

Nippon Prologis REIT, Inc.

Green Equity Framework

For Green Eligibility Assessment Report

DNV GL Second Party Opinion



Jan. 2021 (Rev. 0)

DNV GL Business Assurance Japan K. K.

Table of Contents

Executive Summary	3
I . Introduction	5
II Scope and Objectives	7
III. Responsibilities of Nippon Prologis REIT, Inc. and DNV GL	8
V Work Undertaken	10
VI Findings and DNV GL's opinion	11
Schedule-1. List of Green Equity Offering project candidates of Nippon Prologis REIT Inc. (NPR Eligible Green Project)	17
Schedule-2 Green Equity Framework Eligibility Assessment Protocol of Nippon Prologis REIT, Inc.	18
GF-1 Use of Proceeds	18
GF-2 Process for Project Evaluation and Selection	20
GF-3 Management of proceeds	21
GF-4 Reporting	22

Revision history

Revision number	Issue Date (dd/mm/yyyy)	Remarks
Rev. 0	20/01/2021	Initial

Executive Summary

Nippon Prologis REIT, Inc. (“NPR” or the “Issuer”) is an affiliate of Prologis, Inc. (“Prologis”), a leading global logistics real estate company founded in 1983 and headquartered in San Francisco, California, USA. NPR is a real estate investment trust, or a REIT, listed on the Tokyo Stock Exchange since 2013.

The Prologis Group has set forth "five goals" as "ESG initiatives," among which it carries out high-level ESG activities through companies by provision, operation, and development of advanced logistics facilities with excellent energy efficiency and cooperation with local communities, and compliance with the Supplier Code of Conduct. The Prologis Group discloses ESG information on these activities every year as the "Prologis ESG Impact Report" in accordance with the guidelines of the Global Reporting Initiative, or GRI. As a member of the Prologis Group, NPR owns and operates high-quality advanced logistics facilities, and as a part of its environmental efforts, it actively obtains various environmental certifications for its logistics facilities. NPR has recently established the "Nippon Prologis REIT Green Equity Framework" (the "Framework"), and is planning to carry out issuance of new investment units (the “Green Equity Offering” (Note)) with the intention of allocating offering proceeds to environmental contribution projects ("NPR Eligible Green Projects") specified in the Framework.

Note: The Green Equity Offering does not include third-party allotment.

DNV GL Business Assurance Japan K. K. (“DNV GL”), as an external reviewer, has assessed the Framework eligibility referring to the four elements of the Green Bond Principles (“GBP”) set forth by the International Capital Market Association, or ICMA, in 2018, which are widely and globally recognized. NPR Eligible Green Projects are selected and allocated from candidate projects primarily determined as green buildings, as described in the following table:

Green Projects		Outline	SDGs
a	Green Buildings	<p>-Outline</p> <p>i. Logistics facilities that have obtained (or are planned to obtain) the following three green building environmental certifications that are being promoted in Japan, out of the seven green building environmental certifications defined in the Framework.</p> <ul style="list-style-type: none"> - CASBEE : S, A or B+ - DBJ Green Building Certification : 5 or 4 - BELS : 5 or 4 <p>These environmental certification standards are high-level certification, including contributions to the environment, in Japanese logistics facilities, which are quantitatively or qualitatively evaluated and defined by the ESG Committee (the “ESG Committee”), which consists of the management members of Prologis REIT Management K.K., an asset management company for NPR.</p> <p>ii. Renovation of logistics facilities such as improvement of energy efficiency and water utilization efficiency in consideration of sustainability</p>	<p>7. AFFORDABLE AND CLEAN ENERGY</p> <p>9. INDUSTRY INNOVATION AND INFRASTRUCTURE</p> <p>13. CLIMATE ACTION</p> 
b	Renewable Energy	<p>-Outline</p> <p>Investment and expenditure related to acquisition, development, construction, etc. of new or existing equipment, for instance;</p> <p>i. Installation of solar panels to logistics facilities owned or managed by NPR or one of affiliates of Prologis.</p> <p>ii. Wind- related energy projects</p>	
c	Energy Storage System	<p>-Outline</p> <p>Investment and expenditure related to acquisition, development, construction, etc. of new or existing equipment, for instance;</p> <p>i. Energy storage facilities charged from renewable energy, etc.</p>	

The following is a summary of the evaluation results of DNV GL with reference to the four elements indicated by GBP.

