



Dear Fellow Unit Holders,

We are pleased to present our Semiannual Report for the fiscal period ended November 30, 2017.

Our focused investment strategy and proprietary access to Class-A properties, specifically through our sponsor's robust development pipeline, has again resulted in excellent operational and financial results. We remain confident in, and proud of, our positive and consistent growth.

Sixth Follow-On Offering and Acquisitions — NPR continues to receive strong sponsor support from the Prologis Group. In August 2017, we completed our sixth follow-on offering, successfully raising 34.3 billion yen of capital. With the proceeds, we acquired three new Class-A properties—Prologis Park Ibaraki, Prologis Park Narashino 5 and Prologis Park Koga 2. These state-of-the-art properties are in prime locations.

Completion of Asset Disposition — For the first time since NPR's inception, we announced the disposition of two properties, in April 2017. In the fiscal period, we completed the disposition at the close of the sale of Prologis Park Tagajo, in June 2017. This disposition reflects our strategy of maximizing the value of our assets and monitoring the market status, which sometimes limits our expected future economic upside. PP Tagajo was sold in a competitive auction at a highly attractive price and we recorded significant capital gains, which will be fully distributed to our unit holders.

Accretion and Portfolio Growth — As a result of the offering and acquisitions, we continued to deliver attractive accretion of our distribution per unit (DPU) and our net asset value (NAV) per unit, and in turn increased our unit holder value. The sixth follow-on offering and acquisitions in August 2017, combined with the effect of strategic refinancing that took place in April 2017, grew our DPU by 3.0 percent and our NAV per unit by 70 basis points. Through these acquisitions, net of the dispositions in April and June, our portfolio grew significantly and now has a value of 516.7 billion yen (in terms of asset acquisition price), a level that positions us solidly as one of the largest logistics J-REITs—and the one with the highest-quality portfolio.

Operational and Financial Highlights — Our operating performance in the fiscal period remained strong due to the high quality of our Class-A portfolio. We maintained an average occupancy of above 97 percent and our rents continued to grow. For the 249,000 square meters of leases that were either renewed or re-tenanted in the period, we achieved weighted average rent growth of 1.1 percent on a nominal weighted average basis, marking the tenth period of consecutive growth since our inception. Going forward, we remain watchful of the expected supply of advanced logistics properties, and, specifically in Osaka, we are prioritizing occupancy over rent growth. Moreover, we have been initiating lease negotiations with existing/new customers earlier than before; this shift in our approach is naturally slowing down the pace of our rent growth. Nonetheless, in the near term we will strive to achieve positive rent changes for leases scheduled to expire over the next few years.

Our financial performance was strong in the fiscal period ended November 2017, driven primarily by continued solid operational performance of our existing portfolio, the acquisition in August 2017 and from the capital gains from the June 2017 asset disposition. Due to significant capital gains and an increased net income level, we have suspended temporarily the surplus cash distributions for this fiscal period.

From the previous period, our DPU grew by 86 basis points to 4,668 yen. To more accurately reflect the level of consistent DPU accretion since our inception, we view the stabilized DPU excluding one-time effects from actual results a more useful measurement of our performance. Our stabilized DPU has grown by 1.7 percent, reflecting our robust external growth from property acquisitions and steady rent growth as well as our rigorous efforts to cut costs wherever possible, including our cost of debt.

The Japanese Logistics Real Estate Market — The market environment, especially in the Class-A segment, continues to be healthy. Due to Japan's scarcity of modern logistics stock, which accounts for only 3.9 percent of the country's entire distribution space, we believe the long-term outlook for logistics real estate remains bright. Customer demand is fueled by the rapidly growing e-tailing sector and by conventional retailers/manufacturers that are outsourcing a greater portion of their logistics functions to third-party providers to reduce operational costs. Notably, the growth of demand from e-tailing customers has been remarkable. For example, an anchor tenant of the newly acquired Prologis Park Ibaraki that is in the process of expanding its e-commerce business has leased 130,000 square meters of space. This customer is introducing a sophisticated robotic system to automate their e-commerce operations.

In the long-term, we believe the market will remain strong due to the fundamental scarcity of space and anticipate that new supply will be absorbed within a reasonable timeframe.

Strong Sponsor Support and Future Acquisitions — We continue to have access to a robust acquisition pipeline from our sponsor, one that will fuel our growth over the long term. Since the August 2017 acquisitions, we have the exclusive negotiation rights for ten properties with a total estimated value of 140 billion yen. These properties are currently under construction or in the lease-up process. In addition, the Prologis Group is planning seven new developments estimated to be worth approximately 80 billion yen in total. We likely will acquire these assets, which total 220 billion yen, over the next two to three years. With such strong external growth opportunities in place, we will continue to maximize our unit holder value. Given this rate of expected growth, our portfolio size is likely to exceed our mid-term target of 600 billion yen (in terms of acquisition value) by the end of 2019.

Financial Strategies — Thanks to our focus on long-term stability and efficiency, we have one of the strongest balance sheets in the J-REIT industry. At the end of the fiscal period, our loan-to-value ratio (LTV) was 36.9 percent on a book value basis and 30.4 percent on an appraisal basis. We intend to maintain this conservative level of leverage to secure NPR's strong balance sheet, which will allow us to grow regardless of future market conditions. Assuming a "gear up" of our balance sheet up to 50 percent LTV (in terms of book value), we now have an additional borrowing capacity of approximately 130 billion yen.

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

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

Best regards,



Masahiro Sakashita

Executive Director
Nippon Prologis REIT, Inc.



Distribution Per Unit
(total JPY)

4,668

Operating Revenues
(JPY millions)

19,287

Net Income
(JPY millions)

9,601

Appraisal NAV Per Unit
(total JPY)

202,479

Loan-to-Value Ratio

36.9%

Period Average Occupancy

97.4%

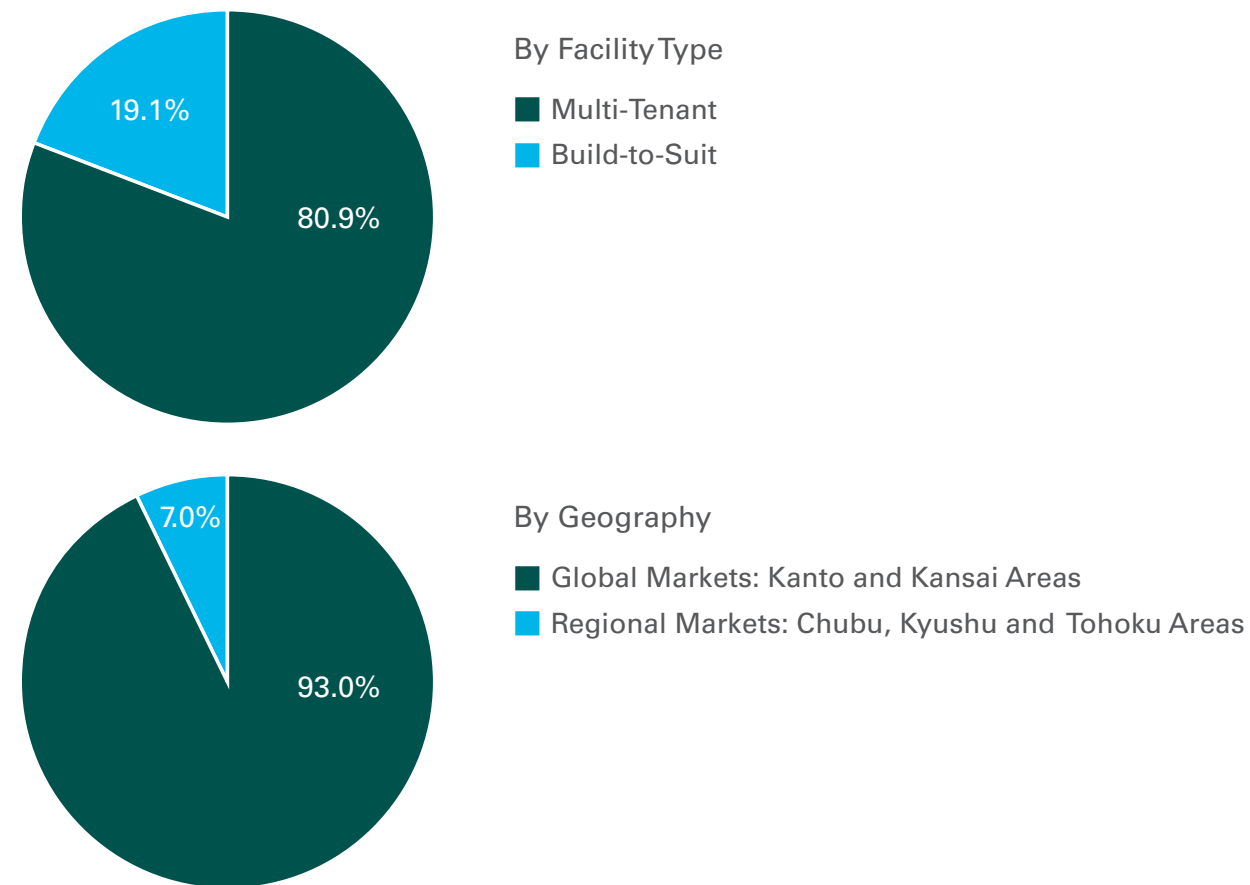
Credit Rating

JCR AA
(Stable)

