

PART XI

MANAGEMENT REGULATIONS OF PEPR

ProLogis European Properties
fonds commun de placement

Management Regulations dated 10 September 1999 as amended on 29 June 2001, on 13 May 2003, on 7 July 2003, on 17 November 2005, on 11 September 2006 (with effect from 27 September 2006), 29 May ~~2007~~ and ~~2007~~, 13 November 2009 and [●] May 2010

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MANAGEMENT REGULATIONS

INTERPRETATION

In these Management Regulations, the following expressions shall, where not inconsistent with the context, have the following meanings respectively:

- **“2002 Law”** means the Luxembourg law of 20 December 2002 on Undertakings for Collective Investments.
- **“Article”** means an article of these Management Regulations.
- **“Board Members”** means collectively, the ProLogis Board Members and the Independent Board Members.
- **“Business Day”** means a day on which banks are open for business in Luxembourg and Amsterdam (excluding Saturdays, Sundays and public holidays).
- **“Class”** means a class of Units issued by PEPR, and includes the Ordinary Units, the Preferred Units and any further Classes of Units issued by PEPR.
- **“Class A(1) Preferred Units”** means the 10,298,510 class A convertible Preferred Units issued by PEPR on or about 23 December 2009.
- **“Control”** means the power to direct the management of an entity through voting rights, ownership or contractual obligations; **“Controlled”** shall have a correlative meaning.
- **“Correspondent”** means the correspondent as described in Article 3.
- **“Custodian”** means RBC Dexia Investor Services Bank S.A. or such other custodian from time to time appointed by the Management Company.
- **“Distributable Cash Flow”** means net earnings of PEPR, as defined under IFRS, adjusted for (i) items which do not affect cash or cash equivalents or general provisions or reserves against assets (including but not limited to, amortisation of assets or liabilities, adjustments for deferred tax or unrealised valuation of assets and liabilities, including financial instruments) and (ii) costs incurred in relation to any offer of Units and (iii) accruals for any incentive fees payable to the Management Company in accordance with Article 13 of the Management Regulations less (i) non-revenue generating capital expenditures (including roof repairs, structural repairs, landscaping and other similar expenditures), and (ii) periodic contributions to a contingency reserve to include the general provisions or reserves mentioned above; such contingency reserve not to exceed €10 million in aggregate at any given time. The limit of €10 million may be amended from time to time with the approval of the PEPR Board. The definition of Distributable Cash Flow may also be amended from time to time to include prudent amortisation of debt if in the best interests of PEPR, with the approval of the PEPR Board.
- **“Distribution Facility”** or **“Distribution Facilities”** means any industrial warehouse or logistics distribution facility or distribution facilities.
- **“Euro”** or **“€”** means the currency of the member states of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957) as amended by the Treaty on European Union (signed in Maastricht on 7 February 1992).
- **“French 3% Tax”** means any taxation arising under Article 990D of the French Tax Code (as amended, supplemented or replaced from time to time).
- **“Gross Property Value”** means the gross property value of a Distribution Facility as determined by an Independent Appraiser in accordance with such methodology as deemed appropriate by the Independent Appraiser applying professional valuation standards without deduction of purchaser’s costs.
- **“IFRS”** means International Financial Reporting Standards.
- **“IML Circular 91/75”** means the circular dated January 21, 1991 of the Luxembourg Monetary Institute on the revision and recasting of rules governing Luxembourg undertakings covered by the law of 30 March 1988 on undertakings for collective investment, as amended.
- **“Independent Appraiser”** has the meaning set out in Article 9.
- **“Independent Board Member”** means a member of the PEPR Board elected by a general meeting of Unitholders, such member being an individual that is not affiliated with ProLogis or any ProLogis Related Party, or any officer, director, manager, employee or agent thereof.
- **“Invested Capital”** means in respect of each Class of Units (or any Series thereof) the respective paid-up contributions at any point in time of the initial issue price in relation to such Class of Units (or such Series thereof).
- **“Investment Managers”** means collectively the investment managers appointed by the Management Company pursuant to the Investment Management Agreement, being ProLogis Management BV, ProLogis Poland Management II Sp zoo, Garonor Services SAS, ProLogis Spain Management II SL, ProLogis Germany Management II GmbH, ProLogis Italy Management II SRL, ProLogis Belgium Management Sprl, ProLogis Hungary Management II Kft, ProLogis Czech Republic Management II SRO and the other investment managers acceding from time to time to the Investment Management Agreement.
- **“Investment Management Agreement”** means the investment management agreement between the

Management Company and the Investment Managers entered into on 15 September 1999 as amended and restated on 22 January 2001 (with effect as of 18 December 2000), on 10 May 2001, on 31 March 2004 (with effect as of 15 January 2004) and as further amended and restated on 11 September 2006 (with effect from 27 September 2006).

- **“Investment Objective and Policy”** means the investment objective and policy of PEPR as described in the Prospectus and in Article 6.
- **“IPO”** means the initial public offering and listing of the Ordinary Units on Eurolist by Euronext Amsterdam N.V.
- **“Management Company”** means ProLogis Management SARL, a wholly-owned indirect subsidiary of ProLogis, or any successor management company that may be appointed under these Management Regulations.
- **“Management Regulations”** means these management regulations as amended from time to time in accordance with these management regulations.
- **“Manager” or “Managers”** means [a manager or](#) the managers of the Management Company.
- **“NAV”** means the net assets of PEPR, being the assets minus the liabilities, or where the context so requires, the net asset value per Unit of each Class (or Series thereof) as determined in accordance with Article 9.
- **“Non-Exempt Unitholder”** means an entity who owns, directly or indirectly, Units and who is not exempt from the French 3% Tax.
- **“Ordinary Units”** means the Ordinary Units issued pursuant to Article 8.
- **“Ordinary Unitholder”** means a holder of Ordinary Units.
- **“PEPR”** means ProLogis European Properties, a *fonds commun de placement*, governed by Part II of the 2002 Law pursuant to these Management Regulations, and such term shall where the context so requires include all companies or other entities which are wholly-owned or partially owned as to more than fifty per cent. (50%) directly or indirectly by ProLogis European Properties.
- **“PEPR Board”** has the meaning set out in Article 4.
- **“PLD”** means PLD International Incorporated, a corporation established under the laws of the State of Delaware, United States of America.
- **“Portfolio”** means the Distribution Facilities owned by PEPR, the interest of PEPR, if any, in any ProLogis Private Equity Fund or ProLogis Joint Venture and such other assets and rights from time to time held directly or indirectly by PEPR in accordance with these Management Regulations.
- **“Preferred Unitholder”** means a holder of Preferred Units.
- **“Preferred Units”** means Units that provide to holders a preferred cash distribution and a preferred reimbursement of Invested Capital (or such other amounts as specified by the Management Company on the issue thereof) upon a winding-up of PEPR.
- **“Private Equity Fund Investment Agreement”** means the agreement between the Management Company and PLD in relation to the right of the Management Company acting on behalf of PEPR to invest in ProLogis Private Equity Funds and ProLogis Joint Ventures.
- **“ProLogis”** means ProLogis, a real estate investment trust organised in the State of Maryland, United States of America.
- **“ProLogis Board Member”** means a member of the PEPR Board appointed by the Management Company.
- **“ProLogis Joint Venture”** means any single investor joint venture sponsored by PLD, or an entity which is directly or indirectly controlled by PLD, and investing primarily in Distribution Facilities in Europe.
- **“ProLogis Private Equity Fund”** means any regulated or unregulated multi-investor real estate private equity fund sponsored by PLD, or an entity which is directly or indirectly controlled by PLD, and investing primarily in Distribution Facilities in Europe.
- **“ProLogis Related Party”** means (a) an entity that directly or indirectly is controlled by ProLogis or (b) an entity at least 35 per cent. (35%) of whose economic interest is owned directly or indirectly by ProLogis; for the avoidance of doubt, PEPR shall not be a ProLogis Related Party.
- **“Property Contribution Agreement”** means the agreement between the Management Company and PLD under which PLD has agreed to contribute to PEPR, upon stabilisation, and PEPR has agreed to acquire, Distribution Facilities from a property portfolio.
- **“Prospectus”** means the prospectus in connection with the IPO and subsequent prospectuses for the placement of Units in PEPR issued from time to time.
- **“Regulated Market”** means a market functioning regularly, which is regulated, recognised and open to the public.
- **“Residual Value”** means the total net proceeds (taking into account any distributions in specie) resulting from a winding-up of all PEPR’s assets after repayment of all creditors.
- **“Schedule”** means the schedule to these Management Regulations.
- **“Series”** means a series of Units within a particular Class of Units.
- **“Tenant Transfer”** means the cancellation of a tenant’s lease of a Distribution Facility owned by PEPR or a direct or indirect subsidiary of PEPR and the subsequent lease within three months of such cancellation by such tenant of another property owned directly or indirectly by ProLogis or a ProLogis Related Party or a

fund managed by ProLogis or a ProLogis Related Party and including the ProLogis Private Equity Funds and the ProLogis Joint Ventures, and in which PEPR's ownership interest is not at least equal to its interest in the original Distribution Facility.

- **"Unitholders"** means the holders of Units.
- **"Units"** means co-ownership participations in PEPR which may be issued in different Classes or Series by PEPR pursuant to these Management Regulations, including, but not limited to the Ordinary Units and the Preferred Units.
- **"Valuation Day"** means any Business Day which is designated by the Management Company as being a day by reference to which the assets of PEPR shall be valued in accordance with Article 9, provided that there shall be at least semi-annual Valuation Days and that the Management Company shall be permitted to designate Valuation Days more frequently than semi-annually, in relation to the issuance of Units pursuant to Article 8, or in relation to any other circumstances if deemed appropriate by the Management Company, or if otherwise required by Luxembourg law or any other applicable law or regulation. The ~~first Valuation Day was 31 December 1999 and subsequent Valuation Days were 30 June 2000, 31 December 2000, 30 June 2001, 31 December 2001, 30 June 2002, 31 December 2002, 31 March 2003, 31 December 2003, 30 June 2004, 31 December 2004, 30 June 2005, 31 December 2005, 30 April 2006, 30 June 2006, 31 December 2006, 30 June 2007, 31 December 2007, 30 June 2008, 31 December 2008, 30 June 2009 and 30 September 2009. last Valuation Day was on 31 March 2010.~~ The next Valuation Day will be ~~31 December 2009~~ 30 June 2010.

Article 1. Legal Structure

ProLogis European Properties, a *fonds commun de placement* organised under the sponsorship of ProLogis, is an unincorporated co-proprietorship of securities and other assets, managed for the account and in the exclusive interest of its Unitholders by the Management Company. PEPR is, in particular, subject to Part II of the 2002 Law. The assets of PEPR, which are held in custody by the Custodian shall be segregated from those of the Management Company.

By the acquisition of Units of any Class (or any Series thereof) in PEPR, a Unitholder is deemed to have fully accepted these Management Regulations, which determine the contractual relationship both among the Unitholders and among the Unitholders, the Management Company and the Custodian.

Article 2. The Management Company

The Management Company is a company incorporated on 6 July 1999 as a *société à responsabilité limitée* under the laws of Luxembourg with an unlimited duration and having its registered office at 34-38 Avenue de la Liberté, L-1930 Luxembourg. Its ~~Articles~~ articles of ~~Incorporation~~ incorporation have been amended on 19 August 2003.

The Management Company, or its designees, has the exclusive right to manage PEPR and is vested with the broadest powers to administer and manage PEPR, subject to the restrictions set forth in these Management Regulations, including, without limitation, Articles 4, 6, 7 and 20, in the name and on behalf of the Unitholders, including but not limited to, the purchase, sale and receipt of those investments specified in Article 6 and of securities and the exercise of all the rights attaching directly or indirectly to the assets of PEPR. The activities of the Management Company shall be limited to the administration and management of PEPR and the Management Company shall not administer or manage any other investment fund or company.

The Management Company, when managing the Portfolio, shall have due regard to the status of ProLogis as a real estate investment trust and shall have no obligation to adopt or implement any management decision which shall adversely affect the United States Federal income tax treatment of ProLogis' direct or indirect investment in PEPR.

The fees paid by PEPR to the Management Company or its designee are described in Article 13.

The Management Company is responsible for implementing the Investment Objective and Policy of PEPR subject to the restrictions set out in Articles 6 and 7. The Management Company shall manage the Portfolio prudently with the same degree of care as would be expected of an absolute owner having particular regard to the quality and financial standing of the customers and the length of the lease terms.

The Management Company may appoint, without prejudice to its ultimate responsibility for these functions and subject to any limitations under the laws of Luxembourg, the Investment Managers, the duties of which are described in Article 5. The Managers shall discharge the duties of the Management Company. The Management Company shall be liable for the acts or omissions of the Investment Managers, the Managers and any other agents it shall appoint to perform the Management Company's functions under these Management Regulations as if such acts or omissions were those of the Management Company itself.

The Management Company may appoint such other agents, including transfer agents, listing agents and paying agents, to perform such services in connection with its obligations under these Management Regulations as the Management Company deems necessary or convenient for the performance of its duties hereunder, subject to any limitations under the laws of Luxembourg or contained herein, on such terms and conditions as are reasonable under the circumstances.

The Management Company shall perform all administrative agency duties for PEPR under Luxembourg law, and in particular, the calculation of the NAV of PEPR in accordance with Article 9. The Management Company shall act as domiciliary and service agent and as registrar and transfer agent for the wholly-owned subsidiaries of PEPR organised in Luxembourg (the “**Domiciliary and Service Agent**”) and in such capacity will be responsible for all domiciliary and service agency duties and all registrar and transfer agency duties required by Luxembourg law.

The Management Company may only be terminated as prescribed in Article 17. The Management Company shall not terminate PEPR except with the approval of the PEPR Board, as set forth in Article 4 and the consent of Unitholders, as set forth in Article 20.2.

The Management Company shall comply with its obligations contained in these Management Regulations, the 2002 Law, in particular Article 14 thereof, the IML Circular 91/75 and all other applicable Luxembourg laws and regulations. The Management Company shall manage PEPR in accordance with the principle of equal treatment of Unitholders.

The accounts of the Management Company shall be prepared in Euro.

Article 3. The Custodian and Other Agents

RBC Dexia Investor Services Bank S.A. has been appointed on 21 April 2006 as Custodian of the assets of PEPR and its wholly-owned subsidiaries. The Custodian has its principal office at 14, Porte de France, L-4360 Esch-sur-Alzette, Grand-Duchy of Luxembourg, and may perform any banking activities in Luxembourg. The Custodian shall carry out the usual duties regarding custody, cash and securities deposits. In particular, upon proper instructions of the Management Company, the Custodian will execute all financial transactions and provide such banking facilities for PEPR and its wholly-owned subsidiaries as the Management Company may require.

