



**CONVENING NOTICES TO
GENERAL MEETINGS OF INVESTORS IN PEPR**

Luxembourg September 7, 2009

Dear Madam or Sir,

ProLogis Management S.à r.l. hereby informs you that two extraordinary general meetings of investors in PEPR will take place in view of deciding on a proposal to convert PEPR, currently a *fonds commun de placement* (“**FCP**”) subject to Part II of the law dated December 20, 2002 on undertakings for collective investments, as amended (the “**2002 Law**”), into a *société d’investissement à capital fixe* incorporated as a *société en commandite par actions* (“**SICAF-SCA**”) subject to Part II of the 2002 Law (the “**Conversion**”) as further set out in the letter sent to you by ProLogis Management S.à r.l. on September 7, 2009 (the “**Letter to PEPR Investors**”).

The two general meetings of investors in PEPR hereby convened are the following:

- (a) the **First General Meeting** of investors in PEPR, in their capacity as unitholders in PEPR, to be held before notary on September 30, 2009 at 9:00 am CET, in Luxembourg at the offices of Arendt & Medernach located at 14, rue Erasme, L-2082 Luxembourg, Grand-Duchy of Luxembourg to resolve on the agenda below; and
- (b) the **Second General Meeting** of investors in PEPR, in their capacity as shareholders in PEPR, to be held before notary on September 30, 2009 at 10:00 am CET, in Luxembourg at the offices of Arendt & Medernach located at 14, rue Erasme, L-2082 Luxembourg, Grand-Duchy of Luxembourg to resolve on the agenda below.

Furthermore, ProLogis Management S.à r.l. intends to convene, as general partner of PEPR, a **Third General Meeting** of shareholders of PEPR to be held before notary on October 16, 2009 at 9:00 am CET, in Luxembourg at the offices of Arendt & Medernach located at 14, rue Erasme, L-2082 Luxembourg, Grand-Duchy of Luxembourg to resolve on the agenda as further described below.

Special note on confirmations for purposes of U.S. securities laws: In connection with U.S. securities law requirements, investors in PEPR are informed that they will be required to confirm whether or not they are located in the United States. If they are, they will also be required to confirm (1) their status as “accredited investors” and/or “qualified institutional buyers” (within the meanings of Rule 501 and Rule 144A under the U.S. Securities Act of 1933, as amended (the “Securities Act”), respectively), and (2) that certain investment representations are true. For more information, see Section 5.

Capitalised terms used but not otherwise defined herein shall have the meaning ascribed to them in the draft information memorandum provided in connection with the Conversion and enclosed with the Letter to PEPR Investors.

1. THE FIRST GENERAL MEETING AND THE SECOND GENERAL MEETING

Considering the items to be resolved at the First General Meeting and the Second General Meeting, and in addition to the condition subsequent (“*condition résolutoire*”) applicable in relation to item 1 below, as further described in the Letter to PEPR Investors, ProLogis Management S.à r.l. reserves the right not to proceed to the vote on the agenda of the First General Meeting if the quorum necessary to validly resolve on item 8 below (*i.e.* 50 per cent. of the shares of PEPR being present or represented), is not reached at the First General Meeting.

For the **First General Meeting**, you will be requested to resolve in your capacity as a unitholder in PEPR on the following items.

Item 1 Decision to convert PEPR from its current structure as a *fonds commun de placement* into an investment company with variable share capital (*société d’investissement à capital variable*) under the form of a public limited company (*société anonyme*), in compliance with the provisions of Article 132(2) of the 2002 Law and Article 20 of the current Management Regulations of PEPR. This resolution is subject to the condition subsequent of the adoption of the resolution on item 8 below.

Item 2 Adoption of the articles of incorporation of PEPR as an investment company with variable share capital (*société d’investissement à capital variable*) under the form of a public limited company (*société anonyme*), which shall read as detailed in **Schedule 1**, with the corporate purpose reading as follows:

“The purpose of PEPR is to invest in Distribution Facilities (i) directly or (ii) through one or several wholly-owned or partially owned subsidiaries or (iii) through direct or indirect shareholdings in, and debt instruments, convertible securities and other financial instruments of, real estate companies with the purpose of affording its Shareholders the results of the management of its assets.

On an ancillary basis or for defensive purposes, PEPR may invest all or part of its assets in cash, cash equivalents, similar financial instruments or debt securities. PEPR may further use techniques and instruments (i) relating to transferable securities and (ii) intended to provide protection against currency and/or interest rate risks to the extent permitted by Luxembourg law as more particularly described in the Information Memorandum from time to time.

The aggregate of all borrowings of PEPR shall be in conformity with Article 7 hereof.

PEPR may further guarantee, grant loans or otherwise assist directly or indirectly wholly-owned subsidiaries and partially owned subsidiaries controlled by PEPR.

The investment objective and policy of PEPR shall be determined by the Management Board pursuant to Article 6 hereof.

PEPR may take any measures and carry out any transaction which it may deem useful for the fulfillment and development of its purpose to the maximum extent permitted under the Law of 2002.”

Item 3 Appointment of and term of mandate of the members of the management board (*directoire*) of PEPR in accordance with Article 2 of the articles of incorporation of PEPR as adopted pursuant to the resolution above as follows:

1. ProLogis European (formerly known as ProLogis Management S.à r.l.) a limited liability company (*société à responsabilité limitée*) having its registered office at 34-38, avenue de la Liberté, L-1930 Luxembourg, Grand-Duchy of Luxembourg, represented by Mr. Peter Cassells, in his capacity as manager;
2. Mr. Peter Cassells, Chief Executive Officer;
3. Mr. Simon Nelson, Head of Asset Management;
4. Mr. Gerrit-Jan Meerkerk, Fund Controller;
5. Mr. Gilles Suzanne, Consolidation Reporting Manager.

Item 4 Appointment of and term of mandate of the members of the supervisory board (*conseil de surveillance*) of PEPR in accordance with Article 4 of the articles of incorporation of PEPR as adopted pursuant to the resolution above as follows.

1. Mr. Geoffrey Bell, as Class II Independent Board Member;
2. Ms. Sylvia Tóth, as Class II Independent Board Member;
3. Mr. Pierre Rodocanachi, as Class I Independent Board Member;
4. Mr. Didier Cherpitel, as Class III Independent Board Member;
5. Mr. Robert J. Watson, as Class II ProLogis Board Member;
6. Mr. Ted R. Antenucci, as Class III ProLogis Board Member.

Item 5 Appointment of Ernst & Young as the independent auditor of PEPR for a term ending at the general meeting approving the accounts for the 2009 financial year.

Item 6 Determination of the registered office of PEPR as 34-38, avenue de la Liberté, L-1930 Luxembourg, Grand-Duchy of Luxembourg.

Item 7 Determination of the end of the first financial year of PEPR as December 31, 2009.

After the resolution on item 7 being adopted and in accordance with Article 26(2) of the law dated August 10, 1915 on commercial companies, as amended, (the “**1915 Law**”), the notary will verify the compliance with the formalities in relation to the contributions-in-kind as set forth in Article 26 of the 1915 Law.

As a result of the adoption of the resolutions regarding items 1 to 7 above, PEPR will be converted into an investment company with variable share capital (*société d'investissement à capital variable*) under the form of a public limited company (*société anonyme*) and each Ordinary Unit of PEPR will be converted into an Ordinary Share of PEPR as described in the articles of incorporation adopted pursuant to the resolutions above.

You will then be requested, at the **Second General Meeting**, in your capacity as shareholder of PEPR, to resolve on the following items.

Item 8 Decision to convert PEPR from an investment company with variable share capital (*société d'investissement à capital variable*) under the form of a public limited company (*société anonyme*) into an investment company with a fixed share capital (*société d'investissement à capital fixe*) under the form of a partnership limited by shares (*société en commandite par actions*), in compliance with the provisions of both the 1915 Law, on commercial companies, as amended, and the 2002 Law.

Item 9 Amendment and restatement of the articles of incorporation of ProLogis European Properties in order to reflect the conversion into an investment company with a fixed share capital (*société d'investissement à capital fixe*) under the form of a partnership limited by shares (*société en commandite par actions*), and appointment of ProLogis European (formerly known as ProLogis Management S.à r.l.) as general partner of PEPR. The amended and restated articles of incorporation shall read as detailed in **Schedule 2**, with the corporate purpose reading as follows:

“The purpose of PEPR is to invest in Distribution Facilities (i) directly or (ii) through one or several wholly-owned or partially owned subsidiaries or (iii) through direct or indirect shareholdings in, and debt instruments, convertible securities and other financial instruments of, real estate companies with the purpose of affording its Shareholders the results of the management of its assets.

On an ancillary basis or for defensive purposes, PEPR may invest all or part of its assets in cash, cash equivalents, similar financial instruments or debt securities. PEPR may further use techniques and instruments (i) relating to transferable securities and (ii) intended to provide

protection against currency and/or interest rate risks to the extent permitted by Luxembourg law as more particularly described in the Information Memorandum from time to time.

The aggregate of all borrowings of PEPR shall be in conformity with Article 7 hereof.

PEPR may further guarantee, grant loans or otherwise assist directly or indirectly wholly-owned subsidiaries and partially owned subsidiaries controlled by PEPR.

The investment objective and policy of PEPR shall be determined by the General Partner pursuant to Article 6 hereof.

PEPR may take any measures and carry out any transaction which it may deem useful for the fulfillment and development of its purpose to the maximum extent permitted under the Law of 2002.”

- Item 10** Appointment of ProLogis European (formerly known as ProLogis Management S.à r.l.) duly represented by its board of managers, as General Partner and manager of PEPR in accordance with Article 2 of the articles of incorporation of PEPR as adopted pursuant to the resolution above.
- Item 11** Appointment of and term of mandate of the members of the supervisory board (*conseil de surveillance*) of PEPR in accordance with Article 4 of the articles of incorporation of PEPR as adopted pursuant to the resolution above as follows.
1. Mr. Geoffrey Bell, as Class II Independent Board Member;
 2. Ms. Sylvia Tóth, as Class II Independent Board Member;
 3. Mr. Pierre Rodocanachi, as Class I Independent Board Member;
 4. Mr. Didier Cherpitel, as Class III Independent Board Member;
 5. Mr. Robert J. Watson, as Class II ProLogis Board Member;
 6. Mr. Ted R. Antenucci, as Class III ProLogis Board Member.
- Item 12** Appointment of Ernst & Young as the independent auditor of PEPR for a term ending at the general meeting approving the accounts for the 2009 financial year.
- Item 13** Determination of the registered office of PEPR as 34-38, avenue de la Liberté, L-1930 Luxembourg, Grand-Duchy of Luxembourg.
- Item 14** Determination of the end of the first financial year of PEPR as December 31, 2009.

As a result of the adoption of the resolutions regarding items 1 to 14 above, PEPR will be converted into an investment company with fixed share capital (*société d'investissement à capital fixe*) under the form of a partnership limited by shares (*société en commandite par actions*), and each Ordinary Unit of PEPR will be converted into an Ordinary Share of PEPR as described in the articles of incorporation adopted pursuant to the resolutions above.

2. THE THIRD GENERAL MEETING

Furthermore, ProLogis Management S.à r.l. intends to convene, as general partner of PEPR, a **Third General Meeting** of shareholders of PEPR to be held on October 16, 2009 at 9:00 am CET, in Luxembourg at the offices of Arendt & Medernach located at 14, rue Erasme, L-2082 Luxembourg, Grand-Duchy of Luxembourg to resolve on the agenda item as further described below.

Item 1 Decision to ratify and, as an autonomous and independent decision, decide and consider the conversion of PEPR from its structure as a (*société d'investissement à capital variable*) under the form of a public limited company (*société anonyme*) into an investment company with a fixed share capital (*société d'investissement à capital fixe*) under the form of a partnership limited by shares (*société en commandite par actions*), in compliance with the provisions of both the 1915 Law, on commercial companies, as amended, and the 2002 Law, as effective and completed.

If you plan to attend the First General Meeting and the Second General Meeting referred to above, kindly complete the enclosed attendance form (specifying the number of Ordinary Units held) and date, sign and return a copy by fax and the original by mail before 9:00 am CET on September 28, 2009 to the attention of ProLogis Management S.à r.l. attn: Mr. Peter Cassells, fax number (+352) 2620 5744, with a copy to RBC Dexia Investor Services Bank S.A. attn: Artan Xerxa, fax (+352) 2460 9803.

Should you not be able to attend the meetings, kindly complete the enclosed proxy form (specifying the number of Ordinary Units held) and date, sign and return a copy by fax and the original by mail before 9:00 am CET on September 28, 2009 to the attention of ProLogis Management S.à r.l. attn: Mr. Peter Cassells, fax number (+352) 2620 5744, with a copy to RBC Dexia Investor Services Bank S.A. attn: Artan Xerxa, fax (+352) 2460 9803.

Please note that any proxies received after September 28, 2009 9:00 am will not be taken into account for the calculation of the quorum and the vote.

Mailing addresses

ProLogis Management S.à r.l.
34-38, Avenue de la Liberté
L-1930 Luxembourg
Grand Duchy of Luxembourg

RBC Dexia Investor Services Bank S.A.
14, Porte de France
L-4360 Esch-sur-Alzette
Luxembourg
Grand-Duchy of Luxembourg

Yours faithfully

Peter Cassells
Manager of the Management Company

Enclosures:

- (1) Schedule 1: Articles of incorporation of PEPR as an investment company with variable share capital (*société d'investissement à capital variable*) under the form of a public limited company (*société anonyme*);
- (2) Schedule 2: Articles of incorporation of PEPR as an investment company with a fixed share capital (*société d'investissement à capital fixe*) under the form of a partnership limited by shares (*société en commandite par actions*);
- (3) Proxy Form.

Schedule 1

Articles of incorporation of ProLogis European Properties as an investment company with variable share capital (*société d'investissement à capital variable*) under the form of a public limited company (*société anonyme*)

ProLogis European Properties
Société d'Investissement à Capital Variable
Siège social: 34-38, Avenue de la Liberté, L-1930 Luxembourg

ARTICLES OF INCORPORATION

INTERPRETATION

In these Articles of Incorporation, the following expressions shall, where not inconsistent with the context, have the following meanings respectively:

- “**Article**” means an article of these Articles of Incorporation.
- “**Articles of Incorporation**” means these articles of incorporation.
- “**Board Members**” means collectively, the ProLogis Board Members and the Independent Board Members of the Supervisory Board, and “**Board Member**” means any one of them.
- “**Business Day**” means a day on which banks are open for business in Luxembourg and Amsterdam (excluding Saturdays, Sundays and public holidays).
- “**Cause**” means (i) gross negligence, wilful misconduct or fraud by the Management Board or (ii) failure by ProLogis or a ProLogis Related Party to observe the ownership requirements and / or restrictions on transfer of Shares set out in Article 11.2.
- “**Class**” means a class of Shares issued by PEPR, and includes the Ordinary Shares, the Preferred Shares and any further Classes of Shares issued by PEPR.
- “**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 Board.
- “**Distribution Facility**” or “**Distribution Facilities**” means any industrial warehouse, any logistics distribution facility, any manufacturing and retail facility and/or any other distribution facilities.
- “**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 Shares and (iii) accruals for any incentive fees payable to the Management Board or the Investment Managers in accordance with Article 13, 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 by the Management Board with the approval of the Supervisory 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 Supervisory Board.
- “**Domiciliary and Service Agent**” means ProLogis Management Services S.à r.l. or such other domiciliary and service agent from time to time appointed by the Management Board.
- “**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 Auditor**” means the independent auditor appointed in accordance with Article 14.
- “**Independent Board Member**” means a member of the Supervisory Board elected by a general meeting of Shareholders in the manner described in Article 4.
- “**Information Memorandum**” means the information memorandum or prospectus of PEPR issued from time to time.
- “**Invested Capital**” means in respect of each Class of Shares (or any Series thereof) the respective paid-up contributions at any point in time.
- “**Investment Management Agreement**” means the investment management agreement between PEPR 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 as of 27 September 2006).
- “**Investment Managers**” means collectively the investment managers appointed by the Management Board 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 Objective and Policy**” means the investment objective and policy of PEPR as described in Article 6.
- “**Law of 1915**” means the Luxembourg law of 10 August 1915 on commercial companies, as amended.
- “**Law of 2002**” means the Luxembourg law of 20 December 2002 on Undertakings for Collective Investment, as amended.
- “**Luxembourg Supervisory Authority**” means the *Commission de Surveillance du Secteur Financier* or Luxembourg Supervisory Authority in Luxembourg.
- “**Management Board**” means the management board of PEPR in accordance with the Law of 1915.
- “**Managers**” means any member of the Management Board.
- “**MTF**” means a multilateral system, operated by an investment firm or a market operator, which brings together multiple third-party buying and selling interests in financial instruments—in the system and in accordance with non-discretionary rules—in a way that results in a contract in accordance with the provisions of Title II of the Directive 2004/39/EC.
- “**NAV**” means the net assets of PEPR, being the assets minus the liabilities, or where the context so requires, the net asset value per Share of each Class (or Series thereof) as determined in accordance with Article 9.
- “**Non-Exempt Shareholder**” means an entity who owns, directly or indirectly, Shares and who is not exempt from the French 3% Tax.
- “**Ordinary Shareholder**” means a holder of Ordinary Shares.

- “**Ordinary Shares**” means the ordinary shares issued pursuant to Article 8.
- “**PEPR**” means ProLogis European Properties, a public limited company (*société anonyme*) as defined by the Law of 1915, qualifying as an investment company with variable share capital (SICAV), governed by Part II of the Law of 2002 pursuant to these Articles of Incorporation, 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.
- “**PLD**” means PLD International Incorporated, a corporation established under the laws of the State of Delaware, United States.
- “**Portfolio**” means the Distribution Facilities owned by PEPR, the interest of PEPR 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 Articles of Incorporation.
- “**Preferred Shareholder**” means a holder of Preferred Shares.
- “**Preferred Shares**” means Shares that provide to holders a preferred cash distribution and a preferred reimbursement of Invested Capital (or such other amounts as specified by the Management Board on the issue thereof) upon a winding-up of PEPR.
- “**Private Equity Fund Investment Agreement**” means the agreement between the Management Board and PLD in relation to the right of the Management Board 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.
- “**ProLogis Board Member**” means a member of the Supervisory Board appointed by the general meeting of Shareholders in the manner described in Article 4.
- “**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 thirty-five 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.
- “**Registrar and Transfer Agent**” means RBC Dexia Investor Services Bank S.A. or such other registrar and transfer agent from time to time appointed by the Management Board.
- “**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.
- “**Series**” means a series of Shares within a particular Class of Shares.
- “**Shareholders**” means any holder of Shares in PEPR.
- “**Shares**” means shares in PEPR which may be issued in different Classes or Series by PEPR pursuant to these Articles of Incorporation, including, but not limited to the Ordinary Shares and the Preferred Shares.
- “**SICAV**” means a *société d’investissement à capital variable*.
- “**Supervisory Board**” has the meaning set out in Article 4.
- “**Tax Matters Partner**” has the meaning set out in Article 22.
- “**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.

