

## News release

### Results for the quarter and nine months ended 30 September 2011

## Successful equity offering and return to investment grade credit rating

**Luxembourg – 27 October 2011** – ProLogis European Properties (Euronext: PEPR), one of Europe's largest owners of modern distribution facilities, today reports results for the quarter and nine months ended 30 September 2011.

### Highlights

- Successful completion of €97.5 million equity offer
- Return to investment grade credit rating, expected to save over €8.6 million per annum in interest expense
- Loan-to-value ratio significantly improved to 47.6% from 51.1% at 30 June 2011
- 35 lease transactions completed covering 255,400m<sup>2</sup>, including 73,200m<sup>2</sup> of new or expanded leases (Q3 2010: 35 lease transactions, totalling 312,000m<sup>2</sup>)
- 91.5% portfolio occupancy (HY 2011: 93.2%), expected to improve by year-end
- 2011 full year earnings guidance reiterated
- Post quarter end, disposal of UK asset for £11 million and 60,700m<sup>2</sup> of new leasing including a nine-year 28,600m<sup>2</sup> lease in Spain

#### *Quarter to 30 September 2011*

- EPRA<sup>(1)</sup> earnings €0.09 per ordinary unit (Q3 2010: €0.10 per ordinary unit)
- IFRS earnings €0.04 per ordinary unit (Q3 2010: €0.06 per ordinary unit)
- Distributable cash flow €0.09 per ordinary unit (Q3 2010: €0.11 per ordinary unit)
- EPRA net asset value €6.38 per ordinary unit (HY 2011: €6.32 per ordinary unit)
- IFRS net asset value €5.68 per ordinary unit (HY 2011: €5.64 per ordinary unit)

#### *Nine months to 30 September 2011*

- EPRA earnings €0.28 per ordinary unit (9M 2010: €0.31 per ordinary unit)
- IFRS earnings €0.06 per ordinary unit (9M 2010: €0.07 per ordinary unit)
- Distributable cash flow €0.27 per ordinary unit (9M 2010: €0.33 per ordinary unit)
- EPRA net asset value €6.38 per ordinary unit (YE 2010: €6.32 per ordinary unit)
- IFRS net asset value €5.68 per ordinary unit (YE 2010: €5.62 per ordinary unit)

Commenting on the results, **Peter Cassells, chief executive officer of PEPR**, said: "During the quarter we successfully launched and completed a €97.5 million ordinary equity raise, which resulted in a lowering of our LTV to below 48% and a return to an investment grade credit rating. This rating upgrade was a key management objective as it will result in annual interest savings of over €8.6 million and provides access to a broader unsecured debt capital market for future debt refinancing."

<sup>1</sup> European Public Real Estate Association *Best Practices Recommendation*, issued October 2010 after PEPR specific adjustments

“Our focus for the remainder of 2011 and into 2012 continues to be further deleveraging of our business towards a more conservative level of below 45%. With this in mind, we recently completed the sale of a building in the UK and will continue to enhance value through selective additional capital recycling initiatives.”

### **Equity offer**

On 24 August 2011, PEPR announced an offer of up to €97.5 million of new ordinary units. The offer was made to existing holders of more than 1% of the ordinary units who were known to the Management Company. In total, 15,724,999 new ordinary units were issued at €6.20 per unit, a 10.1% premium to PEPR's IFRS net asset value per ordinary unit as at 30 June 2011. These new units commenced trading on the regulated market of the Luxembourg Stock Exchange and on Euronext Amsterdam on 8 September 2011.

The costs associated with the equity offer were minimal, at €0.1 million. Net proceeds of €97.4 million were used to reduce the outstanding balance on the senior unsecured credit facility, due December 2012.

### **Market outlook**

The outlook for the European economic recovery remains dominated by concerns over sovereign debt defaults within the Eurozone. As a result, Eurozone growth forecasts have been revised downwards to 1.7% for 2011 and 1.0% for 2012. Average GDP growth forecasts for 2012 of Europe's largest economies (Germany, France, UK and Italy) stand at 0.9% (weighted). Central Europe, notably Poland, is expected to remain relatively more resilient next year.

Customer sentiment remains cautiously optimistic, with a focus on opportunities in emerging markets and mature Western European markets. Whilst there is recent evidence of more protracted decision making from customers in light of the economic uncertainty, occupiers continue to pursue opportunities to optimise supply chain efficiencies and are moving from older, obsolete warehouses to more modern space.

