



**Daiwa House**  
Logistics Trust

**Daiwa House Asset Management Asia Pte. Ltd.**

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## **PORTFOLIO OCCUPANCY IMPROVED TO 98.6% WITH ALL PROPERTIES FULLY LEASED EXCEPT FOR ONE**

- ***New leases signed and extended during the quarter improved the portfolio occupancy rate to 98.6%***
- ***Portfolio WALE was 6.8 years as at 31 March 2022<sup>1</sup>***
- ***Refund of consumption tax amounting to JPY5.6 billion has been received, and corresponding loan taken for consumption tax was repaid in April 2022***

DBS Bank Ltd. was the Sole Financial Adviser, and DBS Bank Ltd. and Nomura Singapore Limited are the Joint Issue Managers for the initial public offering of Daiwa House Logistics Trust.

**SINGAPORE, 12 MARCH 2022** – Daiwa House Asset Management Asia Pte. Ltd., as manager of Daiwa House Logistics Trust (the “**Manager**” and Daiwa House Logistics Trust, “**DHLT**” or the “**REIT**”), has today announced a business update for first quarter ended 31 March 2022 (“**1Q FY2022**”).

Overall portfolio occupancy improved to 98.6% as at 31 March 2022 and all properties except one are at full occupancy. Portfolio continued to demonstrate resilience with no request for any form of rental relief or abatements to date, amidst the COVID-19 situation.

During 1QFY2022, there were new leases entered into or renewed, with unchanged rent to rent increase of 2.0%<sup>2</sup>. This resulted in weighted average lease expiry (“**WALE**”) (by occupied NLA) of 6.8 years. The new lease entered into is on a 10-year term, which further improved income stability and minimised the need to offer rent-free period for renewal in near term. The new lease also included a clause for re-negotiation of rent at the end of the 5th year. Including extension of another lease in

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<sup>1</sup> By occupied NLA.

<sup>2</sup> Based on monthly rent compared against the preceding lease for the same space.

April 2022, there is only 15.4%<sup>3</sup> of NLA remaining for renewal in 2022 for multi-tenanted properties. There are no leases expiring in 2022 for built-to-suit properties.

Further to the earthquake that affected northeast Japan on 16 March 2022, two properties, namely DPL Sendai Port and DPL Koriyama sustained some physical damages. No casualties were reported at any of DHLT's properties, and all the properties remained in operation.

### Summary of Financial Results

	1Q FY2022			Period from 26 Nov 2021 to 31 Mar 2022		
	Pro-rated Forecast <sup>(a)</sup>	Actual (unaudited)	Variance	Pro-rated Forecast <sup>(b)</sup>	Actual (unaudited)	Variance
Gross Revenue (S\$ '000)	16,893	16,765	-0.8%	23,463	23,364	-0.4%
Net Property Income (S\$ '000)	13,161	13,339	+1.4%	18,300	18,600	+1.6%
Distributable Income (S\$ '000)	8,822	8,872	+0.6%	12,125	12,190	+0.5%
Distribution per Unit (cents)	1.30	1.31	+0.8%	1.79	1.80	+0.6%

a. Pro-rated based on the forecast Consolidated Statements of Comprehensive Income for the period 1 January 2022 to 31 December 2022 ("**Projection Year 2022**") as disclosed in the IPO Prospectus dated 19 November 2021 ("**IPO Prospectus**").

b. Pro-rated based on the forecast Consolidated Statements of Comprehensive Income for the period 1 October 2021 to 31 December 2021 as well as Projection Year 2022 as disclosed in the IPO Prospectus.

The financials for 1Q FY2022 were in line with the pro-rated financials for the Projection Year 2022 as disclosed in the IPO Prospectus.

DHLT's distribution policy is to distribute 100.0% of its annual distributable income for the period from the Listing Date to 31 December 2022. The first distribution, which will be in respect of the period from the Listing Date to 30 June 2022 will be paid on or before 30 September 2022.

**Mr Takeshi Fujita, Chief Executive Officer of the Manager**, said, "We are pleased that the overall occupancy of the portfolio has improved to 98.6% and currently all the properties are at full occupancy except for one. We will continue to work with the

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<sup>3</sup> By occupied NLA.

property manager to lease the vacant space. With the signing and extension of leases, including the lease signed in April 2022, there is only 15.4% of space remaining for renewal in 2022 for multi-tenanted properties, and there are no leases expiring for built-to-suit properties in 2022. Overall portfolio WALE remained relatively long at 6.8 years as at 31 March 2022<sup>4</sup>.

