

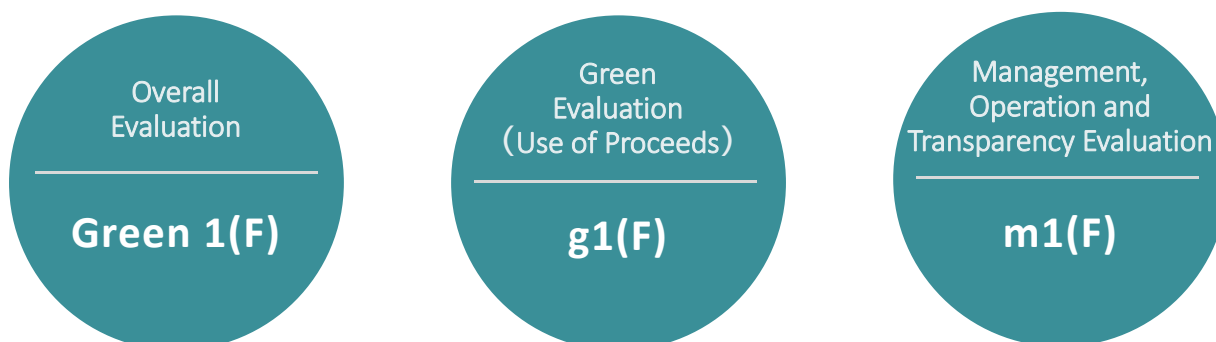


Japan Credit Rating Agency, Ltd. (hereinafter referred to as "JCR") has announced the following Green Finance Framework Evaluation Results.

Nippon Prologis REIT, Inc.

Green Finance Framework

Assignment



Issuer/Borrower	Nippon Prologis REIT, Inc. (Security Code: 3283)
Subject	Green Finance Framework (the "Framework")

Evaluation Overview

▶▶▶ 1. Overview of Nippon Prologis REIT, Inc.

Nippon Prologis REIT, Inc. ("NPR") is a real estate investment trust ("REIT"), listed on the Tokyo Stock Exchange in February 2013, who primarily invests in logistics facilities. NPR, under the principles of its investment objectives, has maximized its unit holder value by securing stable income, growing the size of its assets under management and increasing the value of its portfolio assets. NPR has specifically invested in "Class-A logistics facilities,"¹ that meet all the

¹ NPR's definitions for "Class-A logistics facilities" refer to logistics facilities that satisfy the following five factors: (1) Gross floor area of approximately 16,500 square meters (177,600 square feet) or more; (2) Close to population clusters, transportation

requirements of sizes, locations, functionality and safety standards needed to provide full operational efficiency to NPR's customers. NPR intends to own and operate its assets under management in the medium- to long-term. As of November 31, 2023, NPR owned 59 properties in its portfolio with a total purchase price of 916.7 billion yen.

The asset management company of NPR is Prologis REIT Management K.K. (the "Asset Manager"). The sponsor of NPR and the Asset Manager is Prologis K.K. who is a 100 percent shareholder of the Asset Manager and one of subsidiaries of the US-based Prologis Group. NPR has intensively invested in "Class-A logistics facilities" developed by the Prologis Group through a sponsor support agreement with the Prologis Group. Besides the aforementioned, NPR has been functioning through a close collaboration with the Prologis Group, including, but not limited to, the Prologis Group's support for NPR's property management or human networks within the logistics industry.

▶▶▶ 2. NPR's ESG Management and Decarbonization Initiatives

NPR has been, as a REIT that focuses on investing in "Class-A logistics facilities," taking a number of sustainability initiatives jointly with the Asset Manager. In 2021, NPR, the Asset Manager and Prologis K.K. have analyzed their businesses in Japan and identified ESG materialities (the "Materialities"). Among the nine identified Materialities, three are in the field of the environmental; "Development and Investments in Green Buildings," "Sustainable Energy Use" and "Response to Climate Change." NPR will contribute to the three environmental materialities, including "Development and Investments in Green Buildings" through establishment of the Framework and allocation of proceeds raised through green finance to projects that meet the eligibility criteria.

At the Asset Manager, the ESG Committee (the "Committee") primarily bears a responsibility to promote sustainability initiatives and activities by NPR. The Committee is consisted of the Chief Executive Officer (who also serves as Chief Sustainability Officer) as a chairman, the Deputy President and CFO, the Head of the Financial Planning/Investor & Public Relations Division, the Head of the Investment & Operations Division, the Compliance Officer and other ancillary members in charge of sustainability. The Committee has planned various ESG initiatives/activities for NPR and verified the results of implementation of those actions. The Committee has also promoted NPR's initiatives by utilizing, when necessary, skills and knowledge of external experts for sustainability operations, such as formulating various ESG policies.

hubs (including expressway interchanges) or major seaports or airports; (3) Floor space that exceeds 5,000 square meters (53,820 square feet) on a single floor, with a floor weight capacity of at least approximately 1.5 tons/square meter, an effective ceiling height of at least 5.5 meters (18 feet) and a span between columns of at least 10 meters (33 feet); (4) Spiral ramps or slopes that allow trucks direct access to upper-floor space, or sufficiently capable vertical conveyors; and (5) Structural and facility safety features such as seismic isolation and earthquake-proofing that can withstand natural disasters.

