August 26, 2014

For Immediate Release

Notice Concerning Partial Change of Basic Management Policies of the Asset Management Company

Prologis REIT Management K.K. ("PLDRM"), to which Nippon Prologis REIT, Inc. ("NPR") entrusts management of its assets, hereby announces that it has determined to change a part of its basic policies of asset management, as described below.

1. Reason for Change

NPR, listed on the Real Estate Investment Trust Securities Market of the Tokyo Stock Exchange, Inc. since February 14, 2013, intends to achieve steady portfolio growth, to improve the quality of its portfolio and to maximize unit holder value, and has sought to achieve these goals through two subsequent follow-on offerings after its initial public offering and the accompanying additional acquisition of properties by making the most of the full sponsor support from the Prologis Group, the leading global owner, operator and developer of logistics facilities.

Meanwhile, NPR and PLDRM have adopted a financial strategy of issuing additional units in a timely and flexible manner while taking into consideration the possible dilution of investment units. Such flexibility is essential to achieve further growth of NPR's asset size at an appropriate time and to maximize unit holder value.

As announced in the press release "Notice Concerning Acquisition of the Domestic Trust Beneficiary Interests and Lease Contract with New Tenants" dated today, NPR will acquire new specific assets consisting of five Class-A logistics facilities (the "Five New Properties") with the aim to achieve further external growth. NPR and PLDRM consider that the acquisition of the Five New Properties, in respect of which exclusive negotiation rights were granted and which have entered into a phase of stable operation as of the end of July 2014, will enable NPR to expand the size of its assets and to further improve the quality of its portfolio. NPR has determined that the Five New Properties should be acquired on September 1, 2014 in order for the acquisitions to contribute to the maximization of unit holder value.

For the purpose of financing the acquisition of the Five New Properties [note], NPR has determined that it will issue new investment units and undertake a secondary distribution of investment units (together, the "Offerings") as stated in the press release titled "Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units" dated today. Both NPR and PLDRM consider that the Offerings will contribute to the maximization of unit holder value by improving distributions per unit and appraisal NAV per unit, as well as further enhancing investment unit liquidity. NPR also determined that it was appropriate to issue new investment units at this timing according to NPR's financial strategy.

However, as the Offerings include an issuance of new investment units during the current fiscal period, this may result in a temporary dilution of distributions per unit. Therefore, in addition to surplus cash distributions on an ongoing basis (“Regular Surplus Cash Distributions”), PLDRM has determined today to change a part of its basic policies of its asset management allowing to make one-time surplus cash distributions (“One-time Surplus Cash Distributions”) to maintain the stability of NPR’s distributions per unit.

(Note) The Five New Properties will be financed from borrowings described in the press release titled “Nippon Prologis REIT Announces Debt Financing Plans” dated today (the “Bridge Loans”). NPR will use the net proceeds from the Offerings, together with the proceeds from concurrent borrowings, toward the repayment of the Bridge Loans.

2. Date of Change

August 26, 2014

3. Basic Policies Concerning Payment of One-time Surplus Cash Distributions

Please refer to Attachment.

4. Future Outlook

NPR will pay surplus cash distributions (Regular Surplus Cash Distributions and One-time Surplus Cash Distributions) for the fiscal period ending November 30, 2014 (4th period), and Regular Surplus Cash Distributions for the fiscal period ending May 31, 2015 (5th period).

Please refer to the press release “Nippon Prologis REIT Announces Amendment of Forecasts for the Fiscal Period Ending November 30, 2014 and the Fiscal Period Ending May 31, 2015” dated today.

5. Other

Regarding this revision of the basic management policy, NPR submitted an extraordinary report to the Kanto Finance Bureau as of today subject to provisions of the Financial Instruments and Exchange Act.

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

【Attachment】

A part of descriptions stated on "I. Fund Information 1. Status of Fund 2 Investment Policy (1) Investment Policy ⑨ Financial Policy (ii) Equity Strategy b. Surplus Cash Distributions" of the Securities Report submitted as of August 25, 2014 (Japanese only) is revised as follows. Terms defined in the Securities Report as of August 25, 2014 shall have the same meanings in the descriptions as below, unless it is explicitly stated otherwise.