Prime headline rents remained broadly flat across Europe during the third quarter, with some rental growth apparent in larger supply constrained logistics hubs in Northern Europe. Lease incentives remained stable but are still high from a historic perspective.

Investment flows into Europe's logistics property markets slowed during the third quarter given the limited availability of prime, long-leased assets in core markets coupled with the uncertain economic outlook. Prime yields in most markets have remained stable in the third quarter, with an average NOI yield of 7.53% within the EU-15 according to CBRE. Northern Europe remains the main focus of investor interest, but there is growing appetite for opportunities in Central Europe.

### **Portfolio performance**

Leasing activity slowed compared to the second quarter as some customers deferred final transaction approvals during what was a period of economic uncertainty. Notwithstanding this, 35 lease transactions covering 255,400 square metres were completed during the quarter. These include 12 new leases, totalling 56,200 square metres, and four lease expansions with existing customers, adding 17,000 square metres to their operations. In addition, 19 lease renewals, covering 182,200 square metres, were signed.

The third quarter leasing transactions resulted in a weighted average rental decline of 6.3% over the previous rental levels. The leases have an average of 2.3 years to lease break or 3.3 years to lease expiry.

Despite this activity, portfolio occupancy decreased over the quarter primarily due to four customer move-outs in Italy and The Netherlands, totalling 76,400 square metres or 1.5% of the total portfolio. Of this, 40,700 square metres has subsequently been leased, with customers due to commence occupation in the fourth quarter. In addition, since quarter end PEPR has signed a further 60,700 square metres of new leases on previously vacant space, including a 28,600 square metre nine-year lease with a paper manufacturer at Prologis Park Valls, Spain. These actions are expected to

lead to improved portfolio occupancy in the fourth quarter.

Also post quarter end, PEPR sold a 10,400 square metre distribution facility in Basingstoke, south west of London, to Sainsbury's Supermarkets Ltd, one of the UK's leading food retailers, for £11.0 million (€12.6 million). The building has been occupied by Sainsbury's since 2004. Proceeds from the sale have been used to repay debt.

Following the Basingstoke disposal, the portfolio comprises 231 distribution facilities, covering 4.9 million square metres across 11 European countries with an estimated net market value of €2.8 billion at 30 September 2011. The portfolio risk profile remains attractive, with occupancy at 91.5% and a diversified customer base. On average, the portfolio has 3.2 years to lease break or 5.1 years to lease expiry with over 60% of leases set to expire in 2015 or beyond.

## **Guidance**

PEPR maintains its guidance for 2011, with EPRA earnings expected to be between €0.37 and €0.42 per ordinary unit and distributable cash flow expected to be between €0.33 and €0.38 per ordinary unit.

PEPR has retained distributable cash flow since December 2008 as part of the business' strategic initiatives to improve liquidity and intends to continue to do so for the foreseeable future in order to further delever the balance sheet to a more conservative level.

## **Management change**

David Doyle, chief financial officer ("CFO"), has resigned from PEPR in order to accept a new public company appointment and will thus depart during this quarter. Peter Cassells, chief executive officer (and former CFO) of PEPR, will also assume responsibility for all financial and accounting matters.

## **Financial results**

### *Earnings*

IFRS earnings for Q3 2011 decreased to €8.5 million (Q3 2010: €13.0 million), primarily due to a €6.4 million increase in the charge for taxation and a €3.3 million reduction in rental income. These factors were offset by €2.8 million lower portfolio valuation decline and a €1.9 million reduction in financing cost.

Adjusted EPRA earnings for ordinary unitholders, which provide a better guide to underlying business performance, increased slightly to €18.3 million in Q3 2011 (Q3 2010: €18.2 million) as the reduction in rental income was offset by improvements in financing cost and the charge for taxation.

For 9M 2011, IFRS earnings decreased to €16.1 million (9M 2010: €19.7 million), given the loss of €6.3 million of rental income and the €10.3 million higher tax charge. These impacts were offset by a €12.9 million lower unrealised portfolio valuation decline and a €3.0 million saving in financing cost. In addition, the prior period included the non-recurring receipt of €2.6 million of insurance proceeds.

