



Daiwa House
Logistics Trust

Daiwa House Logistics Trust

Business Updates for third quarter ended
30 September 2024 (“**3Q FY2024**”)

8 November 2024

Daiwa House

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.

Key highlights for 3Q FY2024



Portfolio Occupancy

97.5%^(1,2)



WALE (By GRI)

6.6 YEARS⁽³⁾



Japan Portfolio NPI

JPY 3.6 BILLION
+2.8% y-o-y⁽⁴⁾



Aggregate Leverage

39.2%⁽¹⁾



Completed acquisition of

**D Project Tan
Duc 2**⁽⁵⁾



D Project Fukuoka Tobara S

(1) Information as at 30 September 2024. (2) Accounted for the space that was vacated for a partially renewed lease which expired on 30 September 2024. (3) Weighted average lease expiry (“WALE”) by gross rental income (“GRI”) based on monthly rent as at 30 September 2024. (4) Based on the net property income (“NPI”) for the Japan portfolio in JPY terms for the nine-month period from 1 January 2024 to 30 September 2024 (“9M FY2024”), compared against the corresponding period in the previous financial year. (5) The acquisition of D Project Tan Duc 2 was completed on 5 July 2024.



Operational Performance

- The acquisition of DHLT's first property outside of Japan, D Project Tan Duc 2, was completed on 5 July 2024
- The property is situated in a key gateway location that connects Ho Chi Minh City to the Mekong Delta region



Key information on D Project Tan Duc 2

- Built-to-suit cold storage facility, located in Long An Province, Vietnam
- Built in September 2023 with net lettable area of 18,465 sqm
- Leased to a single tenant for 20 years from October 2023, providing income stability
- Valued at VND498 billion⁽¹⁾

(1) Based on the average of the two valuations conducted by Jones Lang LaSalle Vietnam Company Limited and VAS Valuation Co., Ltd. in association with CBRE Vietnam), as at 30 September 2023 and 30 November 2023, respectively.

HEALTHY LEASING ACTIVITIES

- Completed the lease renewal activities for FY2024
 - ▶ 9 leases renewed, *with rent uplift achieved for 6 renewals*
 - ▶ 2 partially renewed at same rent
 - ▶ Space vacated in 2QFY2024 was *leased at higher rent⁽¹⁾*
 - Including the new lease for the vacated space, the *renewal rate remained high at approximately 90%⁽²⁾*
 - Rent structure for a built-to-suit property (lease expiring in 2034) *revised to higher rent with contractual annual rent escalation over next 5 years*
 - Negotiated for *higher rent for a lease expiring in 2025*
- **Range of rent changes: 0% to 18%⁽¹⁾**
 - **Weighted average rent uplift of approximately 5%⁽¹⁾**