The Custodian will further, in accordance with the 2002 Law:

- a) ensure that the sale, issue, redemption and cancellation of Units effected on behalf of PEPR are carried out in accordance with the 2002 Law and these Management Regulations;
- b) carry out the instructions of the Management Company, unless they conflict with the 2002 Law, any other applicable law or these Management Regulations;
- c) ensure that, in transactions involving the assets of PEPR and its wholly-owned subsidiaries, any consideration is remitted to it within the usual time limits in respect of the specified assets; and
- d) ensure that the income and assets attributable to PEPR and its wholly-owned subsidiaries are applied in accordance with these Management Regulations.

The Custodian may entrust the safekeeping of all or part of the assets of PEPR and its wholly-owned subsidiaries, in particular, securities traded abroad or listed on a foreign stock exchange or admitted to recognised clearing systems such as Clearstream International, to such clearing systems or to any bank or trust company or recognised clearing agency (a “**Correspondent**”); provided, however, that cash of wholly-owned subsidiaries may be held with the prior approval of the Custodian by such banks as may be indicated by the Management Company; and provided further that the Management Company shall ensure that such banks forward any information to the Custodian necessary to enable it to properly execute its custodial functions. The Custodian’s liability in relation to its duties shall not be affected by the fact that it has entrusted the safekeeping of all or part of the assets in its care to a third party.

The rights and duties of the Custodian are governed by an agreement entered into on 21 April 2006 for an unlimited period of time, which may be terminated at any time by the Management Company or the Custodian upon 90 days’ prior written notice; provided, however, that such termination by the Management Company is subject to the requirement that within two months a new custodian assumes the responsibilities and functions of the Custodian under these Management Regulations; and provided, further, that the appointment of the Custodian shall, if terminated by the Management Company, continue thereafter for such period as may be necessary to allow for the complete transfer of all assets of PEPR and its wholly-owned subsidiaries held by the Custodian to the new custodian. In case of termination by the Custodian, the Management Company shall appoint a new custodian who shall assume the responsibilities and functions of the Custodian under these Management Regulations, provided that

the Custodian's termination shall not become effective until (i) a new custodian is appointed by the Management Company and (ii) all assets of PEPR and its wholly-owned subsidiaries held by the Custodian have been transferred to the new custodian.

All cash other than cash deposited with such banks as may be indicated by the Management Company to the Custodian and other securities constituting the assets of PEPR and its wholly-owned subsidiaries shall be held by the Custodian on behalf of the Unitholders on the terms of these Management Regulations. The Custodian may, under its own responsibility and with the approval of the Management Company, entrust any Correspondent with the custody of such cash and securities as are not listed on the Luxembourg Stock Exchange or currently traded in Luxembourg. Registrable assets (excluding real estate property) of PEPR and its wholly-owned subsidiaries will be registered in the name of PEPR, in the name of the Custodian or the Correspondent or the nominee of either or in the name of a recognised clearing agency. The Custodian and Correspondent will have the normal duties of a bank with respect to the deposits of cash and securities of PEPR and its wholly-owned subsidiaries. The Custodian and the Correspondent and such other banks as may be indicated by the Management Company with the prior approval of the Custodian may dispose of the assets of PEPR and its wholly-owned subsidiaries and make payments to third parties on behalf of PEPR and its wholly-owned subsidiaries only upon receipt of proper instructions from or as previously properly instructed by the Management Company or any agent appointed by the Management Company.

Upon receipt of proper instructions from or as previously properly instructed by the Management Company, the Custodian and the Correspondent and such other banks as indicated by the Management Company with the prior approval of the Custodian will perform all acts of disposal with respect to the assets of PEPR and its wholly-owned subsidiaries.

Subject to Luxembourg law, the Custodian is authorised and has the obligation in its own name to:

- a) protect the assets of PEPR and its wholly-owned subsidiaries against any claims of third parties;
- b) assert the rights of the Unitholders against the Management Company or against a former custodian; and
- c) take action against enforcement measures of third parties if PEPR or its wholly-owned subsidiaries are not liable to such parties.

Subject to Luxembourg law, the Management Company, acting in its own name and on behalf of PEPR, is authorised and has the obligation to bring claims of the Unitholders against the Custodian.

Nothing in this Article 3 shall preclude the direct assertion of claims from Unitholders against the Custodian or the Management Company, respectively, to the extent that such action is permitted by Luxembourg law.

The Custodian shall be entitled, out of the net assets of PEPR and its wholly-owned subsidiaries, to such fees as shall be determined from time to time by agreement between the Management Company and the Custodian, provided that fees for services performed in Luxembourg are comparable with those charged by other banks in Luxembourg for the provision of similar services. In addition to the above fees, the Custodian shall be reimbursed by PEPR and its wholly-owned subsidiaries for all reasonable out of pocket expenses. Any Correspondent (other than affiliates of the Custodian) and such other banks as indicated by the Management Company with the prior approval of the Custodian shall be entitled to such fees out of the net assets of PEPR and its wholly-owned subsidiaries as shall be determined from time to time with the agreement of the Management Company, provided that fees for the provision of services of Correspondents are comparable with those charged by other banks or trust companies in the jurisdictions in which such Correspondent or other banks operate.

Article 4. The PEPR Board

There shall be a PEPR Board, comprised of four Independent Board Members and two ProLogis Board Members. The PEPR Board shall designate a chairman amongst the Independent Board Members and such chairman shall have a casting vote.

The appointment and term of the Independent Board Members shall be as prescribed below in this Article 4. The ProLogis Board Members shall be appointed by the Management Company and their appointment and term shall be as prescribed below in this Article 4. The prior approval of the PEPR Board shall be required in respect of all of the items in a) to q) below.

In respect of resolutions proposing the following items, ~~only either~~ the Management Company, ~~either~~ on its own initiative or ~~upon its due consideration of a suggestion of~~ any two ~~Independent~~ PEPR Board Members, may table resolutions before the PEPR Board:

- a) any acquisition or disposal of assets or any portfolio of assets of PEPR in an aggregate amount in any rolling six-month period of more than five per cent. (5%) of the gross asset value of PEPR as calculated on

- the most recent Valuation Day prior to the date such asset or portfolio of assets is acquired or sold, and any disposal or redemption of interests in any ProLogis Private Equity Fund or ProLogis Joint Venture;
- b) any amendments to these Management Regulations in the circumstances where the prior approval of the PEPR Board is required under Article 16;
 - c) the annual approval of (i) the appointment and the terms and conditions of the appointment of the Independent Appraiser and (ii) the appointment of the external auditors of PEPR, in both cases for terms a term of one year. ~~Neither~~Either appointment ~~shall~~may not be terminated by the Management Company without the prior approval of the PEPR Board;
 - d) any issue of Units in PEPR in accordance with Article 8 and the terms of any such issuance (including the currency of denomination of the Units, the appointment of any placement agents or distributors designated in respect of such issuance and the approval of their fees, which must be on an arm's length basis) and any increase in the level of leverage of PEPR (within the limits laid down by Article 7);
 - e) any major debt financings or ~~refinancing~~refinancings (defined as debt facilities or financings or refinancings which, if fully drawn, would amount to in excess of twenty per cent. (20%) of the total gross asset value of PEPR as at the most recent Valuation Day);
 - f) any amendments to the definition of Distributable Cash Flow in respect of the size from time to time of the contingency reserve, or the policy regarding the amortisation of debt and any decision to distribute proceeds from the disposal of assets or any portfolio of assets of PEPR, including interests in any ProLogis Private Equity Fund or ProLogis Joint Venture, if such disposal proceeds exceed in any rolling six-month period, in aggregate amount, five per cent. (5%) of the gross asset value of PEPR as calculated on the most recent Valuation Day prior to the date such assets are sold;
 - g) the approval of the annual accounts, the incentive fee calculation for the relevant year, the annual operating and capital expenditure budget and funding policy of PEPR. If such budget and policy are not approved in whole or in part by the PEPR Board, the Management Company shall manage PEPR on the basis of an annual operating and capital expenditure budget and funding policy corresponding to the most recently approved budget and policy with respect to any items of the proposed budget and funding policy that were not approved, provided that the Management Company may vary the relevant items by a percentage amount of up to five per cent. (5%);
 - h) ~~h)~~ — any transactions between PEPR and any ProLogis Related Party, including without limitation a sale of assets by PEPR to ProLogis or to a ProLogis Related Party or a purchase of assets by PEPR from ProLogis or a ProLogis Related Party, but excluding the entry into and (save as prescribed below) performance of these Management Regulations, the Investment Management Agreement, the Private Equity Fund Investment Agreement and the Property Contribution Agreement. With regard to related party transactions, the Management Company will provide the PEPR Board, for approval, on an annual basis, with a schedule detailing both ProLogis rates and prevailing market rates for leasing commissions and construction management fees;
 - i) ~~i)~~ — any decision to waive any material right which would otherwise exist for the benefit of PEPR, or any decision not to enforce any material right of PEPR under the terms of the Investment Management Agreement, including any decision to waive the obligation of an Investment Manager to assume the obligations under the terminated lease of the vacated space in case of a Tenant Transfer;
 - j) ~~j)~~ — any changes to the method of calculating NAV as prescribed by these Management Regulations;
 - k) ~~k)~~ — the approval of legal fees and tax compliance fees payable to any ProLogis Related ~~Parties~~Party, and the approval in accordance with the first paragraph of Article 5 of any fees (other than those referred to in the Investment Management Agreement as at the date of these Management Regulations) which may be paid to the Investment Managers out of the net assets of PEPR and not deducted from the Management Company's base management fee;
 - l) ~~l)~~ — any decision to terminate the Investment Management Agreement, other than for cause;
 - m) ~~m)~~ — any decision to extend the term of the Investment Management Agreement; ~~and~~
 - n) ~~n)~~ — any decision to table before the general meeting of Unitholders a resolution to wind-up PEPR, as provided in Article 20.2.;

~~In respect of the following three items only, any two members of the PEPR Board or the Management Company may table a resolution:~~

- o) ~~o)~~ — any decision (i) to exercise the ~~right~~rights of PEPR under the Private Equity Fund Investment Agreement to subscribe for up to thirty per cent. (30%) of the equity securities and securities convertible into equity securities issued by any ProLogis Private Equity Fund or to exercise the right to participate in a ProLogis Joint Venture or (ii) to exercise the right of PEPR under the Property Contribution Agreement to (a) approve the substitution of a property to be contributed thereunder with another property; (b) decide not to accept a property on account of material disclosures made with respect thereto; (c) serve a notice reducing the maximum Euro amount to be allocated to the purchase of properties where, in the reasonable opinion of the Management Company, the occurrence of certain events has made it impracticable or inadvisable for PEPR to proceed with the acquisition of properties under the Property Contribution Agreement or subsequently serve a notice increasing such Euro amount to its original level where, in the reasonable opinion of the Management Company, it is no longer impracticable or inadvisable for PEPR to proceed

- with the acquisition of properties under the Property Contribution Agreement and following service of such a notice, to approve the list of properties by which PLD proposes to satisfy the increased Euro amount by contribution in accordance with the Property Contribution Agreement; or (d) to agree to an extension of the date after which, in certain circumstances, PLD must propose further properties for contribution to PEPR and approve the contribution of such further properties;
- p) any decision to terminate the Investment Management Agreement for cause; and
 - q) any decision to table before a meeting of Ordinary Unitholders a resolution to remove the Management Company without cause, as provided in Article 17.

The PEPR Board shall consider in good faith and reasonable commercial ~~judgement~~judgment the proposals ~~of the Management Company~~ in respect of all of the above matters and any other decision or determination it is required to make acting in compliance with these Management Regulations, the Prospectus, Luxembourg laws and regulations and in the interest of the Unitholders.

The PEPR Board shall not have the power to, and shall not, take any management decision in lieu of the Management Company and neither the PEPR Board nor its members, individually or collectively, shall have the power to, and they shall not, execute documents on behalf of PEPR or represent PEPR in dealing with third parties nor shall the Management Company be responsible for implementing a decision of the PEPR Board if the Management Company does not consent to such resolution. However, if the PEPR Board adopts a resolution to table before a meeting of Ordinary Unitholders a resolution to remove the Management Company without cause pursuant to item (q) above, the Management Company shall be responsible for ensuring that the resolution adopted at the PEPR Board meeting is implemented.

The affirmative vote of four members of the PEPR Board is required for the approval of any of the above matters in this Article 4 or any other decision or determination by the PEPR Board made pursuant to these Management Regulations, except for (i) decisions related to ~~the approval of the incentive fee calculation for the relevant year under item e) above; items (h), (i), (k), (l), (m) and (o) above (including for the avoidance of doubt, decisions in relation to item (a) to the extent they meet the criteria of transactions referred to in item (h) and any other decision where the ProLogis Board Members are conflicted because of the involvement of a ProLogis related party)~~ which shall require the approval of a simple majority of the Independent Board Members, (ii) ~~decisions related to the waiver of the obligation of an Investment Manager to assume the obligations under the terminated lease of the vacated space in case of a Tenant Transfer as referred to in item i) above, which shall require the approval of a simple majority of the Independent Board Members, (iii) decisions related to item c) above which shall require the approval of a simple majority of Independent Board Members to terminate the Management Company and as a consequence table a resolution before a meeting of Ordinary Unitholders to remove the Management Company in accordance with Article 17, (iv)~~ decisions related to the creation of advisory committees which require the unanimous consent of all Board Members and ~~(v)~~(iii) decisions related to the appointment of members of the nomination committee, which must be made as described below.

The PEPR Board shall meet at least annually in Luxembourg. ~~The~~Unless the PEPR Board shall agree otherwise, the PEPR Board shall meet at least quarterly, ~~unless the PEPR Board shall agree otherwise,~~ to review PEPR's performance and may meet more frequently. The PEPR Board may meet upon call by the Management Company or any two Board Members, at the place indicated in the notice of meeting. The PEPR Board may meet by telephone conference. Written notice of any meeting of the PEPR Board shall be given to all Board Members at least 10 Business Days prior to the date set for such meeting, except in circumstance of emergency, in which case the nature of such circumstances shall be set forth in the notice of the meeting. This notice requirement may be waived by consent in writing, facsimile, e-mail or any other similar means of communication from all Board Members. Separate notices shall not be required for meetings held at times and places fixed in a resolution adopted by the Board Members. A written resolution in substitution for a meeting that is signed by all the Board Members shall be effective as a decision of the PEPR Board. The Management Company shall forward to the PEPR Board all relevant information within a period of time which is reasonably sufficient in the view of the Management Company to permit the PEPR Board to make an informed decision on the relevant matter prescribed above. In addition, the Management Company shall respond so far as practicable to a reasonable request for information made by a Board Member to assist that Board Member to discharge its functions under this Article 4.

