

07. 17. 2018

# Nippon Prologis REIT, Inc.

Fiscal Period Ended  
May 31, 2018  
Unaudited

*Prologis Park Yoshimi*

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## Section 01

# Highlights and Updates for Fiscal Period Ended May 2018



*Prologis Park Ibaraki*

# Highlights for Fiscal Period Ended May 2018

- Grew assets under management (AUM)
- Continued growth of NOI
- Delivered solid operational performance
- Maintained strong balance sheet

NOI  
JPY 14,613 mn  
(+0.9 % vs.  
forecast)

DPU  
JPY 4,373  
(+1.7 % vs.  
forecast )

NAV per Unit  
JPY 207,289

Portfolio Size <sup>(1)</sup>  
JPY 560.3 bn

Average Occupancy  
Rate  
98.3 %

Pipeline  
12 properties  
approx. JPY 170 bn

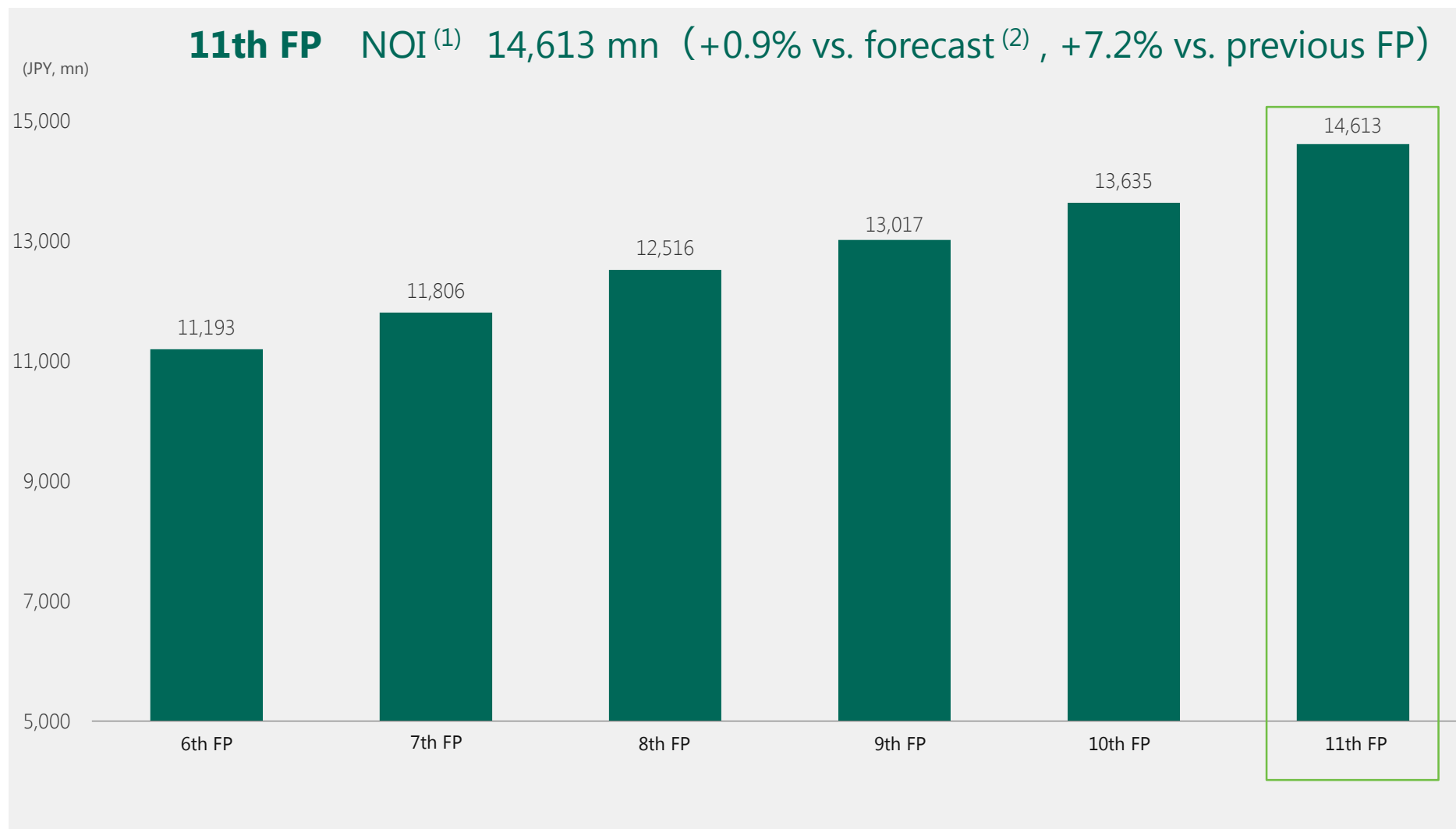
LTV  
36.4 %

Borrowing  
Capacity <sup>(2)</sup>  
approx. JPY 140 bn

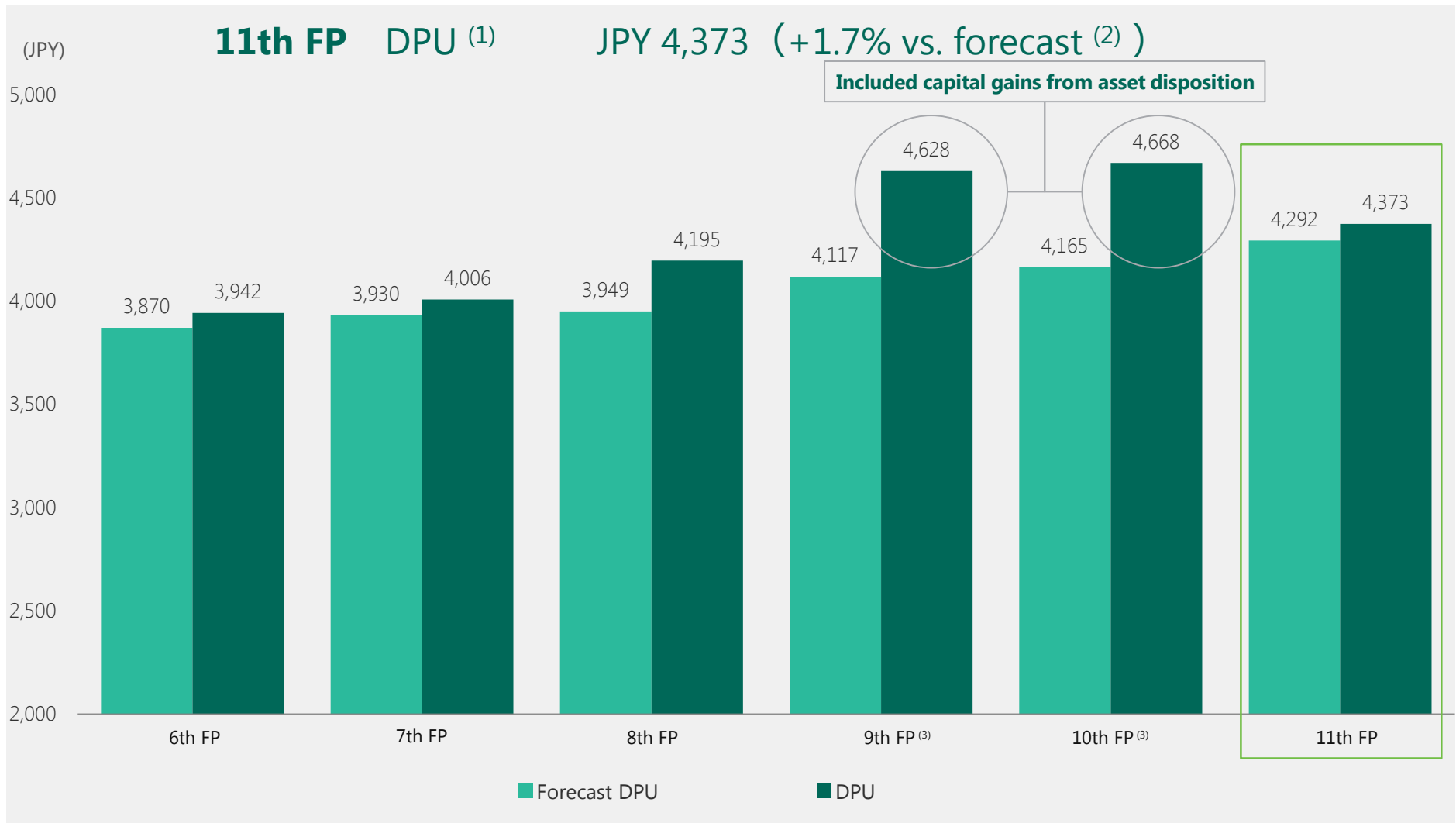
Unrealized Gain  
JPY 121.1 bn

Market Cap <sup>(3)</sup>  
JPY496.2 bn

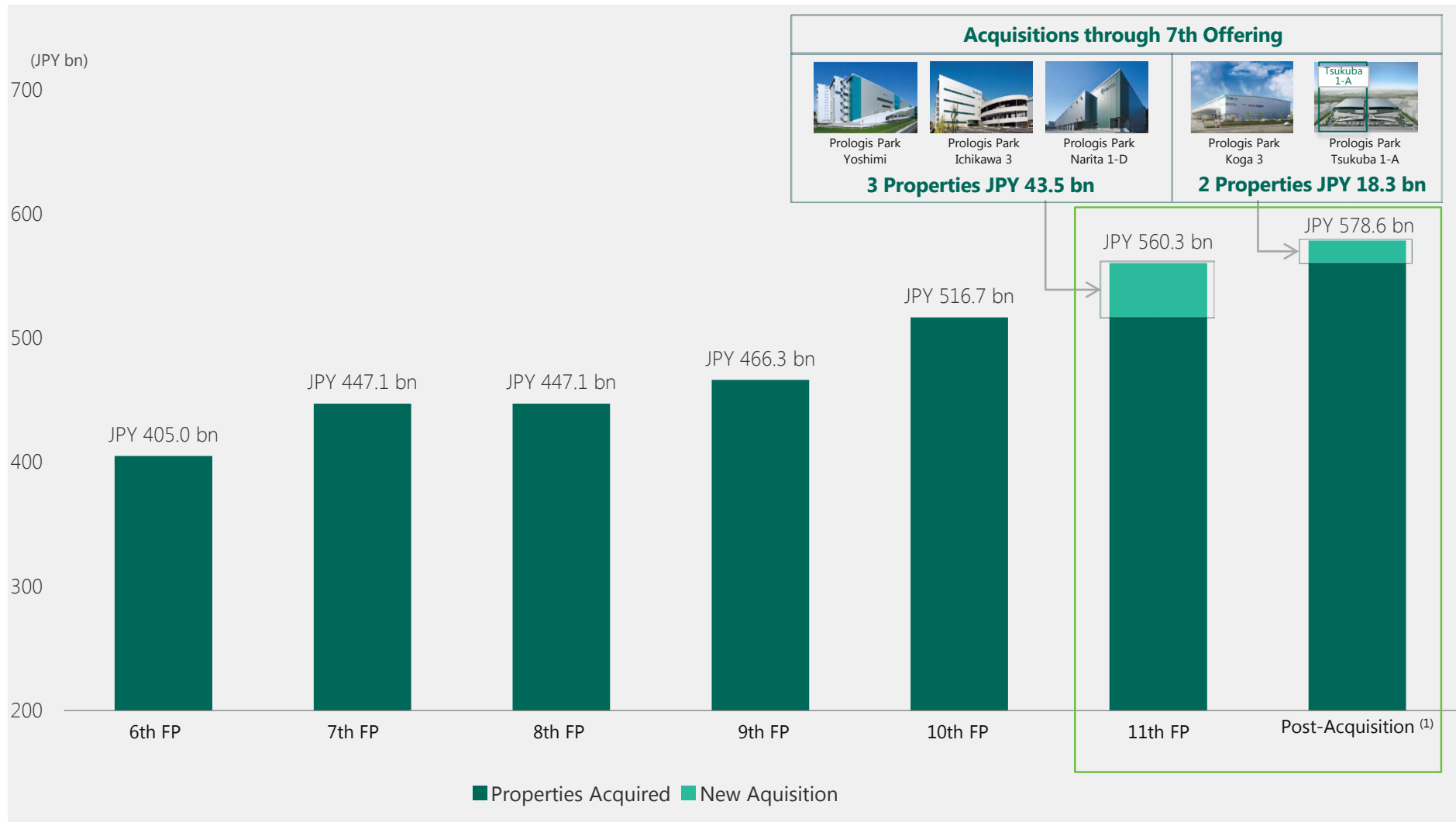
# Strong and Steady NOI Growth



# Distributions per Unit Exceed Forecast



# Assets Under Management Continued Growth



# Successful Completion of Follow-on Offering

## Offering Summary

<b>Offering structure</b>	Global Offering (Reg S + U.S.144A)
<b>Launch date</b>	February 26, 2018
<b>Pricing date</b>	March 5, 2018
<b>Offer price</b>	JPY 224,812 per unit
<b>Total amount issued (total offer value)</b>	JPY 29.0 bn

## Key Metrics of Acquired Properties

Total (Anticipated) Acquisition Price	Average Appraisal NOI Yield
JPY 61.9 bn	4.6%
Average Property Age	WALE
0.9 years	8.1 years

## Acquisitions – All Class-A Properties Developed by Prologis Group



Multi-Tenant

### M-29 Prologis Park Yoshimi

Acquisition Price : JPY 21,300 mn  
GFA : 102,593.03m<sup>2</sup>  
Appraisal NOI Yield : 4.7%



Multi-Tenant

### M-27 Prologis Park Ichikawa 3

Acquisition Price : JPY 17,000 mn  
GFA : 52,211.11m<sup>2</sup>  
Appraisal NOI Yield : 4.1%



Multi-Tenant

### M-28 Prologis Park Narita 1-D

Acquisition Price : JPY 5,260 mn  
GFA : 28,207.47m<sup>2</sup>  
Appraisal NOI Yield : 5.0%



BTS

### B-14 Prologis Park Koga 3 <sup>(2)</sup>

Acquisition Price : JPY 5,440 mn  
GFA : 31,255.64m<sup>2</sup>  
Appraisal NOI Yield : 4.9%



BTS

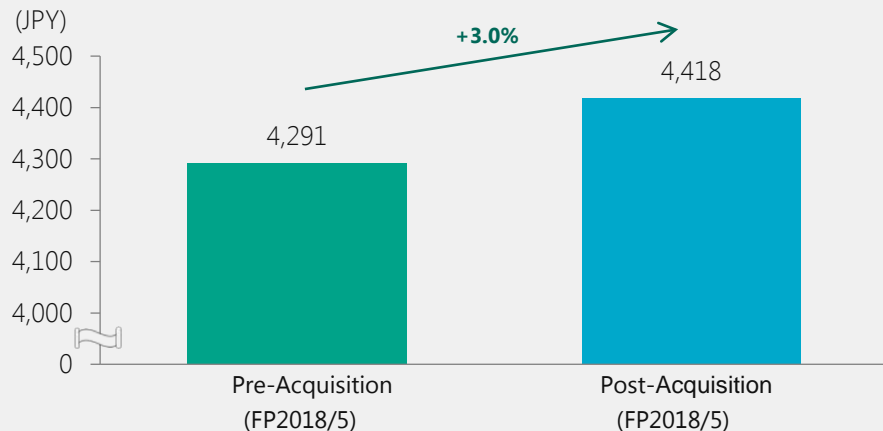
### B-15 Prologis Park Tsukuba 1-A <sup>(2)</sup>

Acquisition Price : JPY 12,900 mn  
GFA : 70,354.31m<sup>2</sup>  
Appraisal NOI Yield : 4.8%



# Offering Enhanced Unit Holder Value

## DPU (Stabilized) <sup>(2)</sup>



## Accretion from the Offering

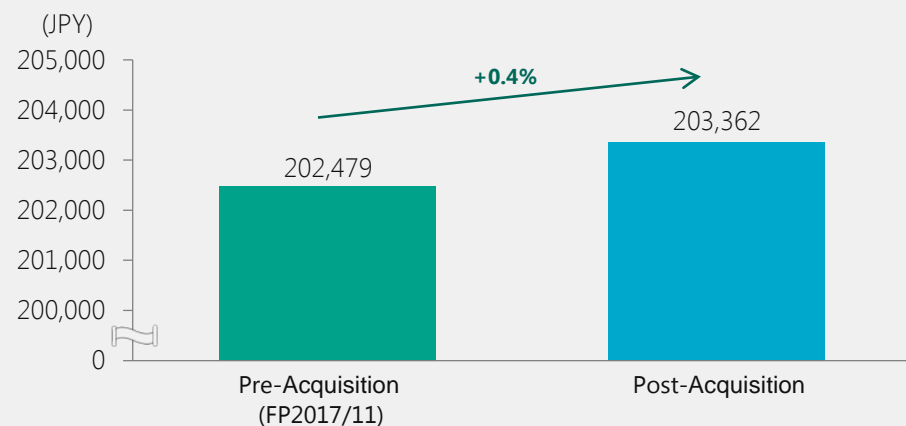
Stabilized DPU Accretion (FP2018/5) <sup>(2)</sup>