LEASES EXPIRING IN 1H FY2025

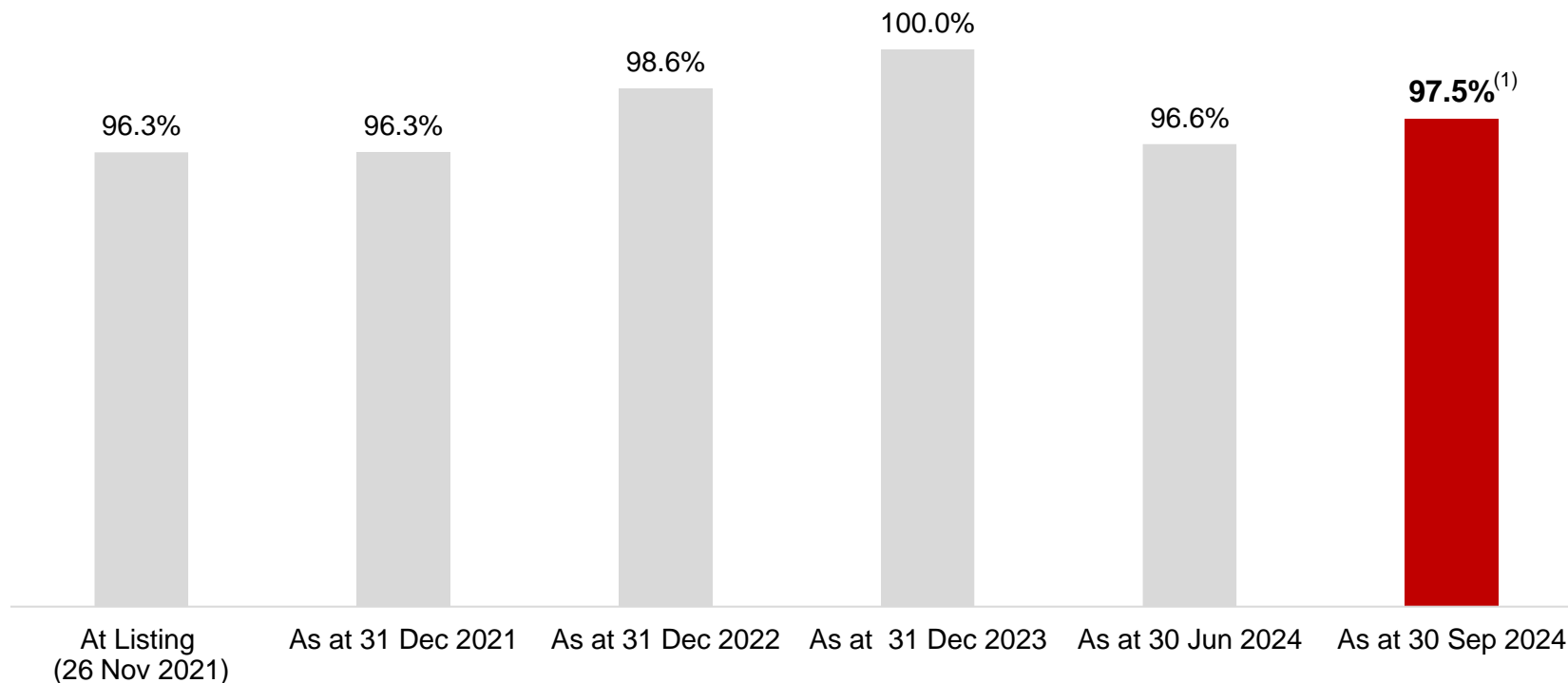
- 7 leases will be expiring in 1H FY2025, accounting for about 16% of portfolio NLA⁽³⁾
- Certain leases (10% of portfolio NLA) expiring in February / March 2025 are not expected to be renewed, and the property manager is currently in discussions with prospective tenants

(1) Based on the monthly rent for renewed or new leases compared against the preceding lease for the same space.

(2) Based on NLA of leases that expired or expiring in 2024.

(3) Based on total portfolio net lettable area ("NLA") of 476,614 sqm.

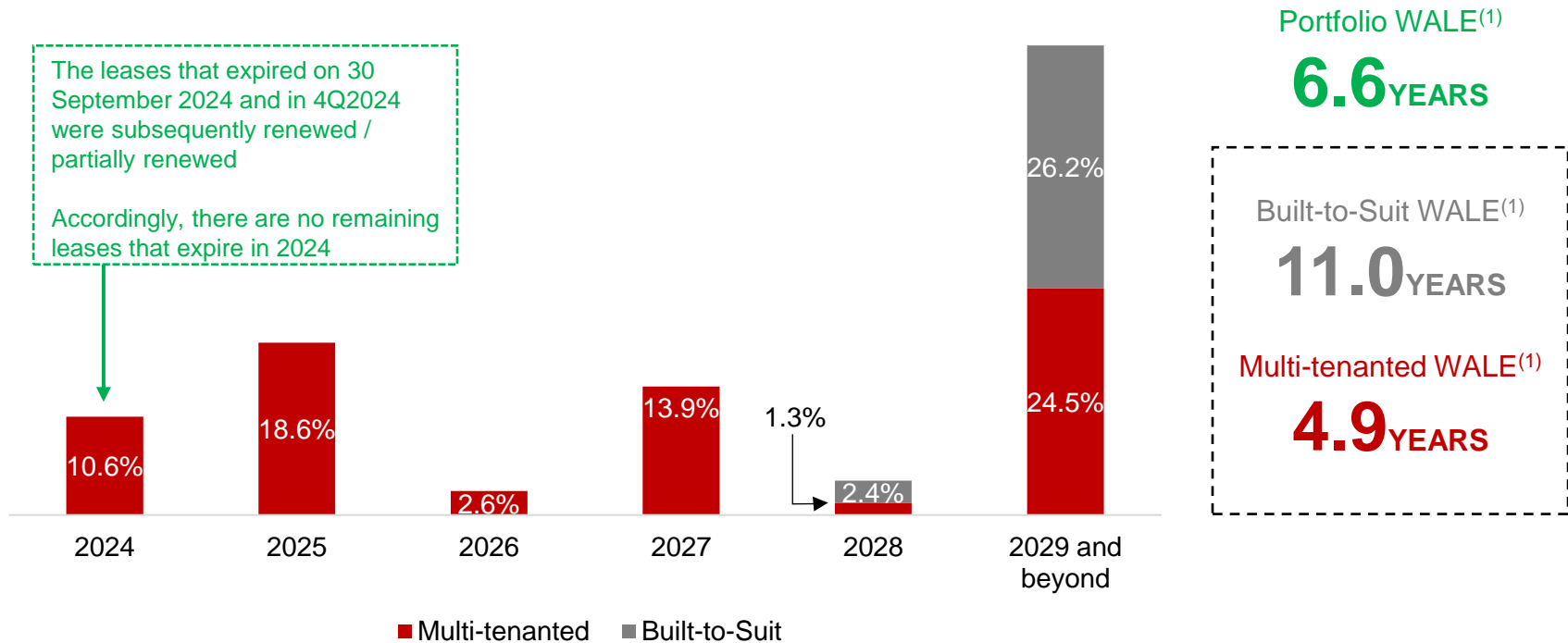
Portfolio Occupancy Rate (Japan Portfolio)



