

News release

ProLogis European Properties results for the quarter ended 31 March 2009

Solid operational performance and constructive progress on deleveraging initiatives

Luxembourg – 29 April 2009 – ProLogis European Properties (Euronext: PEPR), Europe's largest owner of modern distribution facilities, today reports results for the quarter ended 31 March 2009.

Highlights

- Sustained operational performance: occupancy at an industry leading 97.0% (2008: 97.3%)
- 16 lease transactions concluded, covering 178,300m², compared to 20 lease transactions covering 106,900m² in Q1 2008
- EPRA net asset value per unit¹ of €8.18, a 2.0% increase since year end 2008 as a result of the improved sterling exchange rate; IFRS net asset value per unit of €7.52 (2008: €7.38)
- EPRA earnings¹ per unit €0.15, a decrease of €0.03 per unit (Q1 2008: €0.18), primarily related to a further weakening of sterling; IFRS earnings per unit of €0.15 (Q1 2008: €0.18)
- Terms agreed for €235 million of new secured bank loans, subject to final credit committee approval
- €115 million portfolio disposal agreed, subject to closing of contracts

Commenting on the results, Peter Cassells, chief executive office of PEPR, said:

“PEPR has maintained strong operational performance and resilient financial results in spite of the continued turmoil in the financial markets and an uncertain economic outlook. Portfolio occupancy remains high, at 97.0% and we believe that our modern, pan-European portfolio remains highly attractive. EPRA earnings for the quarter of €0.15 per unit is in line with 2009 guidance, reflecting the secure cash flows derived from our portfolio and the relative stability of the logistics real estate market.

“Our priority for operations in 2009 is to continue to drive cash flow from the portfolio through proactive asset management and exemplary customer service.

“In addition, we have made good progress with our actions to improve the financial flexibility and overall leverage levels of the business. We have €235 million of new secured bank loans agreed, subject to final approval with further negotiations underway with other liquidity sources. We are in the final stages of agreeing the disposal of a portfolio of assets generating approximately €115 million of proceeds and have a number of discussions underway for further property disposals.

“Whilst the global economic outlook will remain challenging for the remainder of 2009, we believe that the strength of our pan-European portfolio, strong customer relationships and further progress with deleveraging initiatives will leave PEPR well positioned for the future.”

Guidance

Management has maintained their guidance for 2009, with EPRA earnings expected to be between

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

€0.55 and €0.60 per unit for the year. IFRS losses are expected to be in the range of €0.85 to €0.90 per unit and distributable cash flow anticipated to be between €0.55 and €0.60 per unit. However PEPR suspended future dividend payments in December 2008 and this cash flow will be retained in the business to reduce debt and improve liquidity.

Portfolio performance

Leasing activity in the first quarter has been encouraging with ProLogis, as PEPR's external manager, completing 16 lease transactions, covering 178,300 square metres, at market rental levels. 10 leases, covering 140,600 square metres, were renewed with existing customers such as C&A, DHL and Nippon Express. In addition, six new leases were signed, totalling 37,700 square metres, of which 23,800 square metres in The Netherlands had been vacant. These transactions demonstrate the attractiveness of the portfolio to occupiers and PEPR's commitment to maintaining occupancy, particularly during current challenging market conditions.

Of the 15 lease breaks and expiries in the first quarter, covering 145,800 square metres, only four leases, or 15,600 square metres, were exercised implying a customer retention rate of 85%. Of this, 10,600 square metres or €1.1 million of annualised rental income remains unlet.

Furthermore, of the 30 lease breaks or expiries due in the second and third quarters of 2009, covering 219,000 square metres, the known retention rate is 65% based on agreements already concluded with occupiers.

At the end of March 2009, the portfolio comprised 246 distribution facilities, covering over 5 million square metres across 11 European countries with an estimated open market value of €3.4 billion. The portfolio risk profile remains highly attractive, with occupancy at an industry-leading 97.0%, a diversified customer base, and on average 3.9 years to next lease break or 6.2 years to lease expiry. An overview of the portfolio is provided on page 17.

Post quarter end, PEPR is in the final stages of agreeing the disposal of a portfolio of assets for approximately €115 million. When completed, net proceeds of the transaction will be used to repay debt. In addition, PEPR is in discussions with a number of potential purchasers interested in acquiring prime logistics assets.

ProLogis European Properties Fund II ("PEPF II")

PEPF II is a private equity fund, established by ProLogis (NYSE: PLD), to acquire assets from both ProLogis' development pipeline in Europe and from third-parties. In August 2007 PEPR committed to invest €900 million over a three-year period in PEPF II, for a 30% stake. In December 2008, PEPR sold two-thirds of its investment and associated future funding obligations in PEPF II to ProLogis, thereby decreasing PEPR's ownership in PEPF II to 10% and its total gross commitment to €300 million, of which €125.9 million had already been invested.

