Daiwa House Logistics Trust

Business Update for Third Quarter Ended
30 September 2022

9 November 2022

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.

Any discrepancies in the figures included in this announcement between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in this announcement may not be an arithmetic aggregation of the figures that precede them.

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.

Key Highlights for Third Quarter Ended 30 September 2022

DPL Kawasaki Yako

Key highlights for 3Q FY2022

Driving portfolio performance and growth

- ✓ ***100% lease renewal rate*** *for YTD FY2022 with* ***average rent increase of 2.9%***[1] *for leases entered into or renewed during the period*

- ✓ *Net property income for YTD FY2022 in JPY term* ***outperform forecast***[2,3] ***by 2.0%***

- ✓ *Proposed* ***accretive acquisition of high-quality properties supported by Sponsor*** *to drive DHLT's growth*

Stable financial performance and proactive capital management

- ✓ *Distributable income for YTD FY2022* ***in line with forecast***[2,3]

Borrowings are denominated in JPY and ***100% on fixed rate***[4]

- ✓ ***Funding support*** *through unsecured committed facility obtained October 2022*

(1) Based on the monthly rent for new or renewed lease compared against the preceding lease for the same space, weighted by NLA.
(2) Pro-rated based on the forecast Consolidated Statements of Comprehensive Income for the period 1 October 2021 to 31 December 2021 as well as the forecast Consolidated Statements of Comprehensive Income for the financial year ended 31 December 2022 ("**Projection Year 2022**") as disclosed in the IPO Prospectus dated 19 November 2021 ("**IPO Prospectus**"), and where relevant, converted to JPY based on assumed exchange rate.
(3) Based on financial period from 26 November 2021 to 30 September 2022 ("**YTD FY2022**").
(4) Excluding a short-term loan amounting to S$15.0 million outstanding as at 30 September 2022 which has been repaid in October 2022.

Operations Performance

D Project Fukuoka Tobara S

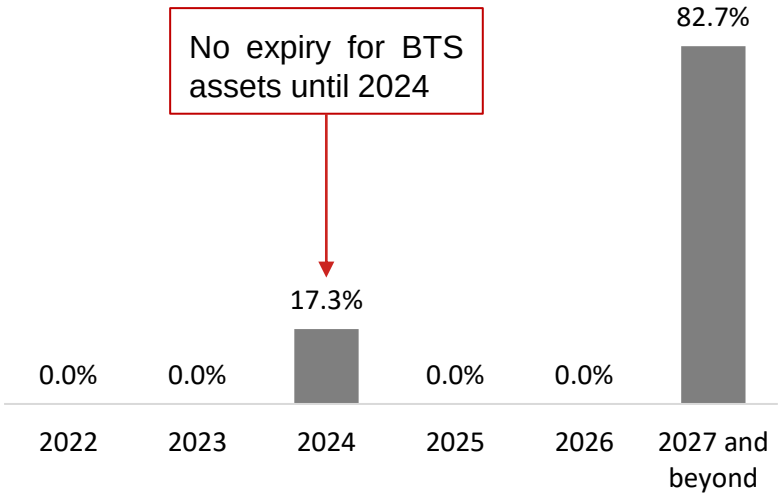
100% lease renewals for YTD FY2022

6.6 Years(1)
Overall Portfolio Aggregate WALE

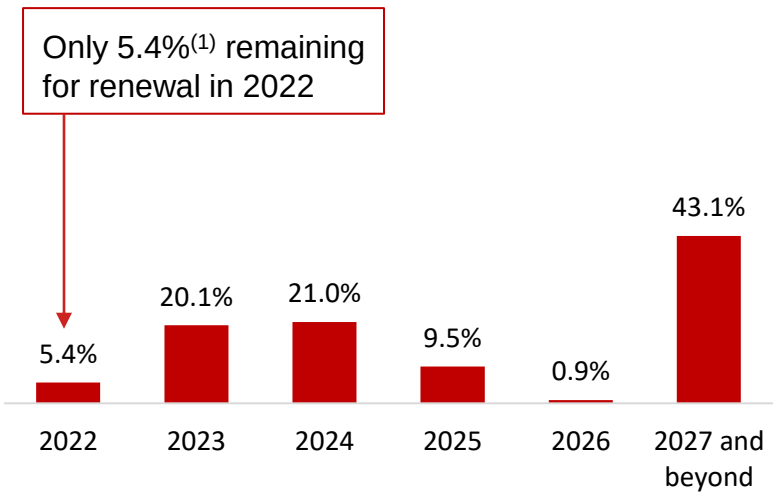
10.0 Years(1)
WALE of Single-Tenanted BTS Properties

5.5 Years(1)
WALE of Multi-Tenanted Properties

Single-Tenanted BTS Assets Lease Expiry(1)



Multi-Tenanted Assets Lease Expiry(1)



