



SEMIANNUAL REPORT

Fiscal Period Ended November 30, 2015



Message from the Executive Director



Dear Fellow Unit Holders,

During the six months ended November 30, 2015, we again demonstrated significant achievements in our results, growing revenues, income and distributions per unit (DPU). Our performance is a reflection of both our focused strategy of owning Class-A facilities in Japan's key logistics hubs and the favorable real estate fundamentals that exist in our markets.

Operational and Financial Highlights — We ended the fiscal period with an average occupancy of 97.7 percent, demonstrating strong demand for our high-quality facilities. During this period, we rolled approximately 5.6 percent of our portfolio and achieved rent growth of 5.2 percent on a nominal monthly basis. This represents the sixth consecutive fiscal period of growth since our inception, and was a record for us.

Our financial results exceeded our expectations, with operating income and net income 50 basis points higher than forecast. Our DPU grew by 43 basis points to 3,942 yen, including surplus cash distributions. On a stabilized basis, excluding one-time effects from actual results, our DPU has grown by 20 percent since our inception. Additionally, our well-located portfolio benefitted from cap rate compression of approximately 10 basis points across the portfolio. As a result, we recorded an unrealized capital gain of 53 billion yen, equivalent to 13.5 percent of our real estate book value.

Strong Sponsor Support and Future Acquisitions — The Prologis Group granted us exclusive negotiation rights for seven new properties, which increased our total properties to twelve. These properties are either under construction or in the lease-up process. Furthermore, the Prologis Group is planning six new developments. Once those properties are completed and leased to 90 percent, we expect to acquire them at appraised value at the appropriate time. This pipeline provides us with the growth potential of approximately 600 billion yen over the next several years.

Financial Strategies — Our financial position is one of the strongest in the J-REIT industry, and the strength of our balance sheet has been recognized by the JCR, which has assigned us a rating of AA (stable). The majority of our loans have long-term fixed interest rates, our debt maturities are well-staggered and we have significant liquidity. Our loan-to-value (LTV) ratio is modest at 38.7 percent on a book value basis. We intend to maintain this metric and this level to be in a position to grow—whether that means acquiring buildings from our sponsor or being fully prepared for any dislocation in the real estate market, which in turn would allow us to be opportunistic with third-party acquisitions.

Message from the Executive Director



Japanese Logistics Real Estate Market — Customer requirements for Class-A facilities continue to be healthy, underpinned by the significant growth in e-fulfillment that is occurring as conventional retailers outsource more of their logistics functions to third-party logistics companies to reduce costs. As a result, the level of Class-A supply is the lowest of the developed countries, at just 2.8 percent of the total logistics space in Japan. As we have said for some time, we expect supply to be elevated in 2016, and there is potential for a few submarkets to be oversupplied in the short term. As we look to the greater Tokyo metropolitan area and the greater Osaka area, net absorption continues to be very strong, which is keeping vacancies low in these important markets. We will remain vigilant in our monitoring of market conditions.

Looking Forward — We have significant growth potential from rising rents and the acquisition of Class-A facilities. We are pleased with our robust acquisition pipeline, and will continue to place our focus on quality because we believe that our strategic focus will make our business sustainable in the long term.

We truly appreciate your continued support.

Best regards,

A handwritten signature in black ink, appearing to read "M. Sakashita".

Masahiro Sakashita

Executive Director
Nippon Prologis REIT, Inc.



Financial Highlights for the Fiscal Period Ended November 30, 2015

Distribution Per Unit
(total JPY)

3,942

Operating Revenues
(JPY millions)

14,332

Net Income
(JPY millions)

5,987

Loan-To-Value Ratio

38.7%

Average Rent Growth

+5.2%

Period Average Occupancy

97.7%

Credit Rating

JCR AA
(Stable)

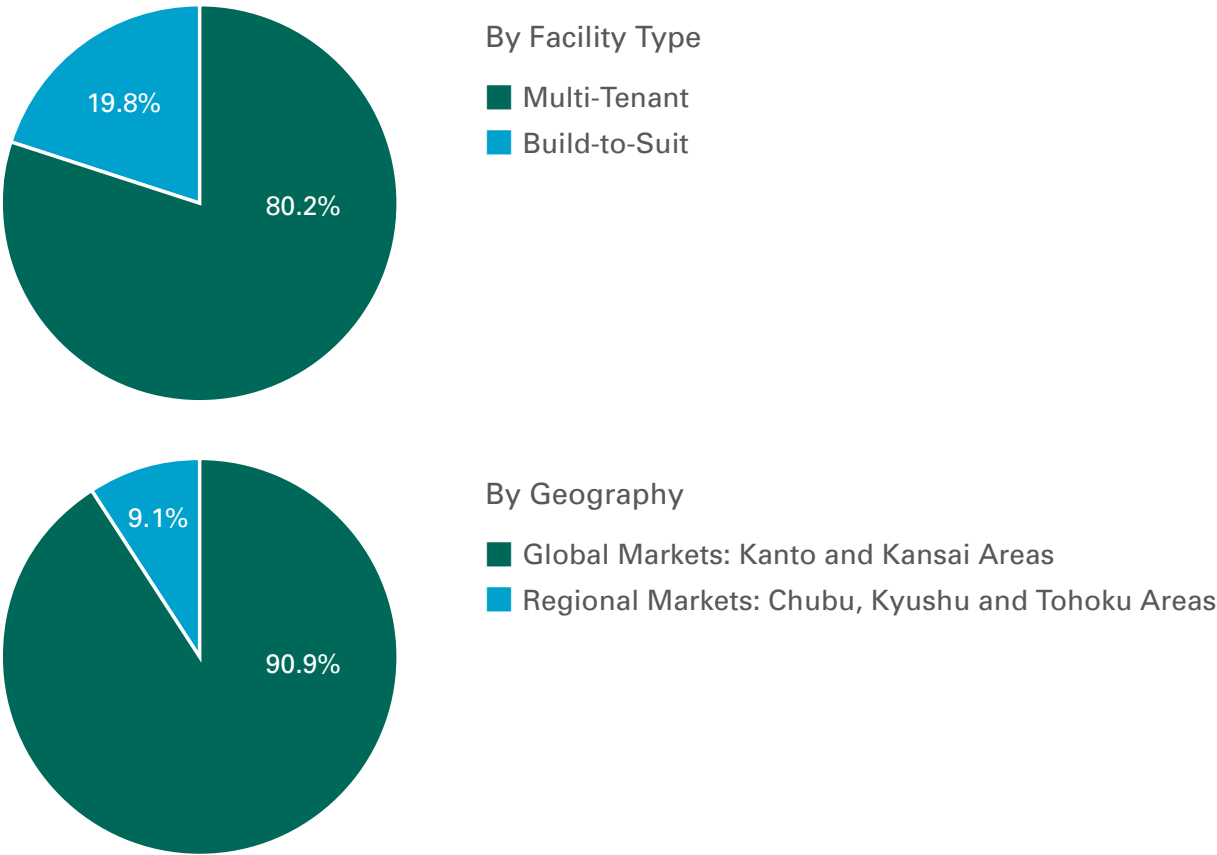
Portfolio Size
(JPY millions)

