

## SUMMARY OF FINANCIAL RESULTS (REIT) For the 1st Fiscal Period Ended May 31, 2013

July 12, 2013

Name of Issuer: Nippon Prologis REIT, Inc. (“NPR”)  
Stock Exchange Listing: Tokyo Stock Exchange  
Securities Code: 3283  
Website: <http://www.prologis-reit.co.jp>  
Representative: Masahiro Sakashita, Executive Director

Name of Asset Manager: Prologis REIT Management K.K.  
Representative: Masahiro Sakashita, President and CEO  
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Scheduled Date of Filing of Securities Report: August 29, 2013  
Scheduled Date for Commencement of Dividends Payments: August 14, 2013  
Supplementary Materials for Financial Results: ☐ Yes • No  
Investors & Analysts Meeting: ☐ Yes • No (in both Japanese and English for institutional investors and analysts)

### 1. Financial Results for the Fiscal Period ended May 31, 2013 (1<sup>st</sup> period) (from November 7, 2012 to May 31, 2013)

(Values are rounded down to the nearest million yen)

#### (1) Operating Results

(Percentages indicates percentage change from the previous period)

	Operating revenues		Operating profit		Ordinary income		Net income	
Period ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
May 31, 2013	3,565	-	1,961	-	1,334	-	1,333	-

	Net income per unit		Return on unit holders' equity		Ratio of ordinary income to total assets		Ratio of ordinary income to operating revenues	
Period ended	Yen		%		%		%	
May 31, 2013	14,017 (7,295)		1.4		0.9		37.4	

- (Note 1) The calculation period for the fiscal period ended May 31, 2013 is 206 days from November 7, 2012. However, the actual period for asset management is 106 days from February 15, 2013.
- (Note 2) For the period ended May 31, 2013, the net income per unit is calculated based on an assumption that the fiscal period started on February 15, 2013, the actual start date of asset management. The technical net income per unit based on day-weighted average number of investment units (182,750 units) is also indicated in brackets.
- (Note 3) For the calculation of return on unit holders' equity and ratio of ordinary income to total assets, total net assets and total assets were used respectively, which were calculated as the weighted average of balances at the beginning of the actual term of asset management of February 15, 2013 and the end of the reporting fiscal period.
- (Note 4) The percentages associated with operating revenues, operating profit, ordinary income and net income are indicating changes from the previous period. However, since the fiscal period ended May 2013 is NPR's first fiscal period, there are not applicable numbers.

#### (2) Distributions

	Distributions per unit (including SCD)	Distributions per unit (excluding SCD)	SCD per unit	Total of distributions (including SCD)	Total of distributions (excluding SCD)	Total of SCD	Payout ratio	Ratio of distributions to net assets
Period ended	Yen	Yen	Yen	Million yen	Million yen	Million yen	%	%
May 31, 2013	8,713	7,295	1,418	1,592	1,333	259	100	1.4

\* “SCD” stands for “Surplus Cash Distributions”.

(Note 1) The ratio of net asset value attributable to a reduction in unit holders' paid-in capital is "0.002" with respect to the payment of SCD, which is deemed return of capital. This calculation methodology is pursuant to Article 23, Paragraph 1, Item 3 of the Act on Special Measures Concerning Taxation.

(Note 2) As there was issuance of new investment units during the reporting fiscal period, the following formula is used for the calculation of payout ratio;

$$\text{Payout ratio} = \text{Total of distributions (excluding SCD)} / \text{Net income} * 100$$

### (3) Financial Position

	Total assets	Net assets	Ratio of unit holders' equity to total assets	Net asset value per unit
Period ended	Million yen	Million yen	%	Yen
May 31, 2013	185,867	98,415	52.9	538,526

(Reference) Balance of unit holders' equity for period ended May 31, 2013 was 98,415 million yen

### (4) Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the fiscal period
Period ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
May 31, 2013	(2,499)	(169,244)	177,799	6,054

2. Earnings Forecasts for the Fiscal Period ending November 2013 (2nd period) (from June 1, 2013 to November 30, 2013) and May 2014 (3rd period) (from December 1, 2013 to May 31, 2014)

(Percentages indicate changes from the previous period)

	Operating revenues	Operating profit	Ordinary income	Net income	Distributions per unit (including SCD)	Distributions per unit (excluding SCD)	SCD
Period ending	Million yen %	Million yen %	Million yen %	Million yen %	Yen	Yen	Yen
November 30, 2013	10,035 (181.2)	5,476 (179.2)	4,449 (233.5)	4,448 (233.7)	18,191	15,948	2,243
May 31, 2014	10,724 (-6.9)	5,250 (-4.1)	4,321 (-2.9)	4,320 (-2.9)	17,826	15,489	2,337

(Reference) Forecasted net income per unit for the fiscal period ending November 30, 2013 15,948 yen  
for the fiscal period ending May 31, 2014 15,489 yen

### 3. Others

#### (1) Changes in Accounting Policies, Accounting Estimates or Restatements

- (a) Changes in Accounting Policies due to Revisions to Accounting Standards and Other Regulations None
- (b) Changes in Accounting Policies due to Other Reasons None
- (c) Changes in Accounting Estimates None
- (d) Restatements None

#### (2) Number of Investment Units Issued and Outstanding

Number of investment units issued and outstanding at the end of the fiscal period including treasury units:

As of May 31, 2013 182,750 units

Number of treasury units at end of period:

As of May 31, 2013 - units

(Note) Please refer to notes to "Notes Related to Per Unit Information" on page 32 for the number of investment units used as the basis for calculating the net income per unit.

#### \* The Implementation Status of Statutory Audit

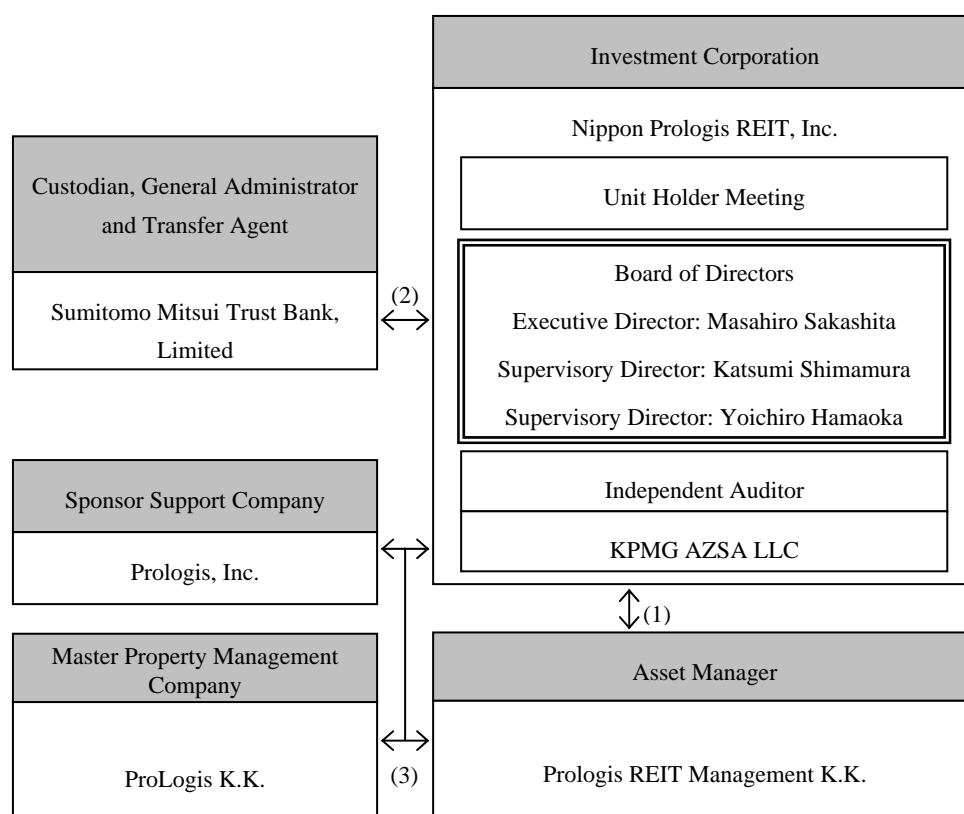
At the time of this financial report, the audit procedures for the financial statements pursuant to the Financial Instruments and Exchange Act are yet to be completed.

**\* Explanation on the Appropriate Use of the Forecast of Results and Other Matters of Special Consideration**

The forward-looking statements in this material are based on the information currently available to us and certain assumptions which we believe are reasonable. Actual operating performances may differ substantially due to various factors. Furthermore, those statements shall not be deemed guarantee or any commitment of the amount of future distributions and surplus cash distributions. Please refer to “Assumptions for fiscal period ending November 2013 (2nd period) (from June 1, 2013 to November 30, 2013) and May 2014 (3rd period) (from December 1, 2013 to May 31, 2014)” on page 13 for assumptions regarding the forward-looking statements.

## 1. Organizational Structure of Investment Corporation

The descriptions and explanations of names, operational roles and business profiles of NPR and its related parties / affiliates, including other NPR’s related entities, are not indicated herein since they were fully explained in the most recent Security Registration Statement (“SRS”) of NPR (filed on May 16, 2013, including subsequent amendments) and there have not been material changes from SRS. As the administration related to the offering and issuance of new investment units has been completed, underwriting agreements with underwriters were closed and completed, and therefore, the related parties as of today are as follows:



- (1) Asset Management Agreement
- (2) Asset Custody Agreement, General Administration Agreement and Transfer Agency Agreement
- (3) Sponsor Support Agreement

## 2. Management Policies and Results of Operations

### (1) Management Policies

There have been no significant changes to the “Investment Policies”, “Investment Targets” and “Distribution Policies” from the most recent SRS (filed on May 16, 2013, including subsequent amendments), and therefore, their descriptions are not indicated herein.

## (2) Results of Operations

### (I) Overview of the 1st Fiscal Period ended May 31, 2013

#### (i) Major Operational Results of NPR

NPR was established on November 7, 2012 based on the “Act on Investment Trust and Investment Corporation” (“Investment Trust Law”) and was listed on the REIT Securities Market (“J-REIT Market”) of the Tokyo Stock Exchange (“TSE”) on February 14, 2012 (securities code: 3283).

NPR is a real estate investment trust (“REIT”) specialized in investing into logistics real estate with the sponsorship of the Prologis Group<sup>(\*)</sup>, the leading global owner, operator and developer of logistics facilities. NPR primarily focuses on investing in logistics facilities, especially in high quality Class-A logistics facilities (logistics properties that meet the demands of tenant logistics companies and their customer facility users with respect to operational efficiency and fulfill certain criteria with respect to size, location, state-of-the-art equipment, convenience and safety), and attempts to maximize its unit holder value through achieving stability in rental revenues, steady growth in the size of its portfolio and optimization of the value of its portfolio.

During the 1st fiscal period ended May 31, 2013, NPR acquired 12 properties on February 15, 2013, following its listing, and commenced substantive operation. As of the end of the fiscal period, NPR owned 12 properties (aggregate acquisition price: 173,020 million yen).

(\*) The Prologis Group is defined as a group of Prologis, Inc., the world headquarters, and its group affiliates, which include ProLogis K.K., a Japanese subsidiary, and various special purpose vehicles of joint ventures where the ownership of the Prologis Group may be less than majority. The global parent company Prologis, Inc. is a real estate investment trust headquartered in the United States of America and listed on the New York Stock Exchange.

#### (ii) Operational Results of 1st Fiscal Period ended May 31, 2013

During the fiscal period, Japan’s overall economy and its stock market as well as J-REIT market were observed recovering as a result of macroeconomic factors such as monetary easing policy by the government since December, 2012.

As for the real estate trading market, investors’ sentiment appeared to have shown a strong recovery, and the market itself is currently being further activated, which is represented by a number of asset acquisitions by J-REITs.

In the logistics real estate market, we believe that there have been increasing demands for Class-A logistics facilities as NPR’s customers, logistic space users, have been shifting their leasing activities from older and smaller logistics facilities to larger and more advanced facilities. In our view, this shift is a result of ongoing fundamental reconfiguration of Japan’s supply chains which are being triggered by (i) transformation of industries from manufacturing to services, migration of manufacturing to overseas, continuous expansion in global trades, and overall economic, industrial and social structural changes occurring inside / outside of Japan, (ii) expansion of e-commerce business as well as third-party logistics (“3PL”) business.

