

**FOR IMMEDIATE RELEASE**

## Nippon Prologis REIT Announces Redevelopment of Prologis Park Iwanuma 1 and Execution of Redevelopment Advisory Agreement

Prologis REIT Management K.K., the asset manager (the “Asset Manager”) of Nippon Prologis REIT, Inc. (“NPR”), announced today that it has determined to redevelop (the “Redevelopment”) Prologis Park Iwanuma 1 (the “Property”), as follows:

### 1. Background of the Redevelopment

The previous building of the Property was entirely burned down due to the fire that occurred in April 2020, and NPR commenced demolition work of the building wreckage (the “Demolition Work”) in July 2020. The Demolition Work is proceeding as scheduled and is to be completed in or around February 2021.

After thorough consideration of all possible alternatives, the Asset Manager has concluded that the Redevelopment to be conducted on NPR’s own balance sheet, maintaining NPR’s ownership of the land site, while taking advantage of the Prologis Group’s development expertise and platform, will be the best measure to maximize the asset value of the Property which would optimize our unit holders’ value.

As a result of the Redevelopment, the new building will be equipped with a slope and driveways that will enable trucks to directly access each floor, and land site itself will also be elevated to make the Property more resilient against potential floods in the future. Consequently, the Property will be totally transformed to a more functional and stringent modern logistics facility.

### 2. Summary of the Redevelopment

Property name		Prologis Park Iwanuma 1
Location		3-2-35, Kuko-Minami, Iwanuma, Miyagi
Land	Ownership form	Proprietary
	Land area	45,704.30 m <sup>2</sup>
	Zoning	Exclusive Industrial zone
	BCR/FAR	60% / 200%
	Acquisition price	1,179 million yen
	Appraisal value	1,240 million yen (As of May 31, 2020)
Building to be constructed	Gross floor area	50,446 m <sup>2</sup> (Note 1)
	Leasable area	43,835 m <sup>2</sup>
	Use of building	Warehouse / Office
	Structure/# of stories	S, 2-story building
	Acquisition price	To be determined (Note 2)
Estimated economics of the Redevelopment	Estimated total redevelopment costs	7,481 million yen (Note 3)
	Preliminary assessed value after the Redevelopment	8,170 million yen (Note 4)
	Estimated NOI yield	5.3 % (Note 5)
	Estimated unrealized gain	688 million yen (Note 6)

Schedule	Scheduled commencement date of the building construction	March 2021
	Scheduled completion date of the building construction	April 2022
Architectural design and management		Nishimatsu Construction Co., Ltd.
Redevelopment advisor		ProLogis K.K. ("Prologis")

(Note 1) The subject gross floor area contains floor areas for certain facilities such as the slope and driveways, etc.

(Note 2) The acquisition price for the new building will be equivalent to the construction cost to be stated in the construction agreement for the Redevelopment (the "Construction Agreement"). The acquisition price has not been determined yet since the Construction Agreement is yet to be executed as of today. We will make further announcement when we determine the execution of the Construction Agreement.

(Note 3) The estimated total redevelopment costs are sum of the estimated amount of (i) the construction cost to be stated in the Construction Agreement, (ii) the estimated ancillary expenses associated with the Redevelopment and (iii) the book value of the land (1,186 million yen). Since the Construction Agreement is yet to be executed as of today, the construction cost may vary in the future. Additionally, since the amount of ancillary expenses associated with the Redevelopment may fluctuate, the estimated total redevelopment costs may also vary in the future.

(Note 4) The preliminary assessed value is stated on a valuation report as of September 1, 2020, which was provided by CBRE (the "Valuation Report") based on information contained in the current building plan for the Redevelopment. The preliminary assessed value stated in the Valuation Report is not an appraisal value compliant with the Japanese real estate appraisal standards, and the future appraisal value to be acquired upon completion of the Redevelopment may vary from the preliminary assessed value.

(Note 5) The above figure is derived by dividing the amount of estimated NOI after the Redevelopment based on the Valuation Report by the amount of the estimated total redevelopment costs. The subject estimated NOI yield may vary in the future due to fluctuation of the actual NOI and the estimated total redevelopment costs.

(Note 6) The above figure is calculated by deducting the amount of estimated total redevelopment costs from the preliminary assessed value after the Redevelopment. Since the preliminary assessed value is not an appraisal value compliant with the Japanese real estate appraisal standards, the subject unrealized gain may vary from the one to be calculated based on the future appraisal value.

### 3. Related-party Transaction

Prologis will act as NPR's redevelopment advisor. Since Prologis is classified as NPR's related party as defined by the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, including amendments thereto) and classified as an interested party as set forth in the "Rules Regarding Related-party Transactions" included in the internal guidelines of the Asset Manager, the Asset Manager has obtained, in accordance with the Rules Regarding Related-party Transactions, a consent from NPR, based on the approval of its board of directors at a meeting held today and has executed the redevelopment advisory agreement with Prologis (the "Redevelopment Advisory Agreement") as of today.

According to the Redevelopment Advisory Agreement, NPR is scheduled to pay advisory/construction management fees of 229 million yen to Prologis.

### 4. Source of Funds for the Redevelopment

The estimated total redevelopment costs will be paid from NPR's cash on hand (including the fire insurance payment that NPR has received based on the fire insurance covering the Property), and,

depending on the course of NPR's future cash management plans, may also be financed by borrowing(s). In case the subject costs are to be financed by borrowing(s), we will make another announcement of such borrowing(s).

#### 5. Impact on Forecasts

There are no changes to NPR's forecasts of results for the fiscal period ending November 30, 2020 (from June 1, 2020 to November 30, 2020) and the fiscal period ending May 31, 2021 (from December 1, 2020 to May 31, 2021) which NPR announced on July 22, 2020 since the Redevelopment is scheduled to be completed in or around April 2022.

Additionally, there are no changes to NPR's forecasts effected by the Demolition Work, which NPR announced by the press release "Regarding the Status of Prologis Park Iwanuma 1 and Forecast Revisions/Announcement for the Fiscal Periods Ended/Ending May 2020, Nov. 2020 and May 2021" dated July 2, 2020, and in the forecasts of results for the fiscal period ending November 30, 2020 (from June 1, 2020 to November 30, 2020) and the fiscal period ending May 31, 2021 (from December 1, 2020 to May 31, 2021) dated July 22, 2020.

For more information about Nippon Prologis REIT, please visit:

<https://www.prologis-reit.co.jp/en/index.html>

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<APPENDIX>

Exterior Image of the New Building and Surrounding Area Map

Appendix:

Exterior Image of the New Building and Map of the Surrounding Area

Prologis Park Iwanuma 1

Exterior Image of the New Building



Map of the Surrounding Area

