



Daiwa House
Logistics Trust

(a real estate investment trust constituted on 2 November 2021 under the laws of the Republic of Singapore)

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

DAIWA HOUSE LOGISTICS TRUST UNAUDITED INTERIM FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE PERIOD FROM 26 NOVEMBER 2021 (Listing Date) TO 30 JUNE 2022 (“1HFY2022”)

TABLE OF CONTENTS

Page No	Description
2	Introduction
2	Summary of Daiwa House Logistics Trust Group Results
3	Interim Financial Statements
4	Consolidated Condensed Interim Statement of Total Return and Condensed Interim Consolidated Statement of Comprehensive Income
5	Condensed Interim Statements of Financial Position
6	Condensed Interim Consolidated Distribution Statement
6	Condensed Interim Statements of Movements in Unitholders' Funds
7	Condensed Interim Consolidated Statement of Cash Flows
8	Statement of Portfolio
9	Notes to the Condensed Interim Financial Statements
18	Other information

DAIWA HOUSE LOGISTICS TRUST

Unaudited Condensed Interim Financial Statements and Distribution Announcement For the period from 26 November 2021 (Listing Date) to 30 June 2022

INTRODUCTION

Daiwa House Logistics Trust (“DHLT”) is a Singapore real estate investment trust constituted pursuant to the Trust Deed dated 2 November 2021 between Daiwa House Asset Management Asia Pte. Ltd. as manager (the “Manager”) of DHLT and HSBC Institutional Trust Services (Singapore) Limited as trustee (the “Trustee”) of DHLT.

DHLT was listed on the Main Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 26 November 2021 (“Listing Date”). DHLT’s initial IPO comprised 14 logistics properties in Japan with an aggregate net lettable area of approximately 423,920 square meter and a total land area of approximately 420,393 square meters.

The investment strategy of DHLT is to invest in a diversified portfolio of income-producing logistics and industrial real estate assets located across Asia. DHLT’s key objectives are to provide Unitholders with regular and stable distributions, and to achieve long-term growth in DPU and net asset value per Unit, while maintaining an optimal capital structure and strengthening the portfolio in scale and quality.

DHLT’s distribution policy is to distribute 100.0% of DHLT’s Annual Distributable Income for the period from 26 November 2021 to 31 December 2022 and at least 90.0% of its Annual Distributable Income thereafter on a semi-annual basis. The actual level of distribution is to be determined at the Manager’s discretion and may be greater than 90.0% of its Annual Distributable Income for each financial year.

Summary of Daiwa House Logistics Trust

	Group		
	26 November 2021 to 30 June 2022 ⁽¹⁾		
	Actual	Forecast	Change %
Gross Revenue (S\$ '000) ⁽²⁾	38,903	40,357	(3.6)
Net Property Income (S\$ '000) ⁽³⁾	30,035	31,461	(4.5)
Amount Distributable (S\$ '000)			
- to Perpetual Securities Holders ⁽⁴⁾	590	631	(6.5)
- to Unitholders of DHLT ⁽⁵⁾	20,901	20,898	-
Distribution per Unit (“DPU”) (cents)	3.09	3.09	-

Footnotes:

- (1) The Prospectus disclosed forecast period for 4Q2021 and projection period for FY2022. Forecast results for the period from 26 November 2021 (Listing Date) to 30 June 2022 were derived by pro-rating the forecast and projection periods.
- (2) Gross revenue of S\$38.9 million was below forecast primarily due to weaker JPY against S\$. In JPY terms, gross revenue was 0.4% higher than forecast due to higher utilities income and other income compared with that assumed in the forecast.
- (3) Net property income of S\$30.0 million was below forecast largely due to lower gross revenue compared with forecast, which in turn was due to weaker JPY.
- (4) Distribution to perpetual securities holder was 6.5% lower than forecast due to weaker JPY against S\$.
- (5) Lower net property income was offset by lower finance expenses, management fees and trust expenses. Notwithstanding weaker JPY against S\$, higher capital returns from Japan entities helps to bring distributable income in S\$ to be in line with forecast.

DAIWA HOUSE LOGISTICS TRUST

**Unaudited Condensed Interim Financial Statements and Distribution Announcement
For the period from 26 November 2021 (Listing Date) to 30 June 2022**

**DAIWA HOUSE LOGISTICS TRUST AND ITS SUBSIDIARIES
CONDENSED INTERIM FINANCIAL STATEMENTS**

**FOR THE PERIOD 26 NOVEMBER 2021 (LISTING DATE) TO
30 JUNE 2022 (“1HFY2022”)**

DAIWA HOUSE LOGISTICS TRUST

Unaudited Condensed Interim Financial Statements and Distribution Announcement
For the period from 26 November 2021 (Listing Date) to 30 June 2022

CONSOLIDATED CONDENSED INTERIM STATEMENT OF TOTAL RETURN AND CONSOLIDATED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