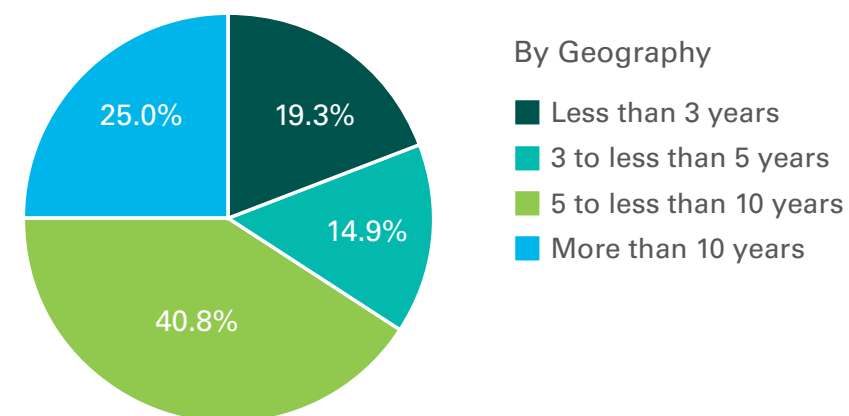
Portfolio Size
(JPY millions)

5,167

Earnings Stability from a Diversified Portfolio of Class-A Facilities



Property Age



Focus on High-Quality Class-A Logistics Facilities

Class-A Logistics
Facilities Developed
by Prologis Group

100%

Financial Strategy Focused on Long-Term Stability and Efficiency

Long-Term Debt Ratio

96.8%

Average Cost of Debt

0.6%

Loan-to-Value Ratio

36.9%

Governance Structure Promotes Growth in Unit Holder Value

Prologis Investment

15%



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



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



M-03 Prologis Park Kawajima
JPY 25,600 mm



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



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



M-06 Prologis Park Kasugai
JPY 12,500 mm



M-07 Prologis Park Kitanagoya
JPY 6,500 mm



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



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



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



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



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



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



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



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



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



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



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



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



M-21 Prologis Park Kitamoto
JPY 12,600 mm



M-22 Prologis Park Josu
JPY 7,120 mm



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



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



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



M-26 Prologis Park Ibaraki
JPY 38,300 mm



B-02 Prologis Park Takatsuki
JPY 4,410 mm



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



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



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



B-06 Prologis Park Ebina
JPY 8,250 mm



B-07 Prologis Park Kawanishi
JPY 13,600 mm



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



B-09 Prologis Park Kobe
JPY 6,410 mm



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



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



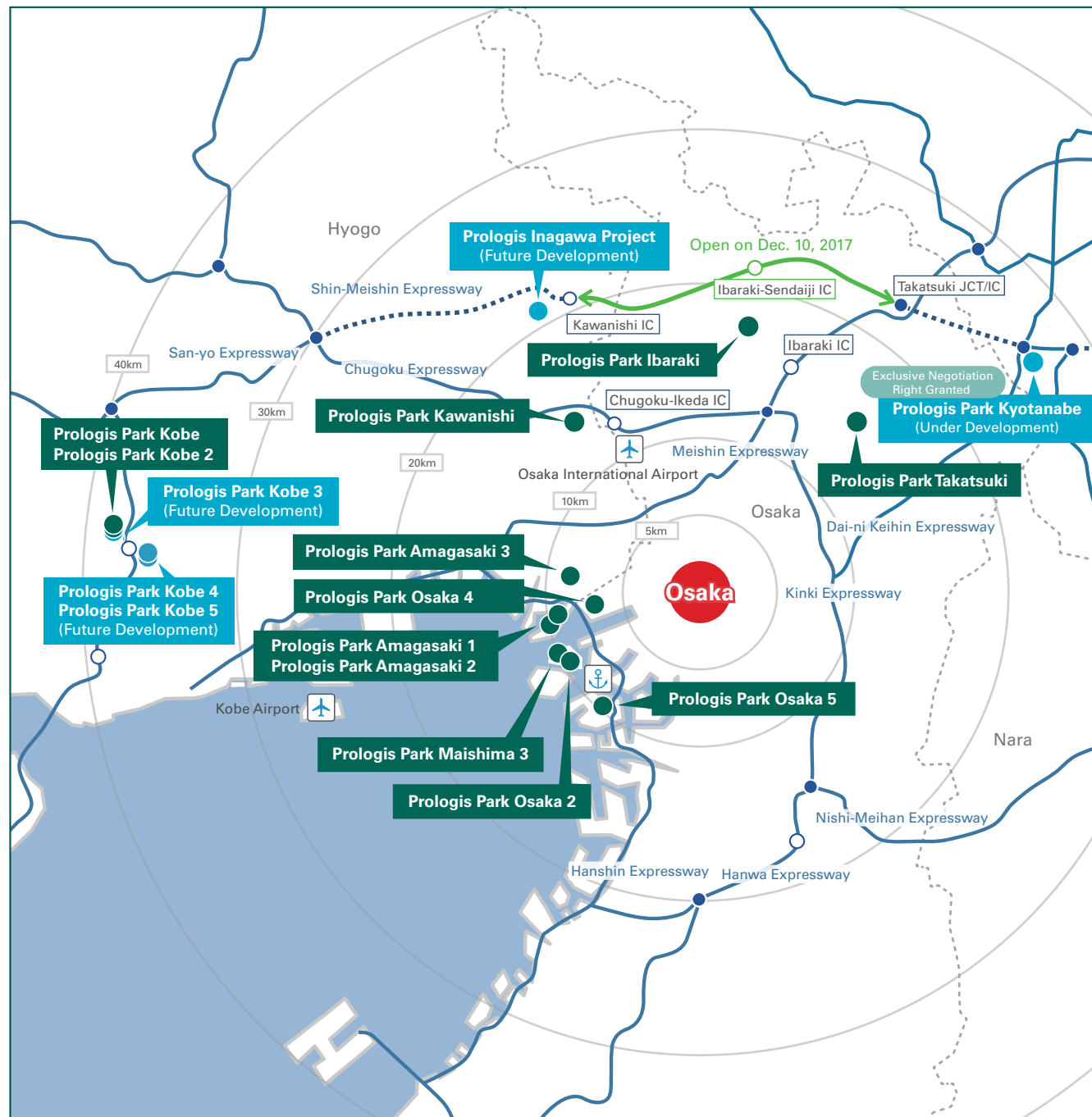
B-12 Prologis Park Kobe 2
JPY 13,700 mm



B-13 Prologis Park Koga 2
JPY 3,930 mm

Note: Property values are based on acquisition price.

