679	+1.5%	94.6%	94.9%	-0.3%
UK <sup>10</sup>	15.4%	75.34	76.86	-2.0%	1,001	1,218	-17.8%	96.8%	100.0%	-3.2%
<b>Total / Averages</b>	<b>100.0%</b>	<b>55.20</b>	<b>56.52</b>	<b>-2.3%</b>	<b>751</b>	<b>776</b>	<b>-3.2%</b>	<b>96.9%</b>	<b>97.5%</b>	<b>-0.6%</b>

On a same store basis, average annualised rent per square metre decreased 2.3% over the year, primarily due to increased vacancy, and reducing rents in Central Europe. Over the year, the total open market value per square metre decreased by 3.2%, with valuation increases on the continent being offset by the value decline in the UK.

The gross yield<sup>5</sup> of the same store portfolio increased marginally to 7.4% from 7.3% at the end of

<sup>7</sup> Southern Europe comprises France, Italy and Spain

<sup>8</sup> Northern Europe comprises Belgium, Germany, The Netherlands and Sweden

<sup>9</sup> Central Europe comprises the Czech Republic, Hungary and Poland

<sup>10</sup> Sterling comparative figures have been re-translated using the half-year exchange rate for open market values and an average exchange rate for the six months to 30 June 2008 for rental income.

June 2007.

## Market outlook

The continued deterioration in the financial and real estate markets is having an uneven economic impact across countries. Those countries that rely on capital markets for financing have been harder hit, especially the UK and Spain, but other Western European markets are beginning to feel the impact. The Central European markets so far appear to have been insulated; as a result spreads between UK and Central European yields are at record-low levels.

With a less positive economic outlook, global trade growth is expected to slow in 2008, from the 15% annual rate from the past few years. However, world trade volumes are expected to be fuelled by continued strong growth in developing economies given an increasingly world-wide movement of finished products. This should sustain a good performance in the European logistics market in 2008, particularly driven by the transport sector and pan-European, third-party logistics providers

## Financial results

### Earnings

PEPR reported an IFRS loss for the second quarter of €50.9 million, as compared to a €80.6 million gain for the same period last year, primarily due to non-cash, fair-value accounting for our investments, portfolio reshaping, weaker sterling exchange rates and one-off receipts in 2007.

EPRA earnings, a measure of underlying profitability, were €34.6 million for the quarter, or €0.18 per unit, a slight decrease over €36.2 million or €0.19 per unit for the same period last year.

EPRA earnings for the half year reduced by €8.0 million, from €77.1 million to €69.1 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

During the second quarter, PEPR's rental and other property income decreased by €13.7 million to €74.5 million, from €88.2 million in Q2 2007. If we exclude the €6.0 million one-off receipt in 2007, the decrease is due in large part to the loss of €5.7m in rents from the sale of the Garonor portfolio in July 2007 and a €2.1 million decline in UK sourced income due to the sterling exchange rate.

### Operating expenses

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

	Half year to 30 June		Change
	2008	2007	
	€'000	€'000	%
Cost of rental activities, including property management fees	16,597	14,788	12.2%
Fund expenses, including fund management fees	5,649	9,934	
Reversal of provision for incentive fee	-	(4,544)	
	<u>5,649</u>	<u>5,390</u>	4.8%
<b>Underlying operating expenses</b>	<b><u>22,246</u></b>	<b><u>20,178</u></b>	<b>10.2%</b>

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 half year, PEPR recorded a €2.4 million bad debt expense related to three customers who had defaulted on their lease obligations. The property management fee is correlated to the gross value of the directly owned portfolio and as such has declined €0.6 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. The management fee is also correlated to the gross value of the directly owned portfolio and as such has declined €0.2 million compared to the same period last year.

At the end of June 2007, the incentive fee had been estimated at €4.5 million for the period from IPO to that date and was provided for in the half year results. Following the 2007 year end portfolio revaluation 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 during the first six months of the year of €1.9 million relates to the sale of 23,300 square metres of land in Zaandam, north of Amsterdam, and will be distributed as part of the Q2 dividend.

#### *Property fair value movements*

Total property fair value movements for the half year resulted in a net loss of €122.2 million, comprising €37.5 million of revaluation gains, €169.8 million of revaluation losses and a €10.1 million reduction in PEPR's purchasers' cost provision.

Further details on the portfolio valuation movements are provided in the *Directly owned portfolio revaluation* on page 2.

#### *Investment fair value movements*

PEPR recorded a €9.7 million fair value adjustment for the first six months of 2008 relating to its investment in ProLogis European Fund II. This adjustment primarily relates to PEPR's share of the impact of weaker sterling exchange rates given PEPF II's higher portfolio weighting in the UK during the period, as well as purchaser's costs on the 50 properties acquired by PEPF II in 2008. PEPR's share of PEPF II's portfolio revaluation losses for the period had largely been provided for at the end of 2007.

PEPR received €3.5 million of distributions for the second quarter, taking distributions for the half year to €5.3 million.

#### *Financing and debt*

Net financing costs, comprising interest income received, interest expense, realised and unrealised foreign exchange movements and amortisation of debt raising costs, increased slightly to €52.1 million for the half year, from €51.5 million in the comparable period.

Interest income of €2.4 million for the first six months of the year showed a €0.5 million increase over the comparable period, relating to the higher level of cash on deposit during the second quarter.

Interest expense of €51.5 million for the half year increased by €2.1 million compared to the half year 2007, primarily related to the PEPR's refinanced debt structure and the increase in European and UK market interest rates over the past year.

The weighted average interest rate for the three and six months ended 30 June 2008 was 5.2% (HY 2007: 4.9%). At the end of June 2008, 65.5% of PEPR's debt is at fixed rates of interest, (Q1 2007: 59.0%), with the remaining floating debt based on Euribor or Libor with margins varying between 65 to 70 bps on the €900 million senior unsecured debt facility and up to 137 bps on the €151.1 million secured bank loan covering Central European properties.

