



Nippon Prologis REIT, Inc.

Fiscal Period Ended May 31, 2014
Unaudited



July 15, 2014
Prologis REIT Management K.K.

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Section I – Nippon Prologis REIT Overview

NPR at a Glance

Asset

- Portfolio size: JPY 359.5 bn
- Unrealized gain: JPY 17.3 bn
- Average NOI yield: 5.5%
- Occupancy rate: 97.9%

Equity

- Market cap: JPY 348.4 bn
- DPU: JPY 3,793⁽¹⁾ (3rd period), JPY 3,700⁽¹⁾ (4th period forecast)
- NAV per unit: JPY 137,267
- Inclusion in major indices:
 - ✓ MSCI Global Standard Indices
 - ✓ FTSE EPRA/NAREIT Global Real Estate Index Series
 - ✓ S&P Global BMI Index, etc.

Debt

- Total interest-bearing debt: JPY 157.7 bn
- LTV: 42.3%



1. Including Surplus Cash Distributions.

3rd Fiscal Period Highlights

Internal Growth

- Signed long-term lease agreements for 86% of space with lease expiries (235,000m², 14% of total leasable area)
- Average rent growth was 1.8%⁽¹⁾
- Expect to install solar panels on four additional properties. NPR currently has 13 properties with solar panel systems

External Growth

- Acquired 4 Class-A logistics facilities (JPY 54.0 bn) in Dec. 2013
- Asset size increased to JPY 359.5 bn
- Pipeline properties increased to 17 (incl. 5 properties with exclusive negotiation rights)

Financial Position

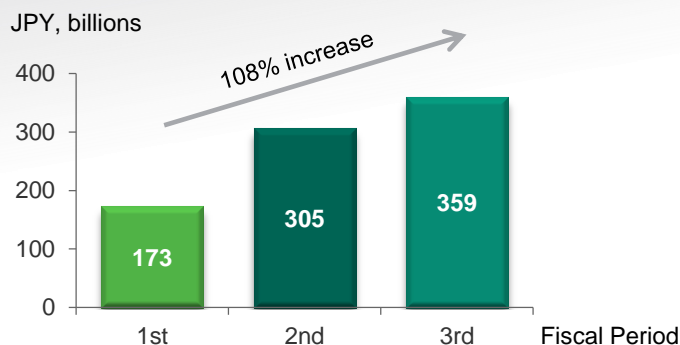
- JCR revised the credit rating outlook to AA- (positive) from AA- (stable) in Feb. 2014
- LTV decreased to 42.3% from 43.0%
- Completed the shelf registration of J-REIT bonds
- Split investment units on a 5-to-1 ratio on Mar. 1, 2014



1. Weighted average of nominal monthly rent for expired space in the 3rd Fiscal Period.

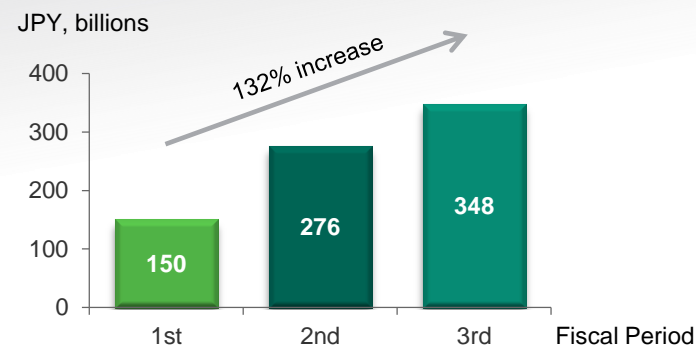
Increase in Investment Unit Value and Liquidity

Portfolio Size (based on acquisition price)



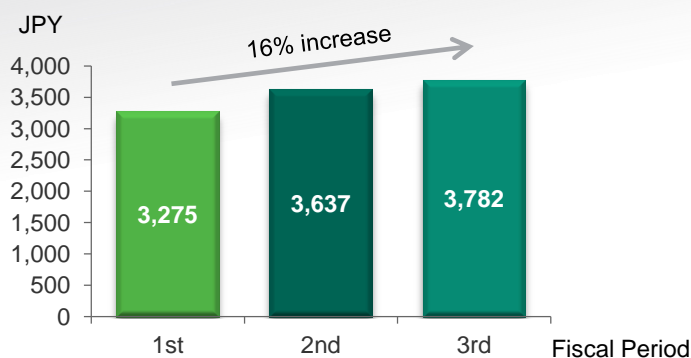
Number of Properties	12	20	24
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Market Capitalization (as of end of period)



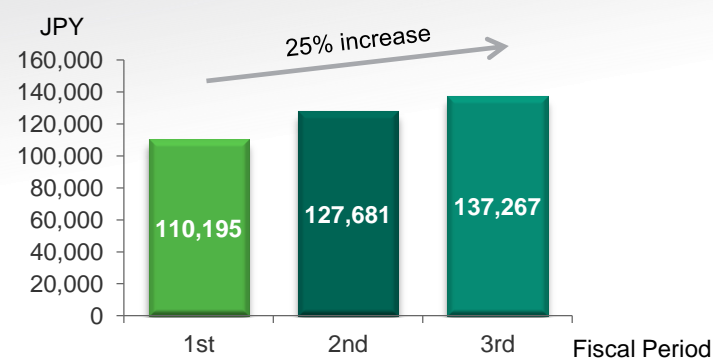
Number of Properties	12	20	24
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Stabilized Distributions Per Unit ⁽¹⁾



Number of Properties	12	20	24
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Appraisal NAV Per Unit ⁽²⁾



Number of Properties	12	20	24
----------------------	----	----	----
























- Distributions per unit are based on our constructed financial performance model excluding short-term impacts of NPR's various past activities and extraordinary items. Please note that these figures are different from NPR's actual distributions. NPR split investment units on a 5-to-1 ratio on Mar. 1, 2014 and figures before unit split are adjusted considering the unit split. Distributions per unit for 1st Fiscal Period and 2nd Fiscal Period before unit split are JPY 16,378 and 18,187 respectively.
- NAV per unit is calculated as [net assets – surplus + appraisal based unrealized gain] / total number of investment units issued and outstanding. Appraisal NAV per unit before unit split for 1st Fiscal Period and 2nd Fiscal Period are JPY 550,977 and 638,405 respectively.

NPR's Investment Highlights



- Strategic focus on high-quality Class-A logistics facilities
- Strong sponsor support from the Prologis Group
- Earnings stability from a diversified portfolio of Class-A facilities
- Financial strategy focused on long-term stability and efficiency
- Governance structure promotes growth in unit holder value

Strategic Focus on High-Quality Class-A Logistics Facilities

Portfolio Size			JPY 359.5 bn		
Average Age			5.4 years		
Average NOI Yield ⁽³⁾			5.5%		
1st Fiscal Period (Ended May 31, 2013)			2nd Fiscal Period (Ended November 30, 2013)		
 <p>M-01 Prologis Park Ichikawa 1 JPY 33,900 mm</p>			 <p>M-09 Prologis Park Tokyo-Ohta JPY 29,500 mm</p>		
 <p>M-02 Prologis Park Zama 1 JPY 27,900 mm</p>			 <p>M-10 Prologis Park Zama 2 JPY 21,900 mm</p>		
 <p>M-03 Prologis Park Kawajima JPY 25,600 mm</p>			 <p>M-16 Prologis Park Tokyo-Shinkiba JPY 13,600 mm</p>		
 <p>M-04 Prologis Park Osaka 2 JPY 25,000 mm</p>			 <p>M-12 Prologis Park Narita 1-A&B JPY 8,420 mm</p>		
 <p>M-05 Prologis Park Maishima 3 JPY 13,500 mm</p>			 <p>M-17 Prologis Park Yokohama-Tsurumi JPY 13,800 mm</p>		
 <p>M-06 Prologis Park Kasugai JPY 12,500 mm</p>			 <p>M-14 Prologis Park Amagasaki 1 JPY 17,600 mm</p>		
 <p>M-07 Prologis Park Kitanagoya JPY 6,500 mm</p>			 <p>M-18 Prologis Park Osaka 4 JPY 21,000 mm</p>		
 <p>M-08 Prologis Park Tagajo JPY 5,370 mm</p>			 <p>M-13 Prologis Park Narita 1-C JPY 4,810 mm</p>		
 <p>B-01 Prologis Park Maishima 4 JPY 11,500 mm</p>			 <p>B-05 Prologis Park Narashino 4 JPY 20,000 mm</p>		
 <p>B-02 Prologis Park Takatsuki JPY 4,410 mm</p>			 <p>M-19 Prologis Park Iwanuma 1 JPY 5,670 mm</p>		
 <p>B-03 Prologis Park Tosu 2 JPY 3,030 mm</p>					
 <p>B-04 Prologis Park Tosu 4 JPY 3,810 mm</p>					
 <p>M-15 Prologis Park Amagasaki 2 JPY 19,200 mm</p>					

1. As of May 31, 2014

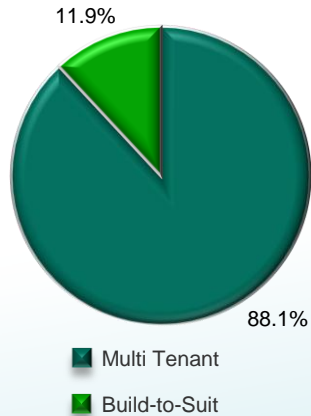
2. "Global Markets" refer to the Kanto and Kansai areas.

3. NOI yield is calculated based on the stabilized NOI assumed by the appraisers (as of May 31, 2014). Average NOI yield is a weighted average based on acquisition prices.

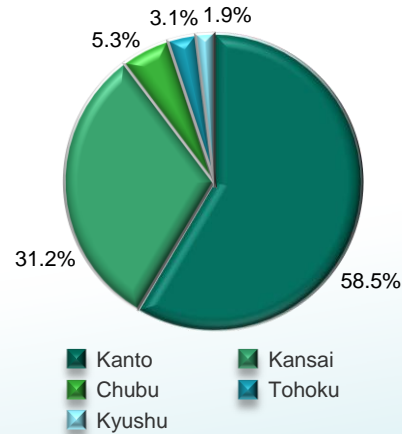
4. Prices associated with properties are the original acquisition prices.

