



SEMIANNUAL REPORT

Fiscal Period Ended May 31, 2017



Dear Fellow Unit Holders,

We are pleased to present our Semiannual Report for the fiscal period ended May 31, 2017.

Our focused investment strategy and proprietary access to Class-A properties, specifically through our sponsor's robust development pipeline, has again resulted in excellent operational and financial results. Moreover, our recent activity has further strengthened our balance sheet, giving us the ability to continue to grow over the long term. We remain confident in, and proud of, our positive and consistent growth.

Fifth and Sixth Follow-on Offerings and Acquisitions — NPR continues to receive strong sponsor support from the Prologis Group. In December 2016, we completed a follow-on offering, raising 14.3 billion yen of capital. With the proceeds, we acquired three Class-A properties—Prologis Park Narita 3, Prologis Park Koga 1 and Prologis Park Kobe 2. In August 2017, we have completed our sixth follow-on offering, successfully raising 34.3 billion yen of capital. With those proceeds, we acquired three new Class-A properties—Prologis Park Ibaraki, Prologis Park Narashino 5 and Prologis Park Koga 2. All of these state-of-the-art properties are in prime locations. As a result of these offerings and acquisitions, we continued to realize accretion of our distribution per unit (DPU) and our net asset value (NAV) per unit.

Asset Disposition and Refinancing — For the first time since NPR's inception, we completed the disposition of two properties—Prologis Park Maishima 4 in April 2017 and Prologis Park Tagajo in June 2017. These dispositions reflect our strategy of maximizing the value of our assets and monitoring the market for limitations to economic upside. Carefully considered dispositions give us opportunities to strategically rebalance our portfolio—in this case, in the Osaka port submarket. These assets were sold in a competitive auction at highly attractive prices. Accordingly, NPR recorded significant capital gains.

Using a portion of those proceeds, we accelerated the refinancing of 110.5 billion yen in bank loans with long-term fixed interest rates. As a result of this refinancing, the remaining duration of our debt was extended from 3.9 years to 6.4 years (as of April 28, 2017) and the all-in cost of debt was reduced significantly from 1.0 percent to 0.6 percent. In turn, NPR's balance sheet has been further strengthened, and the debt cost reduction has resulted in additional accretion of our DPU.

Accretion and Portfolio Growth — Our offerings, acquisitions and refinancing have been highly accretive and in turn have increased our unit holder value. As a result of the fifth follow-on offering and acquisitions in December 2016, our DPU grew by 2.0 percent and our NAV per unit grew by 2.4 percent. With the sixth follow-on offering and acquisitions in August 2017, combined with the effect of strategic refinancing, our DPU grew by 3.0 percent and our NAV per unit grew by 90 basis points. Through these acquisitions, net of the dispositions in April, our portfolio has grown significantly and now has a value of 516.7 billion yen (in terms of asset acquisition price), a level that positions us solidly as the largest logistics J-REIT—and the one with the highest-quality portfolio.

Operational and Financial Highlights — Our operational status in the fiscal period remained strong due to the high quality of our Class-A portfolio. We maintained an average occupancy of above 97 percent and our rents continued to grow. For the 188,000 square meters of leases that were either renewed or re-tenanted in the period, we achieved weighted average rent growth of 0.5 percent on a nominal weighted average basis, marking the ninth period of consecutive growth since our inception. Going forward, we remain aware that supply of advanced logistics properties. Specifically in Osaka, we are prioritizing occupancy over rent growth. Moreover, we have been initiating lease negotiations with existing/new customers earlier than before; this shift in our approach will naturally slow down our expected rent growth. Nonetheless, in the near term we will strive to achieve positive rent changes for leases scheduled to expire over the next few years.

Our financial performance was strong in the fiscal period ended May 2017, driven primarily by continued solid operational performance of our existing portfolio, the addition of new properties acquired in December 2016 and capital gains from the April 2017 asset disposition. It is important to note that due to significant capital gains and an increased net income level, we have temporarily suspended surplus cash distributions for this fiscal period.

From the previous period, our DPU grew by 10.3 percent to 4,628 yen. To more accurately reflect the level of consistent DPU accretion since our inception, the stabilized DPU excluding one-time effects from actual results is a more useful measurement of our performance. Our stabilized DPU has grown by 2.8 percent, which reflects our robust external growth from property acquisitions and steady rent growth as well as our stringent efforts to cut costs wherever possible, including our cost of debt.

The Japanese Logistics Real Estate Market — Operating conditions, especially in the Class-A segment, continue to be healthy. Due to Japan's current scarcity of modern logistics stock (which accounts for only 3.5 percent of the country's entire distribution space), we believe the long-term outlook for logistics real estate is bright. Customer demand is fueled by the rapidly growing e-tailing sector and also by conventional retailers/manufacturers that are outsourcing a greater portion of their logistics functions to third-party providers to reduce operational costs. Notably, the growth of demand from e-tailing customers has been remarkable. For example, an anchor tenant of the newly acquired Prologis Park Ibaraki that is in the process of expanding its e-commerce business has leased 130,000 square meters of space. This customer is introducing a very sophisticated robotic system to automate their operations that is expected to make their e-commerce operations highly efficient.

We do expect a significant volume of new supply to enter the market through 2019 in both the Tokyo and Osaka metropolitan areas. As stated above, we anticipate that our rent growth pace will slow accordingly. In the long term, we believe the market will continue to be strong because of a fundamental scarcity of space, and that new supply will be absorbed within a reasonable timeframe.

Strong Sponsor Support and Future Acquisitions — We continue to have access to a robust acquisition pipeline from our sponsor. This access will fuel our growth over the long term. Since the August 2017 acquisitions, we have the exclusive negotiation rights for five properties with a total estimated value of 70 billion yen. These properties are currently under construction or in the lease-up process. In addition, the Prologis Group is constructing five new properties and planning four new developments estimated to be worth approximately 100-110 billion yen in total. We likely will acquire these 170-180 billion yen assets over the next two to three years. With such strong external growth opportunities in place, we will continue to maximize our unit holder value. Given this rate of expected growth, our portfolio size is likely to exceed our mid-term target of 600 billion yen (in terms of acquisition value) in either 2019 or 2020.

Financial Strategies — Thanks to our focus on long-term stability and efficiency, we have one of the strongest balance sheets in the J-REIT industry. At the end of the fiscal period, our loan-to-value ratio (LTV) was 39.0 percent and, reflecting the July-August offering and acquisitions, our pro-forma LTV is estimated at 36.9 percent. We intend to maintain this conservative level of leverage to secure NPR's strong balance sheet, which will allow us to

grow regardless of future market conditions. Assuming a "gear up" of our balance sheet up to 50 percent LTV (in terms of book value), we now have an additional borrowing capacity of approximately 130 billion yen.

Our term loans are provided by Japan's leading lenders, and 96.2 percent of our maturities have long-term fixed interest rates. As a result of the work we have done to date, we will not have significant refinancing until the year of 2021. Our all-in debt cost is now a low 0.6 percent. Also, we have been recognized by JCR for the strength of our balance sheet and our commitment to a sound capital structure. Accordingly, JCR has assigned us a high credit rating of AA (stable).

Looking Forward — We are proud of our accomplishments in this fiscal period. We will work to further maximize our unit holder value by growing externally and internally, and will continue to build a solid track record of excellence in portfolio management. We sincerely appreciate your ongoing support of NPR and the Prologis Group.

Best regards,



Distribution Per Unit
(total JPY)

4,628

Operating Revenues
(JPY millions)

21,253

Net Income
(JPY millions)

8,822

Appraisal NAV Per Unit
(total JPY)

193,948

Loan-to-Value Ratio

36.9%

As of July 24, 2017
(Forecasted)

Period Average Occupancy

97.5%

Credit Rating

JCR AA

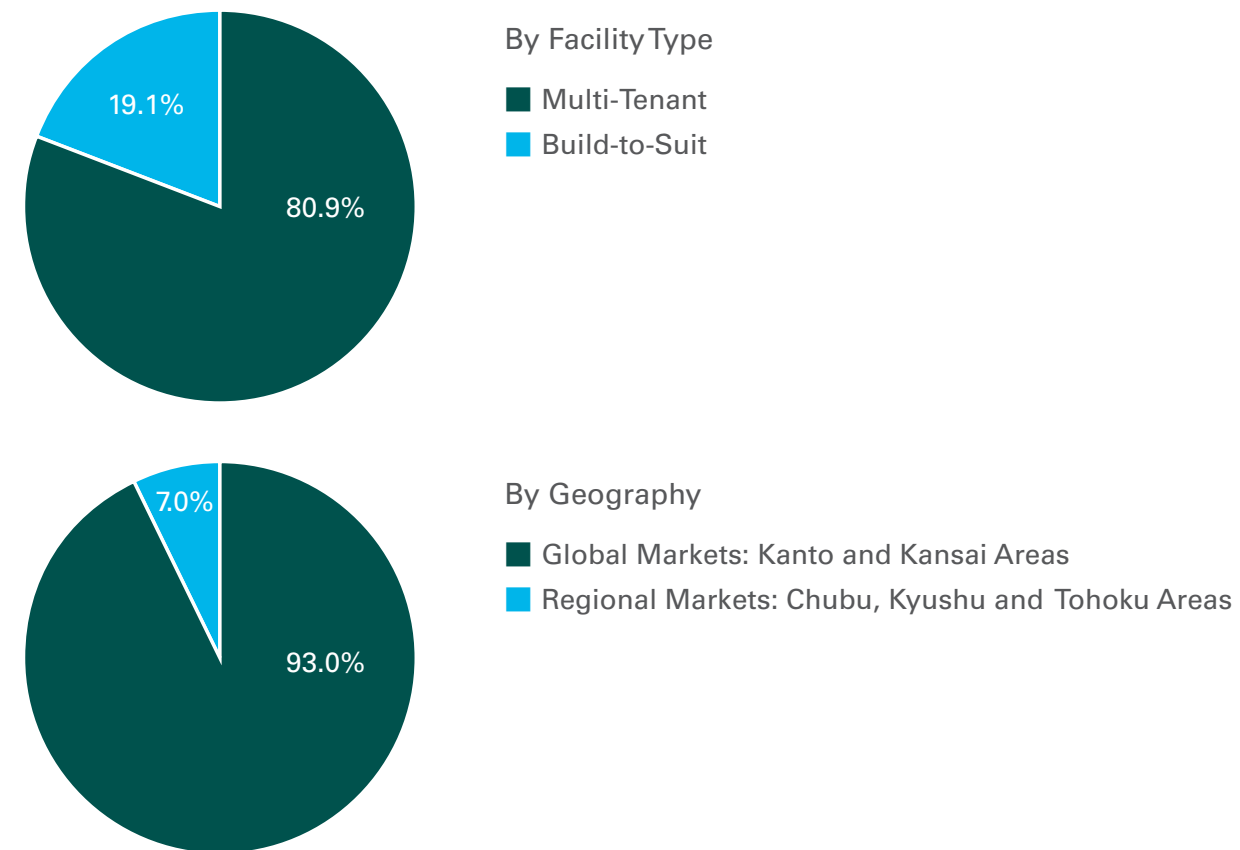
(Stable)

Portfolio Size
(JPY millions)