In February 2009, PEPR disposed of its remaining one-third stake in PEPF II to six institutional investors for €14.4 million, eliminating future funding obligations of €174.1 million. As a result of this transaction, PEPR has no stake in PEPF II and no future funding obligations.

PEPR received a pro-rata distribution of €1.3 million from PEPF II for the first quarter of 2009.

Market outlook

Deteriorating macro economic indicators and the slowdown resulting from the dislocation in the global credit markets continue to affect the real estate market.

Investment demand remains limited and is currently solely focused on prime buildings and locations with longer lease lengths. The resultant lack of transactional evidence has led to uncertainty over portfolio values with market commentators predicting further declines throughout the year.

Occupier demand for new distribution space has weakened following decreased consumer spending. However, the requirement for occupiers to reduce operating costs combined with the lack of new supply of comparable distribution facilities has led to an increase in customers seeking to restructure leases and remain in place.

Financial results

Earnings

IFRS earnings for the first quarter 2009 decreased by €5.6 million to €29.3 million from €34.9 million in the comparable period of 2008.

EPRA earnings, PEPR's preferred measure of underlying profitability, decreased to €29.2 million or €0.15 per unit from €33.7 million, or €0.18 per unit, for the same period last year. The reduction in both earnings numbers was largely driven by a €5.6 million decline in total revenue and increased interest expense, partially offset by decreased operating costs.

A reconciliation between IFRS and EPRA earnings is shown on page 10.

Total revenue

Rental and property income for Q1 2008 fell by €5.6 million to €68.1 million (Q1 2008: €73.7 million), primarily related to a €3.0 million fall in UK sourced income when measured in euro, the loss of €0.6 million of rental income from space vacated following customer defaults and a decline of €0.5 million in rental income as a result of leases rolling back to market.

Operating expenses

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

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 Q1 2009 the cost of rental activities decreased to €6.1 million, from €7.7 million in the comparable period largely as a result of higher levels of recoverable expenses in 2009 and the timing difference between the incurrence of such expenses and the recoveries being billed. In addition, property management fees declined 10.4%, to €4.3 million for the quarter (Q1 2008: €4.8 million) as they are directly correlated to the gross value of the portfolio which recorded negative valuation movements during the year.

Fund expenses comprise the non-property related costs associated with our business, including fund management, custodian and professional fees. These expenses remained flat at €2.6 million for the quarter (Q1 2008: €2.7 million).

Property fair value movements

There were no portfolio revaluations carried out in the first quarter.

Financing

Interest income for the quarter increased to €1.8 million from €0.8 million for the same period in 2008 primarily related to the receipt of a €1.3 million dividend from PEPF II, offset by lower rates of interest received on deposits during Q1 2009.

Finance costs for the period, comprise interest expense, debt amortisation charges and foreign exchange gains/losses.

FINANCE EXPENSE

Year ended		Three months ended	
31 December 2008		31 March 2009	31 March 2008
€'000		€'000	€'000
108,321	Interest expense	25,543	24,857
6,403	Amortisation of initial borrowing costs	2,659	1,955
1,400	Net foreign currency gains/(losses)	733	(60)
116,124		28,935	26,752

Interest expense of €25.5 million for the quarter increased 2.4% from €24.9 million for the same period last year, primarily related to the increased borrowing used to invest in PEPF II during 2008, offset by the decrease in PEPR's weighted average interest rate to 4.8% for the period.

Amortisation charges increased in Q1 2009 to €2.7 million (Q1 2008: €2.0 million) as a result of the early repayment of €335.9 million of Commercial Mortgage Backed Securities ("CMBS") debt and fees relating to the tangible net worth covenant amendment in the €900 million unsecured credit facility agreed in Q4 2008.

Debt structure

PEPR's financing structure utilises a mix of secured and unsecured debt sources. The majority of secured debt within PEPR is in the form CMBS which are each secured against specific pools of assets, with no recourse to another CMBS or assets elsewhere within the business.

PEPR has to comply with a number of financial debt covenants within its credit facilities. At the end of March 2009, PEPR was in compliance with all covenants.

SUMMARY OF FINANCIAL DEBT COVENANTS

	Limit	31 Mar 2009	31 Dec 2008
Unsecured debt:			
<i>€900m unsecured facility</i>			
Leverage	less than 60% ²	54%	55%
Fixed charge coverage	a least 1.5x	2.0x	2.0x
Unencumbered interest coverage	a least 1.5x	1.8x	1.8x
Net Worth (excluding Intangible assets)	at least €1.1bn	€1.5bn	€1.5bn
Unsecured debt as % of unsecured assets	less than 65%	56%	61%
<i>€500m Eurobond</i>			
Secured debt as % of total assets	less than 40%	19.3%	27.5%
Secured debt:			
<i>€151m secured bank loan</i>			
Leverage	less than 70%	51.8%	51.8%
Interest coverage	over 1.3x	Historically between 1.5 - 2.1x on average	
Fonds commun de placement structure:			
Loan to value (total debt as percentage of gross portfolio value)	less than 60% ²	54.2%	57.1%

In addition to the covenants in the table above, the €500 million Eurobond is redeemable at par if there is a change of control of PEPR and a subsequent downgrade of PEPR's credit rating to Ba1 or below within 120 days. At 31 March 2009, PEPR was rated Baa3, with negative outlook, by Moody's Investors Service.

