

DAIWA HOUSE LOGISTICS TRUST

**Unaudited Condensed Interim Financial Statements and Distribution Announcement
For the six months and full year ended 31 December 2023**



Daiwa House
Logistics Trust

(a real estate investment trust constituted on 2 November 2021 under the laws of the Republic of Singapore)

DAIWA HOUSE LOGISTICS TRUST UNAUDITED INTERIM FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2023

TABLE OF CONTENTS

Page No	Description
2	Introduction
2	Summary of Daiwa House Logistics Trust Group Results
3	Interim Financial Statements
4	Consolidated Condensed Interim Statement of Total Return and Condensed Interim Consolidated Statement of Comprehensive Income
5	Condensed Interim Statements of Financial Position
6	Condensed Interim Consolidated Distribution Statement
7	Condensed Interim Statements of Movements in Unitholders' Funds
9	Condensed Interim Consolidated Statement of Cash Flows
11	Statement of Portfolio
13	Notes to the Condensed Interim Financial Statements
25	Other Information

DAIWA HOUSE LOGISTICS TRUST

Unaudited Condensed Interim Financial Statements and Distribution Announcement For the six months and full year ended 31 December 2023

INTRODUCTION

Daiwa House Logistics Trust (“DHLT”) is a Singapore real estate investment trust constituted pursuant to the Trust Deed dated 2 November 2021 between Daiwa House Asset Management Asia Pte. Ltd. as manager (the “Manager”) of DHLT and HSBC Institutional Trust Services (Singapore) Limited as trustee (the “Trustee”) of DHLT.

DHLT was listed on the Main Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 26 November 2021 (“Listing Date”). DHLT’s initial IPO comprised 14 logistics properties in Japan with an aggregate net lettable area (“NLA”) of approximately 423,920 square meter (“sqm”) and a total land area of approximately 420,393 square meters. On 8 December 2022, DHLT completed the acquisition of 2 freehold properties and an underlying freehold land in Japan. As at 31 December 2023, the total NLA of its portfolio was 444,728 sqm.

The investment strategy of DHLT is to invest in a diversified portfolio of income-producing logistics and industrial real estate assets located across Asia. DHLT’s key objectives are to provide Unitholders with regular and stable distributions, and to achieve long-term growth in Distributions per Unit (“DPU”) and net asset value per Unit, while maintaining an optimal capital structure and strengthening the portfolio in scale and quality.

Summary of Daiwa House Logistics Trust Group Results

GROUP							
	1 Jul 2023 to 31 Dec 2023 (2H FY2023)	1 Jul 2022 to 31 Dec 2022 (2H FP2022)	Change between 2H FY2023 and 2H FP2022	1 Jan 2023 to 31 Dec 2023 (FY2023)	1 Jan 2022 to 31 Dec 2022 ⁽¹⁾ (FY2022)	Change between FY2023 and FY2022 ⁽²⁾	26 Nov 2021 to 31 Dec 2022 ⁽¹⁾ (FP2022)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%	S\$'000
Gross Revenue	28,951	29,816	(2.9)	59,852	62,120	(3.7)	68,719
Net Property Income	22,192	22,950	(3.3)	45,324	47,724	(5.0)	52,985
Distributable income to Unitholders of DHLT	18,244	17,720	3.0	36,373	35,283	3.1	38,621
Distribution per Unit ("DPU") (cents)	2.61	2.61	-	5.22	5.21	0.2	5.70

(1) The comparative figures were for the period from 26 November 2021 (Listing Date) to 31 December 2022. These figures were extracted from DHLT’s results announcement for the financial period from 26 November 2021 (Listing Date) to 31 December 2022. In the summary table, the actual 12 months results for the period from 1 January 2022 to 31 December 2022 is also separately shown as FY2022 for comparison to FY2023.

(2) The actual results of FP2022 covered the period from 26 November 2021 to 31 December 2022 (400 days), whereas FY2023 period was from 1 January 2023 to 31 December 2023 (365 days). Refer to Note 2 “Review of Actual Performance” for the reasons behind the variance analysis of the actual results for 2H FY2023 and FY2023 compared against 2H FP2022 and FY 2022 respectively.