The PEPR Board shall be entitled to designate advisory committees composed of one or more of the Board Members in order to assist the PEPR Board and to make recommendations to the PEPR Board in relation to decisions to be taken concerning the items referred to in a) to q) above. Such committees shall not have any authority to make decisions in lieu of the PEPR Board.

The minutes of a meeting of the PEPR Board shall be approved at the next following meeting of the PEPR Board. Apart from the functions prescribed in this Article 4, the PEPR Board is available for consultation by the Management Company and may make suggestions and requests to the Management Company. However, other than decisions relating to any of the above matters, the Management Company is neither bound by such suggestions or

requests nor obligated to take direction from the PEPR Board.

Except for the initial term prescribed below in this Article 4, the term of office of each Independent Board Member shall be for a term of three years and until the ratification or appointment of his/her successor.

The Independent Board Members shall be designated Class I, Class II and Class III. The initial Class I Independent Board Members shall be appointed for a term of one year and until ratification or appointment of their successors, the initial Class II Independent Board Members for a term of two years and the initial Class III Independent Board Members for a term of three years. The initial Class I, Class II and Class III Independent Board Members shall be approved by the Management Company. A person is only permitted to act as Independent Board Member if the following criteria of dependence do not apply to him/her. If one of these criteria of dependence starts applying during the exercise of the mandate of an Independent Board Member, the relevant Independent Board Member shall forthwith tender his/her resignation. These criteria are that the Independent Board Member concerned or his/her spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree as defined under Luxembourg law:

- a) is or has been an executive director (or manager), employee or member of the Management Company of PEPR or a ProLogis Related Party in the five years prior to the appointment;
- b) receives personal financial compensation from PEPR, or a ProLogis Related Party, other than the compensation received for the work performed as a Board Member and in so far as this is not in keeping with the normal course of business;
- c) has had an important business relationship with PEPR, or a ProLogis Related Party, in the calendar year and last financial year prior to the appointment. This includes the case where the Board Member, or the firm of which he/she is a shareholder, partner, associate or adviser, has acted as advisor to PEPR or a ProLogis Related Party (consultant, external auditor, civil notary and lawyer) and the case where the Board Member is a management board member or an employee of any bank with which PEPR or a ProLogis Related Party has a lasting and significant relationship;
- d) is a member of the management board of a company in which a Manager of the Management Company is a supervisory board member;
- e) holds at least one per cent. (1%) of the Units in PEPR (including the Units held by natural persons or legal entities which cooperate with him/her under an express or tacit, oral or written agreement);
- f) is a member of the management board or supervisory board - or is a representative in some other way - of a legal entity which holds at least one per cent. (1%) of the Units in PEPR;
- g) has temporarily managed PEPR during the previous twelve months where Managers of the Management Company have been absent or unable to discharge their duties;
- h) has been within the last three years, a partner or employee of the present or former external auditor of PEPR or a ProLogis Related Party.

At the annual general meeting of the Unitholders of PEPR at which the term of the Class I, II or III Independent Board Members is to expire, successors to the class of Independent Board Member whose term is to expire shall be elected for a three-year term. The successor Independent Board Member shall be ~~proposed~~appointed by the general meeting of Unitholders upon proposal by a nomination committee composed of ~~two~~three Independent Board Members ~~and one ProLogis Board Member. The ProLogis Board Member serving on the nomination committee shall be appointed by unanimous consent of the ProLogis Board Members. The Independent~~ The Board Members serving on the nomination committee shall be appointed by the affirmative vote of at least three Independent Board Members. For the election of Independent Board Members, Unitholders representing more than ten per cent. (10%) of the votes may propose - directly to the Management Company which shall procure that this item be put on the agenda of the general meeting of Unitholders - an alternative candidate to the one candidate proposed by the nomination committee. The annual general meeting of Unitholders is held prior to the end of June of each year and the Unitholders need to submit their proposal to the Management Company no later than by 1 March of the year during which the annual general meeting will be held.

The members of the nomination committee shall be appointed on an annual basis, for a term expiring on the date of the annual general meeting electing the candidate(s) designated by the nomination committee. ~~The designated candidate(s) shall be elected by a simple majority of the Units voting or represented at that meeting of Unitholders at~~

An Independent Board Member shall hold office until the annual general meeting of Unitholders for the year in which his/her term expires and until his/her successor shall be elected subject, however, to prior death, resignation or removal from office. Each successor Independent Board Member shall be elected by a general meeting of Unitholders for which there shall be no quorum requirement. In order to be elected, a candidate must at least obtain a favourable vote of an absolute majority of the Units voting or represented at such meeting. If there are more than two candidates for one seat to be filled and no candidate obtains a favourable vote of an absolute majority of the Units voting or represented at such meeting, a second vote will be passed at the same meeting

between the two candidates having obtained the highest number of votes with the candidate having obtained an absolute majority in the second vote being elected.

The Board Members who are ProLogis Board Members shall serve at the discretion of the Management Company for such time as determined by the Management Company. The Management Company shall have the right by notice to all Board Members to designate any ProLogis Board Member, or successor thereof and to remove such ProLogis Board Member and substitute another ProLogis Board Member at any time.

~~An Independent Board Member shall hold office until the annual general meeting of Unitholders for the year in which his term expires and until his successor shall be elected subject, however, to prior death, resignation or removal from office.~~

A Board Member may resign at any time by giving written notice thereof to the Management Company. The acceptance of a resignation shall not be necessary to make it effective. An Independent Board Member may be removed with or without cause by a vote of sixty-seven per cent. (67%) of the aggregate Units present or represented at a general meeting of Unitholders.

Any vacancy on the PEPR Board caused by the resignation (whether automatic or otherwise), removal or death of any Board Member shall be filled (in the case of an Independent Board Member) by an appointee approved by a majority vote of the remaining Independent Board Members ~~upon proposal by the Management Company~~ or (in the case of a ProLogis Board Member) by direction of the Management Company. The successor Independent Board Member shall hold office until the next annual general meeting of Unitholders. At such meeting, the provisions for the election of successor Independent Board Members shall apply, save that the Independent Board Member elected at an annual general meeting to fill a vacancy shall have the same remaining term as that of his/her predecessor.

Article 5. Investment Managers

Under the Investment Management Agreement, the Investment Managers will, subject to the overall supervision, approval, direction and liability of the Management Company, and subject to compliance with the Investment Objective and Policy, carry out property management functions in relation to the day to day administration and operation of the Portfolio (excluding the ProLogis Private Equity Funds and the ProLogis Joint Ventures) and advise the Management Company on possible additions to, or potential divestments of the Portfolio subject to the proviso that the Investment Management Agreement may contain such terms and conditions and provide for such fees to be paid out of the net assets of PEPR, as the parties thereto shall deem fit. Except to the extent provided in the Investment Management Agreement as at the date of these Management Regulations or as subsequently approved by the PEPR Board, any fees paid to the Investment Managers out of the net assets of PEPR shall be deducted from the Management Company's base management fee and may not in aggregate exceed the base management fee as prescribed in Article 13.

No Investment Manager will be appointed that is organised or carries on business in the United States.

Pursuant to the terms of the Investment Management Agreement, the Investment Management Agreement has a term expiring on 15 September 2016 and is renewable at the sole discretion of the Management Company for subsequent five year periods. Furthermore, pursuant to the terms of the Investment Management Agreement, the Investment Management Agreement shall automatically terminate if the Management Company is no longer the management company of PEPR.

Article 6. Investment Objective and Policy

The Investment Objective and Policy is to generate capital appreciation and a high level of distributable current income for its Unitholders through active management of direct investments in Distribution Facilities and by investing in ProLogis Private Equity Funds and ProLogis Joint Ventures, subject to the approval of such investments by the PEPR Board if such approval is required under Article 4. PEPR may hold its investments in Distribution Facilities either directly or indirectly through companies or entities that are subsidiaries and which may be either wholly or partially owned by PEPR, and through investments in ProLogis Private Equity Funds or ProLogis Joint Ventures and, subject to the following paragraph, in other investment funds and investment companies.

In implementing its Investment Objective and Policy, PEPR may not invest more than fifteen per cent. (15%) of its net asset value in investment funds and investment companies which are neither ProLogis Private Equity Funds nor ProLogis Joint Ventures. Furthermore, PEPR may not hold more than forty-nine per cent. (49%) of the shares or units of such investment funds or investment companies.

Distribution Facilities may be sold during the life of PEPR where such sale is considered to be in the best interest

of PEPR and appropriate having regard to the Investment Objective and Policy, and subject to the approval of the PEPR Board in accordance with Article 4, if such approval is required.

On a sale of any Distribution Facility, the Management Company shall have regard to the Gross Property Value appraisal by the Independent Appraiser at the date which is on or after the most recent Valuation Day in agreeing the applicable sales price for such Distribution Facility.

Article 7. Risk Diversification Rules and Borrowing Restrictions

The Management Company shall comply with the diversification requirements set out in this Article 7 in the management of PEPR. Pending investment or reinvestment of sale proceeds of Distribution Facilities or distribution, sales and/or redemption proceeds of ProLogis Private Equity Funds and ProLogis Joint Ventures, the cash assets of PEPR will be invested in liquid Euro or Sterling denominated money market instruments, time deposits or debt securities.

In relation to the investment of the liquid cash assets of PEPR in money market instruments or debt securities, PEPR may not invest more than ten per cent. (10%) of its net assets in money market instruments or debt securities of one single issuer. Furthermore, PEPR may not hold more than ten per cent. (10%) of any single class of money market instrument or debt security of a single issuer nor may it invest more than ten per cent. (10%) of its net assets in money market instruments or debt securities which are neither listed on a stock exchange nor dealt on a Regulated Market. The above restrictions are, however, not applicable to (i) securities issued by companies which are wholly or partly owned and controlled by PEPR, (ii) any ProLogis Private Equity Fund or ProLogis Joint Venture created in the form of a Luxembourg regulated investment fund, and (iii) investments of PEPR which are subject to the twenty per cent. (20%) risk diversification rule referred to in the next paragraph.

In order to achieve a minimum spread of investment risks, PEPR will not invest more than twenty per cent. (20%) of its net asset value, directly or indirectly through companies or entities which are wholly-owned subsidiaries of PEPR in a single real estate property or a company, or other investment vehicle which is partly owned by PEPR and which PEPR does not control.

Subject to the terms and conditions of the Private Equity Fund Investment Agreement, PEPR shall have (i) the right to subscribe up to thirty per cent. (30%) of the equity securities and securities convertible into equity securities issued by any ProLogis Private Equity Fund, and (ii) the right to participate in ProLogis Joint Ventures. Such investment will not be subject to any of the restrictions set forth in the above paragraphs, provided that the relevant ProLogis Private Equity Fund or Prologis Joint Venture has been created in the form of a Luxembourg regulated investment fund.

PEPR shall not be required to pay a subscription fee or placement fee with respect to any investment which it makes in a ProLogis Private Equity Fund or ProLogis Joint Venture.

PEPR will not enter into or invest in options, futures or other derivative transactions for speculative purposes and may only enter into such transactions for hedging purposes to mitigate currency and/or interest rate risks.

Hedging arrangements may be entered into in respect of the currency risk associated with distributions attributable to a Class of Units or Series thereof denominated in a currency other than Euro.

PEPR may incur indebtedness whether secured or unsecured. However, save as prescribed below, PEPR and its consolidated subsidiaries may not incur additional indebtedness (whether secured or unsecured) which would cause the value of total indebtedness of PEPR and its consolidated subsidiaries in the aggregate to exceed sixty per cent. (60%) of the aggregate, as at the most recent Valuation Day prior to the incurrence of such indebtedness, of (i) the Gross Property Value of Distribution Facilities or other properties and property rights beneficially owned directly or indirectly by PEPR and its consolidated subsidiaries and (ii) the value of debt and equity interests of PEPR in real estate companies or in other real estate investment vehicles, which are not consolidated in the accounts of PEPR, including both non consolidated ProLogis Private Equity Funds and non consolidated ProLogis Joint Ventures.

For the purposes of effective cash management, PEPR may exceed such indebtedness limit for temporary or short term purposes for a period not to exceed six (6) months, provided that such total indebtedness shall not exceed sixty-five per cent. (65%) of such aggregate valuation at any time.

Article 8. Issue of Units

The Management Company shall, subject to the consent of the PEPR Board and subject, except as provided below, to the consent of at least fifty per cent. (50%) of all Unitholders, except Preferred Unitholders, present or represented at the relevant general meeting of Unitholders, have the ability to issue Units of the same Class or

different Classes or Series within such Classes subject to the terms of these Management Regulations and the Schedule by amending, where appropriate, these Management Regulations provided that such amendments are not inconsistent with the terms of these Management Regulations in respect of the Classes of Units or Series of Units within such Classes as are specifically prescribed below. No quorum requirements have to be complied with in relation to such general meeting. Fractional Units shall have no right to vote but shall have the right to participate pro-rata in distributions of Distributable Cash Flow and allocation of Residual Value in the event of the winding-up of PEPR.

Notwithstanding the preceding paragraph, the Management Company shall, subject to the consent of the PEPR Board, be entitled in each fiscal year to cause PEPR to issue Units of different Classes or Series within such Classes for an aggregate issue price up to ten per cent. (10%) of the total economic value of issued Units at the start of the relevant fiscal year, without the approval of the Unitholders.

Units will be denominated in such currency as the Management Company with the approval of the PEPR Board shall determine.

In accordance with the terms of these Management Regulations the following Classes of Units are in issue:

- Ordinary Units are denominated in Euro and were issued partly paid with an initial issue price per Unit of €10 in minimum investment amounts of 100,000 Units (or such lesser amount as approved by the Management Company) to investors. The balance of the issue price of all Ordinary Units has been called. Ordinary Units shall be issued in one Series only.
- Class A(1) Preferred Units are denominated in Euro and ~~will be~~ issued on ~~or about~~ 23rd December 2009 fully paid with an initial issue price per Unit of €5.93 being equal to the NAV per Ordinary Unit as of 30 September 2009, ~~shall be~~ convertible into Ordinary Units at the conversion rate and at the times specified below and ~~shall be~~ subject to redemption by the Management Company as specified below. Class A(1) Preferred Units are entitled to a cumulative preferred cash distribution and reimbursement of Invested Capital as set out in Article 15, Article 20 and the Schedule. In respect of the Class A(1) Preferred Units the conversion rate is 1 Ordinary Unit for each Class A Preferred Unit, subject to the adjustment as described below. In accordance with Article 18.2 of these Management Regulations, a change to the Management Regulations which only impacts Class A(1) Preferred Units requires a vote by a simple majority of Class A(1) Preferred Units to approve such change.

