

Section II – Financial Results and Forecasts



Financial Results for the 1st Fiscal Period

NPR's Portfolio during the 1st Fiscal Period

Portfolio Size	**JPY 173 bn**
Average Age	**4.1 years**
Average NOI Yield	**5.7%**

% Developed by Prologis	**100.0%**
% Located in Global Markets(1)	**82.0%**
Occupancy Rate(2)	**97.8%**



M-01 Prologis Park Ichikawa 1
JPY 33,900 mm



M-02 Prologis Park Zama 1
JPY 27,900 mm



M-03 Prologis Park Kawajima
JPY 25,600 mm



M-04 Prologis Park Osaka 2
JPY 25,000 mm



M-05 Prologis Park Maishima 3
JPY 13,500 mm



M-06 Prologis Park Kasugai
JPY 12,500 mm



M-07 Prologis Park Kitanagoya
JPY 6,500 mm



M-08 Prologis Park Tagajo
JPY 5,370 mm



B-01 Prologis Park Maishima 4
JPY 11,500 mm



B-02 Prologis Park Takatsuki
JPY 4,410 mm



B-03 Prologis Park Tosu 2
JPY 3,030 mm



B-04 Prologis Park Tosu 4
JPY 3,810 mm

1. "Global Markets" refer to the Kanto and Kansai areas.
2. As of the end of the 1st fiscal period.

Financial Results for the 1st Fiscal Period (Ended May 31, 2013)

- Acquired 12 properties on February 15, 2013
- Maintained high occupancy
  - Average occupancy rate: 98.2%
  - Occupancy rate at the end of the 1st period: 97.8%
- Lowered expenses such as third-party advisory fees and utilities
  - Increase in income from decreases in operating expenses
- Fixed substantially all of our loan interest rates in the long-term
  - Increase in income as a result of savings on debt cost
- LTV at the end of the period of 43.5%
- Unrealized gain on properties of about JPY 3.6 bn from increasing appraisal value

	Forecast as of IPO (A)	Actual Results (B)	(B) – (A)
Operating Highlights (JPY, millions)			
Total Revenues	3,574	3,565	(9)
Operating Profit	1,848	1,961	113
Ordinary Income	1,201	1,334	132
Net Income	1,201	1,333	131
Distribution Per Unit (JPY)			
Distribution Per Unit (total)	7,989	8,713	724
Distribution Per Unit (excl. SCD)	6,574	7,295	721
Surplus Cash Distribution (SCD)	1,415	1,418	3
Other Highlights (JPY, millions)			
Occupancy Rate (Period End)	97.7%	97.8%	0.1%
NOI	3,138	3,212	73
LTV	44.1%	43.5%	(0.6%)
Total Assets	183,562	185,867	2,305
Interest-Bearing Debt	80,900	80,900	0

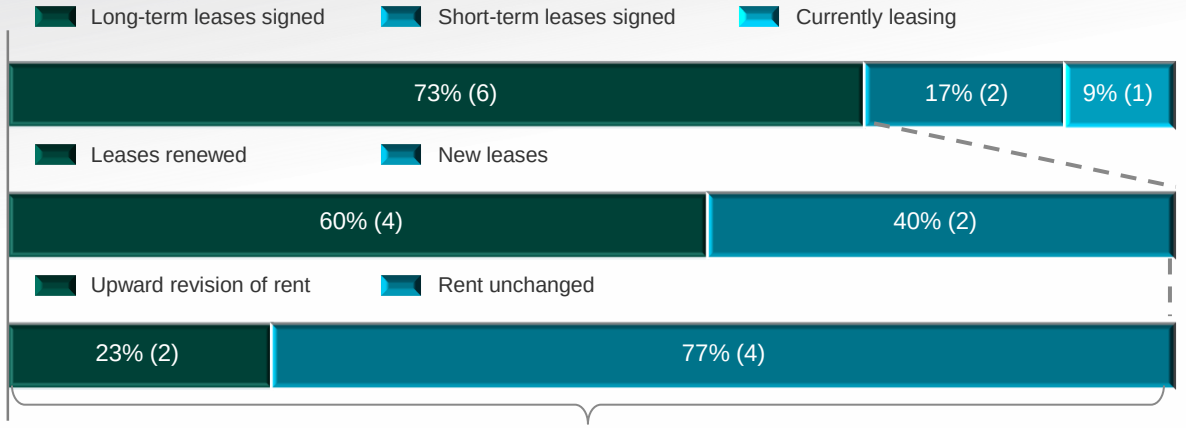
For the 1st fiscal period, distribution per unit exceeded our forecast by 9%