DAIWA HOUSE LOGISTICS TRUST

**Unaudited Condensed Interim Financial Statements and Distribution Announcement
For the six months and full year ended 31 December 2023**

**DAIWA HOUSE LOGISTICS TRUST AND ITS SUBSIDIARIES
CONDENSED INTERIM FINANCIAL STATEMENTS**

**FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER
2023**

DAIWA HOUSE LOGISTICS TRUST

Unaudited Condensed Interim Financial Statements and Distribution Announcement For the six months and full year ended 31 December 2023

CONSOLIDATED CONDENSED INTERIM STATEMENT OF TOTAL RETURN AND CONSOLIDATED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		GROUP					
Notes	2H FY2023 S\$ '000	2H FP2022 S\$ '000	Variance %	FY2023 S\$ '000	FP2022 S\$ '000	Variance %	
Gross revenue	5	28,951	29,816	(2.9)	59,852	68,719	(12.9)
Property expenses	6	(6,759)	(6,866)	(1.6)	(14,528)	(15,734)	(7.7)
Net property income		22,192	22,950	(3.3)	45,324	52,985	(14.5)
Manager's management fees	7	(1,413)	(1,297)	8.9	(2,733)	(2,745)	(0.4)
Japan asset management fees		(518)	(540)	(4.1)	(1,077)	(1,255)	(14.2)
Trustee's fee		(127)	(139)	(8.6)	(257)	(294)	(12.6)
Trust expenses		(796)	(443)	79.7	(1,776)	(1,659)	7.1
Finance expenses	8	(3,078)	(3,187)	(3.4)	(6,394)	(8,030)	(20.4)
Other income		2,562	1,141	NM	4,180	1,141	NM
Net income before tax and fair value changes		18,822	18,485	1.8	37,267	40,143	(7.2)
Fair value change in investment properties		13,072	13,451	(2.8)	11,576	121,485	(90.5)
Fair value change in derivatives		(445)	870	NM	866	870	NM
Net income before tax		31,449	32,806	(4.1)	49,709	162,498	(69.4)
Tax expenses	9	(4,063)	(4,138)	(1.8)	(6,389)	(21,169)	(69.8)
Total return for the period		27,386	28,668	(4.5)	43,320	141,329	(69.3)
Attributable to:							
Unitholders		26,974	28,223	(4.4)	42,473	140,294	(69.7)
Perpetual securities holders		412	445	(7.4)	847	1,035	(18.1)
Total returns		27,386	28,668	(4.5)	43,320	141,329	(69.3)
<u>Distribution Statement</u>							
Total returns attributable to Unitholders of DHLT		26,974	28,223	(4.4)	42,473	140,294	(69.7)
Adjustments		(8,730)	(10,503)	(16.9)	(6,100)	(101,673)	(94.0)
Distributable income to Unitholders of DHLT		18,244	17,720	3.0	36,373	38,621	(5.8)

Note: "NM" denotes "Not Meaningful"

DAIWA HOUSE LOGISTICS TRUST
Unaudited Condensed Interim Financial Statements and Distribution Announcement
For the six months and full year ended 31 December 2023

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Notes	Group		Trust	
		31-Dec-23 S\$ '000	31-Dec-22 S\$'000	31-Dec-23 S\$ '000	31-Dec-22 S\$'000
Current assets:					
Cash and cash equivalents		45,801	48,938	9,100	11,393
Restricted cash	10	42,363	45,826	-	-
Trade and other receivables	11	5,511	5,501	400,844	450,676
Derivative assets	12	1,779	1,123	1,779	1,123
Total current assets		95,454	101,388	411,723	463,192
Non-current assets:					
Investment properties	13	1,006,288	1,075,651	-	-
Investment in subsidiaries		-	-	1,532	1,504
Total non-current assets		1,006,288	1,075,651	1,532	1,504
Total assets		1,101,742	1,177,039	413,255	464,696
Current liabilities:					
Trade and other payables	14	9,799	10,270	999	1,636
Lease liabilities		2,662	2,788	-	-
Loans and borrowings	15	93,359	-	-	-
End-tenants security deposits		3,721	-	-	-
Provision for taxation		54	7	45	-
Total current liabilities		109,595	13,065	1,044	1,636
Non-current liabilities:					
Trade and other payables	14	16,415	17,464	-	-
Lease liabilities		154,823	170,879	-	-
Loans and borrowings	15	220,861	338,301	-	-
Derivative liabilities	12	43	253	43	253
End-tenants security deposits		23,046	29,149	-	-
Deferred tax liabilities		23,479	18,925	-	-
Total non-current liabilities		438,667	574,971	43	253
Total liabilities		548,262	588,036	1,087	1,889
Net assets		553,480	589,003	412,168	462,807
Represented by:					
Unitholders' funds		517,703	553,211	376,391	427,015
Perpetual securities		35,777	35,792	35,777	35,792
Total equity at end of period		553,480	589,003	412,168	462,807
Units in issue and to be issued ('000)	16	696,066	693,774	696,066	693,774
Net asset value per Unit (S\$)	17	0.74	0.80	0.54	0.62

DAIWA HOUSE LOGISTICS TRUST

Unaudited Condensed Interim Financial Statements and Distribution Announcement For the six months and full year ended 31 December 2023

