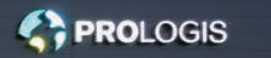
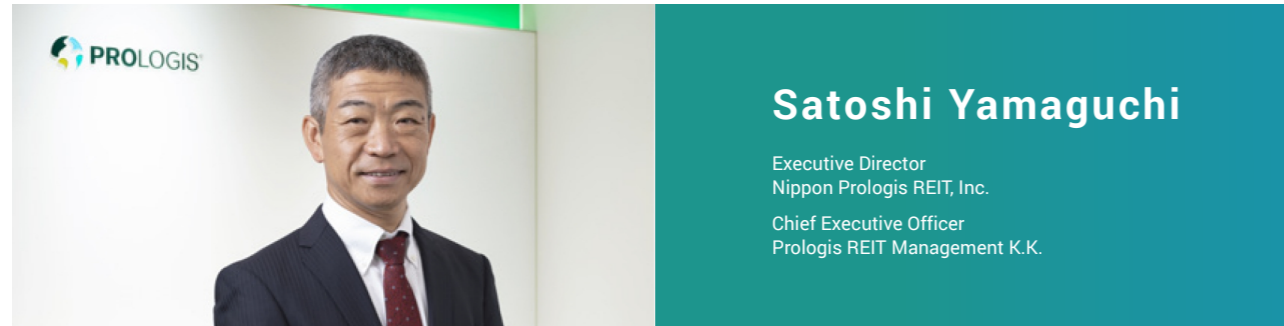


SEMIANNUAL REPORT

Fiscal Period Ended November 30, 2022



Message



Satoshi Yamaguchi

Executive Director
Nippon Prologis REIT, Inc.
Chief Executive Officer
Prologis REIT Management K.K.

Dear Fellow Unit Holders,

We are pleased to present our Semiannual Report of Nippon Prologis REIT (NPR) for the fiscal period ended November 30, 2022. This most recent earnings marks the tenth anniversary since our inception. Over the last decade, we have significantly grown our business in terms of the size of our AUM, and, more importantly, the value for our investors.

During this fiscal period, the status of the Japanese logistics real estate market remained healthy. While the supply of high-quality logistics properties has been increasing, it has continued to be well-absorbed by unprecedented demand. Demand for high-quality logistics facilities is driven by the continued growth of e-commerce, particularly due to ongoing demographic and behavioral changes among Japanese consumers, as well as the continued reconfiguration of supply chains in Japan. As a result of these tailwinds, our portfolio continued to perform well, marked by high average occupancy of 97.8 percent and strong average rent growth of 3.6 percent during the fiscal period. Japan's e-commerce penetration rate remains substantially behind that of other major countries, leaving room for significant growth potential over the long-term.

In terms of our continued external growth, we successfully closed our twelfth follow-on offering and acquisition of three new properties (Prologis Park Inagawa 1, Prologis Park Kobe 3 and Prologis Park Ogori) in December 2022. The offering and acquisitions were accretive for our unit holders and represented our longstanding, quality-focused investment strategy.

On the financial side, we maintain one of the strongest balance sheets in the J-REIT industry. We have mitigated our exposure to the rising interest rate environment by fixing most of our rates over the long-term at a low weighted average rate of 0.64 percent. We also maintained the loan-to-value ratio, on a basis of book value of our balance sheet, below 38 percent at the end of the fiscal period, and remain at this level following our most recent offering. With this low leverage and the size of our balance sheet, we continue to have significant additional investment capacity of

approximately 200 billion yen, which allows us to retain substantial optionality in terms of sources of funds for our future acquisitions.

Lastly, we are further elevating our strong commitment to ESG. In 2022, NPR identified ESG-related materiality in connection with our business activities in Japan and has established multiple targets (KPIs), which we will strive to achieve over time. And notably, we were awarded the prestigious "5 Star" rating for the eighth consecutive year by the 2022 GRESB Real Estate Assessment. We continue to be fully committed to our ESG initiatives and achievement of KPIs.

We are proud of our accomplishments during the period and will continue working tirelessly to maximize our unit holder value over the long-term. Thank you, as always, for your continued support.

Best regards



Financial Highlights

Distribution Per Unit (JPY, including Surplus Cash Distributions) 4,927	Period-end Portfolio Size (JPY billions) 821.9
NOI (JPY millions) 20,891	Period-end Market Cap (JPY billions) 901.2
Period Average Occupancy 97.8%	Appraisal NAV Per Unit (JPY) 273,570
Loan-to-Value Ratio 37.8%	Credit Rating JCR : AA+ (Stable) R&I : AA (Stable)

Green Equity Offering and New Acquisitions Closed in December 2022

Total Acquisition Price

43.4
billion yen

Total Equity Capital Raised

25.2
billion yen

Average NOI Yield

4.4%

Eligible Green Projects

Prologis Park Inagawa 1
(50% Co-ownership interest)