- “**United States**” means the United States of America, its territories and possessions, any state of the United States and the District of Columbia.
- “**Valuation Day**” means any Business Day which is designated by the Management Board 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 Board shall be permitted to designate Valuation Days more frequently than semi-annually, in relation to the issuance of Shares pursuant to Article 8, or in relation to any other circumstances if deemed appropriate by the Management Board, or if otherwise required by Luxembourg law or any other applicable law or regulation. The last Valuation Day of PEPR as a closed-ended *fonds commun de placement* was 30 June 2009. The next Valuation Day will be 31 December 2009.

Article 1. Legal Structure—Name—Registered office—Duration—Purpose

1.1 PEPR was originally established in Luxembourg on 10 September 1999 as a closed-ended *fonds commun de placement* and has been converted on 30 September 2009 into a *société d'investissement à capital variable* governed by these Articles of Incorporation in accordance with article 132 (2) of the Law of 2002. PEPR will immediately after this conversion be converted into a closed-ended SICAF governed by the revised Articles of Incorporation.

Pursuant to these Articles of Incorporation, PEPR is a public limited company (*société anonyme*) as defined by the Law of 1915, qualifying as an investment company with variable share capital (SICAV) and governed by Part II of the Law of 2002.

The assets of PEPR are held in custody by the Custodian.

By the acquisition of Shares of any Class (or any Series thereof) in PEPR, a Shareholder is deemed to have fully accepted these Articles of Incorporation, which determine the relationship among the Shareholders.

1.2 The full name of PEPR is “**ProLogis European Properties**”.

1.3 The registered office of PEPR is established in Luxembourg, Grand Duchy of Luxembourg.

It may be transferred within the municipality of Luxembourg by means of a resolution of the Management Board and to any other municipality in the Grand Duchy of Luxembourg by means of a resolution of the general meeting of Shareholders amending this Article 1, in accordance with Article 16.

Branches, subsidiaries or other offices of PEPR may be established either in the Grand Duchy of Luxembourg or abroad by a resolution of the Management Board.

In the event that the Management Board determines that extraordinary political or military events have occurred or are imminent which would interfere with the normal activities of PEPR at its registered office or with the ease of communication between such office and persons abroad, the registered office may be temporarily transferred abroad until the complete cessation of these extraordinary circumstances; such provisional measures shall have no effect on the nationality of PEPR which, notwithstanding such temporary transfer, shall remain a Luxembourg corporation.

1.4 PEPR is established for an undetermined period of time.

1.5 The purpose of PEPR is to invest in Distribution Facilities (i) directly or (ii) through one or several wholly-owned or partially owned subsidiaries or (iii) through direct or indirect shareholdings in, and debt instruments, convertible securities and other financial instruments of, real estate companies with the purpose of affording its Shareholders the results of the management of its assets.

On an ancillary basis or for defensive purposes, PEPR may invest all or part of its assets in cash, cash equivalents, similar financial instruments or debt securities. PEPR may further use techniques and instruments (i) relating to transferable securities and (ii) intended to provide protection against currency and/or interest rate risks to the extent permitted by Luxembourg law as more particularly described in the Information Memorandum from time to time.

The aggregate of all borrowings of PEPR shall be in conformity with Article 7 hereof.

PEPR may further guarantee, grant loans or otherwise assist directly or indirectly wholly owned subsidiaries and partially owned subsidiaries controlled by PEPR.

The Investment Objective and Policy of PEPR shall be determined by the Management Board pursuant to Article 6 hereof.

PEPR may take any measures and carry out any transaction which it may deem useful for the fulfillment and development of its purpose to the maximum extent permitted under the Law of 2002.

Article 2. Management of PEPR

2.1 The Management Board

PEPR's management shall be subject to articles 60bis-1 to 60bis-19 of the Law of 1915, unless otherwise provided in these Articles of Incorporation. PEPR shall thus be managed by a Management Board, the members of which need not be Shareholders and which shall exercise its functions under the control of a Supervisory Board.

The Management Board is vested with the broadest powers to take any actions necessary or useful to fulfil PEPR's corporate object, with the exception of the actions reserved by law or by these articles of association to the general meeting of Shareholders or to the Supervisory Board.

In accordance with article 60 of the Law of 1915, PEPR's daily management and PEPR's representation in connection with such daily management may be delegated to one or several members of the Management Board or to any other person, Shareholder or not, acting alone or jointly. Their appointment, revocation and powers shall be determined by a resolution of the Management Board.

PEPR may also grant special powers by notarised proxy or private instrument to any person acting alone or jointly with others as agent of PEPR.

The Management Board, 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 Management Board is responsible for implementing the Investment Objective and Policy of PEPR subject to the restrictions set out in Articles 6 and 7. The Management Board 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 Board 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 Management Board shall be liable for the acts or omissions of the Investment Managers, the Managers and any other agents it shall appoint under these Articles of Incorporation as if such acts or omissions were those of the Management Board itself.

The Management Board may appoint such other agents, including transfer agents, listing agents and paying agents, to perform such services in connection with its obligations under these Articles of Incorporation as it 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 Board has appointed ProLogis Management Services S.à r.l. to 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. Furthermore the Management Board has appointed ProLogis Management Services S.à r.l. as Domiciliary and Service Agent for the wholly-owned subsidiaries of PEPR organised in Luxembourg and which is in such capacity responsible for all domiciliary and service agency duties required by Luxembourg law.

For the avoidance of doubt, the Management Board may terminate and replace the Administrative Agent and/or the Domiciliary and Service Agent with a new administrative agent and/or Domiciliary and Service Agent or amend the terms and conditions of the agreement with the administrative agent and/or

Domiciliary and Service Agent without the prior approval of the general meeting of Shareholders. The termination and replacement of the Administrative Agent and/or the Domiciliary and Service Agent is subject to the approval of the Luxembourg Supervisory Authority.

The Management Board shall not wind-up PEPR except (i) following prior consultation with the Supervisory Board in accordance with Article 4 and with the consent of the general meeting of Shareholders, in accordance with Article 20.2 or (ii) in accordance with Article 20.3.

The Management Board shall comply with its obligations contained in these Articles of Incorporation, the Law of 2002, the IML Circular 91/75 and all other applicable Luxembourg laws and regulations. The Management Board shall manage PEPR in accordance with the principle of equal treatment of Shareholders.

2.2 Composition of the Management Board

The Management Board is composed of at least three (3) members. The Management Board must choose from among its members a chairman of the Management Board. It may also choose a secretary, who needs neither be a Shareholder, nor a member of the Management Board.

2.3 Election and removal of members of the Management Board and term of the office

The members of the Management Board shall be elected by the general meeting of Shareholders, which shall determine their remuneration and term of the office.

If a legal entity is elected member of the Management Board of PEPR, such legal entity must designate an individual as permanent representative who shall execute this role in the name and for the account of the legal entity. The relevant legal entity may only remove its permanent representative if it appoints a successor at the same time. An individual may only be a permanent representative of one (1) member of the Management Board and may not be a member of the Management Board at the same time. An individual cannot be a permanent representative of a member of the Management Board and of a member of the Supervisory Board at the same time.

Any member of the Management Board may be removed at any time, without notice and without cause by the general meeting of Shareholders.

The term of the office of a member of the Management Board may not exceed six (6) years and any member of the Management Board shall hold office until its/his/her successor is elected. Any member of the Management Board may also be re-elected for successive terms.

2.4 Vacancy in the office of a member of the Management Board

If a vacancy in the office of a member of the Management Board because of death, legal incapacity, bankruptcy, retirement or otherwise occurs, such vacancy may be filled, on a temporary basis, by the remaining board members until the next general meeting of shareholders, which shall resolve on a permanent appointment, as deemed suitable.

If in case the number of members of the Management Board falls below three (3) or below such higher minimum set by these Articles, as the case may be, such vacancy must be filled without undue delay either by the general meeting of Shareholders.

In case the vacancy occurs in the office of the person exercising solely the functions of the Management Board, such vacancy must be filled without undue delay by the general meeting of Shareholders.

In any such case of a vacancy in the office of a member of the Management Board, the Supervisory Board may also appoint one of its members, in order to exercise the functions of the member of the Management Board. The functions as member of the Supervisory Board of the person who shall be exercising the functions of a member of the Management Board are suspended during the relevant period of time.

2.5 Convening meetings of the Management Board

The Management Board shall meet upon call by the chairman or by any two (2) of its members at the place indicated in the notice of the meeting as described in the next paragraph.

Written notice of any meeting of the Management Board must be given to its members twenty-four (24) hours at least in advance of the date scheduled for the meeting by mail, facsimile, electronic mail or any other means of communication, except in case of emergency, in which case the nature and the reasons of such emergency must be indicated in the notice. Such convening notice is not necessary in case of assent of each member of the Management Board in writing by mail, facsimile, electronic mail or by any other means of communication, a copy of such signed document being sufficient proof thereof. Also, a convening notice is not required for a board meeting to be held at a time and location determined in a prior resolution adopted by the Management Board. No convening notice shall furthermore be required in case all members of the Management Board are present or represented at a meeting of the Management Board or in the case of resolutions in writing pursuant to these Articles of Incorporation.

2.6 Conduct of meetings of the Management Board

The chairman of the Management Board shall preside at all meetings of the Management Board. In his/her/its absence, the Management Board may appoint another member of the Management Board as chairman pro tempore.

The Management Board can act and deliberate validly only if at least half of its members are present or represented at a meeting of the Management Board.

Resolutions are adopted with the approval of a majority of the members present or represented at a meeting of the Management Board. The chairman shall not have a casting vote.

Any member of the Management Board may act at any meeting of the Management Board by appointing any other member as his/her/its proxy in writing by mail, facsimile, electronic mail or by any other means of communication, a copy of the appointment being sufficient proof thereof. Any member of the Management Board may represent one or several of his/her/its colleagues.

Any member of the Management Board who participates in a meeting of the Management Board by conference-call, video-conference or by any other means of communication which allow such member's identification and which allow that all the persons taking part in the meeting hear one another on a continuous basis and may effectively participate in the meeting, is deemed to be present for the computation of quorum and majority. A meeting of the Management Board held through such means of communication is deemed to be held at PEPR's registered office.

The Management Board may unanimously pass resolutions in writing which shall have the same effect as resolutions passed at a meeting of the Management Board duly convened and held. Such resolutions in writing are passed when dated and signed by all members of the Management Board on a single document or on multiple counterparts, a copy of a signature sent by mail, facsimile, e-mail or any other means of communication being sufficient proof thereof. The single document showing all the signatures or the entirety of signed counterparts, as the case may be, will form the instrument giving evidence of the passing of the resolutions, and the date of such resolutions shall be the date of the last signature.

Save as otherwise provided by law, any member of the Management Board who has, directly or indirectly, a proprietary interest in a transaction submitted to the approval of the Management Board which conflicts with PEPR's interest, must inform the Management Board of such conflict of interest and must have his/her/its declaration recorded in the minutes of the board meeting. The relevant member of the Management Board may not take part in the discussions on and may not vote on the relevant transaction. Any such conflict of interest must be reported to the next general meeting of Shareholders prior to taking any resolution on any other item. Where one single person is exercising the powers of the Management Board and such person has, directly or indirectly, a proprietary interest in a transaction entered into between him/her/it and PEPR, which conflicts with PEPR's interest, such conflicting interest must be disclosed in the minutes recording the relevant transaction and the approval of the Supervisory Board shall be required for entering into the transaction.

2.7 Minutes of meetings of the Management Board

The secretary or, if no secretary has been appointed, the chairman shall draw minutes of any meeting of the Management Board, which shall be signed by the chairman and by the secretary, as the case may be.

The person exercising solely the powers of the Management Board, as the case may be, shall also draw and sign minutes of his/her/its resolutions.

Any copy and any excerpt of such original minutes to be produced in judicial proceedings or to be delivered to any third party shall be signed by the chairman of the Management Board, by any two of its members or by the person exercising solely the powers of the Management Board, as the case may be.

2.8 Dealings with third parties

PEPR will be bound towards third parties in all circumstances by the joint signatures of any two members of the Management Board or by the joint signatures or by the sole signature of any person(s) to whom such signatory power has been granted by the Management Board or by the person exercising solely the powers of the Management Board. Within the limits of the daily management, PEPR will be bound towards third parties by the signature of any person(s) to whom such power in relation to the daily management of PEPR has been delegated in accordance with the rules of such delegation.

Article 3. The Custodian and Other Agents

The Custodian shall carry out the usual duties regarding custody, cash and securities deposits. In particular, upon proper instructions of the Management Board, the Custodian will execute all financial transactions and provide such banking facilities for PEPR and its wholly owned subsidiaries as the Management Board may require.

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 currently 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 will further, in accordance with the Law of 2002:

- (a) ensure that the sale, issue, redemption and cancellation of Shares effected on behalf of PEPR are carried out in accordance with the Law of 2002 and these Articles of Incorporation;
- (b) 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
- (c) ensure that the income and assets attributable to PEPR and its wholly owned subsidiaries are applied in accordance with these Articles of Incorporation.

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 Board; and provided further that the Management Board 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 Board or the Custodian upon 90 days’ prior written notice; provided, however, that such termination by the Management Board is subject to the requirement that within two months a new custodian assumes the responsibilities and functions of the Custodian under these Articles of Incorporation; and provided, further, that the appointment of the Custodian shall, if terminated by the Management Board, 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 Board shall appoint a new custodian who shall assume the responsibilities and functions of the Custodian under these Articles of Incorporation, provided that the Custodian’s termination shall not become effective until (i) a new custodian is appointed by the Management Board and (ii) all assets of PEPR and its wholly owned subsidiaries held by the Custodian have been transferred to the new custodian. For the avoidance of doubt, the Management Board may terminate and replace the Custodian with a new Custodian or amend the terms and conditions of the agreement with the Custodian without the prior approval of the general meeting of Shareholders. The termination and replacement of the Custodian is subject to the approval of the Luxembourg Supervisory Authority.

All cash other than cash deposited with such banks as may be indicated by the Management Board 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 Shareholders on the terms of these Articles of Incorporation. The Custodian may, under its own responsibility and with the approval of the Management Board, 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 Board 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 Board or any agent appointed by the Management Board.

Upon receipt of proper instructions from or as previously properly instructed by the Management Board, the Custodian and the Correspondent and such other banks as indicated by the Management Board 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.

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; and
- (b) 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 Board is authorised and has the obligation to bring claims of the Shareholders against the Custodian.

Nothing in this Article 3 shall preclude the direct assertion of claims from Shareholders against the Custodian or the Management Board, 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 Board 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 Board 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 Board, 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.

Furthermore, RBC Dexia Investor Services Bank S.A. has been appointed on 21 April 2006 as Registrar and Transfer Agent.

For the avoidance of doubt, the Management Board may terminate and replace the Registrar and Transfer Agent with a new Registrar and Transfer Agent or amend the terms and conditions of the agreement with the Registrar and Transfer Agent without the prior approval of the general meeting of Shareholders. The termination and replacement of the Registrar and Transfer Agent is subject to the approval of the Luxembourg Supervisory Authority.

Article 4. The Supervisory Board

The business of PEPR and its financial situation shall be supervised by a Supervisory Board (the “*Conseil de Surveillance*”) comprising four (4) Independent Board Members and two (2) ProLogis Board Members. A Board Member may not at the same time be one of the Managers of the Management Board. The Supervisory Board shall designate a chairman amongst the Independent Board Members.

The Supervisory Board shall not have the power to, and shall not, take any management decision *in lieu* of the Management Board and neither the Supervisory 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.

The Independent Board Members and the ProLogis Board Members shall be appointed by the annual general meeting of Shareholders (except for the initial Board Members, which are appointed by virtue of the adoption of these Articles of Incorporation) and their appointment and term shall be as prescribed below in this Article 4.

The Management Board may not take any of the following actions on behalf of PEPR without *prior approval* of the Supervisory 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) the annual approval of the appointment and the terms and conditions of the appointment of the Independent Appraiser for a term of one year. Such appointment may not be terminated by the Management Board without the prior approval of the Supervisory Board;
- (c) any increase in the level of leverage of PEPR (within the limits laid down by Article 7);
- (d) any major debt financings or 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 gross asset value of PEPR as at the most recent Valuation Day);
- (e) 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;
- (f) the approval of 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 Supervisory Board, the Management Board will 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 Board may vary the relevant items by a percentage amount of up to five per cent. (5%);
- (g) 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 Articles of Incorporation and the Investment Management Agreement. With regard to related party transactions, the Management Board will provide the Supervisory 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;
- (h) 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;
- (i) the approval of legal fees and tax compliance fees payable to any ProLogis Related 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 Articles of Incorporation)

which may be paid to the Investment Managers out of the net assets of PEPR and not deducted from the Management Board's base management fee;

- (j) any decision to terminate the Investment Management Agreement other than for cause;
- (k) any decision to extend the term of the Investment Management Agreement;
- (l) any decision to exercise the 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; and
- (m) any issue of Shares by decision of the Management Board in accordance with these Articles of Incorporation and the terms of any such issuance (including the currency of denomination of the Shares, the appointment of any placement agents or distributors designated in respect of such issuance and the amount of their fees, which must be on an arm's length basis).

Before the Management Board may, at its own initiative, table any of the following proposals (n) to (q) before a general meeting of Shareholders, the Management Board is required to consult with the Supervisory Board and request that the Supervisory Board indicates whether or not it is in favour of such proposal. The notice addressed by the Management Board to the Shareholders to convene a general meeting of Shareholders at which any of the proposals listed hereinafter under (n) to (q) is to be voted upon will contain an indication of whether the Supervisory Board is or is not in favour of such proposal. For the avoidance of doubt, the Supervisory Board's indication is not binding on either the Management Board or the general meeting of Shareholders.

- (n) any amendments to the Articles of Incorporation;
- (o) the annual approval of the appointment and the terms and conditions of the appointment of the Independent Auditor for a term of one year;
- (p) any changes to the method of calculating NAV prescribed in the Articles of Incorporation; and
- (q) any decision to table before the general meeting of Shareholders a resolution to wind-up PEPR, under Article 20.2.