Strategic Focus on High-Quality Class-A Logistics Facilities

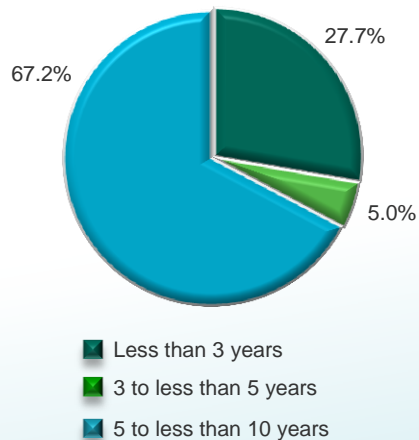
Property Type



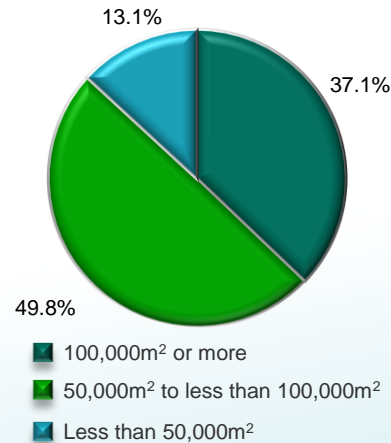
Area



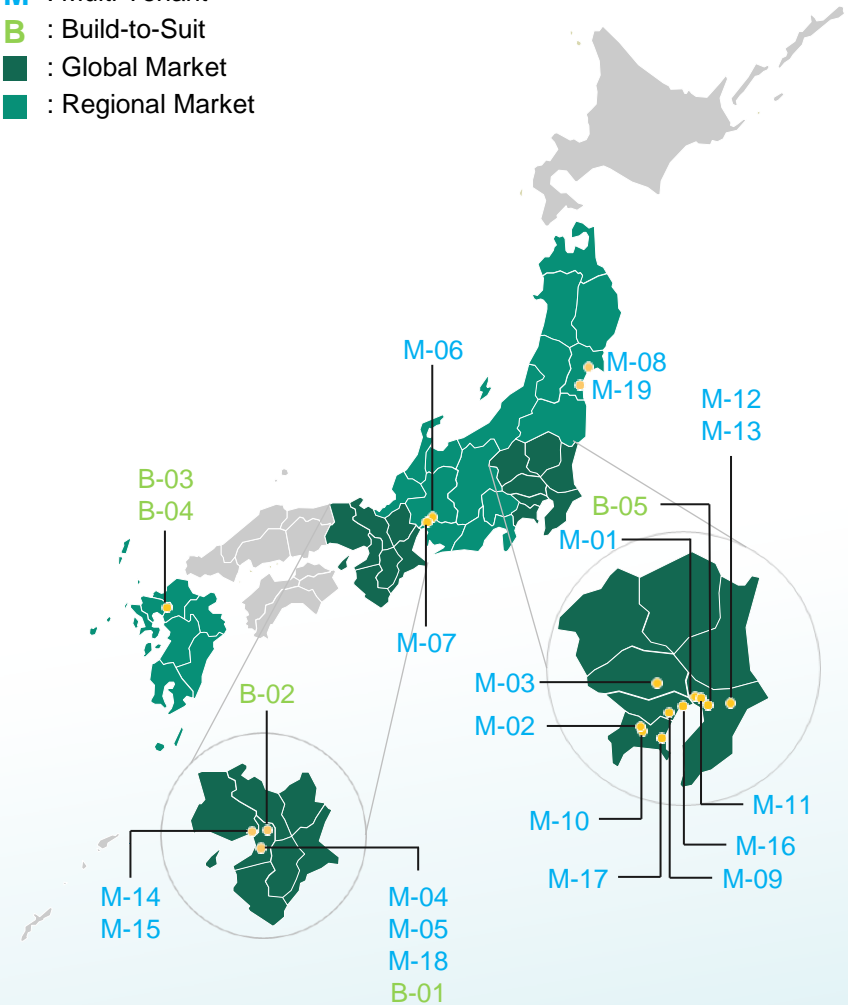
Property Age



Leasable Area



M : Multi Tenant
B : Build-to-Suit
■ : Global Market
■ : Regional Market



Strong Pipeline Support from Prologis

Status	Region / Area	Property Name	Pipeline	Year Built	Property Type	GFA (sqm)
Operating /Development Assets	Kanto	Prologis Park Kawajima 2	Added in Nov. 2013	2014	Multi Tenant	43,245
		Prologis Park Ebina	Added in Nov. 2013	2010	Build-to-Suit	32,487
Exclusive Negotiation Rights granted by the Prologis Group	Kansai	Prologis Park Kawanishi	Initial Pipeline	2013	Build-to-Suit	75,026
		Prologis Park Amagasaki 3	Initial Pipeline	2013	Build-to-Suit	39,386
		Prologis Park Kobe	Initial Pipeline	2013	Build-to-Suit	32,043
Planned Assets (Under Development / Future Development)	Kanto	Prologis Park Kitamoto	--	2014	Multi Tenant	70,291
		Prologis Park Joso	--	2014	Multi Tenant	38,726
		Prologis Park Narita 1-D	--	2015	Multi Tenant	28,506
		Prologis Park Yoshimi (new)	--	2015	Multi Tenant	110,967
		Prologis Park Ichikawa 3	--	2015	Multi Tenant	60,000
		Prologis Park Chiba New Town (new)	--	2016	Multi Tenant	127,522
		Prologis Park Narashino 5 (new)	--	2016	Multi Tenant	64,533
		Prologis Park Koga 1	--	TBD	TBD	62,068
		Prologis Park Koga 2	--	TBD	TBD	55,470
	Kansai	Prologis Park Osaka 5	--	2015	Multi Tenant	95,129
		Prologis Park Ibaraki	--	2016	Multi Tenant	180,287
	Kyushu	Prologis Park Hisayama	--	2015	Multi Tenant	26,667
					Total	1,142,353

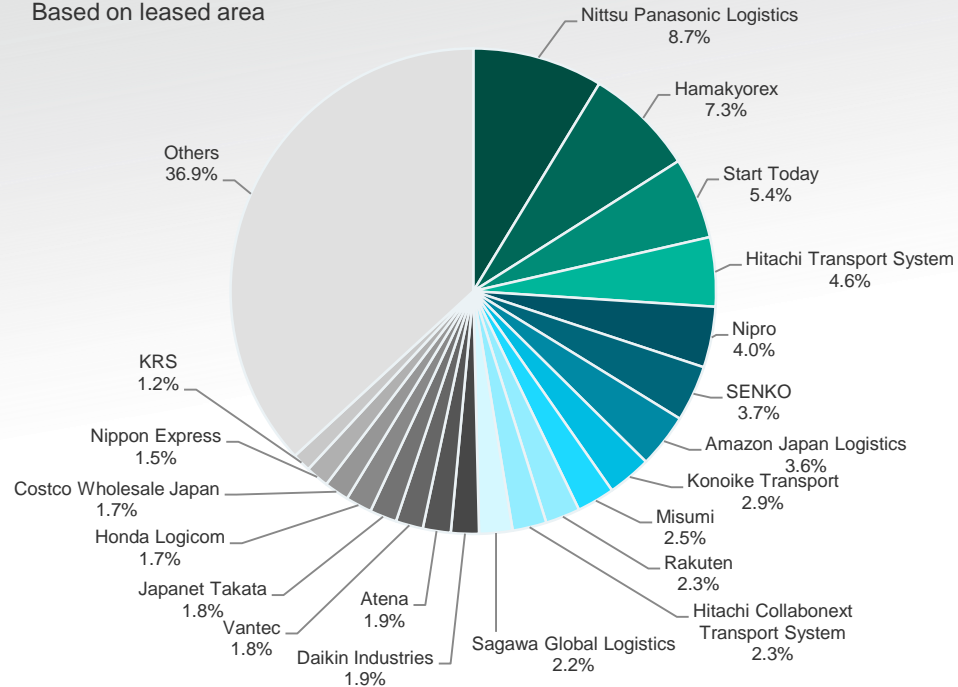
- Prologis expects to develop new assets worth JPY 40-60 billion in Japan each year

Future growth anchored in the Prologis Group's robust pipeline

Earnings Stability from Diversified Portfolio

Tenant Diversification

Based on leased area



Number of Tenants

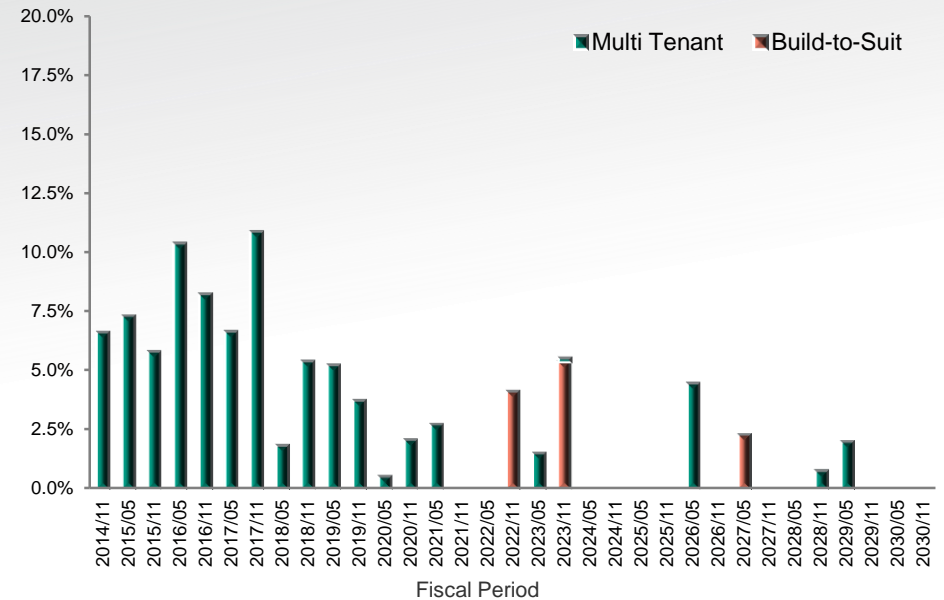
96 tenants

Top 20 Tenants Leased Area (%)⁽³⁾

63.1%

Well-Staggered Lease Expiration Schedule⁽²⁾

Based on anticipated annual rent



WALE⁽⁴⁾

4.4 years

Fixed Term Lease

100%

Well-diversified tenant base and lease profile leading to stable earnings

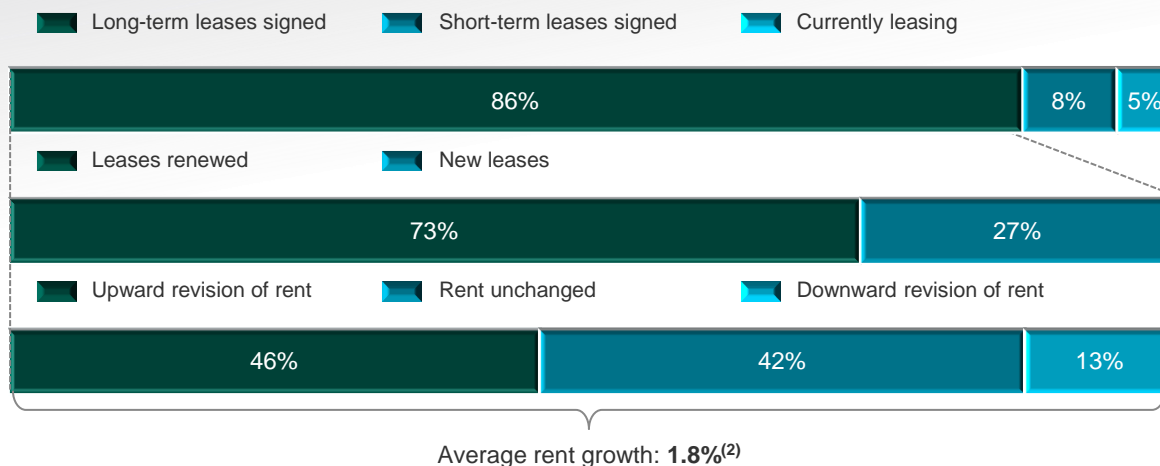
1. As of May 31, 2014.
 2. Includes short-term lease agreements and office space area.
 3. Calculated based on the floor space.
 4. Weighted Average Lease Expiry. Based on annual rent.

