

FOR IMMEDIATE RELEASE

Nippon Prologis REIT Revises Forecast for Fiscal Period Ending May 31, 2022, and Announces Forecast for Fiscal Period Ending November 30, 2022

Nippon Prologis REIT, Inc. (“NPR”) today revised its forecast for the fiscal period ending May 31, 2022 (Dec. 1, 2021, to May 31, 2022), as noted in “SUMMARY OF FINANCIAL RESULTS (REIT) For the 17th Fiscal Period Ended May 31, 2021” dated July 15, 2021 (“SUMMARY OF FINANCIAL RESULTS (REIT) For the 17th Fiscal Period”), and announced its new forecast for the fiscal period ending Nov. 30, 2022 (June 1, 2022, to Nov. 30, 2022). There is no change to the forecast for the fiscal period ending Nov. 30, 2021 (June 1, 2021 to Nov. 30, 2021) announced in the SUMMARY OF FINANCIAL RESULTS (REIT) for the 17th Fiscal Period.

1. Reasons for Revision and Announcement:

A resolution was reached at an NPR board of directors meeting today concerning the issuance of new investment units through public offerings (the “Offerings”) to allocate toward repayment of part of borrowings (the “Bridge Loans”) (for details of the Bridge Loans, please refer to the press release “Nippon Prologis REIT Announces Debt Financing” dated today) in connection with the acquisition of the New Properties (see Attachment 1: Forecast Assumptions for the Fiscal Periods Ending May 31, 2022, and Nov. 30, 2022), and concerning third-party allotment (the “Third-party Allotment”). The forecast of the results for the six-month period ending May 31, 2022, announced in SUMMARY OF FINANCIAL RESULTS (REIT) For the 17th Fiscal Period, requires a revision due to a change in the assumptions used to compute them. In addition, NPR is announcing a new forecast of the results for the fiscal period ending Nov. 30, 2022, based on these assumptions.

2. Forecast Revisions for the Fiscal Period Ending May 31, 2022, and Forecast Announcement for the Fiscal Period Ending Nov. 30, 2022:

(1) Details of the results of the forecast revisions for the fiscal period ending May 31, 2022

(19th Fiscal Period from Dec. 1, 2021, to May 31, 2022):

	Operating revenues (million yen)	Operating income (million yen)	Ordinary income (million yen)	Net income (million yen)	Distributions per unit (including surplus cash distributions) (yen)	Distributions per unit (excluding surplus cash distributions) (yen)	Surplus cash distributions per unit (yen)
Previously announced forecast (A)	25,261	11,416	10,479	10,618	4,811	4,113	698
Revised forecast (B)	26,793	12,000	10,921	11,060	4,869	4,142	727
Amount of increase/decrease (C) ((B) – (A))	1,532	584	441	441	58	29	29

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Rate of increase/decrease (C) / (A)	6.1%	5.1%	4.2%	4.2%	1.2%	0.7%	4.2%
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(2) Details of the results of the forecast for the fiscal period ending Nov. 30, 2022
(20th Fiscal Period from June 1, 2022, to Nov. 30, 2022):

	Operating revenues (million yen)	Operating income (million yen)	Ordinary income (million yen)	Net income (million yen)	Distributions per unit (including surplus cash distributions) (yen)	Distributions per unit (excluding surplus cash distributions) (yen)	Surplus cash distributions per unit (yen)
Forecast for the 20th Fiscal Period	27,484	12,006	11,003	11,112	4,901	4,161	740

(Reference)

Fiscal period ending May 31, 2022: expected number of investment units outstanding at the end of the period: 2,670,350 units; expected net income per unit: 4,149 yen

Fiscal period ending Nov. 30, 2022: expected number of investment units outstanding at the end of the period: 2,670,350 units; expected net income per unit: 4,161 yen

Notes:

1. The above forecast (the "Forecast") is calculated based on the assumptions described in Attachment 1 "Forecast Assumptions for the Fiscal Periods Ending May 31, 2022, and Nov. 30, 2022". Actual operating revenues, operating income, ordinary income, net income, distributions per unit (excluding surplus cash distributions) and surplus cash distributions per unit may vary due to various causes, including, but not limited to, the changes in profit insurance income that NPR will receive from the profit insurance related to the fire at Prologis Park Iwanuma 1, acquisitions or dispositions of properties, changes in rent revenues attributable to tenant movements, etc., changes in the property management environment due to unexpected repairs, etc., changes in interest rates, the actual number of new units issued and the final issue price of the new investment units, or the issuance of additional investment units. The Forecast should not be deemed a commitment or a guarantee of the amount of future cash distributions and surplus cash distributions.
2. The Forecast may be revised if a substantial variation from the current forecast information is anticipated.
3. The figures are rounded down to the nearest million yen or yen, and ratios are rounded to the nearest tenth.

For more information about Nippon Prologis REIT, please visit:

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

Real Estate Investment Trust Securities Issuer: Nippon Prologis REIT, Inc. (Code 3283)

Tokyo Building 21F, 2-7-3, Marunouchi, Chiyoda-ku, Tokyo

Executive Director: Masahiro Sakashita

Asset Management Company: Prologis REIT Management K.K.

Representative: CEO Masahiro Sakashita

Inquiries: CFO Atsushi Toda Tel: +81-3-6867-8585

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【Attachment 1】

Forecast Assumptions for the Fiscal Periods Ending May 31, 2022, and Nov. 30, 2022

Item	Assumption
Accounting period	<ul style="list-style-type: none"> • Fiscal period ending May 31, 2022 (19th Fiscal Period) (from Dec. 1, 2021, to May 31, 2022) (182 days) • Fiscal period ending Nov. 30, 2022 (20th Fiscal Period) (from June 1, 2022, to Nov. 30, 2022) (183 days)
Assets under management	<ul style="list-style-type: none"> • It is assumed that, in addition to its 52 properties held as of today, there will be no change (including acquisition of new properties and dispositions of existing properties) in the operational status of the properties until Nov. 30, 2022, other than the acquisition of Prologis Park Inagawa 2, Prologis Park Kobe 5 and Prologis Park Ebina 2 scheduled on Dec. 1, 2021 (collectively, the “New Properties”) (for details of the New Properties, please refer to the press release “Nippon Prologis REIT Announces Acquisition of Domestic Real Estate Trust Beneficiary Interests and Lease Contract with New Tenants” dated today). • For Prologis Park Iwanuma 1 (“PP Iwanuma”), only the land is included in the calculation of the assets under management until Apr. 27, 2022, and NPR will acquire the new building to be completed upon the redevelopment project (the “Redevelopment Project”) on the expected completion date of Apr. 28, 2022. • Results may change due to the acquisition of new properties other than above or the disposition of existing properties, etc.
Investment units	<ul style="list-style-type: none"> • It is assumed that the number of units will be 2,670,350 units, based on the current outstanding and issued 2,581,850 units as of today, to which the 84,290 units to be issued through the Offerings as well as the maximum 4,210 units to be issued through the Third-party Allotment as resolved at today’s NPR’s board of directors meeting will be added. For details, please refer to the press release “Nippon Prologis REIT Announces Issuance of New Investment Units (Green Equity Offering) and Secondary Offering of Investment Units”, dated today.
Interest-bearing Debt	<ul style="list-style-type: none"> • The outstanding balance of NPR’s interest-bearing debt on its balance sheet as of today is 282,500 million yen. • It is assumed that the Bridge Loan of 57,100 million yen will be borrowed on Dec. 1, 2021 with the acquisition of the New Properties. The proceeds to be raised through the Offerings along with the borrowings (the “Borrowings”) of 21,300 million yen to be borrowed at the same time with the Offerings (on the business day following the payment date of the Offerings) and cash on hand will be allocated for the repayment of the Bridge Loan. As a result, the balance of NPR’s interest-bearing debt after the Borrowings is assumed to be 303,800 million yen. The actual amount of balance of interest-bearing debt may differ considerably from this assumption, depending on the actual number of new investment units to be issued in the Offerings and the final issue price of such units. • It is assumed that NPR will refinance all of the interest-bearing debt which become due or are to be redeemed by the end of the fiscal period ending Nov. 30, 2022. • It is assumed that the only source of funds for construction cost of the Redevelopment Project on PP Iwanuma will be NPR’s cash on hand (including the fire insurance payment that NPR has received based on the fire insurance that covered PP Iwanuma). • LTV was 37.8% as of May 31, 2021, and is estimated to be 37.8% after the Borrowings. For LTV calculation, please refer to the following formula: $\text{LTV(\%)} \text{ as of May 31, 2021} = \frac{\text{total interest-bearing debt as of May 31, 2021}}{\text{total assets as of May 31, 2021}} \times 100(\%)$ $\text{LTV(\%)} \text{ after the Borrowings} = \frac{\text{Estimated total of interest-bearing debt after the Borrowings}}{\text{Estimated total assets after the Borrowings}} \times 100(\%)$ <p>Estimated total of interest-bearing debt after the Borrowings = total interest-bearing debt as of May 31, 2021 - Redemption amount of investment corporation bonds dated June 15, 2021 + estimated total of interest-bearing debt related to the Borrowings (Note 1)</p> $\text{Estimated total assets after the Borrowings} = \text{total assets as of May 31, 2021} - \text{total amount of redemption of}$