- 16 of the 17 properties in Japan are fully occupied
- D Project Tan Duc 2 in Vietnam is fully leased to single tenant for 20 years from October 2023

(1) Accounted for the space that was vacated for the partially renewed lease which expired on 30 September 2024.

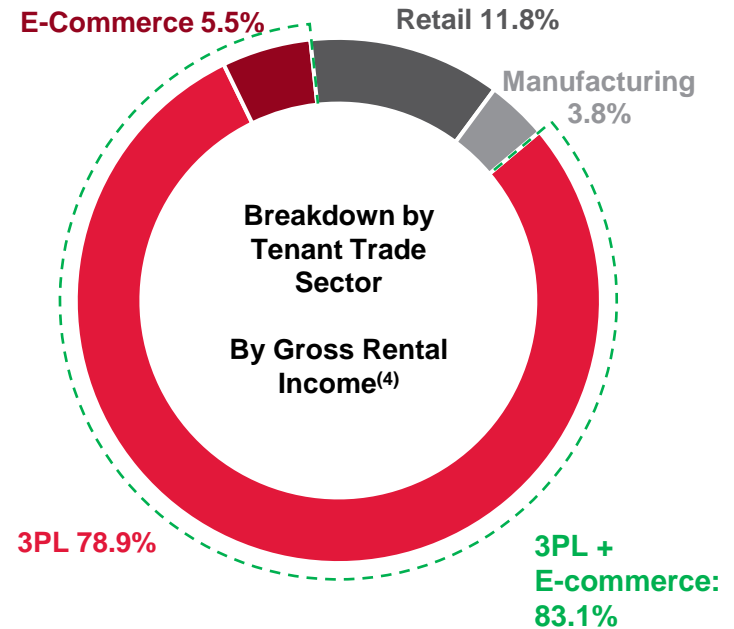
Portfolio Lease Expiry⁽¹⁾ as at 30 September 2024



- More than 50% of the leases⁽¹⁾ expires in 2029 or later, providing income stability to DHLT

(1) By GRI which is based on the monthly rent as at 30 September 2024.

	Top 10 Tenant	Sector	% of NPI (1)
1	Mitsubishi Shokuhin	3PL	22.1
2	Suntory Logistics	3PL	7.6
3	Nippon Express	3PL	7.6
4	Nitori	Retail	5.6
5	Tenant A ⁽²⁾	3PL	4.3
6	Create SD	Retail	4.1
7	K.R.S Corporation	3PL	3.8
8	Tokyo Logistics Factory	3PL	3.8
9	Kato Sangyo ⁽³⁾	3PL	3.8
10	Tenant B ⁽²⁾	E-commerce	3.7
			66.3



While Mitsubishi Shokuhin contributed more than 20%, the Manager believes that the concentration risk is mitigated:

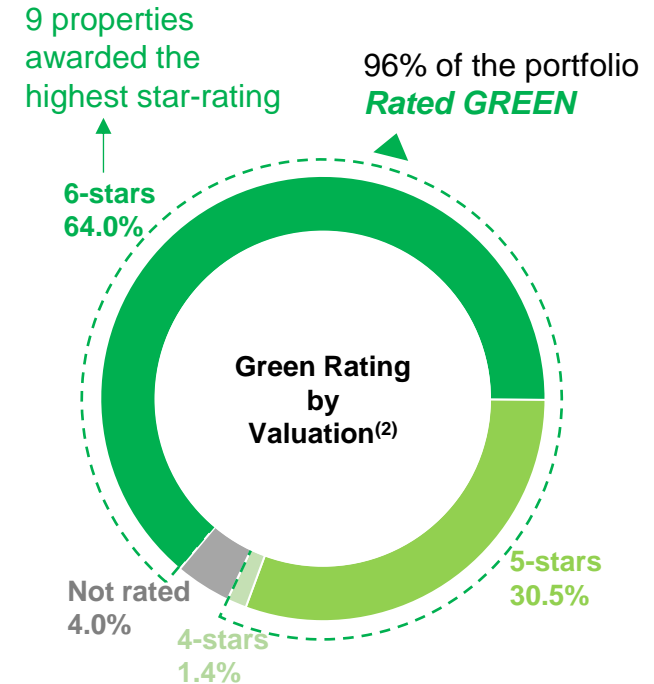
- ✓ Mitsubishi Shokuhin is well-established with history dating back to 1925, and is listed on the Tokyo Stock Exchange with market capitalisation of approximately JPY228 billion⁽⁵⁾
- ✓ Mitsubishi Shokuhin is utilising space in DHLT properties in various locations, and are used to serve 3 different end-clients which are operating convenience stores, grocery stores and / or supermarkets, being:
 - ▶ A leading retail group in Japan
 - ▶ A major supermarket chain in Japan (Credit rating “A”⁽⁶⁾)
 - ▶ One of the largest convenience store chains in Japan