1. Use of Proceeds:

NPR intends to allocate all of the proceeds from the Green Equity Offering to new or existing investment or expenditure for eligible green building and renewable energy businesses. Specifically, NPR plans to allocate mainly to green buildings that obtain (or plan to obtain) the Green Building Environmental Certification. In addition, it may be allocated to solar power generation / wind power related energy projects, power storage facilities, etc. that must be qualified for its eligibility. These are representative projects that have a clear environmental improvement effect, as defined by GBP.

2. Process for Project Evaluation and Selection:

The projects to which the proceeds from NPR's Green Equity Offering will be allocated are evaluated and selected by the ESG Committee based on the eligibility criteria set forth in "1. Use of Proceeds."

3. Management of Proceeds:

The proceeds from the Green Equity Offering are to be controlled by NPR's internal fund management process. The proceeds from the Green Equity Offering will be managed in the form of cash and cash equivalents, or allocated to temporary payments of outstanding indebtedness or other capital management activities, for the period between the time they are raised and the time funds are allocated to NPR Eligible Green Projects. All are treated as highly safe and liquid assets, and are managed in a timely manner so that they can be immediately allocated to NPR Eligible Green Projects.

4. Reporting:

NPR plans to report the following annually to the extent practicable, from the time of financing through the time when Green Equity Offering are fully allocated. Reporting will include the total allocated / unallocated amount of proceeds, the numbers and certification levels of the applicable NPR Eligible Green Projects, or information related to the applicable renewable energy (if any).

Based on the document and information provided by NPR, DNV GL expresses its opinion that the Framework comprehensively complies to the four core principles, and is consistent with the definition and objectives of green finance, which "enables capital raising and investments in new or existing projects to realize environmental benefits".

I . Introduction

-1- Overview of the Issuer

NPR is an affiliate of Prologis, a leading global logistics real estate company founded in 1983 and headquartered in San Francisco, California, USA. NPR is a real estate investment trust, or a REIT, listed on the Tokyo Stock Exchange since 2013.

-2- Environmental Social and Governance (ESG) Initiatives of Issuer

The Prologis Group has set forth "five goals" as "ESG initiatives," among which it carries out high-level ESG activities through companies by provision, operation, and development of advance logistics facilities with excellent energy efficiency and cooperation with local communities, and compliance with the Supplier Code of Conduct. The Prologis Group discloses ESG information on these activities every year as the "Prologis ESG Impact Report" in accordance with the guidelines of the Global Reporting Initiative, or GRI.

Prologis Statement of Purpose, ESG 5 Goals	
1.	Provide industry-leading, energy-efficient buildings that meet or exceed recognized sustainable development standards and reduce customer operating costs, promote health and well-being and enhance the communities where we do business.
2.	Meet or exceed recognized standards for sustainable development to deliver projects that enable our customers to operate more efficiently and our communities to prosper more sustainably.
3.	Engage employees in every office on the topics of health and wellness and connect them to ongoing strategies to reduce our environmental footprint.
4.	Partner with community organizations to support environmental, educational and social initiatives.
5.	Engage suppliers to uphold our Supplier Code of Conduct.

Reference: NPR Website (ESG Initiatives) <https://www.prologis-reit.co.jp/en/esg/index.html>

-3- Environmental Initiatives of Issuer

As a member of the Prologis Group, NPR owns and operates high-quality advanced logistics facilities, and as a part of its environmental efforts, it actively obtains various environmental certifications for its logistics facilities. In addition, as a commitment to ESG, NPR is working on the environmental improvement and the reduction of environmental burdens, which includes efforts to reduce greenhouse gas emissions throughout NPR's business and demonstration of leadership in reducing energy consumption, waste, and water consumption.

