

SEMIANNUAL REPORT

Fiscal Period Ended May 31, 2021



Prologis Park Chiba New Town

Message from the Executive Director



Masahiro Sakashita

Executive Director
Nippon Prologis REIT, Inc.

Dear Fellow Unit Holders,

We are pleased to present our Semiannual Report for the fiscal period ended May 31, 2021.

During the fiscal period, despite the global pandemic, Japanese logistics real estate market continued to grow. Demand for high-quality logistics facilities has been driven by the continued reconfiguration of logistics industry, the accelerated growth of e-commerce business and the stable financial market environment. The pandemic has highlighted the essential need for modern logistics real estate, especially as the need to increase inventory levels to be prepared for potential disruptions to the global supply chain. In addition, the demand for our business is fueled by our logistics customers' need to consolidate their warehouse space to solve their labor shortage problems. As a result of the strength of our investment strategy and relationship with our sponsor, combined with the aforementioned tailwinds, our portfolio continues to perform well, recording the historical-high average occupancy rate and strong rent growth.

For external growth, we successfully completed our 10th follow-on offering and acquired three new properties in February 2021, which has further grown our unit holder value. The offering represented our unchanged and quality-focused investment strategies and our significant growth potential, and was well received by both the domestic Japanese and global investors.

We continue to have one of the strongest balance sheets in the J-REIT industry. Our loan-to-value ratio is conservative, and with this low leverage and the size of our balance sheet, we continue to have significant additional investment capacity. We are pleased that the strength

of our financial position was recognized by R&I as they established a credit rating of "AA" for us in April 2021, the highest among all J-REITs. Subsequently, in May 2021, we issued long-term green bonds totaling 12 billion yen. With the green nature and the new credit rating, the issuance drew significant attention from a number of new fixed income investors.

In March 2021, we commenced the reconstruction work of Prologis Park Iwanuma 1. The new building is scheduled to be completed in April 2022 and designed to industry-leading specifications.

We are proud of our accomplishments during the period and will continue to strive to maximize value for our unit holders over the long-term. As always, we sincerely appreciate your ongoing support of Nippon Prologis REIT.

Best regards,

Financial Highlights for the Fiscal Period Ended May 31, 2021

Distribution Per Unit
(JPY, including Surplus Cash Distributions)

4,847

Portfolio Size
(JPY billions)

758.3

NOI
(JPY millions)

19,650

Market Cap
(JPY billions)

876.5

Period Average Occupancy

99.4%

Appraisal NAV Per Unit
(JPY)

243,904

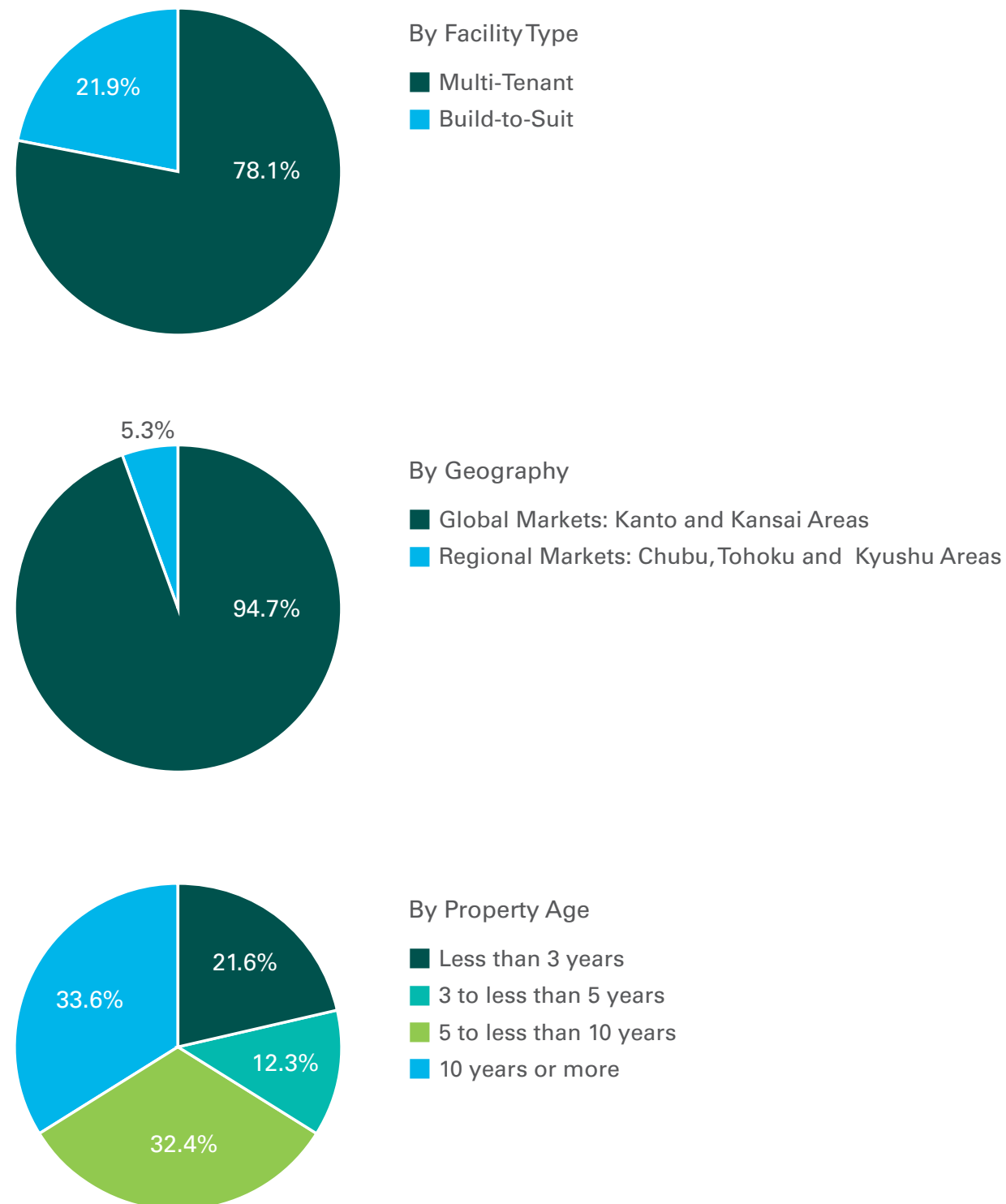
Loan-to-Value Ratio

37.8%

Credit Rating

JCR: AA (Stable)
R&I: AA (Stable)

Earnings Stability from a Diversified Portfolio of Class-A Facilities



Note: Excluding Prologis Park Iwanuma 1

Focus on High-Quality Class-A Logistics Facilities

Class-A Logistics
Facilities Developed
by Prologis Group

100%

Financial Strategy Focused on Long-Term Stability and Efficiency

Long-Term &
Fixed Interest Rate
Debt Ratio

100.0%

Average All-in
Debt Cost

0.6%

Loan-to-Value Ratio
(LTV)

37.8%

Appraisal LTV

29.9%

Governance Structure Promotes Growth in Unit Holder Value

Percentage of
Prologis Ownership

15%



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-13 Prologis Park Narita 1-C
JPY 4,810 million



M-14 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-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-26 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



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



M-33 Prologis Park MFLP Kawagoe
JPY 14,800 million



M-34 Prologis Park Chiba New Town
JPY 26,300 million



M-35 Prologis Park Chiba 2
JPY 15,000 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



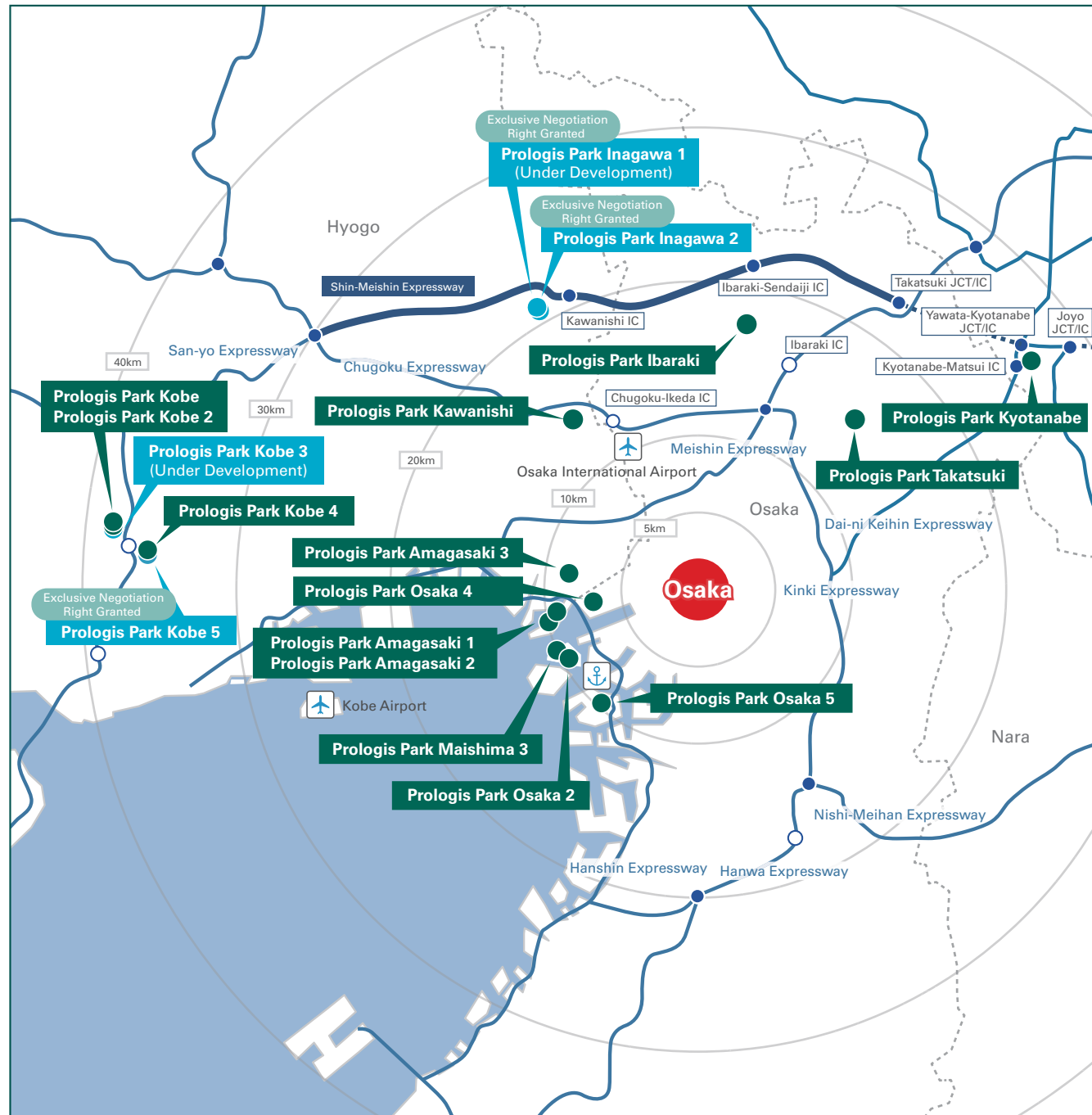
B-18 Prologis Park Tsukuba 1-B
JPY 13,500 million



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

Note: Property values are based on acquisition prices.

