

**Positive contribution from  
Daiwa House Logistics Trust's recent acquisitions**

- ***Completed the acquisition of DHLT's first Vietnam property in July 2024***
- ***Improvement in underlying performance of Japan portfolio for 9M FY2024 driven by DPL Ibaraki Yuki which was acquired in March 2024***
- ***96%<sup>1</sup> of portfolio rated green***

**SINGAPORE, 8 NOVEMBER 2024** – 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 the third quarter ended 30 September 2024 (“**3Q FY2024**”).

During 3Q FY2024, DHLT completed the acquisition of D Project Tan Duc 2, which is DHLT's first property outside of Japan. The property is situated in a gateway location which connects Ho Chi Minh City with the Mekong Delta region, and the entire property is occupied by a single tenant on a long lease.

All leases that expired in 3Q FY2024 were renewed except for one which was partially renewed. A space that was vacated in 2Q FY2024 was also leased in 3Q FY2024 at higher rent. In October 2024, the remaining expiring lease for FY2024 was renewed, concluding the lease renewals for FY2024. In FY2024, the weighted average rent uplift achieved was approximately 5%<sup>2</sup>. In addition, the Manager negotiated for higher rent for two leases which will only expire in 2025 and 2034, respectively. Including the new

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<sup>1</sup> 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).

<sup>2</sup> Based on the monthly rent for new or renewed leases compared against the preceding lease for the same space.

lease for the vacated space, the renewal rate for FY2024 was approximately 90%<sup>3</sup>. The healthy renewal rate ensured high occupancy rate of 97.5%<sup>4</sup> for the Japan portfolio as at 30 September 2024. The weighted average lease expiry (“**WALE**”) for the overall portfolio remained relatively long at 6.6 years.

Keeping up DHLT’s sustainability efforts, the green certifications for 13 properties in Japan were renewed in October 2024. Following these renewals and the green rating obtained by D Project Kuki S, 96% of the portfolio (by valuation<sup>5</sup>) was green rated.

The underlying performance of the Japan portfolio for 9M FY2024 was lifted by the contribution of DPL Ibaraki Yuki which was acquired in March 2024, as net property income (“**NPI**”) in JPY terms grew by 2.8% year-on-year (“**y-o-y**”). While weaker JPY affected the financials in SGD terms, the impact was partially alleviated by the contribution from D Project Tan Duc 2, in Vietnam.

### **Prudent Capital Management**

As at 30 September 2024, the aggregate leverage was 39.2%, which included the unsecured loan that was drawn for the acquisition of D Project Tan Duc 2. DHLT also continued to maintain a relatively high interest coverage ratio, at 11.2 times<sup>6</sup>.

### **Outlook**

While there was substantial new supply in the Japan logistics market in 2024, the total for the year is expected to be lower than the peak in 2023. The increase in supply poses near-term challenges, especially for older and less accessible properties. While supply in 2025 is forecasted to be higher than 2024, supply beyond 2026 is expected to be limited. This is mainly due to rising construction costs and labour shortages. From a longer-term perspective, the market fundamentals are expected to remain healthy, supported by growing demand from various industries such as e-commerce

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<sup>3</sup> Based on net lettable area of the leases that expired or expiring in 2024.

<sup>4</sup> Accounted for the space that was vacated for a partially renewed lease which expired on 30 September 2024.

<sup>5</sup> 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).

<sup>6</sup> Based on last 12 months up to 31 September 2024.

and manufacturing. Further, due to restrictions imposed on the working hours of truck drivers, regional cities are emerging as key relay hubs<sup>7</sup>.

The logistics market in Vietnam is supported by flow of foreign direct investment (“**FDI**”) into Vietnam as well as increased domestic consumption, the main driver of logistics demand. The market is expected to be buoyed by factors such as continued FDI growth from Vietnam’s participation in global trade through free trade agreements and the China+1 strategy of large manufacturers, as well as improving infrastructure system<sup>8,9</sup>.

**Mr Jun Yamamura, Chief Executive Officer of the Manager**, said, “The acquisition of D Project Tan Duc 2 marked an important milestone for DHLT, as the REIT diversified outside of Japan into Vietnam. With this acquisition, DHLT’s portfolio has grown from 14 properties at listing, to 18 properties currently.

While certain leases in the Japan portfolio are not expected to be renewed in 1Q FY2025 following their expiry, the Manager is working closely with the property manager on these leases as well as the current vacant space within the portfolio.

The Manager is on track to refinance the loan by its maturity on 26 November 2024. The Manager is also planning to unsecure the onshore borrowings of JPY36.5 billion which is expected to be beneficial for DHLT, allowing for greater financing flexibility.”

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<sup>7</sup> Source: Source: Japan Logistics (Savills, September 2024).

<sup>8</sup> Source: Market Beat Q2 2024 - Ho Chi Minh City, Industrial (Cushman & Wakefield).

<sup>9</sup> Source: Asia Pacific Property Digest Market Report Article - Vietnam South (JLL, August 2024).

**About Daiwa House Logistics Trust ([www.daiwahouse-logisticstrust.com](http://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 currently comprises 18 high-quality logistics properties across Japan with an aggregate net lettable area in excess of 476,000 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](http://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 JPY2,971.0 billion (S\$26.6 billion) as of 30 September 2024.

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.