Leasing Activities and Occupancy since IPO



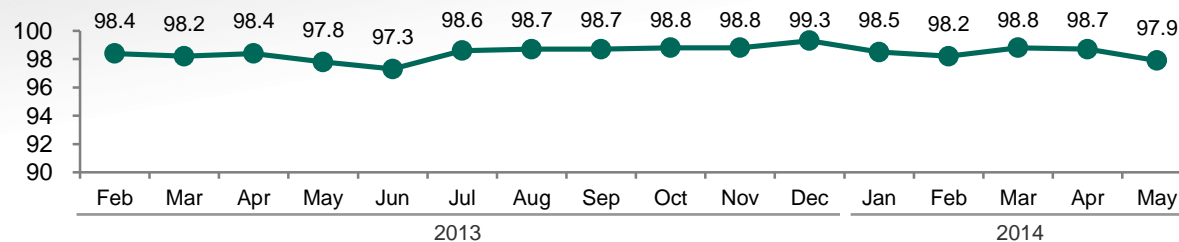
Leasing Activities

For lease agreements that expired during the 3rd Fiscal Period (235,000m²) – 14% of total leasable area⁽¹⁾



Occupancy⁽³⁾

Occupancy rate, %



Earnings stability from our competitive portfolio of Class-A logistics facilities

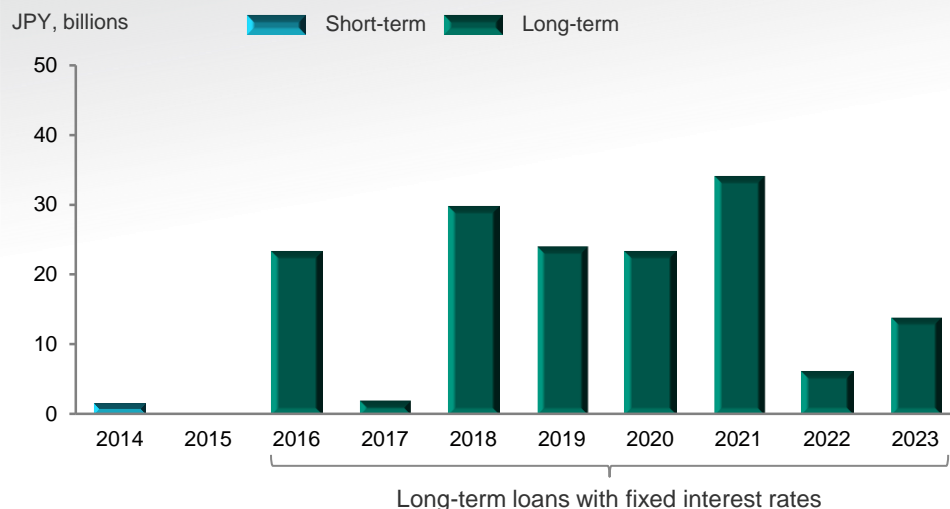
1. As of June 30, 2014. The results of our leasing activities above do not include office space, and the percentages shown are based on the size of contracted floor area. Long-term leases refer to lease terms which are equal to or longer than one year, and short-term leases refer to lease terms which are shorter than one year.
2. Calculated based on monthly nominal rents including common area management charges.
3. As of the end of each month.

Financial Strategy Focused on Long-Term Stability and Efficiency

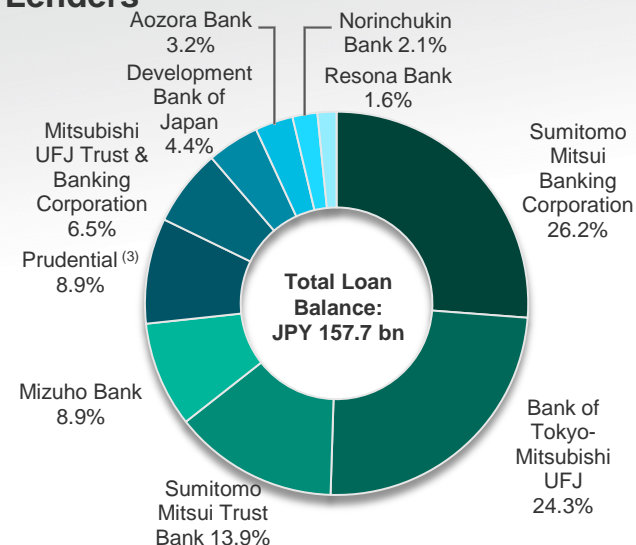
Financial Highlights

Long-Term Loan Ratio⁽¹⁾	Fixed Interest Rate Ratio⁽¹⁾	Average Remaining Loan Term⁽¹⁾⁽²⁾
99.1%	99.1%	5.3 years
LTV	Number of Lenders	Credit Rating
42.3%	10 lenders	JCR: AA- (Positive)

Debt Maturity Schedule



Our Lenders



Conservative financial strategy ensuring stable profits and steady growth

1. As of May 31, 2014, calculated based on remaining loan balances.
2. Average remaining loan term is calculated with the weighted average based on remaining loan balances.
3. Prudential Mortgage Asset Holdings 1 Japan Investment Business Limited Partnership.

Strong Alignment of Interests and Sound Corporate Governance

Alignment of Interests

Implication

Maintain 15% Prologis⁽¹⁾ 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

1. Prologis refers to Prologis, Inc. and its affiliated entities.



Section II – Financial Results for the 3rd Fiscal Period

Financial Results for the 3rd Fiscal Period (Ended May 31, 2014)

- Expanded asset base to JPY 359.5 bn
- Maintained high occupancy
 - Average occupancy rate: 98.6%
 - Period end occupancy rate: 97.9%
- Income increased by:
 - Higher NOI
 - Depreciation expenses
- Unrealized gain on properties of JPY 17.3 bn due to increased appraisal value

	3rd Fiscal Period (Ended May 31, 2014)			2nd Fiscal Period (Ended Nov. 30, 2013)
	Forecast (as of Jan. 17, 2014) (A)	Actual Results (B)	(B) – (A)	Actual Results
Operating Highlights (JPY, millions)				
Operating Revenues	12,670	12,693	+22	10,113
Operating Income	6,150	6,322	+172	5,622
Ordinary Income	4,994	5,186	+192	4,643
Net Income	4,993	5,185	+192	4,642
Distributions Per Unit (JPY)				
Distributions Per Unit (total) ⁽¹⁾	3,675	3,793	+118	3,761
Distributions Per Unit (excl. SCD)	3,192	3,316	+124	3,328
Surplus Cash Distributions (SCD)	483	477	(6)	433
Other Statistics (JPY, millions)				
NOI	10,010	10,124	+114	8,771
LTV	42.3%	42.3%	±0%	43.0%
Total Assets	372,414	374,176	+1,762	323,487
Interest-Bearing Debt	157,700	158,115	+415	139,200
AFFO ⁽²⁾	7,650	7,828	+177	6,881
AFFO Payout Ratio ⁽³⁾	75.2%	75.8%	+0.6%	76.3%

For the 3rd fiscal period, distributions per unit came to 3,793 yen exceeding our forecast by 118 yen

1. Distributions per unit before unit split are divided by five and rounded down to the nearest yen.
 2. AFFO is calculated by deducting capital expenditures from FFO, and adding back financing-related non-cash expenses. FFO is calculated by adding back non-cash expenses to net income.
 3. AFFO payout ratio is calculated based on the distribution per unit including Surplus Cash Distributions.



Section III – Forecasts for the 4th and 5th Fiscal Periods

Forecasts for the 4th and 5th Fiscal Periods

- Portfolio for the 4th and 5th fiscal periods will comprise 24 properties (JPY 359.5 bn)
- Average occupancy rates of 98.0% for the 4th fiscal period and 98.3% for the 5th fiscal period
- Real estate taxes on the 24 properties started to be incurred during the 3rd fiscal period
- Decrease in LTV due to repayment of short-term loans by consumption tax refunds

	3rd Fiscal Period (Ended May 31, 2014)	4th Fiscal Period (Ending Nov. 30, 2014)		5th Fiscal Period (Ending May 31, 2015)
		Forecast	Difference from 3rd Fiscal Period	Forecast
Operating Highlights (JPY, millions)				
Operating Revenues	12,693	12,787	+93	12,757
Operating Income	6,322	6,047	(274)	6,088
Ordinary Income	5,186	5,006	(179)	5,057
Net Income	5,185	5,041	(144)	5,056
Distributions Per Unit (JPY)				
Distributions Per Unit (total)	3,793	3,700	(93)	3,710
Distributions Per Unit (excl. SCD)	3,316	3,223	(93)	3,233
Surplus Cash Distributions	477	477	±0	477
Other Statistics (JPY, millions)				
NOI	10,124	9,863	(261)	9,907
LTV	42.3%	42.1%	(0.1%)	42.2%
Total Assets	374,176	371,808	(2,367)	371,049
Interest-Bearing Debt	158,115	156,638	(1,477)	156,611
AFFO ⁽¹⁾	7,828	7,715	(113)	7,705
AFFO Payout Ratio ⁽²⁾	75.8%	75.0%	(0.8%)	75.3%

Additional income from the four acquired properties are expected in the 4th and 5th fiscal periods

1. AFFO is calculated by deducting capital expenditures from FFO, and adding back financing-related non-cash expenses. FFO is calculated by adding back non-cash expenses to net income.
2. AFFO payout ratio is calculated based on the distribution per unit including Surplus Cash Distributions.

Leasing Activity for the 4th and 5th Fiscal Periods



Leasing Activity for the 4th Fiscal Period

For lease agreements expiring (110,000m²) – 6% of total leasable area⁽¹⁾

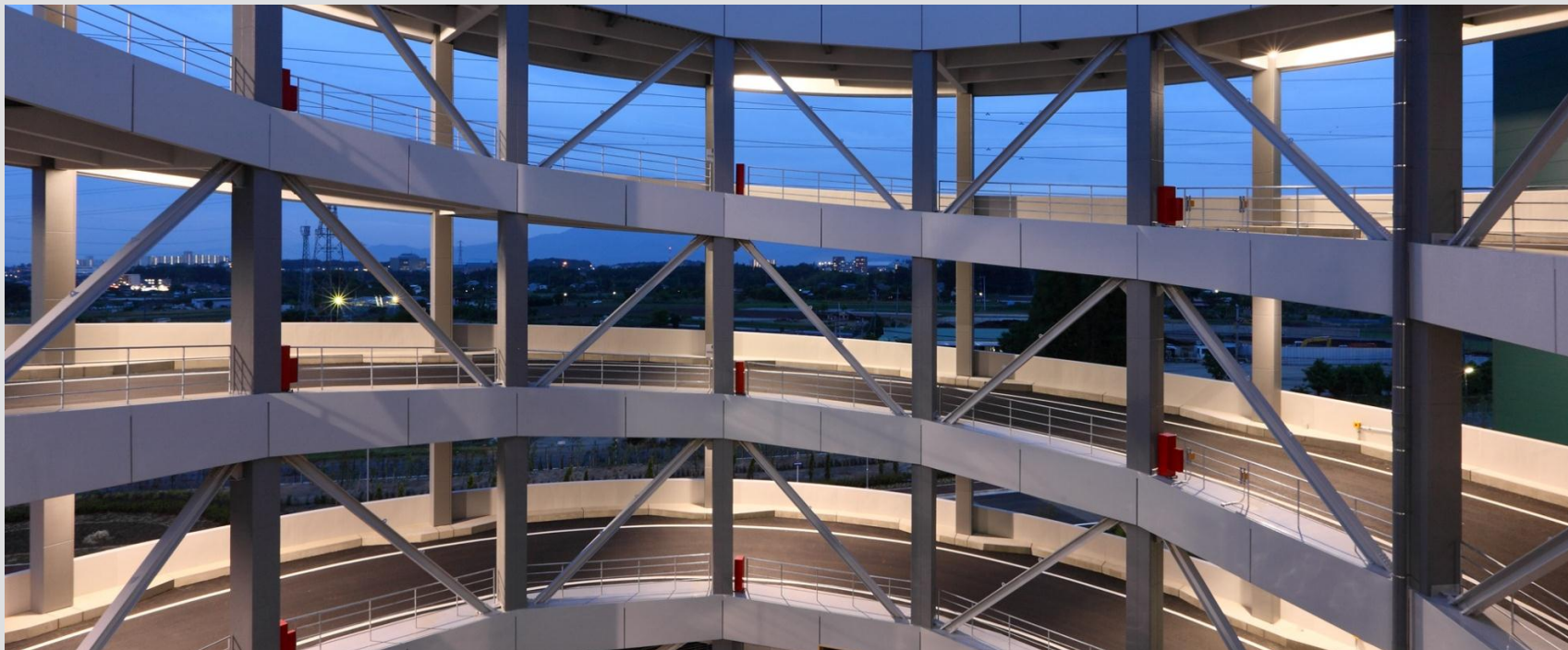


■ Leasing Activity for the 5th Fiscal Period

- Lease agreements expiring (122,000m²) – 7% of total leasable area⁽¹⁾
- Lease agreements expiring: 122,000m²
 - 1) Early renewal and expect to renew: 77,000m² (63%)
 - 2) Leasing activity scheduled: 45,000m² (37%)

Maintain high occupancy through high tenant retention and proactive leasing activity

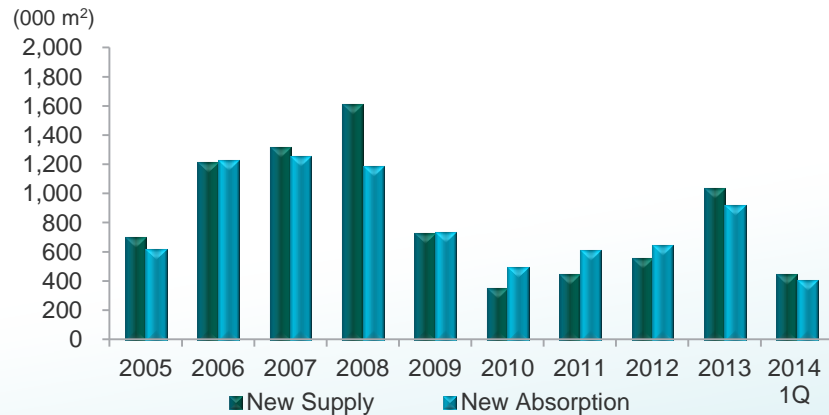
1. As of June 30, 2014. The forecasts of our leasing activities above do not include office space, and the percentages shown are based on the size of contracted floor area. Long-term leases refer to lease terms which are equal to or longer than one year, and short-term leases refer to lease terms which are shorter than one year.