Acquisition Price JPY **27,900** mn

NOI Yield **4.4%**

Prologis Park Kobe 3



Acquisition Price JPY **9,580** mn

NOI Yield **4.4%**

Prologis Park Ogori

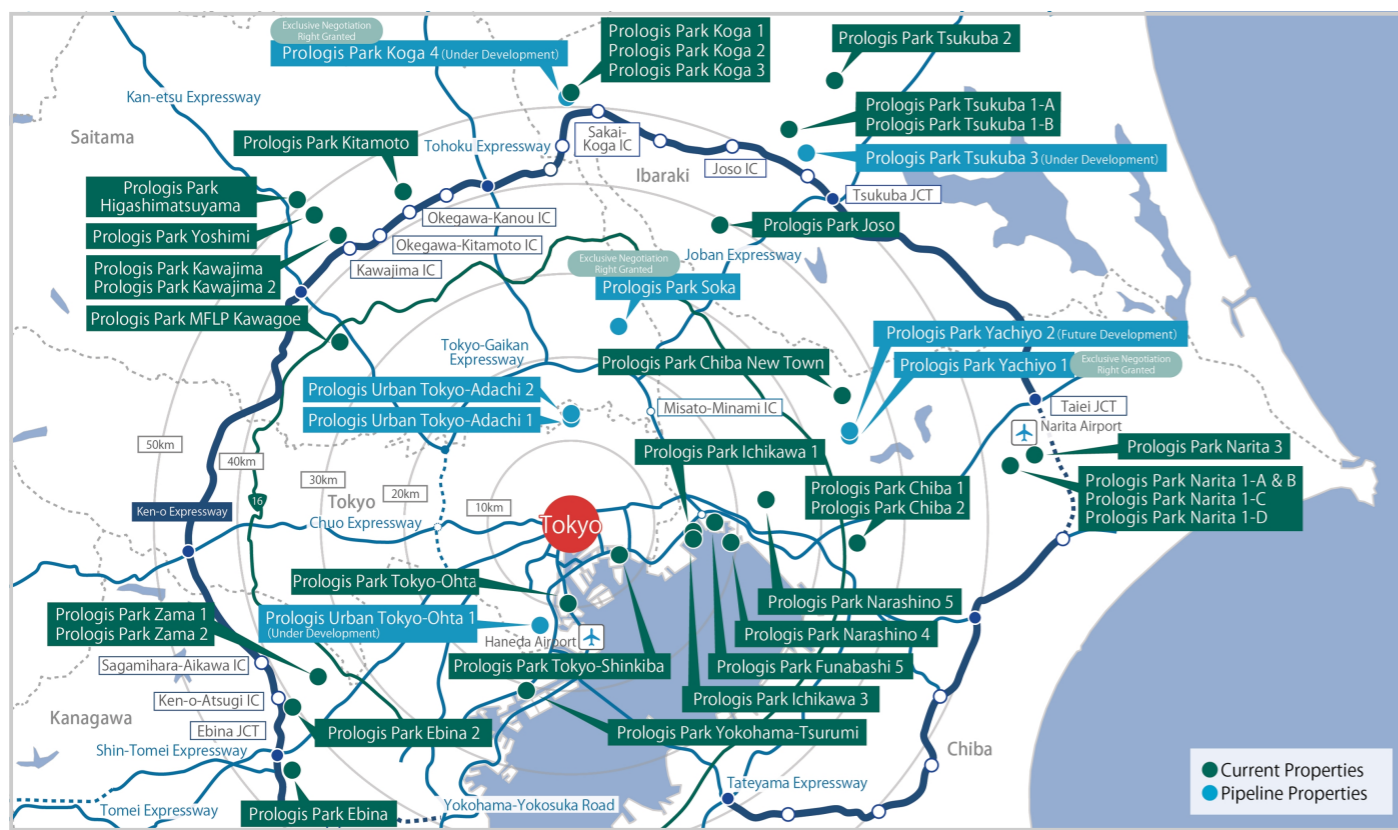


Acquisition Price JPY **5,920** mn

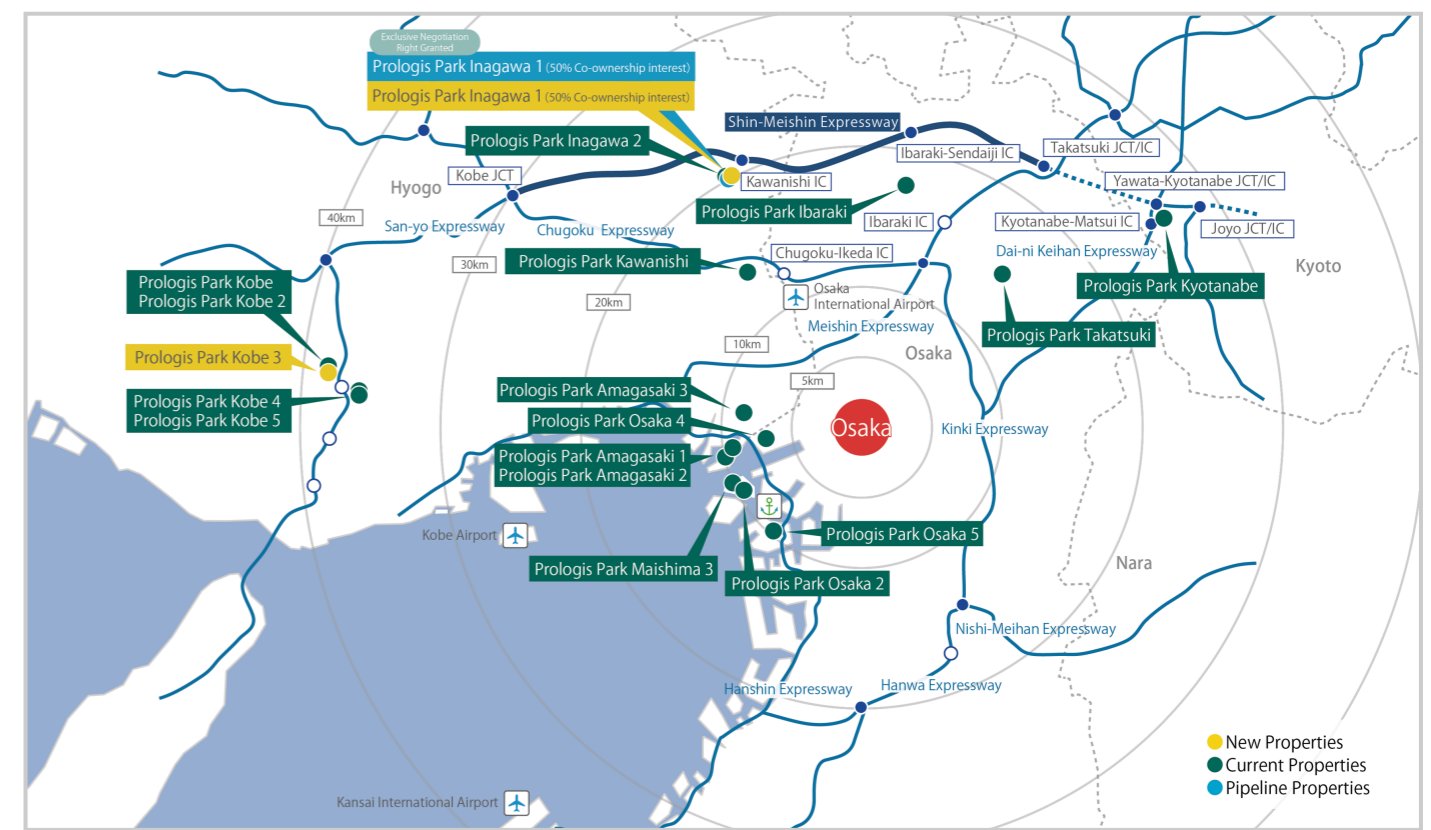
NOI Yield **4.5%**

NPR Portfolio and Acquisition Pipeline

Tokyo Metropolitan Area



Osaka Metropolitan Area

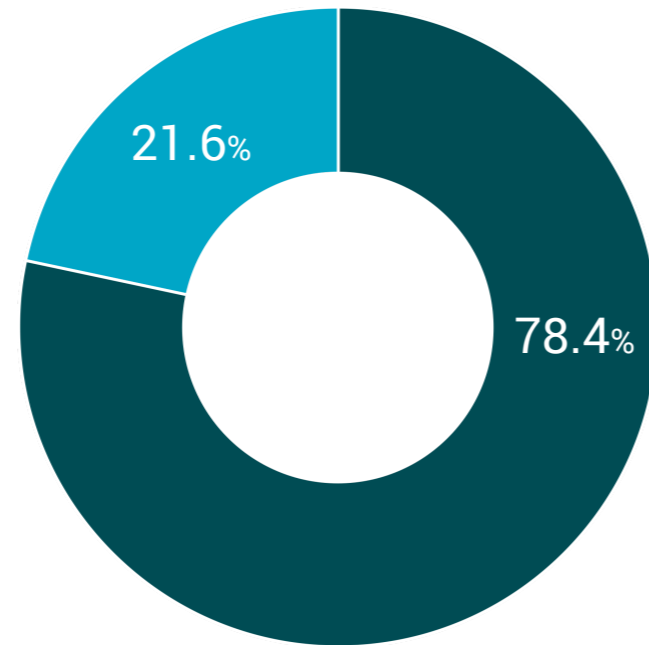


NPR Portfolio

Earnings Stability from a Diversified Portfolio of Class-A Facilities

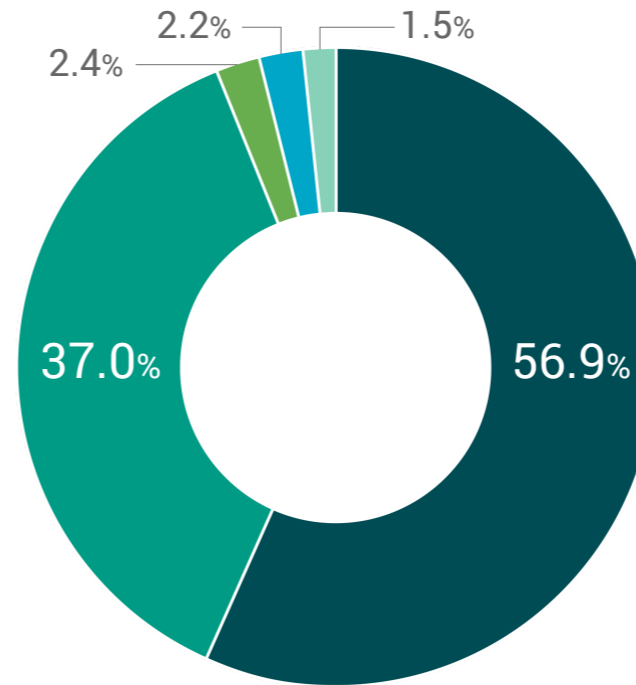
By Facility Type

- Multi-Tenant
- Build-to-Suit



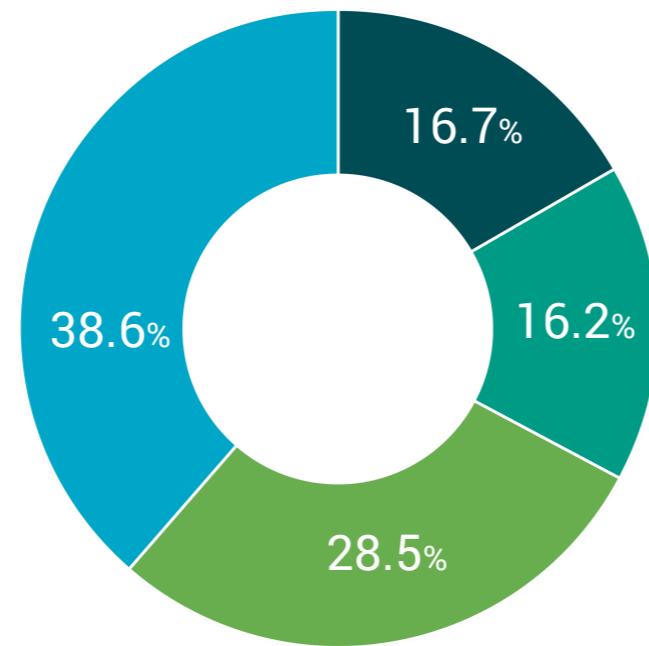
By Geography

- Greater Tokyo
- Greater Osaka
- Tohoku
- Chubu
- Kyushu



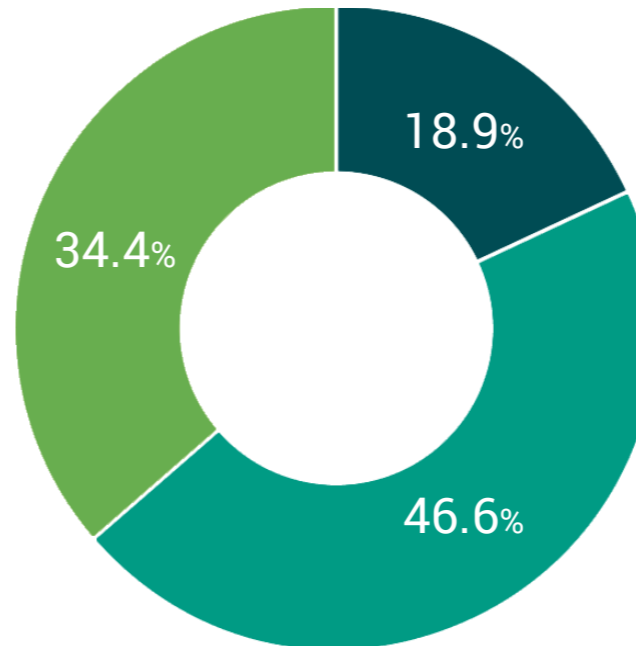
By Property Age

- Less than 3 years
- 3 to less than 5 years
- 5 to less than 10 years
- 10 years or more



By Leasable Area

- Less than 50,000m²
- 50,000m² to less than 100,000m²
- 100,000m² or more



100% High Quality Class-A Logistics Properties



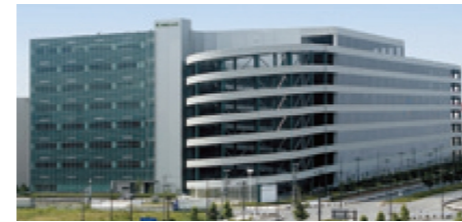
M-01 | Prologis Park Ichikawa 1
JPY 33,900 million



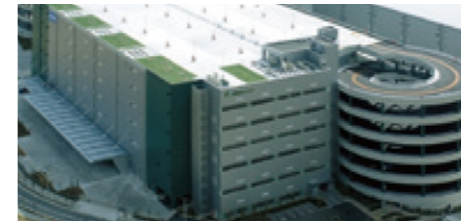
M-02 | Prologis Park Zama 1
JPY 27,900 million



M-03 | Prologis Park Kawajima
JPY 25,600 million



M-04 | Prologis Park Osaka 2
JPY 25,000 million



M-05 | Prologis Park Maishima 3
JPY 13,500 million



M-06 | Prologis Park Kasugai
JPY 12,500 million



M-07 | Prologis Park Kitanagoya
JPY 6,500 million



M-09 | Prologis Park Tokyo-Ohta
JPY 29,500 million



M-10 | Prologis Park Zama 2
JPY 21,900 million



M-11 | Prologis Park Funabashi 5
JPY 11,000 million



M-12 | Prologis Park Narita 1-A&B
JPY 8,420 million



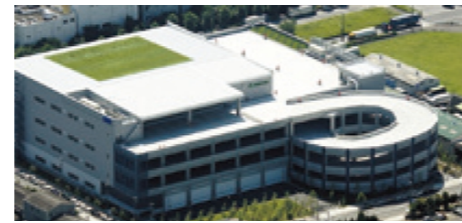
M-013 | Prologis Park Narita 1-C
JPY 4,810 million



M-014 | Prologis Park Amagasaki 1
JPY 17,600 million



M-15 | Prologis Park Amagasaki 2
JPY 19,200 million



M-16 | Prologis Park Tokyo-Shinkiba
JPY 13,600 million



M-17 | Prologis Park Yokohama-Tsurumi
JPY 13,800 million



M-18 | Prologis Park Osaka 4
JPY 21,000 million



M-19 | Prologis Park Iwanuma
JPY 7,113 million



M-20 | Prologis Park Kawajima 2
JPY 8,180 million



M-21 | Prologis Park Kitamoto
JPY 12,600 million



M-22 | Prologis Park Joso
JPY 7,120 million



M-23 | Prologis Park Osaka 5
JPY 17,600 million



M-24 | Prologis Park Narita 3
JPY 9,240 million



M-25 | Prologis Park Narashino 5
JPY 13,600 million



M-026 | Prologis Park Ibaraki
JPY 38,300 million



M-27 | Prologis Park Ichikawa 3
JPY 17,000 million



M-28 | Prologis Park Narita 1-D
JPY 5,260 million



M-29 | Prologis Park Yoshimi
JPY 21,300 million



M-30 | Prologis Park Higashimatsuyama
JPY 12,600 million



M-31 | Prologis Park Kyotanabe
JPY 35,800 million

100% High Quality Class-A Logistics Properties



M-32 | Prologis Park Chiba 1
JPY 31,000 million



M-33 | Prologis Park MFLP Kawagoe
(50% Co-ownership interest)
JPY 14,800 million



M-34 | Prologis Park Chiba NewTown
JPY 26,300 million



M-35 | Prologis Park Chiba 2
JPY 15,000 million



M-36 | Prologis Park Inagawa 2
JPY 33,000 million



M-37 | Prologis Park Kobe 5
JPY 9,500 million



M-38 | Prologis Park Inagawa 1
(50% Co-ownership interest)
JPY 27,900 million



M-39 | Prologis Park Kobe 3
JPY 9,580 million



B-02 | Prologis Park Takatsuki
JPY 4,410 million



B-03 | Prologis Park Tosu 2
JPY 3,030 million



B-04 | Prologis Park Tosu 4
JPY 3,810 million



B-05 | Prologis Park Narashino 4
JPY 20,000 million



B-06 | Prologis Park Ebina
JPY 8,250 million



B-07 | Prologis Park Kawanishi
JPY 13,600 million



B-08 | Prologis Park Amagasaki 3
JPY 9,090 million



B-09 | Prologis Park Kobe
JPY 6,410 million



B-10 | Prologis Park Sendai Izumi
JPY 4,820 million



B-11 | Prologis Park Koga 1
JPY 7,680 million



B-12 | Prologis Park Kobe 2
JPY 13,700 million



B-13 | Prologis Park Koga 2
JPY 3,930 million



B-14 | Prologis Park Koga 3
JPY 5,440 million



B-15 | Prologis Park Tsukuba 1-A
JPY 12,900 million



B-16 | Prologis Park Sendai Izumi 2
JPY 9,250 million



B-17 | Prologis Park Kobe 4
JPY 5,020 million



B-18 | Prologis Park Tsukuba 1-B
JPY 13,500 million



B-19 | Prologis Park Tsukuba 2
JPY 20,900 million



B-20 | Prologis Park Ebina 2
JPY 15,200 million



B-21 | Prologis Park Ogori
JPY 5,920 million

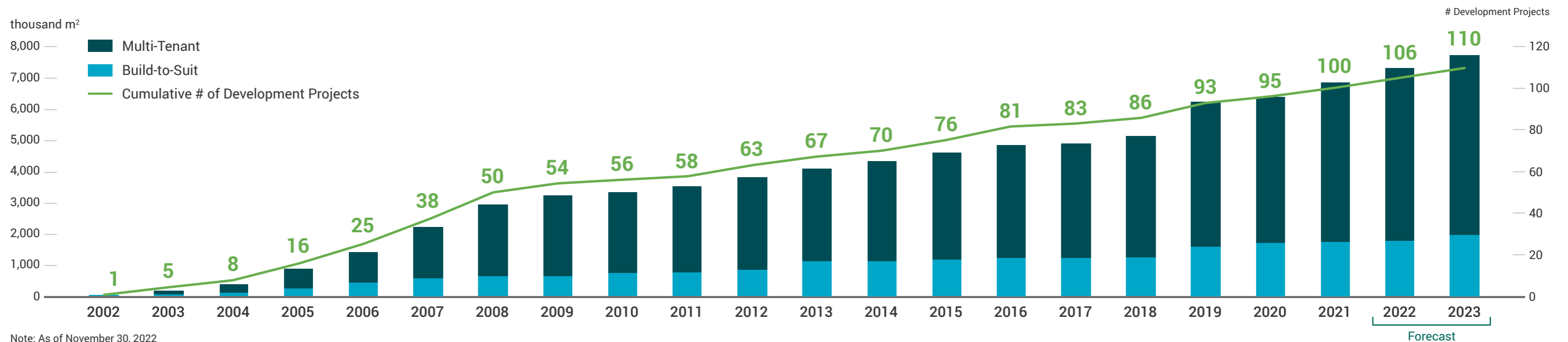
Sponsor Support from the Prologis Group

Proprietary Development Pipeline from the Prologis Group

	Status	Region	Property Name	(Expected) Year Built	Property Type	(Expected) GFA (sqm)
Exclusive Negotiation Rights Granted	Completed	Greater Tokyo	Prologis Park Soka	Apr. 2022	Multi-Tenant	151,604
			Prologis Park Yachiyo 1	Sep. 2022	Multi-Tenant	161,219
	Under Development	Greater Osaka	Prologis Park Inagawa 1 (50% Co-ownership interest)	Oct. 2021	Multi-Tenant	206,769*
		Greater Tokyo	Prologis Park Koga 4	Mar. 2023	Multi-Tenant	123,266
Under Development or Planning	Completed	Greater Tokyo	Prologis Urban Tokyo-Adachi 1	Nov. 2020	Multi-Tenant	5,171
			Prologis Urban Tokyo-Adachi 2	Mar. 2022	Multi-Tenant	6,466
	Under Development	Greater Tokyo	Prologis Park Tsukuba 3	Feb. 2023	Build-to-Suit	157,313
			Prologis Urban Tokyo-Ohta 1	Feb. 2023	Multi-Tenant	5,038
	Future Development	Greater Tokyo	Prologis Park Yachiyo 2	TBD	TBD	113,000
		Chubu	Prologis Park Tokai 1	TBD	TBD	154,600
		Tohoku	Prologis Park Sendai Izumi 3	TBD	TBD	50,000
Total						1,134,448

Note: We have no definite plans to acquire the above properties. This property list should not be deemed a commitment or guarantee of our future acquisitions. *Represents entire property.

Prologis Group's Proven Development Track Record in Japan Since 2002



Debt Metrics

Long-Term & Fixed Interest Rate Debt Ratio
(As of December 15, 2022)

98.4%

Average All-in Debt Cost
(As of December 15, 2022)

0.64%

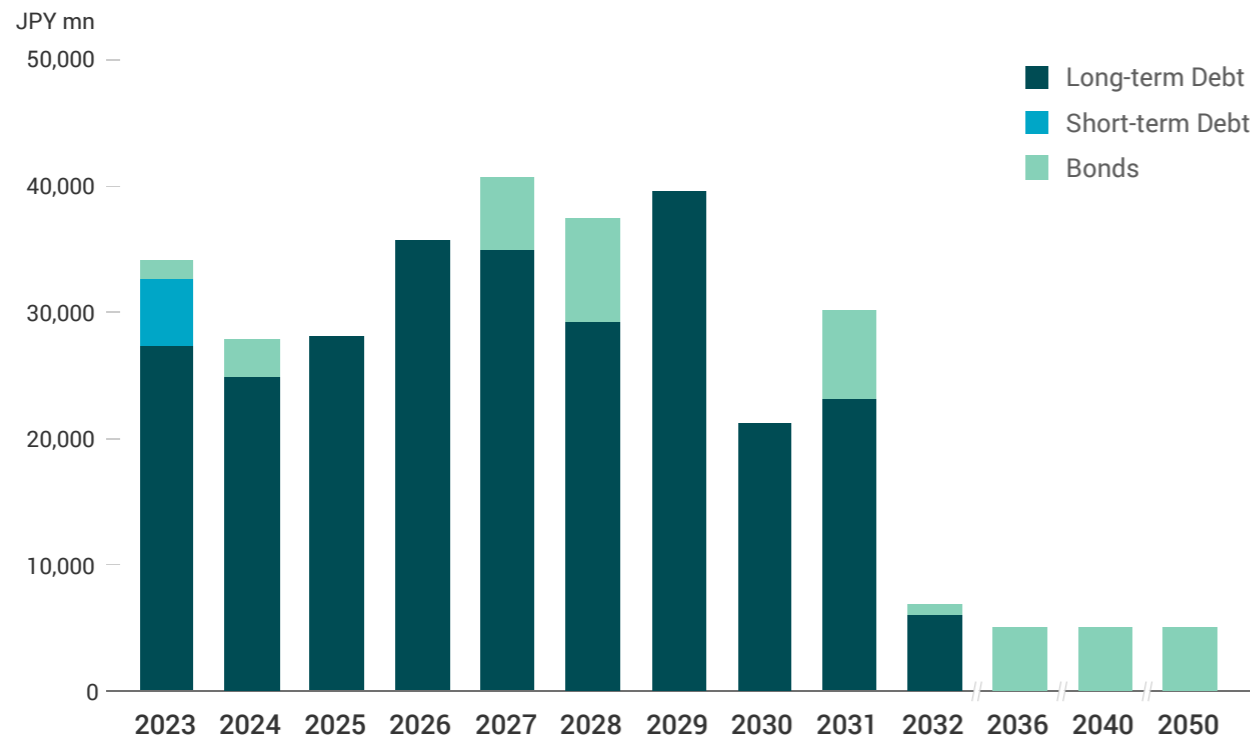
LTV
(As of November 30, 2022)