Tokyo Metropolitan Area



- New properties
- Current properties
- Pipeline properties

Note: As of July 31, 2021

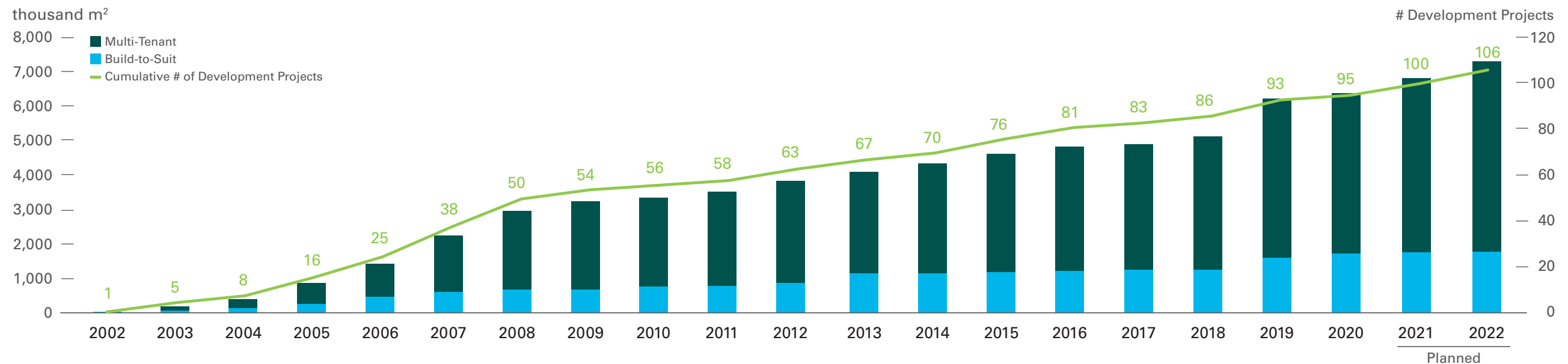
Proprietary Development Pipeline from Prologis Group

	Status	Region	Property Name	(Expected) Year Built	Property Type	(Expected) GFA (sqm)
Exclusive Negotiation Rights Granted	Completed	Kansai	Prologis Park Kobe 5	Mar. 2021	Multi-tenant	45,321
			Prologis Park Inagawa 2	Jul. 2021	Multi-tenant	158,633
	Under Development	Kanto	Prologis Park Ebina 2	Aug. 2021	Build-to-Suit	38,511
			Prologis Park Soka	Apr. 2022	Multi-tenant	151,604
		Kansai	Prologis Park Inagawa 1	Nov. 2021	Multi-tenant	217,544
Under Development or Planning	Completed	Kanto	Prologis Urban Tokyo-Adachi 1	Nov. 2020	Multi-tenant	5,171
	Under Development	Kanto	Prologis Park Yachiyo 1	Sep. 2022	Multi-tenant	161,338
			Prologis Urban Tokyo-Adachi 2	Feb. 2022	TBD	6,466
		Kansai	Prologis Park Kobe 3	Jun. 2022	Multi-tenant	45,693
		Kyushu	Prologis Park Ogori	Jun. 2022	Build-to-Suit	27,000
		Future Development	Kanto	Prologis Park Yachiyo 2	TBD	TBD
	Prologis Park Tsukuba 3			TBD	TBD	156,000
	Prologis Urban Tokyo-Ohta 1			TBD	TBD	4,900
	Chubu		Prologis Tokai Otagawa Project	TBD	TBD	164,000
	Total					
Future Project		Kanto	Prologis Koga Project Phase 2	TBD	TBD	TBD ^(Note 2)

Note 1: 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.

Note 2: The plans of the gross floor area for Prologis Koga Project Phase 2 are yet to be determined.

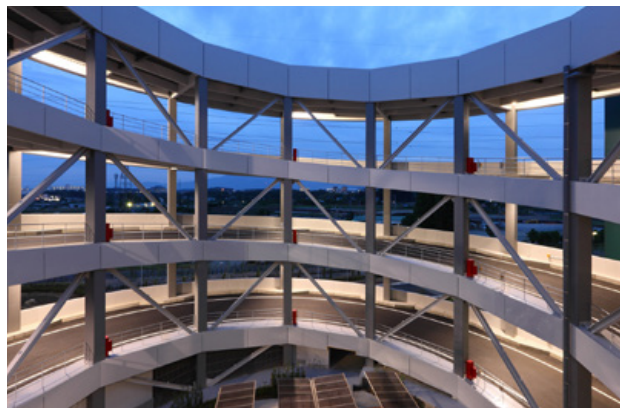
Prologis Group's Proven Development Track Record in Japan Since 2002



Features:

- Gross floor area of approximately 16,500 m² or more
- Proximity to population clusters and transportation hubs such as expressway interchanges and major airports or seaports
- Large floor area exceeding approximately 5,000 m² per level with a floor weight capacity of approximately 1.5 tons/m² or more, an effective ceiling height of approximately 5.5 m or more and column spacing of approximately 10 m or more
- Spiral rampways that allow trucks direct access to upper-floor distribution space
- Safety and resiliency features such as seismic isolators and earthquake-proofing

Spiral Rampways



Large Loading Zones



Wide-Column Spacing



Renewable Energy



Restaurants



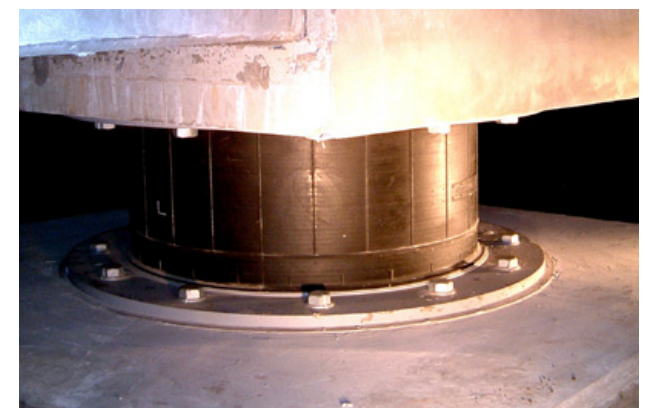
Convenience Stores



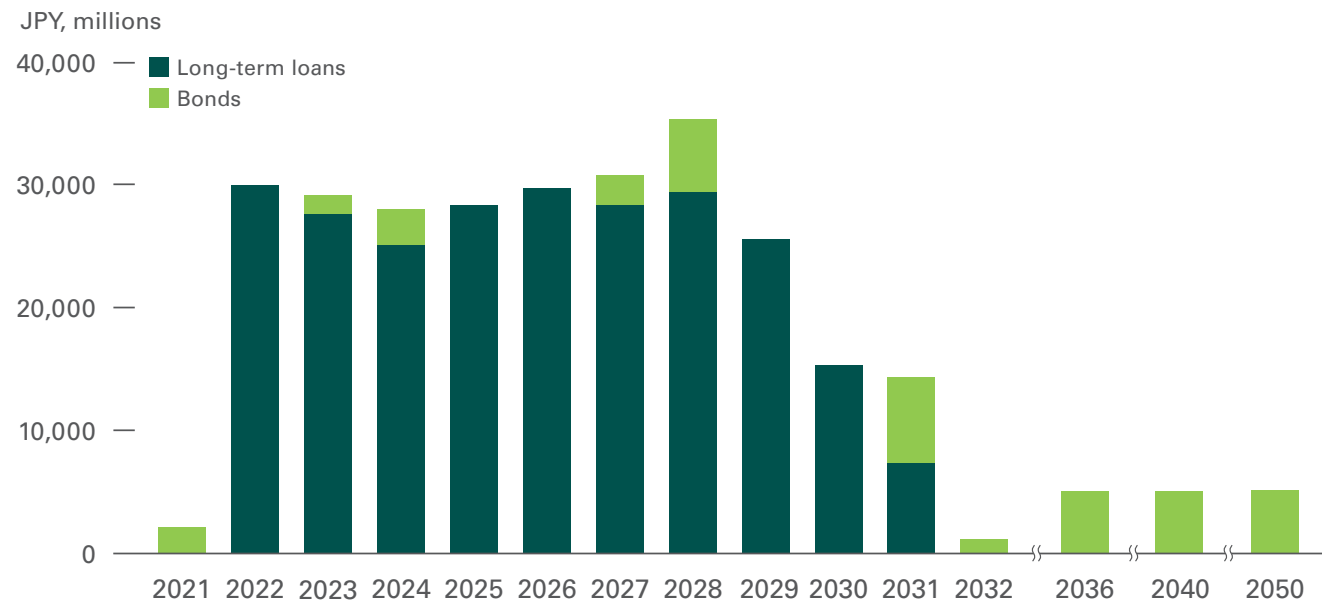
24-Hour Security



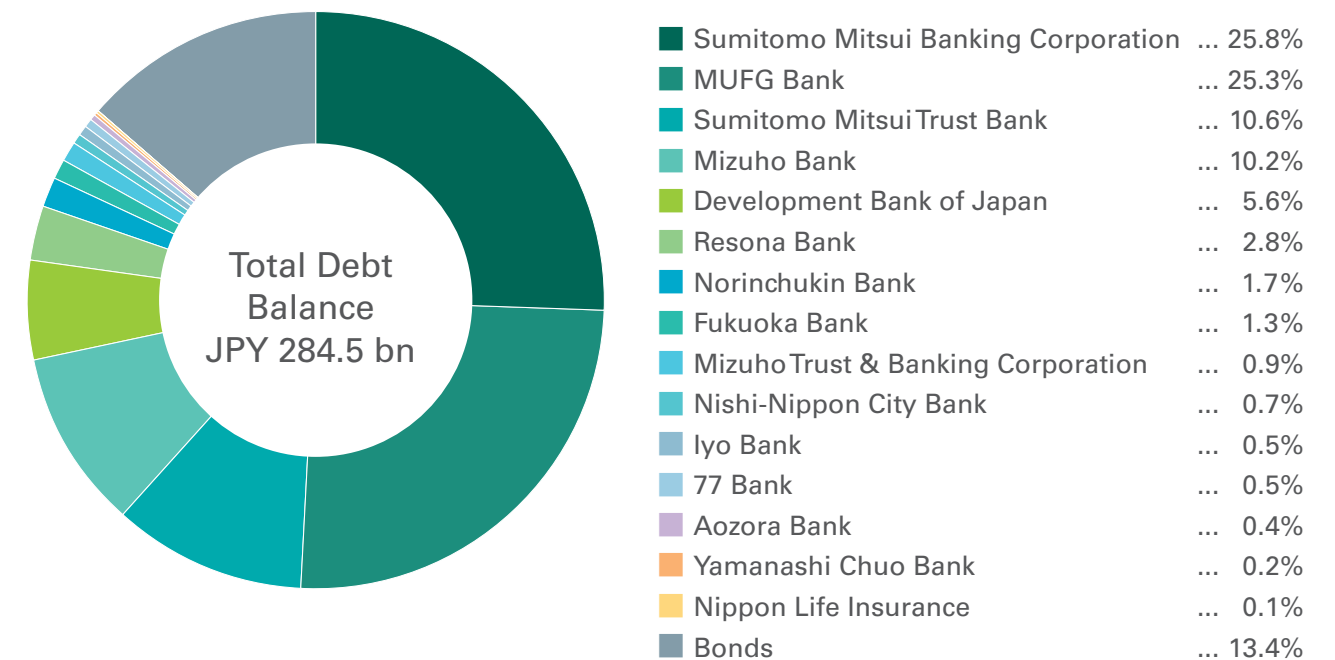
Seismic Isolators



Debt Maturity Schedule



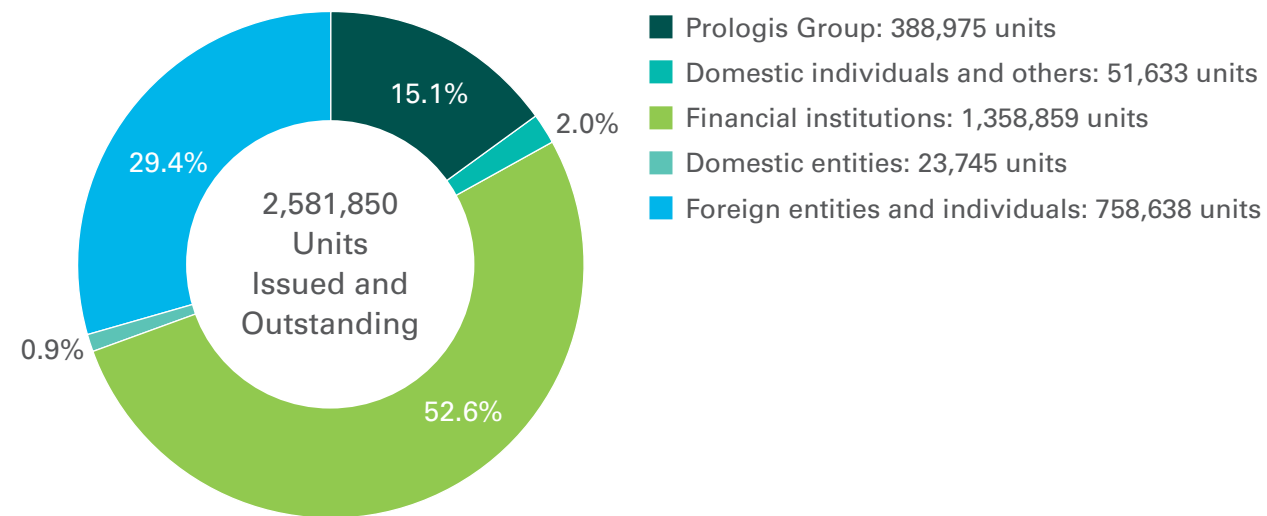
Diversification of Interest-bearing Debt