GROUP				
26 November 2021 to 30 June 2022				
	Notes	Actual S\$ '000	Forecast S\$ '000	Change %
Gross revenue	5	38,903	40,357	(3.6)
Property expenses	6	(8,868)	(8,896)	(0.3)
Net property income		30,035	31,461	(4.5)
Manager's management fee	7	(1,448)	(1,413)	2.5
Japan asset management fees		(715)	(760)	(5.9)
Trustee's fee		(155)	(164)	(5.5)
Trust expense		(1,216)	(1,397)	(13.0)
Finance expenses	8	(4,843)	(5,596)	(13.4)
Net income before tax and fair value change in investment properties		21,658	22,131	(2.1)
Fair value change in investment properties		108,034	(2,493)	NM
Tax expenses		(17,031)	(2,787)	NM
Total returns		112,661	16,851	568.6
<u>Attributable to:</u>				
Unitholders		112,071	16,220	NM
Perpetual Securities Holders		590	631	(6.5)
Total returns		112,661	16,851	568.6
<u>Distribution Statement</u>				
Total returns attributable to Unitholders of DHLT		112,071	16,220	NM
Adjustments		(91,170)	4,678	NM
Distributable income to Unitholders of DHLT		20,901	20,898	-

NM – Not Meaningful

DAIWA HOUSE LOGISTICS TRUST

Unaudited Condensed Interim Financial Statements and Distribution Announcement
For the period from 26 November 2021 (Listing Date) to 30 June 2022

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

		As at 30 June 2022	
		Group	Trust
Notes		S\$ '000	S\$'000
Current assets:			
	Cash and cash equivalents	50,284	11,133
	Restricted cash	44,004	-
	Accounts receivables	348	-
	Prepaid expenses and other assets	7,363	462,086
	Total current assets	101,999	473,219
Non-current assets:			
	Investment properties	1,032,787	-
	Investments	-	2
	Total non-current assets	1,032,787	2
	Total assets	1,134,786	473,221
Current liabilities:			
	Lease liability	3,637	-
	Other current liabilities	14,078	1,125
	Total current liabilities	17,715	1,125
Non-current liabilities:			
	Loans and borrowings	301,387	-
	Lease liability	183,292	-
	End-tenants security deposits	28,305	-
	Deferred Tax Liability	14,891	-
	Other liabilities	18,774	-
	Total non-current liabilities	546,649	-
	Total liabilities	564,364	1,125
	Net assets	570,422	472,096
Represented by:			
	Unitholders' funds	539,812	441,486
	Perpetual securities	30,610	30,610
	Total equity at end of period	570,422	472,096
	Units in issue ('000)	675,499	675,499
	Net asset value per Unit attributable to unitholders (S\$)	0.80	0.65

DAIWA HOUSE LOGISTICS TRUST

Unaudited Condensed Interim Financial Statements and Distribution Announcement
For the period from 26 November 2021 (Listing Date) to 30 June 2022

CONDENSED INTERIM CONSOLIDATED DISTRIBUTION STATEMENT

	GROUP		
	26 November 2021 to 30 June 2022		
	Actual	Forecast	Change
	S\$ '000	S\$ '000	%
Total return for the period attributable to unitholders	112,071	16,220	NM
Distribution adjustments (Note A)	(91,170)	4,678	NM
Income available for distribution to unitholders	20,901	20,898	-
Distributions to be paid to unitholders for the period	20,901	-	NM
Applicable number of units for the period ('000)	675,499	675,000	0.1
DPU for the period	3.09	-	NM
Note A - Distribution Adjustments			
Manager's management fees paid/payable in Units	725	706	2.7
Fair Value change in investment properties	(110,401)	0	NM
Amortisation of loan /bond upfront fee	1,459	1,223	19.3
Deferred tax expenses	17,029	2,658	NM
Others	18	91	(80.2)
Total distribution adjustments	(91,170)	4,678	NM

CONDENSED STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

	Group	Trust
	26 November 2021 to 30 June 2022	
	S\$'000	S\$'000
Operations		
As at 2 November 2021 (Date of Constitution)	-	-
Profit/(loss) attributable to unitholders of DHLT	112,071	(8,591)
Net increase/(decrease) in net assets resulting from operations	112,071	(8,591)
Unitholders transactions		
Movement during the period		
- Issuance of new units at Initial Public Offerings ("IPO")	540,000	540,000
- IPO costs	(24,924)	(24,924)
- Manager's base fee paid in units ⁽¹⁾	413	413
Balance at end of period	515,489	515,489
Foreign currency translation reserve		
Balance at end of period	(87,748)	(65,412)
Perpetual securities		
As at 26 November 2021 (Listing Date)	36,163	36,163
Foreign currency translation gain	5,553	5,553
Balance at end of period	30,610	30,610
Total equity at end of period	570,422	472,096

Footnote:

⁽¹⁾ On 28 June 2022, DHLT issued 499,392 new units as part payment of base fees as stated in the announcement dated 28 June 2022.