37.8%

Appraisal LTV
(As of November 30, 2022)

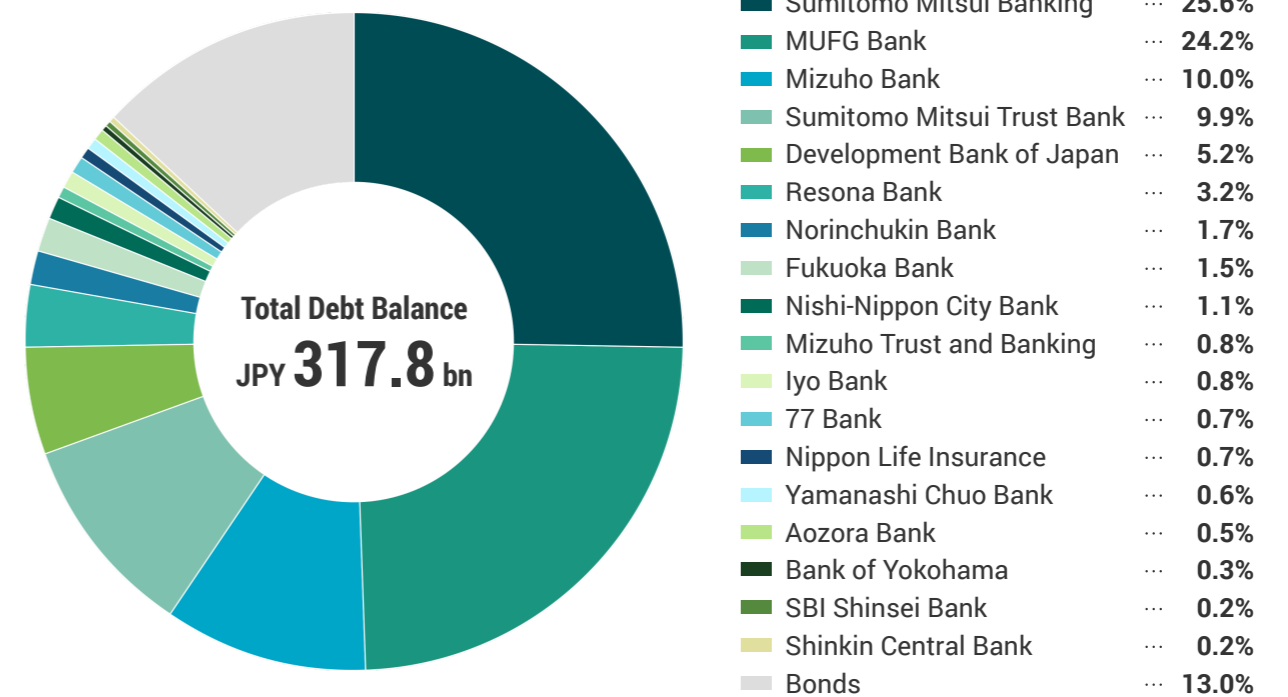
28.2%

Debt Maturity Schedule



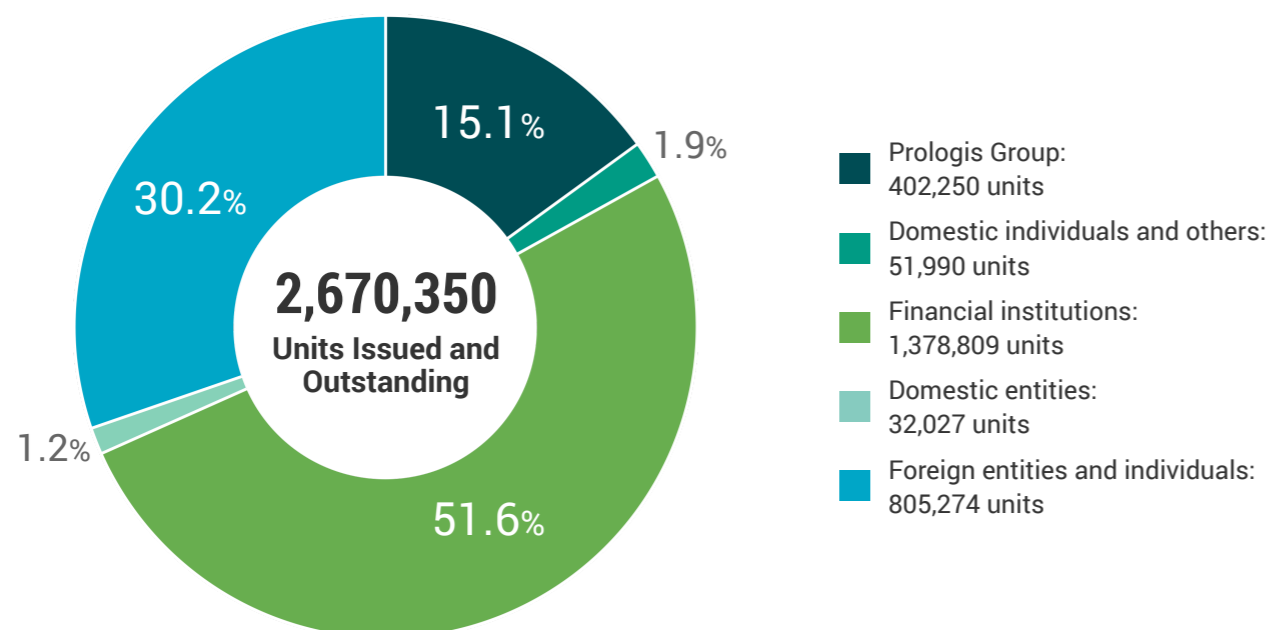
Note: As of December 15, 2022

Providers of Interest-bearing Debt

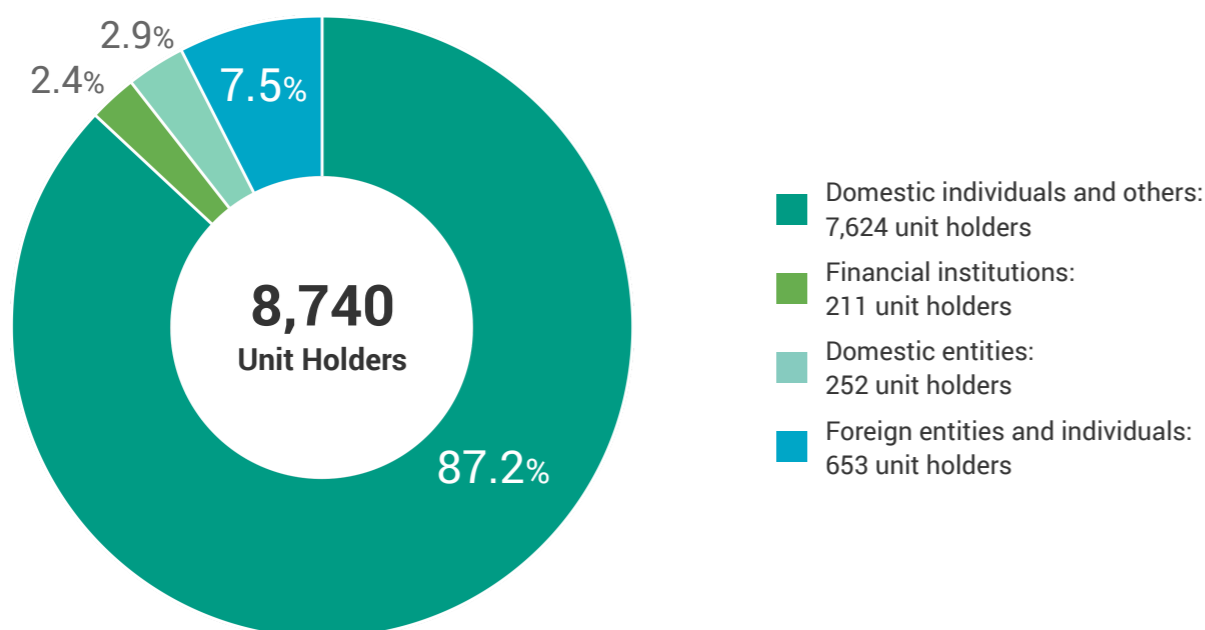


Note: As of December 15, 2022

Breakdown by Number of Unit Holding



Breakdown by Number of Unit Holders



Major Unit Holders






Name	Units Owned	% of Units Issued
1 Custody Bank of Japan, Ltd. (Trust Acct.)	517,199	19.36%
2 Prologis Property Japan SPC	400,250	14.98%
3 The Master Trust Bank of Japan, Ltd. (Trust Acct.)	388,826	14.56%
4 The Nomura Trust and Banking Company, Ltd. (Trust Acct.)	103,032	3.85%
5 SMBC Nikko Securities Inc.	83,257	3.11%
6 STATE STREET BANK WEST CLIENTS-TREATY 505234	72,056	2.69%
7 Mizuho Securities Co., Ltd.	33,550	1.25%
8 SSBTC CLIENT OMNIBUS ACCOUNT	29,538	1.10%
9 STATE STREET BANK AND TRUST COMPANY 505103	24,777	0.92%
10 STATE STREET BANK AND TRUST COMPANY 505253	23,761	0.88%
Total	1,676,246	62.77%


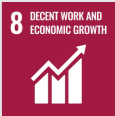



Materiality and Commitment to the SDGs

NPR, Prologis REIT Management K.K. (PLDRM) and Prologis Japan identified nine material issues on ESG in connection with the businesses of the Prologis Group in 2021.

KPIs Associated with Materiality and Contribution to the SDGs

We have set up the following KPIs for each materiality and will continue to monitor their progress.

Materiality	KPIs (unit)	Progress	SDGs
Development and Investments in Green Buildings	Ratio of eligible green projects (%) Target: maintain 95% or more (acquisition price basis)	98.2% (As of December 31, 2022)	
Sustainable Energy Use	<ul style="list-style-type: none"> Solar power installation Total capacity across the NPR's portfolio (MW) Target: 45 MW by 2022 	52.7MW (As of December 31, 2022)	
	<ul style="list-style-type: none"> Ratio of LED lighting installation Target: 80% or more by 2022 (floor area basis) 	82% (As of December 31, 2022)	
Response to Climate Change	<u>Disclosure aligned with TCFD</u> Under discussion on quantitative targets of the greenhouse gas (GHG) emission	NPR's GHG emission Scope 1 & 2 7,966 tCO ₂ e Scope 3 (Category 13) 64,881 tCO ₂ e (2021)	
Customer Engagement	Ratio of green lease contracts Target: 70% or more by 2026 (floor area basis)	57% (As of December 31, 2022)	
Contribution to Local Communities	Volunteer hours spent by the employees of PLDRM and Prologis Japan (hours) Target: 1,000 hours per year	1,088 hours (2022)	

Materiality	KPIs (unit)	Progress	SDGs
Fulfilling Workplaces	<ul style="list-style-type: none"> Percentage of female employees by position Percentage of female employees in management position (%) Target: 20% by 2027 at Prologis Japan 	14%	 
	<ul style="list-style-type: none"> Difference in average employment years between male and female (years) Target: No difference by 2027 at Prologis Japan 	1 year's difference (As of December 31, 2022)	
Corporate Governance	<ul style="list-style-type: none"> Percentage of independent directors of the board at NPR (%) Target: Maintain 75% or more 	75%	
	<ul style="list-style-type: none"> NPR's board members' average attendance rate by year (%) Target: 90% or more 	100% (2022)	
Risk Management (Resilience)	Risk monitoring conducted by PLDRM (cases) Target: 4 cases or more	4 cases (2022)	
Compliance	Ethics training completion rate (%) Target: 100% completion at PLDRM	100% (2022)	

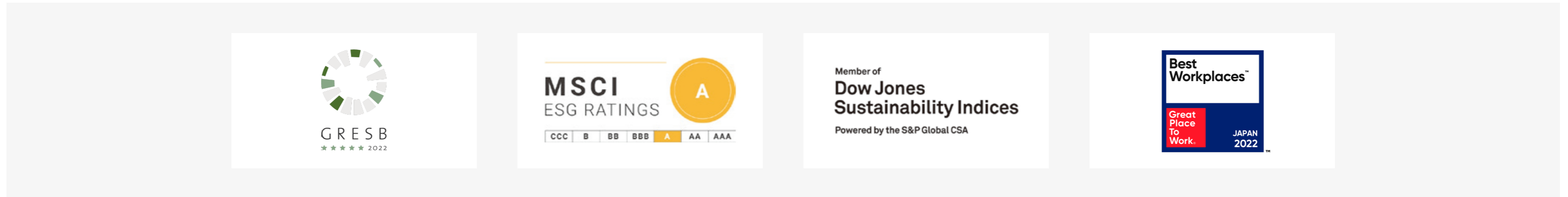
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▶ [ESG Policy and Management System](#)

▶ [ESG Data](#)


▶ [Materiality and Commitment to the SDGs](#)

Awards and Recognition




Environmental Stewardship


We understand that the logistics real estate industry has a meaningful impact on the environment and can make a significant and lasting contribution to a more sustainable global distribution system.



56
Sustainable Building
Certified Buildings



38
Properties
with Solar Power Facilities



Official Supporter

Note: As of December 31, 2022

ESG Finance Award Japan

NPR received the “Silver Prize” of the “2022 ESG Finance Awards Japan” from the Minister of Environment for the achievement of the green equity offering, which NPR conducted in February 2021 for the first time as a J-REIT.



Response to TCFD

Prologis REIT Management K.K. (PLDRM), NPR’s Asset Manager, identified the risks and opportunities related to climate change by conducting scenario analyses of 1.5 degrees Celsius and 4.0 degrees Celsius. It also assessed probabilities and financial impact of the subject risks and opportunities and formulate potential action plans.

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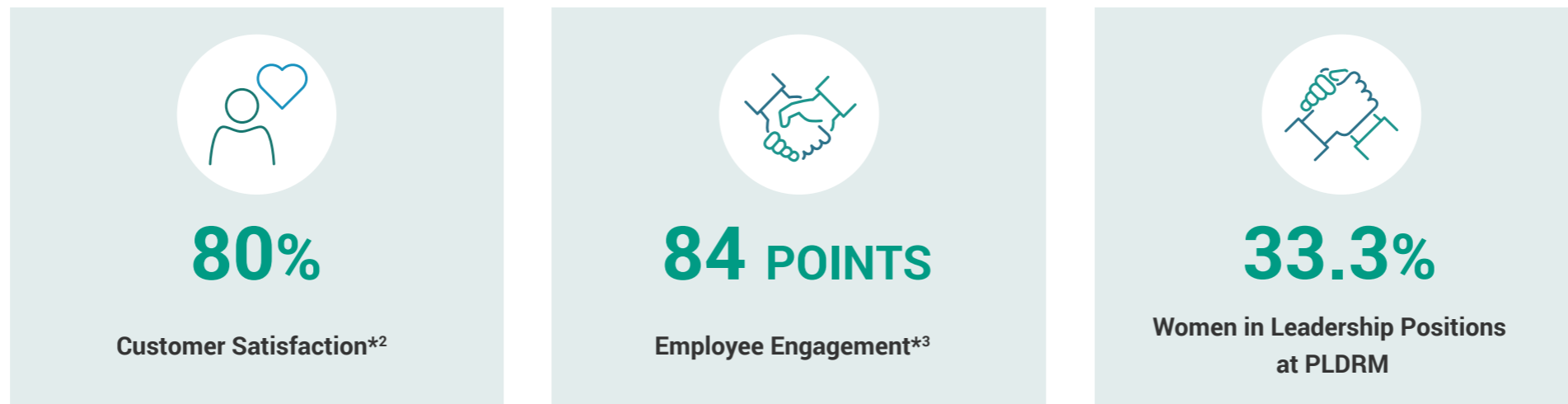
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- ▶ [Water Conservation](#)
- ▶ [Investment in Green Buildings](#)
- ▶ [Pollution and Waste Management](#)
- ▶ [Climate Change and Energy](#)
- ▶ [Biodiversity](#)

Social Responsibility

Prologis' commitment to social responsibility extends to all our stakeholders, including employees, customers, communities, suppliers and investors. In conjunction with the entire corporate strategy, Prologis strives to be a good neighbor and to strengthen the communities where we work and live. Prologis' employees demonstrate their personal commitment by putting time and resources into charitable organizations that promote education, the environment and human welfare. Prologis' commitment to benefitting local communities is aligned with the SDGs 8 (decent work and economic growth).