5,167

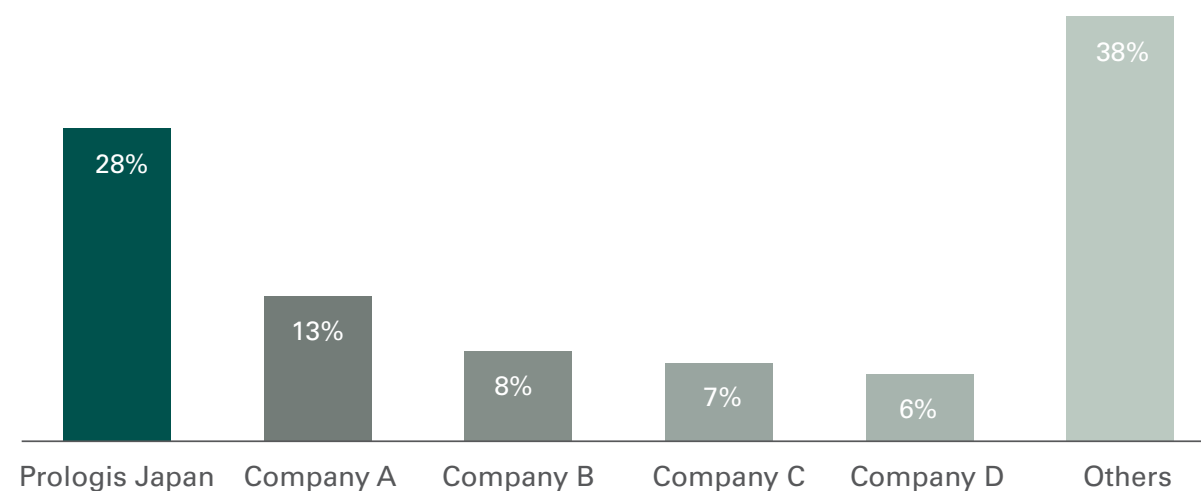
As of August 1, 2017

Earnings Stability from a Diversified Portfolio of Class-A Facilities*¹



Full Sponsor Support from the Prologis Group*²

Prologis Group is the leading developer of Class-A Logistics facilities in Japan



*1: As of August 1, 2017
*2: As of December 31, 2016

Focus on High-Quality Class-A Logistics Facilities

Class-A Logistics Facilities Developed by Prologis Group

100%

Financial Strategy Focused on Long-Term Stability and Efficiency

Long-Term Debt Ratio

96.8%

As of August 8, 2017

Average Cost of Debt

96.2%

As of August 8, 2017

Loan-to-Value Ratio

36.9%

Forecasted as of July 31, 2017

Governance Structure Promotes Growth in Unit Holder Value

Prologis Investment

15%

Nippon Prologis REIT (NPR) Portfolio



M-01 Prologis Park Ichikawa 1
JPY 33,900 mm



M-02 Prologis Park Zama 1
JPY 27,900 mm



M-03 Prologis Park Kawajima
JPY 25,600 mm



M-04 Prologis Park Osaka 2
JPY 25,000 mm



M-05 Prologis Park Maishima 3
JPY 13,500 mm



M-06 Prologis Park Kasugai
JPY 12,500 mm



M-07 Prologis Park Kitanagoya
JPY 6,500 mm



M-09 Prologis Park Tokyo-Ohta
JPY 29,500 mm



M-10 Prologis Park Zama 2
JPY 21,900 mm



M-11 Prologis Park Funabashi 5
JPY 11,000 mm



M-12 Prologis Park Narita 1-A&B
JPY 8,420 mm



M-13 Prologis Park Narita 1-C
JPY 4,810 mm



M-14 Prologis Park Amagasaki 1
JPY 17,600 mm



M-15 Prologis Park Amagasaki 2
JPY 19,200 mm



M-16 Prologis Park Tokyo-Shinkiba
JPY 13,600 mm



M-17 Prologis Park Yokohama-Tsurumi
JPY 13,800 mm



M-18 Prologis Park Osaka 4
JPY 21,000 mm



M-19 Prologis Park Iwanuma 1
JPY 5,670 mm



M-20 Prologis Park Kawajima 2
JPY 8,180 mm



M-21 Prologis Park Kitamoto
JPY 12,600 mm



M-22 Prologis Park Joso
JPY 7,120 mm



M-23 Prologis Park Osaka 5
JPY 17,600 mm



M-24 Prologis Park Narita 3
JPY 9,240 mm



M-25 Prologis Park Narashino 5
JPY 13,600 mm



M-26 Prologis Park Ibaraki
JPY 38,300 mm



B-02 Prologis Park Takatsuki
JPY 4,410 mm



B-03 Prologis Park Tosu 2
JPY 3,030 mm



B-04 Prologis Park Tosu 4
JPY 3,810 mm



B-05 Prologis Park Narashino 4
JPY 20,000 mm



B-06 Prologis Park Ebina
JPY 8,250 mm



B-07 Prologis Park Kawanishi
JPY 13,600 mm



B-08 Prologis Park Amagasaki 3
JPY 9,090 mm



B-09 Prologis Park Kobe
JPY 6,410 mm



B-10 Prologis Park Sendai Izumi
JPY 4,820 mm



B-11 Prologis Park Koga 1
JPY 7,680 mm



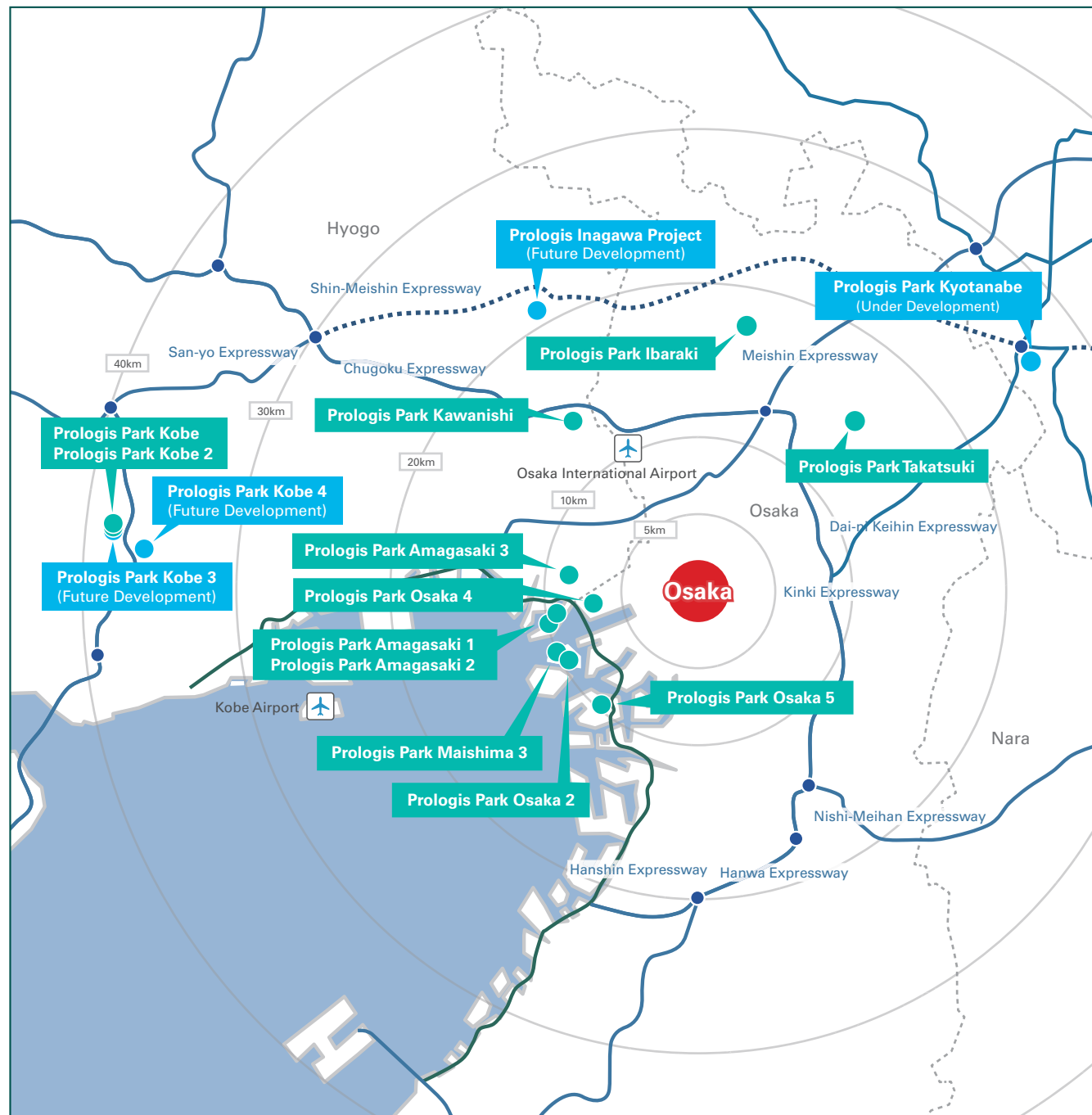
B-12 Prologis Park Kobe 2
JPY 13,700 mm



B-12 Prologis Park Koga 2
JPY 3,930 mm

Note: As of August 1, 2017. Property values are based on acquisition price.

Kansai area



Kanto area



- Current assets
- Pipeline assets

Note: As of August 1, 2017

Sponsor Support from the Prologis Group

Potential Acquisition Pipeline

| Status | Status | Region / Area | Property Name | (Expected) Completion Year | Property Type | GFA (sqm) |
|--|--------------------|---------------|--------------------------------|----------------------------|---------------|-----------|
| Exclusive Negotiation Rights granted by the Prologis Group | Completed | Kanto | Prologis Park Narita 1-D | Jan. 2015 | Multi-Tenant | 28,192 |
| | | | Prologis Park Yoshimi | Dec. 2015 | Multi-Tenant | 102,593 |
| | | | Prologis Park Chiba New Town | May 2016 | Multi-Tenant | 109,981 |
| | Under Development | Kanto | Prologis Park Ichikawa 3 | Dec. 2017 | Multi-Tenant | 64,406 |
| | | | Prologis Park Higashimatsuyama | Feb. 2018 | Multi-Tenant | 71,347 |
| Planned Assets | Under Development | Kanto | Prologis Park Koga 3 | July 2018 | Build-to-Suit | 31,255 |
| | | | Prologis Park Tsukuba 1 | Aug. 2018 | Build-to-Suit | 70,000 |
| | | | Prologis Park Sendai-Izumi 2* | Sep. 2018 | Build-to-Suit | 38,000 |
| | | | Prologis Park MFLP Kawagoe* | Oct. 2018 | Multi-Tenant | 130,000 |
| | | Kansai | Prologis Park Kyotanabe | Oct. 2018 | Multi-Tenant | 161,356 |
| | Future Development | Kanto | Prologis Park Ebina 2 | TBD | TBD | 38,000 |
| | | | Prologis Park Tsukuba 2* | TBD | TBD | 69,000 |
| | | Kansai | Prologis Park Kobe 3 | TBD | TBD | 38,700 |
| | | | Prologis Park Kobe 4 | TBD | TBD | 26,000 |
| | | | | | Total | 978,830 |
| Future Project | | Kansai | Prologis Inagawa Project* | TBD | TBD | 258,000 |

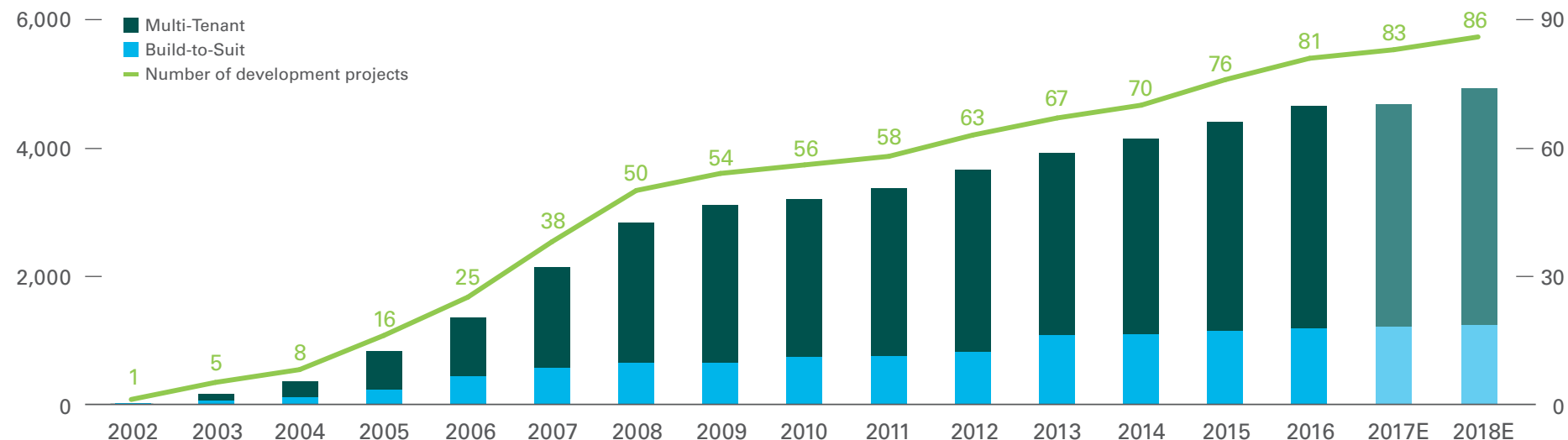
* New assets added to pipeline.

Note: Prologis expects to start JPY 40-60 billion in new development projects each year.

NPR does not have definite contracts to acquire the above properties. This property list should not be deemed a commitment or guarantee of NPR's future acquisitions.