▶▶▶ 3. Green Finance Framework

The subject of this evaluation memorandum is a Green Finance Framework (the "Framework") stipulated by NPR to exclusively limit the use of proceeds financed through green bonds or green loans (collectively the "Green Finance") to the ones that will create or generate real environmental benefits. Through this evaluation, JCR will evaluate whether the Framework is in compliant with the Green Bond Principles², the Green Loan Principles³, the Green Bond Guidelines⁴ and the Green Loan Guidelines⁵. Although these principles and guidelines do not constitute any legal authority in any legislations, JCR generally assesses, as our principle, the adequacy of various sustainability initiatives in light of these principles and guidelines as the currently addressable domestic and global uniform sustainability standards.

NPR intends to allocate the proceeds procured through the Green Finance to the acquisitions of green buildings that meet predetermined eligibility criteria or to refinancing of such acquisition financings or to capital expenditure in order to improve energy efficiency or make environmentally improvement to the properties. It is also stipulated that appropriate measures shall be taken in consideration of potential adverse impacts on the environment or society in acquiring or implementing eligible green projects. Accordingly, JCR has evaluated that the use of proceeds defined in the Framework is expected to have rational environmental benefits.

According to the Framework, a process has been established to involve the senior management in the selection of projects for which proceeds shall be allocated. In addition, the proceeds are expected to be properly managed, and adequate controls have been in place through external audit. In terms of reporting, the predetermined information of the status of proceeds allocation and environmental benefits will be disclosed on the NPR's website. Accordingly, JCR has evaluated that the rational management and operation structure has been established in NPR, and therefore, the proposed process is reasonably transparent.

Consequently, JCR has assigned "g1(F)" for the "Green Evaluation (Use of Proceeds)," "m1(F)" for the "Management, Operation and Transparency Evaluation" and "Green 1(F)" for "JCR Green Finance Framework Evaluation" to the Framework based on JCR Green Finance Evaluation Methodology. JCR has evaluated that the Framework meets the standards for the various requirements in the Green Bond Principles, the Green Loan Principles, the Green Bond Guidelines and the Green Loan Guidelines.

² ICMA(International Capital Market Association) (2021, with June 2022 Appendix 1) *Green Bond Principles*
<https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

³ LMA (Loan Market Association), APLMA (Asia Pacific Loan Market Association), LSTA (Loan Syndications and Trading Association) (2023) *Green Loan Principle*
<https://www.lsta.org/content/green-loan-principles/>

⁴ Ministry of the Environment (2022) *Green Loan Guidelines*
<https://www.env.go.jp/content/000062495.pdf>

⁵ Ministry of the Environment (2022) *Green Loan Guidelines*
<https://www.env.go.jp/content/000062495.pdf>

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I. The Use of Proceeds

JCR's Key Consideration in this Factor

First, in this section, JCR will confirm whether the proceeds have been allocated to the green projects with clear environmental benefits. Secondly, if the use of proceeds may have a potential negative impact on the environment and society, JCR will confirm whether the potential impact has been fully examined by an internal specialist department or an external third party expert, and necessary measures have been taken to avoid or mitigate the potential negative impact. Finally, JCR will confirm that the use of proceeds is aligned with the Sustainable Development Goals ("SDGs").

▶▶▶ Executive Summary of Current Status of the Use of Proceeds and JCR's Evaluation

The uses of proceeds defined in the Framework (acquisitions of green buildings, acquisition of assets or renovation work to improve energy efficiency of or reduce environmental burdens from NPR's portfolio properties, and acquisition of renewable energy power generators and their installation work) are evaluated as being all important measures that contribute to the Materialities and are expected to have rational environmental benefits.

The Framework for Use of Proceeds

Use of Proceeds

The proceeds will be allocated to investments in projects which meet the eligible criteria (the "Eligible Green Projects") or refinancing of existing Green Finance schemes.

<Eligibility Criteria>

(1) Green Buildings

Assets that have received or have renewed, or will receive or renew any of the following certification from 1 to 5 from third-party certification institutions:

1. LEED: Platinum, Gold, Silver
(For LEED BD+C, v4 and later)
2. BREEAM: Outstanding, Excellent, Very Good
3. CASBEE: S, A, B+

S, A, B+ in the municipal version CASBEE (however, it shall be limited to buildings that completed construction within past 3 years)

4. DBJ Green Building Certification: 5 stars, 4 stars

5. BELS (2016 standard): 5 stars, 4 stars

The following levels in BELS (2024 standard)

Non-residential: From Level 6 to Level 4

Housing with renewable energy facilities: From Level 6 to Level 3

Housing without renewable energy facilities: From Level 4 to Level 3

(2) Assets or renovation work that intended to improve energy efficiency or reduce the environmental impact (those with a reduction effect of 30 percent or more at the time of planning the renovation work)

(3) Renewable energy power generation facilities and these installation work

JCR Evaluation of the Framework

1. Environmental Benefits of the Projects

(1) Use of Proceeds #1: Green Buildings

Use of Proceeds #1 refers to new or existing investments and/or other expenditures in connection with buildings that have received or renewed green building certification or will receive or renew green building certification in the future. This use of proceeds is qualified as the "Energy efficiency" and "Green buildings which meet regional, national or internationally recognized standards or certifications" defined in the Green Bond Principles and the Green Loan Principles, and as the "Projects for energy efficiency" and "Projects concerning Green Buildings" among the uses of proceeds exemplified in the Green Bond Guidelines and Green Loan Guidelines.