3.0%

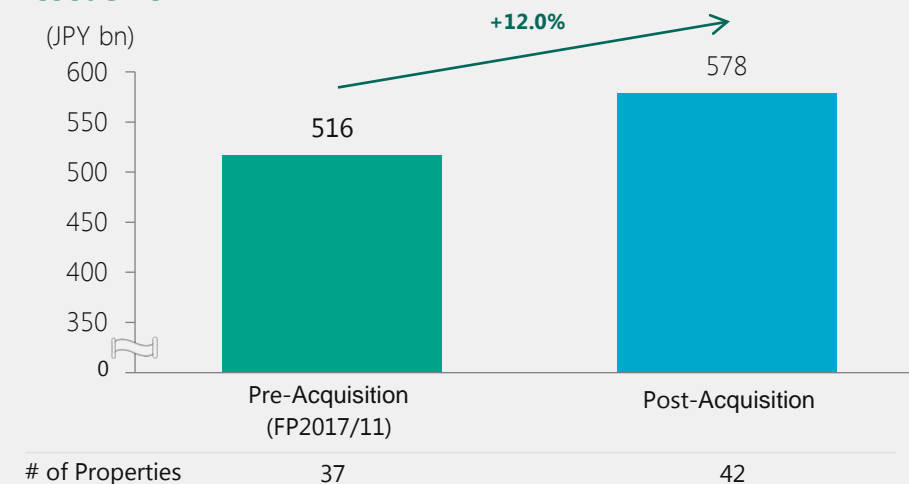
Appraisal NAV per Unit Accretion

0.4%

## Appraisal NAV per Unit



## Asset Size



# of Properties

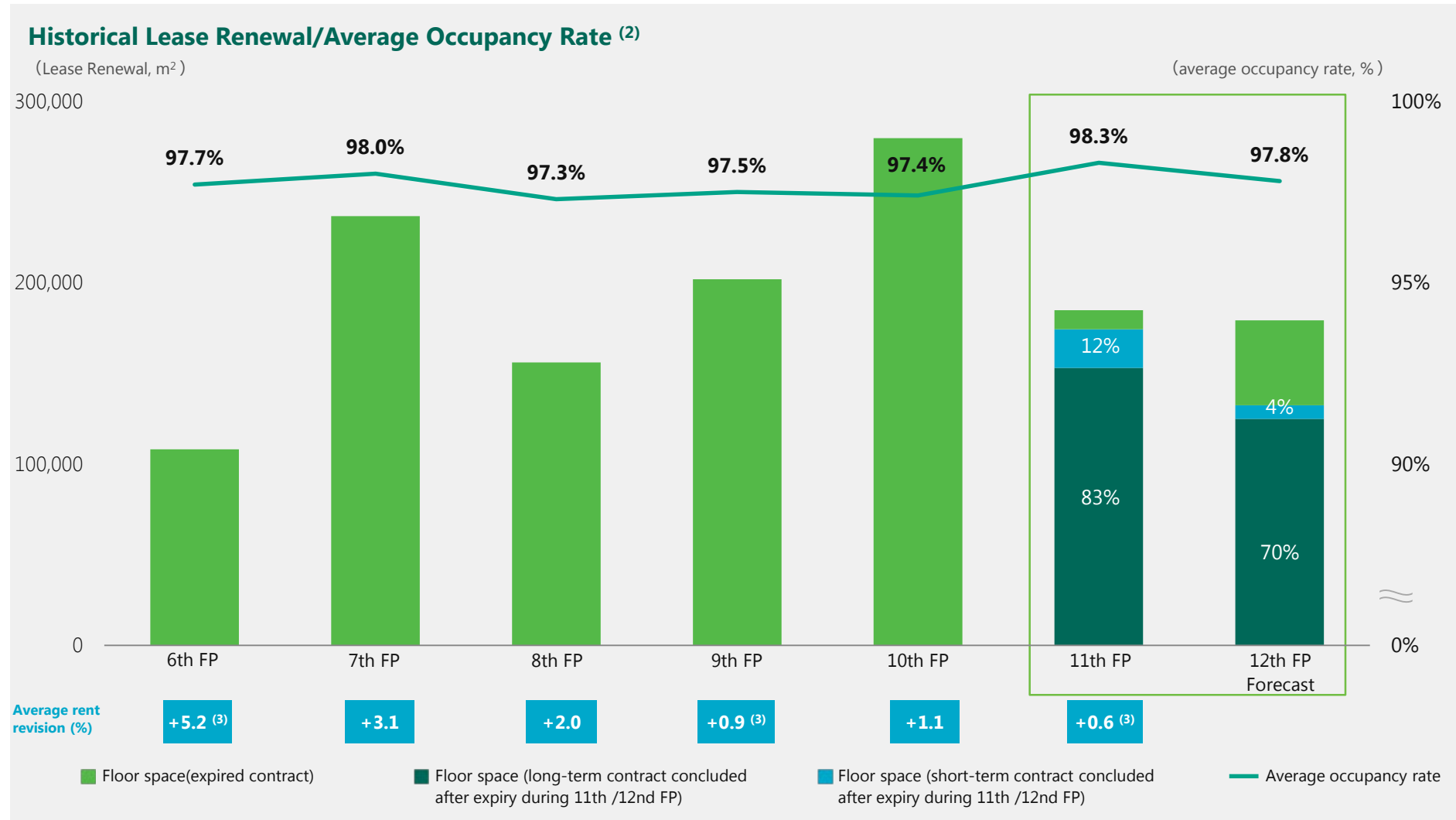
37

42

# Strong Sponsor Pipeline Fuels External Growth

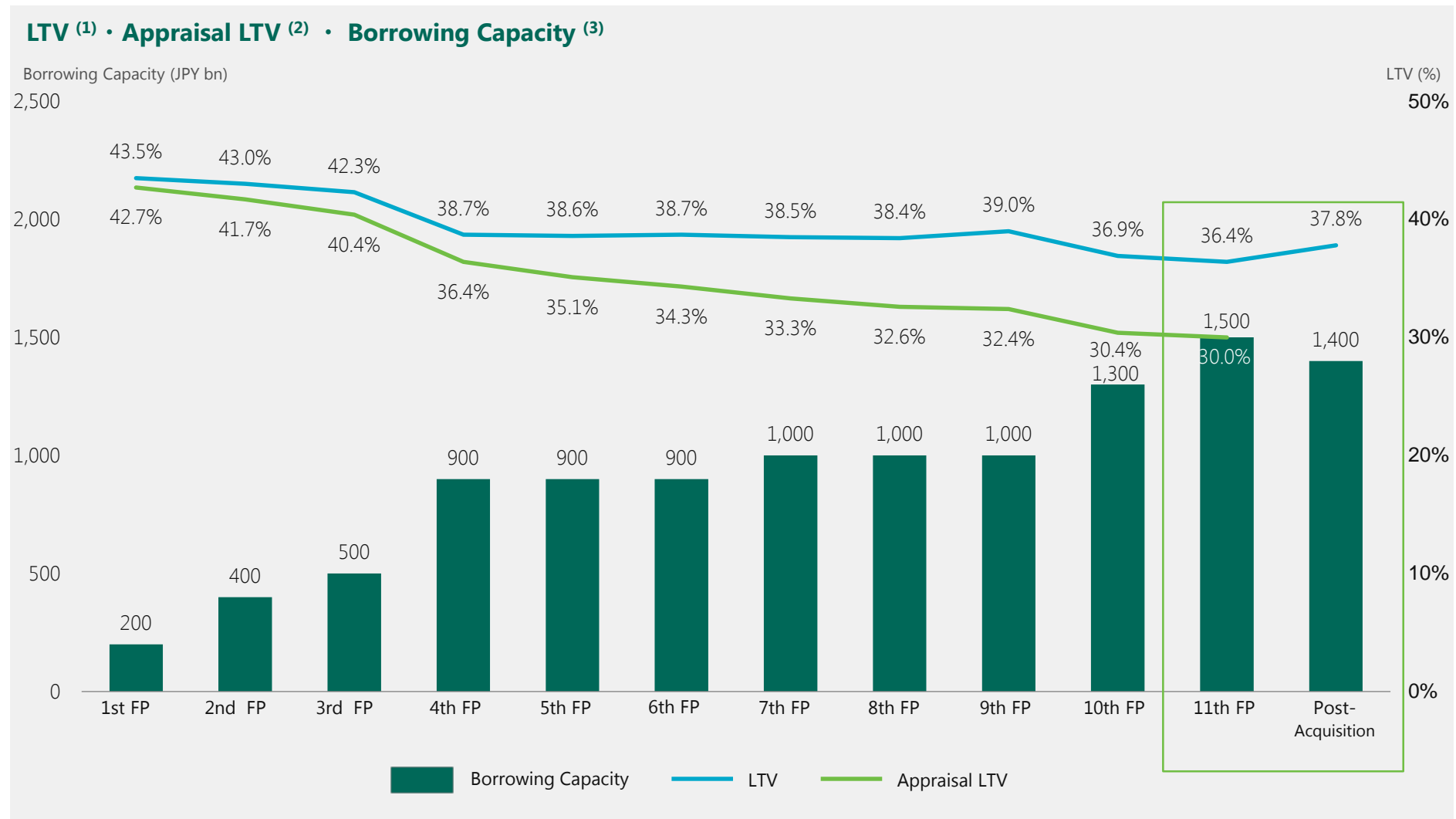
Status	Region / Area	Property Name	(Expected) Year Built	Property Type	(Expected) GFA (sqm)
<b>Exclusive Negotiation Rights Granted</b>	Kanto	Prologis Park Chiba New Town	May 2016	Multi-Tenant	109,981
		Prologis Park Higashimatsuyama	Feb. 2018	Multi-Tenant	61,885
		Prologis Park MFLP Kawagoe	Oct. 2018	Multi-Tenant	131,298
	Kansai	Prologis Park Kyotanabe	Oct. 2018	Multi-Tenant	161,057
	Tohoku	Prologis Park Sendai Izumi 2	Sep. 2018	BTS	40,083
<b>Under Development</b>	Kanto	Prologis Park Tsukuba 1-B	Sep. 2019	BTS	71,595
		Prologis Park Chiba 1	Sep. 2019	Multi-Tenant	146,805
	Kansai	Prologis Park Kobe 4	Jun. 2019	BTS	24,700
<b>Future Development</b>	Kanto	Prologis Park Ebina 2	TBD	TBD	38,000
		Prologis Park Chiba 2	TBD	TBD	66,000
	Kansai	Prologis Park Kobe 3	TBD	TBD	38,700
		Prologis Park Kobe 5	TBD	TBD	44,470
	Kansai	Prologis Inagawa Project	TBD	TBD	258,000
<b>Future Project</b>	Kansai	Prologis Inagawa Project	TBD	TBD	258,000

# Occupancy Rate, Lease Renewals and Rent Revision

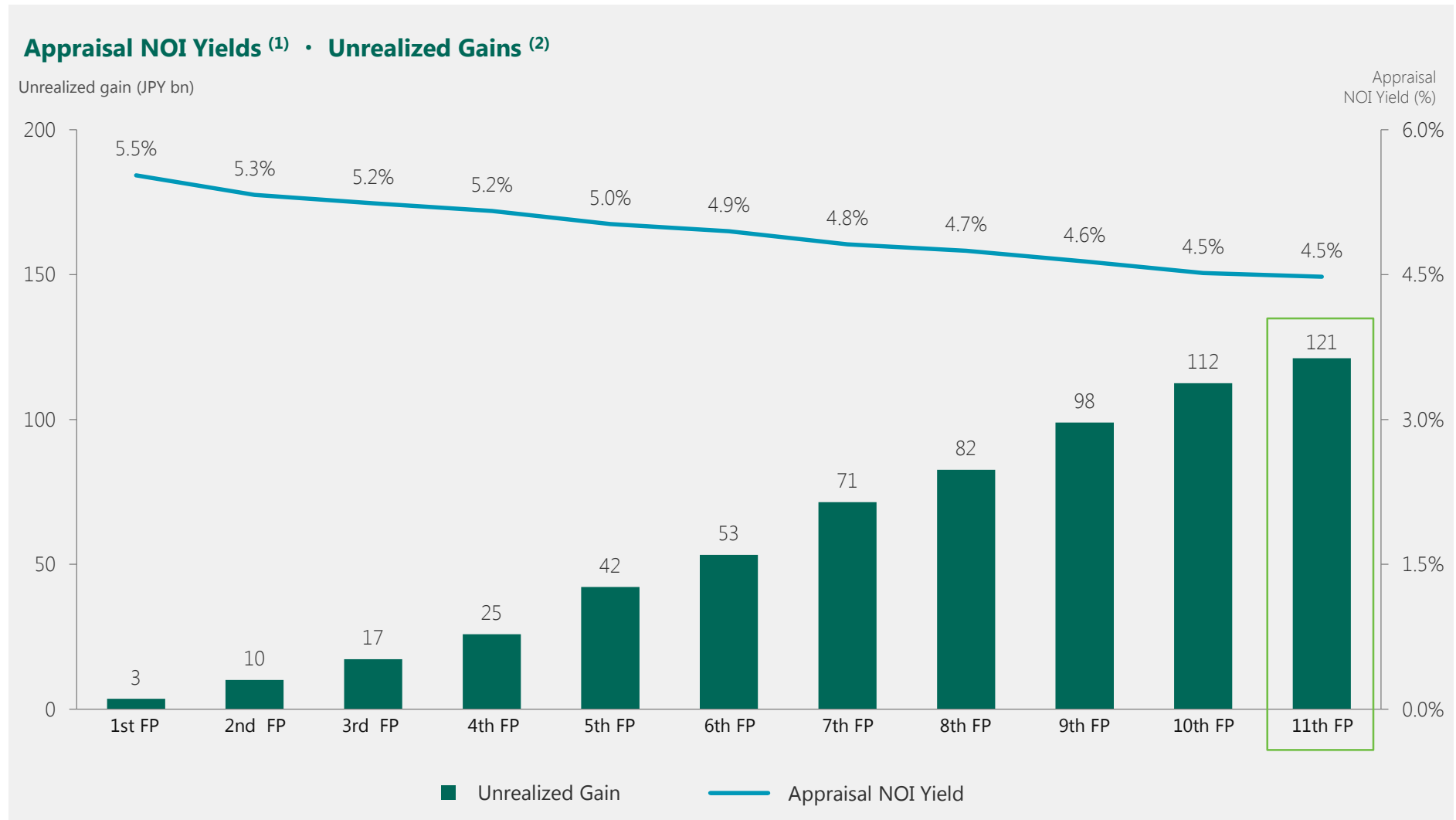


1. The results of leasing activities do not include office and store space, and the percentages shown are based on the size of contracted floor space.
2. For warehouse excluding office and store space, it is calculated by weighted rental rate variance between the old and new lease contracts which expired during the fiscal period. Calculated based on monthly nominal rents including common area management charges.
3. Includes floor space which revised rent during contract period.
4. Floor space breakdown of Rent Revision of 11th FP: Upward Revision of Rent 28%, Rent Unchanged 61%, Downward Revision of Rent 11%

# Modest Leverage and Significant Capacity for Growth



# Cap Rate Trends and Unrealized Capital Gain





# Forecasts for Nov. 2018 and May 2019 Fiscal Periods

	May 2018 FP Results	Nov. 2018 FP Forecast	May 2019 FP Forecast
NOI	JPY 14,613 mn	JPY 15,399 mn	JPY 15,414 mn
Average Occupancy Rate	98.3%	97.8%	98.0%
DPU <sup>(1)</sup>	JPY 4,373	JPY 4,400	JPY 4,431
LTV <sup>(2)</sup>	36.4%	37.0%	37.8%
❖SCD Adjustment for Nov. 2018 FP	<ul style="list-style-type: none"> <li>Lease contract cancellation penalty payment received (one-time gain) +JPY 250 mn</li> <li>Estimated repair costs due to northern Osaka earthquake (one-time expenses) JPY (77) mn <sup>(3)</sup></li> </ul>		

Will deduct the net amount of JPY 173 mn from Surplus Cash Distributions

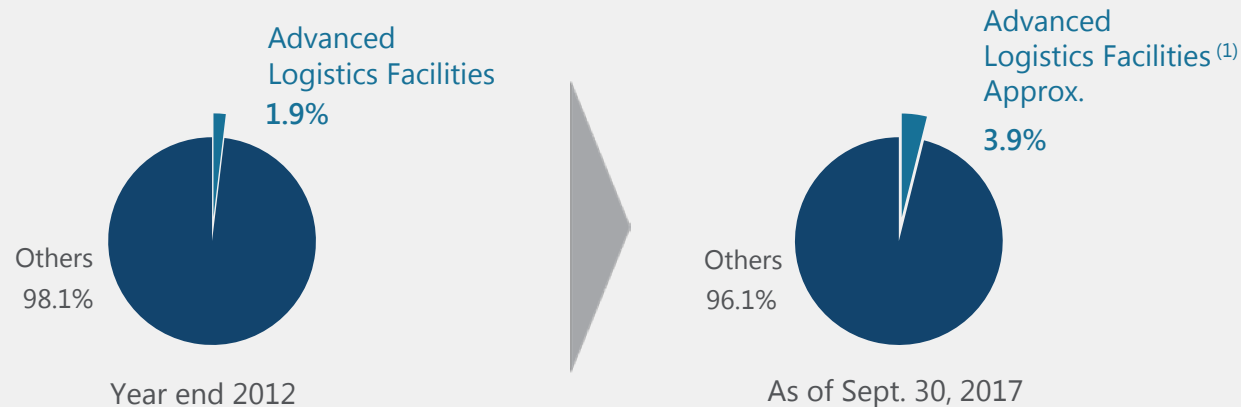
## Section 02

# Japanese Logistics Real Estate Market

*Prologis Park Kitanagoya*

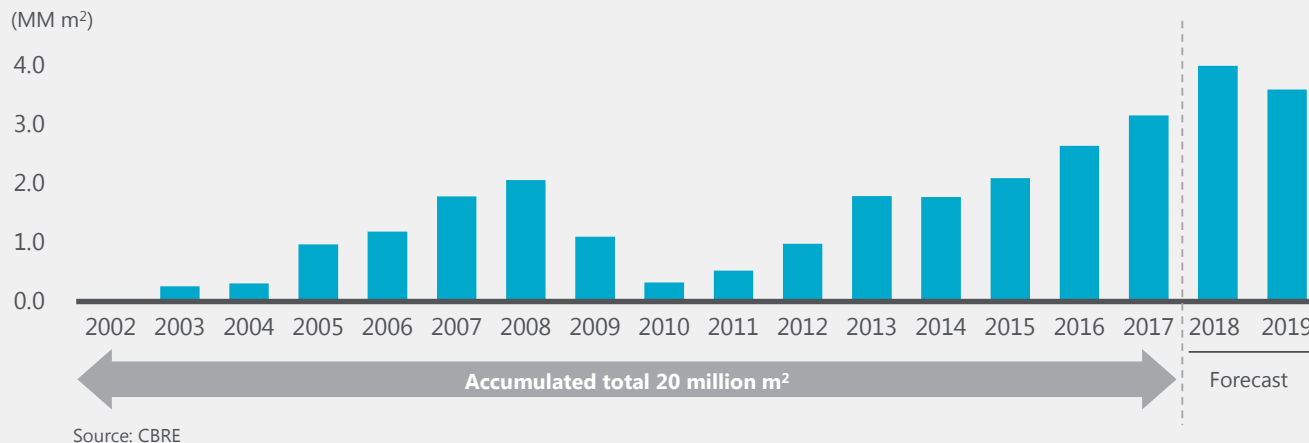
# Stock of High-Quality Logistics Facilities Remains Scarce

## Stock of Advanced Logistics Facilities



- Total cumulative volume of supply of advanced logistics facilities in Japan through Dec. 2017 is approx. 20 million m<sup>2</sup>
- Stock of advanced logistics facilities accounts for just 3.9% of total warehouse area in Japan