DAIWA HOUSE LOGISTICS TRUST

Unaudited Condensed Interim Financial Statements and Distribution Announcement
For the period from 26 November 2021 (Listing Date) to 30 June 2022

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the period 26 November 2021 to 30 June 2022 S\$'000
Cash flows from operating activities:	
Net income before tax but after fair value changes	129,692
<i>Adjustments for:</i>	
Amortisation and straight lining of rents	(455)
Manager's fee paid/payable in Units	725
Finance expenses	3,384
Amortisation of deferred financing costs	1,459
Amortisation of prepaid expenses	212
Fair value change in investment properties	(108,034)
Subtotal of net income before working capital changes	26,983
Changes in working capital:	
Accounts receivable	(385)
Prepaid expenses and other assets	(4,511)
Other liabilities	13,969
Net cash flows generated from operating activities	36,056
Cash flows from investing activity:	
Acquisition of investment properties and related assets and liabilities	(836,272)
Cash flow used in investing activity ⁽¹⁾	(836,272)
Cash flows from financing activities:	
Repayments of lease liability	(2,374)
Proceeds from issuance of units during initial public offering ("IPO") ⁽²⁾	540,000
Payment of IPO fees	(24,923)
Proceeds from perpetual securities	36,163
Proceeds from debt financings ⁽³⁾	365,832
Payments of deferred financing costs	(7,121)
Payment of the finance expenses	(2,497)
Payments of perpetual securities interest	(590)
Restricted cash for financing activities	(51,989)
Cash flows generated from financing activities	852,501
Net increase in cash and cash equivalents	52,285
Cash and cash equivalents at beginning of the year	-
Effect of exchange rate changes on cash and cash equivalents	(2,001)
Cash and cash equivalents at end of the period	50,284

Footnotes:

- (1) Acquisitions of properties were funded via proceeds from issuance of units during IPO, debt financings and issuance of perpetual securities.
- (2) Proceeds from issuance of 675,000,000 DHLT units during the initial public offering on Listing Date has been fully disbursed and is in accordance with the stated uses as disclosed in the Prospectus.
- (3) Bank loans and bonds from banks for the acquisition of properties in relation to the initial public offering has been fully disbursed and is in accordance with the stated uses as disclosed in the Prospectus.

DAIWA HOUSE LOGISTICS TRUST

Unaudited Condensed Interim Financial Statements and Distribution Announcement
For the period from 26 November 2021 (Listing Date) to 30 June 2022

STATEMENT OF PORTFOLIO

Property	Geographic Area	Date of Construction	Tenure of Land	As at 30 June 2022 S\$'000	% of Net Assets Attributable to Unitholders
DPL Sapporo Higashi Kariki	Hokkaido and Tohoku	1 Feb 2018	Freehold	126,433	23.4
DPL Sendai Port	Hokkaido and Tohoku	10 Mar 2017	Freehold	131,534	24.4
DPL Koriyama	Hokkaido and Tohoku	6 Sep 2019	Freehold	68,627	12.7
D Project Maebashi S	Greater Tokyo	5 Nov 2018	Freehold	34,979	6.5
D Project Kuki S	Greater Tokyo	1 Aug 2014	Leasehold	13,554	2.5
D Project Misato S	Greater Tokyo	15 Feb 2015	Leasehold	23,657	4.4
D Project Iruma S	Greater Tokyo	18 Dec 2017	Leasehold	23,856	4.4
DPL Kawasaki Yako	Greater Tokyo	1 Jun 2017	Leasehold	214,099	39.7
D Project Nagano Suzaka S	Greater Tokyo	25 Sep 2018	Freehold	26,821	5.0
DPL Shinfuji	Greater Nagoya	20 Sep 2017	Leasehold	38,634	7.2
D Project Kakegawa S	Greater Nagoya	1 May 2019	Freehold	42,719	7.9
DPL Okayama Hayashima	Chugoku	19 Sep 2017	Leasehold	46,098	8.5
DPL Okayama Hayashima 2	Chugoku	30 Oct 2017	Leasehold ⁽¹⁾	22,026	4.1
D Project Fukuoka Tobaras S	Kyushu	21 Feb 2019	Leasehold	13,559	2.5
				826,596	153.1

Carrying Value

% of Net Assets
as at 30 June 2022 Attributable to Unitholders

Investment properties as at 30 June 2022	826,596	153.1
Other assets and liabilities (net)	(256,174)	(47.5)
Net Assets of the Group	570,422	105.7
Perpetual securities	(30,610)	(5.7)
Net assets attributable to Unitholders	539,812	100.0

Footnote:

⁽¹⁾ The ordinary land lease will automatically renew for a term of 20 years upon expiry unless otherwise agreed by the parties and the lessor will not be able to object to renewal without a justifiable reason.

DAIWA HOUSE LOGISTICS TRUST

Unaudited Condensed Interim Financial Statements and Distribution Announcement For the period from 26 November 2021 (Listing Date) to 30 June 2022

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. General

Daiwa House Logistics Trust (“DHLT”) is a Singapore real estate investment trust constituted pursuant to a trust deed dated 2 November 2021 between Daiwa House Asset Management Asia Pte. Ltd. (the “**Manager**”) and HSBC Institutional Trust Services (Singapore) Limited (the “**Trustee**”). DHLT was listed on the Main Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 26 November 2021 (“Listing Date”). The Trust and its subsidiaries are collectively referred to as “DHLT in the consolidated financial statements.

The registered address of the Manager is 8 Marina View, Asia Square Tower 1, #14-09, Singapore 018960.

The principal activity of the Trust is to invest in a diverse portfolio of stabilized income-producing logistics and industrial assets, and real estate-related assets in Asia, to provide unitholders of DHLT with regular and stable distributions.