According to the Framework, NPR will allocate the applicable proceeds to buildings that have received, have renewed or will receive satisfactory levels of certifications required under LEED, BREEAM, CASBEE, DBJ Green Building or BELS in terms of the eligibility criteria in selecting green building properties. All certifications, as will be discussed in detail hereafter, are deemed rational environmental certifications from a regional, national or international standpoint.

Accordingly, JCR has concluded that projects that have received certification at a level that fulfills NPR's eligibility criteria have rational environmental benefits.

LEED (Leadership in Energy and Environmental Design)

LEED refers to an environmental performance evaluation system for buildings and urban environments developed and operated by the U.S. Green Building Council (USGBC), a non-profit organization. LEED is an acronym standing for Leadership in Energy and Environment Design, and the draft was published in 1996 and has been updated every few years since then. LEED v4 and v4.1 are currently operating and LEED v5 will be released in 2025.

The certification program has six categories; BD+C (Building Design and Construction,) ID+C (Interior Design and Construction,) O+M (Building Operations and Maintenance,) ND (Neighborhood Development,) HOMES (Home) and CITIES (City), The certification levels are

represented by the total points received for each item; Platinum (80 points or more,) Gold (60 to 79 points,) Silver (50 to 59 points) and Certified (standard certification) (40 to 49 points) from the top to the bottom. For evaluation, the program prerequires reasonably high scores for items on energy conservation, and to obtain a high certification level, it is reasonable to assume that the program requires high energy efficiency.

The certification level, Silver or higher, which NPR has established as the eligible criteria, is deemed satisfactory as a certification level for the buildings that have achieved high energy efficiency and has been evaluated as having rational environmental benefits.

BREEAM

BREEAM (Building Research Establishment Environmental Assessment Method) is the world's first environmental performance assessment index system founded by ECD (Energy and Environment,) an energy and environment consultancy in 1990.

BREEAM aims to raise awareness about consideration of the environment among owners, residents, designers and operators by setting stricter standards than the law, encourage the best design, operation, maintenance and management, and distinguish and recognize such buildings. Assessment is conducted on a maximum of ten category issues; management, health & wellbeing, energy, transport, water, materials, land use, waste & pollution, regional ecosystems and innovation. BREEAM covers both existing and new buildings, and assessment is carried out per target category, such as existing residences, offices or retail stores.

Assessment results are given on a five point scale; (1) Outstanding; (2) Excellent; (3) Very Good; (4) Good; and (5) Pass. Evaluation is made by multiplying the raw score in each area by a weighting coefficient and summing up these scores. The largest weighting coefficient is set for energy, and larger weighting coefficients are established for areas, such as materials or management although there are some differences depending upon a target type. Additionally, CO₂ emissions during the operational phase are directly evaluated, and insulation efficiency or energy-saving, including household electrical appliances are also reflected in the evaluation from the perspective of energy conservation.

Accordingly, "Very Good" or higher, defined as the eligible criteria by NPR, is deemed satisfactory as a certification level for high environmental performance and has been evaluated as having rational environmental benefits.

CASBEE (Comprehensive Assessment System for Built Environment Efficiency)

CASBEE is an acronym standing for Comprehensive Assessment System for Built Environment Efficiency and is a method for evaluating and rating the environmental performance of buildings. In April 2001, a comprehensive environmental evaluation research committee for buildings was established as an industry-academia-government collaboration project with the support of the Housing Bureau of the Ministry of Land, Infrastructure, Transport and Tourism and it has been continuously developing and maintained since then. CASBEE's evaluation tools include CASBEE for Construction, CASBEE for Cities, and CASBEE for Real Estate that was developed for the purpose of demonstrating various environmental performances to the real estate market community.

CASBEE for New Construction is evaluated with the value of BEE (Built Environment Efficiency) with L as the denominator and Q as the numerator after the reconstruction from the viewpoint of environmental quality of buildings (Q refers to Quality) and environmental loads of buildings

(L means Load) for the evaluation items in the four areas; energy consumption, resource recycling, regional environment and indoor environment. The evaluation results are categorized into five classes, as follows: Rank S (excellent,) Rank A (very good,) Rank B + (good,) Rank B - (slightly inferior) and Rank C (inferior). CASBEE for Real Estate falls under four categories, as follows: Rank S (excellent,) Rank A (very good,) Rank B + (good) and Rank B (satisfied with items required). To obtain high ratings, the applicants need to prioritize consideration of environment-friendly specs such as energy saving features, utilization of low-environmental-impact equipment and holistically high quality of buildings as well as consideration for indoor comfort and/or consideration for appearance of landscape.