Under such environment, NPR has started its operations by acquiring ownership fee interests and real estate trust beneficiary interests of 12 properties (aggregate acquisition price: 173,020 million yen) on February 15, 2013, with the net proceeds from the initial public offering and concurrent borrowings, based on the basic investment guidelines and asset management plans determined by NPR’s articles of incorporation.

As a result, as of the end of the reporting fiscal period, NPR owned 12 properties (aggregate acquisition price: 173,020 million yen) which were all developed by the Prologis Group. The portfolio’s total leasable area was 890,373.59 m<sup>2</sup> and the occupancy rate remained at high levels of 97.8% as of the end of the reporting fiscal period.

#### (iii) Overview of Financing

NPR conducted the issuance of the of new investment units through its initial public offering (182,350 units), which proceeds was

remitted to NPR in on February 13, 2013 (the payment date). NPR was listed on the J-REIT Market of TSE on February 14, 2013 (securities code: 3283). As a result of this offering and subsequent events, the balance of NPR's total paid-in capital was 97,082 million yen and total number of units issued and outstanding was 172,750 as of the end of the reporting fiscal period.

In addition, NPR obtained JCR AA- (stable) credit rating during this fiscal period.

Also, for the purpose of acquiring the 12 assets (ownership fee interests and trust beneficiary interests) and covering ancillary costs and expenses, NPR borrowed 80,900 million yen in the form of bank loans on February 15, 2013. The ending balance of NPR's interest bearing debt was 80,900 million yen as of the end of the reporting fiscal period. At the same time, NPR entered into interest rate swap contracts to fix the interest rate of the loans in the long-term in an attempt to stabilize and further strengthen NPR's financial status.

As a result of these series of equity and debt financings, NPR's loan-to-value ratio (the ratio of aggregate principal amount of interest-bearing debt, including bank loans and outstanding balance of long-term and short-term investment corporation bonds to NPR's total assets, hereinafter "LTV") was 43.5% as of the end of the reporting fiscal period.

#### (iv) Overview of Financial Results and Distributions

As a result of these series of investment activities as well as financings, NPR recorded operating revenues of 3,565 million yen, operating profit of 1,961 million yen, ordinary income of 1,334 million yen and the net income of 1,333 million yen for the reporting fiscal period. The amount of NPR's distributions for the same period was 7,295 yen per unit, which was attempted to include NPR's profit distributions in deductible expenses in accordance with the Section 1 of Article 67-15 of the Act on Special Taxation Measures Law (a customary practice of J-REITs). The distribution amount was determined to distribute the entire unappropriated retained earnings for the reporting period, excluding fractions less than one yen.

In addition to the above distributions arising from earnings, NPR intends to regularly, in principle, distribute cash in excess of the amount of retained earnings ("Surplus Cash Distributions" or "SCD") each fiscal period in accordance with NPR's distribution policy set forth in its articles of incorporation <sup>(\*)1</sup>. Accordingly, NPR is distributing 259 million yen as SCD, an amount equivalent to 28.5% of NPR's depreciation of 909 million yen for the reporting fiscal period, which shall be treated as a return of unit holders' capital from an accounting standpoint. The determined amount of SCD is 1,418 yen per unit <sup>(\*)2</sup>.

(\*)1 NPR intends to distribute SCD on a regular basis in an amount (in the mean time, an amount equal to approximately 30% of depreciation expenses for the fiscal period) no higher than 60% of its depreciation amount, fully reflecting its considerations of maintaining its financial soundness and stability in connection with alternative uses of cash such as repair expenses, capital expenditures, the repayment of borrowings and application to fund new acquisitions.

(\*)2 To evaluate the appropriateness of determined SCD, NPR acknowledges that the amount of anticipated semiannual average of emergency or short-term repair and maintenance expenses, the medium to long-term repair and maintenance expenses is 100 million yen. This assessment of expenses was conducted in the engineering report for each property prepared by Earth-Appraisal Co., Ltd.

The total amount of the depreciation expense with respect to the 12 properties in the initial portfolio during the period from February 15, 2013 to May 31, 2013 was 909 million yen, which can be translated to 1,363 million for a 6-month period time.

NPR determines the amount of SCD, and conducts the distribution of SCD, with its considerate judgment of its healthy financial conditions and stability as well as various factors including the current economic and real estate market environment, NPR's own LTV, potential impacts on NPR's credit rating and other financial status.

Please note that the amount of SCD shall be deducted from NPR's unit holders' equity upon payment.

## (II). Outlook for Next Fiscal Period

### (i) Future Management Policies and Issues to be Addressed

#### (a) Basic Policies

NPR along with Prologis REIT Management K.K. (the “Asset Manager”) will continue to aim to maximize NPR’s unit holder value through continuous and focused investments in and operations of Class-A logistics facilities. In order to achieve the external and internal growth objectives, NPR and the Asset Manager intend to fully utilize sponsor support agreement entered with the sponsor, the Prologis Group. NPR and the Asset Manager aim for further growth by fully taking advantage of the strong pipeline support from the Prologis Group, in connection with logistics facilities developed by the group, as well as the group’s platform of its global customer network, operational expertise and other management resources.

The Prologis Group is a leading company and pioneer of the development of Class-A logistics facilities in Japan and it intends to continue to actively develop Class-A facilities in Japan. Through cooperation with the Prologis Group, NPR believes that it can provide unique opportunities to its unit holders to invest in high quality logistics facilities developed by the Prologis Group. Also, NPR and the Asset Manager will concentrate on owning and operating logistics facilities, while the Prologis Group will focus on development and property management of such facilities. Through such delineated roles, NPR believes that it can minimize potential risks of conflict of interest with the sponsor, and at the same time, accomplish efficient management of its portfolio.

#### (b) External Growth Strategies

Based on the pipeline support, NPR was provided with exclusive negotiation rights from the Prologis Group for 8<sup>(\*)</sup> properties which are either already operational or under development. Furthermore, NPR is scheduled to obtain exclusive negotiation rights for logistics facilities which will be developed, owned or operated by the Prologis Group in the future once such facilities are stabilized in terms of occupancy, which is conditioned upon the related party transaction guideline of the Asset Manager to secure appropriate transaction terms and conditions.

In addition, the Asset Manager will pursue independent sources of properties from third parties in case, in light of then real estate market environment, such acquisitions shall optimize the value of NPR outside the scope of the pipeline support from the sponsor.

(\*) As for the 8 properties with exclusive negotiation rights, NPR entered into purchase and sale agreements on May 16, 2013 for Prologis Park Narashino 4 and Prologis Park Zama 2 by exercising the exclusive negotiation rights. As for Prologis Park Zama 2, the acquisition was completed on June 13, 2013, and Prologis Park Narashino 4 is scheduled to be acquired on October 1, 2013. Please refer to “(ii) Significant Subsequent Events” on page 7.

#### (c) Internal Growth Strategies

Primarily due to NPR’s investment strategies, approximately 80% of NPR’s portfolio is consisting of multi-tenant logistics facilities. In general, multi-tenant logistics facilities tend to have relatively shorter lease terms (typically for five years), which results in highly diversified tenancy. Such shorter lease terms of multi-tenant facilities often benefit NPR in improving market environment. For example, NPR’s portfolio contains multiple lease contracts which were signed either during the difficult time period of 1 to 2 years after the global financial crisis, or in difficult market conditions when supplies of new spaces exceeded demands by far in Osaka sea front area. As such lease contracts are scheduled to gradually mature in years after 2013, NPR believes that it can expect some advantages including increase in rents upon each contract’s renewal. Notwithstanding, depending on market conditions and the levels of in-place rents, NPR may observe potential temporary decline of newly contracted rents upon renewals. In such cases, NPR believes that it can capture upside opportunities of rents in the phase of market recovery by intentionally entering into short-term leases with tenants.

As for build-to-suit logistics facilities, lease terms are typically long such as for 10 to 15 years. NPR and the Asset Manager believe that by building a portfolio of combination of the two different property types of multi-tenant and build-to-suit, they can accomplish stabilization of cash flows and diversification of tenancy of the portfolio.

At the same time, as is the case in their external growth strategies, NPR and the Asset Manager are provided supports, based on the sponsor support agreement with the Prologis Group, of various resources in connection with property management, market researches and human resources. In addition, NPR is able to attract a larger number of tenants by taking advantage of global customer network of the Prologis Group, which would result in highly diversified tenancy and stabilized profitability.

(d) Financing Strategies

NPR and the Asset Manager intend to construct and implement strategic and flexible financing strategies in an attempt to secure NPR's medium to long-term profitability, steady growth of its portfolio size / value, and stability / efficiency of asset management.

NPR intends to issue new investment units in the future, in an attempt to achieve stable growth of its assets under management in the long term, with high levels of agility, fully considering and analyzing the status of capital market / economic environment, acquisition timing of new properties, NPR's capital structure and potential impacts on the existing unit holders' economic interest. As for debt financing such as bank loans, NPR prioritizes financing with long-term stability by fixing most of interest rates in the long-term. NPR will manage its balance sheet with stabilized LTV of approximately 50% (with an upper limit of 60%) to maintain sound financial status. As for selection of lenders, NPR intends to borrow from financial intuitions with whom NPR can maintain sustainable relationships and continue to transact in the long-term.

(ii) Significant Subsequent Events

(a) Issuance of New Investment Units

NPR issued new investment units with terms and conditions described below based on a resolution made by the board of directors on May 16, 2013 and June 3, 2013. Subsequently, the proceeds from the offering of new investment units were remitted on June 10, 2013. Consequently, as of today, the total balance of unit holders' paid-in capital is 168,200 million yen and the total number of investment units issued and outstanding is 278,950.

Number of units issued	96,200 units
Issue price	763,420 yen per unit
Total issue price	73,441,004,000 yen
Issue value	739,271 yen per unit
Total issue value	71,117,870,200 yen
Payment date	June 10, 2013

(b) Borrowing of Bank Loans

NPR decided to borrow bank loans on June 10, 2013, which are listed below, to acquire properties described in the following “(c) Acquisition of Assets”. On June 13, 2013, 43.3 billion yen of loans was financed and another 20.0 billion yen loan is scheduled to be financed on October 1, 2013.

	Lender	Amount of borrowing (billion yen)	Interest rate	Borrowing date	Maturity date	Repayment method	Collateral
Short term	Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ Ltd. Sumitomo Mitsui Trust Bank, Limited. Mizuho Bank, Ltd. <sup>(1)</sup> Mitsubishi UFJ Trust & Banking Corporation Aozora Bank, Ltd. The Norinchukin Bank Resona Bank, Limited	3.4	Base interest rate (JBA three months Japanese Yen TIBOR) + 0.25%	June 13, 2013	June 13, 2013	Paid in full upon maturity	Unsecured and non-guaranteed
	Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ Ltd. Mizuho Bank, Ltd. <sup>(1)</sup> Mitsubishi UFJ Trust & Banking Corporation The Norinchukin Bank Resona Bank, Limited.	2.0 <sup>(2)</sup> (I)	Base interest rate (JBA three months Japanese Yen TIBOR) + 0.40%		June 13, 2017		
Long term	Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ Ltd. Sumitomo Mitsui Trust Bank, Limited. Mizuho Bank, Ltd. <sup>(1)</sup> Mitsubishi UFJ Trust & Banking Corporation Aozora Bank, Ltd. Development Bank of Japan Inc. The Norinchukin Bank Resona Bank, Limited.	24.0 <sup>(2)</sup> (II)	Base interest rate (JBA three months Japanese Yen TIBOR) + 0.50%		June 13, 2019		
	Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ Ltd. Sumitomo Mitsui Trust Bank, Limited. Mizuho Bank, Ltd. <sup>(1)</sup> Mitsubishi UFJ Trust & Banking Corporation Development Bank of Japan Inc.	20.0	Base interest rate (JBA three months Japanese Yen TIBOR) + 0.60%	October 10, 2013	October 10, 2021		
	Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ Ltd. Development Bank of Japan Inc.	13.9 <sup>(2)</sup> (III)	Base interest rate (JBA three months Japanese Yen TIBOR) + 0.70%	June 13, 2013	June 13, 2023		



(Note 1) As Mizuho Corporate Bank, Ltd. merged with Mizuho Bank, Ltd. on July 1, 2013, its trade name has been changed to Mizuho Bank, Ltd.