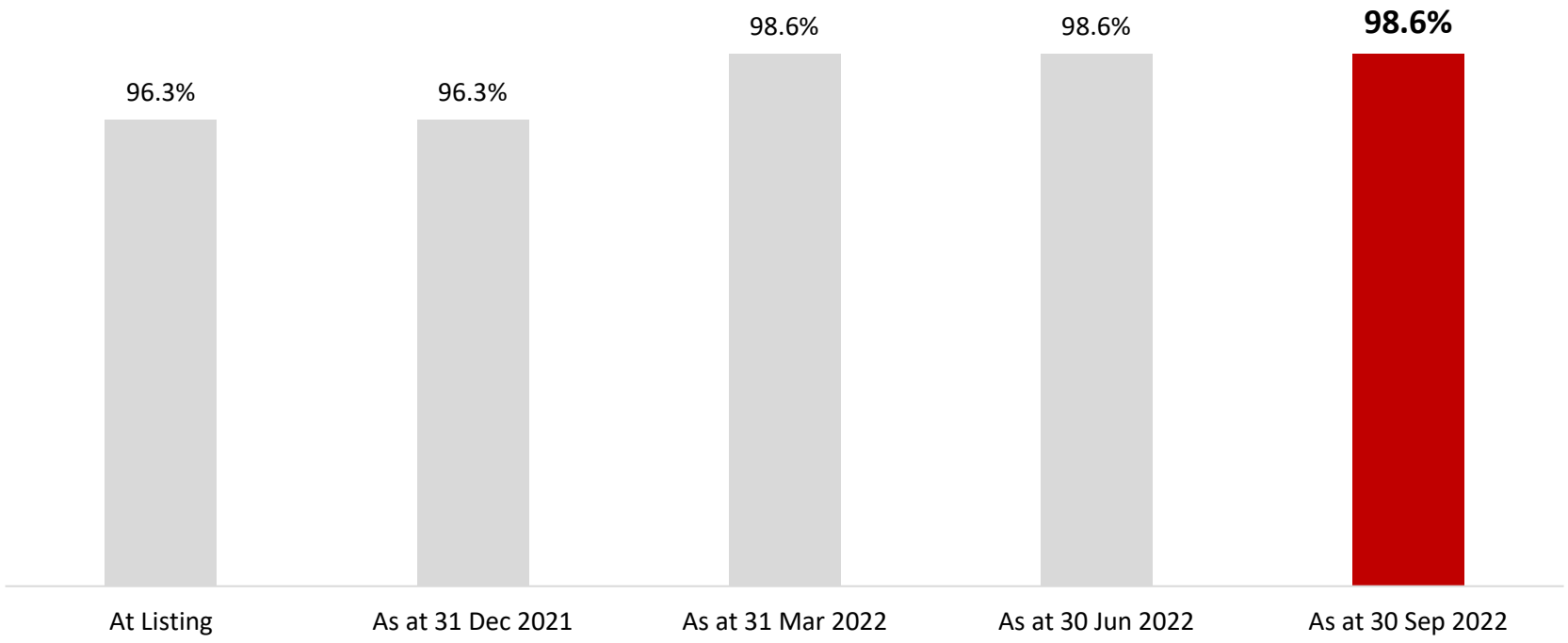
- A lease that was to expired in 3Q FY2022 was renewed for further 3 years with an increase in rent of 2.0%(2,3)
- 100% lease renewal for all leases that were to expire during YTD FY2022 (3)
- The average rent increase for the leases that were entered or renewed during YTD FY2022 was 2.9%(2)
- Healthy lease renewals maintained long WALE of 6.6 years(1)

(1) By occupied NLA as at 30 September 2022.
(2) Based on the monthly rent for new or renewed lease compared against the preceding lease for the same space, weighted by NLA.
(3) The lease renewed in 3Q FY2022 was entered into with a different entity as previous tenant, but end-user of the space remained unchanged.

High portfolio occupancy rate

Daiwa House®

Overall Portfolio Occupancy Rate

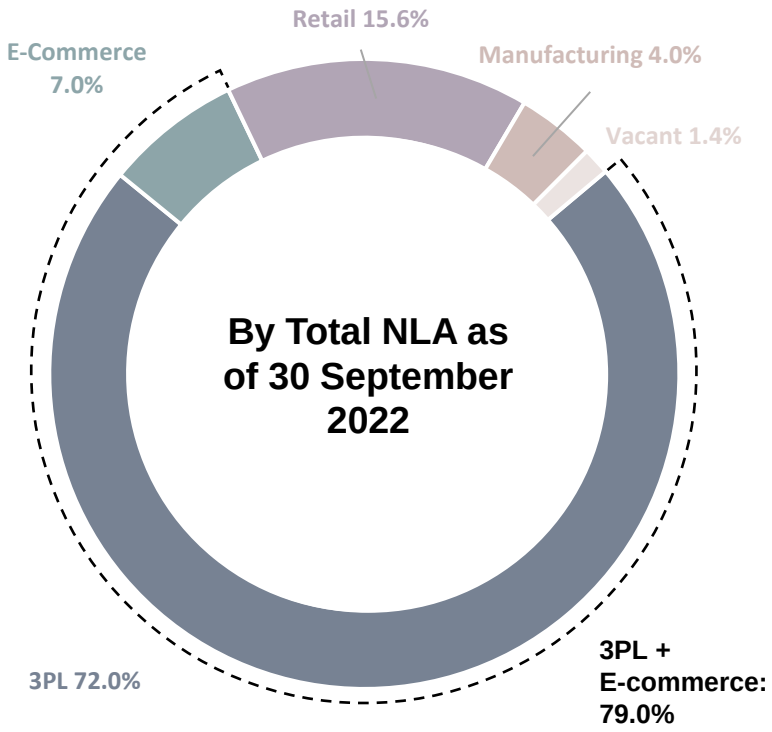


- As at 30 September 2022, occupancy remained high with all properties fully occupied except for one

High quality and stable tenant profile

Daiwa House

Breakdown by Tenant Trade Sector



Top 10 Tenants(1)

	Tenant	Sector	% of NPI (1)
1	Mitsubishi Shokuhin	3PL	19.9
2	Nippon Express	3PL	8.1
3	Suntory Logistics	3PL	7.9
4	Nitori	Retail	5.6
5	Create SD	3PL	4.5
6	Tenant A(2)	3PL	4.4
7	Tenant B(2)	3PL	4.3
8	Tokyo Logistics Factory	3PL	4.2
9	K.R.S Corporation	3PL	4.2
10	Tenant C(2)	E-commerce	4.0
			66.9

- Healthy lease renewals ensure that tenant base remained stable with 79.0% of the tenants are involved in growth sectors such as 3PL and e-commerce
- Based on no tenants have requested for any rental relief as of 30 September 2022

