

SUMMARY OF FINANCIAL RESULTS (REIT) For the Second Fiscal Period Ended November 30, 2013

January 17, 2014

Name of Issuer: Nippon Prologis REIT, Inc. (“NPR”)
 Stock Exchange Listing: Tokyo Stock Exchange
 Securities Code: 3283
 Website: <http://www.prologis-reit.co.jp/english/index.html>
 Representative: Masahiro Sakashita, Executive Director

Name of Asset Manager: Prologis REIT Management K.K.
 Representative: Masahiro Sakashita, President and CEO
 Inquiries: Atsushi Toda, Director and Chief Financial Officer
 TEL: +81-3-6867-8585

Scheduled Date of Filing of Securities Report: February 27, 2014

Scheduled Date for Commencement of Distributions Payments: February 14, 2014

Supplementary Materials for Financial Results: Yes • No

Investors & Analysts Meeting: Yes • No

1. Financial Results for the Fiscal Period ended November 30, 2013 (Second Fiscal Period) (from June 1, 2013 to November 30, 2013)

(Values are rounded down to the nearest million yen)

(1) Operating Results

(Percentages indicates percentage change from the previous period)

Period ended	Operating revenues		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
November 30, 2013	10,113	(183.6)	5,622	(186.6)	4,643	(248.0)	4,642	(248.2)
May 31, 2013	3,565	(-)	1,961	(-)	1,334	(-)	1,333	(-)

Period ended	Net income per unit	Return on unit holders' equity	Ratio of ordinary income to total assets	Ratio of ordinary income to operating revenues
	Yen	%	%	%
November 30, 2013	16,930	3.4	1.8	45.9
May 31, 2013	14,017 (7,295)	1.4	0.9	37.4

(Note 1) The calculation period for the fiscal period ended May 31, 2013 was 206 days from November 7, 2012 to May 31, 2013. Nonetheless, the actual operating period was 106 days from February 15, 2013 to May 31, 2013.

(Note 2) For the period ended May 31, 2013, the net income per unit was calculated based on an assumption that the fiscal period started on February 15, 2013, the actual operating start date. The technical net income per unit based on day-weighted average number of investment units (182,750 units) is also indicated in brackets.

(Note 3) For the calculation of return on unit holders' equity and ratio of ordinary income to total assets, unit holders' equity and total assets were used respectively, which were calculated using the average of balances at the beginning of the actual operating date, February 15, 2013, and the end of the fiscal period.

(Note 4) The percentages associated with operating revenues, operating income, ordinary income and net income are indicating changes from the previous period. Nonetheless, since the fiscal period ended May 31, 2013 was NPR's first fiscal period, there are not applicable numbers.

(2) Distributions

Period ended	Distributions per unit (including SCD)	Distributions per unit (excluding SCD)	SCD per unit	Total of distributions (including SCD)	Total of distributions (excluding SCD)	Total of SCD	Payout ratio	Ratio of distributions to net assets
	Yen	Yen	Yen	Millions of yen	Millions of yen	Millions of yen	%	%
November 30, 2013	18,811	16,643	2,168	5,247	4,642	604	100.0	2.7
May 31, 2013	8,713	7,295	1,418	1,592	1,333	259	100.0	1.4

* "SCD" stands for "Surplus Cash Distributions".

(Note 1) The ratio of net asset value attributable to a reduction in unit holders' paid-in capital for the fiscal periods ended May 31, 2013 and November 30, 2013 are "0.002" and "0.004", respectively, with respect to the payment of SCD, which is deemed return of capital. This calculation methodology is pursuant to Article 23, Paragraph 1, Item 3 of the Act on Special Measures Concerning Taxation.

(Note 2) As there were issuance of new investment units during both fiscal periods and accordingly there were changes of outstanding investment units, the following formula were used for the calculation of payout ratio;
Payout ratio = Total of distributions (excluding SCD) / Net income * 100

(3) Financial Position

Period ended	Total assets	Net assets	Ratio of unit holders' equity to total assets	Net asset per unit
	Millions of yen	Millions of yen	%	Yen
November 30, 2013	323,487	172,583	53.4	618,691
May 31, 2013	185,867	98,415	52.9	538,526

(Reference) Balance of unit holders' equity for periods ended May 31, 2013 and November 30, 2013 was 98,415 million yen and 172,583 million yen, respectively.

(4) Cash Flows

Period ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the fiscal period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
November 30, 2013	10,501	(130,481)	127,737	13,812
May 31, 2013	(2,499)	(169,244)	177,799	6,054

2. Earnings Forecasts for the Fiscal Period ending May 31, 2014 (Third Fiscal Period) (from December 1, 2013 to May 31, 2014) and November 30, 2014 (Fourth Fiscal Period) (from June 1, 2014 to November 30, 2014)

(Percentages indicate changes from the previous period)

Period ending	Operating revenues	Operating income	Ordinary income	Net income	Distributions per unit (including SCD)	Distributions per unit	
						(including SCD)	SCD
	Millions of yen %	Millions of yen %	Millions of yen %	Millions of yen %	Yen	Yen	Yen
May 31, 2014	12,670 (25.3)	6,150 (9.4)	4,994 (7.5)	4,993 (7.5)	3,675	3,192	483
November 30, 2014	12,835 (1.3)	6,047 ((1.7))	5,006 (0.2)	5,005 (0.2)	3,683	3,200	483

(Note) With March 1, 2014 as an effective date, the 5-to-1 split of the investment units was resolved at the meeting of the board of directors of NPR on December 19, 2013.

(Reference) Forecasted net income per unit for the fiscal period ending May 31, 2014 3,192 yen
for the fiscal period ending November 30, 2014 3,200 yen

3. Others

(1) Changes in Accounting Policies, Accounting Estimates or Restatements

(a) Changes in Accounting Policies due to Revisions to Accounting Standards and Other Regulations	None
(b) Changes in Accounting Policies due to Other Reasons	None
(c) Changes in Accounting Estimates	None
(d) Restatements	None

(2) Number of Investment Units Issued and Outstanding

Number of investment units issued and outstanding at the end of the fiscal period including treasury units:

As of November 30, 2013	278,950 units
As of May 31, 2013	182,750 units

Number of treasury units at end of period:

As of November 30, 2013	- units
As of May 31, 2013	- units

(Note) Please refer to notes to “Notes Related to Per Unit Information” on page 34 for the number of investment units used as the basis for calculating the net income per unit.

* The Implementation Status of Statutory Audit

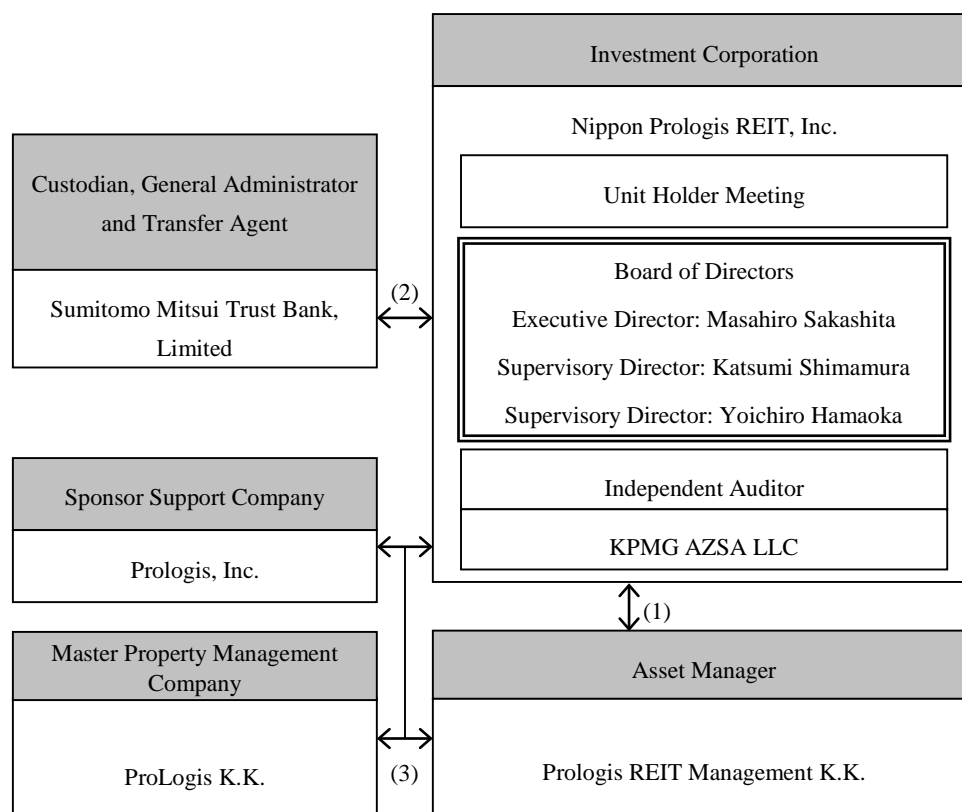
At the time of this financial report, the audit procedures for the financial statements pursuant to the Financial Instruments and Exchange Act are yet to be completed.

* Explanation on the Appropriate Use of the Forecast of Results and Other Matters of Special Consideration

The forward-looking statements in this material are based on the information currently available to us and certain assumptions which we believe are reasonable. Actual operating performance may differ substantially due to various factors. Furthermore, those statements shall not be deemed as a guarantee or any commitment of the amount of future distributions and surplus cash distributions. Please refer to “Assumptions for fiscal periods ending May 31, 2014 (Third fiscal period) (from December 1, 2013 to May 31, 2014) and November 30, 2014 (Fourth fiscal period) (from June 1, 2014 to November 30, 2014)” on page 12 for assumptions regarding the forward-looking statements.

1. Organizational Structure of Investment Corporation

The descriptions and explanations of names, operational roles and business profiles of NPR and its related parties / affiliates, including other NPR's related entities, are not indicated herein since they were fully explained in the most recent Security Registration Statement ("SRS") of NPR (filed on November 5, 2013, including subsequent amendments) and there have not been material changes from SRS. As the administration related to the offering and issuance of new investment units has been completed, underwriting agreements with underwriters were closed and completed, and therefore, the related parties as of today are as follows:



- (1) Asset Management Agreement
- (2) Asset Custody Agreement, General Administration Agreement and Transfer Agency Agreement
- (3) Sponsor Support Agreement

2. Management Policies and Results of Operations

(1) Management Policies

There have been no significant changes to the "Investment Policies", "Investment Targets" and "Distribution Policies" from the most recent SRS (filed on November 5, 2013, including subsequent amendments), and therefore, their descriptions are not indicated herein.

(2) Results of Operations

(I) Overview of the Second Fiscal Period ended November 30, 2013

(i) Major Operational Results of NPR

NPR was established on November 7, 2012 based on the "Act on Investment Trust and Investment Corporation" ("Investment Trust Law") and was listed on the REIT Securities Market ("J-REIT Market") of the Tokyo Stock Exchange ("TSE") on February 14, 2013 (securities code: 3283).

NPR is a real estate investment trust ("REIT") specialized in investing into logistics real estate with the sponsorship of the Prologis Group^(*), the leading global owner, operator and developer of logistics facilities. 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 acquired 12 properties (aggregate acquisition price: 173,020 million yen) on February 15, 2013, following its listing, and commenced substantive operation. In addition, NPR acquired 7 properties (aggregate acquisition price: 112,430 million yen) on June 13, 2013 and 1 property (acquisition price: 20,000 million yen) on October 1, 2013 during the reporting fiscal period. As a result, NPR owned 20 properties (aggregate acquisition price: 305,450 million yen) as of the end of the second fiscal period.

(*) The Prologis Group is defined as a group of Prologis, Inc., 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.

(ii) Operational Results of Second Fiscal Period ended November 30, 2013

During the reporting fiscal period, Japan's overall economy and its stock market as well as J-REIT market were observed continuing to recover as a result of macroeconomic factors such as monetary easing policy by the government since December, 2012 and an expectation for an economic ripple effect from the announcement of the Tokyo Olympic Games in 2020.

As for the real estate market, investor demand for new properties continues to be strong, and the market itself is strengthening, which is demonstrated by a number of transactions by J-REITs.

In the logistics real estate market, we believe that demand is increasing for Class-A logistics facilities as NPR's customers, logistic space users, have been shifting their leasing activities from older and smaller logistics facilities to larger and more advanced facilities. In our view, this shift is a result of ongoing fundamental reconfiguration of Japan's supply chains which are being triggered by (i) transformation of industries from manufacturing to services, migration of manufacturing to overseas, continuous expansion in global trades, and overall economic, industrial and social structural changes occurring inside / outside of Japan, (ii) expansion of e-commerce business as well as third-party logistics ("3PL") business.

Under such environment, NPR has started its operations by acquiring ownership fee interests and real estate trust beneficiary interests of 12 properties on February 15, 2013, 7 properties on June 13, 2013 and 1 property on October 1, 2013 during the reporting fiscal period.

As a result, as of the end of the reporting fiscal period, NPR owned 20 properties (aggregate acquisition price: 305,450 million yen), which were all developed by the Prologis Group. The portfolio's total leasable area was 1,483,730.09 m² and the occupancy rate remained at high levels of 98.8% as of the end of the reporting fiscal period.

(iii) Overview of Financing

NPR conducted the issuance of the new investment units through its initial public offering (182,350 units), which proceeds was remitted to NPR on February 13, 2013 (the payment date). NPR was listed on the J-REIT Market of TSE on February 14, 2013. In addition, NPR conducted the issuance of the new investment units through its first follow-on offering (96,200 units), with a payment date of June 10, 2013. As a result of this offering and subsequent events, the balance of NPR's total balance of unit holders' capital was 167,941 million yen and total number of units issued and outstanding was 278,950 as of the end of the reporting fiscal period.

Also, for the purpose of acquiring the 12 assets (ownership fee interests and trust beneficiary interests) and covering ancillary costs and expenses, NPR borrowed 80,900 million yen on February 15, 2013. In addition, NPR borrowed 43,300 million yen and 20,000 million yen on June 13, 2013 and October 1, 2013, respectively, and prepaid short-term loans of 5,000 million yen on August 30, 2013. As a result, the ending balance of NPR's interest bearing debt was 139,200 million yen as of the end of the reporting fiscal

period. At the same time, NPR entered into interest rate swap contracts to fix the interest rate of the loans in the long-term in an attempt to stabilize and further strengthen NPR's financial status.