Kansai area



Kanto area



- Current assets
- Pipeline assets

Potential Acquisition Pipeline

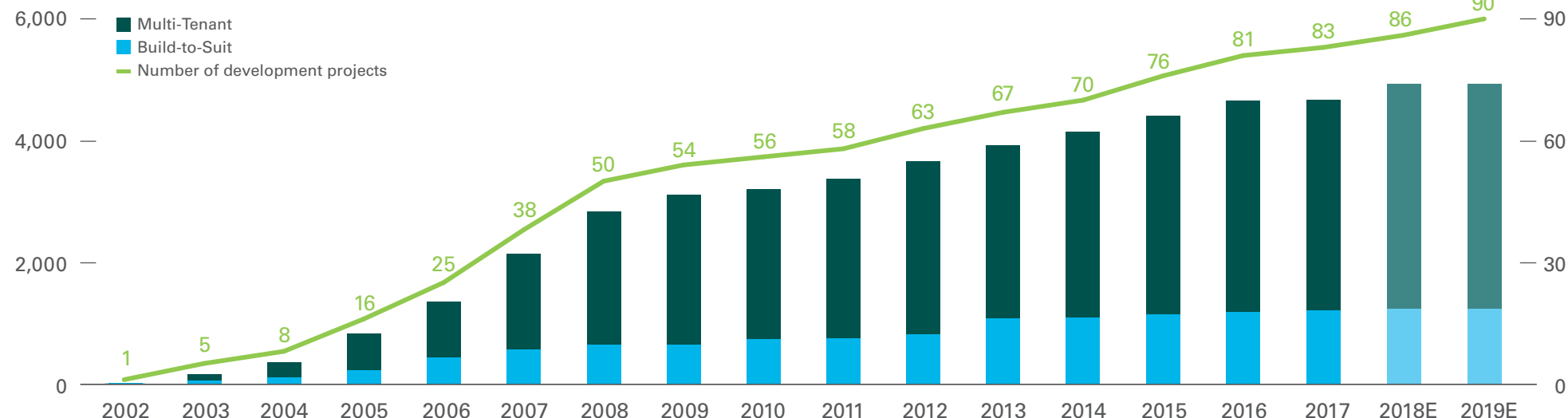
Status	Status	Region / Area	Property Name	(Expected) Completion Year	Property Type	GFA (sqm)
Exclusive Negotiation Rights granted by the Prologis Group	Completed	Kanto	Prologis Park Narita 1-D	Jan. 2015	Multi-Tenant	28,207
			Prologis Park Yoshimi	Dec. 2015	Multi-Tenant	102,593
			Prologis Park Chiba New Town	May 2016	Multi-Tenant	109,981
Planned Assets	Under Development	Kanto	Prologis Park Ichikawa 3	Dec. 2017	Multi-Tenant	52,211
			Prologis Park Higashimatsuyama	Feb. 2018	Multi-Tenant	71,347
	Under Development	Kanto	Prologis Park Koga 3	July 2018	Build-to-Suit	31,255
			Prologis Park Tsukuba 1-A	Aug. 2018	Build-to-Suit	70,345
			Prologis Park MFLP Kawagoe	Oct. 2018	Multi-Tenant	131,298
		Kansai	Prologis Park Kyotanabe	Oct. 2018	Multi-Tenant	161,057
		Tohoku	Prologis Park Sendai Izumi 2	Sep. 2018	Build-to-Suit	40,083
	Future Development	Kanto	Prologis Park Ebina 2	TBD	TBD	38,000
			Prologis Park Tsukuba 1-B	TBD	TBD	69,000
			Prologis Park Chiba 1*	TBD	TBD	145,500
			Prologis Park Chiba 2*	TBD	TBD	66,000
		Kansai	Prologis Park Kobe 3	TBD	TBD	38,700
			Prologis Park Kobe 4	TBD	TBD	24,700
			Prologis Park Kobe 5*	TBD	TBD	42,900
					Total	1,223,186
Future Project		Kansai	Prologis Inagawa Project	TBD	TBD	258,000

* New assets added to pipeline.

Note: As of Jan. 15, 2018. We have no definite to acquire the above properties. This property list should not be deemed a commitment or guarantee of our future acquisitions.
The sale of the properties by the Prologis Group is subject to its internal approval.

Prologis Groups Proven Development Track Record in Japan Since 2002

Gross floor area,
thousand sqm



Features:

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

Spiral Rampways/Slopes



Large Loading Zones



Wide-Column Spacing



Renewable Energy



Restaurant



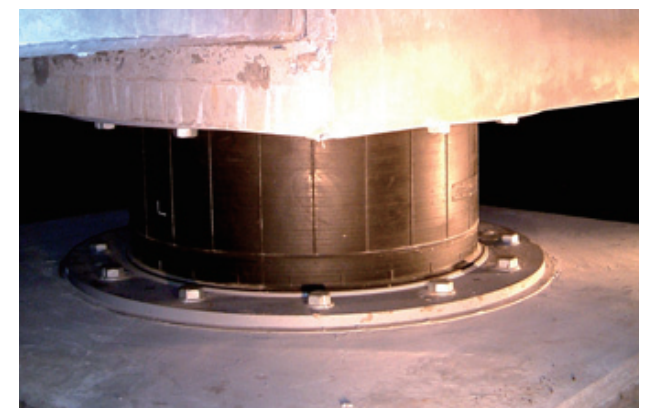
Convenience Store



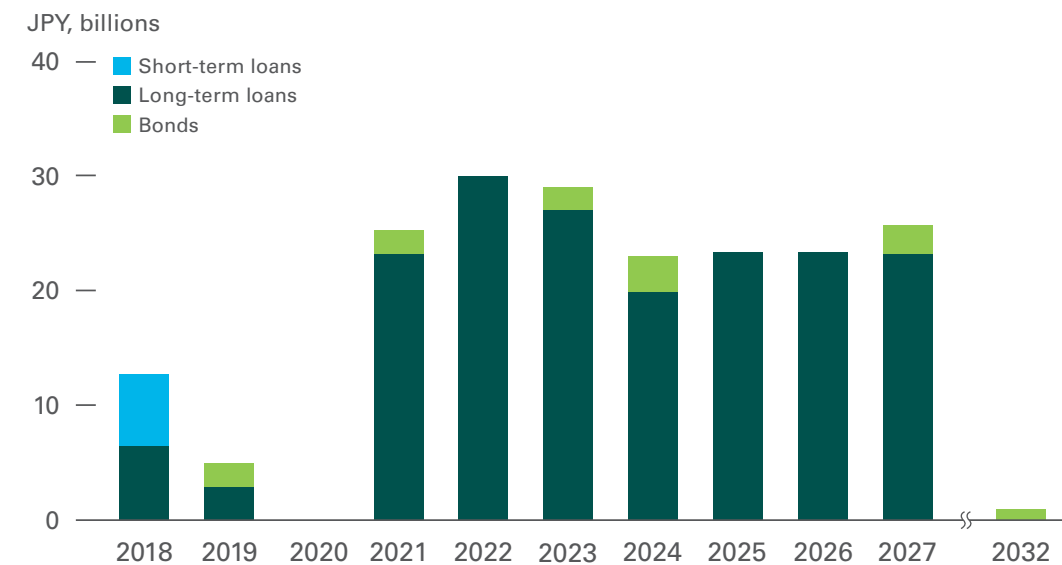
24-Hour Security



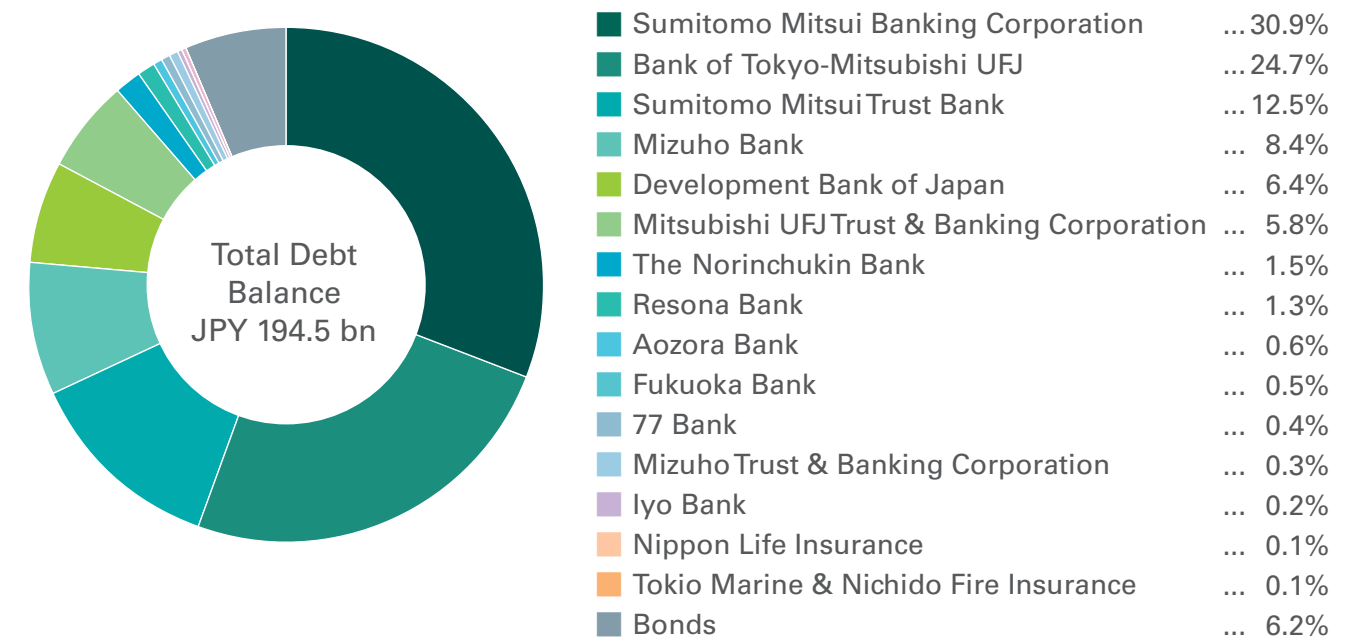
Seismic Isolators



Debt Maturity Schedule



Debt Providers

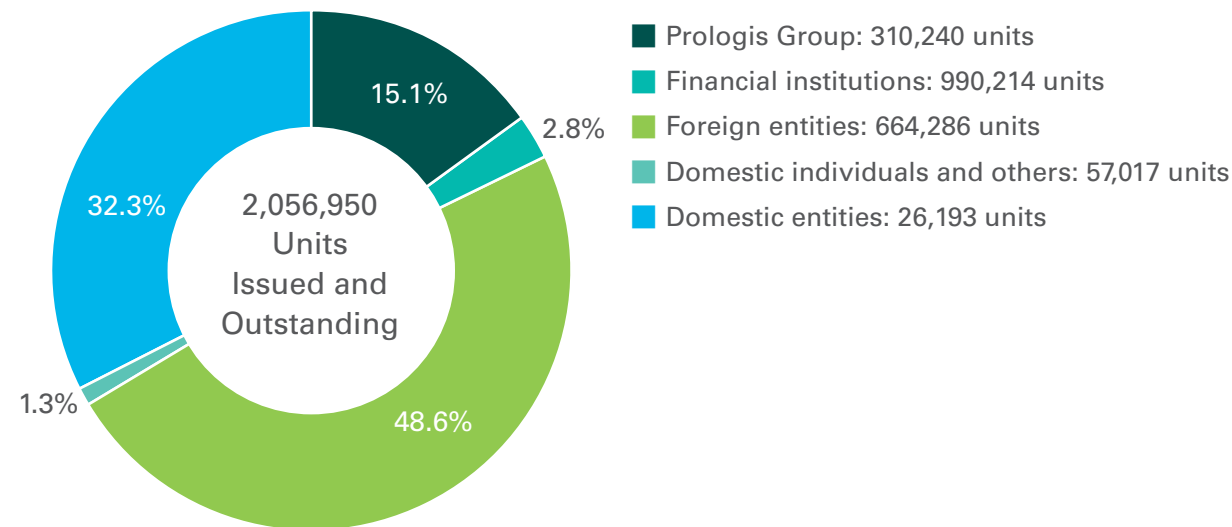


Corporate Governance Investor-Aligned Fee Structure

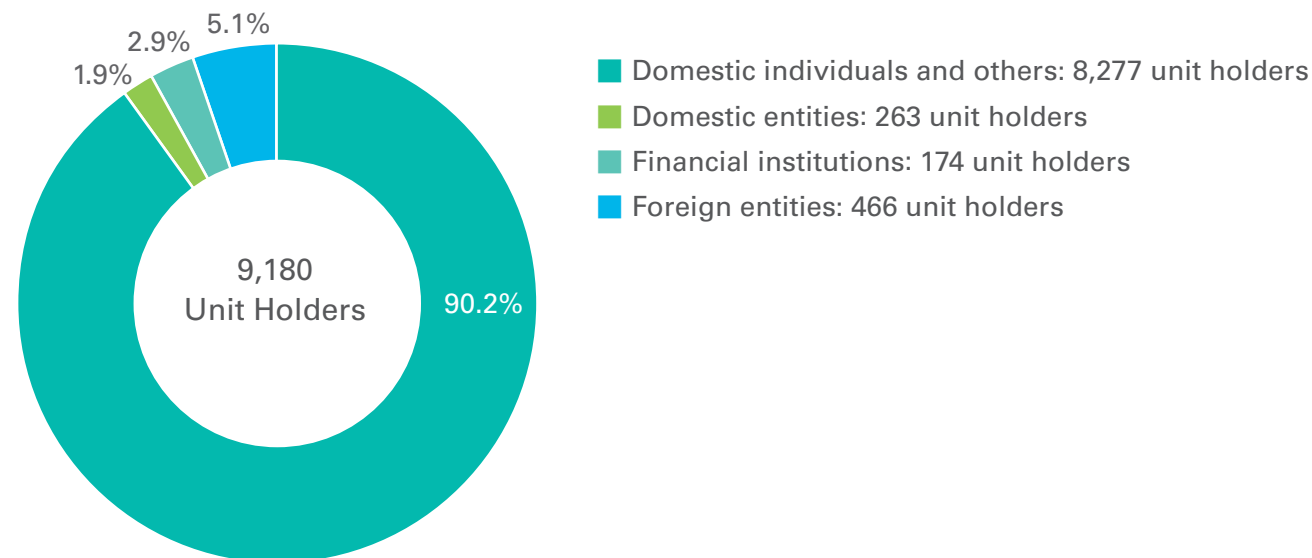
100% performance-linked asset management fee structure

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

Breakdown by Units



Breakdown by Unit Holders



Major Unit Holders

	Name	Units Owned	% of Units Issued
1	Japan Trustee Services Bank, Ltd. (Trust Acct.)	330,789	16.08%
2	Prologis Property Japan SPC	308,240	14.98%
3	The Master Trust Bank of Japan, Ltd. (Trust Acct.)	261,412	12.70%
4	The Nomura Trust and Banking Company, Ltd. (Trust Acct.)	73,870	3.59%
5	Trust and Custody Services Bank, Ltd. (Securities Investment Trust Acct.)	71,577	3.47%
6	STATE STREET BANK WEST CLIENTS-TREATY 505234	51,527	2.50%
7	STATE STREET BANK AND TRUST COMPANY 505223	37,653	1.83%
8	JP MORGAN CHASE BANK 385628	25,630	1.24%
9	THE BANK OF NEW YORK MELLON SA/NV 10	25,478	1.23%
10	THE BANK OF NEW YORK 133970	24,030	1.16%
Total		1,210,206	58.83%

Environmental Stewardship

Included in the MSCI Japan ESG Select Leaders Index*

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



Ranked First in Asia by GRESB

NPR was recognized as the Global Sector Leader, ranking second out of 58 companies globally and first in Asia. According to the GRESB Survey, NPR earned the recognition for outstanding performance in environmental stewardship, social responsibility and governance (ESG). GRESB is known for its rigorous assessment of the sustainability performance of real estate companies and funds worldwide.



Received High Marks from 2017 Dow Jones Sustainability Indices (DJSI)

The DJSI, launched in 1999 as the first global sustainability benchmark, also recognizes companies for their elite ESG efforts and successes. NPR was named to the 2017 DJSI for Asia Pacific. NPR has twice been named to the DJSI-Asia Pacific.



* THE INCLUSION OF [Nippon Prologis REIT, Inc] IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF [Nippon Prologis REIT, Inc] BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.



Prologis Park Zama 1
DBJ Green Building: five stars
CASBEE: Completion Class S
BELS: ★★★★★



Prologis Park Ichikawa 1
DBJ Green Building: five stars
CASBEE: Completion Class S
BELS: ★★★★★



Prologis Park Osaka 5
CASBEE: Completion Class A
BELS: ★★★★★



Prologis Park Joso
CASBEE: Completion Class A
BELS: ★★★★★

Building Energy-Efficiency Labeling System (BELS)

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



Received DBJ Green Building Certification

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

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



Social Responsibility

CSR Activities

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



Impact Day 2017



Volunteers at the Museum of Logistics

Support for the Logistics Industry

Support the museum which is the only logistics museum in Japan

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

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



Field trip for Elementary School students at Prologis Park Narita 3



Logistics / SCM Course at Waseda University

Host Family Events for Customers and Neighborhoods

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



Summer Festival 2017 for Prologis Park Ichikawa 1

Balance Sheets

	Thousands of yen	
	As of	
	November 30, 2017	May 31, 2017
ASSETS		
Current assets:		
Cash and deposits (Notes 3 and 4)	¥ 21,091,230	¥ 30,584,674
Cash and deposits in trust (Notes 3 and 4)	4,119,378	3,549,872
Operating accounts receivable	1,178,794	788,887
Prepaid expenses	333,265	358,899
Deferred tax assets (Note 12)	1	12
Consumption taxes receivable	1,540,068	1,171,410
Other current assets	28	116
Total current assets	28,262,768	36,453,874
Property and equipment (Note 6):		
Buildings	7,552,840	7,549,829
Structures	249,739	249,739
Tools, furniture and fixtures	5,434	5,434
Land	3,834,204	3,834,204
Buildings in trust	302,769,605	271,629,546
Structures in trust	6,603,247	5,726,744
Machinery and equipment in trust	11,267	11,267
Tools, furniture and fixtures in trust	663,106	563,273
Other tangible assets in trust	35	35
Land in trust	202,635,652	183,343,823
Construction in progress in trust	71,138	12,723
Less: accumulated depreciation	(26,797,831)	(23,523,967)
Total property and equipment	497,598,439	449,402,653
Intangible assets (Note 6):		
Other intangible assets in trust	12,526	4,964
Total intangible assets	12,526	4,964
Investments and other assets:		
Long-term prepaid expenses	1,682,701	1,842,707
Security deposit	10,000	10,000
Organization expenses	-	6,787
Investment corporation bond issuance costs	57,272	18,057
Other	400	400
Total investments and other assets	1,750,373	1,877,952
Total Assets	¥ 527,624,107	¥ 487,739,445