Amortisation charges for the six months decreased substantially to €3.2 million (HY 2007: €4.3 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 June 2008 was €2.1 billion, a 10.4% increase since the end of

2007 (€1.9 billion), due to the €161.9 million investment into PEPF II and additional borrowing under the three-year term loan of the €900 million senior unsecured debt facility. The €300 million revolving portion of the senior unsecured facility has not been utilised and PEPR has €131.4 million cash on its Balance Sheet. An overview of PEPR's outstanding debt is on page 19.

At the end of June, PEPR's loan to value was 48.3%, without the consideration of the use of cash on hand, as compared to 43.3% at the end of 2007 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 half year is a credit of €19.3 million, comprising income tax expense of €9.8 million more than offset by a deferred tax credit of €29.1 million.

The income tax expense for the six months represents a 24.7% decrease over the HY 2007 charge of €13.0 million and represents an estimated effective tax rate of 11.9% for the six months to June 2008 compared to 14.0% 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 second quarter distribution per unit is €0.185843, including €0.02 relating to income from PEPR's investment in PEPF II. Distributions for the half year equalled €0.38 per unit, implying an annualised dividend yield of 8.4% based on the 30 June 2008 closing price of €9.07 per unit.

The second quarter distribution will have an ex-dividend date of 28 July 2008, a record date of 30 July 2008 and a payment date of 5 August 2008.

### **Earnings webcast and conference call details:**

We invite you to access the live presentation webcast and conference call, held today, 24 July 2008, at 4pm BST / 5pm CET, by clicking on the link entitled "Second Quarter and Half Year 2008 Financial Results Webcast" located on the homepage of our website, [www.prologis-ep.com](http://www.prologis-ep.com).

To participate in the conference call please dial:

	<u>Toll free</u>	<u>Toll</u>
France	800 970 211	+33 (0)1 70 99 42 74
Luxembourg	800 21140	+352 342 080 8570
Netherlands	0800 022 5992	+31 (0)20 713 2998
UK	0800 559 3272	+44 (0)20 7138 0814
US	1 866 239 0753	+1 718 354 1157

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](http://www.prologis-ep.com).

A replay of the conference call will be available from 7pm GMT / 8pm CET on Thursday 24 July 2008 until Thursday 7 August 2008. To access the conference call replay, please dial one of the following numbers, using passcode 4403876#:

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

## Financial statements and portfolio information

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

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## CONSOLIDATED INCOME STATEMENT

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

<b>Year ended</b>		<b>Three months ended</b>	
<b>31 December 2007</b>		<b>30 June 2008</b>	<b>30 June 2007</b>
<i>Audited</i>		<i>Unaudited</i>	<i>Unaudited</i>
298,555	Rental income	74,364	81,456
10,321	Other property income	145	6,717
<b>308,876</b>	<b>Total revenue</b>	<b>74,509</b>	<b>88,173</b>
(2,273)	Ground rents paid	(633)	(583)
(20,176)	Property management fees	(4,753)	(5,203)
(6,148)	Other property rental expenses	(3,852)	(1,779)
<b>(28,597)</b>	<b>Cost of rental activities</b>	<b>(9,238)</b>	<b>(7,565)</b>
<b>280,279</b>	<b>Gross profit</b>	<b>65,271</b>	<b>80,608</b>
(6,690)	Fund management fees	(1,575)	(1,735)
(253)	Custodian fees	(18)	(66)
(4,226)	Other operating expenses	(1,377)	(853)
-	Provision for incentive fee	-	(4,544)
<b>(11,169)</b>	<b>Fund expenses</b>	<b>(2,971)</b>	<b>(7,198)</b>
376,197	Investment property disposal proceeds	4,467	-
(375,032)	Cost basis of investment properties disposed of	(2,610)	-
<b>1,165</b>	<b>Profit/(loss) on disposal of investment properties</b>	<b>1,857</b>	<b>-</b>
169,399	Gross valuation gains on property, less disposals	37,479	80,762
(125,052)	Gross valuation losses on property, less disposals	(154,399)	(261)
(4,151)	Purchasers costs, less disposals	5,086	(13,846)
<b>40,196</b>	<b>Fair value movements on property</b>	<b>(111,836)</b>	<b>66,655</b>
1,259	Distribution income from investments	3,514	-
(25,178)	Valuation adjustments on investments	(2,578)	-
<b>(23,919)</b>	<b>Fair value movements on investments</b>	<b>936</b>	<b>-</b>
<b>286,552</b>	<b>Earnings before interest and tax</b>	<b>(46,743)</b>	<b>140,065</b>
4,772	Finance income	1,604	944
(101,842)	Finance expense	(28,447)	(30,780)
<b>(97,070)</b>	<b>Net financing cost</b>	<b>(26,843)</b>	<b>(29,836)</b>
<b>189,482</b>	<b>Earnings before tax</b>	<b>(73,586)</b>	<b>110,229</b>
(20,978)	Income tax expense	(4,300)	(7,160)
2,826	Deferred tax (expense)/credit	27,017	(22,514)
<b>(18,152)</b>	<b>Charge for taxation</b>	<b>22,717</b>	<b>(29,674)</b>
<b>171,330</b>	<b>Net earnings for the period</b>	<b>(50,869)</b>	<b>80,555</b>
	<b>Attributable to:</b>		
170,343	Unitholders	(51,017)	80,425
987	Minority interest	148	130
<b>171,330</b>	<b>Net earnings for the period</b>	<b>(50,869)</b>	<b>80,555</b>
<b>€0.89</b>	<b>IFRS earnings per ordinary unit</b>	<b>€(0.27)</b>	<b>€0.42</b>
<b>€0.79</b>	<b>EPRA earnings per ordinary unit</b>	<b>€0.18</b>	<b>€0.19</b>