As a result of these series of equity and debt financings, NPR's loan-to-value ratio (the ratio of aggregate principal amount of interest-bearing debt, including bank loans and outstanding balance of long-term and short-term investment corporation bonds to NPR's total assets, hereinafter "LTV") was 43.0% as of the end of the reporting fiscal period.

In addition, NPR obtained JCR AA- (stable) credit rating on January 10, 2013.

(iv) Overview of Financial Results and Distributions

As a result of these series of investment activities as well as financings, NPR recorded operating revenues of 10,113 million yen, operating income of 5,622 million yen, ordinary income of 4,643 million yen and net income of 4,642 million yen for the reporting fiscal period. The amount of NPR's distributions for the same period was 16,643 yen per unit, which included NPR's profit distributions in deductible expenses in accordance with the Section 1 of Article 67-15 of the Act on Special Taxation Measures Law (a customary practice of J-REITs). The distribution amount was determined to distribute the entire unappropriated retained earnings for the reporting period, excluding fractions less than one yen.

In addition to the above distributions arising from earnings, NPR intends to regularly, distribute cash in excess of the amount of retained earnings ("Surplus Cash Distributions" or "SCD") each fiscal period in accordance with NPR's distribution policy set forth in its articles of incorporation ^(*1). Accordingly, NPR will distribute 604 million yen as SCD, an amount equivalent to 28.5% of NPR's depreciation of 2,122 million yen for the reporting fiscal period, which shall be treated as a return of unit holders' capital from an accounting standpoint. The determined amount of SCD per unit is 2,168 yen ^(*2).

(*1) NPR intends to distribute SCD on a regular basis in an amount (in the meantime, an amount equal to approximately 30% of depreciation expenses for the fiscal period) no higher than 60% of its depreciation amount, fully reflecting its considerations of maintaining its financial soundness and stability in connection with alternative uses of cash such as repair expenses, capital expenditures, the repayment of borrowings and application to fund new acquisitions.

(*2) NPR acknowledges that the amount of anticipated semiannual average of emergency or short-term repair and maintenance expenses, the medium to long-term repair and maintenance expenses is 199 million yen. This assessment of expenses was conducted in the engineering report for each property prepared by Earth-Appraisal Co., Ltd. NPR determines the amount of SCD, and conducts the distribution of SCD, while ensuring its healthy financial condition and stability as well as various factors including the current economic and real estate market environment, NPR's own LTV, potential impacts on NPR's credit rating and other financial status. Please note that the amount of SCD shall be deducted from NPR's unit holders' equity upon payment.

(II). Outlook for Next Fiscal Period

(i) Future Management Policies and Issues to be Addressed

(a) Basic Policies

NPR along with Prologis REIT Management K.K. (the "Asset Manager") will continue to aim to maximize NPR's unit holder value through continuous and focused investments in and operations of Class-A logistics facilities. In order to achieve the external and internal growth objectives, NPR and the Asset Manager intend to fully utilize the sponsor support agreement entered into with the Prologis Group. NPR and the Asset Manager aim for further growth by fully taking advantage of the strong pipeline support from the Prologis Group, in connection with logistics facilities developed by the group, as well as the group's platform of its global customer network, operational expertise and other management resources.

The Prologis Group is a leading company and pioneer of the development of Class-A logistics facilities in Japan and it intends to continue to actively develop Class-A facilities in the region. Through cooperation with the Prologis Group, NPR believes that it can provide unique opportunities to its unit holders to invest in high quality logistics facilities developed by the Prologis

Group. Also, NPR and the Asset Manager will concentrate on owning and operating logistics facilities, while the Prologis Group will focus on development and property management of such facilities. Through such delineated roles, NPR believes that it can minimize potential risks of conflict of interest with the sponsor, and at the same time, accomplish efficient management of its portfolio.

(b) External Growth Strategies

Based on the pipeline support, NPR was provided with exclusive negotiation rights from the Prologis Group for 5^(*1, *2) properties which are either already operational or under construction. Furthermore, NPR is scheduled to obtain exclusive negotiation rights for logistics facilities which will be developed, owned or operated by the Prologis Group in the future once such facilities are stabilized in terms of occupancy, which is conditioned upon the related party transaction guideline of the Asset Manager to secure appropriate transaction terms and conditions.

In addition, the Asset Manager will pursue independent sources of properties from third parties in case, in light of then real estate market environment, such acquisitions shall optimize the value of NPR outside the scope of the pipeline support from the sponsor.

(*1) As for the 8 properties with exclusive negotiation rights which were granted at the time of the IPO, NPR entered into purchase and sale agreements on May 16, 2013 for Prologis Park Zama 2 and Prologis Park Narashino 4 by exercising the exclusive negotiation rights. As for Prologis Park Zama 2 and Prologis Park Narashino 4, the acquisition was completed on June 13, 2013, and October 1, 2013, respectively.

(*2) As for the remaining 6 properties after the acquisition of the above 2 properties, NPR entered into purchase and sale agreements on November 5, 2013 for Prologis Park Tokyo-Shinkiba, Prologis Park Yokohama-Tsurumi and Prologis Park Iwanuma 1 by exercising the exclusive negotiation rights and the acquisitions were completed on December 3, 2013. Please refer to “(ii) Significant Subsequent Events” on page 10. In addition, NPR has obtained new exclusive negotiation rights on November 5, 2013 for Prologis Park Kawajima 2 and Prologis Park Ebina.

(c) Internal Growth Strategies

Primarily due to NPR’s investment strategies, approximately 80% of NPR’s portfolio comprises multi-tenant logistics facilities. In general, multi-tenant logistics facilities tend to have relatively shorter lease terms (typically for five years), which results in highly diversified tenancy. Such shorter lease terms of multi-tenant facilities often benefit NPR in improving market environment. For example, NPR’s portfolio contains multiple lease contracts which were signed within one to two years following the Global Financial Crisis, or in challenging market conditions when supply of new space exceeded demands in the Osaka market. As such lease contracts are scheduled to mature, NPR believes that it has the opportunity to experience rental growth upon each contract’s renewal. In such cases, NPR believes that it can capture upside opportunities of rents in the phase of market recovery by intentionally entering into short-term leases with tenants.

As for build-to-suit logistics facilities, the lease terms are typically extend 10 to 15 years. NPR and the Asset Manager believe that by building a portfolio of combination of the two different property types of multi-tenant and build-to-suit, they will maintain stable cash flow and diversify the portfolio.

At the same time, as is the case in their external growth strategies, NPR and the Asset Manager are provided support, based on the sponsor support agreement with the Prologis Group, of various resources in connection with property management, market research and human resources. In addition, NPR is able to attract a larger number of tenants by taking advantage of the global customer network of the Prologis Group, providing further tenant diversification and stability of earnings.

(d) Financing Strategies

NPR and the Asset Manager intend to construct and implement strategic and flexible financing strategies in order to secure NPR’s medium to long-term profitability, steady growth of its portfolio size / value, and stability / efficiency of asset management.

NPR intends to issue new investment units in the future, in order to grow its assets under management in the long term, with thorough consideration of timing, fully considering and analyzing the status of capital market / economic environment, acquisition timing of new properties, NPR's capital structure and potential impacts on the existing unit holders' economic interest. As for debt financing such as bank loans, NPR prioritizes financing with long-term stability by fixing most interest rates for the long-term. NPR will manage its balance sheet with stabilized LTV of approximately 50% (with an upper limit of 60%) to maintain sound financial status. As for selection of lenders, NPR intends to borrow from financial intuitions with which NPR can maintain sustainable relationships and continue to transact in the long-term.

(ii) Significant Subsequent Events

(a) Issuance of New Investment Units

NPR issued new investment units with terms and conditions described below based on a resolution made by the board of directors on November 5, 2013 and November 20, 2013. Subsequently, the payments were completed on December 2, 2013 and December 25, 2013, respectively, for the issuance of new investment units through the public offering and third-party allotment. Consequently, as of today, the total balance of unit holders' capital is 197,878 million yen and the total number of investment units issued and outstanding is 312,750.

Issuance of New Investment Units through the Public Offering

Number of units issued and outstanding	32,190 units
Issue price	916,112 yen per unit
Total net proceeds	29,489,645,280 yen
Issue value	885,730 yen per unit
Total issue value	28,511,648,700 yen
Payment date	December 2, 2013

Issuance of New Investment Units through the Third-Party Allotment

Number of units issued	1,610 units
Issue price	885,730 yen per unit
Total net proceeds	1,426,025,300 yen
Payment date	December 25, 2013

(b) Borrowing of Bank Loans

On December 3, 2013, NPR obtained bank loans, which were decided on November 28, 2013 and November 29, 2013, to acquire properties described in the following "(c) Acquisition of Assets".

	Lender	Borrowing Amount (Billions of yen)	Interest rate	Borrowing date	Maturity date	Repayment method	Collateral
Short term	Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ Ltd. Sumitomo Mitsui Trust Bank, Limited Mizuho Bank, Ltd. Mitsubishi UFJ Trust & Banking Corporation Aozora Bank, Ltd. The Norinchukin Bank Resona Bank, Limited	1.45	Base interest rate (JBA three months Japanese Yen TIBOR) + 0.25%	December 3, 2013	December 3, 2014	Paid in full upon maturity	Unsecured and non-guaranteed

	Lender	Borrowing Amount (Billions of yen)	Interest rate	Borrowing date	Maturity date	Repayment method	Collateral
Long term	Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ Ltd. Sumitomo Mitsui Trust Bank, Limited Mizuho Bank, Ltd. Mitsubishi UFJ Trust & Banking Corporation	6.4 (Note 1)	Base interest rate (JBA three months Japanese Yen TIBOR) + 0.45%	December 3, 2013	December 3, 2018	Paid in full upon maturity	Unsecured and non-guaranteed
	Aozora Bank, Ltd. Development Bank of Japan Inc. The Norinchukin Bank Resona Bank, Limited						
	Prudential Mortgage Asset Holdings 1 Japan Investment Business Limited Partnership (Note 6)	6.9 (Note 2) 7.15 (Note 3)	2.00%		December 22, 2021	(Note 4) (Note 5)	Secured and non-guaranteed

(Note 1) NPR has executed the interest swap agreement for the 6.4 billion yen borrowing, to hedge the risks of interest rate volatility by converting the floating interest rate payable to the fixed interest rate on December 3, 2013 for the long-term loans.

Interest Rate Swap Agreement for Borrowing

Counterparty	SMBC Nikko Securities Inc.
Notional Principal	6.4 billion yen
Interest Rate	Fixed Interest Rate: 0.36010% Floating Interest Rate: JBA 3 Month Japanese Yen TIBOR
Agreement Date	November 29, 2013
Commencement Date	December 3, 2013
Termination Date	December 3, 2018
Interest Payment Date	The interest payment is set forth on February 28, 2014 for the first time, subsequently on the last day of May, August, November and February every year and the termination date, respectively (an interest payment date on a non-business day is moved to the following business day or the immediately preceding business day in case the following business day falls in the following month).

(*The subject interest rate swap agreement shall, in effect, fix the interest rate at 0.81010%.

(Note 2) Borrowing for Prologis Park Tokyo-Shinkiba

(Note 3) Borrowing for Prologis Park Yokohama-Tsurumi

(Note 4) Installment repayments of 32.5 million yen on the last business day of every three months starting on February 28, 2017. All remaining amounts shall be payable on the maturity date.

(Note 5) Installment repayments of 46 million yen on the last business day of every three months starting on February 28, 2017. All remaining amounts shall be payable on the maturity date.

(Note 6) The trustee entered into new loans to be held in trust from Prudential Mortgage Asset Holdings 1 Japan Investment Business Limited Partnership, under substantially the same terms and conditions that apply to the loans that were held by Tokyo-Shinkiba Special Purpose Company and Yokohama-Tsurumi Special Purpose Company, the respective sellers of the properties, and pledged the properties held in trust as security for the new loans. In terms of financial impact and under applicable accounting rules, these new loans are treated as borrowings incurred by NPR. The new loans have higher interest rates relative to other borrowings incurred by NPR. In order to compensate NPR for the approximate difference of the present values between the interest rate applicable to the new loans and the interest rate that would be applicable to the same loans if they had been incurred by NPR, ¥443 million was deducted from the amount of the payment made by NPR in connection with the acquisition of the trust beneficiary interests for Prologis Park Tokyo-Shinkiba and Prologis Park Yokohama-Tsurumi. The amount of the deduction was intended to equal the approximate difference, discounted to present value, between the interest payments to be made under the new loans and the interest payments that would have been required had NPR incurred identical borrowings on September 30, 2013. NPR obtained a valuation report from Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. calculating the amount of the deduction intended to approximate such difference in interest rates. Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. prepared its valuation report based on a selected valuation methodology with reference to metrics reported by third-party data vendors such as Bloomberg. If a different methodology had been

used, or if different metrics had been used as references, the resulting valuation amount may have differed. In connection with the foregoing arrangement, a liability will be recorded in an amount equal to the principal amount of the new loans to be held in trust and the amount deducted from the payment to be made by NPR in connection with the acquisition of the trust beneficiary interests for Prologis Park Tokyo-Shinkiba and Prologis Park Yokohama-Tsurumi. The portion of the liability representing the amount of the deduction will be amortized over the life of the loans to offset interest expenses recognized in connection with the loans. As interest expenses in connection with the loans held in trust will be recognized on a net basis, amortization of the adjustment of interest will have the effect of reducing interest expenses.

(c) Acquisition of Assets

NPR, according to its basic investment guidelines defined in its article of incorporation, decided to acquire properties described below, with the net proceeds from the public offering of new investment units on November 5, 2013 and concurrent borrowings. The acquisitions have been completed on December 3, 2013.