Adjusted EPRA earnings for ordinary unitholders for 9M 2011 decreased to €54.3 million (9M 2010: €58.6 million) mainly due to €6.0 million lower total revenue and a €3.5 million higher charge for taxation offset by a €4.6 million reduction in operating expenses and financing cost.

A reconciliation between IFRS and EPRA earnings is shown on pages 9 and 10.

### *Total revenue*

Q3 2011 rental and other property income fell to €58.3 million (Q3 2010: €61.1 million), mainly driven by the €2.8 million decline in rental income due to lower market rents on new lease agreements and the decline in portfolio occupancy over the year.

9M 2011 rental and other property income decreased to €177.6 million (9M 2010: €186.1 million), primarily the result of the loss of €6.4 million of rental income due to lower market rents on new lease agreements and the decline in portfolio occupancy. In addition, 9M 2010 included a €2.6

million non-recurring receipt relating to the finalisation of insurance and legal claims.

### *Operating expenses*

The cost of rental activities remained broadly flat at €6.8 million in Q3 2011 (Q3 2010: €6.9 million).

For 9M 2011, cost of rental activities decreased to €19.9 million (9M 2010: €20.9 million) mainly driven by the €1.3 million non-recurring charge recorded in the prior period. Underlying property management fees decreased marginally to €9.9 million (9M 2010: €10.1 million) as these fees are correlated to the gross market value of the portfolio.

Fund expenses remained flat in Q3 2011 at €2.3 million (Q3 2010: €2.3 million). For 9M 2011, fund expenses increased to €9.9 million (9M 2010: €8.2 million), primarily due to €2.8 million of professional advisory fees incurred in responding to the Prologis tender offer, offset by the write-off of €0.5 million of legal and advisory fees associated with a potential second preferred equity raise reported in 9M 2010. Underlying fund management fees remained broadly stable at €3.3 million (9M 2010: €3.4 million) as these fees are correlated to the gross market value of the portfolio.

### *Debt structure and finance cost*

Total outstanding debt as at 30 September 2011 is €1,389.0 million, a €107.7 million decrease since 30 June 2011 (€1,496.7 million), primarily due to the repayment of €109.0 million of the senior unsecured credit facility. PEPR has no outstanding debt maturities until December 2012.

The weighted average interest rate for 9M 2011 was 5.7% compared to 5.5% for the comparable period in 2010 and 5.6% for 2010 as a whole. The year-on-year increase reflects the impact of increases in the Eurozone base rate during 2011 on PEPR's floating rate debt and the lower proportion of total debt represented by the relatively cheaper senior unsecured debt.

Finance costs for 9M 2011 decreased to €74.2 million (9M 2010: €77.2 million), primarily due to a €3.5 million reduction in interest expense given the €175.5 million reduction in debt between the two periods, offset by €1.0 million of additional expense related to the higher average interest rate for 9M 2011.

At 30 September 2011, PEPR was in compliance with all financial debt covenants within its credit facilities.

### *Tax*

The overall tax charge for 9M 2011 increased to €27.0 million (9M 2010: €16.7 million), driven by a €9.4 million increase in the deferred income tax charge, primarily due to the further utilisation of tax loss carry forwards and ongoing reductions in the tax cost basis of the portfolio. The 9M 2011 current income tax expense increased to €13.1 million (9M 2010: €12.2 million) and represents an effective tax rate of 17.1% (9M 2010: 15.9%), using EPRA earnings before taxation as a proxy for taxable income. This increase is mainly due to one-time benefits in 2010 and the impact of recent changes in thin capitalisation rules.

### *Distributable cash flow and distributions*

For Q3 2011, PEPR generated €17.9 million, or €0.09 per unit of distributable cash flow for ordinary unitholders (Q3 2010: €20.1 million or €0.11 per unit), taking distributable cash flow for ordinary unitholders for the nine months to 30 September 2011 to €51.4 million, or €0.27 per unit (9M 2010: €63.4 million or €0.33 per unit). PEPR will continue to retain distributable cash flow for the foreseeable future to further delever the balance sheet to a more conservative level.

PEPR will pay a preferred dividend distribution to holders of its Class A(1) convertible preferred units on 4 November 2011. The €0.159122 per unit distribution relates to the period from 1 July 2011 to 30 September 2011. The ex-dividend date is 31 October 2011 and the record date is 2 November 2011.