## CONSOLIDATED INCOME STATEMENT

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

<b>Year ended</b>		<b>Half year ended</b>	
<b>31 December 2007</b>		<b>30 June 2008</b>	<b>30 June 2007</b>
<i>Audited</i>		<i>Unaudited</i>	<i>Unaudited</i>
298,555	Rental income	147,149	158,523
10,321	Other property income	795	8,003
<b>308,876</b>	<b>Total revenue</b>	<b>147,945</b>	<b>166,526</b>
(2,273)	Ground rents paid	(1,328)	(1,121)
(20,176)	Property management fees	(9,566)	(10,143)
(6,148)	Other property rental expenses	(5,703)	(3,524)
<b>(28,597)</b>	<b>Cost of rental activities</b>	<b>(16,597)</b>	<b>(14,788)</b>
<b>280,279</b>	<b>Gross profit</b>	<b>131,348</b>	<b>151,738</b>
(6,690)	Fund management fees	(3,167)	(3,378)
(253)	Custodian fees	(81)	(105)
(4,226)	Other operating expenses	(2,401)	(1,907)
-	Provision for incentive fee	-	(4,544)
<b>(11,169)</b>	<b>Fund expenses</b>	<b>(5,649)</b>	<b>(9,934)</b>
376,197	Investment property disposal proceeds	4,467	4,887
(375,032)	Cost basis of investment properties disposed of	(2,610)	-
<b>1,165</b>	<b>Profit/(loss) on disposal of investment properties</b>	<b>1,857</b>	<b>4,887</b>
169,399	Gross valuation gains on property, less disposals	37,479	92,980
(125,052)	Gross valuation losses on property, less disposals	(169,765)	(19,037)
(4,151)	Purchasers costs, less disposals	10,132	(24,039)
<b>40,196</b>	<b>Fair value movements on property</b>	<b>(122,154)</b>	<b>49,905</b>
1,259	Distribution income from investments	5,305	-
(25,178)	Valuation adjustments on investments	(9,699)	-
<b>(23,919)</b>	<b>Fair value movements on investments</b>	<b>(4,394)</b>	<b>-</b>
<b>286,552</b>	<b>Earnings before interest and tax</b>	<b>1,008</b>	<b>196,596</b>
4,772	Finance income	2,444	1,940
(101,842)	Finance expense	(54,515)	(53,475)
<b>(97,070)</b>	<b>Net financing cost</b>	<b>(52,071)</b>	<b>(51,535)</b>
<b>189,482</b>	<b>Earnings before tax</b>	<b>(51,063)</b>	<b>145,061</b>
(20,978)	Income tax expense	(9,766)	(12,968)
2,826	Deferred tax (expense)/credit	29,051	(10,171)
<b>(18,152)</b>	<b>Charge for taxation</b>	<b>19,285</b>	<b>(23,139)</b>
<b>171,330</b>	<b>Net earnings for the period</b>	<b>(31,778)</b>	<b>121,922</b>
	<b>Attributable to:</b>		
170,343	Unitholders	(32,054)	121,672
987	Minority interest	276	250
<b>171,330</b>	<b>Net earnings for the period</b>	<b>(31,778)</b>	<b>121,922</b>
<b>€0.89</b>	<b>IFRS earnings per ordinary unit</b>	<b>€(0.17)</b>	<b>€0.64</b>
<b>€0.80</b>	<b>EPRA earnings per ordinary unit</b>	<b>€0.36</b>	<b>€0.40</b>

## CONSOLIDATED BALANCE SHEET

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

31 December 2007 <i>Audited</i>		30 June 2008 <i>Unaudited</i>	30 June 2007 <i>Unaudited</i>
<b>Assets</b>			
<i>Non Current Assets</i>			
4,143,109	Investment in property	3,945,297	4,541,053
14,050	Property under construction	-	9,383
108,172	Investment in private equity funds	260,354	-
48,577	Hedging instruments	73,886	47,665
7,740	Deferred tax asset	7,883	7,117
<u>4,321,648</u>		<u>4,287,420</u>	<u>4,605,218</u>
<i>Current Assets</i>			
1,259	Due from related parties	3,514	9,238
44,533	Accounts receivable, net	44,622	53,408
49,910	Other current assets	43,805	74,885
78,680	Cash and cash equivalents	131,440	93,068
<u>174,372</u>		<u>223,381</u>	<u>230,599</u>
<b>4,496,020</b>	<b>Total assets</b>	<b>4,510,802</b>	<b>4,835,817</b>
<b>Equity</b>			
1,911,810	Capital contributions	1,911,810	1,911,810
(37,721)	Costs of raising capital	(37,721)	(37,721)
<u>1,874,089</u>	Net capital contributed	<u>1,874,089</u>	<u>1,874,089</u>
170,343	Net earnings for the period	(32,054)	121,922
(166,713)	Distributions for the period	(37,345)	(86,508)
398,328	Net retained earnings	401,957	391,853
(55,994)	Cumulative foreign currency translation	(96,525)	(670)
15,250	Cash flow hedge valuation reserve	19,812	17,147
<u>2,235,303</u>	Equity attributable to unitholders	<u>2,129,934</u>	<u>2,317,833</u>
6,612	Minority interest in subsidiaries	6,888	7,115
<b>2,241,915</b>	<b>Total equity</b>	<b>2,136,822</b>	<b>2,324,948</b>
<b>Liabilities</b>			
<i>Non-current liabilities</i>			
874,574	Interest bearing secured notes	876,744	1,251,755
491,168	Eurobond	491,442	-
-	Fund incentive fee	-	4,544
1,885	Hedging instruments	-	6,543
534,086	Interest bearing long-term bank loans, net		
190,362	of current portion	734,149	156,150
<u>2,092,075</u>	Deferred taxation	<u>161,409</u>	<u>202,736</u>
		2,263,744	1,621,728
<i>Current liabilities</i>			
2,099	Interest bearing bank loans, current		
8,558	portion	1,925	722,345
15,345	Accounts payable	3,453	6,511
17,570	Due to related parties	7,341	16,185
	Income and other taxes payable	12,029	17,130
93,609	Accrued expenses and other current		
24,849	liabilities	59,812	105,881
<u>162,030</u>	Deferred income	<u>25,677</u>	<u>21,089</u>
		110,236	889,141
<b>2,254,105</b>	<b>Total liabilities</b>	<b>2,373,980</b>	<b>2,510,869</b>
<b>4,496,020</b>	<b>Total equity and liabilities</b>	<b>4,510,802</b>	<b>4,835,817</b>
<b>€11.73</b>	<b>IFRS NAV per ordinary unit</b>	<b>€11.18</b>	<b>€12.17</b>
<b>€12.73</b>	<b>EPRA NAV per ordinary unit</b>	<b>€12.03</b>	<b>€13.23</b>

