

November 5, 2013

For Immediate Release

Notice Concerning Revisions to Forecasts of Results for the Fiscal Period Ending May 31, 2014

Nippon Prologis REIT, Inc. (“NPR”) hereby announces revisions to its forecasts of the results for the fiscal period ending May 31, 2014 (from December 1, 2013 to May 31, 2014), which NPR announced in “SUMMARY OF FINANCIAL RESULTS (REIT) For the 1st Fiscal Period Ended May 31, 2013”, dated July 12, 2013, as described below.

In addition, there are no changes to the forecasts of the results for the fiscal period ending November 30, 2013 (from June 1, 2013 to November 30, 2013), which NPR announced in “SUMMARY OF FINANCIAL RESULTS (REIT) For the 1st Fiscal Period Ended May 31, 2013”, dated July 12, 2013.

1. Reasons for revisions to forecasts and announcement

As a result of a resolution adopted at the meeting of the board of directors of NPR held today concerning the issuance of new investment units for the purpose of acquiring the Properties to be Acquired (defined in Attachment 1 of the NPR release entitled “Assumptions for the Fiscal Period Ending May 31, 2014”), the forecasts of results for the six-month period ending May 31, 2014, announced on July 12, 2013 in the “SUMMARY OF FINANCIAL RESULTS (REIT) For the 1st Fiscal Period Ended May 31, 2013,” need to be revised according to a change in the preconditions used as the basis of their computation.

2. Details of revisions to forecasts of results for the fiscal period ending May 31, 2014 (3rd fiscal period) (from December 1, 2013 to May 31, 2014)

| | Operating revenues (Millions of yen) | Operating profit (Millions of yen) | Ordinary income (Millions of yen) | Net income (Millions of yen) | Distributions per unit (including surplus cash distributions) (yen) | Distributions per unit (excluding surplus cash distributions) (yen) | Surplus cash distributions per unit (yen) |
|--|---|---|--|---------------------------------------|--|--|---|
| Previously announced forecast (A) | 10,724 | 5,250 | 4,321 | 4,320 | 17,826 | 15,489 | 2,337 |
| Revised forecast (B) | 12,518 | 6,121 | 4,952 | 4,951 | 18,251 | 15,832 | 2,419 |
| Amount of increase/decrease (C) ((B) – (A)) | 1,794 | 871 | 631 | 631 | 425 | 343 | 82 |

Disclaimer: This press release is an announcement concerning revision to the management forecast for the fiscal period ending May 31, 2014 of NPR, and has not been prepared for the purpose of solicitation for investment.

| | | | | | | | |
|---|-------|-------|-------|-------|------|------|------|
| Rate of increase/decrease (C) / (A) | 16.7% | 16.6% | 14.6% | 14.6% | 2.4% | 2.2% | 3.5% |
|---|-------|-------|-------|-------|------|------|------|

(Reference)

Fiscal period ending May 31, 2014: Expected number of investment units outstanding at the end of the period: 312,750; Expected net income per unit: 15,832 yen

Notes:

(Note 1) The forecast information is calculated based on the assumptions described in Attachment 1 “Forecast Assumptions for the Fiscal Period Ending May 31, 2014.” Therefore, actual operating revenues, operating profit, ordinary income, net income, distributions per unit (excluding surplus cash distributions), and surplus cash distributions per unit may vary due to acquisition or sales of properties, changes in rent revenues attributable to tenant movement, changes in the property management environment due to unexpected repair, changes in interest rates, the actual number of new units issued and the issue price of such units, or the issuance of additional investment units. Thus, the forecast should not be deemed a commitment or guarantee of the amount of cash distributions.

(Note 2) These forecasts may be revised if a substantial difference from the current forecast information is anticipated.

(Note 3) The figures are rounded down to the nearest million yen or yen.