Reference: NPR Website (Environmental Stewardship)
<https://www.prologis-reit.co.jp/en/esg/environmental.html>

-4- SDGs Initiatives of Issuer

Acquiring an NPR Eligible Green Project through Green Equity Offering is an initiative that directly or indirectly contributes to the following Sustainable Development Goals, or SDGs, set forth by the United Nations: *

- “ 7. AFFORDABLE AND CLEAN ENERGY”
- “ 9. INDUSTRY INNOVATION AND INFRASTRUCTURE”
- “13. CLIMATE ACTION”

NPR SDGs Contribution activities

ESG Initiatives of NPR		SDGs		
Environmental Initiative	Energy-related efforts (Renewable energy)	7	AFFORDABLE AND CLEAN ENERGY Ensuring access to cheap, reliable and sustainable modern energy for all	
	High-Quality, Resilient Design (Green Building)	9	INDUSTRY INNOVATION AND INFRASTRUCTURE Build robust infrastructure, promote inclusive and sustainable industrialization, and promote innovation	
	Commitment to ESG (Efforts of the entire business)	13	CLIMATE ACTION Take urgent measures to mitigate climate variability and its impacts	

* The relevance to SDGs is based on the reference to “Green, Social and Sustainability Bonds: A High-Level Mapping to the Sustainable Development Goals” published by the International Capital Market Association, or ICMA, which defines the Green Bond Principles (“GBP,” announced by ICMA in 2018). It is a complementary explanation of the Green Equity Offering and is not directly defining its use of proceeds.

II Scope and Objectives

NPR has recently established Framework with reference to the four core elements defined in GBP when implementing the Green Equity Offering.

The proceeds from the Green Equity Offering are planned to be allocated to new or existing investment or expenditure for the following NPR Eligible Green Projects. NPR Eligible Green Projects are identified as representative green projects referring to GBP and related criteria, and are evaluated for eligibility by the ESG Committee (the “ESG Committee”) of Prologis REIT Management, K.K., an asset management company for NPR, as follows:

Project a: “Green Buildings” * New construction or renovation business with environmental certification

Project b and c: “Renewable Energy”

(Solar power, wind-related energy and energy storage systems)

DNV GL, as an external reviewer, evaluated the eligibility of the Framework with reference to GBP and related criteria, as well as with assessment of the management of proceeds from the Green Equity Offering.

NPR commissioned DNV GL to conduct assessment for the Framework. The purpose of the Framework assessment in DNV GL is to ensure that the NPR meets the key requirements of the four core elements with reference to GBP and related criteria described below and to provide a second party opinion on the eligibility of the Framework.

DNV GL declares that it has no interest in the facts and perceptions of NPR in providing its second party opinion.

In addition, this report does not provide any guarantees regarding the financial performance of new investment units to be issued through the Green Equity Offering, the value of any investments, or the long-term environmental benefits.

Applicable standards or guidelines

No.	Standards or guidelines	Issuer	Applied level
1.	Green Bond Principles 2018, GBP	International Capital Market Association (ICMA)	Refer ^{*1*2}
2.	Green Bonds and Social Bonds: High-level mapping to the Sustainable Development Goals (SDGs)	International Capital Market Association (ICMA)	

^{*1}: Refer ; Based on the DNV GL assessment protocol, DNV GL has evaluated the eligibility by referring to the main requirements of the four core elements defined by the globally recognized GBP and others. At this time, we considered the equity-specific management and reporting.

^{*2}: It was confirmed that the ESG Committee has evaluated that the eligibility evaluation of each project refers to related standards (e.g. Climate Bonds Standard) in addition to the project classification defined by GBP, and has equivalent environmental performance to the level required in the green finance market.

