

August 26, 2014

FOR IMMEDIATE RELEASE

Nippon Prologis REIT Announces Amendment of Forecasts
for the Fiscal Period Ending November 30, 2014 and the Fiscal Period Ending May 31, 2015

Nippon Prologis REIT, Inc. (“NPR”) announces today an amendment to its forecast for the fiscal period ending November 30, 2014 (June 1, 2014 to November 30, 2014) as well as its forecast for the fiscal period ending May 31, 2015 (December 1, 2014 to May 31, 2015) which were included in NPR’s “Summary of Financial Results” for the third fiscal period that ended May 31, 2014, as described below:

1. Reasons for the amendment to the forecasts:

A resolution was reached at an NPR board of directors meeting today concerning the issuance of new investment units for the purpose of repaying bridge loans used to purchase five new properties (as defined in Attachment 1: Assumptions for the Fiscal Periods Ending November 30, 2014, and May 31, 2015). Results forecasts for the six-month periods ending November 30, 2014, and May 31, 2015, and announced on July 14, 2014, require revision due to a change in the preconditions used to compute them.

2. Amendment of the forecasts for the fiscal periods ending November 30, 2014 and May 31, 2015

(1) Details of results of the forecast revisions for the fiscal period ending November 30, 2014 (fourth fiscal period from June 1, 2014 to November 30, 2014):

	Operating revenues (Millions of yen)	Operating income (Millions of yen)	Ordinary income (Millions of yen)	Net income (Millions of yen)	Distributions per unit (including surplus cash distributions) (yen)	Distributions per unit (excluding surplus cash distributions) (yen)	Surplus cash distributions per unit (yen)
Previously announced forecast (A)	12,787	6,047	5,006	5,041	3,700	3,223	477
Revised forecast (B)	13,532	6,533	5,365	5,400	3,700	3,120	580
Amount of increase/decrease (C) ((B) – (A))	745	485	358	358	0	(103)	103
Rate of increase/decrease (C) / (A)	5.8%	8.0%	7.2%	7.1%	0.0%	(3.2)%	21.6%

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(2) Details of results of the forecast revisions for the fiscal period ending May 31, 2015 (fifth fiscal period from December 1, 2014 to May 31, 2015):

	Operating revenues (Millions of yen)	Operating income (Millions of yen)	Ordinary income (Millions of yen)	Net income (Millions of yen)	Distributions per unit (including surplus cash distributions) (yen)	Distributions per unit (excluding surplus cash distributions) (yen)	Surplus cash distributions per unit (yen)
Previously announced forecast (A)	12,757	6,088	5,057	5,056	3,710	3,233	477
Revised forecast (B)	14,254	6,935	5,871	5,870	3,874	3,391	483
Amount of increase/decrease (C) ((B) – (A))	1,497	847	813	813	164	158	6
Rate of increase/decrease (C) / (A)	11.7%	13.9%	16.1%	16.1%	4.4%	4.9%	1.3%

(Reference)

Fiscal period ending November 30, 2014: Expected number of investment units outstanding at the end of the period: 1,730,750; Expected net income per unit: 3,120 yen

Fiscal period ending May 31, 2015: Expected number of investment units outstanding at the end of the period: 1,730,750; Expected net income per unit: 3,391 yen

Notes:

- (Note 1) This forecast information is calculated based on the assumptions described in Attachment 1 “Forecast Assumptions for the Fiscal Periods Ending November 30, 2014, and May 31, 2015.” Therefore, actual operating revenues, operating profit, ordinary income, net income, distributions per unit (excluding surplus cash distributions) and surplus cash distributions per unit may vary due to acquisitions or sales of properties, changes in rent revenues attributable to tenant movements, changes in the property management environment due to unexpected repairs, changes in interest rates, the actual number of new units issued and the issue price of such units, or the issuance of additional investment units. Thus, these forecasts should not be deemed a commitment or guarantee of the amount of cash distributions.
- (Note 2) These forecasts may be revised if a substantial variation from the current forecast information is anticipated.
- (Note 3) The figures are rounded down to the nearest million yen or yen and ratios are rounded to the nearest tenth.