(Note 2) NPR has executed the interest swap agreements to hedge the risks of potential increase in interest rates by converting the interest rates payable into fixed interest rates on June 10, 2013 for the long-term borrowings from (I) to (III).

Interest Rate Swap Agreement for Borrowing (I)

Counterparty	Sumitomo Mitsui Trust Bank, Limited
Notional Principal	2.0 billion yen
Interest Rate	Fixed Interest Rate: 0.44350% Floating Interest Rate: JBA 3 Month Japanese Yen TIBOR
Agreement Date	June 11, 2013
Commencement Date	June 13, 2013
Termination Date	June 13, 2017
Interest Payment Date	The first interest payment is due on August 31, 2013 and subsequent interest payments will be due on the last day of November, February, May and August of every year and on the Termination Date (or the immediately following business day in case such date falls on a date that is not a business day or the immediately preceding business day in case such date falls in the next calendar month).

(\*)The interest rate swap agreement, in effect, fixed the interest rate for Borrowing (I) at 0.84350%.

Interest Rate Swap Agreement for Borrowing (II)

Counterparty	SMBC Nikko Securities Inc.
Notional Principal	24.0 billion yen
Interest Rate	Fixed Interest Rate: 0.68135% Floating Interest Rate: JBA 3 Month Japanese Yen TIBOR
Agreement Date	June 11, 2013
Commencement Date	June 13, 2013
Termination Date	June 13, 2019
Interest Payment Date	The first interest payment is due on August 31, 2013 and subsequent interest payments will be due on the last day of November, February, May and August of every year and the Termination Date (or the immediately following business day in case such date falls on a date that is not a business day or the immediately preceding business day in case such date falls in the next calendar month).

(\*)The interest rate swap agreement, in effect, fixed the interest rate for Borrowing (II) at 1.18135%.

Interest Rate Swap Agreement for Borrowing (III)

Counterparty	The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Notional Principal	13.9 billion yen
Interest Rate	Fixed Interest Rate: 1.13625% Floating Interest Rate: JBA 3 Month Japanese Yen TIBOR
Agreement Date	June 11, 2013
Commencement Date	June 13, 2013
Termination Date	June 13, 2023
Interest Payment Date	The first interest payment is due on August 31, 2013 and subsequent interest payments will be due on the last day of November, February, May and August of every year and the Termination Date (or the immediately following business day in case such date falls on a date that is not a business day or the immediately preceding business day in case such date falls in the next calendar month).

(\*)The interest rate swap agreement, in effect, fixed the interest rate for Borrowing (III) at 1.83625%.

(c) Acquisition of Assets

NPR, according to its basic investment guidelines defined in its article of incorporation, decided to acquire properties described below, with the net proceeds from the public offering of new investment units on May 16, 2013 and concurrent borrowings. The acquisitions have been completed on June 13, 2013.

Prologis Park Tokyo-Ohta

Class of assets	Real estate trust beneficiary interests
Acquisition price	29,500 million yen
Date of acquisition	June 13, 2013
Location (residence indication)	1-3-6, Tokai, Ota, Tokyo
Purpose	Warehouse / office
Land area	19,542.02 m <sup>2</sup>
Gross floor area	75,472.75 m <sup>2</sup>
Structure / number of stories	SRC / 7-story
Date of construction	September 30, 2005
Ownership form	Proprietary

Prologis Park Zama 2

Class of assets	Real estate trust beneficiary interests
Acquisition price	21,900 million yen
Date of acquisition	June 13, 2013
Location (residence indication)	2-10-8, Hironodai, Zama, Kanagawa
Purpose	Warehouse / office
Land area	49,821.23 m <sup>2</sup>
Gross floor area	99,550.46 m <sup>2</sup>
Structure / number of stories	RCS, SC / 5-story
Date of construction	July 26, 2012
Ownership form	Proprietary

Prologis Park Funabashi 5 / Annex

Class of assets	Real estate trust beneficiary interests
Acquisition price	9,500 million yen / 1,500 million yen
Date of acquisition	June 13, 2013
Location (residence indication)	3-6-1, Nishiura, Funabashi, Chiba
Purpose	Warehouse
Land area	22,807.00 m <sup>2</sup> / 30,372.00 m <sup>2</sup>
Gross floor area	45,489.03 m <sup>2</sup> / 58,504.55 m <sup>2</sup>
Structure / number of stories	RCS, SC / 5-story / RC / 6-story
Date of construction	April 23, 2007 / January 24, 1990
Ownership form	Proprietary

(Note) Annex to Prologis Park Funabashi 5 is constructed and utilized adjacent to Prologis Park 5 on adjoining property sites. NPR acquired these buildings as a single property since NPR intends to operate the properties in an integrated manner such as sharing a single driveway.

Prologis Park Narita 1-A&B

Class of assets	Real estate trust beneficiary interests
Acquisition price	8,420 million yen
Date of acquisition	June 13, 2013
Location (residence indication)	77-1, Minamisanrizuka, Narita, Chiba
Purpose	Warehouse / office
Land area	38,896.75 m <sup>2</sup>
Gross floor area	64,260.05 m <sup>2</sup>
Structure / number of stories	A: Steel-frame / 2-story B: RC / 4-story
Date of construction	March 1, 2005
Ownership form	Proprietary

(Note) Land area and gross floor area above represent only the fully-owned areas of the subject properties. Neither the area of the part of the entranceway, and green space and balancing reservoir at the rim of the land nor a convenience store building, which are jointly-owned, are included.

Prologis Park Narita 1-C

Class of assets	Real estate trust beneficiary interests
Acquisition price	4,810 million yen
Date of acquisition	June 13, 2013
Location (residence indication)	77-1, Minamisanrizuka, Narita, Chiba
Purpose	Warehouse / office
Land area	30,831.74 m <sup>2</sup>
Gross floor area	33,514.12 m <sup>2</sup>
Structure / number of stories	RC / 3-story
Date of construction	April 27, 2005
Ownership form	Proprietary

(Note) Land area and gross floor area above represent only the fully-owned areas of the subject properties. Neither the area of the part of the entranceway, and green space and balancing reservoir at the rim of the land nor a convenience store building, which are jointly-owned, are included.

Prologis Park Amagasaki 1

Class of assets	Real estate trust beneficiary interests
Acquisition price	17,600 million yen
Date of acquisition	June 13, 2013
Location (residence indication)	13-1, Higashikaigancho, Amagasaki, Hyogo
Purpose	Warehouse
Land area	47,421.00 m <sup>2</sup>
Gross floor area	91,215.66 m <sup>2</sup>
Structure / number of stories	SRC / 6-story
Date of construction	August 1, 2005
Ownership form	Proprietary

Prologis Park Amagasaki 2

Class of assets	Real estate trust beneficiary interests
Acquisition price	19,200 million yen
Date of acquisition	June 13, 2013
Location (residence indication)	13-2, Higashikaigancho, Amagasaki, Hyogo
Purpose	Warehouse
Land area	47,794.00 m <sup>2</sup>
Gross floor area	93,825.14 m <sup>2</sup>
Structure / number of stories	SRC / 6-story
Date of construction	March 30, 2007
Ownership form	Proprietary

NPR, according to its basic investment guidelines defined in its article of incorporation, entered into a purchase and sale agreement (“PSA”) on May 16, 2013 to acquire a property described below on October 1, 2013, with the net proceeds from the public offering of investment units and concurrent borrowings.

Prologis Park Narashino 4

Class of assets	Real estate trust beneficiary interests
Acquisition price	20,000 million yen
Expected date of acquisition	October 1, 2013 <sup>(*)1</sup>
Location (not residence indication)	3-38-1, Akanehama, Narashino, Chiba
Purpose	Warehouse operating warehousing business
Land area	46,168.00 m <sup>2</sup>
Gross floor area	108,485.04 m <sup>2</sup>
Structure / number of stories	RCSS / 5-story <sup>(*)2</sup>
Expected date of construction	August 31, 2013 <sup>(*)3</sup>
Ownership form	Proprietary

- (\*)1 Prologis Park Narashino 4 is currently under construction and since the settlement of payment and the transfer of ownership are scheduled longer than 1 month ahead of the execution of PSA, such purchase agreement is deemed by law a “forward commitment contract”. According to provisions of PSA, either party of purchaser or seller is permitted to unilaterally terminate PSA with a prior notice to the other party in case the seller or purchaser breaches provisions contained in PSA and consequently the attempted purchase and sale become impossible to be completed. In case of such termination of PSA, the party breaching the agreement is obligated to pay the sum of money (“Penalty Payment”) equivalent to 20% of the purchase and sale price (net of associated consumption taxes and municipal consumption taxes). Even in case the amount of actual damages arising from the termination of PSA exceeds the amount of Penalty Payment, neither party is not entitled to claim to the other party the sum of money exceeding the amount of Penalty Payment. Also, in case the amount of such actual damages becomes smaller than the amount of Penalty Payment neither party is entitled to require the other party to reduce the amount of Penalty Payment.

Notwithstanding, according to PSA, the payment of the purchase and sale price is conditioned

upon the successful completion of NPR's financing for the payment, and therefore, NPR is permitted to terminate PSA with a notice to the seller in case the subject financing condition is not satisfied. In the event that PSA is terminated according to this condition, NPR is not obligated to pay the Penalty Payment.

(\*2) Prologis Park Narashino 4 is scheduled to be registered as RCSS / 5-story in terms of its structure and number of stories.

(\*3) Consequently, NPR believes that, in case NPR is unable to complete the necessary financing for the payment of the purchase price and thereby NPR is unable to pay the price, there shall be low probabilities of direct material adverse effects on NPR's financial status and its power to pay distributions since NPR is entitled to terminate PSA without payment of the Penalty Payment.

(iii) Earnings Forecast

	Operating revenues	Operating profit	Ordinary income	Net income	Distributions per unit (including surplus cash distributions)	Distributions per unit (excluding surplus cash distributions)	Surplus cash distributions per unit
Period ending November 30, 2013 (2nd period)	10,035 million yen	5,476 million yen	4,449 million yen	4,448 million yen	18,191 yen	15,948 yen	2,243 yen
Period ending May 31, 2014 (3 <sup>rd</sup> period)	10,724 million yen	5,250 million yen	4,321 million yen	4,320 million yen	17,826 yen	15,489 yen	2,337 yen

(Note) These forecast figures above are the current figures calculated based on certain assumptions, and the actual operating revenues, operating profit, ordinary income, net income, distributions per unit and surplus cash distributions per unit may vary due to acquisition or sales of properties, future trends of real estate market and changes in environment surrounding NPR. In addition, the forecast should not be deemed a commitment or guarantee of the amount of distributions.