The only financial covenant applicable to the CMBS is that income received from the secured assets must exceed interest cost by at least 1.5 times for each quarter. A breach of this ratio does not constitute a default but does require cash trapping within the breached CMBS pool until the breach is remedied. As at 31 December 2008, the most recent reporting date, this ratio was 2.7x for the €174.4 million CMBS and 2.6x for the €373.8m CMBS.

Total outstanding debt as at 31 March 2009 was €1,965.1 million, a 6.2% decrease since year end 2008 (€2,094.1 million), primarily due to the early repayment of €335.9 million of CMBS debt, due July 2009, offset by the €205.5 million increase in funds drawn under the €300 million revolving portion of the unsecured credit facility. At the end of the quarter, €94.5 million remains undrawn under the facility and PEPR has €53.4 million cash on its Balance Sheet.

The weighted average interest rate for the quarter decreased to 4.8% compared to 5.2% for Q1 2008, given the decrease in European and UK market interest rates during the period. At 31 March 2009, 53.3% of PEPR's debt was at fixed rates of interest, with the remaining floating debt based on

² Can be exceeded up to 65% for a maximum of six months

EURIBOR or LIBOR with margins varying between 240 to 245 bps on the €900 million senior unsecured credit facility and up to 137 bps on the €151.1 million secured bank loan.

The weighted average maturity across all debt arrangements is 2.5 years. Given the relatively short average maturity of debt and the current stagnation in the global credit markets, PEPR is actively pursuing a number of options to deleverage the business and smooth its debt maturity profile. These options include the use of cash flow from sales proceeds and the suspension of dividends to reduce outstanding debt, raising of new secured debt to substantially refinance the 2010 CMBS maturities and requesting a maturity extension for the 2010 tranches of the €900 million credit facility.

PEPR has agreed terms on a fully underwritten three-year extension, to March 2013, of the €151.1 million secured bank loan for at least €126 million. This remains subject to final credit committee approval. In addition, PEPR has agreed terms for a new £100 million fully underwritten four-year secured bank loan. This loan is also waiting for final credit committee approval. Management expects these two transactions to be finalised in Q2 2009. Proceeds from new financing, asset disposals and operational cash flow will be used to refinance portions of the 2010 maturities and to reduce overall leverage.

An overview of PEPR's outstanding debt is on page 16.

Tax

The operational income tax charge for the quarter of €3.1 million represents a €2.4 million decrease over the Q1 2008 charge of €5.5 million, largely due to a deferred tax credit of €2.6 million in Q1 2009.

The current income tax expense of €5.8 million for the quarter represents a 5.5% increase over the comparable period expense of €5.5 million and represents an effective tax rate of 19.7% for the quarter, using EPRA earnings as a proxy for taxable income, compared to 16.2% for the same period last year.

Distributable cash flow and distributions

In December 2008, PEPR suspended future dividend payments as part of the business' strategic initiatives to improve liquidity and as a condition for a debt covenant amendment on PEPR's €900 million unsecured credit facility.

The first quarter distributable cash flow per unit of €30.2 million, or €0.16 per unit, will therefore be retained in the business to reduce debt and improve liquidity.

PEPR will revert to paying a dividend as soon as it is prudent to do so and when permitted under the terms of the €900m unsecured credit facility.

Earnings webcast and conference call details:

We invite you to access the live presentation webcast and conference call, held today, Wednesday 29 April 2009, at 11am BST / 12 noon CET, by clicking on the link entitled "First Quarter 2009 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 3pm BST / 4pm CET on Wednesday 29 April 2009 until Tuesday 12 May 2009. To access the conference call replay please dial one of the following numbers, using passcode 92152229#:

	<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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Notes:**Forward-looking statements**

This document may contain certain 'forward-looking statements'. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Actual outcomes and results may differ materially from any outcomes of results expressed or implied by such forward-looking statements.

Any forward-looking statements made by or on behalf of PEPR speak only as of the date they are made and no representation or warranty is given in relation to them, including as to their accuracy or completeness or the basis on which they were prepared. PEPR does not undertake to update forward-looking statements to reflect any changes in PEPR's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

Information contained in this document relating to PEPR should not be relied upon as an indicator of future performance.