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

Balance Sheets, continued

	Thousands of yen	
	As of	
	November 30, 2017	May 31, 2017
LIABILITIES		
Current liabilities:		
Operating accounts payable	¥ 1,434,686	¥ 1,044,413
Short-term loans payable (Notes 4 and 10)	6,300,000	7,000,000
Current portion of long-term loans payable (Notes 4, 5 and 10)	-	2,000,000
Accounts payable	296,133	463,939
Accrued expenses	1,677,895	1,369,150
Income taxes payable	616	842
Advances received	2,961,566	2,704,557
Other current liabilities	399,534	136,894
Total current liabilities	13,070,433	14,719,799
Non-current liabilities:		
Investment corporation bonds payable (Notes 4 and 11)	12,000,000	5,000,000
Long-term loans payable (Notes 4, 5 and 10)	176,200,000	176,200,000
Tenant leasehold and security deposits (Note 4)	247,773	247,773
Tenant leasehold and security deposits in trust (Note 4)	12,551,061	11,984,729
Other non-current liabilities	1,377	2,558
Total non-current liabilities	201,000,212	193,435,061
Total Liabilities	214,070,645	208,154,860
NET ASSETS (Note 9)		
Unit holders' equity		
Unit holders' capital	303,950,843	270,760,711
Units authorized:		
10,000,000 units as of November 30, 2017 and May 31, 2017		
Units issued and outstanding:		
2,056,950 units as of November 30, 2017 and 1,906,350 units as of May 31, 2017		
Surplus		
Retained earnings	9,602,618	8,823,872
Total unit holders' equity	313,553,462	279,584,584
Total Net Assets	313,553,462	279,584,584
Total Liabilities and Net Assets	¥ 527,624,107	¥ 487,739,445

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

Statements of Income

	Thousands of yen			
	For the six-month periods ended			
	November 30, 2017		May 31, 2017	
Operating Revenues (Note 7):				
Operating rental revenues	¥	15,944,794	¥	15,339,816
Other rental revenues		1,272,775		1,076,683
Gain on sales of real estate properties		2,069,771		4,836,630
Total operating revenues		19,287,342		21,253,130
Operating Expenses (Notes 6 and 7):				
Expenses related to property rental business		7,348,224		6,987,577
Asset management fee		1,503,755		1,231,161
Asset custody fee		40,156		39,082
Directors' compensation		4,800		4,800
Audit fee		15,000		15,000
Other operating expenses		41,882		56,770
Total operating expenses		8,953,818		8,334,391
Operating income		10,333,523		12,918,738
Non-operating Income:				
Interest income		140		107
Reversal of distributions payable		1,210		834
Interest on refund of consumption taxes		4,876		-
Total non-operating income		6,227		942
Non-operating Expenses:				
Interest expense on loans payable		395,072		736,614
Interest expense on investment corporation bonds		30,536		17,424
Amortization of organization expenses		6,787		8,145
Amortization of investment corporation bond issuance costs		4,732		1,903
Borrowing related expenses		177,955		819,875
Investment unit issuance expenses		25,041		24,950
Offering costs associated with the issuance of investment units		78,659		57,947
Others		18,982		37,011
Total non-operating expenses		737,767		1,703,872
Ordinary income		9,601,983		11,215,808
Extraordinary Loss:				
Interest rate swap breakage costs (Note 5)		-		2,392,420
Total extraordinary loss		-		2,392,420
Income before income taxes		9,601,983		8,823,387
Incomes taxes - current (Note 12)		638		859
Incomes taxes - deferred (Note 12)		10		(0)
Total income taxes		649		858
Net income		9,601,334		8,822,529
Retained earnings brought forward		1,284		1,343
Retained earnings at end of period	¥	9,602,618	¥	8,823,872

	Yen	
	For the six-month periods ended	
	November 30, 2017	May 31, 2017
Net income per unit (Note 13)	¥ 4,799	¥ 4,644

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

Statements of Changes in Net Assets

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

	Number of units	Thousands of yen		
		Unit holders' capital	Retained earnings	Total net assets
Balance as of November 30, 2016 (Note 9)	1,841,950	¥257,856,193	¥6,781,561	¥264,637,754
Issuance of new units on December 19, 2016 and January 16, 2017	64,400	13,851,280	-	13,851,280
Distributions in excess of retained earnings	-	(946,762)	-	(946,762)
Distributions of retained earnings	-	-	(6,780,217)	(6,780,217)
Net income	-	-	8,822,529	8,822,529
Balance as of May 31, 2017 (Note 9)	1,906,350	¥270,760,711	¥8,823,872	¥279,584,584
Issuance of new units on August 7, 2017 and September 6, 2017	150,600	33,190,131	-	33,190,131
Distributions of retained earnings	-	-	(8,822,587)	(8,822,587)
Net income	-	-	9,601,334	9,601,334
Balance as of November 30, 2017 (Note 9)	2,056,950	¥303,950,843	¥9,602,618	¥313,553,462

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

Statements of Cash Flows

	Thousands of yen			
	For the six-month periods ended			
	November 30, 2017		May 31, 2017	
Cash Flows from Operating Activities:				
Income before income taxes	¥	9,601,983	¥	8,823,387
Depreciation (Note 6)		3,765,984		3,588,223
Amortization of organization expenses		6,787		8,145
Amortization of investment corporation bond issuance costs		4,732		1,903
Investment unit issuance expenses		25,041		24,950
Interest income		(140)		(107)
Interest expense		425,609		754,039
Interest rate swap breakage costs (Note 5)		-		2,392,420
Decrease (increase) in operating accounts receivable		(389,906)		(319,137)
Decrease (increase) in consumption taxes receivable		(368,658)		(1,171,410)
Decrease (increase) in prepaid expenses		25,633		(76,881)
Decrease (increase) in long-term prepaid expenses		160,006		(1,076,397)
Increase (decrease) in operating accounts payable		393,123		(163,702)
Increase (decrease) in accounts payable		(25,504)		20,707
Increase (decrease) in accrued expenses		295,585		(150,398)
Increase (decrease) in accrued consumption taxes		-		(930,723)
Increase (decrease) in advances received		257,009		33,889
Decrease in property and equipment due to sales		4,991,936		10,783,022
Others, net		(1,726)		(256,007)
Subtotal		19,167,497		22,285,921
Interest received		140		107
Interest paid		(412,450)		(755,981)
Interest rate swap breakage costs (Note 5)		-		(2,392,420)
Income taxes paid		(864)		(845)
Net cash provided by operating activities		18,754,322		19,136,779
Cash Flows from Investing Activities:				
Purchases of property and equipment		(240)		(500)
Purchases of property and equipment in trust		(57,096,532)		(31,366,187)
Purchases of intangible assets in trust		(9,049)		(550)
Proceeds from tenant leasehold and security deposits in trust		1,466,536		1,268,235
Repayments of tenant leasehold and security deposits in trust		(638,142)		(495,580)
Net cash provided by (used in) investing activities		(56,277,428)		(30,594,582)
Cash Flows from Financing Activities:				
Proceeds from short-term loans payable		6,300,000		7,000,000
Repayments of short-term loans payable		(7,000,000)		(7,000,000)
Proceeds from long-term loans payable		39,500,000		151,100,000
Repayments of long-term loans payable		(41,500,000)		(137,700,000)
Proceeds from issuance of investment corporation bonds		6,956,052		-
Proceeds from issuance of new investment units		33,165,090		13,826,330
Payment of distributions of retained earnings		(8,821,771)		(6,780,079)
Payment of distributions in excess of retained earnings		(203)		(946,787)
Net cash provided by (used in) financing activities		28,599,167		19,499,463
Net increase (decrease) in cash and cash equivalents		(8,923,938)		8,041,661
Cash and cash equivalents at the beginning of period		34,134,547		26,092,886
Cash and cash equivalents at the end of period (Note 3)	¥	25,210,609	¥	34,134,547

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

Notes to Financial Statements

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

1. Organization and Basis of Presentation

a) Organization

Nippon Prologis REIT, Inc. (“NPR”) was established on November 7, 2012 under the “Act on Investment Trust and Investment Corporation” (hereinafter the “Investment Trust Law”), and was listed on the REIT Securities Market of the Tokyo Stock Exchange on February 14, 2013, with the Prologis Group (*), the leading global owner, operator and developer of logistics facilities, acting as a sponsor. NPR primarily focuses on investing in logistics facilities, especially in high quality Class-A logistics facilities (logistics properties that meet the demands of tenant logistics companies and their customer facility users with respect to operational efficiency, and fulfill certain criteria with respect to size, location, state-of-the-art equipment, convenience and safety), and attempts to maximize its unit holder value through achieving stability in rental revenues, steady growth in the size of its portfolio and optimization of the value of its portfolio. NPR is externally managed by a licensed asset management company, Prologis REIT Management K.K. (hereinafter the “Asset Manager”).