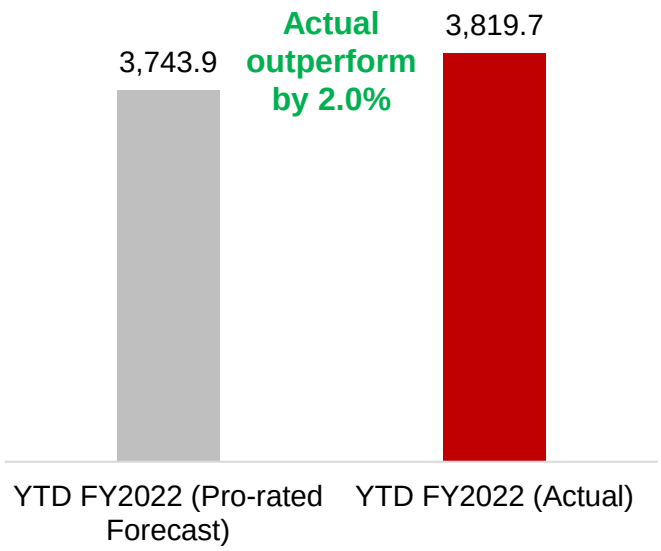
(1) Based on NPI for YTD FY2022 and % of NPI was calculated and adjusted based on the NPI of each property and allocated to the respective tenants by the proportion of NLA the tenants occupy in the property.
(2) These tenants have not given consent to the disclosure of any terms of the tenancy agreement at all (including their names).

Financials Performance

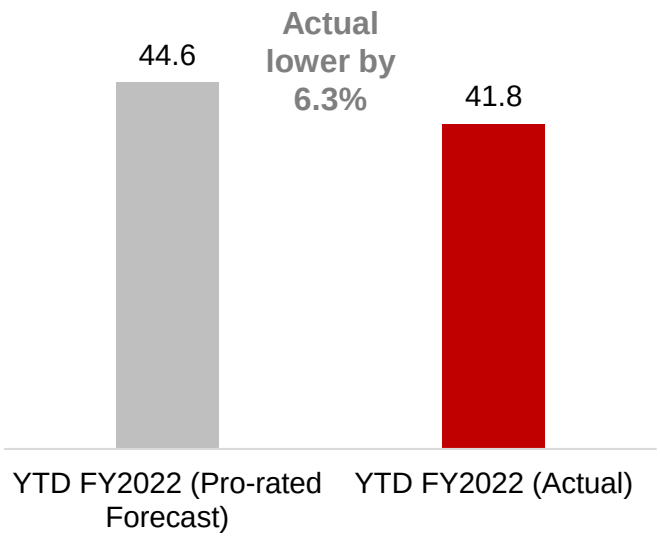
DPL Okayama Hayashima

Financial performance stable in JPY

Net Property Income
Actual vs Pro-rated Forecast[1]
(JPY million)



Net Property Income
Actual vs Pro-rated Forecast[1]
(S$ million)

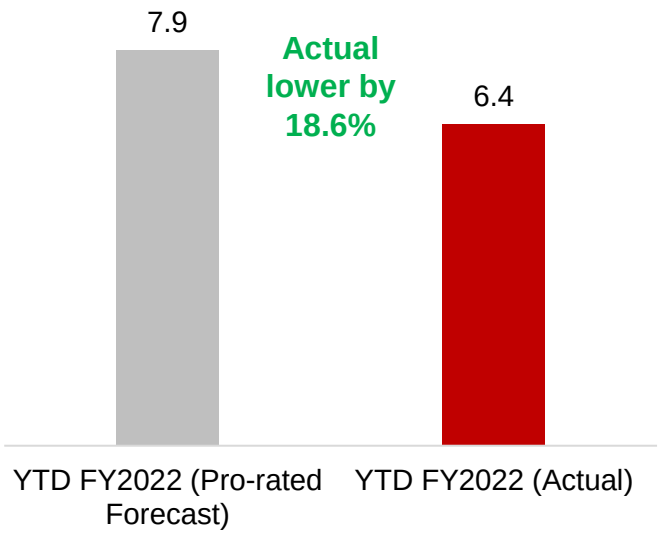


- Due to foreign exchange volatility, actual net property income ("**NPI**") for YTD FY2022 was lower against pro-rated forecast NPI by 6.3%, in S$ term
- However, NPI for YTD FY2022 in JPY term outperformed pro-rated forecast NPI by 2.0%
- Operations remained stable with healthy renewal activities with average increase in rental rate[2], reflecting the resilience of the portfolio

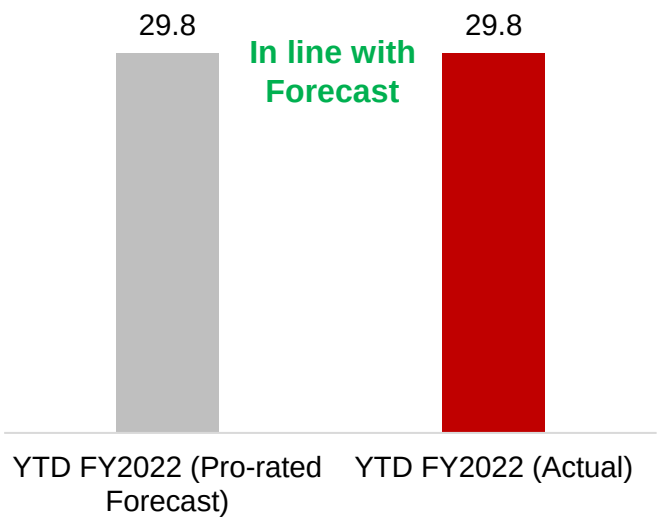
(1) Pro-rated based on the forecast Consolidated Statements of Comprehensive Income for the period 1 October 2021 to 31 December 2021 as well as Projection Year 2022 as disclosed in the IPO Prospectus, and where relevant, converted to JPY based on assumed exchange rate.
(2) Based on the monthly rent for new or renewed lease compared against the preceding lease for the same space, weighted by NLA.

