ProLogis European Properties™

News release

ProLogis European Properties to sell two-thirds of its current and future commitment in ProLogis European Properties Fund II as part of its strategic initiatives to enhance liquidity

Highlights:

- **PEPR disposes of two-thirds of its interest in PEPF II for approximately €43 million, resulting in a saving of €348 million in future equity commitments**
- **PEPR markets remaining one-third interest in PEPF II for disposal**
- **Appointment of independent Board Chairman**
- **Suspension of dividend payments to preserve between €130 and €150 million in cash in 2009**
- **Amendment to the Tangible Net Worth Covenant in the €900 million unsecured Credit Facility expected**
- **PEPR progress on refinancing initiatives for 2009 and 2010 debt maturities**
- **Intention to request a maturity extension on the December 2010 tranches of the €900 million unsecured Credit Facility**
- **Progress on discussions to dispose of properties**

Gordon Keiser, chief executive office of PEPR, said "Taking into account the ongoing challenges in the real estate and financial markets we have adopted strategic initiatives, approved by the PEPR Board, to improve our liquidity and address our debt maturities. The disposal of the stake in PEPF II significantly reduces our future debt needs, a key concern expressed by our unitholders and the Board. In addition, the proceeds from the sale, together with the cash preserved from the suspension of the dividend, will enable us to further reduce debt. With these deleveraging initiatives underway and with continued strong operating performance, we believe we are well positioned to capture growth when the markets stabilise and to safeguard the investments of our unitholders into 2009 and beyond."

Luxembourg 19 December 2008 - ProLogis European Properties (Euronext: PEPR), Europe's largest owner of modern distribution facilities, announced today it has signed a purchase agreement with ProLogis (NYSE: PLD), the world's largest owner, manager and developer of distribution facilities, for the sale of two-thirds of its current and future commitment to ProLogis European Properties Fund II (PEPF II) for approximately €43 million, saving PEPR €348 million of future equity commitments to PEPF II and implies an approximate 30% discount to existing NAV and future funding obligations. The final purchase price will be adjusted to reflect the fourth quarter distribution from PEPF II, expected to be received in February 2009. Net proceeds from the sale will be used to pay down debt with the sale expected to complete by 22 December 2008.

PEPF II is a private equity fund established by ProLogis 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 into PEPF II, for a 30% stake. This sale will decrease PEPR's ownership in PEPF II to 10% and its total gross commitment to €300 million, of which €125.9 million or 42% has already been invested.

PEPR has retained M3 Capital Partners to market its remaining one-third stake for disposal to third-party investors. If there is greater demand from third-parties than the one-third stake available and the sales price exceeds that contained in the ProLogis purchase agreement for the two-thirds stake, ProLogis has agreed to either (i) pay the higher price for the additional units or (ii) sell the additional units to the third-party and pay the incremental net proceeds to PEPR. If ProLogis is not required to match a higher sales price, PEPR retains a twelve month option to repurchase the two-thirds stake from ProLogis at the same price per unit. Management expectation is that the remaining one-third stake will be sold and based on that assumption PEPR decreases its future cash flow requirement by a further €174 million.

Appointment of independent Board Chairman

The PEPR Board appointed independent Board member, Geoffrey Bell, as Chairman of the PEPR Board at PEPR's Board meeting held today, 19 December 2008.

Geoffrey Bell is an economist, banker, and executive secretary of the Washington based Group of Thirty advisory group. He is also president of Geoffrey Bell and Company, a consulting company which advises a wide range of central banks and governments on their international reserve asset and liability management programmes. Mr Bell has been a member of the PEPR Board since September 2006.

The composition of the Board remains the same with four independent members - Sylvia Tóth, Horst Albach, Geoffrey Bell and Pierre Rodocanachi - and two members appointed by ProLogis, PEPR's external manager - Ted Antenucci and Robert J. Watson.

Dividend suspension for foreseeable future

The Board has agreed to suspend dividend payments (including the Q4 2008 dividend ordinarily paid early in February 2009) as a condition for a debt covenant amendment on PEPR's €900 million unsecured Credit Facility. This suspension will preserve approximately €130 to €150 million in cash in 2009, to be used to reduce debt and improve liquidity.