405,050

Investment Highlights

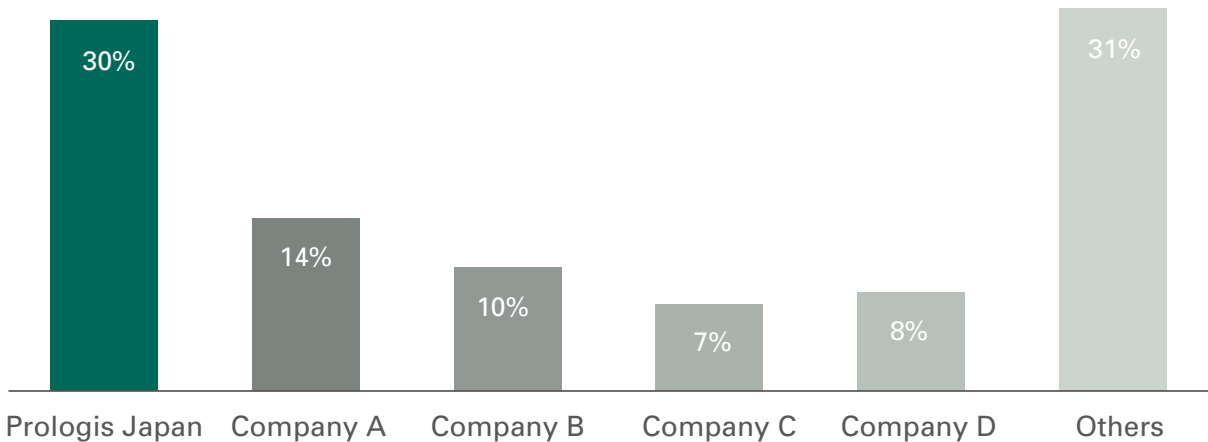


Earnings Stability from a Diversified Portfolio of Class-A Facilities



Full Sponsor Support from the Prologis Group*

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



*As of December 31, 2015

Focus on High-Quality Class-A Logistics Facilities



Financial Strategy Focused on Long-Term Stability and Efficiency



Governance Structure Promotes Growth in Unit Holder Value



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-08 Prologis Park Tagajo
JPY 5,370 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



B-01 Prologis Park Maishima 4
JPY 11,500 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