YTD FY2022 distributable income in line with forecast

Finance Expenses
Actual vs Pro-rated Forecast(1)
(S$ million)



Distributable Income
Actual vs Pro-rated Forecast(1)
(S$ million)



- Despite lower NPI, distributable income for YTD FY2022 was in line with pro-rated forecast
- Finance expenses were lower mainly due to lower interest rate for term loan compared to assumption in forecast and weaker JPY compared to forecast

(1) 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, and where relevant, converted to JPY based on assumed exchange rate.

Healthy financial position

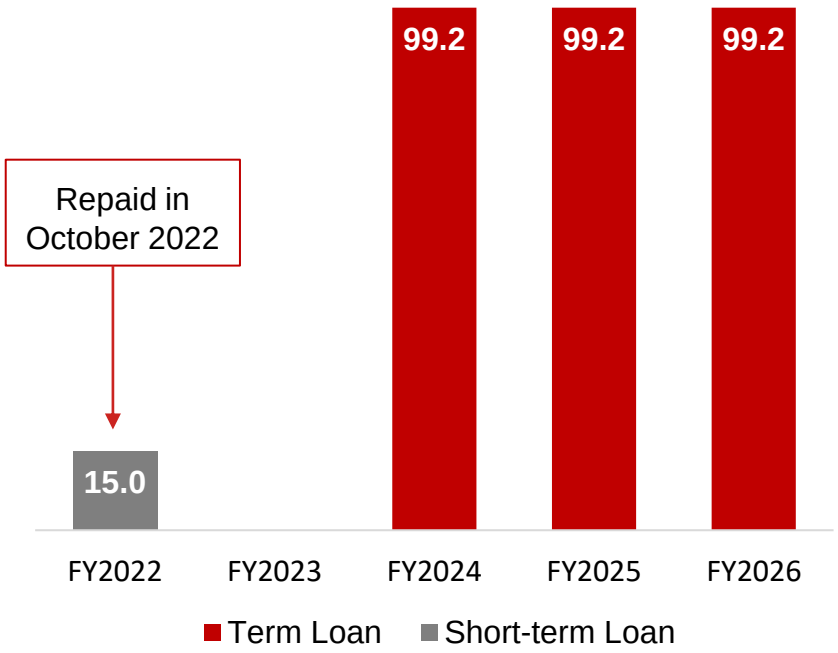
	As at 30 September 2022 (unaudited)
Total Assets (S$ million)	1,109.5
Total Liabilities (S$ million)	562.9
Net Assets Attributable to Unitholders (S$ million)(1)	516.8
NAV per Unit attributable to Unitholders (S$)(1)	0.765
Aggregate Leverage(2)	35.4%

- As at 30 September 2022, there was an outstanding short-term loan which amounted to S$15.0 million which has been repaid in October 2022
- Assuming the short-term loan was repaid on 30 September 2022, the aggregate leverage would be 34.3%

(1) Excluding perpetual securities.
(2) Computed based on total borrowings (excluding lease liabilities arising from land rent) divided by total assets (excluding right of use assets, asset retirement obligation assets and the amount of restricted cash equivalent to security deposits payable by end-tenants).

Well-spread debt maturity profile

Debt Maturity Profile as at 30 September 2022 (S$ million)



	As at 30 September 2022
Total borrowings	• JPY30,000 m (S$297.5 m) • S$15.0 m • **Total: S$312.5 m**
Weighted average debt tenure	• 3.0 years
Weighted average borrowing cost	• 0.98% (all-in rates and includes upfront fees)
Debt with fixed cost	• 100.0% (post repayment of short-term loan in October 2022)

- The short-term loan was repaid in October 2022, and there are no further refinancing requirements until FY2024
- Apart of the short-term loan which was repaid, the term loan is 100% denominated in JPY to provide natural hedge and 100% fixed rate to mitigate against interest rate increase
- As part of active capital management, an unsecured committed facility amounting to S$20 million facility was obtained in October 2022 , increasing the total available facilities up to S$50 million

Driving Growth

DPL Iwakuni 1 & 2

Accretive maiden acquisition supported by Sponsor(1)

Daiwa House

Proposed Acquisition	• Proposed acquisition ("**Proposed Acquisition**") of: ✓ DPL Iwakuni 1 & 2 located in Chugoku ✓ D Project Matsuyama S located in Shikoku ✓ Underlying land of D Project Iruma S(2), located in Greater Tokyo
Aggregate Purchase Consideration	• JPY4,676.0 million (S$47.7 million)(3)
Proposed Sponsor Subscription	• Part of the consideration to be financed out of the proceeds from the Proposed Sponsor Subscription (defined below) • JPY1,250 million (S$12.8 million)(3) of New Units to be subscribed by the Sponsor at the higher of (i) S$0.77 per Unit or (ii) the volume-weighted average price per Unit on the SGX-ST for a period of 10 Market Days prior and up to (and including) the Market Day immediately preceding the date of issuance of the new Units ("**Proposed Sponsor Subscription**" and together with the Proposed Acquisition, "**Transactions**")

DPL Iwakuni 1 & 2

D Project Matsuyama S

D Project Iruma S

Unitholders' approval is required for the Transactions and an extraordinary general meeting will be convened to obtain the approval of Unitholders in due course, expected to be in December 2022

(1) This section of the presentation is qualified in its entirety by, and should be read in conjunction with, the full text of DHLT's announcement dated 21 September 2022 on the Proposed Acquisition and the Proposed Subscription.
(2) D Project Iruma S itself is already a property within DHLT's existing portfolio. Currently, DHLT indirectly owns the trust beneficial interests in a leasehold interest on the D Project Iruma S Land expiring on 31 December 2048 and the building thereon, which it acquired from the Sponsor at the listing of DHLT on the SGX-ST on 26 November 2022.
(3) Translated to S$ based on the exchange rate of S$1.00 = JPY 98.0 for illustrative purposes.

