

**Daiwa House Logistics Trust post
DPU of 2.61 cents for 1H FY2023**

- ***Compared to the corresponding six-month period last year, DPU was relatively stable at 2.61 cents with 0.4% growth y-o-y¹***
- ***Strong portfolio performance as NPI in JPY term grew by 5.2% y-o-y***
- ***Achieved 100% portfolio occupancy rate as at end July 2023 as remaining vacant space was leased***

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, 3 AUGUST 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 the period from 1 January 2023 to 30 June 2023 (“**1H FY2023**”).

During 1H FY2023, a lease was successfully renewed at the existing monthly rent and the portfolio maintained its high occupancy rate of 98.6% as at 30 June 2023. The remaining vacant space in DPL Koriyama was leased in July 2023, and 100% portfolio occupancy rate was achieved as at end July 2023.

As at 30 June 2023, the weighted average lease expiry (“**WALE**”) of the portfolio by gross rental income (“**GRI**”)² remained relatively long at 6.6 years. There are less than 10% of the leases (by GRI) remaining that are expiring in FY2023, which are all in the fourth quarter. The Manager has started to proactively engage the tenants of these leases as well as the lease of a built-to-suit property that is expiring in July 2024.

¹ Compared against the corresponding six-month period in FY2022 (1 January 2022 to 30 June 2022).

² Based on the monthly rent as at June 2023.

Summary of Financial Results

	Period from 1 January to 30 June		
	FY2022 (unaudited) ^(a)	FY2023 (unaudited)	Variance
Gross Revenue (S\$ '000)	32,303	30,900	-4.3%
Net Property Income (S\$ '000)	24,774	23,132	-6.6%
Distributable Income (S\$ '000)	17,563	18,130	+3.2%
Distribution per Unit (cents)	2.60	2.61	+0.4%

a. The corresponding period for the financial results reported in FY2022 was for the period from the listing of DHLT (26 November 2021) to 30 June 2023 ("FP2022"). However, the financial results for 1H FY2023 were compared against the financial results for the corresponding six-month period in FY2022 (1 January 2022 to 30 June 2022) for a more meaningful comparison. The gross revenue, net property income, distributable income to Unitholders and DPU reported for FP2022 were S\$38.9 million, S\$30.0 million, S\$20.9 million and 3.09 cents, respectively.

Performance of the portfolio remained strong as GRI and net property income ("NPI") in JPY term grew by 4.8% and 5.2% year-on-year ("y-o-y") compared to the corresponding six-month period last year. This was mainly due to contributions from DPL Iwakuni 1 & 2 and D Project Matsuyama S which were acquired in December 2022 as well as full period contribution from the rental of the space in DPL Sapporo Higashi Kariki which was leased in March 2022.

Although NPI in SGD for 1H FY2023 was lower by 6.6% y-o-y due to weaker JPY, distributable income was higher by 3.2% y-o-y. This was mainly due to realised exchange gain as well as lower finance cost and other JPY-denominated expenses after conversion to SGD due to the weaker JPY. As a result, DPU remained relatively stable at 2.61 cents, improving by 0.4% y-o-y.

Prudent Capital Management

Aggregate leverage was maintained at a healthy level of 35.7% as at 30 June 2023. The borrowings were all denominated in JPY, thereby providing a natural hedge against the value of the properties. The all-in weighted average borrowing cost was 0.99% per annum (including upfront fee), and 100% of the borrowings were on fixed rate basis. Interest coverage ratio remained relatively high at 11.7 times for 1H FY2023.

Outlook³

Based on a survey conducted by CBRE in March 2023 on more than 200 logistics operators and consignor firms in Japan regarding their appetite for expansion of logistics network, it was found that 57% of the respondents may look to expand their warehouse floor over the next three years. The top reason for expansion was business expansion and other reasons included for higher efficiency and an increase in the volume of goods. 42% of the consignor firms which responded also expected the trend of outsourcing logistics process to third-party logistics (“**3PL**”) operators to grow with only 4% expecting a decline.

These bode well for the logistics sector in Japan and suggested that the 3PL sector in Japan may continue to grow. The Manager believes that the demand for modern logistics space is expected to remain robust in the near to medium term. However, the business environment continues to be volatile, and the Manager will remain vigilant.

Mr Jun Yamamura, Chief Executive Officer of the Manager, said, “We are pleased to announce DPU of 2.61 cents for 1H FY2023, which was a marginal improvement of 0.4% y-o-y despite the foreign exchange volatility. Positive contribution from the properties acquired in December 2022 resulted in a strong portfolio performance in 1H FY2023, with a NPI growth of 5.2% y-o-y in JPY term. While the strong performance was impacted by weaker JPY, realised exchange gains as well as lower finance cost and other JPY-denominated expenses after conversion to SGD mitigated the impact.

We are also glad that DHLT achieved 100% portfolio occupancy rate as at end of July 2023 as the remaining vacant space has been occupied. With less than 10% of the leases expiring in FY2023, we have started to proactively engage these tenants and discussions are progressing well. The portfolio remained stable with a relatively long WALE of 6.6 years backed by a strong tenant profile, with more than 80% of the tenants by GRI involved in the growing 3PL and e-commerce sectors. We believe that these attributes strengthened the resilience of the portfolio which will stand us in good stead against challenges ahead.”

³ Source: CBRE Japan 2023 Logistics Occupier Survey.

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For media and investor queries, please contact:

Mr. Chee Kum Tin

Head of Investor Relations

Daiwa House Asset Management Asia Pte. Ltd.

Tel: +65 6202 0486

Email: ir@daiwahouse-lt.com

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 JPY 2,526.6 billion (S\$23.6 billion) as of 30 June 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.