The Board will revert to paying a dividend as soon as it is prudent to do so and when permitted under the Credit Facility.

Debt covenant amendment

PEPR has requested additional financial flexibility from its bank group by amending the Tangible Net Worth Covenant in the €900 million unsecured Credit Facility. PEPR has received approval for the amendment from agent banks, Banc of America Securities LLC and Royal Bank of Scotland (as successor to ABN Amro Bank, N.A.), and the amendment request has been forwarded to all the remaining lenders for their consent. The Credit Facility covenant amendment requires a majority consent (>50%) in order to be approved. Management is encouraged by the response from the bank group to date and is confident the amendment will be approved.

Debt refinancing

At 30 November 2008, PEPR had €76.5 million of cash on the balance sheet and €300 million undrawn under the €300 million revolver tranche of the €900 million Credit Facility.

PEPR is seeking to refinance the €335.9 million CMBS, due in July 2009, with secured debt. PEPR has recently received term sheets from two mortgage banks for portions of the refinancing. The CMBS debt currently has loan to value of 52% based on the 30 September 2008 book value of the properties. However, in the event a financing commitment has not been obtained by the July 2009 maturity date, it is expected that cash from operations usually paid out as dividends, PEPF II sales proceeds and outstanding availability on PEPR's revolver will be sufficient to repay the debt.

In 2010, €699.3 million of secured debt is due to mature; including a €151.1 million secured loan, due in March and two CMBS issuances totalling €548.2 million maturing in May. The related loan to value for these three combined is 49% based on the 30 September 2008 book value of the properties. If the remaining one-third interest in PEPF II is sold and refinancing of the July 2009 maturity is achieved, either from third-parties or by using the available €300 million revolver, the loan to value of the 2010 secured debt could be reduced to 30% to 40% (based on 30 September book values) by applying (1) cash flow from the suspension of dividends, (2) PEPF II sales proceeds and (3) property disposition proceeds of approximately €100 million.

PEPR expects to refinance the 2010 maturities with unsecured debt, thereby benefiting from the inherent increased flexibility. However, PEPR is also prepared to refinance using secured debt given the current credit environment. PEPR will continue to monitor both markets and anticipates refinancing these 2010 maturities in the most appropriate market during 2009.

Finally, in 2010, both three-year tranches totalling €600 million of the €900 million unsecured Credit Facility, of which €300 million is outstanding as of 30 November 2008, mature in December. PEPR has informed its banks that it intends to request a maturity extension on all or a portion of these in the new year.

Property dispositions

Whilst investment market activity has significantly weakened there are still several potential purchasers who are interested in acquiring prime logistics assets and PEPR is in discussions with a number of these parties.

Raising new equity

The Board has reviewed the option of raising equity to improve liquidity. However given the difficulty of achieving this within the FCP structure and the progress being made on other strategic initiatives, PEPR does not intend to raise equity at this time.

Investor webcast and conference call details:

PEPR will expand upon its plans during an investor webcast and conference call to be held on Monday 22 December 2008 at 1pm GMT / 2pm CET.

To participate in the webcast click on the link entitled "ProLogis European Properties strategic management initiatives webcast" located on the homepage of our website, www.prologis-ep.com.

To participate in the conference call please dial:

	Toll free	Toll
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 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 4pm GMT/ 5pm CET on 22 December 2008 until 4 January 2009. To access the replay, please dial one of the following numbers, using passcode 78689651#:

	Toll free	Toll
International	--	+44 (0)1452 550 000
UK	0800 953 1533	+44 (0)845 245 5205
US	1 866 247 4222	--

-Ends-

For further information, please contact:

Investor relations
ProLogis European Properties +44 20 7518 8708
Jennifer van der Eem, VP Investor Relations
jvandereem@prologis.com

Media
M:Communications +44 20 7153 1523 or 7153 1549
Ed Orlebar / Charlotte McMullen
orlebar@mcomgroup.com / mcmullen@mcomgroup.com

About ProLogis European Properties (PEPR)

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

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