If a split or reverse split of Ordinary Units is effected, the conversion rate of Preferred Class A(1) Units into Ordinary Units will be adjusted accordingly. The Management Company will seek confirmation from the external auditor of PEPR on the accuracy of the adjustment of the conversion rate.

Class A(1) Preferred Units are convertible into Ordinary Units at any time at the option of the holder thereof by sending a conversion notice to the Management Company at its registered address. Ordinary Units issued following the conversion of the Class A(1) Preferred Units will be subject to these Management Regulations, will be fully fungible with the other existing Ordinary Units of PEPR and will carry all rights attached to such Ordinary Units as from their delivery date. However, in the event of winding-up of PEPR, the right to convert the Class A(1) Preferred Units will lapse at 17.00hrs Luxembourg time on the Business Day prior to the record date of the first payment of Residual Value. The record date in relation to such payment will be announced by the Management Company at least 14 days in advance. In the event of redemption at the initiative of the Management Company, the right to convert shall lapse on the seventh Business Day prior to the date set for redemption.

Further, Class A(1) Preferred Units will automatically convert into Ordinary Units on the first date after the seventh anniversary of the date of first issue of the Class A(1) Preferred Units on which the arithmetic mean, calculated over the period of 20 consecutive Business Days of the opening trading prices of the Ordinary Units on the Euronext Amsterdam Stock Exchange or, if different, the primary stock exchange on which the Ordinary ~~Shares~~ Units are listed is above 130 per cent of the issue price of the Class A(1) Preferred Units, adjusted as appropriate in order to take into account any split or reverse split of Ordinary Units. Such conversion however only occurs if there are no accrued and unpaid preferred distributions outstanding within the meaning of Article 15.(i) but will occur automatically on the first date on which there are no such accrued and unpaid distributions outstanding.

In the event of an issue at the initiative of the Management Company of additional Ordinary Units or Preferred Units convertible into Ordinary Units, the Management Company will reserve preferential subscription rights to both the Ordinary Units and Class A(1) Preferred Units on a rateable basis based on the then applicable conversion ratio.

The Management Company shall have the ability, subject to the terms of the Management Regulations, to issue

Classes of Units entitled to a preferred cash distribution subject to amending these Management Regulations in accordance with the terms hereof in order to define the preferred distributions such Units are entitled to. Preferred Units, if any, will be issued in Series and may be convertible and/or subject to redemption in accordance with the terms prescribed by the Management Company on issue.

Preferred Units, if any, will be entitled to a preferred cash distribution as set out in Article 15, Article 20 and the Schedule.

Where the Management Company so determines at the time of issue, the Preferred Units of the relevant Series shall be convertible, in whole or in part at the option of the Preferred Unitholders into Ordinary Units at the conversion rate specified by the Management Company on issue provided that the issue price of the relevant Series of Preferred Units divided by such conversion rate must at least be equal to the applicable NAV per Ordinary Unit at the date of the issue of the relevant Series of Preferred Units.

PEPR will not be required to pay any accrued but unpaid cash distributions or interest thereon on any Preferred Units for which a conversion notice has been given to PEPR.

Where the Management Company so determines at the time of issue, Preferred Units may be subject to redemption by the Management Company.

Class A(1) Preferred Units are issued for an unlimited period of time but may be redeemed at the initiative of the Management Company following delivery of a redemption notice on Class A(1) Preferred Unitholders as follows:

- a) in whole on the last Business Day in the year 2016 or the last Business Day of every calendar quarter thereafter,
- b) in whole in the event of a change in legal form of PEPR pursuant to Article 20 hereof within the period of 24 months following the date of issue of the Class A(1) Preferred Units,
- c) in whole in the event of an increase of the rate of preferred return to take into account a deduction or withholding of tax imposed upon PEPR in respect of the payment of preferred distributions, (1) arising as a result of a change in or amendment to Luxembourg tax law which change or amendment becomes effective after the date hereof and (2) such obligation cannot be avoided by PEPR taking reasonable measures available to it,
- d) in whole if PEPR ceases to be controlled by ProLogis or a ProLogis Related Party, or
- e) in whole if ProLogis increases its ownership directly or indirectly to more than fifty per cent. of the Ordinary Units of PEPR,

provided that in relation to items d) and e) above, PEPR is also subject to a rating downgrade as such term is defined in Part I and II of the Schedule to these Management Regulations.

The notice of redemption shall be given no less than 30 days and no more than 60 days prior to the date fixed for redemption and shall set forth the date of redemption. Furthermore, the Class A(1) Preferred Units can not be redeemed if the NAV of the Class A(1) Preferred Units is below their issue price plus accrued and unpaid preferred distributions.

Notwithstanding the foregoing, Class A(1) Preferred Units ~~can not~~ cannot be redeemed at any time unless (i) in the event of a redemption other than in relation to a change in the legal form of PEPR within 24 months of the date of issue of the Class A(1) Preferred Units, the aggregate redemption price is less than the net proceeds received by PEPR from the issue (in the period commencing 180 days prior to the date of redemption) of further Ordinary Units or other Classes of Units ranking equal or junior to the Class A(1) Preferred Units in the waterfall for distribution of Distributable Cash Flow under Article 15 and the waterfall for allocation of Residual Value under Article 20; and (ii) in the event of a redemption in relation to a change in the legal form of PEPR within 24 months of the date of issue of the Class A(1) Preferred Units, the aggregate redemption price is less than the net proceeds received by PEPR from the issue (completed in the period commencing 180 days prior to the date of redemption) of Ordinary Units. In the event of any redemption, the Preferred Units will, in accordance with Articles 12 and 20, be entitled to the allocation as set forth in the Schedule.

Units shall be issued in registered and definitive form only.

The Management Company is authorised to make an application for listing of each Class of Units (and Series thereof) on the Luxembourg Stock Exchange, the Euronext Amsterdam Stock Exchange and such other major stock exchanges as the Management Company may determine.

Units will be issued in the manner described herein. Any Prospectus in respect of such Units shall set forth all material terms governing such Units including, without limitation, the initial issue price per Unit, minimum investment

amount, details of funding and conversion rights (if any).

The Management Company shall at all times consider the adequacy of the financial resources of PEPR. The Management Company shall at each meeting of the PEPR Board advise the PEPR Board of PEPR's available financial resources.

The initial issue price of any new Class of Units (or Series thereof) shall be determined by the Management Company and shall be set forth in the Prospectus in respect of such Class of Units (or Series thereof). Any Series of such Units shall be issued on the same date and at the same issue price.

The minimum number or value of Units that may be subscribed for by an investor shall be determined by the Management Company and set forth in the Prospectus in respect of such Units.

Where new Units are issued in accordance with the provisions of these Management Regulations, the existing holders of the same Class or Series thereof shall be reserved the right to subscribe for new Units or Series of such Class or similar Classes on a preferential and rateable basis in accordance with the provisions contained in the Law of 10 August 1915 on Commercial Companies governing preferential subscription rights for shares issued by public limited companies and such law shall be deemed to apply to PEPR. At the time of resolving to issue new Units, the general meeting of Unitholders or the Management Company, where applicable, can decide to waive the right of existing holders of the same or similar Classes to subscribe to the new Units on a preferential and rateable basis. The Management Company may also waive such preferential subscription rights when the new Units are being issued pursuant to the Management Company's power to cause PEPR to issue new Units in each fiscal year for an aggregate issue price of up to ten per cent. (10%) of the total economic value of issued Units at the start of the relevant fiscal year without the approval of Unitholders, as described in the second paragraph of this Article.

Where Ordinary Units are issued in accordance with these Management Regulations, ProLogis and ProLogis Related Parties shall, notwithstanding that preferential subscription rights have generally been waived with respect to such issuance pursuant to the preceding paragraph, have a preferential subscription right to subscribe for Ordinary Units such as to ensure a ProLogis ownership of Ordinary Units at or above twelve point five per cent. (12.5%) of the Ordinary Units in issue until 30 June 2008, and no less than ten per cent. (10%) thereafter.

Where PEPR offers Units of the same Class (or of an additional Series thereof) for subscription after the date of first issue of Units of such Class (or Series thereof), the price per Unit at which such Units are offered shall be the NAV per Unit of the first Series of Units of the relevant Class as determined in compliance with Article 9 hereof as of such Valuation Day as is determined in accordance with such policy as the Management Company may from time to time determine.

The price at which Units may be issued may be increased by (i) a market premium (*commission*) based on the difference, if positive, between the economic value of each Unit of the same or similar Class, as determined by the Management Company taking into account relevant market and financial factors, minus the NAV per Unit of such same or similar Class, charged for the benefit of PEPR, and (ii) a placement fee of up to five per cent. (5%) charged to investors for the benefit of PEPR or placement agents, as determined by the Management Company, provided that if this placement fee is charged for the benefit of PEPR, then investors investing at the same time shall be treated on an equal basis. The contributions in cash corresponding to the issue price so determined shall be made within a period as determined by the Management Company. Subject to the provisions of these Management Regulations, the Management Company shall make such arrangements as it deems appropriate for the sale of Units, including the requirement of purchasers of Units to enter into subscription agreements containing terms not inconsistent with the provisions of these Management Regulations.

The Management Company may, at its discretion, discontinue temporarily, cease permanently or limit the issue of Units at any time to persons or corporate bodies resident or established in certain particular countries and territories. The Management Company may exclude certain persons or corporate bodies from the acquisition of Units, if such measure is necessary for the protection of the Unitholders as a whole or PEPR. The Management Company may reject in its absolute discretion any application for Units.

The Management Company may enter into distribution agreements with any persons to act as duly authorised distributors of Units. Such distribution agreements may contain such terms and conditions and provide for fees (subject to PEPR Board approval under Article 4) on an arms' length basis as the parties thereto shall negotiate, including the provision of authority to such duly authorised distributors to charge purchasers of Units sales commissions and retain such commissions, but, without prejudice to the Management Company's ability to decide that sales commission to distributors are payable from the net assets of PEPR. Any such person may, with the consent of the Management Company, enter into sub-distributor agreements with other persons, compensation for which shall be paid from the fee of such person.

Article 9. Calculation of NAV per Unit

The NAV per Unit of each Class (or any Series thereof) shall be expressed in the relevant currency of denomination of such Units and shall be determined as at any Valuation Day by dividing (i) the net assets of PEPR attributable to each Class of Units (or any Series thereof), being the value of the portion of assets less the portion of liabilities attributable to such Class (or Series thereof), on any such Valuation Day, by (ii) the number of Units in the relevant Class (or Series) then outstanding, in accordance with the valuation rules set forth below, provided that the assets attributable to each Class of Units (or Series) shall be determined in accordance with the rules applicable to the distribution of Residual Value upon a winding-up of PEPR set forth in Article 20 and the Schedule.

The NAV per Unit may be rounded up or down to the nearest unit of currency of denomination of such Unit as the Management Company shall determine. If since the time of determination of the NAV of a Class of Units (or Series thereof) there has been a material change in relation to (i) a substantial part of the properties or property rights of PEPR or (ii) the quotations in the markets on which a substantial portion of the investments of PEPR are dealt in or quoted, PEPR may, in order to safeguard the interests of the Unitholders and PEPR, cancel the first valuation and carry out a second valuation.

The accounts of the real estate companies or other real estate investment vehicles in which PEPR has a majority interest will be consolidated with the accounts of PEPR in accordance with IFRS and accordingly the underlying assets and liabilities are valued in accordance with the valuation rules described below. The minority interests in quoted real estate companies and unquoted real estate companies or other real estate investment vehicles are valued respectively on the basis of the last available quotation and the probable net realisation value estimated by the Management Company with prudence and good faith.

The assets and liabilities of PEPR for these purposes shall be determined in the following manner:

For the purpose of the valuation of real estate, the Management Company for and on behalf of PEPR shall appoint an independent real estate appraisal professional who is licensed where appropriate and operates, or has subcontracted, with the approval of the Management Company, its duties to any entity who operates, in the jurisdiction where any relevant property is located and whose appointment is approved by the PEPR Board in accordance with Article 4 on an annual basis; in circumstances where this professional is conflicted, the Management Company may appoint one (or several) additional independent real estate appraisal professional(s), meeting the same criteria, for the valuation of the real estate (the “**Independent Appraiser**”). The Independent Appraisers currently appointed are Jones Lang LaSalle Limited ~~and~~ DTZ Zadelhoff and CB Richard Ellis Limited. The Independent Appraiser shall not be affiliated with ProLogis. With respect to each property, such valuation may be carried out once a year and used during the next following twelve months for the purposes of calculating the NAV unless, in the opinion of the Management Company, there is a change in the general economic situation or in the condition of the relevant properties or property rights held by PEPR or by any of the companies in which PEPR has a shareholding which requires new valuations to be carried out under the same conditions as the annual valuations.

The value of the assets and liabilities of PEPR, including, for the avoidance of doubt, investments made by PEPR in any ProLogis Private Equity Funds and ProLogis Joint Ventures, shall be determined in accordance with IFRS, and in relation to Distribution Facilities (directly or indirectly through subsidiaries other than ProLogis Private Equity Funds and ProLogis Joint Ventures) owned by PEPR, such valuation will be effected by the Independent Appraiser.

For the purpose of this Article 9:

1. Units of PEPR to be redeemed (if any) shall be treated as existing and taken into account until the date fixed for redemption, and from such time and until paid by PEPR the price therefor shall be deemed to be a liability of PEPR;
2. Units to be issued by PEPR shall be treated as being in issue as from the date of issue and from such time and until received by PEPR the price therefor shall be deemed to be a debt due to PEPR;
3. all investments, cash balances and other assets expressed in currencies other than the currency of denomination of the relevant Units shall be valued after taking into account the market rate or rates of exchange in force at the date and time for determination of the NAV; and
4. where on any Valuation Day, PEPR has contracted to:
 - purchase any asset, the value of the consideration to be paid for such asset shall be shown as a liability of PEPR and the value of the asset to be acquired shall be shown as an asset of PEPR;
 - sell any asset, the value of the consideration to be received for such asset shall be shown as an asset of PEPR and the asset to be delivered by PEPR shall not be included in the assets of PEPR;

provided, however, that if the exact value or nature of such consideration or such asset is not known on such Valuation Day, then its value shall be estimated by PEPR.