Assumptions for fiscal period ending November 2013 (2nd period) (from June 1, 2013 to November 30, 2013) and May 2014 (3rd period) (from December 1, 2013 to May 31, 2014)

Item	Assumption
Accounting period	<ul style="list-style-type: none"> <li>Fiscal period ending November 2013 (2nd period) (from June 1, 2013 to November 30, 2013) (183 days)</li> <li>Fiscal period ending May 2014 (3rd period) (from December 1, 2013 to May 31, 2014) (182 days)</li> </ul>
Assets under management	<ul style="list-style-type: none"> <li>12 properties which NPR owned as of May 31, 2013, as well as 7 properties acquired on June 13, 2013 and 1 property to be acquired on October 1, 2013.</li> <li>It is assumed that there will be no change in the number of the 20 properties by the end of May 2014 after the scheduled acquisition on October 1, 2013</li> <li>The actual results may change due to the acquisition of new properties besides properties aforementioned or the sale of existing properties, etc.</li> </ul>
Operating revenues	<ul style="list-style-type: none"> <li>Operating revenues were assumed, by taking into account factors such as market trends and competitiveness of NPR's properties, to be 10,035 million yen and 10,724 million yen for the period ending November 30, 2013 and the period ending May 31, 2014, respectively. The period-end expected occupancy rates are estimated to be 99.4% and 98.3% for the period ending November 30, 2013 and the period ending May 31, 2014, respectively.</li> </ul>

	<ul style="list-style-type: none"> <li>For operating revenues, it is assumed that tenants will pay rents without delinquency or withholding.</li> </ul>
Operating expenses	<ul style="list-style-type: none"> <li>Expenses except depreciation are calculated by taking into account variable factors such as seasonal events and are assumed to be 1,312 million yen and 2,153 million yen for the period ending November 30, 2013 and the period ending May 31, 2014, respectively.</li> <li>Depreciation expenses including ancillary costs are calculated using the straight-line method and are assumed to be 2,196 million yen and 2,288 million yen for the period ending November 30, 2013 and the period ending May 31, 2014, respectively.</li> <li>Although property taxes and city planning taxes of real estate properties, upon sales and purchases, are generally calculated on a daily pro rata basis with former owners and are settled at the time of acquisitions, the amount equivalent to the settlement money is not expensed in the period ending November 30, 2013, as it is included in the acquisition cost of NPR. These taxes will start to be expensed in the fiscal period ending May 31, 2013.</li> <li>With respect to building repair expenses, the amount assumed to be necessary for each property is assumed based on the repair and maintenance plans of the Asset Manager. However, actual repair expenses may be substantially different from the expected amount due to certain unexpected factors.</li> </ul>
Non-operating expenses	<ul style="list-style-type: none"> <li>We assume that we will recognize 201 million yen as the total expenses incurred in relation to the offerings of the new investment units in the fiscal period ending November 30, 2013.</li> <li>We assume that we will recognize 9 million yen for each of the fiscal periods ending November 30, 2013 and May 31, 2014, respectively, as amortization of organization expenses.</li> <li>As for interest expenses and other debt-related costs, 801 million yen and 904 million yen are expected for the period ending November 30, 2013 and the period ending May 31, 2014, respectively. The debt-related amortization is expected to be 128 million yen and 132 million yen for the period ending November 30, 2013 and the period ending May 31, 2014, respectively.</li> </ul>
Borrowings	<ul style="list-style-type: none"> <li>NPR's balance of interest-bearing liabilities outstanding as of today is 124,200 million yen, all of which is bank loans.</li> <li>It is assumed that the borrowing of 20,000 million yen will be made in October 2013 will from the qualified institutional investor(s) as per definitions contained in Article 2, Paragraph 3, Item 1 of the Financial Instruments and Exchange Act.</li> <li>It is assumed that 5,000 million yen and 3,400 million yen of debt will be repaid at the end of November 2013 and May 2014 respectively with the refunded consumption tax in connection with the acquisition of the properties during the each fiscal period ending November 30, 2013 and May 31, 2014.</li> </ul>
Investment units	<ul style="list-style-type: none"> <li>It is assumed that the current 278,950 units issued and outstanding will not change.</li> </ul>
Distributions per unit (excluding surplus cash distributions (SCD))	<ul style="list-style-type: none"> <li>Distributions per unit (excluding SCD) are calculated based on the premises of the distribution policy in the articles of incorporation of NPR.</li> <li>Distributions per unit (excluding SCD) may change considerably due to various factors including any additional acquisitions or sales of properties, changes in rent revenues attributable to tenant moves, changes in the environment including occurrence of unexpected repairs, changes in interest rates, issues of new investment units in the future.</li> </ul>
Surplus cash distributions (SCD) per unit	<ul style="list-style-type: none"> <li>SCD per unit is calculated based on the premises of the fund distribution policy contained in the articles of incorporation of NPR. It is assumed that SCD in the periods ending November 30, 2013 and May 31, 2014 will be equal to 28.5% of depreciation expenses for each of the fiscal periods, which are assumed to be 625 million yen and 652 million yen, respectively.</li> <li>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. SCD, which will be based on the amount of depreciation expenses, may change accordingly.</li> <li>NPR intends to pay SCD continuously only to the extent appropriate levels for maintaining financial soundness and stability are maintained after considering alternatives of case uses such as</li> </ul>

	<p>repairs and capital expenditures, repayment of borrowings and acquisition opportunities.</p> <ul style="list-style-type: none"> <li>● For the time being, NPR intends to have a level of SCD at an amount equivalent to approximately 30% of the depreciation expense for the relevant fiscal period.</li> <li>● To determine the amount of SCD, NPR will consider the ratio of SCD 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. As for calculations, please refer to the following formulas:  <math display="block">\text{FFO} = \text{net income} + \text{depreciation} + \text{property-related amortization} + \text{loss on sale of real estate, etc.} - \text{gain on sale of real estate, etc.}</math> <math display="block">\text{AFFO} = \text{FFO} - \text{capital expenditure} + \text{amortization of capitalized financial costs}</math> </li> <li>● Capital expenditures are assumed to be 22 million yen in the period ending November 30, 2013 and 49 million yen in the period ending May 31, 2014</li> <li>● NPR does not plan to pay SCD in case such payment would cause the Distribution LTV, as defined below, to exceed 60%.  <math display="block">\text{Distribution LTV}(\%) = A / B \times 100</math> <math display="block">A = \text{interest-bearing debt (including investment corporation bonds) at the end of the fiscal period} + \text{balance of tenant leasehold deposits released at the end of the fiscal period}</math> <math display="block">B = \text{total appraisal real estate value at the end of the fiscal period} + \text{the amount of cash deposits at the end of the fiscal period} - \text{the total amount distributions (including surplus cash distributions)}</math> </li> </ul>
Others	<ul style="list-style-type: none"> <li>● 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.</li> <li>● It is assumed that any unexpected material change will not take place in the general economic environment and real estate market conditions, etc.</li> </ul>

### 3. Financial Statements

(1) Balance Sheet

	(Unit: Thousand yen)
	Reporting Fiscal Period
	(May 31, 2013)
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	4,579,981
Cash and cash equivalents in trust	1,474,877
Operating accounts receivable	54,742
Prepaid expenses	201,003
Deferred tax assets	20
Consumption tax receivables	5,514,857
Other	918
Total current assets	11,826,399
Fixed assets	
Property, plant, and equipment	
Building	7,385,596
Accumulated depreciation	(59,161)
Buildings, net	7,326,434
Structure	249,739
Accumulated depreciation	(6,190)
Structure, net	243,549
Industrial tools, apparatus and equipment	5,434
Accumulated depreciation	(168)
Industrial tools, apparatus and equipment, net	5,265
Land	3,813,010
Building in trust	102,110,017
Accumulated depreciation	(800,650)
Building in trust, net	101,309,367
Structure in trust	1,960,206
Accumulated depreciation	(36,945)
Structure in trust, net	1,923,261
Industrial tools, apparatus and equipment in trust	197,581
Accumulated depreciation	(6,152)
Industrial tools, apparatus and equipment in trust, net	191,429
Land in trust	58,459,186
Total fixed assets	173,271,505
Investment and other assets	
Long-term prepaid expenses	687,290
Deposits	10,000
Total investment and other assets	697,290
Total fixed assets	173,968,795
Deferred assets	
Organization expenses	71,947
Total deferred assets	71,947
Total assets	185,867,143

(Unit: Thousand yen)



	Reporting Fiscal Period (May 31, 2013)
<b>LIABILITIES</b>	
Current liabilities	
Operating accounts payable	113,609
Operating accounts	5,768
Short-term borrowings	5,000,000
Income taxes payable	1,000
Accrued expenses	352,219
Advances received	1,000,461
Others	914,396
Total current liabilities	7,387,456
Non-current liabilities	
Long-term loans	75,900,000
Deposits	238,791
Deposits in trust	3,924,745
Others	345
Total non-current liabilities	80,063,882
Total liabilities	87,451,339
Net assets	
Unit holders' equity	
Unit holders' paid-in capital	97,082,555
Surplus	
Unappropriated retained earnings (undisposed loss)	1,333,248
Total surplus	1,333,248
Total unit holders' equity	98,415,803
Total net assets <sup>(*)2)</sup>	98,415,803 <sup>(*)2)</sup>
Total liabilities and net assets	185,867,143

(2) Statement of Income

	(Unit: Thousand yen)
	Reporting Fiscal Period From November 7, 2012 To May 31, 2013
Operating revenues	
Operating rental revenues <sup>(*)</sup>	3,367,723 <sup>(*)</sup>
Other rental revenues <sup>(*)</sup>	197,761 <sup>(*)</sup>
Total operating revenues	3,565,484
Operating expenses	
Expenses related to property rental business <sup>(*)</sup>	1,262,541 <sup>(*)</sup>
Asset management fee	326,081
Asset custody fee	9,490
Directors' compensation	4,200
Other operating expenses	1,473
Total operating expenses	1,603,787
Operating profit	1,961,696
Non-operating income	
Interest income	117
Interest on refund of real estate tax	5,059
Others	0
Total non-operating income	5,177
Non-operating expenses	
Interest expenses	185,861
Amortization of organization expenses	9,502
Borrowing related cost	91,541
Investment unit issuance expenses	183,281
Other offering costs associated with the issuance of investment unit	160,222
Others	2,212
Total non-operating expenses	632,621
Ordinary income	1,334,252
Income before income taxes	1,334,252
Incomes taxes – current	1,024
Incomes taxes – deferred	(20)
Total income taxes	1,003
Net income	1,333,248
Unappropriated retained earnings (undisposed loss)	1,333,248

(3) Statement of Unit Holders' Equity

	(Unit: thousand yen)
	Reporting Fiscal Period From November 7, 2012 To May 31, 2013
Unit holders' capital	
Unit holders' equity	
Balance at the beginning of the period	—
Change during the period	
Issuance of new investment units	97,082,555
Total change during the period	97,082,555
Balance at the end of the period	97,082,555 <sup>(*)</sup>
Surplus	
Unappropriated retained earnings (undisposed loss)	
Balance at the beginning of the period	—
Change during the period	
Net income	1,333,248
Total change during the period	1,333,248
Balance at the end of the period	1,333,248
Total surplus	
Balance at the beginning of the period	—
Change during the period	
Net income	1,333,248
Total change during the period	1,333,248
Balance at the end of the period	1,333,248
Total unit holders' equity	
Balance at the beginning of the period	—
Change during the period	
Issuance of new investment units	97,082,555
Net income	1,333,248
Total change during the period	98,415,803
Balance at the end of the period	98,415,803
Total net assets	
Balance at the beginning of the period	—
Change during the period	
Issuance of new investment units	97,082,555
Net income	1,333,248
Total change during the period	98,415,803
Balance at the end of the period	98,415,803

(4) Statement of Cash Distribution

	Reporting Fiscal Period From November 7, 2012 To May 31, 2013
	Amount (Yen)
I Unappropriated retained earnings (undisposed loss)	1,333,248,692
II Distributions in excess of retained earnings	
Deduction from unit holders' capital	259,139,500
III Distributions	1,592,300,750
(Distributions per unit)	(8,713)
Of which, distributions of earnings	1,333,161,250
(Of which, distributions of earnings per unit)	(7,295)
Of which, distributions in excess of retained earnings	259,139,500
(Of which, distributions in excess of retained earnings per unit)	(1,418)
IV Retained earnings carried forward	87,442

Calculation method of distribution amount	<p>Pursuant to the "Policy on the Distribution of Funds" as defined in Article 39, Paragraph 1 of article 2 of incorporation of NPR, the amount of distributions shall be the amount which does not exceed the amount of profits but exceeds 90% of the distributable profit as defined in Article 67-15 of the Special Taxation Measures Act.</p> <p>Based on the policy, NPR declared the distribution amount of 1,333,161,250 yen which was the amount equivalent to the maximum integral multiples of number of investment units issued and outstanding as of the reporting fiscal period.</p> <p>Besides, based on the distribution policy as defined in Article 39, Paragraph 2 of the article 88 of incorporation, NPR shall make Surplus Cash Distribution (SCD), defined as distributions in excess of retained earnings, as a return of unit holders' capital, each fiscal period on a continuous basis.</p> <p>Accordingly, NPR declared SCD of 259,139,500 yen, as a return of unit holders' capital, which was the amount equivalent to approximately 28.5% of depreciation expense of 909,267,812 yen for the period.</p>
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(Note) NPR is permitted to distribute cash in excess of the amount of retained earnings in case the amount of the accounting net income is smaller than 90% of its distributable retained earnings on a tax basis to the extent that such distribution amount does not exceed the amount of NPR's depreciation for the same fiscal period, and if NPR determines such excess distribution amount is appropriate. Also, NPR is permitted to distribute cash in any amount to the extent that such amount is determined by NPR's board of directors if the amount of distributions does not satisfy certain conditions of special tax treatment which NPR shall be eligible to otherwise. Please note that the amount of SCD shall be subtracted from the balance of unit holders' paid-in capital upon payment.