## *Net asset value*

IFRS NAV per ordinary unit increased to €5.68 at 30 September 2011 (HY 2011: €5.64), driven by the equity offer at a valuation above 30 June 2011 IFRS NAV (impact of €0.04 per unit) and retained earnings of €0.04 per unit. These factors were offset by a €0.04 per unit unrealised loss on the mark-to-market of cash flow hedges and the €0.01 per unit preferred dividend payment.

EPRA NAV per ordinary unit, which makes adjustments to IFRS NAV for the cash flow hedges and deferred tax movements, increased to €6.38 per ordinary unit, compared to €6.32 at 30 June 2011.

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

## **Financial statements and portfolio information**

In January 2011, PEPR determined that the accounting treatment relating to the deferred tax liability was incorrect and subsequently restated prior year audited financial statements. The unaudited comparative figures provided herein for Q3 and 9M 2010 are similarly restated.

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## 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.

**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 2010</b>		<b>30 Sept. 2011</b>	<b>30 Sept. 2010</b>
<i>Audited</i>		<i>Unaudited</i>	<i>Unaudited</i>
243,421	Rental income	57,714	61,016
11,211	Other property income	561	51
<b>254,632</b>	<b>Total revenue</b>	<b>58,275</b>	<b>61,067</b>
(2,210)	Ground rents paid	(560)	(530)
(13,439)	Property management fees	(3,295)	(3,360)
(15,200)	Other property rental expenses	(2,907)	(2,963)
<b>(30,849)</b>	<b>Cost of rental activities</b>	<b>(6,762)</b>	<b>(6,853)</b>
<b>223,783</b>	<b>Gross profit</b>	<b>51,513</b>	<b>54,214</b>
(4,473)	Fund management fees	(1,097)	(1,120)
(156)	Fund custodian fees	(23)	(23)
(7,785)	Other fund expenses	(1,187)	(1,154)
<b>(12,414)</b>	<b>Fund expenses</b>	<b>(2,307)</b>	<b>(2,297)</b>
37,804	Gross valuation gains on property	-	-
(108,713)	Gross valuation losses on property	(4,058)	(6,853)
1,102	Purchasers' costs	-	-
<b>(69,807)</b>	<b>Property fair value movements</b>	<b>(4,058)</b>	<b>(6,853)</b>
<b>141,562</b>	<b>Earnings before net financial cost and tax</b>	<b>45,148</b>	<b>45,064</b>
307	Finance income	2	88
(101,588)	Finance expense	(24,646)	(26,603)
<b>(101,281)</b>	<b>Net financial cost</b>	<b>(24,644)</b>	<b>(26,515)</b>
<b>40,281</b>	<b>Net earnings before tax</b>	<b>20,504</b>	<b>18,549</b>
(13,767)	Current income tax	(4,441)	(3,421)
(6,011)	Deferred income tax	(7,534)	(2,159)
<b>(19,778)</b>	<b>Charge for taxation</b>	<b>(11,975)</b>	<b>(5,580)</b>
<b>20,503</b>	<b>Net earnings</b>	<b>8,529</b>	<b>12,969</b>
	<b>Attributable to:</b>		
19,874	Unitholders	9,119	12,821
629	Non-controlling interests	(590)	148
<b>20,503</b>	<b>Net earnings/(loss)</b>	<b>8,529</b>	<b>12,969</b>
190,522,441	Weighted average number of ordinary units in issue	194,453,691	190,522,441
<b>€0.07</b>	<b>IFRS earnings per ordinary unit</b>	<b>€0.04</b>	<b>€0.06</b>
<b>€0.45</b>	<b>EPRA earnings per ordinary unit</b>	<b>€0.09</b>	<b>€0.10</b>