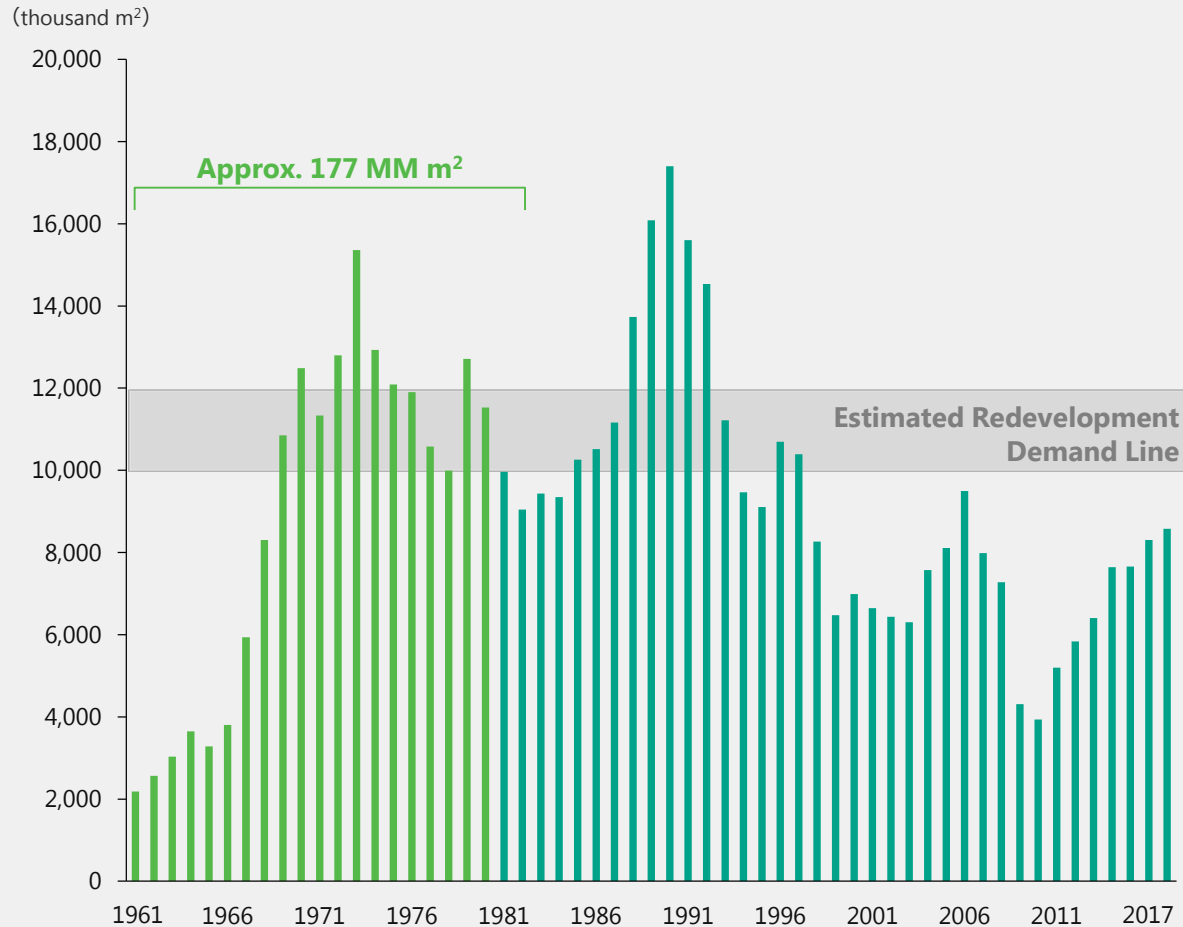
## Supply of Large Logistics Facilities (2)



1. Based on a survey conducted by CBRE at our and the Asset Manager's request. In calculating the proportion of advanced logistics facilities, the estimated total gross floor area is based on data as of March 31, 2017 and the gross floor area for advanced logistic facilities is based on data as of Sept. 30, 2017.
2. Survey data covered logistics facilities for lease held by corporations investing in real estate and real estate development companies with a gross floor area of 5,000 tsubo or more. The survey did not include logistics facilities owned by logistics companies and therefore did not cover all logistics facilities for lease having a gross floor area of 5,000 tsubo or more. As of Dec. 2017.

# Actual Supply below Theoretical Redevelopment Needs

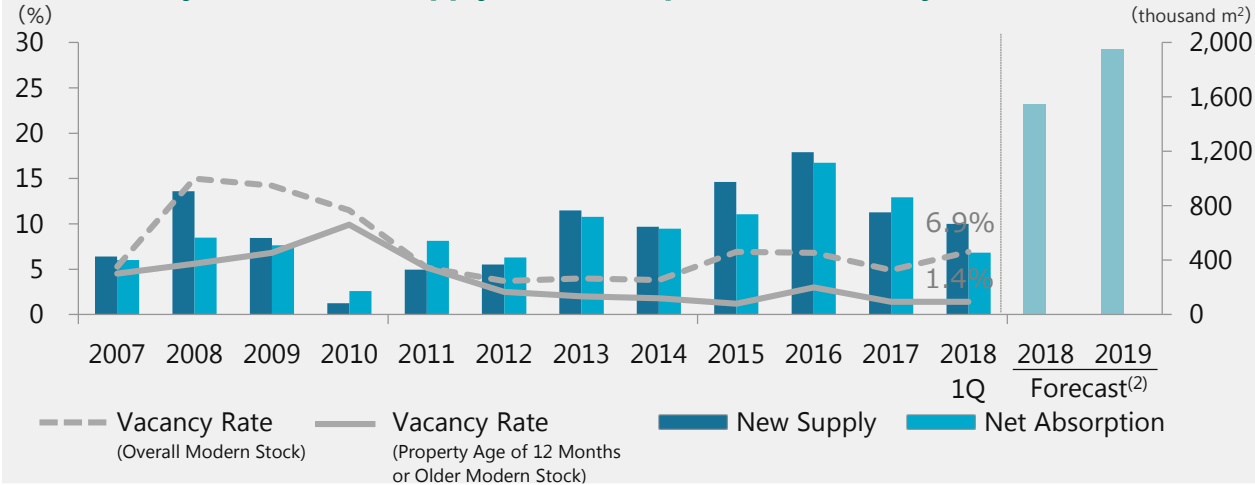
## New Warehouse Floor Area Transition



- Redevelopment needs for old warehouses before 1981 comply only with old earthquake code
- If average life time of all warehouse stock (500mn m<sup>2</sup>) is 40-50 years, average annual redevelopment demand of 10mn -12mn m<sup>2</sup> should exist
- Actual supply has not reached the theoretical demand levels even after 2002, when modern logistics real estate business started

# Supply vs. Historical-high Demand

**Greater Tokyo Area: New Supply, Net Absorption and Vacancy Rates <sup>(1)</sup>**



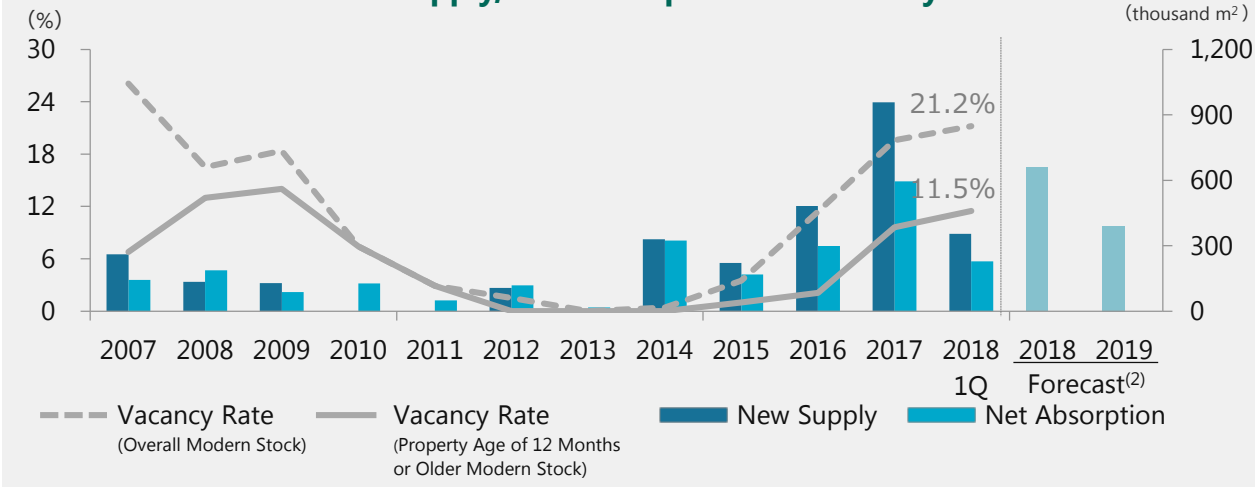
## Greater Tokyo Area

- Vacancy rate as of Mar. 31, 2018 was 6.9% (1.4% for properties which are more than a year old)
- Estimated supply for 2018 is approx. 1,550,000m<sup>2</sup>  
Estimated supply for 2019 is approx. 1,950,000m<sup>2</sup>

## Greater Osaka Area

- Vacancy rate as of Mar. 31, 2018 was 21.2% (11.5% for properties which are more than a year old)
- Estimated supply for 2018 is approx. 650,000m<sup>2</sup>  
Estimated supply for 2019 is approx. 400,000m<sup>2</sup>

**Greater Osaka Area: New Supply, Net Absorption and Vacancy Rates <sup>(1)</sup>**



Source: CBRE

1. Survey data covered logistics facilities for lease held by corporations investing in real estate and real estate development companies with a gross floor area of 10,000 tsubo or more. The survey did not include logistics facilities owned by logistics companies and therefore did not cover all logistics facilities for lease having a gross floor area of 10,000 tsubo or more.
2. Vacancy Rates is actual as of March 31, 2018. New Supply in 2018 and 2019 are estimates.



## Section 03

# NPR's Strengths Achieved over Last 5 years

Prologis Park Zama 1, Prologis Park Zama 2

# Prologis -Logistics Real Estate Leader both Globally and in Japan

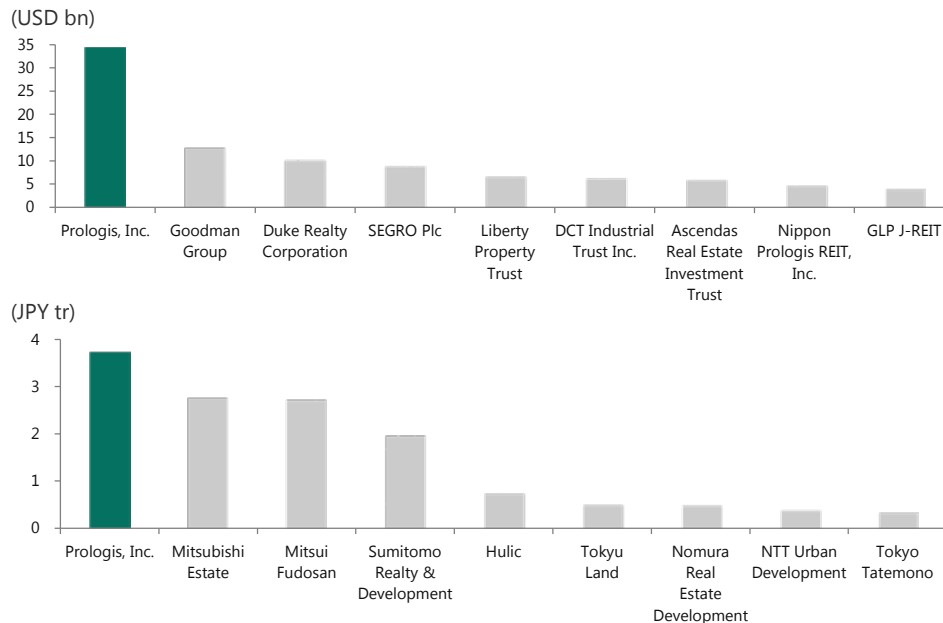
## Global Prologis World Largest Logistics Real Estate Company

- Listed on NYSE as US REIT specialized in logistics real estate (Founded over 30 years ago, HQ: San Francisco)
- Developed/owned/operated approx. 3,260 logistics facilities with total floor area of 6,300mn m<sup>2</sup> in 19 countries worldwide
- Serves to 5,000 customers
- Credit ratings : A3 (Moody's) / A- (S&P)

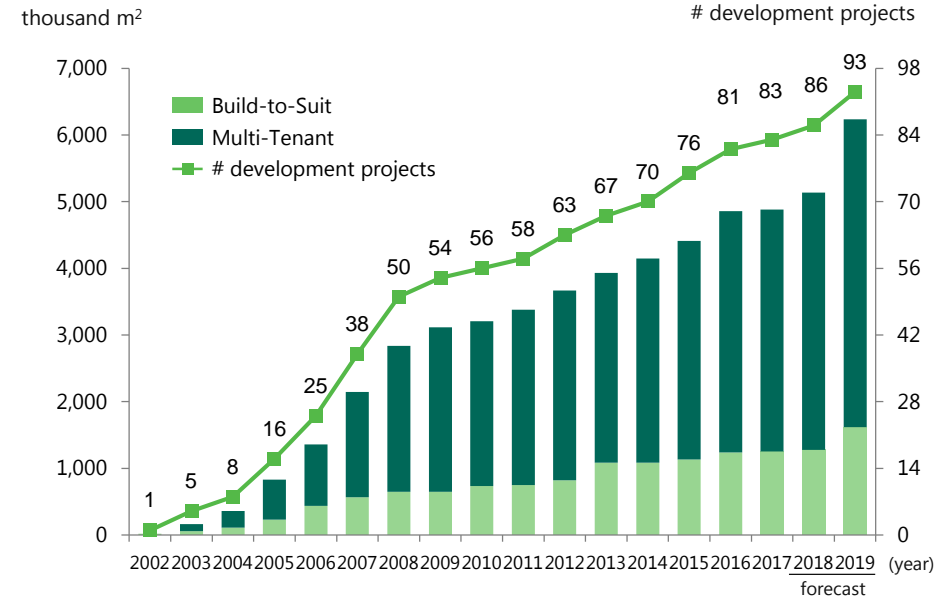
## Prologis in Japan Pioneer in Advanced Logistics Facility in Japan

- Developed 93 logistics facilities, total floor space of approx. 6.2 mn m<sup>2</sup> <sup>(1)</sup> during 2002 - May 2018)
- Market share of approx. 24% (No. 1 in Japan) in development of advanced logistics facilities
- Provides one-stop service of development and operation of logistics real estate

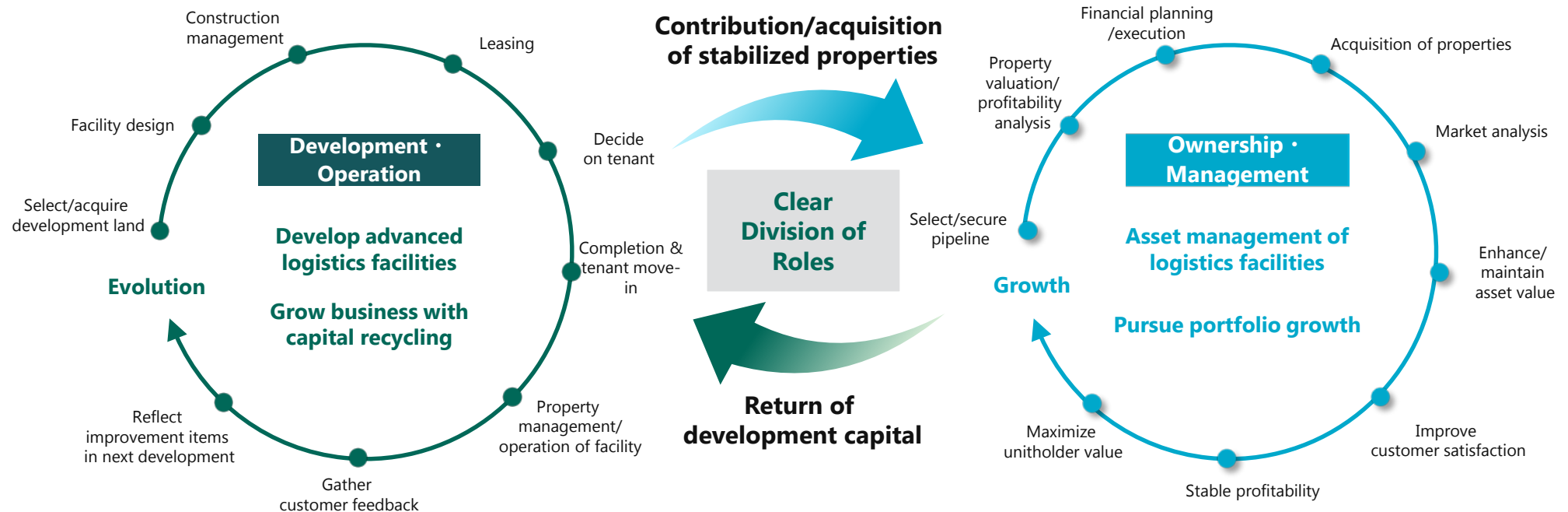
### Largest Market Cap Among Peers <sup>(2)</sup>



### Proven Development Track Record Since 2002



# Clear Division of Responsibilities



Prologis owns 15% of NPR's investment units

External growth track records of 30 properties worth JPY 390 bn in 5 years

Pipeline worth JPY 170 bn



# Portfolio Composed of State-of-the-Art Facilities

Total (Anticipated) Acquisition Price :

