



Green Equity Framework

Nippon Prologis REIT, Inc.

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Overview of Nippon Prologis REIT, Inc.

Nippon Prologis REIT (“NPR”) is an affiliate of Prologis, Inc. (“Prologis”), a leading global logistics real estate company. Prologis leases distribution facilities to customers in the business-to-business and retail/online fulfillment categories. Prologis was founded in 1983 and is headquartered in San Francisco, California.

NPR is a Japanese real estate investment trust (“REIT”) listed on the Tokyo Stock Exchange on February 14, 2013. NPR’s ultimate investment objective is to maximize unit holder value through its logistics real estate portfolio in Japan that generates stable income and achieves steady growth.

NPR is strategically focused on quality logistics facilities, which serve a crucial role in Japan's infrastructure as the backbone of modern commerce and industry. Specifically, NPR invests in high quality “Class-A logistics facilities,” owning and operating them for medium- to long-term purposes. Class-A logistics facilities are those that meet all the requirements of size, location, functionality and safety needed to provide full operational efficiency to its customers.

NPR benefits from the full support from its sponsor, Prologis, which boasts a strong track record as the world's leading owner, operator and developer of logistics facilities.

Environmental, Social and Governance (ESG) Strategy of Prologis

Prologis’ sustainability strategy has a strong focus on minimizing the negative environmental impacts of its logistics real estate facilities and corporate offices, with a core objective of improving energy efficiency and reducing corporate greenhouse gas (GHG) emissions. Prologis establishes goals, tracks progress and reports outcomes across the company’s portfolio through an ESG framework:

- Environmental - impact of the portfolio and operations;
- Social - relationships with employees, customers, investors and communities; and
- Governance - organizational policies, procedures and practices.

Prologis seeks to do the following, in line with the company’s operating and development strategies:

- Develop energy-efficient buildings that reduce operating costs;
- Meet recognized sustainable development standards; and
- Reduce the company’s environmental footprint.

Green Equity Framework

NPR intends to issue Green Investment Units in line with the NPR’s “Green Equity Framework.” This Framework may also be used to govern other financings for which proceeds are intended to be allocated to Eligible Green Projects defined, selected, tracked and reported on in accordance with this Framework. Considering the nature of Green Investment Units, which will not be redeemed unlike Green Bonds and are untrackable in the secondary market, NPR understands that the green eligibility of Green Investment Units is valid only at the timing of those issuance.

This Green Equity Framework refers to the **ICMA Green Bond Principles (“GBP”) 2018** which provides guidelines in four key areas:

1. Use of proceeds;
2. Process for project evaluation and selection;
3. Management of proceeds; and
4. Reporting

1. Use of proceeds

NPR intends to allocate an amount equal to the net proceeds of the Green Investment Units to a portfolio of eligible green projects (the “Eligible Green Projects”) in the following categories:

a) Green buildings

Use of proceeds: New or existing investments in or expenditures on properties which meet at least one of the following requirements:

- i) New, existing or refurbished buildings which have received or scheduled to be received at least one of the following classifications:
 - a. **LEED**: Platinum, Gold or Silver
 - b. **DNGB**: Platinum, Gold, or Silver
 - c. **BREEAM**: Outstanding or Excellent, Very Good or Good
 - d. **HQE**: Exceptional, Excellent, Very Good (Very Performant) and Good (Performant)¹
 - e. **CASBEE**: S, A or B+
 - f. **DBJ Green Building Certification**: 5 or 4
 - g. **BELS**: 5 or 4
- ii) Refurbishments to properties in order to significantly improve energy efficiency and/or water efficiency of, or make other environmentally beneficial improvements to a building, building subsystem or land, including but not limited to investments in LED and other energy efficient lighting, cool roof and other sustainability-oriented construction materials, smart meters, electric and renewable energy charging stations and batteries, xeriscaping/drought-tolerant landscaping, waste diversion, water and energy-saving technologies and materials and improvements recognized by sustainability rating systems.

b) Renewable energy projects

¹ Prologis properties that received HQE status prior to 2015 were rated as Performant or Very Performant. HQE has since released a new framework with a rating system of Pass/Good/Very Good/Excellent/Exceptional, and any future Prologis HQE certifications will be under this system. The new framework provides an equivalence between the two ratings systems, where Performant matches up with Good and Very Performant with Very Good.

Use of Proceeds: New or existing investments in or expenditures on the acquisition, development, construction and/or installation of renewable energy production units. Renewable energy and storage projects can include (but are not limited to):

- i) Solar panel installations, including those on rooftops of properties owned and/or managed by NPR or one of affiliates of Prologis
- ii) Wind-related energy projects

c) Energy Efficiency

- i) Energy storage systems

2. Process for project evaluation and selection

Projects to which the Green Investment Unit proceeds are intended to be allocated are evaluated and selected based on compliance with the eligibility criteria set forth under the section “Use of Proceeds” by ESG Committee of Prologis REIT Management (“PLDRM”), the asset manager of NPR, together with members of Prologis management as applicable.

3. Management of proceeds

The ESG Committee intends to allocate the proceeds from the issue of Green Investment Units to a portfolio of assets (the “Eligible Green Project Portfolio”) within the total portfolio of NPR.

Pending the allocation of the net proceeds of a Green Investment Units to Eligible Green Projects, all or a portion of the net proceeds may be used for the payment of outstanding indebtedness or other capital management activities.

4. Reporting

NPR will report on its website the allocation of net proceeds to the Eligible Green Projects (the “Allocation Reporting”) within a year of issuance of the applicable Green Investment Units. This reporting will be disclosed at least annually and completed upon full allocation of the Green Investment Unit net proceeds.

To the extent practicable, NPR will provide information such as:

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

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