Outlook

DPL Sapporo Higashi Kariki

Outlook

- Whilst a significant amount of new supply has been slated for completion in the next few years, demand for logistics space is expected to remain healthy supported by the e-commerce and third-party logistics ("**3PL**") sectors, which continue to have growth prospects
- Despite the strong growth in the Japan e-commerce market, the proportion of e-commerce sales as a proportion of the total retail sales in Japan is only 8.1%, which is far lower compared to the more developed e-commerce markets in China (44.0%) and the United States (14.5%), implying that there is potential for continued growth in the e-commerce sector in Japan
- 3PL sector is also expected to continue its expansion due to increasing focus on outsourcing of the logistics process and supply chain management to achieve an efficient and low-cost logistics system
- While the Manager is cautiously positive on the immediate outlook of logistics sector in Japan, it also remained mindful of the challenges posed by the macro environment

Source: Independent market research report issued in August 2022 by CBRE K.K..

Managing challenges

- Ongoing pandemic, economic uncertainties, interest rate movements and geopolitical situation continued to impact financial markets and business environment
- The Manager believes that prudent capital management and DHLT's resilient portfolio can help to mitigate the impact from such challenges

Foreign currency movement

- ✓ Natural hedge with 100% of the borrowings in JPY to match against currency of assets
- ✓ Hedging policy to systematically hedge distributable income on one-year rolling basis, where appropriate, to smoothen out volatility

Business environment

- ✓ Strong tenant profile with long WALE of 6.6 years(1)
- ✓ c. 80% of tenants (by NLA) in growing e-commerce and 3PL sectors
- ✓ No tenants have requested for any rental relief from listing up to 30 September 2022
- ✓ Mainly BTS properties in Greater Tokyo where most of upcoming supply is expected

Interest rate increase

- ✓ Japan is currently maintaining a low interest rate environment
- ✓ 100% of the borrowings are on fixed rate
- ✓ DHLT can leverage on Sponsor's strong relationship with banks for competitive rates

Inflation

- ✓ Electricity expenses are substantially borne by tenants
- ✓ Land rent payable for leasehold properties are fixed for the tenor of the lease

(1) By occupied NLA as at 30 September 2022.

Appendix

DPL Koriyama

YTD FY2022 financial performance

	Period from 26 November 2021 to 30 September 2022		Variance
	Pro-rated Forecast(1)	Actual (unaudited)	
Gross Revenue (S$ '000)	57,250	**53,906**	**-5.8%**
Net Property Income (S$ '000)	44,623	**41,812**	**-6.3%**
Finance Expenses (S$ '000)	7,924	**6,448**	**-18.6%**
Distributable Income to Unitholders (S$ '000)	29,770	**29,775**	**+0.02%**

(1) 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.

Asia-focused with strong sponsor support

Daiwa House®

ASIA-FOCUSED LOGISTICS REIT WITH HIGH QUALITY MODERN PROPERTIES

STRONG AND COMMITTED DEVELOPER SPONSOR TO SUPPORT FUTURE GROWTH

Daiwa House Logistics Trust (DHLT) is established with the investment strategy of principally investing, directly or indirectly, in a portfolio of income-producing **logistics and industrial real estate assets** located across Asia, in particular, within **Japan** as well as in the **Southeast Asian region**

14
Modern Logistics Assets(1)

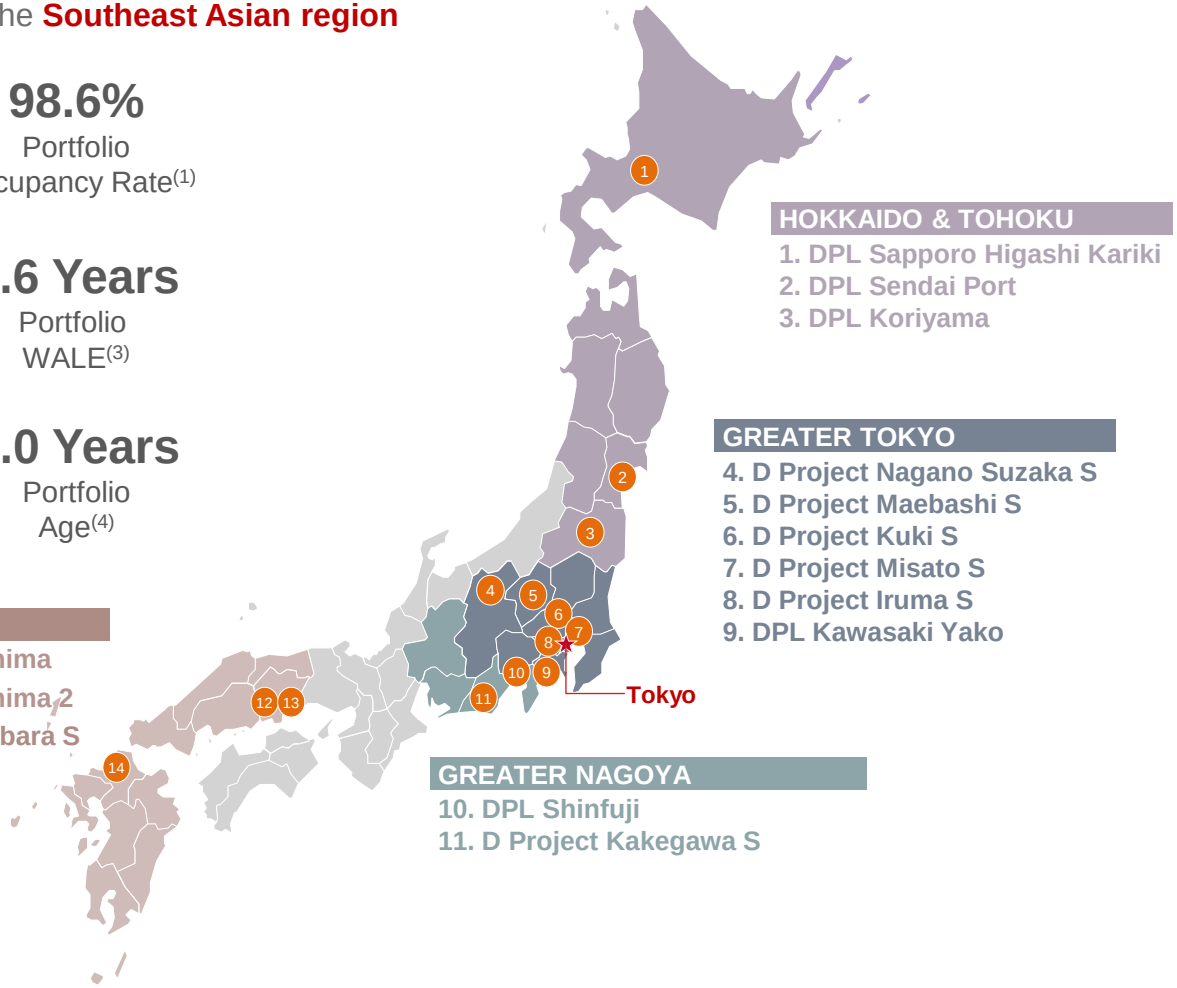
98.6%
Portfolio Occupancy Rate(1)