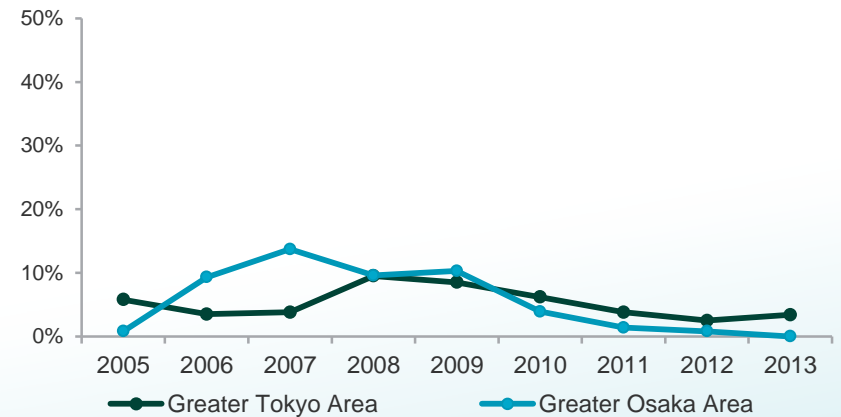
Section IV – Our Growth Strategy

Japanese Logistics Real Estate Market Trend

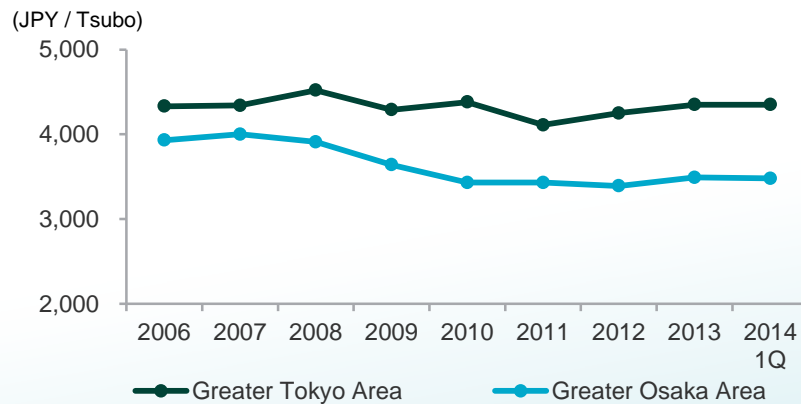
Greater Tokyo Area: Occupancy and Absorption ⁽¹⁾



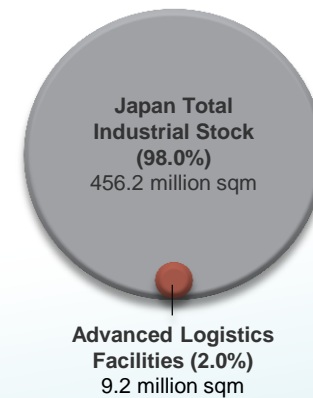
Vacancy Rate for Large Scale Multi Tenant Logistics Facilities ⁽¹⁾



Market Rent ⁽²⁾



Scarcity of Advanced Logistics Facilities ⁽³⁾



Source: CBRE

- 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 m² 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 m² or more.
- For properties with 1,000 tsubo (3,300 square meters) or more available for lease. "Greater Tokyo Area" includes Tokyo, Chiba, Saitama and Kanagawa prefectures. "Greater Osaka Area" includes Osaka and Hyogo prefectures.
- As of March 2013. The gross floor area of all logistics facilities located across Japan, including logistics facilities owned by corporations was estimated by CBRE based on the "Summary Report on Prices, etc. of Fixed Assets (Land)" prepared by the Ministry of Internal Affairs and Communications and the "Annual Report on Construction Statistics" prepared by the Ministry of Land, Infrastructure, Transport and Tourism. Since it is an estimated value, the sum of the gross floor areas of all logistics facilities including logistics facilities owned by corporations located across Japan may differ.

Growth Strategies



- Leverage the Prologis Group's significant pipeline
 - Acquire high-quality, Class-A assets at fair prices
 - Consider selective acquisition from third parties
- Drive rent growth
 - Maintain high occupancy
 - Optimize portfolio by pro-active maintenance and capex
- Focus on long-term stability of borrowings
 - Pursue equity financing considering existing unit holders
 - Efficient cash management
 - Maintain additional borrowing capacity
 - Reduce debt cost

Leverage the Prologis Group's development, property management and leasing capabilities

External Growth Strategy

► Leverage Robust Pipeline

- Leverage the Prologis Group's development pipeline in Japan (JPY 40-60 bn new assets each year)
- Add new properties to our exclusive negotiation rights list

► Acquire High-Quality Assets at Fair Prices

- Focus on Class-A logistics facilities
- Utilize only high-profile appraisers who are familiar with the industrial real estate market
- Ensure sound governance involving external committee members

► Select Selective Acquisitions of Class-A Properties from Third Parties

- Research opportunities of acquiring prime properties
- Maintain the investment policy to ensure quality standards



Internal Growth Strategy



▶ Drive Rent Growth

- Increase rent growth by closing the gap between market rents and in-place rents
- Capture rental upside in improving market conditions for our multi tenant facilities

▶ Maintain High Occupancy

- Maintain high lease renewal probability through continued strong relationships with our tenants
- Minimize lease-up downtime by flexibly taking advantage of short-term contracts

▶ Maintain and Optimize Asset Quality

- Implement preventative maintenance and capex strategy
- Further improve the functionality, safety and convenience of our facilities

Financial Strategy

► Focus on Long-Term Stability of Borrowings

- Pursue long-term debt and diversified maturities
- Fix interest rates in the long-term

► Pursue Equity Financing with Full Consideration to Existing Unit Holders

- Maximize distributions and NAV per unit
- Prioritize existing unit holders' interest in the long-term

► Efficient Cash Management

- Achieve an adequate AFFO payout ratio through Surplus Cash Distributions (SCD)
- Retain conservative internal cash reserves post-SCD

► Maintain Additional Borrowing Capacity

- Maintain leverage at modest levels
- Preserve additional acquisition capacity

► Reduce Debt Cost

- Consider issuing J-REIT bonds





V. Corporate Responsibility Initiatives

Prologis Group's Corporate Responsibility Initiatives

Environmental Stewardship

Operations

- Lightning upgrades
- HVAC
- Cool roofs
- Daylighting
- Water conservation
- EPC/Energy Star
- Technology pilot projects

Capital Deployment

- Certified construction
- EPCs
- Embodied carbon pilot
- Adaptive re-use
- ISO 14001
- Renewable Energy

Social Responsibility

Community Engagement

- Green Path
- Corporate carbon emissions
- Education and training
- CR Champions
- Charitable activities
- Prologis Foundation
- Volunteering
- Space for Good Program

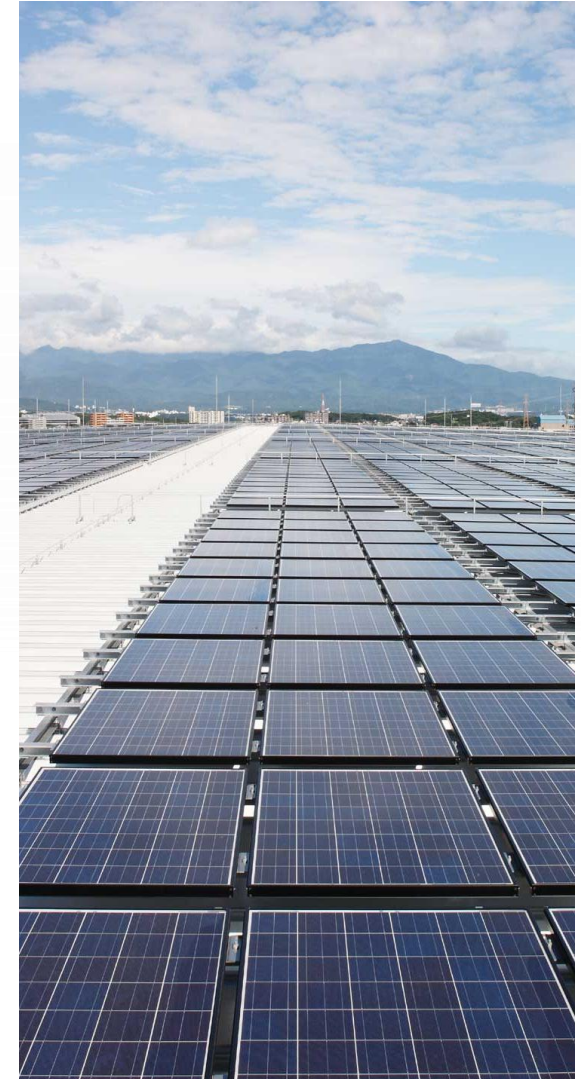
Governance and Ethics

Corporate Governance

- Governance practices
- Independent directors
- Business conduct hotline

Ethics

- Code of business conduct
- Employee training
- Communications



Prologis Group's Initiatives towards Environmental Stewardship



▶ Active Use of Renewable Energy

- Solar panels on 13 NPR properties
- Total renewable energy output amounts to 14.8MW

▶ Efforts to Minimize Environmental Impact

- Energy conservation plan
- Substantial greening plan
- Develop facilities sustainable in the long-term and perform periodical maintenance
- Deliver CASBEE certified facilities

Prologis Group's Initiatives in Corporate Responsibility

Partnership with Local Communities' Educational Programs

- Contribute to local educational programs by hosting field trips at Prologis' operational facilities
- Provide opportunities to learn advanced logistics business



Active Participation in Local Volunteer Activities

- All Prologis' employees constantly participate in local volunteer activities
- Each Prologis employee understands the importance of corporate social responsibility