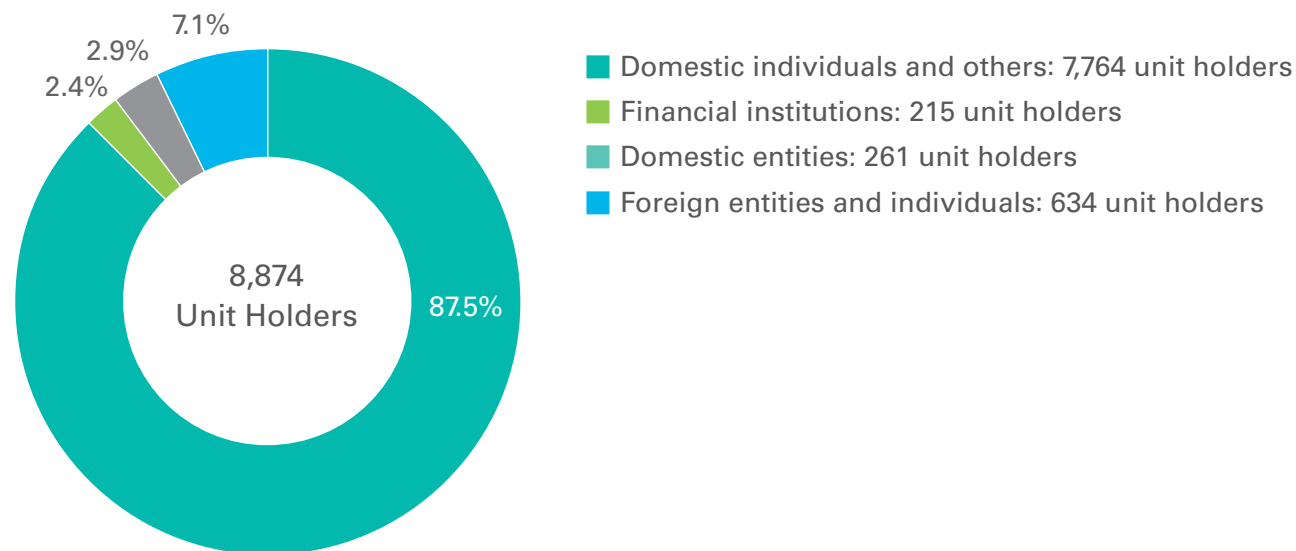
Investor-Aligned Fee Structure (100% performance-linked asset management fee structure)

Fee Type		Calculation	Payment Frequency
Asset Management Fee	1: NOI-based	NOI × 7.5%	Paid each fiscal period
	2: Net Income-based	Net income* × 6.0% *Before deduction of net income-based asset management fee	
Acquisition Fee		1.00% of acquisition price (0.50% for related-party transactions)	Paid each transaction
Disposition Fee		0.50% of disposition price (0.25% for related-party transactions)	

Breakdown by Units



Breakdown by Unit Holders



Major Unit Holders

	Name	Units Owned	% of Units Issued
1	Custody Bank of Japan, Ltd. (Trust Acct.)	409,035	15.84%
2	Prologis Property Japan SPC	386,975	14.98%
3	The Master Trust Bank of Japan, Ltd. (Trust Acct.)	298,146	11.54%
4	The Nomura Trust and Banking Company, Ltd. (Trust Acct.)	94,843	3.67%
5	SMBC Nikko Securities Inc.	84,137	3.25%
6	Custody Bank of Japan, Ltd. (Securities Investment Trust Acct.)	80,067	3.10%
7	STATE STREET BANK WEST CLIENTS-TREATY 505234	67,517	2.61%
8	Mizuho Securities Co., Ltd.	63,677	2.46%
9	Japan Securities Finance Co., Ltd.	36,631	1.41%
10	SSBTC CLIENT OMNIBUS ACCOUNT	32,545	1.26%
Total		1,553,573	60.17%

Prologis' longstanding commitment to ESG began with leading-edge governance dating back to our founding almost 40 years ago. Building on this foundation, our deep commitment to environmental stewardship, social responsibility and good governance (ESG) has made us a leader in our industry and beyond. The United Nations Sustainable Development Goals (U.N.SDGs) are the best shared definition of ESG priorities for the next decade, and through our actions Prologis leads meaningful progress toward many of these global challenges.

Our Approach to ESG



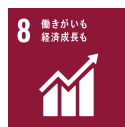
Climate action

We catalyze the adoption of efficient and renewable technologies that drive down climate-damaging emissions.



Industry, Innovation and Infrastructure

We construct and operate innovative, sustainable and resilient logistics buildings.



Decent work and economic growth

We unlock career pathways in the logistics field and facilitate the flow of goods across the economy

Our ESG leadership also creates value for our business in a number of ways:

- Drives innovation by focusing our attention on solving critical challenges.
- Expands our value proposition beyond real estate by addressing our customers' pain points with ESG solutions.
- Deepens our relationships with customers, employees, communities, investors and other key stakeholders.
- Attracts and retains top talent by building a strong, inclusive culture based on common values.
- Reduces our capital costs through ESG-related financing such as green bonds and sustainability-linked loans.

NPR's ESG Management

Prologis REIT Management K.K. (PLDRM), the asset manager for NPR, organizes and holds meetings of the ESG Committee. Chaired by the Chief Executive Officer (CEO) of PLDRM, the Committee plans and implements various ESG initiatives for NPR. Additionally, the ESG Committee received and evaluates feedback from stakeholders on NPR's ESG initiatives and actions with the intention of aligning with Prologis' ESG Policy and Approach to ESG.

Awards and Recognition

GRESB Assessment



NPR has been awarded the prestigious "5 Stars" and "Green Star" for the sixth consecutive year by the 2020 GRESB Real Estate Assessment. NPR was also recognized as the "Global Listed Industrial Sector Leader" as well as the "Asia Listed Industrial Sector Leader," demonstrating its outstanding performance in ESG. NPR will continue to participate in, and align with, GRESB and will continue to minimize environmental impacts and maximize sustainability through formal programs.

MSCI Japan ESG Select Leaders Index

**2021 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX**

DJSI World / DJSI Asia Pacific

Member of
**Dow Jones
Sustainability Indices**
Powered by the S&P Global CSA

The only J-REIT included in the indices as of 2020

CDP CLIMATE 2020



The first J-REIT selected as A List



Prologis Japan has been certified as one of the "Best Workplaces" for the fifth consecutive year

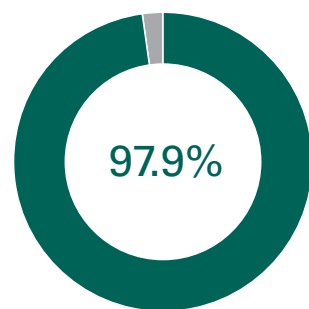
Note: The Great Place to Work® Institute have surveyed more than 100 million employees around the world and used those deep insights to define what makes a great workplace.

Environmental Stewardship

Sustainable Building Certifications

We continue to add sustainable building certifications to our portfolio that are aligned with the United Nations Sustainable Development Goal 9 (build resilient infrastructure and promote sustainable industrialization). In Japan, we obtain Comprehensive Assessment System for Built Environment Efficiency (CASBEE); Building Energy-Efficiency Labeling System (BELS); and/or DBJ Green Buildings ratings, all of which represent the industry's highest accreditation in Japan.

Eligible Green Projects



(As of May 31, 2021)

Note 1: "Eligible Green Projects" consist of properties which have sustainable building certifications. Excluding Prologis Park Iwanuma 1.

Metrics	Total #	Asset size (in million yen)
CASBEE	44	710,050
DBJ Green Building	6	129,740
BELS	26	444,200
CASBEE; DBJ Green Building; and/or BELS	49	741,600

Note 2: As of May 31, 2021. Excluding Prologis Park Iwanuma 1.

Note 3: DBJ stands for Development Bank of Japan.

[SEE A LIST OF THE PROPERTIES WHICH HAVE OBTAINED BUILDING CERTIFICATIONS](#) 

Environmental Management System

Prologis has established a global Environmental Management System that is implemented, maintained and continuously improved in accordance with the requirements of ISO 14001:2015, and which is externally certified by DNV GL. Prologis' development management activities have been certified under ISO 14001 in the UK and Europe since 2008, in North America since 2016, and in Japan since 2018.

Environmental Performance Data

We focus on maximizing the energy efficiency of our portfolio buildings by installing LED and other efficient lighting and sensing devices for automated power control systems, which can minimize electricity use through compartmentalized lighting systems, contributing to a low-carbon future. Also, we recognize that efforts to preserve water resources and maintain the sustainable use of such resources is essential, so we are striving to ensure the appropriate and efficient use of water, reducing the overall water consumption of our properties.

Metrics	Units	FY2017 Performance	FY2018 Performance	FY2019 Performance
Total Source Energy Consumption	GJ	497,080	561,357	583,027
Fuel Use	GJ	870	566	0
Electricity Use (converted to source energy)	GJ	496,210	560,791	583,027
Source Energy Consumption Intensity	GJ/m ²	0.257	0.253	0.234
Adjusted CO ₂ Emissions	t-CO ₂	23,584	27,805	26,041
CO ₂ Emission Intensity	t-CO ₂ /m ²	0.012	0.013	0.010
Water Consumption	m ³	248,580	280,419	261,176
Water Consumption Intensity	m ³ /m ²	0.128	0.126	0.105

Note 1: The reporting scope is the same as the scope stipulated under the "Energy Saving Act" regulation (provided by the Japanese Ministry of the Environment and Ministry of Economy, Trade and Industry), excluding properties and areas where NPR has no operational control.

Number of Properties	—	28	29	34
Floor Area	m ²	1,936,414.28	2,218,474.85	2,482,250.91
Portfolio Data Coverage (By Floor Area)	%	69	79	73

Note 2: The calculation methods for the above data are aligned with the "Energy Saving Act" and "Act on the Promotion of Global Warming Countermeasures" enacted by the Japanese government.

Note 3: Fiscal period is April to March.

Environmental Stewardship

Renewable Energy

Beyond identifying ways to consume less energy, Prologis is contributing to a low-carbon future by using our properties as a platform to generate large volumes of clean electricity. Over the past decade, Prologis has emerged as a leader in corporate solar deployment. In the middle of 2019, the Prologis Group surpassed its 2020 global goal of installing 200 MWs of solar capacity across the global portfolio. Achieving this goal a year and a half early with more than 201 MWs of installed capacity is a further testament of Prologis' leadership as a global solar developer. Our emphasis on renewable energy puts us in alignment with United Nations Sustainable Development Goal 7 (affordable and clean energy), and we set an ambitious new goal of 400 MWs of installed capacity by 2025. As our customers pursue their own environmental goals and carbon-reduction targets, deploying Prologis installed solar energy at our warehouses is an example of shared value creation made possible by our experience, scale and core business strength.