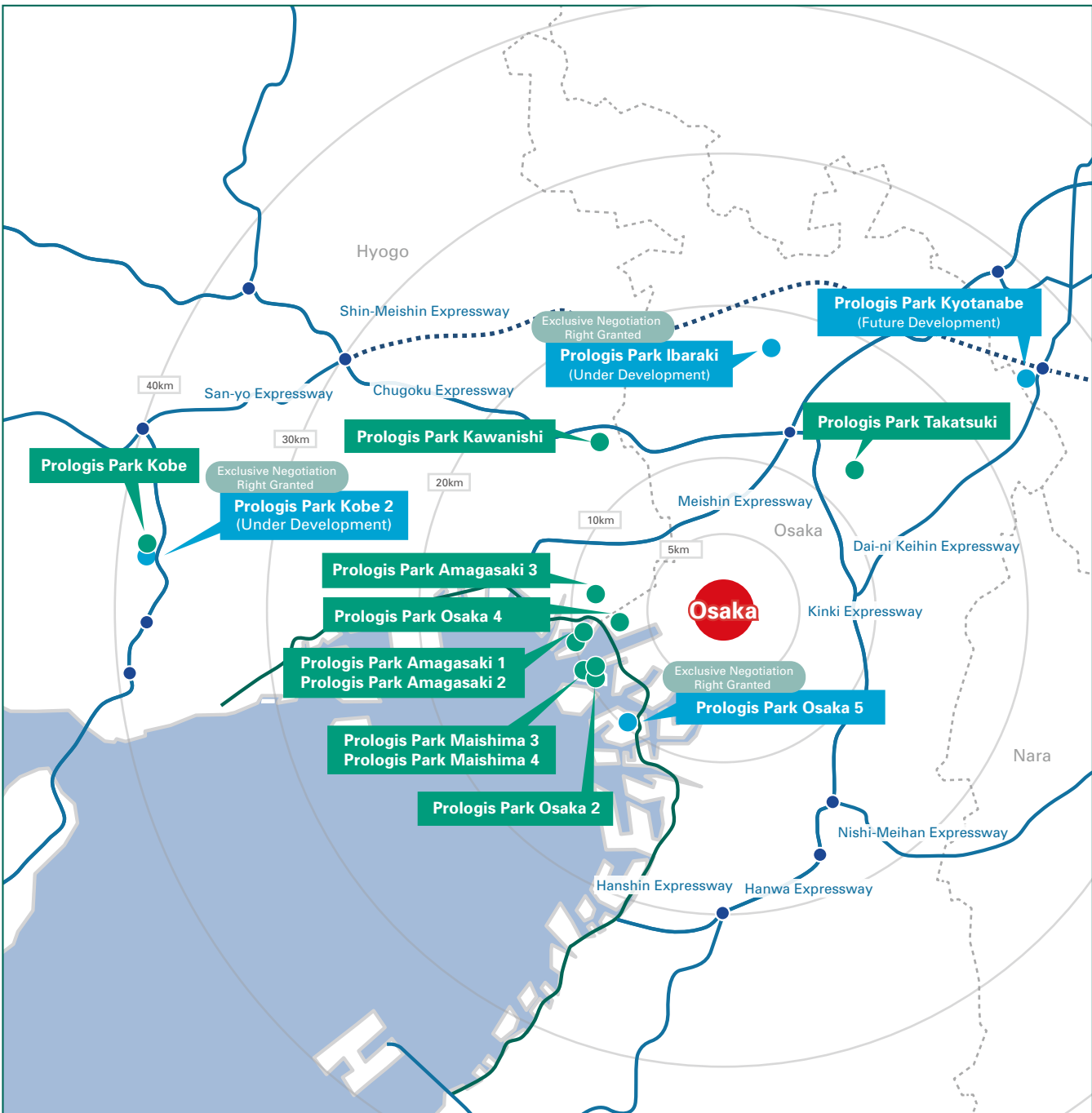


B-09 Prologis Park Kobe
JPY 6,410 mm

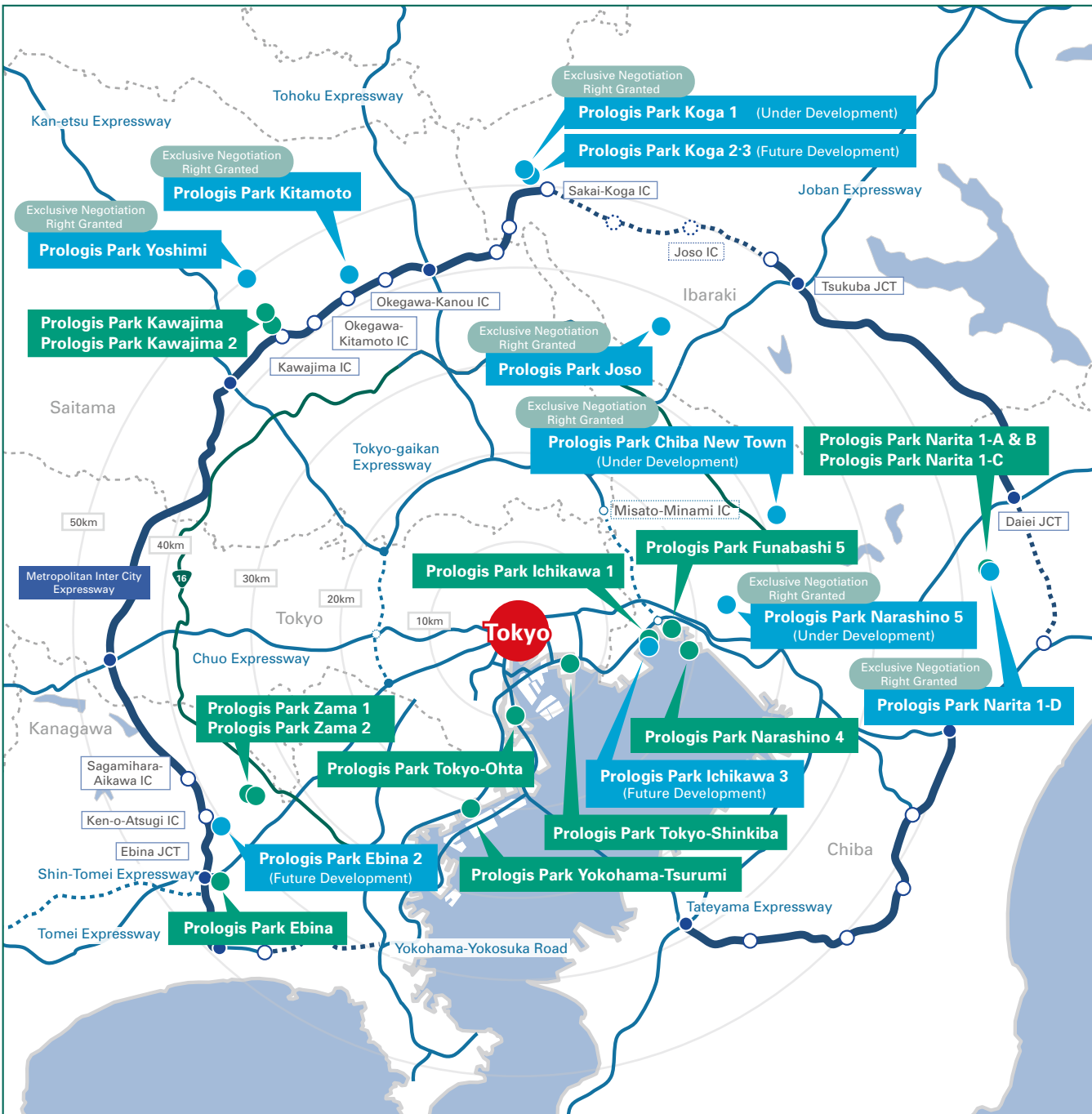
Note: As of November 30, 2015. Property values are based on acquisition price.

NPR Portfolio and Potential Acquisition Pipeline

Kansai area



Kanto area



- Current assets
- Pipeline assets

Sponsor Support from the Prologis Group

Potential Acquisition Pipeline

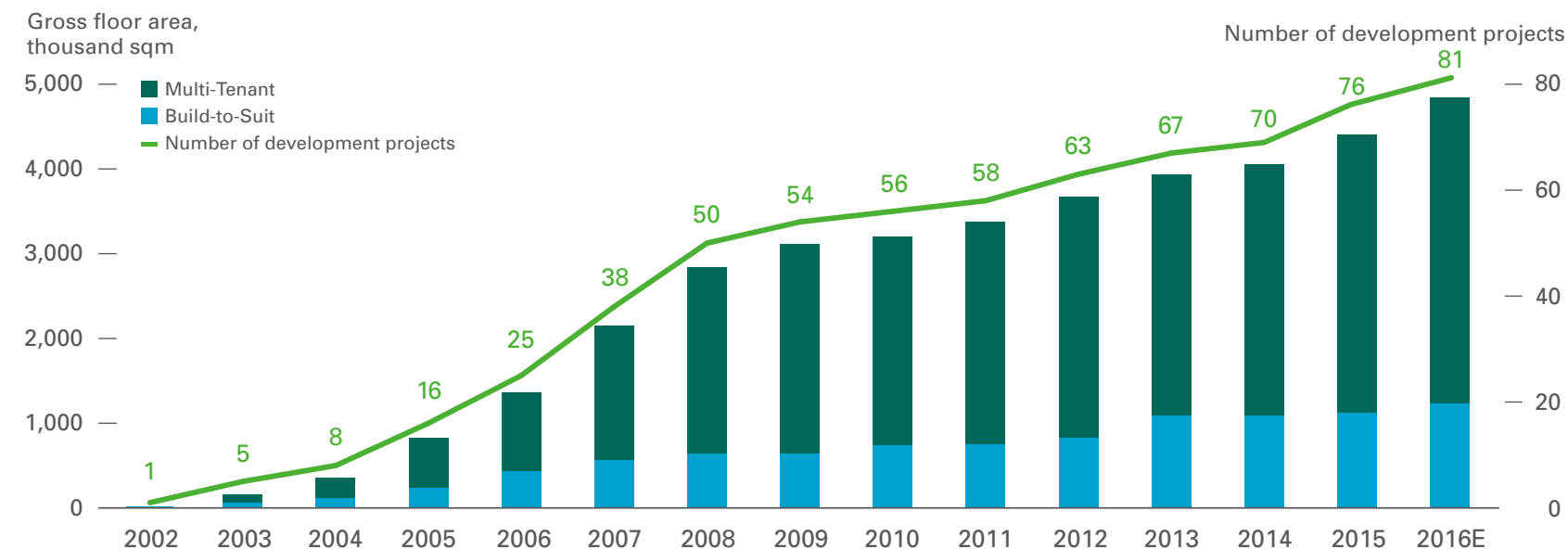
Status	Region / Area	Property Name	Expected Completion Year	Property Type	GFA (sqm)
Operating/ Development Assets Exclusive Negotiation Rights granted by the Prologis Group	Kanto	Prologis Park Kitamoto	2014	Multi-Tenant	70,291
		Prologis Park Joso	2014	Multi-Tenant	37,396
		Prologis Park Narita 1-D	2015	Multi-Tenant	28,192
		Prologis Park Yoshimi	2015	Multi-Tenant	104,805
		Prologis Park Narashino 5	2016	Multi-Tenant	65,450
		Prologis Park Chiba New Town	2016	Multi-Tenant	128,523
		Prologis Park Koga 1	2016	Build-to-Suit	35,720
	Kansai	Prologis Park Osaka 5	2015	Multi-Tenant	80,609
		Prologis Park Ibaraki	2016	Multi-Tenant	189,741
		Prologis Park Kobe 2	2016	Build-to-Suit	68,364
Planned Assets (Under Development / Future Development)	Kyushu	Prologis Park Hisayama	2015	Multi-Tenant	24,492
	Tohoku	Prologis Park Sendai Izumi	2015	Build-to-Suit	26,279
	Kanto	Prologis Park Koga 2	2017	Build-to-Suit	21,000
		Prologis Park Koga 3	TBD	Build-to-Suit	34,000
		Prologis Park Ichikawa 3	TBD	Multi-Tenant	60,000
		Prologis Park Ebina 2	2017	Build-to-Suit	38,000
		Prologis Park Higashi Matsuyama*	2017	Multi-Tenant	70,000
	Kansai	Prologis Park Kyotanabe	TBD	Multi-Tenant	156,000
	Total				1,238,862

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.