The municipal version CASBEE is used mainly in Japan's major cities (ordinance-designated cities) where CASBEE is utilized for a registration system of a "Program of Environmental Friendly Buildings Prioritization." In this case, evaluation is conducted based on computation utilizing valuation software used in CASBEE for Architecture in accordance with the way of thinking of a municipality or characteristics of that region. The look-back period is stipulated as three years from the construction completion date in the Framework, which is consistent with the validity period of CASBEE for New Construction. Accordingly, the municipal version CASBEE has the same rational environmental benefits as those for CASBEE for Construction.

JCR has evaluated that buildings with the rating of B+ or higher, which NPR has set as the eligible criteria, have environmental benefits with the following reasons: (1) Such buildings have BEE of 1.0 or higher in CASBEE for New Construction and the municipal version CASBEE, and the environmental qualities clearly exceed the environmental burdens, and (2) such buildings with CASBEE for Real Estate are properties equivalent to B+ in conventional CASBEE for Construction although the measurement is not based on BEE in CASBEE for Real Estate.

DBJ Green Building Certification

DBJ Green Building Certification refers to a certification system provided by DBJ (the Development Bank of Japan) to evaluate real estate with social and environmental consideration. The evaluation results are indicated with the number of stars, and the evaluation axis is buildings with social and environmental consideration. The evaluation with major five categories are as follows: "Energy & Resources (environmental performance of buildings)," "Amenity (comfort of tenants)," "Resilience (abilities to respond to crises)," "Community & Diversity (consideration for diversity and the surrounding environment)" and "Partnership (cooperation with stakeholders)" with 5 stars (extremely excellent and top-shelf buildings in Japan,) 4 stars (excellent,) 3 stars (great,) 2 stars (good) and 1 star (satisfactory). JCR has evaluated that this evaluation program is equivalent to the "regional, national or internationally recognized standards or certification" in the green project classification defined in the Green Bond Principles as DBJ Green Building Certification has been highly recognized in Japan and has had certain evaluation items for environmental performance although it is not only specifically evaluating environmental performances of buildings. Since the certification is not exclusively limited to assess environmental performances of buildings, JCR considers that it is desirable to confirm the evaluation of environmental performance of each building.

DBJ Green Building Certification is based on a comprehensive evaluation methodologies, including not only the assessment of environmental performance of properties to be evaluated but also the comfort of tenants, risk management, such as disaster/crime prevention, consideration for the surrounding environment and communities as well as collaboration with stakeholders. There are many properties that do not meet the criteria for evaluation in the real

estate market as scoring is designed by consolidating specific "excellent initiatives" for the environment and society. In order to be highly rated, buildings are required to appropriately consider not only the environmental impact but also impact on all stakeholders involved in the buildings.

The level of DBJ Green Building Certification is assumed to constitute approximately the top 20 percent of all income properties in Japan in the field of the "concerns for the environment and society." Additionally, each rating up to 3 stars is subject to the aggregation of the top 10 percent (5 stars,) top 30 percent (4 stars) and top 60 percent (3 stars) of properties that exceed the certification levels of DBJ Green Building Certification. JCR has therefore evaluated that the buildings with 4 stars or higher of DBJ Green Building Certification, which NPR set as the eligibility criteria, are properties with high environmental performance and benefits.

BELS (Building Energy Efficiency Performance Labeling System)

BELS is an acronym standing for Building-Housing Energy-Efficiency Labeling System and is a system in which energy-saving performance is evaluated and certified by a third-party evaluation organization for new and existing buildings. The buildings' skin heat performance and primary energy consumption are subject to evaluation, and it is required to have excellent energy-saving performance for high evaluation. The evaluation results are classified by levels based on BEI (Building Energy Index). BEI is a criterion to measure energy-saving performance relative to a reference value, with design primary energy consumption as the numerator and reference primary energy consumption as the denominator. Evaluation is made on a five-point scale ranging from one star to five stars under the conventional standard (2016 standard), and two stars satisfy the energy conservation standard.

The energy conservation regulations have been tightened for large non-residential buildings which floor area is 2,000 m² or more since the revised Building Energy Efficiency Act came into effect on April 1, 2024. The new energy conservation standard varies depending upon the building uses; 25 percent or more reduction for factories, including logistics facilities and 20 percent or more reduction for offices, schools, hotels or department stores. Based on this amendment, the regulation of BELS for the buildings sales and leases was enhanced in April 2024, and new standards (the "2024 Standards") were introduced in BELS. Under the 2024 Standards, residential and non-residential buildings with renewable energy facilities will be assessed on a scale of 7 from Level 6 (an energy consumption reduction rate of 50 percent or more) to Level 0 (an energy consumption reduction rate of less than 0 percent) while residential buildings without renewable energy facilities will be assessed on a scale of 5 from Level 4 (an energy consumption reduction rate of 30 percent or more) to Level 0 (an energy consumption reduction rate of less than 0 percent). Under the new standards, BELS Level 4 or above (an energy consumption reduction rate of between 30 percent and 40 percent) is provided to buildings that meet the energy conservation standard of all non-residential buildings and an induction standard is applied to some uses. For residential buildings, the previous standards for residential buildings remain unchanged: The energy consumption reduction rate is 0 percent or more and the induction standard is 20 percent or more.