JPY **578.6** bn <sup>(2)</sup>

Average Property Age : **6.8** years <sup>(2)</sup>

Current Occupancy Rate : **98.3** % <sup>(3)</sup>

Average NOI Yield : **5.3** % <sup>(2)(4)</sup> / **5.4** % <sup>(3)(5)</sup>

WALE : **4.7** years <sup>(2)</sup>

Portfolio PML : **1.2** % <sup>(2)</sup>



**M-01** Prologis Park Ichikawa1



**M-04** Prologis Park Osaka 2



**M-03** Prologis Park Kawajima  
**M-20** Prologis Park Kawajima 2



**M-26** Prologis Park Ibaraki



**M-09** Prologis Park Tokyo-Ohta



**M-18** Prologis Park Osaka 4



**M-29** Prologis Park Yoshimi



**B-05** Prologis Park Narashino 4



**M-02** Prologis Park Zama 1  
**M-10** Prologis Park Zama 2



**M-12** Prologis Park Narita 1-A&B  
**M-13** Prologis Park Narita 1-C  
**M-28** Prologis Park Narita 1-D

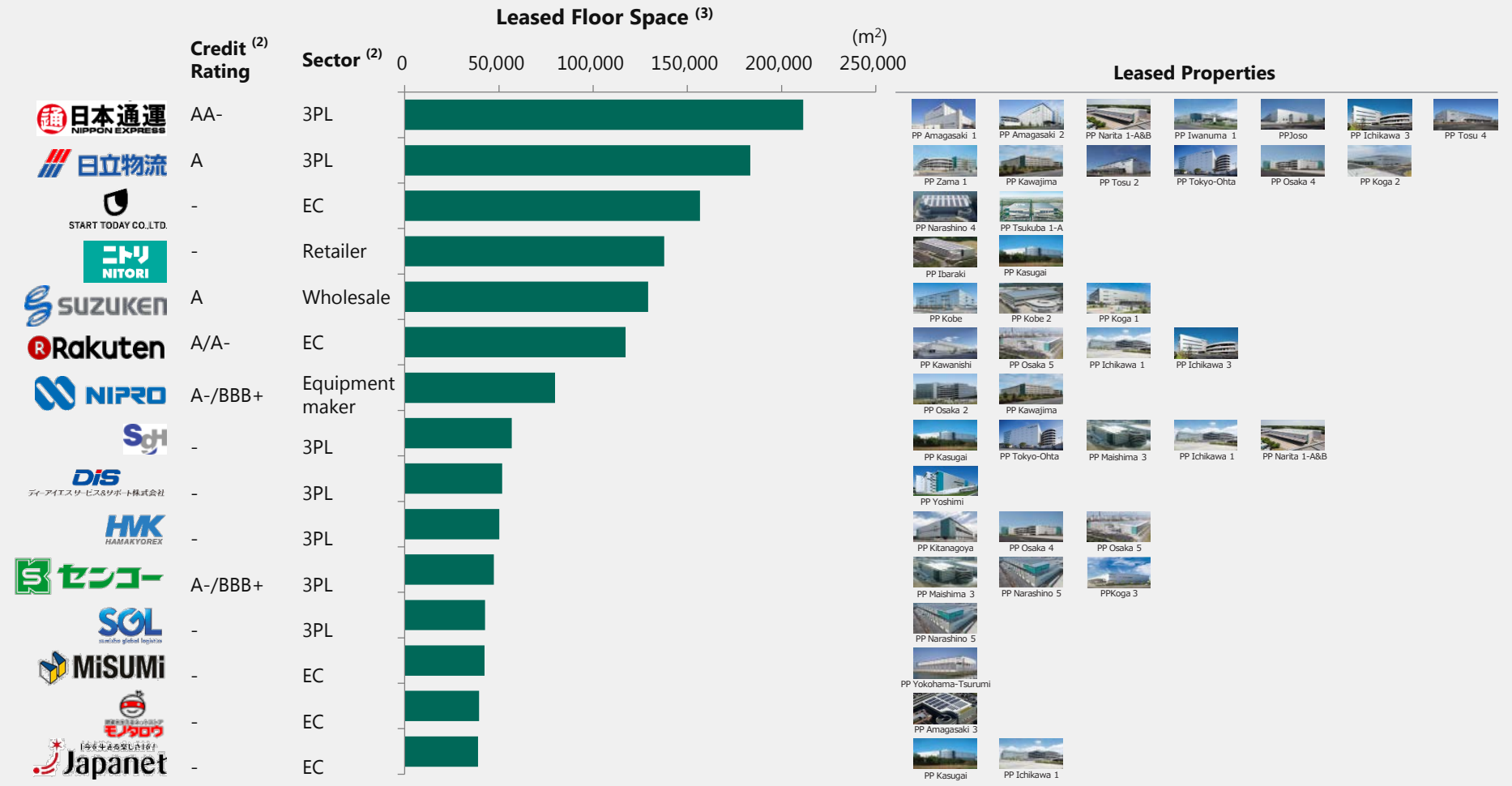


**B-15** Prologis Park Tsukuba1-A

1. As of May 31, 2018
2. Figures are including Prologis Park Koga 3 (to be acquired on October 1, 2018) and Prologis Park Tsukuba 1-A (to be acquired on December 3, 2018).
3. Figures are not including Prologis Park Koga 3 (to be acquired on October 1, 2018) and Prologis Park Tsukuba 1-A (to be acquired on December 3, 2018)
4. Appraisal NOI as of May 31, 2018 divided by total acquisition (weighted average).
5. Annualized actual NOI of 11th FP excluding specific factors divided by total acquisition (weighted average).

# Best-in-Class Customer Roaster

## Top 15 Customers <sup>(1)</sup>



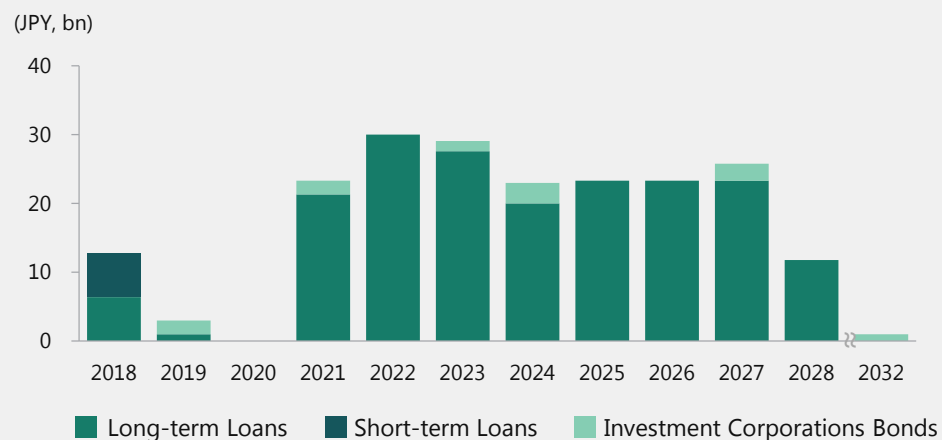


# Financial Structure Positioned for Long-Term Stability and Efficiency

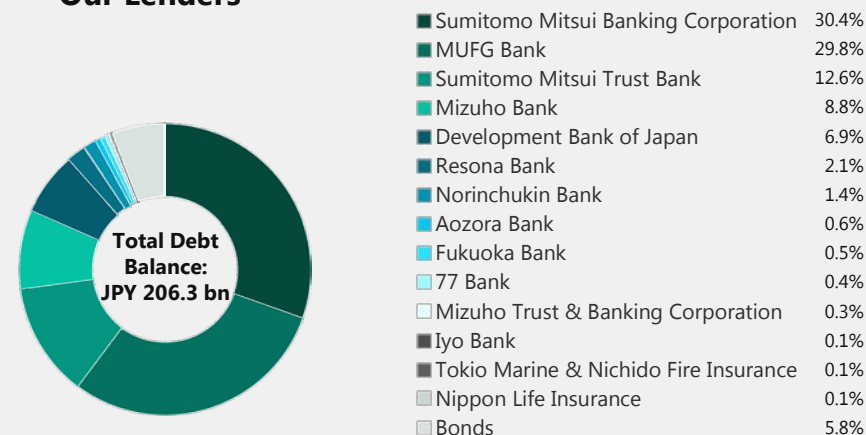
## Debt Metrics / Financial Highlights

Credit Rating	LTV <sup>(2)</sup>	Appraisal LTV <sup>(3)</sup>	Borrowing Capacity <sup>(4)</sup>
JCR: AA (Stable)	36.4% (as of the end of 11 <sup>th</sup> FP) 37.8% (as of the end of 13 <sup>th</sup> FP)	30.0%	Approx. JPY 140 bn
Long-term Debt Ratio	Fixed Interest Ratio	Average Remaining Debt Duration <sup>(5)</sup>	Average Debt Cost <sup>(6)</sup>
96.9%	96.5 %	5.7 years	0.6%

## Debt Maturity Schedule



## Our Lenders



1. As of May 31, 2018.

2. LTV = (forecast) total interest-bearing debt on balance sheet ÷ (forecast) total assets on balance sheet.

3. Appraisal LTV = total interest-bearing debt on balance sheet ÷ { total assets on balance sheet + (appraisal value – book value) } .

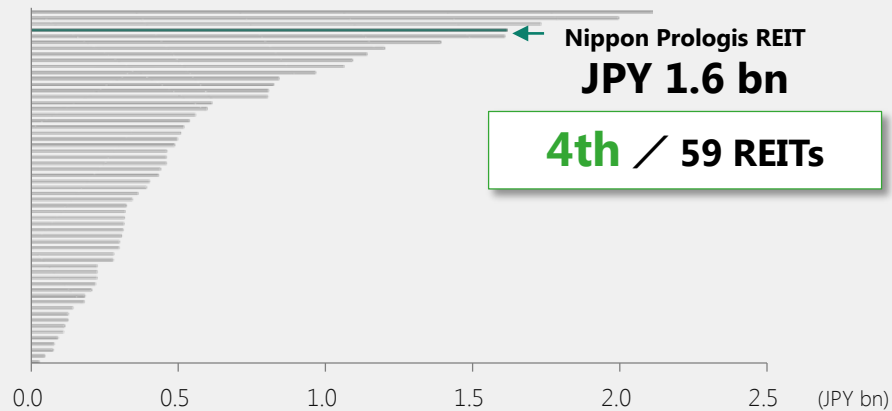
4. Borrowing capacity is calculated by assuming that we leverage up to 50% based on the estimated LTV as of the end of 13th FP.

5. Average remaining debt term is calculated with the weighted average based on remaining debt (including bonds) balances.

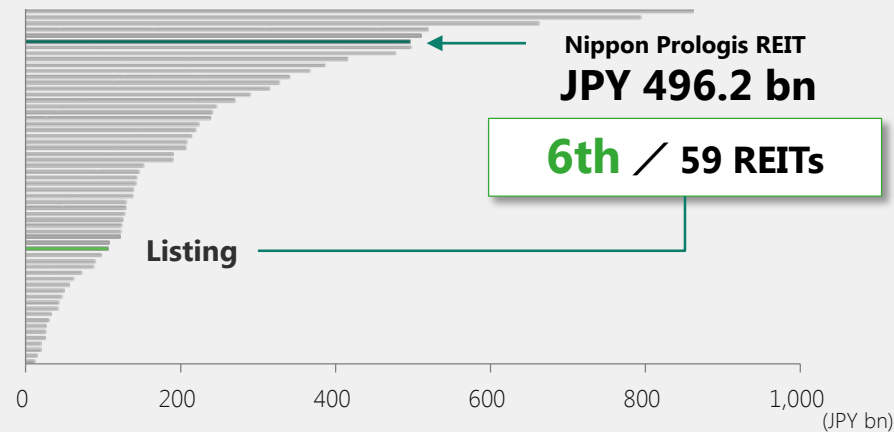
6. Including financing-related costs paid to the financial institutions and calculating with the weighted average based on borrowings or the face value of each bond.

# Liquidity Enhancement and Global Positioning

## Average Daily Trading Volume (2)

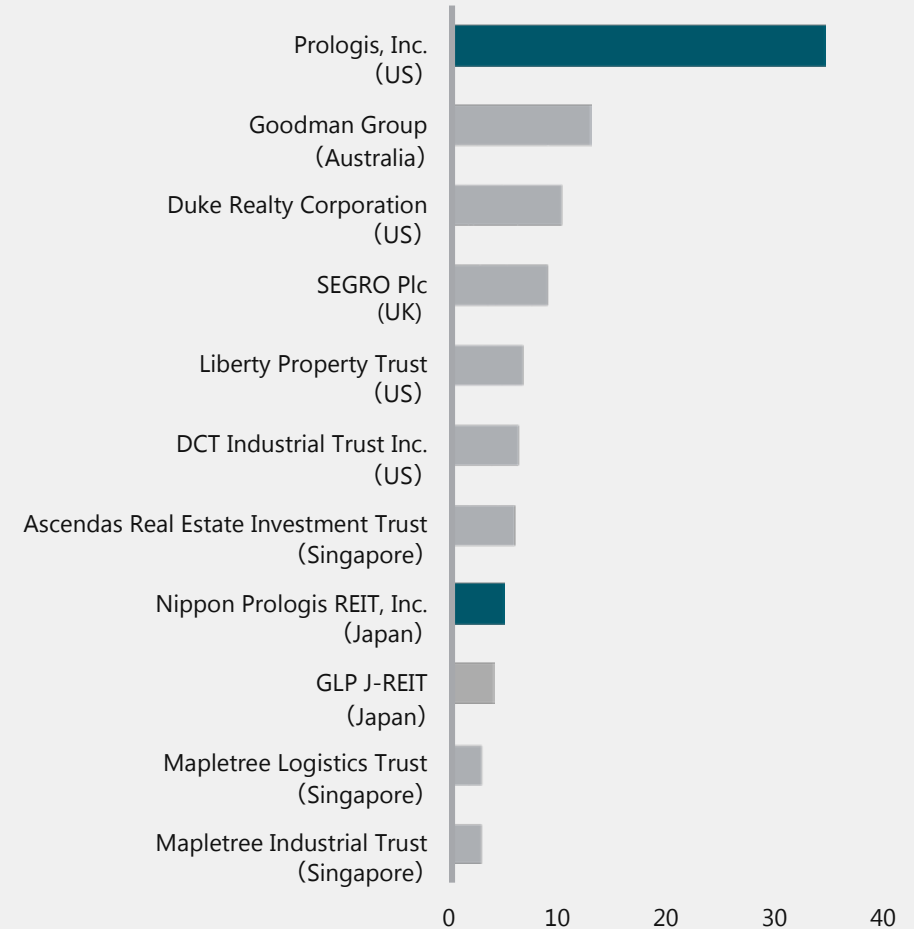


## Market Cap of J-REITs



## Market Cap Among Global Peers

(\$, billions)



## Section 04

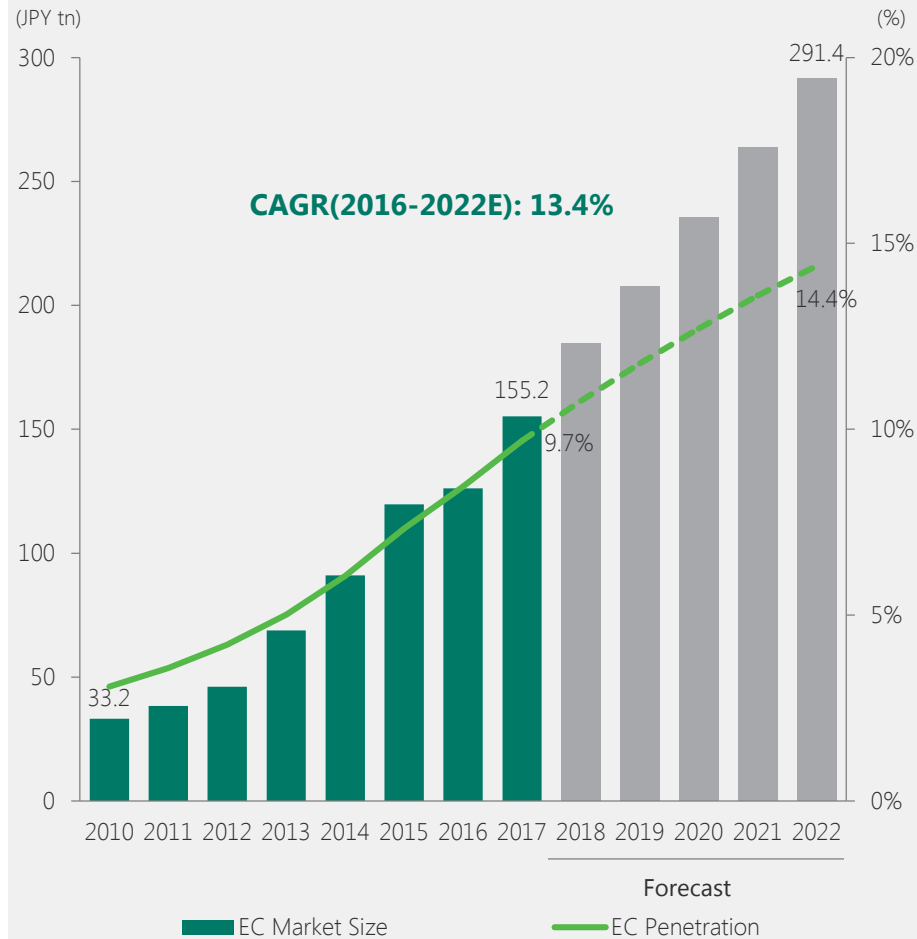
# Prologis and NPR to Grow along with E-Commerce