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

<b>Year ended</b>		<b>Nine months ended</b>	
<b>31 December 2010</b>		<b>30 Sept. 2011</b>	<b>30 Sept. 2010</b>
<i>Audited</i>		<i>Unaudited</i>	<i>Unaudited</i>
243,421	Rental income	176,831	183,127
11,211	Other property income	727	3,013
<b>254,632</b>	<b>Total revenue</b>	<b>177,558</b>	<b>186,140</b>
(2,210)	Ground rents paid	(1,695)	(1,679)
(13,439)	Property management fees	(9,925)	(10,083)
(15,200)	Other property rental expenses	(8,253)	(9,183)
<b>(30,849)</b>	<b>Cost of rental activities</b>	<b>(19,873)</b>	<b>(20,945)</b>
<b>223,783</b>	<b>Gross profit</b>	<b>157,685</b>	<b>165,195</b>
(4,473)	Fund management fees	(3,306)	(3,361)
(156)	Fund custodian fees	(88)	(83)
(7,785)	Other fund expenses	(6,484)	(4,739)
<b>(12,414)</b>	<b>Fund expenses</b>	<b>(9,878)</b>	<b>(8,183)</b>
37,804	Gross valuation gains on property	14,309	29,446
(108,713)	Gross valuation losses on property	(46,226)	(72,385)
1,102	Purchasers' costs	1,457	(470)
<b>(69,807)</b>	<b>Property fair value movements</b>	<b>(30,460)</b>	<b>(43,409)</b>
<b>141,562</b>	<b>Earnings before net financial cost and tax</b>	<b>117,347</b>	<b>113,603</b>
307	Finance income	54	284
(101,588)	Finance expense	(74,267)	(77,482)
<b>(101,281)</b>	<b>Net financial cost</b>	<b>(74,213)</b>	<b>(77,198)</b>
<b>40,281</b>	<b>Net earnings before tax</b>	<b>43,134</b>	<b>36,405</b>
(13,767)	Current income tax	(13,085)	(12,211)
(6,011)	Deferred income tax	(13,917)	(4,501)
<b>(19,778)</b>	<b>Charge for taxation</b>	<b>(27,002)</b>	<b>(16,712)</b>
<b>20,503</b>	<b>Net earnings</b>	<b>16,132</b>	<b>19,693</b>
	<b>Attributable to:</b>		
19,874	Unitholders	16,075	18,864
629	Non-controlling interests	57	829
<b>20,503</b>	<b>Net earnings</b>	<b>16,132</b>	<b>19,693</b>
190,522,441	Weighted average number of ordinary units in issue	191,847,258	190,522,441
<b>€0.07</b>	<b>IFRS earnings per ordinary unit</b>	<b>€0.06</b>	<b>€0.07</b>
<b>€0.45</b>	<b>EPRA earnings per ordinary unit</b>	<b>€0.28</b>	<b>€0.31</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

31 December 2010 <i>Audited</i>		30 Sept. 2011 <i>Unaudited</i>	30 Sept. 2010 <i>Unaudited</i>
	<b>Assets</b>		
	<i>Non current assets</i>		
2,821,961	Investment in property	2,778,482	2,837,919
4,693	Deferred tax asset	3,227	9,012
<u>2,826,654</u>		<u>2,781,709</u>	<u>2,846,931</u>
	<i>Current assets</i>		
-	Investment in property – held for resale	11,108	-
40,797	Accounts receivable, net	52,549	50,112
1,963	Due from related parties	-	-
18,549	Other current assets	18,581	22,847
22,766	Cash and cash equivalents	20,450	29,627
<u>84,075</u>		<u>102,688</u>	<u>102,586</u>
<b>2,910,729</b>	<b>Total assets</b>	<b>2,884,397</b>	<b>2,949,517</b>
	<i>Equity</i>		
1,911,810	Ordinary capital	2,009,305	1,911,810
61,070	Preferred capital	61,070	61,070
1,972,880	Capital contributions	2,070,375	1,972,880
(44,705)	Costs of raising capital	(44,825)	(44,718)
1,928,175	Net capital contributed	2,025,550	1,928,162
(660,030)	Net retained losses	(648,817)	(659,400)
(117,182)	Cumulative foreign currency translation adjustment	(125,352)	(118,057)
(19,643)	Cash flow hedge valuation reserve	(19,058)	(27,313)
1,131,320	Equity attributable to unitholders	1,232,323	1,123,392
1,775	Non-controlling interests in subsidiaries	1,872	2,596
<u>1,133,095</u>	<b>Total equity</b>	<u>1,234,195</u>	<u>1,125,988</u>
	<i>Non current liabilities</i>		
1,537,878	Interest bearing notes and bank loans, net of current portion	1,365,214	1,530,087
19,643	Hedging instruments	19,058	27,313
111,078	Deferred tax liability	123,396	112,912
<u>1,668,599</u>		<u>1,507,668</u>	<u>1,670,312</u>
	<i>Current liabilities</i>		
4,585	Interest bearing notes and bank loans, current portion	3,578	4,566
2,857	Accounts payable	4,730	4,492
-	Due to related parties	1,057	304
11,528	Income and other taxes payable	10,674	18,219
47,646	Accrued expenses and other current liabilities	80,261	80,711
42,419	Deferred income	42,234	44,925
<u>109,035</u>		<u>142,534</u>	<u>153,217</u>
<b>1,777,634</b>	<b>Total liabilities</b>	<b>1,650,202</b>	<b>1,823,529</b>
<b>2,910,729</b>	<b>Total equity and liabilities</b>	<b>2,884,397</b>	<b>2,949,517</b>
190,522,441	Number of ordinary units in issue	206,247,440	190,522,441
<b>€5.62</b>	<b>IFRS NAV per ordinary unit</b>	<b>€5.68</b>	<b>€5.58</b>
<b>€6.32</b>	<b>EPRA NAV per ordinary unit</b>	<b>€6.38</b>	<b>€6.31</b>