PROLOGIS EUROPEAN PROPERTIES

CONSOLIDATED INCOME STATEMENT

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

Year ended		Three months ended	
31 December 2008		31 March 2009	31 March 2008
<i>Audited</i>		<i>Unaudited</i>	<i>Unaudited</i>
292,177	Rental income	67,864	73,097
1,146	Other property income	276	651
293,323	Total revenue	68,140	73,748
(2,576)	Ground rents paid	(684)	(695)
(18,332)	Property management fees	(4,294)	(4,812)
(11,484)	Other property rental expenses	(1,074)	(2,163)
(32,392)	Cost of rental activities	(6,052)	(7,670)
260,931	Gross profit	62,088	66,078
(6,058)	Fund management fees	(1,420)	(1,592)
(191)	Fund custodian fees	(30)	(63)
(6,065)	Other operating expenses	(1,169)	(1,024)
(12,314)	Fund expenses	(2,619)	(2,679)
27,609	Investment property disposal proceeds	-	16,167
(26,082)	Fair value of investment property disposals	-	(15,484)
1,527	Profit on disposal of investment properties	-	683
39,022	Gross valuation gains on property	-	-
(539,382)	Gross valuation losses on property	114	1,076
16,642	Purchasers costs	-	-
(483,718)	Property fair value movements	114	1,076
(233,574)	Earnings before share of an associate, interest and tax	59,583	65,158
5,319	Finance income	1,804	841
(116,124)	Finance costs	(28,935)	(26,752)
(76,834)	Share of gain/(loss) of an associate	-	1,170
(137,048)	Loss on disposal of investment in an associate	-	-
(68,523)	Impairment of other financial asset, available for sale	-	-
(626,784)	Earnings/(losses) before tax	32,452	40,417
(23,606)	Current income tax expense	(5,753)	(5,465)
72,472	Deferred income tax credit/(expense)	2,641	(80)
48,866	Benefit/(charge) for taxation	(3,112)	(5,545)
(577,918)	Net earnings/(losses) for the period	29,340	34,872
(576,895)	Attributable to: Unitholders	29,318	34,744
(1,023)	Minority interests	22	128
(577,918)	Net earnings/(losses) for the period	29,340	34,872
€(3.03)	IFRS earnings/(losses) per unit	€0.15	€0.18
€0.67	EPRA earnings per unit	€0.15	€0.18

PROLOGIS EUROPEAN PROPERTIES

CONSOLIDATED BALANCE SHEET

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

31 December 2008 <i>Audited</i>		31 March 2009 <i>Unaudited</i>	31 March 2008 <i>Unaudited</i>
Assets			
<i>Non Current Assets</i>			
3,441,722	Investment in property	3,449,015	4,055,868
132	Property under construction	23	2,439
-	Investment in an associate	-	191,107
90,529	Hedging instruments	36,682	63,782
5,625	Deferred tax asset	8,266	7,660
<u>3,537,738</u>		<u>3,493,986</u>	<u>4,320,856</u>
<i>Current Assets</i>			
6,168	Due from related parties	1,313	17,957
60,097	Accounts receivable, net	59,163	40,603
30,841	Other current assets	34,059	54,876
48,496	Other financial assets, available for sale	-	-
77,101	Cash and cash equivalents	53,424	188,667
<u>222,703</u>		<u>147,959</u>	<u>302,103</u>
<u>3,760,441</u>	Total assets	<u>3,641,945</u>	<u>4,622,959</u>
Equity			
1,911,810	Capital contributions	1,911,810	1,911,810
(37,721)	Costs of raising capital	(37,721)	(37,721)
<u>1,874,089</u>	Net capital contributed	<u>1,874,089</u>	<u>1,874,089</u>
(282,586)	Net retained earnings/(losses)	(253,268)	399,357
(176,288)	Cumulative foreign currency translation	(175,087)	(103,393)
(9,959)	Cash flow hedge valuation reserve	(13,358)	8,244
-	Equity items of an associate	-	(8,126)
<u>1,405,256</u>	Equity attributable to unitholders	<u>1,432,376</u>	<u>2,170,171</u>
5,589	Minority interest in subsidiaries	5,611	6,740
<u>1,410,845</u>	Total equity	<u>1,437,987</u>	<u>2,176,911</u>
Liabilities			
<i>Non-current liabilities</i>			
543,626	Interest bearing secured notes	544,454	876,018
492,005	Interest bearing unsecured notes	492,293	491,167
700,216	Interest bearing bank loans, net of current portion	908,015	735,099
-	Fund incentive fee	-	-
6,509	Hedging instruments	8,176	1,579
112,421	Deferred taxation	112,500	188,248
<u>1,854,777</u>		<u>2,065,438</u>	<u>2,292,111</u>
<i>Current liabilities</i>			
335,288	Interest bearing bank loans and secured notes, current portion	-	2,099
1,371	Accounts payable	6,312	6,459
40,387	Due to related parties	6,700	6,721
16,449	Income and other taxes payable	21,172	20,112
53,998	Accrued expenses and other current liabilities	56,353	91,818
47,326	Deferred income	47,983	26,728
<u>494,819</u>		<u>138,520</u>	<u>153,937</u>
<u>2,349,596</u>	Total liabilities	<u>2,203,958</u>	<u>2,446,048</u>
<u>3,760,441</u>	Total equity and liabilities	<u>3,641,945</u>	<u>4,622,959</u>
€7.38	IFRS NAV per unit	€7.52	€11.39
€8.02	EPRA NAV per unit	€8.18	€12.34