Prologis Park Tokyo-Shinkiba

Class of assets	Real estate trust beneficiary interests
Acquisition price	13,600 million yen
Date of acquisition	December 3, 2013
Location (residence indication)	1-12-10, Shinkiba, Koto, Tokyo
Purpose	Warehouse / retail
Land area	15,902.73 m ²
Gross floor area	31,250.52 m ²
Structure / number of stories	RC / 4-story
Date of construction	May 30, 2007
Ownership form	Proprietary

Prologis Park Yokohama-Tsurumi

Class of assets	Real estate trust beneficiary interests
Acquisition price	13,800 million yen
Date of acquisition	December 3, 2013
Location (residence indication)	2-5-4, Anzencho, Tsurumi, Yokohama, Kanagawa
Purpose	Warehouse
Land area	33,262.65 m ²
Gross floor area	65,192.62 m ²
Structure / number of stories	SRC / 5-story
Date of construction	April 30, 2008
Ownership form	Proprietary

Prologis Park Osaka 4

Class of assets	Real estate trust beneficiary interests
Acquisition price	21,000 million yen
Date of acquisition	December 3, 2013
Location (residence indication)	2-1-27, Nakashima, Nishiyodogawa, Osaka, Osaka
Purpose	Warehouse
Land area	54,495.00 m ²
Gross floor area	120,562.02 m ²
Structure / number of stories	SRC / 5-story
Date of construction	May 10, 2012
Ownership form	Proprietary

Prologis Park Iwanuma 1

Class of assets	Real estate trust beneficiary interests
Acquisition price	5,670 million yen
Date of acquisition	December 3, 2013
Location (residence indication)	3-2-35, Kuko-Minami, Iwanuma, Miyagi
Purpose	Warehouse / office
Land area	45,704.30 m ² (Note)
Gross floor area	39,957.47 m ²
Structure / number of stories	S / 3-story
Date of construction	October 2, 2008
Ownership form	Proprietary

(Note) It is possible that a portion of the land of Prologis Park Iwanuma 1 located near the boundary of the property will be condemned by Miyagi prefecture as part of planned construction work in the area. At the present time, the area planned to be condemned is 44.91 square meters, and no adverse regulatory effect with respect to the building-to-land ratio or floor-area ratio, or other impediments or statutory limitations are expected.

(d) Investment Unit Split

NPR's board of directors has resolved to split investment units as described below on December 19, 2013.

(1) Objective of the Split

In connection with the introduction of legislation in Japan establishing a Nippon Individual Savings Account ("NISA") program from January 1, 2014, NPR will implement the investment units split for the purpose of enabling investors to purchase the investment units more easily by reducing the cost of each investment unit, which would ultimately broaden NPR's investor base.

(2) Methodology of the Split

With February 28, 2014 as a record date (the "Record Date"), NPR will implement a 5-to-1 split of the investment units to be held by unit holders stated or recorded on the unit holder list, which shall be prepared at the end of the Record Date.

(3) Number of Investment Units to be Increased through the Split

Number of investment units issued and outstanding before the Split:	312,750 units
Number of investment units to be increased through the Split:	1,251,000 units
Number of investment units issued and outstanding after the Split:	1,563,750 units
Total number of authorized investment units after the Split:	10,000,000 units

(4) Schedule of the Split

Date of publication of Record Date:	February 13, 2014 (planned)
Record Date:	February 28, 2014
Split effective date:	March 1, 2014
New unit registration date:	March 3, 2014

(5) Effect on the Cash Distributions per Unit

Information related to per unit for the fiscal periods ending May 31, 2014 and November 30, 2014 are described below by calculating under assumption that the split implement on beginning of the previous fiscal period.

Net asset per unit:	for the fiscal period ending May 31, 2014	107,705 yen
	for the fiscal period ending November 30, 2014	123,738 yen
Net income per unit:	for the fiscal period ending May 31, 2014	2,803 yen
	for the fiscal period ending November 30, 2014	3,386 yen

(iii) Earnings Forecast

	Operating revenues (Millions of yen)	Operating income (Millions of yen)	Ordinary income (Millions of yen)	Net income (Millions of yen)	Distributions per unit (including surplus cash distributions)	Distributions per unit (excluding surplus cash distributions)	Surplus cash distributions per unit
Period ending May 31, 2014 (3rd period)	12,670	6,150	4,994	4,993	3,675 yen	3,192 yen	483 yen
Period ending November 30, 2014 (4th period)	12,835	6,047	5,006	5,005	3,683 yen	3,200 yen	483 yen

(Note 1) With March 1, 2014 as an effective date, NPR's board of directors has resolved implement a 5-to-1 split of investment units on December 19, 2013.

(Note 2) The forecast information is calculated based on the assumptions as of today. Accordingly, actual operating revenues, operating profit, ordinary income, net income, distributions per unit (excluding surplus cash distributions), and surplus cash distributions per unit may vary due to changes in NPR's operational environment and circumstances including acquisitions or sales of properties, changes in rent revenues attributable to tenant movement, unexpected repair, changes in interest rates or issuance of additional investment units. Therefore, these forecasts should not be deemed a commitment or guarantee of the amount of future cash distributions.

Assumptions for fiscal periods ending May 31, 2014 (Third fiscal period) (from December 1, 2013 to May 31, 2014) and November 30, 2014 (Fourth fiscal period) (from June 1, 2014 to November 30, 2014)

Item	Assumption
Accounting period	<ul style="list-style-type: none"> Fiscal period ending May 31, 2014 (Third fiscal period) (from December 1, 2013 to May 31, 2014) (182 days) Fiscal period ending November 30, 2014 (Fourth fiscal period) (from June 1, 2014 to November 30, 2014) (183 days)
Assets under management	<ul style="list-style-type: none"> 20 properties which NPR owned as of November 30, 2013, as well as 4 properties acquired on December 3, 2013. It is assumed that there will be no change in the number of the 24 properties up until May 31, 2014. The actual results may change due to the acquisition of new properties besides properties aforementioned or the sale of existing properties, etc.
Operating revenues	<ul style="list-style-type: none"> Operating revenues were assumed, by taking into account factors such as market trends and competitiveness of NPR's properties, to be 12,670 million yen and 12,835 million yen for the periods ending May 31, 2014 and November 30, 2014, respectively. The period-end expected occupancy rates are estimated to be 98.8% and 98.3% for the periods ending May 31, 2014 and November 30, 2014, respectively. For operating revenues, it is assumed that tenants will pay rents without delinquency or withholding.
Operating expenses	<ul style="list-style-type: none"> Expenses except depreciation are calculated by taking into account variable factors such as seasonal events and are assumed to be 2,659 million yen and 2,924 million yen for the periods ending May 31, 2014 and November 30, 2014, respectively. Depreciation expenses including ancillary costs are calculated using the straight-line method and are assumed to be 2,654 million yen and 2,654 million yen for the periods ending May 31, 2014 and November 30, 2014, respectively. Although property taxes and city planning taxes of real estate properties, upon sales and purchases, are generally calculated on a daily pro rata basis with former owners and are settled at the time of acquisitions, the amount equivalent to the settlement money is not expensed in the period ended November 30, 2013, as it is included in the acquisition cost of NPR. These taxes will start to be expensed in the fiscal period ending May 31, 2014. With respect to building repair expenses, the amount assumed to be necessary for each property is assumed based on the repair and maintenance plans of the Asset Manager. However, actual repair expenses may be substantially different from the expected amount due to certain unexpected factors.

Non-operating expenses	<ul style="list-style-type: none"> ● We assume that we will recognize 99 million yen as the total expenses incurred in relation to the offerings of the new investment units in the fiscal period ending May 31, 2014. ● We assume that we will recognize 8 million yen for each of the fiscal periods ending May 31, 2014 and November 30, 2014, respectively, as amortization of organization expenses. ● As for interest expenses and other debt-related costs, 1,037 million yen and 1,011 million yen are expected for the periods ending May 31, 2014 and November 30, 2014, respectively. The debt-related amortization is expected to be 109 million yen and 108 million yen for the periods ending May 31, 2014 and November 30, 2014, respectively.
Borrowings	<ul style="list-style-type: none"> ● NPR's balance of interest-bearing liabilities outstanding as of today is 161,100 million yen, all of which is bank loans. ● It is assumed that 3,400 million yen and 1,450 million yen of debt will be repaid during the fiscal periods ending May 31, 2014 and November 30, 2014, respectively, with the refunded consumption tax in connection with the acquisition of the properties.
Investment units	<ul style="list-style-type: none"> ● It is assumed that the current 312,750 units issued and outstanding will not change up until February 28, 2014. With March 1, 2014 as an effective date, NPR will implement a 5-to-1 split of the investment units. Accordingly, it is assumed that the 1,563,750 units issued and outstanding after March 1, 2014.
Distributions per unit (excluding surplus cash distributions (SCD))	<ul style="list-style-type: none"> ● Distributions per unit (excluding SCD) are calculated based on the premises of the distribution policy in the articles of incorporation of NPR. ● Distributions per unit (excluding SCD) may change considerably due to various factors including any additional acquisitions or sales of properties, changes in rent revenues attributable to tenant moves, changes in the environment including occurrence of unexpected repairs, changes in interest rates and issues of new investment units in the future.
Surplus cash distributions (SCD) per unit	<ul style="list-style-type: none"> ● SCD per unit is calculated based on the premises of the fund distribution policy contained in the articles of incorporation of NPR. It is assumed that SCD in the periods ending May 31, 2014 and November 30, 2014 will be equal to 28.5% of depreciation expenses for each of the fiscal periods, which are assumed to be 756 million yen and 756 million yen, respectively. ● The amount of depreciation expenses may change depending on the amount of total assets under management, ancillary costs, capital expenditure, and the allocation method of purchase prices for each asset, depreciable life, etc. SCD, which will be based on the amount of depreciation expenses, may change accordingly. ● NPR intends to pay SCD continuously only to the extent appropriate levels for maintaining financial soundness and stability are maintained after considering alternatives of cash uses such as repairs and capital expenditures, repayment of borrowings and acquisition opportunities. ● For the time being, NPR intends to have a level of SCD at an amount equivalent to approximately 30% of the depreciation expense for the relevant fiscal period. ● To determine the amount of SCD, NPR will consider the ratio of SCD to adjusted funds from operations ("AFFO"). NPR defines AFFO as funds from operations ("FFO") minus capital expenditures plus amortization of capitalized finance costs. FFO is defined as the sum of net income and non-cash expenses. As for calculations, please refer to the following formulas: $\text{FFO} = \text{net income} + \text{depreciation} + \text{property-related amortization} + \text{loss on sale of real estate} - \text{gain on sale of real estate}$ $\text{AFFO} = \text{FFO} - \text{capital expenditure} + \text{amortization of capitalized finance costs}$ ● Capital expenditures are assumed to be 115 million yen and 67 million yen in the periods ending May 31, 2014 and November 30, 2014, respectively. ● NPR does not plan to pay SCD in case such payment would cause the Distribution LTV, as defined below, to exceed 60%. $\text{Distribution LTV}(\%) = A / B \times 100$ $A = \text{interest-bearing debt (including borrowings held in trust and investment corporation bonds) at the end of the fiscal period} + \text{balance of tenant leasehold deposits released at the end of the fiscal period}$ $B = \text{total appraisal real estate value at the end of the fiscal period} + \text{the amount of cash deposits at the end of the fiscal period} - \text{the total amount distributions (including surplus cash distributions)}$

Others	<ul style="list-style-type: none">● It is assumed that any revision that will have an impact on the forecast information above will be made with respect to applicable laws and regulations, tax codes, accounting standards, listing rules, and rules of the Investment Trusts Association, Japan, etc.● It is assumed that any unexpected material change will not take place in the general economic environment and real estate market conditions, etc.
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3. Financial Statements

(1) Balance Sheet

(Unit: Thousands of yen)

	As of May 31, 2013	As of November 30, 2013
ASSETS		
Current assets:		
Cash and deposits	4,579,981	11,342,639
Cash and deposits in trust	1,474,877	2,470,176
Operating accounts receivable	54,742	70,365
Prepaid expenses	201,003	273,385
Deferred tax assets	20	17
Consumption taxes receivables	5,514,857	3,090,720
Other current assets	918	2,042
Total current assets	11,826,399	17,249,346
Fixed assets:		
Property and equipment		
Buildings	7,385,596	7,535,483
Less: accumulated depreciation	(59,161)	(148,544)
Buildings, net	7,326,434	7,386,939
Structures	249,739	249,739
Less: accumulated depreciation	(6,190)	(15,475)
Structures, net	243,549	234,263
Tools, furniture and fixtures	5,434	5,434
Less: accumulated depreciation	(168)	(420)
Tools, furniture and fixtures, net	5,265	5,013
Land	3,813,010	3,834,204
Buildings in trust	102,110,017	169,453,497
Less: accumulated depreciation	(800,650)	(2,727,219)
Buildings in trust, net	101,309,367	166,726,277
Structures in trust	1,960,206	2,944,035
Less: accumulated depreciation	(36,945)	(119,014)
Structures in trust, net	1,923,261	2,825,020
Tools, furniture and fixtures in trust	197,581	319,925
Less: accumulated depreciation	(6,152)	(21,341)
Tools, furniture and fixtures in trust, net	191,429	298,583
Other tangible assets	—	35
Less: accumulated depreciation	—	(4)
Other tangible assets in trust, net	—	31
Land in trust	58,459,186	123,657,601
Total property and equipment	173,271,505	304,967,936
Intangible assets		
Other intangible assets	—	870
Total intangible assets	—	870
Investments and other assets		
Long-term prepaid expenses	687,290	1,196,036
Security deposit	10,000	10,000
Total investments and other assets	697,290	1,206,036
Total fixed assets	173,968,795	306,174,843
Deferred assets:		

Organization expenses	71,947	63,802
Total deferred assets	71,947	63,802
Total assets	185,867,143	323,487,992

(Unit: Thousands of yen)

	As of May 31, 2013	As of November 30, 2013
LIABILITIES		
Current liabilities:		
Operating accounts payable	113,609	214,221
Short-term loans payable	5,000,000	3,400,000
Accounts payable-other	5,768	20,279
Accrued expenses	352,219	1,033,617
Income taxes payable	1,000	797
Advances received	1,000,461	1,774,004
Other current liabilities	914,396	1,019,994
Total current liabilities	<u>7,387,456</u>	<u>7,462,913</u>
Non-current liabilities:		
Long-term loans	75,900,000	135,800,000
Tenant leasehold and security deposits	238,791	247,191
Tenant leasehold and security deposits in trust	3,924,745	7,390,184
Other non-current liabilities	345	3,752
Total non-current liabilities	<u>80,063,882</u>	<u>143,441,128</u>
Total liabilities	<u>87,451,339</u>	<u>150,904,042</u>
NET ASSETS		
Unit holders' equity		
Unit holders' capital		
Unit holders' capital, gross	97,082,555	168,200,425
Deduction of unit holders' capital	—	(259,139)
Unit holders' capital	<u>97,082,555</u>	<u>167,941,285</u>
Surplus		
Unappropriated retained earnings (undisposed loss)	1,333,248	4,642,664
Total surplus	<u>1,333,248</u>	<u>4,642,664</u>
Total unit holders' equity	<u>98,415,803</u>	<u>172,583,950</u>
Total net assets ^{(*)2}	<u>*2 98,415,803</u>	<u>*2 172,583,950</u>
Total liabilities and net assets	<u>185,867,143</u>	<u>323,487,992</u>