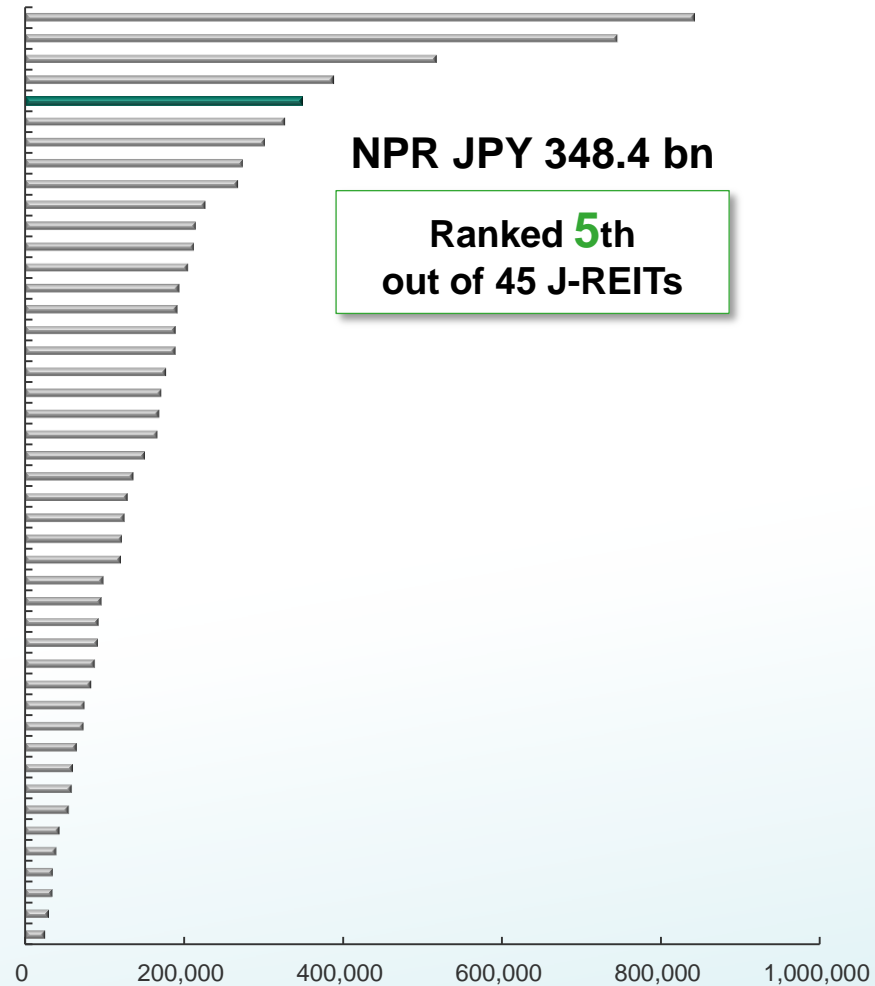


Section VI – Appendix

NPR's Market Position

Market Capitalization

JPY, billions

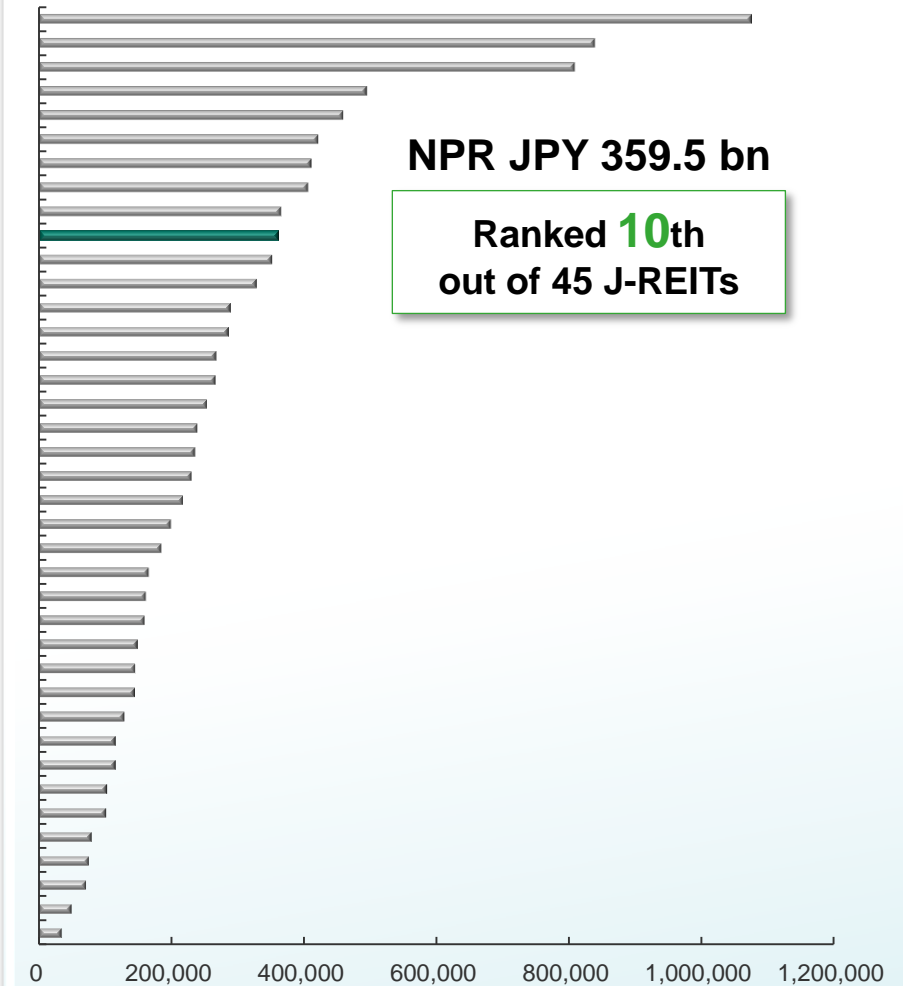


NPR JPY 348.4 bn

**Ranked 5th
out of 45 J-REITs**

Asset Size

JPY, billions (based on acquisition price)



NPR JPY 359.5 bn

**Ranked 10th
out of 45 J-REITs**

3rd Fiscal Period (Ended May 31, 2014) – Balance Sheet

Assets (JPY, thousands)	2nd Fiscal Period	3rd Fiscal Period
Current assets		
Cash and deposits	11,342,639	10,675,183
Cash and deposits in trust	2,470,176	4,125,965
Operating accounts receivable	70,365	122,684
Prepaid expenses	273,385	307,133
Deferred tax assets	17	18
Consumption tax receivables	3,090,720	900,387
Other	2,042	164
Total current assets	17,249,346	16,131,536
Fixed assets		
Property and equipment		
Buildings, net	7,386,939	7,296,903
Structures, net	234,263	224,978
Tools, furniture and fixtures, net	5,013	4,761
Land	3,834,204	3,834,204
Buildings in trust, net	166,726,277	192,681,284
Structures in trust, net	2,825,020	3,352,617
Tools, furniture and fixtures in trust, net	298,583	348,594
Other tangible assets in trust, net	31	26
Land in trust	123,657,601	149,135,600
Total property and equipment	304,967,936	356,878,970
Intangible assets		
Other intangible assets, net	870	3,013
Total Intangible assets	870	3,013
Investments and other assets		
Long-term prepaid expenses	1,196,036	1,097,200
Security deposit	10,000	10,000
Other	—	400
Total investment and other assets	1,206,036	1,107,600
Total fixed assets	306,174,843	357,989,585
Deferred assets		
Organization expenses	63,802	55,657
Total deferred assets	63,802	55,657
Total assets	323,487,992	374,176,778

Liabilities (JPY, thousands)	2nd Fiscal Period	3rd Fiscal Period
Current liabilities		
Operating accounts payable	214,221	710,561
Short-term loans payable	3,400,000	1,450,000
Account payable-other	20,279	21,088
Accrued expenses	1,033,617	1,217,329
Income taxes payable	797	749
Advances received	1,774,004	2,106,431
Other current liabilities	1,019,994	743,165
Total current liabilities	7,462,913	6,249,325
Non-current liabilities		
Long-term loans payable	135,800,000	142,200,000
Long-term loans payable in trust	—	14,465,972
Tenant leasehold and security deposits	247,191	247,191
Tenant leasehold and security deposits in trust	7,390,184	8,552,196
Other non-current liabilities	3,752	2,297
Total non-current liabilities	143,441,128	165,467,658
Total liabilities	150,904,042	171,716,984
Net assets (JPY, thousands)		
Unit holders' equity		
Unit holders' capital	167,941,285	197,274,196
Surplus		
Unappropriated retained earnings (undisposed loss)	4,642,664	5,185,598
Total surplus	4,642,664	5,185,598
Total unit holders' equity	172,583,950	202,459,794
Total net assets	172,583,950	202,459,794
Total liabilities and net assets	323,487,992	374,176,778

3rd Fiscal Period (Ended May 31, 2014) – Statement of Income

JPY, thousands	2nd Fiscal Period	3rd Fiscal Period
Operating revenues		
Operating rental revenues	9,333,616	11,774,310
Other rental revenues	779,653	919,123
Total operating revenues	10,113,269	12,693,433
Operating expenses		
Expenses related to property rental business	3,464,898	5,188,020
Asset management fee	954,234	1,090,418
Asset custody fee	26,352	32,475
Directors' compensation	4,600	4,800
Audit fee	13,000	15,000
Other operating expenses	27,446	40,107
Total operating expenses	4,490,531	6,370,821
Operating income	5,622,737	6,322,611
Non-operating income		
Interest income	787	1,244
Gain on real estate tax settlement	2,473	104
Interest on refund of consumption tax	5,847	1,126
Other	27	0
Total non-operating income	9,135	2,476
Non-operating expenses		
Interest expense	630,450	865,391
Amortization of deferred organization expenses	8,145	8,145
Borrowing related expenses	154,712	166,929
Investment unit issuance expenses	93,263	47,979
Other costs associated with the issuance of investment units	101,737	50,119
Other	26	22
Total non-operating expenses	988,335	1,138,588
Ordinary income	4,643,537	5,186,499
Income before income taxes	4,643,537	5,186,499
Income taxes – current	957	1,002
Income taxes – deferred	3	(1)
Total income taxes	960	1,000
Net income	4,642,577	5,185,498
Retained earnings brought forward	87	99
Unappropriated retained earnings (undisposed loss)	4,642,664	5,185,598