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

NPR acquired 12 properties (aggregate acquisition price: 173,020 million yen) on February 15, 2013, following its listing, and acquired 24 properties (aggregate acquisition price: 304,790 million yen) during the second, third, fourth, seventh and ninth fiscal periods. NPR acquired three additional properties (aggregate acquisition price: 55,830 million yen) during the tenth fiscal period. Also, NPR disposed Prologis Park Maishima 4 (sale price: 15,700 million yen, acquisition price: 11,500 million yen) and Prologis Park Tagajo (sale price: 7,155 million yen, acquisition price: 5,370 million yen) during the ninth and tenth fiscal periods. As a result, NPR owned 37 properties (aggregate acquisition price: 516,770 million yen) as of November 30, 2017.

(*) The Prologis Group is defined as a group of Prologis, Inc., the world headquarters, and its group affiliates, which include ProLogis K.K., a Japanese subsidiary, and various special purpose vehicles of joint ventures where the ownership of the Prologis Group may be less than majority. The global parent company Prologis, Inc. is a real estate investment trust headquartered in the United States of America and listed on the New York Stock Exchange.

b) Basis of Presentation

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

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

present them in a format which is more familiar to readers outside Japan.

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

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

2. Summary of Significant Accounting Policies

a) Cash and Cash Equivalents

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

b) Property and Equipment

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

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

c) Intangible assets

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

d) Taxes on Property and Equipment

With respect to property taxes, city planning taxes and depreciable asset taxes, of the tax amount assessed and determined, the amount corresponding to the relevant fiscal period is accounted for as rental expenses.

Of the amounts paid for the acquisitions of real estate properties or beneficiary rights in trust of real estate, the amount equivalent to property taxes is capitalized as part of the acquisition cost of the relevant property instead of being charged as expenses. Capitalized property taxes amounted to 139,685 thousand yen and 5,036 thousand yen for the fiscal periods ended November 30, 2017 and May 31, 2017, respectively.

e) Investment Unit Issuance Expenses

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

f) Organization Expenses

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

g) Investment corporation bond issuance costs

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

h) Hedge Accounting

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

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

i) Beneficiary Rights in Trust

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

j) Consumption Taxes

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

3. Cash and Cash Equivalents

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

Thousands of yen			
As of			
November 30, 2017		May 31, 2017	
Cash and deposits	¥ 21,091,230	¥ 30,584,674	
Cash and deposits in trust	4,119,378	3,549,872	
Cash and cash equivalents	¥ 25,210,609	¥ 34,134,547	

4. Financial Instruments

a) Detailed Information on Financial Instruments

(i) Policy for Financial Instruments

NPR procures funds for acquisition of assets through issuance of new investment units, bank loans and issuance of investment corporation bonds.

NPR generally invests surplus funds in bank deposits, considering the safety and liquidity of the investment and also reflecting the market environment and cash positions of NPR itself.

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

(ii) Financial Instruments, their Risks and Risk Management System

Bank deposits are used for investment of surplus funds. These deposits are exposed to credit risks, such as bankruptcy of depository financial institutions, but such credit risks are limited and carefully controlled by using only short-term deposits in financial institutions with high credit ratings, fully considering the market environment and NPR's cash flow status.

Bank loans and investment corporation bonds are mainly made to procure funds for acquisition of properties, repayment of bank loans and redemption of investment corporation bonds. Although NPR is exposed to liquidity risks upon repayment and redemption, by diversifying the maturities and lending institutions, setting up commitment line agreements, securing liquidity of cash in hand and managing such liquidity risks by preparing and monitoring cash flows projection, such risks are maintained under control.

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

(iii) Supplemental Explanation Regarding Fair Values of Financial Instruments

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

b) Estimated Fair Value of Financial Instruments

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

Thousands of yen			
As of November 30, 2017			
	Book value	Fair value	Difference
(1) Cash and deposits	¥ 21,091,230	¥ 21,091,230	¥ -
(2) Cash and deposits in trust	4,119,378	4,119,378	-
Total assets	¥ 25,210,609	¥ 25,210,609	¥ -
(3) Short-term loans payable	6,300,000	6,300,000	-
(5) Investment corporation bonds payable	12,000,000	12,129,500	129,500
(6) Long-term loans payable	176,200,000	177,453,182	1,253,182
Total liabilities	¥ 194,500,000	¥ 195,882,682	¥ 1,382,682
(7) Derivative transactions	¥ -	¥ -	¥ -

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

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

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

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

(3) Short-term loans payable

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

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

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

(5) Investment corporation bonds payable

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

(7) Derivative transactions

Please refer to Note 5, "Derivative Transactions."

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

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

	Thousands of yen	
	As of	
	November 30, 2017	May 31, 2017
Tenant leasehold and security deposits	¥ 247,773	¥ 247,773
Tenant leasehold and security deposits in trust	12,551,061	11,984,729

(Note 3) Redemption schedule for monetary claims after November 30, 2017

	Thousands of yen					
	As of November 30, 2017					
	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
Cash and deposits	¥21,091,230	¥ -	¥ -	¥ -	¥ -	¥ -
Cash and deposits in trust	4,119,378	-	-	-	-	-
Total	¥25,210,609	¥ -	¥ -	¥ -	¥ -	¥ -

Redemption schedule for monetary claims after May 31, 2017

	Thousands of yen					
	As of May 31, 2017					
	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
Cash and deposits	¥30,584,674	¥ -	¥ -	¥ -	¥ -	¥ -
Cash and deposits in trust	3,549,872	-	-	-	-	-
Total	¥34,134,547	¥ -	¥ -	¥ -	¥ -	¥ -

(Note 4) Repayment schedule for long-term loans payable and other interest-bearing debt after November 30, 2017

	Thousands of yen					
	As of November 30, 2017					
	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
Investment corporation bonds payable	¥ -	¥2,000,000	¥ -	¥2,000,000	¥ -	¥8,000,000
Long-term loans payable	-	7,400,000	-	21,300,000	30,000,000	117,500,000
Total	¥ -	¥9,400,000	¥ -	¥23,300,000	¥30,000,000	¥125,500,000

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

	Thousands of yen					
	As of May 31, 2017					
	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
Investment corporation bonds payable	¥ -	¥ -	¥2,000,000	¥ -	¥ -	¥3,000,000
Long-term loans payable	2,000,000	6,400,000	1,000,000	21,300,000	30,000,000	117,500,000
Total	¥2,000,000	¥6,400,000	¥3,000,000	¥21,300,000	¥30,000,000	¥120,500,000

5. Derivative Transactions

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

Hedge accounting method	Type of derivative transaction	Primary hedged item	Thousands of yen			
			As of November 30, 2017			
			Contract amount		Fair value	Fair value measurement
			Total	Due after one year		
Special treatment for interest rate swaps	Interest rate swaps Receive floating / Pay fix	Long-term loans payable	¥175,200,000	¥175,200,000	(Note)	(Note)

(Note) Interest rate swaps under the special accounting treatment are accounted for as the integral part of long-term loans payable designated as hedged items. Therefore, their fair value is included in long-term loans payable disclosed in the aforementioned Note 4, “Financial Instruments, b) Estimated Fair Value of Financial Instruments, (6) Long-term loans payable.”

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

(Note) Interest rate swaps under the special accounting treatment are accounted for as the integral part of long-term loans payable designated as hedged items. Therefore, their fair value is included in long-term loans payable disclosed in the aforementioned Note 4, “Financial Instruments, b) Estimated Fair Value of Financial Instruments, (4) Current portion of long-term loans payable and (6) Long-term loans payable.” NPR cancelled certain interest rate swap agreements and paid 2,392,420 thousand yen of Interest rate swap breakage costs related to repayment of bank loans on April 28, 2017.

6. Investment and Rental Properties

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

	Thousands of yen			
	For the six-month periods ended			
	November 30, 2017		May 31, 2017	
Book value				
Balance at the beginning of the period	¥	449,407,618	¥	432,334,447
Changes during the period (Note 2)		48,203,347		17,073,170
Balance at the end of the period	¥	497,610,965	¥	449,407,618
Fair value at the end of the period	¥	610,150,000	¥	548,380,000

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

(Note 2) The increase for the fiscal period ended November 30, 2017 was primarily a result of acquiring three properties, Prologis Park Narashino 5, Prologis Park Ibaraki and Prologis Park Koga 2, during the period for a total of 56,342,299 thousand yen. The decrease for the fiscal period ended November 30, 2017 was primarily a result of the disposition of Prologis Park Tagajo and the recognition of depreciation, which amounted to 4,991,936 thousand yen and 3,765,984 thousand yen, respectively.