For the avoidance of doubt, the provisions of this Article 9 are rules for determining NAV per Unit and are not intended to affect the treatment for accounting or legal purposes of the assets and liabilities of PEPR or any Units issued by the Management Company.

Article 10. Unit Certificates

The Management Company or the agent appointed in relation thereto will maintain a register of Unitholders and will issue, in representation of Units, certificates in registered and definitive form. A Unit certificate will be issued for any whole and/or fractional number of Units. Each certificate shall be signed for and on behalf of the Management Company (by one or several Managers and by the Custodian), which may be by facsimile.

Lost, stolen or destroyed Unit certificates may be replaced in accordance with Luxembourg law.

Article 11. Transfer of Units and Restrictions

Units of any Class may be owned or transferred by Unitholders subject to the restrictions indicated hereafter and as specified elsewhere in these Management Regulations.

1. ~~Restrictions on Ownership of Units~~ ~~Section 1. Definitions.~~

For the purposes of this Article 11, the following terms shall have the following meanings:

~~“Beneficial Ownership” shall mean beneficial ownership as defined under Rule 13d-3 of the U.S. Securities Exchange Act of 1934, as amended, and, with respect to such meaning, Beneficial Ownership by any Person shall include Beneficial Ownership by other Persons who are part of the same group as the original Person for the purposes of Rule 13d-3. The terms “Beneficial Owner”, “Beneficially Owns” and “Beneficially Own” shall have the correlative meanings.~~

~~“ERISA” shall mean the U.S. Employee Retirement Income Security Act of 1974, as amended.~~

~~“ERISA Investor” shall mean any “employee benefit plan” within the meaning of Section 3(3) of ERISA that is subject to Title I of ERISA, (b) any “plan” (as defined in Section 4975(e)(1) of the IRC (as defined in Article 22), including without limitation, an individual retirement account), that is subject to Section 4975 of the IRC (as defined in Article 22), (c) an entity whose underlying assets include assets of a plan described in (a) or (b) by reason of a plan’s or plans’ investment in such entity or (d) an entity that otherwise constitutes a Benefit Plan Investor (as defined in the Plan Asset Regulation promulgated by the U.S. Department of Labor) that is subject to Title I of ERISA or Section 4975 of the U.S. Internal Revenue Code, including but not limited to, an insurance company general account, an insurance company separate account, a collective investment fund or a governmental plan (whether foreign or domestic) or a plan maintained by a foreign corporation, as applicable.~~

~~“Excess Units” shall mean Ordinary Units in excess of the Ownership Limit whether resulting from subscription of Ordinary Units, transfer or otherwise.~~

~~“Excess Units Fiduciary” shall mean a person unaffiliated with PEPR identified by the Management Company as a fiduciary for the purposes herein.~~

~~“Excluded Holder” shall mean ProLogis and a ProLogis Related Party, or any other Person, as identified by the Management Company.~~

~~“Ownership Limit” shall mean nine point nine per cent. (9.9%) in number of PEPR’s outstanding Ordinary Units held by a single Person or fifty per cent. (50%) in number of PEPR’s outstanding Ordinary Units held in aggregate by five or fewer Persons. The number of the outstanding Ordinary Units shall be determined by the Management Company in good faith, which determination shall be conclusive for all purposes hereof.~~

~~“Person” shall mean any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated association or government or any agency or political sub-division thereof.~~

~~“Prohibited Unitholder” shall mean any of (i) a Non-Exempt Unitholder, (ii) an ERISA Investor or (iii) a U.S. person purchasing Units from another Unitholder.~~

~~“Purported Beneficial Transferee” shall mean, with respect to any purported Transfer which results in Excess Units, the beneficial holder of the Ordinary Units, if such Transfer had been valid under Section 2 of this Article 11.~~

~~“Transfer” shall mean any sale, transfer, gift, assignment, devise or other disposition of Ordinary Units. The terms~~

~~“Transfers” and “Transferred” shall have the correlative meanings.~~

~~Section 2. Ownership Limitation.~~

~~A. A single Person who is a Beneficial Owner (other than an Excluded Holder) and owns Ordinary Units in excess of the Ownership Limit applicable to a single Person shall be prohibited from exercising voting rights in respect of Excess Units, and accordingly any purported votes of such Excess Units (save by the Excess Units~~

- Fiduciary) shall be disregarded and shall have no effect.
- ~~B. Any five or fewer Persons who are Beneficial Owners (other than an Excluded Holder) and who collectively own Ordinary Units in excess of the Ownership Limit shall be prohibited from exercising voting rights in respect of Excess Units, and accordingly any purported votes of such Excess Units (save by the Excess Units Fiduciary) shall be disregarded and shall have no effect.~~
- ~~C. The transfer of Ordinary Units that shall result in a breach of the provisions in (A) and (B) above shall result in such Ordinary Units becoming Excess Units and such Ordinary Units shall be transferred to an Excess Units Fiduciary and accordingly the voting rights in respect of the Excess Units shall be transferred to such Excess Units Fiduciary so that the Ordinary Units will cease to be Excess Units. Where a Person holds Ordinary Units in breach of the Ownership Limit, the Management Company may compulsorily transfer such Excess Units to the Excess Units Fiduciary.~~
- ~~D. Nothing contained in this Article 11 shall preclude the settlement of any transaction entered into through the facilities of any securities exchange. However, any transferee in such a transaction shall be subject to all of the provisions and limitations set forth in this Article 11.~~

~~Section 3. Excess Units.~~

~~In determining which Ordinary Units are Excess Units, Ordinary Units in excess of the applicable Ownership Limit which are Beneficially Owned by any Person whose Transfer caused the relevant Ownership Limit to be exceeded shall become Excess Units. Where several such Persons exist, the creation of Excess Units shall be pro rata.~~

~~Where the Ownership Limit applies to five or fewer persons, the creation of Excess Units shall also be pro rata.~~

~~Section 4. Notice to PEPR.~~

~~Any Person who acquires or attempts to acquire Ordinary Units in violation of Section 2 herein, or any Person who is a transferee such that Excess Units result under Section 2 herein, shall immediately give written notice to PEPR. Persons required to give notice under this Section 4 shall provide PEPR with such other information as PEPR may reasonably request in order to allow PEPR to apply the ownership, voting and transfer restrictions of this Article 11.~~

~~Section 5. Information Reporting.~~

~~Every Person owning Ordinary Units shall provide to PEPR information as PEPR may reasonably request in order to allow PEPR to apply the ownership, voting and transfer restrictions of this Article 11.~~

~~Section 6. Ambiguities.~~

~~In the case of an ambiguity in the application of any of the provisions of this Article 11, including any definition contained in Section 1, the Management Company shall have the power to determine the application of the provisions of this Article 11 with respect to any situation based on the facts known to it.~~

~~Section 7. Increase or Decrease in Ownership Limit.~~

~~Subject to the limitations provided in Section 8 of this Article 11, the Management Company may from time to time increase the percentage of the Ownership Limit. For the avoidance of doubt, the Management Company may also, with the approval of the general meeting of Unitholders decrease the percentage of the Ownership Limit. Any such decrease may only be made prospectively as to subsequent Unitholders.~~

~~Section 8. Waivers by the Management Company.~~

~~Notwithstanding Section 2 herein, the Management Company may exempt a person from the Ownership Limit if the Management Company obtains such representations and undertakings from such person as the Management Company may deem appropriate. In particular, the Management Company has exempted from the Ownership Limit Unitholders which hold more than nine point nine per cent. (9.9%) in number of PEPR's outstanding Ordinary Units immediately prior to the date of the IPO, provided that any such Unitholders shall be subject to an ownership limit of twenty per cent. (20%) in number of PEPR's outstanding Ordinary Units, and if such Unitholders acquire Ordinary Units in excess of such ownership limit, such Units shall be treated as Excess Units in accordance with this Article. For the avoidance of doubt, the above twenty per cent. (20%) ownership limit shall be without prejudice to the status of ProLogis and any ProLogis Related Party as Excluded Holders not subject to any ownership limit.~~

Section 9. Severability.

~~If any provision of this Article 11 or any application of any such provision is determined to be void, invalid or unenforceable by any court having jurisdiction over the issue, the validity and enforceability of the remaining provisions shall be affected only to the extent necessary to comply with the determination of such court.~~

Section 10. Rights in Respect of Excess Units.

~~The Excess Units Fiduciary shall hold the Excess Units transferred to it pursuant to this Article 11 for the exclusive benefit of the Purported Beneficial Transferee in accordance with the terms of this Section 10:~~

- ~~a) the Excess Units Fiduciary shall be entitled to vote or decline to vote the Excess Units without reference to the Purported Beneficial Transferee and the Purported Beneficial Transferee shall not have the right to direct the Excess Units Fiduciary as to how such Ordinary Units shall be voted;~~
- ~~b) the Excess Units Fiduciary shall hold all distributions and the proceeds of the redemption of Excess Units for the benefit of the Purported Beneficial Transferee and shall account to it for all such payments; and~~
- ~~c) the Excess Units Fiduciary shall transfer Ordinary Units to the order of the Purported Beneficial Transferee. The proceeds of any sale on such transfer shall be remitted to the Purported Beneficial Transferee by the Excess Units Fiduciary.~~

2. Restrictions on ProLogis' Transfer of Units

Subject as provided below, ProLogis agrees that it shall directly or indirectly through one or more entities, each of which shall be a ProLogis Related Party, maintain an aggregate ownership at or above twelve point five per cent. (12.5%) of the Ordinary Units in issue until 30 June 2008, and no less than ten per cent. (10%) thereafter.

For the purposes of determining whether ProLogis has satisfied the ownership requirement above, holdings of Ordinary Units which are held indirectly by ProLogis shall be calculated on the basis of the maximum economic interest in such holding of Ordinary Units as can be attributed back to ProLogis on the basis of the economic interest owned directly or indirectly by ProLogis, in and through each such ProLogis Related Party.

Although ProLogis as a Unitholder and any Unitholder who is a ProLogis Related Party may sell, transfer or otherwise dispose of their Ordinary Units to any ProLogis Related Party, no other sale, transfer or disposal of Ordinary Units by ProLogis or any ProLogis Related Party shall be permitted that would otherwise cause a breach of this Part 2 of Article 11. The Management Company shall provide quarterly reports to Unitholders describing transfers in such quarter of Ordinary Units by ProLogis or by any ProLogis Related Party to any person (other than to ProLogis or to any ProLogis Related Party) and in such report the Management Company shall confirm that ProLogis has complied with the ownership requirement above.

Where ProLogis and any ProLogis Related Party shall fail to comply with the ownership requirement of this Part 2 of Article 11 by reason of a sale, transfer or disposal of Ordinary Units by ProLogis or any ProLogis Related Party then:

- a) the base management fee which would otherwise be payable to the Management Company pursuant to Article 13 shall not accrue or be payable in respect of the period during which the breach of the ownership obligations under this Part 2 of Article 11 occurred and in any period it shall continue; and
- b) the Ordinary Unitholders shall be entitled to terminate the Management Company pursuant to Article 17 at any time during which the breach of such ownership obligations shall continue.

Where the breach of such ownership obligations shall occur by reason of any event other than a sale, transfer or disposal by ProLogis or any ProLogis Related Party, then the Ordinary Unitholders shall be entitled to terminate the Management Company in accordance with paragraph (b) of this Part 2 of Article 11 but no other remedy or claim for loss shall apply in respect of such breach.

3. General Transfer Restrictions

PEPR will not recognise any attempted resale or other transfer of Units unless made in accordance with the transfer restrictions imposed in any subscription for Units, including, for the avoidance of doubt, transfer restrictions under ERISA, the U.S. Securities Act of 1933, as amended, and the U.S. Investment Company Act of 1940, as amended.

4. Prohibited Unitholders

PEPR shall be entitled not to register the transfer of Units if it reasonably determines that an entity which owns or owned such Units, directly or indirectly, is (i) a Non-Exempt Unitholder and PEPR or any Relevant Entity (as defined in Article 15) may be liable to pay any French 3% Tax as a result of such ownership and there are no reasonably satisfactory alternative arrangements for the payment of such French 3% Tax by the relevant Non-Exempt Unitholder, (ii) an ERISA Investor, or (iii) a U.S. Person purchasing Units from another Unitholder.

The Management Company shall adopt such measures as are reasonably practicable in order to avoid the acquisition of Units by Prohibited Unitholders. Furthermore, the Management Company shall adopt such steps as are available to it under the Management Regulations and as are reasonably practicable (having regard to the nature of PEPR post-IPO as a publicly traded vehicle) to (i) monitor whether Units are owned, directly or indirectly, by Prohibited Unitholders, and (ii) prevent such Prohibited Unitholders from owning such Units.

~~5. Ownership Limit Override~~

5. Non-applicability of Transfer Restrictions

The above ~~restrictions on ownership of Ordinary Units, and~~ general transfer restrictions (other than transfer restrictions related to Prohibited Unitholders, as described in Article 11.4 above) shall not apply if any Person has offered to all holders of all Classes of Ordinary Units the acquisition of their Ordinary Units at a price set out in the offer and Unitholders holding more than ninety-five per cent. (95%) of all such Ordinary Units, excluding Ordinary Units held by ProLogis or any ProLogis Related Party, have accepted the transfer of their Ordinary Units to such offeror. In such case, the transfer of Ordinary Units shall not be voidable and unenforceable against PEPR.

6. General

In the absence of any indication of joint holding and save in respect of a specific Class or Series of Ordinary Units identified in a Prospectus where a separate agreement has been made with the person in whose name such Ordinary Units are registered in the Ordinary Unit register, the Management Company or any duly appointed agent thereof may regard, and shall be fully protected in dealing with, the person in whose name Ordinary Units are registered in the Ordinary Unit register as being the absolute owner of such Ordinary Units, and shall be entitled to disregard, and take no notice of, any right, interest or claim of any other person in or to such Units.

In order to give effect to the provisions on the restrictions on Transfer of Ordinary Units described above, any certificates evidencing the Ordinary Units will be endorsed with a legend describing the substance of those provisions and restrictions.

If any provision of this Article 11 or any application of any such provision is determined to be void, invalid or unenforceable by any court having jurisdiction over the issue, the validity and enforceability of the remaining provisions shall be affected only to the extent necessary to comply with the determination of such court.

Article 12. Redemption of Units and Compulsory Transfer of Units

Units shall not be redeemable at the option of Unitholders.