PROLOGIS EUROPEAN PROPERTIES

CALCULATION OF EPRA EARNINGS

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

Year ended	Three months ended	
31 December 2008	31 March 2009	31 March 2008
<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
(576,895)	Net earnings/(losses) attributable to unitholders for the period	
	29,318	34,744
	Adjustments for:	
483,718	(114)	(1,076)
76,834	-	(1,170)
15,918		1,790
137,048	-	-
68,523	-	-
(1,527)	-	(683)
(74,587)	-	-
(1,345)	22	128
127,687	29,226	33,733
	EPRA earnings for the period	
190,522,441	190,522,441	190,522,441
	Weighted average number of ordinary units	
€0.67	€0.15	€0.18
	EPRA earnings per unit for the period	

CALCULATION OF EPRA NET ASSET VALUE

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

31 December 2008	31 March 2009	31 March 2008
<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
1,405,256	Net asset value attributable to unitholders per IFRS financial statements	
	1,432,376	2,170,171
	Adjustments for:	
112,421	112,500	188,248
9,959	13,358	(8,244)
1,527,636	1,558,234	2,350,175
	EPRA net asset value	
190,522,441	190,522,441	190,522,441
	Number of ordinary units	
€0.02	€0.18	€12.34
	EPRA net asset value per unit	

PROLOGIS EUROPEAN PROPERTIES

FINANCIAL RATIOS

31 December 2008 <i>Unaudited</i>		31 March 2009 <i>Unaudited</i>	31 March 2008 <i>Unaudited</i>
€3,617.3m	Gross value of real estate portfolio	€3,625.0m	€4,256.6m
€48.5m	Investment, available for sale	-	€191.1m
€3,665.8m	Total value	€3,625.0m	€4,449.3m
€2,094.1m	Debt (excluding unamortised transaction costs)	€1,965.1m	€2,128.6m
57.1%	LTV (debt as percentage of total value)	54.2%	47.9%
€300.0m	Undrawn committed facilities	€94.5m	€300.0m
2.7 years	Average maturity, based on earliest repayment date	2.5 years	3.5 years
Year ended		Three months ended	
31 December 2008		31 March 2009	31 March 2008
5.3%	Average interest rate	4.8%	5.2%
2.6x	Interest cover	2.5x	2.7x

PROLOGIS EUROPEAN PROPERTIES

CONSOLIDATED STATEMENT OF INVESTMENT IN PROPERTIES

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

31 December 2008 <i>Audited</i>		31 March 2009 <i>Unaudited</i>	31 March 2008 <i>Unaudited</i>
	Historic cost		
3,435,805	Cost at the beginning of the period	3,244,724	3,435,805
8,095	Capital expenditure	49	669
10,959	Leasing commission	(156)	-
8,635	Rent levelling	-	(1,745)
2,439	Transfer from property under construction	109	-
(8,531)	Disposals	-	-
(212,678)	Effect of unrealised currency movements	7,012	(87,241)
3,244,724	Cost at the end of the period	3,251,738	3,347,488
	Net unrealised gains related to property		
707,304	Net unrealised gains at the beginning of the period	196,998	707,304
1,971	Rent levelling	562	1,745
39,022	Gross valuations gains on investment in real estate during the period	-	-
(541,353)	Gross valuations losses on investment in real estate during the period	(448)	(669)
16,642	Deduction for purchasers' costs	-	-
(2,067)	Reversal of accumulated revaluation (gain) / loss provisions on disposals	-	-
(24,521)	Effect of unrealised currency movements	165	-
196,998	Net unrealised gains at the end of the period	197,277	708,380
3,441,722	Fair value at the end of the period	3,449,015	4,055,868
	Fair value of investment property		
3,617,279	Appraised gross property value at the end of the period	3,624,972	4,256,600
(175,557)	Purchasers' costs	(175,957)	(200,732)
3,441,722	Fair value at the end of the period	3,449,015	4,055,868

STATEMENT OF MOVEMENT IN INVESTMENT IN PROLOGIS EUROPEAN PROPERTIES FUND II

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

Year ended 31 December 2008 <i>Unaudited</i>		Three months ended	
		31 March 2009 <i>Unaudited</i>	31 March 2008 <i>Unaudited</i>
108,172	Investment at beginning of period	48,496	108,172
282,381	Contributions	-	91,681
(43,734)	Proceeds from disposals	(48,496)	-
(76,834)	Share of profit/(loss) after taxation	-	1,170
-	Equity items of an associate	-	(8,126)
(15,918)	Distributions received	-	(1,790)
(137,048)	Loss on disposal of shares of an associate	-	-
(68,523)	Impairment of investment, available for sale	-	-
48,496	Investment at period end	-	191,107