2. Basis of Preparation

The condensed interim financial statements for the period from 26 November 2021 to 30 June 2022 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”), the applicable requirements of the Code on Collective Investment Schemes (the “CIS Code”) issued by the Monetary Authority of Singapore (“MAS”) and the provisions of the Trust Deed. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the performance of DHLT.

The condensed interim financial statements are presented in Singapore Dollars (“S\$”), which is DHLT’s functional currency. All financial information presented in Singapore Dollars have been rounded to the nearest thousand, unless otherwise stated.

2.1 New and amended standards adopted

The Group has applied the same accounting policies and methods of computation as described in Prospectus in the preparation of the consolidated financial statements for the current reporting period.

2.2 Use of estimates and judgements

The preparation of the financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and any future periods affected. Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial information is included in:

Area of estimation:	Note
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Valuation of investment properties	11
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DAIWA HOUSE LOGISTICS TRUST

Unaudited Condensed Interim Financial Statements and Distribution Announcement For the period from 26 November 2021 (Listing Date) to 30 June 2022

3. Seasonal operations

DHLT's business is not affected significantly by seasonal or cyclical factors during the period.

4. Segment Reporting

DHLT's operating segments are regularly reviewed by the Chief Operating Decision Maker ("CODM"), being the Chief Executive Officer ("CEO"). An operating segment is a component of the DHLT Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the DHLT Group's other components. The DHLT Group's investment properties are primarily logistics and industrial properties located in Japan. Therefore, the directors consider that the DHLT Group operates within a single business segment and within a single geographical segment in Japan. Accordingly, no segment information has been presented in this financial information.

5. Gross revenue

Gross revenue comprises the following:

	26 November 2021 to 30 June 2022		
	Actual	Forecast	Change
	S\$ '000	S\$ '000	%
Rental income	34,941	36,615	(4.6)
Recoverable income ⁽¹⁾	3,499	3,410	2.6
Other income ⁽²⁾	463	332	39.5
Total gross revenue	38,903	40,357	(3.6)

Footnote:

⁽¹⁾ Recoverable income includes service charge income and utilities income. Higher recoverable income was due to higher utilities income, albeit partially offset by weaker JPY against S\$.

⁽²⁾ Other income includes carpark income, rental income from rooftop lease for solar panel and facility usage income which was higher than that assumed in the forecast

6. Property operating expenses

	26 November 2021 to 30 June 2022		
	Actual	Forecast	Change
	S\$ '000	S\$ '000	%
Property taxes	3,593	3,880	(7.4)
Utilities expenses	1,925	1,808	6.5
Property management fees and expense	520	696	(25.3)
Building management expenses	1,365	1,413	(3.4)
Other operating expenses ⁽¹⁾	1,465	1,099	33.3
Total property operating expenses	8,868	8,896	(0.3)

Footnote:

⁽¹⁾ Higher other operating expenses were primarily due to higher depreciable asset tax expense. Depreciable asset tax is calculated based on allocation of the fixed assets values. As the result of allocation, value of depreciable asset became higher than what was previously filed to Japan tax authority. As of now, Japan asset manager is applying to Japan tax authority to change the basis of allocation. Subject to the approval of Japan tax authority on the change of the basis of allocation, the depreciable asset tax expense might be reduced accordingly.

DAIWA HOUSE LOGISTICS TRUST

Unaudited Condensed Interim Financial Statements and Distribution Announcement For the period from 26 November 2021 (Listing Date) to 30 June 2022

7. Manager's management fees

The Manager is entitled under the Trust Deed to manager's management fee comprising the base Fee and performance Fee as follows:

- (i) Base fee of 10.0% per annum of the annual distributable income (calculated before accounting for the base fee and the performance Fee); and
- (ii) Performance Fee of 25.0% per annum of the difference in distributable income per unit ("DPU") in a financial year with the DPU in the preceding financial year (calculated before accounting for the performance fee but after accounting for the base fee in each financial year) multiplied by the weighted average number of units in issue for such financial year (subject to adjustments in certain cases under the Trust Deed).

To determine if any performance fee is payable in respect of the first Financial Year, the actual DPU for the period from the Listing Date to 31 December 2022 shall be compared to the sum of the forecast DPU in respect of Forecast Period 2021 and the projected DPU in respect of Projection Year 2022.

	26 November 2021 to 30 June 2022		
	Actual	Forecast	Change
	S\$ '000	S\$ '000	%
Manager's base fees ⁽¹⁾	1,447	1,413	2.4
Manager's performance fees	1	-	NM
Total manager's management fees	1,448	1,413	2.5

Footnote:

- ⁽¹⁾ S\$0.4 million of manager's base fees were paid in units and 499,392 DHLT units were issued on 28 June 2022.

8. Finance Expenses

	26 November 2021 to 30 June 2022		
	Actual	Forecast	Change
	S\$ '000	S\$ '000	%
Interest expense	1,044	1,504	(30.6)
Amortisation of debt related expenses	1,459	1,209	20.7
Interest expense on lease liabilities and other liabilities	2,340	2,883	(18.8)
Total Finance Expenses	4,843	5,596	(13.4)

9. Restricted cash

Restricted cash comprises cash reserves as required by the lenders for capital expenditure, interest expenses, property tax expenses, special purpose vehicle costs, security deposit for ground rent payable to Superior Landlords and insurance premium. Restricted cash also includes cash paid by the end-tenants which is to be deposited into a reserve cash account with the Property Trustee.

