

Underlying performance of Daiwa House Logistics Trust's portfolio remained healthy

- **Portfolio at full occupancy as at 30 September 2023**
- **Healthy operational performance as net property income in JPY terms for 9M FY2023 improved by 3.9% y-o-y**
- **Prudent capital management approach with 100% of borrowings in fixed rate and high level interest coverage ratio**

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.

SINGAPORE, 3 NOVEMBER 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 business update for third quarter ended 30 September 2023 (“**3Q FY2023**”).

While no leases expired in 3Q FY2023, a lease was renewed in October 2023. This helped DHLT maintained its track record of 100% lease renewal since its listing almost two years ago, in November 2021. There are two remaining leases expiring in FY2023 and the tenants have indicated their intention to renew, with negotiation on the terms underway. As at 30 September 2023, the portfolio is at full occupancy with a weighted average lease expiry (“**WALE**”) of 6.3 years, by gross rental income (“**GRI**”)¹.

Portfolio performance remained strong as GRI and net property income (“**NPI**”) for the nine-month period ended 30 September 2023 (“**9M FY2023**”) in JPY terms improved by 4.9% and 3.9% year-on-year (“**y-o-y**”). This was mainly due to contributions from properties acquired in December 2022. These contributions as well as realised foreign

¹ GRI based on monthly rent as at September 2023.

exchange gain resulted in improvement of 2.2% higher y-o-y in distributable income for 9M FY2023, despite lower NPI in SGD terms.

Prudent Capital Management

Aggregate leverage was relatively stable as 36.2% as at 30 September 2023. The borrowings are 100% on fixed rate basis which mitigates interest rates risk amidst the current volatile interest rate environment, and interest cover remained high at 11.8 times for 9M FY2023. There are no refinancing requirements until November 2024.

Outlook

A record level of new supply is expected for Japan logistics market in 2023, with more than 7 million sqm of floor area slated to be completed². Of these, 4.4 million sqm are located in Greater Tokyo. As such, overall rent growth is expected to be dampened in the near term, with older and less accessible facilities more likely to struggle. DHLT portfolio comprises facilities that meet modern requirements with an average portfolio age of only around 6 years³, while its properties in Greater Tokyo are mainly built-to-suit properties with average WALE of approximately 9 years by GRI.

Amidst the increase in supply, overall underlying fundamentals are expected to remain healthy with sectors such as e-commerce expected to continue driving demand. The e-commerce sector in Japan has recorded strong growth over the recent years. However, despite the expansion of the e-commerce market, B-to-C e-commerce penetration rate in Japan remained relatively low at 9.1%⁴ compared to more mature markets, which indicate the potential for further growth in this sector.

Mr Jun Yamamura, Chief Executive Officer of the Manager, said, “We are pleased that the underlying performance of the portfolio has continued to improve and that the properties that were acquired in December 2022 have contributed positively. With the renewal of a lease in October 2023, DHLT also continued its strong track record of

² Source: Savills Research – Japan Logistics (September 2023).

³ As at 30 September 2023 and based on weighted average by net lettable area.

⁴ Source: Report by the Ministry of Economy, Trade and Industry on 2022 E-Commerce Market Survey (August 2023).

100% lease renewal rate since its listing almost two years ago. Through this, DHLT was able to maintain income stability and also retained high-quality tenants. We will continue to manage the portfolio proactively.

Looking forward, we anticipate the operating environment to be challenging in the short term due to the substantial new supply in the Japan logistics market. However, demand is expected to remain healthy, supported by 3PL and e-commerce sectors. Our portfolio is supported by a strong tenant base with more than 80% of the tenants, by GRI, involved in such sectors.

With Bank of Japan largely maintaining their accommodative monetary policy, JPY may remain weak against SGD in the near future. We will continue with our hedging policies which are in place to mitigate the adverse impact”

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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 initial portfolio comprises 16 high-quality modern logistics properties across Japan with an appraised value of approximately 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 JPY2,647.3 billion (S\$24.2 billion) as of 30 September 2023.

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.