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FOR IMMEDIATE RELEASE

Nippon Prologis REIT Revises Forecasts for Fiscal Periods Ending May 31, 2015, and Nov. 30, 2015

Nippon Prologis REIT, Inc. ("NPR") has today revised its forecast for fiscal periods ending May 31, 2015 (Dec. 1, 2014 to May 31, 2015), and Nov. 30, 2015 (June 1, 2015 to Nov. 30, 2015). The forecasts were included in NPR's "Summary of Financial Results" for the fourth fiscal period published Jan. 19, 2015, and described below:

1. Reasons for the revision

As a result of Japan's current low interest rate environment and to reduce debt cost, NPR is refinancing loans as described in the press release "Nippon Prologis REIT Announces Debt Financing and Prepayment of Loans," dated today, and has revised its forecasts for the six-month periods ending May 2015 and November 2015. The subject refinance will cause NPR to incur a modest prepayment premium, which may temporarily reduce its distributions per unit ("DPU") for the fiscal period ending May 2015. At the same time, the subject refinance will reduce interest expenses for the fiscal period ending November 2015 and thereafter, and therefore the DPU will be affected positively. The temporary reduction of DPU for the fiscal period ending May 2015 will be compensated by the one-time surplus cash distributions of 95yen per unit.

2. Forecasts revisions for the fiscal periods ending May 31, 2015, and Nov. 30, 2015

(1) Details of results of the forecast revisions for the fiscal period ending May 31, 2015 (fifth fiscal period Dec. 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)	14,220	6,887	5,840	5,872	3,874	3,393	481
Revised forecast (B)	14,220	6,897	5,867	5,708	3,874	3,298	576
Amount of increase/decrease (C) ((B) – (A))	0	10	27	(164)	0	(95)	95
Rate of increase/decrease (C) / (A)	0.0%	0.2%	0.5%	(2.8)%	0.0%	(2.8)%	19.8%

(2) Details of results of the forecast revisions for the fiscal period ending Nov. 30, 2015 (sixth fiscal period June 1, 2015 to Nov. 30, 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)	14,380	6,909	5,867	5,866	3,870	3,389	481
Revised forecast (B)	14,380	6,905	5,927	5,926	3,905	3,424	481
Amount of increase/decrease (C) ((B) – (A))	0	(3)	60	60	354	35	0
Rate of increase/decrease (C) / (A)	0.0%	(0.1)%	1.0%	1.0%	0.9%	1.0%	0.0%

(Reference)

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: 3,874 yen

Fiscal period ending Nov. 30, 2015: Expected number of investment units outstanding at the end of the period: 1,730,750; Expected net income per unit: 3,905 yen

Notes:

1. This forecast information is based on the assumptions described in Attachment 1 “Forecast Assumptions for the Fiscal Periods Ending May 31, 2015 and Nov. 30, 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. These forecasts are not a commitment or guarantee of the amount of cash distributions.
2. These forecasts may be revised if a substantial variation from the current forecast information is anticipated.
3. The figures are rounded down to the nearest million yen or yen and ratios are rounded to the nearest tenth.

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【Attachment 1】

Forecast Assumptions for the Fiscal Periods Ending May 31, 2015, and Nov. 30, 2015