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	<p>investment corporation bonds dated June 15, 2021 + assumed net proceeds from the Offering (Note 2) + assumed net proceeds from the Third-party Allotment (Note 2) + estimated total of interest-bearing debt related to the Borrowings</p> <p>(Note 1) The anticipated amount of interest-bearing debt related to the Borrowings is based on the closing price for ordinary trading of an investment unit of NPR on the Tokyo Stock Exchange as of Nov. 12, 2021. The actual borrowing amounts may vary depending on the total net proceeds from the Offerings. Therefore, the amount of estimated total of interest-bearing debt related to the Borrowings may not necessarily correspond to an actual amount. NPR will announce details of the Borrowings once they are determined.</p> <p>(Note 2) The assumed net proceeds from the Offerings and the Third-party Allotment are calculated on a pro forma basis, based on the closing price for ordinary trading of an investment unit of NPR on the Tokyo Stock Exchange as of Nov. 12, 2021. Also, it is assumed that the domestic underwriter will apply to purchase the whole number of investment units of the Third-party Allotment and pay to NPR the total issue amount of the Third-party Allotment. If the actual net proceeds from the Offerings and the Third-party Allotment differ from the estimated amount, or if the Third-party Allotment does not take place in whole or in part, this may result in different LTV from the one aforementioned.</p>
Operating revenues	<ul style="list-style-type: none"> Operating revenues account for factors such as market trends and the competitiveness of each property, and are estimated to be 26,793 million yen and 27,484 million yen for the fiscal periods ending May 31, 2022, and Nov. 30, 2022, respectively. The expected average occupancy rates of the properties in the portfolio are estimated to be 97.6% and 98.3% for the fiscal periods ending May 31, 2022 and Nov. 30, 2022, respectively. Rent revenues from the New Properties are calculated based on the lease agreements that are executed as of today and information about the New Properties provided by the current owner of each property. The terms and conditions of the lease agreements may be changed later. For operating rent revenues, it is assumed that tenants will pay rents without delinquency or withholding.
Operating expenses	<ul style="list-style-type: none"> Operating rental expenses except depreciation are calculated from variable factors, and are assumed to be 5,888 million yen and 6,450 million yen for the fiscal periods ending May 31, 2022, and Nov. 30, 2022, respectively. Depreciation expenses are calculated using the straight-line method in relation to the (anticipated) acquisition price including ancillary costs and are expected to be 6,477 million yen and 6,587 million yen for the fiscal periods ending May 31, 2022, and Nov. 30, 2022, respectively. Upon the acquisition of the real estate, etc., property taxes and city planning taxes which settled with the seller of properties are included in the purchase price of properties. Therefore, such taxes for the properties acquired during the 17th Fiscal Period (Prologis Park Chiba New Town, Prologis Park Chiba 2 and Prologis Park Tsukuba 2; collectively, the "Acquisitions in the 17th Fiscal Period") and the New Properties will be expensed from the fiscal period ending May 31, 2022. The total amount of property taxes and city planning taxes included in the purchase price of the Acquisitions in the 17th Fiscal Period and the New Properties are assumed to be 30 million yen (equivalent to expenses for 31 days) and 27 million yen (equivalent to expenses for 31 days) for the fiscal period ending May 31, 2022, respectively. It is assumed that the property taxes and city planning taxes incurred on the new building of PP Iwanuma will be expensed from the fiscal period ending May 31, 2023. Regarding building repair expenses, the amount assumed to be necessary for each property is based on the repair and maintenance plans of the Asset Manager. However, repair expenses may differ substantially due to unexpected factors. It is assumed that the construction cost of the Redevelopment Project of PP Iwanuma will not be expensed as operating expenses because such construction cost, paid in installments based on the construction agreement, will be capitalized on the balance sheet as "construction in progress" in each fiscal period during the construction.
Non-operating expenses	<ul style="list-style-type: none"> It is assumed NPR will recognize 108 million yen as total expenses incurred in relation to the Offerings in the fiscal period ending May 31, 2022.