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

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

7. Property-related Revenues and Expenses

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

	Thousands of yen	
	For the six-month periods ended	
	November 30, 2017	May 31, 2017
(1) Property-related revenues		
Rental revenues		
Rental revenues	¥ 14,895,492	¥ 14,358,213
Common area charges	1,049,302	981,603
Total	¥ 15,944,794	¥ 15,339,816
Other rental revenues		
Received utilities cost	¥ 1,059,098	¥ 877,491
Others	213,677	199,191
Total	¥ 1,272,775	¥ 1,076,683
Total property-related revenues	¥ 17,217,570	¥ 16,416,500
(2) Property-related expenses		
Rental expenses		
Subcontract expenses	¥ 908,116	¥ 967,705
Utilities cost	1,012,001	802,760
Taxes and public dues	1,430,718	1,415,756
Non-life insurance premium	24,870	25,380
Repair and maintenance	187,413	168,565
Depreciation	3,765,984	3,588,223
Custodian fee	16,549	16,612
Other expenses	2,569	2,573
Total rental expenses	¥ 7,348,224	¥ 6,987,577
(3) Operating income from property leasing ((1)-(2))	¥ 9,869,345	¥ 9,428,922

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

	Thousands of yen	
	For the six-month periods ended	
	November 30, 2017	May 31, 2017
Gain on sales of real estate properties		
Sales proceed	¥ 7,155,000	¥ 15,700,000
Book value of properties sold	(4,991,936)	(10,783,022)
Other sales expenses	(93,291)	(80,347)
Total	¥ 2,069,771	¥ 4,836,630

(Note 1) Gain on sales of real estate properties represent the gain from the disposition of Prologis Park Tagajo and Prologis Park Maishima 4, for the six-month periods ended November 30, 2017 and May 31, 2017, respectively.

8. Leases

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

	Thousands of yen	
	As of	
	November 30, 2017	May 31, 2017
Due within one year	¥ 24,737,154	¥ 21,949,499
Due after one year	104,147,726	86,628,965
Total	¥ 128,884,881	¥ 108,578,465

9. Net Assets

a) Stated Capital

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

b) Unit holders' capital

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

	Thousands of yen	
	As of	
	November 30, 2017	May 31, 2017
Unit holders' capital, gross	¥ 310,465,975	¥ 277,275,843
Deduction from unit holders' capital;		
Accumulated distribution in excess of retained earnings	(6,515,132)	(6,515,132)
Unit holders' capital	¥ 303,950,843	¥ 270,760,711

c) Distributions

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

	Yen			
	For the six-month periods ended			
	November 30, 2017		May 31, 2017	
	Total	Per unit	Total	Per unit
I Unappropriated retained earnings	¥ 9,602,618,972		¥ 8,823,872,626	
II Distributions in excess of retained earnings				
Deduction from unit holders' capital	-		-	
III Distributions				
Distributions of retained earnings	9,601,842,600	¥4,668	8,822,587,800	¥4,628
Distributions in excess of retained earnings	-	-	-	-
Total distributions	9,601,842,600	¥4,668	8,822,587,800	¥4,628
IV Retained earnings carried forward	¥ 776,372		¥ 1,284,826	

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

Based on the policy, NPR declared distribution amounts of 9,601,842,600 yen and 8,822,587,800 yen

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

Based on the distribution policy as defined in Article 39, Paragraph 2 of the Articles of Incorporation, NPR shall make Surplus Cash Distributions (SCD), defined as distributions in excess of retained earnings, as a return of unit holders' capital, each fiscal period on a continuous basis. Furthermore, NPR is permitted to distribute One-time Surplus Cash Distributions for the purpose of maintaining stable distributions per unit in the event that its distributions per unit is expected to temporarily dilute by a certain degree as a result of financing actions.

Considering the amount of profits including the gain on sales of real estate properties, NPR decided to suspend to declare SCD for the periods ended November 30, 2017 and May 31, 2017.

10. Short-term and Long-term Loans Payable

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

	Thousands of yen	
	As of	
	November 30, 2017	May 31, 2017
0.20500% unsecured short-term loans ^(**)	¥ -	¥ 4,900,000
0.20500% unsecured short-term loans ^(**)	-	2,100,000
0.20374% unsecured short-term loans	4,410,000	-
0.20374% unsecured short-term loans	1,890,000	-
Total short-term loans payable	¥ 6,300,000	¥ 7,000,000
0.84350% unsecured long-term loans due 2017 ^(*)	¥ -	¥ 2,000,000
0.81010% unsecured long-term loans due 2018 ^(*)	6,400,000	6,400,000
0.29732% unsecured long-term loans due 2019	1,000,000	1,000,000
0.57490% unsecured long-term loans due 2022 ^(*)	10,000,000	10,000,000
0.57490% unsecured long-term loans due 2022 ^(*)	4,000,000	4,000,000
0.07570% unsecured long-term loans due 2021 ^(*)	7,300,000	7,300,000
0.17260% unsecured long-term loans due 2022 ^(*)	6,000,000	6,000,000
0.39000% unsecured long-term loans due 2024 ^(*)	10,000,000	10,000,000
0.41290% unsecured long-term loans due 2023 ^(*)	7,600,000	7,600,000
0.52800% unsecured long-term loans due 2024 ^(*)	4,000,000	4,000,000
0.71670% unsecured long-term loans due 2026 ^(*)	9,400,000	9,400,000
0.22360% unsecured long-term loans due 2021 ^(*)	14,000,000	14,000,000
0.26200% unsecured long-term loans due 2022 ^(*)	10,000,000	10,000,000
0.31250% unsecured long-term loans due 2023 ^(*)	20,000,000	20,000,000
0.37250% unsecured long-term loans due 2024 ^(*)	3,000,000	3,000,000
0.37250% unsecured long-term loans due 2024 ^(*)	3,000,000	3,000,000
0.43690% unsecured long-term loans due 2025 ^(*)	23,300,000	23,300,000
0.52400% unsecured long-term loans due 2026 ^(*)	6,100,000	6,100,000
0.52400% unsecured long-term loans due 2026 ^(*)	5,200,000	5,200,000
0.52400% unsecured long-term loans due 2026 ^(*)	2,600,000	2,600,000
0.63270% unsecured long-term loans due 2027 ^(*)	23,300,000	23,300,000
0.21000% unsecured long-term loans due 2019 ^(***)	-	-
0.21000% unsecured long-term loans due 2019 ^(***)	-	-
Less: current portion	-	(2,000,000)
Total long-term loans payable, less current portion	¥ 176,200,000	¥ 176,200,000

The stated interest rate is the weighted average interest rate during the period ended November 30,

2017.

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

The loans (**) from Sumitomo Mitsui Banking Corporation and The Bank of Tokyo-Mitsubishi UFJ, Ltd., with the principal amount of 4,900,000 thousand yen and 2,100,000 thousand yen, respectively, were prepaid on June 16, 2017, before the maturity date.

The loans (***) from Sumitomo Mitsui Banking Corporation and The Bank of Tokyo-Mitsubishi UFJ, Ltd., with the principal amount of 27,650,000 thousand yen and 11,850,000 thousand yen, respectively, were prepaid on August 8, 2017, before the maturity date.

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

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

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

11. Investment Corporation Bonds Payable

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

	Issued date	Maturity date	Interest rate	Thousands of yen	
				As of	
				November 30, 2017	May 31, 2017
1st unsecured bond	November 27, 2014	November 27, 2019	0.338%	¥ 2,000,000	¥ 2,000,000
2nd unsecured bond	November 27, 2014	November 27, 2024	0.930%	3,000,000	3,000,000
3rd unsecured bond	June 15, 2017	June 15, 2021	0.180%	2,000,000	-
4th unsecured bond	June 15, 2017	June 15, 2023	0.280%	1,500,000	-
5th unsecured bond	June 15, 2017	June 15, 2027	0.500%	2,500,000	-
6th unsecured bond	June 15, 2017	June 15, 2032	0.860%	1,000,000	-
Total				¥ 12,000,000	¥ 5,000,000

12. Income Taxes

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

	Thousands of yen	
	As of	
	November 30, 2017	May 31, 2017
Enterprise tax payable	¥ 1	¥ 12
Total deferred tax assets	1	12
Net deferred tax assets	¥ 1	¥ 12

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

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

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

13. Per Unit Information

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

	Yen	
	For the six-month periods ended	
	November 30, 2017	May 31, 2017
Net income per unit		
Basic net income per unit	¥ 4,799	¥ 4,644
Weighted average number of units outstanding	2,000,636	1,899,508
	Yen	
	As of	
	November 30, 2017	May 31, 2017
Net assets per unit	¥ 152,436	¥ 146,659

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

14. Transactions with Related Parties

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

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

c) Transactions and Account Balances with Companies under Common Control
(For the six-month period ended November 30, 2017)