The Supervisory Board shall consider in good faith and reasonable commercial judgment the proposals of the Management Board in respect of all of the above matters and any other decision or determination it is required to make acting in compliance with these Articles of Incorporation, the Information Memorandum, Luxembourg laws and regulations and in the interest of the Shareholders. The affirmative vote of four (4) members of the Supervisory Board is required:

- for the approval of any of the above matters (other than (n) through (q) above) in this Article 4;
- to indicate that the Supervisory Board is in favour of any proposal made in relation to items (n) through (q) above; or
- any other decision or determination by the Supervisory Board made pursuant to these Articles of Incorporation,

except for (i) decisions related to items (g), (h), (i), (j), (k) and (l) 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 (g)) which shall require the approval of a simple majority of Independent Board Members and (ii) decisions related to the creation of advisory committees which require the unanimous consent of all Board Members. The chairman of the Supervisory Board shall have a casting vote.

The Supervisory Board shall meet at least annually in Luxembourg. The Supervisory Board shall meet at least quarterly, unless the Supervisory Board shall agree otherwise, to review PEPR's performance and may meet more frequently. The Supervisory Board may meet upon call by the Management Board or any Board Member at the place indicated in the notice of meeting. The Supervisory Board may meet by telephone conference or videoconference. Written notice of any meeting of the Supervisory Board shall be given to all Board Members at least ten (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.

Any one Board Member may table an item on the agenda of a meeting of the Supervisory Board.

A written resolution in substitution for a meeting that is signed by all the Board Members shall be effective as a decision of the Supervisory Board.

The Management Board shall forward to the Supervisory Board all relevant information within a period of time which is reasonably sufficient in the view of the Management Board to permit the Supervisory Board to make an informed decision on the relevant matter prescribed above. In addition, the Management Board shall respond so far as practicable to a reasonable request for information made by a Board Member to assist that Board Member or the Supervisory Board to discharge its functions under this Article 4.

The Supervisory Board shall be entitled to designate advisory committees composed of one or more of the Board Members in order to assist the Supervisory Board and to make recommendations to the Supervisory 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 Supervisory Board.

The minutes of a meeting of the Supervisory Board shall be approved at the next following meeting of the Supervisory Board.

Apart from the functions prescribed in this Article 4, the Supervisory Board is available for consultation by the Management Board and may make suggestions and requests to the Management Board. However, other than decisions relating to any of the matters listed above under (a) to (m) in relation to which the Supervisory Board has an approval right (but for the avoidance of doubt, no right to cause the Management Board to initiate action), the Management Board is neither bound by such suggestions or requests nor obligated to take direction from the Supervisory Board.

Except for the initial term prescribed below in this Article 4, the term of office of the Board Members shall be for a term of three (3) years.

A Board Member shall hold office until the next following annual general meeting of Shareholders being held on or after the relevant anniversary date of his appointment and until ratification or appointment of his successor subject, however, to prior death, resignation or removal from office.

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 (1) year, the initial Class II Independent Board Members for a term of two (2) years and the initial Class III Independent Board Member for a term of three (3) years.

The ProLogis Board Members shall be designated Class II and Class III. The initial Class II ProLogis Board Member shall be appointed for a term of two (2) years. The initial Class III ProLogis Board Member shall be appointed for a term of three (3) years. A person is only permitted to act as Independent Board Member if the following criteria of dependence do not apply to him. 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 resignation. These criteria are that the Independent Board Member concerned or his wife, 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) has been an executive director (or manager), employee or member of the Management Board 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 is a shareholder, partner, associate or adviser, has acted as adviser 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 Board is a supervisory board member;

- e) holds at least ten per cent. (10%) of the Shares in PEPR (including the Shares held by natural persons or legal entities which cooperate with him 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 ten per cent. (10%) of the Shares in PEPR;
- g) has temporarily managed PEPR during the previous twelve months where Managers of the Management Board 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;
- i) has served on the Supervisory Board of PEPR for more than twelve years.

The initial Board Members are appointed as from 30 September 2009 and until the next following annual general meeting of Shareholders being held on or after the relevant anniversary date of their appointment and are the following:

(i) ProLogis Board Members:

- Class II ProLogis Board Member appointed for an initial term of two (2) years:
 - Robert J. Watson
- Class III ProLogis Board Member appointed for an initial term of three (3) years:
 - Ted R. Antenucci

(ii) Independent Board Members:

- Class I Independent Board Member appointed for an initial term of one (1) year:
 - Pierre Rodocanachi
- Class II Independent Board Members appointed for an initial term of two (2) years:
 - Geoffrey Bell and
 - Sylvia Tóth
- Class III Independent Board Member appointed for an initial term of three (3) years:
 - Didier Cherpitel

At the annual general meeting of the Shareholders of PEPR at which the term of any Board Member is to expire, successors to the class of Board Member whose term is to expire shall be elected for a three-year (3) term. A Board Member whose term has expired may, but need not be, proposed as a candidate for re-election in accordance with the provisions below.

For the purposes of nominating successor Independent Board Members, the Supervisory Board will have a nomination committee composed of all Independent Board Members.

The nomination committee will propose to the general meeting of Shareholders one candidate as a proposed successor for each Independent Board Member whose term of appointment is set to expire and whose successor is to be appointed at such general meeting. In addition, one or more Shareholders who, either alone or together, hold at least ten per cent. (10%) of the issued Share capital of PEPR and which are not Shareholders related to ProLogis, may propose one alternate candidate for each candidate proposed by the nomination committee.

Each successor Independent Board Member shall be elected by a general meeting of Shareholders for which there shall be no quorum requirement, each Share having one vote per Independent Board Member seat to be filled, which may be cast in favour of a single candidate for such seat, provided that if there is only one candidate for such seat, such vote may be cast in favour of or against such candidate's appointment. In order to be elected, a candidate must at least obtain a favourable vote of fifty per cent. (50%) of the votes validly cast. If there are more than two candidates for one seat to be filled and none of the candidates obtains a favourable vote of fifty per cent. (50%) of the votes validly cast, a second vote will be passed at the same meeting on the two candidates having obtained the highest number of votes.

For the purpose of nominating successor ProLogis Board Members, the Shareholders being ProLogis Related Parties shall be entitled to draw up a list of candidates for election as ProLogis Board Members at the general meeting of Shareholders comprising a number of candidates at least equal to twice the number of ProLogis Board Members to be appointed at such general meeting.

The designated candidate(s) shall be elected from such list by a majority of at least fifty per cent. (50%) of the votes validly cast at that meeting of Shareholders at which there shall be no quorum requirement; each Share having one vote per ProLogis Board Member seat to be filled, which may be cast in favour of a single candidate for such seat.

The identity of the Board Members must be notified to the Luxembourg Supervisory Authority.

A Board Member shall hold office until the annual general meeting of Shareholders for the year in which his term expires and until ratification or appointment of his successor 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 Board. The acceptance of a resignation shall not be necessary to make it effective. A Board Member may be removed with or without cause by sixty-seven per cent. (67%) of the votes validly cast at a general meeting of Shareholders.

Any vacancy on the Supervisory Board caused by the resignation (whether automatic or otherwise), removal or death of any Board Member shall be filled by an appointee approved by a majority vote of the remaining Board Members, provided that any vacancy caused by the resignation, removal or death of a ProLogis Board Member may be filled only with an appointee that is affiliated with ProLogis or any ProLogis Related Party. The successor Board Member shall hold office until the next annual general meeting of Shareholders. At such meeting, the provisions for the election of successor Board Members shall apply save that the Board Member elected at an annual general meeting to fill a vacancy shall have the same remaining term as that of his 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 Board, 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 Board 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 Articles of Incorporation or as subsequently approved by the Supervisory Board, any fees paid to the Investment Managers out of the net assets of PEPR shall be deducted from the Management Board'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 Board for subsequent five year periods.

The Management Board will terminate the Investment Management Agreement if both (i) PEPR is entitled to terminate such agreement for cause in accordance with its terms and (ii) the general meeting of Shareholders votes to terminate the Investment Management Agreement in such circumstances by an affirmative vote of sixty-seven per cent. (67%) of the votes validly cast. Furthermore, pursuant to the terms of the Investment Management Agreement, the Investment Management Agreement shall automatically terminate if the Management Board is no longer Management Board 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 Shareholders through active management of direct and indirect investments in Distribution Facilities, subject to the approval of such investments by the Supervisory 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 NAV 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 Supervisory Board in accordance with Article 4, if such approval is required.

On a sale of any Distribution Facility, the Management Board 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 Board shall comply with the diversification requirements set out in this Article 7 in the management of PEPR. Pending investment or reinvestment or distribution of sale proceeds of Distribution Facilities or distribution of 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 NAV 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 NAV 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 NAV, 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 for 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. In relation to investments in ProLogis Private Equity Funds or ProLogis Joint Ventures, the Management Board will consider any restrictions on transfer of such investments in order to ensure that such restrictions do not unreasonably restrict the possibility of PEPR to dispose of such investments.

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 Shares 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. Share Capital—Issue of Shares

8.1 Share Capital—Classes of Shares

The capital of PEPR shall be represented by fully paid up shares with no par value and shall at any time be equal to the total net assets of PEPR in accordance with Article 9 hereof. The initial share capital is represented by one hundred and ninety million five hundred and twenty-two thousand four hundred and forty-one (190,522,441) shares with no par value. The minimum capital shall be as provided by law, i.e. one million two hundred and fifty thousand euro (EUR 1,250,000). The minimum capital of PEPR must be achieved within six months after the date on which the PEPR has been authorised as an undertaking for collective investment under Luxembourg law.

The shares to be issued pursuant to Article 8 hereof may, as the Management Board shall determine, be of different classes, so as to correspond to (i) a specific sales and redemption charge structure and/or (ii) a specific management or advisory fee structure and/or (iii) different distribution, shareholders servicing or other fees and/or (iv) different types of targeted investors and/or (v) such other features as may be determined by the Management Board from time to time. The proceeds of the issue of each class of shares shall be invested in real estate pursuant to the investment objective and policy and the risk diversification rules and borrowing restrictions set forth under Articles 6 and 7 of these Articles of Incorporation, as determined by the Management Board, subject to the investment restrictions provided by law or determined by the Management Board.

The Management Board shall establish a portfolio of assets for one class of shares or for multiple classes of shares in the manner described in Article 9 hereof.

For the purpose of determining the capital of PEPR, the net assets attributable to each class of shares shall, if not expressed in euro, be converted into euro and the capital shall be the total of the net assets of all the classes of shares.

8.2 Form of Shares

- (1) PEPR shall issue shares in registered form.

All issued registered shares of PEPR shall be registered in the register of shareholders which shall be kept by PEPR or by one or more persons designated thereto by PEPR, and such register shall contain the name of each owner of record of registered shares, his residence or elected domicile as indicated to PEPR, the number of registered shares held by the owner of record and the amount paid up on each fractional share.

The inscription of the shareholder's name in the register of shares evidences the shareholder's right of ownership on such registered shares. The shareholder shall receive a written confirmation of his shareholding.

- (2) Shareholders entitled to receive shares shall provide PEPR with an address to which all notices and announcements may be sent. Such address will also be entered into the register of shareholders.

In the event that a shareholder does not provide an address, PEPR may permit a notice to this effect to be entered into the register of shareholders and the shareholder's address will be deemed to be at the registered office of PEPR, or at such other address as may be so entered into by PEPR from time to time, until another address shall be provided to PEPR by such shareholder. A shareholder may, at any time, change the address as entered into the register of shareholders by means of a written

notification to PEPR at its registered office, or at such other address as may be set by PEPR from time to time.

- (3) PEPR recognizes only one single owner per share. If one or more shares are jointly owned or if the ownership of shares is disputed, all persons claiming a right to such share(s) have to appoint one single attorney to represent such share(s) towards PEPR. The failure to appoint such attorney implies a suspension of the exercise of all rights attached to such share(s).
- (4) PEPR may decide to issue fractional shares. Such fractional shares shall not be entitled to vote but shall be entitled to participate in the net assets attributable to the relevant class of shares on a pro rata basis.

8.3 Issue of Shares

The Management Board is authorised without limitation to issue an unlimited number of fully paid up shares at any time without reserving to the existing shareholders a preferential right to subscribe for the shares to be issued.

The Management Board may impose restrictions on the frequency at which shares shall be issued in any class of shares; the Management Board may, in particular, decide that shares of any class shall only be issued during one or more offering periods or at such other periodicity as provided for in the sales documents for the shares of PEPR.

Whenever PEPR offers shares for subscription, the price per share at which such shares are offered shall be the net asset value per share of the relevant class as determined in compliance with Article 9 hereof as of such Valuation Day (defined in Article 9 hereof) as is determined in accordance with such policy as the Management Board may from time to time determine. Such price may be increased by a percentage estimate of costs and expenses to be incurred by PEPR (i.e. at the time of acquisition or disposing of assets) when investing the proceeds of the issue and by applicable sales commissions, as approved from time to time by the Management Board. The price so determined shall be payable within a period as determined by the Management Board.

The price at which Shares are issued may also be increased by 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 Board, provided that if this placement fee is charged for the benefit of PEPR, then investors investing at the same time will be treated on an equal basis. Furthermore, the price per Share at which PEPR offers Shares for subscription or sale may be increased by an amount representing a percentage estimate of costs and expenses to be incurred by PEPR when investing the proceeds of the offering and/or by an amount representing applicable sales commissions and fees and expense reimbursement as determined from time to time by the Management Board, in its discretion. The price so determined shall be payable within a period as determined by the Management Board.

The Management Board may delegate to any director, manager, officer or other duly authorised agent the power to accept subscriptions, to receive payment of the price of the new shares to be issued and to deliver them.

PEPR may agree to issue shares as consideration for a contribution in kind of real estate assets and other permitted assets, in compliance with the conditions set forth by Luxembourg law, in particular the obligation to deliver a valuation report from the auditor of PEPR (“*réviseur d’entreprises agréé*”) or of its valuer and provided that such securities / real estate assets comply with the investment objectives and policies of PEPR.

No Shares will be issued during any period when the calculation of PEPR’s NAV per Share is suspended pursuant to Article 9.

Any application for subscription of Shares shall be irrevocable provided that if the calculation of PEPR’s NAV per Share is suspended pursuant to Article 9 during the offering period for any particular offering, any application for subscription made prior to such suspension may be revoked by the subscriber.

Fractional Shares 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.

Preferred Shares, if any, will be issued in Series and may be convertible and/or subject to redemption in accordance with the terms prescribed by law and/or the Articles of Incorporation at the time of issue.

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

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

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

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

Shares will be issued in the manner described herein. Any Information Memorandum in respect of such Shares shall set forth all material terms governing such Shares.

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

Shares must be fully paid-in upon issuance thereof. Subject to the provisions of these Articles of Incorporation, the Management Board shall make such arrangements as it deems appropriate for the sale of Shares, including the requirement of purchasers of Shares to enter into subscription agreements containing terms not inconsistent with the provisions of these Articles of Incorporation.

The Management Board may, at its discretion, discontinue temporarily, cease permanently or limit the issue of Shares at any time to Persons resident or established in certain particular countries and territories. The Management Board may exclude certain Persons from the acquisition of Shares (even if they hold preferential subscription rights), if such measure is necessary for the protection of the Shareholders as a whole or PEPR. The Management Board may reject in its absolute discretion any application for Shares.

The Management Board may enter into distribution agreements with any Persons to act as duly authorised distributors of Shares. Such distribution agreements may contain such terms and conditions and provide for fees, expense reimbursements and indemnities payable from the net assets of PEPR (subject to Supervisory Board approval, to the extent required under paragraph (m) of 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 Shares sales commissions and retain such commissions, but, without prejudice to the Management Board's ability to decide that sales commissions to distributors are payable from the net assets of PEPR. Any such Person may, with the consent of the Management Board, enter into sub-distributor agreements with other Persons, compensation for which shall be paid from the fee of such Person.

The Management Board may also enter into underwriting agreements which may contain such terms and conditions and provide for payment of such fees, commissions and expense reimbursements and indemnities payable from the net assets of PEPR on an arm's length basis as the parties thereto shall negotiate, and the granting of discounts and indemnities as it deems advisable (subject to Supervisory Board approval to the extent required under paragraph (m) of Article 4).

Article 9. Calculation of NAV per Share

The NAV per Share of each Class (or any Series thereof) shall be expressed in the relevant currency of denomination of such Shares and shall be determined as at any Valuation Day by dividing (i) the net assets of PEPR attributable to each Class of Shares (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 Shares 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 Shares (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.

The NAV per Share may be rounded up or down to the nearest unit of currency of denomination of such Share as the Management Board shall determine. If since the time of determination of the NAV of a Class of Shares (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 Shareholders 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 as adopted by the EU 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 Board 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 Board shall appoint an independent real estate appraisal professional who is licensed where appropriate and operates, or has subcontracted, with the approval of the Management Board, its duties to any entity who operates, in the jurisdiction where any relevant property is located and whose appointment is approved by the Supervisory Board in accordance with Article 4 on an annual basis; in circumstances where this professional is conflicted, the Management Board 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 Appraiser shall not be affiliated with ProLogis. With respect to each property, such valuation may be carried out at least once a year and used during the next following twelve months (or such shorter period as the Management Board may determine) for the purposes of calculating the NAV unless, in the opinion of the Management Board, 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. Shares 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. Shares 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 Shares 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:
 - i. 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;
 - ii. 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 Share and are not intended to affect the treatment for accounting or legal purposes of the assets and liabilities of PEPR or any Shares issued by the Management Board.

The calculation of the NAV may be suspended by the Management Board in *force majeure* circumstances.

Article 10. Share Certificates

The Management Board or the agent appointed in relation thereto will maintain a register of Shareholders and will issue, in representation of the Shares, certificates in registered and definitive form.

Such register shall contain the name of each Shareholder, its address and the number of Shares held by it. The inscription of the Shareholder's name in the Shareholder's register evidences its right of ownership of such Shares. A certificate shall be delivered to the Shareholder upon request.

A Share certificate will be issued for any whole and/or fractional number of Shares.

Each certificate shall be signed for and on behalf of PEPR by one or several Managers which may be sent by facsimile.

Any transfer of Shares that are in registered form shall be recorded in the Shareholders' register by delivery to PEPR of an instrument of transfer satisfactory to PEPR, or by a written declaration of transfer to be inscribed in the Shareholders' register, dated and signed by the transferor and transferee, or by Persons holding suitable powers of attorney to act accordingly and, each time, together with the delivery of the relevant certificate relating to such Shares, if issued. Such inscription shall be signed by one or several Managers of the Management Board or by one or several Persons duly authorised by the Management Board for this purpose.

Shareholders shall provide PEPR with an address to which all notices and announcements should be sent. Such address will also be entered into the Shareholders' register.

In the event that a Shareholder does not provide an address, PEPR may permit a notice to that effect to be entered into the Shareholders' register and the Shareholder's address will be deemed to be at the registered office of PEPR or at such other address as may be so entered into the Shareholders' register by PEPR from time to time, until another address shall be provided to PEPR by such Shareholder. A Shareholder may, at any time, change his address as entered into the Shareholders' register by means of a written notification to PEPR at its registered office or at such other address as may be determined by PEPR from time to time.