Notes: 1 As of December 31, 2021 2 This survey is not based on the NPS methodology. 3 Based on the annual employee engagement survey. The score is calculated with a perfect score of 100 points.

Business Continuity in Our Operations

Prologis' commitment to sustainability is equally strong for our own operations. Particularly, Prologis Japan had a business continuity plan (BCP) in place long before the earthquake and tsunami of 2011, in light of the fact that Japan is located in one of the most earthquake-prone regions in the world, experiencing more than 1,000 seismic events each year. To ensure safety for our customers, protect our properties and goods stored, and assist our customers in their business continuity we have implemented a variety of earthquake mitigation features and services in our buildings. These include anti-seismic, vibration control and seismic isolation techniques, and we continue to develop buildings with seismic isolation systems. Moreover, Prologis' BCP also addresses the "human" side of surviving a natural disaster, providing food, water, blankets and communication for both customers and Prologis' employees who may be stranded in the building for several days. Prologis is also partnering with the respective local governments in providing some of our buildings as emergency evacuation centers in the occurrence of natural disasters.

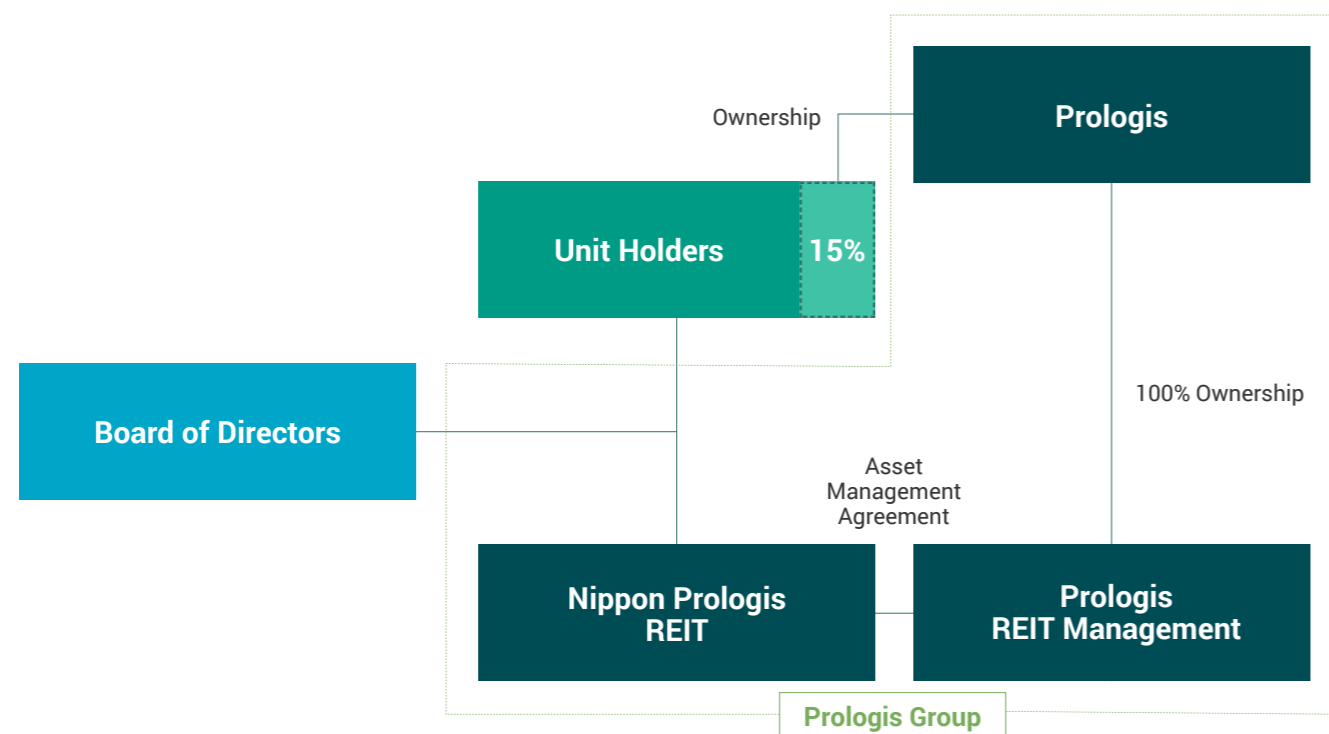
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- ▶ [For Customers](#) 
- ▶ [For Business Partners](#) 
- ▶ [Supplier Code of Conduct](#) 
- ▶ [For the Logistics Industry and Urban Redevelopment](#) 
- ▶ [For Communities](#) 
- ▶ [For Employees](#) 

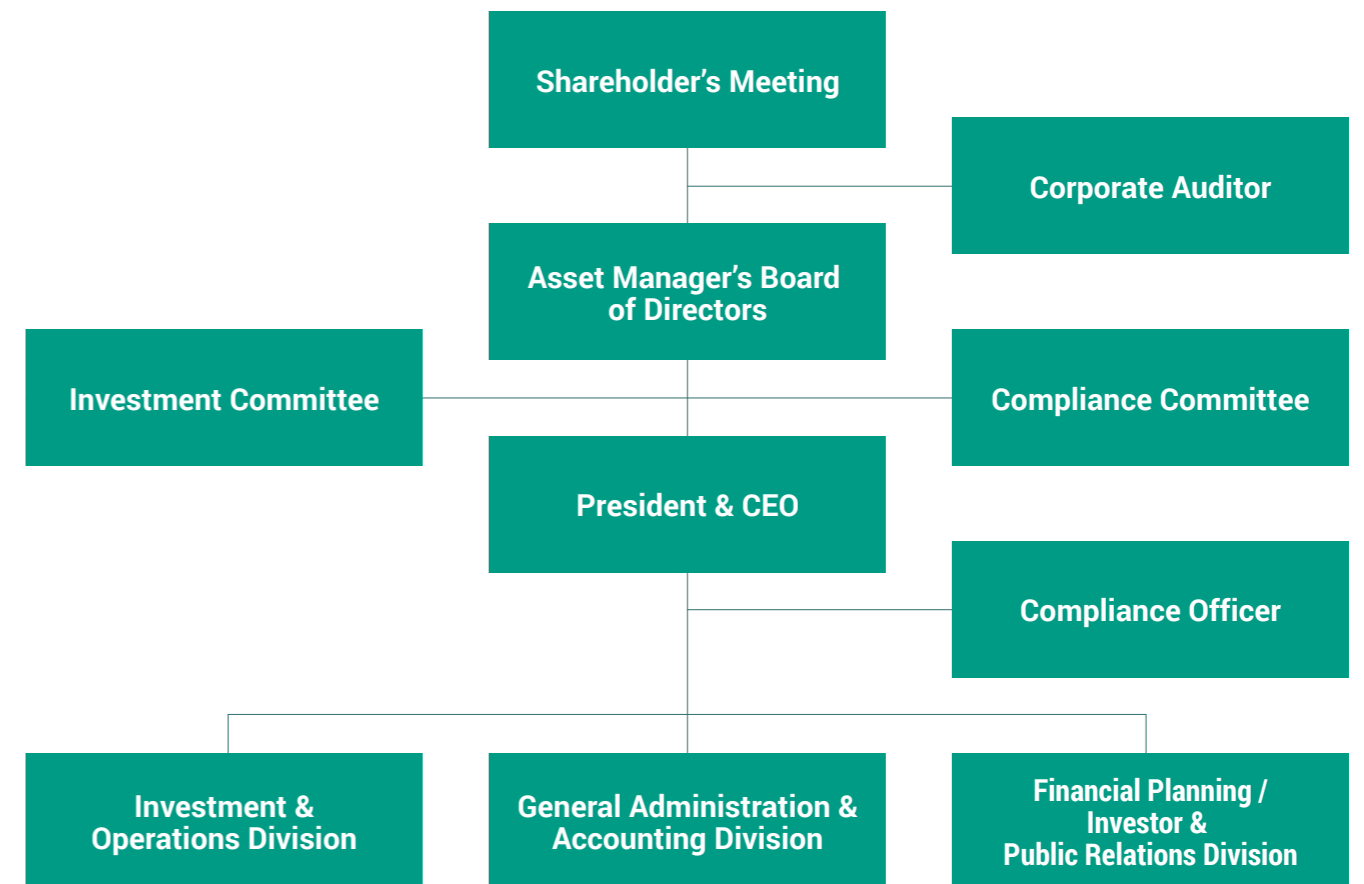
Ethics and Governance

In accordance with the “Act on Investment Trusts and Investment Corporations (ITA)” of Japan, NPR is incorporated as a Japanese real estate investment trust, or a J-REIT, and governed by unit holders’ meetings and a Board of Directors who represent the interests of our unit holders. Pursuant to the ITA, J-REITs are not permitted to have any employees and are required to outsource all asset management operations. NPR has entered into an asset management agreement with PLDRM, the Asset Manager, a joint stock company incorporated under Japanese law. Also, under ITA, J-REITs’ corporate activities are required to be audited by designated third-party accountants.

Organizational Chart of NPR



Organizational Chart of PLDRM



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- ▶ [Risk Management](#)
- ▶ [Compliance](#)
- ▶ [Human Rights](#)
- ▶ [Biographies of NPR’s Board of Directors](#)
- ▶ [Code of Ethics and Business Conduct](#)
- ▶ [Human Rights Policy](#)

Balance Sheets

	Thousands of yen	
	As of	
	November 30, 2022	May 31, 2022
ASSETS		
Current assets:		
Cash and deposits	¥ 32,544,000	¥ 22,205,918
Cash and deposits in trust	6,636,225	5,802,262
Operating accounts receivable	1,644,069	1,652,525
Prepaid expenses	509,616	858,411
Consumption taxes receivable	-	3,881,481
Total current assets	41,333,911	34,400,599
Property and equipment (Notes 3 and 7):		
Buildings	7,651,380	7,609,133
Structures	250,299	250,299
Tools, furniture and fixtures	5,434	5,434
Land	3,834,204	3,834,204
Buildings in trust	513,527,470	512,720,496
Structures in trust	13,562,282	13,531,932
Machinery and equipment in trust	431,100	431,100
Tools, furniture and fixtures in trust	1,410,069	1,384,834
Other tangible assets in trust	2,654	2,654
Land in trust	299,060,130	299,060,130
Construction in progress in trust	8,723	-
Less: accumulated depreciation	(79,432,947)	(72,877,992)
Total property and equipment	760,310,802	765,952,226
Intangible assets (Notes 3 and 7):		
Other intangible assets in trust	282,351	292,945
Total intangible assets	282,351	292,945
Investments and other assets:		
Long-term prepaid expenses	1,250,180	1,426,027
Deferred tax assets (Note 15)	10	9
Security deposit	10,000	10,000
Investment corporation bond issuance costs	191,405	171,220
Other	400	400
Total investments and other assets	1,451,996	1,607,658
Total Assets	¥ 803,379,061	¥ 802,253,430

The accompanying notes are an integral part of these financial statements.

Balance Sheets, continued

	Thousands of yen	
	As of	
	November 30, 2022	May 31, 2022
LIABILITIES		
Current liabilities:		
Operating accounts payable	¥ 2,379,917	¥ 1,425,737
Short-term loans payable (Note 12)	-	5,300,000
Current portion of investment corporation bonds payable (Notes 5 and 13)	1,500,000	-
Current portion of long-term loans payable (Notes 5, 6 and 12)	27,600,000	27,600,000
Accounts payable	621,768	547,880
Accrued expenses	2,595,166	2,618,334
Consumption taxes payable	2,026,737	-
Income taxes payable	806	786
Advances received	4,698,389	4,655,611
Other current liabilities	735,657	554,849
Total current liabilities	42,158,444	42,703,200
Non-current liabilities:		
Investment corporation bonds payable (Notes 5 and 13)	39,800,000	36,000,000
Long-term loans payable (Notes 5, 6 and 12)	234,900,000	234,900,000
Tenant leasehold and security deposits	256,002	247,773
Tenant leasehold and security deposits in trust	19,952,103	20,023,850
Other non-current liabilities	4,545	6,339
Total non-current liabilities	294,912,651	291,177,962
Total Liabilities	337,071,095	333,881,162
NET ASSETS (Note 11)		
Unit holders' equity		
Unit holders' capital	455,270,859	457,041,301
Units authorized:		
10,000,000 units as of November 30, 2022 and May 31, 2022		
Units issued and outstanding:		
2,670,350 units as of November 30, 2022 and May 31, 2022		
Surplus		
Retained earnings	11,037,107	11,330,966
Total unit holders' equity	466,307,966	468,372,267
Total Net Assets	466,307,966	468,372,267
Total Liabilities and Net Assets	¥ 803,379,061	¥ 802,253,430

The accompanying notes are an integral part of these financial statements.

Statements of Income

	Thousands of yen			
	For the six-month periods ended			
	November 30, 2022		May 31, 2022	
Operating Revenues (Note 8):				
Operating rental revenues	¥	25,394,153	¥	25,182,869
Other rental revenues		2,129,992		1,676,949
Total operating revenues		27,524,145		26,859,818
Operating Expenses:				
Expenses related to property rental business (Note 8)		13,199,465		12,336,594
Asset management fee		2,271,395		2,299,091
Asset custody fee		51,823		50,597
Directors' compensation		7,200		7,200
Audit fee		15,000		15,000
Other operating expenses		64,862		73,446
Total operating expenses		15,609,746		14,781,930
Operating income		11,914,399		12,077,887
Non-operating Income:				
Interest income		136		170
Reversal of distributions payable		388		387
Interest on refund of consumption taxes		2,639		-
Total non-operating income		3,165		557
Non-operating Expenses:				
Interest expense on loans payable		611,088		592,333
Interest expense on investment corporation bonds		135,624		128,390
Amortization of investment corporation bond issuance costs		11,144		8,883
Borrowing related expenses		231,353		236,391
Investment unit issuance expenses		-		55,667
Offering costs associated with the issuance of investment units		-		50,358
Others		270		45
Total non-operating expenses		989,482		1,072,070
Ordinary income		10,928,083		11,006,374
Extraordinary income:				
Insurance income (Note 14)		109,179		148,530
Compensation income (Note 14)		-		175,820
Total extraordinary income		109,179		324,351
Income before income taxes		11,037,262		11,330,726
Income taxes - current (Note 15)		827		812
Income taxes - deferred (Note 15)		(0)		(9)
Total income taxes		826		803
Net income		11,036,435		11,329,922
Retained earnings brought forward		671		1,043
Retained earnings at end of period	¥	11,037,107	¥	11,330,966

	Yen			
	For the six-month periods ended			
	November 30, 2022		May 31, 2022	
Net income per unit (Note 16)	¥	4,132	¥	4,250

The accompanying notes are an integral part of these financial statements.