JCR has determined that the BELS criteria applied by NPR are demonstrating rational energy-saving performance and is appropriate to be utilized to define the use of proceeds.

(2) Use of Proceeds #2: Renovation Work

The use of proceeds #2 will be used for renovation work that meets certain conditions to be carried out on assets held by NPR. This use of proceeds is categorized into the "Energy efficiency" in the Green Bond Principles and Green Loan Principles, and the "Projects for energy efficiency" among the use of proceeds exemplified in the Green Bond Guidelines and Green Loan Guidelines.

Under the Framework, NPR, in terms of the real estate it manages, has defined projects for which the proceeds will be used as follows; (1) renovation work that will reduce any of the CO₂ emissions, energy consumption or water consumption by 30 percent, and (2) construction work to install renewable energy power generators.

In both cases, concrete improvements are expectable by indicating the quantitative effects before and after construction. The reduction rates of energy consumption are also comparable to global standards, and therefore, JCR has evaluated that the renovation work that meets the eligibility criteria has high environmental benefits.

(3) Use of Proceeds #3: Acquisition or Installation of Renewable Energy Power Generator

The use of proceeds #3 is subject to the acquisition or installation of renewable energy power generator to be installed in assets held by NPR. The use of proceeds falls under "Renewable energy" in the Green Bond Principles and the Green Loan Principles and "Projects for renewable energy" among the use of proceeds illustrated in the Green Bond Guidelines and the Green Loan Guidelines.

NPR, under this Framework, has set the acquisition or installation of renewable energy power generator (solar power generation) on the sites of its properties as projects for which proceeds will be used.

It is expected that the proceeds will be used to generate electricity from renewable energy sources, which can reduce the use of fossil fuels. Accordingly, JCR has evaluated that the acquisition or installation of renewable energy power generators that satisfy the eligibility criteria has rational environmental benefits.

2. Negative Impacts on the Environment and Society

The Asset Manager assumes that the projects to be allocated proceeds may cause, if any, defects (e.g. use of environmental and soil pollutants) or troubles with surrounding residents as for green buildings, and noises or vibrations nuisance along with construction work of renovation and the installation of renewable energy facilities as adverse impacts on the environment and society. The Asset Manager is to identify any negative impacts on properties to be acquired through thorough due diligence and by taking appropriate measures as needed for acquiring properties. It is also expected that risks will be managed by complying with laws and regulations for renovation work.

Consequently, JCR has confirmed that NPR gives satisfactory consideration to adverse impacts on the environment and society.

3. Alignment with SDGs

JCR has evaluated that NPR contributes to the following SDGs goals and targets with reference to ICMA's SDGs mapping.



Goal 7: Affordable and Clean Energy

Target 7.3. By 2030, double the global rate of improvement in energy efficiency



Goal 9: Industry, Innovation and Infrastructure

Target 9.4. By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities



Goal 11: Sustainable Cities and Communities

Target 11.3. By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries
Target 11.6. By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management

Evaluation Phase 2: Management, Operation and Transparency Evaluation

m1(F)

I. Selection Criteria and Processes of the Use of Proceeds

JCR's Key Consideration in this Factor

In this section, JCR will confirm whether the objectives to be achieved through this evaluation target, the adequacy of the green project selection criteria and the processes and a series of the processes will be appropriately disclosed to investors.

▶▶▶ Executive Summary of Current Status of the Processes and JCR's Evaluation

JCR has determined that departments with expertise/knowledge and the senior management have been adequately involved in the goals, the selection criteria for eligible projects and the processes in the Framework and that their transparency is reasonably secured.

1. Goals

NPR, the Asset Manager and Prologis K.K. have identified material issues on ESG (the "Materialities") in 2021. Among the nine Materialities, three of them contribute to the environment, as follows; "Development and Investments in Green Buildings," "Sustainable Energy Use" and "Response to Climate Change."



Figure 1: NPR's Materialities⁶

⁶ Source: NPR's website: https://www.prologis-reit.co.jp/en/esg/materiality_and_commitment.html

NPR's formulation of this Framework and allocation of proceeds raised through the Green Finance to projects that meet the eligibility criteria contribute to the three environmental Materialities, including "Development and Investments in Green Buildings."

Accordingly, JCR has evaluated that the implementation of Green Finance based on this Framework has been appropriately aligned with NPR's goals.

2. Selection Criteria

The eligibility criteria in the Framework are as described in the Evaluation Phase 1 in this report. JCR has evaluated that the selection criteria for the project have been adequate.

