Dec. 5, 2016

FOR IMMEDIATE RELEASE

Nippon Prologis REIT Revises Forecast for the Fiscal Period Ending May 31, 2017, and Announces Forecast for the Fiscal Period Ending Nov. 30, 2017

Nippon Prologis REIT, Inc. ("NPR") today revised its forecast for the fiscal period ending May 31, 2017 (Dec. 1, 2016 to May 31, 2017), which was included in NPR's Summary of Financial Results for the seventh fiscal period ended May 31, 2016, and dated July 14, 2016, and announces its new forecast for the fiscal period ending Nov. 30, 2017 (June 1, 2017 to Nov. 30, 2017). The revisions and calculations are described below.
In addition, there is no change to the forecast for the fiscal period ended Nov. 30, 2016 (June 1, 2016 to Nov. 30, 2016) announced in NPR's Summary of Financial Results for the seventh fiscal period ended May 31, 2016, and dated July 14, 2016.

1. Reasons for the revision and the announcement:
   A resolution was reached at an NPR board of directors meeting today concerning the issuance of new investment units for the purpose of repaying the portion of debt financing (27.2 billion yen) ("Bridge Loans") used to acquire the three new properties (as defined in Attachment 1: Forecast Assumptions for the Fiscal Periods Ending May 31, 2017 and Nov. 30, 2017). A forecast of the results for the six-month period ending May 31, 2017, announced on July 14, 2016, requires revision due to a change in the assumptions used to compute them. Also, NPR is announcing a new forecast of the results for the fiscal period ending Nov. 30, 2017, based on the changed assumptions.

2. Forecast revisions for the fiscal period ending May 31, 2017, and forecast announcement for the fiscal period ending Nov. 30, 2017

(1) Details of the results of the forecast revisions for the fiscal period ending May 31, 2017 (ninth fiscal period from Dec. 1, 2016 to May 31, 2017):

	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)	15,623	7,593	6,634	6,633	4,117	3,601	516
Revised forecast (B)	16,563	7,984	6,886	6,885	4,150	3,612	538

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Amount of increase/decrease (C) ((B) – (A))	940	390	251	251	33	11	22
Rate of increase/decrease ((C) / (A))	6.0%	5.1%	3.8%	3.8%	0.8%	0.3%	4.3%

(2) Details of the results of the forecast for the fiscal period ending Nov. 30, 2017 (tenth fiscal period from June 1, 2017 to Nov. 30, 2017):

	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)
Forecast for the tenth fiscal period	16,692	7,939	6,912	6,911	4,165	3,625	540

(Reference)
Fiscal period ending May 31, 2017: expected number of investment units outstanding at the end of the period: 1,906,350 units; expected net income per unit: 3,611 yen
Fiscal period ending Nov. 30, 2017: expected number of investment units outstanding at the end of the period: 1,906,350 units; expected net income per unit: 3,625 yen

Notes:
1. This forecast information is calculated based on the assumptions described in Attachment 1 “Forecast Assumptions for the Fiscal Periods Ending May 31, 2017 and Nov. 30, 2017.” Therefore, actual operating revenues, operating income, ordinary income, net income, distributions per unit (excluding surplus cash distributions) and surplus cash distributions per unit may vary due to acquisitions or dispositions 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, this forecast should not be deemed a commitment or guarantee of the amount of cash distributions and surplus cash distributions.
2. This forecast 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, 2017 and Nov. 30, 2017