Occupancy and Leasing Activities During the 1st Fiscal Period



Leasing Activities

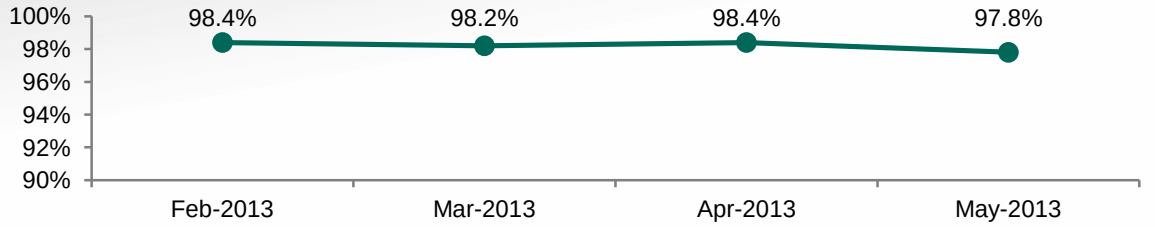
For 9 lease agreements expired, based on warehouse space (53,600m^2) – 6.2% of total leasable area



Average rental growth for the 6 leases: **1.0%**

Occupancy

Occupancy rate, %



High occupancy rate and successful leasing activities

Note: The results of our leasing activities above are based on warehouse space only, and the percentages shown are based on floor area. The numbers shown inside parentheses refer to the number of properties. Average rental growth is the growth rate of total rent.



Overview of the 1st Follow-On Offering

Eight Class-A Properties Acquired in the 1st Follow-On Offering

Total Anticipated Acquisition Price	Property Age(1)	Adjusted Forecast NOI Yield(1)	Occupancy Rate
JPY 132.4 bn	5.2 years	5.3%	93.3%



M-09 Prologis Park Tokyo-Ohta



M-11 Prologis Park Funabashi 5(2)



M-12 Prologis Park Narita 1-A&B



M-10 Prologis Park Zama 2



M-13 Prologis Park Narita 1-C



M-14 Prologis Park Amagasaki 1



M-15 Prologis Park Amagasaki 2



B-05 Prologis Park Narashino 4(3)

Acquisition of 6 properties from Prologis Japan Fund 1 through direct negotiation pursuant to the preferential information rights under the Prologis Group sponsor support agreement

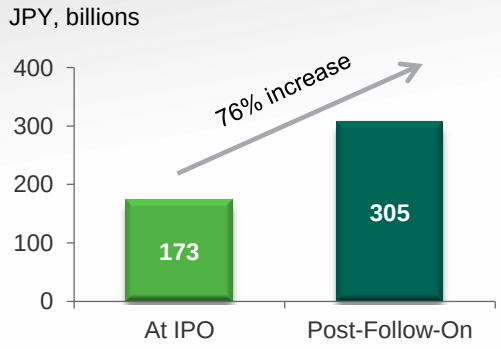
- Prologis Japan Fund 1 ("JF1") was a closed-end fund established by the Prologis Group in June 2005
- JF1's investor base included multiple international institutional investors, with the Prologis Group holding a 20% interest
- JF1 entrusted the Prologis Group with its asset management and property management operations

Acquisition of Prologis Park Narashino 4 and Prologis Park Zama 2 pursuant to the exclusive negotiation rights granted by the Prologis Group

1. As of May 31, 2013.
2. The Annex to Prologis Park Funabashi 5 does not qualify as a Class-A logistics facility.
3. Prologis Park Narashino 4 has been under development since May 2012 and is scheduled to be completed by the end of August 2013, and NPR plans to acquire the property on October 1, 2013.