* Newly announced planned assets

Proven Development Track Record in Japan Since 2002



Focus on Class-A Logistics Facilities

Features:

- Gross floor area of approximately 16,500 square meters 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 per level with a floor weight capacity of at least 1.5 tons/square meters, an effective ceiling height of at least 5.5 meters and column spacing of at least 10 meters
- 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



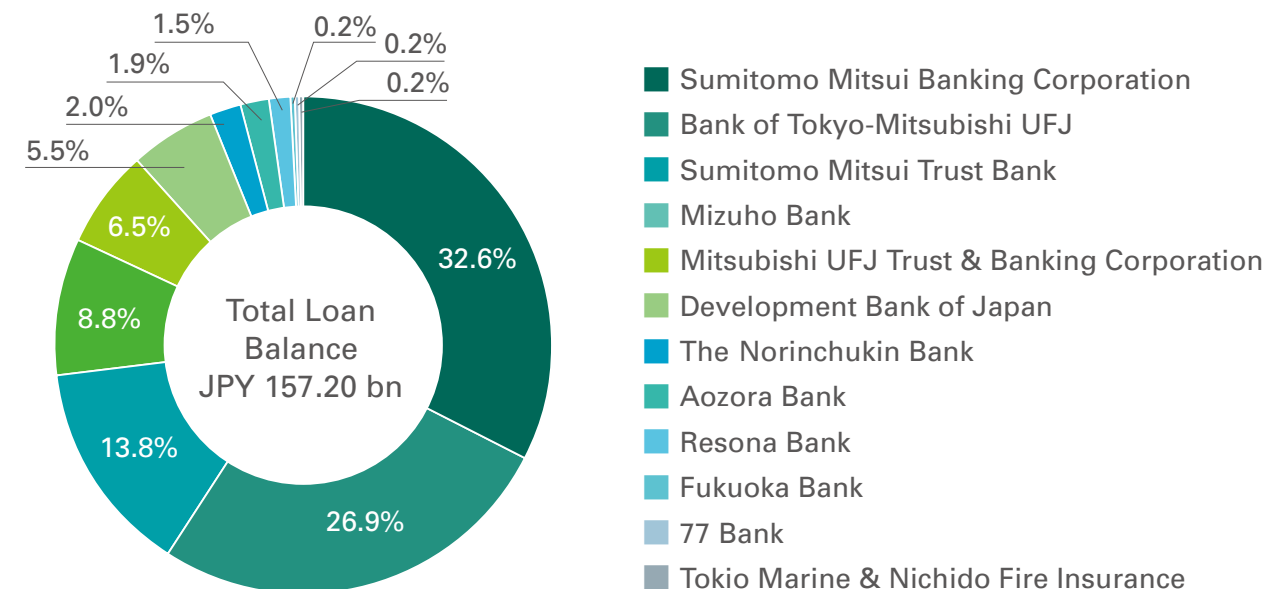
Financial Strategy

Debt Maturity Schedule*



*As of February 15, 2016

Our Lenders*



Corporate Governance Investor-Aligned 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% <small>*Before deduction of net income based asset management fee</small>	
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)	

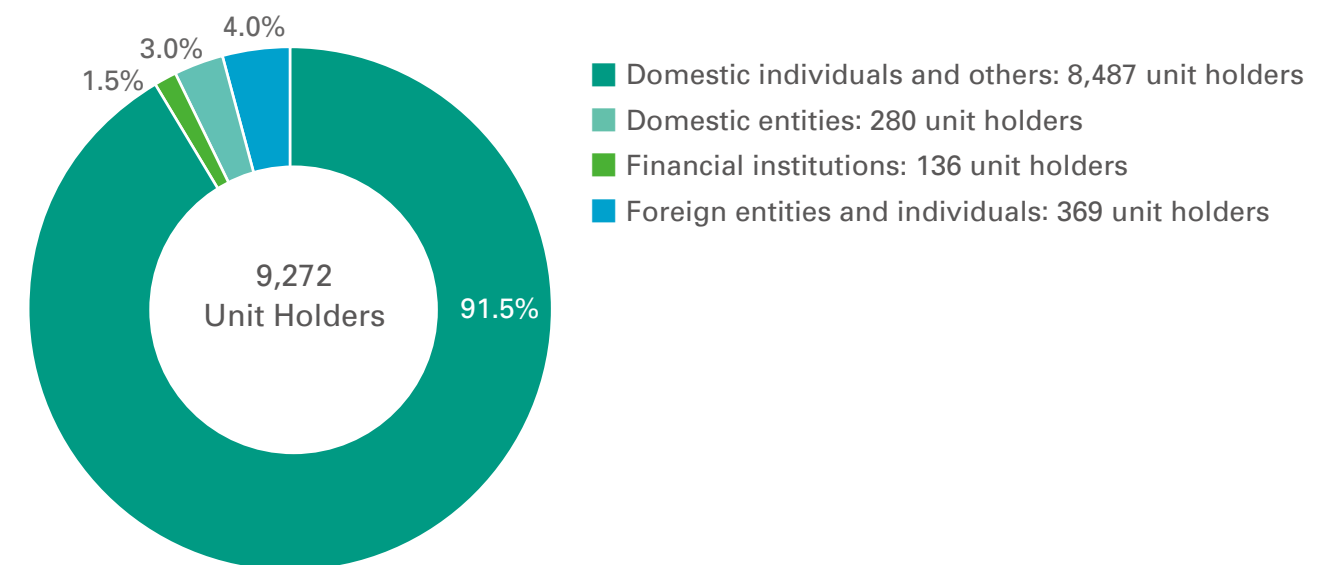
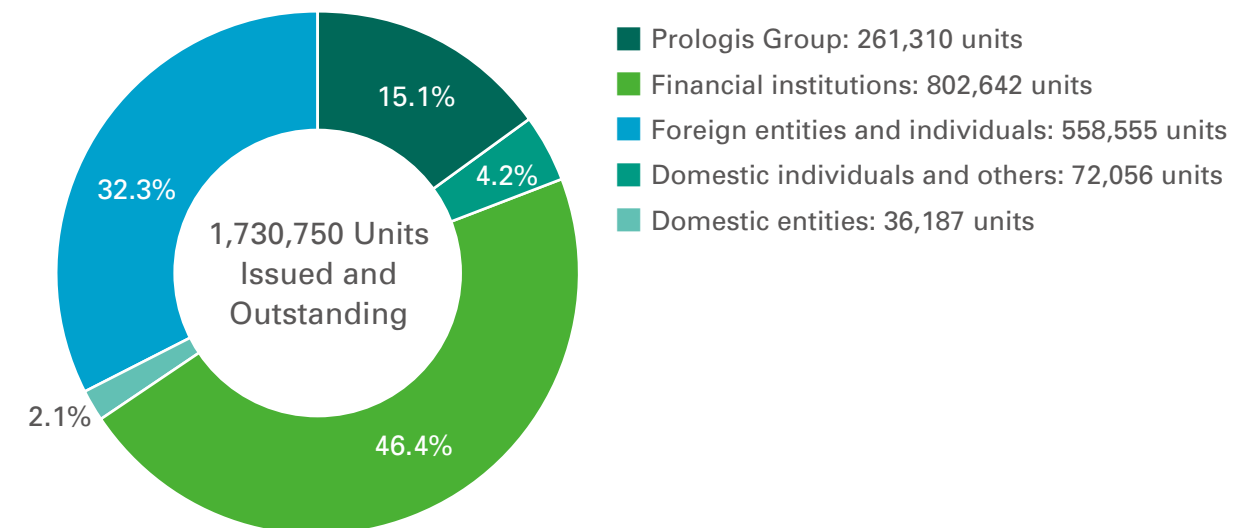
100% performance-linked asset management fee structure