Prologis Park Zama 1



Prologis Park Osaka 5

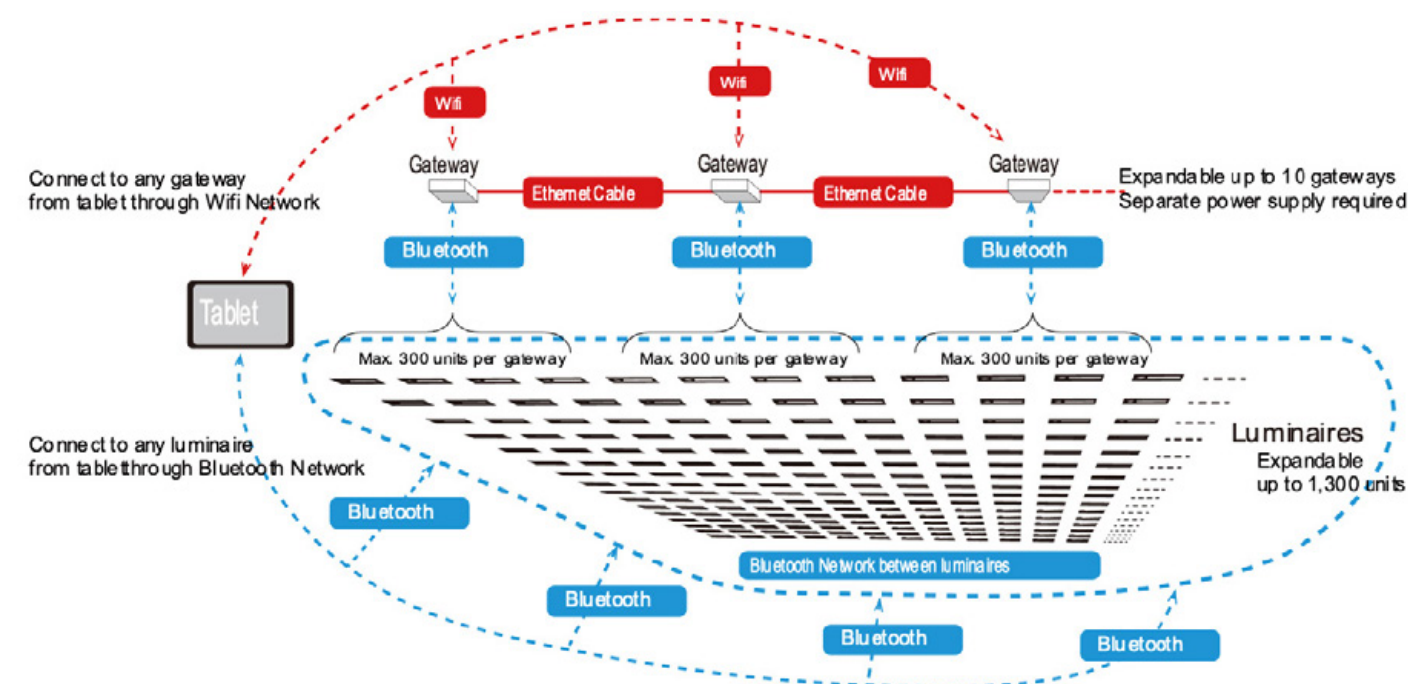
Prologis Essentials LED

Our emphasis on installing LED lighting puts us in alignment with United Nations Sustainable Development Goal 9 (build resilient infrastructure and promote sustainable industrialization). Prologis led the charge to establish LED lighting as a standard in logistics real estate. In 2019 alone, an additional 50 MSF of our portfolio realized the productivity benefits of LEDs. Through Prologis' procurement and dedicated manufacturing of LED lighting fixtures, an additional 50 MSF of LED lighting coverage resulted in a \$15 million savings compared to what the fixtures would have cost without our scale-enabled procurement.

Since 2017, we have more than doubled our LED coverage. We expect to accelerate our transition to 100% LED lighting across our global portfolio through our Prologis Essentials LED program. This program offers customers the opportunity to upgrade their lighting without upfront capital costs, but with reimbursement throughout the duration of their leases. LEDs foster a better work environment by enhancing safety and boosting employee productivity. Another upside is that well-lit and appealing workspaces promote greater employee satisfaction and decrease turnover—a definite plus for our customers.

In 2018, Prologis Japan developed “LED luminaire with motion sensor”, which detects human body and/or forklift activity and reduces electricity consumption. Furthermore in 2020, it was upgraded to “Smart LED luminaire with motion sensor”. With this system, our customers can use tablets to control LED lights through dimming, setting lighting schedules, as well as group and showing the power consumption through an integrated dashboard. This initiative was highly evaluated and won the Energy Conservation Grand Prize 2020 by the Energy Conservation Center, Japan.

Smart LED luminaire with motion sensor

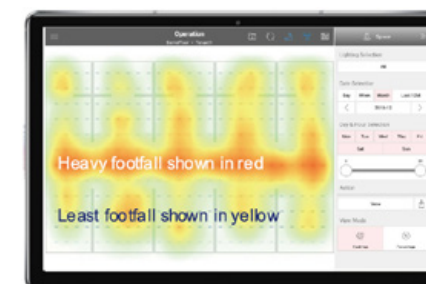


Grouping



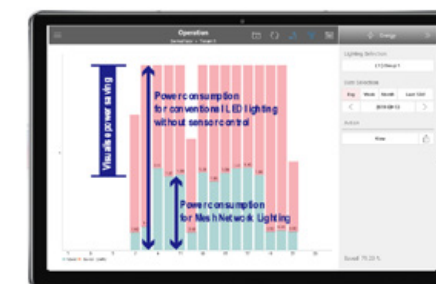
Intuitive lighting configurations by group

Space Management



Space utilization data
↓
More efficient floor layout
↓
More energy-saving

Energy Management



Power consumption data by hour, day or month
Exporting data in csv for secondary use

Environmental Stewardship

Mitigating Environmental Impact with Urban Development

We cooperate with local governments redeveloping infill sites and making the areas surrounding our properties more environmentally friendly. Also, we remediate historical environmental contamination, put abandoned or brownfield land to higher and better use, and enhance or build new infrastructure. The followings show our achievements.

“Hamming road” in Narashino, Chiba prefecture

- The Humming Road is a 12-km long greenway that runs from the northeastern part of Narashino City through the center of the city to the sea. Prologis has developed and opened a portion of its property (1,330m²) as a greenway.
- This site is designated as one of the 100 best views of Mt. Fuji by the Ministry of Land, Infrastructure, Transport and Tourism, and the greenway was developed to meet the needs of the local community, including the construction of a viewing platform.



Brownfield development in Koga, Ibaraki prefecture

- We are planning the phase 2 of the Prologis Koga Project that has a total site area of approximately 175,200 square meters. This will be the largest site in terms of floor space that Prologis has ever developed in Japan.
- We constructed a barrier wall around the site and then removed highly contaminated soil and buried waste.



Before construction

Rendering of the completion

Business Continuity in Our Operations

Our 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, because Japan is located in one of the most earthquake-prone regions in the world, experiencing more than 1000 seismic events each year. To prevent the loss of life and property, we are using a variety of earthquake mitigation methods. These include anti-seismic, vibration control and seismic isolation techniques. Augmenting the seismic isolation systems in many of Prologis' facilities, the BCP 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.

Additionally, we endeavor to use locally sourced materials and hire local contractors in our own supply chain, decreasing transportation and shipping distances, and further diminishing our impacts. All of Prologis' employees are key partners in these efforts. Prologis team members around the world are encouraged and supported in their efforts to champion energy, waste and water-use reductions to save costs and reduce our carbon footprint.

Alignment with the Task Force on Climate-Related Financial Disclosures (TCFD)

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 created a mapping tool to demonstrate our program's alignment with the TCFD core elements, as outlined below.

Governance

- Prologis board oversees climate-related risk
- Prologis chief legal officer oversees Risk Management and ESG teams

Strategy

- Evaluate material, physical and transition risks and opportunities under short-, medium- and long-term timeframes
- Risks: severe weather, flooding, coastal risk, etc.
- Opportunities: energy efficiency, renewable energy, etc.

Risks & Opportunities

- Use internal (i.e. Geographic Information System team) and external tools for scenario analysis
- Local property management teams ensure asset resilience
- Prologis' dynamic risk oversight framework includes climate-related risks and opportunities

Targets & Metrics

- Science-based target for greenhouse gas emissions reductions
- 100% LED lighting across global portfolio by 2025
- 400 MW installed solar capacity by 2025

Social Responsibility

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

Supporting Our Stakeholders during the Pandemic

Prologis has closely monitored COVID-19 since late 2019, making the safety and well-being of our employees and their families our top priority. Prologis has been fortunate to be in a position to provide resources and support to our communities and customers, while also being transparent and available to our investors.

1. Employees

- **Support benefits** to ensure employees have ample access to IT support and other benefits such as Teledoc, digital fitness classes and mental health resources.
- **Weekly video messages** from executive committee leaders to individual departments and the company-wide audience, as well as the establishment of a portal on the intranet with resources for employees around the world regarding the pandemic.
- **COVID-19 task force** meets regularly to oversee the risk management business continuity plan.
- **0% interest loans** for non-management employees whose household incomes were impacted by the pandemic.
- **Care packages** that included non-medical masks, hand sanitizer and other home necessities.

2. Communities

- **\$ 5 million** global relief fund launched by the Prologis Foundation, providing financial support to nonprofits and community-based organizations on the frontlines of the response.
- **~1.2 million sq. ft. and \$ 9.2 million in 13 markets** of in-kind rent donated to municipal governments, hospitals and relief organizations through our Space for Good program.
- **8.5 million meals** funded by Prologis' donations to Feeding America and the European Food Bank Federation for people in need across the U.S. and Europe.
- **50,000 medical masks + 5,000 sets** of protective clothing donated to Chinese hospitals during early stages of the response.
- **100 face shields** made by volunteer employees in Japan to day-care and visiting care facilities for elderly people.

3. Customers

- **24/7 support** provided by Prologis maintenance technicians, supporting business continuity for our customers throughout the pandemic.
- **Rent deferral** offered to customers who demonstrated legitimate need and showed they were significantly impacted by the pandemic.
- **Pandemic necessities** and services available to customers through the online Essentials Marketplace.

IMPACT Day

IMPACT Day has evolved into a signature event. Every May, the entire Prologis community spends a full day volunteering with charities in our local communities.



Donating face shields to day-cares



Sewing dishcloths for children's house



Biological research and cleaning (Osaka Bay area)



Community Workforce Initiative

Prologis partners with local workforce organizations to provide training, skills development and job placement with an aim to help our customers build a talent pipeline in the booming logistics field. Our mission is to equip 25,000 individuals with the skills necessary for jobs in transportation, distribution and logistics by the end of 2025.

Contributions to Our Customers



Summer Festival (Prologis Park Ichikawa 1)



BBQ with customers (Osaka)



Social Event at the attached cafe (Prologis Park Zama)



Social Event at the attached cafe (Prologis Park Tokyo-Ohta)

Prologis Foundation

The Prologis Foundation was established in the United States in 2001, and additionally established in Japan in 2019. Our grant-making focuses on education, the environment and human welfare. The foundation provides the following:

- Grants to nonprofits
- Scholarship program

Social Responsibility

Creating Customer Solutions

In 2019, the Prologis Group invested in a start-up company in Japan called “Timee,” which offers an on-demand staffing platform to help our customers address their pain points around needing temporary labor. Timee's on-demand staffing platform connects businesses with available workers in real time. Timee's accumulated data enables the Prologis Group to conduct deeper analysis on the trend of on-demand workers.

Prologis Group also invested in another start-up “Tegara-miru,” whose application visualizes mental condition of workers at our facilities in order to enable mental support for workers and reduce turnover rates.

Human Rights Commitment

Prologis encourages the advancement of human rights in our relationships with our employees, suppliers, contractors and sub-contractors, business partners, investors, customers and communities in which we work. Respecting international norms including the Universal Declaration of Human Rights, our human rights policy stipulates implementation and enforcement to be undertaken to ensure our commitment.