DAIWA HOUSE LOGISTICS TRUST

Unaudited Condensed Interim Financial Statements and Distribution Announcement For the period from 26 November 2021 (Listing Date) to 30 June 2022

10. Prepaid expenses and other assets comprise:

	Group	Trust
	As at 30 June 2022	
	S\$ '000	S\$ '000
Prepaid insurance premium	1,378	-
Security deposit to land owner for land rent	3,749	-
Refundable consumption tax paid	2,230	-
Others	6	4
Amount due from DH-Crux Pte. Ltd.	-	229,625
Amount due from DH-Crux2 Pte. Ltd.	-	232,457
	7,363	462,086

11. Investment properties

	Group
	As at 30 June 2022
	S\$ '000
Consolidated Statement of Financial Position	
Acquisition value of investment properties as at 26 November 2021	865,282
Capital expenditure capitalised	15
Fair value changes in investment properties	110,847
Foreign exchange rate changes	(148,853)
Investment properties value as at 30 June 2022	827,291
Add: Right-of-use assets and assets corresponding to asset-retirement-obligation	205,496
Carrying value of investment properties as at 30 June 2022	1,032,787
Consolidated Statement of Comprehensive Income	
Fair value changes in investment properties	110,847
Right-of-use assets and assets corresponding to asset-retirement-obligation	(2,367)
Amortisation and straight lining	(446)
Net fair value changes recognised in the statement of comprehensive income	108,034

DHLT Group's investment properties comprise logistic spaces which are leased to external customers and held either to earn rental income or capital appreciation or both, and right-of-use assets relating to land leases where certain properties are built upon. Investment properties are stated at initial cost on acquisition including transactions, and fair value thereafter.

A right-of-use asset relating to the ground lease for leasehold properties of S\$186.9 million as at 30 June 2022 upon the adoption of IFRS 16 *Leases*. The remaining lease terms range from less than 12 years to 46 years as of 30 June 2022. In addition, an asset corresponding to asset-retirement-obligation of S\$18.6 million have been included in the investment properties at fair value as at 30 June 2022.

Measurement of fair value

The Group's investment properties valuations were performed by independent professional valuers as of 31 December 2021. The independent professional valuers have appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued. The fair value is generally derived by using income capitalisation method, discounted cash flow method, direct comparison method and/or residual value method and key assumptions used include capitalisation rate, discount rate and adjusted price per square meter.

The carrying values of the investment properties as of 30 June 2022 were internally assessed by the Manager, after considering the operating parameters of the properties and in consultation with the external valuers conducting the annual valuation, considering current market conditions, capitalisation rates, discount rates and market comparables. Based on the review, there is no indication of significant changes affecting the value of the DHLT portfolio and the fair value of investment properties approximates the carrying value accounted in the Condensed Interim Statements of Financial Position.

DAIWA HOUSE LOGISTICS TRUST

Unaudited Condensed Interim Financial Statements and Distribution Announcement For the period from 26 November 2021 (Listing Date) to 30 June 2022

The independent appraisers have the appropriate professional qualifications and recent experience in the location and category of the properties being valued.

The fair values were generally calculated using the Income Approach. The two primary income approaches that may be used are the Discounted Cashflow Method (“**DCF**”) and the Direct Capitalisation Method (“**DCM**”). DCF calculates the present values of future cash flows over a specified time period, including the potential proceeds of a deemed disposal, to determine the fair value. DCM determines value by applying a capitalisation rate to the property’s stabilised net operating income, normally at the first year. Both the DCF and DCM approaches convert the earnings of a property into an estimate of value. The Market Transaction or Direct Comparison approach may also be used, which is based on sound considerations for similarity and comparability between properties that have recently been sold. Considerations may include geographic location, physical, legal, and revenue generating characteristics, market conditions and financing terms and conditions. The final step in the valuation process involves the reconciliation of the individual valuation techniques in relationship to their substantiation by market data, and the reliability and applicability of each valuation technique to the subject property.

The valuation methods used in determining the fair value involve certain estimates including those relating to discount rate, terminal capitalisation rate and capitalisation rate, which are unobservable. In relying on the valuation reports, the Manager has exercised its judgement and is satisfied that the valuation methods and estimates used are reflective of the current market conditions.

The fair value measurement for investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used.

Valuation techniques and significant unobservable inputs

The following table shows the range of key unobservable inputs used within the valuation reports:

Valuation technique	Key unobservable inputs	Relationship between key unobservable inputs and fair value measurement
Discounted cash flow approach	Discount rate of 3.45% – 4.65% Terminal capitalisation rate of 3.55% – 5.05%	Higher discount rate or terminal capitalisation rate would result in a lower fair value, while lower rates would result in a higher fair value.
Direct capitalisation method	Capitalisation rate of 3.55% – 4.95%	Higher capitalisation rate would result in a lower fair value, while lower rate would result in a higher fair value

Key unobservable inputs

Key unobservable inputs correspond to:

- Discount rate, which reflects the risk-free rate, adjusted for a risk premium to reflect the increased risk of investing in the asset class.
- Terminal capitalisation rate, which reflects the uncertainty, functional/economic obsolescence and the risk associated with a future assumed sale of the investment properties.
- Capitalisation rate, which reflects the ratio of the property’s net property income to its fair value.