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 2008		31 March 2009	31 March 2008
<i>Audited</i>		<i>Unaudited</i>	<i>Unaudited</i>
(626,784)	Earnings/(losses) before tax	32,452	40,417
	Adjustment for non-cash items and changes in operating assets	7,303	(9,207)
741,734		<u>39,755</u>	<u>(9,207)</u>
114,950	Net cash flow from operating activities		31,210
	Cash flow from investing activities		
-	Acquisitions of property	-	-
(244,381)	Investment in an associate	(38,000)	(91,681)
11,009	Distributions from an associate	6,168	-
(8,095)	Capital expenditure and other expenditure on investment property	(49)	(669)
(4,005)	Property under construction	-	(3,632)
2,955	Payments from insurance company	-	305
43,734	Proceeds from disposal of shares of an associate	-	-
-	Proceeds from disposal of shares of other financial asset, available for sale	48,496	-
16,167	Proceeds from disposal of property under construction	-	-
11,581	Proceeds from disposal of investment in property	-	-
(171,035)	Net cash provided from/(used in) investing activities	16,615	(95,677)
	Cash flow from financing activities		
	Proceeds from secured notes:		
-	Gross settlements	(335,872)	-
-	Hedge proceeds	50,754	-
	Proceeds from unsecured notes:		
-	Gross proceeds/(repayments)	-	-
(278)	Transaction costs	-	(278)
	Proceeds from bank loans:		
209,149	Gross proceeds/(repayments)	205,442	217,000
(3,180)	Transaction costs	(36)	-
(149,624)	Distributions to unitholders	-	(41,974)
56,067	Net cash used from financing activities	(79,712)	174,748
(1,561)	Effects of changes in exchange rates	(335)	(294)
(1,579)	Net increase/(decrease) in cash and cash equivalents	(23,677)	109,987
78,680	Cash and cash equivalents at the beginning of the period	77,101	78,680
77,101	Cash and cash equivalents at the end of the period	53,424	188,667

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 2008		31 March 2009	31 March 2008
<i>Unaudited</i>		<i>Unaudited</i>	<i>Unaudited</i>
(576,895)	Net earnings/(losses) attributable to unitholders for the period	29,318	34,744
	Adjustments for items per the Management Regulations:		
	Net valuation (gains) / losses on property	448	669
500,360			
(16,642)	Purchasers' costs	-	-
76,834	Loss on associate	-	(1,170)
15,918	Distributions from an associate	-	1,790
	Loss on disposal of investment of an associate	-	-
137,048	Impairment of investment, available for sale	-	-
68,523	Unrealised currency (gains)/losses	763	(53)
2,000	Amortisation of debt expenses	2,659	1,955
6,402	Movements on deferred tax balances	(2,641)	80
(72,472)	Costs related to non-recurring events	-	-
357	Loss / (profit) on disposal	-	683
2,067	Less an allowance for capital and re-letting expenses	(342)	(669)
(7,623)	Total adjustments	887	3,285
712,772			
135,877	Distributable cash flow for unitholders	30,205	38,029
	Weighted average number of ordinary units		
190,522,441		190,522,441	190,522,441
	Distributable cash flow per unit for the period		
€0.71³		€0.16³	€0.20

³ In December 2008, PEPR suspended future dividend payments including the Q4 2008 distributable cash flow of €0.14 per unit which was retained in the business. The Q1 2009 distributable cash flow per unit of €0.16 per unit will also be retained.