3. Processes

Framework for the Processes

The Investment & Operations Division or the Financial Planning/Investor & Public Relations Division of the Asset Manager will select the projects to which the proceeds will be allocated in accordance with the Asset Manager's internal guidelines. The Financial Planning/Investor & Public Relations Division will then submit a proposal of the allocation of proceeds procured through the Green Finance to the applicable investment targets to the Asset Manager's ESG Committee (the "Committee") for the Committee's analysis and evaluation.

In cases when NPR procures proceeds through the Green Finance for the aforementioned investment targets as the use of proceeds, the Financial Planning/Investor & Public Relations Division will draft proposals and the Investment Committee of the Asset Manager and NPR's Board of Directors will deliberate for approvals.

Evaluation by JCR to the Framework

The Investment & Operations Division or the Financial Planning/Investor & Public Relations Division of the Asset Manager will select the projects for which the proceeds raised through the Green Finance will be used and the Financial Planning/Investor & Public Relations Division will then submit a proposal of the allocation of proceeds financed to the Committee who will evaluate its alignment with the eligibility criteria. In cases when proceeds will be procured through the Green Finance, the Financial Planning/Investor & Public Relations Division drafts proposals, and the Investment Committee of the Asset Manager and NPR's Board of Directors will deliberate for approvals. JCR has determined that the selection processes have been properly defined as the senior management of the Asset Manager is involved in the processes.

The selection criteria and processes for projects of NPR will be disclosed in this evaluation report and on its website. Accordingly, JCR has evaluated that adequate transparency is being secured for investors.

II. Management of the Proceeds

JCR's Key Consideration in this Factor

Generally, the processes and methodologies to manage procured proceeds widely vary among different companies who raise such money. JCR will confirm whether the proceeds financed based on the evaluation target are certainly allocated to green projects and whether a mechanism and internal control system are in place to enable tracking and managing allocation of proceeds without difficulties.

JCR will also evaluate whether the proceeds procured through this evaluation target will be promptly allocated to green projects and whether appropriate management/investment process exists if unallocated proceeds exist.

▶▶▶ Current Status of the Management/Control Systems and JCR's Evaluation

JCR has evaluated that NPR's proceeds management system has been properly established and the processes to manage the proceeds are highly transparent as the subject management processes will be disclosed in this evaluation report and the Framework will be disclosed on NPR's website.

Framework for the Management of the Proceeds

Proceeds Allocation Plan

The proceeds procured through the Green Finance will be promptly used to invest in new assets that meet the eligibility criteria or to refinance funds to invest in existing assets.

How to Track and Manage Proceeds Financed

The proceeds raised through the Green Finance will be deposited into the NPR's bank account. Then the proceeds will be allocated to acquisitions of the Eligible Green Projects or repayment of existing Green Finance in accordance with applicable agreements and contracts.

These processes will be adequately managed with spreadsheets or similar management tools by the Accounting Division in accordance with the internal guidelines of the Asset Manager.

Internal Control and External Audit on Tracking Management

The Asset Manager will internally audit its entire business processes on a regular basis with an assistance provided by an external specialized institution.

Also, the entire financial accounting of NPR will be also audited by external accountants.

Methodology to Manage Unallocated Proceeds

The proceeds raised through the Green Finance will be managed in the form of cash or cash equivalents until they are allocated.

After the completion of the full allocation, if the proceeds are not temporarily allocated to the Eligible Green Projects as they are disqualified as the permitted use of proceeds as a result of

disposition, physical damages or failure to satisfy the eligible green criteria, for the period through the redemption or repayment of the Green Finance, the unallocated proceeds will be managed, as follows:

NPR will manage and control the proceeds by confirming that the total balance of green finance is compliant with the permitted upper limit amount of the Eligible Green Debt (total amount of the Eligible Green Projects multiplied by the total asset LTV) at each fiscal period.

Evaluation by JCR to the Framework

The proceeds raised through the Green Finance will be allocated to projects that meet the eligibility criteria promptly after the procurement. The Accounting Division of the Asset Manager will monitor and manage the proceeds financed with electronic files and the results will be reported to the Head of the Accounting Division.

NPR has established a structure under which proceeds financed will be adequately controlled as it internally audits the proceeds with an assistance from an external specialized institution, and an external accounting firm audits them. NPR also has put a structure in place to permanently preserve documents on green finance proceeds management.

The proceeds procured through the Green Finance will be immediately allocated to the Eligible Green Projects. Therefore, in principle, there will be no unallocated proceeds. But if there are any unallocated proceeds - for instance, the Green Finance assets are disposed or disqualified as the Eligible Green Projects - NPR will apply a portfolio management to control the unallocated proceeds. Specifically, the amount of debt calculated by multiplying the total amount of acquisition value of green projects that satisfy the green eligibility criteria at the latest fiscal period by LTV (loan to value/interest-bearing debt ratio) will be set as the upper limit amount of the Green Finance and managed to make sure that the balance of the Green Finance does not exceed the amount of the Eligible Green Debts as of the end of the latest fiscal period.

Accordingly, JCR has evaluated NPR's proceeds management system as appropriate.

III. Reporting

JCR's Key Consideration in this Factor

In this section, JCR will evaluate whether the disclosure system for investors before and after financing based on the Framework is effectively designed in detail.

