

March 1, 2021

FOR IMMEDIATE RELEASE

Nippon Prologis REIT Announces Execution of Construction Agreement for Redevelopment of Prologis Park Iwanuma 1

Nippon Prologis REIT, Inc. (“NPR”) announced today that it has executed an agreement (the “Construction Agreement”) with a general contractor for the redevelopment (the “Redevelopment”) of Prologis Park Iwanuma 1 (the “Property”), which was announced by the press release, “Nippon Prologis REIT Announces Redevelopment of Prologis Park Iwanuma 1 and Execution of Redevelopment Advisory Agreement” dated October 21, 2020. Accordingly, NPR will commence the Redevelopment, as follows:

1. Summary of the Redevelopment

Property name		Prologis Park Iwanuma 1
Location		3-2-35, Kuko-Minami, Iwanuma, Miyagi
Land	Ownership form	Proprietary
	Land area	45,704.30 m ²
	Zoning	Exclusive Industrial zone
	BCR/FAR	60% / 200%
Building (Note 1)	Gross floor area	51,074.16 m ² (Note 2)
	Use of building	Warehouse / Office
	Structure/# of stories	S, 2-story building
	Construction cost	5,748 million yen
	General contractor	Nishimatsu Construction Co., Ltd.
	Commencement date of the building construction	March 1, 2021
	Delivery date of the building	April 28, 2022
Estimated economics of the Redevelopment	Estimated total redevelopment costs	7,481 million yen (Note 3)
	Preliminary assessed value after the Redevelopment	8,170 million yen (Note 4)
	Estimated NOI yield	5.3 % (Note 5)
	Estimated unrealized gain	688 million yen (Note 6)

(Note 1) The building plan is based on the Construction Agreement and may vary in the future.

(Note 2) The subject gross floor area is stated on an application of the building construction and contains floor areas of the slope and driveways, etc.

(Note 3) The estimated total redevelopment costs are sum of the estimated amount of (i) the construction cost stated in the Construction Agreement, (ii) the estimated ancillary expenses associated with the Redevelopment and (iii) the book value of the land (1,186 million yen). The estimated total redevelopment costs may vary in the future.

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

(Note 5) The above figure is derived by dividing the amount of estimated NOI after the Redevelopment based on the Valuation Report by the amount of the estimated total redevelopment costs. The

subject estimated NOI yield may vary in the future due to fluctuation of the actual NOI and the estimated total redevelopment costs.

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

2. Payment Schedule and Source of Funds for the Construction Cost

NPR will pay the construction cost in installments in accordance with the progress of the construction work. According to the payment schedule of construction cost, the construction cost itself will be capitalized on our balance sheet in each future fiscal period during the construction as the “construction-in-progress.” The source of funds for the construction cost will be NPR’s cash on hand (including the fire insurance payment that NPR has received based on the fire insurance that covered the Property), and may partially be borrowing(s). In case the construction cost is to be financed by borrowing(s), we will make further announcement of such borrowing(s).

3. Impact on Forecasts

There are no changes to NPR’s forecasts of results for the fiscal period ending May 31, 2021 (from December 1, 2020 to May 31, 2021) and the fiscal period ending November 30, 2021 (from June 1, 2021 to November 30, 2021) which NPR announced on January 20, 2021 since the Redevelopment is scheduled to be completed in April 2022.

For more information about Nippon Prologis REIT, please visit:

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

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Appendix:

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

Prologis Park Iwanuma 1

Exterior Image of the New Building



Map of the Surrounding Area