<Reference>

The forecasts for the fiscal period ending May 31, 2014, as announced today, will be impacted by certain short-term effects on earnings and expense items due to the offerings, anticipated acquisitions and other factors such as acquisitions during the fiscal period, expenses related to the offerings of the new investment units and tax related to the anticipated acquisitions. In order to show the effect of the offerings, anticipated acquisitions and others to the extent possible, NPR also prepared a constructed financial performance model calculating Net Income under the hypothetical assumption that the Properties to be Acquired are held through full fiscal period and excluding the short-term impact of the acquisition of additional properties on earning and expense items based on “Notice Concerning Revisions to Forecasts of Results for the Fiscal Period Ending May 31, 2014” as announced today (“Adjusted Net Income Based on Revised Forecasts as Announced on November 5, 2013”). Moreover, for the purpose of comparison, with the same methodology based on the forecasts of results for the six-month period ending May 31, 2014, as announced on July 12, 2013 in “SUMMARY OF FINANCIAL RESULTS (REIT) For the 1st Fiscal Period Ended May 31, 2013”, NPR calculated Net Income (“Adjusted Net Income Based on Initial Forecasts as Announced on July 12, 2013”) in Attachment 2. Please note that Adjusted Net Income is not intended to estimate the Net Income of certain specific fiscal periods, thus cannot be regarded as forecasts for certain specific fiscal periods. Therefore, the actual net income for the fiscal period ending May 31, 2014 and other specific fiscal periods may differ significantly from Adjusted Net Income Based on Revised Forecasts as Announced on November 5, 2013. Please refer to Attachment 2 “Constructed Financial Performance Model: Adjusted Net Income” for details.

Adjusted Net Income Based on Revised Forecasts as Announced on November 5, 2013 has increased relative to the Adjusted Net Income Based on Initial Forecasts as Announced on July 12, 2013 due to the positive contribution of the acquisition of the Properties to be Acquired, which was not reflected in Adjusted Net Income Based on Initial Forecasts as Announced on July 12, 2013, as well as a change in our assumptions used to calculate Adjusted Net Income Based on Revised Forecasts as Announced on November 5, 2013 from those used to calculate Adjusted Net Income Based on Initial Forecasts as Announced on July 12, 2013, including but not limited to a decrease in assumed operating expenses such as depreciation, a decrease in assumed interest expenses to reflect the actual interest rates applicable to certain of our borrowings, which are lower than the assumed interest rates reflected in Adjusted Net Income Based on Initial Forecasts as

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Announced on July 12, 2013. Therefore, all the increase of the Adjusted Net Income may not come from this offering and the acquisition of Properties to be Acquired.

Notes:

1. This material is distributed to the Tokyo Stock Exchange (Kabuto Club) Press Club; Ministry of Land, Infrastructure, Transport and Tourism Press Club; and Ministry of Land, Infrastructure, Transport and Tourism Press Club for Construction Publications.
2. NPR website address: <http://www.prologis-reit.co.jp>

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【Attachment 1】

Assumptions for the Fiscal Period Ending May 31, 2014

| Item | Assumptions |
|-------------------------|---|
| Accounting period | <ul style="list-style-type: none"> ➤ Fiscal period ending May 31, 2014 (3rd fiscal period) (from December 1, 2013 to May 31, 2014) (182 days) |
| Assets under Management | <ul style="list-style-type: none"> ➤ It is assumed that NPR will acquire the real estate trust beneficiary interests in 4 properties (the “Properties to be Acquired”) without delay after the closing of the offering on December 3, 2013 in addition to its holding 20 properties (the “Current Properties”) as of today. For details of the Properties to be Acquired, please refer to the press release “Notice Concerning Acquisition of Domestic Real Estate Trust Beneficiary Interests,” dated today. It is also assumed that there will be no change in the number of properties by the end of May 2014 after the scheduled acquisition on December 3, 2013. ➤ The actual results may change due to the acquisition of new properties besides the Properties to be Acquired or the sale of existing properties, etc. |
| Operating revenues | <ul style="list-style-type: none"> ➤ Operating revenues were assumed, by taking into account factors such as the market trends and competitiveness of each property based on information provided by the current owner for the Properties to be Acquired and information on the Current Properties, to be 12,518 million yen for the fiscal period ending May 31, 2014. The period-end expected occupancy rate is estimated to be 97.4% for the period ending May 31, 2014. ➤ For operating revenues, it is assumed that tenants will pay rent without delinquency or withholding. |
| Operating expenses | <ul style="list-style-type: none"> ➤ Operating expenses except depreciation are calculated by taking into account variable factors such as seasonal events based on information provided by the current owner for the Properties to be Acquired and information on the Current Properties, and are assumed to be 2,547 million yen for the fiscal period ending May 31, 2014. ➤ Depreciation expenses including ancillary costs are calculated using the straight-line method and are assumed to be 2,654 million yen for the fiscal period ending May 31, 2014. ➤ Property taxes and city planning taxes of real estate, upon sales and purchases, are generally calculated on a <i>pro rata</i> basis with former owners and at the time of acquisition. For the Properties to be Acquired, property taxes and city planning taxes for the fiscal year 2014 will be expensed from the fiscal period ending on May 31, 2014. The total amount of property taxes and city planning taxes for the Current Properties is assumed to be 149 million yen (equivalent to expenses for 31 days) and for the Properties to be Acquired is assumed to be 28 million yen (equivalent to expenses for 29 days) for the fiscal period ending on May 31, 2014. ➤ With respect to building repair expenses, the amount assumed to be necessary for each property is based on the repair and maintenance plans of the Asset Manager (Prologis REIT Management K.K.). However, actual repair expenses may be substantially different from the expected amount due to certain unexpected factors. |
| Non-operating Expenses | <ul style="list-style-type: none"> ➤ We assume that we will recognize 99 million yen as the total expenses incurred in relation to the offerings of the new investment units in the fiscal period ending May 31, 2014. ➤ We assume that we will recognize 9 million yen for the fiscal period ending May 31, 2014, as amortization of organization expenses. ➤ As for interest expenses and other debt-related costs, 1,044 million yen is expected for the fiscal period ending May 31, 2014. The debt-related amortization is expected to be 136 million yen for the period ending May 31, 2014. |
| Borrowings | <ul style="list-style-type: none"> ➤ NPR’s balance of interest-bearing liabilities outstanding as of today is 139,200 million yen. ➤ It is assumed that 21,600 million yen will be borrowed in December 2013, from qualified institutional investor as defined in Article 2, paragraph (3), |