[READ HUMAN RIGHTS POLICY](#)  →

Supply Chain Management

We incorporate ESG concepts into our supply chain management policy. Based on Our Supplier Code of Conduct, we conduct global supply chain risk assessments and develop corrective actions.

[READ SUPPLIER CODE OF CONDUCT](#)  →

Contributions to Logistics Industry and Local Communities



Chair Course by Prologis
(Waseda University)



Educational field trips for
junior high school students



Internship programs for
junior high school students



Prologis Academy

Innovating to solve logistics labor challenges in Japan, the Prologis Group established the Prologis Academy in 2019. The program focuses on developing talent in supply chain management and logistics through focused interactive learning, including Prologis facility tours showcasing robotics in action at our distribution facilities.

People at Prologis

Our global workplaces are inclusive, open and diverse. We seek to create an environment in which every employee feels they can contribute freely to the conversation that drives the success of the organization. As an equal opportunity employer, our goals are consistent, and we apply fair policies that respect cultural differences. We recognize performance based on merit and reward team members for their contributions.

The Prologis 3Cs

In 2019, Prologis launched the 3Cs to guide our focus and drive success across the organization. Bonus metrics include achievement of the company's 3Cs.

— Customer Centricity

We build lifelong partnerships with our customers. We listen, learn and use the power of our scale to solve our customers' pain points.

— Change Through Innovation and Operational Excellence

Our teams experiment and evolve to uncover and commercialize creative solutions. We believe the best ideas can come from anywhere.

— Culture and Talent

The Prologis culture prioritizes speed and experimentation. We support a workforce of lifelong learners in an atmosphere of responsiveness, reliability and respect.

Inclusion & Diversity

Culture & Talent (one of our 3Cs) at Prologis is built on a commitment to leverage Inclusion & Diversity (I&D) to inspire innovation—and it is a tremendous competitive advantage. We continue to make progress on I&D, but we know that our work is not done. Our 2019 I&D survey revealed an opportunity for us to focus even more on hiring diverse candidates, supporting employee development and clarifying criteria for recognition and promotion. In 2019, Prologis deployed the following action-oriented I&D strategies:

- **Talent Acquisition** – Added more objectivity and structure to the interview and hiring process, as well as ensured I&D alignment with staffing agencies to attract diverse candidates.
- **Leadership Development** – Created coaching strategies to improve leadership development and enhance organizational communication.
- **Learning & Development** – Started pilots of training courses (e.g., Unconscious Bias training, Crucial Conversations, DiSC) to provide strategies to engage in more inclusive discourse.
- **Talent Management** – Created a job-leveling framework to create greater transparency for our employees on job growth.
- **Reward & Recognition** – Developed the ‘Traits of the Prologis Team’ to emphasize employee abilities and how they are rewarded and recognized.

Our commitment to Inclusion & Diversity is also reflected in the NPR board of directors where one third of the Independent Supervisory Directors are female.

Ethics and Governance

Governance Structure of NPR

In accordance with the “Act on Investment Trusts and Investment Corporations (ITA)” of Japan, NPR is incorporated and governed by unit holders’ meetings and a board of directors who represent the interests of our unit holders. Under ITA, J-REITs are not permitted to employ any employees. Instead, J-REITs’ various corporate functions are required to be outsourced to third parties, including, but not limited to, asset management companies that are entrusted with the daily operations and management of a J-REITs’ portfolio properties based on bilateral asset management agreements between J-REITs and such asset management companies. Also, under ITA, J-REITs’ corporate activities are required to be audited by designated third-party accountants.

NPR holds general unit holders’ meetings at least once every two years in accordance with ITA. NPR’s board is comprised of four directors: one Executive Director and three independent Supervisory Directors.

All of NPR’s board of directors are elected by the unit holders at the biennial meeting. Remuneration of each director is determined by resolution at the board of directors’ meetings. The remuneration of each director is capped by the Articles of Incorporation of NPR, which is also a requirement under ITA. Currently, the remuneration of NPR’s Executive Director is capped at 1,000,000 yen per month and the remuneration of each Supervisory Director is capped at 500,000 yen per month.

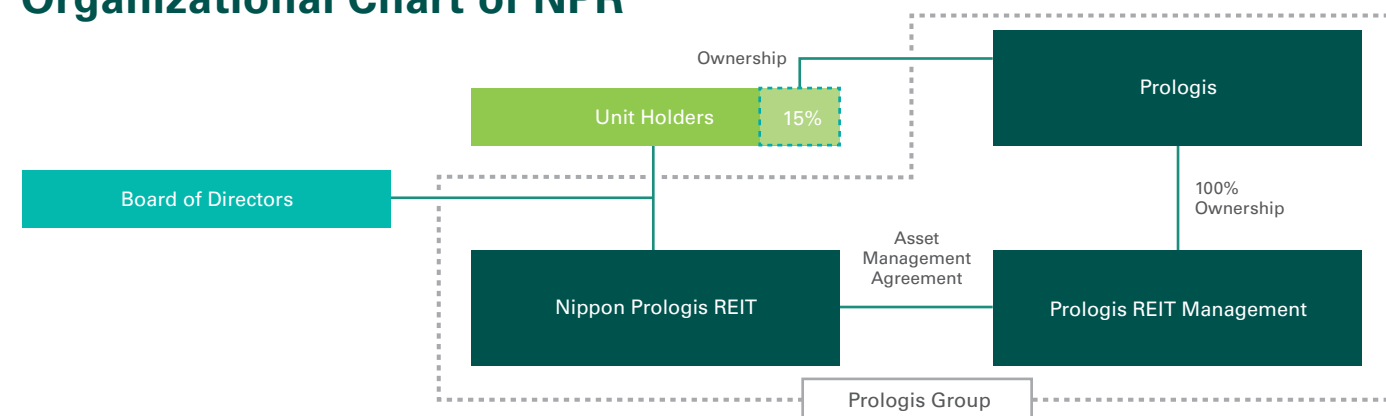
As stated above, NPR has no employees by law, and its various corporate functions, including operations and management of its portfolio, is outsourced to its asset management company, Prologis REIT Management K.K., a wholly-owned subsidiary of Prologis, Inc. NPR and Prologis REIT Management K.K. receive various forms of support from its sponsor, Prologis, including the pipeline support for NPR’s future property acquisitions, as well as the master property management, under which Prologis manages daily operations of NPR’s portfolio assets, taking advantage of Prologis’ global operational and leasing platform.

As for ESG initiatives, NPR and Prologis, Inc. share one common ESG platform that includes ESG principles, policies, goals, monitoring systems, etc.

[SEE BIOGRAPHIES OF NPR’S BOARD OF DIRECTORS](#)  →

[SEE REMUNERATION AND CONCURRENT POSTS OF NPR’S BOARD OF DIRECTORS](#)  →

Organizational Chart of NPR



Governance Structure of Prologis

Prologis' governance structure includes built-in checks and balances to ensure accountability and transparency.

- Within Prologis' Board of Directors, the Board Governance and Nomination Committee oversees corporate governance, ESG and responsibility. Three independent board members sit on this committee and play an active role in managing corporate governance and reputational risk for all of Prologis, including NPR and other entities.
- Corporate policies, processes and procedures ensure full compliance with the Sarbanes-Oxley Act of 2002, the Foreign Corrupt Practices Act (FCPA), regulations of the US Securities and Exchange Commission (SEC) and rules of the New York Stock Exchange (NYSE).

Risk Management

Risk management and risk avoidance are woven into every role and function at Prologis. We respond to all identified risks with mitigation and management strategies and practices, and empower our employees to identify and act on functional risks.

We recognize economic uncertainty resulting from the Coronavirus pandemic as one of emerging risks. This likely slows the pace of deliveries and curtail speculative development starts throughout the operation. The future focus to mitigate this emerging risk is to focus on customer-driven development activities.

[READ Logistics Activity a Reflection of COVID-19 Disruption](#)  →

Safety

Safety is foundational to our business. Prologis maintains high safety standards within our construction practices to actively ensure the safety of our employees, customers, suppliers and contractors. For our global developments, Prologis offers a third-party administered anonymous safety hotline available to all internal and external parties where safety concerns may be reported.

Information Security

Preparing for information security incidents is critical especially in accelerating digitalization. Prologis' Chief Technology Officer (CTO) / Chief Information Officer (CIO), along with the Audit committee, have oversight and responsibility for developing our cybersecurity strategy. Prologis mitigates the risks of cyber security through the implementation of security measures and a comprehensive disaster recovery plan for our internal and hosted information technology systems.

Ethics and Governance

Ethics

Prologis operates in compliance with the U.S. FCPA which forbids bribery of foreign officials and concealment of such bribery. To ensure FCPA compliance, we have an enterprise-wide FCPA policy and training program. Employees are required to notify our Legal Department if they know of or suspect any possible FCPA violation. Also, Prologis has a 24/7 available 3rd-party ethics hotline that allows all employees to anonymously express any ethics concerns to the Ethics Committee for evaluation and remediation.

We hold all employees and board members to the highest ethical standards.

- Prologis’ board of directors approved a Code of Ethics and Business Conduct that applies to all employees and board members.
- Each year, every director and employee must complete and pass an ethics course.
- In addition, there are numerous opportunities throughout the year for employees to increase proficiency in ethics and ethical decision-making.

[READ CODE OF ETHICS AND BUSINESS CONDUCT](#)  [→](#)

PLDRM did not provide any political contributions in FY2020. Its contribution to trade associations, we made payment equivalent to JPY 2,500,000 for the Association for Real Estate Securitization and JPY 2,280,000 for the Investment Trusts Association, Japan in FY2019.

There were no critical breaches against our Code of Ethics at PLDRM in FY2020.

Organizational Structure of Prologis REIT Management K.K.

PLDRM is acting as NPR’s asset manager based on the bilateral asset management agreement between NPR and PLDRM in accordance with the legal requirements set by the “Act on Investment Trusts and Investment Corporations (ITA)” of Japan. The scope of PLDRM’s role is broad; examples include operations/management of NPR’s portfolio, capital raising, reporting to NPR’s board and other ancillary administrative work.

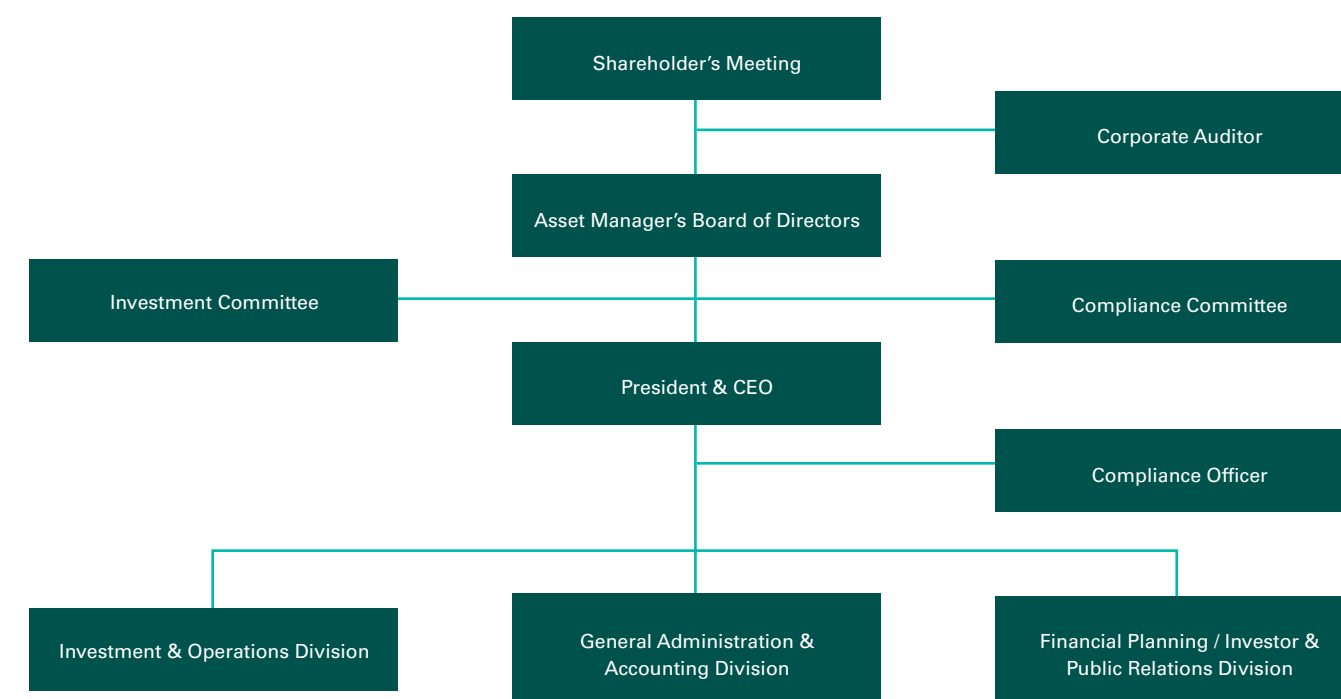
PLDRM is a wholly-owned subsidiary of Prologis, Inc. and governed by its own board of directors’ meetings. The CEO is the ultimate decision-maker of PLDRM, and underneath the CEO’s supervision are three divisions that manage various corporate functions of PLDRM: the Investment & Operations Division; the Financial Planning/Investor & Public Relations Division; and, the General Administration & Accounting Division.