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**CALCULATION OF EPRA EARNINGS**

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

<b>Year ended</b>		<b>Three months ended</b>	
<b>31 December 2007</b>		<b>30 June 2008</b>	<b>30 June 2007</b>
<i>Audited</i>		<i>Unaudited</i>	<i>Unaudited</i>
	<b>Net earnings attributable to unitholders for the period</b>	(51,017)	80,425
	Adjustments for:		
170,343	Revaluation movements on investment properties and development properties	111,836	(66,655)
(40,196)	Movements in share of net assets of an associate	2,578	-
25,178	Profit on disposal of investment properties, net of tax	(1,857)	-
(1,165)	Deferred tax effects arising on revaluation of investment properties	(26,920)	22,305
(2,412)	Minority interest in respect of the above	(26)	130
644			
<b>152,392</b>	<b>EPRA earnings for the period</b>	<b>34,594</b>	<b>36,205</b>
	Weighted average number of ordinary units	190,522,441	190,522,441
190,522,441			
<b>€0.80</b>	<b>EPRA earnings per unit for the period</b>	<b>€0.18</b>	<b>€0.19</b>

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**CALCULATION OF EPRA EARNINGS**

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

<b>Year ended</b>		<b>Six months ended</b>	
<b>31 December 2007</b>		<b>30 June 2008</b>	<b>30 June 2007</b>
<i>Audited</i>		<i>Unaudited</i>	<i>Unaudited</i>
	<b>Net earnings attributable to unitholders for the period</b>	(32,054)	121,672
	Adjustments for:		
170,343	Revaluation movements on investment properties and development properties	122,154	(49,905)
(40,196)	Movements in share of net assets of an associate	9,699	-
25,178	Profit on disposal of investment properties, net of tax	(1,857)	(4,887)
(1,165)	Deferred tax effects arising on revaluation of investment properties	(28,954)	9,962
(2,412)	Minority interest in respect of the above	103	250
644			
<b>151,133</b>	<b>EPRA earnings for the period</b>	<b>69,091</b>	<b>77,092</b>
	Weighted average number of ordinary units	190,522,441	190,522,441
190,522,441			
<b>€0.80</b>	<b>EPRA earnings per unit for the period</b>	<b>€0.36</b>	<b>€0.40</b>

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**CALCULATION OF EPRA NET ASSET VALUE**


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

<b>31 December 2007</b> <i>Audited</i>		<b>30 June 2008</b> <i>Unaudited</i>	<b>30 June 2007</b> <i>Unaudited</i>
<b>2,235,302</b>	<b>Net asset value per IFRS financial statements</b>	<b>2,129,934</b>	<b>2,317,833</b>
	Adjustments for:		
190,362	Deferred tax	161,409	202,736
<b>2,425,664</b>	<b>EPRA net asset value</b>	<b>2,291,343</b>	<b>2,520,569</b>
190,522,441	Number of ordinary units	190,522,441	190,522,441
<b>€12.73</b>	<b>EPRA earnings per unit for the period</b>	<b>€12.03</b>	<b>€13.23</b>

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**FINANCIAL RATIOS**


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<b>31 December 2007</b> <i>Unaudited</i>		<b>30 June 2008</b> <i>Unaudited</i>	<b>30 June 2007</b> <i>Unaudited</i>
€4,348.9 million	Gross value of real estate portfolio	€4,140.9 million	€4,766.7 million
€108.2 million	Investment in associate	€260.4 million	-
<b>€4,457.1 million</b>	<b>Total value</b>	<b>€4,401.3 million</b>	<b>€4,766.7 million</b>
€1,928.5 million	Debt	€2,127.3 million	€2,147.2 million
43.3%	LTV (debt as percentage of total value)	48.3%	45.0%
3.8 years	Average maturity, based on earliest repayment date	3.2 years	1.7 years
5.1 years	Average maturity, based on latest repayment date	4.5 years	3.4 years
<b>Year ended</b> <b>31 December 2007</b>		<b>Six months ended</b> <b>30 June 2008</b>	<b>30 June 2007</b>
5.1%	Average interest rate	5.2%	4.9%

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## CONSOLIDATED STATEMENT OF INVESTMENT IN PROPERTY

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

31 December 2007 <i>Audited</i>		30 June 2008 <i>Unaudited</i>	30 June 2007 <i>Unaudited</i>
	<b>Historic cost</b>		
3,575,310	Cost at the beginning of the period	3,435,805	3,575,310
215,873	Asset additions, by way of agreement with ProLogis	-	201,651
18,474	Asset additions, by way of corporate acquisition	-	18,474
33,882	Other asset additions	-	25,235
20,742	Capital expenditure	2,369	6,518
-	Transfer from property under construction	2,439	-
(375,032)	Disposals, by way of direct disposals	(2,610)	-
(53,444)	Effect of unrealised currency movements	(77,856)	(3,148)
<u>3,435,805</u>	Cost at the end of the period	<u>3,360,147</u>	<u>3,824,040</u>
	<b>Net unrealised gains related to property</b>		
667,108	Net unrealised gains at the beginning of the period	707,304	667,108
169,399	Gross valuations gains on investment in real estate during the period, less disposals	37,479	92,981
(147,991)	Gross valuations losses on investment in real estate during the period, less disposals	(167,515)	(19,037)
22,939	Reversal of prior years' revaluation loss provisions on disposals	(2,250)	-
19,064	Reversal of prior years' purchasers' costs provisions on disposals	320	-
(23,215)	Deduction for purchasers' costs, less disposals	9,812	(24,039)
<u>707,304</u>	Net unrealised gains at the end of the period	<u>585,150</u>	<u>717,013</u>
<b><u>4,143,109</u></b>	<b>Fair value at the end of the period</b>	<b><u>3,945,297</u></b>	<b><u>4,541,053</u></b>
	<b>Fair value of investment property</b>		
4,348,888	Appraised gross property value at the end of the period	4,140,945	4,766,719
(205,779)	Purchasers' costs	(195,647)	(225,666)
<b><u>4,143,109</u></b>	<b>Fair value at the end of the period</b>	<b><u>3,945,297</u></b>	<b><u>4,541,053</u></b>
185%	Appraised market value as a percentage of net assets	185%	195%

## UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

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

Year ended	Three months ended	
	30 June 2008 <i>Unaudited</i>	30 June 2007 <i>Unaudited</i>
<b>31 December 2007</b>		
<i>Audited</i>		
<b>189,482</b>	<b>(73,586)</b>	<b>110,229</b>
<b>Earnings before tax</b>		
(3,352)	111,086	(79,628)
Adjustment for non-cash items and changes in operating assets		
<b>186,130</b>	<b>37,501</b>	<b>30,601</b>
<b>Net cash flow from operating activities</b>		
<b>Cash flow from investing activities</b>		
(206,108)	-	(19,914)
Acquisitions of property		
(133,350)	(70,200)	-
Investment in private equity funds		
(54,624)	(1,701)	(14,925)
Capital expenditure on investment property		
(6,893)	-	(388)
Property under construction		
376,197	-	-
Proceeds from disposal of investment in property		
18,029	(305)	12,830
Proceeds from insurance claim		
<b>(6,749)</b>	<b>(72,207)</b>	<b>(22,397)</b>
<b>Net cash provided from / (used in) investing activities</b>		
<b>Cash flow from financing activities</b>		
(404,324)		
Proceeds from secured notes:		
-	-	-
Gross proceeds / (repayments)		
-	-	-
Transaction costs		
330,712	-	26,457
Gross proceeds / (repayments)		
-	(32)	-
Transaction costs		
-	16,167	-
Transfer of property under construction		
(162,872)	(37,345)	(42,252)
Distributions to unitholders		
<b>(236,484)</b>	<b>(21,209)</b>	<b>(15,795)</b>
<b>Net cash from financing activities</b>		
<b>(2,266)</b>	<b>(1,312)</b>	<b>(13,615)</b>
<b>Effects of changes in exchange rates</b>		
<b>(59,369)</b>	<b>(57,227)</b>	<b>(21,206)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		
138,049	188,667	114,274
Cash and cash equivalents at the beginning of the period		
<b>78,680</b>	<b>131,440</b>	<b>93,068</b>
<b>Cash and cash equivalents at the end of the period</b>		

## UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

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

<b>Year ended</b>		<b>Six months ended</b>	
<b>31 December 2007</b>		<b>30 June 2008</b>	<b>30 June 2007</b>
<i>Audited</i>		<i>Unaudited</i>	<i>Unaudited</i>
<b>189,482</b>	<b>Earnings before tax</b>	<b>(51,064)</b>	<b>145,061</b>
(3,352)	Adjustment for non-cash items and changes in operating assets	119,775	(59,703)
<b>186,130</b>	<b>Net cash flow from operating activities</b>	<b>68,711</b>	<b>85,358</b>
	<b>Cash flow from investing activities</b>		
(206,108)	Acquisitions of property	-	(191,885)
(133,350)	Investment in private equity funds	(161,881)	-
(54,624)	Capital expenditure on investment property	(2,370)	(31,753)
(6,893)	Property under construction	(3,632)	(2,226)
376,197	Proceeds from disposal of investment in property	-	4,887
18,029	Proceeds from insurance claim	-	12,830
<b>(6,749)</b>	<b>Net cash provided from / (used in) investing activities</b>	<b>(167,883)</b>	<b>(208,147)</b>
	<b>Cash flow from financing activities</b>		
	Proceeds from secured notes:		
(404,324)	Gross proceeds / (repayments)	-	(21,363)
-	Transaction costs	-	-
	Proceeds from bank loans:		
330,712	Gross proceeds / (repayments)	216,690	183,922
-	Transaction costs	-	-
-	Transfer of property under construction	16,167	-
(162,872)	Distributions to unitholders	(79,319)	(80,384)
<b>(236,484)</b>	<b>Net cash from financing activities</b>	<b>153,538</b>	<b>82,175</b>
<b>(2,266)</b>	<b>Effects of changes in exchange rates</b>	<b>(1,606)</b>	<b>(4,367)</b>
<b>(59,369)</b>	<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>52,760</b>	<b>(44,981)</b>
138,049	Cash and cash equivalents at the beginning of the period	78,680	138,049
<b>78,680</b>	<b>Cash and cash equivalents at the end of the period</b>	<b>131,440</b>	<b>93,068</b>

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**RECONCILIATION OF PROFIT TO DISTRIBUTABLE CASH FLOW**


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

<b>Year ended</b>		<b>Three months ended</b>	
<b>31 December 2007</b>		<b>30 June 2008</b>	<b>30 June 2007</b>
<i>Audited</i>		<i>Unaudited</i>	<i>Unaudited</i>
<b>170,343</b>	<b>Net earnings attributable to unitholders for the period</b>	<b>(51,017)</b>	<b>80,554</b>
	Adjustments for items per the Management Regulations:		
6,891	Rent levelling adjustment	(505)	(1,061)
(44,347)	Net valuation gains / (losses) on property, net of disposals	116,600	(80,502)
4,151	Purchasers' costs, net of disposals	(5,085)	13,846
25,178	Gain/(loss) on associate	2,578	-
(842)	Unrealised currency (gains) / losses	(346)	4,052
12,921	Amortisation of debt expenses	1,200	1,608
(2,826)	Movements on deferred tax balances	(27,017)	24,251
-	Costs related to non-recurring events	700	-
3,711	Profit on disposal	-	-
-	Provision of incentive fee	-	4,544
-	Minority interest	-	(250)
(8,467)	Less an allowance for capital and re-letting expenses	(1,701)	(2,785)
(3,630)	Total adjustments	86,424	(36,297)
<b>166,713</b>	<b>Distributable cash flow for ordinary unitholders</b>	<b>35,407</b>	<b>44,257</b>
190,522,441	Weighted average number of ordinary units	190,522,441	190,522,441
<b>€0.87</b>	<b>Distributable cash flow per ordinary unit for the period</b>	<b>€0.18</b>	<b>€0.23</b>