## STATEMENT OF PERFORMANCE MEASURES - EPRA EARNINGS

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

<b>Year ended</b>		<b>Three months ended</b>	
<b>31 December 2010</b>		<b>30 Sept. 2011</b>	<b>30 Sept. 2010</b>
<i>Unaudited</i>		<i>Unaudited</i>	<i>Unaudited</i>
<b>19,874</b>	<b>Net earnings attributable to unitholders</b>	<b>9,119</b>	<b>12,821</b>
	<i>Adjustments for:</i>		
69,807	Revaluation movements on investment properties	4,058	6,852
5,244	Deferred tax in respect of EPRA adjustments	6,882	173
(401)	Non-controlling interests in respect of the above	(13)	1
<b>94,524</b>	<b>EPRA earnings for the period</b>	<b>20,046</b>	<b>19,847</b>
(6,503)	Preferred distributions	(1,638)	(1,638)
<b>88,021</b>	<b>EPRA earnings for ordinary unitholders</b>	<b>18,408</b>	<b>18,209</b>
	<i>Adjustments for:</i>		
(2,573)	Income received not in the ordinary course of business	-	-
500	Expenses incurred not in the ordinary course of business	(148)	-
<b>85,948</b>	<b>Adjusted EPRA earnings for ordinary unitholders</b>	<b>18,260</b>	<b>18,209</b>
190,522,441	Weighted average number of ordinary units in issue	194,453,691	190,522,441
<b>€0.45</b>	<b>Adjusted EPRA earnings per ordinary unit</b>	<b>€0.09</b>	<b>€0.10</b>

**STATEMENT OF PERFORMANCE MEASURES - EPRA EARNINGS**

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

<b>Year ended</b>		<b>Nine months ended</b>	
<b>31 December 2010</b>		<b>30 Sept. 2011</b>	<b>30 Sept. 2010</b>
<i>Unaudited</i>		<i>Unaudited</i>	<i>Unaudited</i>
<b>19,874</b>	<b>Net earnings attributable to unitholders</b>	<b>16,075</b>	<b>18,864</b>
	<i>Adjustments for:</i>		
69,807	Revaluation movements on investment properties	30,460	43,409
5,244	Deferred tax in respect of EPRA adjustments	10,009	3,250
(401)	Non-controlling interests in respect of the above	(110)	22
<b>94,524</b>	<b>EPRA earnings for the period</b>	<b>56,434</b>	<b>65,545</b>
(6,503)	Preferred distributions	(4,862)	(4,862)
<b>88,021</b>	<b>EPRA earnings for ordinary unitholders</b>	<b>51,572</b>	<b>60,683</b>
	<i>Adjustments for:</i>		
(2,573)	Income received not in the ordinary course of business	-	(2,573)
500	Expenses incurred not in the ordinary course of business	2,768	500
<b>85,948</b>	<b>Adjusted EPRA earnings for ordinary unitholders</b>	<b>54,340</b>	<b>58,610</b>
190,522,441	Weighted average number of ordinary units in issue	191,847,258	190,522,441
<b>€0.45</b>	<b>Adjusted EPRA earnings per ordinary unit</b>	<b>€0.28</b>	<b>€0.31</b>