III. Responsibilities of Nippon Prologis REIT, Inc. and DNV GL

NPR has provided the necessary information and data to DNV GL to conduct this review process. DNV GL's second party opinion represents an independent opinion and is intended to inform NPR and other interested stakeholders in the Green Equity Offering as to whether the Green Offering meets the criteria of widely recognized international principles/guidelines, based on the information provided for DNV GL. In preparing this report, we have relied on the information and the facts presented to us by NPR. DNV GL shall not be responsible for any aspect of the candidate projects and assets referred to in this opinion and shall not be held liable if estimates, findings, opinions or conclusions are inaccurate. DNV GL shall not be held liable even if any of the information or data provided by NPR and used as a basis for this assessment are not correct and/or complete.

IV. Basis of DNV GL's opinion

To provide as much flexibility as possible to NPR, DNV GL has created specific Green Equity Framework Assessment Protocol (the "Protocol"), taking into account requirements of various standards such as GBP. The Protocol applies or refers four core elements such as GBP.

The Protocol includes a set of suitable criteria that can be used to underpin its opinion. The holistic principle behind the criteria is that the Green Equity Offering should "enable capital-raising and investments for new and existing projects to realize environmental benefits."

As per the Protocol, the evaluation criteria, with which the framework is under review, are grouped into the following four elements:

- **Principle One: Use of Proceeds.** The criteria for the use of proceeds are set by the requirement that the issuer that established the Green Equity Framework must use the proceeds from the Green Equity Offering which is implemented under an eligible framework. The eligible projects should produce clear environmental benefits.
- **Principle Two: Process for Project Evaluation and Selection.** The criteria for project evaluation and selection should outline the process that the issuer that established the Green Equity Framework follows in determining the eligibility of an investment that uses the proceeds from the Green Equity Offering and outline any impact objectives it will consider.
- **Principle Three: Management of Proceeds.** The criteria for Management of Proceeds are guided by the requirements that proceeds from Green Equity Offering should be tracked within the issuing organization based on management methods specific to various types of finance, that separate portfolios should be created when necessary and that a declaration of how unallocated funds will be handled must be made.
- **Principle Four: Reporting.** The criteria for Reporting are guided by the recommendation that the issuer publish sustainability reports to equity investors regarding the status of proceed allocations and, where feasible, adequate quantitative and/or qualitative performance indicators should be used.

V Work Undertaken

Our work constituted a high level of review of the available information, based on the understanding that this information was provided to us by the Issuer in good faith. We have not performed an audit or other tests to examine to check the veracity of the information provided to us. The work undertaken to form our opinion included the followings:

- Creation of the Issuer-specific DNV GL's Assessment Protocol which is attempted to be applied to the Green Equity Framework with respect to the above and in Schedule-2 that contribute to this assessment;
- Assessment of evidential documents provided by the Issuer regarding the issuance of applicable equity, and supplemental assessment with comprehensive desktop surveys to the Issuer. These checks are conducted, referring to the current assessment best practices and standard methodologies.
- Interview with key personnel of the Issuer, and review of the relevant documentation;
- Reporting of findings against each element of the eligibility criteria.

VI Findings and DNV GL's opinion

DNV GL's findings and opinions are as follows.

(1) Use of Proceeds

DNV GL has confirmed that NPR plans to allocate all of the proceeds* from the Green Equity Offering to new or existing investment or expenditure for the Eligible Green Projects that fall into the following representative eligible project categories indicated by GBP, etc.

* The amount of total issue proceeds to be determined on the issue price determination date, which shall be determined based on the issue price of the Green Equity Offering, net of the costs related to the Green Equity Offering.

Category of Green Projects

"Green Buildings"

"Renewable Energy"

Specifically, the following Eligible Green Projects:

Project a: "Green Buildings"

(New, Existing or refurbished logistics facilities that have acquired or plan to acquire the green

building environmental certification)

Project b and c: "Renewable Energy"

(Photovoltaic power generation, wind-related energy and energy storage systems)

1) Project a : “Green Buildings”

- i) Seven green building environmental certifications are stated to be qualified in the Framework, out of which DNV GL considered the following three green building environmental certifications promoted in Japan when evaluating the Framework. Green buildings that are subject to the attempted use of proceeds from the Green Equity Offering are new or existing logistics facilities that have acquired, or to be acquired (or maintained) the certification and standards.