CONDENSED INTERIM CONSOLIDATED DISTRIBUTION STATEMENT

	Group			
	2H FY2023 S\$'000	2H FP2022 S\$'000	FY2023 S\$'000	FP2022 S\$'000
Amount available for distribution to Unitholders at beginning of the period	18,152	20,901	17,748	-
Total return for the period attributable to Unitholders	26,974	28,223	42,473	140,294
Distribution adjustments (Note A)	(8,730)	(10,503)	(6,100)	(101,673)
Income available for distribution to unitholders	18,244	17,720	36,373	38,621
Distributions to Unitholders:				
Distribution of 3.09 cents per unit for the period from 26 November 2021 to 30 June 2022	-	(20,873)	-	(20,873)
Distribution of 2.61 cents per unit for the period from 1 July 2022 to 31 December 2022	-	-	(17,675)	-
Distribution of 0.31 cents per unit for the period from 8 December 2022 to 31 December 2022	-	-	(50)	-
Distribution of 2.61 cents per unit for the period from 1 January 2023 to 30 June 2023	(18,123)	-	(18,123)	-
Net amount available for distribution to Unitholders at end of the period	18,273	17,748	18,273	17,748
<u>Distribution per Unit ('DPU') (cents):</u>				
- DPU	2.61	2.61	5.22	5.70
Note A - Distribution Adjustments				
Manager's management fees paid/payable in Units	689	648	1,349	1,372
Fair Value change in investment properties	(14,345)	(16,108)	(14,309)	(126,509)
Fair value change in derivative	445	(870)	(866)	(870)
Unrealised forex loss/(gain)	1	245	(142)	245
Amortisation of loan /bond upfront fee	757	689	1,581	2,148
Deferred tax expenses	3,871	4,138	6,072	21,169
Issue costs partly reimbursed from government grant	-	400	200	400
Others	(148)	355	15	372
Total distribution adjustments	(8,730)	(10,503)	(6,100)	(101,673)

DAIWA HOUSE LOGISTICS TRUST

Unaudited Condensed Interim Financial Statements and Distribution Announcement For the six months and full year ended 31 December 2023

CONDENSED STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

	Group		Trust	
	2H FY2023 S\$'000	2H FP2022 S\$'000	2H FY2023 S\$'000	2H FP2022 S\$'000
<u>Unitholders' funds</u>				
Balance at beginning of period	648,180	627,599	378,736	506,937
<u>Operations</u>				
Total return for the period attributable to Unitholders	27,386	28,668	15,501	(73,401)
Less: Amount reserved for distribution to perpetual securities holders	(412)	(445)	(412)	(445)
Net increase/(decrease) in net assets resulting from operations	26,974	28,223	15,089	(73,846)
<u>Unitholders transactions</u>				
Movement during the period				
- Issuance of new units under Sponsor subscription	-	12,375	-	12,375
- Issue cost	-	1,000	-	1,000
- Manager's fee paid/payable in units	689	1,422	689	1,422
Distribution to unitholders	(18,123)	(20,873)	(18,123)	(20,873)
Net change in unitholders' transactions	(17,434)	(6,076)	(17,434)	(6,076)
Balance at end of the period	657,720	649,746	376,391	427,015
<u>Foreign currency translation reserve</u>				
Balance at beginning of period	(138,272)	-	-	-
Net change in foreign currency transaction reserve	(1,745)	(96,535)	-	-
Balance at end of the period	(140,017)	(96,535)	-	-
Net assets attributable to Unitholders	517,703	553,211	376,391	427,015
<u>Perpetual securities</u>				
Beginning balance of period	35,789	35,807	35,789	35,807
Amount reserved for distribution to perpetual securities holders	412	445	412	445
Distribution made to perpetual securities holders	(424)	(460)	(424)	(460)
Balance at end of the period	35,777	35,792	35,777	35,792
Total	553,480	589,003	412,168	462,807

DAIWA HOUSE LOGISTICS TRUST

Unaudited Condensed Interim Financial Statements and Distribution Announcement For the six months and full year ended 31 December 2023