Unit Holder Information (As of November 30, 2015)

Major Unit Holders

	Name	Units Owned	% of Units Issued
1	Japan Trustee Services Bank, Ltd. (Trust Acct.)	280,769	16.22%
2	Prologis Property Japan SPC	259,310	14.98%
3	The Master Trust Bank of Japan, Ltd. (Trust Acct.)	149,252	8.62%
4	Trust and Custody Services Bank, Ltd. (Securities Investment Trust Acct.)	141,511	8.17%
5	The Nomura Trust and Banking Company, Ltd. (Trust Acct.)	63,858	3.68%
6	NOMURA BANK (LUXEMBOURG) S. A.	52,227	3.01%
7	THE BANK OF NEW YORK MELLON SA/NV 10	38,387	2.21%
8	STATE STREET BANK AND TRUST COMPANY	32,738	1.89%
9	STATE STREET BANK WEST CLIENTS-TREATY 505234	30,856	1.78%
10	UNION BANCAIRE PRIVEE (EUROPE) SA, AIFMD CLIENTS	22,347	1.29%
	Total	1,071,255	61.89%

Unit Holder Composition



Environmental Stewardship

As a leading global provider of distribution facilities, the Prologis Group is fully committed to providing industry leading energy-efficient buildings and delivering best-in-class projects that enable more efficient customer operations and enhance local communities.

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 four buildings of its portfolio, including the highest five stars "★★★★★."



Prologis Park Zama 1

BELS: ★★★★★

CASBEE: Completion Class S



Prologis Park Zama 2

BELS: ★★★★★

CASBEE: Completion Class S



Prologis Park Kasugai

BELS: ★★★★★

CASBEE: Completion Class S



Prologis Park Ichikawa 1

BELS: ★★★★★

CASBEE: Completion Class S

Environmental Award & Inclusion in Index

As a result of our collective efforts to promote the sustainability of our portfolio and organization, NPR has been assessed as one of the most prestigious entities with the highest social responsibility standards.

NPR was awarded the prestigious "Green Star" in the GRESB 2015 survey



NPR has been included in Dow Jones Sustainability Asia/Pacific Index

MEMBER OF
**Dow Jones
Sustainability Indices**
In Collaboration with RobecoSAM

Social Responsibility

CSR activities

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



Impact Day 2015 in Tokyo (Cleaning and forest maintenance Oiso, Kanagawa)



"Family Festa" at Prologis Park Zama 1&2

Host family events for customers and neighborhoods

Prologis is hosting events to assist our customers retaining their workforce and to build firm relationship with local community.

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 Zama



Logistics / SCM Course at Waseda University

Support for the logistics industry

Support the museum which is the only logistics museum in Japan



Volunteer Activities for the museum of Logistics

Balance Sheets

	Thousands of yen	
	As of	
	November 30, 2015	May 31, 2015
ASSETS		
Current assets:		
Cash and deposits (Notes 3 and 4)	¥ 19,648,024	¥ 18,144,925
Cash and deposits in trust (Notes 3 and 4)	3,331,121	3,236,363
Operating accounts receivable	371,612	261,299
Prepaid expenses	242,193	294,560
Deferred tax assets (Note 12)	24	25
Other current assets	30	118
Total current assets	23,593,006	21,937,294
Property and equipment (Note 6):		
Buildings	7,549,209	7,543,229
Structures	249,739	249,739
Tools, furniture and fixtures	5,434	5,434
Land	3,834,204	3,834,204
Buildings in trust	224,517,935	224,036,333
Structures in trust	4,270,648	4,259,467
Machinery and equipment in trust	11,267	11,267
Tools, furniture and fixtures in trust	426,245	423,147
Other tangible assets in trust	35	35
Land in trust	168,427,926	168,427,926
Less: accumulated depreciation	(14,285,675)	(11,349,888)
Total property and equipment	395,006,969	397,440,896
Intangible assets (Note 6):		
Other intangible assets in trust	3,636	2,646
Total intangible assets	3,636	2,646
Investments and other assets:		
Long-term prepaid expenses	734,904	844,114
Security deposit	10,000	10,000
Organization expenses	31,222	39,367
Investment corporation bond issuance costs	23,744	25,654
Other	400	400
Total investments and other assets	800,271	919,536
Total Assets	¥ 419,403,883	¥ 420,300,373

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

Balance Sheets, continued

	Thousands of yen	
	As of	
	November 30, 2015	May 31, 2015
LIABILITIES		
Current liabilities:		
Operating accounts payable	¥ 1,215,677	¥ 828,208
Current portion of long-term loans payable (Notes 4, 5 and 10)	23,300,000	23,300,000
Accounts payable	260,081	195,853
Accrued expenses	1,357,709	1,352,190
Accrued consumption taxes	269,146	860,904
Income taxes payable	715	834
Advances received	2,416,256	2,392,939
Other current liabilities	83,648	123,983
Total current liabilities	28,903,236	29,054,915
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)	133,900,000	133,900,000
Tenant leasehold and security deposits (Note 4)	247,773	247,773
Tenant leasehold and security deposits in trust (Note 4)	10,445,198	10,393,308
Other non-current liabilities	732	-
Total non-current liabilities	149,593,703	149,541,081
Total Liabilities	178,496,940	178,595,997
NET ASSETS (Note 9)		
Unit holders' equity		
Unit holders' capital	234,918,722	235,915,634
Units authorized:		
10,000,000 units as of November 30, 2015 and May 31, 2015		
Units issued and outstanding:		
1,730,750 units as of November 30, 2015 and May 31, 2015		
Surplus		
Retained earnings	5,988,220	5,788,742
Total unit holders' equity	240,906,942	241,704,376
Total Net Assets	240,906,942	241,704,376
Total Liabilities and Net Assets	¥ 419,403,883	¥ 420,300,373

