

**FOR IMMEDIATE RELEASE**

## **Nippon Prologis REIT Files Amendment to Shelf Registration Statement for Green Bonds Issuance**

Nippon Prologis REIT, Inc. ("NPR") today announced that it has filed an Amendment to Shelf Registration Statement for green bond issuance (investment corporation bond) to the Director General of the Kanto Local Finance Bureau. The original Shelf Registration Statement was also filed today (June 26, 2018).

### 1. Objective and Background:

The Prologis Group operates its business with a stringent focus on the three pillars of sustainability: environmental stewardship, social responsibility and governance (ESG). The company strives to minimize its environmental impacts while maximizing beneficial outcomes for all stakeholders.

As a part of the Prologis Group's ESG initiatives, NPR has been engaged in investing in and managing high-quality, energy-efficient modern logistics facilities. Additionally, NPR continues to proactively obtain green building certifications, including "CASBEE" (an evaluation and rating system for the environmental performance of buildings and the built environment); "BELS" (a verification that assesses and labels the conservation performance of non-residential buildings and houses established by the Ministry of Land, Infrastructure, Transport and Tourism of Japan); and the "DBJ Green Building Certificate" (a certification program conducted by Development Bank of Japan, Inc.).

NPR's ESG efforts have been recognized by several third-party assessment providers. For example, in 2017, the Global Real Estate Sustainability Benchmark (GRESB) survey has awarded NPR the highest "5-star" rating and the prestigious "Green Star" rating for the three consecutive years [note 1]. In addition, the same survey selected NPR as the "Asia Sector Leader" in the global logistics real estate category.

Moreover, NPR has been included in the "MSCI Japan ESG Select Leaders Index," which measures the sustainability performance of various public entities, and it received an "A" rating, the highest rating for a J-REIT.

Regarding the capital markets, as illustrated by consistent promotion efforts for green bond [note 2] issuance by the Ministry of the Environment of Japan, platforms for green bond issuance in Japan have been steadily expanding and, as ESG-related social concerns rise, the demand for green bonds from

Japanese fixed-income investors appears to be significantly increasing.

In response to this demand, NPR is evaluating the issuance of investment corporate bonds in the form of green bonds, the proceeds of which would be used in line with the Prologis Green Bond Framework. In other words, taking advantage of the fact that a number of modern logistics properties within NPR's portfolio are Green Projects, NPR wishes to provide Japanese debt capital market with opportunities of ESG investment by issuing green bonds. The use of proceeds of which are Green Project acquisitions or refinancing of debt financing for Green Project acquisitions. Through this initiative, NPR aims to directly contribute to a low-carbon future.

In addition, NPR wishes to help J-REITs in general procure debt from the capital markets in the medium- to long-term by expanding the investor universe for NPR's investment corporation bonds through the issuance of green bonds.

[Note 1] GRESB assesses the sustainability performance of real estate portfolios across the globe. It was founded by European a major pension fund group in 2009. About 60 leading institutional investors who have invested assets of about 1,870 trillion yen (about \$ 17 trillion [\$1=110-yen conversion]) are signatories as of September 2017. The benchmark is used by institutional investors to engage with their investments, with the process of investment management for listed and unlisted real estate portfolios.

[Note 2] Green bonds are a type of bond instrument, the proceeds of which are used for green projects that have clear environmental impact. Green bonds are issued by corporations, investment funds and municipalities. The issuance of green bonds must adhere to the Green Bond Principles stipulated by the International Capital Market Association (ICMA). For detailed information of Green Bond Principles, please refer to ICMA's following website:

<https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

## 2. Contents of the Amendment:

Today, NPR has submitted, to the Director General of the Kanto Local Finance Bureau, the Amendment to Shelf Registration Statement for investment corporation bonds that contain information pertaining to the green bonds in preparation for issuance. Regarding the anticipated green bond issuance, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. will be appointed as one of the lead arrangers and NPR's "Green Bond Structuring Agent" [note 3]. The actual terms and conditions for the issuance will be determined through a series of market sounding.

[Note 3] Green Bond Structuring Agent is a company that supports the issuance of green bonds by advising establishment of the Green Bond Framework and obtainment of the necessary second-party opinion.

## 3. Eligibility of Green Bonds:

The Prologis Group (Prologis, Inc., Prologis, L.P. and its co-investment ventures or other affiliates),

including NPR, has established the Prologis Green Bond Framework (the "Framework"), which conforms to the Green Bond Principles for the issuance of green bonds. The Prologis Group and NPR have obtained a second-party opinion [note 4] (the "Second-Party Opinion") from Sustainalytics, an ESG and corporate governance research agency, to align with the Green Bond Principles.

According to the Second-Party Opinion, eligible green projects ("the Eligible Green Projects") that meet the eligible criteria [note 5] set forth in the Framework have clear environmental benefits — for example, green building methods, renewable energy features and energy-efficient design as established in the Green Bond Principles. The allocation of the net proceeds to eligible projects contributes to the Sustainable Development Goals (SDGs) stipulated by the United Nations in 2015.

The net proceeds from the green bond issuance will be allocated toward the cost of acquisition, refurbishment and/or repayment of borrowing for the Eligible Green Projects.

[Note 4] Second-Party Opinion is an independent review of Green Bond framework by Sustainalytics. In Second-Party Opinion, Sustainalytics estimates the eligible criteria by adequateness of alignment to the four pillars of Green Bond Principles: (1) Use of proceeds, (2) Project Selection Process, (3) Management of Proceeds, (4) Reporting).

For detailed information, please refer to Sustainalytics website:

<http://www.sustainalytics.com/green-social-bond-services/#BondProjects>

[Note 5] Eligible criteria:

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

1. GREEN BUILDINGS:

i) New, existing or refurbished buildings which have received at least one of the following classifications:

- a. LEED: Platinum, Gold or Silver
- b. DGNB: Platinum, Gold or Silver
- c. BREEAM: Outstanding, Excellent, Very Good or Good
- d. HQE: Exceptional, Excellent, Very Good (Very Performant) and Good (Performant)
- e. CASBEE: S, A or B+
- f. DBJ Green Building Certification: 5 or 4
- g. BELS: 5 or 4

ii) Refurbishments to properties in order to significantly improve energy efficiency and/or water efficiency of, or make other environmentally beneficial improvements to a building, building subsystem or land, including but not limited to investments in LED and other energy efficient lighting, cool roof and other sustainability-oriented construction materials, smart meters, electric and renewable energy charging stations and batteries, xeriscaping/drought-tolerant landscaping, waste diversion, water and energy-saving technologies and materials and improvements recognized by sustainability rating systems.

2. RENEWABLE ENERGY:

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

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

3. ENERGY EFFICIENCY:

- i) Energy storage systems

Sustainalytics Second-Party opinion on Prologis Green Bond Framework

[http://www.prologis-reit.co.jp/file/sustainalytics\\_english.pdf](http://www.prologis-reit.co.jp/file/sustainalytics_english.pdf)

Prologis Green Bond Framework

<http://www.prologis-reit.co.jp/file/framework.pdf>

For more information about Nippon Prologis REIT, please visit:

<http://www.prologis-reit.co.jp/english/index.html>

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