As for ESG initiatives, NPR and Prologis, Inc. share one common ESG platform that includes ESG principles, policies, goals, monitoring systems, etc.

[SEE BIOGRAPHIES OF PLDRM’S BOARD OF DIRECTORS](#)  [→](#)

In addition, there are two committees which govern certain areas of PLDRM’s corporate actions in connection with its asset management functions. The Investment Committee is responsible for discussing and approving PLDRM’s asset management, as well as NPR’s various transactions such as investments, dispositions and capital raising. The Compliance Committee is responsible for discussing and approving various compliance matters related to PLDRM’s corporate actions in certain areas, such as related-party transactions, and its governance. Both the Investment Committee and the Compliance Committee are required to have at least one independent committee member who has veto rights to the proposed agenda.

Organizational Chart of PLDRM



PLDRM’s Risk Management

PLDRM’s risk management system is operated through a combination of multiple platforms. The “Risk Management Rules” define the fundamental framework of PLDRM’s risk management, attempting to maintain high levels of risk control that ultimately secure the soundness of PLDRM’s management. PLDRM’s board of directors is ultimately responsible for and supervises PLDRM’s risk management. The Compliance Officer is in charge of organizing risk control and monitoring operations. The head of each division is responsible for the intra-divisional risk control and management. Periodically, the status of PLDRM’s risk management is reported to NPR’s board of directors. Also, PLDRM conducts its own internal audit annually and reports the results to NPR’s board of directors.

Balance Sheets

	Thousands of yen	
	As of	
	May 31, 2021	November 30, 2020
ASSETS		
Current assets:		
Cash and deposits (Notes 5 and 6)	¥ 27,105,730	¥ 29,106,808
Cash and deposits in trust (Notes 5 and 6)	5,707,332	5,544,592
Operating accounts receivable	1,216,548	1,373,638
Prepaid expenses	818,439	412,066
Consumption taxes receivable	3,831,448	-
Other current assets	-	199,250
Total current assets	38,679,500	36,636,356
Property and equipment (Notes 4 and 8):		
Buildings	7,596,814	7,596,814
Structures	249,739	249,739
Tools, furniture and fixtures	5,434	5,434
Land	3,834,204	3,834,204
Buildings in trust	467,852,464	423,647,908
Structures in trust	11,882,983	10,790,025
Machinery and equipment in trust	24,297	23,299
Tools, furniture and fixtures in trust	1,226,902	1,089,675
Other tangible assets in trust	35	35
Land in trust	280,104,421	262,116,051
Construction in progress in trust	81,954	-
Less: accumulated depreciation	(60,434,136)	(54,627,703)
Total property and equipment	712,425,116	654,725,485
Intangible assets (Notes 4 and 8):		
Other intangible assets in trust	231,867	204,572
Total intangible assets	231,867	204,572
Investments and other assets:		
Long-term prepaid expenses	1,461,997	1,315,410
Deferred tax assets (Note 15)	17	-
Security deposit	10,000	10,000
Investment corporation bond issuance costs	189,135	127,381
Other	400	400
Total investments and other assets	1,661,550	1,453,191
Total Assets	¥ 752,998,035	¥ 693,019,606

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

Balance Sheets, continued

	Thousands of yen	
	As of	
	May 31, 2021	November 30, 2020
LIABILITIES		
Current liabilities:		
Operating accounts payable	¥ 1,444,476	¥ 2,176,682
Current portion of Investment corporation bonds payable (Notes 6 and 13)	2,000,000	2,000,000
Current portion of long-term loans payable (Notes 6, 7 and 12)	30,000,000	21,300,000
Accounts payable	380,776	424,879
Accrued expenses	2,454,102	2,371,161
Consumption taxes payable	-	1,766,247
Income taxes payable	946	605
Advances received	4,430,907	4,102,911
Other current liabilities	903,655	410,982
Total current liabilities	41,614,866	34,553,470
Non-current liabilities:		
Investment corporation bonds payable (Notes 6 and 13)	36,000,000	24,000,000
Long-term loans payable (Notes 6, 7 and 12)	216,500,000	212,900,000
Tenant leasehold and security deposits (Note 6)	247,773	247,773
Tenant leasehold and security deposits in trust (Note 6)	18,276,843	16,968,824
Other non-current liabilities	2,863	5,042
Total non-current liabilities	271,027,480	254,121,640
Total Liabilities	312,642,346	288,675,111
NET ASSETS (Note 11)		
Unit holders' equity		
Unit holders' capital	429,742,705	390,406,084
Units authorized:		
10,000,000 units as of May 31, 2021 and November 30, 2020		
Units issued and outstanding:		
2,581,850 units as of May 31, 2021 and 2,465,850 units as of November 30, 2020		
Surplus		
Retained earnings	10,612,983	13,938,410
Total unit holders' equity	440,355,689	404,344,494
Total Net Assets	440,355,689	404,344,494
Total Liabilities and Net Assets	¥ 752,998,035	¥ 693,019,606

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

Statements of Income

	Thousands of yen	
	For the six-month periods ended	
	May 31, 2021	November 30, 2020
Operating Revenues (Note 9):		
Operating rental revenues	¥ 23,164,265	¥ 21,983,222
Other rental revenues	1,389,811	1,627,602
Total operating revenues	24,554,076	23,610,825
Operating Expenses (Notes 8 and 9):		
Expenses related to property rental business	10,718,548	10,147,037
Asset management fee	2,151,207	2,076,470
Asset custody fee	48,914	48,782
Directors' compensation	7,200	7,200
Audit fee	15,000	15,000
Other operating expenses	73,781	76,030
Total operating expenses	13,014,652	12,370,520
Operating income	11,539,424	11,240,305
Non-operating Income:		
Interest income	155	113
Reversal of distributions payable	438	433
Gain on real estate tax settlement	-	595
Interest on refund of consumption taxes	-	3,705
Refund of real estate taxes and other	-	13,219
Gain on donation of fixed assets	10,251	-
Others	964	-
Total non-operating income	11,810	18,067
Non-operating Expenses:		
Interest expense on loans payable	533,249	507,800
Interest expense on investment corporation bonds	95,371	95,907
Amortization of investment corporation bond issuance costs	7,176	7,199
Borrowing related expenses	226,929	218,918
Investment unit issuance expenses	31,246	-
Offering costs associated with the issuance of investment units	80,608	-
Others	75	34
Total non-operating expenses	974,656	829,861
Ordinary income	10,576,578	10,428,511
Extraordinary income:		
Insurance income (Note 14)	167,686	4,130,890
Compensation income (Note 14)	-	174,629
Total extraordinary income	167,686	4,305,520
Extraordinary losses:		
Loss on typhoon (Note 14)	-	100,132
Loss on fire (Note 14)	131,754	696,202
Total extraordinary losses	131,754	796,334
Income before income taxes	10,612,510	13,937,696
Income taxes - current (Note 15)	970	605
Income taxes - deferred (Note 15)	(17)	45
Total income taxes	952	650
Net income	10,611,557	13,937,045
Retained earnings brought forward	1,425	1,364
Retained earnings at end of period	¥ 10,612,983	¥ 13,938,410

	Yen	
	For the six-month periods ended	
	May 31, 2021	November 30, 2020
Net income per unit (Note 16)	¥ 4,176	¥ 5,652

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, 2020 and May 31, 2021

	Thousands of yen			
	Number of units	Unit holders' capital	Retained earnings	Total net assets
Balance as of May 31, 2020	2,465,850	¥ 395,850,681	¥ 6,010,640	¥ 401,861,322
Distribution in excess of retained earnings attributable to allowance for temporary difference adjustments	-	(3,750,557)	-	(3,750,557)
Other distributions in excess of retained earnings	-	(1,694,038)	-	(1,694,038)
Distributions of retained earnings	-	-	(6,009,276)	(6,009,276)
Net income	-	-	13,937,045	13,937,045
Balance as of November 30, 2020 (Note 11)	2,465,850	¥ 390,406,084	¥ 13,938,410	¥ 404,344,494
Issuance of new units on February 2, 2021 and February 24, 2021	116,000	37,383,668	-	37,383,668
Distributions of retained earnings	-	-	(10,186,426)	(10,186,426)
Reversal of allowance for temporary difference adjustments	-	3,750,557	(3,750,557)	-
Other distributions in excess of retained earnings	-	(1,797,604)	-	(1,797,604)
Net income	-	-	10,611,557	10,611,557
Balance as of May 31, 2021 (Note 11)	2,581,850	¥ 429,742,705	¥ 10,612,983	¥ 440,355,689

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

Statements of Cash Flows

	Thousands of yen			
	For the six-month periods ended			
	May 31, 2021		November 30, 2020	
Cash Flows from Operating Activities:				
Income before income taxes	¥	10,612,510	¥	13,937,696
Depreciation (Note 8)		5,815,263		5,470,864
Amortization of investment corporation bond issuance costs		7,176		7,199
Investment unit issuance expenses		31,246		-
Interest income		(155)		(113)
Interest expense		628,620		603,708
Gain on donation of fixed assets		(10, 251)		-
Insurance income		(167,686)		(4,130,890)
Compensation income		-		(174,629)
Loss on typhoon		-		100,132
Loss on fire		131,754		696,202
Decrease (increase) in operating accounts receivable		173,810		4,858
Decrease (increase) in consumption taxes receivable		(3,831,448)		2,224,753
Decrease (increase) in prepaid expenses		(406,372)		112,963
Decrease (increase) in long-term prepaid expenses		(146,587)		179,971
Increase (decrease) in operating accounts payable		(416,406)		458,882
Increase (decrease) in accounts payable		(199)		356
Increase (decrease) in accrued expenses		83,015		107,446
Increase (decrease) in consumption taxes payable		(1,766,247)		1,766,247
Increase (decrease) in advances received		327,996		67,984
Others, net		66,001		(98,047)
Subtotal		11,132,039		21,335,587
Interest received		155		113
Interest paid		(628,695)		(609,070)
Proceeds from insurance income		167,686		4,130,890
Proceeds from compensation income		167,211		7,418
Payments for loss on typhoon		(81,705)		(197,777)
Payments for loss on fire		(367,644)		(458,115)
Income taxes paid		(611)		(1,478)
Net cash provided by operating activities		10,388,437		24,207,567
Cash Flows from Investing Activities:				
Purchases of property and equipment		(3,501)		(23,881)
Purchases of property and equipment in trust		(63,527,025)		(487,396)
Purchases of intangible assets in trust		(50,242)		-
Proceeds from tenant leasehold and security deposits in trust		2,193,323		361,722
Repayments of tenant leasehold and security deposits in trust		(445,950)		(275,788)
Net cash provided by (used in) investing activities		(61,833,396)		(425,344)
Cash Flows from Financing Activities:				
Proceeds from short-term loans payable		10,000,000		-
Repayments of short-term loans payable		(10,000,000)		(3,800,000)
Proceeds from long-term loans payable		33,600,000		-
Repayments of long-term loans payable		(21,300,000)		-
Proceeds from issuance of investment corporation bonds		11,937,421		-
Proceeds from issuance of new investment units		37,352,421		-
Payment of distributions of retained earnings		(10,185,775)		(6,009,218)
Payment of distributions in excess of retained earnings attributable to allowance for temporary difference adjustments		-		(3,750,557)
Payment of other distributions in excess of retained earnings		(1,797,444)		(1,693,968)
Net cash provided by (used in) financing activities		49,606,622		(15,253,745)
Net increase (decrease) in cash and cash equivalents		(1,838,336)		8,528,477
Cash and cash equivalents at the beginning of period		34,651,400		26,122,923
Cash and cash equivalents at the end of period (Note 5)	¥	32,813,063	¥	34,651,400

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

Notes to Financial Statements

For the six-month periods ended May 31, 2021 and November 30, 2020

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 Trust 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 strong sponsor support, and has increased unit holders’ value by maintaining a portfolio that generates stable income. As a result of such investment management, NPR owned 52 properties (aggregate acquisition price^{(*)1}: 758,349 million yen), all of which are Class-A logistics facilities^{(*)2} developed by the Prologis Group^{(*)3}, as of the end of the reporting fiscal period^{(*)4} ^{(*)5}.