(1) Based on net property income (“NPI”) for 9M FY2024 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). (3) Upon renewal, the lease has been signed with the direct user instead of the 3PL company previously. (4) GRI based on the monthly rent as at 30 September 2024. (5) As at 30 September 2024. (6) Rated by Japan Credit Rating Agency, Ltd.

Keeping up the **GREEN** efforts

- The green ratings for 13 properties were renewed in October 2024
- With D Project Kuki S also obtaining its rating, 16 out of the 18 properties in DHLT portfolio are green rated

	Star Rating	Solar Energy Capacity (MWp)
1. DPL Sapporo Higashi Kariki	★★★★★★	-
2. DPL Sendai Port	★★★★★	2.6
3. DPL Koriyama	★★★★★★	3.0
4. D Project Nagano Suzaka S	★★★★★★	0.9
5. D Project Maebashi S	★★★★★★	1.4
6. D Project Kuki S	★★★★★	-
7. DPL Ibaraki Yuki ⁽¹⁾	★★★★★	0.8
8. D Project Misato S	★★★★★★	-
9. D Project Iruma S	★★★★★★	-
10. DPL Kawasaki Yako	★★★★★★	1.2
11. DPL Shinfuji	★★★★★★	1.2
12. D Project Kakegawa S	★★★★★	0.7
13. DPL Okayama Hayashima	★★★★★	1.4
14. DPL Okayama Hayashima 2	★★★★★★	0.7
15. DPL Iwakuni 1 & 2 ⁽¹⁾	★★★★★	1.8
16. D Project Matsuyama S	Not rated	-
17. D Project Fukuoka Tobarā S	★★★★	0.5
18. D Project Tan Duc 2	Not rated	-
Total		16.1