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/ (losses)	Cumulative foreign currency translation	Cash flow hedge valuation reserve	Equity items of an associate	TOTAL	Minority interest	TOTAL EQUITY
Balance as at 31/12/07	1,911,810	(37,721)	401,958	(55,994)	15,250	-	2,235,303	6,612	2,241,915
Foreign currency translation	-	-	-	(47,399)	-	-	(47,399)	-	(47,399)
Net gains / (losses) on cash flow hedge	-	-	-	-	(7,006)	-	(7,006)	-	(7,006)
Share of equity items of an associate	-	-	-	-	-	(8,126)	(8,126)	-	(8,126)
Profit	-	-	34,744	-	-	-	34,744	128	34,872
Total recognised income/(loss)	-	-	34,744	(47,399)	(7,006)	(8,126)	(19,661)	128	(27,659)
Capital contributed	-	-	-	-	-	-	-	-	-
Distributions	-	-	(37,345)	-	-	-	(37,345)	-	(37,345)
Balance as at 31/03/08	1,911,810	(37,721)	399,357	(103,393)	8,244	(8,126)	2,170,171	6,740	2,176,911
Foreign currency translation	-	-	-	(72,895)	-	-	(72,895)	-	(72,895)
Net gains / (losses) on cash flow hedge	-	-	-	-	(18,203)	-	(18,203)	-	(18,203)
Share of equity items of an associate	-	-	-	-	-	8,126	8,126	-	8,126
Profit	-	-	(611,639)	-	-	-	(611,639)	(1,151)	(612,790)
Total recognised income/(loss)	-	-	(611,639)	(72,895)	(18,203)	8,126	(694,611)	(1,151)	(696,762)
Capital contributed	-	-	-	-	-	-	-	-	-
Distributions	-	-	(70,304)	-	-	-	(70,304)	-	(70,304)
Balance as at 31/12/08	1,911,810	(37,721)	(282,586)	(176,288)	(9,959)	-	1,405,256	5,589	1,410,845
Foreign currency translation	-	-	-	1,201	-	-	1,201	-	1,201
Net gains / (losses) on cash flow hedge	-	-	-	-	(3,399)	-	(3,399)	-	(3,399)
Share of equity items of an associate	-	-	-	-	-	-	-	-	-
Profit	-	-	29,318	-	-	-	29,318	22	29,340
Total recognised income/(loss)	-	-	29,318	1,201	(3,399)	-	27,120	22	27,142
Capital contributed	-	-	-	-	-	-	-	-	-
Distributions	-	-	-	-	-	-	-	-	-
Balance as at 31/03/09	1,911,810	(37,721)	(253,268)	(175,087)	(13,358)	-	1,432,376	5,611	1,437,987

PROLOGIS EUROPEAN PROPERTIES

**OUTSTANDING DEBT
AS AT 31 MARCH 2009**

Description	Rating	Issue date	Issue size	Coupon ⁴	Maturity date	Drawn amount		Swapped rate	Comments
						Local currency	Euros		
<i>Listed on the London Stock Exchange (CMBS issuances)</i>									
Pan European Industrial Properties Series III S.A	AAA AAA AA	Feb 2003	€190.5m	€151m: +35bps €17m: +48bps €23m: +85bps	May 2010 ⁵	€97.0m £48.9m	€174.4m	4.61%	100% swapped LTV: 53.5%
Pan European Industrial Properties Series IV S.A	AAA AA AAA	Mar 2005	€389.0m	€337m: +14bps €32m: +18bps €20m: +30bps	May 2010 ⁵	€311.9m £42.8m	€373.8m	3.58%	100% swapped LTV: 58.3%
<i>Listed on the Luxembourg Stock Exchange</i>									
ProLogis International Funding S.A.	Baa3	Oct 2007	€500.0m	5.875%	Oct 2014	€500.0m	€500.0m	5.875%	Unsecured Fixed rate
<i>Other</i>									
Bank loan	-	Feb 2004	€151.1m	+137bps	Mar 2010	€151.1m	€151.1m	n/a	LTV: 53.7%
Senior unsecured credit facility	-	Dec 2007	€900.0m	€300m: +240bps €300m: +245bps	Dec 2010 Dec 2012	€114.0m £86.0m €300.0m €129.0m £123.5m	€205.5m €300.0m €260.3m	n/a	Unsecured Floating rate
Total			€2,130.6m				€1,965.1m		

⁴ All coupons are three month Euribor/Libor +

⁵ Maturity dates relate to repayment dates rather than legal maturity dates, which are typically three years later. It is expected that the debt will be repaid in full on or before the repayment dates.