Units shall be redeemed by the Management Company in accordance with the provisions set out in Articles 8 and 20. In addition, Units may be called by the Management Company for redemption or be compulsorily transferred to any other person in the following circumstances:

- i. if the continued participation of a Unitholder is likely to cause PEPR or the Management Company to violate any material law, regulation, or interpretation or would result in PEPR, the Management Company or any Unitholder suffering material taxation, economic or other disadvantages which they would not have suffered had such person not been or ceased to be a Unitholder;
- ii. if such Unitholder has materially violated any provision of these Management Regulations, ~~including for the avoidance of doubt the breach of the Ownership Limit or any other restrictions on ownership of Units;~~
- iii. if the Units were acquired or are being held, directly or indirectly, by or for the account or benefit of any person in violation of the provisions of these Management Regulations or the transfer restrictions set forth in the relevant Prospectus or offering document;
- iv. if in the opinion of the Management Company (a) such redemption would be appropriate to protect PEPR from registration of the Units under the U.S. Securities Act of 1933, as amended, or from

- registration of PEPR under the U.S. Investment Company Act of 1940, as amended; or (b) the holding of such Units would cause material regulatory or tax or other fiscal disadvantage to PEPR;
- v. if the Units were acquired or are being held by or for the account of any employee benefit plan subject to Title I of ERISA or Section 4975 of the U.S. Internal Revenue Code of 1986, as amended; and
 - vi. such other circumstances as the Management Company may determine, where continued ownership would be materially prejudicial to the interests of PEPR or the Unitholders.

Units which are to be redeemed by PEPR or compulsorily transferred may be redeemed by PEPR or compulsorily transferred upon the Management Company giving to the registered Unitholder not less than thirty (30) days' notice in writing of the intention to redeem or compulsorily transfer such Units specifying the date of such redemption or compulsory transfer, which must be a Business Day.

The amount payable on such redemption of Units shall be the NAV of the Units of the relevant Class (or Series thereof) on the most recent Valuation Day prior to redemption. Such redemption amount shall be payable without interest, as soon as practicable (having regard to the liquidity of the Portfolio and the interest of Unitholders) after the effective date of the redemption and may be paid in cash or, subject to the approval of each relevant individual Unitholder, marketable securities. Costs associated with the redemption or compulsory transfer may, if the Management Company so decides, be charged to the Unitholder whose Units are redeemed or transferred and such costs shall be deducted from the redemption or transfer proceeds payable to the Unitholder in circumstances where the Management Company has exercised its power to redeem or compulsorily transfer Units pursuant to paragraph (ii) or (iii) of this Article 12.

The amount payable on compulsory transfer shall be the lesser of (i) the NAV or (ii) the best price reasonably obtainable from any other person as determined by the Management Company at its reasonable discretion.

Any Units in respect of which a notice of redemption has been given shall not be entitled to participate in any distributions by PEPR in respect of the period after the date specified as the date of redemption in the notice of redemption.

At the date specified in the notice of redemption or compulsory transfer, the Unitholder whose Units are being redeemed or compulsorily transferred shall be bound to deliver to the Management Company or any duly appointed agent thereof the certificate issued in representation of the relevant Units for cancellation.

In order to give effect to the provisions on redemption and compulsory transfer of Units described above, any certificates evidencing the Units will be endorsed with a legend describing the substance of those provisions and restrictions.

Should PEPR be determined to be subject to ERISA, it may redeem Units held directly or indirectly by ERISA Investors as necessary to make ERISA inapplicable to PEPR.

Article 13. Charges and Expenses of PEPR

PEPR will bear the following charges and expenses in respect of it:

- i. the fees and expenses of the Management Company as further set forth below;
- ii. operating expenses including all taxes, duties, stamp duties, governmental and similar charges, commissions, foreign exchange costs, bank charges, registration fees relating to investments, insurance and security costs as well as expenses of the issue, exercise and redemption of Units;
- iii. brokerage and other transaction fees and expenses (including, without limitation, legal, accounting, surveyors' and other professional fees) incurred on transactions with respect to the acquisition or disposal or proposed acquisition or disposal of the Portfolio and related expenses and valuation fees charged by the Independent Appraisers in connection with the acquisition or disposal of Distribution Facilities;
- iv. the fees and expenses of the Custodian and any Correspondent, the Listing and Paying Agent, Registrar and Transfer Agent, any paying agent, any distributors and permanent representatives in places of registration of PEPR, as well as any other agent employed by the Management Company for and on behalf of PEPR plus any applicable value added taxes;
- v. reasonable fees, travel and other out-of-pocket expenses incurred by the Independent Board Members in their role as Board Members;
- vi. accounting, due diligence, legal, surveyors', building contractors', estate managers' and other service providers' fees and expenses in relation to the Portfolio and all other fees and expenses incurred by the Management Company acting in respect of PEPR, including for the avoidance of doubt the reimbursement by the Management Company of out of pocket expenses incurred by the Investment Managers in respect of the Portfolio, and investments in the ProLogis Private Equity Funds and the ProLogis Joint Ventures, or proposed disposals or additions to the Portfolio or PEPR's investment in the

- ProLogis Private Equity Funds and the ProLogis Joint Ventures. Such fees and expenses shall be in line with market standards and may, for the avoidance of doubt, include fees and expenses of a ProLogis Related Party (e.g. leasing fees and commissions, construction management fees, legal fees and tax compliance fees; the legal fees, and tax compliance fees being subject to the prior approval of the PEPR Board in accordance with Article 4. k) and leasing fees and commissions and construction management fees being at or below market rates as shown by the schedule provided annually to the PEPR Board in accordance with Article 4. h)), when assisting the Management Company subject to the Management Company having specifically requested such assistance, but, for the avoidance of doubt, such fees and expenses shall not include fees and expenses of a ProLogis Related Party with respect to services provided in relation to Distribution Facilities owned by a ProLogis Private Equity Fund or a ProLogis Joint Venture and not owned directly by PEPR;
- vii. all fees and expenses relating to the placement and issue of Units in PEPR (including fees related to the IPO and underwriting commissions, but excluding fees related to other secondary placings of existing Units), and all fees and expenses relating to the arrangement of debt facilities of and for PEPR. Such fees and expenses shall include fees and expenses of a ProLogis Related Party assisting the Management Company subject to the Management Company having specifically requested such assistance, other than fees of a ProLogis Related Party relating to the arrangement of debt facilities of and for PEPR. The expenses shall include, but shall not be limited to, placement agents' fees and out-of-pocket expenses, legal, accounting, surveyors', valuation and other professional fees and expenses;
 - viii. reporting and publishing expenses, including the cost of preparing and/or filing these Management Regulations and all other documents concerning PEPR, including any Prospectus and explanatory memoranda and registration statements with all authorities having jurisdiction over PEPR or the offering of Units of PEPR; the cost of preparing, in such languages as are required for the benefit of the Unitholders, including the beneficial holders of the Units, and distributing annual and all other periodic reports and such other reports or documents as may be required under the applicable laws or regulations of the above-cited authorities and the costs and expenses of local representatives appointed in compliance with the requirements of such authorities;
 - ix. the cost of preparing and distributing public notices to the Unitholders and the cost of convening Unitholders' Meetings;
 - x. expenses incurred in determining PEPR's NAV;
 - xi. the costs of preparing, printing and distributing all valuations, statements, accounts and performance and investment reports;
 - xii. auditor's fees and expenses;
 - xiii. the costs of amending and supplementing these Management Regulations, and all similar administrative charges;
 - xiv. costs incurred to enable PEPR to comply with legislation and official requirements provided that such costs are incurred substantially for the benefit of the Unitholders and any fees and expenses involved in registering and maintaining the registration of PEPR with any Governmental agencies or listing of Units on the Luxembourg Stock Exchange, Euronext Amsterdam, or on stock exchanges in any other country, including for the avoidance of doubt the costs linked to the realisation of the IPO; and
 - xv. all other costs and expenses in connection with the operations or administration of PEPR and the Portfolio and the achievement of the Investment Objective and Policy.

Where appropriate, the fees and expenses borne by PEPR may be charged to PEPR's subsidiaries.

Subject to the provisions in Part 2 of Article 11, PEPR pays the Management Company or its designee a management fee quarterly, in arrears in cash on each calendar quarter-end day immediately following the closing of the IPO equal to a percentage of the value of PEPR's interest (held directly or indirectly through its wholly-owned subsidiaries) in Distribution Facilities and in the net cash proceeds of sales of Distribution Facilities pending reinvestment, determined as of the most recent Valuation Day as follows:

- (i) 0.60% per annum of the Gross Property Value of the Portfolio, excluding for the avoidance of doubt the interest of PEPR in the ProLogis Private Equity Funds and ProLogis Joint Ventures, as a base management fee;
- (ii) 0.10% per annum of the value of PEPR's interests in cash deposits, money market instruments or debt securities other than debt securities issued by companies or entities which are wholly or partly owned and controlled by PEPR, excluding for the avoidance of doubt cash deposits, money market instruments or debt securities held by a ProLogis Private Equity Fund or a ProLogis Joint Venture, or cash balances subject to cash pooling arrangements in the framework of commercial mortgage-backed securities transactions, as a cash management fee.

Subject to the following paragraph, PEPR shall pay the Management Company an incentive fee (if any, but which will not be less than zero) on 31 December 2008 and every year thereafter calculated on a rolling three years basis, equal to:

- a) 20% of the excess of IFRS net income per Unit (before the deduction of the incentive fee payable in the current fiscal year) for the relevant incentive period (equal to the previous three fiscal years, or for the first incentive fee calculation, fractional years since the date of IPO), above the sum of the product of a) NAV per Unit at the beginning of each fiscal year during the relevant incentive period (for fiscal year 2006, this was the NAV per Unit on the date of IPO), and b) a hurdle rate of 9% per annum; multiplied by
- b) the weighted average number of Units outstanding during the relevant incentive period; less
- c) an amount equal to the incentive fee payable on the above basis for any period during the relevant incentive period for which the Management Company has already been paid an incentive fee (or the amount that it would have been paid but for the provisions of the following paragraph) (excluding the current calculation), provided that such amount is greater than zero.

PEPR shall maintain a notional account in its records (the **"Fee Credit Account"**) and on each occasion that PEPR pays or bears an incentive fee, carried interest or similar performance related fee with respect to PEPR's investment in a ProLogis Private Equity Fund or ProLogis Joint Venture, the amount of such fee which is paid or borne by PEPR shall be added to the Fee Credit Account. On each occasion that PEPR is required to pay an incentive fee in accordance with these Management Regulations (the **"Fee Amount"**), (i) if, as at the date on which the Fee Amount is payable, the amount of the Fee Credit Account is equal to or exceeds the Fee Amount, then no additional incentive fee shall be payable by PEPR in that fiscal year and the Fee Credit Account shall be reduced by the Fee Amount; or (ii) if, as at the date on which the Fee Amount is payable, the amount of the Fee Credit Account is less than the Fee Amount, then the Fee Amount payable with respect to the relevant fiscal year shall be reduced by the amount of the Fee Credit Account and, following such reduction, the Fee Credit Account shall be reduced to zero. For the avoidance of doubt, the Fee Credit Account is notional only and does not constitute an amount owing to PEPR or any Unitholder in any circumstances. The Fee Credit Account shall not bear interest.

For the avoidance of doubt, the incentive fee payable on 31 December 2008 will (i) reflect that no prior incentive fees would have been paid to the Management Company and (ii) the hurdle rate will be adjusted to reflect that PEPR will have been operating for less than three years since the date of IPO.

Except to the extent provided for in the Investment Management Agreement as at the date of these Management Regulations or as subsequently approved by the PEPR Board, any fees paid to the Investment Managers pursuant to Article 5 shall be deducted from the base management fee payable by PEPR to the Management Company which is specified above in accordance with the terms of the Investment Management Agreement.

In respect of Distribution Facilities, property management fees and expenses shall not be borne by PEPR. Such fees and expenses being at the lower of (i) the market rate or (ii) three per cent. (3%) of the aggregate rental revenue of the Portfolio may be charged by ProLogis or a ProLogis Related Party (through PEPR as landlord) to customers of PEPR.

Article 14. Fiscal Year, Audit and Information

The Management Company or any agent thereof shall maintain the principal records and books of PEPR in Luxembourg. The fiscal year and the accounts of PEPR will begin on 1 January and end on 31 December in each year during the term of PEPR except that the first fiscal period of PEPR ended on 31 December 2000 and the last fiscal year of PEPR shall terminate on the date of the final distribution in winding-up PEPR. The first interim report of PEPR, being a non-audited report, was published for the period ending 31 December 1999. The first annual report, being an audited report, was published for the period ending 31 December 2000.

The accounts of PEPR will be audited by independent auditors who shall be appointed by the Management Company with the approval of the PEPR Board and the annual general meeting of Unitholders. The accounts of PEPR will be prepared in Euro and in accordance with IFRS.

The Management Company shall, subject to reasonable notice, give Unitholders and their appointed agents access to all financial information of PEPR reasonably requested by such Unitholders to enable Unitholders to prepare tax returns and other regulatory filings. Any expenses incurred by the Management Company or PEPR in preparing specific information for or giving access to a Unitholder to such information shall be reimbursed together with value added tax (if applicable) by the relevant Unitholder, and in the absence of such reimbursement, such expenses may be deducted by the Management Company from distributions made to such Unitholder pursuant to these Management Regulations. The Management Company shall in consultation with the PEPR Board seek to develop an information circular containing material information about PEPR and its activities which will be issued on a quarterly basis to Unitholders.

Each Unitholder shall provide from time to time such information to PEPR as may be reasonably requested for the purpose of determining to what extent any Units are owned, directly or indirectly, by a Non-Exempt Unitholder, and

provide any other information necessary to PEPR in view of fulfilling its tax compliance requirements, and PEPR shall provide such assistance as any Unitholder may reasonably request in connection therewith.

Article 15. Distributions

Distributions of Distributable Cash Flow (substantially all of which will be distributed in respect of the Units, subject to any legal restrictions on distributions) will be made quarterly (within 45 days following the relevant end of quarter) (or more frequently as the Management Company so determines, including in the case of accrued and unpaid returns on Preferred Units) in the following sequence:

- i. Preferred Units will receive pro-rata payment of amounts of accrued and unpaid preferred returns plus interest on any such accruals at the rate of preferred return specified in Part I of the Schedule;
- ii. Preferred Units will receive pro-rata payment of an amount in respect of each Preferred Unit, calculated to provide a return at the rate of preferred return specified in Part I of the Schedule on the average Invested Capital per Preferred Unit over the period from the preceding payment date;
- iii. Preferred Units which are subordinated to Preferred Units in paragraphs (i) and (ii) above (if any) will then receive payment on the same basis as in paragraphs (i) and (ii) in the order of subordination; and
- iv. all other Units will receive hundred per cent. (100%) of all remaining Distributable Cash Flow which the Management Company has decided should be distributed; provided, however, that at the time of issue of a new Class of Units, other than Preferred Units, the formula of distribution of Distributable Cash Flow amongst these Units shall be set out in an amendment to these Management Regulations.