<u>Green building environmental certifications</u>	<u>Level of certification</u>
- CASBEE :	S、 A or B+
- DBJ Green Building Certification :	5 or 4
- BELS :	5 or 4

Each environmental certification and standard of the Green Buildings, to which NPRs intends to allocate funds, is what the ESG Committee has quantitatively or qualitatively analysed and evaluated* that the impact of Japanese logistics facilities, etc., to which NPR allocate proceeds, on various environmental elements (energy, water use, waste, etc.) is relatively lower. The environmental certifications and standards adopted by NPR are evaluated to be in line with the suitability of green projects set forth by GBP as well as Japan's Green Bond Guidelines.

*For example, it has the top-level performance in the market (equivalent to the top 15%), and when the building performance and their environmental burden are quantitatively indexed, its environmental burden is assessed to be relatively lower.

- ii) NPR also attempts to allocate the proceeds to facilities that will achieve substantial improvement of energy efficiency, efficient water use, and to renovation of real estate that contributes to environmental benefits such as buildings and ancillary equipment and land.

For example, the aforementioned equipment includes the following:

- Energy efficiency lighting equipment such as LEDs
- Cool Roof insulation
- Sustainability-oriented construction materials
- Smart meters
- Electric and renewable energy charging stations and batteries
- Greening facilities with drought or flood tolerance
- Waste diversion
- Water and energy-saving technologies and materials
- Improvements recognized by sustainability rating systems

2) Project b : “Renewable Energy” (photovoltaic power generation, wind-related energy)

The Renewable Energy includes, but is not limited to, the expenditures to, acquisitions of, developments of, constructions of and introduction of new and/or existing renewable energy power generation facilities.

i) Installation of solar panels

Includes those installed on the roof tops of real estate owned or managed by NPR or one of affiliates of Prologis

ii) Wind-related energy projects

3) Project c “Energy Storage System” (Renewable Energy)

i) Energy storage systems

(Example: Batteries that store surplus electricity from solar panels)

NPR positions Project b and Project c as candidate projects that may be allocated the proceeds from the new investment unit in the future since specific plans are yet to be decided as of the date of this second party opinion.

(2) Process for Project Evaluation and Selection

Through the review, DNV GL confirmed that the candidates of NPR’s Eligible Green Project listed on Schedule-1 are in line with the Issuer’s ESG and environmental initiatives, and that the projects are evaluated and selected by the ESG Committee based on the eligibility criteria set for in “Principle 1. Use of proceeds”.

(3) Management of Proceeds

DNV GL confirmed that the methodologies to track and manage funds, until allocation of proceeds raised by NPR's Green Equity Offering is completed. DNV GL has confirmed that NPR intends to allocate the funds to new or existing investment or expenditure for portfolio of eligible green project assets after raising funds.

Regarding the status of fund allocation, it was confirmed that the proceeds will be allocated based on the internal management procedure of NPR under the management of Prologis REIT Management's Financial Planning Department. Prologis REIT Management's Financial Planning Department tracks the status of fund allocation with project unit or portfolio (which is consisted of NPR Eligible Green Project). Although the funds raised by Green Equity Offering may be in the form of cash and cash equivalents, or may be used for temporary payments and capital management activities of other existing liabilities from the time they are raised until they are allocated to NPR Eligible Green Projects, all of them will be attempted to be highly safe and liquid assets and will be managed in a manner with which the funds can be allocated to NPR Eligible Green Projects on a timely basis.

As aforementioned, no assurance is provided by DNV GL regarding the financial performance of the investment units to be issued through the Green Equity Offering, the value of any investments, or their long-term environmental benefits.

<Note ; Raising funds through green equity offering>

The net proceeds are defined as proceeds excluding the expenses related to the Green Equity Offering from the amount of total issue proceeds which is to be determined on the date of determination of the issue price, etc. of the Green Equity Offering. The management of the allocated and unallocated proceeds are implemented based on the procedure explained in (3).