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

Article 11. Transfer of Shares and Restrictions

Shares of any Class may be owned or transferred by Shareholders subject to the restrictions indicated hereafter and as specified elsewhere in these Articles of Incorporation.

11.1 Interpretation and Information Reporting

11.1.1 Definitions

For the purposes of these Articles of Incorporation and, in particular, this Article 11, the following terms shall have the following meanings:

- “**Benefit Plan Investor**” shall mean (a) 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, including without limitation, an individual retirement account), that is subject to Section 4975 of the IRC), (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, including but not limited to, an insurance company general account, an insurance company separate account or a collective investment fund.
- “**ERISA**” shall mean the U.S. Employee Retirement Income Security Act of 1974, as amended.
- “**IRC**” shall mean the U.S. Internal Revenue Code of 1986, as amended.
- “**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 Shareholder**” shall mean any of (i) a Non-Exempt Shareholder, (ii) a Benefit Plan Investor or (iii) except as may be approved by the Management Board, a U.S. Person.

- “**Transfer**” shall mean any sale, transfer, gift, assignment, devise or other disposition of Ordinary Shares. The terms “**Transfers**” and “**Transferred**” shall have the correlative meanings.
- “**U.S. 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 residing, incorporated and/or existing under the laws of the United States or otherwise within the meaning of such term in Regulation S under the U.S. Securities Act of 1933, as amended.

Nothing contained in this Article 11 shall preclude the settlement of any transaction entered into through the facilities of any securities settlement system or 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.

11.1.2 Information Reporting

Every Person owning Ordinary Shares 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.

11.1.3 Ambiguities

In the case of an ambiguity in the application of any of the provisions of this Article 11, including any definition contained in Article 11.1.1, the Management Board 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.

11.1.4 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.

11.2 Restrictions on ProLogis’ Transfer of Shares

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 ten per cent. (10%) of the Ordinary Shares in issue.

For the purposes of determining whether ProLogis has satisfied the ownership requirement above, holdings of Ordinary Shares which are held indirectly by ProLogis shall be calculated on the basis of the maximum economic interest in such holding of Ordinary Shares 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 Shareholder and any Shareholder who is a ProLogis Related Party may sell, transfer or otherwise dispose of their Ordinary Shares to any ProLogis Related Party, no other sale, transfer or disposal of Ordinary Shares by ProLogis or any ProLogis Related Party shall be permitted that would otherwise cause a breach of this Article 11.2. The Management Board shall provide quarterly reports to Shareholders describing transfers in such quarter of Ordinary Shares 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 Board 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 Article 11.2 by reason of a Transfer of Ordinary Shares by ProLogis or any ProLogis Related Party then:

- (a) the base management fee which would otherwise be payable to the Management Board 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 Article 11.2 occurred and in any period it shall continue; and
- (b) the Shareholders shall be entitled to terminate the Management Board 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 Transfer by ProLogis or any ProLogis Related Party, then the Shareholders shall be entitled to terminate

the Management Board in accordance with paragraph (b) of this Article 11.2 but no other remedy or claim for loss shall apply in respect of such breach.

11.3 General Transfer Restrictions

PEPR will not recognise any attempted resale or other Transfer of Shares unless made in accordance with the Transfer restrictions imposed in any subscription for Shares, 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.

11.4 Prohibited Shareholders

PEPR shall be entitled not to register the Transfer of Shares if it reasonably determines that an entity which owns or owned such Shares, directly or indirectly, is (i) a Non-Exempt Shareholder 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 Shareholder, (ii) a Benefit Plan Investor, or (iii) except as may be approved by the Management Board, a U.S. Person.

The Management Board shall adopt such measures as it deems appropriate and as are reasonably practicable in order to avoid the acquisition of Shares by Prohibited Shareholders. Furthermore, the Management Board shall adopt such steps as are available to it under the Articles of Incorporation and as it deems appropriate and as are reasonably practicable (having regard to the nature of PEPR as a publicly traded vehicle, if applicable) to (i) monitor whether Shares are owned, directly or indirectly, by Prohibited Shareholders, and (ii) prevent such Prohibited Shareholders from owning such Shares.

11.5 Transfer Restriction Override

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

11.6 General

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

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

Notwithstanding the restrictions on transfer of Shares of this Article 11, in the case of any Shares that are listed for trading on a Regulated Market or MTF and/or admitted for settlement through any uncertificated system, PEPR will not be permitted to decline to register or recognise any transfer of such Shares if the refusal to register or recognise such transfer would not be permitted by the listing rules of such Regulated Market or MTF or uncertificated system, through which such Shares then trade and settle.

Article 12. Redemption of Shares and Compulsory Transfer of Shares

Shares shall not be redeemable at the option of Shareholders.

Shares shall be redeemed by the Management Board in accordance with the provisions set out in Article 8 as well as the Law of 1915. In addition, Shares may be called by the Management Board for redemption or be compulsorily transferred to any other Person in the following circumstances:

- i. if the continued participation of a Shareholder is likely to cause PEPR or the Management Board to violate any material law, regulation, or interpretation or would result in PEPR, the Management Board or any Shareholder suffering material taxation, economic or other disadvantages which they would not have suffered had such Person not been or ceased to be a Shareholder;
- ii. if such Shareholder has materially violated any provision of these Articles of Incorporation, including for the avoidance of doubt the breach of any restrictions on ownership of Shares;
- iii. if the Shares 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 Articles of Incorporation or the transfer restrictions set forth in the relevant Information Memorandum or offering document;
- iv. if in the opinion of the Management Board (a) such redemption or compulsory transfer would be appropriate to protect PEPR from registration of the Shares 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 Shares would cause material regulatory or tax or other fiscal disadvantage to PEPR;
- v. if the Shares were acquired or are being held by or for the account of any Benefit Plan Investor; and
- vi. such other circumstances as the Management Board may determine, where continued ownership would be materially prejudicial to the interests of PEPR or the Shareholders.

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

The amount payable on such redemption of Shares shall be the lower of (i) the NAV or (ii) the trading price (if applicable) of the Shares of the relevant Class (or Series thereof) on the most recent Valuation Day or trading days, as the case may be, 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 Shareholders) after the effective date of the redemption and may be paid in cash or, subject to the approval of each relevant individual Shareholder, marketable securities. Costs associated with the redemption or compulsory transfer may, if the Management Board so decides, be charged to the Shareholder whose Shares are redeemed or transferred and such costs shall be deducted from the redemption or transfer proceeds payable to the Shareholder in circumstances where the Management Board has exercised its power to redeem or compulsorily transfer Shares pursuant to paragraph (ii) or (iii) of this Article 12.

The amount payable on compulsory transfer shall be the lesser of (i) the NAV of the Shares of the relevant Class (or Series thereof) or (ii) the best price reasonably obtainable from any other Person as determined by the Management Board at its reasonable discretion.

Any Shares 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 Shareholder whose Shares are being redeemed or compulsorily transferred shall be bound to deliver to the Management Board or any duly appointed agent thereof the certificate issued in representation of the relevant Shares for cancellation.

In order to give effect to the provisions on redemption and compulsory transfer of Shares described above, any certificates evidencing the Shares 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 Shares held directly or indirectly by Benefit Plan 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 Board or the Investment Managers 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 Shares;
- 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 Board 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 Board acting in respect of PEPR, including for the avoidance of doubt the reimbursement by the Management Board 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 Supervisory Board in accordance with Article 4 and leasing fees and commissions and construction management fees being at or below market rates as shown by the schedule provided annually to the Supervisory Board in accordance with Article 4), when assisting the Management Board subject to the Management Board 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 Shares in PEPR or the admission to listing and/or trading of the Shares on a regulated market, and all fees and expenses relating to the arrangement of debt facilities of and for PEPR, including fees of placement agents and underwriters. Such fees and expenses shall include fees and expenses of a ProLogis Related Party assisting the Management Board subject to the Management Board 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' and underwriters' fees and out-of-pocket expenses, legal, accounting, surveyors', valuation and other professional fees and expenses (including the costs of indemnifying such agents, underwriters and professionals);
- viii. reporting and publishing expenses, including the cost of preparing and/or filing these Articles of Incorporation and all other documents concerning PEPR, including any Information Memorandum and explanatory memoranda and registration statements with all authorities having jurisdiction over PEPR or the offering of Shares of PEPR; the cost of preparing, in such languages as are required for the benefit of the Shareholders, including the beneficial holders of

the Shares, 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 Shareholders and the cost of convening general meetings of Shareholders;
- 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 Articles of Incorporation, 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 Shareholders and any fees and expenses involved in registering and maintaining the registration of PEPR with any Governmental agencies or listing of Shares or preferential subscription rights on the Luxembourg Stock Exchange, Euronext Amsterdam or on stock exchanges in any other country; 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 Article 11.2, PEPR pays the Management Board or the Investment Managers a management fee quarterly, in arrears in cash on each calendar quarter-end day 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) zero point six per cent. (0.6%) 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) zero point one per cent. (0.1%) 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 Board or the Investment Managers an incentive fee (if any, but which will not be less than zero) on 31 December 2009 and every year thereafter calculated on a rolling three years basis, equal to:

- (a) twenty per cent. (20%) of the excess of IFRS net income per Share (before the deduction of the incentive fee payable in the current fiscal year) for the relevant incentive period (equal to the three previous fiscal years), above the sum of the product of i) NAV per Share at the beginning of each fiscal year during the relevant incentive period, and ii) a hurdle rate of nine per cent. (9%) per annum; multiplied by
- (b) the weighted average number of Shares 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 Board, or the Investment Managers, 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 Articles of Incorporation (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 Shareholder in any circumstances. The Fee Credit Account shall not bear interest.

For the avoidance of doubt, the incentive fee and any related components for the years ending 31 December 2009, 31 December 2010 and 31 December 2011 shall be calculated on the basis of a three-year incentive period irrespective of the conversion of PEPR's legal form to a SICAF and, to the extent applicable, treating units of PEPR prior to such conversion as if they were Shares. The balance of the Fee Credit Account shall be unaffected by such conversion.

Except to the extent provided for in the Investment Management Agreement as at the date of these Articles of Incorporation or as subsequently approved by the Supervisory 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 Board 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 Board 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. The first fiscal period of PEPR as a SICAF shall end on 31 December 2009 and the last fiscal year of PEPR shall terminate on the date of the final distribution in winding-up PEPR.

The accounts of PEPR will be audited by an Independent Auditor who shall be appointed by the general meeting of Shareholders. Prior to tabling a resolution approving the appointment of the Independent Auditor, the Management Board shall consult with the Supervisory Board in accordance with Article 4 and request that the Supervisory Board indicates whether or not it is in favour of such proposal. The accounts of PEPR will be prepared in Euro and in accordance with IFRS as adopted by the EU.

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

Each Shareholder shall provide from time to time such information to PEPR as may be reasonably requested for the purpose of determining to what extent any Shares are owned, directly or indirectly, by a Non-Exempt Shareholder, and provide any other information necessary to PEPR in view of fulfilling its tax compliance requirements, and PEPR shall provide such assistance as any Shareholder may reasonably request in connection therewith.

Article 15. Distributions

Distributions in relation to each fiscal year, as well as the amount of such distributions, will be proposed by the Management Board and require approval annually by the general meeting of Shareholders by fifty per cent. (50%) of the votes validly cast (which must include the affirmative vote of the Management Board) and with no quorum requirement; and interim dividends, as well as the amount of such dividends, will be determined by the Management Board without the need for Shareholders' consent, provided that in no event shall any distributions be made which would result in the net assets of PEPR falling below the minimum amount required under Luxembourg law, which as at the date of these Articles of Incorporation is €1,250,000.

Distributions of dividends will be made in the following sequence:

- (i) Preferred Shares 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 Article 24;
- (ii) Preferred Shares will receive pro rata payment of an amount in respect of each Preferred Share, calculated to provide a return at the rate of preferred return specified in Article 24 on the average Invested Capital per Preferred Share over the period from the preceding payment date;
- (iii) Preferred Shares which are subordinated to Preferred Shares 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 Shares will receive one hundred per cent. (100%) of all remaining Distributable Cash Flow which either the Management Board or the general meeting of Shareholders has decided should be distributed; provided, however, that at the time of issue of a new Class of Shares, other than Preferred Shares, the formula of distribution of Distributable Cash Flow amongst these Shares shall be set out in an amendment to the Articles of Incorporation.

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

For the avoidance of doubt, no distribution of dividends shall exceed the amount of Distributable Cash Flow available on the date on which the dividend distribution is decided.

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 Shareholder of Shares and such French 3% Tax is not paid by the relevant Non-Exempt Shareholder on its own account, the Non-Exempt Shareholder shall pay the amount of the French 3% Tax to PEPR or as the Management Board 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 Shares owned, directly or indirectly, by the relevant Non-Exempt Shareholder and (ii) any Shares in relation to which the direct owner of the Shares remains the same but the relevant Non-Exempt Shareholder 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 Shareholder. In addition, the Management Board may, at any time, take such steps in accordance with Articles 11 and 12 of these Articles of Incorporation as it deems appropriate.

The Management Board has 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 in the Portfolio will be either treated as Distributable Cash Flow (and distributed as described above) or held for investment and re-investment. The prior approval of the Supervisory Board is required in accordance with Article 4 for 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.

If unpaid after five years following the decision to distribute dividends, the entitlement to such dividends shall lapse in favour of PEPR.

Article 16. Amendments to the Articles of Incorporation

Any amendment to the Articles of Incorporation requires an affirmative vote at the general meeting of Shareholders of sixty-seven per cent. (67%) of the votes validly cast, other than Preferred Shares, provided however that Preferred Shares are entitled to vote on any change to the Articles of Incorporation impacting their rights.

Article 17. Shareholders' Meetings

17.1 General

The general meeting of Shareholders shall be convened by the Management Board or the Supervisory Board.

Meetings may also be convened upon the request of (i) Shareholders representing at least one-tenth of the Shares in issue, provided that any Shares which are not entitled to vote on any point on the agenda for such meeting shall be disregarded or (ii) in relation to Class specific meetings of Shareholders, Shareholders representing at least one-tenth of the Shares of the relevant Class.

Notice of any such meeting of Shareholders containing the agenda, the time and the place for the meeting shall be sent by the Management Board or any agent thereof to all Shareholders at their registered addresses not less than fourteen (14) days prior to the date of the meeting. The agenda shall be prepared by the Management Board provided that if the meeting is called by the Supervisory Board or upon the request of Shareholders, the agenda is set by the Supervisory Board or the Shareholders requesting the meeting, as applicable, in which instance the Management Board may prepare a supplementary agenda.

Shareholders may participate in any general meetings of Shareholders in person or by written proxy granted specifically for the Shareholders' meeting at which it is to be exercised. Shareholders participating in the meeting by way of videoconference or by way of telecommunication means permitting their identification shall be deemed present for the calculation of quorum and majority. Such means shall satisfy technical characteristics which ensure an effective participation in the meeting whose deliberation shall be on-line without interruption.

The quorum at a general meeting shall be Shareholders present or represented holding at least fifty per cent. (50%) of all Shares outstanding on the date of the meeting unless otherwise stated herein, provided however that Classes of Preferred Shares, if any, shall be disregarded in order to determine whether the meeting is quorate to the extent such Shares are not entitled to vote. For Class specific meetings, the quorum shall be fifty per cent. (50%) of all Shares 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 convened by the Management Board on the day falling fourteen (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 these Articles of Incorporation, each Shareholder present in person or represented by written proxy at a general meeting of Shareholders and having a right to vote pursuant to these Articles of Incorporation shall have one vote for each Share held, provided that if Shares are not fully paid-in, the voting rights attached thereto shall be proportionate to Invested Capital. Shares of the same Class and of the same Class issued in Series shall vote as a single Class. Fractional Shares shall have no rights to vote.

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

The quorum and majority requirements applicable to general meetings of Shareholders set out in these Articles of Incorporation 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 ⁽¹⁾	50%	67%
3 Amendment to the Articles of Incorporation	50%	67%
4 Termination of the Investment Management Agreement for cause	No quorum	50%
5 Election of Board Members	No quorum	50%
6 Election of Managers	No quorum	50%
7 Appointment of Independent Auditor	No quorum	50%
8 Approval of financial accounts for previous fiscal year	No quorum	50%
9 Resolution on dividend distribution	No quorum	50%

(1) For the avoidance of doubt, the change of nationality of PEPR and any Change of the Legal Form impacting the limited liability status of the Shareholders require the unanimous vote of all Shareholders

17.2 Right to Vote

Except as otherwise provided in these Articles of Incorporation, a resolution of the general meeting of Shareholders in order to be validly adopted requires an affirmative vote of fifty per cent. (50%) of the votes validly cast.

The approval or removal of the Managers and the Board Members shall be subject to a vote of Ordinary Shares at the annual general meeting of the Shareholders as described in Article 2 and Article 4 of the Articles of Incorporation, respectively. In addition, Ordinary Shares shall at the annual general meeting, by simple majority of the votes validly cast 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 25 May each year at 9.00 a.m. in Luxembourg at such place as indicated in the convening notice. If such day is a legal or a bank holiday in Luxembourg, the annual general meeting shall be held on the next following business day.

Any amendment to the Articles of Incorporation requires an affirmative vote of sixty-seven per cent. (67%) of the votes validly cast at the general meeting of Shareholders, other than Preferred Shares, provided however that Preferred Shares are entitled to vote on any change to the Articles of Incorporation impacting their rights.

The Management Board may be terminated by a vote of Shares as prescribed in Article 17.

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

Preferred Shares are entitled to vote in the same manner as the holders of Ordinary Shares on resolutions tabled at the general meeting on which they would otherwise not be entitled to vote pursuant to these Articles of Incorporation, (i) where, despite the existence of sufficient profits available for distribution, the preferential cumulative dividends have not been paid in their entirety for any reason whatsoever for a period of two successive fiscal years, until such time as all cumulative dividends shall have been fully distributed and/or (ii) where a change to the Articles of Incorporation impacting their rights is proposed to be adopted.

17.3 Further Issues

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

Article 18 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 Board will be mailed to Shareholders at their request at their registered addresses and also made available to the Shareholders at the registered offices of the Management Board and the Custodian.

Any amendments of these Articles of Incorporation, 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 Board or required by authorities having jurisdiction over PEPR or the sale of its Shares. Notices to Shareholders shall be published in such newspaper as shall be determined by law and by a decision of the Management Board or required by authorities having jurisdiction over PEPR or the sale of its Shares.

All communications of investors with PEPR should be in writing and addressed to the Management Board at the registered office of PEPR.