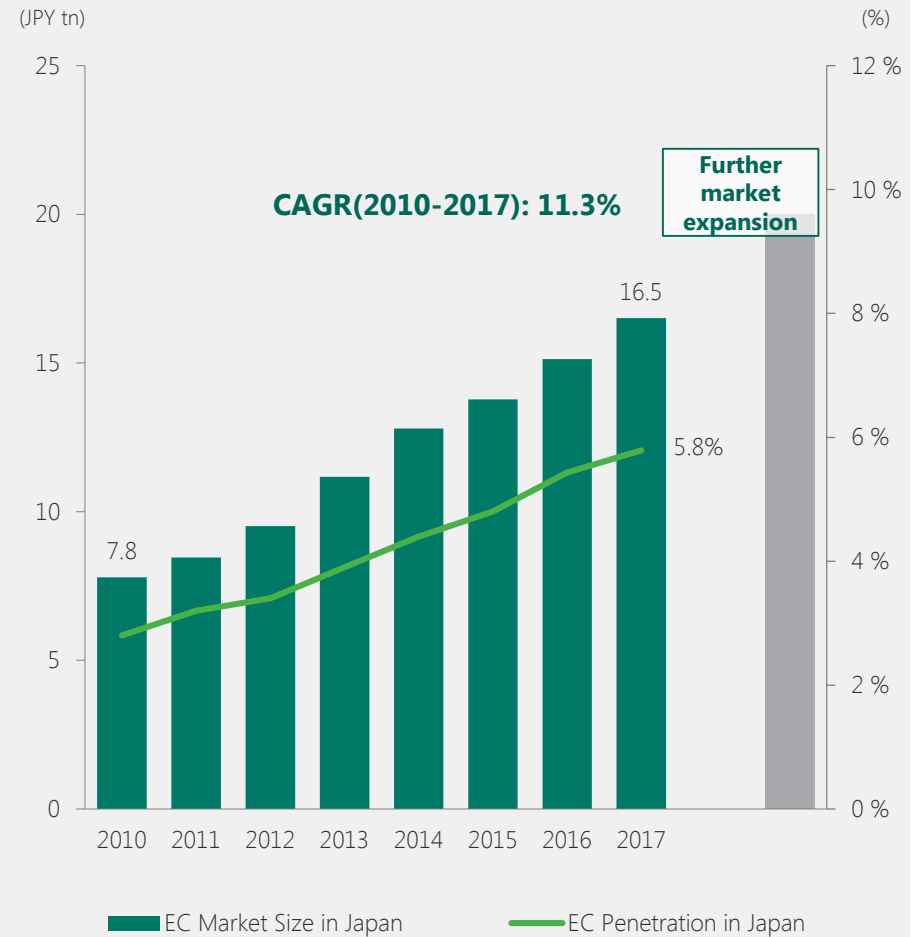
*Prologis Park Amagasaki 3*

# Further Growth Potential in E-Commerce Market

## Global E-Commerce Market

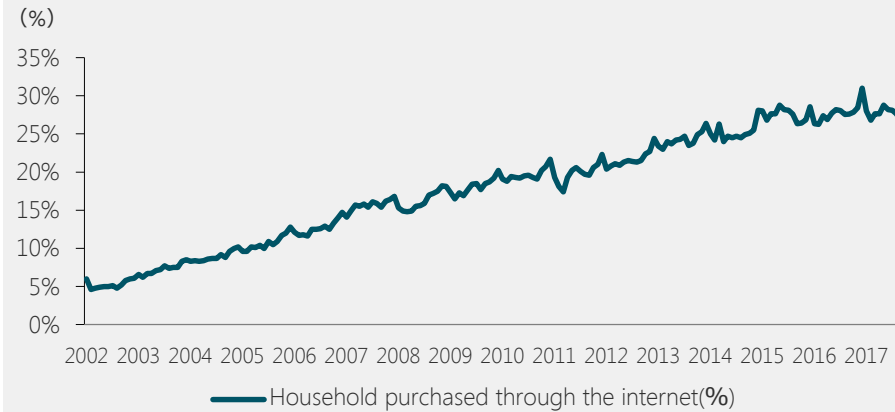


## Growing E-Commerce Market in Japan

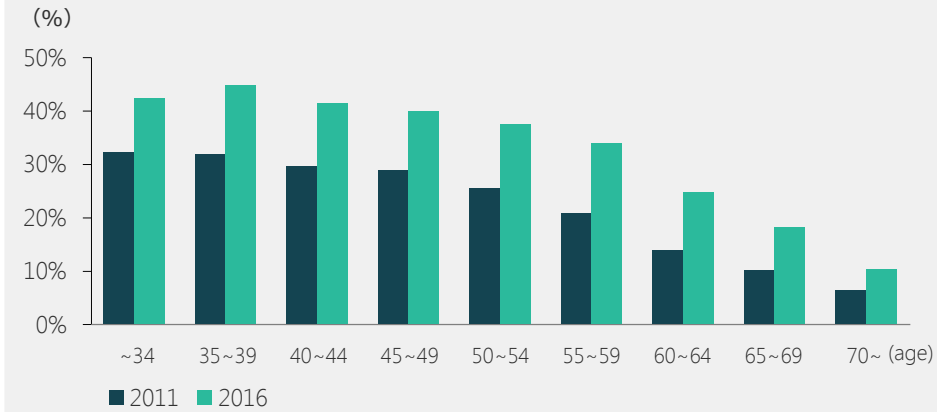


# E-Commerce Penetration in Japanese Household

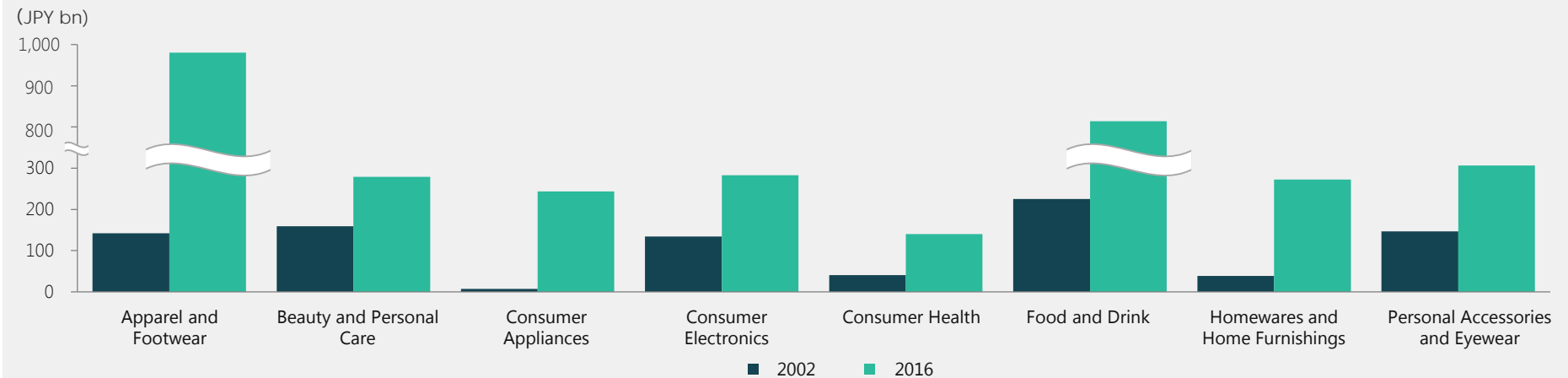
## Increasing Shopping through Internet



## Growing EC Users in All Age Groups



## Products Purchased through Internet





# Larger Logistics Facilities due to EC Market Growth (US)

## Demand for Large-sized Logistics Facilities (US example)

Brick & Mortar



**EC tenants  
require 3x  
the logistics  
space**

E-Commerce



- E-fulfillment requires 3x the logistics space used by brick-and-mortar retailers due to:

- Require more space for shipping parcels
- Broader product variety
- Reverse logistics - returns

Sales	Facilities	Productivity	Efficiency	Sales	Facilities	Productivity	Efficiency
US\$, bn	SF, mn	US\$ / SF	1,000 SF / \$ bn	US\$, bn	SF, mn	US\$ / SF	1,000 SF / \$ bn
\$1,303	561	\$2,321	430	\$164	207	\$791	1,265

# Prologis – Pioneer in E-Commerce Logistics Real Estate

## Prologis' Facilities Suit for E-Commerce

- 1 ■ Sufficient warehouse space for storage of large amount of stock



- 2 ■ Secured labor force in convenient location and equipped with amenities



- 3 ■ Specifications enabling high-tech system such as robots to be introduced
- Design adaptable to wide variety of usage



- 4 ■ Large platform which can meet expansion needs



## E-Commerce Customers Expanding Space<sup>(1)</sup>

楽天



PP Ichikawa 1  
(Multi-tenant)



PP Kawanishi  
(BTS)



PP Ichikawa 3  
(Multi-tenant)



START TODAY CO., LTD.



PP Narashino 3<sup>(1)</sup>  
(Multi-tenant)



PP Narashino 4  
(BTS)



PP Chiba Newtown<sup>(1)</sup>  
(Multi-tenant)



PP Tsukuba 1-A · 1-B<sup>(1)</sup>  
(BTS)

Japanet  
TAKATA



PP Kasugai  
(Multi-tenant)



PP Ichikawa 1  
(Multi-tenant)

モノタロウ



Former  
PP Amagasaki 1<sup>(1)</sup>

(Multi-tenant)



Former  
PP Tagajo<sup>(1)</sup>

(Multi-tenant)



PP Amagasaki 3  
(BTS)

# Increasing Leasing to E-Fulfillment Customers

**Leased Floor Space by E-Commerce Dedicated Customers <sup>(1)</sup>**



# Prologis' Strong Relationship with E-Commerce Customers

## E-Commerce Dedicated Customers

- Strong Relationship with Major E-Commerce Specialized Customers

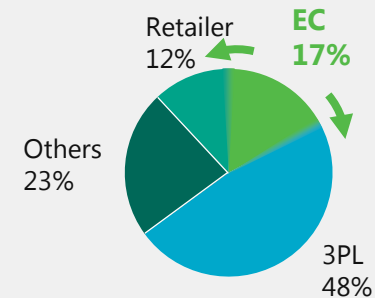


## Traditional Retailers Expanding Business in E-Commerce

- Respond to Major Retailers' E-Commerce Logistics Needs



## Industry-classified Breakdown of Customers



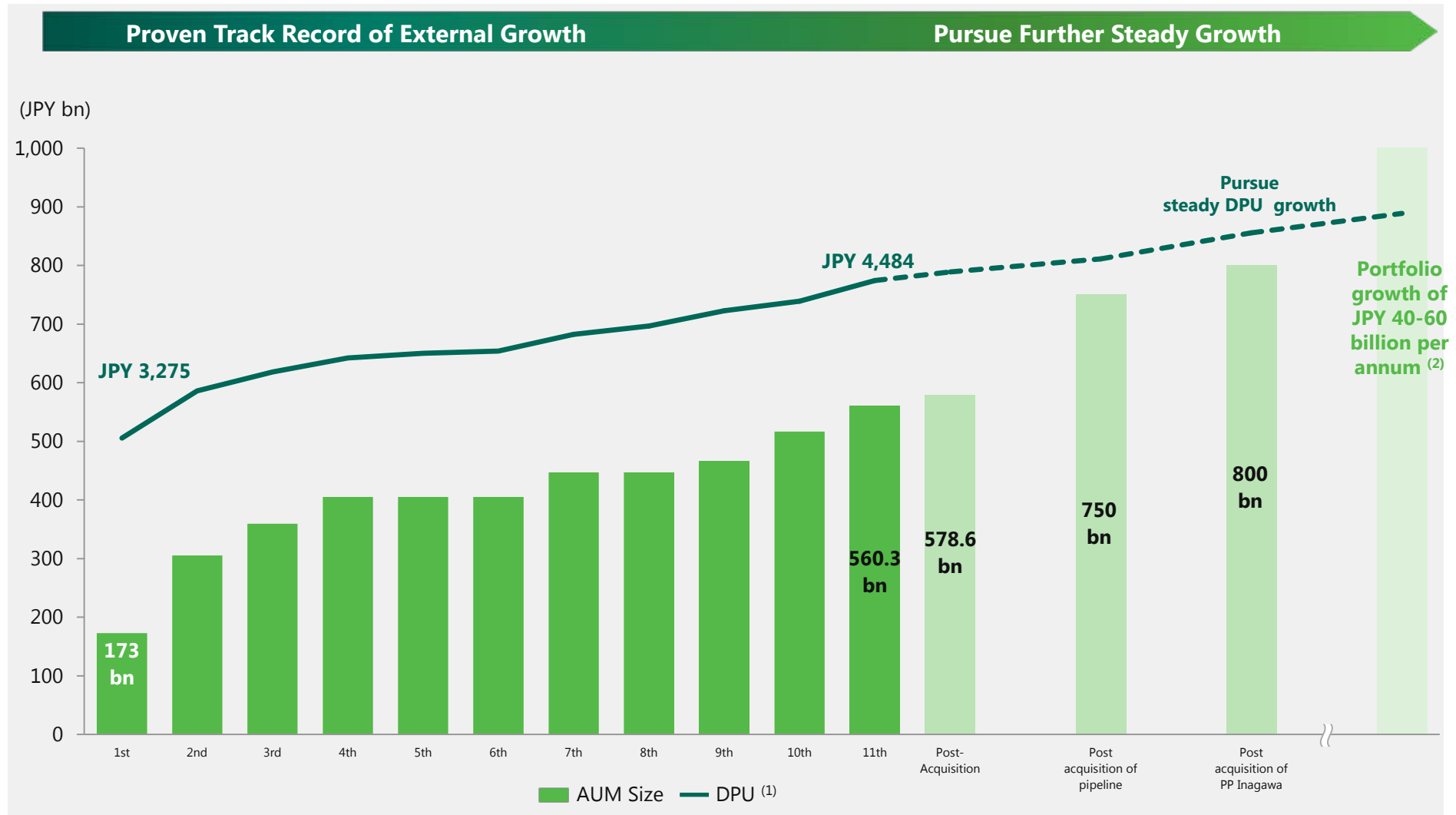


## Section 05

# Strategies and Future Growth

*Prologis Park Narita 3*

# Strategies and Future Growth



# Key Takeaways

## ■ Solid operational performances of high-quality sizable portfolio

- 5.4% average NOI yield, 7.1 year average property age and JPY 121.1 bn unrealized gain

## ■ Continued enhancement of unit holder value

Over last 5 years, stabilized DPU increased by 36.9% and NAV per unit increased by 88.1%

## ■ Strong balance sheet

Modest leverage and additional borrowing capacity of JPY 140 bn

## ■ Solid status of Japanese logistics real estate market

We continue to be vigilant in monitoring the supply/demand balance

## ■ Strong tailwind from E-Commerce

Prologis Group continues to be favored by successful e-commerce customers



## Section 06

# Environmental, Social and Governance

Prologis Park Zama 1

# An Integrated Approach to Sustainability

## Environmental

- Minimize energy and water consumption and greenhouse gas emissions
- Create renewable energy and storage

## Social

- Improve wellness and productivity
- Increase community involvement and charitable giving

## Economic

- Lower operating costs for our customers
- Contribute to higher occupancy and retention rates
- Enhance asset values
- Improve infrastructure
- Influence the industry, globally





# Focus on Sustainability and Corporate Responsibility

- Development of sustainable distribution facilities to comply with CASBEE/BELS
- Commitment to renewable energy and efforts in reducing environmental impact
- Focus on maximizing the energy efficiency of our properties



Prologis Park Kawajima 1, 2



Prologis Park Osaka 4



Prologis Park Ichikawa 1



Prologis Park Narashino 4

# Prologis Group's Commitment to Corporate Responsibility

- CSR Activities

- Engaged in annual Impact Day from 2013, global volunteer activities
- Volunteer activities in the submarkets where Prologis develops and manages facilities throughout Japan

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

- Support for the Logistics Industry

- Support the museum which is the only logistics museum in Japan
- Since 2006, Prologis has been sponsoring Waseda University Graduate School of Commerce's "Logistics / SCM Course"

- Host family events for customers and neighborhoods



Impact Day 2018  
(Repairing and cleaning at a foster home)



Volunteer activities for the  
Museum of Logistics



Internship programs for  
Junior High School Students  
(Prologis Park Ichikawa 1)



Chair Course by Prologis  
(Waseda University)

# ESG is A Competitive Advantage

## Global Real Estate Sustainability Benchmark (GRESB) Survey



- Recognized as the Asia Sector Leader, ranking the second out of 57 logistics companies globally
- Earned the first in both the Asia region and the Japanese listed real estate sector
- Awarded the prestigious "5 Star" for the third consecutive year

## Dow Jones Sustainability Asia/Pacific Index

- A member of the Dow Jones Sustainability Asia/Pacific Index from September 21, 2015
- The only J-REIT included in the Index as of 2017

- Dow Jones Sustainability Asia/Pacific Index

A benchmark for investors who wish to consider sustainability in structuring their portfolio, based on the idea that businesses that take into consideration sustainability will realize long-term investor value



## MSCI Japan ESG Select Leaders Index

- Included in the MSCI Japan ESG Select Leaders Index on July 3, 2017

- MSCI Japan ESG Select Leaders Index<sup>(1)</sup>

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



ESG Rating  
**A**



# Strategic Capital Expenditures Enhance Portfolio Value



Prologis Park Tokyo-Ohta (Pre-renovation)



Prologis Park Tokyo-Ohta / public space



Water receiving tank



Prologis Park Tokyo-Ohta (Post-renovation)



Prologis Park Tokyo-Ohta / entrance



Prologis Park Osaka 2

## Refurbishment

- Maintain and improve the quality and functionality of properties
- Maintenance work of exterior/interiors

## Installation of BCP Facilities

- Further improve BCP functions
- Protect our customers' business operations against potential natural disaster

## Energy Saving Initiatives

- Installing LED lighting facilities
- Reduce environmental impact through electricity usage and GHG emission

## Section 07

# Appendix



















































*Prologis Park Amagasaki 3*



# NPR's Investment Highlights



# NPR's Portfolio – Highest Quality in J-REIT Industry

IPO Properties		Acquired in 1st FO		Acquired in 2nd FO	Acquired in 3rd FO	Acquired in 4th FO	Acquired in 5th FO	Acquired in 7th FO												
	<b>M-01</b> PP Ichikawa 1 JPY 33,900 mn		<b>M-02</b> PP Zama 1 JPY 27,900 mn		<b>M-09</b> PP Tokyo-Ohta JPY 29,500 mn		<b>M-10</b> PP Zama 2 JPY 21,900 mn		<b>M-16</b> PP Tokyo-Shinkiba JPY 13,600 mn		<b>M-20</b> PP Kawajima 2 JPY 8,180 mn		<b>M-21</b> PP Kitamoto JPY 12,600 mn		<b>M-24</b> PP Narita 3 JPY 9,240 mn		<b>B-11</b> PP Koga 1 JPY 7,680 mn		<b>M-27</b> PP Ichikawa 3 JPY 17,000mn	
	<b>M-03</b> PP Kawajima JPY 25,600 mn		<b>M-04</b> PP Osaka 2 JPY 25,000 mn		<b>M-11</b> PP Funabashi 5 JPY 11,000 mn		<b>M-12</b> PP Narita 1-A&B JPY 8,420 mn		<b>M-17</b> PP Yokohama-Tsurumi JPY 13,800 mn		<b>B-06</b> PP Ebina JPY 8,250 mn		<b>M-22</b> PP Joso JPY 7,120 mn		<b>B-12</b> PP Kobe 2 JPY 13,700 mn	<div>Acquired in 6th FO</div>				<b>M-28</b> PP Narita 1-D JPY 5,260mn
	<b>M-05</b> PP Maishima 3 JPY 13,500 mn		<b>M-06</b> PP Kasugai JPY 12,500 mn		<b>M-13</b> PP Narita 1-C JPY 4,810 mn		<b>M-14</b> PP Amagasaki 1 JPY 17,600 mn		<b>M-18</b> PP Osaka 4 JPY 21,000 mn		<b>B-07</b> PP Kawanishi JPY 13,600 mn		<b>M-23</b> PP Osaka 5 JPY 17,600 mn		<b>M-26</b> PP Ibaraki JPY 38,300 mn					<b>M-25</b> PP Narashino 5 JPY 13,600 mn
	<b>M-07</b> PP Kitanagoya JPY 6,500 mn		<b>B-02</b> PP Takatsuki JPY 4,410 mn		<b>M-15</b> PP Amagasaki 2 JPY 19,200 mn		<b>B-05</b> PP Narashino 4 JPY 20,000 mn		<b>M-19</b> PP Iwanuma 1 JPY 5,670 mn		<b>B-08</b> PP Amagasaki 3 JPY 9,090 mn		<b>B-09</b> PP Kobe JPY 6,410 mn		<b>B-10</b> PP Sendai Izumi JPY 4,820 mn		<b>B-13</b> PP Koga 2 JPY 3,930 mn		<b>B-14</b> PP Koga 3 JPY 5,440mn	
	<b>B-03</b> PP Tosu 2 JPY 3,030 mn		<b>B-04</b> PP Tosu 4 JPY 3,810 mn		<b>B-01</b> PP Tsukuba 1-A JPY 12,900 mn		<b>B-09</b> PP Kobe JPY 6,410 mn		<b>B-10</b> PP Sendai Izumi JPY 4,820 mn		<b>B-11</b> PP Koga 1 JPY 7,680 mn		<b>B-12</b> PP Kobe 2 JPY 13,700 mn		<b>B-13</b> PP Koga 2 JPY 3,930 mn		<b>B-14</b> PP Koga 3 JPY 5,440mn		<b>B-15</b> PP Tsukuba 1-A JPY 12,900mn	