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

Statements of Income

	Thousands of yen			
	For the six-month periods ended			
	November 30, 2015		May 31, 2015	
Operating Revenues (Note 7):				
Operating rental revenues	¥	13,181,769	¥	13,241,425
Other rental revenues		1,151,196		1,001,574
Total operating revenues		14,332,966		14,242,999
Operating Expenses (Notes 6 and 7):				
Expenses related to property rental business		6,075,774		5,983,828
Asset management fee		1,221,716		1,208,471
Asset custody fee		35,796		36,128
Directors' compensation		4,800		4,800
Audit fee		15,000		15,000
Other operating expenses		35,755		36,369
Total operating expenses		7,388,843		7,284,598
Operating income		6,944,123		6,958,400
Non-operating Income:				
Interest income		1,907		1,568
Interest on refund of consumption taxes		-		195
Refund of real estate taxes and other		4,403		-
Total non-operating income		6,311		1,763
Non-operating Expenses:				
Interest expense on loans payable		791,888		836,767
Interest expense on investment corporation bonds		17,235		17,424
Amortization of organization expenses		8,145		8,145
Amortization of investment corporation bond issuance costs		1,910		1,899
Borrowing related expenses		143,017		149,843
Others		28		26
Total non-operating expenses		962,224		1,014,106
Ordinary income		5,988,210		5,946,058
Extraordinary income:				
Subsidy income		-		34,914
Total extraordinary income		-		34,914
Extraordinary losses:				
Loss on prepayment of long-term loans payable in trust		-		191,738
Total extraordinary losses		-		191,738
Income before income taxes		5,988,210		5,789,234
Incomes taxes – current (Note 12)		1,103		1,152
Incomes taxes – deferred (Note 12)		0		2
Total income taxes		1,104		1,154
Net income		5,987,106		5,788,079
Retained earnings brought forward		1,114		662
Retained earnings at end of period	¥	5,988,220	¥	5,788,742

	Yen			
	For the six-month periods ended			
	November 30, 2015		May 31, 2015	
Net income per unit (Note 13)	¥	3,459	¥	3,344

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

Statements of Changes in Net Assets

For the six-month periods ended November 30, 2015 and May 31, 2015

	Number of units	Thousands of yen		
		Unit holders' capital	Retained earnings	Total net assets
Balance as of November 30, 2014 (Note 9)	1,730,750	¥ 236,917,738	¥ 5,475,024	¥ 242,392,763
Distributions in excess of retained earnings		(1,002,104)		(1,002,104)
Distributions of retained earnings			(5,474,362)	(5,474,362)
Net income			5,788,079	5,788,079
Balance as of May 31, 2015 (Note 9)	1,730,750	¥ 235,915,634	¥ 5,788,742	¥ 241,704,376
Distributions in excess of retained earnings		(996,912)		(996,912)
Distributions of retained earnings			(5,787,628)	(5,787,628)
Net income			5,987,106	5,987,106
Balance as of November 30, 2015 (Note 9)	1,730,750	¥234,918,722	¥5,988,220	¥240,906,942

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

Statements of Cash Flows

	Thousands of yen			
	For the six-month periods ended			
	November 30, 2015		May 31, 2015	
Cash Flows from Operating Activities:				
Income before income taxes	¥	5,988,210	¥	5,789,234
Depreciation (Note 6)		2,935,990		2,926,750
Amortization of organization expenses		8,145		8,145
Amortization of investment corporation bond issuance costs		1,910		1,899
Interest income		(1,907)		(1,568)
Interest expense		809,123		854,192
Loss on prepayment of long-term loans payable in trust		-		191,738
Decrease (increase) in operating accounts receivable		(110,312)		(44,837)
Decrease (increase) in consumption taxes receivables		-		1,319,884
Decrease (increase) in prepaid expenses		52,367		(10,681)
Decrease (increase) in long-term prepaid expenses		109,210		124,047
Increase (decrease) in operating accounts payable		383,508		(176,126)
Increase (decrease) in accounts payable		3,353		17,176
Increase (decrease) in accrued expenses		14,268		72,147
Increase (decrease) in accrued consumption taxes		(591,758)		860,904
Increase (decrease) in advances received		23,317		(3,480)
Others, net		702		(13,135)
Subtotal		9,626,130		11,916,290
Interest received		1,907		1,568
Interest paid		(817,873)		(874,038)
Income taxes paid		(1,221)		(1,214)
Net cash provided by operating activities		8,808,942		11,042,605
Cash Flows from Investing Activities:				
Purchases of property and equipment		(759)		(289)
Purchases of property and equipment in trust		(438,204)		(134,164)
Proceeds of tenant leasehold and security deposits in trust		340,689		432,817
Repayments from tenant leasehold and security deposits in trust		(329,016)		(203,271)
Net cash provided by (used in) investing activities		(427,290)		95,092
Cash Flows from Financing Activities:				
Proceeds from long-term loans payable		-		14,000,000
Repayments of long-term loans payable in trust		-		(14,050,000)
Payment of settlement fund for prepayment of long-term loans payable in trust		-		(562,000)
Payments for investment corporation bond issuance costs		-		(3,305)
Payments for investment unit issuance expenses		-		(20,124)
Payment of distributions of retained earnings		(5,787,023)		(5,474,220)
Payment of distributions in excess of retained earnings		(996,772)		(1,001,976)
Net cash used in financing activities		(6,783,795)		(7,111,626)
Net increase in cash and cash equivalents		1,597,856		4,026,072
Cash and cash equivalents at the beginning of period		21,381,289		17,355,217
Cash and cash equivalents at the end of period (Note 3)	¥	22,979,146	¥	21,381,289

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

Notes to Financial Statements

For the six-month periods ended November 30, 2015 and May 31, 2015

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 17 properties (aggregate acquisition price: 232,030 million yen) during the subsequent fiscal periods. As a result, NPR owned 29 properties (aggregate acquisition price: 405,050 million yen), which were all developed by the Prologis Group. The portfolio's total leasable area was 1,947,474.70 square-meters and the occupancy rate remained at a high level of 98.3% as of the end of the reporting fiscal period.

(*) 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 and 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, deposits in trust and short-term investments that are very 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	3-66 years
Structures	2-60 years
Machinery and equipment	17 years
Tools, furniture and fixtures	2-18 years

c) 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 are not applicable for the six-month period ended November 30, 2015 and the six-month period ended May 31, 2015.

d) Organization Expenses

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

e) Investment corporation bond issuance costs

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

f) 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.

g) 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.

h) 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.

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			
November 30, 2015		May 31, 2015	
Cash and deposits	¥ 19,648,024	¥ 18,144,925	
Cash and deposits in trust	3,331,121	3,236,363	
Cash and cash equivalents	¥ 22,979,146	¥ 21,381,289	

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 November 30, 2015 and May 31, 2015 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 November 30, 2015			
	Book value	Fair value	Difference
(1) Cash and deposits	¥ 19,648,024	¥ 19,648,024	¥ -
(2) Cash and deposits in trust	3,331,121	3,331,121	-
Total assets	¥ 22,979,146	¥ 22,979,146	¥ -
(3) Current portion of long-term loans payable	23,300,000	23,297,065	(2,934)
(4) Investment corporation bonds payable	5,000,000	5,049,100	49,100
(5) Long-term loans payable	133,900,000	136,732,905	2,832,905
Total liabilities	¥ 162,200,000	¥ 165,079,071	¥ 2,879,071
(6) Derivative transactions	¥ -	¥ -	¥ -

Thousands of yen			
As of May 31, 2015			
	Book value	Fair value	Difference
(1) Cash and deposits	¥ 18,144,925	¥ 18,144,925	¥ -
(2) Cash and deposits in trust	3,236,363	3,236,363	-
Total assets	¥ 21,381,289	¥ 21,381,289	¥ -
(3) Current portion of long-term loans payable	23,300,000	23,302,197	2,197
(4) Investment corporation bonds payable	5,000,000	5,030,500	30,500
(5) Long-term loans payable	133,900,000	137,007,829	3,107,829
Total liabilities	¥ 162,200,000	¥ 165,340,527	¥ 3,140,527
(6) 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) Current portion of long-term loans payable and (5) 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 conditions and terms.