(4) Reporting

DNV GL has confirmed that NPR will, at least annually, publish a report and disclose it on its website until NPR completes the allocation of all the proceeds from Green Equity Offering.

The reporting will provide the following updates wherever possible in practice:

- The total amount of proceeds allocated
- The number of eligible projects
- The balance of unallocated proceeds
- For properties in the Eligible Green Project portfolio: the levels of certifications of properties in the portfolio.

DNV GL has confirmed that NPR has disclosed the same content as above in its preceding green bond reporting*, and that the reporting of Green Equity Offering is planned to be carried out appropriately.

*: NPR Green Bonds: <https://www.prologis-reit.co.jp/en/esg/greenbond.html>

Results of Assessment

Based on the documents and information provided by NPR, DNV GL expresses its opinion that the Framework satisfies the four core principles that are defined in the Protocol (see Schedule-2), and is consistent with the definition and objectives of green finance, which “enables capital raising and investments in new or existing projects to realize environmental benefits”.

DNV GL Business Assurance Japan K.K.

20th January 2021



Mark Robinson

Manager, Sustainability Services
DNV GL Business Assurance, Australia



Naoki Maeda

Managing Director
DNV GL Business Assurance Japan K.K.



Masato Kanedome

Project Leader
DNV GL Business Assurance Japan K.K.

About DNV GL

Driven by our purpose of safeguarding life, property and the environment, DNV GL enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight.

With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 16,000 professionals are dedicated to helping customers make the world safer, smarter and greener.

Disclaimer

Responsibilities of the Management of the Issuer and the Second-Party Opinion Providers, DNV GL: The management of Issuer has provided the information and data used by DNV GL during the delivery of this review. Our statement represents an independent opinion and is intended to inform the Issuer management and other interested stakeholders in the Bond as to whether the established criteria have been met, based on the information provided to us. In our work we have relied on the information and the facts presented to us by the Issuer. DNV GL is not responsible for any aspect of the nominated assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV GL shall not be held liable if any of the information or data provided by the Issuer's management and used as a basis for this assessment were not correct or complete

Schedule-1. List of Green Equity Offering project candidates of Nippon Prologis REIT Inc. (NPR Eligible Green Project)

No.	NPR Eligible Green Project	Category (Environmental impact)	Outline
a	Green Building	Logistics facilities that obtain (or are planned to obtain) green building environmental certification (Reduction of energy, water, waste, etc.)	i . Logistics facilities that have obtained (or are planned to obtain) the following three green building environmental certifications that are being promoted in Japan, out of the seven green building environmental certifications defined in the Framework. <ul style="list-style-type: none"> - CASBEE : S, A or B+ - DBJ Green Building Certification : 5 or 4 - BELS : 5 or 4 ii . Renovation of logistics facilities such as improvement of energy efficiency and water utilization efficiency in consideration of sustainability
b	Renewable Energy	Photovoltaic power generation, wind-related energy (CO ₂ reduction)	Investment and expenditure related to acquisition, development, construction, etc. of the following new or existing equipment, for instance; <ul style="list-style-type: none"> i. Installation of solar panels to logistics facilities owned or managed by NPR and one of affiliates of Prologis ii. Wind-related energy projects
c	Energy Storage System (Renewable Energy)	Example: Batteries that store surplus electricity from solar panels	Investment and expenditure related to acquisition, development, construction, etc. of the following new or existing equipment, for instance; <ul style="list-style-type: none"> i. Power storage facilities charged from renewable energy, etc.

The amount of funding from Green Equity Offering and the amount allocated to each NPR Eligible Green Project, etc. will be disclosed in the annual report after financing.

Schedule-2 Green Equity Framework Eligibility Assessment Protocol of Nippon Prologis REIT, Inc.

The checklist below (GF-1 to GF-4) is a DNV GL Protocol created for the Green Equity Framework Eligibility Assessment of NPR based on four core elements, defined such as the GBP, etc. which are widely recognized in the green finance market. Here “Green Finance” equate with “Green Equity Offering”.