(2) Statement of Income

	(Unit: Thousands of yen)	
	For the period from November 7, 2012 to May 31, 2013	For the period from June 1, 2013 to November 30, 2013
Operating revenues:		
Operating rental revenues	*1 3,367,723	*1 9,333,616
Other rental revenues	*1 197,761	*1 779,653
Total operating revenues	<u>3,565,484</u>	<u>10,113,269</u>
Operating expenses:		
Expenses related to property rental business ^(*1)	*1 1,262,541	*1 3,464,898
Asset management fee	326,081	954,234
Asset custody fee	9,490	26,352
Directors' compensation	4,200	4,600
Audit fee	—	13,000
Other operating expenses	1,473	27,446
Total operating expenses	<u>1,603,787</u>	<u>4,490,531</u>
Operating income	<u>1,961,696</u>	<u>5,622,737</u>
Non-operating income:		
Interest income	117	787
Gain on real estate tax settlement	5,059	2,473
Interest on refund	—	5,847
Other	0	27
Total non-operating income	<u>5,177</u>	<u>9,135</u>
Non-operating expenses:		
Interest expense	185,861	630,450
Amortization of deferred organization expenses	9,502	8,145
Borrowing related expenses	91,541	154,712
Investment unit issuance expenses	183,281	93,263
Offering costs associated with the issuance of investment unit	160,222	101,737
Others	2,212	26
Total non-operating expenses	<u>632,621</u>	<u>988,335</u>
Ordinary income	<u>1,334,252</u>	<u>4,643,537</u>
Income before income taxes	<u>1,334,252</u>	<u>4,643,537</u>
Incomes taxes – current	1,024	957
Incomes taxes – deferred	(20)	3
Total income taxes	<u>1,003</u>	<u>960</u>
Net income	<u>1,333,248</u>	<u>4,642,577</u>
Retained earnings brought forward	—	87
Unappropriated retained earnings (undisposed loss)	1,333,248	4,642,664

(3) Statement of Unit Holders' Equity

(Units: Thousands of yen)

	For the period from November 7, 2012 to May 31, 2013	For the period from June 1, 2013 to November 30, 2013
Unit holders' capital		
Unit holders' equity		
Unit holders' capital		
Balance at the beginning of the period	—	97,082,555
Change during the period		
Issuance of new investment units	97,082,555	71,117,870
Total change during the period	97,082,555	71,117,870
Balance at the end of the period	97,082,555	168,200,425
Deduction from unit holders' capital		
Balance at the beginning of the period	—	—
Change during the period		
Surplus cash distributions	—	(259,139)
Total change during the period	—	(259,139)
Balance at the end of the period	—	(259,139)
Unit holders' capital		
Balance at the beginning of the period	—	97,082,555
Change during the period		
Issuance of new investment units	97,082,555	71,117,870
Surplus cash distributions	—	(259,139)
Total change during the period	97,082,555	70,858,730
Balance at the end of the period	*1 97,082,555	*1 167,941,285
Surplus		
Unappropriated retained earnings (undisposed loss)		
Balance at the beginning of the period	—	1,333,248
Change during the period		
Unappropriated retained earnings (undisposed loss)	—	(1,333,161)
Net income	1,333,248	4,642,577
Total change during the period	1,333,248	3,309,415
Balance at the end of the period	1,333,248	4,642,664
Total surplus		
Balance at the beginning of the period	—	1,333,248
Change during the period		
Dividends from surplus	—	(1,333,161)
Net income	1,333,248	4,642,577
Total change during the period	1,333,248	3,309,415
Balance at the end of the period	1,333,248	4,642,664
Unit holders' equity		
Balance at the beginning of the period	—	98,415,803
Change during the period		
Issuance of new investment units	97,082,555	71,117,870
Surplus cash distributions	—	(259,139)
Dividends from surplus	—	(1,333,161)
Net income	1,333,248	4,642,577
Total change during the period	98,415,803	74,168,146

Balance at the end of the period	98,415,803	172,583,950
Total net assets		
Balance at the beginning of the period	—	98,415,803
Change during the period		
Issuance of new investment units	97,082,555	71,117,870
Surplus cash distributions	—	(259,139)
Dividends from surplus	—	(1,333,161)
Net income	1,333,248	4,642,577
Total change during the period	98,415,803	74,168,146
Balance at the end of the period	98,415,803	172,583,950

(4) Statement of Cash Distribution

(Unit: Yen)

	For the period from November 7, 2012 to May 31, 2013	For the period from June 1, 2013 to November 30, 2013
I Unappropriated retained earnings (undisposed loss)	1,333,248,692	4,642,664,677
II Distributions in excess of retained earnings		
Deduction from unit holders' capital	259,139,500	604,763,600
III Distributions	1,592,300,750	5,247,328,450
(Distributions per unit)	(8,713)	(18,811)
Of which, distributions of earnings	1,333,161,250	4,642,564,850
(Of which, distributions of earnings per unit)	(7,295)	(16,643)
Of which, distributions in excess of retained earnings	259,139,500	604,763,600
(Of which, distributions in excess of retained earnings per unit)	(1,418)	(2,168)
IV Retained earnings carried forward	87,442	99,827
Calculation method of distribution amount	<p>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.</p> <p>Based on the policy, NPR declared the distribution amount of 1,333,161,250 yen which was the amount equivalent to the maximum integral multiples of number of investment units issued and outstanding (182,750 investment units) as of the reporting fiscal period.</p> <p>Besides, based on the distribution policy as defined in Article 39, Paragraph 2 of the article 88 of incorporation, NPR shall make Surplus Cash Distribution (SCD), defined as distributions in excess of retained earnings, as a return of unit holders' capital, each fiscal period on a continuous basis.</p> <p>Accordingly, NPR declared SCD of 259,139,500 yen, as a return of unit holders' capital, which was the amount equivalent to approximately 28.5% of depreciation expense of 909,267,812 yen for the period.</p>	<p>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.</p> <p>Based on the policy, NPR declared the distribution amount of 4,642,564,850 yen which was the amount equivalent to the maximum integral multiples of number of investment units issued and outstanding (278,950 investment units) as of the reporting fiscal period.</p> <p>Besides, based on the distribution policy as defined in Article 39, Paragraph 2 of the article 88 of incorporation, NPR shall make Surplus Cash Distribution (SCD), defined as distributions in excess of retained earnings, as a return of unit holders' capital, each fiscal period on a continuous basis.</p> <p>Accordingly, NPR declared SCD of 604,763,600 yen, as a return of unit holders' capital, which was the amount equivalent to approximately 28.5% of depreciation expense of 2,122,782,312 yen for the period.</p>

(Note) NPR is permitted to distribute cash in excess of the amount of retained earnings in case the amount of the accounting net income is smaller than 90% of its distributable retained earnings on a tax basis to the extent that such distribution amount does not exceed the amount of NPR's depreciation for the same fiscal period, and if NPR determines such excess distribution amount is appropriate. Also, NPR is permitted to distribute cash in any amount to the extent that such amount is determined by NPR's board of directors if the amount of distributions does not satisfy certain conditions of special tax treatment which NPR shall be eligible to otherwise. Please note that the amount of SCD shall be subtracted from the balance of unit holders' paid-in capital upon payment.

(5) Statement of Cash Flows

	(Units: Thousands of yen)	
	For the period from November 7, 2012 to May 31, 2013	For the period from June 1, 2013 to November 30, 2013
Cash flows from operating activities:		
Income before income taxes	1,334,252	4,643,537
Depreciation	909,267	2,122,782
Amortization of organization expenses	9,502	8,145
Investment unit issuance expenses	183,281	93,263
Interest income	(117)	(787)
Interest expense	185,861	630,450
Decrease (Increase) in operating accounts receivable	(54,742)	(15,623)
Decrease (Increase) in consumption taxes refund receivables	(5,514,857)	2,424,137
Decrease (Increase) in prepaid expenses	(201,003)	(72,382)
Decrease (Increase) in long-term prepaid expenses	(687,290)	(508,746)
Increase (Decrease) in operating accounts payable	113,609	100,611
Increase (Decrease) in accounts payable-other	802	3,991
Increase (Decrease) in accrued expenses	352,219	673,402
Increase (Decrease) in advances received	1,000,461	773,542
Payment of organization expenses	(81,450)	—
Others, net	136,261	248,316
Subtotal	<u>(2,313,941)</u>	<u>11,124,642</u>
Interest received	117	787
Interest paid	(185,861)	(622,455)
Income taxes paid	(23)	(1,160)
Net cash used in operating activities	<u>(2,499,709)</u>	<u>10,501,813</u>
Cash flows from investing activities:		
Purchases of property and equipment	(11,453,780)	(171,080)
Purchases of property and equipment in trust	(161,944,463)	(133,988,996)
Purchase of intangible assets in trust	—	(900)
Payments of security deposit	(10,000)	—
Proceeds from tenant leasehold and security deposits	238,791	8,400
Proceeds from tenant leasehold and security deposits in trust	3,960,807	3,785,276
Repayments from tenant leasehold and security deposits in trust	(36,061)	(114,266)
Net cash used in investing activities	<u>(169,244,706)</u>	<u>(130,481,568)</u>
Cash flows from financing activities:		
Increase in short-term loans	5,000,000	3,400,000
Decrease in short-term loans payable	—	(5,000,000)
Proceeds from long-term loans	75,900,000	59,900,000
Proceeds from issuance of new investment units	96,899,273	71,024,606
Payment of distributions of earnings	—	(1,328,634)
Payment of surplus cash distributions	—	(258,259)
Net cash provided by financing activities	<u>177,799,273</u>	<u>127,737,712</u>
Net increase (decrease) in cash and cash equivalents	<u>6,054,858</u>	<u>7,757,957</u>
Cash and cash equivalents at the beginning of period	<u>—</u>	<u>6,054,858</u>
Cash and cash equivalents at the end of period ^(*)	<u>*1 6,054,858</u>	<u>*1 13,812,815</u>

(6) Notes Concerning Going Concerns Assumption

None

(7) Notes Concerning Significant Accounting Policies

<p>1. Method of depreciation of non-current assets</p>	<p>(1) Property and equipment (including trust assets) The straight-line method is used. The useful lives of major property and equipment are as follows. Buildings 3-60 years Structures 2-60 years Tools, furniture and fixtures 2-18 years</p> <p>(2) Intangible assets (including trust assets) The straight-line method is used.</p>
<p>2. Accounting method of deferred charges</p>	<p>(1) Investment unit issuance expenses The full amount of investment unit issuance expenses is recorded as expense at the time of expenditure.</p> <p>(2) Organization expenses All organization expenses are amortized over five years using straight-line method.</p>
<p>3. Revenue and expense recognition</p>	<p>Accounting treatment of property taxes and other taxes 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 right 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 expense. Capitalized property taxes amounted to 979,588 thousand yen and 346,688 thousand yen, respectively, for the fiscal periods ended May 31, 2013 and November 30, 2013.</p>
<p>4. Hedge accounting</p>	<p>(1) Hedge accounting method For interest rate swaps, special accounting treatment is adopted.</p> <p>(2) Hedge instruments and hedged items Hedge instruments – interest rate swaps Hedged items – interests on loans payable</p> <p>(3) Hedging policy NPR uses interest rate swaps for the purpose of hedging risks defined in the articles of incorporation based on its risk management policies.</p> <p>(4) Hedge effectiveness test Assessment of the hedge effectiveness has been omitted since all interest rate swaps meet the specific matching criteria under the special accounting treatment.</p>
<p>5. Cash and cash equivalents as stated in the Statement of Cash Flows</p>	<p>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.</p>
<p>6. Other significant matters which constitute the basis for preparation of financial statements</p>	<p>(1) Accounting treatment of trust beneficiary interests of real estate As to trust beneficiary interests of real estate, all accounts of assets and liabilities within assets in trust, as well as all income generated and expenses incurred from assets in trust, are recorded in the relevant balance sheets and income statement accounts. Of which, the following significant trust assets are shown separately on the balance sheet. (a) Cash and cash equivalents in trust (b) Buildings in trust, structures in trust, tools, furniture and fixtures in trust and land in trust (c) Tenant leasehold and security deposits in trust</p> <p>(2) Accounting treatment of consumption taxes Transaction subject to consumption taxes are recorded at amounts exclusive of consumption taxes.</p>

(8) Notes to Financial Statements

(Notes to Balance Sheet)

*1. Commitment line agreement

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

	As of May 31, 2013	As of November 30, 2013
Total amount of committed line of credit	8,000,000 thousand yen	8,000,000 thousand yen
Borrowings drawn down	- thousand yen	- thousand yen
Balance of unused committed line of credit	8,000,000 thousand yen	8,000,000 thousand yen

As of May 31, 2013

*2. Minimum net assets as required by Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations:
50,000 thousand yen.

As of November 30, 2013

*2. Minimum net assets as required by Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations:
50,000 thousand yen.