JPY81,070 mil
Portfolio Valuation(2)

6.6 Years
Portfolio WALE(3)

423,920 sqm
Total NLA(1)

5.0 Years
Portfolio Age(4)



HOKKAIDO & TOHOKU
1. DPL Sapporo Higashi Kariki
2. DPL Sendai Port
3. DPL Koriyama

GREATER TOKYO
4. D Project Nagano Suzaka S
5. D Project Maebashi S
6. D Project Kuki S
7. D Project Misato S
8. D Project Iruma S
9. DPL Kawasaki Yako

CHUGOKU & KYUSHU
12. DPL Okayama Hayashima
13. DPL Okayama Hayashima 2
14. D Project Fukuoka Tobara S

GREATER NAGOYA
10. DPL Shinfuji
11. D Project Kakegawa S

(1) As at 30 September 2022. (2) Based on the independent valuation of the properties as at 31 December 2021 (3) By occupied NLA as at 30 September 2022. (4) Portfolio age as at 30 September 2022 based on weighted average by NLA.

Portfolio Summary

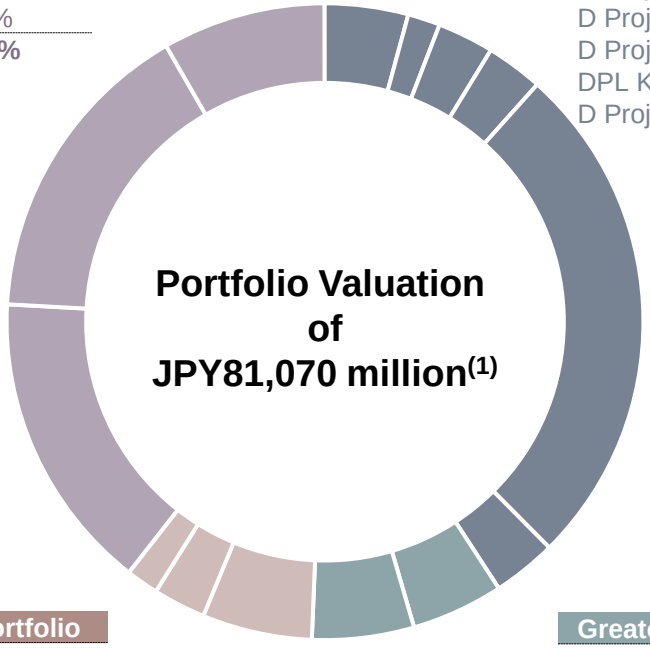
	Completion Year	NLA (sq m)	Land Tenure	Tenancy Type	WALE (By NLA)(1)	Occupancy(2)	Valuation (JPY million)(3)
Hokkaido & Tohoku							
DPL Sapporo Higashi Kariki	2018	60,347	Freehold	Multi-tenanted	3.6	100.0%	12,400
DPL Sendai Port	2017	63,119	Freehold	Multi-tenanted	1.2	100.0%	12,900
DPL Koriyama	2019	34,174	Freehold	Multi-tenanted	1.1	82.3%	6,730
Greater Tokyo							
D Project Maebashi S	2018	14,736	Freehold	Single-tenanted	11.1	100.0%	3,430
D Project Kuki S	2014	18,257	Expiring 2034	Single-tenanted	1.8	100.0%	1,330
D Project Misato S	2015	14,877	Expiring 2045	Single-tenanted	12.4	100.0%	2,320
D Project Iruma S	2017	14,582	Expiring 2048	Single-tenanted	15.3	100.0%	2,340
DPL Kawasaki Yako	2017	93,159	Expiring 2067	Multi-tenanted	11.3	100.0%	21,000
D Project Nagano Suzaka S	2018	9,810	Freehold	Single-tenanted	6.1	100.0%	2,630
Greater Nagoya							
DPL Shinfuji	2017	27,537	Expiring 2065	Multi-tenanted	8.4	100.0%	3,790
D Project Kakegawa S	2019	22,523	Freehold	Single-tenanted	11.6	100.0%	4,190
Chugoku & Kyushu							
DPL Okayama Hayashima	2017	23,541	Expiring 2067	Multi-tenanted	4.7	100.0%	4,520
DPL Okayama Hayashima 2	2017	16,750	Expiring 2051	Multi-tenanted	2.3	100.0%	2,160
D Project Fukuoka Tobara S	2019	10,508	Expiring 2068	Single-tenanted	11.8	100.0%	1,330
Total / Average / Weighted Average		**423,920**			**6.6**	**98.6%**	**81,070**

(1) Based on occupied NLA as at 30 September 2022.
(2) Based on NLA as at 30 September 2022.
(3) Based on the independent valuation of the properties as at 31 December 2021.