DAIWA HOUSE LOGISTICS TRUST

Unaudited Condensed Interim Financial Statements and Distribution Announcement For the period from 26 November 2021 (Listing Date) to 30 June 2022

12. Loans and Borrowings

Loans and borrowings comprise loans and bonds that were drawn down by and issued to DH-CRUX Japan TMK (“**DH TMK**”), a special purpose vehicle which holds directly and in trust each of the trust beneficial interests (“**TBIs**”) of the freehold properties and the ordinary land lease property.

	Group	Trust
	As at 30 June 2022	
	S\$ '000	S\$ '000
Secured bank loans and bonds:		
Secured bank loans repayable after one year	295,893	-
Secured fixed rate bonds repayable after one year	10,204	-
Less: Unamortised upfront debt-related transaction costs	(4,710)	-
Total secured loans and borrowings	301,387	-

DHLT, through DH-Crux Japan TMK (“**DH-TMK**”), has the following debt facilities as of 30 June 2022:

- (1) JPY 29.0 billion loan facilities from a syndicate of lenders. The loan Facilities comprise three tranches with a maturity in 2024 for JPY 10.0 billion, in 2025 for JPY 10.0 billion and in 2026 for JPY 9.0 billion; and
- (2) JPY 1.0 billion specified bonds issued to Sumitomo Mitsui Trust Bank Limited with a maturity in 2026.

DH-CRUX Japan TMK (“**DH TMK**”) is a special purpose vehicle which holds directly and in trust each of the trust beneficial interests (“**TBIs**”) of the freehold properties and the ordinary land lease property, while TK Operator (GK2) holds the TBIs of the special fixed-term land lease properties under a TK-GK structure.

Security Interests in connection with the Loan Facilities

The following security interests was created to secure the obligations of DH-TMK as the borrower under the Loan Facilities:

- (i) revolving pledges over each TBI held by DH-TMK or TK Operator (GK2);
- (ii) revolving mortgages over all real estate corresponding to the TBI (conditional upon the termination of the trust pursuant to the relevant trust agreement);
- (iii) revolving pledge over claims pursuant to insurance agreements for all real estate (conditional upon the termination of the trust pursuant to the relevant trust agreement);
- (iv) revolving pledge over the specified shares in DH-TMK; and
- (v) revolving pledges over TK interests held by DH-TMK in TK Operator (GK2).

Security Interests in connection with the Specified Bonds

A general security lien (*ippan tanpo*) was also created to secure the obligations of DH-TMK as the issuer of the Specified Bonds. The subject of such general security lien (*ippan tanpo*) is the assets of DH TMK, which are, in substance, TBIs and TK interests in GKs. The Asset Liquidation Act grants to specified bondholders the right to receive all payments due in relation to such specified bonds out of the assets of DH TMK prior to any payments to other unsecured creditors.

The general security lien is subordinated to the above security interests (i) to (iii) and (v) held by DH-TMK's lenders but takes preference over other unsecured creditors. Unless otherwise provided in the asset liquidation plan, that general security lien is automatically created by operation of law.

DAIWA HOUSE LOGISTICS TRUST

Unaudited Condensed Interim Financial Statements and Distribution Announcement For the period from 26 November 2021 (Listing Date) to 30 June 2022

13. Movements in Contributed Equity

	Group and Trust 30 June 2022 No. of Units
Units in issue on 26 November 2021 (Listing Date)	675,000
Units issued during the financial period:	
- Manager's base fee paid in units ⁽¹⁾	499
Units issued at end of period	675,499

Footnote:

⁽¹⁾ On 28 June 2022, DHLT issued 499,392 new units as part payment of base fees as stated in the announcement dated 28 June 2022.

14. Net Asset Value (“NAV”) Per Unit

	Group	Trust
	As at 30 June 2022	
Number of units in issue ('000)	675,499	675,499
Net asset attributable to unitholders (S\$'000)	539,812	441,486
NAV and NTA per unit attributable to unitholders ⁽¹⁾ (S\$)	0.80	0.65

⁽¹⁾ The computation of NAV and NTA is based on number of units in issue at the end of the period. NAV and NTA are the same as there is no intangible asset as at the end of the period.

15. Earnings Per Unit (“EPU”) and Distribution Per Unit (“DPU”)

	26 November 2021 to 30 June 2022
EPU	
Weighted average number of Units in issue ⁽¹⁾	675,004,623
Net income for the period (S\$'000)	112,661
Basic and diluted EPU (cents)	16.69
DPU	
Number of units in issue at end of period	675,499,392
Distributable income to be paid to Unitholders (S\$'000)	20,901
DPU ⁽²⁾ (cents)	3.09

Footnotes:

⁽¹⁾ The weighted average number of units was based on the number of units in issue during the period.

⁽²⁾ The DPU was computed and rounded based on the number of units entitled to distribution at the end of the period.