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	<ul style="list-style-type: none"> • It is assumed that 4 million yen will be incurred in the fiscal period ending May 31, 2022, as debt-related expenses in association with the acquisition of the New Properties. • As for interest expenses and other debt-related costs, 961 million yen and 977 million yen are expected to be incurred for the fiscal periods ending May 31, 2022, and Nov. 30, 2022, respectively. The non-cash expenditure, which is included in debt-related expenses, is expected to be 216 million yen and 220 million yen for the fiscal periods ending May 31, 2022, and Nov. 30, 2022, respectively.
Extraordinary income	<ul style="list-style-type: none"> • It is assumed that the insurance payment from the profit insurance which is covering PP Iwanuma of 140 million yen and 110 million yen shall be recorded as extraordinary income in the fiscal periods ending May 31, 2022 and Nov. 30, 2022, respectively.
Distributions per unit (excluding surplus cash distributions)	<ul style="list-style-type: none"> • Distributions per unit (excluding surplus cash distributions) are calculated based on the premise of the distribution policy in the Articles of Incorporation of NPR that all the profit available for dividend shall be distributed. • Distributions per unit (excluding surplus cash distributions) may vary due to various causes, including, but not limited to, changes in the Profit Insurance Income, any additional acquisitions or dispositions of properties, changes in rent revenues attributable to tenant movements, changes in the property management environment including unexpected repairs, changes in interest rates, or any additional issuance of new investment units in the future.
Surplus cash distributions per unit	<ul style="list-style-type: none"> • Surplus cash distributions per unit are calculated based on the fund distribution policy in the NPR's Articles of Incorporation. • It is assumed that surplus cash distributions in the fiscal periods ending May 31, 2022 and Nov. 30, 2022 will be 1,941 million yen and 1,976 million yen, respectively, calculated based on the assumption that the surplus cash distributions will be equivalent to approximately 30% of depreciation expenses for the relevant fiscal period. • As a result, it is estimated that surplus cash distributions per unit in the fiscal periods ending May 31, 2022 and Nov. 30, 2022 will be 727 yen and 740 yen, respectively. • For both the fiscal periods ending May 31, 2022 and Nov. 30, 2022, it is assumed that no one-time surplus cash distributions will be made.
Others	<ul style="list-style-type: none"> • It is assumed that no revision that will have an impact on the forecast information above will be made in accordance with the laws and regulations, tax system, accounting standards, listing rules of the Tokyo Stock Exchange and rules of the Investment Trusts Association, Japan, etc. • It is assumed that no unexpected material change will arise in overall economic trends and real estate market conditions. • It is assumed that the spread of COVID-19 will neither continue for a significantly long period of time nor further significantly expand.