Statements of Changes in Net Assets

For the six-month periods ended November 30, 2022 and May 31, 2022

	Thousands of yen			
	Number of units	Unit holders' capital	Retained earnings	Total net assets
Balance as of November 30, 2021	2,581,850	¥ 427,839,882	¥ 11,004,888	¥ 438,844,770
Issuance of new units on December 10, 2021 and January 5, 2022	88,500	30,964,822	-	30,964,822
Distributions of retained earnings	-	-	(11,003,844)	(11,003,844)
Distributions in excess of retained earnings	-	(1,763,403)	-	(1,763,403)
Net income	-	-	11,329,922	11,329,922
Balance as of May 31, 2022 (Note 11)	2,670,350	¥ 457,041,301	¥ 11,330,966	¥ 468,372,267
Distributions of retained earnings	-	-	(11,330,295)	(11,330,295)
Distributions in excess of retained earnings	-	(1,770,442)	-	(1,770,442)
Net income	-	-	11,036,435	11,036,435
Balance as of November 30, 2022 (Note 11)	2,670,350	¥ 455,270,859	¥ 11,037,107	¥ 466,307,966

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows

Thousands of yen

	For the six-month periods ended	
	November 30, 2022	May 31, 2022
Cash Flows from Operating Activities:		
Income before income taxes	¥ 11,037,262	¥ 11,330,726
Depreciation	6,567,154	6,488,123
Amortization of investment corporation bond issuance costs	11,144	8,883
Investment unit issuance expenses	-	55,667
Interest income	(136)	(170)
Interest expense	746,713	720,723
Insurance income	(109,179)	(148,530)
Compensation income	-	(175,820)
Decrease (increase) in operating accounts receivable	7,744	(532,311)
Decrease (increase) in consumption taxes receivable	3,881,481	(3,881,481)
Decrease (increase) in prepaid expenses	348,794	(350,096)
Decrease (increase) in long-term prepaid expenses	175,847	(151,531)
Increase (decrease) in operating accounts payable	955,257	(597,992)
Increase (decrease) in accounts payable	(3,209)	7,442
Increase (decrease) in accrued expenses	(30,160)	103,520
Increase (decrease) in consumption taxes payable	2,026,737	(1,934,721)
Increase (decrease) in advances received	42,778	276,415
Others, net	(24,481)	99,734
Subtotal	25,633,749	11,318,580
Interest received	136	170
Interest paid	(739,720)	(720,582)
Proceeds from insurance income	109,179	148,530
Proceeds from compensation income	-	52,682
Income taxes paid	(807)	(624)
Net cash provided by operating activities	25,002,536	10,798,757
Cash Flows from Investing Activities:		
Purchases of property and equipment	(36,990)	(3,585)
Purchases of property and equipment in trust	(803,330)	(64,470,482)
Purchases of intangible assets in trust	-	(82,592)
Proceeds from tenant leasehold and security deposits	8,229	-
Proceeds from tenant leasehold and security deposits in trust	376,943	2,322,692
Repayments of tenant leasehold and security deposits in trust	(244,871)	(914,003)
Net cash provided by (used in) investing activities	(700,020)	(63,147,971)
Cash Flows from Financing Activities:		
Proceeds from short-term loans payable	-	64,400,000
Repayments of short-term loans payable	(5,300,000)	(59,100,000)
Proceeds from long-term loans payable	-	46,000,000
Repayments of long-term loans payable	-	(30,000,000)
Proceeds from issuance of investment corporation bonds	5,268,670	-
Proceeds from issuance of new investment units	-	30,909,154
Payment of distributions of retained earnings	(11,328,949)	(11,004,328)
Payment of distributions in excess of retained earnings	(1,770,192)	(1,763,548)
Net cash provided by (used in) financing activities	(13,130,471)	39,441,277
Net increase (decrease) in cash and cash equivalents	11,172,044	(12,907,936)
Cash and cash equivalents at the beginning of period	28,008,180	40,916,117
Cash and cash equivalents at the end of period (Note 4)	¥ 39,180,225	¥ 28,008,180

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

For the six-month periods ended November 30, 2022 and May 31, 2022

1. Organization and Basis of Presentation

a) Organization

Nippon Prologis REIT, Inc. (“NPR”) was established on November 7, 2012, based on the “Act on Investment Trusts and Investment Corporations” (hereinafter the “Investment Trust Law”) and was listed on the REIT Securities Market of the Tokyo Stock Exchange on February 14, 2013.

NPR has strategically focused on investment for Class-A logistics facilities from its inception backed by the Prologis Group’s^{(*)1} strong sponsor support, and has aimed to maximize unit holders’ value by maintaining a portfolio that generates stable income. As a result of such investment management, NPR owned 55 properties (aggregate acquisition price^{(*)2}: 821,983 million yen), all of which are Class-A logistics facilities^{(*)3} developed by the Prologis Group, as of November 30, 2022^{(*)4}.

^{(*)1} The Prologis Group is a group of Prologis, Inc. and its affiliates, which include Prologis K.K., a Japanese subsidiary.

^{(*)2} “Acquisition price” is represented by an amount of the purchase price stated in the sale and purchase agreement of trust beneficiary interest, and is rounded down to millions of yen. With respect to Prologis Park Zama 1, the acquisition price is as of the date of the initial acquisition and does not reflect the partial disposition and acquisition of land on October 3, 2018. With respect to Prologis Park Iwanuma, where all tangible assets in trust, excluding land in trust, were burned down by the fire that occurred during the fiscal period ended May 31, 2020, the acquisition price includes the acquisition price of its land and the construction cost of the building for its redevelopment project. The same hereinafter.

^{(*)3} “Class-A logistics facilities” are our target logistics properties that meet the demands of logistics companies and other end-users with respect to operational efficiency and fulfill certain criteria with respect to size, location, state-of-the-art equipment, convenience and safety. The same hereinafter.

^{(*)4} Prologis Park Funabashi 5 and the Annex to Prologis Park Funabashi 5 are deemed a single property; the Annex to Prologis Park Funabashi 5 was not developed by the Prologis Group and is considered by itself not to qualify as a Class-A logistics facility.

b) Basis of Presentation

The accompanying financial statements have been prepared in accordance with the provisions set forth in the Investment Trust Law, the Japanese Financial Instruments and Exchange Act and their related accounting regulations, and in conformity with accounting principles generally accepted in Japan (hereinafter the “Japanese GAAP”), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards.

The accompanying financial statements have been reformatted and translated into English from the financial statements of NPR prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Act. In preparing these financial statements, certain reclassifications

and modifications have been made to the financial statements issued domestically in order to present them in a format which is more familiar to readers outside Japan.

As permitted by the regulations under the Financial Instruments and Exchange Act of Japan, amounts of less than one thousand yen have been omitted. As a result, the totals shown in the accompanying financial statements do not necessarily agree with the sums of the individual amounts.

The fiscal period of NPR represents two six-month accounting periods: each period is from June 1 to November 30 or, from December 1 to May 31 of the following year.

2. Summary of Significant Accounting Policies

a) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and cash in trust, floating deposits, floating deposits in trust and short-term investments that are liquid and realizable with a maturity of three months or less when purchased, and that are subject to insignificant risks of changes in value.

b) Property and Equipment

Property and equipment are stated at cost, which includes the original purchase price and related acquisition costs and expenses. Depreciation of property and equipment, including property and equipment in trust, is calculated by the straight-line method over the estimated useful lives as follows:

Buildings	2-67 years
Structures	2-60 years
Machinery and equipment	8-17 years
Tools, furniture and fixtures	2-20 years

c) Intangible Assets

Intangible assets are stated at cost, which includes the original purchase price and related acquisition costs and expenses. Amortization of intangible assets, including intangible assets in trust, is calculated by the straight-line method over the estimated useful lives.

d) Taxes on Property and Equipment

With respect to property taxes, city planning taxes and depreciable asset taxes, of the tax amount assessed and determined, the amount corresponding to the relevant fiscal period is accounted for as rental expenses.

Of the amounts paid for the acquisitions of real estate properties or beneficiary rights in trust of real estate, the amount equivalent to taxes on property and equipment is capitalized as part of the acquisition cost of the relevant property instead of being charged as expenses. Capitalized taxes on property and equipment amounted to 1,156 thousand yen for the fiscal period ended May 31, 2022 and no property taxes were capitalized for the fiscal period ended November 30, 2022.

e) Investment Unit Issuance Expenses

The full amount of investment unit issuance expenses is recorded as expenses at the time of expenditure.

f) Investment Corporation Bond Issuance Costs

Investment corporation bond issuance costs are amortized using the straight-line method over the respective terms of the bonds.

g) Revenue from Contracts with Customers

The content of main performance obligations related to revenue arising from contracts with customers of NPR and the normal timing for satisfying such performance obligations (the normal timing for recognizing revenue) are as follows:

(i) Sale of real estate property

NPR recognizes revenue from the sale of real estate properties when the purchaser, as the customer, obtains control of the properties following the seller fulfilling its delivery obligations stipulated in the transaction agreement of the properties.

Note that in the statements of income, NPR discloses "Gain on sales of real estate properties" or "Loss on sales of real estate properties" based on "Sales proceed" less "Book value of properties sold" and "Other sales expenses." "Gain on sales of real estate properties" and "Loss on sales of real estate properties" were not recorded for all the fiscal periods presented in these financial statements.

(ii) Utilities income

NPR supplies utilities services such as the electricity, water, etc. to the lessees as the customers and recognizes those income based on contracts with the customers.

h) Hedge Accounting

NPR enters into derivative transactions in order to hedge against risks defined in its Articles of Incorporation and in compliance with their general risk management policy. NPR uses interest rate swaps for the purpose of hedging its risk exposure associated with interests on variable rate loans payable. Where deferral accounting is generally adopted for hedge transactions, NPR applies the special accounting treatment to interest rate swaps which qualify for hedge accounting and meet the specific matching criteria. Under the special accounting treatment, interest rate swaps are not measured at fair value, but the differential paid or received under the swap agreements is recognized and included in interest expense.

Assessment of the hedge effectiveness has been omitted since all interest rate swaps meet the specific matching criteria under the special accounting treatment.

i) Beneficiary Rights in Trust

As to beneficiary rights in trust, all accounts of assets and liabilities for assets in trust as well as the related income generated and expenses incurred are recorded in the relevant balance sheet and statement of income accounts.

j) Consumption Taxes

Nondeductible consumption taxes on property and equipment are included in the acquisition cost of the respective assets.

3. Significant Accounting Estimates

Valuation of investment and rental properties

a) Book value of investment and rental properties and the impairment loss recorded

	Thousands of yen	
	As of	
	November 30, 2022	May 31, 2022
Property and equipment	¥ 760,310,802	¥ 765,952,226
Intangible assets	282,351	292,945
Impairment loss	-	-

b) Information on the nature of significant accounting estimates for identified items

In accordance with the Accounting Standard for Impairment of Fixed Assets, NPR has adopted the accounting treatment to reduce the book value of investment and rental properties to a recoverable amount when the invested amount is deemed to be unrecoverable due to lowered profitability.

In adopting the accounting treatment, the respective properties owned by NPR are regarded as a single asset group, and judgment is made whether it is required to recognize impairment losses when indications of impairment are deemed to exist for the group due to continuous operating losses, a significant decline in the market value and significant deterioration of the business environment, etc.

Future cash flow estimates are used to determine whether or not to recognize impairment losses. When it is determined that impairment losses should be recognized, the book value is reduced to the recoverable amount based on the real estate appraisal values provided by external appraisers, and the reduced amount is recorded as impairment losses.

In estimating the future cash flow, the underlying rent, occupancy rate and real estate rental expenses, etc. are determined by comprehensively taking into account the market trends and transaction cases of similar properties, etc.

The performance and the market value of each property may be affected by the trends in the real estate rental market and real estate transaction market. Accordingly, when changes arise to the assumptions of the estimate, they may affect the financial position and results of operation of NPR in the following fiscal period.

4. Cash and Cash Equivalents

The relationship between cash and cash equivalents in the statements of cash flows and accounts and amounts in the accompanying balance sheets are as follows:

	Thousands of yen	
	As of	
	November 30, 2022	May 31, 2022
Cash and deposits	¥ 32,544,000	¥ 22,205,918
Cash and deposits in trust	6,636,225	5,802,262
Cash and cash equivalents	¥ 39,180,225	¥ 28,008,180

5. Financial Instruments

a) Detailed Information on Financial Instruments

(i) Policy for Financial Instruments

NPR procures funds for acquisition of assets through issuance of new investment units, bank loans and issuance of investment corporation bonds.

NPR generally invests surplus funds in bank deposits, considering the safety and liquidity of the investment and also reflecting the market environment and cash positions of NPR itself.

NPR enters into derivative transactions solely for the purposes of reducing risks of rising interest rates related to financings and other types of risks. NPR does not use derivative transactions for speculative purposes.

(ii) Financial Instruments, their Risks and Risk Management System

Bank deposits are used for investment of surplus funds. These deposits are exposed to credit risks, such as bankruptcy of depository financial institutions, but such credit risks are limited and carefully controlled by using only short-term deposits in financial institutions with high credit ratings, fully considering the market environment and NPR's cash flow status.

Bank loans and investment corporation bonds are mainly made to procure funds for acquisition of properties, repayment of bank loans and redemption of investment corporation bonds. Although NPR is exposed to liquidity risks upon repayment and redemption, by diversifying the maturities and lending institutions, setting up commitment line agreements, securing liquidity of cash in hand and managing such liquidity risks by preparing and monitoring cash flows projection, such risks are maintained under control.

In addition, certain loans bear floating interest rates and are exposed to potential risk of rising interest rates. NPR attempts to mitigate the impact of such risks on its operations by maintaining a conservative loan to value ratio and increasing the ratio of long-term fixed interest rate loans.

(iii) Supplemental Explanation Regarding Fair Values of Financial Instruments

Since the fair value of financial instruments is calculated based on certain assumptions, the fair value could differ depending on the assumptions used. As for the contract amount and other conditions of derivative transactions indicated in "b) Estimated Fair Value of Financial Instruments" below, the contract amount is not an indicator of the market risks related to such derivative transactions.

b) Estimated Fair Value of Financial Instruments

The book value, fair value and differences between the values as of November 30, 2022 and May 31, 2022 are as follows. The notes of "Cash and deposits", "Cash and deposits in trust" and "Short-term loans payable" are omitted because the book value of these instruments are deemed a reasonable approximation of their fair value due to the short maturities.