Underlined parts were revised (lines are drawn on the right side of a chart or a table, if any part of chart or table is revised). Deleted parts are not specified.

I. Fund Information

1. Status of Fund

2 Investment Policy

(1) Investment Policy

⑨ Financial Policy

(ii) Equity Strategy

b. Surplus Cash Distributions

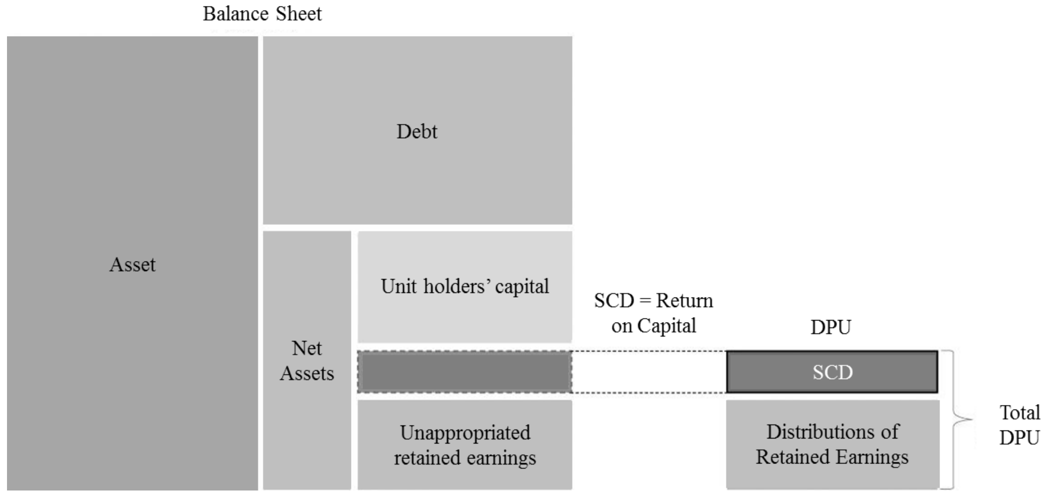
Our articles of incorporation require that we make cash distributions for each fiscal period in excess of 90% of our distributable profit in principle, up to the extent of retained earnings as of the end of such fiscal period. If the amount of the retained earnings does not exceed 90% of our distributable profit or we determine it appropriate to do so, our articles of incorporation also permit us to make surplus cash distributions up to the depreciation expense for the relevant fiscal period.

Besides, Logistics facilities typically have a greater amount of value allocated to buildings and have shorter depreciation periods relative to other types of real estate, and Class-A logistics facilities in particular tend to have high value-added functional features. As a result, we expect that the depreciation expense for our properties will generally be higher than that for other asset classes or more conventional logistics facilities, and that the level of required capital expenditures for our properties will generally be more predictable. As a result, we expect to accumulate surplus cash if we do not make surplus cash distributions. Thus, in principle, in addition to distributions of retained earnings, we intend to make surplus cash distributions on an ongoing basis (the "Regular Surplus Cash Distributions") in an amount no higher than 60% of depreciation expense(Note 1)(Note 2)(Note 3) (which, as described above, is the maximum amount permissible for a closed-end J-REIT) and within an appropriate level for maintaining 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, we 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.