# Strong Sponsor Pipeline Fuels External Growth

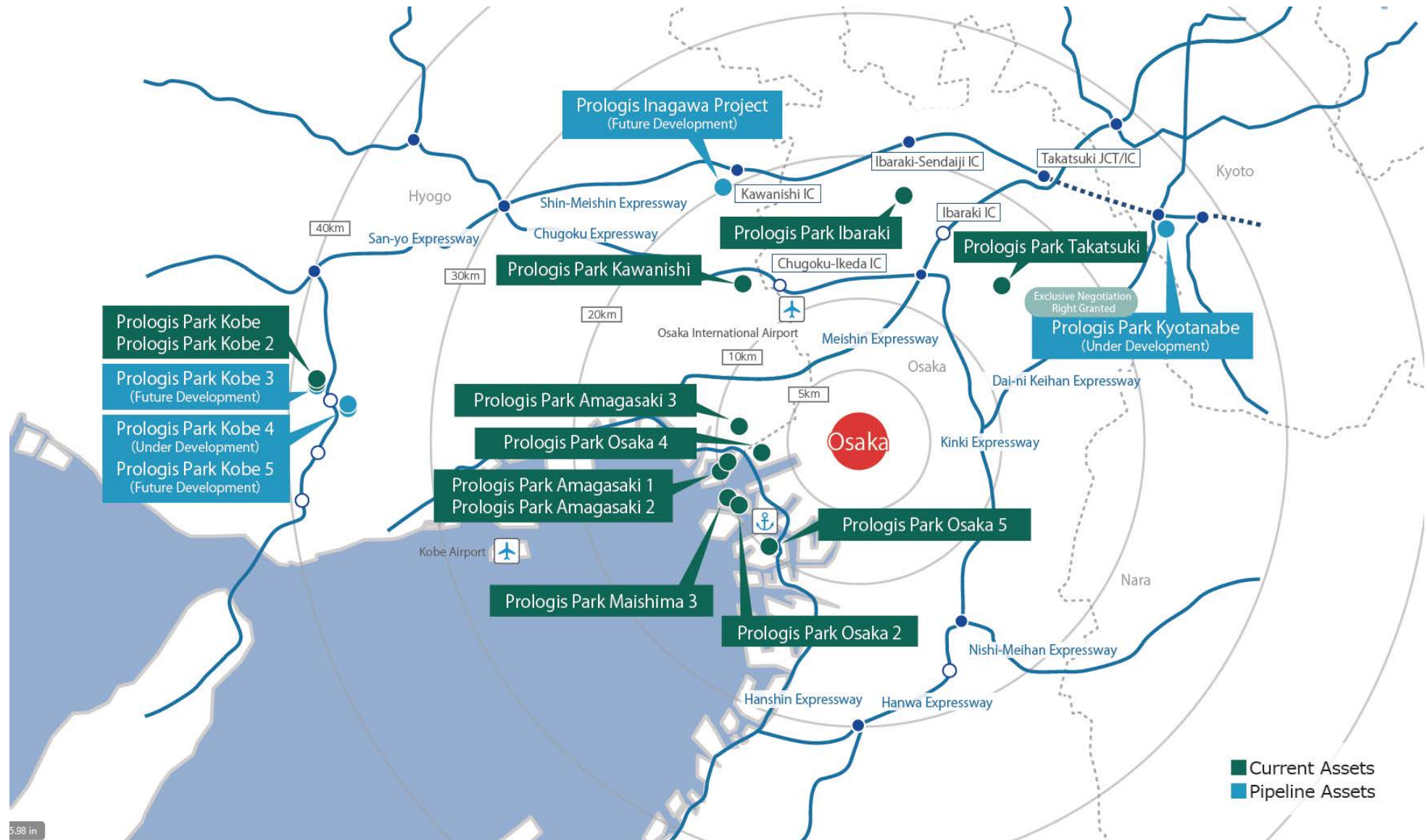
Status	Region / Area	Property Name	(Expected) Year Built	Property Type	(Expected) GFA (sqm)
<b>Exclusive Negotiation Rights Granted</b>	Kanto	Prologis Park Chiba New Town	May 2016	Multi-Tenant	109,981
		Prologis Park Higashimatsuyama	Feb. 2018	Multi-Tenant	61,885
		Prologis Park MFLP Kawagoe	Oct. 2018	Multi-Tenant	131,298
	Kansai	Prologis Park Kyotanabe	Oct. 2018	Multi-Tenant	161,057
	Tohoku	Prologis Park Sendai Izumi 2	Sep. 2018	BTS	40,083
<b>Under Development</b>	Kanto	Prologis Park Tsukuba 1-B	Sep. 2019	BTS	71,595
		Prologis Park Chiba 1	Sep. 2019	Multi-Tenant	146,805
	Kansai	Prologis Park Kobe 4	Jun. 2019	BTS	24,700
<b>Future Development</b>	Kanto	Prologis Park Ebina 2	TBD	TBD	38,000
		Prologis Park Chiba 2	TBD	TBD	66,000
	Kansai	Prologis Park Kobe 3	TBD	TBD	38,700
		Prologis Park Kobe 5	TBD	TBD	44,470
	Kansai	Prologis Inagawa Project	TBD	TBD	258,000
<b>Future Project</b>	Kansai	Prologis Inagawa Project	TBD	TBD	258,000

# NPR Portfolio and Pipeline Properties – Tokyo Metropolitan Area





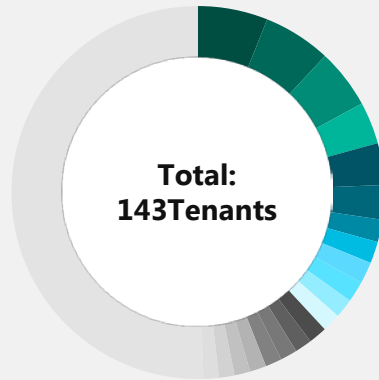
# NPR Portfolio and Pipeline Properties - Osaka Metropolitan Area



# Earnings Stability from Diversified Portfolio

## Further Tenant Diversification <sup>(1)</sup>

Based on size of leased area



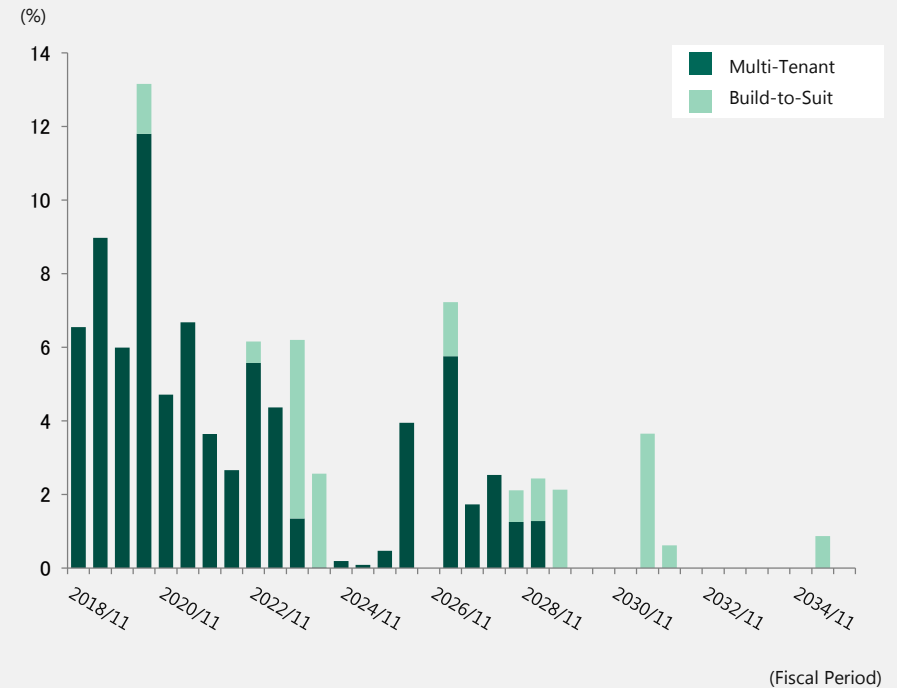
Nittsu Panasonic Logistics 6.1%	Misumi 1.6%
Start Today 5.9%	MonotaRO 1.5%
Nitori 5.2%	Japanet Holdings 1.5%
Rakuten 3.7%	Sagawa Global Logistics 1.4%
Suzuken 3.6%	Mitsubishi Shokuhin 1.4%
Nipro 3.0%	Alpen 1.4%
DIS Service & Support 1.9%	Hitachi Transport System 1.3%
Hamakyorex 1.9%	Japan Logistic Systems 1.3%
Nippon Express 1.9%	Others 50.5%
Hitachi Transport System West Japan 1.8%	
Hitachi Collabonext Transport System 1.7%	
Sumisho Global Logistics 1.6%	

**Number of Tenants** 143 tenants

**Top 20 Tenants Leased Area (%) <sup>(3)</sup>** 49.5%

## Well-Staggered Lease Expiration Schedule <sup>(2)</sup>

Based on anticipated annual rent



**WALE <sup>(4)</sup>** 4.7 years

**Fixed Term Lease** 100.0%

1. As of May 31, 2018. Includes lease agreements contracted as of May 31, 2018 regarding PP Koga 3 and Tsukuba 1-A

2. Includes short-term lease agreements and office space. Excludes lease agreements to which the Act on Land and Building Leases is not applicable.

3. Calculated based on the contracted floor area.

4. WALE stands for Weighted Average Lease Expiry. Calculated based on anticipated annual rent.

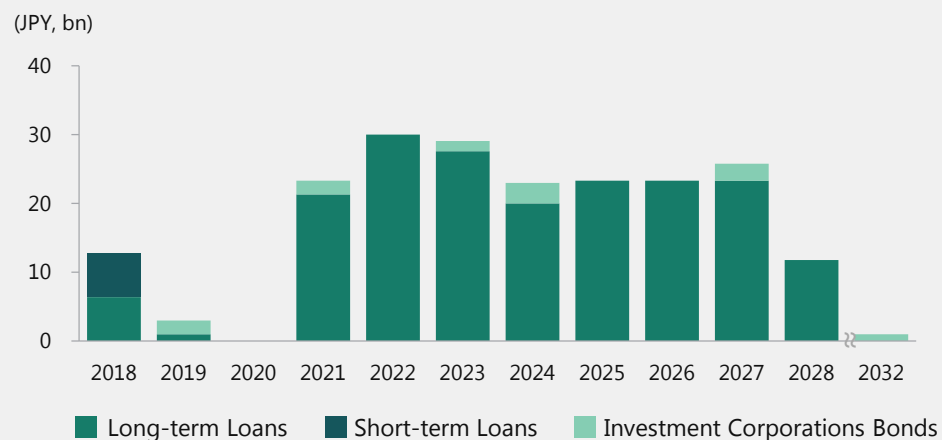


# Financial Structure Positioned for Long-Term Stability and Efficiency

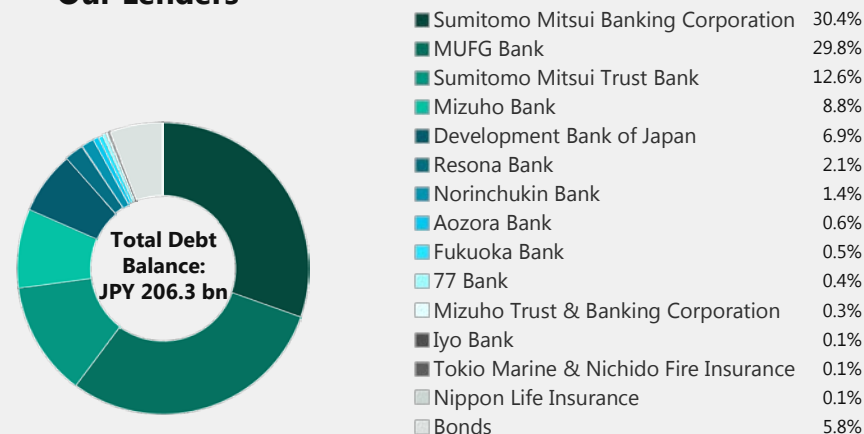
## Debt Metrics / Financial Highlights

Credit Rating	LTV <sup>(2)</sup>	Appraisal LTV <sup>(3)</sup>	Borrowing Capacity <sup>(4)</sup>
JCR: AA (Stable)	36.4% (as of the end of 11 <sup>th</sup> FP) 37.8% (as of the end of 13 <sup>th</sup> FP)	30.0%	Approx. JPY 140 bn
Long-term Debt Ratio	Fixed Interest Ratio	Average Remaining Debt Duration <sup>(5)</sup>	Average Debt Cost <sup>(6)</sup>
96.9%	96.5 %	5.7 years	0.6%

## Debt Maturity Schedule



## Our Lenders



1. As of May 31, 2018.
2. LTV = (forecast) total interest-bearing debt on balance sheet ÷ (forecast) total assets on balance sheet.
3. Appraisal LTV = total interest-bearing debt on balance sheet ÷ { total assets on balance sheet + (appraisal value - book value) } .
4. Borrowing capacity is calculated by assuming that we leverage up to 50% based on the estimated LTV as of the end of 13th FP.
5. Average remaining debt term is calculated with the weighted average based on remaining debt (including bonds) balances.
6. Including financing-related costs paid to the financial institutions and calculating with the weighted average based on borrowings or the face value of each bond.

# Strong Alignment of Interests and Sound Corporate Governance

## Alignment of Interests

## Implication

### Maintain 15% Prologis<sup>(1)</sup> Investment

- Significant investment from Prologis on a side-by-side basis with other unit holders
- Long-term vehicle for Prologis' highest quality assets
- Fits with Prologis' strategy of growing in a capital efficient manner

### Management Compensation

- Asset Managers key employees' compensation is directly aligned with J-REIT performance

### Related-Party Transaction Protection

- Structured approval process with veto rights. Compliance and investment committee members include an external expert
- Committee determines appropriate price for transactions. Purchase price capped at appraisal value pursuant to the sponsor support agreement

### Performance-Based Asset Management Fees

- 100% performance-based fees (NOI x 7.5% & Net income x 6.0%)
- Direct alignment of interest between Asset Manager and investors

# Financial Highlights - 11th Fiscal Period

	11th Fiscal Period (May 31, 2018)			10th FP (Nov 31, 2017)
	Forecast (A) (as of Feb. 26, 2018)	Actual (B)	(B) – (A)	Actual
<b>Operating Results (JPY mm)</b>				
Operating Revenues	18,279	<b>18,435</b>	+155	<b>19,287</b>
Operating Income	8,675	<b>8,803</b>	+128	<b>10,333</b>
Ordinary Income	7,913	<b>8,076</b>	+163	<b>9,601</b>
Net Income	7,912	<b>8,075</b>	+163	<b>9,601</b>
<b>Distributions Per Unit (JPY)</b>				
Distributions Per Unit (total)	4,299	<b>4,373</b>	+74	<b>4,668</b>
Distributions per unit (excl. SCD)	3,620	<b>3,694</b>	+74	<b>4,668</b>
Surplus Cash Distributions (SCD)	679	<b>679</b>	±0	-
<b>Other Statistics (JPY mm)</b>				
NOI	14,477	<b>14,613</b>	+135	<b>13,635</b>
LTV	36.3%	<b>36.4%</b>	+0.1%	<b>36.9%</b>
Total Assets	566,751	<b>567,153</b>	+402	<b>527,624</b>
Interest-Bearing Debt	205,800	<b>206,300</b>	+500	<b>194,500</b>
CAPEX	703	<b>705</b>	+2	<b>560</b>
AFFO <sup>(1)</sup>	11,466	<b>11,625</b>	+159	<b>10,901</b>
AFFO Payout Ratio <sup>(2)</sup>	82.0%	<b>82.2%</b>	+0.2%	<b>88.1%</b>

- Maintained high occupancy rates
  - Average occupancy during the period: 98.3%
  - Period-end occupancy: 98.3%
- Increase in Total Assets
  - Acquisition of 3 assets, total of JPY 43.5 bn

## Factors of Variance in 11th FP Net Income Forecast vs. Actual Results

- Average Occupancy Rate
  - Forecast 97.4% → Actual 98.3%
- Change in NOI: JPY +135 mn

# Financial Highlights - Forecasts for 12th and 13th Fiscal Periods

	11th FP (May 31, 2018)	12th Fiscal Period (Nov. 30, 2018)			13th FP (May 31, 2019)
	Actual (A)	Forecast (as of Feb 26, 2018)	Forecast (B)	(B) – (A)	Forecast
<b>Operating Results (JPY mm)</b>					
Operating Revenues	<b>18,435</b>	19,085	<b>19,542</b>	+1,107	<b>19,597</b>
Operating Income	<b>8,803</b>	8,944	<b>9,260</b>	+456	<b>9,103</b>
Ordinary Income	<b>8,076</b>	8,257	<b>8,567</b>	+491	<b>8,405</b>
Net Income	<b>8,075</b>	8,256	<b>8,566</b>	+491	<b>8,404</b>
<b>Distributions Per Unit (JPY)</b>					
Distributions Per Unit (total)	<b>4,373</b>	4,336	<b>4,400</b>	+27	<b>4,431</b>
Distributions per unit (excl. SCD)	<b>3,694</b>	3,777	<b>3,919</b>	+225	<b>3,845</b>
Surplus Cash Distributions (SCD)	<b>679</b>	559	<b>481</b>	-198	<b>586</b>
<b>Other Statistics (JPY mm)</b>					
NOI	<b>14,613</b>	15,030	<b>15,399</b>	+786	<b>15,414</b>
LTV	<b>36.4%</b>	36.9%	<b>37.0%</b>	+0.6%	<b>37.8%</b>
Total Assets	<b>567,153</b>	570,689	<b>571,241</b>	+551	<b>576,922</b>
Interest-Bearing Debt	<b>206,300</b>	210,800	<b>211,300</b>	+500	<b>217,800</b>
CAPEX	<b>705</b>	700	<b>798</b>	+97	<b>747</b>
AFFO <sup>(1)</sup>	<b>11,625</b>	12,022	<b>12,240</b>	+217	<b>12,334</b>
AFFO Payout Ratio <sup>(2)</sup>	<b>82.2%</b>	78.8%	<b>78.6%</b>	-0.2%	<b>78.5%</b>