Notes:

1. This material is distributed to the Tokyo Stock Exchange (Kabuto Club) Press Club; Ministry of Land, Infrastructure, Transport and Tourism Press Club; and Ministry of Land, Infrastructure, Transport and Tourism Press Club for Construction Publications.
2. NPR website address: <http://www.prologis-reit.co.jp/english/index.html>

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【Attachment 1】

Forecast Assumptions for the Fiscal Periods Ending November 30, 2014, and May 31, 2015

Item	Assumptions
Accounting period	<ul style="list-style-type: none"> ➤ Fiscal period ending November 30, 2014 (4th fiscal period) (from June 1, 2014 to November 30, 2014) (183 days) ➤ Fiscal period ending May 31, 2015 (5th fiscal period) (from December 1, 2014 to May 31, 2015) (182 days)
Assets under management	<ul style="list-style-type: none"> ➤ It is assumed NPR will acquire the real estate trust beneficiary interests in five new properties (the “five new properties”) on September 1, 2014, in addition to its 24 properties (the “current properties”) as of today. For details about these new properties, please refer to the press release titled “Notice Concerning Acquisition of Domestic Real Estate Trust Beneficiary Interests and Lease Contract with New Tenants,” dated today. It is also assumed there will be no change in the number of properties held after the scheduled acquisitions on September 1, 2014, until the end of May 2015. ➤ Actual results may change due to the acquisition of new properties in addition to the five new properties or the sale of existing properties, etc.
Operating revenues	<ul style="list-style-type: none"> ➤ Operating revenues take into account factors such as market trends and the competitiveness of each property based on information provided by the current owner of the new properties and information on the current properties, held by the Asset Manager (Prologis REIT Management K.K.), to be 13,532 million yen and 14,254 million yen for the fiscal period ending November 30, 2014, and the fiscal period ending May 31, 2015, respectively. The period-end expected occupancy rate is estimated to be 99.3% and 98.8% for the period ending November 30, 2014, and the period ending May 31, 2015, respectively. ➤ For operating rental revenues, it is assumed tenants will pay rent without delinquency or withholding.
Operating expenses	<ul style="list-style-type: none"> ➤ Operating expenses except depreciation are calculated by taking into account variable factors, such as seasonal events, based on information provided by the current owner of the five new properties and information on the current properties held by the Asset Manager, and are assumed to be 2,948 million yen and 3,032 million yen for the fiscal period ending November 30, 2014, and the fiscal period ending May 31, 2015, respectively. ➤ Depreciation expenses including ancillary costs are calculated using the straight-line method and are assumed to be 2,777 million yen and 2,934 million yen for the fiscal period ending November 30, 2014, and the fiscal period ending May 31, 2015, respectively. ➤ Property taxes and city planning taxes of real estate, upon sales and purchases, are generally calculated on a <i>pro rata</i> basis with former owners and at the time of acquisition. Regarding the new properties, property taxes and city planning taxes for the fiscal year 2015 will be expensed from the fiscal period ending on May 31, 2015. The total amount of property taxes and city planning taxes for the new properties is assumed to be 75 million yen (equivalent to expenses for 91 days) for the fiscal period ending November 30, 2014, and 25 million yen (equivalent to expenses for 31 days) for the fiscal period ending May 31, 2015. ➤ With respect to building repair expenses, the amount assumed to be necessary for each property is based on the repair and maintenance plans of the Asset Manager (Prologis REIT Management K.K.). However, actual repair expenses may differ substantially from the anticipated amount due to unexpected factors.
Non-operating expenses	<ul style="list-style-type: none"> ➤ It is assumed NPR will recognize 107 million yen as the total expenses incurred in relation to the offerings of the new investment units in the fiscal period ending November 30, 2014 (the “Offerings”). ➤ It is assumed NPR will recognize 8 million yen for the fiscal period ending November 30, 2014 and the fiscal period ending May 31, 2015, respectively, as amortization of organization expenses. ➤ As for interest expenses, 879 million yen and 886 million yen are expected