Portfolio Details

No.	Property Name	Location	Acquisition Price (JPYmm)	Appraisal Value (JPYmm)	Leasable Area (m ²)	Share (%)	Age (years)	NOI Yield (%) ⁽²⁾	Occupancy Rate (%)	PML (%)	Construction
Properties Acquired during the 1st Fiscal Period											
M-01	Prologis Park Ichikawa 1	Ichikawa, Chiba	33,900	36,200	125,014	9.4	5.6	5.2	99.6	0.6	Kajima Corporation
M-02	Prologis Park Zama 1	Zama, Kanagawa	27,900	28,100	113,471	7.8	5.0	5.3	100.0	0.8	Fujita Corporation
M-03	Prologis Park Kawajima	Hiki, Saitama	25,600	27,600	145,036	7.1	3.0	5.9	100.0	7.5	Shimizu Corporation
M-04	Prologis Park Osaka 2	Osaka, Osaka	25,000	26,700	130,565	7.0	7.0	5.6	99.6	0.8	Shimizu Corporation
M-05	Prologis Park Maishima 3	Osaka, Osaka	13,500	14,200	74,925	3.8	6.3	5.6	98.9	8.9	Shimizu Corporation
M-06	Prologis Park Kasugai	Kasugai, Aichi	12,500	14,300	91,773	3.5	6.4	6.7	95.6	3.9	Obayashi Corporation
M-07	Prologis Park Kitanagoya	Kitanagoya, Aichi	6,500	7,040	42,751	1.8	5.0	6.1	100.0	7.7	Nippon Steel Engineering
M-08	Prologis Park Tagajo	Tagajo, Miyagi	5,370	5,460	39,098	1.5	5.2	6.0	92.8	1.6	The Zenitaka Corporation
B-01	Prologis Park Maishima 4	Osaka, Osaka	11,500	12,200	57,234	3.2	3.8	5.6	100.0	3.2	Shimizu Corporation
B-02	Prologis Park Takatsuki	Takatsuki, Osaka	4,410	4,610	19,898	1.2	2.4	5.7	100.0	5.3	Fujita Corporation
B-03	Prologis Park Tosu 2	Tosu, Saga	3,030	3,250	21,778	0.8	1.9	6.0	100.0	0.5	Fujita Corporation
B-04	Prologis Park Tosu 4	Tosu, Saga	3,810	4,010	28,765	1.1	2.4	6.1	100.0	0.6	Obayashi Corporation
Sub-total / Average			173,020	183,670	890,313	48.1	5.1	5.6	99.0	-	
Properties Acquired during the 2nd Fiscal Period											
M-09	Prologis Park Tokyo-Ohta	Ota, Tokyo	29,500	30,100	73,403	8.2	8.7	4.9	87.5	3.6	Taisei Corporation
M-10	Prologis Park Zama 2	Zama, Kanagawa	21,900	22,600	95,133	6.1	1.8	5.4	100.0	0.8	Fujita Corporation
M-11	Prologis Park Funabashi 5	Funabashi, Chiba	9,500	11,300	56,556	3.1	9.5	5.4	100.0	4.3	Konoike Construction
	Annex		1,500							4.0	Mitsui Construction
M-12	Prologis Park Narita 1-A&B	Narita, Chiba	8,420	8,620	62,058	2.3	9.3	6.1	97.4	3.9	Shimizu Corporation
M-13	Prologis Park Narita 1-C	Narita, Chiba	4,810	4,960	32,230	1.3	7.1	6.1	100.0	3.9	The Zenitaka Corporation
M-14	Prologis Park Amagasaki 1	Amagasaki, Hyogo	17,600	18,000	91,446	4.9	8.8	5.2	100.0	4.6	Taisei Corporation
M-15	Prologis Park Amagasaki 2	Amagasaki, Hyogo	19,200	19,600	91,309	5.3	7.2	5.3	89.7	4.4	Taisei Corporation
B-05	Prologis Park Narashino 4	Narashino, Chiba	20,000	20,400	91,529	5.6	0.8	5.2	100.0	1.1	Shimizu Corporation
Sub-total / Average			132,430	135,580	593,668	36.8	6.2	5.3	96.6	-	
Properties Acquired during the 3rd Fiscal Period											
M-16	Prologis Park Tokyo-Shinkiba	Koto, Tokyo	13,600	13,800	31,022	3.8	7.0	4.7	84.7	5.9	Obayashi Corporation
M-17	Prologis Park Yokohama-Tsurumi	Yokohama, Kanagawa	13,800	14,000	63,973	3.8	6.1	5.4	99.4	1.1	Toa Corporation
M-18	Prologis Park Osaka 4	Osaka, Osaka	21,000	21,400	106,135	5.8	2.1	5.3	97.5	2.7	Maeda Corporation
M-19	Prologis Park Iwanuma 1	Iwanuma, Miyagi	5,670	5,810	40,520	1.6	5.7	6.2	100.0	3.2	Nishimatsu Construction
Sub-total / Average			54,070	55,010	241,651	15.0	4.7	5.3	96.8	-	
Overall Total / Average			359,520	374,260	1,725,633	100.0	5.4	5.5	97.9	1.3	

1. As of May 31, 2014
2. NOI yield is calculated based on the stabilized net operating income assumed by the appraiser for the relevant properties. Average NOI yield is a weighted average based on acquisition prices.

Summary of Recent Appraisals

No.	Property Name	Acquisition Price (JPYmm)	3rd Fiscal Period End				2nd Fiscal Period End	
			Appraisal Value (JPYmm)	Direct Cap Rate (%)	Book value (JPYmm)	Unrealized Gain (JPYmm)	Appraisal Value (JPYmm)	Direct Cap Rate (%)
Properties Acquired during the 1st Fiscal Period								
M-01	Prologis Park Ichikawa 1	33,900	36,200	4.7%	33,529	2,670	35,700	4.8%
M-02	Prologis Park Zama 1	27,900	28,100	5.2%	27,526	573	28,000	5.3%
M-03	Prologis Park Kawajima	25,600	27,600	5.4%	25,219	2,380	26,800	5.5%
M-04	Prologis Park Osaka 2	25,000	26,700	5.2%	24,614	2,085	26,200	5.3%
M-05	Prologis Park Maishima 3	13,500	14,200	5.3%	13,273	926	14,000	5.4%
M-06	Prologis Park Kasugai	12,500	14,300	5.8%	12,292	2,007	13,900	5.9%
M-07	Prologis Park Kitanagoya	6,500	7,040	5.5%	6,406	633	6,920	5.6%
M-08	Prologis Park Tagajo	5,370	5,460	5.8%	5,251	208	5,420	5.9%
B-01	Prologis Park Maishima 4	11,500	12,200	5.2%	11,326	873	11,900	5.2%
B-02	Prologis Park Takatsuki	4,410	4,610	5.4%	4,445	164	4,550	5.5%
B-03	Prologis Park Tosu 2	3,030	3,250	5.6%	3,060	189	3,180	5.6%
B-04	Prologis Park Tosu 4	3,810	4,010	5.6%	3,855	154	3,910	5.7%
Sub-total		173,020	183,670	-	170,800	12,869	180,480	-
Properties Acquired during the 2nd Fiscal Period								
M-09	Prologis Park Tokyo-Ohta	29,500	30,100	4.6%	29,507	592	29,800	4.7%
M-10	Prologis Park Zama 2	21,900	22,600	5.2%	21,784	815	22,200	5.3%
M-11	Prologis Park Funabashi 5	9,500	11,300	5.0%	10,971	328	11,200	5.1%
	Annex	1,500						
M-12	Prologis Park Narita 1-A&B	8,420	8,620	5.7%	8,358	261	8,620	5.7%
M-13	Prologis Park Narita 1-C	4,810	4,960	5.7%	4,782	177	4,910	5.7%
M-14	Prologis Park Amagasaki 1	17,600	18,000	5.0%	17,560	439	18,000	5.0%
M-15	Prologis Park Amagasaki 2	19,200	19,600	5.1%	19,124	475	19,600	5.1%
B-05	Prologis Park Narashino 4	20,000	20,400	5.1%	19,947	452	20,300	5.2%
Sub-total		132,430	135,580	-	132,037	3,542	134,630	-
Properties Acquired during the 3rd Fiscal Period								
M-16	Prologis Park Tokyo-Shinkiba	13,600	13,800	4.6%	13,642	157	13,600	4.7%
M-17	Prologis Park Yokohama-Tsurumi	13,800	14,000	5.2%	13,806	193	13,800	5.3%
M-18	Prologis Park Osaka 4	21,000	21,400	5.2%	20,955	444	21,000	5.3%
M-19	Prologis Park Iwanuma 1	5,670	5,810	5.9%	5,639	170	5,670	6.0%
Sub-total		54,070	55,010	-	54,043	966	54,070	-
Overall Total		359,520	374,260	-	356,881	17,378	369,180	-






1. M-16, M-17, M18 and M-19's appraisal value shown at the 2nd fiscal period end is the figure at the end of September, 2013.

Financial Performance of Individual Properties

	M-01	M-02	M-03	M-04	M-05	M-06
	PP Ichikawa 1	PP Zama 1	PP Kawajima	PP Osaka 2	PP Maishima 3	PP Kasugai
						
JPY, thousands (unless otherwise noted)						
Location	Ichikawa, Chiba	Zama, Kanagawa	Hiki, Saitama	Osaka, Osaka	Osaka, Osaka	Kasugai, Aichi
Acquisition price (JPY, mm)	33,900	27,900	25,600	25,000	13,500	12,500
Book value ⁽¹⁾ (JPY, mm)	33,529	27,526	25,219	24,614	13,273	12,292
No. of days in operation	182	182	182	182	182	182
Property-related revenues	1,171,508	978,787	957,500	915,508	502,934	530,501
Rental revenues	1,022,228	919,496	901,605	860,377	473,876	497,038
Other rental revenues	149,279	59,291	55,894	55,130	29,057	33,463
Property-related expenses	475,854	362,061	382,947	388,106	234,688	250,542
Property Taxes	69,844	62,561	59,608	70,996	44,001	48,981
Subcontract expenses	67,938	51,004	42,126	46,377	33,602	41,534
Utilities cost	112,540	48,287	52,609	58,261	26,492	32,790
Non-life insurance premium	1,802	1,583	1,856	1,939	1,096	1,197
Repair and maintenance	25,828	3,463	361	6,619	7,035	5,577
Depreciation	197,241	192,542	225,884	203,411	121,858	119,961
Custodian fee	660	500	500	500	600	500
Other expenses	—	2,119	—	—	—	—
Operating income from property leasing	695,654	616,725	574,553	527,402	268,245	279,959
NOI	892,895	809,267	800,437	730,813	390,104	399,920







1. As of the end of the 3rd fiscal period.

Financial Performance of Individual Properties (Continued)

	M-07	M-08	M-09	M-10	M-11	M-12
	PP Kitanagoya	PP Tagajo	PP Tokyo-Ohta	PP Zama 2	PP Funabashi 5	PP Narita 1-A&B
						
JPY, thousands (unless otherwise noted)						
Location	Kitanagoya, Aichi	Tagajo, Miyagi	Ota, Tokyo	Zama, Kanagawa	Funabashi, Chiba	Narita, Chiba
Acquisition price (JPY, mm)	6,500	5,370	29,500	21,900	11,000	8,420
Book value ⁽¹⁾ (JPY, mm)	6,406	5,251	29,507	21,784	10,971	8,358
No. of days in operation	182	182	182	182	182	182
Property-related revenues	277,992	199,332	854,015	794,257	410,735	361,855
Rental revenues	264,513	186,145	787,631	723,820	383,719	326,183
Other rental revenues	13,478	13,186	66,384	70,436	27,016	35,671
Property-related expenses	132,457	100,124	297,267	307,663	162,257	160,649
Property Taxes	27,642	8,450	49,664	53,983	27,060	20,061
Subcontract expenses	31,988	20,001	55,740	36,711	31,515	32,474
Utilities cost	12,405	13,498	55,347	64,440	24,021	28,593
Non-life insurance premium	509	419	1,117	1,275	754	753
Repair and maintenance	436	1,867	7,185	—	6,971	3,730
Depreciation	58,975	55,387	127,710	150,752	70,932	74,536
Custodian fee	500	500	500	500	999	500
Other expenses	—	—	—	—	—	—
Operating income from property leasing	145,534	99,207	556,748	486,593	248,478	201,205
NOI	204,510	154,594	684,459	637,345	319,411	275,742






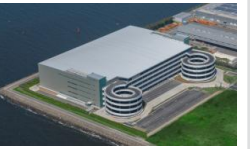
1. As of the end of the 3rd fiscal period.

Financial Performance of Individual Properties (Continued)

	M-13	M-14	M-15	M-16	M-17	M-18
	PP Narita 1-C	PP Amagasaki 1	PP Amagasaki 2	PP Tokyo-Shinkiba	PP Yokohama-Tsurumi	PP Osaka 4
						
JPY, thousands (unless otherwise noted)						
Location	Narita, Chiba	Amagasaki, Hyogo	Amagasaki, Hyogo	Koto, Tokyo	Yokohama, Kanagawa	Osaka, Osaka
Acquisition price (JPY, mm)	4,810	17,600	19,200	13,600	13,800	21,000
Book value ⁽¹⁾ (JPY, mm)	4,782	17,560	19,124	13,642	13,806	20,955
No. of days in operation	182	182	182	180	180	180
Property-related revenues	220,654	Please see Note 2	668,764	399,180	483,110	713,557
Rental revenues	199,918		599,608	372,239	460,163	678,492
Other rental revenues	20,735		69,156	26,941	22,946	35,065
Property-related expenses	104,429		301,691	132,579	209,518	297,983
Property Taxes	14,061		49,351	31,046	43,804	65,852
Subcontract expenses	28,362		41,144	19,411	31,680	32,946
Utilities cost	17,240		66,508	21,784	24,592	29,759
Non-life insurance premium	423		1,134	459	819	1,405
Repair and maintenance	1,706		8,184	495	2,188	1,175
Depreciation	42,135		134,868	58,644	105,396	166,347
Custodian fee	500		499	736	736	497
Other expenses	—		—	—	300	—
Operating income from property leasing	116,225	357,078	367,073	266,601	273,591	415,574
NOI	158,360	466,508	501,941	325,246	378,987	581,921

- As of the end of the 3rd fiscal period.
- We have not obtained permission from the tenant of this property to release the information omitted from the table.