GF-1 Use of Proceeds

Ref.	Criteria	Requirement	Work undertaken	DNV GL Findings
1a	Type of finance	<p>The green finance must fall in one of the following categories, as defined by GBP.</p> <ul style="list-style-type: none"> •(Standard) Green Finance •Green Revenue Finance •Green project finance •Other 	<p>Confirmed documents:</p> <ul style="list-style-type: none"> - NPR Green Equity Framework <p>Discussions with NPR</p>	<p>Through the assessment, DNV GL confirmed that NPR Green Equity Offering falls into the category below.</p> <ul style="list-style-type: none"> •(Standard) Green Finance (Green Equity)
1b	Project categories	<p>The cornerstone of a Green Finance is the utilization of the proceeds of the finance which should be appropriately described in the legal documentation for the security.</p>	<p>Confirmed documents:</p> <ul style="list-style-type: none"> - NPR Green Equity Framework - Legal documents <p>Discussions with NPR</p>	<p>DNV GL confirmed that NPR Eligible Green Projects identified in the framework fall into the following representative eligible categories classified by GBP.</p> <p>“Green Building” “Renewable energy”</p> <p>Specifically, the following NPR Eligible Green Project candidates. Project a: “Green Building” (New construction or renovation business of logistics facilities that obtain (or are planned to obtain) the green building environmental certification</p>

Ref.	Criteria	Requirement	Work undertaken	DNV GL Findings
				Project b and c: "Renewable Energy" (Photovoltaic power generation, wind-related energy and energy storage system)
1c	Environmental benefits	All designated Green Project categories should provide clear greenly sustainable benefits, which, where feasible, will be quantified or assessed by the issuer.	Confirmed documents: - NPR Green Equity Framework - Green Building Standard Certification Report (NPR internal document) Discussions with NPR	DNV GL confirmed that the implementation of the NPR Eligible Green Project has environmental benefits such as reduction of CO ₂ , water and waste. Although it is difficult to quantitatively evaluate the direct environmental benefits of green buildings, which are the main candidates for allocation projects, it can be evaluated as a project with clear environmental benefits by achieving and obtaining certification for each green building certification standard assessed by NPR.
1d	Refinance share	In the event that a proportion of the proceeds may be used for refinancing, it is recommended that issuers provide an estimate of the share of financing vs. re-financing, and where appropriate, also clarify which investments or project portfolios may be refinanced.	Confirmed documents: - NPR Green Equity Framework Discussions with NPR	DNV GL confirmed that if funds raised by Green Equity Offering (net proceed excluding expenses) will be used for refinancing in the future, it will be disclosed in the annual report of fund allocation status by NPR on its website. Disclosures in the reporting will include targeted projects, refinancing amounts or share of financing information as practically possible.

GF-2 Process for Project Evaluation and Selection

Ref.	Criteria	Requirement	Work undertaken	DNV GL Findings
2a	Investment decision process	<p>The issuer of a Green Finance should outline the decision-making process it follows to determine the eligibility of projects using Green Finance proceeds. This includes, without limitation:</p> <ul style="list-style-type: none"> •A process to determine how the projects fit within the eligible Green Projects categories identified in the Green Finance Principles; •The criteria making the projects eligible for using the Green Finance proceeds; and •The environmental green objectives 	<p>Confirmed documents:</p> <ul style="list-style-type: none"> - NPR Green Equity Framework - Green Building Standard Certification Report (NPR internal document) <p>Discussions with NPR</p>	<p>DNV GL confirmed that NPR plans to select NPR Eligible Green Projects based on the NPR Green Equity Framework and Green building standard certification document (NPR internal document).</p> <ul style="list-style-type: none"> - Nominated project is evaluated and selected by the ESG Committee consisting of the management of Prologis REIT Management K.K.. The green building has obtained or plans to obtain the green building environmental certification evaluated as NPR Eligible Green Project by the green building standard certification document, internal document of NPR. - Renewable energy related projects should be representative green projects classified by GBP etc. - Projects are consistent with “ESG initiatives” and “Environmental initiatives” defined by Prologis and NPR.
2b	Issuer’s environmental governance framework	<p>In addition to criteria and certifications, the information published by issuers regarding the green finance process is also considered the quality of performance of the issuer's framework and environmental sustainability.</p>	<p>Confirmed documents:</p> <ul style="list-style-type: none"> - NPR Green Equity Framework - NPR website (ESG initiatives, etc.) <p>Discussions with NPR</p>	<p>DNV GL has confirmed through the documents and interviews that NPR has defined “ESG initiatives” and “Environmental initiatives”, and that this Green Equity Offering is in line with those initiatives. Those initiatives are also linked to the SDGs, and the sustainability of NPR’s business activities related to the environment, etc. is taken into account.</p>