Prologis Groups Proven Development Track Record in Japan Since 2002

Gross floor area,
thousand sqm



Focus on Class-A Logistics Facilities

Features:

- Gross floor area of approximately 16,500 square meters (177,605 square feet) or more
- Proximity to population clusters and transportation hubs such as expressway interchanges and major airports or seaports
- Large floor area exceeding approximately 5,000 square meters (53,820 square feet) per level with a floor weight capacity of at least 1.5 tons/square meters (16.1 tons/square feet), an effective ceiling height of at least 5.5 meters (33 feet) and column spacing of at least 10 meters (33 feet)
- Spiral ramps or slopes that allow trucks direct access to upper-floor distribution space
- Safety features such as seismic isolation and earthquake-proofing

Spiral Rampways/Slops



Large Loading Zones



Wide-Column Spacing



Renewable Energy



Restaurant



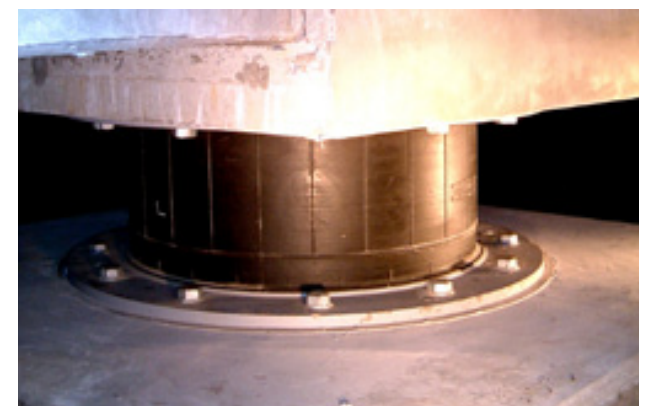
Convenience Store



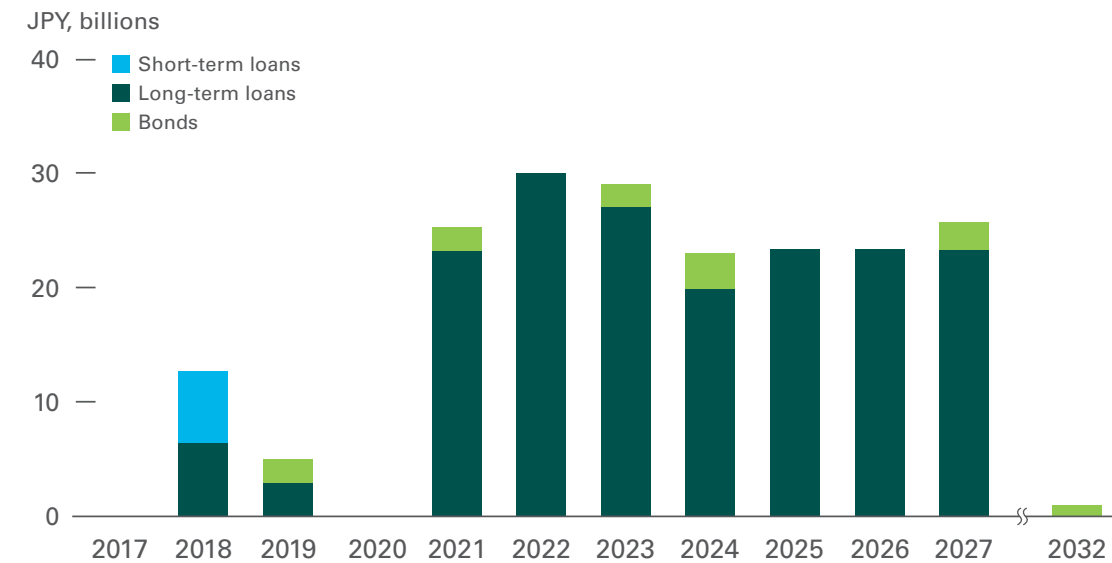
24-Hour Security



Seismic Isolators

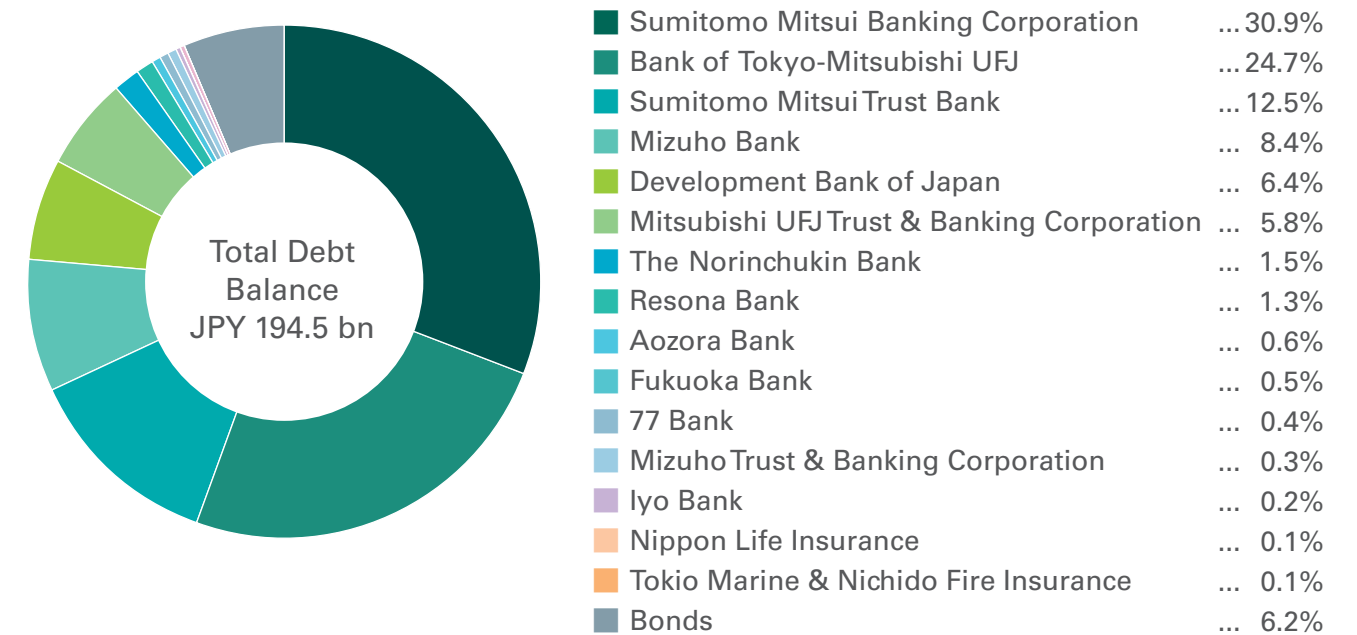


Debt Maturity Schedule*



*As of August 8, 2017

Debt Providers*



Corporate Governance Investor-Aligned Fee Structure

100% performance-linked asset management fee structure

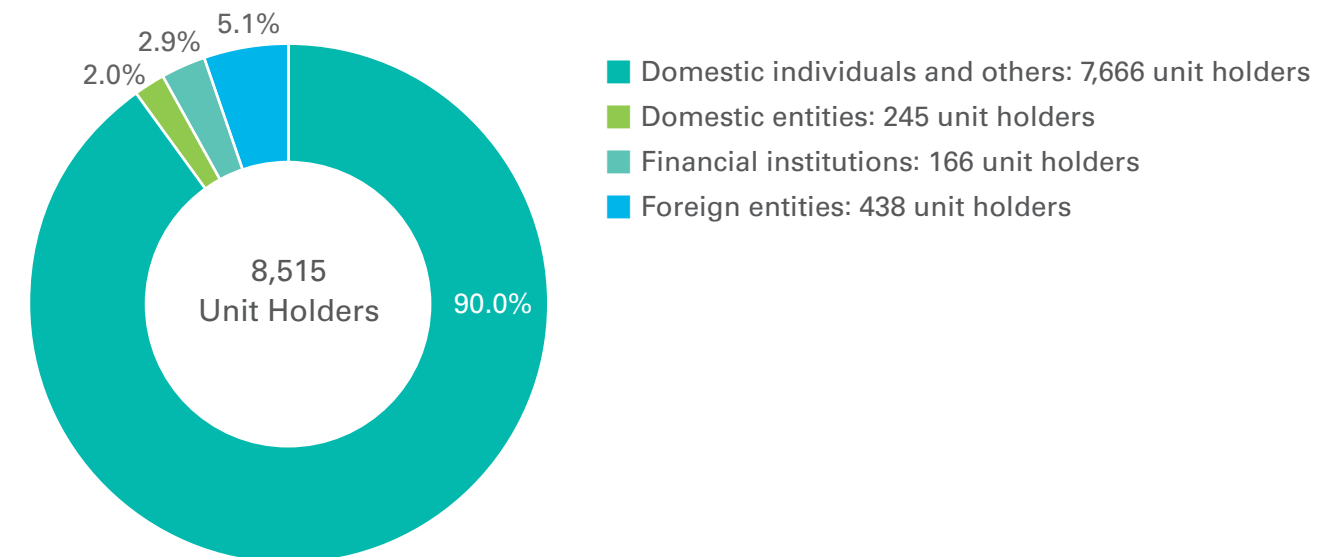
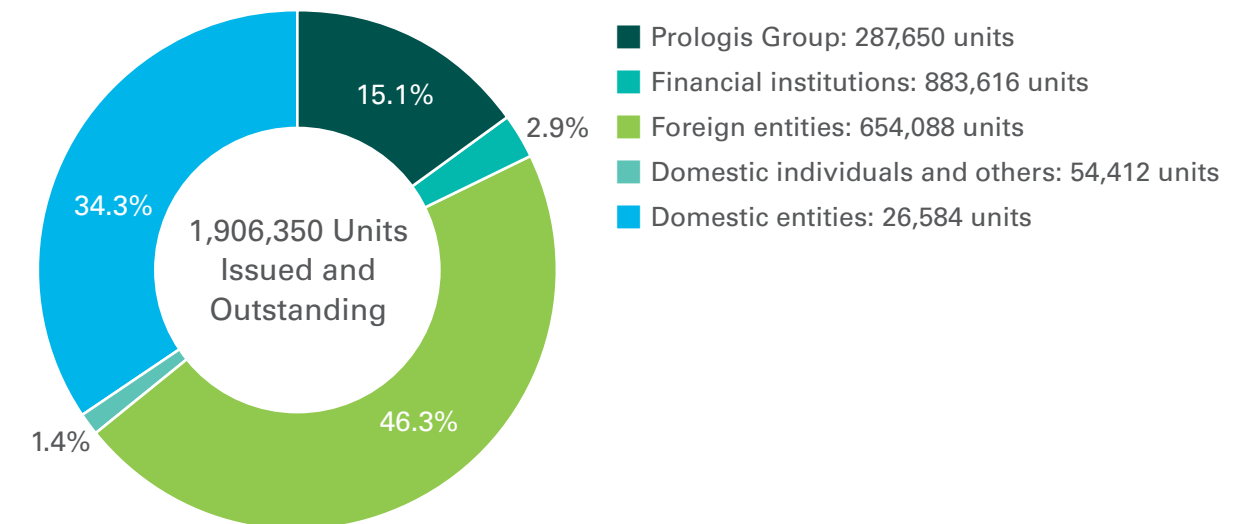
| Fee Type | | Calculation | Payment Frequency |
|----------------------|---------------------|--|-------------------------|
| Asset Management Fee | 1: NOI-based | NOI × 7.5% | Paid each fiscal period |
| | 2: Net Income-based | Net income* × 6.0% *Before deduction of net income-based asset management fee | |
| Acquisition Fee | | 1.00% of acquisition price (0.50% for related-party transactions) | Paid each transaction |
| Disposition Fee | | 0.50% of disposition price (0.25% for related-party transactions) | |

Unit Holder Information (As of May 31, 2017)

Major Unit Holders

| | Name | Units Owned | % of Units Issued |
|----|---|------------------|-------------------|
| 1 | Japan Trustee Services Bank, Ltd. (Trust Acct.) | 301,651 | 15.82% |
| 2 | Prologis Property Japan SPC | 285,650 | 14.98% |
| 3 | The Master Trust Bank of Japan, Ltd. (Trust Acct.) | 176,671 | 9.26% |
| 4 | Trust and Custody Services Bank, Ltd. (Securities Investment Trust Acct.) | 135,225 | 7.09% |
| 5 | The Nomura Trust and Banking Company, Ltd. (Trust Acct.) | 64,153 | 3.36% |
| 6 | NOMURA BANK (LUXEMBOURG) S. A. | 46,451 | 2.43% |
| 7 | STATE STREET BANK WEST CLIENTS-TREATY 505234 | 44,605 | 2.33% |
| 8 | STATE STREET BANK AND TRUST COMPANY 505223 | 36,744 | 1.92% |
| 9 | THE BANK OF NEW YORK MELLON SA/NV 10 | 35,320 | 1.85% |
| 10 | THE BANK OF NEW YORK, NON-TREATY JASDEC ACCOUNT | 17,122 | 0.89% |
| | Total | 1,143,592 | 59.98% |

Unit Holder Composition



Environmental Stewardship

Ranked First by GRESB

NPR was recognized as the Global Sector Leader, ranking first out of 51 companies globally and first in Asia. According to the GRESB Survey, NPR earned the recognition for outstanding performance in environmental stewardship, social responsibility and governance (ESG).

GRESB is known for its rigorous assessment of the sustainability performance of real estate companies and funds worldwide.



Received High Marks from 2016 Dow Jones Sustainability Indices (DJSI)

The DJSI, launched in 1999 as the first global sustainability benchmark, also recognizes companies for their elite ESG efforts and successes. NPR was named to the 2016 DJSI for Asia Pacific. NPR has twice been named to the DJSI-Asia Pacific.



Included in the MSCI Japan ESG Select Leaders Index

The index targets companies in the MSCI Japan IMI Top 500 Index with high environmental, social and governance ("ESG") performance relative to their sector peers. The Government Pension Investment Fund (GPIF) of Japan announced on July 3, 2017, that it has selected the index as one of its ESG indices for its passive investment strategy.



Prologis Park Zama 1

DBJ Green Building: five stars
CASBEE: Completion Class S
BELS: ★★★★★



Prologis Park Ichikawa 1

DBJ Green Building: five stars
CASBEE: Completion Class S
BELS: ★★★★★



Prologis Park Osaka 5

CASBEE: Completion Class A
BELS: ★★★★★



Prologis Park Joso

CASBEE: Completion Class A
BELS: ★★★★★

Building Energy-Efficiency Labeling System (BELS)

BELS is a system promoted by Japan's Ministry of Land, Infrastructure, Transport and Tourism (MLIT) to assess the energy conservation performance of buildings. NPR has obtained high ratings for nine buildings in its portfolio, including the highest five-star rating "★★★★★."