**STATEMENT OF PERFORMANCE MEASURES - EPRA NET ASSET VALUE**

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

<b>31 December 2010</b>		<b>30 Sept. 2011</b>	<b>30 Sept. 2010</b>
<i>Unaudited</i>		<i>Unaudited</i>	<i>Unaudited</i>
<b>1,131,320</b>	<b>Net asset value attributable to unitholders per IFRS financial statements</b>	<b>1,232,323</b>	<b>1,123,392</b>
	<i>Adjustments for:</i>		
19,643	Cash flow hedge valuation reserve	19,058	27,313
114,907	Deferred tax	125,766	112,912
<b>1,265,870</b>	<b>EPRA net asset value</b>	<b>1,377,147</b>	<b>1,263,617</b>
	<b>Attributable to:</b>		
1,204,800	Ordinary unitholders	1,316,077	1,202,547
61,070	Preferred unitholders	61,070	61,070
<b>1,265,870</b>	<b>EPRA net asset value</b>	<b>1,377,147</b>	<b>1,263,617</b>
190,522,441	Number of ordinary units in issue	206,247,440	190,522,441
<b>€6.32</b>	<b>EPRA net asset value per ordinary unit</b>	<b>€6.38</b>	<b>€6.31</b>

## RECONCILIATION OF PROFIT TO DISTRIBUTABLE CASH FLOW

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

<b>Year ended</b>		<b>Three months ended</b>	
<b>31 December 2010</b>		<b>30 Sept. 2011</b>	<b>30 Sept. 2010</b>
<i>Unaudited</i>		<i>Unaudited</i>	<i>Unaudited</i>
<b>19,874</b>	<b>Net earnings attributable to unitholders for the period</b>	<b>9,119</b>	<b>12,821</b>
	<i>Adjustments for items per the Management Regulations:</i>		
70,909	Net valuation losses on property	4,058	6,852
(1,102)	Purchasers' costs	-	-
(3,918)	Reversal of rent levelling adjustment	(2,090)	(2,070)
(437)	Unrealised currency (gains)/losses	670	(31)
11,431	Amortisation of debt transaction costs	2,299	4,178
6,011	Movements on deferred tax balances	7,534	2,156
(10,123)	Allowance for capital and re-letting expenses	(2,090)	(2,133)
(6,504)	Preferred distributions	(1,638)	(1,639)
<b>66,267</b>	<b>Total adjustments</b>	<b>8,743</b>	<b>7,313</b>
<b>86,141</b>	<b>Distributable cash flow for ordinary unitholders</b>	<b>17,862</b>	<b>20,134</b>
190,522,441	Weighted average number of ordinary units in issue	194,453,691	190,522,441
<b>€0.45</b>	<b>Distributable cash flow per ordinary unit<sup>(2)</sup></b>	<b>€0.09</b>	<b>€0.11</b>

## RECONCILIATION OF PROFIT TO DISTRIBUTABLE CASH FLOW

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

<b>Year ended</b>		<b>Nine months ended</b>	
<b>31 December 2010</b>		<b>30 Sept. 2011</b>	<b>30 Sept. 2010</b>
<i>Unaudited</i>		<i>Unaudited</i>	<i>Unaudited</i>
<b>19,874</b>	<b>Net earnings attributable to unitholders for the period</b>	<b>16,075</b>	<b>18,864</b>
	<i>Adjustments for items per the Management Regulations:</i>		
70,909	Net valuation losses on property	31,917	42,939
(1,102)	Purchasers' costs	(1,457)	470
(3,918)	Reversal of rent levelling adjustment	(6,687)	(2,777)
(437)	Unrealised currency (gains)/losses	1,263	(60)
11,431	Amortisation of debt transaction costs	7,598	9,685
6,011	Movements on deferred tax balances	13,917	4,501
(10,123)	Allowance for capital and re-letting expenses	(6,351)	(5,375)
(6,504)	Preferred distributions	(4,862)	(4,865)
<b>66,267</b>	<b>Total adjustments</b>	<b>35,338</b>	<b>44,518</b>
<b>86,141</b>	<b>Distributable cash flow for ordinary unitholders</b>	<b>51,413</b>	<b>63,382</b>
190,522,441	Weighted average number of ordinary units in issue	191,847,258	190,522,441
<b>€0.45</b>	<b>Distributable cash flow per ordinary unit<sup>(2)</sup></b>	<b>€0.27</b>	<b>€0.33</b>

<sup>(2)</sup> In December 2008, PEPR suspended ordinary dividend payments. Q4 2008 and all subsequent quarters' distributable cash flow for ordinary unitholders has therefore been retained in the business.

