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# **ProLogis to Purchase 20 Percent Interest in ProLogis European Properties Fund II Currently Held by ProLogis European Properties**

*- Transaction Enhances PEPR's Liquidity -*

DENVER, Dec. 19 /PRNewswire-FirstCall/ -- ProLogis (NYSE: PLD), the world's largest owner, manager and developer of distribution facilities, announced today that it has agreed to purchase units representing a 20 percent interest in ProLogis European Properties Fund II (PEPF II) from ProLogis European Properties (Euronext: PEPR) for approximately euro 43 (\$61.1) million.

"In a difficult environment, this agreement between ProLogis and PEPR benefits the shareholders of both companies," said Walter C. Rakowich, chief executive officer.

"ProLogis' expanded ownership interest in PEPF II's high-quality properties at an attractive price will yield greater current income to ProLogis. At the same time, PEPR will be relieved of the majority of its funding requirements to PEPF II, which enhances PEPR's liquidity and financial flexibility.

"We believe this offers the best solution to PEPR's near-term liquidity issues, while also offering ProLogis shareholders the prospect of enhanced shareholder returns through increased ownership in PEPF II and future upside from this portfolio of fully leased, recently developed European industrial facilities," Rakowich added.

"This opportunity to purchase fund units at a discount to NAV is a unique situation driven by PEPR's public market valuation and is in no way applicable to our other, privately held fund structures. We are cognizant of PEPR's liquidity issues and recommended this solution to PEPR's board in our role as PEPR's external manager to benefit both companies' stakeholders," Rakowich concluded.

## *Terms of the Transaction*

Following the close of the transaction, ProLogis will own 37 percent of PEPF II units, comprising its previous 17 percent direct ownership stake and the 20 percent purchased from PEPR. ProLogis will assume euro 348 (\$494.2) million of PEPR's future equity commitments, which will be deducted from gross contribution proceeds received by ProLogis over the next two years. The euro 43 million (\$61.1 million) unit purchase price implies a discount of approximately 30 percent to existing NAV and future funding obligations.

ProLogis is contractually obligated to maintain a 20 percent interest in PEPF II. PEPR will retain a 10 percent ownership stake in PEPF II, which it will seek to sell to third parties. If

there is demand for more than the 10 percent of PEPF II units to be offered by PEPR at better pricing than agreed to with ProLogis, ProLogis will either sell the units purchased by it, including the future funding obligation, and deliver the incremental net proceeds to PEPR, or match the higher price for its 20 percent stake. If ProLogis is not required to match a higher sales price, PEPR retains a 12-month option to repurchase the two-thirds stake from ProLogis at the same price per unit.

Following this transaction, PEPR expects to have sufficient liquidity from the sale of PEPF II units, the elimination of two-thirds of its funding requirement for PEPF II, the elimination of its dividend for the foreseeable future and the remaining capacity on its line of credit to repay its debt maturing in 2009. For further details, please refer to PEPR's press release at <http://www.prologis-ep.com/>

The transaction is expected to close on December 22, 2008.

#### *ProLogis' Action Plan*

On November 13, 2008, ProLogis outlined an action plan to de-leverage its balance sheet by at least \$2 billion. The plan includes re-financing and/or renegotiating debt maturities on ProLogis' balance sheet and in its property funds, targeting regional portfolio sales, shrinking its development pipeline through fund contributions and a halt in new development starts, and retaining capital through G&A reductions and lowering the dividend.

#### *About ProLogis*

ProLogis is the world's largest owner, manager and developer of distribution facilities, with operations in 136 markets across North America, Europe and Asia. The company has \$40.8 billion of assets owned, managed and under development, comprising 548 million square feet (51 million square meters) in 2,898 properties as of September 30, 2008. ProLogis' customers include manufacturers, retailers, transportation companies, third-party logistics providers and other enterprises with large-scale distribution needs.

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

ProLogis European Properties, or PEPR, 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. 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 euro 6.0 billion. 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 euro 3.9 billion.

SOURCE ProLogis