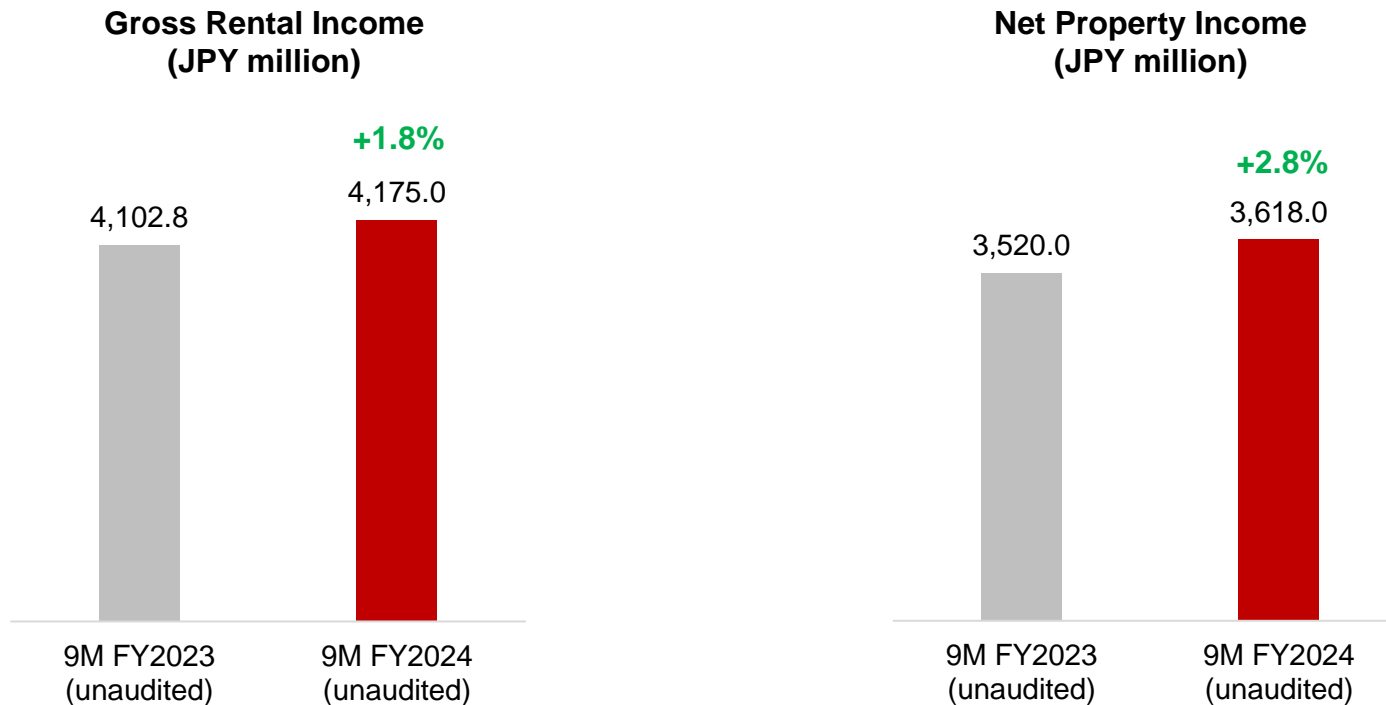


The 16 properties are all rated by the Building Energy-efficiency Labelling System (BELS), which is a third-party certification system in Japan that assesses the energy conservation performance of buildings, in line with the guidelines set by the Ministry of Land, Infrastructure, Transport and Tourism of Japan, with a rating scale of 0 to 6 stars.

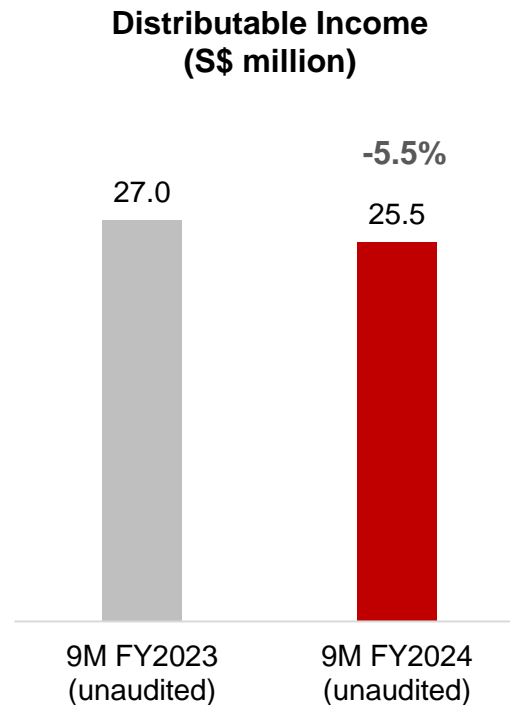
(1) Based on previous evaluation criteria. New evaluation criteria effective from April 2024. (2) Based on the independent valuation of the properties as at 31 December 2023, save for DPL Ibaraki Yuki (average of the two valuations conducted as at 31 August 2023) and D Project Tan Duc 2 (average of two valuations conducted as at 30 September 2023 and 30 November 2023, respectively).



Financial Performance



- Underlying performance of the portfolio continued to be healthy, as gross rental income and NPI for 9M FY2024 in JPY terms grew by 1.8% and 2.8%, respectively
- While there were some vacated space during 9M FY2024, the increase in NPI was mainly due to the contribution from DPL Ibaraki Yuki which was acquired on 15 March 2024



- Financials in SGD were impacted by weaker JPY against SGD, which resulted in a lower distributable income y-o-y despite the healthy performance of the portfolio
- The average exchange rate for JPY against SGD was weaker in 9M FY2024 by approximately 8% compared to the corresponding period in the previous year
- The impact of weaker JPY was partially alleviated by contribution from D Project Tan Duc 2 which was acquired on 5 July 2024

	As at 31 Dec 2023 ⁽²⁾ (audited)	As at 30 Sep 2024 ⁽²⁾ (unaudited)
Total Assets (S\$ million)	1,101.7	1,100.6
Total Liabilities (S\$ million)	548.3	585.3
Net Assets Attributable to Unitholders (S\$ million)⁽¹⁾	517.7	479.8
NAV per Unit attributable to Unitholders (S\$)⁽¹⁾	0.74	0.69