Item	Assumption
Accounting period	● Fiscal period ending May 31, 2017 (9th fiscal period) (from Dec. 1, 2016 to May 31, 2017) (182 days) ● Fiscal period ending Nov. 30, 2017 (10th fiscal period) (from June 1, 2017 to Nov. 30, 2017) (183 days)
Assets under management	● It is assumed NPR will acquire the real estate trust beneficiary interests in three new properties (the "three new properties") on Dec. 7, 2016, in addition to its 33 properties (the "current properties") as of today. For details about these new properties, please refer to the press release titled "Nippon Prologis REIT Announces 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 operational status of the properties held after the scheduled acquisitions on Dec. 7, 2016, up until Nov. 30, 2017. Such changes include acquisitions of new properties and dispositions of existing properties. ● The actual results may change due to acquisition of new properties in addition to the three new properties or disposition of existing properties, etc.
Operating revenues	● Operating rental 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 Prologis REIT Management K.K. (the "Asset Manager") and are estimated to be 16,563 million yen and 16,692 million yen for the fiscal periods ending May 31, 2017 and Nov. 30, 2017, respectively. The expected overall occupancy rates of the three new properties and the current properties are estimated to be 97.8% and 97.8% for the periods ending May 31, 2017 and Nov. 30, 2017, respectively. ● For operating rental revenues, it is assumed tenants will pay rents without delinquency or withholding.
Operating expenses	● 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 three new properties and information on the current properties held by the Asset Manager, and are assumed to be 3,446 million yen and 3,614 million yen for the fiscal periods ending May 31, 2017 and Nov. 30, 2017, respectively. ● Depreciation expenses are calculated using the straight-line method in relation to the acquisition price including ancillary costs and are assumed to be 3,601 million yen and 3,614 million yen for the fiscal periods ending May 31, 2017 and Nov. 30, 2017, respectively. ● Property tax and city planning 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, property tax and city planning tax for the three new properties will be expensed starting from the fiscal period ending May 31, 2017. The total amount of property tax and city planning tax included in the purchase price of the four properties acquired in Mar. 2016 (Prologis Park Kitamoto, Prologis Park Joso, Prologis Park Osaka 5 and Prologis Park Sendai Izumi, collectively, the "Properties Acquired in Mar. 2016") is assumed to be 21 million yen (equivalent to expenses for 31 days). The total amount of property tax and city planning tax included in the purchase price of the three new properties is assumed to be 19 million yen (equivalent to expenses for 25 days). ● 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. However, actual repair expenses may differ substantially from the anticipated amount due to unexpected factors.
Non-operating expenses	● It is assumed NPR will recognize 86 million yen as total expenses incurred in relation to the offerings of the new investment units in the fiscal period ending May 31, 2017 (the "Offerings"). ● It is assumed NPR will recognize 8 million yen and 6 million yen for the fiscal periods ending May 31, 2017 and Nov. 30, 2017, respectively, as amortization of organization expenses. ● As for interest expenses and other debt-related costs, 997 million yen and 1,002 million yen are expected to be incurred for the fiscal periods ending May 31, 2017 and Nov. 30, 2017, respectively. The non-cash expenditure, which is included in debt-related expenses, is expected to be 144 million yen and 147 million yen for the periods ending May 31, 2017 and Nov. 30, 2017, respectively.
Borrowings	● The balance of NPR's interest-bearing debt on an accounting basis as of today is assumed to be 176,800

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and bonds	million yen, including the balance of borrowings and investment corporation bonds. ● NPR assumes that all of the short-term borrowings of 7,000 million yen and long-term borrowings of 2,000 million yen, which are to come due on Mar. 3, 2017 and June 13, 2017, respectively, will be refinanced. ● It is assumed that NPR will obtain the Bridge Loans. (For details of the Bridge Loans, please refer to the press release titled "Nippon Prologis REIT Announces Debt Financing" dated today.) Net proceeds from the Offerings as resolved at NPR's board of directors meeting held today will be used together with concurrent borrowings and cash on hand to repay the Bridge Loans used to acquire the three new properties. Moreover, net proceeds from the issuance of new investment units through the third-party allotment will be kept as cash on hand, which will be deposited with financial institutions until the time of expenditure, and will be partially 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 titled "Nippon Prologis REIT Announces Issuance of New Investment Units and Secondary Offering of Investment Units" dated today. Thus, the balance of NPR's interest-bearing debt is assumed to be 190,300 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. ● NPR assumes there will be no investment corporate bonds due prior to the end of the fiscal period ending Nov. 30, 2017. ● LTV as of May 31, 2016 was 38.5% and LTV is estimated to be 39.1% after acquisitions of the three new properties. For LTV calculation, please refer to the following formula: LTV(%) = interest-bearing debt / total assets×100(%) (as of May 31, 2016) LTV(%) = interest-bearing debt after acquisition of the three new properties / total assets after acquisition of the three new properties×100(%) (After acquisition of the three new properties) (Note 1) Interest-bearing debt after acquisition of the three new properties = interest-bearing debt as of May 31, 2016 (176,800 million yen) + anticipated loans (13,500 million yen) (Note 2) Total assets after acquisition of the three new properties = total assets as of May 31, 2016 (459,519 million yen) + net proceeds through the Offerings (13,071 million yen) (Note 3) + net proceeds through the third-party allotment (654 million yen) (Note 3) + anticipated loans (13,500 million yen) (Note 2) (Note 1) NPR will acquire the three new properties using the Bridge Loans and cash on hand and repay the Bridge Loans with net proceeds from the Offerings and new concurrent borrowings and cash on hand. Therefore, LTV after acquisition of the three new properties is calculated based on the figures after repayment of the Bridge Loans. (Note 2) Represents the amount of anticipated interest-bearing debt as of today. The amount of anticipated interest-bearing debt is 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 Wednesday, Nov. 16, 2016. The actual borrowing amounts may vary depending on the total net proceeds from the Offerings. For details of the anticipated loans, NPR will announce them as soon as they are determined. (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 Wednesday, Nov. 16, 2016. 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 three 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