Received DBJ Green Building Certification

NPR received the Five Stars DBJ Green Building Certification, which is the highest of five ranks, for four of its properties, Prologis Park Ichikawa 1, Prologis Park Zama 1, Prologis Park Zama 2 and Prologis Park Amagasaki 2, and Four Stars for two of its properties, Prologis Park Narita 3 and Prologis Park Amagasaki 1.

DBJ Green Building Certification is certified for real estate properties that meet various stakeholders' social requirements, such as high-quality environmental design, security systems and disaster prevention functions, on the scoring model originally developed by DBJ. This certification promotes the expansion of green buildings, which are essential to today's real estate market.



Social Responsibility

CSR Activities

Employee volunteerism is an important part of our culture. Impact Day, the company's global day of service, gives employees the opportunity to give back to the communities we serve.



Impact Day 2017



Support for Local Communities / Internship Programs for Junior High-School Students, College Students, etc.

Since 2006, Prologis has been sponsoring Waseda University Graduate School of Commerce's "Logistics / SCM Course."



Field trip for Elementary School students at Prologis Park Narita 3



Logistics / SCM Course at Waseda University

Host Family Events for Customers and Neighborhoods

Prologis hosts events to help our customers enhance workforce culture and employee satisfaction, and to build strong relationship with local communities.



Summer Festival 2017 for Prologis Park Ichikawa 1



Volunteers at the Museum of Logistics

Support for the Logistics Industry

Support the museum which is the only logistics museum in Japan

Balance Sheets

| | Thousands of yen | |
|--|----------------------|----------------------|
| | As of | |
| | May 31, 2017 | November 30, 2016 |
| ASSETS | | |
| Current assets: | | |
| Cash and deposits (Notes 3 and 4) | ¥ 30,584,674 | ¥ 22,486,471 |
| Cash and deposits in trust (Notes 3 and 4) | 3,549,872 | 3,606,415 |
| Operating accounts receivable | 788,887 | 469,750 |
| Prepaid expenses | 358,899 | 282,017 |
| Deferred tax assets (Note 12) | 12 | 11 |
| Consumption taxes receivable | 1,171,410 | - |
| Other current assets | 116 | 28 |
| Total current assets | 36,453,874 | 26,844,695 |
| Property and equipment (Note 6): | | |
| Buildings | 7,549,829 | 7,549,209 |
| Structures | 249,739 | 249,739 |
| Tools, furniture and fixtures | 5,434 | 5,434 |
| Land | 3,834,204 | 3,834,204 |
| Buildings in trust | 271,629,546 | 254,967,756 |
| Structures in trust | 5,726,744 | 5,141,764 |
| Machinery and equipment in trust | 11,267 | 11,267 |
| Tools, furniture and fixtures in trust | 563,273 | 491,978 |
| Other tangible assets in trust | 35 | 35 |
| Land in trust | 183,343,823 | 180,810,277 |
| Construction in progress in trust | 12,723 | 9,416 |
| Less: accumulated depreciation | (23,523,967) | (20,740,549) |
| Total property and equipment | 449,402,653 | 432,330,534 |
| Intangible assets (Note 6): | | |
| Other intangible assets in trust | 4,964 | 3,913 |
| Total intangible assets | 4,964 | 3,913 |
| Investments and other assets: | | |
| Long-term prepaid expenses | 1,842,707 | 766,310 |
| Security deposit | 10,000 | 10,000 |
| Organization expenses | 6,787 | 14,932 |
| Investment corporation bond issuance costs | 18,057 | 19,961 |
| Other | 400 | 400 |
| Total investments and other assets | 1,877,952 | 811,603 |
| Total Assets | ¥ 487,739,445 | ¥ 459,990,746 |

The accompanying notes are an integral part of these financial statements.

Balance Sheets, continued

| | Thousands of yen | |
|--|----------------------|----------------------|
| | As of | |
| | May 31, 2017 | November 30, 2016 |
| LIABILITIES | | |
| Current liabilities: | | |
| Operating accounts payable | ¥ 1,044,413 | ¥ 1,207,293 |
| Short-term loans payable (Notes 4 and 10) | 7,000,000 | 7,000,000 |
| Current portion of long-term loans payable (Notes 4, 5 and 10) | 2,000,000 | 2,000,000 |
| Accounts payable | 463,939 | 367,598 |
| Accrued expenses | 1,369,150 | 1,521,492 |
| Accrued consumption taxes | - | 930,723 |
| Income taxes payable | 842 | 829 |
| Advances received | 2,704,557 | 2,670,668 |
| Other current liabilities | 136,894 | 260,708 |
| Total current liabilities | 14,719,799 | 15,959,314 |
| Non-current liabilities: | | |
| Investment corporation bonds payable (Notes 4 and 11) | 5,000,000 | 5,000,000 |
| Long-term loans payable (Notes 4, 5 and 10) | 176,200,000 | 162,800,000 |
| Tenant leasehold and security deposits (Note 4) | 247,773 | 247,773 |
| Tenant leasehold and security deposits in trust (Note 4) | 11,984,729 | 11,341,892 |
| Other non-current liabilities | 2,558 | 4,012 |
| Total non-current liabilities | 193,435,061 | 179,393,678 |
| Total Liabilities | 208,154,860 | 195,352,992 |
| NET ASSETS (Note 9) | | |
| Unit holders' equity | | |
| Unit holders' capital | 270,760,711 | 257,856,193 |
| Units authorized: | | |
| 10,000,000 units as of May 31, 2017 and November 30, 2016 | | |
| Units issued and outstanding: | | |
| 1,906,350 units as of May 31, 2017 and 1,841,950 units as of November 30, 2016 | | |
| Surplus | | |
| Retained earnings | 8,823,872 | 6,781,561 |
| Total unit holders' equity | 279,584,584 | 264,637,754 |
| Total Net Assets | 279,584,584 | 264,637,754 |
| Total Liabilities and Net Assets | ¥ 487,739,445 | ¥ 459,990,746 |

The accompanying notes are an integral part of these financial statements.

Statements of Income

| | Thousands of yen | | | |
|---|---------------------------------|------------|-------------------|------------|
| | For the six-month periods ended | | | |
| | May 31, 2017 | | November 30, 2016 | |
| Operating Revenues (Note 7): | | | | |
| Operating rental revenues | ¥ | 15,339,816 | ¥ | 14,452,576 |
| Other rental revenues | | 1,076,683 | | 1,187,237 |
| Gain on sales of real estate properties | | 4,836,630 | | - |
| Total operating revenues | | 21,253,130 | | 15,639,813 |
| Operating Expenses (Notes 6 and 7): | | | | |
| Expenses related to property rental business | | 6,987,577 | | 6,449,921 |
| Asset management fee | | 1,231,161 | | 1,371,547 |
| Asset custody fee | | 39,082 | | 39,074 |
| Directors' compensation | | 4,800 | | 4,800 |
| Audit fee | | 15,000 | | 15,000 |
| Other operating expenses | | 56,770 | | 46,849 |
| Total operating expenses | | 8,334,391 | | 7,927,193 |
| Operating income | | 12,918,738 | | 7,712,620 |
| Non-operating Income: | | | | |
| Interest income | | 107 | | 93 |
| Reversal of distributions payable | | 834 | | 2,288 |
| Interest on refund of consumption taxes | | - | | 4,775 |
| Refund of real estate taxes and other | | - | | 7,153 |
| Others | | - | | 739 |
| Total non-operating income | | 942 | | 15,050 |
| Non-operating Expenses: | | | | |
| Interest expense on loans payable | | 736,614 | | 776,859 |
| Interest expense on investment corporation bonds | | 17,424 | | 17,235 |
| Amortization of organization expenses | | 8,145 | | 8,145 |
| Amortization of investment corporation bond issuance costs | | 1,903 | | 1,912 |
| Borrowing related expenses | | 819,875 | | 142,531 |
| Investment unit issuance expenses | | 24,950 | | - |
| Offering costs associated with the issuance of investment units | | 57,947 | | - |
| Others | | 37,011 | | 18 |
| Total non-operating expenses | | 1,703,872 | | 946,703 |
| Ordinary income | | 11,215,808 | | 6,780,967 |
| Extraordinary Loss: | | | | |
| Interest rate swap breakage costs (Note 5) | | 2,392,420 | | - |
| Total extraordinary loss | | 2,392,420 | | - |
| Income before income taxes | | 8,823,387 | | 6,780,967 |
| Incomes taxes - current (Note 12) | | 859 | | 843 |
| Incomes taxes - deferred (Note 12) | | (0) | | (1) |
| Total income taxes | | 858 | | 842 |
| Net income | | 8,822,529 | | 6,780,125 |
| Retained earnings brought forward | | 1,343 | | 1,435 |
| Retained earnings at end of period | ¥ | 8,823,872 | ¥ | 6,781,561 |

| | Yen | |
|-------------------------------|---------------------------------|-------------------|
| | For the six-month periods ended | |
| | May 31, 2017 | November 30, 2016 |
| Net income per unit (Note 13) | ¥ 4,644 | ¥ 3,680 |

The accompanying notes are an integral part of these financial statements.

Statements of Changes in Net Assets

For the six-month periods ended May 31, 2017 and November 30, 2016

| | Thousands of yen | | | |
|---|------------------|-----------------------|-------------------|------------------|
| | Number of units | Unit holders' capital | Retained earnings | Total net assets |
| Balance as of May 31, 2016 (Note 9) | 1,841,950 | ¥258,979,782 | ¥6,256,697 | ¥265,236,480 |
| Distributions in excess of retained earnings | | (1,123,589) | | (1,123,589) |
| Distributions of retained earnings | | | (6,255,262) | (6,255,262) |
| Net income | | | 6,780,125 | 6,780,125 |
| Balance as of November 30, 2016 (Note 9) | 1,841,950 | ¥257,856,193 | ¥6,781,561 | ¥264,637,754 |
| Issuance of new units on December 19, 2016 and January 16, 2017 | 64,400 | 13,851,280 | | 13,851,280 |
| Distributions in excess of retained earnings | | (946,762) | | (946,762) |
| Distributions of retained earnings | | | (6,780,217) | (6,780,217) |
| Net income | | | 8,822,529 | 8,822,529 |
| Balance as of May 31, 2017 (Note 9) | 1,906,350 | ¥270,760,711 | ¥8,823,872 | ¥279,584,584 |

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows

| | Thousands of yen | |
|---|---------------------------------|-------------------|
| | For the six-month periods ended | |
| | May 31, 2017 | November 30, 2016 |
| Cash Flows from Operating Activities: | | |
| Income before income taxes | ¥ 8,823,387 | ¥ 6,780,967 |
| Depreciation (Note 6) | 3,588,223 | 3,326,361 |
| Amortization of organization expenses | 8,145 | 8,145 |
| Amortization of investment corporation bond issuance costs | 1,903 | 1,912 |
| Investment unit issuance expenses | 24,950 | - |
| Interest income | (107) | (93) |
| Interest expense | 754,039 | 794,095 |
| Interest rate swap breakage costs (Note 5) | 2,392,420 | - |
| Decrease (increase) in operating accounts receivable | (319,137) | (82,374) |
| Decrease (increase) in consumption taxes receivable | (1,171,410) | 2,127,110 |
| Decrease (increase) in prepaid expenses | (76,881) | 29,292 |
| Decrease (increase) in long-term prepaid expenses | (1,076,397) | 134,023 |
| Increase (decrease) in operating accounts payable | (163,702) | 349,960 |
| Increase (decrease) in accounts payable | 20,707 | (7,695) |
| Increase (decrease) in accrued expenses | (150,398) | 95,083 |
| Increase (decrease) in accrued consumption taxes | (930,723) | 930,723 |
| Increase (decrease) in advances received | 33,889 | 60,774 |
| Decrease in property and equipment due to sales | 10,783,022 | - |
| Others, net | (256,007) | (12,926) |
| Subtotal | 22,285,921 | 14,535,360 |
| Interest received | 107 | 93 |
| Interest paid | (755,981) | (794,190) |
| Interest rate swap breakage costs (Note 5) | (2,392,420) | - |
| Income taxes paid | (845) | (514) |
| Net cash provided by operating activities | 19,136,779 | 13,740,748 |
| Cash Flows from Investing Activities: | | |
| Purchases of property and equipment | (500) | - |
| Purchases of property and equipment in trust | (31,366,187) | (671,809) |
| Purchases of intangible assets in trust | (550) | (550) |
| Proceeds from tenant leasehold and security deposits in trust | 1,268,235 | 224,866 |
| Repayments of tenant leasehold and security deposits in trust | (495,580) | (517,491) |
| Net cash provided by (used in) investing activities | (30,594,582) | (964,984) |
| Cash Flows from Financing Activities: | | |
| Proceeds from short-term loans payable | 7,000,000 | - |
| Repayments of short-term loans payable | (7,000,000) | - |
| Proceeds from long-term loans payable | 151,100,000 | - |
| Repayments of long-term loans payable | (137,700,000) | - |
| Proceeds from issuance of new investment units | 13,826,330 | - |
| Payment of distributions of retained earnings | (6,780,079) | (6,255,755) |
| Payment of distributions in excess of retained earnings | (946,787) | (1,123,620) |
| Net cash provided by (used in) financing activities | 19,499,463 | (7,379,375) |
| Net increase (decrease) in cash and cash equivalents | 8,041,661 | 5,396,388 |
| Cash and cash equivalents at the beginning of period | 26,092,886 | 20,696,498 |
| Cash and cash equivalents at the end of period (Note 3) | ¥ 34,134,547 | ¥ 26,092,886 |

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

For the six-month periods ended May 31, 2017 and November 30, 2016

1. Organization and Basis of Presentation

a) Organization

Nippon Prologis REIT, Inc. ("NPR") was established on November 7, 2012 under the "Act on Investment Trust and Investment Corporation" (hereinafter the "Investment Trust Law"), and was listed on the REIT Securities Market of the Tokyo Stock Exchange on February 14, 2013, with the Prologis Group (*), the leading global owner, operator and developer of logistics facilities, acting as a sponsor. 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. NPR is externally managed by a licensed asset management company, Prologis REIT Management K.K. (hereinafter the "Asset Manager").