GF-3 Management of proceeds

Ref.	Criteria	Requirement	Work undertaken	DNV GL Findings
3a	Tracking procedure-1	The net proceeds of Green Finance should be credited to a sub-account, moved to a sub-portfolio or otherwise traced by the issuer in an appropriate manner and attested to by a formal internal process that will be linked to the issuer's lending and investment operations for Green Projects.	Confirmed documents: - NPR Green Equity Framework - NPR Internal fund management process Discussions with NPR	NPR plans to manage the proceeds from Green Equity Offering in the general account of NPR, and to fully allocate to the NPR Eligible Green Project defined by the framework in a timely manner. DNV GL has confirmed that NPR has the appropriate financing process to manage the proceeds and that the status of allocation of the proceeds can be tracked.
3b	Tracking procedure-2	So long as the Green Finance are outstanding, the balance of the tracked proceeds should be periodically reduced by amounts matching eligible green investments or loan disbursements made during that period.	Confirmed documents: - NPR Green Equity Framework - NPR Internal fund management process Discussions with NPR	DNV GL confirmed that the allocation status (allocation amount and balance) of the proceeds will be controlled and adjusted by NPR's internal fund management process. When it is allocated, the project name, allocation amount, allocation date and individual allocation details (new acquisition, repayment of borrowings, etc.) will be recorded. DNV GL has confirmed that this information will be reported annually on the NPR website.
3c	Temporary holdings	Pending such investments or disbursements to eligible Green Projects, the issuer should make known to investors the intended types of temporary investment instruments for the balance of unallocated proceeds.	Confirmed documents: - NPR Green Equity Framework - NPR Internal fund management process Discussions with NPR	DNV GL confirmed that unallocated fund will be managed in the form of cash and cash equivalents, or allocated to temporary payments of outstanding indebtedness or capital management activities of other existing liabilities, and all are treated as highly safe and liquid assets and will be managed in a manner so that they can be allocated to NPR Eligible Green Projects on a timely basis. The aforementioned outline is explained to investors how to operate it through the framework.

GF-4 Reporting

Ref.	Criteria	Requirement	Work undertaken	DNV GL Findings
4a	Periodical reporting	<p>In addition to reporting on the use of proceeds and the temporary investment of unallocated proceeds, issuers should provide at least annually a list of projects to which Green Finance proceeds have been allocated including</p> <ul style="list-style-type: none"> - confidentiality and/or competitive considerations, where possible - a brief description of the projects and the amounts disbursed, as well as the expected environmentally sustainable impact. 	<p>Confirmed documents:</p> <ul style="list-style-type: none"> - NPR Green Equity Framework - NPR website (ESG initiatives, etc.) <p>Discussions with NPR</p>	<p>DNV GL confirmed that NPR plans to report the specific items required by Green Finance (e.g. project progress, allocation status, environmental improvement effects, etc.) on the NPR website at least annually and publish it until the full amount of the net proceeds is fully allocated. The reporting will include the following updates which are possible in practice:</p> <ul style="list-style-type: none"> - The total amount of proceeds allocated - The number of eligible projects - The balance of unallocated proceeds - For properties in the Eligible Green Project portfolio: the levels of certifications of properties in the portfolio.