

Daiwa House Logistics Trust Expands Outside Japan with DPU-Accretive¹ Acquisition in Vietnam

- ***Accretive acquisition to increase DPU by 1.9%, on pro forma basis¹***
- ***Built-to-suit cold storage facility with long lease term backed by high quality tenant to ensure income stability***
- ***The property, D Project Tan Duc 2, well-located in Long An Province, gateway between Ho Chi Minh City and Mekong Delta region***

SINGAPORE, 29 December 2023 – Daiwa House Asset Management Asia Pte. Ltd., as manager of Daiwa House Logistics Trust (the “**Manager**” and Daiwa House Logistics Trust, “**DHLT**”), is pleased to announce the acquisition (“**Acquisition**”) of D Project Tan Duc 2



(“**Property**”), a built-to-suit cold storage facility located in Long An Province, Vietnam. The Property was recently completed in September 2023 and is fully leased to a company which specialises in frozen and chilled food transportation services, for 20 years from October 2023.

The Property will be acquired via the acquisition of 100% of capital in a company incorporated in Vietnam (the “**Target Company**”) which is indirectly wholly owned by Daiwa House Industry Co., Ltd. (“**Sponsor**”). The agreed property value of the Property is VND483.0 billion (approximately S\$26.5 million) (“**Agreed Property**”

¹ On a pro forma basis. For illustration only and based on distribution per unit (“**DPU**”) for the for the financial period from 26 November 2021 (being the date of listing of DHLT) to 31 December 2022 (“**FP2022**”). Please refer to paragraph 4 of DHLT’s announcement on the Acquisition dated 29 December 2023 (the “**Announcement**”) for the pro forma financial effects of the Acquisition.

Value”), which is 3.0% lower than the average independent valuations of the Property of VND498.0 billion (approximately S\$27.4 million)² (“**Average Valuation**”). As part of the transaction, DHLT will also take over the existing shareholder loan of the Target Company. The total acquisition cost of the Acquisition including the acquisition price and transaction-related expenses, shall be financed mainly through debt financing. The Acquisition is expected to be completed in the second quarter of 2024.

Rationale and Benefits of the Acquisition

The Manager believes that the Acquisition will bring the following key benefits to DHLT and the unitholders of DHLT (“**Unitholders**”):

1. DPU-accretive acquisition

The Acquisition is expected to be DPU-accretive to Unitholders. For illustration purposes, the DPU for FP2022 will increase by approximately 1.9% on a pro forma basis. Post Acquisition, aggregate leverage is expected to increase from 36.2% as at 30 September 2023, but remain at a healthy level of 38.2%, on a pro forma basis.

2. Diversification into a growth market

Vietnam is one of the fastest growing economies in the Southeast Asia region. Gross domestic product (“**GDP**”) grew 5.3% year on year (“**y-o-y**”) in the third quarter of 2023, an improvement from the first and second quarters of 2023. The International Monetary Fund forecasted GDP growth of 4.7% for Vietnam in 2023, followed by 5.8% and 6.9% in 2024 and 2025, respectively, making it one of the fastest growing countries in Southeast Asia for 2024 and 2025³.

The Property is located in Long An province which is near to Ho Chi Minh City, a key economic hub in Vietnam. The city boasts one of the highest GDP per capita in the country with approximately VND157.5 million in 2022 compared to national GDP per capita of approximately VND95.6 million⁴.

² Based on the average of the two independent valuations of the Property conducted by the independent valuers as at 30 September 2023 and 30 November 2023, respectively.

³ Source: International Monetary Fund Regional Economic Outlook - Asia and Pacific (October 2023).

⁴ Source: General Statistics Office of Vietnam (September 2023).

3. Enhance Portfolio with addition of a high quality property

(a) Recently completed property with cold storage facility

D Project Tan Duc 2 was recently completed in September 2023 and is a built-to-suit property developed for the purpose as a cold storage facility to store frozen and chilled food. As the Property was only completed recently, this will minimise capital expenditure in the near term. Such cold storage facilities are currently experiencing a shortage in Vietnam, and demand for such facilities are supported by demand for high-quality food products driven by Vietnam's growing middle class, improving economy and a growing e-commerce sector.

(b) Strategic location

D Project Tan Duc 2 is located within the Tan Duc Industrial Park in Long An province, which is in the Mekong Delta region of Southern Vietnam. Long An is a key gateway that connects the economic hub, Ho Chi Minh City, to the region. Long An is also one of the key hubs for cold storage logistics facilities in Vietnam, accounting for approximately 27% of the total existing stock of cold storage space in Vietnam in 2022⁵. The Property is well connected to major cities via multiple roads and highways, while the central business district of Ho Chi Minh City is approximately 37 kilometres from the Property⁶. The Long An International Port and Tan Son Nhat International Airport are also accessible from the Property.

(c) 100% occupied by a specialized logistics operator on long lease term

The tenant of the Property (“**Tenant**”) specialises in frozen and chilled food transportation services. The Tenant is well-established in the region with two other facilities and it distributes food and beverage products to local supermarkets. The Tenant is a group company of a Tokyo Stock Exchange-listed entity which specialises in cold chain logistics for food products.

The Property is leased to the Tenant on a 20-year lease term that commenced in October 2023. Given that this is DHLT's maiden acquisition outside of Japan,

⁵ Source: Savills Research Report - Asia Pacific Cold Storage (June 2023).

⁶ Valuation Report by Jones Lang LaSalle Vietnam Company Limited dated 30 September 2023 in respect of the Property.

this will provide DHLT with a stable income with the majority of the operating expenses, including utility expenses, borne by the Tenant.

4. Reinforces support from the Sponsor

The Sponsor has continued to show its commitment to the growth of DHLT by offering a high-quality property at a discount of 3.0% to the Average Valuation.

Based on the Agreed Property Value, the implied NPI yield of D Project Tan Duc 2 is 8.3%⁷, which is higher than the blended NPI of the existing properties in the portfolio of DHLT of 5.3%⁸. The Acquisition reinforces the importance of a strong developer Sponsor which is able to support DHLT by providing a pipeline of high-quality properties such as D Project Tan Duc 2.

Mr Jun Yamamura, Chief Executive Officer of the Manager, said, “This is a landmark transaction for DHLT as D Project Tan Duc 2 will be its first property outside of Japan, and we are pleased to deliver a DPU-accretive acquisition to Unitholders.

The entry into Vietnam, a growing economy in Southeast Asia, will see a high-quality property added to the existing portfolio of DHLT to further enhance its quality. The Property is strategically located in a gateway province that connects Ho Chi Minh City, a key economic centre, to the Mekong Delta region, an important aquaculture hub. The Property will also provide DHLT with a stable income backed by a strong tenant. We are confident that the Property will contribute positively to the portfolio of DHLT.”

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⁷ Based on the Agreed Property Value and annualised NPI of the Property assuming that the lease agreement with the Tenant was in place from 1 January 2023.

⁸ Based on the annualised NPI for 1H FY2023 and valuation of the existing portfolio as at 31 December 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 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.

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The information in this media release is qualified in its entirety by, and should be viewed in conjunction with, the full text of the Announcement. In the event of any inconsistency or conflict between, on the one hand, the Announcement and the information contained in this media release, the Announcement shall prevail.