^{(*)1} “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. The same hereinafter.

^{(*)2} “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.

^{(*)3} The Prologis Group is a group of Prologis, Inc. and its affiliates, which include ProLogis K.K., a Japanese subsidiary.

^{(*)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 does not qualify as a Class-A logistics facility.

^{(*)5} The aggregate acquisition price and the number of owned properties include Prologis Park Iwanuma 1, 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.

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	2-18 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 265,898 thousand yen for the fiscal period ended May 31, 2021 and no property taxes were capitalized for the fiscal period ended November 30, 2020.

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) 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.

h) 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.

i) Consumption Taxes

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes. Net payable to, or receivable from tax authorities is recognized as consumption taxes payable or receivable on the balance sheets, and net movement is treated as operating cash flows in the statements of cash flows. Nondeductible consumption taxes on property and equipment are included in the acquisition cost of the respective assets.

(Additional Information)

(Notes Concerning Provision and the Reversal of Allowance for Temporary Difference Adjustments)

For the period from December 1, 2020 to May 31, 2021

None

For the period from June 1, 2020 to November 30, 2020

a) Reason for reversal of provisions and related assets.

Related assets, etc.	Reason	Amounts (Note)
Buildings and the ancillary facilities in trust (related to Prologis Park Iwanuma 1)	Settlement of insurance income	3,750,557 thousand yen

(Note) Based on recovery of the book-tax difference of the property, NPR plans to reverse the allowance and the amount will be excluded from distributions of retained earnings for the current fiscal period.

b) Specific method of reversal

Related assets, etc.	Method of reversal
Buildings and the ancillary facilities in trust (related to Prologis Park Iwanuma 1)	The allowance will be reversed upon the recognition of insurance income corresponding to the loss on fire.

3. Changes in Presentation

NPR adopted ASBJ Statement No. 31 "Accounting Standard for Disclosure of Accounting Estimates" (March 31, 2020) to the financial statements for the six-month period ended May 31, 2021, and therefore significant accounting estimates are disclosed in the Notes to Financial Statements.

The note does not include information for the previous reporting period in accordance with the transitional provision set out in paragraph 11 of the Accounting Standard.

4. 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	
Property and equipment	¥	712,343,162
Intangible assets		231,867
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.

5. 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			
	May 31, 2021		November 30, 2020	
Cash and deposits	¥	27,105,730	¥	29,106,808
Cash and deposits in trust		5,707,332		5,544,592
Cash and cash equivalents	¥	32,813,063	¥	34,651,400

6. 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.

(iii) Supplemental Explanation Regarding Fair Values of Financial Instruments

The fair value of financial instruments is based on their observable market value, if available. When there is no observable market value available, fair value is based on a price that is reasonably estimated. Since various factors are reflected in estimating the fair value, different assumptions and factors could result in a different value.

b) Estimated Fair Value of Financial Instruments

The book value, fair value and differences between the values as of May 31, 2021 and November 30, 2020 are as follows. Financial instruments for which the fair value is extremely difficult to estimate are excluded from the following table (see Note 2 below).

	Thousands of yen		
	As of May 31, 2021		
	Book value	Fair value	Difference
(1) Cash and deposits	¥ 27,105,730	¥ 27,105,730	¥ -
(2) Cash and deposits in trust	5,707,332	5,707,332	-
Total assets	¥ 32,813,063	¥ 32,813,063	¥ -
(3) Current portion of investment corporation bonds payable	2,000,000	1,999,800	(200)
(4) Current portion of long-term loans payable	30,000,000	30,023,615	23,615
(5) Investment corporation bonds payable	36,000,000	35,480,400	(519,600)
(6) Long-term loans payable	216,500,000	217,509,159	1,009,159
Total liabilities	¥ 284,500,000	¥ 285,012,975	¥ 512,975
(7) Derivative transactions	¥ -	¥ -	¥ -

	Thousands of yen		
	As of November 30, 2020		
	Book value	Fair value	Difference
(1) Cash and deposits	¥ 29,106,808	¥ 29,106,808	¥ -
(2) Cash and deposits in trust	5,544,592	5,544,592	-
Total assets	¥ 34,651,400	¥ 34,651,400	¥ -
(3) Current portion of investment corporation bonds payable	2,000,000	1,998,800	(1,200)
(4) Current portion of long-term loans payable	21,300,000	21,294,904	(5,095)
(5) Investment corporation bonds payable	24,000,000	23,410,300	(589,700)
(6) Long-term loans payable	212,900,000	214,013,237	1,113,237
Total liabilities	¥ 260,200,000	¥ 260,717,242	¥ 517,242
(7) Derivative transactions	¥ -	¥ -	¥ -

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

(1) Cash and deposits and (2) Cash and deposits in trust

Due to the short maturities, the book value of these instruments is deemed a reasonable approximation of the fair value, and therefore, the book value is used as the fair value.

(3) Current portion of investment corporation bonds payable and (5) Investment corporation bonds payable

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

(4) Current portion of long-term loans payable and (6) Long-term loans payable

The fair value of long-term loans payable is determined based on the present value of contractual cash flows which would be applicable to new loans payable under the same terms

and conditions.

(7) Derivative transactions

Please refer to Note 7, "Derivative Transactions."

(Note 2) Financial instruments for which fair value is extremely difficult to estimate

As tenant leasehold and security deposits and tenant leasehold and security deposits in trust have no observable and available market price, and it is impracticable to reasonably estimate their future cash flows, their fair value is not disclosed.

	Thousands of yen	
	As of	
	May 31, 2021	November 30, 2020
Tenant leasehold and security deposits	¥ 247,773	¥ 247,773
Tenant leasehold and security deposits in trust	18,276,843	16,968,824

(Note 3) Redemption schedule for monetary claims after May 31, 2021

	Thousands of yen					
	As of May 31, 2021					
	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
Cash and deposits	¥27,105,730	¥ -	¥ -	¥ -	¥ -	¥ -
Cash and deposits in trust	5,707,332	-	-	-	-	-
Total	¥32,813,063	¥ -	¥ -	¥ -	¥ -	¥ -

Redemption schedule for monetary claims after November 30, 2020

	Thousands of yen					
	As of November 30, 2020					
	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
Cash and deposits	¥29,106,808	¥ -	¥ -	¥ -	¥ -	¥ -
Cash and deposits in trust	5,544,592	-	-	-	-	-
Total	¥34,651,400	¥ -	¥ -	¥ -	¥ -	¥ -

(Note 4) Repayment schedule for long-term loans payable and other interest-bearing debt after May 31, 2021

Thousands of yen						
May 31, 2021						
	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	¥ 2,000,000	¥ -	¥1,500,000	¥ 3,000,000	¥ -	¥ 31,500,000
Long-term loans payable	30,000,000	27,600,000	16,000,000	32,300,000	18,900,000	121,700,000
Total	¥32,000,000	¥27,600,000	¥17,500,000	¥35,300,000	¥18,900,000	¥153,200,000

Repayment schedule for long-term loans payable and other interest-bearing debt after November 30, 2020

Thousands of yen						
November 30, 2020						
	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	¥2,000,000	¥ -	¥1,500,000	¥ 3,000,000	¥ -	¥ 19,500,000
Long-term loans payable	21,300,000	30,000,000	27,600,000	21,000,000	32,300,000	102,000,000
Total	¥23,300,000	¥30,000,000	¥29,100,000	¥24,000,000	¥32,300,000	¥121,500,000

7. Derivative Transactions

For the six-month periods ended May 31, 2021 and November 30, 2020, NPR only utilized interest rate swaps which qualified for hedge accounting and met the special matching criteria, as described below.

Thousands of yen						
As of May 31, 2021						
Hedge accounting method	Type of derivative transaction	Primary hedged item	Contract amount			
			Total	Due after one year	Fair value	Fair value measurement
Special treatment for interest rate swaps	Interest rate swaps Receive floating / Pay fix	Long-term loans payable	¥246,500,000	¥216,500,000	(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 6, "Financial Instruments, b) Estimated Fair Value of Financial Instruments, (4) Current portion of long-term loans payable and (6) Long-term loans payable."

Thousands of yen						
As of November 30, 2020						
Hedge accounting method	Type of derivative transaction	Primary hedged item	Contract amount			
			Total	Due after one year	Fair value	Fair value measurement
Special treatment for interest rate swaps	Interest rate swaps Receive floating / Pay fix	Long-term loans payable	¥234,200,000	¥212,900,000	(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 6, "Financial Instruments, b) Estimated Fair Value of Financial Instruments, (4) Current portion of long-term loans payable and (6) Long-term loans payable."

8. 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	
	May 31, 2021	November 30, 2020
Book value		
Balance at the beginning of the period	¥ 654,930,057	¥ 659,843,429
Changes during the period (Note 2)	57,644,972	(4,913,371)
Balance at the end of the period	¥ 712,575,030	¥ 654,930,057
Fair value at the end of the period	¥ 912,640,000	¥ 835,920,000

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

(Note 2) The increase for the fiscal period ended May 31, 2021 was primarily a result of acquiring three properties, Prologis Park Chiba New Town, Prologis Park Chiba 2 and Prologis Park Tsukuba 2, during the period for a total of 62,875,906 thousand yen. The decrease for the fiscal period ended May 31, 2021 was primarily a result of the recognition of depreciation, which amounted to 5,815,263 thousand yen. The decrease for the fiscal period ended November 30, 2020 was primarily a result of the recognition of depreciation, which amounted to 5,470,864 thousand yen.

(Note 3) The fair value at the end of the period is determined based on appraised value or investigated price provided by independent real estate appraisers. As for Prologis Park Iwanuma 1 which was destroyed by fire, "Fair value at the end of the period" only includes the land valuation.

Income and loss in connection with investment and rental properties are disclosed in "9. Property-related Revenues and Expenses."

9. Property-related Revenues and Expenses

The following table summarizes the revenues and expenses generated from property leasing activities for the six-month periods ended May 31, 2021 and November 30, 2020.