	Thousands of yen		
	As of November 30, 2022		
	Book value	Fair value	Difference
(1) Current portion of investment corporation bonds payable	1,500,000	1,499,250	(750)
(2) Current portion of long-term loans payable	27,600,000	27,602,904	2,904
(3) Investment corporation bonds payable	39,800,000	37,155,830	(2,644,170)
(4) Long-term loans payable	234,900,000	236,478,106	1,578,106
Total liabilities	¥ 303,800,000	¥ 302,736,091	¥ (1,063,908)
(5) Derivative transactions	¥ -	¥ -	¥ -

	Thousands of yen		
	As of May 31, 2022		
	Book value	Fair value	Difference
(2) Current portion of long-term loans payable	27,600,000	27,603,192	3,192
(3) Investment corporation bonds payable	36,000,000	34,634,550	(1,365,450)
(4) Long-term loans payable	234,900,000	236,450,603	1,550,603
Total liabilities	¥ 298,500,000	¥ 298,688,345	¥ 188,345
(5) Derivative transactions	¥ -	¥ -	¥ -

(Note 1) Methods to estimate fair values of financial instruments and matters concerning derivative transactions

(1) Current portion of investment corporation bonds payable and (3) Investment corporation bonds payable

The reference statistical prices disclosed by the Japan Securities Dealers Association are used as the fair value.

(2) Current portion of long-term loans payable and (4) Long-term loans payable

The fair value of long-term loans payable is determined based on the present value of contractual cash flows discounted at the rates which would be applicable to new loans payable under the similar terms and conditions.

(5) Derivative transactions

Please refer to Note 6, "Derivative Transactions."

(Note 2) Repayment schedule for long-term loans payable and other interest-bearing debt after November 30, 2022

	Thousands of yen					
	November 30, 2022					
	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
Investment corporation bonds payable	¥1,500,000	¥3,000,000	¥ -	¥ -	¥5,500,000	¥31,300,000
Long-term loans payable	27,600,000	21,000,000	32,300,000	26,300,000	37,700,000	117,600,000
Total	¥29,100,000	¥24,000,000	¥32,300,000	¥26,300,000	¥43,200,000	¥148,900,000

Repayment schedule for long-term loans payable and other interest-bearing debt after May 31, 2022

	Thousands of yen					
	May 31, 2022					
	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
Investment corporation bonds payable	¥ -	¥1,500,000	¥3,000,000	¥ -	¥ -	¥31,500,000
Long-term loans payable	27,600,000	16,000,000	32,300,000	24,900,000	44,100,000	117,600,000
Total	¥27,600,000	¥17,500,000	¥35,300,000	¥24,900,000	¥44,100,000	¥149,100,000

6. Derivative Transactions

For the six-month periods ended November 30, 2022 and May 31, 2022 NPR only utilized interest rate swaps which qualified for hedge accounting and met the special matching criteria, as described below.

Hedge accounting method	Type of derivative transaction	Primary hedged item	Thousands of yen			
			As of November 30, 2022			
			Contract amount		Fair value	Fair value measurement
Total	Due after one year					
Special treatment for interest rate swaps	Interest rate swaps Receive floating / Pay fix	Long-term loans payable	¥260,500,000	¥232,900,000	(Note)	-

(Note) Interest rate swaps under the special accounting treatment are accounted for as the integral part of long-term loans payable designated as hedged items. Therefore, their fair value is included in long-term loans payable disclosed in the aforementioned Note 5, "Financial Instruments, b) Estimated Fair Value of Financial Instruments, (2) Current portion of long-term loans payable and (4) Long-term loans payable."

Hedge accounting method	Type of derivative transaction	Primary hedged item	Thousands of yen			
			As of May 31, 2022			
			Contract amount		Fair value	Fair value measurement
Total	Due after one year					
Special treatment for interest rate swaps	Interest rate swaps Receive floating / Pay fix	Long-term loans payable	¥260,500,000	¥232,900,000	(Note)	-

(Note) Interest rate swaps under the special accounting treatment are accounted for as the integral part of long-term loans payable designated as hedged items. Therefore, their fair value is included in long-term loans payable disclosed in the aforementioned Note 5, "Financial Instruments, b) Estimated Fair Value of Financial Instruments, (2) Current portion of long-term loans payable and (4) Long-term loans payable."

7. Investment and Rental Properties

NPR owns logistics facilities for leasing for the purpose of earning rental income. The book value, changes during the reporting fiscal period and fair value of the properties are as follows:

	Thousands of yen	
	For the six-month periods ended	
	November 30, 2022	May 31, 2022
Book value		
Balance at the beginning of the period	¥ 766,245,172	¥ 707,448,249
Changes during the period (Note 2)	(5,660,741)	58,796,922
Balance at the end of the period	¥ 760,584,430	¥ 766,245,172
Fair value at the end of the period	¥ 1,035,850,000	¥ 1,009,350,000

(Note 1) Book value is calculated by deducting accumulated depreciation from acquisition cost.

(Note 2) The decrease for the fiscal period ended November 30, 2022 was primarily a result of the recognition of depreciation, which amounted to 6,567,154 thousand yen.

The increase for the fiscal period ended May 31, 2022 was primarily a result of acquiring three properties, Prologis Park Inagawa 2, Prologis Park Kobe 5 and Prologis Park Ebina 2 (58,085,454 thousand yen in total) and acquiring a newly redeveloped building of Prologis Park Iwanuma (6,221,184 thousand yen) during the period. The decrease for the fiscal period ended May 31, 2022 was primarily a result of the recognition of depreciation, which amounted to 6,488,123 thousand yen.

(Note 3) The fair value at the end of the period is determined based on appraised value provided by independent real estate appraisers.

Income and loss in connection with investment and rental properties are disclosed in "8. Property-related Revenues and Expenses."

8. Property-related Revenues and Expenses

The following table summarizes the revenues and expenses generated from property leasing activities for the six-month periods ended November 30, 2022 and May 31, 2022.

	Thousands of yen	
	For the six-month periods ended	
	November 30, 2022	May 31, 2022
(1) Property-related revenues		
Rental revenues		
Rental revenues	¥ 23,750,484	¥ 23,564,610
Common area charges	1,643,669	1,618,258
Total	¥ 25,394,153	¥ 25,182,869
Other rental revenues		
Utilities income	¥ 1,771,546	¥ 1,379,718
Others	358,445	297,230
Total	¥ 2,129,992	¥ 1,676,949
Total property-related revenues	¥ 27,524,145	¥ 26,859,818
(2) Property-related expenses		
Rental expenses		
Subcontract expenses	¥ 1,635,134	¥ 1,452,167
Utilities cost	1,999,926	1,447,271
Taxes and public dues	2,451,846	2,392,927
Non-life insurance premium	307,950	307,625
Repair and maintenance	206,367	217,293
Depreciation	6,567,154	6,488,123
Custodian fee	25,204	25,357
Other expenses	5,880	5,827
Total rental expenses	¥ 13,199,465	¥ 12,336,594
(3) Operating income from property leasing ((1)-(2))	¥ 14,324,680	¥ 14,523,223

9. Revenue from Contracts with Customers

For the six-month periods ended November 30, 2022 and May 31, 2022

Breakdown information on revenues from contracts with customers

For the breakdown information on revenues from contracts with customers, refer to “8. Property-related Revenues and Expenses.”

Note that the revenues described in “8. Property-related Revenues and Expenses” include revenues recognized in accordance with the Accounting Standard for Lease Transactions (ASBJ Statement No.13).

The revenues from contracts with customers consist mainly of utilities income.

10. Leases

The future minimum rental revenues from tenants subsequent to each fiscal period end under non-cancelable operating leases of properties are as follows:

	Thousands of yen	
	As of	
	November 30, 2022	May 31, 2022
Due within one year	¥ 45,791,864	¥ 45,898,043
Due after one year	147,214,911	153,801,521
Total	¥ 193,006,776	¥ 199,699,564

11. Net Assets

a) Stated Capital

NPR issues only non-par value units in accordance with the Investment Trust Law of Japan, and all issue amounts of new units are designated as stated capital. NPR maintains at least 50,000 thousand yen as the minimum net assets required by Article 67, Paragraph 4 of the Investment Trust Law of Japan.

b) Unit holders' capital

Unit holders' capital as of November 30, 2022 and May 31, 2022 consists of the following items:

	Thousands of yen			
	As of			
	November 30, 2022		May 31, 2022	
Unit holders' capital, gross	¥	475,834,330	¥	475,834,330
Deduction from unit holders' capital;				
Accumulated distributions in excess of retained earnings		(20,563,471)		(18,793,029)
Unit holders' capital	¥	455,270,859	¥	457,041,301

c) Distributions

Distributions related to each period but declared and paid after the balance sheet date are summarized as follows:

	Yen			
	For the six-month periods ended			
	November 30, 2022		May 31, 2022	
	Total	Per unit	Total	Per unit
I Unappropriated retained earnings	¥ 11,037,107,115		¥ 11,330,966,241	
II Distributions in excess of retained earnings				
Deduction from unit holders' capital	2,120,257,900		1,770,442,050	
III Distributions				
Distributions of retained earnings	11,036,556,550	¥4,133	11,330,295,050	¥4,243
Distributions in excess of retained earnings	2,120,257,900	¥794	1,770,442,050	¥663
Total distributions	13,156,814,450	¥4,927	13,100,737,100	¥4,906
IV Retained earnings carried forward	¥ 550,565		¥ 671,191	

Pursuant to the "Policy on the Distribution of Funds" as defined in Article 39, Paragraph 1, Item 2 of the Articles of Incorporation, the amount of distributions shall be the amount which does not exceed the amount of profits but exceeds 90% of the distributable profit as defined in Article 67-15 of the Special Taxation Measures Act. The distribution amount were equivalent to the integral of multiples of number of investment units issued and outstanding as of the end of each fiscal period, in which the unit holders' burdens of income taxes could be minimized.

Additionally, based on the distribution policy as defined in Article 39, Paragraph 2 of the Articles of Incorporation, NPR shall make Surplus Cash Distributions ("SCD"), defined as distributions in excess of retained earnings, each fiscal period on a continuous basis as Regular Surplus Cash Distributions. Furthermore, NPR is permitted to distribute One-time Surplus Cash Distributions for the purpose of maintaining stable distributions per unit in the event that its distributions per unit is expected to temporarily dilute by a certain degree or a large amount of expense is incurred as a result of financing actions and additionally certain inevitable and one-time events such as repair expenses and losses due to damages caused by natural disasters (e.g., earthquakes) and accidents/incidents (e.g., fire), and/or other one-time expenses such as litigation settlements and capital losses from property dispositions. NPR may also conduct surplus cash distributions in case of Allowance for Temporary Difference Adjustments ("ATA", collectively with the Regular Surplus Cash Distributions and the One-time Surplus Cash Distributions, "SCD" or "SCDs") according to laws and regulations (including rules stipulated by The Investment Trusts Association, Japan) as ATA-based Surplus Cash Distributions.

Based on these policies, NPR declared distributions as follows:

1. NPR declared distribution amounts of 11,036,556,550 yen, Regular Surplus Cash Distributions of 1,968,047,950 yen which was the amount equivalent to approximately 30% of depreciation expense of 6,567,154,455 yen and One-time Surplus Cash Distributions of 152,209,950 yen for the purpose of compensating for a decrease in the dividend per unit caused by the temporary rise in expenses related to property rental business (primarily utilities cost), for the six-month period ended November 30, 2022.
2. NPR declared distribution amounts of 11,330,295,050 yen and Regular Surplus Cash Distributions of 1,770,442,050 yen which was the amount equivalent to approximately 30% of depreciation expense of 6,488,123,516 yen, excluding compensation income to be received from tenants for the demolition work expense, for the six-month period ended May 31, 2022.

12. Short-term and Long-term Loans Payable

Short-term and long-term loans payable consisted of bank borrowings under loan agreements. The following table summarizes the short-term and long-term loans payable as of November 30, 2022 and May 31, 2022.

	Thousands of yen	
	As of	
	November 30, 2022	May 31, 2022
0.22488% unsecured short-term loans due 2022(**)	-	3,710,000
0.22488% unsecured short-term loans due 2022(**)	-	1,590,000
Total short-term loans payable	¥ -	¥ 5,300,000
0.39000% unsecured long-term loans due 2024(*)	¥ 10,000,000	¥ 10,000,000
0.41290% unsecured long-term loans due 2023(*)	7,600,000	7,600,000
0.52800% unsecured long-term loans due 2024(*)	4,000,000	4,000,000
0.71670% unsecured long-term loans due 2026(*)	9,400,000	9,400,000
0.31250% unsecured long-term loans due 2023(*)	20,000,000	20,000,000
0.37250% unsecured long-term loans due 2024(*)	3,000,000	3,000,000
0.37250% unsecured long-term loans due 2024(*)	3,000,000	3,000,000
0.43690% unsecured long-term loans due 2025(*)	23,300,000	23,300,000
0.52400% unsecured long-term loans due 2026(*)	6,100,000	6,100,000
0.52400% unsecured long-term loans due 2026(*)	5,200,000	5,200,000
0.52400% unsecured long-term loans due 2026(*)	2,600,000	2,600,000
0.63270% unsecured long-term loans due 2027(*)	23,300,000	23,300,000
0.61980% unsecured long-term loans due 2028(*)	11,800,000	11,800,000
0.44830% unsecured long-term loans due 2024(*)	5,000,000	5,000,000
0.51380% unsecured long-term loans due 2026(*)	6,400,000	6,400,000
0.36520% unsecured long-term loans due 2028(*)	6,600,000	6,600,000
0.43000% unsecured long-term loans due 2029(*)	12,000,000	12,000,000
0.18770% unsecured long-term loans due 2025(*)	5,000,000	5,000,000
0.49700% unsecured long-term loans due 2029(*)	6,500,000	6,500,000
0.49800% unsecured long-term loans due 2029(*)	3,000,000	3,000,000
0.24470% unsecured long-term loans due 2027(*)	5,000,000	5,000,000
0.34460% unsecured long-term loans due 2029(*)	4,100,000	4,100,000
0.29700% unsecured long-term loans due 2028(*)	6,000,000	6,000,000
0.40490% unsecured long-term loans due 2030(*)	6,300,000	6,300,000
0.47600% unsecured long-term loans due 2031(*)	7,300,000	7,300,000
0.30350% unsecured long-term loans due 2028(*)	5,000,000	5,000,000
0.40040% unsecured long-term loans due 2030(*)	9,000,000	9,000,000
0.29170% unsecured long-term loans due 2027(*)	7,000,000	7,000,000
0.45820% unsecured long-term loans due 2031(*)	7,000,000	7,000,000

0.47250% unsecured long-term loans due 2029(*)	2,000,000	2,000,000
0.63650% unsecured long-term loans due 2032(*)	4,000,000	4,000,000
0.39750% unsecured long-term loans due 2026(*)	6,000,000	6,000,000
0.57660% unsecured long-term loans due 2029(*)	4,000,000	4,000,000
0.57660% unsecured long-term loans due 2029(*)	4,000,000	4,000,000
0.57900% unsecured long-term loans due 2029(*)	4,000,000	4,000,000
0.66680% unsecured long-term loans due 2030(*)	6,000,000	6,000,000
0.65300% unsecured long-term loans due 2032(*)	2,000,000	2,000,000
Less: current portion	(27,600,000)	(27,600,000)
Total long-term loans payable, less current portion	¥ 234,900,000	¥ 234,900,000

The stated interest rate is the weighted average interest rate during the period ended November 30, 2022.