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**RECONCILIATION OF PROFIT TO DISTRIBUTABLE CASH FLOW**


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

<b>Year ended</b>		<b>Six months ended</b>	
<b>31 December 2007</b>		<b>30 June 2008</b>	<b>30 June 2007</b>
<i>Audited</i>		<i>Unaudited</i>	<i>Unaudited</i>
<b>170,343</b>	<b>Net earnings attributable to unitholders for the period</b>	<b>(32,054)</b>	<b>121,922</b>
	Adjustments for items per the Management Regulations:		
6,891	Rent levelling adjustment	1,239	39
(44,347)	Net valuation gains / (losses) on property, net of disposals	131,966	(73,944)
4,151	Purchasers' costs, net of disposals	(10,132)	24,039
25,178	Gain/(loss) on associate	9,699	-
(842)	Unrealised currency (gains) / losses	(400)	(66)
12,921	Amortisation of debt expenses	3,155	4,636
(2,826)	Movements on deferred tax balances	(29,051)	11,908
-	Costs related to non-recurring events	700	-
3,711	Profit on disposal	-	-
-	Provision of incentive fee	-	4,544
-	Minority interest	-	(250)
(8,467)	Less an allowance for capital and re-letting expenses	(2,370)	(6,320)
(3,630)	Total adjustments	104,806	(35,414)
<b>166,713</b>	<b>Distributable cash flow for ordinary unitholders</b>	<b>72,752</b>	<b>86,508</b>
190,522,441	Weighted average number of ordinary units	190,522,441	190,522,441
<b>€0.87</b>	<b>Distributable cash flow per ordinary unit for the period</b>	<b>€0.38</b>	<b>€0.45</b>

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


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

<b>31 December 2007</b> <i>Audited</i>		<b>30 June 2008</b> <i>Unaudited</i>	<b>30 June 2007</b> <i>Unaudited</i>
<b>2,242,489</b>	<b>Total equity attributable to unitholders brought forward</b>	<b>2,235,302</b>	<b>2,242,489</b>
(50,312)	Foreign currency translation	(40,531)	(1,463)
11,257	Net gains on cash flow hedges fair valuation	4,562	13,154
<b>(39,055)</b>	<b>Total income / (expense) for the period recognised directly in equity</b>	<b>(35,969)</b>	<b>11,691</b>
170,343	Net earnings for the period	(32,054)	121,922
(166,714)	Distributions for the period	(37,345)	(86,508)
<b>3,629</b>	<b>Total net income and expense for the period</b>	<b>(69,399)</b>	<b>35,414</b>
28,239	Capital contributions by way of contribution in kind	-	28,239
-	Capital redemptions	-	-
<b>28,239</b>	<b>Net movement in capital for the period</b>	<b>-</b>	<b>28,239</b>
<b>(7,187)</b>	<b>Changes in Equity</b>	<b>(105,368)</b>	<b>75,344</b>
<b>2,235,302</b>	<b>Total equity attributable to unitholders carried forward</b>	<b>2,129,934</b>	<b>2,317,833</b>

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**OUTSTANDING DEBT  
AS AT 30 JUNE 2008**

Description	Rating	Issue date	Issue size	Coupon <sup>11</sup>	Maturity date <sup>12</sup>	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	Dec 2010	€300.0m	€300.0m	n/a	
				€300m: + 70bps	Dec 2012	€129.0m £123.5m	€286.1m		
Mortgage (Italy)	-		€0.9m	various	Dec 2010	€0.6m	€0.6m	n/a	
Finance lease	-		€7.6m	various	Dec 2014	€5.4m	€5.4m	n/a	
<b>Total</b>			<b>€2,495.1m</b>				<b>€2,127.3m</b>		

<sup>11</sup> All coupons are three month Euribor +

<sup>12</sup> Maturity dates relate to repayable dates rather than legal maturity dates, which are typically three years later

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

	Number of distribution facilities	Open market value ('OMV') <sup>13</sup> €million	% of total OMV	Leasable area 000m <sup>2</sup>	% of total leasable area	Annualised rental income <sup>14</sup> €million	ERV <sup>15</sup> €million	Yield on OMV <sup>16</sup>	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%	75.7	69.9	7.4%	7.0	97.6%	75	3.0	6.6
Italy	19	328	8%	535.6	10%	26.1	23.6	8.0%	9.6	100.0%	20	6.1	6.2
Spain	13	327	8%	309.4	6%	20.8	23.5	6.4%	5.5	99.8%	21	3.3	5.8
<i>Southern</i>	<i>93</i>	<i>1,676</i>	<i>42%</i>	<i>2,435.6</i>	<i>47%</i>	<i>122.6</i>	<i>117.0</i>	<i>7.3%</i>	<i>7.4</i>	<i>98.4%</i>	<i>116</i>	<i>3.7</i>	<i>6.4</i>
Belgium	5	58	1%	98.3	2%	4.2	4.1	7.2%	4.0	100.0%	5	3.0	9.9
Germany	26	336	9%	422.4	8%	25.0	24.0	7.4%	4.1	98.3%	42	3.5	5.1
Netherlands	23	373	9%	512.3	10%	28.2	28.2	7.6%	7.9	92.4%	36	3.2	4.0
Sweden	4	107	3%	130.3	2%	7.7	7.1	7.2%	13.4	100.0%	4	9.3	10.6
<i>Northern</i>	<i>58</i>	<i>874</i>	<i>22%</i>	<i>1,163.3</i>	<i>22%</i>	<i>65.1</i>	<i>63.4</i>	<i>7.4%</i>	<i>7.4</i>	<i>96.0%</i>	<i>87</i>	<i>4.0</i>	<i>5.6</i>
Czech Republic	12	132	3%	180.3	3%	9.6	9.1	7.3%	5.3	97.2%	42	2.2	2.6
Hungary	14	132	3%	182.0	3%	9.7	9.0	7.3%	5.1	97.2%	39	3.0	5.1
Poland	26	328	9%	494.2	10%	21.2	21.4	6.5%	6.0	93.3%	88	3.3	3.8
Slovakia	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Central</i>	<i>52</i>	<i>592</i>	<i>15%</i>	<i>856.5</i>	<i>16%</i>	<i>40.6</i>	<i>39.5</i>	<i>6.9%</i>	<i>5.5</i>	<i>95.0%</i>	<i>169</i>	<i>2.9</i>	<i>3.8</i>
<i>UK</i>	<i>44</i>	<i>803</i>	<i>21%</i>	<i>784.4</i>	<i>15%</i>	<i>59.0</i>	<i>58.9</i>	<i>7.3%</i>	<i>7.0</i>	<i>97.0%</i>	<i>43</i>	<i>6.8</i>	<i>9.6</i>
<b>TOTAL</b>	<b>247</b>	<b>3,945</b>	<b>100%</b>	<b>5,239.8</b>	<b>100%</b>	<b>287.2</b>	<b>278.8</b>	<b>7.3%</b>	<b>6.7</b>	<b>97.1%</b>	<b>415</b>	<b>4.3</b>	<b>6.5</b>