Article 19. Change of Legal Form, Duration of PEPR and Winding-up Provisions

19.1 Change of Legal Form

Any change in legal form of PEPR must be tabled by the Management Board before a general meeting of Shareholders and approved at such general meeting of Shareholders by an affirmative vote of the Management Board and sixty-seven per cent. (67%) of the votes validly cast, unless the consent of all Shares is required by Luxembourg law or the Luxembourg Supervisory Authority.

In the event of a change in tax law or regulations of the United States 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 Board 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 Shareholder consents.

19.2 Duration of PEPR—Liquidation

The life of PEPR is unlimited. Any resolution to wind-up PEPR (other than in the circumstances described in Article 20.3) shall require a resolution tabled at the initiative of the Management Board and adopted by sixty-seven per cent. (67%) of the votes validly cast at the general meeting of Shareholders, provided that prior to tabling such resolution, the Management Board has consulted with the Supervisory Board and has requested that the Supervisory Board indicate whether or not it is in favour of such proposal, in accordance with Article 4.

In the event of a winding-up of PEPR, the Management Board, acting as liquidator, 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 Shareholders including ProLogis or a ProLogis Related Party will be made in cash.

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

19.3 Minimum size of PEPR

Pursuant to the Law of 2002, the total net assets of PEPR may not be less than EUR 1,250,000.00. The Management Board 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 Board to wind-up PEPR. The winding-up shall be carried out by one or more liquidators in accordance with the Law of 2002 specifying the steps to be taken to enable Shareholders to

participate in the distribution of liquidation proceeds and provide for a deposit in escrow at the public trust office (*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.

19.4 Winding-up

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

- i. Preferred Shares 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 Article 24;
- ii. Preferred Shares with the same ranking will receive payment of a preferred return on the issue price per Share for the period from the preceding date on which Distributable Cash Flow was distributed at the rate specified in Article 24;
- iii. Preferred Shares with the same ranking will receive a return of the issue price per Preferred Share;
- iv. Preferred Shares which are subordinated to Preferred Shares 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 Shares other than Preferred Shares will receive a payment of Residual Value to each Share pro rata to the number of outstanding Shares; and Preferred Shares shown in Article 24 which are eligible for allocation under this paragraph (v) will receive amounts calculated in accordance with Article 24.

Article 20. Indemnification and Standard of Care

In performing its functions under these Articles of Incorporation the Management Board shall act with due diligence and in good faith in the best interests of PEPR and the Custodian shall use reasonable care in the exercise of its functions. The Management Board and the Custodian and their respective managers, directors, officers, employees, partners and agents (including any Correspondent) and the Supervisory Board as a body or any Board Member shall not be liable for any error of judgment 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 Articles of Incorporation relate, except for, in the case of each considered individually, any loss resulting from:

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

The Management Board, the Custodian, any Correspondent, and any distributors appointed by the Management Board 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 Articles of Incorporation, willful misconduct, fraud or malfeasance by an Indemnitee;

- b) in the case of the Management Board or the Custodian and Indemnitees performing functions for and on behalf of the Management Board or the Custodian, the non-fulfillment or improper fulfillment of the Management Board'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 Supervisory Board as a body or any Board Member, gross negligence, willful 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 judgment 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 Shareholders, and such act or omission does not constitute:

- a) a material violation of these Articles of Incorporation, willful misconduct, fraud or malfeasance by such Indemnitee;
- b) in the case of the Management Board or the Custodian and an Indemnitee performing functions for and on behalf of the Management Board or Custodian, the non-fulfillment or improper fulfillment of the Management Board'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 Supervisory Board as a body or any Board Member, gross negligence, willful misconduct or fraud.

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

Article 21. United States Federal Income Tax Matters

PEPR will elect to be classified as a partnership for United States ("U.S.") Federal income tax purposes as at the date hereof. As such, any investor which owns a Share or Shares 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 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 Shares held by each U.S. partner, in a manner consistent with the economic interest in PEPR's profit and losses represented by such Shares as set forth in these Articles of Incorporation.

Notwithstanding anything to the contrary in the Articles of Incorporation, profits and losses shall be allocated as though the Articles of Incorporation 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. Treasury Regulations 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. Treasury Regulations 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. The Management Board intends to cause each direct or indirect subsidiary of PEPR to take such action as may be required under local law to properly authorise one or more officers of such subsidiary to make all United States tax elections designated by the Tax Matters Partner on behalf of such subsidiary, including, without limitation, an election under U.S. tax regulation Section 301.7701-3 with respect to the classification of such subsidiary for U.S. Federal income tax purposes.

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 the calendar year.

The Management Board 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 22. Applicable Law

All matters not governed by these Articles of Incorporation shall be determined in accordance with the Law of 1915 and the Law of 2002 as such laws have been or may be amended from time to time.

Article 23. Schedule

23.1 DISTRIBUTION OF DISTRIBUTABLE CASH FLOW UNDER ARTICLE 15

<u>Class/Series</u>	<u>Category</u>	<u>First Distribution Date</u>	<u>Preferred Shares: Rate of Preferred return and whether cumulative</u>	<u>Preferred Shares: Entitlement to allocation and whether subordinated to any Class of Preferred Shares together with ranking</u>	<u>Other Shares: Entitlement to allocation</u>
Ordinary Shares	—	within thirty days after 1 September 2009	—	—	As specified in Article 15

23.2 ALLOCATION OF RESIDUAL VALUE UNDER ARTICLE 20

<u>Class/Series</u>	<u>Category</u>	<u>Preferred Shares: Rate of Preferred return and whether cumulative</u>	<u>Preferred Shares: Entitlement to allocation and whether subordinated to any Class of Preferred Shares together with ranking</u>	<u>Preferred Shares: Entitlement to allocation under paragraph (v) of Article 20.4</u>	<u>Other Shares: Entitlement to allocation under paragraph (v) of Article 20.4</u>
Ordinary Shares	—	—	—	—	As specified in Article 20.4

Schedule 2

Articles of incorporation of ProLogis European Properties as an investment company with a fixed share capital (*société d'investissement à capital fixe*) under the form of a partnership limited by shares (*société en commandite par actions*)

ProLogis European Properties
Société d'Investissement à Capital Fixe
Siège social: 34–38, Avenue de la Liberté, L-1930 Luxembourg

ARTICLES OF INCORPORATION

INTERPRETATION

In these Articles of Incorporation, the following expressions shall, where not inconsistent with the context, have the following meanings respectively:

- “**Article**” means an article of these Articles of Incorporation.
- “**Articles of Incorporation**” means these articles of incorporation.
- “**Board Members**” means collectively, the ProLogis Board Members and the Independent Board Members of the Supervisory Board, and “**Board Member**” means any one of them.
- “**Business Day**” means a day on which banks are open for business in Luxembourg and Amsterdam (excluding Saturdays, Sundays and public holidays).
- “**Cause**” means (i) gross negligence, wilful misconduct or fraud by the General Partner or (ii) failure by ProLogis or a ProLogis Related Party to observe the ownership requirements and/or restrictions on transfer of Shares set out in Article 11.2.
- “**Class**” means a class of Shares issued by PEPR, and includes the Ordinary Shares, the Preferred Shares and any further Classes of Shares issued by PEPR.
- “**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 General Partner.
- “**Distribution Facility**” or “**Distribution Facilities**” means any industrial warehouse, any logistics distribution facility, any manufacturing and retail facility and/or any other distribution facilities.
- “**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 Shares and (iii) accruals for any incentive fees payable to the General Partner or the Investment Managers in accordance with Article 13, 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 by the General Partner with the approval of the Supervisory 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 Supervisory Board. Any distributions must be in compliance with the obligation to create a legal reserve as set out in Article 15.
- “**Domiciliary and Service Agent**” means ProLogis Management Services S.à r.l. or such other domiciliary and service agent from time to time appointed by the General Partner.
- “**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).
- **“General Partner”** means ProLogis European, a *société à responsabilité limitée* existing under the laws of the Grand Duchy of Luxembourg and formerly known as ProLogis Management S.à r.l., a wholly owned indirect subsidiary of ProLogis, or any successor General Partner that may be appointed under these Articles of Incorporation and which by virtue of the Law of 1915 is subject to unlimited liability.
- **“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 Auditor”** means the independent auditor appointed in accordance with Article 14.
- **“Independent Board Member”** means a member of the Supervisory Board elected by a general meeting of Shareholders in the manner described in Article 4.
- **“Information Memorandum”** means the information memorandum or prospectus of PEPR issued from time to time.
- **“Invested Capital”** means in respect of each Class of Shares (or any Series thereof) the respective paid-up contributions at any point in time equaling at least twenty-five per cent. (25%) of the initial issue price in relation to such Class of Shares (or such Series thereof), provided that where Shares of the Class of Ordinary Shares existing as of the date of these Articles of Incorporation are issued, such Shares must be fully paid in upon issuance.
- **“Investment Management Agreement”** means the investment management agreement between PEPR and the Investment Managers initially entered into between the Management Company and the Investment Managers on 15 September 1999 and 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 as of 27 September 2006).
- **“Investment Managers”** means collectively the investment managers appointed by the General Partner 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 Objective and Policy”** means the investment objective and policy of PEPR as described in Article 6.
- **“Law of 1915”** means the Luxembourg law of 10 August 1915 on commercial companies, as amended.
- **“Law of 2002”** means the Luxembourg law of 20 December 2002 on Undertakings for Collective Investment, as amended.
- **“Limited Partners”** means the holders of Shares other than the General Partner and whose liability is limited to their investment and/or commitment.
- **“Luxembourg Supervisory Authority”** means the *Commission de Surveillance du Secteur Financier* or Luxembourg Supervisory Authority in Luxembourg.
- **“Managers”** means the managers of the General Partner.

- “**MTF**” means a multilateral system, operated by an investment firm or a market operator, which brings together multiple third-party buying and selling interests in financial instruments—in the system and in accordance with non-discretionary rules—in a way that results in a contract in accordance with the provisions of Title II of the Directive 2004/39/EC.
- “**NAV**” means the net assets of PEPR, being the assets minus the liabilities, or where the context so requires, the net asset value per Share of each Class (or Series thereof) as determined in accordance with Article 9.
- “**Non-Exempt Shareholder**” means an entity who owns, directly or indirectly, Shares and who is not exempt from the French 3% Tax.
- “**Ordinary Shareholder**” means a holder of Ordinary Shares.
- “**Ordinary Shares**” means the ordinary shares issued pursuant to Article 8.
- “**PEPR**” means ProLogis European Properties, a partnership limited by shares (*société en commandite par actions*) as defined by the Law of 1915, qualifying as an investment company with fixed share capital (SICAF), governed by Part II of the Law of 2002 pursuant to these Articles of Incorporation, 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.
- “**PLD**” means PLD International Incorporated, a corporation established under the laws of the State of Delaware, United States.
- “**Portfolio**” means the Distribution Facilities owned by PEPR, the interest of PEPR 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 Articles of Incorporation.
- “**Preferred Shareholder**” means a holder of Preferred Shares.
- “**Preferred Shares**” means Shares that provide to holders a preferred cash distribution and a preferred reimbursement of Invested Capital (or such other amounts as specified by the General Partner on the issue thereof) upon a winding-up of PEPR.
- “**Private Equity Fund Investment Agreement**” means the agreement between the General Partner and PLD in relation to the right of the General Partner 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.
- “**ProLogis Board Member**” means a member of the Supervisory Board appointed by the general meeting of Shareholders in the manner described in Article 4.
- “**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 thirty-five 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.
- “**Registrar and Transfer Agent**” means RBC Dexia Investor Services Bank S.A. or such other registrar and transfer agent from time to time appointed by the General Partner.
- “**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.
- “**Series**” means a series of Shares within a particular Class of Shares.

- “**Shareholders**” means the holders of Shares.
- “**Shares**” means shares in PEPR which may be issued in different Classes or Series by PEPR pursuant to these Articles of Incorporation, including, but not limited to the Ordinary Shares and the Preferred Shares.
- “**SICAF**” means a *société d’investissement à capital fixe*.
- “**Supervisory Board**” has the meaning set out in Article 4.
- “**Tax Matters Partner**” has the meaning set out in Article 22.
- “**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.
- “**United States**” means the United States of America, its territories and possessions, any state of the United States and the District of Columbia.
- “**Valuation Day**” means any Business Day which is designated by the General Partner 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 General Partner shall be permitted to designate Valuation Days more frequently than semi-annually, in relation to the issuance of Shares pursuant to Article 8, or in relation to any other circumstances if deemed appropriate by the General Partner, or if otherwise required by Luxembourg law or any other applicable law or regulation. The last Valuation Day of PEPR as a closed-ended *fonds commun de placement* was 30 June 2009. The next Valuation Day will be 31 December 2009.

Article 1. Legal Structure—Name—Registered office—Duration—Purpose

1.1 PEPR was originally established in Luxembourg on 10 September 1999 as a closed-ended *fonds commun de placement* and following its conversion on 30 September 2009 into a *société d’investissement à capital variable* in accordance with article 132 (2) of the Law of 2002, it has immediately thereafter been converted into a closed-ended SICAF governed by these Articles of Incorporation.

Pursuant to these Articles of Incorporation, PEPR is a partnership limited by shares (*société en commandite par actions*) as defined by the Law of 1915, qualifying as an investment company with fixed share capital (SICAF) and governed by Part II of the Law of 2002.

The assets of PEPR are held in custody by the Custodian and shall be segregated from those of the General Partner.

By the acquisition of Shares of any Class (or any Series thereof) in PEPR, a Shareholder is deemed to have fully accepted these Articles of Incorporation, which determine the relationship among the Shareholders.

1.2 The full name of PEPR is “**ProLogis European Properties**”.

1.3 The registered office of PEPR is established in Luxembourg, Grand Duchy of Luxembourg.

It may be transferred within the municipality of Luxembourg by means of a resolution of the General Partner and to any other municipality in the Grand Duchy of Luxembourg by means of a resolution of the general meeting of Shareholders amending this Article 1, in accordance with Article 16.

Branches, subsidiaries or other offices of PEPR may be established either in the Grand Duchy of Luxembourg or abroad by a resolution of the General Partner.

In the event that the General Partner determines that extraordinary political or military events have occurred or are imminent which would interfere with the normal activities of PEPR at its registered office or with the ease of communication between such office and persons abroad, the registered office may be temporarily transferred abroad until the complete cessation of these extraordinary circumstances; such provisional measures shall have no effect on the nationality of PEPR which, notwithstanding such temporary transfer, shall remain a Luxembourg corporation.

1.4 PEPR is established for an undetermined period of time.

1.5 The purpose of PEPR is to invest in Distribution Facilities (i) directly or (ii) through one or several wholly-owned or partially owned subsidiaries or (iii) through direct or indirect shareholdings in, and debt instruments, convertible securities and other financial instruments of, real estate companies with the purpose of affording its Shareholders the results of the management of its assets.

On an ancillary basis or for defensive purposes, PEPR may invest all or part of its assets in cash, cash equivalents, similar financial instruments or debt securities. PEPR may further use techniques and instruments (i) relating to transferable securities and (ii) intended to provide protection against currency and/or interest rate risks to the extent permitted by Luxembourg law as more particularly described in the Information Memorandum from time to time.

The aggregate of all borrowings of PEPR shall be in conformity with Article 7 hereof.

PEPR may further guarantee, grant loans or otherwise assist directly or indirectly wholly owned subsidiaries and partially owned subsidiaries controlled by PEPR.

The Investment Objective and Policy of PEPR shall be determined by the General Partner pursuant to Article 6 hereof.

PEPR may take any measures and carry out any transaction which it may deem useful for the fulfillment and development of its purpose to the maximum extent permitted under the Law of 2002.

Article 2. The General Partner

2.1 PEPR shall be managed by the General Partner, in its capacity as sole general partner (*associé commandité*) and manager of PEPR.

2.2 The General Partner 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 Articles of Incorporation and the Law of 1915, including, without limitation, Articles 4, 6, 7 and 20, 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 General Partner shall be limited to the administration and management of PEPR and it shall not administer or manage any other investment fund or company.

The General Partner may delegate its powers to conduct the daily management and affairs of PEPR (including the right to act as authorised signatory for PEPR) and its powers to carry out acts in furtherance of PEPR's corporate policy and purpose to one or several Persons, which shall have the powers determined by the General Partner and who may, if the General Partner so authorises, sub-delegate their powers.

The General Partner may also confer other special powers of attorney by notarial or private proxy.

All powers not expressly reserved by law or by these Articles of Incorporation to the general meeting of Shareholders or to the Supervisory Board are within the powers of the General Partner.

2.3 PEPR is validly bound vis-à-vis third parties by the signature of the General Partner represented by duly appointed representatives, or by the signature(s) of any other Person(s) to whom authority has been delegated by the General Partner at its sole discretion.

2.4 The General Partner, 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.

2.5 The fees paid by PEPR to the General Partner or the Investment Managers are described in Article 13.

2.6 The General Partner is responsible for implementing the Investment Objective and Policy of PEPR subject to the restrictions set out in Articles 6 and 7. The General Partner 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.

2.7 The General Partner 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 General Partner shall be liable for the acts or omissions of the Investment Managers, the Managers and any other agents it shall appoint under these Articles of Incorporation as if such acts or omissions were those of the General Partner itself.

2.8 The General Partner may appoint such other agents, including transfer agents, listing agents and paying agents, to perform such services in connection with its obligations under these Articles of Incorporation as it 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.

2.9 The General Partner has appointed ProLogis Management Services S.à r.l. to 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. Furthermore the General Partner has appointed ProLogis Management Services S.à r.l. as Domiciliary and Service Agent for the wholly-owned subsidiaries of PEPR organised in Luxembourg and which is in such capacity responsible for all domiciliary and service agency duties required by Luxembourg law.

For the avoidance of doubt, the General Partner may terminate and replace the Administrative Agent and/or the Domiciliary and Service Agent with a new administrative agent and/or Domiciliary and Service Agent or amend the terms and conditions of the agreement with the administrative agent and/or Domiciliary and Service Agent without the prior approval of the general meeting of Shareholders. The termination and replacement of the Administrative Agent and/or the Domiciliary and Service Agent is subject to the approval of the Luxembourg Supervisory Authority.

2.10 The appointment of the General Partner may only be terminated as prescribed in Article 17. Any such termination of the General Partner's appointment and the appointment of a successor general partner shall not be subject to the approval of the General Partner.

The General Partner shall not resign nor take other actions which would have as a deliberate result that it could no longer act as general partner of PEPR, other than pursuant to the terms of these Articles of Incorporation or with the approval of the general meeting of Shareholders subject to the quorum and majority rules required for amending these Articles of Incorporation.

The General Partner shall not wind-up PEPR except (i) following prior consultation with the Supervisory Board in accordance with Article 4 and with the consent of the general meeting of Shareholders, in accordance with Article 20.2 or (ii) in accordance with Article 20.3.