For certain loans (*) for which NPR uses interest rate swaps to hedge their interest rate risk exposure, the effective interest rate which includes the effect of the interest rate swap is stated.

The redemption schedules for long-term loans subsequent to November 30, 2022 and May 31, 2022 are disclosed in Note 5, "Financial Instruments."

The loans (**) from Sumitomo Mitsui Banking Corporation and MUFG Bank, Ltd., with the principal amounts of 3,710,000 thousand yen and 1,590,000 thousand yen, respectively, were partially prepaid in the amount of 2,100,000 thousand yen and 900,000 thousand yen on June 22, 2022, and the remaining 1,610,000 thousand yen and 690,000 thousand yen were prepaid on August 17, 2022 before the maturity dates.

NPR is in the contract of commitment line agreement with three banks.

	Thousands of yen	
	As of	
	November 30, 2022	May 31, 2022
Total amount of committed line of credit	¥ 20,000,000	¥ 20,000,000
Borrowings drawn down	-	-
Balance of unused committed line of credit	¥ 20,000,000	¥ 20,000,000

13. Investment Corporation Bonds Payable

The investment corporation bonds payable would be redeemed on a lump-sum basis at their contractual maturity dates. The following table summarizes the investment corporation bonds payable as of November 30, 2022 and May 31, 2022.

	Issued date	Maturity date	Interest rate	Thousands of yen	
				As of	
				November 30, 2022	May 31, 2022
2nd unsecured bond	November 27, 2014	November 27, 2024	0.930%	¥ 3,000,000	¥ 3,000,000
4th unsecured bond	June 15, 2017	June 15, 2023	0.280%	1,500,000	1,500,000
5th unsecured bond	June 15, 2017	June 15, 2027	0.500%	2,500,000	2,500,000
6th unsecured bond	June 15, 2017	June 15, 2032	0.860%	1,000,000	1,000,000
7th unsecured bond	August 17, 2018	August 17, 2028	0.660%	6,000,000	6,000,000
8th unsecured bond	April 17, 2020	April 17, 2040	0.900%	5,000,000	5,000,000
9th unsecured bond	April 17, 2020	April 15, 2050	1.000%	5,000,000	5,000,000
10th unsecured bond	May 31, 2021	May 30, 2031	0.470%	7,000,000	7,000,000
11th unsecured bond	May 31, 2021	May 30, 2036	0.730%	5,000,000	5,000,000
12th unsecured bond	June 22, 2022	June 22, 2027	0.300%	3,000,000	-
13th unsecured bond	August 17, 2022	August 17, 2028	0.430%	2,300,000	-
Total				¥ 41,300,000	¥ 36,000,000

14. Insurance Income and Compensation Income

(For the six-month period ended November 30, 2022)

As to Prologis Park Iwanuma which was caught in a fire during the reporting period ended May 31, 2020, NPR recorded 109,179 thousand yen of insurance income for lost profits (profits insurance income) as extraordinary income.

(For the six-month period ended May 31, 2022)

As to Prologis Park Iwanuma which was caught in a fire during the reporting period ended May 31, 2020, NPR recorded profits insurance income of 148,530 thousand yen and compensation income of 175,820 thousand yen which should be paid by tenants as extraordinary income.

15. Income Taxes

NPR is subject to Japanese corporate income taxes on its taxable income. The tax effects of temporary differences that give rise to a significant portion of the deferred tax assets and liabilities as of November 30, 2022 and May 31, 2022:

	Thousands of yen	
	As of	
	November 30, 2022	May 31, 2022
Enterprise tax payable	¥ 10	¥ 9
Total deferred tax assets	10	9
Net deferred tax assets	¥ 10	¥ 9

Reconciliations of major items that caused differences between the statutory tax rate and effective tax rate with respect to pre-tax income reflected in the accompanying statements of income for the six-month periods ended November 30, 2022 and May 31, 2022 are as follows:

	For the six-month periods ended	
	November 30, 2022	May 31, 2022
Statutory tax rate	31.46%	31.46%
Adjustments:		
Deductible cash distributions	(31.46%)	(31.46%)
Other	0.01%	0.01%
Actual effective income tax rate	0.01%	0.01%

NPR has a policy of making cash distributions of earnings in excess of 90% of distributable income as defined in the Special Taxation Measures Act for the fiscal period to qualify for conditions, as set forth in the Special Taxation Measures Act, to achieve a deduction of cash distributions for income tax purposes. Based on this policy, NPR treated the cash distributions of earnings as a tax deductible distribution as defined in the Special Taxation Measures Act.

16. Per Unit Information

The following table summarizes per unit information for the six-month periods ended November 30, 2022 and May 31, 2022.

	Yen	
	For the six-month periods ended	
	November 30, 2022	May 31, 2022
Net income per unit		
Basic net income per unit	¥ 4,132	¥ 4,250
Weighted average number of units outstanding	2,670,350	2,665,372
Net assets per unit		
	¥ 174,624	¥ 175,397

(Note) Basic net income per unit is based on the weighted average number of units issued and outstanding during the period. Diluted earnings per unit and related information are not disclosed as no dilutive units were outstanding.

17. Transactions with Related Parties

a) Transactions and Account Balances with the Parent Company and Major Unit Holders

There were no transactions and account balances for all periods presented.

b) Transactions and Account Balances with Affiliates

There were no transactions and account balances for all periods presented.

c) Transactions and Account Balances with Companies under Common Control and others

(For the six-month period ended November 30, 2022)

Classification	Name of the company	Address	Stated capital (Thousands of yen)	Type of business	Percentage of voting rights owned	Relation		Type of transaction	Transaction amount (Thousands of yen)	Account	Ending balance (Thousands of yen)
						Common board member	Business relationship				
Subsidiary of an affiliate	Prologis REIT Master Lease GK (Note 2)	Chiyoda-ku, Tokyo	¥ 2,100	Real estate business, other	-	-	Lessee	Lease of properties in trust	¥ 25,781,002	Operating accounts receivable	¥ 1,285,026
										Advances received	4,385,692
								Proceeds of tenant leasehold and security deposits in trust	371,755	Tenant leasehold and security deposits in trust	19,446,931
Repayments of tenant leasehold and security deposits in trust	222,772										
Subsidiary of an affiliate	Prologis REIT Management K.K.	Chiyoda-ku, Tokyo	100,000	Investment management business	-	Executive Director of NPR and President & CEO of the Asset Manager	Asset Manager	Payment of asset management fee	2,271,395	Accrued expenses	2,498,535

(Note 1) The terms and conditions of these transactions were executed based on market practices.

(Note 2) With respect to 48 properties out of 55 properties held by NPR, NPR leases space to Prologis REIT Master Lease GK based on a pass-through type of master lease agreement, and Prologis REIT Master Lease GK subleases the space to actual tenants.

(For the six-month period ended May 31, 2022)

Classification	Name of the company	Address	Stated capital (Thousands of yen)	Type of business	Percentage of voting rights owned	Relation		Type of transaction	Transaction amount (Thousands of yen)	Account	Ending balance (Thousands of yen)
						Common board member	Business relationship				
Subsidiary of an affiliate	Prologis REIT Master Lease GK (Note 2)	Chiyoda-ku, Tokyo	¥ 2,100	Real estate business, other	-	-	Lessee	Lease of properties in trust	¥ 25,163,075	Operating accounts receivable	¥ 1,257,672
										Advances received	4,337,984
								Proceeds of tenant leasehold and security deposits in trust	2,564,634	Tenant leasehold and security deposits in trust	19,297,948
Repayments of tenant leasehold and security deposits in trust	1,049,455										
Subsidiary of an affiliate	Zao Special Purpose Company	Chiyoda-ku, Tokyo	100,000	Real estate business	-	-	Seller	Acquisition of beneficiary right in trust	33,000,000	-	-
Subsidiary of an affiliate	Tateyama Special Purpose Company	Chiyoda-ku, Tokyo	100,000	Real estate business	-	-	Seller	Acquisition of beneficiary right in trust	9,500,000	-	-
Subsidiary of an affiliate	Minami Kanto Special Purpose Company	Chiyoda-ku, Tokyo	618,400	Real estate business	-	-	Seller	Acquisition of beneficiary right in trust	15,200,000	-	-
Subsidiary of an affiliate	Prologis REIT Management K.K.	Chiyoda-ku, Tokyo	100,000	Investment management business	-	Executive Director of NPR and President & CEO of the Asset Manager	Asset Manager	Payment of asset management fee (Note 3)	2,587,591	Accrued expenses	2,529,000

(Note 1) The terms and conditions of these transactions were executed based on market practices.

(Note 2) With respect to 48 properties out of 55 properties held by NPR, NPR leases space to Prologis REIT Master Lease GK based on a pass-through type of master lease agreement, and Prologis REIT Master Lease GK subleases the space to actual tenants.

(Note 3) The Asset management fee above includes management fees for property acquisition of 288,500 thousand yen.

d) Transactions and Account Balances with Board of Directors and Individual Unit Holders

There were no transactions and account balances for all periods presented.

18. Segment and Related Information

Description is omitted as NPR's operating segment consists of a single segment for all periods.

Related Information

(For the six-month period ended November 30, 2022)

a) Information by Geographic Region

(i) Operating Revenues

Substantially all of NPR's operating revenue is generated in Japan.

(ii) Property and Equipment

Substantially all of NPR's property and equipment is located in Japan.

b) Information by Major Tenants

Tenant	Operating revenue	Related segment
Prologis REIT Master Lease GK	25,781,002 thousand yen	The real estate leasing business

(Note) With respect to 48 properties out of 55 properties held by NPR, NPR leases space to Prologis REIT Master Lease GK based on a pass-through type of master lease agreement, and Prologis REIT Master Lease GK subleases the space to actual tenants.

(For the six-month period ended May 31, 2022)

a) Information by Geographic Region

(i) Operating Revenues

Substantially all of NPR's operating revenue is generated in Japan.

(ii) Property and Equipment

Substantially all of NPR's property and equipment is located in Japan.

b) Information by Major Tenants

Tenant	Operating revenue	Related segment
Prologis REIT Master Lease GK	25,163,075 thousand yen	The real estate leasing business

(Note) With respect to 48 properties out of 55 properties held by NPR, NPR leases space to Prologis REIT Master Lease GK based on a pass-through type of master lease agreement, and Prologis REIT Master Lease GK subleases the space to actual tenants.

19. Subsequent Events

(a) Issuance of New Investment Units

NPR issued new investment units based on a resolution made by the board of directors on December 5, 2022 and December 8, 2022. Subsequently, the payments were completed on December 14, 2022 and January 5, 2023, for the issuance of new investment units through the public offering (the "Offering") and third-party allotment (the "Third-Party Allotment"), respectively.

Issuance of New Investment Units through the Offering

Number of investment units issued	76,570 units
Issue price (offer price)	318,990 yen per unit
Total amount issued	24,425,064,300 yen
Issue value (amount to be paid)	308,866 yen per unit
Total net proceeds	23,649,869,620 yen
Payment date	December 14, 2022

Issuance of New Investment Units through the Third-Party Allotment

Number of investment units issued	2,579 units
Issue value (amount to be paid)	308,866 yen per unit
Total net proceeds	796,565,414 yen
Payment date	January 5, 2023
Purchaser	SMBC Nikko Securities Inc.

Use of proceeds

The net proceeds from the Offering were used for the purpose of funding the acquisition costs of new properties and related expenses described below in "(c) Acquisition of Assets". The net proceeds from the Third-Party Allotment will be used to fund future acquisitions of specified assets (as defined in Article 2, Paragraph 1 of the Investment Trust Law) or to repay borrowings.

(b) Borrowings

NPR borrowed following short-term loans and long-term loans (collectively, the “Borrowings”), which were based on a resolution made by the board of directors on December 5, 2022, for the purpose of funding the acquisition costs of new properties and related expenses described below in “(c) Acquisition of Assets”.

Summary of the Borrowings

Category	Lender	Borrowing Amount	Interest Rate	Borrowing Date	Repayment Date	Repayment Method	Collateral
Short-term	Sumitomo Mitsui Banking Corporation	3,500 million yen	Base interest rate (JBA 1-month)	December 15, 2022	December 15, 2023	Paid in full upon maturity	Unsecured and non-guaranteed
	MUFG Bank, Ltd.	1,500 million yen	Japanese yen TIBOR +0.150%				
Long-term (Note 2)	Syndicate of lenders arranged by Sumitomo Mitsui Banking Corporation and MUFG Bank, Ltd. (Note 1)	9,000 million yen	Base interest rate (JBA 3-month Japanese yen TIBOR) +0.265%		December 12, 2031		

(Note 1) The syndicate of lenders consists of Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd., Mizuho Bank, Ltd., Development Bank of Japan Inc., Resona Bank, Limited., The Norinchukin Bank, The Bank of Fukuoka, Ltd., The Nishi-Nippon City Bank, Ltd., The Iyo Bank, Ltd., The 77 Bank, Ltd., The Yamanashi Chuo Bank, Ltd., Aozora Bank, Ltd., SBI Shinsei Bank, Limited and Shinkin Central Bank.

(Note 2) NPR has executed an interest rate swap agreement to hedge the risks of interest rate volatility by converting the floating interest rates payable to fixed interest rates for the Borrowing.

1. Counterparty	Morgan Stanley MUFG Securities Co., Ltd.
2. Notional Amount	9,000 million yen
3. Interest Rate	Fixed Interest Rate: 0.7399% Floating Interest Rate: JBA 3-month Japanese yen TIBOR
4. Trade Date	December 13, 2022
5. Effective Date	December 15, 2022
6. Termination Date	December 12, 2031

*The subject interest rate swap agreement has, in effect, fixed the interest rate at 1.0049%.

(c) Acquisition of Assets

As resolved by the board of directors on December 5, 2022, in line with basic investment guidelines defined in its Articles of Incorporation, NPR decided to acquire properties described below with the net proceeds from the Offering described in “(a) Issuance of New Investment Units” above, the proceeds from the Borrowings described in “(b) Borrowings” above and cash on hand, and completed the acquisitions on December 15, 2022.