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| | <p>item (i) of Financial Instruments and Exchange Act and in Article 67, paragraph (15) of Special Taxation Measures Act.</p> <p>➤ It is assumed that 3,400 million yen of debt will be repaid at the end of May 31, 2014 with the refunded consumption tax in connection with the acquisition of the Current Properties during the period ending May 31, 2014.</p> |
| Investment units | <p>➤ It is assumed that no additional units will be issued by the end of May 31, 2014 other than the current outstanding and issued 278,950 units as of today and 33,800 units to be issued, which is a sum of the 32,190 units to be issued through this offerings as well as the maximum 1,610 units to be issued through the third-party allotment as resolved at NPR's board of directors meeting held on November 5, 2013. For details, please refer to the press release, "Notice Concerning Issuance of New Investment Units and Secondary Distribution of Investment Units," dated today.</p> |
| Distributions per unit (excluding surplus cash distributions) | <p>➤ Distributions per unit (excluding surplus cash distributions) are calculated based on the premises of the distribution policy in the Articles of Incorporation of NPR.</p> <p>➤ Distributions per unit (excluding surplus cash distributions) 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 property management environment including unexpected repair, changes in interest rates, the actual number of new investment units issued and the unit price of such units, or any additional issuance of new investment units in the future.</p> |
| Surplus cash distributions per unit | <p>➤ Surplus cash distributions per unit is calculated based on the premises of the fund distribution policy in the Articles of Incorporation of NPR. It is assumed that the surplus cash distributions in the period ending May 31, 2014 will be equal to 28.5% of depreciation expenses for the fiscal period, which is assumed to be 756 million yen.</p> <p>➤ The amount of depreciation expenses may change depending on the amount of total assets under management, ancillary costs, capital expenditure, and the allocation method of purchase prices for each asset, depreciable life, etc. Surplus cash distributions, which will be based on the amount of depreciation expenses, may change accordingly.</p> <p>➤ NPR intends to pay surplus cash distribution continuously only to the extent appropriate levels for maintaining financial soundness and stability are maintained after considering alternatives of case uses such as repairs and capital expenditures, repayment of borrowings and acquisition opportunities.</p> <p>➤ For the time being, NPR intends to have a level of surplus cash distributions at an amount equivalent to approximately 30% of the depreciation expense for the relevant fiscal period.</p> <p>➤ To determine the amount of surplus cash distribution, NPR will consider the ratio of surplus cash distribution 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:</p> <p style="padding-left: 40px;">FFO = net income + depreciation + property-related amortization + loss on sale of real estate, etc. - gain on sale of real estate, etc.</p> <p style="padding-left: 40px;">AFFO = FFO - capital expenditure + amortization of capitalized financial costs</p> <p>➤ Capital expenditures are assumed to be 55 million yen in the period ending May 31, 2014.</p> <p>➤ NPR does not plan to pay surplus cash distribution in case such payment would cause the Distribution LTV, as defined below, to exceed 60%.</p> <p style="padding-left: 40px;">Distribution LTV(%) = A / B x 100</p> <p style="padding-left: 80px;">A = interest-bearing debt (including entrusted loans and investment corporation bonds) at the end of the fiscal period + balance of tenant leasehold deposits released at the end of the fiscal period</p> <p style="padding-left: 80px;">B = total appraisal real estate value at the end of the fiscal period + the amount of cash deposits at the end of the fiscal period - the total amount distributions (including surplus cash distributions)</p> |