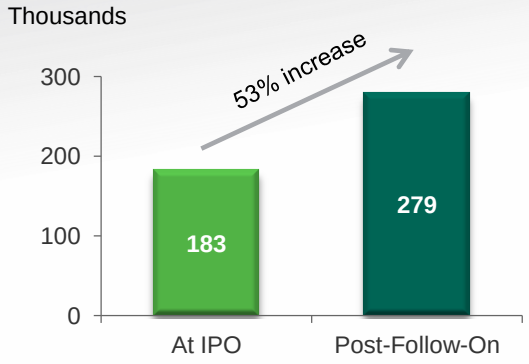
Increase in Value and Liquidity

Portfolio Size



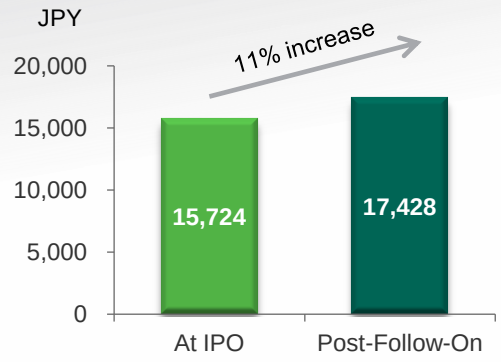
Number of Properties	12	20

Number of Units



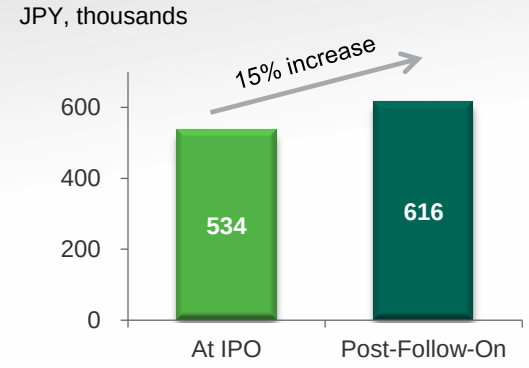
Number of Properties	12	20

Forecasted Distribution Per Unit (2013/11E)



Number of Properties	12	20

Appraisal NAV Per Unit



Number of Properties	12	20

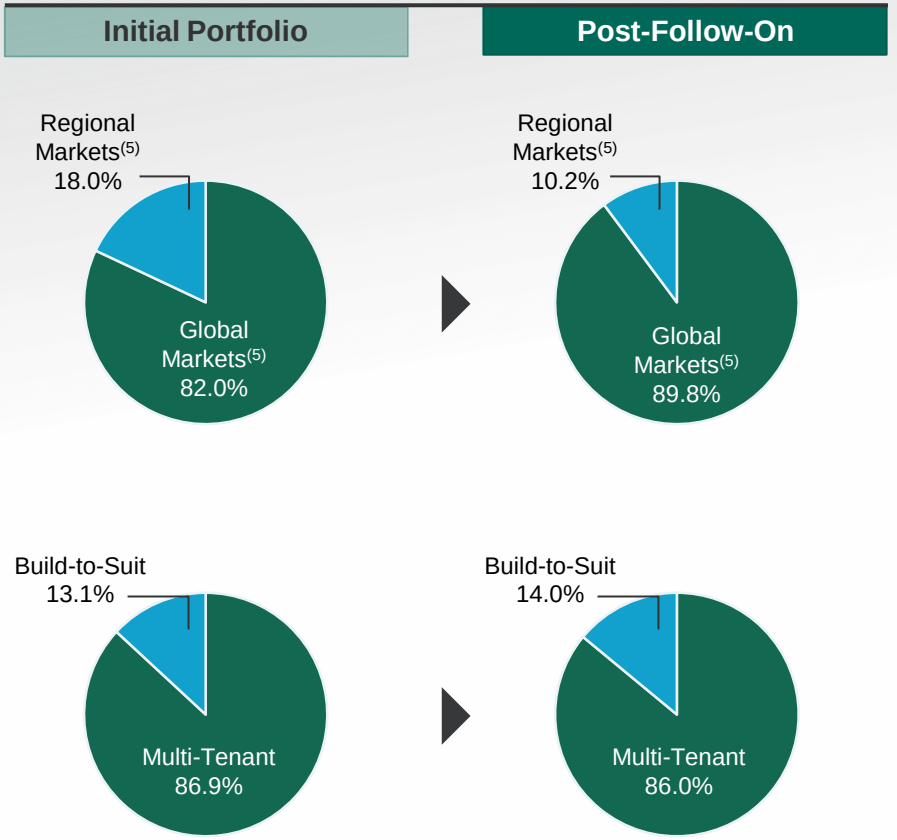
Note: NAV Per Unit at IPO = [Total issuance proceeds at incorporation (JPY 200 mm) + Total issuance proceeds at IPO (JPY 96,882 mm) + Total appraisal value of the assets acquired at IPO (JPY 173,460 mm) - Total acquisition price of the assets acquired at IPO (JPY 173,020 mm)] / Total number of units issued and outstanding at listing (182,750 units)
NAV Per Unit Post-Follow-On = [Total issuance proceeds at incorporation (JPY 200 mm) + Total issuance proceeds at IPO (JPY 96,882 mm) + Total issuance proceeds at the 1st follow-on offering (JPY 71,117 mm) + Total appraisal value of the assets acquired at IPO at the end of the 1st fiscal period (JPY 176,880 mm) + Total appraisal value of the assets acquired at the 1st follow-on offering (JPY 132,430 mm) – Total book value of the assets acquired at IPO at the end of the 1st fiscal period (JPY 173,271 mm) + Total acquisition price of the assets acquired at the 1st follow-on offering (JPY 132,430 mm)] / Total number of units issued and outstanding post-follow-on-offering (278,950 units)