Portfolio across Japan mitigating concentration risk

Hokkaido & Tohoku	% of portfolio
DPL Sapporo Higashi Kariki	15.3%
DPL Sendai Port	15.9%
DPL Koriyama	8.3%
	39.5%

Greater Tokyo	% of portfolio
D Project Maebashi S	4.2%
D Project Kuki S	1.6%
D Project Misato S	2.9%
D Project Iruma S	2.9%
DPL Kawasaki Yako	25.9%
D Project Nagano Suzaka S	3.2%
	40.8%



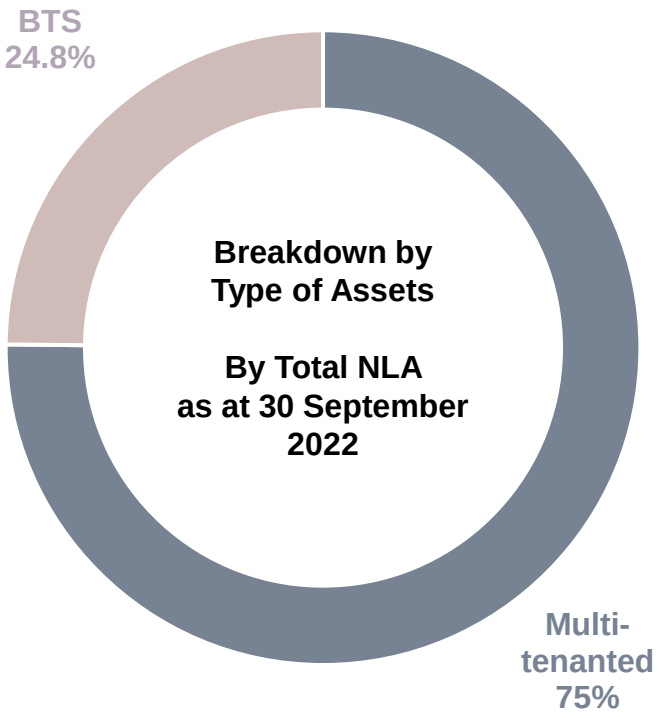
Chugoku & Kyushu	% of portfolio
DPL Okayama Hayashima	5.6%
DPL Okayama Hayashima 2	2.7%
D Project Fukuoka Tobara S	1.6%
	9.9%

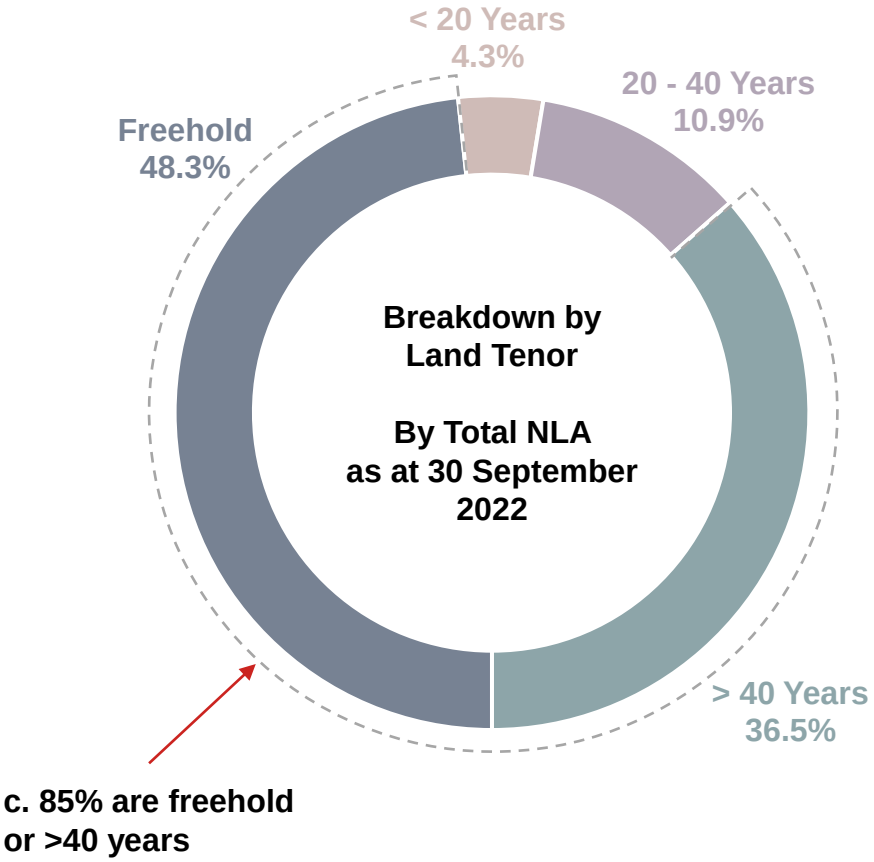
Greater Nagoya	% of portfolio
DPL Shinfuji	4.7%
D Project Kakegawa S	5.2%
	9.8%

- The properties within the portfolio are well spread across Japan, located in both Greater Tokyo as well as core regional areas, mitigating concentration risk

(1) Based on the independent valuation of the properties as at 31 December 2021.

Well diversified portfolio





- BTS provide stable income while multi-tenanted assets offers potential for positive rent reversion upon lease expiry.
- Good mix of freehold and leasehold assets to optimise returns profile.