- Anticipate high occupancy rates
  - Average occupancy for 12th FP: 97.8%
  - Average occupancy for 13th FP: 98.0%

## 11th FP vs. 12th FP Variance

### Factors of Revenues & DPU

- Revenues
  - Revenues from the 3 newly acquired assets (11th FP) (+)
  - Revenue from acquisition of PP Koga 3 (11th FP) (+)
  - Received penalty payment from PP Joso cancellation (+)
- Expenses
  - Repair costs due to northern Osaka earthquake (-)
- Distribution
  - No one-time surplus cash distributions (-)
  - Reduction in regular surplus cash distributions (-)

## 12th FP vs. 13th FP Variance

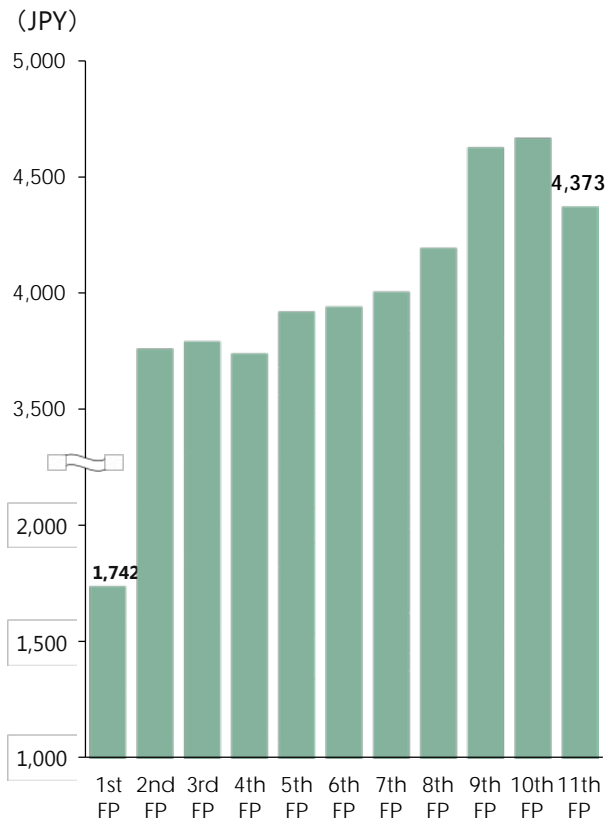
### Factors of Revenues & DPU

- Revenues
  - Revenues from acquisition of PP Tsukuba 1-A (+)
  - No penalty payment from PP Joso cancellation (-)
- Expenses
  - Property tax fully expensed on the newly acquired assets (-)
- Distribution
  - No reduction in regular surplus cash distributions (+)

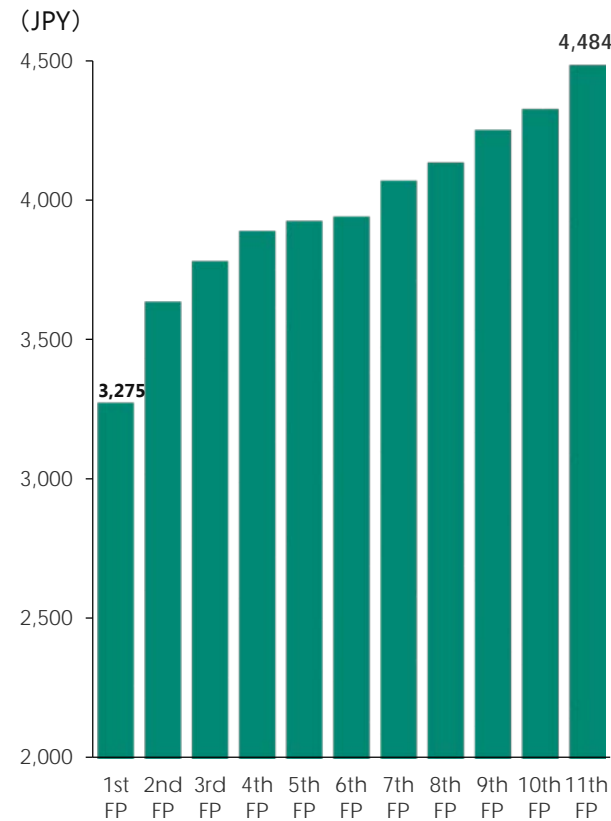
# Enhanced Unit Holder Value

- 11FP actual DPU : JPY 4,373 (-6.3% vs. previous FP, +1.7% vs. forecast)
- DPU (stabilized) and NAV per Unit increased over last 5 years

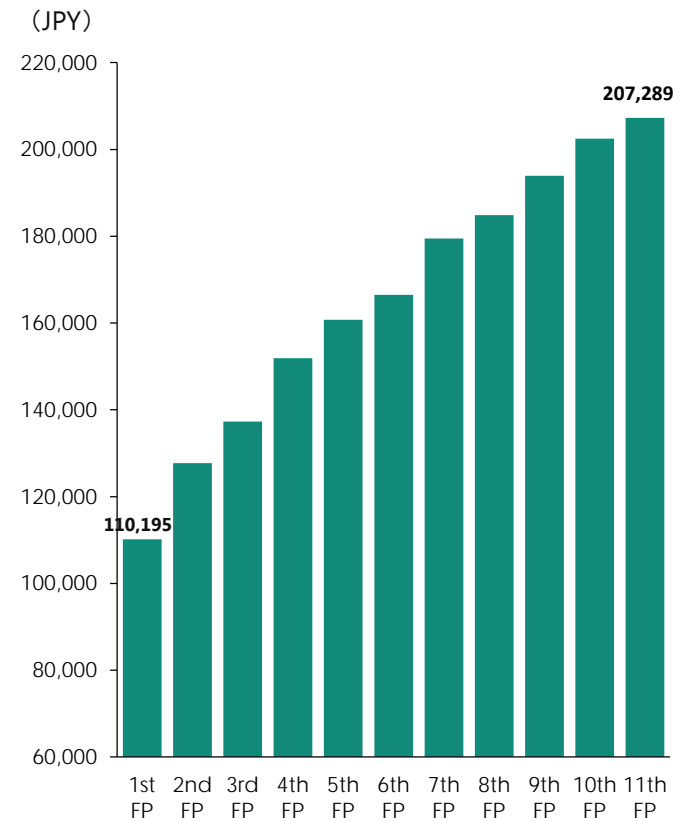
**DPU (actual) <sup>(1)</sup>**



**DPU (stabilized) <sup>(1)(2)</sup>**



**NAV per Unit <sup>(1)(3)</sup>**



# 11th Fiscal Period (Ended May 2018) - Balance Sheet

Assets (JPY, thousands)	10th Fiscal Period	11th Fiscal Period
<b>Current assets</b>		
Cash and deposits	21,091,230	19,994,172
Cash and deposits in trust	4,119,378	4,057,793
Operating accounts receivable	1,178,794	1,537,088
Prepaid expenses	333,265	378,745
Deferred tax assets	1	27
Consumption taxes receivable	1,540,068	1,319,143
Other current assets	28	4,025
Total current assets	28,262,768	27,290,997
<b>Fixed assets</b>		
Property and equipment		
Buildings, net	6,681,856	6,593,381
Structures, net	159,982	150,696
Tools, furniture and fixtures, net	2,995	2,742
Land	3,834,204	3,834,204
Buildings in trust, net	278,333,016	304,094,631
Structures in trust, net	5,408,084	5,899,822
Machinery and equipment in trust, net	9,348	9,016
Tools, furniture and fixtures in trust, net	462,160	501,026
Other tangible assets in trust, net	0	0
Land in trust	202,635,652	217,022,982
Construction in progress in trust	71,138	16,974
Total property and equipment	497,598,439	538,125,481
Intangible assets		
Other intangible assets	12,526	11,820
Total intangible assets	12,526	11,820
Investments and other assets		
Long-term prepaid expenses	1,682,701	1,662,057
Security deposit	10,000	10,000
Other	400	400
Total investments and other assets	1,693,101	1,672,457
Total fixed assets	499,304,066	539,809,758
<b>Deferred assets</b>		
Total deferred assets	57,272	52,333
<b>Total assets</b>	<b>527,624,107</b>	<b>567,153,089</b>

Liabilities (JPY, thousands)	10th Fiscal Period	11th Fiscal Period
<b>Current liabilities</b>		
Operating accounts payable	1,434,686	1,088,428
Short-term loans payable	6,300,000	6,300,000
Current portion of long-term loans payable	-	6,400,000
Accounts payable	296,133	197,281
Accrued expenses	1,677,895	1,796,019
Income taxes payable	616	1,166
Advances received	2,961,566	3,610,862
Other current liabilities	399,534	66,493
Total current liabilities	13,070,433	19,460,250
<b>Non-current liabilities</b>		
Investment corporation bonds payable	12,000,000	12,000,000
Long-term loans payable	176,200,000	181,600,000
Tenant leasehold and security deposits	247,773	247,773
Tenant leasehold and security deposits in trust	12,551,061	13,766,843
Other non-current liabilities	1,377	328
Total non-current liabilities	201,000,212	207,614,944
<b>Total liabilities</b>	<b>214,070,645</b>	<b>227,075,195</b>
<b>Net assets (JPY, thousands)</b>		
<b>Unit holders' equity</b>		
Unit holders' capital		
Unit holders' capital, gross	310,465,975	338,516,767
Deduction of unit holders' capital	(6,515,132)	(6,515,132)
Unit holders' capital	303,950,843	332,001,635
Surplus		
Unappropriated retained earnings (undisposed loss)	9,602,618	8,076,258
Total surplus	9,602,618	8,076,258
Total unit holders' equity	313,553,462	340,077,894
Total net assets	313,553,462	340,077,894
<b>Total liabilities and net assets</b>	<b>527,624,107</b>	<b>567,153,089</b>



# 11th Fiscal Period (Ended May 2018) - Statement of Income

JPY, thousands	10th Fiscal Period	11th Fiscal Period
Operating revenues		
Operating rental revenues	15,944,794	17,173,631
Other rental revenues	1,272,775	1,261,650
Gain on sales of real estate properties	2,069,771	-
Total operating revenues	19,287,342	18,435,281
Operating expenses		
Expenses related to property rental business	7,348,224	7,910,462
Asset management fee	1,503,755	1,611,517
Asset custody fee	40,156	41,954
Directors' compensation	4,800	4,800
Audit fee	15,000	15,000
Other operating expenses	41,882	47,639
Total operating expenses	8,953,818	9,631,374
<b>Operating income</b>	<b>10,333,523</b>	<b>8,803,907</b>
Non-operating income		
Interest income	140	110
Reversal of distributions payable	1,210	895
Gain on real estate tax settlement	-	279
Interest on refund of consumption taxes	4,876	607
Total non-operating income	6,227	1,892
Non-operating expenses		
Interest expense on loans payable	395,072	411,521
Interest expense on investment corporation bonds	30,536	31,795
Amortization of organization expenses	6,787	-
Amortization of investment corporation bond issuance costs	4,732	4,939
Borrowing related expenses	177,955	183,848
Investment unit issuance expenses	25,041	24,691
Offering costs associated with the issuance of investment units	78,659	72,342
Others	18,982	22
Total non-operating expenses	737,767	729,161
<b>Ordinary income</b>	<b>9,601,983</b>	<b>8,076,639</b>
<b>Income before income taxes</b>	<b>9,601,983</b>	<b>8,076,639</b>
Incomes taxes – current	638	1,183
Incomes taxes – deferred	10	(26)
Total income taxes	649	1,156
<b>Net Income</b>	<b>9,601,334</b>	<b>8,075,482</b>
<b>Retained earnings brought forward</b>	<b>1,284</b>	<b>776</b>
<b>Unappropriated retained earnings</b>	<b>9,602,618</b>	<b>8,076,258</b>

# Portfolio Details

FP of Acquisition	No.	Property Name	Location	Acquisition Price (JPYmm)	Appraisal Value (JPYmm)	Leasable Area (m <sup>2</sup> )	Share	Age (years)	Appraisal NOI Yield (%) <sup>(2)</sup>	Actual NOI Yield (%) <sup>(3)</sup>	Occupancy Rate	PML	Construction	
1 <sup>st</sup> FP	M-01	Prologis Park Ichikawa 1	Ichikawa, Chiba	33,900	43,700	125,026	5.9%	9.6	5.3%	5.5%	100.0%	0.6%	Kajima Corporation	
	M-02	Prologis Park Zama 1	Zama, Kanagawa	27,900	33,500	113,471	4.8%	9.0	5.3%	5.6%	94.7%	0.8%	Fujita Corporation	
	M-03	Prologis Park Kawajima	Hiki, Saitama	25,600	32,800	144,897	4.4%	7.0	6.0%	5.9%	95.4%	7.5%	Shimizu Corporation	
	M-04	Prologis Park Osaka 2	Osaka, Osaka	25,000	31,700	130,553	4.3%	11.1	5.6%	5.5%	95.2%	0.8%	Shimizu Corporation	
	M-05	Prologis Park Maishima 3	Osaka, Osaka	13,500	15,500	74,874	2.3%	10.3	5.3%	4.2%	89.6%	8.9%	Shimizu Corporation	
	M-06	Prologis Park Kasugai	Kasugai, Aichi	12,500	17,000	91,455	2.2%	10.4	6.7%	6.5%	98.1%	3.9%	Obayashi Corporation	
	M-07	Prologis Park Kitanagoya	Kitanagoya, Aichi	6,500	8,960	42,751	1.1%	9.0	6.5%	6.4%	100.0%	7.7%	Nippon Steel Engineering	
	B-02	Prologis Park Takatsuki	Takatsuki, Osaka	4,410	5,250	19,898	0.8%	6.4	5.7%	5.8%	100.0%	5.3%	Fujita Corporation	
	B-03	Prologis Park Tosu 2	Tosu, Saga	3,030	3,850	21,778	0.5%	5.9	6.0%	6.1%	100.0%	0.5%	Fujita Corporation	
	B-04	Prologis Park Tosu 4	Tosu, Saga	3,810	4,770	28,765	0.7%	6.4	6.1%	5.5%	100.0%	0.6%	Obayashi Corporation	
		Sub-total / Average		156,150	197,030	793,472	27.0%	9.2	-	-	-	-		
2 <sup>nd</sup> FP	M-09	Prologis Park Tokyo-Ohta	Ota, Tokyo	29,500	36,500	73,145	5.1%	12.7	4.9%	5.0%	93.9%	3.6%	Taisei Corporation	
	M-10	Prologis Park Zama 2	Zama, Kanagawa	21,900	28,200	95,121	3.8%	5.8	5.7%	5.8%	100.0%	0.8%	Fujita Corporation	
	M-11	Prologis Park Funabashi 5										4.3%	Konoike Construction	
		Annex	Funabashi, Chiba	11,000	13,700	56,556	1.9%	13.5	5.5%	5.7%	100.0%	4.0%	Mitsui Construction	
	M-12	Prologis Park Narita 1-A&B	Narita, Chiba	8,420	10,300	62,058	1.5%	13.3	6.2%	6.9%	97.6%	3.9%	Shimizu Corporation	
	M-13	Prologis Park Narita 1-C	Narita, Chiba	4,810	5,890	32,230	0.8%	11.1	6.2%	7.0%	100.0%	3.9%	The Zenitaka Corporation	
	M-14	Prologis Park Amagasaki 1	Amagasaki, Hyogo	17,600	20,700	91,446	3.0%	12.8	5.5%	5.2%	100.0%	4.6%	Taisei Corporation	
	M-15	Prologis Park Amagasaki 2	Amagasaki, Hyogo	19,200	21,800	91,399	3.3%	11.2	5.3%	5.4%	99.8%	4.4%	Taisei Corporation	
B-05	Prologis Park Narashino 4	Narashino, Chiba	20,000	25,200	91,529	3.5%	4.9	5.2%	5.3%	100.0%	1.1%	Shimizu Corporation		
		Sub-total / Average		132,430	162,290	593,487	22.9%	10.2	-	-	-	-		
3 <sup>rd</sup> FP	M-16	Prologis Park Tokyo-Shinkiba	Koto, Tokyo	13,600	17,000	31,022	2.4%	11.0	4.8%	5.0%	94.2%	5.9%	Obayashi Corporation	
	M-17	Prologis Park Yokohama-Tsurumi	Yokohama, Kanagawa	13,800	17,300	63,973	2.4%	10.1	5.3%	5.5%	99.4%	1.1%	Toa Corporation	
	M-18	Prologis Park Osaka 4	Osaka, Osaka	21,000	25,000	106,135	3.6%	6.1	5.3%	5.5%	100.0%	2.7%	Maeda Corporation	
	M-19	Prologis Park Iwanuma 1	Iwanuma, Miyagi	5,670	7,320	40,520	1.0%	9.7	6.6%	6.7%	100.0%	3.2%	Nishimatsu Construction	
		Sub-total / Average		54,070	66,620	241,651	9.3%	8.7	-	-	-	-	-	
4 <sup>th</sup> FP	M-20	Prologis Park Kawajima 2	Hiki, Saitama	8,180	9,480	42,005	1.4%	4.3	5.4%	5.9%	100.0%	9.0%	Nishimatsu Construction	
	B-06	Prologis Park Ebina	Ebina, Kanagawa	8,250	10,300	32,500	1.4%	8.2	5.3%	5.2%	100.0%	6.0%	Fujita Corporation	
	B-07	Prologis Park Kawanishi	Kawanishi, Hyogo	13,600	14,800	75,493	2.4%	4.5	5.0%	6.1%	100.0%	3.7%	Shimizu Corporation	
	B-08	Prologis Park Amagasaki 3	Amagasaki, Hyogo	9,090	10,300	39,527	1.6%	4.7	5.1%	5.2%	100.0%	4.4%	Nishimatsu Construction	
	B-09	Prologis Park Kobe	Kobe, Hyogo	6,410	7,340	32,511	1.1%	4.5	5.6%	5.8%	100.0%	0.4%	Taisei Corporation	
	Sub-total / Average		45,530	52,220	222,037	7.9%	5.2	-	-	-	-	-		
7 <sup>th</sup> FP	M-21	Prologis Park Kitamoto	Kitamoto, Saitama	12,600	13,800	69,432	2.2%	4.2	5.2%	5.5%	100.0%	3.6%	Taisei Corporation	
	M-22	Prologis Park Joso	Joso, Ibaraki	7,120	7,560	37,165	1.2%	3.6	5.1%	5.5%	100.0%	4.5%	Nishimatsu Construction	
	M-23	Prologis Park Osaka 5	Osaka, Osaka	17,600	18,500	78,087	3.0%	3.4	4.8%	5.1%	100.0%	3.5%	Fujita Corporation	
	B-10	Prologis Park Sendai Izumi	Sendai, Miyagi	4,820	5,290	26,353	0.8%	2.7	5.7%	5.9%	100.0%	1.4%	Nishimatsu Construction	
	Sub-total / Average		42,140	45,150	211,038	7.3%	3.6	-	-	-	-	-		
9 <sup>th</sup> FP	M-24	Prologis Park Narita 3	Sambu, Chiba	9,240	10,300	52,982	1.6%	10.0	5.5%	5.3%	100.0%	0.3%	Takenaka Corporation	
	B-11	Prologis Park Koga 1	Koga, Ibaraki	7,680	8,400	34,158	1.3%	1.6	5.3%	5.3%	100.0%	0.3%	Fujita Corporation	
	B-12	Prologis Park Kobe 2	Kobe, Hyogo	13,700	14,400	62,468	2.4%	1.6	5.1%	5.3%	100.0%	0.3%	Fujita Corporation	
	Sub-total / Average		30,620	33,100	149,609	5.3%	4.2	-	-	-	-	-		
10 <sup>th</sup> FP	M-25	Prologis Park Narashino 5	Narashino, Chiba	13,600	14,200	58,159	2.4%	2.2	4.5%	4.8%	100.0%	4.6%	Hazama Ando Corporation	
	M-26	Prologis Park Ibaraki	Ibaraki, Osaka	38,300	40,600	154,182	6.6%	1.7	4.5%	4.6%	100.0%	2.1%	Shimizu Corporation	
	B-13	Prologis Park Koga 2	Koga, Ibaraki	3,930	4,010	19,699	0.7%	1.1	5.0%	5.0%	100.0%	3.5%	Fujita Corporation	
	Sub-total / Average		55,830	58,810	232,041	9.6%	1.8	-	-	-	-	-		
11 <sup>th</sup> FP	M-27	Prologis Park Ichikawa 3	Ichikawa, Chiba	17,000	17,300	50,714	2.9%	0.5	4.2%	4.1%	85.8%	3.4%	Nishimatsu Construction	
	M-28	Prologis Park Narita 1-D	Narita, Chiba	5,260	5,340	27,960	0.9%	3.4	5.1%	5.0%	100.0%	3.5%	Fujita Corporation	
	M-29	Prologis Park Yoshimi	Hiki, Saitama	21,300	21,400	98,076	3.7%	2.5	4.7%	4.9%	100.0%	3.1%	Shimizu Corporation	
	Sub-total / Average		43,560	44,040	176,750	7.5%	1.8	-	-	-	-	-		
Properties to be acquired	Properties Acquired Total / Average (40 properties)			560,330	659,260	2,620,089	96.8%	7.1	5.3%	5.4%	98.3%	1.2%		
	B-14	Prologis Park Koga 3	Koga, Chiba	5,440	5,440	29,196	0.9%	0.0	4.9%	-	100.0%	4.6%	Fujita Corporation	
	B-15	Prologis Park Tsukuba 1-A	Tsukuba, Ibaraki	12,900	12,900	65,168	2.2%	0.0	4.8%	-	100.0%	2.1%	Nishimatsu Construction	
		Sub-total / Average		18,340	18,340	94,365	3.2%	0.0	-	-	-	-	-	
		Overall Total / Average (42 properties)			578,670	677,600	2,714,454	100.0%	6.8	5.3%	-	98.4%	-	