If a cash distribution on any Class of Preferred Units is unpaid and accruing, no cash distributions will be made in respect of any other Class of Units (or Series thereof) which may be issued by the Management Company until all such unpaid amounts, together with interest thereon, have been paid.

To the extent PEPR or any entity which (i) owns, directly or indirectly, wholly or partially, any relevant asset and which (ii) is owned, wholly or partially, directly or indirectly, by PEPR (a “**Relevant Entity**”) is liable to pay any French 3% Tax because of the ownership, directly or indirectly, by any Non-Exempt Unitholder of Units and such French 3% Tax is not paid by the relevant Non-Exempt Unitholder on its own account, the Non-Exempt Unitholder shall pay the amount of the French 3% Tax to PEPR or as the Management Company may direct prior to the time it becomes payable by PEPR or any such Relevant Entity. To the extent not so paid, PEPR may and shall use reasonable efforts to either (a) deduct and set off the amount of such French 3% Tax from distributions on (i) any Units owned, directly or indirectly, by the relevant Non-Exempt Unitholder and (ii) any Units in relation to which the direct owner of the Units remains the same but the relevant Non-Exempt Unitholder has ceased to be the owner, direct or indirect, of such direct owner or (b) recover the amount of French 3% Tax from the relevant Non-Exempt Unitholder. In addition, the Management Company may, at any time, take such steps in accordance with Articles 11 and 12 of these Management Regulations as it deems appropriate.

The Management Company shall have the ability to decide that the proceeds from (i) the sale of any asset in the Portfolio, including, without limitation, Distribution Facilities, or (ii) any refinancing of the Portfolio or any asset of the Portfolio will be either distributed as Distributable Cash Flow or held for investment and re-investment.

Article 16. Amendments to the Management Regulations

The Management Company may amend these Management Regulations in the interest of the Unitholders with the prior approval of the PEPR Board and the consent of the Custodian, but for the avoidance of doubt without the consent of Unitholders, provided that such amendment:

1. relates to the issuance of new Units subject to compliance with the ten per cent. (10%) threshold of the aggregate issue price of Units issued in a fiscal year, as set out in Article 8; or
- ~~2. relates to the increase of the percentage of the Ownership Limit; or~~
2. ~~3.~~ would be necessary
 - a) in order to comply with fiscal or other statutory or official requirements affecting PEPR, or as otherwise specifically provided for in these Management Regulations;
 - b) in order to reflect a change of custodian, or other service providers to PEPR; or
 - c) in order to cure any ambiguity or to correct or supplement any provision of the Management Regulations that may be inconsistent with any other provision of such Management Regulations,

provided that any such amendment in 1-~~and 2~~ above would not, in the judgement of the Management Company, to any material extent, release any person from any liability or duty to Unitholders, disproportionately alter the interest of a Unitholder in relation to distributions of Distributable Cash Flow or Residual Value, or would increase the costs and charges payable by PEPR.

In any other circumstances, the prior approval of the PEPR Board and an affirmative vote of sixty-seven per cent. (67%) of all Units, other than Preferred Units, is required for any amendment of these Management Regulations. No such amendment shall become effective in the absence of the consent of the Custodian to such change.

Where practicable, Unitholders will be given 15 Business Days notice of all amendments that are adopted without their consent in accordance with the foregoing.

Additions to the Schedule and amendments to these Management Regulations will become effective on the date of their signature by the Management Company and the Custodian.

Article 17. Replacement of the Management Company

On 15 September 2016 and every fifth year thereafter, Ordinary Unitholders will have the opportunity to remove the Management Company, without cause, by a sixty-seven per cent. (67%) vote of Ordinary Units. Any successor to the Management Company will have to be approved by the Luxembourg Supervisory Authority prior to its appointment. The meeting of Ordinary Unitholders to vote on the termination of the Management Company under this paragraph may only be convened at the initiative of a simple majority of Independent Board Members (following a simple majority of Independent Board Members having voted to terminate the Management Company's appointment) or by the Management Company pursuant to Article 18.1. At the end of the first quarter of 2016 and every fifth year thereafter, in the quarterly report, the Management Company will notify Ordinary Unitholders that, subject to a simple majority of Independent Board Members voting to remove the Management Company without cause and voting to convene a meeting of Ordinary Unitholders, the Ordinary Unitholders will have the right to remove the Management Company later that year in the manner referred to above.

The Management Company may be terminated by action of Ordinary Unitholders at any time in the event of (i) gross negligence, wilful misconduct or fraud by the Management Company; or (ii) failure by ProLogis or a ProLogis Related Party to observe the ownership requirements and restrictions on transfer of Units set out in Part 2 of Article 11. The decision to terminate the Management Company in each such event is subject to the approval of a simple majority of Ordinary Units.

In circumstances where no successor Management Company can be found within two months of such termination, pursuant to Luxembourg law PEPR will be wound up in accordance with the winding-up provisions in Article 20.

The Management Company shall not resign or terminate PEPR save with the consent of the affirmative vote of Units as prescribed in Article 20.2. except if the net asset value of PEPR falls below €1,250,000 in which case Unitholders' consent is not required.

Following any decision to terminate the Management Company or any approval of the resignation of the Management Company, PEPR and its subsidiaries shall cease to use the name "ProLogis" and any other intellectual property rights with respect to the name (including ProLogis trademarks, trade colour, logos or markings).

Article 18. Unitholders' Meetings

1. General

The general meeting of Unitholders shall be convened by the Management Company. Except for any resolution related to the change of legal form of PEPR as provided in Article 20 or the replacement of the Management Company without cause in accordance with the first paragraph of Article 17, it may also be convened upon the request of (i) the PEPR Board or (ii) Unitholders representing at least ~~one fifth~~ten per cent. (10%) of the Invested Capital, provided that Invested Capital in respect of Units of any Class shall be disregarded to the extent such Units are not entitled to vote on any point on the agenda of the proposed general meeting or ~~(iii)~~ in relation to Class specific meetings of Unitholders representing at least ~~one fifth~~ten per cent. (10%) of the Invested Capital of the relevant Class of Units.

In addition, Unitholders representing at least three per cent. (3%) of the Invested Capital, may also propose an item to be put on the agenda of a general meeting of Unitholders. The Unitholders need to submit their proposal to the Management Company no later than 21 days prior to the day the Unitholders' meeting will be held and the Management Company shall within 3 Business Days notify the Unitholders of such proposal in the same way as they were informed of the Unitholders' meeting.

Notice of any such meeting of Unitholders containing the agenda, the time and the place for the meeting shall be

sent by the Management Company or any agent thereof to all Unitholders at their registered addresses not less than ~~21~~28 days prior to the date of the meeting. The agenda shall be prepared by the Management Company except in the instance where the meeting is called upon the request of Unitholders or of the PEPR Board, in which instance the Management Company may prepare a supplementary agenda.

Unitholders may participate in any general meetings of Unitholders in person or by written proxy granted specifically for the Unitholders' meeting at which it is to be exercised.

The quorum at a general meeting shall be Unitholders present or represented holding at least fifty per cent. (50%) of all Units outstanding on the date of the meeting unless otherwise stated herein, provided however that Classes of Preferred Units, if any, shall be disregarded in order to determine whether the meeting is quorate to the extent such Units are not entitled to vote. For Class specific meetings, the quorum shall be fifty per cent. (50%) of all Units of the relevant Class, unless otherwise stated herein.

No decisions can be taken if the quorum is not reached and in such case the meeting shall be dissolved. If such a quorum is not reached at the first general meeting, a second general meeting shall automatically be held on the day falling 14 days after the date of such inquorate meeting (provided that day is a Business Day in Luxembourg, and if that is not the case, it shall be held on the first Business Day falling thereafter) and such meeting shall not be subject to quorum requirements.

Except as otherwise provided in this Article, each Unitholder present in person or represented by written proxy at a general meeting of Unitholders and having a right to vote pursuant to these Management Regulations shall have one vote for each Unit held, provided that if Units are not fully paid-in, the voting rights attached thereto shall be proportionate to Invested Capital. Units of the same Class and of the same Class issued in Series shall vote as a single Class. Fractional Units shall have no rights to vote.

The Management Company shall be responsible for ensuring that the resolutions adopted at Unitholders' meetings are implemented.

The quorum and majority requirements applicable to general meetings of Unitholders set out in these Management Regulations are as follows:

<u>Agenda Items</u>	<u>Quorum required</u>	<u>Majority required</u>
1. Winding-up of PEPR	50%	67%
2. Change of the Legal Form*	No	67%
3. Termination of the Management Company for cause.....	50%	50%
4. Replacement of Management Company	50%	67%
5. Amendment to the Management Regulations	50%	67%
6. Issuance of Units	No	50%
7. Election of Independent Board Members	No	50%
8. Appointment of independent auditor.....	No	50%
9. Approval of financial accounts for previous fiscal year.....	No	50%

* As an exception to all other agenda items of the general meeting of Unitholders, Preferred Units shall be taken into account, in addition to Ordinary Units, for the determination of the majority requirement relating to the change of legal form, i.e. the conversion of PEPR, being a *fonds commun de placement*, into an investment company with variable capital, SICAV, in compliance with Article 132 of the 2002 Law.

2. Right to Vote

Units shall be entitled to vote in respect of the matters identified in these Management Regulations, as set forth below:

The approval or removal of Independent Board Members shall be subject to a vote of Ordinary Units at the annual general meeting of the Unitholders. In addition, Ordinary Units shall at the annual general meeting, by simple majority of the Units voting ~~or represented~~ at that meeting at which there shall be no quorum requirement, approve the appointment of the independent auditor and approve the financial accounts of PEPR for the previous fiscal year. The annual general meeting shall be held on such Business Day as proposed by the Management Company but prior to the end of June of each calendar year.

Except as otherwise provided in Article 16, any change to the Management Regulations requires the approval of sixty-seven per cent. (67%) of all Classes of Units, other than Preferred Units, present or represented at a meeting convened to approve the change. Where any such change only impacts on a specific Class or Classes of Units, such Class or Classes of Units shall only be required to vote by a simple majority to approve such change.

The Management Company may be terminated by a vote of Ordinary Units as prescribed in Article 17.

Article 20 contains specific provisions in respect of Unitholder votes in respect of a change of legal form, duration and winding-up of PEPR.

3. Further Issues

In the event that any new Classes of Units or Series within such Classes are issued pursuant to Article 8 and Article 16 such Units shall, in the case of Preferred Units, have no greater voting rights than the rights set out in these Management Regulations and, in the case of other Units, shall have no greater voting rights than the Ordinary Units.

Article 19. Publications and Communications

The audited annual and unaudited semi-annual reports and all other periodic reports of PEPR including, without limitation, the summary quarterly unaudited reports that are prepared by the Management Company will be mailed to Unitholders at their request at their registered addresses and also made available to the Unitholders at the registered offices of the Management Company and the Custodian.

Any amendments of these Management Regulations, including the dissolution of PEPR, will be published in the *Mémorial, Recueil des Sociétés et Associations* of Luxembourg and in such newspapers as shall be determined by the Management Company or required by authorities having jurisdiction over PEPR or the sale of its Units. Notices to Unitholders shall be published in such newspaper as shall be determined by law and by a decision of the Management Company or required by authorities having jurisdiction over PEPR or the sale of its Units.

Unitholders are obliged to notify PEPR as soon as possible of their respective proportion of voting rights whenever their respective holdings reach, exceed or fall below the following thresholds of the voting rights of PEPR: 5%, 10%, 15%, 20%, 25%, 33^{1/3}%, 50% or 66^{2/3}%.

All communications of investors with PEPR should be in writing and addressed to the Management Company at 34-38, Avenue de la Liberté, L-1930 Luxembourg.

Article 20. Change of Legal Form, Duration of PEPR and Winding-up Provisions

1. Change of Legal Form

Subject as mentioned below, any change in legal form of PEPR must be tabled by the Management Company before a general meeting of Unitholders and approved at such general meeting of Unitholders by an affirmative vote of sixty-seven per cent. (67%) of all Units present or represented, unless the consent of all Units is required by Luxembourg law or the Luxembourg Supervisory Authority. No quorum requirements have to be complied with in relation to such general meeting.

In the event of a change in tax law or regulations of the United States of America governing the Federal taxation of real estate investment trusts which shall adversely affect the United States tax treatment of ProLogis' or any ProLogis Related Party's direct or indirect investment in PEPR, the Management Company may take steps to change the legal form of PEPR or the legal domicile of PEPR subject to applicable laws including, without limitation, any required Unitholder consents.

2. Duration of PEPR—Liquidation

The life of PEPR is unlimited. Any resolution to wind-up PEPR shall require a resolution tabled at the initiative of the Management Company (with the prior approval of PEPR Board as provided in Article 4. n) and adopted by sixty-seven per cent. (67%) of all Units present or represented at the general meeting of Unitholders.

In the event of a winding-up of PEPR, the Management Company will seek to complete the winding-up process as soon as practicable in compliance with the provisions set forth under Luxembourg law but in any event within three years of commencement. During the winding-up period the Independent Appraiser will continue to provide appraisals of the Gross Property Value on Valuation Days and subsequent asset disposals shall be made having had regard to such appraisals of the Gross Property Value. Any distributions to Unitholders including ProLogis or a ProLogis Related Party will be made in cash.

In the event of a winding-up of PEPR, the Management Company will dispose of the assets of PEPR in the best interests of the Unitholders, and the Custodian, upon instructions given by the Management Company, will distribute the net proceeds of winding-up, after deduction of all winding-up expenses, among the Unitholders, as mentioned hereafter.

Minimum size of PEPR

Pursuant to the 2002 Law, the net assets of PEPR may not be less than €1,250,000. Such legal minimum must be reached within a period of six months following the approval of PEPR by the Luxembourg Supervisory Authority.

The Management Company must inform the Luxembourg Supervisory Authority without delay if the net assets of PEPR shall fall below two-thirds of the legal minimum.

If the net assets of PEPR fall below such legal minimum, the Luxembourg Supervisory Authority may require the Management Company to wind-up PEPR. The winding-up shall be carried out by one or more liquidators in accordance with the 2002 Law specifying the steps to be taken to enable Unitholders to participate in the distribution of liquidation proceeds and provide for a deposit in escrow at the *Caisse de Consignation* at the close of the liquidation.