ROFR granted by the Sponsor

- DHLT has been granted a right of first refusal ("**ROFR**") by the Daiwa House Industry Co., Ltd ("**Sponsor**") over income-producing logistics and industrial real estate assets located in Asia held by the Sponsor or its subsidiaries, on the terms of the ROFR agreement
- The following 2 slides sets out examples of some logistics properties that are potential pipeline properties for DHLT in Japan and outside of Japan, respectively
- The list of properties in Japan is based on criteria such as location and land tenure, amongst other factors, while DHLT has been granted an exclusive ROFR over the Sponsor's pipeline logistics assets across Asia outside Japan
- While there is no certainty DHLT will acquire all the properties listed in the following 2 slides, DHLT is also not restricted to acquire only the properties that are listed
- The properties listed in the following 2 slides are non-exhaustive and the lists may change from time to time as the Sponsor may divest certain properties as part of its business, and also continue to develop new properties

Examples of pipeline assets – Japan

#	Name	Region	Type	Land Type	GFA / NLA (sq m)	Completion Year
1	**D Project Matsuyama S**[(1)]	Shikoku	Single-tenanted	Freehold	5,346	2017
2	**DPL Iwakuni 1 and 2**[(1)]	Chugoku	Multi-tenanted	Freehold	15,461	2020
3	**DPL Toyama Imizu**	Greater Nagoya	Multi-tenanted	Freehold	22,889	2021
4	**DPL Iwate Hanamaki**	Tohoku	Multi-tenanted	Freehold	13,666	2021
5	**DPL Tosu**	Kyushu	Multi-tenanted	Leasehold	50,807	2021
6	**DPL Gunma Fujioka**	Greater Tokyo	Multi-tenanted	Freehold	23,755	2021
7	**DPL Iwate Kitakami 3**	Tohoku	Multi-tenanted	Freehold	10,803	2021
8	**DPL Sendai Rifu 1**	Tohoku	Multi-tenanted	Freehold	48,860	2022
9	**DPL Iwate Kanegasaki**	Tohoku	Multi-tenanted	Freehold	20,286	2022
10	**DPL Tomigusuku 2**	Okinawa	Multi-tenanted	Leasehold	79,916	2022
11	**DPL Kakegawa**	Greater Nagoya	Multi-tenanted	Freehold	58,192	2023[(2)]
12	**DPL Nagano Chikuma**	Greater Tokyo	Multi-tenanted	Freehold	42,780	2023[(2)]
13	**DPL Okayama Airport South**	Chugoku	Multi-tenanted	Freehold	33,301	2023[(2)]
14	**DPL Koriyama 2**	Tohoku	Multi-tenanted	Freehold	19,693	2023[(2)]
15	**DPL Ibaraki Yuki**	Greater Tokyo	Multi-tenanted	Freehold	11,519	2023[(2)]
16	**DPL Tsukuba Ami 3**	Greater Tokyo	Multi-tenanted	Freehold	76,750	2023[(2)]
17	**DPL Sendai Rifu 2**	Tohoku	Multi-tenanted	Freehold	15,851	2023[(2)]
	Total				**549,875**	

DPL Tosu

DPL Tomigusuku 2

- Please note that the above list is non-exhaustive and may change from time to time

Note: Information as at 30 September 2022. (1) Part of Target Portfolio with respect to the Proposed Acquisition (2) Estimated year of completion.

Examples of pipeline assets – Southeast Asia

#	Project	Country	Type	Land Type	GFA / NLA (sq m)	Completion Year
1	**Long Duc Rental Factory**	Vietnam	Rental Factory	Leasehold	27,253	2017
2	**DPL Loc An - Binh Son 1**	Vietnam	Multi-tenanted	Leasehold	36,860	2019
3	**DPL Loc An - Binh Son 2**	Vietnam	Multi-tenanted	Leasehold	31,891	2021
4	**DPL Long Duc**	Vietnam	Multi-tenanted	Leasehold	24,345	2022
5	**DHML 1**	Malaysia	Multi-tenanted	Leasehold	16,500	2020
6	**DHML 2**	Malaysia	Multi-tenanted	Leasehold	20,000	2021
7	**DHML 3**	Malaysia	Multi-tenanted	Freehold	75,411	2025(1)
8	**DMLP 1**	Indonesia	Multi-tenanted	Leasehold	59,040	2018
9	**DMLP 2**	Indonesia	Multi-tenanted	Leasehold	46,493	2020
10	**DMLP 3**	Indonesia	Multi-tenanted	Leasehold	102,907	2023(1)
11	**DMLP 4**	Indonesia	Multi-tenanted	Leasehold	97,977	N.A.
	Total				**523,677**	

Long Duc Rental Factory

DHML2

- Please note that the above list is non-exhaustive and may change from time to time

Note: Information as at 30 September 2022. (1) Estimated year of completion.

Strong and committed developer Sponsor

Daiwa House
Daiwa House Group

Listed on Tokyo Stock Exchange with a market capitalisation of JPY 1,961.2 billion (S$19.4 billion) as of 30 September 2022

AA Credit Rating(1)

- The Sponsor, Daiwa House Industry Co., Ltd., was founded in 1955 and is one of the largest construction and real estate development companies in Japan
- The Sponsor has an extensive track record of asset development across a variety of real estate subsectors, having developed around 1.9 million residential units and completed around 56,400 commercial facility projects as at 31 March 2022
- The Sponsor is also one of the largest logistics real estate developers in Japan. As of 31 March 2022, the Sponsor has completed, or is currently developing, more than 330 logistics properties located in Japan with a total GFA of close 12 million sq m
- In addition to its primary operations in Japan, the Sponsor is also actively involved in other markets including ASEAN, East Asia, the US, Europe and Australia
- The Sponsor is also highly experienced in real estate fund management and currently manages TSE-listed Daiwa House REIT as well as multiple unlisted REITs and private funds

(1) Rated by the Japan Credit Rating Agency,Ltd.

Daiwa House
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Thank you.

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