1. As of May 31, 2018.

2. Appraisal NOI divided by total acquisition price. Average appraisal NOI yield is a weighted average based on acquisition prices.

3. Actual NOI yield is calculated based on the annualized actual net operating income excluding specific factors. Average actual NOI yield is a weighted average based on acquisition prices.

# Summary of Latest Appraisals

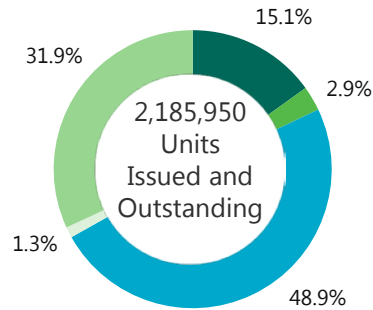
No.	Property Name	Acquisition Price (JPYmm)	11th Fiscal Period End						10th Fiscal Period End	
			Appraisal Value (JPYmm)		Direct Cap Rate		Book Value (JPYmm)	Unrealized Gain (JPYmm)	Appraisal Value <sup>(2)</sup> (JPYmm)	Direct Cap Rate <sup>(2)</sup>
				Change from 10th FP		Change from 10th FP				
Properties Acquired during the 1st Fiscal Period										
M-01	Prologis Park Ichikawa 1	33,900	43,700	500	4.0	0	32,303	11,396	43,200	4.0
M-02	Prologis Park Zama 1	27,900	33,500	-200	4.3	0	26,147	7,352	33,700	4.3
M-03	Prologis Park Kawajima	25,600	32,800	-100	4.6	0	23,509	9,290	32,900	4.6
M-04	Prologis Park Osaka 2	25,000	31,700	700	4.4	-0.1	23,253	8,446	31,000	4.5
M-05	Prologis Park Maishima 3	13,500	15,500	200	4.5	-0.1	12,439	3,060	15,300	4.6
M-06	Prologis Park Kasugai	12,500	17,000	100	4.8	-0.1	11,532	5,467	16,900	4.9
M-07	Prologis Park Kitanagoya	6,500	8,960	260	4.5	-0.1	5,990	2,969	8,700	4.6
B-02	Prologis Park Takatsuki	4,410	5,250	-20	4.7	0	4,193	1,056	5,270	4.7
B-03	Prologis Park Tosu 2	3,030	3,850	80	4.7	-0.1	2,815	1,034	3,770	4.8
B-04	Prologis Park Tosu 4	3,810	4,770	110	4.7	-0.1	3,572	1,197	4,660	4.8
Sub-total		156,150	197,030	1,630	-	-	145,757	51,272	195,400	-
Properties Acquired during the 2nd Fiscal Period										
M-09	Prologis Park Tokyo-Ohta	29,500	36,500	-	3.8	0	29,267	7,232	36,500	3.8
M-10	Prologis Park Zama 2	21,900	28,200	-100	4.3	0	20,678	7,521	28,300	4.3
M-11	Prologis Park Funabashi 5	11,000	13,700	-100	4.2	0	10,564	3,135	13,800	4.2
M-12	Prologis Park Narita 1-A&B	8,420	10,300	100	4.9	0	7,995	2,304	10,200	4.9
M-13	Prologis Park Narita 1-C	4,810	5,890	20	4.9	0	4,459	1,430	5,870	4.9
M-14	Prologis Park Amagasaki 1	17,600	20,700	100	4.6	0	16,957	3,742	20,600	4.6
M-15	Prologis Park Amagasaki 2	19,200	21,800	-	4.6	0	18,219	3,580	21,800	4.6
B-05	Prologis Park Narashino 4	20,000	25,200	500	4.1	-0.1	18,810	6,389	24,700	4.2
Sub-total		132,430	162,290	520	-	-	126,951	35,338	161,770	-
Properties Acquired during the 3rd Fiscal Period										
M-16	Prologis Park Tokyo-Shinkiba	13,600	17,000	200	3.8	0	13,231	3,768	16,800	3.8
M-17	Prologis Park Yokohama-Tsurumi	13,800	17,300	300	4.1	-0.1	13,012	4,287	17,000	4.2
M-18	Prologis Park Osaka 4	21,000	25,000	500	4.4	-0.1	19,708	5,291	24,500	4.5
M-19	Prologis Park Iwanuma 1	5,670	7,320	120	5.0	-0.1	5,124	2,195	7,200	5.1
Sub-total		54,070	66,620	1,120	-	-	51,077	15,542	65,500	-
Properties Acquired during the 4th Fiscal Period										
M-20	Prologis Park Kawajima 2	8,180	9,480	-20	4.6	0	7,748	1,731	9,500	4.6
B-06	Prologis Park Ebina	8,250	10,300	300	4.2	-0.1	8,047	2,252	10,000	4.3
B-07	Prologis Park Kawanishi	13,600	14,800	-100	4.6	0	13,064	1,735	14,900	4.6
B-08	Prologis Park Amagasaki 3	9,090	10,300	-	4.4	0	8,764	1,535	10,300	4.4
B-09	Prologis Park Kobe	6,410	7,340	10	4.8	0	6,092	1,247	7,330	4.8
Sub-total		45,530	52,220	190	-	-	43,717	8,502	52,030	-
Properties Acquired during the 7th Fiscal Period										
M-21	Prologis Park Kitamoto	12,600	13,800	-	4.7	0	12,295	1,504	13,800	4.7
M-22	Prologis Park Josu	7,120	7,560	-30	4.7	0	6,904	655	7,590	4.7
M-23	Prologis Park Osaka 5	17,600	18,500	-	4.5	0	17,261	1,238	18,500	4.5
B-10	Prologis Park Sendai Izumi	4,820	5,290	110	5.1	-0.1	4,640	649	5,180	5.2
Sub-total		42,140	45,150	80	-	-	41,101	4,048	45,070	-
Properties Acquired during the 9th Fiscal Period										
M-24	Prologis Park Narita 3	9,240	10,300	330	4.7	0	9,109	1,190	9,970	4.7
B-11	Prologis Park Koga 1	7,680	8,400	-	4.8	0	7,518	881	8,400	4.8
B-12	Prologis Park Kobe 2	13,700	14,400	-	4.8	0	13,451	948	14,400	4.8
Sub-total		30,620	33,100	330	-	-	30,079	3,020	32,770	-
Properties Acquired during the 10th Fiscal Period										
M-25	Prologis Narashino 5	13,600	14,200	300	4.2	-0.1	13,537	662	13,900	4.3
M-26	Prologis Ibaraki	38,300	40,600	900	4.2	-0.1	38,198	2,401	39,700	4.3
B-13	Prologis Koga 2	3,930	4,010	-	4.8	0	3,896	113	4,010	4.8
Sub-total		55,830	58,810	1,200	-	-	55,633	3,176	57,610	-
Properties Acquired during the 11th Fiscal Period										
M-27	Prologis Park Ichikawa 3	17,000	17,300	300	4.0	0	17,069	230	17,000	4.0
M-28	Prologis Park Narita 1-D	5,260	5,340	80	4.9	0	5,305	34	5,260	4.9
M-29	Prologis Park Yoshimi	21,300	21,400	100	4.6	0	21,428	-28	21,300	4.6
Sub-total		43,560	44,040	480	-	-	43,803	236	43,560	-
Properties Acquired Total / Average (40 properties)		560,330	659,260	5,550	-	-	538,120	121,139	653,710	-
Properties to be acquired										
B-14	Prologis Park Koga 3	5,440	5,440	0	4.8	0	-	-	5,440	4.8
B-15	Prologis Park Tsukuba 1-A	12,900	12,900	0	4.7	0	-	-	12,900	4.7
Sub-total		18,340	18,340	0	-	-	-	-	18,340	-
Overall Total (42 properties)		578,670	677,600	5,550	-	-	-	-	672,050	-

# Debt

	Lenders	Amount (JPY mm)	Interest Rate	Borrowing Date	Maturity Date <sup>(2)</sup>	Collateral
Short-term Borrowings	Sumitomo Mitsui Banking Corporation, MUFG Bank	6,300	JBA 1-month TIBOR +0.17% <sup>(3)</sup>	Aug. 8, 2017	Aug. 8, 2018	Unsecured and non- guaranteed
	Syndicate of lenders arranged by Sumitomo Mitsui Banking Corporation & MUFG Bank	6,400	0.8101% <sup>(4)</sup>	Dec. 3, 2013	Dec. 3, 2018	
	Syndicate of lenders arranged by Sumitomo Mitsui Banking Corporation & MUFG Bank	1,000	JBA 3-month TIBOR +0.24% <sup>(3)</sup>	Nov. 27, 2014	Nov. 27, 2019	
	Syndicate of lenders arranged by Sumitomo Mitsui Banking Corporation & MUFG Bank	7,300	0.0757% <sup>(4)</sup>	Feb. 15, 2016	Feb. 15, 2021	
	Syndicate of lenders arranged by Sumitomo Mitsui Banking Corporation & MUFG Bank	14,000	0.2236% <sup>(4)</sup>	Apr. 28, 2017	Apr. 28, 2021	
	Syndicate of lenders arranged by Sumitomo Mitsui Banking Corporation & MUFG Bank	6,000	0.1726% <sup>(4)</sup>	Feb. 15, 2016	Feb. 15, 2022	
	Sumitomo Mitsui Banking Corporation, MUFG Bank	14,000	0.5749% <sup>(4)</sup>	Mar. 30, 2015	Mar. 31, 2022	
Long-term Borrowings	Syndicate of lenders arranged by Sumitomo Mitsui Banking Corporation & MUFG Bank	10,000	0.262% <sup>(4)</sup>	Apr. 28, 2017	Apr. 28, 2022	
	Syndicate of lenders arranged by Sumitomo Mitsui Banking Corporation & MUFG Bank	7,600	0.4129% <sup>(4)</sup>	Mar. 15, 2016	Mar. 15, 2023	
	Syndicate of lenders arranged by Sumitomo Mitsui Banking Corporation & MUFG Bank	20,000	0.3125% <sup>(4)</sup>	Apr. 28, 2017	Apr. 28, 2023	
	Syndicate of lenders arranged by Sumitomo Mitsui Banking Corporation & MUFG Bank	10,000	0.39% <sup>(4)</sup>	Feb. 15, 2016	Feb. 15, 2024	
	Sumitomo Mitsui Banking Corporation, MUFG Bank	6,000	0.3725% <sup>(4)</sup>	Apr. 28, 2017	Apr. 30, 2024	
	Syndicate of lenders arranged by Sumitomo Mitsui Banking Corporation & MUFG Bank	4,000	0.528% <sup>(4)</sup>	Dec. 20, 2016	Dec. 20, 2024	
	Syndicate of lenders arranged by Sumitomo Mitsui Banking Corporation & MUFG Bank	23,300	0.4369% <sup>(4)</sup>	Apr. 28, 2017	Apr. 28, 2025	
	Sumitomo Mitsui Banking Corporation, MUFG Bank, Development Bank of Japan	13,900	0.524% <sup>(4)</sup>	Apr. 28, 2017	Apr. 28, 2026	
	Syndicate of lenders arranged by Sumitomo Mitsui Banking Corporation & MUFG Bank	9,400	0.7167% <sup>(4)</sup>	Dec. 20, 2016	Dec. 18, 2026	
	Syndicate of lenders arranged by Sumitomo Mitsui Banking Corporation & MUFG Bank	23,300	0.6327% <sup>(4)</sup>	Apr. 28, 2017	Apr. 28, 2027	
Investment Corporation Bonds	Syndicate of lenders arranged by Sumitomo Mitsui Banking Corporation & MUFG Bank	11,800	0.6198% <sup>(4)</sup>	Mar. 13, 2018	Mar. 13, 2028	
	1st Unsecured Investment Corporation Bonds	2,000	0.338%	Nov. 27, 2014	Nov. 27, 2019	
	2nd Unsecured Investment Corporation Bonds	3,000	0.93%	Nov. 27, 2014	Nov. 27, 2024	
	3rd Unsecured Investment Corporation Bonds	2,000	0.18%	June 15, 2017	June 15, 2021	
	4th Unsecured Investment Corporation Bonds	1,500	0.28%	June 15, 2017	June 15, 2023	
	5th Unsecured Investment Corporation Bonds	2,500	0.50%	June 15, 2017	June 15, 2027	
	6th Unsecured Investment Corporation Bonds	1,000	0.86%	June 15, 2017	June 15, 2032	
Total		206,300	-	-	-	

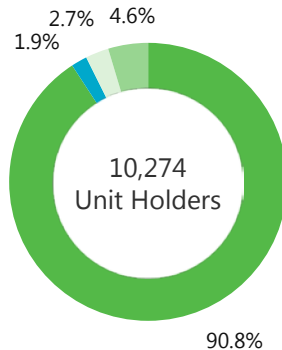
# Unit Holder Composition

## Breakdown by Units



- Prologis Group: 329,590 units
- Financial institutions: 1,069,408 units
- Domestic individuals and others: 62,678 units
- Domestic entities: 27,353 units
- Foreign entities and individuals: 696,921 units

## Breakdown by Unit Holders



- Domestic individuals and others: 9,328 unit holders
- Financial institutions: 191 unit holders
- Domestic entities: 278 unit holders
- Foreign entities and individuals: 477 unit holders

## Major Unit Holders

	Name	Units Owned	% of Units Issued <sup>(2)</sup>
1	Prologis Property Japan SPC	327,590	14.98%
2	Japan Trustee Services Bank, Ltd. (Trust Acct.)	327,047	14.96%
3	The Master Trust Bank of Japan, Ltd. (Trust Acct.)	295,209	13.50%
4	The Nomura Trust and Banking Company, Ltd. (Trust Acct.)	82,916	3.79%
5	Trust and Custody Services Bank, Ltd. (Securities Investment Trust Acct.)	71,945	3.29%
6	STATE STREET BANK WEST CLIENTS-TREATY 505234	66,739	3.05%
7	Nomura Bank (Luxembourg) S.A.	35,507	1.62%
8	STATE STREET BANK AND TRUST COMPANY 505223	35,188	1.60%
9	JP MORGAN CHASE BANK 385628	32,420	1.48%
10	THE BANK OF NEW YORK 133970	22,997	1.05%
Total		1,297,558	59.35%

# Focus on Class-A Logistics Facilities

## Features:

- Gross floor area of approximately 16,500 m<sup>2</sup> (177,605 ft<sup>2</sup>) 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 m<sup>2</sup> (53,820 ft<sup>2</sup>) per level with a floor weight capacity of at least 1.5 m<sup>2</sup> (16.1 ft<sup>2</sup>), an effective ceiling height of at least 5.5 m<sup>2</sup> (59.2 ft<sup>2</sup>) and column spacing of at least 10 m (33 ft)
- 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



Large Loading Zones



Wide-Column Spacing



Renewable Energy



Restaurant



Convenience Store



24-Hour Security



Seismic Isolators





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This presentation includes forward-looking information that reflects the plans and expectations of Nippon Prologis REIT, Inc. and Prologis REIT Management K.K. Such forward-looking information is based on current assumptions and beliefs, and involves known and unknown risks, uncertainties, and other factors. Such risks, uncertainties and other factors may cause the actual results to be materially different from those expressed or implied by such forward-looking information.



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