DAIWA HOUSE LOGISTICS TRUST

Unaudited Condensed Interim Financial Statements and Distribution Announcement For the period from 26 November 2021 (Listing Date) to 30 June 2022

16. Fair value measurement

The Group classifies financial assets measured at fair value using a fair value hierarchy which reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3: Unobservable inputs for the asset or liability.

The following table shows an analysis of each class of assets and liabilities of the Group measured at fair value at the end of the reporting period:

Group	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
30 June 2022				
<i>Non-financial assets</i>				
Investment properties	-	-	1,032,787	1,032,787
Total non-financial assets	-	-	1,032,787	1,032,787
<i>Financial liabilities</i>				
Loans and borrowings	-	-	306,097	306,097
Total financial liabilities	-	-	306,097	306,097

Measurement of fair values

The following is a description of the valuation techniques and inputs used in the measuring Level 3 fair values.

Non-financial instruments measured at fair value

Investment properties

The valuation methods used in determining the fair value involve certain estimates including those relating to discount rate, terminal capitalization rate and capitalization rate, which are unobservable. In replying on the valuation reports, the Manager has exercised its judgement and is satisfied that the valuation methods and estimates used are reflective of the current market conditions.

Financial instruments not measured at fair value

Loans and borrowings

The fair values of loans and borrowings are calculated using the discounted cash flow technique based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

DAIWA HOUSE LOGISTICS TRUST

Unaudited Condensed Interim Financial Statements and Distribution Announcement
For the period from 26 November 2021 (Listing Date) to 30 June 2022

17. Significant Related Party Transactions

	For the period 26 November 2021 to 30 June 2022 S\$ '000
Trustee Fee paid and payable to Trustee	155
Rent from Roof Solar System paid and payable to Daiwa Energy, a subsidiary of Sponsor, Daiwa House Industry Co., Ltd.	67
Japan asset management fees	715
Property Management Fees	423
Building Management Fees	1,121
Leasing Fee	305
Ground Rent paid to Sponsor	4,490
Insurance Premium paid to Daiwa House Insurance, a subsidiary of Sponsor, Daiwa House Industry Co., Ltd.	213
Electricity paid/payable to Sponsor and Eneserve	1,319
Repair Cost and others paid/payable to Sponsor or its subsidiaries	10

18. Financial ratios

	Group 30-Jun-22
Ratio of expenses to weighted average net assets ⁽¹⁾	
Including performance component of the Manager's management fees	0.59%
Excluding performance component of the Manager's management fees	0.59%
Portfolio turnover ratio ⁽²⁾	0
Aggregate leverage	34.0%
Interest coverage ratio	10.6x

Footnotes:

⁽¹⁾ The annualised ratios are computed in accordance with the guidelines of the Investment Management Association of Singapore ("IMAS"). The expenses used in the computation relate to expenses of DHLT, excluding property expenses, finance expenses, net foreign exchange differences and income tax expense.

⁽²⁾ The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of DHLT expressed as percentage of average net asset value in accordance with the formulae stated in the Code on Collective Investment Schemes.

19. Subsequent event

On 3 August 2022, the Manager announced a distribution of 3.09 Singapore cents per Unit to DHLT Unitholders for the period from 26 November 2021 to 30 June 2022.

DAIWA HOUSE LOGISTICS TRUST

Unaudited Condensed Interim Financial Statements and Distribution Announcement
For the period from 26 November 2021 (Listing Date) to 30 June 2022

OTHER INFORMATION

1. Whether the figures have been audited, or reviewed and if so which auditing standard or practice has been followed

The figures have not been audited nor reviewed by our auditors

Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of matter)

Not applicable

2. Review of Performance

Please refer to section below on the review of the actual results for the period from Listing Date to 30 June 2022 against the forecast as disclosed in the Prospectus.

3. Variance from Previous Forecast/Prospect Statement

Gross revenue of S\$38.9 million was 3.6% below forecast due to weaker JPY when translated to S\$. In JPY terms, gross revenue of JPY 3,452 million was 0.4% higher than forecast due to higher utilities income and other income compared with that assumed in the forecast.

Property expenses of S\$8.9 million was marginally lower than forecast due to weaker JPY. In JPY terms, the property expenses were 7.8% higher primarily due to higher depreciable asset tax and utilities expenses. The higher than forecast utilities expenses offset the higher utilities income compared with that assumed in the forecast. Depreciable asset tax is calculated based on allocation of the fixed assets. As the result of allocation, value of depreciable asset was higher than what was previously filed to Japan tax authority. Japan asset manager is applying to Japan tax authority to change the basis of allocation. Subject to the approval of the Japan tax authority on the change for the basis of allocation, the depreciable asset tax expense might be reduced accordingly.

Net property income of S\$30.0 million is 4.5% below forecast primarily due to lower revenue which in turn was due to weaker JPY against S\$.

Finance expenses of S\$4.8 million were 13.4% lower than forecast due to securing loan facilities at lower interest cost, earlier than projected repayment of consumption tax loan and weaker JPY against S\$.

Trust expenses of S\$1.2 million were 13.0% lower than forecast due to lower Group operating expenses compared with that assumed in the forecast.