On February 13, 2013, NPR issued 182,350 new units through a public offering and raised approximately 96,882 million yen. Those units are listed on the J-REIT section of the Tokyo Stock Exchange.

NPR acquired 12 properties (aggregate acquisition price: 173,020 million yen) on February 15, 2013, following its listing, and acquired 21 properties (aggregate acquisition price: 274,170 million yen) during the second, third, fourth and seventh fiscal periods. NPR acquired three additional properties (aggregate acquisition price: 30,620 million yen) and also disposed Prologis Park Maishima 4 (sale price: 15,700 million yen, acquisition price: 11,500 million yen) during the reporting fiscal period. As a result, NPR owned 35 properties (aggregate acquisition price: 466,310 million yen) as of the end of the reporting fiscal period. In addition, NPR executed a Sale and Purchase Agreement on April 17, 2017, for the disposition of Prologis Park Tagajo (sale price: 7,155 million yen, acquisition price: 5,370 million yen) and disposed the property on June 26, 2017.

(*) 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.

b) Basis of Presentation

The accompanying financial statements have been prepared in accordance with the provisions set forth in the Investment Trust Law, the Japanese Financial Instruments and Exchange Act and their related accounting regulations, and in conformity with accounting principles generally accepted in Japan (hereinafter the "Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards.

The accompanying financial statements have been reformatted and translated into English from the financial statements of NPR prepared in accordance with Japanese GAAP, and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Act. In preparing these financial statements, certain reclassifications

and modifications have been made to the financial statements issued domestically in order to present them in a format which is more familiar to readers outside Japan.

As permitted by the regulations under the Financial Instruments and Exchange Act of Japan, amounts of less than one thousand yen have been omitted. As a result, the totals shown in the accompanying financial statements do not necessarily agree with the sums of the individual amounts.

The fiscal period of NPR represents two six-month accounting periods: each period is from June 1 to November 30 or, from December 1 to May 31 of the following year.

2. Summary of Significant Accounting Policies

a) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and cash in trust, floating deposits, floating deposits in trust and short-term investments that are liquid and realizable with a maturity of three months or less when purchased, and that are subject to insignificant risks of changes in value.

b) Property and Equipment

Property and equipment are stated at cost, which includes the original purchase price and related acquisition costs and expenses. Depreciation of property and equipment, including property and equipment in trust, is calculated by the straight-line method over the estimated useful lives as follows:

| | |
|-------------------------------|------------|
| Buildings | 3-67 years |
| Structures | 2-60 years |
| Machinery and equipment | 17 years |
| Tools, furniture and fixtures | 2-18 years |

c) Intangible assets

Intangible assets are stated at cost, which includes the original purchase price and related acquisition costs and expenses. Amortization of intangible assets, including intangible assets in trust, is calculated by the straight-line method over the estimated useful lives.

d) Taxes on Property and Equipment

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.

Of the amounts paid for the acquisitions of real estate properties or beneficiary rights in trust 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. Capitalized property taxes amounted to 5,036 thousand yen for the fiscal period ended May 31, 2017, and not applicable for the fiscal period ended November 30, 2016.

e) Investment Unit Issuance Expenses

The full amount of investment unit issuance expenses is recorded as expenses at the time of expenditure.

f) Organization Expenses

All organization expenses are amortized using the straight-line method over five years.

g) Investment corporation bond issuance costs

Investment corporation bond issuance costs are amortized using the straight-line method over the respective terms of the bonds.

h) Hedge Accounting

NPR enters into derivative transactions in order to hedge against risks defined in its Articles of Incorporation and in compliance with their general risk management policy. NPR uses interest rate swaps for the purpose of hedging its risk exposure associated with interests on variable rate loans payable. Where deferral accounting is generally adopted for hedge transactions, NPR applies the special accounting treatment to interest rate swaps which qualify for hedge accounting and meet the specific matching criteria. Under the special accounting treatment, interest rate swaps are not measured at fair value, but the differential paid or received under the swap agreements is recognized and included in interest expense or income, respectively.

Assessment of the hedge effectiveness has been omitted since all interest rate swaps meet the specific matching criteria under the special accounting treatment.

i) Beneficiary Rights in Trust

As to beneficiary rights in trust, all accounts of assets and liabilities for assets in trust as well as the related income generated and expenses incurred are recorded in the relevant balance sheet and statement of income accounts.

j) Consumption Taxes

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes. Net payable to, or receivable from tax authorities is recognized as consumption taxes payable or receivable on the balance sheet, and net movement is treated as operating cash flows in the statement of cash flows. Nondeductible consumption taxes on property and equipment are included in the acquisition cost of the respective assets.

3. Cash and Cash Equivalents

The relationship between cash and cash equivalents in the statements of cash flows and accounts and amounts in the accompanying balance sheets is as follows:

| Thousands of yen | | | |
|----------------------------|--------------|---|-------------------|
| As of | | | |
| | May 31, 2017 | | November 30, 2016 |
| Cash and deposits | ¥ 30,584,674 | ¥ | 22,486,471 |
| Cash and deposits in trust | 3,549,872 | | 3,606,415 |
| Cash and cash equivalents | ¥ 34,134,547 | ¥ | 26,092,886 |

4. Financial Instruments

a) Detailed Information on Financial Instruments

(i) 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 and also reflecting the market environment and cash positions of NPR itself.

NPR enters into derivative transactions solely for the purposes of reducing risks of rising interest rates related to financings and other types of risks. NPR does not use derivative transactions for speculative purposes.

(ii) 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 the market environment and NPR's cash flow status.

Bank loans and investment corporation bonds are mainly made to procure funds for acquisition of properties, repayment of bank loans and redemption of investment corporation bonds. Although NPR is exposed to liquidity risks upon repayment and redemption, 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.

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

(iii) Supplemental Explanation Regarding Fair Values of Financial Instruments

The fair value of financial instruments is based on their observable market value, if available. When there is no observable market value available, fair value is based on a price that is reasonably estimated. Since various factors are reflected in estimating the fair value, different assumptions and factors could result in a different value.

b) Estimated Fair Value of Financial Instruments

The book value, fair value and differences between the values as of May 31, 2017 and November 30, 2016 are as follows. Financial instruments for which the fair value is difficult to estimate are excluded from the following table (see Note 2 below).

| Thousands of yen | | | |
|--|---------------|---------------|-------------|
| As of May 31, 2017 | | | |
| | Book value | Fair value | Difference |
| (1) Cash and deposits | ¥ 30,584,674 | ¥ 30,584,674 | ¥ - |
| (2) Cash and deposits in trust | 3,549,872 | 3,549,872 | - |
| Total assets | ¥ 34,134,547 | ¥ 34,134,547 | ¥ - |
| (3) Short-term loans payable | 7,000,000 | 7,000,000 | - |
| (4) Current portion of long-term loans payable | 2,000,000 | 2,000,250 | 250 |
| (5) Investment corporation bonds payable | 5,000,000 | 5,115,000 | 115,000 |
| (6) Long-term loans payable | 176,200,000 | 177,716,963 | 1,516,963 |
| Total liabilities | ¥ 190,200,000 | ¥ 191,832,213 | ¥ 1,632,213 |
| (7) Derivative transactions | ¥ - | ¥ - | ¥ - |

| Thousands of yen | | | |
|--|---------------|---------------|-------------|
| As of November 30, 2016 | | | |
| | Book value | Fair value | Difference |
| (1) Cash and deposits | ¥ 22,486,471 | ¥ 22,486,471 | ¥ - |
| (2) Cash and deposits in trust | 3,606,415 | 3,606,415 | - |
| Total assets | ¥ 26,092,886 | ¥ 26,092,886 | ¥ - |
| (3) Short-term loans payable | 7,000,000 | 7,000,000 | - |
| (4) Current portion of long-term loans payable | 2,000,000 | 2,002,152 | 2,152 |
| (5) Investment corporation bonds payable | 5,000,000 | 5,118,200 | 118,200 |
| (6) Long-term loans payable | 162,800,000 | 165,565,073 | 2,765,073 |
| Total liabilities | ¥ 176,800,000 | ¥ 179,685,425 | ¥ 2,885,425 |
| (7) Derivative transactions | ¥ - | ¥ - | ¥ - |

(Note 1) Methods to estimate 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 deemed a reasonable approximation of the fair value, and therefore, the book value is used as the fair value.

(3) Short-term loans payable

Due to the short maturities, the book value of these instruments is deemed a reasonable approximation of the fair value, and therefore, the book value is used as the fair value.

(4) Current portion of long-term loans payable and (6) Long-term loans payable

The fair value of long-term loans payable is determined based on the present value of contractual cash flows which would be applicable to new loans payable under the same terms

and conditions.

(5) Investment corporation bonds payable

The reference statistical prices disclosed by the Japan Securities Dealers Association are used as the fair value.

(7) Derivative transactions

Please refer to Note 5, "Derivative Transactions."

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

As tenant leasehold and security deposits and tenant leasehold and security deposits in trust have no observable and available market price, and it is impracticable to reasonably estimate their future cash flows, their fair value is not disclosed.

| | Thousands of yen | |
|---|------------------|-------------------|
| | As of | |
| | May 31, 2017 | November 30, 2016 |
| Tenant leasehold and security deposits | ¥ 247,773 | ¥ 247,773 |
| Tenant leasehold and security deposits in trust | 11,984,729 | 11,341,892 |

(Note 3) Redemption schedule for monetary claims after May 31, 2017

| | Thousands of yen | | | | | |
|----------------------------|---------------------|----------------------------|------------------------------|-------------------------------|------------------------------|----------------------|
| | As of May 31, 2017 | | | | | |
| | 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 |
| Cash and deposits | ¥30,584,674 | ¥ - | ¥ - | ¥ - | ¥ - | ¥ - |
| Cash and deposits in trust | 3,549,872 | - | - | - | - | - |
| Total | ¥34,134,547 | ¥ - | ¥ - | ¥ - | ¥ - | ¥ - |

Redemption schedule for monetary claims after November 30, 2016

| | Thousands of yen | | | | | |
|----------------------------|-------------------------|----------------------------|------------------------------|-------------------------------|------------------------------|----------------------|
| | As of November 30, 2016 | | | | | |
| | 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 |
| Cash and deposits | ¥22,486,471 | ¥ - | ¥ - | ¥ - | ¥ - | ¥ - |
| Cash and deposits in trust | 3,606,415 | - | - | - | - | - |
| Total | ¥26,092,886 | ¥ - | ¥ - | ¥ - | ¥ - | ¥ - |

(Note 4) Repayment schedule for long-term loans payable and other interest-bearing debt after May 31, 2017

| | Thousands of yen | | | | | |
|--------------------------------------|---------------------|----------------------------|------------------------------|-------------------------------|------------------------------|----------------------|
| | As of May 31, 2017 | | | | | |
| | 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 |
| Investment corporation bonds payable | ¥ - | ¥ - | ¥ 2,000,000 | ¥ - | ¥ - | ¥ 3,000,000 |
| Long-term loans payable | 2,000,000 | 6,400,000 | 1,000,000 | 21,300,000 | 30,000,000 | 117,500,000 |
| Total | ¥2,000,000 | ¥6,400,000 | ¥3,000,000 | ¥21,300,000 | ¥30,000,000 | ¥120,500,000 |

Repayment schedule for long-term loans payable and other interest-bearing debt after November 30, 2016

| | Thousands of yen | | | | | |
|--------------------------------------|-------------------------|----------------------------|------------------------------|-------------------------------|------------------------------|----------------------|
| | As of November 30, 2016 | | | | | |
| | 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 |
| Investment corporation bonds payable | ¥ - | ¥ - | ¥ 2,000,000 | ¥ - | ¥ - | ¥ 3,000,000 |
| Long-term loans payable | 2,000,000 | 23,300,000 | 31,400,000 | 23,300,000 | 27,300,000 | 57,500,000 |
| Total | ¥2,000,000 | ¥23,300,000 | ¥33,400,000 | ¥23,300,000 | ¥27,300,000 | ¥60,500,000 |

5. Derivative Transactions

For the six-month periods ended May 31, 2017 and November 30, 2016, NPR only utilized interest rate swaps which qualified for hedge accounting and met the special matching criteria, as described below.

| Thousands of yen | | | | | | |
|---|---|-------------------------|-----------------|--------------------|------------|------------------------|
| As of May 31, 2017 | | | | | | |
| Hedge accounting method | Type of derivative transaction | Primary hedged item | Contract amount | | Fair value | Fair value measurement |
| | | | Total | Due after one year | | |
| Special treatment for interest rate swaps | Interest rate swaps Receive floating / Pay fix | Long-term loans payable | ¥177,200,000 | ¥175,200,000 | (Note) | (Note) |

(Note) Interest rate swaps under the 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 long-term loans payable disclosed in the aforementioned Note 4, "Financial Instruments, b) Estimated Fair Value of Financial Instruments, (4) Current portion of long-term loans payable and (6) Long-term loans payable." NPR cancelled certain interest swap agreements and paid 2,392,420 thousand yen of Interest rate swap breakage costs related to repayment of bank loans on April 28, 2017.

| Thousands of yen | | | | | | |
|---|---|-------------------------|-----------------|--------------------|------------|------------------------|
| As of November 30, 2016 | | | | | | |
| Hedge accounting method | Type of derivative transaction | Primary hedged item | Contract amount | | Fair value | Fair value measurement |
| | | | Total | Due after one year | | |
| Special treatment for interest rate swaps | Interest rate swaps Receive floating / Pay fix | Long-term loans payable | ¥163,800,000 | ¥161,800,000 | (Note) | (Note) |

(Note) Interest rate swaps under the 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 long-term loans payable disclosed in the aforementioned Note 4, "Financial Instruments, b) Estimated Fair Value of Financial Instruments, (4) Current portion of long-term loans payable and (6) Long-term loans payable."