Classification	Name of the company	Address	Stated capital (Thousands of yen)	Type of business	Percentage of voting rights owned	Relation		Type of transaction	Transaction amount (Thousands of yen)	Account	Ending balance (Thousands of yen)
						Common board member	Business relationship				
Subsidiary of an affiliate	Prologis REIT Master Lease GK (Note 3)	Chiyoda-ku, Tokyo	¥ 2,100	Real estate business, other	-	-	Lessee	Lease of properties in trust	¥ 15,975,178	Operating accounts receivable	¥ 587,232
								Proceeds of tenant leasehold and security deposits in trust	1,466,536	Tenant leasehold and security deposits in trust	12,052,552
								Repayments of tenant leasehold and security deposits in trust	638,142		
Subsidiary of an affiliate	Hakuba Special Purpose Company	Chiyoda-ku, Tokyo	100,000	Real estate business	-	-	Seller	Acquisition of beneficiary right in trust	13,600,000	-	-
Subsidiary of an affiliate	Ibaraki Special Purpose Company (Note 4)	Chiyoda-ku, Tokyo	131,100	Real estate business	-	-	Seller	Acquisition of beneficiary right in trust	38,300,000	-	-
Subsidiary of an affiliate	Gassan Special Purpose Company	Chiyoda-ku, Tokyo	100,000	Real estate business	-	-	Seller	Acquisition of beneficiary right in trust	3,930,000	-	-
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	1,818,680	Accrued expenses	1,624,055

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

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

(Note 3) With respect to 31 properties out of 37 properties held by NPR, NPR leases space to Prologis REIT Master Lease GK based on a pass-through type of master lease agreement, and Prologis REIT Master Lease GK subleases the space to actual tenants.

(Note 4) Ibaraki Special Purpose Company changed its trade name to Jinba Special Purpose Company on November 20, 2017.

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

Classification	Name of the company	Address	Stated capital (Thousands of yen)	Type of business	Percentage of voting rights owned	Relation		Type of transaction	Transaction amount (Thousands of yen)	Account	Ending balance (Thousands of yen)
						Common board member	Business relationship				
Subsidiary of an affiliate	Prologis REIT Master Lease GK (Note 3)	Chiyoda-ku, Tokyo	¥ 2,100	Real estate business, other	-	-	Lessee	Lease of properties in trust	¥ 15,193,498	Operating accounts receivable	¥ 374,374
								Proceeds of tenant leasehold and security deposits in trust	592,587	Advances received	2,527,032
								Repayments of tenant leasehold and security deposits in trust	495,580	Tenant leasehold and security deposits in trust	11,224,159
Subsidiary of an affiliate	Narita 3 Special Purpose Company	Chiyoda-ku, Tokyo	100,000	Real estate business	-	-	Seller	Acquisition of beneficiary right in trust	9,240,000	-	-
Subsidiary of an affiliate	Gassan Special Purpose Company	Chiyoda-ku, Tokyo	100,000	Real estate business	-	-	Seller	Acquisition of beneficiary right in trust	7,680,000	-	-
Subsidiary of an affiliate	Kobe Special Purpose Company	Chiyoda-ku, Tokyo	100,000	Real estate business	-	-	Seller	Acquisition of beneficiary right in trust	13,700,000	-	-
Subsidiary of an affiliate	Prologis REIT Management K.K.	Chiyoda-ku, Tokyo	100,000	Investment management business	-	Executive Director of NPR and President & CEO of the Asset Manager	Asset Manager	Payment of asset management fee	1,462,761	Accrued expenses	1,329,654

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

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

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

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

15. Segment and Related Information

a) Overview of operating and reportable segments

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

(*) NPR mainly invests in real estate whose main usage is logistics facilities and makes investments by focusing on the area where the facility is located and their features. As for the investing regions, NPR seeks to build a portfolio which is not concentrated in a specific region and invests in areas of Japan vital to trade and logistics. By dividing Japan into two areas of "global market" and "regional market" and through investment into those two different markets, NPR aims to build a portfolio which would minimize fluctuations in cash flows due to regional economic shifts or localized impacts from natural disasters.

As for investment strategies in the "global market," as such areas are vital for international trade and logistics, NPR aims to invest in locations with the largest consuming areas which can also serve as important hubs within the domestic logistics network. The "global market" is defined as the Kanto area, which refers to Tokyo, Kanagawa, Chiba, Saitama, Ibaraki, Tochigi and Gunma prefectures, and the Kansai area, which refers to Osaka, Hyogo, Kyoto, Nara, Wakayama, Shiga and Mie prefectures, respectively.

NPR's properties classified into the global market are as follows:

Prologis Park Ichikawa 1, Prologis Park Zama 1, Prologis Park Kawajima, Prologis Park Osaka 2, Prologis Park Maishima 3, Prologis Park Maishima 4, Prologis Park Takatsuki, Prologis Park Tokyo-Ohta, Prologis Park Zama 2, Prologis Park Funabashi 5, Prologis Park Narita 1-A&B, Prologis Park Narita 1-C, Prologis Park Amagasaki 1, Prologis Park Amagasaki 2, Prologis Park Narashino 4, Prologis Park Tokyo-Shinkiba, Prologis Park Yokohama-Tsurumi, Prologis Park Osaka 4, Prologis Park Kawajima 2, Prologis Park Kitamoto, Prologis Park Joso, Prologis Park Osaka 5, Prologis Park Ebina, Prologis Park Kawanishi, Prologis Park Amagasaki 3, Prologis Park Kobe, Prologis Park Narita 3, Prologis Park Koga 1, Prologis Park Kobe 2, Prologis Park Narashino 5, Prologis Park Ibaraki and Prologis Park Koga2.

As for investment strategies in the "regional market," as such areas are critical to domestic trades in Japan, NPR aims to invest in locations with the second largest consuming areas in Japan to the "global market," which can play a crucial role in a widespread regional logistics network. The "regional market" is defined as the Chubu, Tohoku and Kyushu areas which refer to Aichi, Shizuoka, Niigata, Toyama, Ishikawa, Fukui, Yamanashi, Nagano and Gifu prefectures; Aomori, Iwate, Miyagi, Akita, Yamagata and Fukushima prefectures; and Fukuoka, Saga, Nagasaki, Kumamoto, Oita, Miyazaki and Kagoshima prefectures, respectively.

NPR's properties classified into the regional market are as follows:

Prologis Park Kasugai, Prologis Park Kitanagoya, Prologis Park Tagajo, Prologis Park Tosu 2, Prologis Park Tosu 4, Prologis Park Iwanuma 1 and Prologis Park Sendai Izumi.

In addition, NPR is able to invest in areas besides the global market and the regional market to the extent that such areas are adjacent to consuming or manufacturing areas, or such areas are suitable and appropriate for logistics centers.

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

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

c) Information about Segment Results, Assets and Other Items

	Thousands of yen			
	As of and for the six-month period ended November 30, 2017			
	Global market	Regional market	Reconciling adjustments	Amount on financial statements
Operating revenues (Note 1)	¥ 15,708,101	¥ 3,579,241	¥ -	¥ 19,287,342
Segment income (Note 2)	8,295,713	2,620,234	(582,423)	10,333,523
Segment assets (Note 2)	468,564,436	34,426,000	24,633,670	527,624,107
Other items				
Depreciation	3,381,860	384,123	-	3,765,984
Increase in property and equipment and intangible assets	56,842,562	81,389	-	56,923,951

(Note 1) Operating revenues of NPR are exclusively earned from external parties. Operating revenues in Regional markets includes 2,069,771 thousand yen of gain on sales of real estate properties.

(Note 2) Reconciling adjustments to segment income represent general corporate expenses that consist mainly of asset management fee of 481,105 thousand yen, asset custody fee of 40,156 thousand yen and directors' compensation of 4,800 thousand yen. Reconciling adjustments to segment assets consist mainly of cash and cash deposits of 21,022,737 thousand yen, long-term prepaid expenses and security deposit of 1,692,613 thousand yen and Investment corporation bond issuance costs of 57,272 thousand yen.

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

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

Global markets includes 4,836,630 thousand yen of gain on sales of real estate properties.

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

Related Information

(For the six-month period ended November 30, 2017)

a) Information by Geographic Region

(i) Operating Revenues

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

(ii) Property and Equipment

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

b) Information by Major Tenants

Tenant	Operating revenue	Related segment
Prologis REIT Master Lease GK	15,975,178 thousand yen	Global market and Regional market

(Note 1) With respect to 31 properties out of 37 properties held by NPR, NPR leases space to Prologis REIT Master Lease GK based on a pass-through type of master lease agreement, and Prologis REIT Master Lease GK subleases the space to actual tenants.

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

a) Information by Geographic Region

(i) Operating Revenues

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

(ii) Property and Equipment

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

b) Information by Major Tenants

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

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

16. Subsequent Events

None

**Independent Auditor's Report**

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

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

KPMG AZSA LLC

February 23, 2018

Tokyo, Japan

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