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| Others | <ul style="list-style-type: none"> ➤ It is assumed that any revision that will have an impact on the forecast information above will be made with regard to the laws and regulations, tax system, accounting standards, listing rules, and rules of the Investment Trusts Association, Japan, etc. ➤ It is assumed that any unexpected material change will not arise in the general economic trend and real estate market conditions, etc. |
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【Attachment 2】

(Reference)

Constructed Financial Performance Model: Adjusted Net Income

| | Adjusted Net Income Based on Initial Forecasts as Announced on July 12, 2013 | Adjusted Net Income Based on Revised Forecasts as Announced on November 5, 2013 |
|--|--|--|
| Operating revenues | 10,724 million yen | 12,538 million yen |
| Operating profit | 5,119 million yen | 5,971 million yen |
| Recurring profit | 4,200 million yen | 4,938 million yen |
| Net Income | 4,199 million yen | 4,937 million yen |
| Number of investment units outstanding | 278,950 units | 312,750 units |
| Distributions per unit (including surplus cash distributions) | 17,393 yen | 18,206 yen |
| Net Income per unit | 15,056 yen | 15,787 yen |
| Surplus cash distributions per unit | 2,337 yen | 2,419 yen |

<Assumptions for calculating Adjusted Net Income Based on Initial Forecasts as Announced on July 12, 2013>

The following adjustments are made based on the forecasts for the fiscal period ending May 31, 2014, as of July 12, 2013, without taking into account the offerings, the anticipated acquisitions and other items:

- The total amount of property tax and city planning tax for the Current Properties is assumed to be 149 million yen (equivalent to expenses for 31 days) for the fiscal period ending May 31, 2014.
- It is assumed that the loan payable which is to be repaid with the refunded consumption tax in connection with the acquisition of the Current Properties (3,400 million yen loan made as of June 2013) is fully repaid. Interest payments and other debt-related costs of 10 million yen, which fluctuate due to the adjustment of the loan amount, are deducted from non-operating expenses.
- Considering the fluctuation of NOI and Net Income due to the adjustment as mentioned above, 18 million yen of asset management fees which are based on NOI and net income are deducted from operating expenses. Also, considering the fluctuation of the total asset due to adjustment of loan payable and others, 0 million yen of custodian fees which are based on the amount of total assets are deducted from the operating expenses.

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<Assumptions for calculating Adjusted Net Income Based on Revised Forecasts as Announced on November 5, 2013>

The following adjustments are made based on the forecasts for the fiscal period ending May 31 2014, as of November 5, 2013, taking into account the offerings, anticipated acquisitions and others:

- Operating revenues and expenses (including depreciation) of the Properties to be Acquired are calculated on the assumption that these were held for the full fiscal period for 182 operating days.
- The total amount of property tax and city planning tax for the Current Properties and the Asset to be Acquired are assumed to be 149 million yen (equivalent to expenses for 31 days) for the fiscal period ending May 31, 2014 and 28 million yen (equivalent to expense for 29 days), respectively.
- Temporary costs of 124 million yen incurred at the time of the offerings such as expenses related to the issuance of new investment units and debt-related expense are deducted from the non-operating expenses.
- It is assumed that the loan payables which are to be repaid with the refunded consumption tax in connection with the acquisition of the Current Properties and the Properties to be Acquired (3,400 million yen loan made as of June 2013, and 1,450 million yen scheduled to be made in December 2013) are fully repaid. Interest payments and other debt-related costs of 11 million yen are excluded from non-operating expense due to the adjustments of loan amount and operating period.
- Considering the fluctuation of the NOI and Net Income due to the adjustments as mentioned above, 13 million yen of asset management fee which is based on NOI and net income is deducted from operating expenses. Also, operating expense is increased by 0 million yen due to the custodian fee accrued from the adjustments of loan amount and operating period.

Please note that the Adjusted Net Income is not intended to estimate the Net Income of certain specific fiscal periods, thus cannot be regarded as forecasts for certain specific fiscal periods. Therefore, the actual net income for the fiscal period ending May 31, 2014 and other specific fiscal period may differ significantly from Adjusted Net Income Based on Revised Forecasts as Announced on November 5, 2013.