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	<p>for the fiscal period ending November 30, 2014 and the fiscal period ending May 31, 2015, respectively. As for borrowing related expenses, 152 million yen and 149 million yen are expected for the fiscal period ending November 30, 2014 and the fiscal period ending May 31, 2015, respectively. The debt-related amortization is expected to be 138 million yen and 138 million yen for the period ending November 30, 2014, and the fiscal period ending May 31, 2015, respectively.</p>
Borrowings	<ul style="list-style-type: none"> ➤ NPR's balance of interest-bearing debt on an accounting basis as of today is 158,115 million yen. ➤ The principal amount of interest-bearing debt as of May 31, 2014, was 157,700 million yen. However, as the differences with the market value of borrowings held in trust concerning Prologis Park Tokyo-Shinkiba and Prologis Park Yokohama-Tsurumi were settled in cash with the sellers of these two properties, the amount of interest-bearing debt on an accounting basis is 158,115 million yen after such settled amounts were added to the balance of interest-bearing debt. ➤ Proceeds from the Offerings as resolved at NPR's board of directors meeting held today will be used together with concurrent borrowings to repay bridge loans used to acquire the five new properties. For details of the bridge loans, please refer to the press release, "Nippon Prologis REIT Announces Debt Financing Plans," dated today. Moreover, proceeds from the issuance of new investment units through the Third-party Allotment will be kept as cash on hand and will be allocated to future acquisitions of specified assets (as defined in Article 2, Paragraph 1 of the Act on Investment Trusts and Investment Corporations of Japan; the same applies hereinafter) or repayment of borrowings. For details, please refer to the press release, "Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units," dated today. Thus, NPR's balance of interest-bearing debt is assumed to be 166,500 million yen. This amount of balance of interest-bearing debt may change considerably due to the final number of investment units to be issued and issue amount. ➤ It is assumed that 1,450 million yen of debt will be repaid at the end of November 30, 2014 with the refunded consumption tax in connection with the acquisition of the Current Properties during the period ending November 30, 2014. ➤ LTV as of May 31, 2014 was 42.3% and LTV is estimated to decrease to 39.6% after anticipated acquisitions. For LTV calculation, please refer to the following formula. Please note that the repayment with the refunded consumption tax described above is not assumed in this calculation: $\text{LTV}(\%) = \text{interest-bearing debt} / \text{total assets} \times 100(\%) \text{ (As of May 31, 2014)}$ $\text{LTV}(\%) = \text{interest-bearing debt after acquisition of the five new properties} / \text{total assets after acquisition of the five new properties} \times 100(\%) \text{ (After acquisition of the five new properties) (Note 1)}$ <p>Interest-bearing debt after acquisition of the five new properties = interest-bearing debt as of May 31, 2014 (158,115 million yen) + anticipated loans (8,800 million yen) (Note 2)</p> <p>Total assets after acquisition of the five new properties = total assets as of May 31, 2014 (374,176 million yen) + net proceeds through the Offerings (36,220 million yen) (Note 3) + net proceeds through the Third-party Allotment (1,810 million yen) (Note 3) + anticipated loans (8,800 million yen) (Note 2)</p> <p>(Note 1) NPR will acquire the five new properties using bridge loans and repay the bridge loans with proceeds from the Offerings and new concurrent borrowings. Therefore, LTV after acquisition of the five new properties is calculated based on the figures after repayment of the bridge loans.</p> <p>(Note 2) Represents the anticipated amount as of today. The amount of anticipated loans is calculated on a pro forma basis based on the closing price for</p>

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	<p>ordinary trading of an investment unit of NPR on the Tokyo Stock Exchange as of Thursday, August 14, 2014. The actual borrowing amounts may vary depending on the total net proceeds from the Offerings. For details of the anticipated loans, please refer to the press release to be disclosed.</p> <p>(Note 3) The net proceeds from the Offerings and the Third-party Allotment are calculated on a pro forma basis, based on the closing price for ordinary trading of an investment unit of NPR on the Tokyo Stock Exchange as of Thursday, August 14, 2014. Also, it is assumed that the Domestic Underwriter will pay the total issue amount for the Third-party Allotment. The net proceeds from the Offerings and the Third-party Allotment, along with the actual LTV after acquisition of the five new properties, may be lower than the aforementioned, in the case that the actual issue amount per investment unit through the Offerings and the Third-party Allotment is lower than the aforementioned or that the Third-party Allotment has not taken place in whole or in part. However, the net proceeds from the Offerings and the Third-party Allotment may be larger in the case that the actual issue amount per unit through the Offerings and the Third-party Allotment is higher than the aforementioned, ultimately leading to a lower LTV after the acquisition of the five new properties.</p>
Extraordinary	<p>➤ NPR received a payment of 35 million yen for the period ending November 30, 2014 due to the location incentive ordinance of Tosu city, in which Prologis Park Tosu 2 and Prologis Park Tosu 4 are located.</p>
Investment units	<p>➤ It is assumed that no additional units will be issued by the end of May 31, 2015 other than the current outstanding and issued 1,563,750 units as of today and the 159,050 units to be issued through the Offerings as well as the maximum 7,950 units to be issued through the Third-party Allotment as resolved at NPR's board of directors meeting held on August 26, 2014. For details, please refer to the press release, "Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units," dated today.</p>
Distributions per unit (excluding surplus cash distributions)	<p>➤ Distributions per unit (excluding surplus cash distributions) are calculated based on the premises of the distribution policy in the Articles of Incorporation of NPR.</p> <p>➤ Distributions per unit (excluding surplus cash distributions) may change considerably due to various factors, including any additional acquisitions or sales of properties, changes in rent revenues attributable to tenant moves, changes in the property management environment including unexpected repair, changes in interest rates, the actual number of new investment units issued and the unit price of such units, or any additional issuance of new investment units in the future.</p>
Surplus cash Distributions per unit	<p>➤ In principle, in addition to distributions of retained earnings, NPR intends to make surplus cash distributions on a regular basis in an amount no higher than 60% of depreciation expense and within an appropriate level to maintain financial soundness and stability, after considering alternative uses of cash such as the execution of long-term repair plans and capital expenditures, the repayment of borrowings and acquisition opportunities. In addition, NPR may decide not to make any amount of surplus cash distributions for a particular fiscal period based on a consideration of factors such as economic or real estate market conditions and our LTV ratio, credit rating or financial condition.</p> <p>➤ For the time being, NPR intends to target a level of surplus cash distributions on an ongoing basis at an amount equivalent to approximately 30% of the depreciation expense for the relevant fiscal period.</p> <p>➤ In addition, NPR may make one-time surplus cash distributions to maintain the stability of its distributions per unit in the event that distributions per unit are expected to temporarily decline to a certain degree due to dilution from an increase in the number of investment units or a substantial increase in costs as a result of our financing activities, such as the issuance of new investment units, including third-party allotments; the issuance of investment corporation bonds; or entering into additional borrowing contracts (including, in each case, the amortization, cancellation or repayment</p>