Vacant space (at ERV per m<sup>2</sup>)

7.7  
**286.5**

<sup>13</sup> An independent revaluation of the portfolio is conducted every 30 June and 31 December. In accordance with IFRS fair value accounting, valuations are reported net i.e. after deduction of purchasers' costs

<sup>14</sup> Annualised rental income means the estimate of annual income based on the gross rental income for leases in place as at 30 June 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

<sup>15</sup> ERV refers to the Estimated Rental Value calculated by the independent third-party appraisers at 30 June 2008

<sup>16</sup> 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 JUNE 2008**

	Number of distribution facilities	Open market value ('OMV') <sup>17</sup> €million	% of total OMV	Leasable area 000m <sup>2</sup>	% of total leasable area	Annualised rental income <sup>18</sup> €million	ERV <sup>19</sup> €million	Yield on OMV <sup>20</sup>	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	10	175	11%	259.7	12%	11.7	11.8	6.7%	0.3	99.5%	16	6.1	9.1
Italy	1	21	1%	30.4	1%	1.3	1.3	6.2%	0.2	100.0%	1	12.6	12.6
Spain	2	53	3%	87.4	4%	3.9	3.3	7.4%	0.3	100.0%	2	10.0	10.0
<i>Southern</i>	<b>13</b>	<b>249</b>	<b>15%</b>	<b>377.5</b>	<b>17%</b>	<b>16.9</b>	<b>16.4</b>	<b>6.8%</b>	<b>0.3</b>	<b>99.7%</b>	<b>19</b>	<b>7.5</b>	<b>9.6</b>
Belgium	-	-	-	-	-	-	-	-	-	-	-	-	-
Germany	13	191	12%	333.3	15%	12.4	14.3	6.5%	0.4	99.8%	16	5.4	5.9
Netherlands	5	69	4%	94.0	4%	4.8	4.9	6.9%	0.4	100.0%	5	3.3	4.8
Sweden	2	31	2%	37.5	2%	2.1	1.2	6.8%	0.9	100.0%	5	2.9	5.4
<i>Northern</i>	<b>20</b>	<b>291</b>	<b>18%</b>	<b>464.8</b>	<b>21%</b>	<b>19.3</b>	<b>20.4</b>	<b>6.6%</b>	<b>0.5</b>	<b>99.8%</b>	<b>26</b>	<b>4.6</b>	<b>5.6</b>
Czech Republic	7	138	8%	202.6	9%	10.1	9.8	7.3%	0.6	100.0%	20	4.2	4.3
Hungary	4	54	3%	85.3	4%	3.9	4.0	7.2%	0.6	98.4%	5	3.4	5.9
Poland	27	282	17%	485.0	22%	20.8	20.4	7.4%	0.6	99.2%	82	2.8	3.1
Slovakia	6	103	6%	158.4	7%	7.1	7.5	6.9%	0.8	100.0%	9	3.3	3.3
<i>Central</i>	<b>44</b>	<b>577</b>	<b>35%</b>	<b>931.3</b>	<b>42%</b>	<b>41.9</b>	<b>41.7</b>	<b>7.3%</b>	<b>0.6</b>	<b>99.4%</b>	<b>116</b>	<b>3.3</b>	<b>3.7</b>
<i>UK</i>	<b>16</b>	<b>524</b>	<b>32%</b>	<b>471.4</b>	<b>21%</b>	<b>36.0</b>	<b>37.5</b>	<b>6.9%</b>	<b>0.9</b>	<b>100.0%</b>	<b>17</b>	<b>12.0</b>	<b>12.4</b>
<b>TOTAL</b>	<b>93</b>	<b>1,641</b>	<b>100%</b>	<b>2,245.0</b>	<b>100%</b>	<b>114.1</b>	<b>116.0</b>	<b>6.9%</b>	<b>0.4</b>	<b>99.7%</b>	<b>178</b>	<b>6.9</b>	<b>7.6</b>
Vacant space (at ERV per m <sup>2</sup> )							0.3						
							<b>116.3</b>						

<sup>17</sup> An independent revaluation of the portfolio is conducted on an annual basis; therefore the total portfolio value at 30 June 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.

<sup>18</sup> 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

<sup>19</sup> ERV refers to the Estimated Rental Value calculated by the independent third-party appraisers

