April 14, 2017

FOR IMMEDIATE RELEASE

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

Nippon Prologis REIT, Inc. ("NPR") today revised its forecast for the fiscal periods ending May 31, 2017 (Dec. 1, 2016, to May 31, 2017), and Nov. 30, 2017 (June 1, 2017, to Nov. 30, 2017), which was included in NPR's Summary of Financial Results for the eighth fiscal period ended Nov. 30, 2017, and dated Jan. 17, 2017.

The revisions and calculations are described below.

1. Explanation of the Revision:

As described in the press releases "Nippon Prologis REIT Announces Disposition of Domestic Real Estate Trust Beneficiary Interests" and "Nippon Prologis REIT Refinances 110.5 Billion Yen Debt and Terminates Interest Rate Swap Agreements," dated today, NPR will dispose of Prologis Park Maishima 4 and Prologis Park Tagajo on April 17, 2017, and June 26, 2017, respectively (the "Disposition"), and will prepay bank borrowings through refinancing. The revised forecasts are shown in the table below; the original forecasts of operating revenues, operating income, ordinary income and net income for the these two fiscal periods announced on Jan. 17, 2017, are expected to change as a result of the anticipated 4,837 million yen capital gains from the disposition and the 2,692 million yen in interest rate swap breakage costs for the fiscal period ending May 31, 2017, and anticipated 2,090 million yen capital gains from the disposition for the fiscal period ending Nov. 30, 2017.

2. Forecast Revisions for the Fiscal Periods Ending May 31, 2017, and Nov. 30, 2017

(1) Summary 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)	16,563	7,981	6,886	6,885	4,150	3,612	538
Revised forecast (B)	21,230	12,871	11,177	8,484	4,451	4,451	0
Amount of increase/decrease (C) ((B) – (A))	4,666	4,889	4,291	1,599	301	839	(538)
Rate of increase/decrease ((C) / (A))	28.2%	61.3%	62.3%	23.2%	7.3%	23.2%	(100%)

(2) Summary of the results of the forecast revisions 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)
Previously announced forecast (A)	16,692	7,927	6,907	6,906	4,165	3,623	542
Revised forecast (B)	18,200	9,749	8,797	8,796	4,614	4,614	0
Amount of increase/decrease (C) ((B) – (A))	1,508	1,821	1,890	1,890	449	991	(542)
Rate of increase/decrease ((C) / (A))	9.0%	23.0%	27.4%	27.4%	10.8%	27.4%	(100%)

(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: 4,450 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: 4,614 yen

Notes:

1. This forecast 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, or the issuance of additional investment units. This forecast should not be deemed a commitment or a 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. Figures are rounded down to the nearest million yen or yen and ratios are rounded to the nearest tenth.

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.

【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 that NPR will continue to hold the current real estate properties and real estate trust beneficiary interests (36 properties in total) through the date of disposition, and that there will be no change in the operational status in the 34 properties which NPR will continue to own after the disposition through Nov. 30, 2017. Such potential changes may include acquisitions of new properties and/or dispositions of existing properties. ● Actual results may change in the case of acquisition of new properties and/or the disposition of existing properties.
Operating revenues	● Operating rental revenues consider factors such as market trends and the competitiveness of each property based on information held by Prologis REIT Management K.K. (the "Asset Manager") and are estimated to be 16,392 million yen and 16,109 million yen for the fiscal periods ending May 31, 2017, and Nov. 30, 2017, respectively. The expected overall portfolio occupancy rates are estimated to be 97.4% and 97.6% for the fiscal periods ending May 31, 2017, and Nov. 30, 2017, respectively. ● It is expected that 4,837 million yen and 2,090 million yen capital gains from the disposition will be recorded in the fiscal 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 considering variable factors such as seasonal events, based on information held by the Asset Manager, and are assumed to be 3,459 million yen and 3,491 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 3,588 million yen and 3,484 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 the calendar year of acquisition and start to be expensed from the next calendar year. Accordingly, the amount of property tax and city planning tax included in the purchase price of the four properties acquired in March 2016 (Prologis Park Kitamoto, Prologis Park Joso, Prologis Park Osaka 5 and Prologis Park Sendai Izumi) is assumed to be 21 million yen (equivalent to expenses for 31 days), and the amount of property tax and city planning tax included in the purchase price of the three new properties acquired in December 2016 (Prologis Park Narita 3, Prologis Park Koga 1 and Prologis Park Kobe 2) is assumed to be 19 million yen (equivalent to expenses for 25 days). ● With respect to building repair and maintenance expenses, the amount assumed necessary for each property is based on the repair and maintenance plans of the Asset Manager. However, actual repair and maintenance expenses may substantially differ due to unexpected factors.
Non-operating expenses	● It is assumed that NPR will recognize 86 million yen in the fiscal period ending May 31, 2017, as expenses incurred in relation to the offering of the new investment units as determined by the NPR's board of directors' meeting on Dec. 5, 2016. ● It is assumed that 7 million yen will be incurred in the fiscal period ending May 31, 2017, as debt-related expenses in association with the acquisitions of new properties in December 2016. ● 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, 924 million yen and 648 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 147 million yen and 160 million yen for the periods ending May 31, 2017, and Nov. 30, 2017, respectively. ● It is assumed that write-off of unamortized bank fees and other ancillary expenses of 661 million yen will be incurred in the fiscal period ending May 31, 2017, and other expenses of 280 million yen will be incurred in the fiscal period ending Nov. 30, 2017.