6. Investment and Rental Properties

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

| Thousands of yen | | | |
|--|---------------|---|-------------------|
| For the six-month periods ended | | | |
| | May 31, 2017 | | November 30, 2016 |
| Book value | | | |
| Balance at the beginning of the period | ¥ 432,334,447 | ¥ | 435,040,993 |
| Changes during the period (Note 2) | 17,073,170 | | (2,706,546) |
| Balance at the end of the period | ¥ 449,407,618 | ¥ | 432,334,447 |
| Fair value at the end of the period | ¥ 548,380,000 | ¥ | 514,970,000 |

(Note 1) Book value is calculated by deducting accumulated depreciation from acquisition cost.

(Note 2) The increase for the fiscal period ended May 31, 2017 was primarily a result of acquiring three properties, Prologis Park Narita 3, Prologis Park Koga 1 and Prologis Park Kobe 2, during the period for a total of 30,822,913 thousand yen. The decrease for the fiscal period ended May 31, 2017 was primarily a result of the disposition of Prologis Park Maishima 4 and the recognition of depreciation, which amounted to 10,783,022 thousand yen and 3,588,223 thousand yen, respectively.

The decrease for the fiscal period ended November 30, 2016 was a result of the recognition of depreciation, which amounted to 3,326,361 thousand yen.

(Note 3) The fair value as of the end of the period is determined based on appraised values provided by independent real estate appraisers.

7. Property-related Revenues and Expenses

The following table summarizes the revenues and expenses generated from property leasing activities for the six-month periods ended May 31, 2017 and November 30, 2016.

| | Thousands of yen | |
|--|---------------------------------|-------------------|
| | For the six-month periods ended | |
| | May 31, 2017 | November 30, 2016 |
| (1) Property-related revenues | | |
| Rental revenues | | |
| Rental revenues | ¥ 14,358,213 | ¥ 13,520,769 |
| Common area charges | 981,603 | 931,806 |
| Total | ¥ 15,339,816 | ¥ 14,452,576 |
| Other rental revenues | | |
| Received utilities cost | ¥ 877,491 | ¥ 979,780 |
| Others | 199,191 | 207,457 |
| Total | ¥ 1,076,683 | ¥ 1,187,237 |
| Total property-related revenues | ¥ 16,416,500 | ¥ 15,639,813 |
| (2) Property-related expenses | | |
| Rental expenses | | |
| Subcontract expenses | ¥ 967,705 | ¥ 817,330 |
| Utilities cost | 802,760 | 864,989 |
| Taxes and public dues | 1,415,756 | 1,254,977 |
| Non-life insurance premium | 25,380 | 25,945 |
| Repair and maintenance | 168,565 | 142,018 |
| Depreciation | 3,588,223 | 3,326,361 |
| Custodian fee | 16,612 | 15,730 |
| Other expenses | 2,573 | 2,569 |
| Total rental expenses | ¥ 6,987,577 | ¥ 6,449,921 |
| (3) Operating income from property leasing ((1)-(2)) | ¥ 9,428,922 | ¥ 9,189,891 |

The following table summarizes the gain on sales of real estate properties for the six-month periods ended May 31, 2017 and November 30, 2016.

| | Thousands of yen | |
|---|---------------------------------|-------------------|
| | For the six-month periods ended | |
| | May 31, 2017 | November 30, 2016 |
| Gain on sales of real estate properties | | |
| Sales proceed | ¥ 15,700,000 | ¥ - |
| Book value of properties sold | (10,783,022) | - |
| Other sales expenses | (80,347) | - |
| Total | ¥ 4,836,630 | ¥ - |

(Note 1) Gain on sales of real estate properties represent the gain from the disposition of Prologis Park Maishima 4 for the six-month period ended May 31, 2017.

8. Leases

The future minimum rental revenues from tenants subsequent to each fiscal period end under non-cancelable operating leases of properties are as follows:

| | Thousands of yen | |
|---------------------|------------------|-------------------|
| | As of | |
| | May 31, 2017 | November 30, 2016 |
| Due within one year | ¥ 21,949,499 | ¥ 24,543,293 |
| Due after one year | 86,628,965 | 76,886,551 |
| Total | ¥ 108,578,465 | ¥ 101,429,845 |

9. Net Assets

a) Stated Capital

NPR issues only non-par value units in accordance with the Act on Investment Trusts and Investment Corporations of Japan, and all issue amounts of new units are designated as stated capital. NPR maintains at least 50,000 thousand yen as the minimum net assets required by Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations.

b) Unit holders' capital

Unit holders' capital as of May 31, 2017 and November 30, 2016 consists of the following items:

| | Thousands of yen | |
|---|------------------|-------------------|
| | As of | |
| | May 31, 2017 | November 30, 2016 |
| Unit holders' capital, gross | ¥ 277,275,843 | ¥ 263,424,563 |
| Deduction from unit holders' capital; | | |
| Accumulated distribution in excess of retained earnings | (6,515,132) | (5,568,369) |
| Unit holders' capital | ¥ 270,760,711 | ¥ 257,856,193 |

c) Distributions

Distributions related to each period but declared and paid after the balance sheet date are summarized as follows:

| | Yen | | | |
|---|---------------------------------|----------|-------------------|----------|
| | For the six-month periods ended | | | |
| | May 31, 2017 | | November 30, 2016 | |
| | Total | Per unit | Total | Per unit |
| I Unappropriated retained earnings | ¥ 8,823,872,626 | | ¥ 6,781,561,108 | |
| II Distributions in excess of retained earnings | | | | |
| Deduction from unit holders' capital | - | | 946,762,300 | |
| III Distributions | | | | |
| Distributions of retained earnings | 8,822,587,800 | ¥4,628 | 6,780,217,950 | ¥3,681 |
| Distributions in excess of retained earnings | - | - | 946,762,300 | 514 |
| Total distributions | 8,822,587,800 | ¥4,628 | 7,726,980,250 | ¥4,195 |
| IV Retained earnings carried forward | ¥ 1,284,826 | | ¥ 1,343,158 | |

Pursuant to the "Policy on the Distribution of Funds" as defined in Article 39, Paragraph 1, Item 2 of the Articles of Incorporation, 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.

Based on the policy, NPR declared distribution amounts of 8,822,587,800 yen and 6,780,217,950 yen

for the six-month periods ended May 31, 2017 and November 30, 2016, respectively. The amount were equivalent to the maximum integral multiples of number of investment units issued and outstanding as of the end of each fiscal period.

Based on the distribution policy as defined in Article 39, Paragraph 2 of the Articles of Incorporation, NPR shall make Surplus Cash Distributions (SCD), defined as distributions in excess of retained earnings, as a return of unit holders' capital, each fiscal period on a continuous basis.

Accordingly, NPR declared SCD of 946,762,300 yen, as a return of unit holders' capital, which was the amount equivalent to approximately 28.5% of depreciation expense of 3,326,361,230 yen for the period ended November 30, 2016.

Considering the amount of current profit including the gain on sales of real estate properties, NPR decided to suspend to declare SCD for the period ended May 31, 2017.

10. Short-term and Long-term Loans Payable

Short-term and long-term loans payable consisted of bank borrowings under loan agreements. The following table summarizes the short-term and long-term loans payable as of May 31, 2017 and November 30, 2016.

| | Thousands of yen | |
|---|------------------|-------------------|
| | As of | |
| | May 31, 2017 | November 30, 2016 |
| 0.20500% unsecured short-term loans | ¥ - | ¥ 4,900,000 |
| 0.20500% unsecured short-term loans | - | 2,100,000 |
| 0.20500% unsecured short-term loans | 4,900,000 | - |
| 0.20500% unsecured short-term loans | 2,100,000 | - |
| Total short-term loans payable | ¥ 7,000,000 | ¥ 7,000,000 |
| 0.73760% unsecured long-term loans due 2018 ^{(*)(***)} | ¥ - | ¥ 23,300,000 |
| 1.01950% unsecured long-term loans due 2020 ^{(*)(***)} | - | 23,300,000 |
| 1.32075% unsecured long-term loans due 2022 ^{(*)(***)} | - | 6,000,000 |
| 0.84350% unsecured long-term loans due 2017 ^(*) | 2,000,000 | 2,000,000 |
| 1.18135% unsecured long-term loans due 2019 ^{(*)(***)} | - | 24,000,000 |
| 1.83625% unsecured long-term loans due 2023 ^{(*)(***)} | - | 13,900,000 |
| 1.34550% unsecured long-term loans due 2021 ^{(*)(***)} | - | 20,000,000 |
| 0.81010% unsecured long-term loans due 2018 ^(*) | 6,400,000 | 6,400,000 |
| 0.29727% unsecured long-term loans due 2019 | 1,000,000 | 1,000,000 |
| 0.57490% unsecured long-term loans due 2022 ^(*) | 10,000,000 | 10,000,000 |
| 0.57490% unsecured long-term loans due 2022 ^(*) | 4,000,000 | 4,000,000 |
| 0.07570% unsecured long-term loans due 2021 ^(*) | 7,300,000 | 7,300,000 |
| 0.17260% unsecured long-term loans due 2022 ^(*) | 6,000,000 | 6,000,000 |
| 0.39000% unsecured long-term loans due 2024 ^(*) | 10,000,000 | 10,000,000 |
| 0.41290% unsecured long-term loans due 2023 ^(*) | 7,600,000 | 7,600,000 |
| 0.21529% unsecured long-term loans due 2018 ^(**) | - | - |
| 0.52800% unsecured long-term loans due 2024 ^(*) | 4,000,000 | - |
| 0.71670% unsecured long-term loans due 2026 ^(*) | 9,400,000 | - |
| 0.22360% unsecured long-term loans due 2021 ^(*) | 14,000,000 | - |
| 0.26200% unsecured long-term loans due 2022 ^(*) | 10,000,000 | - |
| 0.31250% unsecured long-term loans due 2023 ^(*) | 20,000,000 | - |
| 0.37250% unsecured long-term loans due 2024 ^(*) | 6,000,000 | - |
| 0.43690% unsecured long-term loans due 2025 ^(*) | 23,300,000 | - |
| 0.52400% unsecured long-term loans due 2026 ^(*) | 13,900,000 | - |
| 0.63270% unsecured long-term loans due 2027 ^(*) | 23,300,000 | - |
| Less: current portion | (2,000,000) | (2,000,000) |

| | | |
|---|---------------|---------------|
| Total long-term loans payable, less current portion | ¥ 176,200,000 | ¥ 162,800,000 |
|---|---------------|---------------|

The stated interest rate is the weighted average interest rate during the period ended May 31, 2017.

For certain loans (*) for which NPR uses interest rate swaps to hedge their interest rate risk exposure, the effective interest rate which includes the effect of the interest rate swap is stated.

The loans (**) from Sumitomo Mitsui Banking Corporation and The Bank of Tokyo-Mitsubishi UFJ, Ltd., with the principal amount of 19,040,000 thousand yen and 8,160,000 thousand yen, respectively, were prepaid with the net proceeds from the offerings on December 20, 2016.

Certain loans (***) were prepaid on April 28, 2017 before its maturity date.

The redemption schedules for long-term loans subsequent to May 31, 2017 and November 30, 2016 are disclosed in Note 4, "Financial Instruments."