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	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 three new properties.
Investment units	● It is assumed that no additional units will be issued by the end of Nov. 30, 2017, other than the current outstanding and issued 1,841,950 units as of today and the 61,330 units to be issued through the Offerings as well as the maximum 3,070 units to be issued through the third-party allotment as resolved at NPR's board of directors meeting held on Dec. 5, 2016. For details, please refer to the press release titled "Nippon Prologis REIT Announces Issuance of New Investment Units and Secondary Offering of Investment Units" dated today.
Distributions per unit (excluding surplus cash distributions)	● Distributions per unit (excluding surplus cash distributions) are calculated based on the premise of the distribution policy in the Articles of Incorporation of NPR that all net income shall be distributed. ● Distributions per unit (excluding surplus cash distributions) may change due to various factors including any additional acquisitions or dispositions 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.
Surplus cash distributions per unit	● Surplus cash distributions per unit are 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 surplus cash distributions on an ongoing basis) in the fiscal period ending May 31, 2017, will be equal to approximately 28.5% of depreciation expenses for the relevant fiscal period, which is assumed to be 1,025 million yen. It is assumed that the surplus cash distributions (surplus cash distributions on an ongoing basis) in the fiscal period ending Nov. 30, 2017, will be equal to approximately 28.5% of depreciation expenses for the fiscal period, which is assumed to be 1,029 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. ● 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 NPR's LTV ratio, credit rating or financial condition. ● 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. ● 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 non-cash expenditure included in debt-related expenses. FFO is defined as the sum of net income and non-cash expenses. For calculations, please refer to the following formulas: 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 + non-cash expenditure included in debt-related expenses ● Capital expenditures are assumed to be 626 million yen and 641 million yen for the fiscal periods ending May 31, 2017 and Nov. 30, 2017, 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 investment corporation bonds) at the end

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	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 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 regard to the laws and regulations, tax system, accounting standards, listing rules of the Tokyo Stock Exchange 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.

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

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【Attachment 2】
(Reference) Constructed Financial Performance Model: Adjusted Net Income

	Adjusted Net Income Based on Initial Forecast as Announced on July 14, 2016	Adjusted Net Income Based on Revised Forecast as Announced on Dec. 5, 2016
Operating revenues	15,623 million yen	16,595 million yen
Operating income	7,575 million yen	7,968 million yen
Ordinary income	6,616 million yen	6,961 million yen
Net income	6,615 million yen	6,960 million yen
Number of investment units outstanding	1,841,950 units	1,906,350 units
Distributions per unit (including surplus cash distributions)	4,107 yen	4,189 yen
Distributions per unit (excluding surplus cash distributions)	3,591 yen	3,651 yen
Surplus cash distributions per unit	516 yen	538 yen

<Assumptions for calculating Adjusted Net Income Based on Initial Forecast as Announced on July 14, 2016>
The following adjustments are made based on the forecast for the fiscal period ending May 31, 2017, as of July 14, 2016, without taking into account the offerings, the three new properties and other items.

- The total amount of property tax and city planning tax for the Properties Acquired in Mar. 2016 is assumed to be 21 million yen for the fiscal period ending May 31, 2017.
- Considering the fluctuation of NOI and Net Income due to the adjustment as mentioned above, 2 million yen of asset management fees which are based on NOI and net income are deducted from operating expenses.

<Assumptions for calculating Adjusted Net Income Based on Initial Forecast as Announced on Dec. 5, 2016>
The following adjustments are made based on the forecast for the fiscal period ending May 31, 2017, as of Dec. 5, 2016, taking into account the offerings, the three new properties and other items:

- Operating rental revenues and expenses are calculated based on the assumption that all the three new properties are operated for the full year and that the period of operation lasts 182 days.
- The total amount of property tax and city planning tax for the Properties Acquired in Mar. 2016 and the three new properties is assumed to be 21 million yen and 19 million yen for the fiscal period ending May 31, 2017, respectively.
- Expenses related to the issuance of new investment units and debt-related costs of 93 million yen are excluded from non-operating expenses.
- Interest expenses and other debt-related costs, which may fluctuate according to an adjustment of the period of operation of the three new properties, of 1 million yen are added to non-operating expenses.
- Considering the fluctuation of NOI and Net Income due to the adjustment as mentioned above, 3 million yen of asset management fees which are based on NOI and net income are added to operating expenses.

Please note that Adjusted Net Income is not intended to estimate the Net Income of certain specific fiscal

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periods. Accordingly, it cannot be regarded as a forecast for certain specific fiscal periods. Adjusted Net Income is not a financial measure determined in accordance with Japanese (or any other) GAAP and is therefore considered a non-GAAP financial measure. Furthermore, Adjusted Net Income information is not a guarantee that NPR will make distributions in the future at a certain level or that NPR will make distributions at all. The actual net income for the fiscal period ending May 31, 2017 and other specific fiscal period may differ significantly from Adjusted Net Income Based on Revised Forecast as Announced on Dec. 5, 2016.

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