(5) Statement of Cash Flows

	(Unit: thousand yen)
	Reporting Fiscal Period From November 7, 2012 To May 31, 2013
Cash flow from operating activities	
Income before income taxes	1,334,252
Depreciation	909,267
Amortization of organization expenses	9,502
Amortization of Investment unit issuance expenses	183,281
Interest income	(117)
Interest expenses	185,861
Decrease (increase) in operating accounts receivable	(54,742)
Decrease (increase) in income taxes payable	(5,514,857)
Decrease (increase) in prepaid expenses	(201,003)
Decrease (increase) in long-term prepaid expenses	(687,290)
Increase (decrease) in operating accounts payable	113,609
Increase (decrease) in accounts payable	802
Increase (decrease) in accrued expenses	352,219
Increase (decrease) in advances received	1,000,461
Payment of organization cost	(81,450)
Others	136,261
Total	(2,313,941)
Amount of interest income	117
Amount of interest expense	(185,861)
Amount of income taxes paid	(23)
Cash flow from operating activities	(2,499,709)
Cash flow from investment activities	
Purchases of property, plant and equipment	(11,453,780)
Purchases of property, plant and equipment in trust	(161,944,463)
Payment of deposits	(10,000)
Proceeds from deposits	238,791
Payment of deposits in trust	3,960,807
Proceeds from deposits in trust	(36,061)
Cash flow from investment activities	(169,244,706)
Cash flow from financing activities	
Proceed from short-term borrowings	5,000,000
Proceeds from long-term loan	75,900,000
Proceed from issuance of new investment units	96,899,273
Cash flow from financing activities	177,799,273
Increase (decrease) in cash and cash equivalent	6,054,858
Cash and cash equivalent at the beginning of the period	—
Cash and cash equivalent at the end of the period <sup>(*)</sup>	6,054,858 <sup>(*)</sup>

(6) Notes Concerning Going Concerns Assumption

None

(7) Notes Concerning Significant Accounting Policies

1. Method of depreciation of noncurrent assets	<p>Property, plant and equipment (including trust assets)</p> <p>The straight-line method is used.</p> <p>The useful lives of major property, plant and equipment are as follows.</p> <table> <tr> <td>Buildings</td><td>3-60 years</td></tr> <tr> <td>Structures</td><td>10-60 years</td></tr> <tr> <td>Industrial tools, apparatus and equipment</td><td>3-15 years</td></tr> </table>	Buildings	3-60 years	Structures	10-60 years	Industrial tools, apparatus and equipment	3-15 years
Buildings	3-60 years						
Structures	10-60 years						
Industrial tools, apparatus and equipment	3-15 years						
2. Accounting method of deferred charges	<p>(1) Investment unit issuance expenses</p> <p>The full amount is recorded as expenses at the time of expenditure.</p> <p>(2) Organization expenses</p> <p>Amortized over five years using straight-line method</p>						
3. Revenue and expense recognition	<p>Accounting treatment of property taxes and other taxes</p> <p>With respect to property taxes, city planning taxes and depreciable asset taxes, of the tax amount assessed and determined, the amount corresponding to the relevant fiscal period is accounted for as rental expenses.</p> <p>Of the amounts paid for the acquisitions of real estate properties or trust beneficiary interests of real estate, the amount equivalent to property taxes is capitalized as part of the acquisition cost of the relevant property instead of being charged as expenses.</p> <p>Capitalized property taxes amounted to 979,588 thousand yen for the reporting fiscal period</p>						
4. Hedge accounting	<p>(1) Hedge accounting method</p> <p>For interest rate swaps, special accounting treatment is adopted.</p> <p>(2) Hedge instruments and hedged items</p> <p>Hedge instruments – interest rate swaps</p> <p>Hedged items – interests on loans payable</p> <p>(3) Hedging policy</p> <p>NPR uses interest rate swaps for the purpose of hedging risks defined in the articles of incorporation based on its risk management policies.</p> <p>(4) Hedge effectiveness test</p> <p>Hedge effectiveness test is not described herein since all interest rate swaps meet specific matching criteria for the special accounting treatment.</p>						
5. Cash and cash equivalents as stated in the Statement of Cash Flows	<p>Cash and cash equivalents consist of cash on hand and cash in trust, floating deposits, deposits in trust and short-term investments that are very liquid and realizable with a maturity of three months or less when purchased to be cash equivalents and that are subject to insignificant risks of changes in value.</p>						
6. Other significant matters which constitute the basis for preparation of financial statements	<p>(1) Accounting treatment of trust beneficiary interests of real estate</p> <p>As to trust beneficiary interests of real estate, all accounts of assets and liabilities within assets in trust, as well as all income generated and expenses incurred from assets in trust, are recorded in the relevant balance sheets and income statement accounts.</p> <p>Of which, the following significant trust assets are shown separately on the balance sheet.</p> <p>(a) Cash and deposits in trust</p> <p>(b) Buildings in trust, structures in trust, industrial tools, apparatus and equipment in trust and land in trust</p> <p>(c) Lease and guarantee deposited in trust</p> <p>(2) Accounting treatment of consumption taxes</p> <p>National and local consumption taxes are accounted for using the tax exclusion method.</p>						

(8) Notes to Financial Statements

(Notes to Balance Sheet)

\*1. Commitment line agreement

NPR is in the contract of commitment line agreement with two banks.

	Reporting Fiscal Period As of May 31, 2013
Total amount of committed line of credit	8,000,000 thousand yen
Borrowings drawn down	- thousand yen
Balance of unused committed line of credit	8,000,000 thousand yen

As of May 31, 2013

\*2. Minimum net assets as required by Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations:  
50,000 thousand yen.

(Notes to Statement of Income)

\*1. Operating income from property leasing is as follows:

		(Units: Thousand yen)
		Reporting Fiscal Period From November 7, 2012 To May 31, 2013
(1) Property-related revenues		
	Rental revenues	
	Rental revenues	3,117,304
	Common service charge	250,418
	Total	3,367,723
	Other rental revenues	
	Received utilities cost	122,258
	Other rental revenues	75,502
	Total	197,761
	Total property-related revenues	3,565,484
(2) Property-related expenses		
	Rental expenses	
	Subcontract expenses	203,861
	Utilities cost	125,943
	Non-life insurance premium	7,317
	Repair and maintenance	12,011
	Depreciation	909,267
	Custodian fee	2,902
	Other expenses	1,236
	Total rental expenses	1,262,541
(3) Operating income from property leasing ( (1)-(2) )		2,302,942

(Notes to Statement of Unit Holders' Equity)

\*1. Number of investment units authorized and number of investment units issued and outstanding

	Reporting Fiscal Period From November 7, 2012 To May 31, 2013
Number of investment units authorized	2,000,000 units
Number of investment units issued and outstanding	182,750 units

(Notes to Statement of Cash Flow)

\*1. Relationship between cash and cash equivalents in statement of cash flows and accounts and amounts in the accompanying balance sheet

	Reporting Fiscal Period From November 7, 2012 To May 31, 2013
Cash and deposits	4,579,981 thousand yen
Cash and deposits in trust	1,474,877 thousand yen
Cash and cash equivalents	6,054,858 thousand yen

(Notes Related to Lease Contracts)

Operating lease transactions (as lessor)

Unearned rental revenue

	Reporting Fiscal Period As of May 31, 2013
Due within one year	9,864,329 thousand yen
Due after one year	34,795,141 thousand yen
Total	44,659,470 thousand yen

(Notes Related to Financial Instruments)

1. Status of financial instruments

(1) Policy for Financial Instruments

NPR procures funds for acquisition of assets through issuance of new investment units, bank loans and issuance of investment corporation bonds.

NPR generally invests surplus funds in bank deposits considering the safety and liquidity of the investment with regards to market environment and cash management situation.

Also as for derivative transactions, NPR enters into derivative transactions solely for the purpose of reducing interest rate risk related to financing and other risks. NPR does not use derivative transactions for speculative purposes.

(2) Financial Instruments, their Risks and Risk Management System

Bank deposits are used for investment of surplus funds. These deposits are exposed to credit risks, such as bankruptcy of depository financial institutions, but such credit risks are limited and carefully controlled by using only short-term deposits in financial institutions with high credit ratings, fully considering market environment and NPR's cash flow status.

Bank loans are mainly made to procure funds for acquisition of properties. Although NPR is exposed to liquidity risks upon repayment and redemption of loans, by diversifying the maturities and lending institutions, setting up commitment line agreements, securing liquidity of cash in hand and managing such liquidity risks by preparing and



monitoring cash flows projection, such risks are maintained under control.

Besides, some loans bear floating interest rates and they are exposed to the risks of rising interest rates. NPR attempts to mitigate such risks on its operations by maintaining a conservative LTV ratio and increasing the ratio of long-term fixed interest rate loans.

### (3) Supplemental Explanation Regarding Fair Values of Financial Instruments

The fair value of financial instruments is based on observable market price, if available. When there are no available observable market prices, fair value is based on reasonable estimates. Since various factors are reflected in estimating the fair value, different assumptions and factors may result in different values.

## 2. Status Related to Fair Values of Financial Instruments

Book value, fair value and the difference between the two figures as of May 31, 2013 was as follows. However, those financial instruments for which fair value was deemed extremely difficult to estimate, are excluded from the table.<sup>(2)</sup>

(Unit: Thousand yen)

	Book value	Fair value	Difference
(1) Cash and deposits	4,579,981	4,579,981	—
(2) Cash and deposits in trust	1,474,877	1,474,877	—
Total assets	6,054,858	6,054,858	
(3) Short-term loans	5,000,000	5,000,000	—
(4) Long-term loans	75,900,000	76,525,906	625,906
Total liabilities	80,900,000	81,525,906	625,906
(5) Derivative transactions	—	—	—

(Note 1) Methods to calculate fair values of financial instruments

#### (1) Cash and deposits and (2) Cash and deposits in trust

Due to the short maturities, the book value of these instruments is nearly equal to fair value, and therefore, the book value is used as the fair value.

#### (3) Short-term loans

Due to the short maturities, the book value of these instruments is nearly equal to fair value, and therefore, the book value is used as the fair value.

#### (4) Long-term loans

Long-term loans qualify for hedge accounting and meet special criteria, and therefore, the fair value of the hedged long-term loans is determined based on the present value of contractual cash flows in conjunction with the hedging interest rate swaps discounted at current market interest rates which would be applicable to new loans payable under the same conditions and terms.

#### (5) Derivative transactions

Please refer to the fore coming “Notes on derivative transactions”.

(Note 2) Financial instruments for which fair value is extremely difficult to estimate

As security deposits of leases and security deposits have no observable and available market price and are impracticable to reasonably estimate their future cash flows, their fair value is not disclosed.

(Units: Thousand yen)

	Book value
Security deposits	238,791
Security deposits in trust	3,924,745

(Note 3) Redemption schedule of monetary claims after the closing date of the fiscal period

(Units: Thousand yen)

	Due within one year
Cash and deposits	4,579,981
Cash and deposits in trust	1,474,877

(Note4) Redemption schedule of long-term loans after the closing date of the fiscal period

(Unit: Thousand yen)

	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
Long-term loans	—	—	23,300,000	—	23,300,000	29,300,000
Total	—	—	23,300,000	—	23,300,000	29,300,000

(Notes Related to Investment Securities)

None

(Notes Related to Derivative Transactions)

1. Derivative transactions for which hedge accounting is not applied

None

2. Derivative transactions for which hedge accounting is applied

The contract and notional amount as of May 31, 2013 sorted by hedge accounting method is as follows.

(Units: Thousand yen)

Hedge accounting method	Type of derivative transactions	Primary hedged item	Contract amount and other		Fair value	Fair value measurement
				Due after one year		
Special treatment for interest rate swaps	Interest rate swaps Receive floating / Pay fix	Long-term loans	75,900,000	75,900,000	*	—

\* Interest rate swaps under special accounting treatment are accounted for as the integral part of long-term loans payable designated as hedged items. Therefore, their fair value is included in that of long-term loans disclosed in aforementioned “Notes Related to Financial Instruments, 2. Status related to fair values of financial instruments, (4) Long-term loans”.