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

| | Thousands of yen | |
|--|------------------|-------------------|
| | As of | |
| | May 31, 2017 | November 30, 2016 |
| Total amount of committed line of credit | ¥ 20,000,000 | ¥ 8,000,000 |
| Borrowings drawn down | - | - |
| Balance of unused committed line of credit | ¥ 20,000,000 | ¥ 8,000,000 |

11. Investment Corporation Bonds Payable

The investment corporation bonds payable would be redeemed on a lump-sum basis at their contractual maturity dates. The following table summarizes the investment corporation bonds payable as of May 31, 2017 and November 30, 2016.

| | Issued date | Maturity date | Interest rate | Thousands of yen | |
|--------------------|-------------------|-------------------|---------------|------------------|-------------------|
| | | | | As of | |
| | | | | May 31, 2017 | November 30, 2016 |
| 1st unsecured bond | November 27, 2014 | November 27, 2019 | 0.338% | ¥ 2,000,000 | ¥ 2,000,000 |
| 2nd unsecured bond | November 27, 2014 | November 27, 2024 | 0.930% | 3,000,000 | 3,000,000 |
| Total | | | | ¥ 5,000,000 | ¥ 5,000,000 |

12. Income Taxes

NPR is subject to Japanese corporate income taxes on its taxable income. The tax effects of temporary differences that give rise to a significant portion of the deferred tax assets and liabilities as of May 31, 2017 and November 30, 2016 were as follows:

| | Thousands of yen | |
|---------------------------|------------------|-------------------|
| | As of | |
| | May 31, 2017 | November 30, 2016 |
| Enterprise tax payable | ¥ 12 | ¥ 11 |
| Total deferred tax assets | 12 | 11 |
| Net deferred tax assets | ¥ 12 | ¥ 11 |

Reconciliations of major items that caused differences between the statutory tax rate and effective tax rate with respect to pre-tax income reflected in the accompanying statements of income for the six-month periods ended May 31, 2017 and November 30, 2016 are as follows:

| | For the six-month periods ended | |
|----------------------------------|---------------------------------|-------------------|
| | May 31, 2017 | November 30, 2016 |
| Statutory tax rate | 31.74% | 31.74% |
| Adjustments: | | |
| Deductible cash distributions | (31.74%) | (31.73%) |
| Other | 0.01% | 0.00% |
| Actual effective income tax rate | 0.01% | 0.01% |

NPR has a policy of making cash distributions of earnings in excess of 90% of distributable income as defined in the Special Taxation Measures Act for the fiscal period to qualify for conditions, as set forth in the Special Taxation Measures Act, to achieve a deduction of cash distributions for income tax purposes. Based on this policy, NPR treated the cash distributions of earnings as a tax deductible distribution as defined in the Special Taxation Measures Act.

13. Per Unit Information

The following table summarizes per unit information for the six-month periods ended May 31, 2017 and November 30, 2016.

| | Yen | |
|--|---------------------------------|-------------------|
| | For the six-month periods ended | |
| | May 31, 2017 | November 30, 2016 |
| Net income per unit | | |
| Basic net income per unit | ¥ 4,644 | ¥ 3,680 |
| Weighted average number of units outstanding | 1,899,508 | 1,841,950 |
| | | |
| | Yen | |
| | As of | |
| | May 31, 2017 | November 30, 2016 |
| Net assets per unit | ¥ 146,659 | ¥ 143,672 |

(Note) Basic net income per unit is based on the weighted average number of units issued and outstanding during the period. Diluted earnings per unit and related information are not disclosed as no dilutive securities were outstanding.

14. Transactions with Related Parties

a) Transactions and Account Balances with the Parent Company and Major Unit Holders
There were no transactions and account balances for all periods presented.

b) Transactions and Account Balances with Affiliates
There were no transactions and account balances for all periods presented.

c) Transactions and Account Balances with Companies under Common Control
(For the six-month period ended May 31, 2017)

| Classification | Name of the company | Address | Stated capital (Thousands of yen) | Type of business | Percentage of voting rights owned | Relation | | Type of transaction | Transaction amount (Thousands of yen) | Account | Ending balance (Thousands of yen) |
|----------------------------|--|-------------------|--------------------------------------|--------------------------------|-----------------------------------|--|-----------------------|---|--|---|--------------------------------------|
| | | | | | | Common board member | Business relationship | | | | |
| Subsidiary of an affiliate | Prologis REIT Master Lease GK (Note 3) | Chiyoda-ku, Tokyo | ¥ 2,100 | Real estate business | - | - | Lessee | Lease of properties in trust | ¥ 15,193,498 | Operating accounts receivable | ¥ 374,374 |
| | | | | | | | | Proceeds of tenant leasehold and security deposits in trust | 592,587 | Tenant leasehold and security deposits in trust | 11,224,159 |
| | | | | | | | | Repayments of tenant leasehold and security deposits in trust | 495,580 | | |
| Subsidiary of an affiliate | Narita 3 Special Purpose Company | Chiyoda-ku, Tokyo | 100,000 | Real estate business | - | - | Seller | Acquisition of beneficiary right in trust | 9,240,000 | - | - |
| Subsidiary of an affiliate | Gassan Special Purpose Company | Chiyoda-ku, Tokyo | 100,000 | Real estate business | - | - | Seller | Acquisition of beneficiary right in trust | 7,680,000 | - | - |
| Subsidiary of an affiliate | Kobe Special Purpose Company | Chiyoda-ku, Tokyo | 100,000 | Real estate business | - | - | Seller | Acquisition of beneficiary right in trust | 13,700,000 | - | - |
| Subsidiary of an affiliate | Prologis REIT Management K.K. | Chiyoda-ku, Tokyo | 100,000 | Investment management business | - | Executive Director of NPR and President & CEO of the Asset Manager | Asset Manager | Payment of asset management fee | 1,462,761 | Accrued expenses | 1,329,654 |

(Note 1) The transaction amounts do not include the consumption tax whereas the tax is included in the ending balance.

(Note 2) The terms and conditions of these transactions were executed based on market practices.

(Note 3) With respect to 29 properties out of 35 properties held by NPR, NPR leases space to Prologis REIT Master Lease GK based on a pass-through type of master lease agreement, and Prologis REIT Master Lease GK subleases the space to actual tenants.

(For the six-month period ended November 30, 2016)

| Classification | Name of the company | Address | Stated capital (Thousands of yen) | Type of business | Percentage of voting rights owned | Relation | | Type of transaction | Transaction amount (Thousands of yen) | Account | Ending balance (Thousands of yen) |
|----------------------------|--|-------------------|--------------------------------------|--------------------------------|-----------------------------------|--|-----------------------|---|--|---|--------------------------------------|
| | | | | | | Common board member | Business relationship | | | | |
| Subsidiary of an affiliate | Prologis REIT Master Lease GK (Note 3) | Chiyoda-ku, Tokyo | ¥ 2,100 | Real estate business | - | - | Lessee | Lease of properties in trust | ¥ 15,023,098 | Operating accounts receivable | ¥ 460,287 |
| | | | | | | | | Advances received | | | 2,560,864 |
| | | | | | | | | Proceeds of tenant leasehold and security deposits in trust | 257,092 | Tenant leasehold and security deposits in trust | 11,127,152 |
| | | | | | | | | Repayments of tenant leasehold and security deposits in trust | 549,717 | | |
| Subsidiary of an affiliate | Prologis REIT Management K.K. | Chiyoda-ku, Tokyo | 100,000 | Investment management business | - | Executive Director of NPR and President & CEO of the Asset Manager | Asset Manager | Payment of asset management fee | 1,371,547 | Accrued expenses | 1,481,271 |

(Note 1) The transaction amounts do not include the consumption tax whereas the tax is included in the ending balance.

(Note 2) The terms and conditions of these transactions were executed based on market practices.

(Note 3) With respect to 29 properties out of 33 properties held by NPR, NPR leases space to Prologis REIT Master Lease GK based on a pass-through type of master lease agreement, and Prologis REIT Master Lease GK subleases the space to actual tenants.

- d) Transactions and Account Balances with Board of Directors and Individual Unit Holders
There were no transactions and account balances for all periods presented.

15. Segment and Related Information

a) Overview of operating and reportable segments

Operating segments are a component of NPR for which separate financial information is available and whose operating results are regularly evaluated by the chief operating decision maker to make decisions about how resources are allocated and assess their performance. Consequently, each of NPR's 35 properties is considered an operating segment. However, when properties share similar economic characteristics and meet other specific conditions, they may be aggregated for purposes of reporting segment information. Therefore, NPR has two reportable segments ("global market" and "regional market") (*) which are based on the investing region.

(*) NPR mainly invests in real estate whose main usage is logistics facilities and makes investments by focusing on the area where the facility is located and their features. As for the investing regions, NPR seeks to build a portfolio which is not concentrated in a specific region and invests in areas of Japan vital to trade and logistics. By dividing Japan into two areas of "global market" and "regional market" 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 market," as such areas are vital for international trade and logistics, NPR aims to invest in locations with the largest consuming areas which can also serve as important hubs within the domestic logistics network. The "global market" is defined as the Kanto area, which refers to Tokyo, Kanagawa, Chiba, Saitama, Ibaraki, Tochigi and Gunma prefectures, and the Kansai area, which refers to Osaka, Hyogo, Kyoto, Nara, Wakayama, Shiga and Mie prefectures, respectively.

As of May 31, 2017, NPR's properties classified into the global market were as follows:

Prologis Park Ichikawa 1, Prologis Park Zama 1, Prologis Park Kawajima, Prologis Park Osaka 2, Prologis Park Maishima 3, Prologis Park Takatsuki, Prologis Park Tokyo-Ohta, Prologis Park Zama 2, Prologis Park Funabashi 5, Prologis Park Narita 1-A&B, Prologis Park Narita 1-C, Prologis Park Amagasaki 1, Prologis Park Amagasaki 2, Prologis Park Narashino 4, Prologis Park Tokyo-Shinkiba, Prologis Park Yokohama-Tsurumi, Prologis Park Osaka 4, Prologis Park Kawajima 2, Prologis Park Kitamoto, Prologis Park Joso, Prologis Park Osaka 5, Prologis Park Ebina, Prologis Park Kawanishi, Prologis Park Amagasaki 3, Prologis Park Kobe, Prologis Park Narita 3, Prologis Park Koga 1 and Prologis Park Kobe 2.

As for investment strategies in the "regional market," as such areas are critical to domestic trades in Japan, NPR aims to invest in locations with the second largest consuming areas in Japan to the "global market," which can play a crucial role in a widespread regional logistics network. The "regional market" is defined as the 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.

As of May 31, 2017, NPR's properties classified into the regional market were as follows: Prologis Park Kasugai, Prologis Park Kitanagoya, Prologis Park Tagajo, Prologis Park Tosu 2, Prologis Park Tosu 4, Prologis Park Iwanuma 1 and Prologis Park Sendai Izumi.

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 consuming or manufacturing areas, or such areas are suitable and appropriate for logistics centers.

b) Basis of Measurement for the Amounts of Income, Assets and Other Items of each Reportable Segment

The accounting policies of each reportable segment are consistent with policies disclosed in Note 2, "Summary of Significant Accounting Policies." Reported segment income is measured on the basis of operating income, excluding certain corporate expenses (see reconciling items below). Segment assets are measured on the basis of total assets, excluding certain assets (see reconciling items below).

c) Information about Segment Results, Assets and Other Items

| | Thousands of yen | | | |
|--|---|-----------------|-------------------------|--------------------------------|
| | As of and for the six-month period ended May 31, 2017 | | | |
| | Global market | Regional market | Reconciling adjustments | Amount on financial statements |
| Operating revenues (Note 1) | ¥ 19,608,654 | ¥ 1,644,475 | ¥ - | ¥ 21,253,130 |
| Segment income (Note 2) | 12,565,195 | 723,397 | (369,854) | 12,918,738 |
| Segment assets (Note 2) | 414,071,609 | 39,778,414 | 33,889,420 | 487,739,445 |
| Other items | | | | |
| Depreciation | 3,159,006 | 429,217 | - | 3,588,223 |
| Increase in property and equipment and intangible assets | 31,362,281 | 79,574 | - | 31,441,856 |

(Note 1) Operating revenues of NPR are exclusively earned from external parties. Operating revenues in Global markets includes 4,836,630 thousand yen of gain on sales of real estate properties.

(Note 2) Reconciling adjustments to segment income represent general corporate expenses that consist mainly of asset management fee of 254,875 thousand yen, asset custody fee of 39,082 thousand yen and directors' compensation of 4,800 thousand yen. Reconciling adjustments to segment assets consist mainly of cash and cash deposits of 30,516,163 thousand yen, long-term prepaid expenses and security deposit of 1,852,675 thousand yen, organization expenses of 6,787 thousand yen, and Investment corporation bond issuance costs of 18,057 thousand yen.

| | Thousands of yen | | | |
|--|--|-----------------|-------------------------|--------------------------------|
| | As of and for the six-month period ended November 30, 2016 | | | |
| | Global market | Regional market | Reconciling adjustments | Amount on financial statements |
| Operating revenues (Note 1) | ¥ 13,998,543 | ¥ 1,641,270 | ¥ - | ¥ 15,639,813 |
| Segment income (Note 2) | 7,519,091 | 731,318 | (537,789) | 7,712,620 |
| Segment assets (Note 2) | 396,398,103 | 40,093,589 | 23,499,052 | 459,990,746 |
| Other items | | | | |
| Depreciation | 2,899,211 | 427,149 | - | 3,326,361 |
| Increase in property and equipment and intangible assets | 559,523 | 60,290 | - | 619,814 |

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

(Note 2) Reconciling adjustments to segment income represent general corporate expenses that consist

mainly of asset management fee of 432,828 thousand yen, asset custody fee of 39,074 thousand yen and directors' compensation of 4,800 thousand yen. Reconciling adjustments to segment assets consist mainly of cash and cash deposits of 22,417,972 thousand yen, long-term prepaid expenses and security deposit of 776,272 thousand yen, organization expenses of 14,932 thousand yen, and Investment corporation bond issuance costs of 19,961 thousand yen.