CONDENSED STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

	Group		Trust	
	FY2023 S\$'000	FP2022 S\$'000	FY2023 S\$'000	FP2022 S\$'000
<u>Unitholders' funds</u>				
Balance at beginning of period	649,746	-	427,015	-
<u>Operations</u>				
Total return for the period attributable to Unitholders	43,320	141,329	(15,278)	(81,402)
Less: Amount reserved for distribution to perpetual securities holders	(847)	(1,035)	(847)	(1,035)
Net increase/(decrease) in net assets resulting from operations	42,473	140,294	(16,125)	(82,437)
<u>Unitholders transactions</u>				
Movement during the period				
- Issuance of new units at Initial Public Offerings ("IPO")	-	540,000	-	540,000
- Issuance of new units under Sponsor subscription	-	12,375	-	12,375
- Issue cost	-	(23,885)	-	(23,885)
- Manager's fee paid/payable in units	1,349	1,835	1,349	1,835
Distribution to unitholders	(35,848)	(20,873)	(35,848)	(20,873)
Net change in unitholders' transactions	(34,499)	509,452	(34,499)	509,452
Balance at end of the period	657,720	649,746	376,391	427,015
<u>Foreign currency translation reserve</u>				
Balance at beginning of period	(96,535)	-	-	-
Net change in foreign currency transaction reserve	(43,482)	(96,535)	-	-
Balance at end of the period	(140,017)	(96,535)	-	-
Net assets attributable to Unitholders	517,703	553,211	376,391	427,015
<u>Perpetual securities</u>				
Beginning balance of period	35,792	35,574	35,792	35,574
Amount reserved for distribution to perpetual securities holders	847	1,035	847	1,035
Distribution made to perpetual securities holders	(862)	(817)	(862)	(817)
Balance at end of the period	35,777	35,792	35,777	35,792
Total	553,480	589,003	412,168	462,807

DAIWA HOUSE LOGISTICS TRUST
Unaudited Condensed Interim Financial Statements and Distribution Announcement
For the six months and full year ended 31 December 2023

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Group			
	2H FY2023 S\$'000	2H FP2022 S\$'000	FY2023 S\$'000	FP2022 S\$'000
Cash flows from operating activities:				
Net income before tax but after fair value changes	31,449	32,806	49,709	162,498
<i>Adjustments for:</i>				
Amortisation and straight lining of rents	107	(292)	69	(747)
Manager's fee paid in units	690	648	1,350	1,372
Manager's acquisition fee paid in units	-	463	-	463
Finance expenses	2,322	2,498	4,813	5,882
Amortisation of financing costs	757	689	1,581	2,148
Amortisation of prepaid expenses	156	160	319	372
Amortisation of leasing commission	88	-	166	-
Fair value change in investment properties	(13,072)	(13,451)	(11,576)	(121,485)
Fair value change in derivatives	445	(870)	(866)	(870)
Taxes paid	(23)	-	(23)	-
Interest income	(145)	(75)	(272)	(75)
Operating income before working capital changes	22,774	22,576	45,270	49,558
Changes in working capital:				
Trade and other receivables	198	3,704	(837)	(1,192)
Trade and other liabilities	(1,630)	(3,077)	32	10,892
Net cash flows generated from operating activities	21,342	23,203	44,465	59,258
Cash flows from investing activity:				
Acquisition of investment properties and related assets and liabilities	(199)	(49,450)	(243)	(885,722)
Receipt of security deposits	15	-	15	-
Payment of leasing commission	(72)	-	(72)	-
Cash flow used in investing activity	(256)	(49,450)⁽¹⁾	(300)	(885,722)⁽¹⁾
Cash flows from financing activities:				
Repayments of lease liability	(2,049)	(1,747)	(3,136)	(4,121)
Proceeds from issuance of new units	-	12,375 ⁽²⁾	-	552,375 ⁽²⁾
Payment of issue cost	-	-	-	(24,885)
Proceeds from grant	-	1,000	-	1,000
Proceeds from perpetual securities	-	-	-	35,574
Proceeds from debt financings	-	43,069 ⁽³⁾	-	408,900 ⁽³⁾
Payments of deferred financing costs	-	(1,087)	-	(8,208)
Payment of the finance expenses	(2,180)	(2,338)	(4,483)	(4,835)
Payments of perpetual securities distribution	(424)	(460)	(862)	(817)
Distributions paid to unitholders	(18,122)	(20,873)	(35,847)	(20,873)
Receipt of interest	107	53	238	53

DAIWA HOUSE LOGISTICS TRUST
Unaudited Condensed Interim Financial Statements and Distribution Announcement
For the six months and full year ended 31 December 2023

Restricted cash for financing activities	-	(2,272)	-	(54,260)
Cash flows (used in)/generated from financing activities	(22,668)	27,720	(44,090)	879,903
Net (decrease)/increase in cash and cash equivalents	(1,582)	1,473	75	53,439
Cash and cash equivalents at beginning of the period	47,500	50,284	48,938	-
Effect of exchange rate changes on cash and cash equivalents	(117)	(2,819)	(3,212)	(4,501)
Cash and cash equivalents at end of the period	45,801	48,938	45,801	48,938

- (1) Acquisitions of properties were funded via proceeds from issuance of units during IPO and Sponsor Subscription, debt financings and issuance of perpetual securities.
- (2) Proceeds from issuance of 675,000,000 DHLT units during the initial public offering on Listing Date, as well as the issuance of 16,071,444 units under the Sponsor Subscription has been fully disbursed and is in accordance with the stated uses as disclosed in the Prospectus and circular respectively.
- (3) Bank loans and bonds from banks for the acquisition of properties in relation to the initial public offering and acquisition has been fully disbursed and is in accordance with the stated uses as disclosed in the Prospectus and circular respectively.