(Notes Related to Related Party Transactions)

1. Parent company, major corporate unit holders and others

As of May 31, 2013

Relationship	Name of the company	Address	Stated capital (Thousand yen)	Type of business	% of units owned	Relation		Type of transaction	Transaction amount (Thousand yen)	Account	Balance (Thousand yen)
						Common board member	Business relationship				
Parent Company	ProLogis K.K.	Chiyoda-ku, Tokyo	10,000	Real estate business	100.0	—	Parent Company	Private Placement	200,000	—	—

(Note 1) The company acquired new investment units at establishment through a private placement at 500,000 yen per unit.

(Note 2) With regards to public offering of new investment units, the ratio of voting rights owned as of May 31, 2013 stands at 0.21%.

(Note 3) The figures above do not include the consumption tax in the transaction amount, but is included in the balance.

2. Affiliates and others

As of May 31, 2013

None

### 3. Fellow Subsidiaries and Others

As of May 31, 2013

Relationship	Name of the company	Address	Stated capital (Thousand yen)	Type of business	% of units owned	Relation		Type of transaction	Transaction amount (Thousand yen)	Account	Balance (Thousand yen)
						Common board member	Business relationship				
Subsidiary of an affiliate	Ichikawa 1 Special Purpose Company	Chiyoda-ku, Tokyo	3,577,500	Real estate business	-	-	Seller	Acquisition of real estate trust beneficiary interests	33,900,000	-	-
Subsidiary of an affiliate	Zama 1 Special Purpose Company	Chiyoda-ku, Tokyo	5,053,500	Real estate business	-	-	Seller	Acquisition of real estate trust beneficiary interests	27,900,000	-	-
Subsidiary of an affiliate	Kawajima Special Purpose Company	Chiyoda-ku, Tokyo	100	Real estate business	-	-	Seller	Acquisition of real estate trust beneficiary interests	25,600,000	-	-
Subsidiary of an affiliate	Prologis Osaka 2 Special Purpose Company	Chiyoda-ku, Tokyo	2,473,800	Real estate business	-	-	Seller	Acquisition of real estate trust beneficiary interests	25,000,000	-	-
Subsidiary of an affiliate	Maishima 3 Special Purpose Company	Chiyoda-ku, Tokyo	3,135,600	Real estate business	-	-	Seller	Acquisition of real estate trust beneficiary interests	13,500,000	-	-
Subsidiary of an affiliate	Kasugai Special Purpose Company	Chiyoda-ku, Tokyo	16,210,100	Real estate business	-	-	Seller	Acquisition of real estate trust beneficiary interests	24,370,000	-	-
Subsidiary of an affiliate	Maishima 4 Special Purpose Company	Chiyoda-ku, Tokyo	3,022,300	Real estate business	-	-	Seller	Acquisition of real estate trust beneficiary interests	11,500,000	-	-
Subsidiary of an affiliate	Takatsuki 2 Special Purpose Company	Chiyoda-ku, Tokyo	810,800	Real estate business	-	-	Seller	Acquisition of real estate	4,410,000	-	-
Subsidiary of an affiliate	Tosu 2 Special Purpose Company	Chiyoda-ku, Tokyo	600	Real estate business	-	-	Seller	Acquisition of real estate	3,030,000	-	-
Subsidiary of an affiliate	Tosu 4 Special Purpose Company	Chiyoda-ku, Tokyo	1,037,850	Real estate business	-	-	Seller	Acquisition of real estate	3,810,000	-	-

(Note 1) The figures above do not include consumption taxes in the transaction amount and the balance.

(Note 2) The terms and conditions of these transactions were determined market practices.

### 4. Board of Directors and Individual Major Unit Holders

As of May 31, 2013

Relationship	Name	Address	Stated capital (Thousand yen)	Type of business	% of units owned	Relation		Type of transaction	Transaction amount (Thousand yen)	Account	Balance (Thousand yen)
						Common board member	Business relationship				
Director and his/her relatives	Masahiro Sakashita	-	-	Executive Director of NPR and President and CEO of the Asset Manager	-	Executive Director of NPR and President and CEO of the Asset Manager		Payment of asset management fee to the Asset Manager	326,081	Accrued expenses payable	342,385

(Note 1) Masahiro Sakashita executed the transaction as the President and CEO of a third-party company (the Asset Manager), and the fee amount was determined in accordance with the rules prescribed in the articles of incorporation of NPR.

(Note 2) Consumption taxes are not included in the transaction amount described above but included in the balance therein.

(Notes Related to Retirement Benefit Plans)

As of May 31, 2013

None

(Notes Related to Deferred Tax Accounting)

1. Significant components of deferred tax assets and liabilities

	(Unit: Thousand yen)
(Deferred tax assets)	As of May 31, 2013
Non-deductible amount for tax purposes of enterprise tax payable	20
Total deferred tax assets	20
Net deferred tax assets	20

2. Reconciliation of major items that caused differences between statutory tax rate and effective tax rate after applying deferred tax accounting

	(Unit: %)
	As of May 31, 2013
Statutory tax rate	36.59
(Adjustment)	
Deductible cash distributions	(36.56)
Others	0.05
Effective tax rate after applying deferred tax accounting	0.08

(Notes Related to Asset Retirement Obligations)

As of May 31, 2013

None

(Notes Related to Rental Properties)

NPR owns logistics facilities for leasing for the purpose of earning rental income. The book value, amount changed during the reporting fiscal period and fair values for the properties are as follows:

		(Unit: Thousand yen)
		Reporting Fiscal Period From November 7, 2012 To May 31, 2013
Book value	As of the beginning of the reporting fiscal period	-
	Change during the reporting fiscal period	173,271,505
	As of the end of the reporting fiscal period	173,271,505
Fair value as of the end of the reporting fiscal period		176,880,000

(Note 1) Book value is the figure calculated by taking away accumulated amount of depreciation from acquisition price

(Note 2) The major factor of increase is a result of acquiring 12 properties (Prologis Park Ichikawa 1, Prologis Park Zama 1, Prologis Park Kawajima, Prologis Park Osaka 2, Prologis Park Maishima 3, Prologis Park Kasugai, Prologis Park Kitanagoya, Prologis Park Tagajo, Prologis Park Maishima 4, Prologis Park Takatsuki, Prologis Park Tosu 2 and Prologis Park Tosu 4 at the total of 174,180,772 thousand yen) and the major factor of decrease is due to depreciation of 909,267 thousand yen.

(Note 3) The fair value as of the end of the reporting period is determined based on the third-party appraisal value.

(Notes Related to Segment and Related Information)

(Segment Information)

1. Overview of the reported segment

NPR defined reportable segments as components of NPR for which separate financial information is available and whose operating results are regularly evaluated by the Board of Directors to make decisions about how resources are allocated among the portfolios and assess their performances.

NPR has two reported segment of “global markets” and “regional markets”<sup>(\*)</sup> based on the investing regions.

(\*) NPR mainly invests in real estate whose main usage is logistics facilities and makes investment by focusing on the area where the facility is located and the specs and features they have. As for the investing regions, NPR seeks to build a portfolio which does not concentrate in a specific region and but invests in areas of Japan vital to trade and logistics. By dividing Japan into two areas of “global markets” and “regional markets” and through investment into those two different markets, NPR aims to build a portfolio which would minimize fluctuations in cash flows due to regional economic shifts or localized impacts from natural disasters.

As for investment strategies in the “global markets”, as such areas are vital areas for international trade and logistics, NPR aims to invest in locations surrounding largest consumer areas which can also serve as important hubs within the domestic logistics network. The “global markets” are defined as Kanto area, which refers to Tokyo, Kanagawa, Chiba, Saitama, Ibaraki, Tochigi and Gunma prefectures, and Kansai area, which refers to Osaka, Hyogo, Kyoto, Nara, Wakayama, Shiga and Mie prefectures, respectively.

As for investment strategy to the “regional markets”, as such areas are critical to Japan’s domestic trades, NPR aims to invest in locations with second largest customer areas in Japan to the “global markets”, which can play a crucial role in a widespread regional logistics network. The “regional markets” are defined as Chubu, Tohoku and Kyushu areas which refer to Aichi, Shizuoka, Niigata, Toyama, Ishikawa, Fukui, Yamanashi, Nagano and Gifu prefectures; Aomori, Iwate, Miyagi, Akita, Yamagata and Fukushima prefectures and Fukuoka, Saga, Nagasaki, Kumamoto, Oita, Miyazaki and Kagoshima prefectures, respectively.

In addition, NPR is able to invest in areas besides the global market and the regional market to the extent that such areas are adjacent to consumer areas or manufacturing areas, or such areas are suited for logistics centers for some other appropriate reasons.

As of the end of the reporting fiscal period, NPR’s properties which are located in each segment are as follows:

Global market: Prologis Park Ichikawa 1, Prologis Park Zama 1, Prologis Park Kawajima, Prologis Park Osaka 2, Prologis Park Maishima 3, Prologis Park Maishima 4 and Prologis Park Takatsuki

Regional market: Prologis Park Kasugai, Prologis Park Kitanagoya, Prologis Park Tagajo, Prologis Park Tosu 2 and Prologis Park Tosu 4

2. Basis of measurement for the amounts of income, assets, liabilities and other items for each reported segment

The accounting policies of each reported segment are consistent with policies described in “Notes Concerning Significant Accounting Policies”. Reported segment profit is measured on a basis of operating profit.

### 3. Information about segment profit, assets, liabilities and other items

As of May 31, 2013

(Unit: Thousand yen)

	Global market	Regional market	Adjustments	Figures on financial statements
Operating profit <sup>(1)</sup>	2,837,406	728,077	—	3,565,484
Segment profit <sup>(2)</sup>	1,656,614	405,334	(100,252)	1,961,696
Segment assets <sup>(2)</sup>	143,191,152	31,692,998	10,982,992	185,867,143
Other items				
Depreciation	708,584	200,683	—	909,267
Increase in property, plant and equipment and intangible assets	142,630,950	31,549,822	—	174,180,772

(Note 1) Operating revenues of NPR are exclusively generated from external parties.

(Note 2) Adjustments to segment profit of (100,252) thousand yen include general corporate expenses of 100,252 thousand yen that are not allocated to each reportable segment. General corporate expenses represent mainly asset management fees, asset custody and administrative service compensations, commissions and directors' compensation and others. Adjustments to segment assets of 10,982,992 thousand yen include current assets of 10,213,754 thousand yen, investments and other assets of 697,290 thousand yen and deferred assets of 71,947 thousand yen.

#### (Ancillary Information)

Reporting Fiscal Period from November 7, 2012 to May 31, 2013

##### 1. Information by products and services

Disclosure of this information is omitted as operating revenues generated from external customers for a single product and service have exceeded 90% of total operating revenues on the statement of income.

##### 2. Information by geographic region

###### (1) Operating revenues

Disclosure of this information is omitted as operating revenues generated from external customers in Japan have exceeded 90% of total operating revenues on the statement of income.

###### (2) Property, plant and equipment

Disclosure of this information is omitted as the balance of property and equipment in Japan has exceeded 90% of total balance of property and equipment on the balance sheet.

##### 3. Information by major customers

Disclosure of this information is omitted because operating revenues from a single external customer accounted for less than 10% of total operating revenues on the statement of income

#### (Notes Related to Per Unit Information)

	Reporting Fiscal Period From November 7, 2012 To May 31, 2013
Net assets per unit	538,526 yen
Net income per unit	14,017 yen

(Note 1) Net income or loss per unit is calculated by dividing net income or loss for the period by the daily weighted average number of investment units issued and outstanding. Diluted net income per unit is not stated as there are no diluted units.

(Note 2) The basis for calculation of the net income per unit is as follows.

	Reporting Fiscal Period From November 7, 2012 To May 31, 2013
Net income (thousand yen)	1,333,248
Amount not attributable to common unit holders (thousand yen)	—
Net income attributable to common unit holders (thousand yen)	1,333,248
Average number of investment units during the period (unit)	95,115

(Notes on Significant Subsequent Events)

1. Issuance of New Investing Units

Issuance of new investment units through public offering

NPR issued new investment units with terms and conditions described below based on a resolution made by the Board of Directors on May 16, 2013 and June 3, 2013. Subsequently, the proceeds from the offering of new investment units were remitted on June 10, 2013. Consequently, as of today, the total balance of unit holders' paid-in capital is 168,200 million yen and the total number of investment units issued and outstanding is 278,950.