Property name	Prologis Park Inagawa 1	
Location	101-1, Sashikumi Aza Kodani, Inagawa-cho, Kawabe-gun, Hyogo 95-1, Sashikumi Aza Kodani, Inagawa-cho, Kawabe-gun, Hyogo	
Class of assets	Real estate trust beneficiary interests (50% co-ownership interest)	
Acquisition date	December 15, 2022	
Acquisition price	27,900 million yen	
Land	Ownership form	Proprietary
	Land area	107,172.72 m ²
Building	Ownership form	Proprietary
	Gross floor area	206,769.12 m ²
	Date of construction	October 22, 2021
	Use	Warehouse / Office
	Structure/No. of stories	RC, 6-story building

(note) Figure represents the entire property

Property name	Prologis Park Kobe 3	
Location	4-11-5, Mitsugaoka, Nishi-ku, Kobe, Hyogo 4-11-5, Mitsugaoka, Nishi-ku, Kobe, Hyogo	
Class of assets	Real estate trust beneficiary interests	
Acquisition date	December 15, 2022	
Acquisition price	9,580 million yen	
Land	Ownership form	Proprietary
	Land area	19,225.48 m ²
Building	Ownership form	Proprietary
	Gross floor area	39,445.48 m ²
	Date of construction	May 30, 2022
	Use	Warehouse / Office
	Structure/No. of stories	S, 4-story building with 1 basement floor

Property name	Prologis Park Ogori	
Location	308-1, Yamaguma Aza Yanagi, Ogori, Fukuoka 308-1, Yamaguma Aza Yanagi, Ogori, Fukuoka	
Class of assets	Real estate trust beneficiary interests	
Acquisition date	December 15, 2022	
Acquisition price	5,920 million yen	
Land	Ownership form	Proprietary
	Land area	31,850.81 m ²
Building	Ownership form	Proprietary
	Gross floor area	25,719.64 m ²
	Date of construction	May 24, 2022
	Use	Warehouse
	Structure/No. of stories	S, 2-story building



Independent auditor's report

To the Board of Directors of Nippon Prologis REIT, Inc.:

Opinion

We have audited the accompanying financial statements of Nippon Prologis REIT, Inc. ("the Company"), which comprise the balance sheets as at November 30, 2022 and May 31, 2022, the statements of income, changes in net assets and cash flows for the six-month periods then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2022 and May 31, 2022, and its financial performance and its cash flows for the six-month periods then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 19 to the financial statements, which states that subsequent to November 30, 2022, the Company issued new investment units, borrowed bank loans and acquired real estate trust beneficiary interests of three properties. Our opinion is not modified in respect of this matter.

Other Information

The other information comprises the information included in the Semiannual Report, but does not include the financial statements and our auditor's report thereon. Management is responsible for the preparation and presentation of the other information. Supervisory directors are responsible for overseeing the executive director's performance of his duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Supervisory Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Supervisory directors are responsible for overseeing the executive director's performance of his duties with regard to the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and

content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the executive director regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the executive director with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with him all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

/S/ Hidekazu Takahashi

Designated Engagement Partner

Certified Public Accountant

/S/ Jiro Tazawa

Designated Engagement Partner

Certified Public Accountant

KPMG AZSA LLC

Tokyo Office, Japan

February 24, 2023

Notes to the Reader of Independent Auditor's Report:

This is a copy of the Independent auditor's report and the original copies are kept separately by the Company and KPMG AZSA LLC.

Periodic disclosure for financial products referred to in Article 8(1) of Regulation (EU) 2019/2088 and Article 6 of Regulation (EU) 2020/852

Product name: Nippon Prologis REIT, Inc.

Legal Entity Identifier: 353800PHBMSDLAFURY41

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?	
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<input type="checkbox"/> It made sustainable investments with an environmental objective: ___% <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy 	<input type="checkbox"/> It promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of ___% of sustainable investments <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective
<input type="checkbox"/> It made sustainable investments with a social objective: ___%	<input checked="" type="checkbox"/> It promoted E/S characteristics, but did not make any sustainable investments

To what extent were the environmental and/or social characteristics promoted by this financial product met?

The Prologis Group, including Nippon Prologis REIT, Inc. ("NPR") and Prologis REIT Management. K.K. (the "Asset Manager"), conducts sustainable corporate activities with goals of protecting the environment, contributing to society, and maintaining corporate ethics and governance, as a good corporate citizen. We aim to minimize the impact of the Prologis Group's business activities on the environment and to maximize the benefit of all stakeholders.

NPR functions as a long-term real estate holding vehicle for the Prologis Group's business in Japan. The Prologis Group conducts its global business through one common operating platform that covers all entities in the Prologis Group, including NPR. For environmental, social and governance ("ESG") initiatives, the Prologis Group uses its scale to provide one common ESG platform (ESG objectives, principles, policies, goals and monitoring systems) that covers NPR. In addition, NPR, as a separate public entity, also has distinct and independent ESG management systems especially for its governance.

Our ESG initiatives, especially environmental stewardship, include the following

activities at our properties:

- *Reducing energy consumption at our properties.* We aim to reduce energy consumption and contribute to low-carbon society by installing energy saving equipment such as LED lighting and sensor lighting at our properties. As of Dec. 31, 2022, LED lighting was installed at 82% of our portfolio based on leasable area, as compared to 78% as of May 31, 2022. Also, as of Dec. 31, 2022, 52.7MW of solar panel was installed on the rooftops of our properties, as compared to 43.2MW as of May 31, 2022.
- *Water conservation.* We have installed rainwater recycling systems and irrigation timers to reduce water usage at two of our properties. At Prologis Park Narita 1, rainwater is collected and kept for general service water in the event of water or power outages by connecting to the emergency generator. Prologis Park Osaka 4 uses industrial water for landscaping.
- *Promoting wall greening and rooftop greening.* We build green walls and rooftops at our properties. Taking into account the rich natural environment that surrounds Prologis Park Kawajima, the facility's landscaping was designed to include a variety of plants and trees, such as evergreens and deciduous trees, conical trees, trees of different heights, and ground cover plants. Also, by installing rooftop greenery at Prologis Park Tokyo-Shinkiba, we have reduced and mitigated the urban heat-island effect. Additionally, we have built a road and a park on site of Prologis Park Tokyo-Shinkiba for the local community to further enhance the safety of the property and improve the surrounding environment.
- *Pollution and waste management.* We have installed water-retentive blocks, which are made of recycled products, at the entrance and approach to our buildings to help to reduce the urban heat-island effect. Also, in partnership with Fukuvi Chemical Industry Co., Ltd., we have developed and filed a patent application for a plastic forklift guard for use at logistics facilities and warehouses; though made out of plastic, these guards can last decades and can be recycled into pallets.
- *Including "Green Lease" provisions in our agreements.* We aim to include environmental provisions, which we refer to as "Green Lease" provisions, in the lease contracts with our tenants. Our Green Lease provisions include clauses requiring our tenants to collaborate with us in implementing various measures, including actions for energy savings and disclosure of their environmental data to us. As of Dec. 31, 2022, 56.9% of our leases (based on leasable area) with our tenants contained such Green Lease provisions, as compared to 46% as of May 31, 2022.

Social initiatives at our properties including the following.

- *Developing worker-friendly facilities for tenants and their employees.* We adopt various approaches in designing and upgrading facilities to benefit tenants and their employees. Such facilities include a self-checkout convenience store at Prologis Park Ichikawa 3, a modern cafeteria at some of our multi-tenant facilities,

and shuttle bus services and free Wi-Fi connections provided at some of our multi-tenant facilities.

- *Supporting local communities and logistics industry.* We sponsor the Waseda University Graduate School of Commerce's Logistics/Supply Chain Management (SCM) Course, and offer internship programs for junior high school students and educational field trips for junior high and elementary school students. We also hold various events for our customers and local communities such as a summer festival at Prologis Park Ichikawa 1 and social events in the cafés at Prologis Park Zama and Prologis Park Tokyo-Ohta. Every May, we also host the "IMPACT Day," when the entire Japan-based Prologis Group spends a full day volunteering with charities in our local communities such as developing a database about toilets (restrooms) for the vulnerable, donating schoolbags for children, supporting a children's orphanage and conducting a survey of sea life in Osaka Bay.
- *Prologis Foundation.* The Prologis Foundation was established in the United States in 2001, and established its local foundation in Japan in 2019. Our grant-making focuses on education, the environment and human welfare. The Japan-based foundation provides grants to nonprofits and scholarship programs to support undergraduate students raised at orphanages.
- *Providing support for employees.* The Asset Manager focuses on inclusion and diversity to create an environment in which every employee feels that they can contribute freely to the conversation that drives the success of the organization. The Asset Manager provides all employees with the opportunity to better understand our industry and is ensuring ongoing enrichment for those involved in real estate operations, including supporting employees to acquire specific qualifications and credentials by subsidizing examination fees and providing learning programs/materials.
- **How did the sustainability indicators perform?**

We use the following indicators to measure the attainment of the environmental or social characteristics we promote:

- *Environmental certification of individual properties:* To track the environmental performance of our properties, we rely on certifications issued by third-party organizations such as the Comprehensive Assessment System for Built Environment Efficiency ("CASBEE") certification, Building Energy-efficiency Labeling System ("BELS") certification, the Development Bank of Japan's Green Building Certification ("DBJGB") and other equivalent certifications. We call our property that receives any such certifications an "Eligible Green Project". With respect to CASBEE, we consider a property to have a sufficient environmental certification if it received B+ Rank or higher out of the CASBEE ranking system featuring Rank S (excellent), Rank A (very good), Rank B+ (good), Rank B- (slightly inferior) and Rank C (inferior). With respect to BELS, we consider a property to have a sufficient environmental certification if it received four stars or higher out of BELS' five-star ranking system. With respect to DBJGB, we consider a property

to have a sufficient environmental certification if it received four stars or higher out of DBJGB's five-star ranking system. As of Dec. 31, 2022, 98.2% of our properties were Eligible Green Projects based on acquisition price, as compared to 98.1% as of May 31, 2022 (we treat properties as Eligible Green Projects even after their environmental certifications have technically expired).

- **Climate change initiatives:** We aim to lead the real estate industry toward a low-carbon society by implementing various measures to reduce emissions of greenhouse gas and coordinating with other companies to reduce long-distance transportation and minimize the impact of our business toward the environment. In our stakeholder outreach programs, we listen to our stakeholders' needs. Investors and other stakeholders identified the Task Force on Climate-related Financial Disclosures ("TCFD") as a guiding framework for companies to show how they are responding to climate change. In response, Prologis and the Asset Manager has signed on as an official supporter of TCFD and provided disclosure on our alignment with TCFD's four core elements: governance, strategy, risks & opportunities and targets & metrics.
- **Social initiatives – tenants:** We have adopted the Net Promoter Score (NPS), a metric used to measure customer loyalty. NPS is used by the world's leading brands to gauge how companies perform relative to customer expectations. We use NPS to inquire our customers how they evaluate their overall experiences with us. NPS results are based on customer responses to a single question: *How likely are you to recommend Prologis to a colleague or friend and why?*
- **Social initiatives – employees:** Employees of the Asset Manager receive performance feedback three times a year: initial, interim and final reviews to discuss their targets, progress, next steps and achievements. The evaluation is conducted comprehensively, including with respect to ESG. In order to secure the fairness and transparency, the final evaluation for compensation and promotion is determined by the Human Resources/Compensation Committee.
- **Social initiatives – compliance:** The Asset Manager has established the Compliance Basic Policy to promote compliance pertaining to our asset management activities. The Asset Manager complies strictly with applicable laws and regulations related to its business, carries out sound corporate activities in good faith, and has established a system to ensure the soundness of management based on self-discipline. In order to promote compliance, the Compliance Officer has established and maintains the Compliance Manual as a code of conduct for officers and employees of the Asset Manager. In addition, the Compliance Officer plans and implements guidance and training for the officers and employees on a regular basis and as necessary based on compliance needs.

- **...and compared to previous periods?**

See above.

- **What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?**

Not applicable.

- **How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?**

Not applicable.

How did this financial product consider principal adverse impacts on sustainability factors?

We collect on an ongoing basis select information on our existing portfolio regarding the principal adverse impact indicators, including exposure to fossil fuels through investment assets, exposure to energy-inefficient investment assets and energy consumption intensity. We aim to manage the risk connected to principal adverse impacts from our investment decisions in several ways, including general screening criteria and due diligence such as investigation on harmful substances in the soil.

We believe that investment decisions that negatively affect climate or other environment-related resources, or have negative implications for society, can have a significant impact on risks and value creation for our unitholders. To this end, we consider the principal adverse impacts of our investment decisions on the above sustainability factors throughout all major steps of the investment decision and management process throughout the lifecycle of the properties in our portfolio.

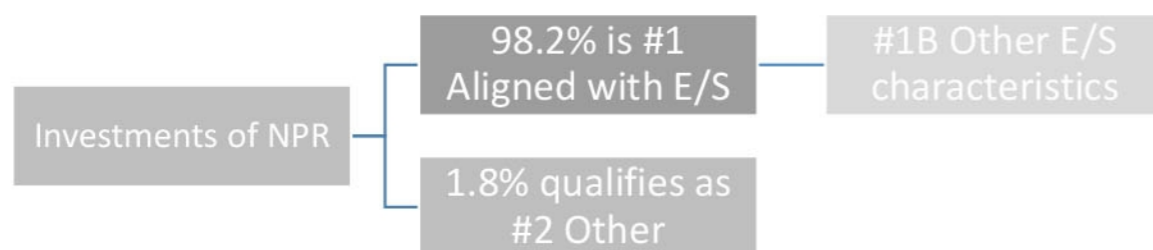
What were the top investments of this financial product?

Largest investments	Sector	% Assets	Country
Logistics facilities	Real estate	100%	Japan

What was the proportion of sustainability-related investments?

As of Dec. 31, 2022, 98.2% of the properties in the portfolio were Eligible Green Projects, and 1.8% were nonqualified assets based on the acquisition prices of our properties, as compared to 98.1% Eligible Green Projects and 1.9% nonqualified assets as of May 31, 2022 (we treat properties as Eligible Green Projects even after their environmental certifications have technically expired). Our target is to continue to maintain the percentage of Eligible Green Projects at 95% or more.

- **What was the asset allocation?**



● ***In which economic sectors were the investments made?***

Our investment objectives are to acquire and own logistics facilities in Japan, and to increase unit holder value by maintaining a portfolio that generates stable income and achieves steady portfolio growth through sound acquisitions and proactive portfolio management. We are strategically focused on Class A logistics facilities in Japan’s key logistics hubs to capitalize on the ongoing fundamental reconfiguration of Japan’s supply chain, the increasing importance of advanced logistics which require advanced logistics facilities and the obsolescence of a majority of Japan’s existing logistics stock. These factors are driving strong and stable demand for what we call Class A logistics facilities.

To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

Not applicable.

● ***What was the share of investments made in transitional and enabling activities?***

Not applicable.

● ***How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?***

Not applicable.

What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

Not applicable.

What was the share of socially sustainable investments?

Not applicable.

What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?

As of Dec. 31, 2022, 1.8% of our properties were not Eligible Green Projects based on acquisition price. We have invested in such properties in accordance with our investment guidelines. In those cases there were circumstances that prevented us from obtaining environmental certifications prior to our acquisitions, and we will do our best to obtain appropriate environmental certifications in due course. We investigate the presence of harmful substances, the history of past land usages and the environment of the soil when investing in properties. We do not invest in properties on which do not meet the standards for the Soil Contamination Countermeasures Act of Japan and other environmental laws and ordinances.

What actions have been taken to meet the environmental and/or social characteristics during the reference period?

Our ESG initiatives, especially environmental stewardship, include the following activities at our properties:

- Reducing energy consumption at our properties.
- Water conservation.
- Promoting wall greening and rooftop greening.
- Pollution and waste management.
- Including “Green Lease” provisions in our agreements.

Social initiatives at our properties including the following:

- Developing worker-friendly facilities for tenants and their employees.
- Supporting local communities and logistics industry.
- Scholarship and philanthropic programs by Prologis Foundation.
- Providing support for employees.

How did this financial product perform compared to the reference benchmark?

Not applicable.

● ***How does the reference benchmark differ from a broad market index?***

Not applicable.

● ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***

Not applicable.

● ***How did this financial product perform compared with the reference benchmark?***

Not applicable.

- ***How did this financial product perform compared with the broad market index?***

Not applicable.