**PORTFOLIO OVERVIEW  
AS AT 30 SEPTEMBER 2011**

	Number of facilities	Market value <sup>(3)</sup> € million	% of total market value	Leasable area 000m <sup>2</sup>	% of total leasable area	Annualised rental income <sup>(4)</sup> € million	ERV <sup>(5)</sup> € million	Net initial yield <sup>(6)</sup>	Occupancy level	Average age of facilities years	Number of leases	Average number of years to next lease break	Average number of years to lease expiry
France	61	805.1	29%	1,589.9	32%	64.7	65.3	7.7%	95.0%	10.3	73	2.2	5.5
Italy	18	248.1	9%	523.1	11%	19.2	17.3	6.4%	87.6%	11.3	20	4.4	4.6
Spain	13	234.3	8%	309.5	6%	18.3	16.7	7.5%	81.6%	8.8	27	3.0	4.2
<i>Southern</i>	<b>92</b>	<b>1,287.5</b>	<b>46%</b>	<b>2,422.5</b>	<b>49%</b>	<b>102.2</b>	<b>99.3</b>	<b>7.4%</b>	<b>91.7%</b>	<b>10.1</b>	<b>120</b>	<b>2.8</b>	<b>5.1</b>
Belgium	5	50.1	2%	98.3	2%	4.5	4.1	8.0%	100.0%	7.3	5	2.3	7.1
Germany	20	211.8	8%	328.4	7%	17.3	16.5	7.1%	93.3%	7.3	39	2.1	2.3
Netherlands	20	213.2	8%	378.8	8%	14.1	16.2	6.8%	82.2%	11.3	27	2.9	4.5
Sweden	4	94.7	3%	130.4	2%	8.1	6.7	7.7%	100.0%	16.6	4	6.0	7.4
<i>Northern</i>	<b>49</b>	<b>569.8</b>	<b>21%</b>	<b>935.9</b>	<b>19%</b>	<b>44.0</b>	<b>43.5</b>	<b>7.2%</b>	<b>90.5%</b>	<b>9.9</b>	<b>75</b>	<b>3.1</b>	<b>4.4</b>
Czech Republic	12	98.7	4%	180.1	4%	8.9	9.1	8.1%	98.2%	8.5	31	2.4	2.6
Hungary	14	90.4	3%	182.1	4%	7.7	6.9	8.1%	83.3%	8.4	35	2.9	3.3
Poland	26	234.8	8%	494.9	10%	18.9	19.8	7.3%	92.6%	9.3	69	2.8	3.5
<i>Central</i>	<b>52</b>	<b>423.9</b>	<b>15%</b>	<b>857.1</b>	<b>18%</b>	<b>35.5</b>	<b>35.8</b>	<b>7.7%</b>	<b>91.8%</b>	<b>8.5</b>	<b>135</b>	<b>2.7</b>	<b>3.2</b>
<i>UK</i>	<b>38</b>	<b>497.3</b>	<b>18%</b>	<b>696.5</b>	<b>14%</b>	<b>39.2</b>	<b>37.7</b>	<b>7.5%</b>	<b>91.8%</b>	<b>9.7</b>	<b>34</b>	<b>5.0</b>	<b>7.4</b>
<b>TOTAL</b>	<b>231</b>	<b>2,778.5</b>	<b>100%</b>	<b>4,912.0</b>	<b>100%</b>	<b>220.9</b>	<b>216.3</b>	<b>7.4%</b>	<b>91.5%</b>	<b>9.9</b>	<b>364</b>	<b>3.2</b>	<b>5.1</b>

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

ERV of entire portfolio, assuming 100% leased

17.7

**234.0**

<sup>(3)</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>(4)</sup> 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

<sup>(5)</sup> ERV refers to the Estimated Rental Value calculated by the independent third-party appraisers as at the latest valuation date

<sup>(6)</sup> Annualised rental income less non-recoverable property expenses, expressed as a percentage of gross market value i.e. before the deduction of notional purchasers' costs