Net fair value change in investment properties of S\$108.0 million, substantially higher than the forecast due to the uplift of the property values following the revaluation of the assets as of 31 December 2021.

Tax expense of S\$17.0 million largely relates to deferred tax expenses that arose from property fair value gains.

Total returns of S\$112.7 million was ahead of forecast by 568.6% largely due to investment property fair value gains.

Notwithstanding weaker JPY against S\$, higher capital returns from Japan entities helps to lift distributable income of S\$20.9 million to be in line with forecast.

DAIWA HOUSE LOGISTICS TRUST

Unaudited Condensed Interim Financial Statements and Distribution Announcement
For the period from 26 November 2021 (Listing Date) to 30 June 2022

4. Commentary on the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

Japan's economy shrank for the first time during the January-March period as Covid-19 curbs hit the service sector and surging commodity prices created new pressures, raising concerns about a protracted downturn. The world's No. 3 economy fell at an annualized rate of 1.0% in January-March from the previous quarter.

On Japan logistics market, while there are supplies of logistics assets in 2022 and 2023, demand is expected to remain buoyant. Based on the Japan 2022 Logistics Occupier Survey conducted by CBRE (published in June 2022) conducted on companies that use logistics facilities, 56% of the respondents indicated that they plan to open new facilities or to expand locations and floor area as their focus over the next three years. Some of the key reasons cited for the increase in requirements included (i) business expansion; (ii) relocation for more efficient network; (iii) obsolescence of current existing facilities; and (iv) increased in volume of storage goods.

Further to the announcement dated 17 March 2022 in relation to an earthquake that occurred in northeast Japan, repair works on DPL Sendai Port and DPL Koriyama had commenced and additional repair expenses of up to JPY 65 million or about S\$0.7 million are expected to be incurred over the coming three quarters. These repair costs would be borne by DHLT.

On a separate matter, as disclosed in the Prospectus, the sponsor, Daiwa House Industry Co., Ltd. ("Sponsor"), shall at its own expense, carry out restoration works for any damages (but limited to the damages which occurred prior to the Listing Date) to DPL Sendai Port arising from the earthquakes which occurred off the coast of Fukushima Prefecture on 13 February 2021 and off the coast of Miyagi Prefecture on 20 March 2021. The Manager wish to inform that such rectification works have been completed during the period. For avoidance of doubt, the rectification works carried out by the Sponsor is different from the repair works mentioned in the preceding paragraph. Rectification works carried out by the Sponsor has been completed and the cost was borne by the Sponsor. The repair cost that is currently undergoing arising from the earthquake in March 2022 would be borne by DHLT.

5. Distributions

(a) Current financial period

Any distributions declared for the current financial period? Yes

Name of distribution : 1st distribution for the period from 26 November 2021 to 30 June 2022

Distribution type : Capital distribution

Distribution rate : 3.09 cents

Par value of units : Not applicable

Tax rate : Capital distribution
Distributions out of capital are not taxable in the hands of all Unitholders.

Such distributions are treated as a return of capital for Singapore Income Tax purposes. For Unitholders who hold the Units as trading or business assets and are liable to Singapore income tax on gains arising from disposal of the Units, the amount of such distributions will be applied to reduce the cost of the Units for the purpose of calculating the amount of taxable trading gain arising from a subsequent disposal of the Units. If

DAIWA HOUSE LOGISTICS TRUST

Unaudited Condensed Interim Financial Statements and Distribution Announcement For the period from 26 November 2021 (Listing Date) to 30 June 2022

the amount exceeds the cost of the Units, the excess will be subject to tax as trading income of such Unitholders.

Remark : The capital distribution from 26 November 2021 to 30 June 2022 is expected to be funded from borrowing at the REIT level.

Record date : The Transfer Books and Register of Unitholders of Daiwa House Logistics Trust will be closed on **12 August 2022** for the purposes of determining each unitholder's entitlement to DHLT's distribution.

Date of distribution : 6 September 2022

6. If no distribution has been declared/recommended, a statement to that effect and the reason(s) for the decision

Not applicable.

7. Interested Person Transactions

The Group has not obtained a general mandate from Unitholders for interested person transactions.

8. Confirmation Pursuant to Rule 705(5) of the Listing Manual

On behalf of the Board of the Manager, Mr Tan Jeh Wuan (Independent Non-Executive Chairman and Director) and Mr Takeshi Fujita (Director and CEO) confirmed that to the best of their knowledge, nothing has come to their attention which may render these interim financial results to be false or misleading in any material aspect.

9. Confirmation Pursuant to Rule 720 (1) of the Listing Manual

The Manager confirms that it has procured undertakings from all its directors and executive officers in the form as set out in Appendix 7.7 under Rule 720 (1) of the Listing Manual.

For and on behalf of the Board
Daiwa House Asset Management Asia Pte Ltd
(Company Registration No. 202037636H)
As Manager of Daiwa House Logistics Trust

Takeshi Fujita
Director and Chief Executive Officer
3 August 2022

This release may contain forward-looking statements that involve risks and uncertainties. Future performance, outcomes and results may differ materially from those expressed in forward-looking statements because 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 other companies and venues for the sale/distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of management on future events.