Number of units issued	96,200 units
Issue price	763,420 yen per unit
Total issue price	73,441,004,000 yen
Issue value	739,271 yen per unit
Total issue value	71,117,870,200 yen
Payment date	June 10, 2013

2. Borrowing of Bank Loans

NPR decided to borrow bank loans to acquire properties described in the following "(c) Acquisition of Assets". On June 13, 2013, 43.3 billion yen of loans was financed and another 20.0 billion yen loan is scheduled to be financed on October 1, 2013. In addition, in an attempt to fix the interest rates of long-term loans borrowed on June 13, 2013 and thereby hedge risks of potential increase in the interest rates, NPR entered into interest rate swap agreements on June 11, 2013. For further details, please refer to aforementioned "Management Policies and Results of Operations, (2) Results of Operations, B. Outlook of Next Fiscal Period, (ii) Significant Subsequent Events, (b) Borrowing of Bank Loans".

3. Acquisition of Assets

NPR, according to its basic investment guidelines defined in its article of incorporation, decided to acquire certificates of trust beneficiary of 7 properties worth 112,430 million yen on June 13, 2013 and certificates of trust beneficiary of a property worth 20,000 million yen on October 1, 2013, with the net proceeds from the public offering of new investment units and concurrent borrowings. For further detail please refer to aforementioned "Management Policies and Results of Operations, (2) Results of Operations, B. Outlook of Next Fiscal Period, (ii) Significant Subsequent Events, (c) Acquisition of Assets".



(9) Change in Number of Investment Units Issued and Outstanding

Changes in the number of investment units issued and outstanding and unit holders' equity from the date of establishment to the end of the reported fiscal period are as follows

Date	Type of issue	Number of investment units issued and outstanding (Units)		Unit holders' equity (Thousand yen)		Note
		Increase	Total	Increase	Total	
November 7, 2012	Establishment through private placement	400	400	200,000	200,000	(Note 1)
February 13, 2013	Public offering	182,350	182,750	96,882,555	97,082,555	(Note 2)

(Note 1) At the establishment of NPR, new investment units were issued at 500,000 yen per unit.

(Note 2) In order to obtain funds to acquire new properties, NPR issued new investment units through a public offering at the issue price of 550,000 yen (issue value of 531,300 yen) per unit.

4. Change in Directors

No change in directors of NPR or the Asset Manager from the most recent SRS (filed on May 16, 2013, including subsequent amendments)

## 5. Reference Information

### (1) Composition of NPR's Assets

Type of Asset	Region	Reporting Fiscal Period May 31, 2013	
		Retained Amount (million yen)	Ratio of total asset (%)
Real estate	Global market <sup>(1)</sup>		
	Kanto area	-	-
	Kansai area	4,454	2.40
	Regional market <sup>(2)</sup>		
	Chubu area	-	-
	Tohoku area	-	-
	Kyushu area	6,934	3.73
	Total	11,388	6.13
Trust beneficial interest	Global market <sup>(1)</sup>		
	Kanto area	87,415	47.03
	Kansai area	50,052	26.93
	Regional market <sup>(2)</sup>		
	Chubu area	19,055	10.25
	Tohoku area	5,359	2.88
	Kyushu area	-	-
	Total	161,883	87.10
Total of real estate and others		173,271	93.22
Deposit and other assets		12,595	6.78
Total assets		185,867 (173,271)	100.00 (93.22)

(Note 1) As for "global markets", such areas are vital areas for international trade and logistics, and are locations surrounding largest consumer areas which can also serve as important hubs within the domestic logistics network. It refers to the following areas

- Kanto area, which refers to Tokyo, Kanagawa, Chiba, Saitama, Ibaraki, Tochigi and Gunma prefectures
- Kansai area, which refers to Osaka, Hyogo, Kyoto, Nara, Wakayama, Shiga and Mie prefectures

(Note 2) As for "regional markets" such areas are critical to Japan's domestic trade and are locations with second largest customer areas in Japan to the "global markets", which can play a crucial role in a widespread regional logistics network. It refers to following areas.

- Chubu area, which refers to Aichi, Shizuoka, Niigata, Toyama, Ishikawa, Fukui, Yamanashi, Nagano and Gifu prefectures
- Tohoku area, which refers to Aomori, Iwate, Miyagi, Akita, Yamagata and Fukushima prefectures
- Kyushu area, which refers to Fukuoka, Saga, Nagasaki, Kumamoto, Oita, Miyazaki and Kagoshima prefectures

(Note 3) The retained amount is from the balance (for the "Total of real estate and others", the book value after depreciation) as of end of the reporting fiscal period

(Note 4) "Total assets" refers to the value on the balance sheet, and the figures in the brackets show the figures related to actual owned real estate.

## (2) Overview of the Portfolio

The following summarizes the real estate or the real estate properties in trust owned by NPR at the end of the reporting fiscal period:

### 1. Overview of Assets Held (acquisition price, book value, appraisal value as of the end of the reporting fiscal period and others)

Property number	Property name	Form of ownership	Acquisition price (million yen) <sup>(1)</sup>	Book value (million yen) <sup>(2)</sup>	Appraisal value as of the end of the reporting fiscal period (million yen) <sup>(3)</sup>	Return Price					Investment ratio (%) <sup>(4)</sup>
						Direct capitalization method		DCF method			
						Price based on direct capitalization method (million yen)	Direct capitalization rate (%)	Price based on DCF (million yen)	Discount rate (%)	Terminal capitalization rate (%)	
M-01	Prologis Park Ichikawa 1	Trust beneficial interest	33,900	33,921	34,300	35,000	5.0	34,300	4.8	5.2	19.59
M-02	Prologis Park Zama 1	Trust beneficial interest	27,900	27,910	28,000	28,200	5.4	28,000	5.2	5.6	16.13
M-03	Prologis Park Kawajima	Trust beneficial interest	25,600	25,584	26,100	26,400	5.6	26,100	5.4	5.8	14.80
M-04	Prologis Park Osaka 2	Trust beneficial interest	25,000	25,020	25,900	25,800	5.3	25,900	5.1	5.4	14.45
M-05	Prologis Park Maishima 3	Trust beneficial interest	13,500	13,516	14,000	14,000	5.4	14,000	5.2	5.5	7.80
M-06	Prologis Park Kasugai	Trust beneficial interest	12,500	12,530	13,100	13,300	6.0	13,100	5.9	6.2	7.22
M-07	Prologis Park Kitanagoya	Trust beneficial interest	6,500	6,524	6,710	6,740	5.8	6,710	5.7	6.0	3.76
M-08	Prologis Park Tagajo	Trust beneficial interest	5,370	5,359	5,470	5,510	6.2	5,470	6.0	6.4	3.10
B-01	Prologis Park Maishima 4	Trust beneficial interest	11,500	11,515	11,900	12,000	5.2	11,900	5.1	5.4	6.65
B-02	Prologis Park Takatsuki	Real estate	4,410	4,454	4,430	4,420	5.6	4,430	5.3	5.7	2.55
B-03	Prologis Park Tosu 2	Real estate	3,030	3,069	3,120	3,130	5.7	3,120	5.5	5.9	1.75
B-04	Prologis Park Tosu 4	Real estate	3,810	3,864	3,850	3,900	5.8	3,850	5.5	5.9	2.20
Total			173,020	173,271	176,880	178,400	-	176,880	-	-	100.00

(Note 1) "Acquisition price" represents the purchase price of each property or beneficiary right in trust as set forth on the relevant purchase agreement and does not include expenses such as consumption taxes, and are rounded down to nearest million yen.

(Note 2) "Book value" represents the value on the balance sheet after depreciation and are rounded down to nearest million yen.

(Note 3) As for appraisal values, NPR has retained Jones Lang LaSalle K.K. and CBRE K.K. to appraise the value of the properties. "Appraisal value as of the end of the reporting fiscal period" represents the appraisal value as set forth on the relevant study reports by real estate appraisers as of May 31, 2013.

(Note 4) "Investment ratio" is calculated by dividing the acquisition price for each property by the total acquisition price and is rounded to nearest second decimal place. Thus the sum of the figures in total may not add up to the figure in the total column.

NPR, according to its basic investment guidelines defined in its article of incorporation, entered into purchase and sale agreements to acquire properties described below on May 16, 2013, with the net proceeds from the public offering of new investment units and concurrent borrowings. Prologis Park Narashino 4 is scheduled to be acquired on October 1, 2013, and other properties were already acquired on June 13, 2013.

Property number	Property name	Form of ownership	(Anticipated) Acquisition price (million yen) <sup>(1)</sup>	Appraisal price or research price (million yen) <sup>(2)</sup>	Return price				
					Direct capitalization method		DCF method		
					Price based on direct capitalization method (million yen)	Direct capitalization rate (%)	Price based on DCF (million yen)	Discount rate (%)	Terminal capitalization rate (%)
M-09	Prologis Park Tokyo-Ohta	Trust beneficial interest	29,500	29,500	30,200	4.8	29,500	4.6	5.0
M-10	Prologis Park Zama 2	Trust beneficial interest	21,900	21,900	22,400	5.4	21,900	5.2	5.6
M-11	Prologis Park	Trust beneficial interest	9,500	9,500	9,610	5.2	9,500	5.0	5.4
	Funabashi 5 (Annex)	Trust beneficial interest	1,500	1,500	1,500	5.5	1,500	5.3	5.7
M-12	Prologis Park Narita 1-A&B	Trust beneficial interest	8,420	8,420	8,530	5.8	8,310	5.5	6.2
M-13	Prologis Park Narita 1-C	Trust beneficial interest	4,810	4,810	4,860	5.8	4,760	5.5	6.2
M-14	Prologis Park Amagasaki 1	Trust beneficial interest	17,600	17,600	17,700	5.1	17,400	5.0	5.5
M-15	Prologis Park Amagasaki 2	Trust beneficial interest	19,200	19,200	19,400	5.2	19,000	5.0	5.4
B-05	Prologis Park Narashino 4	Trust beneficial interest	20,000	20,000	19,800	5.3	20,000	5.1	5.4
Total		-	132,430	132,430	134,000	-	131,870	-	-

(Note 1) “(Anticipated) Acquisition Price” represents the purchase price of each property or beneficiary right in trust as set forth on the relevant purchase agreement and does not include expenses such as consumption taxes, and is rounded down to nearest million yen.

(Note 2) As for appraisal values, NPR has retained Jones Lang LaSalle K.K., Japan Real Estate Institute and CBRE K.K. to appraise the value of the properties. As for Prologis Park Narashino 4, which is still under construction, NPR has retained CBRE K.K. to prepare study its price. “Appraisal value or research price” represents the appraisal value or researched price as set forth on the relevant study reports by real estate appraisers as of February 28, 2013.

2. Overview of Assets Held (property age, occupancy rate and annual rent)

Property number	Property name	Property age (years) <sup>(1)</sup>	Leasable area(m <sup>2</sup> ) <sup>(2)</sup>	Leased area(m <sup>2</sup> ) <sup>(3)</sup>	Gross number of tenants <sup>(4)</sup>	Occupancy rate (%) <sup>(5)</sup>	Annual rent (million yen) <sup>(6)</sup>	Security deposit (million yen) <sup>(7)</sup>	Average lease contract (years) <sup>(8)</sup>	Average remaining lease contract (years) <sup>(9)</sup>
M-01	Prologis Park Ichikawa 1	4.6	125,014.12	124,169.66	10	99.3	2,038	872	9.7	6.4
M-02	Prologis Park Zama 1	4.0	113,471.12	113,471.12	7	100.0	1,838	567	8.2	5.1
M-03	Prologis Park Kawajima	2.0	145,036.25	144,037.93	6	99.3	1,783	540	4.6	3.1
M-04	Prologis Park Osaka 2	6.0	130,565.80	129,599.69	8	99.3	1,693	596	6.8	2.7
M-05	Prologis Park Maishima 3	5.3	74,925.40	65,692.14	3	87.7	837	351	9.4	5.5
M-06	Prologis Park Kasugai	5.4	91,834.07	89,338.51	9	97.3	1,009	404	4.2	1.6
M-07	Prologis Park Kitanagoya	4.0	42,751.60	42,751.60	3	100.0	529	165	4.1	2.6
M-08	Prologis Park Tagajo	4.2	39,098.87	33,896.56	3	86.7	380	185	3.9	1.9
B-01	Prologis Park Maishima 4	2.8	57,234.13	57,234.13	1	100.0	(Note 11)	(Note 11)	12.0	9.3
B-02	Prologis Park Takatsuki	1.4	19,898.05	19,898.05	1	100.0	(Note 11)	(Note 11)	15.0	13.7
B-03	Prologis Park Tosu 2	0.9	21,778.87	21,778.87	1	100.0	(Note 11)	(Note 11)	10.0	9.2
B-04	Prologis Park Tosu 4	1.4	28,765.31	28,765.31	1	100.0	(Note 11)	(Note 11)	15.3	14.0
Total		4.1	890,373.59	870,633.57	53	97.8	11,585	4,110	7.7	4.9

NPR, according to its basic investment guidelines defined in its article of incorporation, entered into purchase and sale agreements to acquire properties described below on May 16, 2013, with the net proceeds from the public offering of new investment units and concurrent borrowings.