(Notes to Statement of Income)

*1. Operating income from property leasing is as follows:

(Units: Thousands of yen)

	For the period from November 7, 2012 to May 31, 2013	For the period from June 1, 2013 to November 30, 2013
(1) Property-related revenues		
Rental revenues		
Rental revenues	3,117,304	8,748,359
Common area charges	250,418	585,257
Total	3,367,723	9,333,616
Other rental revenues		
Received utilities cost	122,258	614,554
Others	75,502	165,098
Total	197,761	779,653
Total property-related revenues	3,565,484	10,113,269
(2) Property-related expenses		
Rental expenses		
Subcontract expenses	203,861	516,001
Utilities cost	125,943	675,777
Taxes and dues	-	254
Non-life insurance premium	7,317	19,303
Repair and maintenance	12,011	119,726
Depreciation	909,267	2,122,782
Custodian fee	2,902	8,917
Other expenses	1,236	2,134
Total rental expenses	1,262,541	3,464,898
(3) Operating income from property leasing ((1)-(2))	2,302,942	6,648,370

(Notes to Statement of Unit Holders' Equity)

*1. Number of investment units authorized and number of investment units issued and outstanding

	For the period from November 7, 2012 to May 31, 2013	For the period from June 1, 2013 to November 30, 2013
Number of investment units authorized	2,000,000 units	2,000,000 units
Number of investment units issued and outstanding	182,750 units	278,950 units

(Notes to Statement of Cash Flow)

*1. Relationship between cash and cash equivalents in statement of cash flows and accounts and amounts in the accompanying balance sheet

	For the period from November 7, 2012 to May 31, 2013	For the period from June 1, 2013 to November 30, 2013
Cash and deposits	4,579,981 thousand yen	11,342,639 thousand yen
Cash and deposits in trust	1,474,877 thousand yen	2,470,176 thousand yen
Total assets	6,054,858 thousand yen	13,812,815 thousand yen

(Notes Related to Lease Contracts)

Operating lease transactions (as lessor)

Unearned rental revenue

	As of May 31, 2013	As of November 30, 2013
Due within one year	9,864,329 thousand yen	14,987,059 thousand yen
Due after one year	34,795,141 thousand yen	51,157,613 thousand yen
Total	44,659,470 thousand yen	66,144,672 thousand yen

(Notes Related to Financial Instruments)

1. Status of financial instruments

(1) 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.

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

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

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

(3) 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 values 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.

2. Estimated Fair Value of Financial Instruments

As of May 31, 2013

Book value, fair value and the difference between the values as of May 31, 2013 are as follows. Financial instruments for which fair value is difficult to estimate are excluded from the following table.^(Note 2)

(Unit: Thousands of yen)

	Book value	Fair value	Difference
(1) Cash and deposits	4,579,981	4,579,981	—
(2) Cash and deposits in trust	1,474,877	1,474,877	—
Total assets	6,054,858	6,054,858	—
(3) Short-term loans	5,000,000	5,000,000	—
(4) Long-term loans	75,900,000	76,525,906	625,906
Total liabilities	80,900,000	81,525,906	625,906
(5) Derivative transactions	—	—	—

As of November 30, 2013

Book value, fair value and the difference between the values as of November 30, 2013 are as follows. Financial instruments for which fair value is difficult to estimate are excluded from the following table.^(Note 2)

(Unit: Thousands of yen)

	Book value	Fair value	Difference
(1) Cash and deposits	11,342,639	11,342,639	—
(2) Cash and deposits in trust	2,470,176	2,470,176	—
Total assets	13,812,815	13,812,815	—
(3) Short-term loans	3,400,000	3,400,000	—
(4) Long-term loans	135,800,000	138,983,691	3,183,691
Total liabilities	139,200,000	142,383,691	3,183,691
(5) Derivative transactions	—	(3,108)	(3,108)

(Note 1) Methods to calculate fair values of financial instruments

(1) Cash and deposits and (2) Cash and deposits in trust

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

(3) Short-term loans

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

(4) Long-term loans

Long-term loans qualify for hedge accounting and meet the special criteria, and therefore, the fair value of the hedged long-term loans is determined based on the present value of contractual cash flows in conjunction with the interest rate swaps discounted at current market interest rates which would be applicable to new loans payable under the same conditions and terms.

(5) Derivative transactions

Please refer to “Notes related to Derivative Transactions,” below.

(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.

(Units: Thousands of yen)

	As of May 31, 2013	As of November 30, 2013
Tenant leasehold and security deposits	238,791	247,191
Tenant leasehold and security deposits in trust	3,924,745	7,390,184

(Note 3) Redemption schedule of monetary claims after the closing date of the fiscal period

As of May 31, 2013

(Units: Thousands of yen)

	Due within one year
Cash and deposits	4,579,981
Cash and deposits in trust	1,474,877

As of November 30, 2013

(Units: Thousands of yen)

	Due within one year
Cash and deposits	11,342,639
Cash and deposits in trust	2,470,176

(Note 4) Redemption schedule of long-term loans after the closing date of the fiscal period

As of May 31, 2013

(Unit: Thousands of yen)

	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
Long-term loans	—	—	23,300,000	—	23,300,000	29,300,000
Total	—	—	23,300,000	—	23,300,000	29,300,000

As of November 30, 2013

(Unit: Thousands of yen)

	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
Long-term loans	—	—	23,300,000	2,000,000	23,300,000	87,200,000
Total	—	—	23,300,000	2,000,000	23,300,000	87,200,000

(Notes Related to Investment Securities)

For the periods ended May 31, 2013 and November 30, 2013

None

(Notes Related to Derivative Transactions)

1. Derivative transactions for which hedge accounting is not applied

For the periods ended May 31, 2013 and November 30, 2013

None

2. Derivative transactions for which hedge accounting is applied

The contract and notional amount as of May 31, 2013 sorted by hedge accounting method is as follows.

(Units: Thousands of yen)

Hedge accounting method	Type of derivative transaction	Primary hedged item	Contract amount and other		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	75,900,000	75,900,000	(Note)	—

(Note) Interest rate swaps under special accounting treatment are accounted for as the integral part of long-term loans designated as hedged items. Therefore, their fair value is included in long-term loans disclosed in the aforementioned “Notes Related to Financial Instruments, 2. Estimated Fair Values of Financial Instruments, (4) Long-term loans”.

The contract and notional amount as of November 30, 2013 sorted by hedge accounting method is as follows.

(Units: Thousands of yen)

Hedge accounting method	Type of derivative transaction	Primary hedged item	Contract amount and other		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	142,200,000 (Note 1)	142,200,000 (Note 1)	(3,108) (Note 2)	— (Note 2)

(Note 1) This amount includes the interest swap agreement executed on November 29, 2013 with a borrowing date of December 3, 2013.

(Note 2) Interest rate swaps executed on November 29, 2013 under special accounting treatment are accounted for as the integral part of long-term loans designated as hedged items. Therefore, their fair value is included in long-term loans disclosed in the aforementioned “Notes Related to Financial Instruments, 2. Estimated Fair Values of Financial Instruments, (4) Long-term loans”.

(Notes Related to Related Party Transactions)

1. Transactions with Account Balances with the Parent company and Major Unit Holders

For the period from November 7, 2012 to May 31, 2013

Classification	Name of the company	Address	Stated capital (Thousands of yen)	Type of business	% of voting rights owned	Relation		Type of transaction	Transaction amount (Thousands of yen)	Account	Ending Balance (Thousands of yen)
						Common board member	Business relationship				
Parent Company	ProLogis K.K.	Chiyoda-ku, Tokyo	10,000	Real estate business	100.0	—	Parent Company	Issuance of units at establishment through a private placement	200,000	—	—

(Note 1) The company acquired new investment units at establishment through a private placement at 500,000 yen per unit.

(Note 2) With regards to the public offering of new investment units, the ratio of voting rights owned as of May 31, 2013 stands at 0.21% of the total outstanding investment units.

(Note 3) The figures above for the transaction amount do not include the consumption tax whereas the tax is included in the ending balance.

For the period from June 1, 2013 to November 30, 2013

None

2. Transactions and Account Balances with Affiliates

For the periods from November 7, 2012 to May 31, 2013 and June 1, 2013 to November 30, 2013

None

3. Transactions and Account Balances with Companies under Common Control

For the period from November 7, 2012 to May 31, 2013

Relationship	Name of the company	Address	Stated capital (Thousands of yen)	Type of business	% of voting rights owned	Relation		Type of transaction	Transaction amount (Thousands of yen)	Account	Balance (Thousands of yen)
						Common board member	Business relationship				
Subsidiary of an affiliate	Ichikawa 1 Special Purpose Company	Chiyoda-ku, Tokyo	3,577,500	Real estate business	-	-	Seller	Acquisition of beneficiary right in trust	33,900,000	-	-
Subsidiary of an affiliate	Zama 1 Special Purpose Company	Chiyoda-ku, Tokyo	5,053,500	Real estate business	-	-	Seller	Acquisition of beneficiary right in trust	27,900,000	-	-
Subsidiary of an affiliate	Kawajima Special Purpose Company	Chiyoda-ku, Tokyo	100	Real estate business	-	-	Seller	Acquisition of beneficiary right in trust	25,600,000	-	-
Subsidiary of an affiliate	Prologis Osaka 2 Special Purpose Company	Chiyoda-ku, Tokyo	2,473,800	Real estate business	-	-	Seller	Acquisition of beneficiary right in trust	25,000,000	-	-
Subsidiary of an affiliate	Maishima 3 Special Purpose Company	Chiyoda-ku, Tokyo	3,135,600	Real estate business	-	-	Seller	Acquisition of beneficiary right in trust	13,500,000	-	-
Subsidiary of an affiliate	Kasugai Special Purpose Company	Chiyoda-ku, Tokyo	16,210,100	Real estate business	-	-	Seller	Acquisition of beneficiary right in trust	24,370,000	-	-
Subsidiary of an affiliate	Maishima 4 Special Purpose Company	Chiyoda-ku, Tokyo	3,022,300	Real estate business	-	-	Seller	Acquisition of beneficiary right in trust	11,500,000	-	-
Subsidiary of an affiliate	Takatsuki 2 Special Purpose Company	Chiyoda-ku, Tokyo	810,800	Real estate business	-	-	Seller	Acquisition of real estate	4,410,000	-	-
Subsidiary of an affiliate	Tosu 2 Special Purpose Company	Chiyoda-ku, Tokyo	600	Real estate business	-	-	Seller	Acquisition of real estate	3,030,000	-	-
Subsidiary of an affiliate	Tosu 4 Special Purpose Company	Chiyoda-ku, Tokyo	1,037,850	Real estate business	-	-	Seller	Acquisition of real estate	3,810,000	-	-
Subsidiary of an affiliate	Prologis REIT Management K.K.	Chiyoda-ku, Tokyo	100,000	Investment management business	-	-	Executive Director of NPR and President & CEO of the Asset Manager	Asset Manager Payment of asset management fee	326,081	Accrued expenses	342,358

(Note 1) The figures above do not include consumption taxes in the transaction amount. Nonetheless, it is included in the balance.

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

For the period from June 1, 2013 to November 30, 2013

Relationship	Name of the company	Address	Stated capital (Thousands of yen)	Type of business	% of voting rights owned	Relation		Type of transaction	Transaction amount (Thousands of yen)	Account	Balance (Thousands of yen)
						Common board member	Business relationship				
Subsidiary of an affiliate	Tokyo Ohta Special Purpose Company	Chiyoda-ku, Tokyo	784,600	Real estate business	-	-	Seller	Acquisition of beneficiary right in trust	29,500,000	-	-
Subsidiary of an affiliate	Zama 2 Special Purpose Company	Chiyoda-ku, Tokyo	40,100	Real estate business	-	-	Seller	Acquisition of beneficiary right in trust	21,900,000	-	-
Subsidiary of an affiliate	Funabashi 5 Special Purpose Company	Chiyoda-ku, Tokyo	63,100	Real estate business	-	-	Seller	Acquisition of beneficiary right in trust	9,500,000	-	-
Subsidiary of an affiliate	Funabashi Tokorozawa Special Purpose Company	Chiyoda-ku, Tokyo	1,000,000	Real estate business	-	-	Seller	Acquisition of beneficiary right in trust	1,500,000	-	-
Subsidiary of an affiliate	Narita 1-1 Special Purpose Company	Chiyoda-ku, Tokyo	75,100	Real estate business	-	-	Seller	Acquisition of beneficiary right in trust	8,420,000	-	-

Relationship	Name of the company	Address	Stated capital (Thousands of yen)	Type of business	% of voting rights owned	Relation		Type of transaction	Transaction amount (Thousands of yen)	Account	Balance (Thousands of yen)
						Common board member	Business relationship				
Subsidiary of an affiliate	Narita 1-2 Special Purpose Company	Chiyoda-ku, Tokyo	318,100	Real estate business	—	—	Seller	Acquisition of beneficiary right in trust	4,810,000	—	—
Subsidiary of an affiliate	Amagasaki 1 Special Purpose Company	Chiyoda-ku, Tokyo	750,100	Real estate business	—	—	Seller	Acquisition of beneficiary right in trust	17,600,000	—	—
Subsidiary of an affiliate	Amagasaki 2 Special Purpose Company	Chiyoda-ku, Tokyo	258,100	Real estate business	—	—	Seller	Acquisition of beneficiary right in trust	19,200,000	—	—
Subsidiary of an affiliate	Narashino 4 Special Purpose Company	Chiyoda-ku, Tokyo	100	Real estate business	—	—	Seller	Acquisition of beneficiary right in trust	20,000,000	—	—
Subsidiary of an affiliate	Prologis REIT Management K.K.	Chiyoda-ku, Tokyo	100,000	Investment management business	-	Executive Director of NPR and President & CEO of the Asset Manager	Asset Manager	Payment of asset management fee	1,616,384	Accrued expenses	1,001,945

(Note 1) The figures above do not include consumption taxes in the transaction amount. Nonetheless, it is included in the balance.

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

4. Transaction and Account Balances with Board of Directors and Individual Unit Holders

For the fiscal periods from November 7, 2012 to May 31, 2013 and June 1, 2013 to November 30, 2013

None

(Notes Related to Retirement Payment)

For the fiscal periods ended May 31, 2013 and November 30, 2013

None

(Notes Related to Deferred Tax Accounting)

1. Significant components of deferred tax assets and liabilities

(Deferred tax assets)	(Unit: Thousands of yen)	
	As of May 31, 2013	As of November 30, 2013
Enterprise tax payable	20	17
Total deferred tax assets	20	17
Net deferred tax assets	20	17

2. Reconciliation of major items that caused differences between statutory tax rate and effective tax rate after applying deferred tax accounting

	(Unit: %)	
	As of May 31, 2013	As of November 30, 2013
Statutory tax rate	36.59	36.59
(Adjustments)		
Deductible distributions of earnings	(36.56)	(36.58)
Others	0.05	0.01
Effective tax rate	0.08	0.02

(Notes Related to Asset Retirement Obligations)

For the fiscal periods ended May 31, 2013 and November 30, 2013

None

(Notes Related to Rental Properties)

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

(Unit: Thousands of yen)

		For the period from November 7, 2012 to May 31, 2013	For the period from June 1, 2013 to November 30, 2013
Book value	Balance at the beginning of the period	-	173,271,505
	Change during the period (Note 2)	173,271,505	131,696,431
	Balance at the end of the period	173,271,505	304,967,936
	Fair value at the end of the period	176,880,000	315,110,000

(Note 1) Book value is the figure calculated by decreasing the accumulated amount of depreciation from acquisition cost.

