



Daiwa House
Logistics Trust

Daiwa House Asset Management Asia Pte. Ltd.

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**Daiwa House Logistics Trust post DPU of
5.70 cents for FP2022, in line with forecast**

- **100% lease renewals in FP2022, maintaining high portfolio occupancy of 98.6%**
- **The average rent increase for the leases entered or renewed during YTD FP2022 was 3.0%¹**
- **Completed maiden acquisition in December 2022 with strong support from Sponsor**

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, 23 FEBRUARY 2023 – 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 the financial results for period from 26 November 2021 (Listing Date) to 31 December 2022 (“**FP2022**”).

Overall, operational performance was strong in FP2022 where all leases that expired during FP2022 were successfully renewed. Including a vacant space that was leased out in early 2022, the average rent increase for the leases entered into or renewed during FP2022 was 3.0%¹. As a result, the portfolio occupancy rate remained high at 98.6% as at 31 December 2022 and weighted average lease expiry (“**WALE**”) was relatively long at 6.4 years.

The lease expiry profile is well spread out with more than 40% of the leases (by occupied NLA) expiring in 2028 and beyond. In 2023, 14.3% of the leases (by occupied NLA) are expiring. These are all for leases in relation to the multi-tenanted

¹ Based on the monthly rent for new or renewed lease compared against the preceding lease for the same space weighted by net lettable area (“**NLA**”).

properties, and most of these leases expire in the second half of the year. There are no leases expiring for built-to-suit properties until 2024.

Summary of Financial Results

	Period from 1 July 2022 to 31 December 2022			Period from 26 November 2021 to 31 December 2022		
	Actual (unaudited)	Pro-rated Forecast ^(a)	Variance (%)	Actual (unaudited)	Pro-rated Forecast ^(a)	Variance (%)
Gross Revenue (S\$ million)	29.8	33.8	(11.8)	68.7	74.1	(7.3)
Net Property Income (S\$ million)	23.0	26.3	(12.8)	53.0	57.8	(8.3)
Distributable Income (S\$ million)	17.7	17.7	0.1	38.6	38.6	0.1
Distribution per Unit ("DPU") (cents)	2.61	2.61	-	5.70	5.70	-

a. Pro-rated based on (i) the forecast Consolidated Statements of Comprehensive Income for the period 1 October 2021 to 31 December 2021, where relevant and (ii) the forecast Consolidated Statements of Comprehensive Income for the period 1 January 2022 to 31 December 2022, as disclosed in the IPO Prospectus dated 19 November 2021 ("IPO Prospectus").

Net property income ("NPI") in JPY term was 2.5% higher than forecast, mainly due to higher lease renewal rate which resulted in lower downtime, and average increase in rental rates for new and renewed leases. However, weakened JPY impacted gross revenue and NPI in S\$ term, and partially offset by lower property expenses translated to S\$ term. Finance expenses were lower compared to forecast due to the lower interest rate secured for the borrowings as well as the weaker JPY. This resulted in DPU of 5.70 cents for FP2022, which was in line with forecast.

The upcoming distribution of 2.61 cents per unit, in respect of the period from the 1 July 2022 to 31 December 2022, will be paid on or around 30 March 2023. Please refer to the separate announcement on the distribution for further information.

Capital Management

DHLT's borrowings as at 31 December 2022 were fully denominated in JPY, which provided a natural hedge as the value of the properties is denominated in JPY. The all-in weighted average borrowing cost is 0.99% per annum (including upfront fee), and 100% of the borrowings are on fixed rate basis, therefore the current outstanding borrowings of DHLT are not exposed to the risk of rising interest rate. Aggregate

leverage as at 31 December 2022 remained at a prudent level of 35.9% as at 31 December 2022, and there are no refinancing requirements until November 2024.

Maiden Acquisition

At an extraordinary general meeting held on 1 December 2022 (“**EGM**”), unitholders of DHLT approved the proposed acquisition of two quality freehold logistics facilities and the underlying freehold land of DHLT’s existing leasehold property, D Project Iruma S, in Japan (“**Acquisition**”) for an aggregate consideration of JPY4,676.0 million (S\$46.3 million²). The Acquisition was funded by a combination of internal resources, bank borrowings and proceeds from units in DHLT issued to Sponsor at S\$0.77 per unit. The Acquisition was successfully completed on 8 December 2022.

Mr Takeshi Fujita, Chief Executive Officer of the Manager, said, “We are pleased that DHLT was able to deliver a stable performance for FP2022 amidst challenges and uncertainties that have affected economic and financial markets.

From the operational perspective, DHLT had a strong performance. All leases that expired during FP2022 were successfully renewed, and a high occupancy rate of 98.6% was maintained. Average rent increase for leases that were entered into or renewed during FP2022 was 3.0%. This is a testament to the quality of the properties and the strong relationship we have with the tenants. We are also pleased to deliver DPU of 5.70 cents for FP2022, which was in line with the forecast. This was mainly due to the operational performance and lower finance expenses in S\$ term.

We ended the year with the successful acquisition which showcased the strong commitment from the Sponsor. The properties were acquired from the Sponsor at a substantial discount of 11.8% below their aggregate value, and was partially funded by proceeds from units subscribed by the Sponsor at S\$0.77 per unit, which was at a premium to the 10-Day VWAP³. We were also heartened by the strong support shown

² Based on exchange rate of S\$1.00 = JPY 101.01 as at 7 December 2022.

³ 10-Day VWAP refers to 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.

by the unitholders at the EGM, where the approval rate for the Acquisition was 99.6% .

Looking ahead in 2023, the Manager remains committed to creating value for unitholders through proactive asset management and growth.”

Outlook

There was substantial new supply of logistics facilities in Japan during 2022, majority of which was concentrated in Greater Tokyo. While further supply during 2023 in Greater Tokyo may increase vacancy rate, demand from logistics operators is expected to remain robust, supported by sectors such as e-commerce and 3PL⁵. DHLT’s portfolio in Greater Tokyo comprises five built-to-suit single-tenanted properties and one multi-tenanted property with a blended WALE of approximately 10 years as at 31 December 2022. With relatively lower new supply and supported by healthy demand, vacancy level generally declined or remained low in logistics markets in regional core cities having good access to transportation hub and production base.

The Manager believes that demand for logistics facilities continues to be generally well supported by 3PL and e-commerce sectors in the near term. Also considering the structural undersupply of modern logistics facilities⁵, the Manager is cautiously optimistic on the immediate outlook of logistics sector in Japan. The Manager remains vigilant of the challenges posed by the macro environment and believes that the resilience of the portfolio which is underpinned by the quality of the properties having long WALE can mitigate impact from such challenges.

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⁵ Source: Independent market research report by CBRE K.K. included in the circular dated 16 November 2022.

About Daiwa House Logistics Trust (www.daiwahouse-logisticstrust.com)

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 portfolio comprises 16 high-quality logistics properties across Japan with an appraised value of JPY87,531 million as at 31 December 2022, and an aggregate net lettable area of approximately 444,728 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. (www.daiwahouse.co.jp)

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 JPY 2,024.9 billion (S\$20.4 billion) as of 31 December 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.