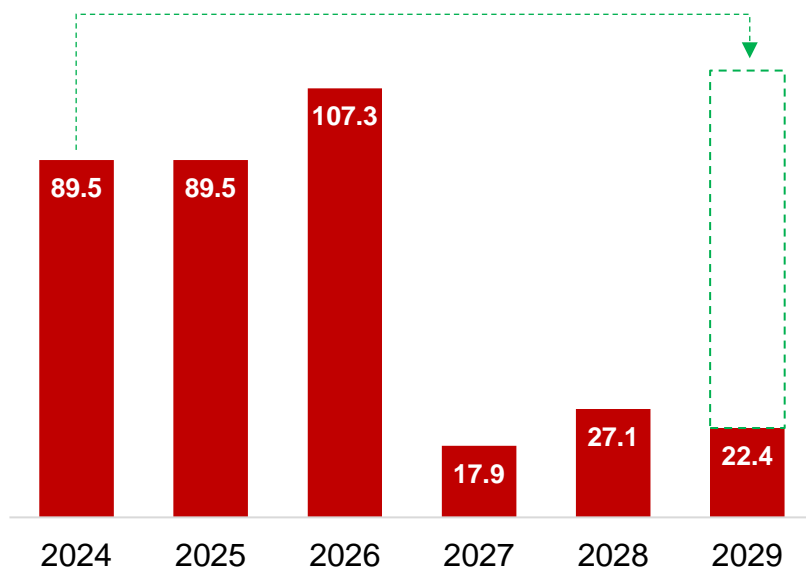
- Net asset value (“NAV”) per Unit as at 30 September 2024 was lower mainly due to weaker JPY⁽²⁾ and lower cash following the 1H FY2024 distribution

(1) Excluding perpetual securities.

(2) The exchange rates for SGD : JPY as at 31 December 2023 and 30 September 2024 were 107.11 and 111.78, respectively.

Debt Maturity Profile as at 30 September 2024 (S\$ million)

Maturing Tranche expected to be refinanced for 5 years
Extends average debt tenure from **1.7 years to 2.9 years⁽¹⁾**



As at 30 September 2024

Total borrowings	• S\$353.6 million
Aggregate leverage ⁽²⁾	• 39.2%
Weighted average debt tenure	• 1.7 years
Weighted average borrowing cost	• 1.13% (all-in rates and includes upfront fees)
Proportion of debt with fixed cost	• 99.2%
Interest coverage ratio ⁽³⁾	• 11.2 times

- New 4-year unsecured loan drawn for the acquisition of D Project Tan Duc 2
- Refinancing plan for the loan maturing on 26 November 2024 (“**Maturing Tranche**”):
 - To be refinanced with a 5-year fixed-rate loan
 - To restructure and unencumber the entire JPY36.5 billion (S\$326.5 million) of secured borrowings in Japan
- Whilst the borrowing cost is expected to increase due to the longer fixed rate tenure with the restructuring of the loans, these can help DHLT mitigate against interest rate volatility in the longer term and can provide DHLT with financing flexibility

(1) On a pro forma basis, assuming the Maturing Tranche is refinanced on 30 September 2024.

(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).

(3) Based on last 12 months up to 30 September 2024.



Outlook

SUPPLY⁽¹⁾

- ▶ Substantial new supply in 2024, but expected to be lower than the peak in 2023
- ▶ Increase in supply pose near term challenges, especially for older and less accessible properties
- ▶ While 2025 is forecasted to have higher supply than 2024, supply beyond 2026 is expected to be limited
- ▶ The reduction in future supply is mainly due to rising construction costs and labour shortages

DEMAND⁽¹⁾

- ✓ Longer term prospects of the logistics market expected to remain healthy
- ✓ The sector expected to be supported by growing demand from industries such as e-commerce and manufacturing
- ✓ While e-commerce has recorded strong growth in recent years, the e-commerce penetration rate in Japan is still relatively low
- ✓ Due to restrictions imposed on the working hours of truck drivers, regional cities are emerging as key relay hubs

DHLT's property in Long An province, Vietnam is a built-to-suit cold storage facility on a 20-year lease commencing from October 2023

- ▶ The sector is supported by new foreign direct investment (FDI) flow into Vietnam and increased domestic consumption⁽¹⁾
- ▶ Vietnam attracted USD24.8 billion of FDI in the first nine months of 2024, y-o-y increase of 11.6%⁽²⁾
- ▶ The domestic market continues to be the main driver of logistics demand⁽³⁾
- ▶ Market outlook buoyed by factors such as⁽¹⁾:
 - ✓ Vietnam's participation in global trade through free trade agreements
 - ✓ the China+1 strategy of large manufacturers
 - ✓ improving infrastructure system
- ▶ The continual inflow of FDI can help expand local economy and drive consumption

Attract
FDI

(1) Source: Market Beat Q2 2024 - Ho Chi Minh City, Industrial (Cushman & Wakefield).