(Note 2) The major factor of the increase for the fiscal period ended May 31, 2013, is a result of acquiring 12 properties (Prologis Park Ichikawa 1, Prologis Park Zama 1, Prologis Park Kawajima, Prologis Park Osaka 2, Prologis Park Maishima 3, Prologis Park Kasugai, Prologis Park Kitanagoya, Prologis Park Tagajo, Prologis Park Maishima 4, Prologis Park Takatsuki, Prologis Park Tosu 2 and Prologis Park Tosu 4 for a total of 174,180,772 thousand yen) and the major factor of the decrease is depreciation of 909,267 thousand yen. In addition, the major factor of the increase for the fiscal period ended November 30, 2013, is a result of acquiring 8 properties (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 and Prologis Park Narashino 4 for a total of 133,628,885 thousand yen and the major factor of the decrease is depreciation of 2,122,752 thousand yen.

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

(Notes Related to Segment and Related Information)

(Segment Information)

1. Overview of operating and reportable segments

Operating segments are components 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. Therefore, NPR has two reportable segments of “global market” and “regional market” (*) 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 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 surrounding the largest consumer 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 for investment strategy to the “regional market”, as such areas are critical to Japan’s domestic trades, NPR aims to invest in locations with the second largest customer 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.

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

As of November 30, 2013, NPR's properties classified into each segment are as follows:

Global market: 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/ Annex, Prologis Park Narita 1-A&B, Prologis Park Narita 1-C, Prologis Park Amagasaki 1, Prologis Park Amagasaki 2 and Prologis Park Narashino 4
Regional market: Prologis Park Kasugai, Prologis Park Kitanagoya, Prologis Park Tagajo, Prologis Park Tosu 2 and Prologis Park Tosu 4

2. Basis of measurement for the amounts of income, assets, liabilities and other items for each reportable segment

The accounting policies of each reportable segment are consistent with policies disclosed in "Notes Concerning Significant Accounting Policies." Reported segment income is measured on the basis of operating income.

3. Information about segment results, assets, liabilities and other items

As of May 31, 2013

(Unit: Thousands of yen)

	Global market	Regional market	Reconciling adjustments	Amount on financial statements
Operating revenues ⁽¹⁾	2,837,406	728,077	—	3,565,484
Segment income ⁽²⁾	1,656,614	405,334	(100,252)	1,961,696
Segment assets ⁽²⁾	143,191,152	31,692,998	10,982,992	185,867,143
Other items				
Depreciation	708,584	200,683	—	909,267
Increase in property and equipment	142,630,950	31,549,822	—	174,180,772

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

(Note 2) Reconciling adjustments to segment income of (100,252) thousand yen include general corporate expenses of 100,252 thousand yen that are not allocated to each reportable segment. General corporate expenses consists mainly of asset management fee, asset custody fee, administrative service fee and directors' compensation and other. Reconciling adjustments to segment assets of 10,982,992 thousand yen include current assets of 10,213,754 thousand yen, investments and other assets of 697,290 thousand yen and deferred assets of 71,947 thousand yen.

As of November 30, 2013

(Unit: Thousands of yen)

	Global market	Regional market	Reconciling adjustments	Amount on financial statements
Operating revenues ⁽¹⁾	8,853,595	1,259,674	—	10,113,269
Segment income ⁽²⁾	5,273,950	716,158	(367,370)	5,622,737
Segment assets ⁽²⁾	276,064,678	31,519,735	15,903,578	323,487,992
Other items				
Depreciation	1,821,314	301,468	—	2,122,782
Increase in property and equipment	133,703,808	116,275	—	133,820,084

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

(Note 2) Reconciling adjustments to segment income of (367,370) thousand yen include general corporate expenses of 367,370 thousand yen that are not allocated to each reportable segment. General corporate expenses

consists mainly of asset management fee, asset custody fee, administrative service fee and directors' compensation and other. Reconciling adjustments to segment assets of 15,903,578 thousand yen include current assets of 14,633,739 thousand yen, investments and other assets of 1,206,036 thousand yen and deferred assets of 63,802 thousand yen.

(Related Information)

For the period from November 7, 2012 to May 31, 2013

1. Information by products and services

Disclosure of this information is omitted as operating revenues generated from external customers for a single product and service have exceeded 90% of total operating revenues on the statement of income.

2. Information by geographic region

(1) Operating revenues

Disclosure of this information is omitted as operating revenues generated from external customers in Japan have exceeded 90% of total operating revenues on the statement of income.

(2) Property and equipment

Disclosure of this information is omitted as the balance of property and equipment in Japan has exceeded 90% of total balance of property and equipment on the balance sheet.

3. Information by major customers

Disclosure of this information is omitted because operating revenues from a single external customer accounted for less than 10% of total operating revenues on the statement of income

For the period from June 1, 2013 to November 30, 2013

1. Information by products and services

Disclosure of this information is omitted as operating revenues generated from external customers for a single product and service have exceeded 90% of total operating revenues on the statement of income.

2. Information by geographic region

(1) Operating revenues

Disclosure of this information is omitted as operating revenues generated from external customers in Japan have exceeded 90% of total operating revenues on the statement of income.

(2) Property and equipment

Disclosure of this information is omitted as the balance of property and equipment in Japan has exceeded 90% of total balance of property and equipment on the balance sheet.

3. Information by major customers

Disclosure of this information is omitted because operating revenues from a single external customer accounted for less than 10% of total operating revenues on the statement of income

(Notes Related to Per Unit Information)

	For the period from November 7, 2012 to May 31, 2013	For the period from June 1, 2013 to November 30, 2013
Net assets per unit	538,526 yen	618,691 yen
Net income per unit	14,017 yen	16,930 yen

(Note 1) Net income or loss per unit is calculated by dividing net income or loss for the period by the daily weighted average number of investment units issued and outstanding. Diluted net income per unit is not stated as there are no diluted units.

(Note 2) The basis for calculation of the net income per unit is as follows.

	For the period from November 7, 2012 to May 31, 2013	For the period from June 1, 2013 to November 30, 2013
Net income (Thousands of yen)	1,333,248	4,642,577
Amount not attributable to common unit holders (Thousands of yen)	—	—

	For the period from November 7, 2012 to May 31, 2013	For the period from June 1, 2013 to November 30, 2013
Net income attributable to common unit holders (Thousands of yen)	1,333,248	4,642,577
Average number of investment units during the period (unit)	95,115	274,218

(Notes on Significant Subsequent Events)

1. Issuance of New Investment Units

NPR issued new investment units with terms and conditions described below based on a resolution made by the board of directors on November 5, 2013 and November 20, 2013. Subsequently, the payments were completed on December 2, 2013 and December 25, 2013, respectively, for the issuance of new investment units through the public offering and third-party allotment. Consequently, as of today, the total balance of unit holders' capital is 197,878 million yen (deduction of unit holders' capital, gross) and the total number of investment units issued and outstanding is 312,750.

Issuance of New Investment Units through the Public Offering

Number of units issued and outstanding	32,190 units
Issue price	916,112 yen per unit
Total net proceeds	29,489,645,280 yen
Issue value	885,730 yen per unit
Total issue value	28,511,648,700 yen
Payment date	December 2, 2013

Issuance of New Investment Units through the Third-Party Allotment

Number of units issued	1,610 units
Issue price	885,730 yen per unit
Total net proceeds	1,426,025,300 yen
Payment date	December 25, 2013

2. Borrowing of Bank Loans

On December 3, 2013 NPR obtained bank loans which were decided on November 28, 2013 and November 29, 2013 to acquire properties described in the following "(c) Acquisition of Assets."

	Lender	Borrowing Amount (Billions of yen)	Interest rate	Borrowing date	Maturity date	Repayment method	Collateral
Short term	Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ Ltd. Sumitomo Mitsui Trust Bank, Limited Mizuho Bank, Ltd. Mitsubishi UFJ Trust & Banking Corporation Aozora Bank, Ltd. The Norinchukin Bank Resona Bank, Limited	1.45	Base interest rate (JBA three months Japanese Yen TIBOR) + 0.25%	December 3, 2013	December 3, 2014	Paid in full upon maturity	Unsecured and non- guaranteed
Long term	Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ Ltd. Sumitomo Mitsui Trust Bank, Limited Mizuho Bank, Ltd. Mitsubishi UFJ Trust & Banking Corporation Aozora Bank, Ltd. Development Bank of Japan Inc. The Norinchukin Bank Resona Bank, Limited	6.4 (Note 1)	Base interest rate (JBA three months Japanese Yen TIBOR) + 0.45%	December 3, 2013	December 3, 2018	Paid in full upon maturity	Unsecured and non- guaranteed

	Lender	Borrowing Amount (Billions of yen)	Interest rate	Borrowing date	Maturity date	Repayment method	Collateral
Long term	Prudential Mortgage Asset Holdings 1 Japan Investment Business Limited Partnership (Note 6)	6.9 (Note 2)	2.00%	December 3, 2013	December 22, 2021	(Note 4)	Secured and non-guaranteed
		7.15 (Note 3)				(Note 5)	

(Note 1) NPR has executed the interest swap agreement for the 6.4 billion yen of borrowings, to hedge the risks of interest rate volatility by converting the floating interest rate payable to the fixed interest rate on December 3, 2013 for the long-term loans.

Interest Rate Swap Agreement for Borrowing

Counterparty	SMBC Nikko Securities Inc.
Notional Principal	6.4 billion yen
Interest Rate	Fixed Interest Rate: 0.36010% Floating Interest Rate: JBA 3 Month Japanese Yen TIBOR
Agreement Date	November 29, 2013
Commencement Date	December 3, 2013
Termination Date	December 3, 2018
Interest Payment Date	The interest payment is set forth on February 28, 2014 for the first time, subsequently on the last day of May, August, November and May every year and the termination date, respectively (an interest payment date on a non-business day is moved to the following business day or the immediately preceding business day in case the following business day falls in the following month).

(*)The subject interest rate swap agreement shall, in effect, fix the interest rate at 0.81010%.

(Note 2) Borrowing for Prologis Park Tokyo-Shinkiba

(Note 3) Borrowing for Prologis Park Yokohama-Tsurumi

(Note 4) Installment repayments of 32.5 million yen on the last business day of every three months starting on February 28, 2017. All remaining amount shall be payable on the maturity date.

(Note 5) Installment repayments of 46.0 million yen on the last business day of every three months starting on February 28, 2017. All remaining amount shall be payable on the maturity date.

(Note 6) The trustee entered into new loans to be held in trust in the amount of ¥14,050 million at an interest rate of 2.00% from Prudential Mortgage Asset Holdings 1 Japan Investment Business Limited Partnership, under substantially the same terms and conditions that apply to the loans that were held by Tokyo-Shinkiba Special Purpose Company and Yokohama-Tsurumi Special Purpose Company, the respective sellers of the properties, and pledged the properties held in trust as security for the new loans. In terms of financial impact and under applicable accounting rules, these new loans are treated as borrowings incurred by NPR. The new loans have higher interest rates relative to other borrowings incurred by NPR. In order to compensate NPR for the approximate difference of the present values between the interest rate applicable to the new loans and the interest rate that would be applicable to the same loans if they had been incurred by NPR, ¥443 million was deducted from the amount of the payment made by NPR in connection with the acquisition of the trust beneficiary interests for Prologis Park Tokyo-Shinkiba and Prologis Park Yokohama-Tsurumi. The amount of the deduction was intended to equal the approximate difference, discounted to present value, between the interest payments to be made under the new loans and the interest payments that would have been required had NPR incurred identical borrowings on September 30, 2013. NPR obtained a valuation report from Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. calculating the amount of the deduction intended to approximate such difference in interest rates. Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. prepared its valuation report based on a selected valuation methodology with reference to metrics reported by third-party data vendors such as Bloomberg. If a different methodology had been used, or if different metrics had been used as references, the resulting valuation amount may have differed. In connection with the foregoing arrangement, a liability will be recorded in an amount equal to the principal amount of the new loans to be held in trust and the amount deducted from the payment to be made by NPR in connection with the acquisition of the trust beneficiary interests for Prologis Park Tokyo-Shinkiba and Prologis Park Yokohama-Tsurumi. The portion of the liability representing the amount of the deduction will be amortized over the life of the loans to offset interest expenses recognized in connection with the loans. As interest expenses in connection with the loans held in trust will be recognized on a net basis, amortization of the adjustment of interest will have the effect of reducing interest expenses.

3. Acquisition of Assets

NPR, according to its basic investment guidelines defined in its article of incorporation, decided to acquire properties described below, with the net proceeds from the public offering of new investment units on November 5, 2013 and concurrent borrowings. The acquisitions have been completed on December 3, 2013.

Prologis Park Tokyo-Shinkiba

Class of assets	Real estate trust beneficiary interests
Acquisition price	13,600 million yen
Date of acquisition	December 3, 2013
Location (residence indication)	1-12-10, Shinkiba, Koto, Tokyo
Purpose	Warehouse / retail
Land area	15,902.73 m ²
Gross floor area	31,250.52 m ²
Structure / number of stories	RC / 4-story
Date of construction	May 30, 2007
Ownership form	Proprietary

Prologis Park Yokohama-Tsurumi

Class of assets	Real estate trust beneficiary interests
Acquisition price	13,800 million yen
Date of acquisition	December 3, 2013
Location (residence indication)	2-5-4, Anzencho, Tsurumi, Yokohama, Kanagawa
Purpose	Warehouse
Land area	33,262.65 m ²
Gross floor area	65,192.62 m ²
Structure / number of stories	SRC / 5-story
Date of construction	April 30, 2008
Ownership form	Proprietary

Prologis Park Osaka 4

Class of assets	Real estate trust beneficiary interests
Acquisition price	21,000 million yen
Date of acquisition	December 3, 2013
Location (residence indication)	2-1-27, Nakashima, Nishiyodogawa, Osaka, Osaka
Purpose	Warehouse
Land area	54,495.00 m ²
Gross floor area	120,562.02 m ²
Structure / number of stories	SRC / 5-story
Date of construction	May 10, 2012
Ownership form	Proprietary

Prologis Park Iwanuma 1

Class of assets	Real estate trust beneficiary interests
Acquisition price	5,670 million yen
Date of acquisition	December 3, 2013
Location (residence indication)	3-2-35, Kuko-Minami, Iwanuma, Miyagi
Purpose	Warehouse / office
Land area	45,704.30 m ² (Note)

Gross floor area	39,957.47 m ²
Structure / number of stories	S / 3-story
Date of construction	October 2, 2008
Ownership form	Proprietary

(Note) It is possible that a portion of the land of Prologis Park Iwanuma 1 located near the boundary of the property will be condemned by Miyagi prefecture as part of planned construction work in the area. At the present time, the area planned to be condemned is 44.91 square meters, and no adverse regulatory effect with respect to the building-to-land ratio or floor-area ratio, or other impediments or statutory limitations are expected.