(4) Investment corporation bonds payable

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

(6) 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	
	November 30, 2015	May 31, 2015
Tenant leasehold and security deposits	¥ 247,773	¥ 247,773
Tenant leasehold and security deposits in trust	10,445,198	10,393,308

(Note 3) Redemption schedule for monetary claims after November 30, 2015

	Thousands of yen					
	As of November 30, 2015					
	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	¥19,648,024	¥ -	¥ -	¥ -	¥ -	¥ -
Cash and deposits in trust	3,331,121	-	-	-	-	-
Total	¥22,979,146	¥ -	¥ -	¥ -	¥ -	¥ -

Redemption schedule for monetary claims after May 31, 2015

	Thousands of yen					
	As of May 31, 2015					
	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	¥18,144,925	¥ -	¥ -	¥ -	¥ -	¥ -
Cash and deposits in trust	3,236,363	-	-	-	-	-
Total	¥21,381,289	¥ -	¥ -	¥ -	¥ -	¥ -

(Note 4) Repayment schedule for long-term loans payable and other interest-bearing debt after November 30, 2015

	Thousands of yen					
	As of November 30, 2015					
	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	23,300,000	2,000,000	23,300,000	31,400,000	23,300,000	53,900,000
Total	¥23,300,000	¥2,000,000	¥23,300,000	¥33,400,000	¥23,300,000	¥56,900,000

Repayment schedule for long-term loans payable and other interest-bearing debt after May 31, 2015

	Thousands of yen					
	As of May 31, 2015					
	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	23,300,000	-	25,300,000	6,400,000	48,300,000	53,900,000
Total	¥23,300,000	¥ -	¥25,300,000	¥6,400,000	¥50,300,000	¥56,900,000

5. Derivative Transactions

For the six-month periods ended November 30, 2015 and May 31, 2015, 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 November 30, 2015						
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	¥156,200,000	¥132,900,000	(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, (3) Current portion of long-term loans payable and (5) Long-term loans payable".

Thousands of yen						
As of May 31, 2015						
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	¥156,200,000	¥132,900,000	(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, (3) Current portion of long-term loans payable and (5) 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			
	November 30, 2015	May 31, 2015	
Book value			
Balance at the beginning of the period	¥ 397,443,542	¥	400,067,010
Changes during the period (Note 2)	(2,432,936)		(2,623,467)
Balance at the end of the period	¥ 395,010,605	¥	397,443,542
Fair value at the end of the period	¥ 448,320,000	¥	439,740,000

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

(Note 2) The decrease for the fiscal period ended November 30, 2015 and May 31, 2015, was primarily a result of the recognition of depreciation of 2,935,990 thousand yen and a result of the recognition of depreciation of 2,926,750 thousand yen.

(Note 3) The fair value as of the end of the reporting period is determined based on appraised value 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 November 30, 2015 and May 31, 2015.

	Thousands of yen	
	For the six-month periods ended	
	November 30, 2015	May 31, 2015
(1) Property-related revenues		
Rental revenues		
Rental revenues	¥ 12,390,334	¥ 12,446,758
Common area charges	791,434	794,667
Total	¥ 13,181,769	¥ 13,241,425
Other rental revenues		
Received utilities cost	¥ 954,600	¥ 822,623
Others	196,596	178,950
Total	¥ 1,151,196	¥ 1,001,574
Total property-related revenues	¥ 14,332,966	¥ 14,242,999
(2) Property-related expenses		
Rental expenses		
Subcontract expenses	¥ 747,337	¥ 788,501
Utilities cost	955,454	904,882
Taxes and public dues	1,248,122	1,225,111
Non-life insurance premium	23,813	24,200
Repair and maintenance	148,516	96,904
Depreciation	2,935,990	2,926,750
Custodian fee	13,770	14,708
Other expenses	2,769	2,769
Total rental expenses	¥ 6,075,774	¥ 5,983,828
(3) Operating income from property leasing ((1)-(2))	¥ 8,257,192	¥ 8,259,170

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	
	November 30, 2015	May 31, 2015
Due within one year	¥ 23,935,998	¥ 24,269,853
Due after one year	74,214,688	81,353,922
Total	¥ 98,150,687	¥ 105,623,775

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 November 30, 2015 and May 31, 2015 consists of the following items:

	Thousands of yen			
	As of			
	November 30, 2015		May 31, 2015	
Unit holders' capital, gross	¥	238,527,550	¥	238,527,550
Deduction from unit holders' capital; Accumulated distribution in excess of retained earnings		(3,608,828)		(2,611,916)
Unit holders' capital	¥	234,918,722	¥	235,915,634

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			
	November 30, 2015		May 31, 2015	
	Total	Per unit	Total	Per unit
I Unappropriated retained earnings	¥ 5,988,220,742		¥ 5,788,742,539	
II Distributions in excess of retained earnings				
Deduction from unit holders' capital	835,952,250		996,912,000	
III Distributions				
Distributions of retained earnings	5,986,664,250	¥3,459	5,787,628,000	¥ 3,344
Distributions in excess of retained earnings	835,952,250	483	996,912,000	576
Total distributions	6,822,616,500	¥3,942	6,784,540,000	¥ 3,920
IV Retained earnings carried forward	¥ 1,556,492		¥ 1,114,539	

Pursuant to the "Policy on the Distribution of Funds" as defined in Article 39, Paragraph 1 of Article 2 of incorporation of NPR, the amount of distributions shall be the amount which does not exceed the amount of profits but exceeds 90% of the distributable profit as defined in Article 67-15 of the Special Taxation Measures Act.

Based on the policy, NPR declared distribution amounts of 5,986,664,250 yen and 5,787,628,000 yen

for the six-month periods ended November 30, 2015 and May 31, 2015, respectively. These amounts 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 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 835,952,250 yen and 832,490,750 yen, as a return of unit holders' capital, which was the amount equivalent to approximately 28.5% of depreciation expense of 2,935,990,820 yen and 2,926,750,754 yen for the periods ended November 30, 2015 and May 31, 2015, respectively.

In addition, NPR made a One-time Surplus Cash Distributions of 164,421,250 yen based on an assessment of temporary earnings dilution of 95 yen per unit as a result of certain financing activities for the period ended May 31, 2015.

10. Long-term Loans Payable

Long-term loans payable consisted of bank borrowings under loan agreements. The following table summarizes the long-term loans payable as of November 30, 2015 and May 31, 2015.