2.11 The General Partner shall comply with its obligations contained in these Articles of Incorporation, the Law of 2002, the IML Circular 91/75 and all other applicable Luxembourg laws and regulations. The General Partner shall manage PEPR in accordance with the principle of equal treatment of Shareholders.

2.12 The accounts of the General Partner shall be prepared in Euro.

Article 3. The Custodian and Other Agents

The Custodian shall carry out the usual duties regarding custody, cash and securities deposits. In particular, upon proper instructions of the General Partner, the Custodian will execute all financial transactions and provide such banking facilities for PEPR and its wholly owned subsidiaries as the General Partner may require.

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 currently 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 will further, in accordance with the Law of 2002:

- (a) ensure that the sale, issue, redemption and cancellation of Shares effected on behalf of PEPR are carried out in accordance with the Law of 2002 and these Articles of Incorporation;
- (b) 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
- (c) ensure that the income and assets attributable to PEPR and its wholly owned subsidiaries are applied in accordance with these Articles of Incorporation.

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 General Partner; and provided further that the General Partner 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 General Partner on behalf of PEPR or the Custodian upon 90 days’ prior written notice; provided, however, that such termination by the General Partner is subject to the requirement that within two months a new custodian assumes the responsibilities and functions of the Custodian under these Articles of Incorporation; and provided, further, that the appointment of the Custodian shall, if terminated by the General Partner, 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 General Partner on behalf of PEPR shall appoint a new custodian who shall assume the responsibilities and functions of the Custodian under these Articles of Incorporation, provided that the Custodian’s termination shall not become effective until (i) a new custodian is appointed by the General Partner and (ii) all assets of PEPR and its wholly owned subsidiaries held by the Custodian have been transferred to the new custodian. For the avoidance of doubt, the General Partner may terminate and replace the Custodian with a new Custodian or amend the terms and conditions of the agreement with the Custodian without the prior approval of the general meeting of Shareholders. The termination and replacement of the Custodian is subject to the approval of the Luxembourg Supervisory Authority.

All cash other than cash deposited with such banks as may be indicated by the General Partner 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 Shareholders on the terms of these Articles of Incorporation. The Custodian may, under its own responsibility and with the approval of the General Partner, 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 General Partner 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 General Partner or any agent appointed by the General Partner.

Upon receipt of proper instructions from or as previously properly instructed by the General Partner, the Custodian and the Correspondent and such other banks as indicated by the General Partner 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.

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; and
- (b) 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 General Partner is authorised and has the obligation to bring claims of the Shareholders against the Custodian.

Nothing in this Article 3 shall preclude the direct assertion of claims from Shareholders against the Custodian or the General Partner, 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 General Partner on behalf of PEPR 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 General Partner 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 General Partner, 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.

Furthermore, RBC Dexia Investor Services Bank S.A. has been appointed on 21 April 2006 as Registrar and Transfer Agent.

For the avoidance of doubt, the General Partner may terminate and replace the Registrar and Transfer Agent with a new Registrar and Transfer Agent or amend the terms and conditions of the agreement with the Registrar and Transfer Agent without the prior approval of the general meeting of Shareholders. The termination and replacement of the Registrar and Transfer Agent is subject to the approval of the Luxembourg Supervisory Authority.

Article 4. The Supervisory Board

The business of PEPR and its financial situation shall be supervised by a Supervisory Board (the “*Conseil de Surveillance*”) comprising four (4) Independent Board Members and two (2) ProLogis Board Members. A Board Member may not at the same time be a Manager of the General Partner. The Supervisory Board shall designate a chairman amongst the Independent Board Members.

The Supervisory Board shall not have the power to, and shall not, take any management decision *in lieu* of the General Partner and neither the Supervisory 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.

The Independent Board Members and the ProLogis Board Members shall be appointed by the annual general meeting of Shareholders (except for the initial Board Members, who are appointed by virtue of the adoption of these Articles of Incorporation) and their appointment and term shall be as prescribed below in this Article 4.

The General Partner may not take any of the following actions on behalf of PEPR without *prior approval* of the Supervisory 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) the annual approval of the appointment and the terms and conditions of the appointment of the Independent Appraiser for a term of one year. Such appointment may not be terminated by the General Partner without the prior approval of the Supervisory Board;
- (c) any increase in the level of leverage of PEPR (within the limits laid down by Article 7);
- (d) any major debt financings or 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 gross asset value of PEPR as at the most recent Valuation Day);
- (e) 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;

- (f) the approval of 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 Supervisory Board, the General Partner will 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 General Partner may vary the relevant items by a percentage amount of up to five per cent. (5%);
- (g) 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 Articles of Incorporation and the Investment Management Agreement. With regard to related party transactions, the General Partner will provide the Supervisory 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;
- (h) 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;
- (i) the approval of legal fees and tax compliance fees payable to any ProLogis Related 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 Articles of Incorporation) which may be paid to the Investment Managers out of the net assets of PEPR and not deducted from the General Partner's base management fee;
- (j) any decision to terminate the Investment Management Agreement other than for cause;
- (k) any decision to extend the term of the Investment Management Agreement;
- (l) any decision to exercise the 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; and
- (m) any issue of Shares by decision of the General Partner in accordance with these Articles of Incorporation within the limits of the Authorised Capital, and the terms of any such issuance (including the currency of denomination of the Shares, the appointment of any placement agents or distributors designated in respect of such issuance and the amount of their fees, which must be on an arm's length basis).

Before the General Partner may, at its own initiative, table any of the following proposals (n) to (r) before a general meeting of Shareholders, the General Partner is required to consult with the Supervisory Board and request that the Supervisory Board indicates whether or not it is in favour of such proposal. The notice addressed by the General Partner to the Shareholders to convene a general meeting of Shareholders at which any of the proposals listed hereinafter under (n) to (r) is to be voted upon will contain an indication of whether the Supervisory Board is or is not in favour of such proposal. For the avoidance of doubt, the Supervisory Board's indication is not binding on either the General Partner or the general meeting of Shareholders.

- (n) any amendments to the Articles of Incorporation;
- (o) the annual approval of the appointment and the terms and conditions of the appointment of the Independent Auditor for a term of one year;
- (p) any issue of Shares in accordance with these Articles of Incorporation (other than within the Authorised Capital), and the terms of any such issuance (including the currency of denomination of the Shares, the appointment of any placement agents or distributors designated in respect of such issuance and the amount of their fees, which must be on an arm's length basis);
- (q) any changes to the method of calculating NAV prescribed in the Articles of Incorporation; and

- (r) any decision to table before the general meeting of Shareholders a resolution to wind-up PEPR, under Article 20.2.

The Supervisory Board shall consider in good faith and reasonable commercial judgment the proposals of the General Partner in respect of all of the above matters and any other decision or determination it is required to make acting in compliance with these Articles of Incorporation, the Information Memorandum, Luxembourg laws and regulations and in the interest of the Shareholders. The affirmative vote of four (4) members of the Supervisory Board is required:

- for the approval of any of the above matters (other than (n) through (r) above) in this Article 4;
- to indicate that the Supervisory Board is in favour of any proposal made in relation to items (n) through (r) above; or
- any other decision or determination by the Supervisory Board made pursuant to these Articles of Incorporation,

except for (i) decisions related to item (g), (h), (i), (j), (k) and (l) 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 (g)) which shall require the approval of a simple majority of Independent Board Members and (ii) decisions related to the creation of advisory committees which require the unanimous consent of all Board Members. The chairman of the Supervisory Board shall have a casting vote.

The Supervisory Board shall meet at least annually in Luxembourg. The Supervisory Board shall meet at least quarterly, unless the Supervisory Board shall agree otherwise, to review PEPR's performance and may meet more frequently. The Supervisory Board may meet upon call by the General Partner or any Board Member at the place indicated in the notice of meeting. The Supervisory Board may meet by telephone conference or videoconference. Written notice of any meeting of the Supervisory Board shall be given to all Board Members at least ten (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.

Any one Board Member may table an item on the agenda of a meeting of the Supervisory Board.

A written resolution in substitution for a meeting that is signed by all the Board Members shall be effective as a decision of the Supervisory Board.

The General Partner shall forward to the Supervisory Board all relevant information within a period of time which is reasonably sufficient in the view of the General Partner to permit the Supervisory Board to make an informed decision on the relevant matter prescribed above. In addition, the General Partner shall respond so far as practicable to a reasonable request for information made by a Board Member to assist that Board Member or the Supervisory Board to discharge its functions under this Article 4.

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

The minutes of a meeting of the Supervisory Board shall be approved at the next following meeting of the Supervisory Board.

Apart from the functions prescribed in this Article 4, the Supervisory Board is available for consultation by the General Partner and may make suggestions and requests to the General Partner. However, other than decisions relating to any of the matters listed above under (a) to (m) in relation to which the Supervisory Board has an approval right (but for the avoidance of doubt, no right to cause the General Partner to initiate action), the General Partner is neither bound by such suggestions or requests nor obligated to take direction from the Supervisory Board.

Except for the initial term prescribed below in this Article 4, the term of office of the Board Members shall be for a term of three (3) years.

A Board Member shall hold office until the next following annual general meeting of Shareholders being held on or after the relevant anniversary date of his appointment and until ratification or appointment of his successor subject, however, to prior death, resignation or removal from office.

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 (1) year, the initial Class II Independent Board Members for a term of two (2) years and the initial Class III Independent Board Member for a term of three (3) years. A person is only permitted to act as Independent Board Member if the following criteria of dependence do not apply to him. 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 resignation. These criteria are that the Independent Board Member concerned or his wife, 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) has been an executive director (or manager), employee or member of the General Partner 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 is a shareholder, partner, associate or advisor, 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 General Partner is a supervisory board member;
- (e) holds at least ten per cent. (10%) of the Shares in PEPR (including the Shares held by natural persons or legal entities which cooperate with him 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 ten per cent. (10%) of the Shares in PEPR;
- (g) has temporarily managed PEPR during the previous twelve months where Managers of the General Partner 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
- (i) has served on the Supervisory Board of PEPR for more than twelve years.

The ProLogis Board Members shall be designated Class II and Class III. The initial Class II ProLogis Board Member shall be appointed for a term of two (2) years. The initial Class III ProLogis Board Member shall be appointed for a term of three (3) years.

The initial Board Members are appointed as from 30 September 2009 and until the next following annual general meeting of Shareholders being held on or after the relevant anniversary date of their appointment and are the following:

- (i) ProLogis Board Members:
 - Class II ProLogis Board Member appointed for an initial term of two (2) years:
 - Robert J. Watson
 - Class III ProLogis Board Member appointed for an initial term of three (3) years:
 - Ted R. Antenucci
- (ii) Independent Board Members:
 - Class I Independent Board Member appointed for an initial term of one (1) year:
 - Pierre Rodocanachi

- Class II Independent Board Members appointed for an initial term of two (2) years:
 - Geoffrey Bell and
 - Sylvia Tóth
- Class III Independent Board Member appointed for an initial term of three (3) years:
 - Didier Cherpitel

At the annual general meeting of the Shareholders of PEPR at which the term of any Board Member is to expire, successors to the class of Board Member whose term is to expire shall be elected for a three-year (3) term. A Board Member whose term has expired may, but need not be, proposed as a candidate for re-election in accordance with the provisions below.

For the purposes of nominating successor Independent Board Members, the Supervisory Board will have a nomination committee composed of all Independent Board Members.

The nomination committee will propose to the general meeting of Shareholders one candidate as a proposed successor for each Independent Board Member whose term of appointment is set to expire and whose successor is to be appointed at such general meeting. In addition, one or more Shareholders who, either alone or together, hold at least ten per cent. (10%) of the issued Share capital of PEPR and which are not Shareholders related to ProLogis, may propose one alternate candidate for each candidate proposed by the nomination committee.

Each successor Independent Board Member shall be elected by a general meeting of Shareholders for which there shall be no quorum requirement, each Share having one vote per Independent Board Member seat to be filled, which may be cast in favour of a single candidate for such seat, provided that if there is only one candidate for such seat, such vote may be cast in favour of or against such candidate's appointment. In order to be elected, a candidate must at least obtain a favourable vote of fifty per cent. (50%) of the votes validly cast. If there are more than two candidates for one seat to be filled and none of the candidates obtains a favourable vote of fifty per cent. (50%) of the votes validly cast, a second vote will be passed at the same meeting on the two candidates having obtained the highest number of votes.

For the purpose of nominating successor ProLogis Board Members, the Shareholders being ProLogis Related Parties shall be entitled to draw up a list of candidates for election as ProLogis Board Members at the general meeting of Shareholders comprising a number of candidates at least equal to twice the number of ProLogis Board Members to be appointed at such general meeting.

The designated candidate(s) shall be elected from such list by a majority of at least fifty per cent. (50%) of the votes validly cast at that meeting of Shareholders at which there shall be no quorum requirement; each Share having one vote per ProLogis Board Member seat to be filled, which may be cast in favour of a single candidate for such seat.

The identity of the Board Members must be notified to the Luxembourg Supervisory Authority.

A Board Member may resign at any time by giving written notice thereof to the General Partner. The acceptance of a resignation shall not be necessary to make it effective. A Board Member may be removed with or without cause by sixty-seven per cent. (67%) of the votes validly cast at a general meeting of Shareholders.

Any vacancy on the Supervisory Board caused by the resignation (whether automatic or otherwise), removal or death of any Board Member shall be filled by an appointee approved by a majority vote of the remaining Board Members, provided that any vacancy caused by the resignation, removal or death of a ProLogis Board Member may be filled only with an appointee that is affiliated with ProLogis or any ProLogis Related Party. The successor Board Member shall hold office until the next annual general meeting of Shareholders. At such meeting, the provisions for the election of successor Board Members shall apply save that the Board Member elected at an annual general meeting to fill a vacancy shall have the same remaining term as that of his 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 General Partner, 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 General Partner 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 Articles of Incorporation or as subsequently approved by the Supervisory Board, any fees paid to the Investment Managers out of the net assets of PEPR shall be deducted from the General Partner'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 General Partner on behalf of PEPR for subsequent five year periods.

The General Partner on behalf of PEPR will terminate the Investment Management Agreement if both (i) PEPR is entitled to terminate such agreement for cause in accordance with its terms and (ii) the general meeting of Shareholders votes to terminate the Investment Management Agreement in such circumstances by an affirmative vote of sixty-seven per cent. (67%) of the votes validly cast. Furthermore, pursuant to the terms of the Investment Management Agreement, the Investment Management Agreement shall automatically terminate if the General Partner is no longer general partner 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 Shareholders through active management of direct and indirect investments in Distribution Facilities, subject to the approval of such investments by the Supervisory 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 NAV 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 Supervisory Board in accordance with Article 4, if such approval is required.

On a sale of any Distribution Facility, the General Partner 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 General Partner shall comply with the diversification requirements set out in this Article 7 in the management of PEPR. Pending investment or reinvestment or distribution of sale proceeds of Distribution Facilities or distribution of 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 NAV 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 NAV 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 NAV, 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 for 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. In relation to investments in ProLogis Private Equity Funds or ProLogis Joint Ventures, the General Partner will consider any restrictions on transfer of such investments in order to ensure that such restrictions do not unreasonably restrict the possibility of PEPR to dispose of such investments.

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 Shares 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. Share Capital—Issue of Shares

8.1 Share Capital

As at 30 September 2009, PEPR has an issued Share capital of one million nine hundred and five thousand two hundred and twenty four euro (EUR 1,905,224), consisting of one hundred and ninety million five hundred and twenty two thousand four hundred and forty one (190,522,441) fully paid Ordinary Shares with a nominal value of one euro cent (EUR 0.01).

PEPR shall have an authorised share capital (the “**Authorised Capital**”) pursuant to which the General Partner is authorised:

- (1) to issue until 30 September 2010 a number of additional Shares equal to three hundred per cent. (300%) of the number of Shares in issue as of 30 September 2009, provided that the total proceeds (including nominal value and share premium, if any) received by PEPR from such issuance of Shares not exceeding in aggregate four hundred million euro (EUR 400,000,000);
- (2) to issue during the fiscal year ending on 31 December 2010 and every fiscal year thereafter until 31 December 2013 (including the period from 31 December 2013 to 30 September 2014), a number of additional Shares equal to ten per cent. (10%) of the number of Shares in issue as at the date on which the General Partner resolves to issue Shares pursuant to the Authorised Capital.

Within the limits of the Authorised Capital, the General Partner may not issue Preferred Shares, but only Shares of an existing Class or Series.

The authorisation mentioned above may be renewed after its expiry by amending these Articles of Incorporation in accordance with Article 16.

The Authorised Capital and issued Share capital of PEPR may, with the approval of the General Partner, be increased or reduced by amending these Articles of Incorporation in accordance with Article 16.

In addition, the issued Share capital of PEPR may be increased in accordance with this Article 8 by the issuance of new Shares up to the amount of the Authorised Capital. Each time the General Partner increases the issued Share capital as authorised by these Articles of Incorporation, the General Partner shall cause this Article 8 to be amended so as to reflect such increase of capital and shall take or authorise the taking of all necessary action for the purpose of effecting such amendment in accordance with the Law of 1915. For the avoidance of doubt, any such amendment to this Article 8 made as a result of the issuance of Shares within the Authorised Capital shall not require the approval of a resolution of Shareholders in accordance with Article 16.

Either the General Partner (within the Authorised Capital) or the general meeting of Shareholders may create such capital reserves from time to time as it may determine is proper (in addition to those which are required by law) and shall create a paid-in surplus from funds received by PEPR as issue premiums on the issue and sale of its Shares; such reserves or paid-in surplus may be used to provide for the payment for any Shares which PEPR may redeem in accordance with these Articles of Incorporation and the Law of 1915, for setting off any realised or unrealised capital losses or for the payment of any dividend or other distribution (it being understood that the General Partner may decide to make interim distributions subject to the formalities set out in Article 72-2 and within the limits set out in Article 72-3 of the Law of 1915).

8.2 *Issue of Shares*

An issue of new Shares requires approval by sixty-seven per cent. (67%) of the votes validly cast at the relevant general meeting of Shareholders in accordance with Article 16 of the Articles of Incorporation, except that the General Partner will have the ability to issue new Shares within the limit of the Authorised Capital without Shareholder approval.

Prior to tabling a resolution before the general meeting of Shareholders to increase the Share capital beyond the limit of the Authorised Capital, the General Partner is required, in accordance with Article 4 above, to consult with the Supervisory Board and request that the Supervisory Board indicates whether or not it is in favour of such proposal.

Prior to increasing the Share capital within the Authorised Capital, the General Partner is required, in accordance with Article 4 above, to obtain the prior approval of the Supervisory Board.