Property number	Property name	Property age (years) <sup>(1)</sup>	Leasable area(m <sup>2</sup> ) <sup>(2)</sup>	Leased area(m <sup>2</sup> ) <sup>(3)</sup>	Gross number of tenants <sup>(4)</sup>	Occupancy rate (%) <sup>(5)</sup>	Annual rent (million yen) <sup>(6)</sup>	Security deposit (million yen) <sup>(7)</sup>	Average lease contract (years) <sup>(8)</sup>	Average remaining lease contract (years) <sup>(9)</sup>
M-09	Prologis Park Tokyo-Ohta	7.7	73,601.18	71,657.05	9	97.4	1,595	684	6.2	1.3
M-10	Prologis Park Zama 2	0.8	95,121.43	59,887.60	3	63.0 <sup>(10)</sup>	916	384	5.3	4.7
M-11	Prologis Park Funabasahi 5	6.1	56,101.25	56,101.25	5	100.0	744	372	6.4	3.0
	(Annex)	23.4								
M-12	Prologis Park Narita 1-A&B	8.3	62,058.82	60,017.12	9	96.7	640	263	2.4	1.2
M-13	Prologis Park Narita 1-C	6.1	32,230.25	31,972.43	5	99.2	399	74	2.8	1.3
M-14	Prologis Park Amagasaki 1	7.8	91,446.75	91,446.75	1	100.0	(Note 11)	(Note 11)	15.0	12.8
M-15	Prologis Park Amagasaki 2	6.2	91,309.37	90,986.89	9	99.6	1,215	560	7.9	3.1
B-05	Prologis Park Narashino 4	0.0	91,552.44	91,552.44	1	100.0	(Note 11)	(Note 11)	10.0	10.0
Total		5.2	593,421.49	553,621.53	42	93.3	7,815	3,492	7.7	5.1

- (Note 1) "Property age" of each property is calculated based on the date in the property registration as of May 31, 2013 and rounded down to the nearest first decimal place. Although Prologis Park Zama 2 also has an annex, the property age of is calculated based only on the main structure of the property, as the annex is relatively small. Also, the convenience store building that is jointly owned by the owners of Prologis Park 1-A&B and Prologis Park 1-C is also excluded. Furthermore, the property age of Prologis Park Narashino 4 as of May 31, 2013 is shown as zero as it is still under construction.
- (Note 2) "Leasable area" equals to the gross leasable space in each property in trust based on lease agreements and floor plans included in lease agreements plus available space based on floor plans, rounded down to the nearest square meter. As for "Leasable area", "Leased area" and "Occupancy rate", area of the convenience store building that is jointly-owned by the owners of Prologis Park Narita 1-A&B and Prologis Park Narita 1-C is not included in the figures. The same apply hereinafter.
- (Note 3) "Leased area" equals to gross floor area of leased space in property in trust as of May 31, 2013, based on the lease agreements and floor plans included in lease agreements. Area has been rounded down to the nearest square meter.
- (Note 4) "Gross number of tenants" is based on the lease agreements with tenants for warehouses, offices and stores for each property in trust as of May 31, 2013. For properties with pass-through master lease agreements, this is the total number of end-tenants.
- (Note 5) "Occupancy rate" is as of May 31, 2013, calculated by dividing total leased area for each property by the total leasable area. The total occupancy rate is calculated by dividing the aggregate total leased area for the relevant properties by the aggregate total leasable area for the relevant properties. The occupancy rate for Prologis Park Narashino 4, which is still under construction as of today, is calculated based on the executed lease agreement for the property. Figures are rounded to the nearest tenth.
- (Note 6) "Annual rent" is based on total annual rent (including common area charges) as of May 31, 2013 as indicated in the relevant lease agreements for all warehouses, offices and stores for each property in trust. If the relevant agreements include monthly contracted rent, anticipated annual rent is calculated in accordance with the terms provided in the agreements. Figures are rounded down to the nearest million yen.
- (Note 7) "Security deposit" is calculated as the total security deposit as indicated in the relevant lease agreements for all warehouses, offices and stores for each property in trust as of May 31, 2013, rounded down to the nearest million yen.
- (Note 8) "Average lease contract" is calculated as the weighted average of length of lease contract indicated in the relevant lease agreements for all warehouses, offices and stores for each property in trust as of May 31, 2013, by the rent and figures are rounded to the nearest tenth.
- (Note 9) "Average remaining lease contract" is calculated as the weighted average of length of remaining lease contract indicated in the relevant lease agreements for all warehouses, offices and stores for each property in trust as of May 31, 2013, by the rent and figures are rounded to the nearest tenth.
- (Note 10) The occupancy rate will be 100.0% from July 1, 2013.
- (Note 11) We have not obtained permission from the tenant of the properties to disclose the information omitted from this table.

### (3) Capital Expenditures for Owned Properties

#### (a) Future Plans for Capital Expenditure

The following summarizes the major capital expenditure plan in connection with scheduled renovation and other work for properties owned by NPR including those that the acquisition contracts were signed on May 16, 2013. Estimated construction cost includes the amounts to be expensed for accounting purposes.

Name (Location)	Purpose	Planned period	Estimate construction cost (million yen) <sup>(1)</sup>		
			Total amount	Paid during the reporting period	Total amount already paid
Prologis Park Kawajima (Hiki, Saitama)	Installment of fire shutter	From June 2013 to July 2013	6	-	-
Prologis Park Tokyo-Ohta (Ota-ku, Tokyo)	Installment of surveillance camera	From August 2013 to November 2013	10	-	-
Total			16	-	-

(Note 1) Figures are rounded down to the nearest million yen.

#### (b) Capital Expenditure Incurred for the Reported Fiscal Period

The following summarizes the major construction work to NPR's owned properties that resulted in capital expenditure for the reporting fiscal period. Capital expenditure for the reporting fiscal period was 4 million yen and repair and maintenance of 12 million yen was accounted for as expenses.

Name (Location)	Purpose	Period	Amount spent (million yen) <sup>(1)</sup>
Prologis Park Tagajo (Tagajo, Miyagi)	Work for preventing damage by birds	May 2013	4
Total			4

(Note 1) Figures are rounded down to the nearest million yen.

(c) Reserved Amount for Long-Term Repairs, Maintenance and Renovation Plans

None

(4) Information Concerning Major Tenants

(a) Major Tenants (tenants accounting for more than 10% of aggregate leased area)

There are no tenants that correspond to the criteria of major tenants (tenants accounting for more than 10% of aggregate leased area).

Notwithstanding, the following tenant correspond to such criteria if the properties, and properties to be acquired, which are subjects of the purchase and sale agreement executed on May 16, 2013.

Name of tenant	Relating segment	Property name	Term of contract	Leased area (m <sup>2</sup> )	Annual rent	Deposits	Ratio of leased area (%)
Panasonic Logistics Co., Ltd.	General Motor Truck Transportation Business	Prologis Park Amagasaki 1	15 years	91,446.75	(Note)	(Note)	10.3
		Prologis Park Tosu 4	15years 3 months	28,765.31	(Note)	(Note)	
		Prologis Park Amagasaki 2	8years	26,471.91	(Note)	(Note)	

(Note) We have not obtained permission from the tenant of the properties to disclose the information of annual rent and deposit and therefore such information is omitted from this table.

(b) Information Related to Major Properties

The following summarizes the major properties (properties accounting for more than 10% of aggregate property-related revenues) which NPR currently owns.

(Unit: thousand yen)

Property number	M-01	M-02	M-03	M-04
Property name	Prologis Park Ichikawa 1	Prologis Park Zama 1	Prologis Park Kawajima	Prologis Park Osaka 2
Gross number of tenants	10	7	6	8
Total property-related revenues (thousand yen)	650,798	565,912	570,852	501,362
Ratio of property-related revenues (%)	18.3	15.9	16.0	14.1
Leasable area (m <sup>2</sup> )	125,014.12	113,471.12	145,036.25	130,565.80
Leased area (m <sup>2</sup> )	124,169.66	113,471.12	144,037.93	129,599.69
Occupancy rate as of end of the reporting fiscal period (%)	99.3	100.0	99.3	99.3

(5) Overview of Property Leasing and Status of Operating Income

The 1st Fiscal Period from November 7, 2012 to May 31, 2013

(Units: Thousand yen)

Property number	M-01	M-02	M-03	M-04	M-05
Property name	Prologis Park Ichikawa 1	Prologis Park Zama 1	Prologis Park Kawajima	Prologis Park Osaka 2	Prologis Park Maishima 3
Operating days	206	206	206	206	206
(1) Property related revenues	650,798	565,912	570,852	501,362	256,219
Property revenues	592,772	536,372	519,299	477,385	244,314
Other property related revenues	58,025	29,539	51,552	23,977	11,905
(2) Total of property related expenses	212,247	171,123	205,291	192,057	119,137
Subcontract expenses	34,765	22,661	37,591	33,782	22,690
Utilities cost	40,912	17,629	17,046	19,874	9,551
Non-life insurance premium	1,106	971	1,145	1,191	673
Repair and maintenance	3,634	-	1,165	1,343	4,640
Depreciation	131,446	128,335	148,052	135,575	81,233
Custodian fee	382	289	289	289	347
Other expenses	-	1,236	-	-	-
(3) Operating income from property leasing ( = (1)-(2) )	438,550	394,788	365,560	309,305	137,082
NOI ( (3) + Depreciation)	569,996	523,123	513,613	444,880	218,315



(Units: Thousand yen)

Property number	M-06	M-07	M-08	B-01	B-02
Property name	Prologis Park Kasugai	Prologis Park Kitanagoya	Prologis Park Tagajo	Prologis Park Maishima 4	Prologis Park Takatsuki
Operating days	206	206	206	206	206
(1) Property related revenues	302,274	159,720	128,534	(Note)	(Note)
Property revenues	289,468	154,299	124,159		
Other property related revenues	12,806	5,421	4,374		
(2) Total of property related expenses	108,320	58,884	59,291		
Subcontract expenses	15,391	14,296	16,391		
Utilities cost	11,878	4,672	4,377		
Non-life insurance premium	740	313	260		
Repair and maintenance	56	-	1,172		
Depreciation	79,964	39,310	36,799		
Custodian fee	289	289	289		
Other expenses	-	-	-		
(3) Operating income from property leasing ( = (1)-(2) )	193,953	100,836	69,242	151,110	52,031
NOI ( (3) + Depreciation)	273,918	140,147	106,041	214,141	72,942

(Note) We have not obtained permission from the tenant of the properties to disclose the information and therefore is omitted from this table.

(Units: Thousand yen)

Property number	B-03	B-04
Property name	Prologis Park Tosu 2	Prologis Park Tosu 4
Operating days	206	206
(1) Property related revenues	(Note)	(Note)
Property revenues		
Other property related revenues		
(2) Total of property related expenses		
Subcontract expenses		
Utilities cost		
Non-life insurance premium		
Repair and maintenance		
Depreciation		
Custodian fee		
Other expenses		
(3) Operating income from property leasing ( = (1)-(2) )	41,037	49,443
NOI ( (3) + Depreciation)	61,843	73,245

(Note) We have not obtained permission from the tenant of the properties to disclose the information and therefore is omitted from this table.