Amounts not claimed within the statutory liquidation period shall be forfeited in accordance with the provisions of Luxembourg law.

3. Winding-up

In the event of winding-up of PEPR, allocation of Residual Value shall be made in the following sequence to Units issued by PEPR:

- i. Preferred Units with the same ranking will receive pro-rata payment of amounts of accrued and unpaid preferred returns plus interest on any such accruals at the appropriate rate specified in Part II of the Schedule;
- ii. Preferred Units with the same ranking will receive payment of a preferred return on the issue price per Unit for the period from the preceding date on which Distributable Cash Flow was distributed at the rate specified in Part II of the Schedule;
- iii. Preferred Units with the same ranking will receive a return of the issue price per Preferred Unit;
- iv. Preferred Units which are subordinated to Preferred Units in paragraphs (i) to (iii) inclusive, will then receive payment on the same basis as in paragraphs (i) to (iii) inclusive in the order of subordination;
- v. all Units other than Preferred Units will receive a payment of Residual Value to each Unit pro rata to the number of outstanding Units; and Preferred Units shown in Part II of the Schedule to be eligible for allocation under this paragraph (v) will receive amounts calculated in accordance with Part II of the Schedule.

Article 21. Indemnification and Standard of Care

Subject to the provisions of Articles 15, 19 and 20 of the 2002 Law, in performing its functions under these Management Regulations the Management Company shall act with due diligence and in good faith in the best interests of the Unitholders and the Custodian shall use reasonable care in the exercise of its functions. The Management Company and the Custodian and their respective managers, directors, officers, employees, partners and agents (including any Correspondent) and the PEPR Board as a body or any Board Member shall not be liable for any error of judgement or mistake of law, for any loss suffered by PEPR or for any actions taken or omitted to be taken in connection with the matters to which these Management Regulations relate, except for, in the case of each considered individually, any loss resulting from:

- a) in the case of the Management Company or Custodian, the non-fulfilment or improper fulfilment of the Management Company's or Custodian's, as the case may be, obligations under Luxembourg law; and
- b) in the case of the PEPR Board as a body or any Board Member, gross negligence, wilful misconduct or fraud in the exercise of its functions.

The Management Company, the Custodian, any Correspondent, and any distributors appointed by the Management Company and their respective managers, directors, officers, employees, partners, members and shareholders and Board Members and, in the case of individuals among the foregoing, their personal representatives (collectively "**Indemnitees**" and individually an "**Indemnitee**") shall be indemnified and held harmless out of the assets of PEPR against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by an Indemnitee in or about the conduct of PEPR's business affairs or in the execution or discharge of his duties, powers, authorities or discretions in accordance with the terms of the appointment of the Indemnitee, including without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by him in defending (whether successfully or otherwise) any civil proceedings concerning PEPR or its affairs in any court whether in Luxembourg or elsewhere, unless such actions in the conduct of PEPR's affairs or in the execution or discharge of his duties shall have resulted from:

- a) an intentional, material violation of these Management Regulations, wilful misconduct, fraud, malfeasance by an Indemnitee;
- b) in the case of the Management Company or the Custodian and Indemnitees performing functions for and on behalf of the Management Company or the Custodian, the non-fulfilment or improper fulfilment of the

- Management Company's or the Custodian's, as the case may be, obligations under Luxembourg law;
- c) in the case of any Correspondent and Indemnitee performing functions for and on behalf of any Correspondent, negligence; and
 - d) in the case of the PEPR Board as a body or any Board Member, gross negligence, wilful misconduct or fraud.

No Indemnitee shall be liable (i) for the acts, receipts, neglects, defaults or omissions of any other Indemnitee or (ii) for any loss on account of defect of title to any property of PEPR or (iii) for any loss occasioned by any default, breach of duty, breach of trust, error of judgement or oversight on his part or (iv) for any loss, damage or misfortune whatsoever which may happen in or arise from the execution or discharge of the duties, powers, authorities, or discretions of his office or in relation thereto, if the Indemnitee in good faith determined that such act or omission was in, or not opposed to, the best interests of Unitholders, and such act or omission does not constitute:

- a) a material violation of these Management Regulations, wilful misconduct, fraud, malfeasance by such Indemnitee;
- b) in the case of the Management Company or the Custodian and an Indemnitee performing functions for and on behalf of the Management Company or Custodian, the non-fulfilment or improper fulfilment of the Management Company's or Custodian's obligations under Luxembourg law;
- c) in the case of any Correspondent and Indemnitee performing functions for and on behalf of any Correspondent, negligence;
- d) in the case of the PEPR Board as a body or any Board Member, gross negligence, wilful misconduct or fraud.

This Article in so far as it relates to the PEPR Board or any Board Member may not be amended without the consent of the PEPR Board.

Article 22. United States Federal Income Tax Matters

PEPR intends to be treated as a partnership for United States ("U.S.") Federal income tax purposes. As such, any investor which owns a Unit or Units during PEPR's U.S. tax year will be a "partner" for the purposes of the discussion set forth below. Each partner and collectively all of the partners agree to be bound by the provisions set forth herein.

Each U.S. partner's share of taxable profits and losses, as computed for PEPR at the end of each U.S. tax year (computed under U.S. tax accounting rules and in accordance with the U.S. Internal Revenue Code ("IRC") Section 704(b)), shall be allocated as follows:

After giving effect to the special allocations set forth in the next paragraph, profits and losses (or items thereof) shall be allocated among the U.S. partners based on the number of Units held by each U.S. partner, in a manner consistent with the economic interest in PEPR's profit and losses represented by such Units as set forth in these Management Regulations.

Notwithstanding anything to the contrary in the Management Regulations, profits and losses shall be allocated as though the Management Regulations contained (and there is hereby incorporated herein by reference) a qualified income offset provision which complies with U.S. tax regulation Section 1.704-1(b)(2)(ii)(d) and minimum gain chargeback and partner minimum gain chargeback provisions which comply with the U.S. tax regulation Section 1.704-2.

Notwithstanding this requirement, the partners will share certain items in order to comply with the requirements of IRC Section 704(c) and Section 721(c) and the partnership, in accordance with U.S. tax regulation Section 1.704-3, will allocate income, gain, loss, and deduction with respect to property contributed to PEPR by ProLogis so as to take into account any variation between the adjusted tax basis of the property and its fair market value at the time of the contribution. As a result of this special allocation requirement, it is intended that any gain recognised on property contributed to PEPR by ProLogis will be specially allocated back to ProLogis to the extent of the Section 704(c) gain on property.

All elections and accounting methods for purpose of the U.S. Federal income tax requirements, including the method of allocating items with respect to contributed property under U.S. tax regulation Section 1.704-3, will be made by the Tax Matters Partner designated below.

PEPR's tax year for purposes of the U.S. Federal income tax accounting rules and for the purpose of the allocations (set forth above) is and will be the calendar year, unless otherwise required by applicable law.

ProLogis will be the designated Tax Matters Partner as defined in IRC Section 6231, and is authorised and required to represent PEPR (at PEPR's expense) in connection with all examinations of PEPR's affairs by the U.S. tax authorities, including without limitation judicial and administrative proceedings.

Article 23. Applicable Law, Jurisdiction and Language

Any claim arising between the Unitholders, the Management Company, ProLogis and any ProLogis Related Party and the Custodian shall be settled according to the laws of the Grand-Duchy of Luxembourg and subject to the jurisdiction of the District Court of Luxembourg, provided, however, that the Management Company and the Custodian may subject themselves and PEPR to the jurisdiction of courts of the countries in which the Units are offered or sold, with respect to claims by investors resident in such countries and, with respect to matters relating to subscriptions, redemptions and conversions by Unitholders resident in such countries, to the laws of such countries.

These Management Regulations have been established in the English language which shall be determinative in their interpretation.

PROLOGIS MANAGEMENT SARL

By:

RBC DEXIA INVESTOR SERVICES BANK S.A.

By:

SCHEDULE
PART I—DISTRIBUTION OF DISTRIBUTABLE CASH FLOW UNDER ARTICLE 15

Class/Series	Category	First Distribution Date	Preferred Units: Rate of preferred return and whether cumulative	Preferred Units: Entitlement to allocation and whether subordinated to any Class of Preferred Units together with ranking	Other Units: Entitlement to allocation
Ordinary Units	Ordinary	Within 45 days after the calendar quarter-end day following the closing of the IPO	--	--	As specified in paragraph (iv) of Article 15 on the basis of the Distribution Formula.
Class A(1) Preferred Units	Preferred	Within 45 days after 31 December 2009 The first distributions are calculated by multiplying the rate of preferred return by the issue price of the Class A(1) Preferred Units and by the actual number of days elapsed from the date of issue until year end divided by 365.	Cumulative - 10.5% per annum paid quarterly in accordance with Article 15, computed on the basis of actual days elapsed in a 360 day year of twelve 30 day months. The rate of preferred return is increased (i) by 5% if PEPR is no longer Controlled by ProLogis or a ProLogis Related Party or if ProLogis increases its ownership directly or indirectly to more than fifty per cent. of the Ordinary Units of PEPR, provided that in relation to both events referred to above, PEPR is also subject to a rating downgrade (a "rating downgrade" shall be deemed to have occurred in respect of any such event (a) if, within the period ending 120 days after the occurrence of either of the events referred to above, any rating previously assigned to PEPR by any rating agency is (i) withdrawn or	As specified in paragraphs (i) and (ii) of Article 15. Class A(1) Preferred Units are not and shall not be subordinated to any other Class of Units and accordingly rank prior to the Ordinary Units and rank first of the Preferred Units and share pro-rata with other classes of Preferred Units with the same ranking	--

(ii) changed from a rating better than Ba1 by Moody's, or its equivalent for the time being, to a rating of Ba1 by Moody's, or its equivalent for the time being, or worse or (iii) if the rating assigned to PEPR by any rating agency shall be Ba1 by Moody's or its equivalent for the time being, or worse, lowered one full rating notch (from Ba1 to Ba2 by Moody's or such similar lower or equivalent rating) or (b) if at the time of such event, there is no rating assigned to the Issuer and no rating agency assigns during the 120 days period referred to above an investment grade credit rating to PEPR (unless PEPR is unable to obtain such a rating within such period having used all reasonable endeavours to do so and such failure is unconnected with the occurrence of any of the events referred to above), (ii) further by 1% from the date which is ten years after the issue date of the Class A(1) Preferred Unit and (iii) further, if PEPR is obliged to make a deduction or withholding of tax in respect of the payment of preferred distributions by such amount as is necessary to ensure that the Class A(1) Unitholders receive a sum, net of any deduction or

withholding, equal to the sum they would have received had no such deduction or withholding been made. In the case of deferral, preferred cash distributions shall cumulate and accrue interest at the rate of preferred return compounded quarterly. Upon conversion into Ordinary Units, at the option of the Preferred Unitholder, the Management Company may, subject to availability of Distributable Cash Flow, in its absolute discretion, elect to pay, at the time of conversion or thereafter, to the Preferred Unitholder the accrued preferred return as specified in paragraphs (i) and (ii) of Article 15. Unitholders having converted at the same time are treated on a rateable basis. Upon redemption at the initiative of the Management Company in the event of a change of the legal form of PEPR, Class A(1) Preferred Units are entitled to an additional special preferred distribution equal to 5% of their issue price payable in cash.

PART II—ALLOCATION OF RESIDUAL VALUE UNDER ARTICLE 20

Class/Series	Category	Preferred Units: Rate of preferred return and whether cumulative	Preferred Units: Entitlement to allocation and whether subordinated to any Class of Preferred Units together with ranking	Preferred Units: Entitlement to allocation under paragraph (v) of Article 20	Other Units: Entitlement to participate in paragraph (v) of Article 20
Ordinary Units	Ordinary	--	--	--	Yes
Class A(1) Preferred Units	Preferred	Cumulative 10.5% per annum payable quarterly in accordance with Article 15, computed on the actual days elapsed in a 360 day year of twelve 30 day months. The rate of preferred return is increased (i) by 5% if PEPR is no longer Controlled by ProLogis or a ProLogis Related Party or if ProLogis increases its ownership directly or indirectly to more fifty per cent. of the Ordinary Units of PEPR provided that in relation to both events referred to above, PEPR is also subject to a rating downgrade (a "rating downgrade" shall be deemed to have occurred in respect of any such event (a) if, within the period ending 120 days after the occurrence of either of the events referred to above, any rating previously assigned to PEPR by any rating agency is (i) withdrawn or (ii) changed from a rating better than Ba1 by Moody's, or its equivalent for the time being, to a rating of Ba1 by Moody's, or its	As specified in paragraphs (i), (ii) and (iii) of Article 20. Class A(1) Preferred Units are not and shall not be subordinated to any other Class of Units and accordingly rank first of the Preferred Units and share pro-rata with other classes of Preferred Units with the same ranking.		--

equivalent for the time being, or worse or (iii) if the rating assigned to PEPR by any rating agency shall be Ba1 by Moody's or its equivalent for the time being, or worse, lowered one full rating notch (from Ba1 to Ba2 by Moody's or such similar lower or equivalent rating) or (b) if at the time of such event, there is no rating assigned to the Issuer and no rating agency assigns during the 120 days period referred to above an investment grade credit rating to PEPR (unless PEPR is unable to obtain such a rating within such period having used all reasonable endeavours to do so and such failure is unconnected with the occurrence of any of the events referred to above)), (ii) further by 1% from the date which is ten years after the issue date of the Class A(1) Preferred Unit and (iii) further, if PEPR is obliged to make a deduction or withholding of tax in respect of the payment of preferred distributions by such amount as is necessary to ensure that the Class A(1) Unitholders receive a sum, net of any deduction or withholding, equal to the sum they would have received had no such deduction or withholding been made. In the case of deferral, preferred cash

distributions shall cumulate and accrue interest at the rate of preferred return compounded quarterly. Upon conversion into Ordinary Units, at the option of the Preferred Unitholder, the Management Company may, subject to availability of Distributable Cash Flow, in its absolute discretion, elect to pay, at the time of conversion or thereafter, to the Preferred Unitholder the accrued preferred return as specified in Article 20. Unitholders having converted at the same time are treated on a rateable basis. Upon redemption at the initiative of the Management Company in the event of a change of the legal form of PEPR, Class A(1) Preferred Units are entitled to an additional special preferred distribution equal to 5% of their issue price payable in cash

Document comparison by Workshare Professional on mercredi 28 avril 2010
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Padding cell	

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