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【Attachment 2】

(Reference) Constructed Financial Performance Model: Adjusted Financial Performance

	Adjusted Financial Performance Based on Forecast as Announced on July 15, 2021	Adjusted Financial Performance Based on Revised Forecast as Announced on Nov. 29, 2021
Operating revenues	25,261 million yen	26,930 million yen
Operating income	11,439 million yen	12,087 million yen
Ordinary income	10,502 million yen	11,123 million yen
Net income	10,501 million yen	11,122 million yen
Number of investment units outstanding	2,581,850 units	2,670,350 units
Distributions per unit (including surplus cash distributions)	4,761 yen	4,889 yen
Distributions per unit (excluding surplus cash distributions)	4,067 yen	4,165 yen
Surplus cash distributions per unit	694 yen	724 yen

<Assumptions for calculating Adjusted Financial Performance Based on Forecast as Announced on July 15, 2021>

The following adjustments and assumptions are made based on the forecast for the fiscal period ending May 31, 2022, as announced on July 15, 2021, without taking into account the Offerings, the acquisition of the New Properties and other items:

- The total amount of property tax and city planning tax for the Acquisitions in the 17th Fiscal Period is assumed to be 30 million yen as operating rental expense for the fiscal period ending May 31, 2022.
- Operating rental revenues and operating rental expenses of PP Iwanuma are excluded from the calculation from the beginning of the fiscal period.
- The profit insurance income which NPR will receive from the profit insurance insured on PP Iwanuma is excluded from the calculation.
- One-time other operating expenses are excluded from operating expenses.
- Considering the fluctuation of NOI and net income due to the adjustments mentioned above, asset management fees based on NOI and net income are deducted from operating expenses.

<Assumptions for calculating Adjusted Financial Performance Based on Revised Forecast as Announced on November 29, 2021>

The following adjustments and assumptions are made based on the forecast for the fiscal period ending May 31, 2022, as announced today, (see Attachment 1 for the Forecast Assumptions) taking into account the issuance of new investment units via the Offerings, the acquisition of the New Properties and other items:

- Operating rental revenues and operating rental expenses (including depreciation) of the New Properties

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are calculated based on the assumption that all of them are operated for the whole of the fiscal period ending May 31, 2022.

- The total amount of property tax and city planning tax for the Acquisitions in the 17th Fiscal Period is assumed to be 30 million yen, and that of the New Properties is assumed to be 27 million yen, respectively, as operating rental expense for the fiscal period ending May 31, 2022.
- Operating rental revenues and operating rental expenses of PP Iwanuma are excluded from the calculation from the beginning of the fiscal period.
- Expenses related to the issuance of new investment units and debt-related costs of 113 million yen are excluded from non-operating expenses.
- It is assumed that, for interest expenses and other debt-related costs, the Bridge Loans will not be borrowed and the Borrowings will be borrowed on the acquisition date of the New Properties.
- The profit insurance income which NPR will receive from the profit insurance insured on PP Iwanuma is excluded from the calculation.
- One-time other operating expenses are excluded from operating expenses.
- Considering the fluctuation of NOI and net income due to the adjustments mentioned above, asset management fees based on NOI and net income are added to operating expenses.

Please note that Adjusted Financial Performance is not intended to estimate the financial performance of certain specific fiscal periods. Accordingly, it cannot be regarded as a forecast for certain specific fiscal periods. Adjusted Financial Performance is not a financial measure determined in accordance with Japanese (or any other) GAAP and is therefore considered a non-GAAP financial measure. Furthermore, Adjusted Financial Performance information is not a guarantee that NPR will make distributions in the future at a certain level or that NPR will make distributions at all. The actual net income, etc. for the fiscal period ending May 31, 2022, and other specific fiscal period may differ significantly from Adjusted Financial Performance Based on Revised Forecast as announced on Nov. 29, 2021.

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