Enhancement of Our Best-in-Class Portfolio

Overview[1]

	Initial Portfolio	Post-Follow-On
Class-A Logistics Facilities	100%	100%
Average Gross Floor Area	78,127m^2	78,117m^2
Average Age (Years[2])	4.1	4.6
WALE[3] (Years)	4.9	5.0
Portfolio Occupancy Rate	97.8%	96.0%
Adjusted Forecast NOI Yield[4]	5.7%	5.5%
Top 20 Tenants Leased Area	78.3%	67.9%
Top 5 Assets (% of Total Portfolio)	72.8%	46.5%
Portfolio PML	1.6%	1.4%

Portfolio Breakdown[4]



Maintain a portfolio of new and large Class-A properties with high-spec features

1. For these purposes, Prologis Park Funabashi 5 and the Annex to Prologis Park Funabashi 5 are treated as a single property. The Annex to Prologis Park Funabashi 5 does not qualify as a Class-A logistics facility.
2. Based on weighted average purchase price. As of May 31, 2013.
3. Weighted Average Lease Expiry. Based on annual rent.
4. Based on purchase price and appraisals.
5. "Global Markets" refer to the Kanto and Kansai areas. "Regional Markets" refer to the Chubu, Kyushu and Tohoku areas.

Pipeline Support from the Prologis Group

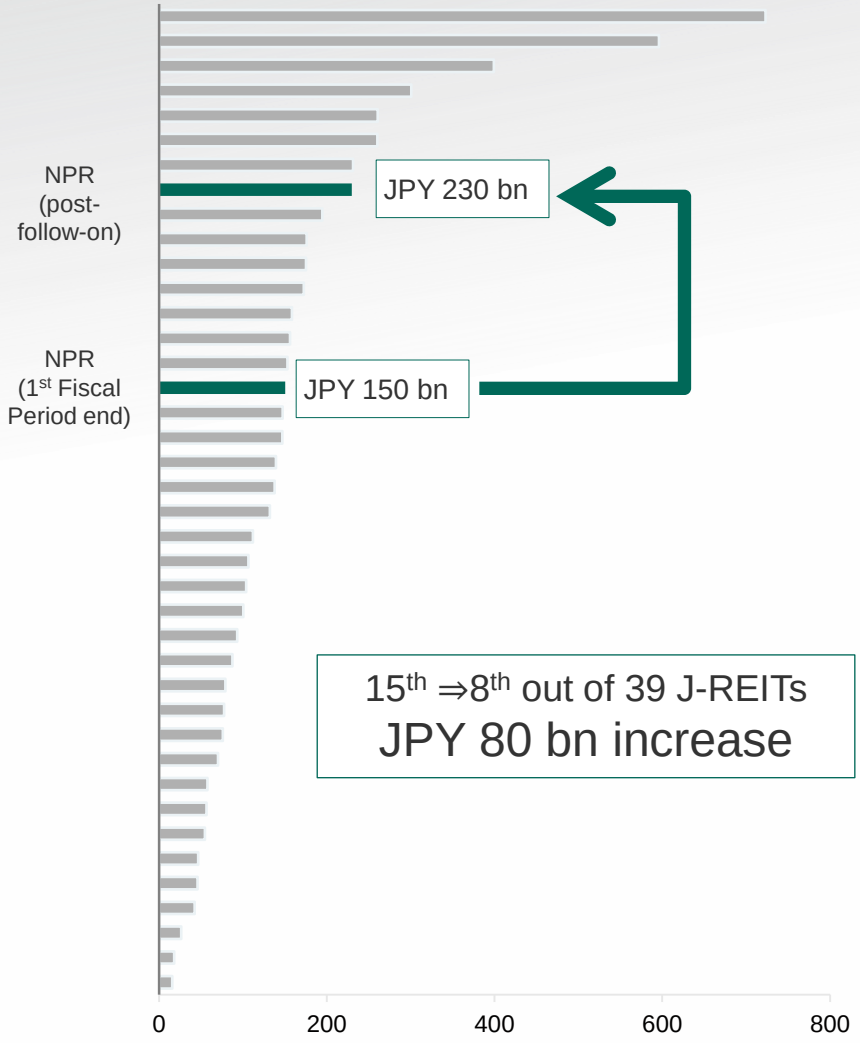
Pipeline Support		Property Name	Location	GFA (m²)	Property Age	Type	Acquisition Price (JPY mm)
Preferential Information Rights to JF1 Assets		Prologis Park Tokyo-Ohta	Kanto	75,472	7.7	Multi-Tenant	29,500
		Prologis Park Funabashi 5	Kanto	58,504	8.5	Multi-Tenant	11, 000
		Prologis Park Narita 1-A&B	Kanto	64,260	8.3	Multi-Tenant	8,420
		Prologis Park Narita 1-C	Kanto	33,514	6.1	Multi-Tenant	4,810
		Prologis Park Amagasaki 1	Kansai	91,215	7.8	Multi-Tenant	17,600
		Prologis Park Amagasaki 2	Kansai	93,825	6.2	Multi-Tenant	19,200
Exclusive Negotiation Rights		Prologis Park Zama 2	Kanto	99,550	0.8	Multi-Tenant	21,900
		Prologis Park Narashino 4	Kanto	108,485	-	BTS	20,000
Total			**-**	**624,827**	**5.2**	**-**	**132,430**