DAIWA HOUSE LOGISTICS TRUST
Unaudited Condensed Interim Financial Statements and Distribution Announcement
For the six months and full year ended 31 December 2023

STATEMENT OF PORTFOLIO

Property	Geographic Area	Date of Construction	Tenure of Land	As at 31 Dec 2023	% of Net Assets Attributable to Unitholders	As at 31 Dec 2022	% of Net Assets Attributable to Unitholders
				S\$'000	%	S\$'000	%
DPL Sapporo Higashi Kariki	Hokkaido and Tohoku	1 Feb 2018	Freehold	119,499	23.1	129,265	23.4
DPL Sendai Port	Hokkaido and Tohoku	10 Mar 2017	Freehold	125,101	24.2	133,305	24.1
DPL Koriyama	Hokkaido and Tohoku	6 Sep 2019	Freehold	67,872	13.1	69,379	12.5
D Project Maebashi S	Greater Tokyo	5 Nov 2018	Freehold	34,449	6.7	35,548	6.4
D Project Kuki S	Greater Tokyo	1 Aug 2014	Leasehold	11,203	2.2	12,624	2.3
D Project Misato S	Greater Tokyo	15 Feb 2015	Leasehold	21,473	4.1	23,227	4.2
D Project Iruma S	Greater Tokyo	18 Dec 2017	Freehold	45,466	8.8	46,253	8.4
DPL Kawasaki Yako	Greater Tokyo	1 Jun 2017	Leasehold	196,055	37.9	212,076	38.3
D Project Nagano Suzaka S	Greater Tokyo	25 Sep 2018	Freehold	25,300	4.9	27,165	4.9
DPL Shinfuji	Greater Nagoya	20 Sep 2017	Leasehold	35,196	6.8	38,275	6.9
D Project Kakegawa S	Greater Nagoya	1 May 2019	Freehold	41,451	8.0	43,324	7.8
DPL Okayama Hayashima	Chugoku	19 Sep 2017 / 30 Nov 2018	Leasehold	42,385	8.2	45,647	8.3
DPL Okayama Hayashima 2	Chugoku	30 Oct 2017	Leasehold ⁽¹⁾	23,620	4.6	22,318	4.0
D Project Fukuoka Tobaras S	Kyushu	21 Feb 2019	Leasehold	12,697	2.5	13,633	2.5
DPL Iwakuni 1 & 2	Chugoku	28 Sep 2018 / 19 Mar 2020	Freehold	21,286	4.1	22,621	4.1
D Project Matsuyama S	Shikoku	31 Oct 1994 / 31 Jul 2017	Freehold	8,850	1.7	9,301	1.7
				831,903	160.9	883,961	159.8

(1) The ordinary land lease will automatically renew for a term of 20 years upon expiry unless otherwise agreed by the parties and the lessor will not be able to object to renewal without a justifiable reason.

DAIWA HOUSE LOGISTICS TRUST

Unaudited Condensed Interim Financial Statements and Distribution Announcement
For the six months and full year ended 31 December 2023

	Carrying Value as at 31 December 2023	% of Net Assets Attributable to Unitholders	Carrying Value as at 31 December 2022	% of Net Assets Attributable to Unitholders
	S\$'000	%	S\$'000	%
Investment properties	831,903	160.7	883,961	159.8
Other assets and liabilities (net)	(278,423)	(53.8)	(294,958)	(53.3)
Net Assets of the Group	553,480	106.9	589,003	106.5
Perpetual securities	(35,777)	(6.9)	(35,792)	(6.5)
Net assets attributable to Unitholders	517,703	100.0	553,211	100.0

As disclosed in the Statement of Financial Position

	31 December 2023 S\$'000	31 December 2022 S\$'000
Investment properties	1,006,288	1,075,651
Less:		
Right-of-use	(157,969)	(174,226)
Asset Retirement Obligation	(16,416)	(17,464)
Total investment properties, at valuation	831,903	883,961

DAIWA HOUSE LOGISTICS TRUST

Unaudited Condensed Interim Financial Statements and Distribution Announcement For the six months and full year ended 31 December 2023

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. General

Daiwa House Logistics Trust (“DHLT”) is a Singapore real estate investment trust constituted pursuant to a trust deed dated 2 November 2021 between Daiwa House Asset Management Asia Pte. Ltd. (the “Manager”) and HSBC Institutional Trust Services (Singapore) Limited (the “Trustee”). DHLT was listed on the Main Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 26 November 2021 (“Listing Date”). The Trust and its subsidiaries are collectively referred to as “DHLT” or “Group” in the consolidated financial statements.