(2) Source: Website of Vietnam's Ministry of Planning and Investment.

(3) Source: Asia Pacific Property Digest Market Report Article - Vietnam South (JLL, August 2024).

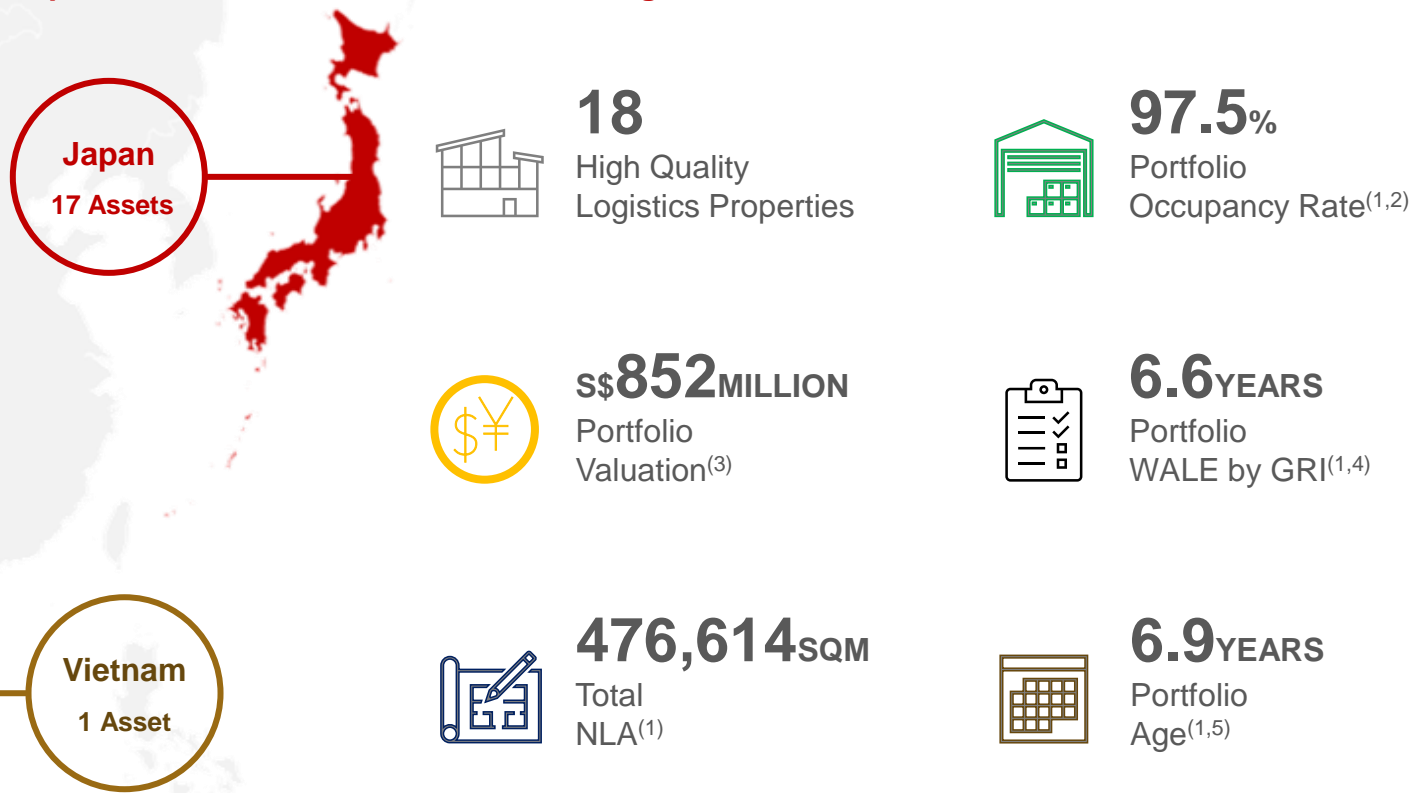


Appendix

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**



(1) As at 30 September 2024. (2) Accounted for the space that was vacated for the partially renewed lease which expired on 30 September 2024. (3) Based on the independent valuation of the properties as at 31 December 2023, save for DPL Ibaraki Yuki (average of the two valuations conducted as at 31 August 2023) and D Project Tan Duc 2 (average of two valuations conducted as at 30 September 2023 and 30 November 2023, respectively). (4) GRI based on the monthly rent as at 30 September 2024. (5) Based on weighted average by NLA.