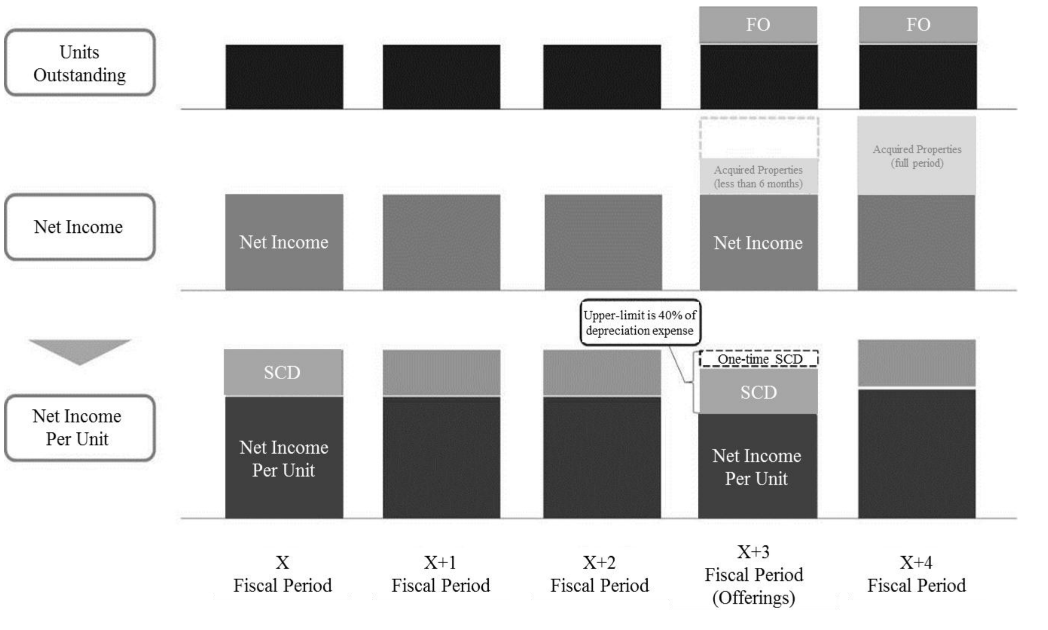
In addition, we may make surplus cash distributions on a one-time basis (the "One-time Surplus Cash Distributions") to maintain the stability of our distributions per unit in the event that distributions per unit are expected to decline to a certain degree due to dilution from an increase in investment 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 borrowings (including, in each case, the amortization, cancellation or repayment thereof). We intend to make surplus cash distributions (including the Regular Surplus Cash Distributions and the One-time Surplus Cash Distributions) in an amount no higher than 60% of depreciation expense.

For the time being, we expect to target a level of the Regular Surplus Cash Distributions at an amount equivalent to approximately 30% of the depreciation expense for the relevant fiscal period(Note 4). For the time being, we intend 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(Note 4). In addition, we do not plan to make surplus cash distributions to the extent that doing so would cause distribution LTV (Note 5) to exceed 60%:

< Surplus Cash Distributions on Balance Sheet>



< Maintain the Stability of the DPU by Using SCD >



(Note1) Surplus Cash Distributions are distributions made to all unit holders, in addition to the distribution of retained earnings, at the discretion of NPR. Surplus Cash Distributions are different from the redemption of units, which can be demanded by unit holders of an open-end J-REIT. NPR is a closed-end J-REIT, with respect to which unit holders do not possess such a right.

(Note2) The standards set by The Investment Trusts Association in Japan stipulate that a closed-end J-REIT may distribute up to 60% of its depreciation expense in excess of retained earnings as a return of capital.

(Note 3) NPR estimates that the amount of anticipated semi-annual average of emergency or short-term repair and maintenance expenses and medium to long-term repair and maintenance expenses is 230 million yen. This assessment of expenses was conducted in the engineering report for each property prepared by Earth-Appraisal Co., Ltd. For detail, please refer to emergency or short-term repair and maintenance expenses and medium to long-term repair and maintenance expenses stated in “5 Results of Operations (2) Investment Assets ② Investment Real Estate Properties (ii) Overview of the Engineering Report and the Earthquake Risk Evaluation Report.” A total depreciation expenses for 24 acquired properties from December 1, 2013 to May 31, 2014 amounted to 2,619 million yen.

(Note 4) In determining the exact amount of such surplus cash distributions, NPR also considers the total amount of distributions as a ratio of adjusted funds from operations, or AFFO. For this purpose, funds from operations, or FFO, is calculated as the sum of net income, depreciation and amortization of real estate related costs and capital losses incurred by the disposition of real estate and other assets, minus capital gains incurred by the disposition of real estate and other assets. AFFO is calculated as FFO minus capital expenditures, plus non-real-estate-related amortization.

FFO＝net income + depreciation + property-related amortization + loss on sale of real estate, – gain on sale of real estate

AFFO＝FFO – capital expenditure + amortization of capitalized + financial costs

(Note 5) Distribution LTV(%) = A/B x 100

A = interest-bearing debt (including investment corporation bonds) at the end of the fiscal period + balance of tenant leasehold deposits released at the end of the fiscal period.

B = total appraised real estate value at the end of the fiscal period + the amount of cash deposits at the end of the fiscal period – the total amount of distributions (including surplus cash distributions).