The registered address of the Manager is 6 Shenton Way, #21-08 OUE Downtown, Singapore 0688098.

The principal activity of the Trust is to invest in a diverse portfolio of stabilised income-producing logistics and industrial assets, and real estate-related assets in Asia, to provide unitholders of DHLT with regular and stable distributions.

2. Basis of Preparation

The unaudited condensed interim financial statements for the period ended 31 December 2023 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”), the applicable requirements of the Code on Collective Investment Schemes (the “CIS Code”) issued by the Monetary Authority of Singapore (“MAS”) and the provisions of the Trust Deed. The condensed interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the last issued audited annual financial statements of the Group as at and for the financial period ended 31 December 2022. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the performance of DHLT.

As at 31 December 2023, the Group’s current liabilities exceed its current assets by S\$14.1 million. Notwithstanding the net current liabilities position, based on the Group’s existing financial resources, the Manager is of the opinion that the Group will be able to refinance its borrowings and meet its current obligations as and when they fall due.

The unaudited condensed interim financial statements are presented in Singapore Dollars (“S\$”), which is DHLT’s functional currency. All financial information presented in Singapore Dollars have been rounded to the nearest thousand, unless otherwise stated.

2.1 New and amended standards adopted

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those used in the preparation of audited financial statements for the financial period ended 31 December 2022 except in the current financial period, the Group has adopted all the new and revised standards that are effective for annual periods beginning on 1 January 2023. The adoption of these standards did not have any material impact on the Group’s condensed interim financial statements.

2.2 Use of estimates and judgements

The preparation of the financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and any future periods affected. Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial information is included in:

Area of estimation:	Note
Valuation of investment properties	13

DAIWA HOUSE LOGISTICS TRUST

Unaudited Condensed Interim Financial Statements and Distribution Announcement For the six months and full year ended 31 December 2023

3. Seasonal operations

DHLT's business is not affected significantly by seasonal or cyclical factors during the period.

4. Segment Reporting

DHLT's operating segments are regularly reviewed by the Chief Operating Decision Maker ("CODM"), being the Chief Executive Officer ("CEO"). An operating segment is a component of the DHLT that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. The Group's investment properties are primarily logistics and industrial properties located in Japan. Therefore, the directors consider that DHLT operates within a single business segment and within a single geographical segment in Japan. Accordingly, no segment information has been presented in this financial information.

5. Gross revenue

	GROUP			
	2H FY2023	2H FP2022	FY2023	FP2022
	S\$ '000	S\$ '000	S\$ '000	S\$ '000
Rental income	25,454	26,231	52,498	61,172
Recoverable and other income	3,497	3,585	7,354	7,547
Gross Revenue	28,951	29,816	59,852	68,719

Recoverable and other income includes service charge income, utilities income, carpark income, rental income from rooftop lease for solar panel and facility usage income.

6. Property operating expenses

	GROUP			
	2H FY2023	2H FP2022	FY2023	FP2022
	S\$ '000	S\$ '000	S\$ '000	S\$ '000
Property taxes	2,606	2,740	5,405	6,333
Utilities expenses	2,058	2,246	4,633	4,171
Property management fees and expense	532	442	1,033	962
Building management expenses	975	1,012	2,023	2,377
Other operating expenses	588	426	1,434	1,891
Total property operating expenses	6,759	6,866	14,528	15,734

DAIWA HOUSE LOGISTICS TRUST

Unaudited Condensed Interim Financial Statements and Distribution Announcement For the six months and full year ended 31 December 2023

7. Manager's management fees

The Manager is entitled under the Trust Deed to Management Fee comprising the Base Fee and Performance Fee as follows:

- (i) Base Fee of 10.0% per annum of the Annual Distributable Income (calculated before accounting for the Base Fee and the Performance Fee); and
- (ii) Performance Fee of 25.0% per annum of the difference in DPU in a financial year with the DPU in the preceding financial year (calculated before accounting for the Performance Fee but after accounting for the Base Fee in each financial year) multiplied by the weighted average number of Units in issue for such financial year (subject to adjustments in certain cases under the Trust Deed).

The Manager has elected to receive 50% of the base management fees in units, 50% in cash and 100% performance fee in cash for FY2023.