PROLOGIS EUROPEAN PROPERTIES

PORTFOLIO OVERVIEW
AS AT 31 MARCH 2009

	Number of distribution facilities	Open market value ('OMV') ⁶ €million	% of total OMV	Leasable area 000m ²	% of total leasable area	Annualised rental income ⁷ €million	ERV ⁸ €million	Yield on OMV ⁹	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	935	27%	1,590.6	31%	76.0	70.5	8.1%	7.8	99.4%	74	2.9	6.4
Italy	18	307	9%	522.7	10%	24.9	22.2	8.1%	8.8	96.1%	18	5.3	6.0
Spain	13	306	9%	309.5	6%	20.3	21.6	6.6%	6.3	95.7%	20	3.3	5.1
<i>Southern</i>	<i>92</i>	<i>1,548</i>	<i>45%</i>	<i>2,422.8</i>	<i>47%</i>	<i>121.2</i>	<i>114.3</i>	<i>7.8%</i>	<i>7.6</i>	<i>98.2%</i>	<i>112</i>	<i>3.4</i>	<i>6.1</i>
Belgium	5	56	1%	98.3	2%	4.4	4.1	7.8%	4.8	100.0%	5	3.8	9.2
Germany	26	305	9%	423.1	8%	24.8	23.9	8.1%	4.9	97.9%	46	3.2	4.6
Netherlands	23	340	10%	512.4	10%	25.9	28.3	7.6%	8.7	92.7%	37	3.5	5.7
Sweden	4	92	3%	130.3	2%	7.3	6.3	8.0%	14.1	100.0%	4	8.5	9.8
<i>Northern</i>	<i>58</i>	<i>793</i>	<i>23%</i>	<i>1,164.1</i>	<i>22%</i>	<i>62.4</i>	<i>62.6</i>	<i>7.9%</i>	<i>8.1</i>	<i>96.0%</i>	<i>92</i>	<i>4.0</i>	<i>6.0</i>
Czech Republic	12	116	3%	180.4	3%	9.9	9.2	8.5%	6.0	98.3%	40	2.0	2.4
Hungary	14	121	4%	182.0	3%	9.9	8.9	8.2%	5.9	94.1%	37	2.6	4.7
Poland	26	299	9%	494.5	10%	21.4	22.3	7.1%	6.8	94.6%	77	2.8	3.3
<i>Central</i>	<i>52</i>	<i>536</i>	<i>16%</i>	<i>856.9</i>	<i>16%</i>	<i>41.2</i>	<i>40.4</i>	<i>7.7%</i>	<i>6.2</i>	<i>95.3%</i>	<i>154</i>	<i>2.6</i>	<i>3.4</i>
<i>UK</i>	<i>44</i>	<i>572</i>	<i>16%</i>	<i>784.7</i>	<i>15%</i>	<i>49.6</i>	<i>48.2</i>	<i>8.7%</i>	<i>7.7</i>	<i>97.0%</i>	<i>43</i>	<i>6.2</i>	<i>8.8</i>
TOTAL	246	3,449	100%	5,228.5	100%	274.4	265.5	8.0%	7.3	97.0%	401	3.9	6.2
Vacant space (at ERV per m ²)							8.3						
							273.8						

⁶ 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
⁷ Annualised rental income means the estimate of annual income based on the gross rental income for leases in place as at the latest 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
⁸ ERV refers to the Estimated Rental Value calculated by the independent third-party appraisers as at the latest valuation date
⁹ Annualised rental income expressed as a percentage of open market value.

PROLOGIS EUROPEAN PROPERTIES

LEASE BREAK AND MATURITY DATES
AS AT 31 MARCH 2009

	Number of leases with next break option in year	Leased space subject to next break option ¹⁰ 000m ²	Annualised rental income of leases subject to first break option		Number of leases with expiry date in year ¹¹	Leased space subject to lease expiry 000m ²	Annualised rental income of expiring leases	
			(€m)	%			(€m)	%
2009	54	422	22.8	8.3	43	276	15.8	5.7
2010	86	928	52.2	19.0	54	384	23.5	8.6
2011	95	981	46.9	17.1	62	432	21.6	7.9
2012	52	717	40.1	14.6	44	439	26.8	9.8
2013	31	417	23.3	8.5	36	435	25.7	9.4
2014	35	648	34.5	12.6	34	564	29.6	10.8
2015	20	377	21.3	7.8	34	709	35.0	12.7
2016	9	163	9.3	3.4	26	615	31.7	11.5
2017	6	199	11.6	4.2	19	354	18.7	6.8
2018	3	32	1.2	0.4	8	92	4.6	1.7
2019+	10	190	11.2	4.1	41	774	41.4	15.1
Total	401	5,074	274.4	100.0	401	5,074	274.4	100.0

LARGEST 20 CUSTOMERS BY ANNUALISED RENTAL INCOME
AS AT 31 MARCH 2009

	Customer Name ¹²	Industry Type	Share of annualised rental income	Number of leases
1	Ceva (previously TNT Logistics)	3PL	7.0%	14
2	Deutsche Post AG (DHL)	3PL	5.0%	21
3	Geodis	3PL	4.8%	14
4	NYK Holdings (Nippon Yusen Kaisha)	3PL	4.1%	11
5	ND Logistics	3PL	2.5%	6
6	Gefco (PSA Peugeot)	3PL	2.4%	5
7	FM Logistic	3PL	2.1%	6
8	Kuehne & Nagel	3PL	2.0%	7
9	Fago Electrodomesticos (Brandt Appliances)	Industrial Durables	1.7%	3
10	GoodYear/Dunlop	Automotive	1.7%	2
11	DB Schenker	3PL	1.7%	6
12	Carrefour	Retail	1.6%	2
13	ID Logistics Group	3PL	1.5%	5
14	DSV A/S	3PL	1.4%	5
15	Eurofred	3PL	1.2%	2
16	Amazon.com Inc	Retail	1.1%	1
17	Fiege Logistik gruppe	3PL	1.1%	6
18	Wincanton Logistics	3PL	1.0%	7
19	Depolabo Pharma Logistique	Pharmaceuticals	1.0%	2
20	Ricoh	Computer/Electronics	1.0%	1
	Subtotal of largest 20 customers		45.9%	126
	Leases with 200 other customers		54.1	275
	Total		100.0%	401

¹⁰ Leases at earlier of next break date or expiry date

¹¹ Leases at expiry date regardless of upcoming lease breaks

¹² Customers shown are either actual names or the name of the parent company of the customers.