Financial Performance of Individual Properties (Continued)

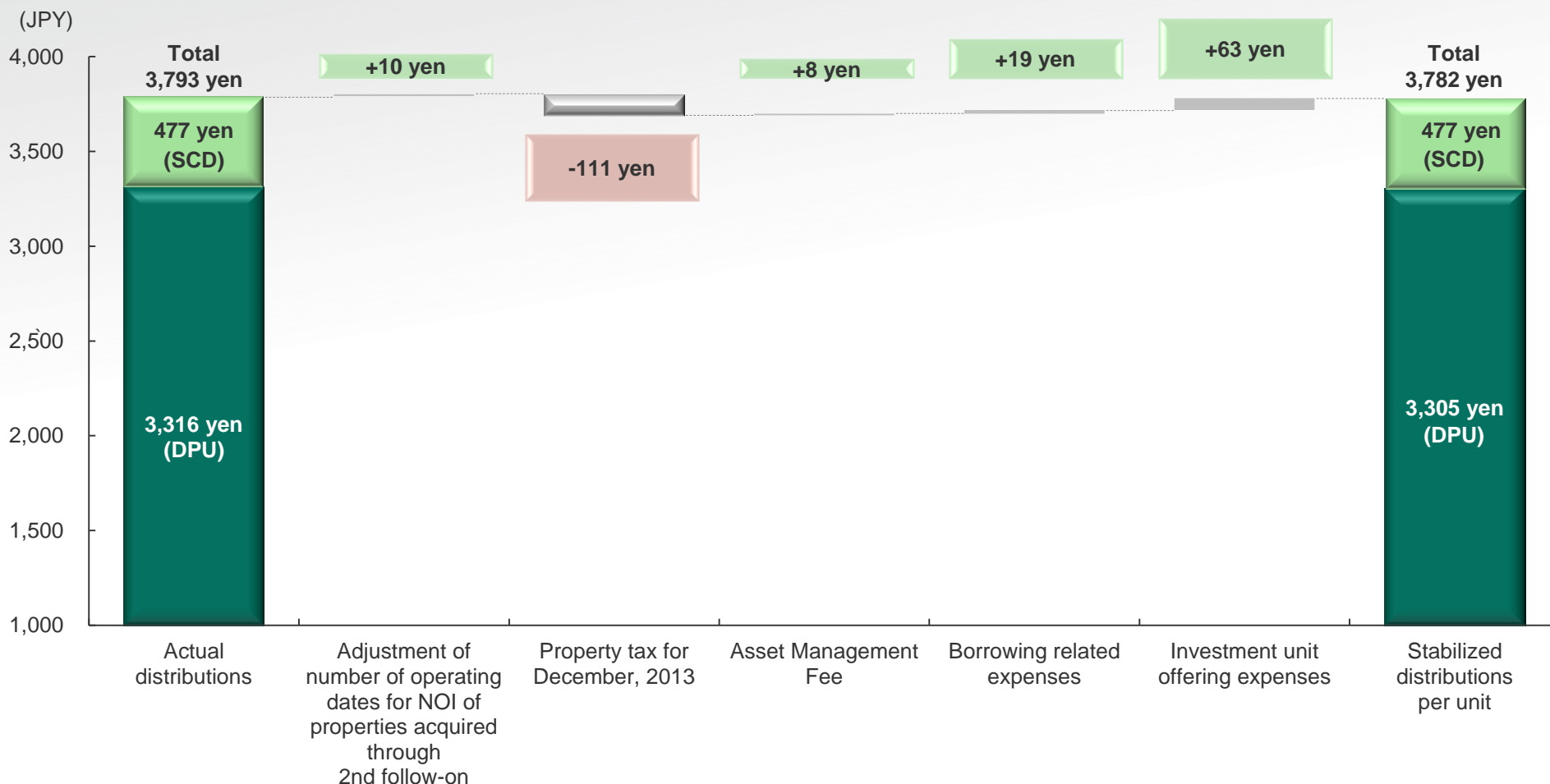
	M-19	B-01	B-02	B-03	B-04	B-05
	PP Iwanuma 1	PP Maishima 4	PP Takatsuki	PP Tosu 2	PP Tosu 4	PP Narashino 4
						
JPY, thousands (unless otherwise noted)						
Location	Iwanuma, Miyagi	Osaka, Osaka	Takatsuki, Osaka	Tosu, Saga	Tosu, Saga	Narashino, Chiba
Acquisition price (JPY, mm)	5,670	11,500	4,410	3,030	3,810	20,000
Book value ⁽¹⁾ (JPY, mm)	5,639	11,326	4,445	3,060	3,855	19,947
No. of days in operation	180	182	182	182	182	182
Property-related revenues	260,173	Please see Note 2	Please see Note 2	Please see Note 2	Please see Note 2	Please see Note 2
Rental revenues	214,480					
Other rental revenues	45,693					
Property-related expenses	126,064					
Property Taxes	9,551					
Subcontract expenses	11,317					
Utilities cost	36,945					
Non-life insurance premium	469					
Repair and maintenance	1,828					
Depreciation	65,454					
Custodian fee	497					
Other expenses	—					
Operating income from property leasing	134,109	237,644	99,637	64,388	77,000	396,181
NOI	199,564	332,190	131,435	96,003	113,159	540,029

1. As of the end of the 3rd fiscal period.
2. We have not obtained permission from the tenant of this property to release the information omitted from the table.

Distributions Adjusted for Extraordinary Items – 3rd Fiscal Period

Calculation of Stabilized Distributions Per Unit – Constructed Financial Performance Model

Adjusted for extraordinary items related to the additional acquisitions, etc.



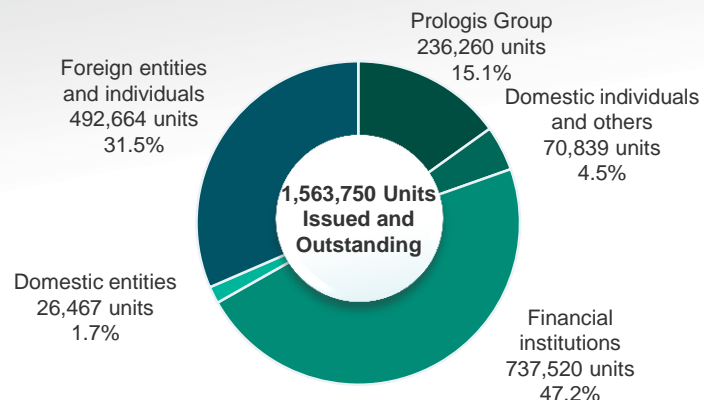
Borrowings

	Lenders	Amount (JPY, mm)	Interest Rate	Borrowing Date	Maturity Date ⁽⁴⁾	Collateral
Short-term	Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Sumitomo Mitsui Trust Bank, Mizuho Bank, Mitsubishi UFJ Trust & Banking Corporation, Aozora Bank, The Norinchukin Bank, Resona Bank	1,450	Base interest rate(JBA three months Japanese Yen TIBOR) + 0.25% ⁽²⁾	December 3, 2013	December 3, 2014	Unsecured and non-guaranteed
Long-term	Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Sumitomo Mitsui Trust Bank, Mizuho Bank, Mitsubishi UFJ Trust & Banking Corporation, Aozora Bank	23,300	0.55634% ⁽³⁾	February 15, 2013	February 15, 2016	
	Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Mitsubishi UFJ Trust & Banking Corporation, The Norinchukin Bank, Resona Bank	2,000	0.84350% ⁽³⁾	June 13, 2013	June 13, 2017	
	Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Sumitomo Mitsui Trust Bank, Mizuho Bank, Mitsubishi UFJ Trust & Banking Corporation, Aozora Bank	23,300	0.73760% ⁽³⁾	February 15, 2013	February 15, 2018	
	Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Sumitomo Mitsui Trust Bank, Mizuho Bank, Mitsubishi UFJ Trust & Banking Corporation, Aozora Bank, Development Bank of Japan, The Norinchukin Bank, Resona Bank	6,400	0.81010% ⁽³⁾	December 3, 2013	December 3, 2018	
	Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Sumitomo Mitsui Trust Bank, Mizuho Bank, Mitsubishi UFJ Trust & Banking Corporation, Aozora Bank, Development Bank of Japan, The Norinchukin Bank, Resona Bank	24,000	1.18135% ⁽³⁾	June 13, 2013	June 13, 2019	
	Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Sumitomo Mitsui Trust Bank, Mizuho Bank, Mitsubishi UFJ Trust & Banking Corporation	23,300	1.01950% ⁽³⁾	February 15, 2013	February 15, 2020	
	Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Sumitomo Mitsui Trust Bank, Mizuho Bank, Mitsubishi UFJ Trust and Banking Corporation, Development Bank of Japan	20,000	1.34550% ⁽³⁾	October 1, 2013	October 1, 2021	
	Prudential Mortgage Asset Holdings 1 Japan Investment Business Limited Partnership	6,900	2.00%	December 3, 2013	December 22, 2021	Secured and non-guaranteed
	Prudential Mortgage Asset Holdings 1 Japan Investment Business Limited Partnership	7,150	2.00%	December 3, 2013	December 22, 2021	
	Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ	6,000	1.32075% ⁽³⁾	February 15, 2013	February 15, 2022	Unsecured and non-guaranteed
	Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Development Bank of Japan	13,900	1.83625% ⁽³⁾	June 13, 2013	June 13, 2023	
Total		157,700	-	-	-	

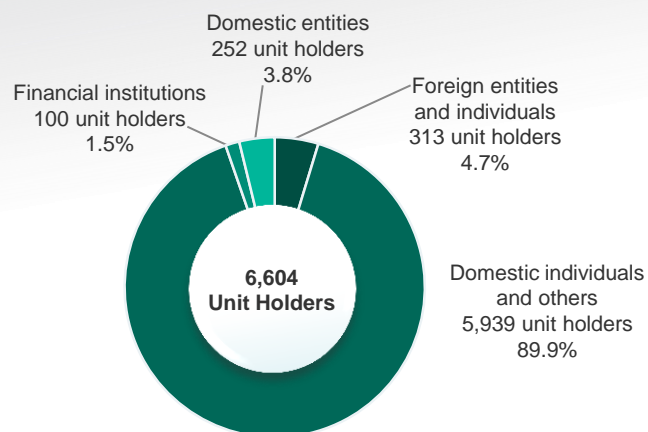
1. The above borrowing amounts are as of May 31, 2014. We have entered into a commitment line agreement of JPY 8.0 bn with Sumitomo Mitsui Banking Corporation and The Bank of Tokyo-Mitsubishi UFJ Ltd.
2. The base interest rate refers to the Japanese yen TIBOR (Tokyo Interbank Offered Rate) for three-month deposits. For the current rate, please refer to the Japanese Bankers Association's website.
3. These borrowings are at floating interest rates. We have entered into interest rate swap agreements to hedge the risks of interest rate volatility. We are showing the interest rates including the effect of the swaps (i.e., fixed interest rates).
4. The maturity date will be the immediately following business day in case such date falls on a day that is not a business day and the immediate preceding business day in case such date falls in the next calendar month.