	Thousands of yen			
	As of			
	November 30, 2015		May 31, 2015	
0.55634% unsecured long-term loans due 2016 ^(*)	¥	23,300,000	¥	23,300,000
0.73760% unsecured long-term loans due 2018 ^(*)		23,300,000		23,300,000
1.01950% unsecured long-term loans due 2020 ^(*)		23,300,000		23,300,000
1.32075% unsecured long-term loans due 2022 ^(*)		6,000,000		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		24,000,000
1.83625% unsecured long-term loans due 2023 ^(*)		13,900,000		13,900,000
1.34550% unsecured long-term loans due 2021 ^(*)		20,000,000		20,000,000
0.81010% unsecured long-term loans due 2018 ^(*)		6,400,000		6,400,000
0.41091% 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
Less: current portion		(23,300,000)		(23,300,000)
Total long-term loans payable, less current portion	¥	133,900,000	¥	133,900,000

The stated interest rate is the weighted average interest rate during the period ended November 30, 2015. 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 redemption schedules for long-term loans subsequent to November 30, 2015 and May 31, 2015 are disclosed in Note 4, "Financial Instruments."

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 November 30, 2015 and May 31, 2015.

	Issued date	Maturity date	Interest rate	Thousands of yen	
				As of	
				November 30, 2015	May 31, 2015
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 effect of temporary differences that give rise to a significant portion of the deferred tax assets and liabilities as of November 30, 2015 and May 31, 2015 were as follows:

	Thousands of yen	
	As of	
	November 30, 2015	May 31, 2015
Enterprise tax payable	¥ 24	¥ 25
Total deferred tax assets	24	25
Net deferred tax assets	¥ 24	¥ 25

Reconciliation 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 statement of income for the six-month periods ended November 30, 2015 and May 31, 2015 are as follows:

	For the six-month periods ended	
	November 30, 2015	May 31, 2015
Statutory tax rate	32.31%	34.15%
Adjustments:		
Deductible cash distributions	(32.30%)	(34.14%)
Other	0.01%	0.01%
Actual effective income tax rate	0.02%	0.02%

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 November 30, 2015 and May 31, 2015.

	Yen	
	For the six-month periods ended	
	November 30, 2015	May 31, 2015
Net income per unit		
Basic net income per unit	¥ 3,459	¥ 3,344
Weighted average number of units outstanding	1,730,750	1,730,750

	Yen	
	As of	
	November 30, 2015	May 31, 2015
Net assets per unit	¥ 139,192	¥ 139,652

(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

(For the six-month period ended November 30, 2015)

None

(For the six-month period ended May 31, 2015)

None

b) Transactions and Account Balances with Affiliates

(For the six-month period ended November 30, 2015)

None

(For the six-month period ended May 31, 2015)

None

c) Transactions and Account Balances with Companies under Common Control

(For the six-month period ended November 30, 2015)

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	Chiyoda-ku, Tokyo	¥ 2,100	Real estate business	-	-	Lessee			Operating accounts receivable	¥ 361,217
								Lease of properties in trust	¥ 13,719,019	Advances received	2,306,443
								Proceeds of tenant leasehold and security deposits in trust	340,689	Tenant leasehold and security deposits in trust	10,313,117
								Repayments of tenant leasehold and security deposits in trust	329,016		
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	1,221,716	Accrued expenses	1,319,454

(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 25 properties out of 29 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 May 31, 2015)

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	Chiyoda-ku, Tokyo	¥ 2,100	Real estate business	-	-	Lessee	Lease of properties in trust	¥ 11,376,993	Operating accounts receivable	¥ 250,439
										Advances received	2,283,581
								Proceeds of tenant leasehold and security deposits in trust	432,817	Tenant leasehold and security deposits in trust	10,301,444
								Repayments of tenant leasehold and security deposits in trust	203,271		
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	1,208,471	Accrued expenses	1,305,149

(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) Effective January 1, 2015, Prologis Park Yokohama Tsurumi GK, one of the master leasing entities in NPR’s real estate portfolio, merged with 26 other master leasing entities, and changed its trade name to Prologis REIT Master Lease GK on the same day.

(Note 4) With respect to 25 properties out of 29 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

(For the six-month period ended November 30, 2015)

None

(For the six-month period ended May 31, 2015)

None

15. Segment 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 29 properties is considered an operating segment. However, when properties share similar economic characteristic 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 November 30, 2015, 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 Maishima 4, 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, Kawajima 2, Prologis Park Ebina, Prologis Park Kawanishi, Prologis Park Amagasaki 3 and Prologis Park Kobe.

As for investment strategies in the "regional market", as such areas are critical to Japan's domestic trades, 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 November 30, 2015, 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 and Prologis Park Iwanuma 1.

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 profit, 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 November 30, 2015			
	Global market	Regional market	Reconciling adjustments	Amount on financial statements
Operating revenues (Note 1)	¥ 12,746,461	¥ 1,586,504	¥ -	¥ 14,332,966
Segment income (Note 2)	6,697,784	719,157	(472,819)	6,944,123
Segment assets (Note 2)	362,929,330	35,864,078	20,610,474	419,403,883
Other items				
Depreciation	2,566,901	369,089	-	2,935,990
Increase in property, plant and equipment and intangible assets	491,521	11,532	-	503,053

(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 382,228 thousand yen, asset custody fee of 35,796 thousand yen and directors' compensation of 4,800 thousand yen. Reconciling adjustments to segment assets consist mainly of cash and cash deposits of 19,579,530 thousand yen, long-term prepaid expenses and security deposit of 744,774 thousand yen, organization expenses of 31,222 thousand yen, and Investment corporation bond issuance costs of 23,744 thousand yen.

	Thousands of yen			
	As of and for the six-month period ended May 31, 2015			
	Global market	Regional market	Reconciling adjustments	Amount on financial statements
Operating revenues (Note 1)	¥ 12,686,877	¥ 1,556,121	¥ -	¥ 14,242,999
Segment income (Note 2)	6,697,142	721,811	(460,552)	6,958,400
Segment assets (Note 2)	364,823,110	36,222,309	19,254,954	420,300,373
Other items				
Depreciation	2,558,644	368,106	-	2,926,750
Increase in property, plant and equipment and intangible assets	259,298	43,984	-	303,282

(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 369,527 thousand yen, asset custody fee of 36,128 thousand yen and directors' compensation of 4,800 thousand yen. Reconciling adjustments to segment assets consist mainly of cash and cash deposits of 18,076,413 thousand yen, long-term prepaid

expenses and security deposit of 853,946 thousand yen, organization expenses of 39,367 thousand yen, and investment corporation bond issuance costs of 25,654 thousand yen.

Related Information

(For the six-month period ended November 30, 2015)

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	13,719,019 thousand yen	Global market and Regional market

(Note 1) With respect to 25 properties out of 29 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 May 31, 2015)

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	11,376,993 thousand yen	Global market and Regional market

(Note 1) Effective January 1, 2015, Prologis Park Yokohama Tsurumi GK, one of the master leasing entities in NPR's real estate portfolio, merged with 26 other master leasing entities, and changed its trade name to Prologis REIT Master Lease GK on the same day.

(Note 2) With respect to 25 properties out of 29 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

None



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 November 30, 2015 and May 31, 2015, and the statements of income, statements of changes in net assets and statements of cash flows for the six-month periods ended November 30, 2015 and May 31, 2015, 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 November 30, 2015 and May 31, 2015, and their financial performance and cash flows for the six-month periods ended November 30, 2015 and May 31, 2015 in accordance with accounting principles generally accepted in Japan.

KPMG AZSA LLC

February 25, 2016
Tokyo, Japan