	GROUP			
	2H FY2023	2H FP2022	FY2023	FP2022
	S\$ '000	S\$ '000	S\$ '000	S\$ '000
Base Fee	1,378	1,297	2,698	2,745
Performance Fee	35	-	35	-
Total Manager's management fees	1,413	1,297	2,733	2,745

8. Finance expenses

	GROUP			
	2H FY2023	2H FP2022	FY2023	FP2022
	S\$ '000	S\$ '000	S\$ '000	S\$ '000
Interest expense	805	796	1,659	1,840
Amortisation of debt related expenses	757	689	1,581	2,148
Commitment and financing fees	40	14	80	14
Finance cost on lease liabilities and other liabilities	1,476	1,688	3,074	4,028
Total Finance Expenses	3,078	3,187	6,394	8,030

9. Tax expenses

Tax expense comprises income tax, withholding tax on distributions from Japan subsidiaries and deferred tax expense relating to origination and reversal of temporary differences.

	GROUP			
	2H FY2023	2H FP2022	FY2023	FP2022
	S\$ '000	S\$ '000	S\$ '000	S\$ '000
Current tax	192	-	317	-
Deferred tax	3,871	4,138	6,072	21,169
Tax expenses	4,063	4,138	6,389	21,169

10. Restricted cash

Restricted cash comprises cash reserves as required by the lenders for capital expenditure, and expenditures including interest expenses, property tax expenses, special purpose vehicle costs, land rent payments and insurance premium. Restricted cash also includes cash paid by the end-tenants which is to be deposited into a reserve cash account with the Property Trustee.

DAIWA HOUSE LOGISTICS TRUST

Unaudited Condensed Interim Financial Statements and Distribution Announcement For the six months and full year ended 31 December 2023

11. Trade and other receivables

	Group		Trust	
	31-Dec-23 S\$ '000	31-Dec-22 S\$ '000	31-Dec-23 S\$ '000	31-Dec-22 S\$ '000
Trade receivable	667	346	-	-
Prepayments	1,050	1,305	129	-
Refundable deposits	3,237	3,713	2	2
Refundable tax paid	488	-	-	-
Others	69	137	33	136
Amount due from subsidiaries	-	-	400,680	450,538
	5,511	5,501	400,844	450,676

12. Derivative Financial Instruments

	Group		Trust	
	31-Dec-23 S\$ '000	31-Dec-22 S\$ '000	31-Dec-23 S\$ '000	31-Dec-22 S\$ '000
Derivative assets	1,779	1,123	1,779	1,123
Derivative liabilities	(43)	(253)	(43)	(253)
Total derivative financial instruments	1,736	870	1,736	870
Percentage of derivative financial instruments to net assets	0.31%	0.15%	0.42%	0.19%

13. Investment properties

	Group	
	31 Dec 2023 S\$ '000	31 Dec 2022 S\$ '000
Consolidated Statement of Financial Position		
At beginning of year / Acquisition value of investment properties as at 26 November 2021 (Listing Date)	883,961	866,155
Acquisition of investment properties	-	47,886
Capital expenditure capitalised	236	190
Fair value changes in investment properties	14,309	126,509
Foreign exchange rate changes	(66,603)	(156,779)
Investment properties value at the end of period	831,903	883,961
Add: Right-of-use assets and assets corresponding to asset-retirement-obligation	174,385	191,690
Carrying value of investment properties at the end of period	1,006,288	1,075,651
Consolidated Statement of Comprehensive Income		
Fair value changes in investment properties	14,309	126,509
Right-of-use assets and assets corresponding to asset-retirement-obligation	(2,896)	(3,735)
Amortisation and straight lining	163	(1,289)
Net fair value changes recognised in the statement of comprehensive income	11,576	121,485

DAIWA HOUSE LOGISTICS TRUST

Unaudited Condensed Interim Financial Statements and Distribution Announcement For the six months and full year ended 31 December 2023

The Group's investment properties comprise logistic spaces which are leased to external customers and held either to earn rental income or capital appreciation or both, and right-of-use assets relating to land leases where certain properties are built upon. Investment properties are stated at initial cost on acquisition including transactions, and fair value thereafter.

On 29 December 2023, the Group entered into a Conditional Capital Contribution Purchase Agreement ("CCPA") with DH Asia Investment Peony Pte. Ltd. where it intends to acquire a cold storage logistic facility located in Long An Province, Vietnam, known as D Project Tan Duc 2 (the "Property"); through the purchase of the entire charter capital of DH Logistics Management Vietnam Co., Ltd., (the "Target Company"). The agreed value of the Property's value is VND 483.0 billion (approximately S\$26.5 million). The final purchase consideration is conditional on the net asset value of the Target Company and will be determined as of the acquisition completion date which is expected to be in the second quarter of 2024.