Related Information

(For the six-month period ended May 31, 2017)

a) Information by Geographic Region

(i) Operating Revenues

Substantially all of NPR's operating revenue is generated in Japan.

(ii) Property and Equipment

Substantially all of NPR's property and equipment is located in Japan.

b) Information by Major Tenants

| Tenant | Operating revenue | Related segment |
|-------------------------------|-------------------------|-----------------------------------|
| Prologis REIT Master Lease GK | 15,193,498 thousand yen | Global market and Regional market |

(Note 1) With respect to 29 properties out of 35 properties held by NPR, NPR leases space to Prologis REIT Master Lease GK based on a pass-through type of master lease agreement, and Prologis REIT Master Lease GK subleases the space to actual tenants.

(For the six-month period ended November 30, 2016)

a) Information by Geographic Region

(i) Operating Revenues

Substantially all of NPR's operating revenue is generated in Japan.

(ii) Property and Equipment

Substantially all of NPR's property and equipment is located in Japan.

b) Information by Major Tenants

| Tenant | Operating revenue | Related segment |
|-------------------------------|-------------------------|-----------------------------------|
| Prologis REIT Master Lease GK | 15,023,098 thousand yen | Global market and Regional market |

(Note 1) With respect to 29 properties out of 33 properties held by NPR, NPR leases space to Prologis REIT Master Lease GK based on a pass-through type of master lease agreement, and Prologis REIT Master Lease GK subleases the space to actual tenants.

16. Subsequent Events

(a) Disposition of Properties

As resolved by Prologis REIT Management K.K., the asset manager of NPR, on April 17, 2017, NPR disposed Prologis Park Prologis Park Tagajo on June 26, 2017.

Details of dispositions

| | | |
|------------------------------|----------------------|---|
| Property name | | Prologis Park Tagajo |
| Location | | 2-1-1, Sakae, Tagajo, Miyagi |
| Class of assets | | Real estate trust beneficiary interests |
| Acquisition date | | February 15, 2013 |
| Acquisition price | | 5,370 million yen (Note 1) |
| Sale price | | 7,155 million yen (Note 2) |
| Impact on earnings | | Expect to recognize 2,069 million yen of gain on sales of real estate properties for the six-month period ending November 30, 2017. |
| Land | Ownership form | Proprietary |
| | Land area | 19,877.94 m ² |
| Building | Ownership form | Proprietary |
| | Gross floor area | 36,851.74 m ² |
| | Date of construction | March 30, 2009 |
| | Use | Warehouse/Office |
| Structure/ Number of stories | | SRC, 4-story building |

Note 1: "Acquisition price" is represented by an amount of the purchase price stated in the Purchase and Sale Agreement of Trust Beneficiary Interests, which does not include consumption taxes and local consumption taxes. The Acquisition Price does not reflect expenses associated with the acquisition.

Note 2: "Sale price" is represented by an amount of the sale price stated in the Purchase and Sale Agreement of Trust Beneficiary Interests, which does not include consumption taxes and local consumption taxes. The Sale Price does not reflect expenses associated with the disposition.

Note 3: The name of and other information about the purchaser are not disclosed because the purchaser's consent has not been obtained.

(b) Issuance of Investment Corporation Bonds

On June 15, 2017, NPR issued investment corporation bonds, which were based on the blanket resolution approved by the board of directors' meeting on July 14, 2016, for the purpose of repayment of the short-term borrowings before maturity and diversifying financing methods and lengthening the remaining average debt duration.

| | Amount of Issuance | Interest Rate | Redemption Date | Collateral |
|--|--------------------|------------------------|-----------------|--|
| Nippon Prologis REIT 3rd Unsecured Investment Corporation Bonds (with pari passu conditions among specified investment corporation bonds) | 2,000 million yen | 0.180% (Fixed rate) | June 15, 2021 | Neither collateral nor guarantee is provided for the bonds, and no asset is secured for the bonds. |
| Nippon Prologis REIT 4th Unsecured Investment Corporation Bonds (with pari passu conditions among specified investment corporation bonds) | 1,500 million yen | 0.280% (Fixed rate) | June 15, 2023 | |
| Nippon Prologis REIT 5th Unsecured Investment Corporation Bonds (with pari passu conditions among specified investment corporation bonds) | 2,500 million yen | 0.500% (Fixed rate) | June 15, 2027 | |
| Nippon Prologis REIT 6th Unsecured Investment Corporation Bonds (with pari passu conditions among specified investment corporation bonds) | 1,000 million yen | 0.860% (Fixed rate) | June 15, 2032 | |

Note 1 : Each bond is issued and redeemed at 100 yen per value of 100 yen.

Note 2 : The total amount of each bond will be redeemed on those specified redemption dates as shown above and redemption by purchase is permitted any time on and after the following day of the date of payment except for the case separately determined by the depository.

(c) Issuance of New Investment Units

NPR issued new investment units (the "Offering") with terms and conditions described below based on a resolution made by the board of directors on July 24, 2017, and July 31, 2017. Subsequently, the payments for the public offering was completed on August 7, 2017. Consequently, as of August 7, 2017, the total balance of unit holders' capital is 302,370 million yen (Note) and the total number of investment units issued and outstanding is 2,049,780. With respect to the issuance of new investment units through the third-party allotment, the payment date is September 6, 2017.

Note: The amount shown is unit holders' capital after deduction of accumulated distribution in excess of retained earnings.

Issuance of New Investment Units through the Public Offering

| | |
|-----------------------------------|----------------------|
| Number of investment units issued | 143,430 units |
| Issue price (offer price) | 227,850 yen per unit |
| Total amount issued | 32,680,525,850 yen |
| Issue amount (amount to be paid) | 220,386 yen per unit |
| Net proceeds | 31,609,963,980 yen |
| Payment date | August 7, 2017 |

Issuance of New Investment Units through the Third-Party Allotment

| | |
|---|----------------------------|
| Number of investment units issued (maximum) | 7,170 units |
| Issue amount (amount to be paid) | 220,386 yen per unit |
| Net proceeds (maximum) | 1,580,167,620 yen |
| Payment date | September 6, 2017 |
| Purchaser | SMBC Nikko Securities Inc. |

Note: There may be cases where no application is made by the purchaser for the investment units offered in the third-party allotment, in whole or in part, and consequently the final number of investment units placed by the third-party allotment may possibly decrease to that extent due to forfeiture, or such allotment itself may possibly not take place at all.

(d) Borrowings

On August 1, 2017, NPR obtained bank loans (the “Bridge Loans”), which were based on a resolution made by the board of directors on July 24, 2017, for the purpose of funding the acquisition costs of the new properties and related expenses described in the following “(e) Acquisition of Assets.” In addition, on August 8, 2017, NPR obtained bank loans (the “Borrowings”) in order to repay the Bridge Loans before maturity. The Bridge Loans were fully prepaid by using the Borrowings, net proceeds from the Offering and cash on hand on August 8, 2017.

Details of the Bridge Loans

| Category | Lender | Borrowing Amount | Interest Rate | Borrowing Date | Repayment Date | Repayment Method | Collateral |
|-----------|--|--------------------|--|----------------|----------------|----------------------------|------------------------------|
| Long-term | Sumitomo Mitsui Banking Corporation | 27,650 million yen | Base interest rate (JBA 1-month Japanese yen TIBOR) +0.20% | August 1, 2017 | August 1, 2019 | Paid in full upon maturity | Unsecured and non-guaranteed |
| | The Bank of Tokyo-Mitsubishi UFJ, Ltd. | 11,850 million yen | | | | | |

Details of the Borrowings

| Category | Lender | Borrowing Amount | Interest Rate | Borrowing Date | Repayment Date | Repayment Method | Collateral |
|------------|--|-------------------|--|----------------|----------------|----------------------------|------------------------------|
| Short-term | Sumitomo Mitsui Banking Corporation | 4,410 million yen | Base interest rate (JBA 1-month Japanese yen TIBOR) +0.17% | August 8, 2017 | August 8, 2018 | Paid in full upon maturity | Unsecured and non-guaranteed |
| | The Bank of Tokyo-Mitsubishi UFJ, Ltd. | 1,890 million yen | | | | | |

(e) Acquisition of Assets

As resolved by the board of directors on July 24, 2017, in line with basic investment guidelines defined in its Articles of Incorporation, NPR acquired properties described below on August 1, 2017, by using the Bridge Loans (described in “(d) Borrowings” above) and cash on hand.

| | | |
|--------------------------|----------------------|---|
| Property name | | Prologis Park Narashino 5 |
| Location | | 6-18-9, Higashinarashino, Narashino-shi, Chiba 6-867-7, Higashinarashino, Narashino-shi, Chiba |
| Class of assets | | Real estate trust beneficiary interests |
| Seller | | Hakuba Special Purpose Company |
| Acquisition date | | August 1, 2017 |
| Acquisition price | | 13,600 million yen (Note) |
| Land | Ownership form | Proprietary |
| | Land area | 28,491.72 m ² |
| Building | Ownership form | Proprietary |
| | Gross floor area | 58,975.78 m ² |
| | Date of construction | March 8, 2016 |
| | Use | Warehouse |
| Structure/No. of stories | | SC, 4-story building |

Note : “Acquisition price” is represented by an amount of the purchase price stated in the Purchase and Sale Agreement of Trust Beneficiary Interests, which does not include consumption taxes and local consumption taxes. The Acquisition Price does not reflect expenses associated with the acquisition.

| | | |
|--------------------------|----------------------|--|
| Property name | | Prologis Park Ibaraki |
| Location | | 2-1, Saitoakane, Ibaraki-shi, Osaka 9, Saitoakane, Ibaraki-shi, Osaka |
| Class of assets | | Real estate trust beneficiary interests |
| Seller | | Ibaraki Special Purpose Company |
| Acquisition date | | August 1, 2017 |
| Acquisition price | | 38,300 million yen (Note) |
| Land | Ownership form | Proprietary |
| | Land area | 80,243.54 m ² |
| Building | Ownership form | Proprietary |
| | Gross floor area | 160,746.85 m ² |
| | Date of construction | September 1, 2016 |
| | Use | Warehouse |
| Structure/No. of stories | | RC, 6-story building |

Note : “Acquisition price” is represented by an amount of the purchase price stated in the Purchase and Sale Agreement of Trust Beneficiary Interests, which does not include consumption taxes and local consumption taxes. The Acquisition Price does not reflect expenses associated with the acquisition.

| | | |
|-------------------|--------------------------|--|
| Property name | | Prologis Park Koga 2 |
| Location | | 8-4, Kitatone, Koga-shi, Ibaraki 8-4, Kitatone, Koga-shi, Ibaraki |
| Class of assets | | Real estate trust beneficiary interests |
| Seller | | Gassan Special Purpose Company |
| Acquisition date | | August 1, 2017 |
| Acquisition price | | 3,930 million yen (Note) |
| Land | Ownership form | Proprietary |
| | Land area | 23,789.43m ² |
| Building | Ownership form | Proprietary |
| | Gross floor area | 19,711.82 m ² |
| | Date of construction | April 14, 2017 |
| | Use | Warehouse/Office |
| | Structure/No. of stories | SRC, 2-story building |

Note : "Acquisition price" is represented by an amount of the purchase price stated in the Purchase and Sale Agreement of Trust Beneficiary Interests, which does not include consumption taxes and local consumption taxes. The Acquisition Price does not reflect expenses associated with the acquisition.



Independent Auditor's Report

To the Board of Directors of
Nippon Prologis REIT, Inc.:

We have audited the accompanying financial statements of Nippon Prologis REIT, Inc. (a Japanese Real Estate Investment Trust), which comprise the balance sheets as at May 31, 2017 and November 30, 2016, and the statements of income, statements of changes in net assets and statements of cash flows for the six-month periods ended May 31, 2017 and November 30, 2016, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Nippon Prologis REIT, Inc. as at May 31, 2017 and November 30, 2016, and their financial performance and cash flows for the six-month periods ended May 31, 2017 and November 30, 2016, in accordance with accounting principles generally accepted in Japan.

Emphasis of Matter

Without qualifying our opinion, we draw attention to the following.

As discussed in Note 16 to the financial statements,

1. Subsequent to May 31, 2017, Nippon Prologis REIT, Inc. disposed of one property, issued investment corporation bonds, executed bank loans, and acquired trust beneficiary certificates of three properties.
2. Subsequent to May 31, 2017, Nippon Prologis REIT, Inc. resolved to issue new investment units at the board of directors meetings held on July 24, 2017 and July 31, 2017. The payments for the public offering was completed on August 7, 2017. The payment date for the issuance of new investment units through the third-party allotment is September 6, 2017.

KPMG AZSA LLC

August 30, 2017
Tokyo, Japan

KPMG AZSA LLC, a limited liability audit corporation incorporated under the Japanese Certified Public Accountants Law and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.