PEPR may issue its Shares either (i) at a price per Share which is no less than the NAV per Share as determined in compliance with Article 9 hereof as of the latest Valuation Day or (ii) at a price per Share which is below the NAV per Share. Where new Shares are issued, the existing holders of Shares of the same Class or Series thereof must be reserved the right to subscribe for new Shares or Series of such Class or similar Classes on a preferential and rateable basis in accordance with the provisions contained in the Law of 1915 governing preferential subscription rights for shares issued by public companies (a “**Rights Offering**”), provided that, (i) in the case of new Shares being issued with the approval of Shareholders in accordance with the first paragraph of this Article 8.2, Shareholders may waive such preferential subscription rights in respect of all applicable Shares by sixty-seven per cent. (67%) of the votes validly cast at the relevant general meeting of Shareholders and (ii) in the case of new Shares being issued without the need for the approval of Shareholders within the Authorised Capital, then the General Partner may waive such preferential subscription rights. The preferential subscription rights referred to above may only be waived if the new Shares are issued at a price equal to or higher than the latest NAV per Share of the first Series of the relevant Class and provided that the provisions of the Law of 1915, in particular Article 32-3, have been complied with.

Where PEPR issues Shares of an existing Class, the price per Share at which such Shares are issued will be determined by the general meeting of Shareholders or the General Partner as the case may be, provided however that the preferential subscription rights referred to above may only be waived if the new

Shares are issued at a price equal to or higher than the latest NAV per Share of the first Series of the relevant Class.

Where the general meeting of Shareholders resolves to issue Shares of an existing Class of Shares (or Series thereof), the general meeting may fix a range for the issue price and may grant the power to the General Partner to set the final price within such range.

The initial issue price of any new Class of Shares (or Series thereof) shall be determined by the general meeting of Shareholders which may fix a range for the issue price and grant the power to the General Partner to set the final price within such range. The initial issue price shall be set forth in the Information Memorandum in respect of such Class of Shares (or Series thereof).

Even if preferential subscription rights are waived in relation to an issue of Ordinary Shares, ProLogis and ProLogis Related Parties will have a preferential subscription right to subscribe for such number of Ordinary Shares as is required to ensure that they do not breach the minimum ownership requirement described under Article 11.2.

The price at which Shares are issued may be increased by 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 General Partner, provided that if this placement fee is charged for the benefit of PEPR, then investors investing at the same time will be treated on an equal basis. Furthermore, the price per Share at which PEPR offers Shares for subscription or sale may be increased by an amount representing a percentage estimate of costs and expenses to be incurred by PEPR when investing the proceeds of the offering and/or by an amount representing applicable sales commissions and fees and expense reimbursement as determined from time to time by the General Partner, in its discretion. The price so determined shall be payable within a period as determined by the General Partner.

No Shares will be issued during any period when the calculation of PEPR's NAV per Share is suspended pursuant to Article 9.

Any application for subscription of Shares shall be irrevocable provided that if the calculation of PEPR's NAV per Share is suspended pursuant to Article 9 during the offering period for any particular offering, any application for subscription made prior to such suspension may be revoked by the subscriber.

Fractional Shares 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.

Preferred Shares, if any, will be issued in Series and may be convertible and/or subject to redemption in accordance with the terms prescribed by law and/or the Articles of Incorporation at the time of issue.

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

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

Where the General Partner so determines at the time of issue, Preferred Shares may be subject to redemption by the General Partner.

The General Partner is authorised to make an application for listing of each Class of Shares (and Series thereof) on the Luxembourg Stock Exchange, the Euronext Amsterdam Stock Exchange and such other major stock exchanges as the General Partner may determine. Furthermore, the General Partner is authorised to make an application for listing of the preferential subscription rights on the Luxembourg Stock Exchange, the Euronext Amsterdam Stock Exchange and such other major stock exchanges as the General Partner may determine.

The General Partner is authorised, after the end of the subscription period for the newly issued Shares, to arrange for any unexercised preferential subscription rights to be publicly sold by PEPR on the Luxembourg Stock Exchange. The proceeds of the sale of preferential subscription rights, after deduction of the expenses shall be held at the disposal of the relevant Shareholders for a period of five (5) years. Any balance not claimed shall revert to PEPR.

Shares will be issued in the manner described herein. Any Information Memorandum in respect of such Shares shall set forth all material terms governing such Shares.

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

The contributions in cash corresponding to the issue price of Shares shall be made within a period as determined by the General Partner, provided that at least twenty-five per cent. (25%) of the issue price of the Shares must be paid-in upon issuance of the Shares, with the balance called on a *pro rata basis* over a period of up to one year from their issuance, and provided further that where Shares of the Class of Ordinary Shares existing as of the date of these Articles of Incorporation are issued, such Shares must be fully paid-in upon issuance. Subject to the provisions of these Articles of Incorporation, the General Partner shall make such arrangements as it deems appropriate for the sale of Shares, including the requirement of purchasers of Shares to enter into subscription agreements containing terms not inconsistent with the provisions of these Articles of Incorporation.

In order to give effect to the provisions of Article 11, the General Partner may, at its discretion, discontinue temporarily, cease permanently or limit the issue of Shares at any time to Persons resident or established in certain particular countries and territories. The General Partner may exclude certain Persons set forth in Article 11 from the acquisition of Shares (even if they hold preferential subscription rights), if such measure is necessary for the protection of the Shareholders as a whole or PEPR. The General Partner may reject in its absolute discretion any application for Shares.

The General Partner may enter into distribution agreements with any Persons to act as duly authorised distributors of Shares. Such distribution agreements may contain such terms and conditions and provide for fees, expense reimbursements and indemnities payable from the net assets of PEPR (subject to Supervisory Board approval, to the extent required under paragraph (m) of 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 Shares sales commissions and retain such commissions, but, without prejudice to the General Partner's ability to decide that sales commissions to distributors are payable from the net assets of PEPR. Any such Person may, with the consent of the General Partner, enter into sub-distributor agreements with other Persons, compensation for which shall be paid from the fee of such Person.

The General Partner may also enter into underwriting agreements which may contain such terms and conditions and provide for payment of such fees, commissions and expense reimbursements and indemnities payable from the net assets of PEPR on an arm's length basis as the parties thereto shall negotiate, and the granting of discounts and indemnities as it deems advisable (subject to Supervisory Board approval to the extent required under paragraph (m) of Article 4).

Article 9. Calculation of NAV per Share

The NAV per Share of each Class (or any Series thereof) shall be expressed in the relevant currency of denomination of such Shares and shall be determined as at any Valuation Day by dividing (i) the net assets of PEPR attributable to each Class of Shares (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 Shares 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 Shares (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.

The NAV per Share may be rounded up or down to the nearest unit of currency of denomination of such Share as the General Partner shall determine. If since the time of determination of the NAV of a Class of Shares (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 Shareholders 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 as adopted by the EU 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 General Partner 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 General Partner shall appoint an independent real estate appraisal professional who is licensed where appropriate and operates, or has subcontracted, with the approval of the General Partner, its duties to any entity who operates, in the jurisdiction where any relevant property is located and whose appointment is approved by the Supervisory Board in accordance with Article 4 on an annual basis; in circumstances where this professional is conflicted, the General Partner 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 Appraiser shall not be affiliated with ProLogis. With respect to each property, such valuation may be carried out at least once a year and used during the next following twelve months (or such shorter period as the General Partner may determine) for the purposes of calculating the NAV unless, in the opinion of the General Partner, 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 as adopted by the EU, 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. Shares 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. Shares 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 Shares 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:
 - i. 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;
 - ii. 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 Share and are not intended to affect the treatment for accounting or legal purposes of the assets and liabilities of PEPR or any Shares issued by the General Partner.

The calculation of the NAV may be suspended by the General Partner in *force majeure* circumstances.

Article 10. Share Certificates

The General Partner or the agent appointed in relation thereto will maintain a register of Shareholders and will issue, in representation of the Shares, certificates in registered and definitive form.

Such register shall contain the name of each Shareholder, its address and the number of Shares held by it. The inscription of the Shareholder's name in the Shareholder's register evidences its right of ownership of such Shares. A certificate shall be delivered to the Shareholder upon request.

A Share certificate will be issued for any whole and/or fractional number of Shares.

Each certificate shall be signed for and on behalf of the General Partner (by one or several Managers) which may be sent by facsimile.

Any transfer of Shares that are in registered form shall be recorded in the Shareholders' register by delivery to PEPR of an instrument of transfer satisfactory to PEPR, or by a written declaration of transfer to be inscribed in the Shareholders' register, dated and signed by the transferor and transferee, or by Persons holding suitable powers of attorney to act accordingly and, each time, together with the delivery of the relevant certificate relating to such Shares, if issued. Such inscription shall be signed by one or several Managers of the General Partner or by one or several Persons duly authorised by the General Partner for this purpose.

Shareholders shall provide PEPR with an address to which all notices and announcements should be sent. Such address will also be entered into the Shareholders' register.

In the event that a Shareholder does not provide an address, PEPR may permit a notice to that effect to be entered into the Shareholders' register and the Shareholder's address will be deemed to be at the registered office of PEPR or at such other address as may be so entered into the Shareholders' register by PEPR from time to time, until another address shall be provided to PEPR by such Shareholder. A Shareholder may, at any time, change his address as entered into the Shareholders' register by means of a written notification to PEPR at its registered office or at such other address as may be determined by PEPR from time to time.

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

Article 11. Transfer of Shares and Restrictions

Shares of any Class may be owned or transferred by Shareholders subject to the restrictions indicated hereafter and as specified elsewhere in these Articles of Incorporation.

11.1 Interpretation and Information Reporting

11.1.1 Definitions

For the purposes of these Articles of Incorporation and, in particular, this Article 11, the following terms shall have the following meanings:

"Benefit Plan Investor" shall mean (a) 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, including without limitation, an individual retirement account), that is subject to Section 4975 of the IRC, (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, including but not limited to, an insurance company general account, an insurance company separate account or a collective investment fund.

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

"IRC" shall mean the U.S. Internal Revenue Code of 1986, as amended.

"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 Shareholder" shall mean any of (i) a Non-Exempt Shareholder, (ii) a Benefit Plan Investor or (iii) except as may be approved by the General Partner, a U.S. Person.

"Transfer" shall mean any sale, transfer, gift, assignment, devise or other disposition of Ordinary Shares. The terms **"Transfers"** and **"Transferred"** shall have the correlative meanings.

"U.S. 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 residing, incorporated and/or existing under the laws of the United States or otherwise within the meaning of such term in Regulation S under the U.S. Securities Act of 1933, as amended.

Nothing contained in this Article 11 shall preclude the settlement of any transaction entered into through the facilities of any securities settlement system or 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.

11.1.2 Information Reporting

Every Person owning Ordinary Shares 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.

11.1.3 Ambiguities

In the case of an ambiguity in the application of any of the provisions of this Article 11, including any definition contained in Article 11.1.1, the General Partner 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.

11.1.4 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.

11.2 Restrictions on ProLogis' Transfer of Shares

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 ten per cent. (10%) of the Ordinary Shares in issue.

For the purposes of determining whether ProLogis has satisfied the ownership requirement above, holdings of Ordinary Shares which are held indirectly by ProLogis shall be calculated on the basis of the maximum economic interest in such holding of Ordinary Shares 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 Shareholder and any Shareholder who is a ProLogis Related Party may sell, transfer or otherwise dispose of their Ordinary Shares to any ProLogis Related Party, no other sale, transfer or disposal of Ordinary Shares by ProLogis or any ProLogis Related Party shall be permitted that would otherwise cause a breach of this Article 11.2. The General Partner shall provide quarterly reports to Shareholders describing transfers in such quarter of Ordinary Shares 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 General Partner 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 Article 11.2 by reason of a Transfer of Ordinary Shares by ProLogis or any ProLogis Related Party then:

- (a) the base management fee which would otherwise be payable to the General Partner 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 Article 11.2 occurred and in any period it shall continue; and
- (b) the Shareholders shall be entitled to terminate the General Partner 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 Transfer by ProLogis or any ProLogis Related Party, then the Shareholders shall be entitled to terminate the General Partner in accordance with paragraph (b) of this Article 11.2 but no other remedy or claim for loss shall apply in respect of such breach.

11.3 General Transfer Restrictions

PEPR will not recognise any attempted resale or other Transfer of Shares unless made in accordance with the Transfer restrictions imposed in any subscription for Shares, 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.

11.4 Prohibited Shareholders

PEPR shall be entitled not to register the Transfer of Shares if it reasonably determines that an entity which owns or owned such Shares, directly or indirectly, is (i) a Non-Exempt Shareholder 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 Shareholder, (ii) a Benefit Plan Investor, or (iii) except as may be approved by the General Partner, a U.S. Person.

The General Partner shall adopt such measures as it deems appropriate and as are reasonably practicable in order to avoid the acquisition of Shares by Prohibited Shareholders. Furthermore, the General Partner shall adopt such steps as are available to it under the Articles of Incorporation and as it deems appropriate and as are reasonably practicable (having regard to the nature of PEPR as a publicly traded vehicle, if applicable) to (i) monitor whether Shares are owned, directly or indirectly, by Prohibited Shareholders, and (ii) prevent such Prohibited Shareholders from owning such Shares.

11.5 Transfer Restriction Override

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

11.6 General

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

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

Notwithstanding the restrictions on transfer of Shares of this Article 11, in the case of any Shares that are listed for trading on a Regulated Market or MTF and/or admitted for settlement through any uncertificated system, PEPR will not be permitted to decline to register or recognise any transfer of such Shares if the refusal to register or recognise such transfer would not be permitted by the listing rules of such Regulated Market or MTF or uncertificated system, through which such Shares then trade and settle.

Article 12. Redemption of Shares and Compulsory Transfer of Shares

Shares shall not be redeemable at the option of Shareholders.

Shares shall be redeemed by the General Partner in accordance with the provisions set out in Article 8 as well as the Law of 1915. In addition, Shares may be called by the General Partner for redemption or be compulsorily transferred to any other Person in the following circumstances:

- i. if the continued participation of a Shareholder is likely to cause PEPR or the General Partner to violate any material law, regulation, or interpretation or would result in PEPR, the General Partner or any Shareholder suffering material taxation, economic or other disadvantages which they would not have suffered had such Person not been or ceased to be a Shareholder;
- ii. if such Shareholder has materially violated any provision of these Articles of Incorporation, including for the avoidance of doubt the breach of any restrictions on ownership of Shares;
- iii. if the Shares 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 Articles of Incorporation or the transfer restrictions set forth in the relevant Information Memorandum or offering document;
- iv. if in the opinion of the General Partner (a) such redemption or compulsory transfer would be appropriate to protect PEPR from registration of the Shares 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 Shares would cause material regulatory or tax or other fiscal disadvantage to PEPR;

- v. if the Shares were acquired or are being held by or for the account of any Benefit Plan Investor; and
- vi. such other circumstances as the General Partner may determine, where continued ownership would be materially prejudicial to the interests of PEPR or the Shareholders.

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

The amount payable on such redemption of Shares shall be the lower of (i) the NAV or (ii) the trading price (if applicable) of the Shares of the relevant Class (or Series thereof) on the most recent Valuation Day or trading days, as the case may be, 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 Shareholders) after the effective date of the redemption and may be paid in cash or, subject to the approval of each relevant individual Shareholder, marketable securities. Costs associated with the redemption or compulsory transfer may, if the General Partner so decides, be charged to the Shareholder whose Shares are redeemed or transferred and such costs shall be deducted from the redemption or transfer proceeds payable to the Shareholder in circumstances where the General Partner has exercised its power to redeem or compulsorily transfer Shares pursuant to paragraph (ii) or (iii) of this Article 12.

The amount payable on compulsory transfer shall be the lesser of (i) the NAV of the Shares of the relevant Class (or Series thereof) or (ii) the best price reasonably obtainable from any other Person as determined by the General Partner at its reasonable discretion.

Any Shares 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 Shareholder whose Shares are being redeemed or compulsorily transferred shall be bound to deliver to the General Partner or any duly appointed agent thereof the certificate issued in representation of the relevant Shares for cancellation.

In order to give effect to the provisions on redemption and compulsory transfer of Shares described above, any certificates evidencing the Shares 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 Shares held directly or indirectly by Benefit Plan 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 General Partner 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 Shares;
- 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 General Partner 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 General Partner acting in respect of PEPR, including for the avoidance of doubt the reimbursement by the General Partner 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 Supervisory Board in accordance with Article 4 and leasing fees and commissions and construction management fees being at or below market rates as shown by the schedule provided annually to the Supervisory Board in accordance with Article 4), when assisting the General Partner subject to the General Partner 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 Shares in PEPR or the admission to listing and/or trading of the Shares on a regulated market, and all fees and expenses relating to the arrangement of debt facilities of and for PEPR, including fees of placement agents and underwriters. Such fees and expenses shall include fees and expenses of a ProLogis Related Party assisting the General Partner subject to the General Partner 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' and underwriters' fees and out-of-pocket expenses, legal, accounting, surveyors', valuation and other professional fees and expenses (including the costs of indemnifying such agents, underwriters and professionals);
 - viii. reporting and publishing expenses, including the cost of preparing and/or filing these Articles of Incorporation and all other documents concerning PEPR, including any Information Memorandum and explanatory memoranda and registration statements with all authorities having jurisdiction over PEPR or the offering of Shares of PEPR; the cost of preparing, in such languages as are required for the benefit of the Shareholders, including the beneficial holders of the Shares, 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 Shareholders and the cost of convening general meetings of Shareholders;
 - 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 Articles of Incorporation, 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 Shareholders and any fees and expenses involved in registering and maintaining the registration of PEPR with any Governmental agencies or listing of Shares or preferential subscription rights on the Luxembourg Stock Exchange, Euronext Amsterdam or on stock exchanges in any other country; 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 Article 11.2, PEPR pays the General Partner or the Investment Managers a management fee quarterly, in arrears in cash on each calendar quarter-end day 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) zero point six per cent. (0.6%) 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) zero point one per cent. (0.1%) 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 General Partner or the Investment Managers an incentive fee (if any, but which will not be less than zero) on 31 December 2009 and every year thereafter calculated on a rolling three years basis, equal to:

- (a) twenty per cent. (20%) of the excess of IFRS net income per Share (before the deduction of the incentive fee payable in the current fiscal year) for the relevant incentive period (equal to the three previous fiscal years), above the sum of the product of (i) NAV per Share at the beginning of each fiscal year during the relevant incentive period, and (ii) a hurdle rate of nine per cent. (9%) per annum; multiplied by
- (b) the weighted average number of Shares 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 General Partner, or the Investment Managers, 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 Articles of Incorporation (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 Shareholder in any circumstances. The Fee Credit Account shall not bear interest.

For the avoidance of doubt, the incentive fee and any related components for the years ending 31 December 2009, 31 December 2010 and 31 December 2011 shall be calculated on the basis of a three-year incentive period irrespective of the conversion of PEPR's legal form to a SICAF and, to the extent applicable, treating units of PEPR prior to such conversion as if they were Shares. The balance of the Fee Credit Account shall be unaffected by such conversion.