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	<p>thereof). For the time being, NPR intends to limit the total amount of surplus cash distributions (including both surplus cash distributions on an ongoing basis and a one-time basis) that can be made at 40% of the depreciation expense for the relevant fiscal period.</p> <ul style="list-style-type: none"> ➤ Surplus cash distributions per unit is calculated based on the premises of the fund distribution policy in the Articles of Incorporation of NPR. It is assumed that the surplus cash distributions (including both surplus cash distributions on an ongoing basis and a one-time basis) in the period ending November 30, 2014 will be equal to approximately 36.1% of depreciation expenses for the relevant fiscal period, which is assumed to be 1,003 million yen. It is assumed that the surplus cash distributions (surplus cash distributions on an ongoing basis) in the period ending May 31, 2015 will be equal to approximately 28.5% of depreciation expenses for the fiscal period, which is assumed to be 835 million yen. ➤ The amount of depreciation expenses may change depending on the amount of total assets under management, ancillary costs, capital expenditure, and the allocation method of purchase prices for each asset, depreciable life, etc. Surplus cash distributions, which will be based on the amount of depreciation expenses, may change accordingly. ➤ To determine the amount of surplus cash distributions, NPR will consider the ratio of surplus cash distributions to adjusted funds from operations (“AFFO”). NPR defines AFFO as funds from operations (“FFO”) minus capital expenditures plus amortization of capitalized financial costs. FFO is defined as the sum of net income and non-cash expenses. As for calculations, please refer to the following formulas: $\text{FFO} = \text{net income} + \text{depreciation} + \text{property-related amortization} + \text{loss on sale of real estate, etc.} - \text{gain on sale of real estate, etc.}$ $\text{AFFO} = \text{FFO} - \text{capital expenditure} + \text{amortization of capitalized financial costs}$ ➤ Capital expenditures are assumed to be 62 million yen and 86 million yen in the period ending November 30, 2014 and the period ending May 31, 2015, respectively. ➤ NPR does not plan to pay surplus cash distributions in case such payment would cause the Distribution LTV, as defined below, to exceed 60%. $\text{Distribution LTV(\%)} = A / B \times 100$ $A = \text{interest-bearing debt (including loans held in trust and investment corporation bonds) at the end of the fiscal period} + \text{balance of tenant leasehold deposits released at the end of the fiscal period}$ $B = \text{total appraisal real estate value at the end of the fiscal period} + \text{the amount of cash deposits at the end of the fiscal period} - \text{the total amount distributions (including surplus cash distributions)}$
Others	<ul style="list-style-type: none"> ➤ It is assumed that any revision that will have an impact on the forecast information above will be made with regard to the laws and regulations, tax system, accounting standards, listing rules, and rules of the Investment Trusts Association, Japan, etc. ➤ It is assumed that no unexpected material change will arise in the general economic trends and real estate market conditions, etc.

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