Item	Assumption
Accounting period	● Fiscal period ending, May 31, 2015 (fifth fiscal period) (Dec. 1, 2014 to May 31, 2015) (182 days) ● Fiscal period ending Nov. 30, 2015 (sixth fiscal period) (Jun. 1, 2015 to Nov. 30, 2015) (183 days)
Portfolio of Investment Assets Held	● It is assumed there will be no material change in the operational status of 29 properties owned by NPR as of Nov. 30, 2014, up until Nov. 30, 2015. Such changes include acquisitions of new properties and dispositions of properties held. ● The actual results may change due to acquisitions of new properties or dispositions of existing properties, etc.
Operating revenues	● Operating rental revenues take into account factors such as market trends and competitiveness of NPR's properties, and are estimated to be 14,220 million yen and 14,380 million yen for the periods ending May 31, 2015, and Nov. 30, 2015, respectively. The expected average occupancy rates are estimated to be 98.4 percent and 98.6 percent for the periods ending May 31, 2015, and Nov. 30, 2015, respectively. ● For operating rental revenues, it is assumed that tenants will pay rents without delinquency or withholding.
Operating expenses	● Expenses except depreciation are calculated by taking into account variable factors such as seasonal events and are assumed to be 3,074 million yen and 3,223 million yen for the periods ending May 31, 2015 and Nov. 30, 2015, respectively. ● Depreciation expenses, including ancillary costs associated with property acquisitions, are calculated using the straight-line method and are assumed to be 2,923 million yen and 2,923 million yen for the periods ending May 31, 2015 and Nov. 30, 2015, respectively. ● Real estate taxes (fixed asset tax) are generally included in the purchase price of properties on a pro-rated basis of a calendar year and start to be expensed from the next calendar year. Accordingly, real estate taxes for properties acquired on Sept. 1, 2014, will start to be expensed from the fiscal period ending May 31, 2015. ● With respect to building repair expenses, the amount assumed to be necessary for each property is calculated based on the repair and maintenance plans of the asset manager. However, actual repair expenses may be substantially different due to unexpected factors.
Non-operating expenses	● We expect to recognize 8 million yen for each of the fiscal periods ending May 31, 2015, and Nov. 30, 2015, as amortization of organization expenses. ● As for interest expenses and other debt-related costs, 1,008 million yen and 966 million yen are expected for the periods ending May 31, 2015 and Nov. 30, 2015, respectively. Debt-related amortization, which is included in debt-related expenses, is expected to be 141 million yen and 137 million yen for the fiscal periods ending May 31, 2015, and Nov. 30, 2015, respectively.
Borrowings and bonds	● It is assumed that the borrowing plan described in the press release "Nippon Prologis REIT Announces Debt Financing and Prepayment of Loans," dated today will occur. The balance of NPR's interest-bearing liabilities outstanding as of March 31, 2015, is 162,200 million yen, including the balance of borrowings and investment corporation bonds. Among such debts, there is an outstanding balance of investment corporation bonds in the amount of 5 billion yen, and the remainder is loans from financial institutions. ● We assume there will be no borrowings and bonds due prior to the end of the fiscal period ending Nov. 30, 2015.
Extraordinary	● We expect to receive 33 million yen for the period ending May 31, 2015 as a result of the location incentive ordinance of the Tosu City where Prologis Park Tosu 2 and Prologis Park Tosu 4 are located. In addition, we assume extraordinary loss of 191 million yen for the fiscal period ending May 31, 2015 due to the subject refinance.
Investment units	● It is assumed that the number of investment units issued and outstanding will not change. Currently, 1,730,750 units are issued and outstanding.

Distributions per unit (excluding surplus cash distributions (SCD))	● Distributions per unit (excluding SCD) are calculated based on the premises of the distribution policy in the articles of incorporation of NPR that all net income shall be distributed. ● Distributions per unit (excluding SCD) may change considerably due to various factors including changes in the operating environment arising from any additional acquisitions or dispositions of properties, changes in rent revenues attributable to tenant moves, unexpected repairs, changes in interest rates and issuance of new investment units in the future
Surplus cash distributions (SCD) per unit	● 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 at 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. NPR may also decide not to make surplus cash distributions for a particular fiscal period based on a consideration of factors such as economic or real estate market conditions and our loan-to-value ratio, credit rating or financial condition. ● For now, 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. ● 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 its 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 thereof). NPR intends to limit the total amount of surplus cash distributions (including 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. ● Surplus cash distributions per unit is calculated based on the premises of the fund distribution policy in the NPR Articles of Incorporation ¥. It is assumed that the surplus cash distributions (including on an ongoing and one-time basis) in the period ending May 31, 2015 will be equal to approximately 34.1 percent of depreciation expenses for the relevant fiscal period, which is assumed to be 966 million yen. It is assumed that the surplus cash distributions (surplus cash distributions on an ongoing basis) in the period ending Nov. 30, 2015 will be equal to approximately 28.5 of depreciation expenses for the fiscal period, which is assumed to be 832 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. Please refer to the formula calculations: FFO = net income + depreciation + property-related amortization + loss on sale of real estate, etc. - gain on sale of real estate, etc. AFFO = FFO - capital expenditure + amortization of capitalized financial costs ● Capital expenditures are assumed to be 314 million yen and 485 million yen in the period ending May 31, 2015 and the period ending Nov. 30, 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%. Distribution LTV(%) = A / B x 100 A = interest-bearing debt (including loans held in trust and 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 appraisal 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)
Others	● It is assumed that any revision that will have an impact on the forecast information above will be made with respect to applicable laws and regulations, tax codes, accounting standards, listing rules, and rules of the Investment Trusts Association, Japan, etc.

	● It is assumed that any unexpected material change will not take place in the macroeconomic environment and real estate market conditions, etc.

For more information about Nippon Prologis REIT, please visit:
http://www.prologis-reit.co.jp/english/index.html

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