Except to the extent provided for in the Investment Management Agreement as at the date of these Articles of Incorporation or as subsequently approved by the Supervisory 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 General Partner 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 General Partner 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. The first fiscal period of PEPR as a SICAF shall end on 31 December 2009 and the last fiscal year of PEPR shall terminate on the date of the final distribution in winding-up PEPR.

The accounts of PEPR will be audited by an Independent Auditor who shall be appointed by the general meeting of Shareholders. Prior to tabling a resolution approving the appointment of the Independent Auditor, the General Partner shall consult with the Supervisory Board in accordance with Article 4 and request that the Supervisory Board indicates whether or not it is in favour of such proposal. The accounts of PEPR will be prepared in Euro and in accordance with IFRS as adopted by EU.

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

Each Shareholder shall provide from time to time such information to PEPR as may be reasonably requested for the purpose of determining to what extent any Shares are owned, directly or indirectly, by a Non-Exempt Shareholder, and provide any other information necessary to PEPR in view of fulfilling its tax compliance requirements, and PEPR shall provide such assistance as any Shareholder may reasonably request in connection therewith.

Article 15. Distributions

Five per cent. (5%) of the annual net profits of PEPR shall be allocated to the reserve required by Luxembourg law. This allocation shall cease to be required as soon and as long as such surplus reserve equals or exceeds ten per cent. (10%) of the issued Share capital of PEPR as stated in Article 8 hereof, as such Share capital is increased or reduced from time to time as provided in Article 8 hereof.

Distributions in relation to each fiscal year, as well as the amount of such distributions, will be proposed by the General Partner and require approval annually by the general meeting of Shareholders by fifty per cent. (50%) of the votes validly cast (which must include the affirmative vote of the General Partner) and with no quorum requirement; and interim dividends, as well as the amount of such dividends, will be determined by the General Partner without the need for Shareholders' consent, provided that in no event shall any distributions be made which would result in (i) the net assets of PEPR falling below the minimum amount required under Luxembourg law, which as at the date of these Articles of Incorporation is €1,250,000 or (ii) PEPR's total assets as set out in its annual accounts, at the closing date of the financial year being, or following such distribution, becoming less than one and a half times PEPR's total liabilities to creditors as set out in such annual accounts (it being understood that the General Partner may only decide to make interim distributions subject to the formalities set out in Article 72-2 of the Law of 1915).

Distributions of dividends will be made in the following sequence:

- (i) Preferred Shares 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 Article 24;

- (ii) Preferred Shares will receive pro rata payment of an amount in respect of each Preferred Share, calculated to provide a return at the rate of preferred return specified in Article 24 on the average Invested Capital per Preferred Share over the period from the preceding payment date;
- (iii) Preferred Shares which are subordinated to Preferred Shares 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 Shares will receive one hundred per cent. (100%) of all remaining Distributable Cash Flow which either the General Partner in the case of interim dividend distributions or the general meeting of Shareholders including the affirmative vote of the General Partner in the case of annual dividend distributions has decided should be distributed; provided, however, that at the time of issue of a new Class of Shares, other than Preferred Shares, the formula of distribution of Distributable Cash Flow amongst these Shares shall be set out in an amendment to the Articles of Incorporation.

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

The General Partner will decide the amount of Distributable Cash Flow to be distributed in the form of interim dividends each quarter within forty-five (45) days following the end of the relevant quarter (or more frequently as the General Partner so determines, including in the case of accrued and unpaid returns on Preferred Shares), provided that PEPR's total assets as set out in its annual accounts, at the closing date of the last financial year are not or following such distribution do not become less than one and a half times PEPR's total liabilities to creditors as set out in the annual accounts.

For the avoidance of doubt, no distribution of dividends shall exceed the amount of Distributable Cash Flow available on the date on which the dividend distribution is decided.

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 Shareholder of Shares and such French 3% Tax is not paid by the relevant Non-Exempt Shareholder on its own account, the Non-Exempt Shareholder shall pay the amount of the French 3% Tax to PEPR or as the General Partner 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 Shares owned, directly or indirectly, by the relevant Non-Exempt Shareholder and (ii) any Shares in relation to which the direct owner of the Shares remains the same but the relevant Non-Exempt Shareholder 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 Shareholder. In addition, the General Partner may, at any time, take such steps in accordance with Articles 11 and 12 of these Articles of Incorporation as it deems appropriate.

The General Partner has 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 in the Portfolio will be either treated as Distributable Cash Flow (and distributed as described above) or held for investment and re-investment. The prior approval of the Supervisory Board is required in accordance with Article 4 for 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.

If unpaid after five years following the decision to distribute dividends, the entitlement to such dividends shall lapse in favour of PEPR.

Article 16. Amendments to the Articles of Incorporation

Any amendment to the Articles of Incorporation requires the approval of the General Partner and an affirmative vote at the general meeting of Shareholders of sixty-seven per cent. (67%) of the votes validly cast, other than Preferred Shares, provided however that Preferred Shares are entitled to vote on any

change to the Articles of Incorporation impacting their rights. The approval of the General Partner is however not required for:

- (1) the removal of the General Partner without Cause in accordance with paragraph (i) of Article 17,
- (2) the exercise of the Call Option in the case of Cause in accordance with Article 17, or
- (3) the termination of the Investment Management Agreement for cause in accordance with Article 5.

Article 17. Replacement of the General Partner

The General Partner may be removed or replaced as follows and by amending these Articles of Incorporation:

- (i) without Cause: on 15 September 2016 and every fifth year thereafter, by a vote of sixty seven per cent. (67%) of the Shares.
- (ii) in case of Cause: by a vote of sixty seven per cent. (67%) of the Shares.

Furthermore, the General Partner has granted PEPR on [30 September] 2009 a call option over all Shares held by it, at any time, in PEPR (the “**Call Option**”). Pursuant to the terms of the Call Option, PEPR has the right to purchase such Shares pursuant to a decision of Shareholders, as indicated below, in the case of Cause only, and therefore remove the General Partner as a Shareholder and as a result as the manager of PEPR. The Call Option may be exercised at any time within twelve (12) months of a Cause event upon a vote of fifty per cent. (50%) of all Shares. The Supervisory Board shall inform the General Partner of the decision of the general meeting of Shareholders to exercise the Call Option.

In the event of removal, legal incapacity, liquidation or other permanent situation preventing the General Partner from acting as general partner of PEPR, PEPR shall not be immediately dissolved and liquidated, provided that the Supervisory Board appoints an administrator, who need not be a Shareholder, to effect urgent or mere administrative acts on behalf of PEPR, until a general meeting of Shareholders is held, which such administrator shall convene within fifteen (15) days of his appointment. At such general meeting, the Shareholders may appoint, in accordance with the quorum and majority requirements for amendment of these Articles of Incorporation, a successor general partner. The successor general partner must be approved by the Luxembourg Supervisory Authority prior to its appointment. Failing such appointment within two months of such event of removal, legal incapacity, liquidation or other permanent situation preventing the General Partner from acting as general partner of PEPR, PEPR shall be dissolved and liquidated in accordance with the winding-up provisions of Article 20.

Following any decision to terminate the General Partner or any approval of the resignation of the General Partner, 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. Shareholders’ Meetings

18.1 General

The general meeting of Shareholders shall be convened by the General Partner or the Supervisory Board.

Meetings may also be convened upon the request of (i) Shareholders representing at least one-tenth of the Shares in issue, provided that any Shares which are not entitled to vote on any point on the agenda for such meeting shall be disregarded or (ii) in relation to Class specific meetings of Shareholders, Shareholders representing at least one-tenth of the Shares of the relevant Class.

Notice of any such meeting of Shareholders containing the agenda, the time and the place for the meeting shall be sent by the General Partner or any agent thereof to all Shareholders at their registered addresses not less than fourteen (14) days prior to the date of the meeting. The agenda shall be prepared by the General Partner provided that if the meeting is called by the Supervisory Board or upon the request of Shareholders, the agenda is set by the Supervisory Board or the Shareholders requesting the meeting, as applicable, in which instance the General Partner may prepare a supplementary agenda.

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

in the meeting by way of videoconference or by way of telecommunication means permitting their identification shall be deemed present for the calculation of quorum and majority. Such means shall satisfy technical characteristics which ensure an effective participation in the meeting whose deliberation shall be transmitted without interruption.

The quorum at a general meeting shall be Shareholders present or represented holding at least fifty per cent. (50%) of all Shares outstanding on the date of the meeting unless otherwise stated herein, provided however that Classes of Preferred Shares, if any, shall be disregarded in order to determine whether the meeting is quorate to the extent such Shares are not entitled to vote. For Class specific meetings, the quorum shall be fifty per cent. (50%) of all Shares 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 convened by the General Partner on the day falling fourteen (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 these Articles of Incorporation, each Shareholder present in person or represented by written proxy at a general meeting of Shareholders and having a right to vote pursuant to these Articles of Incorporation shall have one vote for each Share held, provided that if Shares are not fully paid-in, the voting rights attached thereto shall be proportionate to Invested Capital. Shares of the same Class and of the same Class issued in Series shall vote as a single Class. Fractional Shares shall have no rights to vote.

The General Partner shall be responsible for ensuring that the resolutions adopted at Shareholders' meetings are implemented.

The quorum and majority requirements applicable to general meetings of Shareholders set out in these Articles of Incorporation are as follows:

<u>Agenda Items</u>	<u>Quorum required</u>	<u>Majority required</u>	<u>Approval of General Partner required</u>
1 Winding-up of PEPR	50%	67%	yes
2 Change of the Legal Form ⁽¹⁾	50%	67%	yes
3 Termination of the Investment Management Agreement for cause	50%	67%	no
4 Replacement of the General Partner without Cause	—	67% ⁽²⁾	no
5 Replacement of the General Partner in case of Cause	—	67% ⁽²⁾	no
6 Amendment to the Articles of Incorporation	50%	67%	yes
7 Issuance of Shares (including waiver of preferential subscription rights)	50%	67%	yes
8 Exercise of Call Option for Cause	—	50% ⁽²⁾	no
9 Election of Board Members	No quorum	50%	no
10 Appointment of Independent Auditor	No quorum	50%	no
11 Approval of financial accounts for previous fiscal year	No quorum	50%	no
12 Resolution on dividend distribution	No quorum	50%	yes

(1) For the avoidance of doubt, the change of nationality of PEPR and any Change of the Legal Form impacting the limited liability status of the Limited Partners require, pursuant the Law of 1915 as of the date of these Articles of Incorporation, the unanimous vote of all Shareholders

(2) Vote of *all* Shares

18.2 Right to Vote

Except as otherwise provided in these Articles of Incorporation, a resolution of the general meeting of Shareholders in order to be validly adopted requires an affirmative vote of fifty per cent. (50%) of the votes validly cast.

The approval or removal of Board Members shall be subject to a vote of Shares at the annual general meeting of the Shareholders as described in Article 4 of the Articles of Incorporation. In addition, Ordinary Shares shall at the annual general meeting, by simple majority of the votes validly cast 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 25 May each year at 9.00 a.m. in Luxembourg at such place as indicated in the convening notice. If such day is a legal or a bank holiday in Luxembourg, the annual general meeting shall be held on the next following business day.

Any amendment to the Articles of Incorporation requires the approval of the General Partner and an affirmative vote of sixty-seven per cent. (67%) of the votes validly cast at the general meeting of Shareholders, other than Preferred Shares, provided however that Preferred Shares are entitled to vote on any change to the Articles of Incorporation impacting their rights.

The General Partner may be terminated by a vote of Shares as prescribed in Article 17.

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

Preferred Shares are entitled to vote in the same manner as the holders of Ordinary Shares on resolutions tabled at the general meeting on which they would otherwise not be entitled to vote pursuant to these Articles of Incorporation, (i) where, despite the existence of sufficient profits available for distribution, the preferential cumulative dividends have not been paid in their entirety for any reason whatsoever for a period of two successive fiscal years, until such time as all cumulative dividends shall have been fully distributed and/or (ii) where a change to the Articles of Incorporation impacting their rights is proposed to be adopted.

18.3 Further Issues

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

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 General Partner will be mailed to Shareholders at their request at their registered addresses and also made available to the Shareholders at the registered offices of the General Partner and the Custodian.

Any amendments of these Articles of Incorporation, 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 General Partner or required by authorities having jurisdiction over PEPR or the sale of its Shares. Notices to Shareholders shall be published in such newspaper as shall be determined by law and by a decision of the General Partner or required by authorities having jurisdiction over PEPR or the sale of its Shares.

All communications of investors with PEPR should be in writing and addressed to the General Partner at the registered office of PEPR.

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

20.1 Change of Legal Form

Any change in legal form of PEPR must be tabled by the General Partner before a general meeting of Shareholders and approved at such general meeting of Shareholders by an affirmative vote of the General Partner and sixty-seven per cent. (67%) of the votes validly cast, unless the consent of all Shares is required by Luxembourg law or the Luxembourg Supervisory Authority.

In the event of a change in tax law or regulations of the United States 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 General Partner 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 Shareholder consents.

20.2 Duration of PEPR—Liquidation

The life of PEPR is unlimited. Any resolution to wind-up PEPR (other than in the circumstances described in Article 20.3) shall require a resolution tabled at the initiative of the General Partner and adopted by sixty-seven per cent. (67%) of the votes validly cast at the general meeting of Shareholders, provided that prior to tabling such resolution, the General Partner has consulted with the Supervisory Board and has requested that the Supervisory Board indicate whether or not it is in favour of such proposal, in accordance with Article 4.

In the event of a winding-up of PEPR, the General Partner, acting as liquidator, 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 Shareholders including ProLogis or a ProLogis Related Party will be made in cash.

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

20.3 Minimum size of PEPR

Pursuant to the Law of 2002, the total net assets of PEPR may not be less than EUR 1,250,000.00. The General Partner 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 General Partner to wind-up PEPR. The winding-up shall be carried out by one or more liquidators in accordance with the Law of 2002 specifying the steps to be taken to enable Shareholders to participate in the distribution of liquidation proceeds and provide for a deposit in escrow at the public trust office (*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.

20.4 Winding-up

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

- i. Preferred Shares 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 Article 24;
- ii. Preferred Shares with the same ranking will receive payment of a preferred return on the issue price per Share for the period from the preceding date on which Distributable Cash Flow was distributed at the rate specified in Article 24;
- iii. Preferred Shares with the same ranking will receive a return of the issue price per Preferred Share;
- iv. Preferred Shares which are subordinated to Preferred Shares 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 Shares other than Preferred Shares will receive a payment of Residual Value to each Share pro rata to the number of outstanding Shares; and Preferred Shares shown in Article 24 which

are eligible for allocation under this paragraph (v) will receive amounts calculated in accordance with Article 24.

Article 21. Indemnification and Standard of Care

In performing its functions under these Articles of Incorporation the General Partner shall act with due diligence and in good faith in the best interests of PEPR and the Custodian shall use reasonable care in the exercise of its functions. The General Partner and the Custodian and their respective managers, directors, officers, employees, partners and agents (including any Correspondent) and the Supervisory Board as a body or any Board Member shall not be liable for any error of judgment 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 Articles of Incorporation relate, except for, in the case of each considered individually, any loss resulting from:

- (a) in the case of the General Partner or Custodian, the non-fulfilment or improper fulfillment of the General Partner's or Custodian's, as the case may be, obligations under Luxembourg law; and
- (b) in the case of the Supervisory Board as a body or any Board Member, gross negligence, willful misconduct or fraud in the exercise of its functions.

The General Partner, the Custodian, any Correspondent, and any distributors appointed by the General Partner 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 Articles of Incorporation, willful misconduct, fraud or malfeasance by an Indemnitee;
- (b) in the case of the General Partner or the Custodian and Indemnitees performing functions for and on behalf of the General Partner or the Custodian, the non-fulfilment or improper fulfillment of the General Partner'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 Supervisory Board as a body or any Board Member, gross negligence, willful 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 judgment 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 Shareholders, and such act or omission does not constitute:

- (a) a material violation of these Articles of Incorporation, willful misconduct, fraud or malfeasance by such Indemnitee;
- (b) in the case of the General Partner or the Custodian and an Indemnitee performing functions for and on behalf of the General Partner or Custodian, the non-fulfilment or improper fulfillment of the General Partner'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 Supervisory Board as a body or any Board Member, gross negligence, willful misconduct or fraud.

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

Article 22. United States Federal Income Tax Matters

PEPR will elect to be classified as a partnership for United States (“U.S.”) Federal income tax purposes as of the date hereof. As such, any investor which owns a Share or Shares 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 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 Shares held by each U.S. partner, in a manner consistent with the economic interest in PEPR’s profit and losses represented by such Shares as set forth in these Articles of Incorporation.

Notwithstanding anything to the contrary in the Articles of Incorporation, profits and losses shall be allocated as though the Articles of Incorporation 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. Treasury Regulations 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. Treasury Regulations 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. Treasury Regulations Section 1.704-3, will be made by the Tax Matters Partner designated below. The General Partner intends to cause each direct or indirect subsidiary of PEPR to take such action as may be required under local law to properly authorise one or more officers of such subsidiary to make all United States tax elections designated by the Tax Matters Partner on behalf of such subsidiary, including, without limitation, an election under U.S. Treasury Regulations Section 301.7701-3 with respect to the classification of such subsidiary for U.S. Federal income tax purposes.

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 the calendar year.

The General Partner 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

All matters not governed by these Articles of Incorporation shall be determined in accordance with the Law of 1915 and the Law of 2002 as such laws have been or may be amended from time to time.

Article 24. Schedule

24.1 DISTRIBUTION OF DISTRIBUTABLE CASH FLOW UNDER ARTICLE 15

<u>Class/Series</u>	<u>Category</u>	<u>First Distribution Date</u>	<u>Preferred Shares: Rate of Preferred return and whether cumulative</u>	<u>Preferred Shares: Entitlement to allocation and whether subordinated to any Class of Preferred Shares together with ranking</u>	<u>Other Shares: Entitlement to allocation</u>
Ordinary Shares . . .	—	within thirty days after 1 September 2009	—	—	As specified in Article 15

24.2 ALLOCATION OF RESIDUAL VALUE UNDER ARTICLE 20

<u>Class/Series</u>	<u>Category</u>	<u>Preferred Shares: Rate of Preferred return and whether cumulative</u>	<u>Preferred Shares: Entitlement to allocation and whether subordinated to any Class of Preferred Shares together with ranking</u>	<u>Preferred Shares: Entitlement to allocation under paragraph (v) of Article 20.4</u>	<u>Other Shares: Entitlement to allocation under paragraph (v) of Article 20.4</u>
Ordinary Shares	—	—	—	—	yes

(This page has been left blank intentionally.)