Portfolio Summary

	Completion Year	NLA (sq m)	Land Tenure	Tenancy Type	WALE (By GRI) ⁽¹⁾	Occupancy ⁽²⁾	Valuation ⁽³⁾
JAPAN - Hokkaido / Tohoku							
DPL Sapporo Higashi Kariki	2018	60,347	Freehold	Multi-tenanted	2.0	100.0%	JPY 12,800m
DPL Sendai Port	2017	63,119	Freehold	Multi-tenanted	0.7	100.0%	JPY 13,400m
DPL Koriyama	2019	34,174	Freehold	Multi-tenanted	0.3	66.6% ⁽⁴⁾	JPY 7,270m
JAPAN - Greater Tokyo							
D Project Nagano Suzaka S	2018	9,810	Freehold	Single-tenanted	4.1	100.0%	JPY 2,710m
D Project Maebashi S	2018	14,736	Freehold	Single-tenanted	9.1	100.0%	JPY 3,690m
D Project Kuki S	2014	18,257	Expiring 2034	Single-tenanted	9.8	100.0%	JPY 1,200m
DPL Ibaraki Yuki	2023	13,421	Freehold	Multi-tenanted	2.3	100.0%	JPY 3,225m
D Project Misato S	2015	14,877	Expiring 2045	Single-tenanted	10.4	100.0%	JPY 2,300m
D Project Iruma S	2017	14,582	Freehold	Single-tenanted	13.3	100.0%	JPY 4,870m
DPL Kawasaki Yako	2017	93,159	Expiring 2067	Multi-tenanted	10.2	100.0%	JPY 21,000m
JAPAN - Greater Nagoya							
DPL Shinfuji	2017	27,537	Expiring 2065	Multi-tenanted	6.3	100.0%	JPY 3,770m
D Project Kakegawa S	2019	22,523	Freehold	Single-tenanted	9.6	100.0%	JPY 4,440m
JAPAN - Chugoku / Shikoku / Kyushu							
DPL Okayama Hayashima	2017 / 2018	23,541	Expiring 2067	Multi-tenanted	3.1	100.0%	JPY 4,540m
DPL Okayama Hayashima 2	2017	16,750	Expiring 2051	Multi-tenanted	0.3	100.0%	JPY 2,530m
DPL Iwakuni 1 & 2	2016 / 2020	15,461	Freehold	Multi-tenanted	1.3	100.0%	JPY 2,280m
D Project Matsuyama S	1994 / 2017	5,347	Freehold	Single-tenanted	4.9	100.0%	JPY 948m
D Project Fukuoka Tobaru S	2019	10,508	Expiring 2068	Single-tenanted	9.8	100.0%	JPY 1,360m
VIETNAM – Long An							
D Project Tan Duc 2	2023	18,465	Expiring 2058	Single-tenanted	19.1	100.0%	VND 498,000m

(1) GRI based on the monthly rent as at 30 September 2024. (2) Based on NLA as at 30 September 2024. (3) Based on the independent valuation of the properties as at 31 December 2023, save for DPL Ibaraki Yuki (average of the two valuations conducted as at 31 August 2023) and D Project Tan Duc 2 (average of two valuations conducted as at 30 September 2023 and 30 November 2023, respectively). (4) Accounted for the space that was vacated for a partially renewed lease which expired on 30 September 2024.



Daiwa House

Daiwa House Group

- Daiwa House Industry Co., Ltd. (“**Sponsor**”), was founded in 1955 and is one of the largest construction and real estate development companies in Japan
- Recorded net sales of JPY 5,202.9 billion and net income of JPY 298.8 billion for the financial year ended 31 March 2024⁽¹⁾
- It has a strong track record in development of logistics facilities and offers comprehensive logistics solutions

- ▶ *Global presence with businesses in 26 countries*
- ▶ *Listed on Tokyo Stock Exchange with a market capitalisation of JPY2,971.0 billion⁽²⁾ (S\$26.6 billion)*
- ▶ *Credit rating of “AA”⁽³⁾*
- ▶ *Consistently ranked on Forbes The Global 2000 and Fortune Global 500*

Provided strong support to the development of DHLT and remains committed to DHLT’s future growth

- ✓ **Provided high quality properties** for DHLT’s acquisition, at attractive discounts to valuation for the properties acquired by DHLT
- ✓ **Funding support** through subscription of units at premium to market price
- ✓ **Provides asset management and property management services** to DHLT, leveraging on the Sponsor’s years of experience and deep knowledge of the market
- ✓ Injected 62.0 million units (approx. 8.9% of the total outstanding units) to the Manager in March 2024, **reinforcing its commitment** to the Singapore platform

(1) Source: Financial results of Daiwa House Industry Co., Ltd for financial year ended 31 March 2024.

(2) As at 30 September 2024.

(3) Rated by the Japan Credit Rating Agency Ltd.



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Thank you.

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