Unit Holder Composition

Breakdown by Units



Breakdown by Unit Holders



Major Unit Holders

	Name	Units Owned	% of Units Issued ⁽²⁾
1	Japan Trustee Services Bank, Ltd. (Trust Acct.)	241,406	15.43%
2	Prologis Property Japan SPC	234,260	14.98%
3	Trust and Custody Services Bank, Ltd. (Securities Investment Trust Acct.)	151,125	9.66%
4	The Master Trust Bank of Japan, Ltd. (Trust Acct.)	124,991	7.99%
5	The Nomura Trust and Banking Company, Ltd. (Trust Acct.)	77,696	4.96%
6	NOMURA BANK (LUXEMBOURG) S. A.	24,875	1.59%
7	THE BANK OF NEW YORK MELLON SA/NV 10	21,867	1.39%
8	STATE STREET BANK WEST CLIENT-TREATY	18,663	1.19%
9	STATE STREET BANK-WEST PENSION FUND CLIENTS-EXEMPT	18,353	1.17%
10	STATE STREET BANK AND TRUST COMPANY 505225	16,685	1.06%
Total		929,921	59.46%

1. As of May 31, 2014.

2. "% of Units Issued" is rounded down to the nearest second decimal place.

Investor-Aligned Fee Structure

Fee Type		Calculation	Payment Frequency
Asset Management Fee	1: NOI-Based	$\text{NOI} \times 7.5\%$	Paid each fiscal period
	2: Net Income-Based	$\text{Net Income}^* \times 6.0\%$ *before deduction of net income based asset management fee	Paid each fiscal period
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

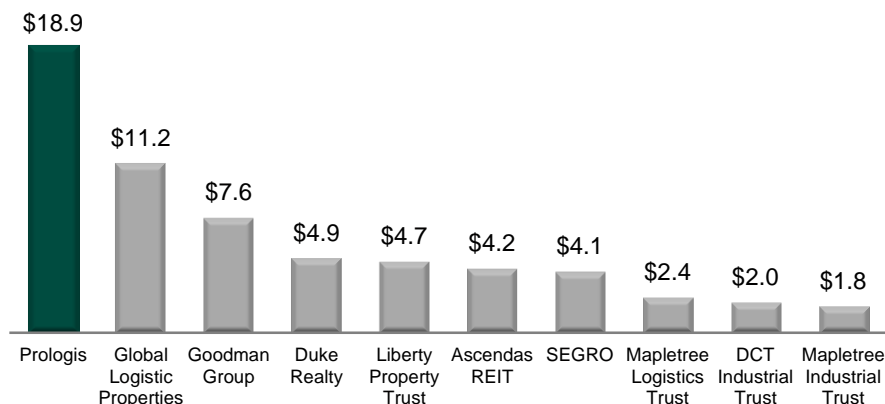
Sponsor Support from the Prologis Group

Operating Portfolio (1)

Americas	Europe	Asia
U.S. / Canada / Mexico / Brazil	UK / France / Germany / 11 others	Japan / China / Singapore
35.4 million m ²	14.1 million m ²	3.8 million m ²
2,240 facilities	625 facilities	74 facilities

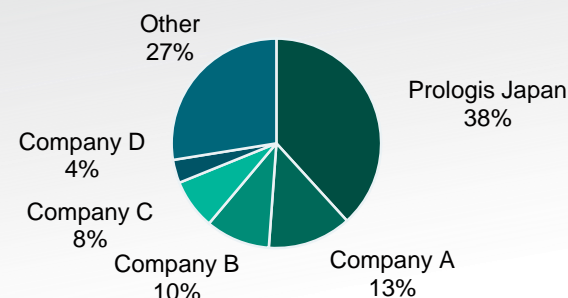
Largest Market Cap Among Peers (2)

USD, billions



Breakdown of Advanced Logistics Properties in Japan (3)

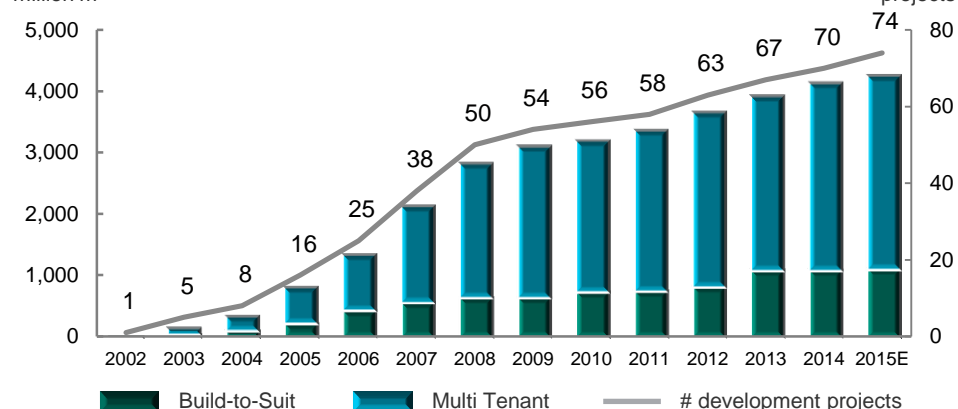
By developer



Proven Development Track Record Since 2002 (4)

Gross floor area,
million m²

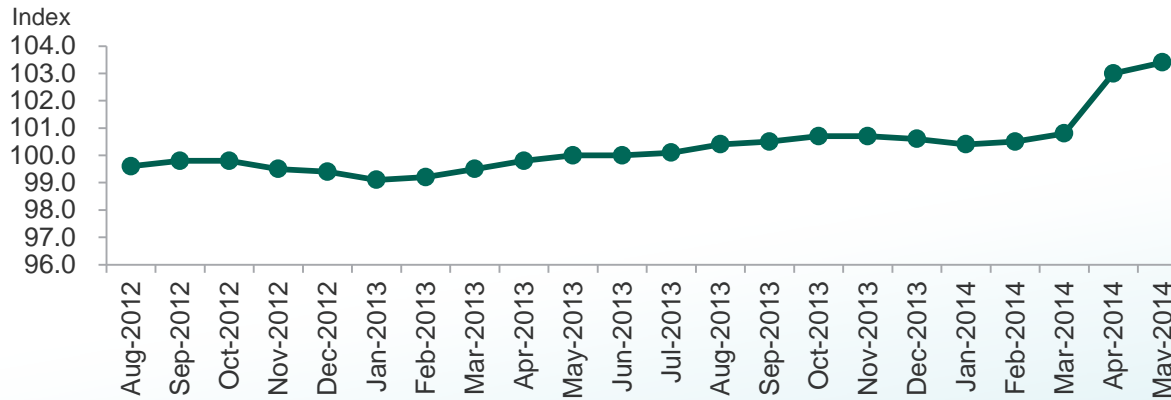
```
# development
# projects
```



Unmatched global platform and more than a decade of experience developing advanced logistics facilities in Japan

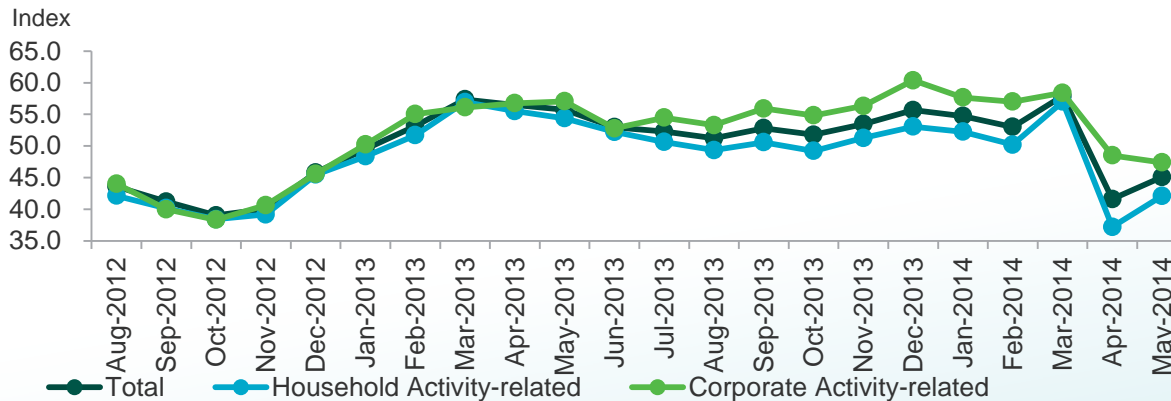
Japan's Favorable Macroeconomic Environment

Core Consumer Price Index



Source: Ministry of Internal Affairs and Communications of Japan

Diffusion Index



Source: Cabinet Office, Government of Japan

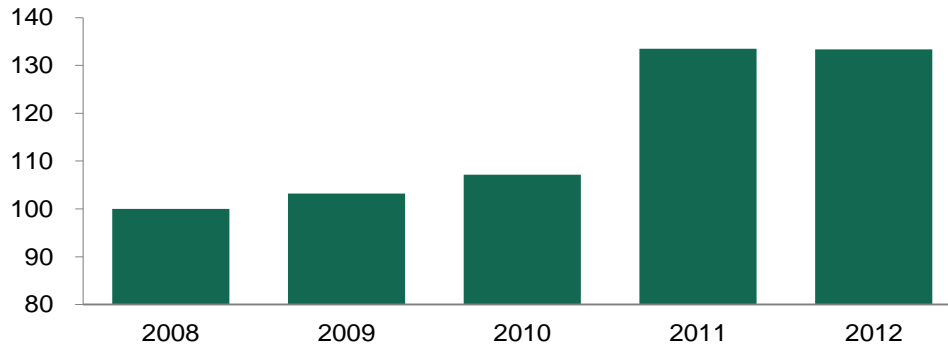
Recovering Japanese Economy:

- Impact from raised consumption tax is expected to be for short-term
- 2020 Olympic Games will fuel job growth while tightening supply due to construction cost increases
- Tightening market conditions
- Expect growth in net effective rents

Growing Demand for Advanced Logistics Facilities

Indexed 3PL Business Revenue Growth of Selected Tenants

Index (March 2008=100)



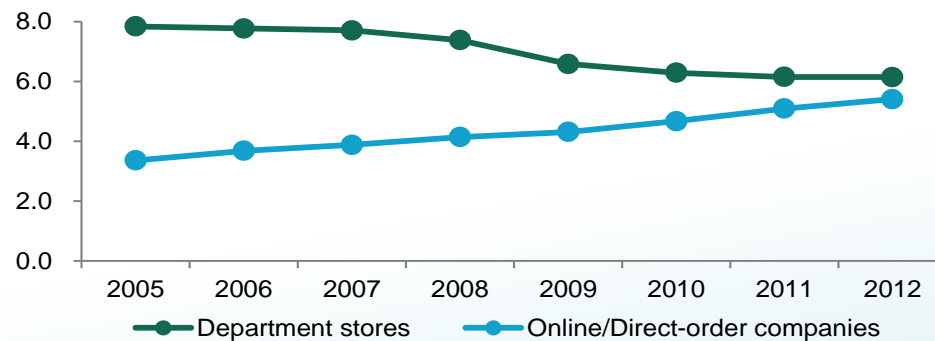
Source: CBRE

Shift from Owning to Leasing

- Shift from export to import economy
- Multinational corporations entering the market, local companies striving to reduce operating costs
- Consolidating smaller facilities to larger, more efficient floor plates
- Outsourcing logistics functions to 3PL firms
- 3PLs require advanced logistics facilities

Trends in Department Store and Online/Direct-order Sales

(in JPY trillions)



Source: Japan Department Stores Association, Japan Direct Marketing Association

E-Commerce – a New Driver of Demand

- Rise of e-commerce is significantly driving demand for advanced logistics facilities
- Retailers increasingly focused on reducing delivery times
- Targeting locations adjacent to or near major population centers to meet accelerated delivery requirements

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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