▶▶▶ Current Status of the Reporting and JCR's Evaluation

JCR has, in terms of NPR's reporting, evaluated that both of the proceeds allocation and environmental benefits will be adequately disclosed to investors.

Framework for the Reporting

Allocation of Proceeds

NPR, after proceeds raised through green finance, will make its best efforts to report the following information on its website:

- Allocation status of the proceeds from green finance
- Allocation plans in case there are unallocated residual proceeds from the green finance from the date one month after the completion of such green finance
- The fact that certain eligible green projects are disqualified as the permitted use of proceeds as a result of disposition, physical damages or failure to satisfy the eligible green criteria of such eligible green projects, prior to the redemption or repayment of the green finance
- The total balance of green finance and the permitted upper limit amount of the of green eligible debt at each fiscal period

Impact Reporting

NPR will report the following contents annually on its website to the extent it is practicable:

- Types and ratings of the certificates received for green buildings
- Achieved effects of energy savings as a result of repairs and maintenance work
- Estimated amount of electricity power generation and estimated amount of CO₂ emission reduction as a result of the introduction of renewable energy power generators
- Summary of status of NPR's investments into green buildings
- Data on energy consumption, etc., and ESG initiatives of NPR and the Asset Manager

Evaluation by JCR to the Framework

Reporting on the Allocation Status of the Proceeds

NPR will annually disclose the contents defined in the Framework on its website. If there is any significant change in the status of the proceeds procured after the proceeds are fully allocated, NPR plans to disseminate that effect by disclosing such change on its website.

Reporting on Environmental Benefits

NPR will annually disclose the contents stipulated by the Framework on its website as reporting on the environmental benefits. These disclosure items include quantitative data, such as energy consumption or CO₂ emissions.

Accordingly, JCR has evaluated NPR's reporting structure as adequate.

IV. Organizational Sustainability Initiatives

JCR's Key Consideration in this Factor

In this section, JCR will evaluate whether the senior management of those seeking financing has positioned sustainability issues as highly prioritized management objectives or has clearly positioned implementation policies/processes for sustainable finance or criteria for selecting green projects by establishing a department that specializes in sustainability sectors or in collaboration with external organizations.

▶▶▶ Current Status of the Sustainability Initiatives and JCR's Evaluation

JCR has highly evaluated that NPR has positioned sustainability issues as key management objectives, has an adequate internal council on sustainability issues and is conducting various initiatives from a practical and administrative perspective with proactive introduction of knowledge and expertise of both internal and external advisors.

The commitment by the Prologis Group, to which NPR belongs to, ESG has begun with leading-edge governance dating back to its foundation almost 40 years ago. The Prologis Group has invented and operated what is now the standard for modern logistics facilities, even before the concept of ESG was born, with superior environmental performances. In 2022, the Prologis Group committed to achieve net zero emissions across its entire value chain by 2040. This foundation principle of the Group has developed its deep commitment to environmental stewardship, social responsibility and good governance, and leads to NPR's various ESG initiatives.

When NPR went public in February, 2013, NPR made a commitment "to maximize its unit holder value through steady management of logistics properties by establishing medium- to long-term good relationships with a variety of its stakeholders, such as customers, consumers/end users or communities" and NPR has been practicing it. NPR strives to maximize its unit holder value in the medium- to long-term through sustainable corporate activities with the three pillars of ESG; environmental initiatives, social responsibility and governance.

In 2021, NPR, as mentioned earlier, identified nine ESG materialities, set KPIs corresponding to each materiality and began managing the progress of achievement of each materiality. Among them, NPR has already achieved two KPIs prior to December 31, 2022, their original deadline, and NPR has further set ambitious new KPIs, with which it strives to further implement ESG initiatives.

As a result of its ESG initiatives, NPR was awarded a "Five Star" and "Green Star," the highest level in the GRESB Real Estate Assessment for nine consecutive years. Besides, NPR has become the first constituent of the Dow Jones Sustainability World Index as a J-REIT.

The ESG Committee of the Asset Manager has mainly promoted NPR's sustainability operations. The Committee is chaired by the CEO who also serves as the Chief Sustainability Officer and is composed of the Deputy President and CFO, the Head of the Financial Planning/Investor & Public Relations Division, the Head of the Investment & Operations Division, the Compliance Officer and other ancillary members in charge of sustainability. The Committee plans various

ESG measures for NPR and reviews the implementation results. The Committee has additionally promoted NPR's sustainability efforts by utilizing the knowledge and expertise of external experts, if necessary, to advance for formulating ESG policies.

Accordingly, JCR has evaluated that NPR has positioned sustainability issues as key management objectives, has an adequate internal council on sustainability issues and has made efforts from a practical and administrative perspective by introducing knowledge and expertise of external advisors.

(Reference) GRESB Real Estate Assessment

Established in 2009, GRESB refers to a benchmark that measures and assesses the ESG consideration of real assets (real estate and infrastructure) and organizations to manage the benchmark. GRESB is an acronym standing for Global Real Estate Sustainability Benchmark. The assessment results have been shown on a five-star scale (5 stars, 4 stars, 3 stars, 2 stars and 1 star) since 2016. "Green Star" is given to companies who have made outstanding efforts in addition to the five- rate evaluation. 57 J-REIT funds took part in the 2023 assessment.