	Thousands of yen	
	For the six-month periods ended	
	May 31, 2021	November 30, 2020
(1) Property-related revenues		
Rental revenues		
Rental revenues	¥ 21,643,003	¥ 20,523,263
Common area charges	1,521,261	1,459,959
Total	¥ 23,164,265	¥ 21,983,222
Other rental revenues		
Received utilities cost	¥ 1,104,970	¥ 1,350,640
Others	284,840	276,961
Total	¥ 1,389,811	¥ 1,627,602
Total property-related revenues	¥ 24,554,076	¥ 23,610,825
(2) Property-related expenses		
Rental expenses		
Subcontract expenses	¥ 1,414,689	¥ 1,263,484
Utilities cost	944,291	1,170,511
Taxes and public dues	2,069,405	1,921,991
Non-life insurance premium	206,114	87,763
Repair and maintenance	239,807	205,309
Depreciation	5,815,263	5,470,864
Custodian fee	23,367	22,480
Other expenses	5,609	4,631
Total rental expenses	¥ 10,718,548	¥ 10,147,037
(3) Operating income from property leasing ((1)-(2))	¥ 13,835,527	¥ 13,463,788

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			
	May 31, 2021		November 30, 2020	
Due within one year	¥	42,934,610	¥	39,883,443
Due after one year		139,461,494		130,277,602
Total	¥	182,396,104	¥	170,161,046

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 May 31, 2021 and November 30, 2020 consists of the following items:

	Thousands of yen			
	As of			
	May 31, 2021		November 30, 2020	
Unit holders' capital, gross	¥	444,869,507	¥	407,485,839
Deduction from unit holders' capital;				
Allowance for temporary difference adjustments		-		(3,750,557)
Accumulated other distributions in excess of retained earnings		(15,126,802)		(13,329,197)
Unit holders' capital	¥	429,742,705	¥	390,406,084

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			
	May 31, 2021		November 30, 2020	
	Total	Per unit	Total	Per unit
I Unappropriated retained earnings	¥ 10,612,983,972		¥ 13,938,410,174	
II Distributions in excess of retained earnings				
Of which, other distributions in excess of earnings	1,902,823,450		1,797,604,650	
III Incorporation into unitholders' capital				
Of which, reversal of allowance for temporary difference adjustments	-		3,750,557,850	
IV Distributions				
Distributions of retained earnings	10,611,403,500	¥4,110	10,186,426,350	¥4,131
Distributions in excess of retained earnings				
Of which, other distributions in excess of earnings	1,902,823,450	¥737	1,797,604,650	¥729
Total distributions	12,514,226,950	¥4,847	11,984,031,000	¥4,860
V Retained earnings carried forward	¥ 1,580,472		¥ 1,425,974	

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 unitholders’ 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 10,611,403,500 yen, Regular Surplus Cash Distributions of 1,654,965,850 yen which was the amount equivalent to approximately 28.5% of depreciation expense of 5,815,263,081 yen and One-time Surplus Cash Distributions of 247,857,600 yen, approximately the amount which was calculated as sum of the demolition work expenses for Prologis Park Iwanuma 1 and temporary dilution of distributions due to the issuance of new investment units for the six-month period ended May 31, 2021.
2. NPR declared distribution amounts of 10,186,426,350 yen, approximately the amount which was calculated by excluding 3,750,557,850 yen of the reversal of allowance for temporary difference adjustments from unappropriated retained earnings, Regular Surplus Cash Distributions of 1,558,417,200 yen which was the amount equivalent to approximately 28.5% of depreciation expense of 5,470,864,699 yen and One-time Surplus Cash Distributions of 239,187,450 yen, approximately the amount which was calculated by deducting 11,228,277 yen, the difference between the insurance payment and repair expenses related to the typhoon, from 252,600,629 yen of the net demolition work expenses, for the six-month period ended November 30, 2020. Net demolition work expenses represent the amount of demolition work expenses for Prologis Park Iwanuma 1, less (i) the amount of difference between insurance payment received for loss on fire and the reversal amount of allowance for temporary difference adjustments and (ii) the amount of compensation to be received from tenants for the demolition work expense.

d) Provision and the Reversal of Allowance for Temporary Difference Adjustments

For the period from December 1, 2020 to May 31, 2021

1. Reason for provisions, related assets and amounts of allowance

Related assets, etc.	Reason	Initial amount	Balance at the end of previous period	Allowance set aside during period	Reversal during period	Balance at the end of current period	Reason for reversal
Buildings and the ancillary facilities in trust (related to Prologis Park Iwanuma 1)	Loss on fire	3,750,557	3,750,557	-	3,750,557	-	Settlement of insurance payment

2. Specific method of reversal

Item	Method of reversal
Buildings and the ancillary facilities in trust (related to Prologis Park Iwanuma 1)	The allowance was reversed upon the recognition of insurance income corresponding to the loss on fire.

For the period from June 1, 2020 to November 30, 2020

1. Reason for provisions, related assets and amounts of allowance

Related assets, etc.	Reason	Initial amount	Balance at the end of previous period	Allowance set aside during period	Reversal during period	Balance at the end of current period	Reason for reversal
Buildings and the ancillary facilities in trust (related to Prologis Park Iwanuma 1)	Loss on fire	3,750,557	-	3,750,557	-	3,750,557	-

2. Specific method of reversal

Item	Method of reversal
Buildings and the ancillary facilities in trust (related to Prologis Park Iwanuma 1)	The allowance will be reversed upon the recognition of insurance income corresponding to the loss on fire.

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 May 31, 2021 and November 30, 2020.

	Thousands of yen			
	As of			
	May 31, 2021		November 30, 2020	
0.24384% unsecured short-term loans ^(**)	¥	-	¥	-
0.24384% unsecured short-term loans ^(**)		-		-
Total short-term loans payable	¥	-	¥	-
0.57490% unsecured long-term loans due 2022 ^(*)	¥	10,000,000	¥	10,000,000
0.57490% unsecured long-term loans due 2022 ^(*)		4,000,000		4,000,000
0.07570% unsecured long-term loans due 2021 ^(*)		-		7,300,000
0.17260% unsecured long-term loans due 2022 ^(*)		6,000,000		6,000,000
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
0.22360% unsecured long-term loans due 2021 ^(*)		-		14,000,000
0.26200% unsecured long-term loans due 2022 ^(*)		10,000,000		10,000,000
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	-
0.40490% unsecured long-term loans due 2030 ^(*)	6,300,000	-
0.47600% unsecured long-term loans due 2031 ^(*)	7,300,000	-
0.30350% unsecured long-term loans due 2028 ^(*)	5,000,000	-
0.40040% unsecured long-term loans due 2030 ^(*)	9,000,000	-
Less: current portion	(30,000,000)	(21,300,000)
Total long-term loans payable, less current portion	¥ 216,500,000	¥ 212,900,000

The stated interest rate is the weighted average interest rate during the period ended May 31, 2021.

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 May 31, 2021 and November 30, 2020 are disclosed in Note 6, "Financial Instruments."

The loans (**) from Sumitomo Mitsui Banking Corporation and MUFG Bank, Ltd., with the principal amount of 7,000,000 thousand yen and 3,000,000 thousand yen, respectively, were prepaid on May 31, 2021, before the maturity date.

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

	Thousands of yen			
	As of			
	May 31, 2021		November 30, 2020	
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 May 31, 2021 and November 30, 2020.

	Issued date	Maturity date	Interest rate	Thousands of yen	
				As of	
				May 31, 2021	November 30, 2020
2nd unsecured bond	November 27, 2014	November 27, 2024	0.930%	¥ 3,000,000	¥ 3,000,000
3rd unsecured bond	June 15, 2017	June 15, 2021	0.180%	2,000,000	2,000,000
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	-
11th unsecured bond	May 31, 2021	May 30, 2036	0.730%	5,000,000	-
Total				¥ 38,000,000	¥ 26,000,000

14. Insurance Income and Loss on Typhoon and Fire

(For the six-month period ended May 31, 2021)

As to Prologis Park Iwanuma 1 which was caught in a fire during the reporting period ended May 31, 2020, NPR recorded demolition expense of 131,754 thousand yen as extraordinary loss, and also recorded profits insurance income of 167,686 thousand yen as extraordinary income.

(For the six-month period ended November 30, 2020)

Due to the two typhoons which hit Japan during 2019, NPR recorded extraordinary losses of 100,132 thousand yen for repair expenses, and extraordinary income of 111,360 thousand yen for the insurance payment.

As to Prologis Park Iwanuma 1 which was caught in a fire during the previous reporting period, NPR recorded demolition expense of 696,202 thousand yen as extraordinary loss, and also recorded insurance income and compensation income which should be paid by tenants, of 4,019,530 thousand yen and 174,629 thousand yen, respectively, 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 May 31, 2021 and November 30, 2020 are as follows:

	Thousands of yen	
	As of	
	May 31, 2021	November 30, 2020
Enterprise tax payable	¥ 17	¥ -
Total deferred tax assets	17	-
Net deferred tax assets	¥ 17	¥ -

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 May 31, 2021 and November 30, 2020 are as follows:

	For the six-month periods ended	
	May 31, 2021	November 30, 2020
Statutory tax rate	31.46%	31.46%
Adjustments:		
Deductible cash distributions	(31.46%)	(22.99%)
Valuation allowance	-%	(8.57%)
Other	0.01%	0.10%
Actual effective income tax rate	0.01%	0.00%

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 May 31, 2021 and November 30, 2020.

	Yen	
	For the six-month periods ended	
	May 31, 2021	November 30, 2020
Net income per unit		
Basic net income per unit	¥ 4,176	¥ 5,652
Weighted average number of units outstanding	2,541,028	2,465,850

	Yen	
	As of	
	May 31, 2021	November 30, 2020
Net assets per unit	¥ 170,558	¥ 163,977

(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 May 31, 2021)

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 3)	Chiyoda-ku, Tokyo	¥ 2,100	Real estate business, other	-	-	Lessee	Lease of properties in trust	¥ 22,842,908	Operating accounts receivable	¥ 749,969
										Advances received	4,113,794
								Proceeds of tenant leasehold and security deposits in trust	2,193,323	Tenant leasehold and security deposits in trust	17,601,546
								Repayments of tenant leasehold and security deposits in trust	445,950		
Subsidiary of an affiliate	Asama Special Purpose Company	Chiyoda-ku, Tokyo	100,000	Real estate business	-	-	Seller	Acquisition of beneficiary right in trust	26,300,000	-	-
Subsidiary of an affiliate	Hakuba Special Purpose Company	Chiyoda-ku, Tokyo	100,000	Real estate business	-	-	Seller	Acquisition of beneficiary right in trust	15,000,000	-	-
Subsidiary of an affiliate	Haruna Special Purpose Company	Chiyoda-ku, Tokyo	100,000	Real estate business	-	-	Seller	Acquisition of beneficiary right in trust	20,900,000	-	-
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 4)	2,462,207	Accrued expenses	2,366,327

(Note 1) The transaction amounts do not include the consumption tax whereas the tax is included in the ending balance.

(Note 2) The terms and conditions of these transactions were executed based on market practices.

(Note 3) With respect to 44 properties out of 52 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 4) The Asset management fee above includes management fees for property acquisition of 311,000 thousand yen.

(For the six-month period ended November 30, 2020)

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 3)	Chiyoda-ku, Tokyo	¥ 2,100	Real estate business, other	-	-	Lessee	Lease of properties in trust	¥21,913,819	Operating accounts receivable	¥ 871,205
										Advances received	3,785,267
								Proceeds of tenant leasehold and security deposits in trust	361,722	Tenant leasehold and security deposits in trust	15,854,173
								Repayments of tenant leasehold and security deposits in trust	640,047		
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	2,076,470	Accrued expenses	2,284,117

(Note 1) The transaction amounts do not include the consumption tax whereas the tax is included in the ending balance.

(Note 2) The terms and conditions of these transactions were executed based on market practices.

(Note 3) With respect to 41 properties out of 49 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.

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 May 31, 2021)

- 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	22,842,908 thousand yen	The real estate leasing business

(Note) With respect to 44 properties out of 52 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 November 30, 2020)

- 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	21,913,819 thousand yen	The real estate leasing business

(Note) With respect to 41 properties out of 49 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.



Independent auditor's report

19. Subsequent Events

None

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 May 31, 2021 and November 30, 2020, 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 May 31, 2021 and November 30, 2020, 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.

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.

高橋秀和 

Hidekazu Takahashi

Designated Engagement Partner

Certified Public Accountant

田澤治郎 

Jiro Tazawa

Designated Engagement Partner

Certified Public Accountant

KPMG AZSA LLC

Tokyo Office, Japan

August 30, 2021