<sup>20</sup> 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 JUNE 2008**

	Number of distribution facilities	Open market value ('OMV') <sup>21</sup> €million	% of total OMV	Leasable area 000m <sup>2</sup>	% of total leasable area	Annualised rental income <sup>22</sup> €million	ERV <sup>23</sup> €million	Yield on OMV <sup>24</sup>	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	71	1,196	21%	1,850.3	25%	87.4	81.7	7.3%	6.1	97.9%	91	3.4	6.9
Italy	20	349	6%	566.0	8%	27.4	24.9	7.9%	9.1	100.0%	21	6.4	6.5
Spain	15	380	7%	396.8	5%	24.7	26.8	5.9%	4.8	99.8%	23	4.3	6.4
<i>Southern</i>	<i>106</i>	<i>1,925</i>	<i>34%</i>	<i>2,813.1</i>	<i>38%</i>	<i>139.5</i>	<i>133.4</i>	<i>7.1%</i>	<i>6.5</i>	<i>98.6%</i>	<i>135</i>	<i>4.2</i>	<i>6.8</i>
Belgium	5	58	1%	98.3	1%	4.2	4.1	7.2%	4.0	100.0%	5	3.0	9.9
Germany	39	527	9%	755.7	10%	37.4	38.3	7.1%	2.9	99.0%	58	4.1	5.4
Netherlands	28	442	8%	606.3	8%	33.0	33.1	7.5%	6.6	93.6%	41	3.2	4.1
Sweden	6	138	2%	167.8	2%	9.8	8.3	7.1%	9.2	100.0%	9	8.0	9.5
<i>Northern</i>	<i>78</i>	<i>1,165</i>	<i>21%</i>	<i>1,628.1</i>	<i>21%</i>	<i>84.4</i>	<i>83.8</i>	<i>7.2%</i>	<i>4.8</i>	<i>97.1%</i>	<i>113</i>	<i>4.2</i>	<i>5.6</i>
Czech Republic	19	270	5%	382.9	5%	19.8	18.9	7.3%	3.5	98.7%	62	3.2	3.5
Hungary	18	186	3%	267.3	4%	13.6	12.9	7.3%	4.1	97.6%	44	3.1	5.3
Poland	53	610	11%	979.2	13%	42.0	41.8	6.9%	3.3	96.2%	170	3.0	3.4
Slovakia	6	103	2%	158.4	2%	7.1	7.5	6.9%	0.8	100.0%	9	3.3	3.3
<i>Central</i>	<i>96</i>	<i>1,169</i>	<i>21%</i>	<i>1,787.8</i>	<i>24%</i>	<i>82.5</i>	<i>81.2</i>	<i>7.1%</i>	<i>3.3</i>	<i>97.3%</i>	<i>285</i>	<i>3.1</i>	<i>3.8</i>
<i>UK</i>	<i>60</i>	<i>1,327</i>	<i>24%</i>	<i>1,255.8</i>	<i>17%</i>	<i>95.0</i>	<i>96.4</i>	<i>7.2%</i>	<i>5.3</i>	<i>98.1%</i>	<i>60</i>	<i>8.8</i>	<i>10.6</i>
<b>TOTAL</b>	<b>340</b>	<b>5,586</b>	<b>100%</b>	<b>7,484.8</b>	<b>100%</b>	<b>401.4</b>	<b>394.8</b>	<b>7.2%</b>	<b>5.0</b>	<b>97.9%</b>	<b>593</b>	<b>5.0</b>	<b>6.8</b>
Vacant space (at ERV per m <sup>2</sup> )							8.0						
							<b>402.8</b>						

<sup>21</sup> 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 June is a blend of 30 June 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.

<sup>22</sup> Annualised rental income means the estimate of annual income based on the gross rental income for leases in place as at 30 June 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

<sup>23</sup> ERV refers to the Estimated Rental Value calculated by the independent third-party appraisers

<sup>24</sup> Annualised rental income expressed as a percentage of open market value

**LEASE BREAK AND MATURITY DATES (DIRECTLY OWNED PORTFOLIO)  
AS AT 30 JUNE 2008**

	Number of leases with next break option in year	Leased m <sup>2</sup> subject to next break option	Annualised rental income of leases subject to first break option		Number of leases with expiry date in year	Leased m <sup>2</sup> subject to lease expiry	Annualised rental income <sup>22</sup> of expiring leases	
			(€m)	%			(€m)	%
2008	46	362	19.3	6.7	34	160	8.5	3.0
2009	81	723	41.9	14.6	45	309	18.8	6.5
2010	83	874	48.6	16.9	60	427	25.8	9.0
2011	73	708	36.6	12.7	61	397	21.7	7.6
2012	31	529	29.3	10.2	32	413	26.1	9.1
2013	25	366	20.0	7.0	32	457	26.1	9.1
2014	29	544	30.5	10.6	34	648	34.6	12.0
2015	22	453	27.0	9.4	36	757	37.7	13.1
2016	8	148	9.4	3.3	26	596	30.7	10.7
2017	6	196	12.4	4.3	15	260	15.0	5.2
2018+	11	185	12.2	4.3	40	664	42.2	14.7
<b>Total</b>	<b>415</b>	<b>5,088</b>	<b>287.2</b>	<b>100.0</b>	<b>415</b>	<b>5,088</b>	<b>287.2</b>	<b>100.0</b>

**LARGEST 20 CUSTOMERS BY ANNUALISED RENTAL INCOME (DIRECTLY OWNED PORTFOLIO)  
AS AT 30 JUNE 2008**

	Customer Name <sup>25</sup>	Industry Type	Share of annualised rental income	Number of leases
1	Ceva	3PL	6.6%	14
2	Deutsche Post AG (DHL)	3PL	5.2%	20
3	Geodis	3PL	4.5%	13
4	NYK Holdings (Nippon Yusen Kaisha)	3PL	4.3%	11
5	ND Logistics	3PL	2.6%	6
6	Gefco (PSA Peugeot)	3PL	2.3%	5
7	FM Logistic	3PL	2.2%	7
8	Kuehne & Nagel	3PL	2.1%	8
9	GoodYear/Dunlop	Automotive	1.8%	2
10	ID Logistics Group	3PL	1.7%	5
11	Fago Electrodomesticos (Brandt Appliances)	Industrial Durables	1.6%	3
12	Deutsche Bahn	3PL	1.6%	8
13	Carrefour	Retail	1.4%	2
14	Amazon.com Inc	Retail	1.2%	1
15	DSV A/S	3PL	1.2%	7
16	Wincanton Logistics	3PL	1.2%	7
17	Fiege Logistik gruppe	3PL	1.1%	8
18	Eurofred	3PL	1.1%	2
19	Sainsbury, J	Retail	1.1%	2
20	Groupe PPR (previously Pinault-Printemps-Redoute)	Wholesale/Distributor	0.9%	2
	Subtotal of largest 20 customers		45.7%	133
	Leases with 192 other customers		54.3%	282
	<b>Total</b>		<b>100.0%</b>	<b>415</b>

<sup>25</sup> Customers shown are either actual customers or parent companies of actual customers.