**Evaluation Phase 3:
Evaluation Result (Conclusion)**
Green 1(F)

JCR assigned "g1(F)" for the "Green Evaluation (Uses of Proceeds)" and "m1(F)" for the "Management, Operation and Transparency Evaluation" to the Framework based on JCR Green Finance Evaluation Methodology. Consequently, JCR assigned "Green 1(F)" of the "JCR Green Finance Framework Evaluation" to the Framework. The Framework meets the standards for the items required in the Green Bond Principles, the Green Loan Principles, the Green Bond Guidelines and the Green Loan Guidelines.

		Management, Operation and Transparency Evaluation				
		m1(F)	m2(F)	m3(F)	m4(F)	m5(F)
Green Evaluation	g1(F)	Green 1(F)	Green 2(F)	Green 3(F)	Green 4(F)	Green 5(F)
	g2(F)	Green 2(F)	Green 2(F)	Green 3(F)	Green 4(F)	Green 5(F)
	g3(F)	Green 3(F)	Green 3(F)	Green 4(F)	Green 5(F)	N/A
	g4(F)	Green 4(F)	Green 4(F)	Green 5(F)	N/A	N/A
	g5(F)	Green 5(F)	Green 5(F)	N/A	N/A	N/A

(Responsible analysts for this evaluation) Rieko Kikuchi, Shintaro Arai

Important Explanation on this Evaluation

1. Assumptions, Significance and Limitations of JCR Green Finance Framework Evaluation

JCR Green Finance Framework Evaluation, which is granted and assigned by Japan Credit Rating Agency, Ltd. (hereinafter referred to as "JCR") is a comprehensive statement of JCR's current opinion on the alignment with green projects as defined by JCR and the extent of the initiatives to ensure management, operations and transparency on the use of proceeds with policies set forth by the Green Finance Framework as the target evaluation. Therefore, it is not intended to evaluate the specific environmental benefits, management/operation systems and transparency of individual bonds or borrowings to be executed based on these policies concerned. In cases where a green finance evaluation is granted or assigned to an individual bond or borrowing based on the said framework, a separate evaluation is required. JCR Green Finance Framework Evaluation neither certifies environmental benefits from the individual bond or borrowing executed based on the framework concerned nor does it assume responsibility for any environment benefits. JCR, in principle, will not directly measure environmental benefits of proceeds financed through the Green Finance Framework although JCR will confirm the items measured quantitatively and qualitatively by the issuer and/or borrower (hereinafter an issuer and borrower are collectively referred to as "a fundraiser") or a third party requested by the fundraiser. Green equity may also be included in the evaluation only if all assets, in case of investment corporations, fall under green projects.

2. Methodology Used in this Evaluation

The methodology used to make this evaluation is posted as "JCR Green Finance Evaluation Methodology" in the "Sustainable Finance/ESGs" section on the JCR's website at <https://www.jcr.co.jp/en/>.

3. Relation with Conduct of Credit Rating Activities

The conduct of assigning and providing JCR Green Finance Framework Evaluation is performed by JCR as its related business and is different from the conduct of credit rating activities.

4. Relation with Credit Rating

This evaluation is different from a credit rating and is not committed to providing a predetermined credit rating or making available for inspection.

5. Impartiality in Evaluating JCR Green Finance Framework

There are neither capital ties nor personnel relationships that could create a conflict of interest between this evaluation and JCR.

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■Terminology

JCR Green Finance Framework Evaluation: The assessment of the extent to which proceeds financed based on the Green Finance Framework are allocated to green projects as defined by JCR and of the degree of management, operation and transparency on the use of proceeds for the said Green Finance. The evaluation is made on a scale of five in the order from top to bottom with evaluation symbols of Green 1 (F), Green 2 (F), Green 3 (F), Green 4 (F) and Green 5 (F).

■Status of Registration as an External Evaluator of Sustainability Finance

- Ministry of the Environment: Registered as an external reviewer for Green Finance
- ICMA (an observer registered as an external evaluator with the International Capital Markets Association)
- UNEP FI Positive Impact Financial Principles Working Group Member
- Climate Bonds Initiative Approved Verifier

■Other Registration Status as Credit Rating Agency

- Credit Rating Agency: the Commissioner of Financial Services Agency (Credit Rating) No. 1
- EU Certified Credit Rating Agency
- NRSRO: JCR has registered with the following four of the five credit rating classes of Nationally Recognized Statistical Rating Organization ("NRSRO") as defined by the U.S. Securities and Exchange Commission: (1) financial institutions, broker/dealers; (2) insurance companies; (3) general business corporations; and (4) government and local governments. In cases where disclosure is required based on Rule 17g-7(a) of the Securities and Exchange Act, such disclosure is attached to News Release posted on the JCR's home page at <https://www.jcr.co.jp/en/>.

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