4. Investment Unit Split

NPR's board of directors has resolved to split investment units as described below on December 19, 2013.

(a) Objective of the Split

In connection with the introduction of legislation in Japan establishing a Nippon Individual Savings Account ("NISA") program from January 1, 2014, NPR will implement the investment units split for the purpose of enabling investors to purchase the investment units more easily by reducing the cost of each investment unit, which would ultimately broaden NPR's investor base.

(b) Methodology of the Split

With February 28, 2014 as a record date (the "Record Date"), NPR will implement a 5-to-1 split of the investment units to be held by unit holders stated or recorded on the unit holder list, which shall be prepared at the end of the Record Date.

(c) Number of Investment Units to be Increased through the Split

Number of investment units issued and outstanding before the Split:	312,750 units
Number of investment units to be increased through the Split:	1,251,000 units
Number of investment units issued and outstanding after the Split:	1,563,750 units
Total number of authorized investment units after the Split:	10,000,000 units

(d) Schedule of the Split

Date of publication of Record Date:	February 13, 2014 (planned)
Record Date:	February 28, 2014
Split effective date:	March 1, 2014
New unit registration date:	March 3, 2014

(e) Effect on the Cash Distributions per Unit

Information related to per unit for the fiscal periods ending May 31, 2014 and November 30, 2014 are described below by calculating under assumption that the split implement on beginning of the previous fiscal period.

Net asset value per unit:	for the fiscal period ending May 31, 2014	107,705 yen
	for the fiscal period ending November 30, 2014	123,738 yen
Net income per unit:	for the fiscal period ending May 31, 2014	2,803 yen
	for the fiscal period ending November 30, 2014	3,386 yen

(9) Change in Number of Investment Units Issued and Outstanding

Changes in the number of investment units issued and outstanding and unit holders' equity from the date of establishment to the end of the reported fiscal period are as follows

Date	Type of issue	Number of investment units issued and outstanding (Units)		Unit holders' equity (Note 1) (Thousands of yen)		Note
		Increase	Total	Increase	Total	
November 7, 2012	Private placement for incorporation	400	400	200,000	200,000	(Note 1)
February 13, 2013	Public offering	182,350	182,750	96,882,555	97,082,555	(Note 2)
June 10, 2013	Public offering	96,200	278,950	71,117,870	168,200,425	(Note 3)
August 14, 2013	Surplus cash distribution (Return on capital)	-	278,950	(259,139)	167,941,285	(Note 4)

(Note 1) Refers to the value after the deduction of unit holders' capital.

(Note 2) NPR was incorporated through private placement at a price of 500,000 yen per unit.

(Note 3) New investment units were issued at a price of 550,000 yen per unit (531,300 yen after deduction of gross spread to underwriters) to raise funds for the acquisition of new properties.

(Note 4) New investment units were issued at a price of 763,420 yen per unit (739,271 yen after deduction of gross spread to underwriters) to raise funds for the acquisition of new properties.

(Note 5) Cash distribution for the fiscal period ended May 2013 in the amount of 1,418 yen per unit as return of capital. It was decided on July 12, 2013 and started payment on August 14, 2013.

4. Change in Directors

No change in directors of NPR or the Asset Manager during the reporting fiscal period

5. Reference Information

(1) Composition of NPR's Assets

Type of asset	Region	First fiscal period (As of May 31, 2013)		Second fiscal period (As of November 30, 2013)	
		Retained amount (Millions of yen) (Note 3)	Ratio of total asset (%)	Retained amount (Millions of yen) (Note 3)	Ratio of total asset (%)
Real estate	Global market ⁽¹⁾				
	Kanto area	—	—	—	—
	Kansai area	4,454	2.4	4,477	1.4
	Regional market ⁽²⁾				
	Chubu area	—	—	—	—
	Tohoku area	—	—	—	—
	Kyushu area	6,934	3.7	6,983	2.2
Total	11,388	6.1	11,460	3.6	
Beneficiary right in trust	Global market ⁽¹⁾				
	Kanto area	87,415	47.0	182,766	56.5
	Kansai area	50,052	26.9	86,560	26.8
	Regional market ⁽²⁾				
	Chubu area	19,055	10.3	18,876	5.8
	Tohoku area	5,359	2.9	5,304	1.6
	Kyushu area	—	—	—	—
Total	161,883	87.1	293,508	90.7	
Total of real estate and others	173,271	93.2	304,968	94.3	
Deposit and other assets	12,595	6.8	18,519	5.7	
Total assets (Note 4)	185,867 (173,271)	100.0 (93.2)	323,487 (304,968)	100.0 (94.3)	

(Note 1) As for “global markets”, such areas are vital areas for international trade and logistics, and are locations surrounding largest consumer areas which can also serve as important hubs within the domestic logistics network. It refers to the following areas

- Kanto area, which refers to Tokyo, Kanagawa, Chiba, Saitama, Ibaraki, Tochigi and Gunma prefectures
- Kansai area, which refers to Osaka, Hyogo, Kyoto, Nara, Wakayama, Shiga and Mie prefectures

(Note 2) As for “regional markets” such areas are critical to Japan’s domestic trade and are locations with second largest customer areas in Japan to the “global markets”, which can play a crucial role in a widespread regional logistics network. It refers to following areas.

- Chubu area, which refers to Aichi, Shizuoka, Niigata, Toyama, Ishikawa, Fukui, Yamanashi, Nagano and Gifu prefectures
- Tohoku area, which refers to Aomori, Iwate, Miyagi, Akita, Yamagata and Fukushima prefectures
- Kyushu area, which refers to Fukuoka, Saga, Nagasaki, Kumamoto, Oita, Miyazaki and Kagoshima prefectures

(Note 3) The retained amount is from the balance (for the “Total of real estate and others”, the book value after depreciation) as of end of the reporting fiscal period

(Note 4) “Total assets” refers to the value on the balance sheet, and the figures in the brackets show the figures related to actual owned real estate.

(2) Overview of the Portfolio

The following summarizes the real estate or the real estate properties in trust owned by NPR at the end of the reporting fiscal period:

1. Overview of Assets Held (acquisition price, book value, appraisal value as of the end of the reporting fiscal period and others)

Property number	Property name	Form of ownership	Acquisition price (Millions of yen) ⁽¹⁾	Book value (Millions of yen) ⁽²⁾	Appraisal value as of the end of the reporting fiscal period (Millions of yen) ⁽³⁾	Return price					Investment rate (%) ⁽⁴⁾
						Direct capitalization method		DCF method			
						Priced based on direct capitalization method (Millions of yen)	Direct capitalization rate (%)	Priced based on DCF method (Millions of yen)	Discount rate (%)	Terminal capitalization rate (%)	
M-01	Prologis Park Ichikawa 1	Beneficiary right in trust	33,900	33,724	35,700	36,400	4.8	35,700	4.6	5.0	11.10
M-02	Prologis Park Zama 1	Beneficiary right in trust	27,900	27,717	28,000	28,100	5.3	28,000	5.1	5.5	9.13
M-03	Prologis Park Kawajima	Beneficiary right in trust	25,600	25,369	26,800	27,000	5.5	26,800	5.3	5.7	8.38
M-04	Prologis Park Osaka 2	Beneficiary right in trust	25,000	24,817	26,200	25,900	5.3	26,200	5.1	5.4	8.18
M-05	Prologis Park Maishima 3	Beneficiary right in trust	13,500	13,394	14,000	14,000	5.4	14,000	5.2	5.5	4.42
M-06	Prologis Park Kasugai	Beneficiary right in trust	12,500	12,410	13,900	13,800	5.9	13,900	5.7	6.0	4.09
M-07	Prologis Park Kitagoya	Beneficiary right in trust	6,500	6,465	6,920	6,960	5.6	6,920	5.5	5.8	2.13
M-08	Prologis Park Tagajo	Beneficiary right in trust	5,370	5,304	5,420	5,470	5.9	5,420	5.7	6.1	1.76
M-09	Prologis Park Tokyo-Ohta	Beneficiary right in trust	29,500	29,627	29,800	30,400	4.7	29,800	4.5	4.9	9.66
M-10	Prologis Park Zama 2	Beneficiary right in trust	21,900	21,935	22,200	22,300	5.3	22,200	5.1	5.5	7.17
M-11	Prologis Park Funabashi 5	Beneficiary right in trust	9,500	9,527	11,200 ⁽⁵⁾	11,300	5.1	11,200	4.9	5.3	3.60
	(Annex)		1,500	1,514							
M-12	Prologis Park Narita 1-A&B	Beneficiary right in trust	8,420	8,433	8,620	8,730	5.7	8,510	5.4	6.1	2.76
M-13	Prologis Park Narita 1-C	Beneficiary right in trust	4,810	4,825	4,910	4,960	5.7	4,860	5.4	6.1	1.57
M-14	Prologis Park Amagasaki 1	Beneficiary right in trust	17,600	17,668	18,000	18,100	5.0	17,800	4.9	5.4	5.76
M-15	Prologis Park Amagasaki 2	Beneficiary right in trust	19,200	19,259	19,600	19,800	5.1	19,400	4.9	5.3	6.29
B-01	Prologis Park Maishima 4	Beneficiary right in trust	11,500	11,421	11,900	12,000	5.2	11,900	5.1	5.4	3.76
B-02	Prologis Park Takatsuki	Real estate	4,410	4,477	4,550	4,510	5.5	4,550	5.2	5.6	1.44

Property number	Property name	Form of ownership	Acquisition price (Millions of yen) ⁽¹⁾	Book value (Millions of yen) ⁽²⁾	Appraisal value as of the end of the reporting fiscal period (Millions of yen) ⁽³⁾	Return price					Investment rate (%) ⁽⁴⁾
						Direct capitalization method		DCF method			
						Priced based on direct capitalization method (Millions of yen)	Direct capitalization rate (%)	Priced based on DCF method (Millions of yen)	Discount rate (%)	Terminal capitalization rate (%)	
B-03	Prologis Park Tosu 2	Real estate	3,030	3,091	3,180	3,190	5.6	3,180	5.4	5.8	0.99
B-04	Prologis Park Tosu 4	Real estate	3,810	3,891	3,910	3,970	5.7	3,910	5.4	5.8	1.25
B-05	Prologis Park Narashino 4	Beneficiary right in trust	20,000	20,091	20,300	20,200	5.2	20,300	5.0	5.3	6.55
Total			305,450	304,968	315,110	317,090	—	314,550	—	—	100.00

(Note 1) “Acquisition price” represents the purchase price of each property or beneficiary right in trust as set forth on the relevant purchase agreement and does not include expenses such as consumption taxes, and are rounded down to nearest million yen.

(Note 2) “Book value” represents the value on the balance sheet after depreciation and are rounded down to nearest million yen.

(Note 3) As for appraisal values, NPR has retained Jones Lang LaSalle K.K., CBRE K.K. and Japan Real Estate Institute to appraise the value of the properties. “Appraisal value as of the end of the reporting fiscal period” represents the appraisal value as set forth on the relevant study reports by real estate appraisers as of November 30, 2013.

(Note 4) “Investment ratio” is calculated by dividing the acquisition price for each property by the total acquisition price and is rounded to nearest second decimal place. Thus the sum of the figures in total may not add up to the figure in the total column.

(Note 5) Starting from disclosures pertaining to the reporting fiscal period, the “Appraisal value as of the end of the reporting fiscal period” is obtained from the appraiser as a single property.

NPR, according to its basic investment guidelines defined in its article of incorporation, entered into purchase and sale agreements to acquire properties described below on November 5, 2013, with the net proceeds from the public offering of new investment units and concurrent borrowings, and were acquired on December 3, 2013.

Property number	Property name	Form of ownership	Acquisition price (Millions of yen) ⁽¹⁾	Appraisal price (Millions of yen) ⁽²⁾	Return price				
					Direct capitalization method		DCF method		
					Price based on direct capitalization method (Millions of yen)	Direct capitalization rate (%)	Price based on DCF method (Millions of yen)	Discount rate (%)	Terminal capitalization rate (%)
M-16	Prologis Park Tokyo-Shinkiba	Beneficiary right in trust	13,600	13,600	13,600	4.7	13,600	4.6	4.9
M-17	Prologis Park Yokohama-Tsurumi	Beneficiary right in trust	13,800	13,800	13,800	5.3	13,800	5.1	5.4
M-18	Prologis Park Osaka 4	Beneficiary right in trust	21,000	21,000	20,700	5.3	21,000	5.1	5.4
M-19	Prologis Park Iwanuma 1	Beneficiary right in trust	5,670	5,670	5,770	6.0	5,670	6.0	6.3
Total			54,070	54,070	53,870	-	54,070	-	-

(Note 1) “Acquisition Price” represents the purchase price of each property or beneficiary right in trust as set forth on the relevant purchase agreement and does not include expenses such as consumption taxes, and is rounded down to nearest million yen.

(Note 2) As for appraisal values, NPR has retained CBRE K.K. to appraise the value of the properties. “Appraisal value” represents the appraisal value as set forth on the relevant study reports by real estate appraisers as of September 30, 2013.