Item	Assumption
Extra ordinary losses	● It is assumed that interest rate swap breakage costs of 2,692 million yen will be incurred in the fiscal period ending May 31, 2017.
Borrowings and bonds	● The balance of NPR's interest-bearing debt on an accounting basis as of today is 190,200 million yen, including the balance of borrowings and investment corporation bonds. ● It is assumed that the long-term borrowings of 110,500 million yen will be prepaid and refinanced with new borrowings with the same principal amount on April 28, 2017. ● NPR assumes that the long-term borrowings of 2,000 million yen, which are to come due on June 13, 2017, will be refinanced. ● NPR assumes there will be no investment corporate bonds due prior to the end of the fiscal period ending Nov. 30, 2017.
Investment units	● It is assumed that the number of investment units currently issued and outstanding will not change. Currently, there are 1,906,350 units issued and outstanding.
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 NPR Articles of Incorporation 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. 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 fiscal period based on a consideration of factors such as economic or real estate market conditions and NPR's LTV ratio, credit rating, financial condition or the amount of anticipated profitability, which includes capital gains arising from property dispositions. ● 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. 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 non-cash expenditure included in debt-related expenses. FFO is defined as the sum of net income and non-cash expenses. 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 647 million yen and 651 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 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)

Item	Assumption
	● Taking the above factors into consideration, especially considering anticipated levels of increased net income from the planned disposition of properties, we currently assume that NPR will not make surplus cash distributions in the fiscal periods ending May 31, 2017, and Nov. 30, 2017.
Others	● It is assumed that any revision that will have an impact on the forecast information above will not 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 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

Real Estate Investment Trust Securities Issuer: Nippon Prologis REIT, Inc. (Code 3283)
Tokyo Building 21F, 2-7-3, Marunouchi, Chiyoda-ku, Tokyo
Executive Director: Masahiro Sakashita

Asset Management Company: Prologis REIT Management K.K.
Representative: CEO Masahiro Sakashita
Inquiries: CFO Atsushi Toda Tel: +81-3-6867-8585

【Attachment 2】

(Reference) Constructed Financial Performance Model: Adjusted Net Income

	Adjusted Net Income Based on Initial Forecast as Announced on Jan. 17, 2017	Adjusted Net Income Based on Revised Forecast as Announced on April 14, 2017
Operating revenues	16,692 million yen	16,080 million yen
Operating income	7,927 million yen	7,631 million yen
Ordinary income	6,907 million yen	6,956 million yen
Net income	6,906 million yen	6,955 million yen
Number of investment units outstanding	1,906,350 units	1,906,350 units
Distributions per unit (including surplus cash distributions)	4,165 yen	4,168 yen
Distributions per unit (excluding surplus cash distributions)	3,623 yen	3,649 yen
Surplus cash distributions per unit	542 yen	519 yen

<Assumptions for calculating Adjusted Net Income Based on Initial Forecast as Announced on Jan. 17, 2017>
There is no change in the forecast for adjusted net income from the forecast for the fiscal period ending Nov. 30, 2017, announced as of Jan. 17, 2017.

<Assumptions for Calculating Adjust Net Income Based on the Revised Forecast as Announced on Apr. 14, 2017>
The following adjustments are made based on the forecast for the fiscal period ending Nov. 30, 2017, taking into account the disposition of the two properties and prepayment of bank borrowings through refinancing, announced as of today:

- Operating rental revenues and expenses of the properties to be disposed of are calculated based on the assumption that neither revenue nor expense is generated from the beginning of the fiscal period.
- Capital gains from the disposition of real estate properties in association with the disposition are excluded from operating revenues.
- One-time non-operating expenses are excluded.
- Considering the fluctuation of NOI and net income due to the adjustments mentioned above, 32 million yen of asset management fees based on NOI and net income is added to operating expenses.
- Considering the excluding of capital gains from the disposition, surplus cash distributions are included.

Please note that Adjusted Net Income is not intended to estimate the Net Income of certain specific fiscal 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 Nov 30, 2017, and other specific fiscal period may differ significantly from Adjusted Net Income Based on Revised Forecast as Announced on April 14, 2017.