The consumption tax has been refunded in April 2022 and the loan taken for consumption tax has also been repaid in the same month. Had this been repaid on 31 March 2022, the aggregate leverage would be 32.2%. This will help to provide greater flexibility in funding options for any potential acquisitions.”

### **Capital Management**

Aggregate leverage was 38.2% as at 31 March 2022. The consumption tax that was paid in relation to the acquisition of the portfolio has been refunded in April 2022 and the loan taken for consumption tax (“**Consumption Tax Loan**”) has also been repaid. Assuming the Consumption Tax Loan was repaid on 31 March 2022, the aggregate leverage would be 32.2%.

The remaining borrowings are all denominated in JPY, thereby providing a natural hedge as the value of the properties is denominated in JPY. The all-in weighted average borrowing cost is 0.9% per annum (including upfront fee), and 100% of the borrowings are on fixed rate basis. The weighted maturity of the borrowings was 3.2 years as at 31 March 2022. Following the repayment of the Consumption Tax Loan in April 2022, there are currently no refinancing requirements until 2024.

### **Outlook**

Supported by robust demand for logistics facilities in Japan, vacancy levels for such facilities have remained low. However, large supply is expected in 2022 and 2023, with majority of such supply located in the Greater Tokyo area. As a result of such supply, vacancy rates may increase with rental growth expected to be moderated. Further, with the upcoming supply, logistics facilities that are older and which are poorly located may face challenges.

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<sup>4</sup> By occupied NLA.

The Manager remained positive on the outlook of logistics sector in Japan which it believed will continue to be supported by the resilient 3PL and e-commerce sectors in the near term, but concurrently, it is also cautious of the challenges amidst the increase in supply.

Majority of the 14 properties in the DHLT portfolio were completed within the last five years, with an average age of 4.5 years, and the portfolio has remained resilient during the COVID-19 period with no request for any form of rental relief or abatement. There are six out of the 14 properties which are located in Greater Tokyo and amongst these six properties, five of them are built-to-suit assets with an average WALE of 9.8 years.

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## **About Daiwa House Logistics Trust**

Daiwa House Logistics Trust (“**DHLT**”) is a Singapore real estate investment trust (“**REIT**”) established with the investment strategy of principally investing in a portfolio of income-producing logistics and industrial real estate assets located across Asia.

Its initial portfolio comprises 14 high-quality modern logistics properties across Japan with an appraised value of approximately JPY81,070 million as at 31 December 2021, and an aggregate net lettable area of approximately 423,920 sq m.

DHLT is managed by Daiwa House Asset Management Asia Pte. Ltd., a wholly-owned subsidiary of its Sponsor, Daiwa House Industry Co., Ltd.

## **About the Sponsor, Daiwa House Industry Co., Ltd.**

Daiwa House Industry Co., Ltd. (“**Daiwa House Industry**”) is one of the largest construction and real estate development companies in Japan. It is listed on the Tokyo Stock Exchange (“**TSE**”) with a market capitalisation of JPY2,132.6 billion (S\$23.7 billion) as of 31 March 2022.

Founded in 1955, Daiwa House Industry has an extensive track record in real estate development. In addition to its primary operations in Japan, the Sponsor has presence in other markets including ASEAN, East Asia, the United States of America, Europe, and Australia. Daiwa House Industry has vast and deep experience in logistics asset development and is one of the largest logistics real estate developers in Japan by both number of properties and gross floor area.

Daiwa House Industry has extensive knowledge in both asset and fund management and is currently managing real estate funds which include TSE-listed Daiwa House REIT Investment Corporation, two unlisted REITs as well as multiple private funds.

## IMPORTANT NOTICE

This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for units in Daiwa House Logistics Trust (“**DHLT**”, and the units in DHLT, the “**Units**”).

The past performance of DHLT is not necessarily indicative of the future performance of DHLT. The value of the Units and the income derived from them, if any, may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, Daiwa House Asset Management Asia Pte. Ltd., as manager of DHLT (the “**Manager**”) or any of its affiliates. An investment in the Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request the Manager to redeem or purchase their Units for so long as the Units are listed on Singapore Exchange Securities Trading Limited (“**SGX-ST**”). It is intended that unitholders of DHLT may only deal in their Units through trading on the SGX-ST. The listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This announcement may contain forward-looking statements. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses, property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager’s current view of future events.