2. Overview of Assets Held (property age, occupancy rate and annual rent)

Property number	Property name	Property age (years) ⁽¹⁾	Leasable area(m ²) ⁽²⁾	Leased area(m ²) ⁽³⁾	Gross number of tenants ⁽⁴⁾	Occupancy rate (%) ⁽⁵⁾	Annual rent (Millions of yen) ⁽⁶⁾	Security deposit (Millions of yen) ⁽⁷⁾	Average lease contract (years) ⁽⁸⁾	Average remaining lease contract (years) ⁽⁹⁾
M-01	Prologis Park Ichikawa 1	5.1	125,014.12	124,565.17	11	99.6	2,048	873	9.6	5.9
M-02	Prologis Park Zama 1	4.5	113,471.12	113,471.12	7	100.0	1,838	567	8.2	4.6
M-03	Prologis Park Kawajima	2.5	145,036.25	144,037.93	6	99.3	1,783	549	4.6	2.7
M-04	Prologis Park Osaka 2	6.6	130,565.80	129,822.44	8	99.4	1,709	600	6.5	2.6
M-05	Prologis Park Maishima 3	5.8	74,925.40	68,633.83	4	91.6	877	368	9.2	4.9
M-06	Prologis Park Kasugai	5.9	91,806.76	90,453.91	9	98.5	1,018	416	4.3	1.7
M-07	Prologis Park Kitanoagoya	4.5	42,751.60	42,751.60	3	100.0	529	165	4.1	2.1
M-08	Prologis Park Tagajo	4.7	39,098.87	33,896.56	3	86.7	368	174	4.0	1.9
M-09	Prologis Park Tokyo-Ohta	8.2	73,574.56	73,574.56	10	100.0	1,643	706	6.3	1.3
M-10	Prologis Park Zama 2	1.3	95,133.74	95,133.74	4	100.0	1,443	585	5.4	4.5
M-11	Prologis Park Funabashi 5	6.6	56,101.25	56,101.25	5	100.0	744	372	6.4	2.5
	(Annex)	23.9								
M-12	Prologis Park Narita 1-A&B	8.8	62,058.82	60,447.84	9	97.4	655	277	2.5	0.8
M-13	Prologis Park Narita 1-C	6.6	32,230.25	31,905.56	4	99.0	399	74	2.6	1.0
M-14	Prologis Park Amagasaki 1	8.3	91,446.75	91,446.75	1	100.0	(Note 10)	(Note 10)	15.0	12.3
M-15	Prologis Park Amagasaki 2	6.7	91,309.37	90,986.89	9	99.6	1,216	527	7.9	2.6
B-01	Prologis Park Maishima 4	3.3	57,234.13	57,234.13	1	100.0	(Note 10)	(Note 10)	12.0	8.8
B-02	Prologis Park Takatsuki	1.9	19,898.05	19,898.05	1	100.0	(Note 10)	(Note 10)	15.0	13.2
B-03	Prologis Park Tosu 2	1.4	21,778.87	21,778.87	1	100.0	(Note 10)	(Note 10)	10.0	8.7
B-04	Prologis Park Tosu 4	1.9	28,765.31	28,765.31	1	100.0	(Note 10)	(Note 10)	15.3	13.5
B-05	Prologis Park Narashino 4	0.4	91,529.07	91,529.07	1	100.0	(Note 10)	(Note 10)	10.0	9.8
Total		5.1	1,483,730.09	1,466,434.58	98	98.8	20,074	7,843	7.6	4.6

NPR entered into purchase and sale agreements to acquire properties described below on November 5, 2013 and acquired on December 3, 2013.

Property number	Property name	Property age (years) ⁽¹⁾	Leasable area(m ²) ⁽²⁾	Leased area(m ²) ⁽³⁾	Gross number of tenants ⁽⁴⁾	Occupancy rate (%) ⁽⁵⁾	Annual rent (Millions of yen) ⁽⁶⁾	Security deposit (Millions of yen) ⁽⁷⁾	Average lease contract (years) ⁽⁸⁾	Average remaining lease contract (years) ⁽⁹⁾
M-16	Prologis Park Tokyo-Shinkiba	6.5	31,022.88	31,022.88	9	100	804	350	5.6	2.7
M-17	Prologis Park Yokohama-Tsurumi	5.6	63,973.32	63,598.64	5	99.4	860	375	5.7	1.6
M-18	Prologis Park Osaka 4	1.6	106,135.15	100,075.27	7	94.3	1,325	476	4.5	3.5
M-19	Prologis Park Iwanuma 1	5.2	40,520.43	40,520.43	3	100.0	433	265	5.5	2.7
Total		4.2	241,651.78	235,217.22	24	97.3	3,424	1,467	5.2	2.8

(Note 1) “Property age” of each property is calculated based on the date in the property registration as of November 30, 2013 and rounded down to the nearest first decimal place. Although Prologis Park Zama 2 also has an annex, the property age of is calculated based only on the main structure of the property, as the annex is relatively small. Also, the convenience store building that is jointly owned by the owners of Prologis Park 1-A&B and Prologis Park 1-C is also excluded.

(Note 2) “Leasable area” equals to the gross leasable space in each property in trust based on lease agreements and floor plans included in lease agreements plus available space based on floor plans, rounded down to the nearest square meter. As for “Leasable area”, “Leased area” and “Occupancy rate”, area of the convenience store building that is jointly-owned by the owners of Prologis Park Narita 1-A&B and Prologis Park Narita 1-C is not included in the figures. The same apply hereinafter.

(Note 3) “Leased area” equals to gross floor area of leased space in property in trust as of November 30, 2013, based on the lease agreements and floor plans included in lease agreements. Area has been rounded down to the nearest square meter.

(Note 4) “Gross number of tenants” is based on the lease agreements with tenants for warehouses, offices and stores for each property in trust as of November 30, 2013. For properties with pass-through master lease agreements, this is the total number of end-tenants.

(Note 5) “Occupancy rate” is as of November 30, 2013, calculated by dividing total leased area for each property by the total leasable area. The total occupancy rate is calculated by dividing the aggregate total leased area for the relevant properties by the aggregate total leasable area for the relevant properties. Figures are rounded to the nearest tenth.

(Note 6) “Annual rent” is based on total annual rent (including common area charges) as of November 30, 2013 as indicated in the relevant lease agreements for all warehouses, offices and stores for each property in trust. If the relevant agreements include monthly contracted rent, anticipated annual rent is calculated in accordance with the terms provided in the agreements. Figures are rounded down to the nearest million yen.

(Note 7) “Security deposit” is calculated as the total security deposit as indicated in the relevant lease agreements for all warehouses, offices and stores for each property in trust as of November 30, 2013, rounded down to the nearest million yen.

(Note 8) “Average lease contract” is calculated as the weighted average of length of lease contract indicated in the relevant lease agreements for all warehouses, offices and stores for each property in trust as of November 30, 2013, by the rent and figures are rounded to the nearest tenth.

(Note 9) “Average remaining lease contract” is calculated as the weighted average of length of remaining lease contract indicated in the relevant lease agreements for all warehouses, offices and stores for each property in trust as of November 30, 2013, by the rent and figures are rounded to the nearest tenth.

(Note 10) We have not obtained permission from the tenant of the properties to disclose the information omitted from this table.

(3) Capital Expenditures for Owned Properties

(a) Future Plans for Capital Expenditure

The following summarizes the major capital expenditure plan in connection with scheduled renovation and other work for properties owned by NPR. Estimated construction cost includes the amounts to be expensed for accounting purposes.

Name (Location)	Purpose	Planned period	Estimate construction cost (Millions of yen) ⁽¹⁾		
			Total amount	Paid during the reporting period	Total amount already paid
Prologis Park Kawajima (Hiki, Saitama)	Installment of fire shutter	From June 2013 to January 2014	11	5	5
Prologis Park Kawajima (Hiki, Saitama)	Installment of fire extinguisher equipment hazardous materials	From October 2013 to January 2014	60	-	-
Prologis Park Kawajima (Hiki, Saitama)	Upgrade the illuminated exit lights	From February 2014 to March 2014	7	-	-

(Note 1) Figures are rounded down to the nearest million yen.

(b) Capital Expenditure Incurred for the Reported Fiscal Period

The following summarizes the major construction work to NPR's owned properties that resulted in capital expenditure for the reporting fiscal period. Capital expenditure for the reporting fiscal period was 19 million yen and repair and maintenance of 119 million yen was accounted for as expenses.

Name (Location)	Purpose	Period	Amount spent (Millions of yen) ⁽¹⁾
Prologis Park Kawajima (Hiki, Saitama)	Installment of fire shutter	June 2013	5
Prologis Park Tokyo-Ohta (Ota-ku, Tokyo)	Installment of surveillance camera	November 2013	8
Others	-	-	5
Total			19

(Note 1) Figures are rounded down to the nearest million yen.

(c) Reserved Amount for Long-Term Repairs, Maintenance and Renovation Plans

None

(4) Information Concerning Major Tenants

(a) Major Tenants (tenants accounting for more than 10% of aggregate leased area)

The criteria of major tenants (tenants accounting for more than 10% of aggregate leased area) are described below.

Name of tenant	Relating segment	Property name	Term of contract	Leased area (m ²)	Annual rent	Deposits	Ratio of leased area (%)
Panasonic Logistics Co., Ltd.	General Motor Truck Transportation Business	Prologis Park Amagasaki 1	15 years	91,446.75	(Note)	(Note)	10.0
		Prologis Park Tosu 4	15 years 3 months	28,765.31	(Note)	(Note)	
		Prologis Park Amagasaki 2	8 years	26,471.91	(Note)	(Note)	

(Note) We have not obtained permission from the tenant of the properties to disclose the information of annual rent and deposit and therefore such information is omitted from this table.

(b) Information Related to Major Properties

The following is the major property (property accounting for more than 10% of aggregate property-related revenues) which NPR currently owns.

Property number	M-01
Property name	Prologis Park Ichikawa 1
Gross number of tenants	11
Total property-related revenues (Thousands of yen)	1,184,792
Ratio of property-related revenues (%)	11.7
Leasable area (m ²)	125,014.12
Leased area (m ²)	124,565.17
Occupancy rate as of end of the reporting fiscal period (%)	99.6

(5) Overview of Property Leasing and Status of Operating Income

Second Fiscal Period from June 1, 2013 to November 30, 2013

(Units: Thousands of yen)

Property number	M-01	M-02	M-03	M-04	M-05
Property name	Prologis Park Ichikawa 1	Prologis Park Zama 1	Prologis Park Kawajima	Prologis Park Osaka 2	Prologis Park Maishima 3
Operating days	183	183	183	183	183
(1) Property related revenues	1,184,792	996,169	959,645	916,781	474,662
Property revenues	1,019,510	919,496	890,227	850,451	441,249
Other property related revenues	165,281	76,672	69,417	66,329	33,412
(2) Total of property related expenses	422,602	302,256	328,832	352,141	196,608
Subcontract expenses	67,807	39,573	40,932	62,535	30,184
Utilities cost	129,118	57,251	60,939	69,351	30,936
Non-life insurance premium	1,896	1,664	1,963	2,042	1,154
Repair and maintenance	25,937	8,645	2,320	14,312	11,883
Depreciation	197,174	192,502	222,177	203,399	121,849
Custodian fee	660	500	500	500	600
Other expenses	8	2,119	—	—	—
(3) Operating income from property leasing (= (1)-(2))	762,189	693,912	630,812	564,640	278,053
NOI ((3) + Depreciation)	959,364	886,414	852,990	768,040	399,903

(Units: Thousands of yen)

Property number	M-06	M-07	M-08	M-09	M-10
Property name	Prologis Park Kasugai	Prologis Park Kitanagoya	Prologis Park Tagajo	Prologis Park Tokyo-Ohta	Prologis Park Zama 2
Operating days	183	183	183	171	171
(1) Property related revenues	533,374	279,955	210,373	821,206	713,749
Property revenues	498,337	264,513	182,288	764,600	649,976
Other property related revenues	35,036	15,441	28,085	56,605	63,772
(2) Total of property related expenses	203,528	92,066	93,766	250,666	241,536
Subcontract expenses	38,255	17,235	15,776	53,728	31,161
Utilities cost	35,289	14,288	11,587	49,504	57,824
Non-life insurance premium	1,269	537	446	1,095	1,246
Repair and maintenance	8,266	538	10,101	18,474	84
Depreciation	119,947	58,966	55,354	127,396	150,752
Custodian fee	500	500	500	467	467
Other expenses	—	—	—	—	—
(3) Operating income from property leasing (= (1)-(2))	329,845	187,889	116,606	570,540	472,212
NOI ((3) + Depreciation)	449,792	246,855	171,960	697,936	622,964

(Units: Thousands of yen)

Property number	M-11	M-12	M-13	M-14	M-15
Property name	Prologis Park Funabashi 5 (Annex)	Prologis Park Narita 1-A&B	Prologis Park Narita 1-C	Prologis Park Amagasaki 1	Prologis Park Amagasaki 2
Operating days	171	171	171	171	171
(1) Property related revenues	387,672	327,291	202,711	(Note)	630,843
Property revenues	359,107	295,695	186,360		567,296
Other property related revenues	28,565	31,595	16,351		63,547
(2) Total of property related expenses	130,128	134,598	70,743		232,601
Subcontract expenses	24,668	25,107	14,130		29,867
Utilities cost	27,911	24,110	12,565		64,842
Non-life insurance premium	740	741	415		1,114
Repair and maintenance	4,961	9,475	940		1,440
Depreciation	70,913	74,536	42,135	134,868	
Custodian fee	935	467	467	467	
Other expenses	—	158	87	—	
(3) Operating income from property leasing (= (1)-(2))	257,543	192,693	131,968	369,172	398,242
NOI ((3) + Depreciation)	328,456	267,229	174,103	478,565	533,110

(Note) We have not obtained permission from the tenant of the properties to disclose the information and therefore is omitted from this table.

(Units: Thousands of yen)

Property number	B-01	B-02	B-03	B-04	B-05
Property name	Prologis Park Maishima 4	Prologis Park Takatsuki	Prologis Park Tosu 2	Prologis Park Tosu 4	Prologis Park Narashino 4
Operating days	183	183	183	183	61
(1) Property related revenues	(Note)	(Note)	(Note)	(Note)	(Note)
Property revenues					
Other property related revenues					
(2) Total of property related expenses					
Subcontract expenses					
Utilities cost					
Non-life insurance premium					
Repair and maintenance					
Depreciation					
Custodian fee					
Other expenses					
(3) Operating income from property leasing (= (1)-(2))	272,497	104,088	74,739	89,708	151,013
NOI ((3) + Depreciation)	367,043	135,808	106,083	125,563	198,963

(Note) We have not obtained permission from the tenant of the properties to disclose the information and therefore is omitted from this table.