All eight properties were acquired using pipeline support from Prologis

Our Market Position

Market Capitalization

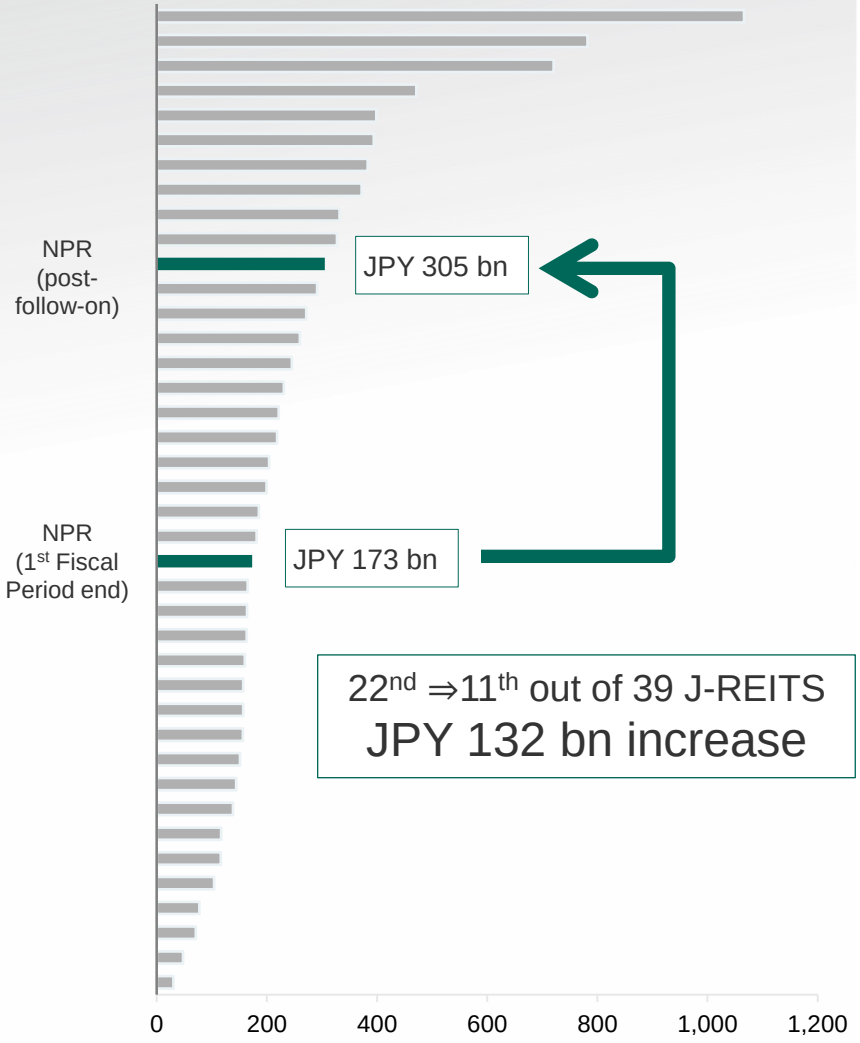
JPY, billions



15th ⇒8th out of 39 J-REITs
JPY 80 bn increase

Asset Size

JPY, billions (based on acquisition price)



22nd ⇒11th out of 39 J-REITS
JPY 132 bn increase

Note: As of May 31, 2013. Market cap calculated including units issued in our 1st follow-on offering.