On 31 January 2024, the Group, through its subsidiary DH-CRUX Japan TMK, has entered into a Trust Beneficial Interest Sale and Purchase Agreement with Daiwa House Industry Co., Ltd. to acquire a freehold property located in Ibaraki, Japan, known as DPL Ibaraki Yuki. The purchase consideration is JPY 2,640.0 million (approximately S\$24.1 million) and the acquisition is expected to be completed in the first quarter of 2024.

Measurement of fair value

The Group's investment properties valuations were performed by independent professional valuers as of 31 December 2023. The independent professional valuers have appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued. The fair value is generally derived by using income capitalisation method, discounted cash flow method, direct comparison method and/or residual value method and key assumptions used include capitalisation rate, discount rate and adjusted price per square meter.

The carrying values of the investment properties as of 31 December 2023 were internally assessed by the Manager, after considering the operating parameters of the properties and in consultation with the external valuers conducting the annual valuation, considering current market conditions, capitalisation rates, discount rates and market comparables. Based on the review, there is no indication of significant changes affecting the value of the DHLT portfolio and the fair value of investment properties approximates the carrying value accounted in the Condensed Interim Statements of Financial Position.

The independent appraisers have the appropriate professional qualifications and recent experience in the location and category of the properties being valued.

The fair values were generally calculated using the Income Approach. The two primary income approaches that may be used are the Discounted Cashflow Method ("DCF") and the Direct Capitalisation Method ("DCM"). DCF calculates the present values of future cash flows over a specified time period, including the potential proceeds of a deemed disposal, to determine the fair value. DCM determines value by applying a capitalisation rate to the property's stabilised net operating income, normally at the first year. Both the DCF and DCM approaches convert the earnings of a property into an estimate of value. The Market Transaction or Direct Comparison approach may also be used, which is based on sound considerations for similarity and comparability between properties that have recently been sold. Considerations may include geographic location, physical, legal, and revenue generating characteristics, market conditions and financing terms and conditions. The final step in the valuation process involves the reconciliation of the individual valuation techniques in relationship to their substantiation by market data, and the reliability and applicability of each valuation technique to the subject property.

The valuation methods used in determining the fair value involve certain estimates including those relating to discount rate, terminal capitalisation rate and capitalisation rate, which are unobservable. In relying on the valuation reports, the Manager has exercised its judgement and is satisfied that the valuation methods and estimates used are reflective of the current market conditions.

The fair value measurement for investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used.

DAIWA HOUSE LOGISTICS TRUST

Unaudited Condensed Interim Financial Statements and Distribution Announcement
For the six months and full year ended 31 December 2023

Valuation techniques and significant unobservable inputs

The following table shows the range of key unobservable inputs used within the valuation reports:

Valuation technique	Key unobservable inputs	Relationship between key unobservable inputs and fair value measurement
Discounted cash flow approach	Rental rate per Tsubo/3.31 sq metres 2023: JPY 2,500 – JPY 7,150 (2022: JPY 2,500 – JPY 6,929) Discount rate 2023: 3.30% – 4.80% (2022: 3.35% – 4.95%) Terminal capitalisation/terminal discount rate 2023: 3.40% – 5.20% (2022: 3.45% – 5.35%)	Higher/(lower) rental rate would result in a higher/(lower) fair value. Lower/(Higher) discount rate or terminal capitalisation rate would result in a higher/ (lower) fair value.
Direct capitalisation method	Rental rate per Tsubo/3.31 sq metres 2023: JPY 2,500 – JPY 7,150 (2022: JPY 2,500 – JPY 6,929) Capitalisation rate 2023: 3.40% – 5.10% (2022: 3.45% – 5.25%)	Higher/(lower) rental rate would result in a higher/(lower) fair value. Lower/(Higher) capitalisation rate would result in a higher/(lower) fair value.

Key unobservable inputs

Key unobservable inputs correspond to:

- Discount rate, which reflects the risk-free rate, adjusted for a risk premium to reflect the increased risk of investing in the asset class.
- Terminal capitalisation rate, which reflects the uncertainty, functional/economic obsolescence and the risk associated with a future assumed sale of the investment properties.
- Capitalisation rate, which reflects the ratio of the property's net property income to its fair value.

14. Trade and other payables

	Group		Trust	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
	\$'000	\$'000	\$'000	\$'000
Current				
Trade payables	59	168	55	164
Other payables	1,794	1,456	139	212
Accrued expenses	3,112	3,569	805	1,260
Interest payable	679	628	-	-
Deferred revenue ⁽¹⁾	4,155	4,449	-	-
	<u>9,799</u>	<u>10,270</u>	<u>999</u>	<u>1,636</u>
Non-current				
Asset retirement obligation ⁽²⁾	16,415	17,464	-	-

(1) Deferred revenue comprises mainly advance rental and recoveries received in advance

(2) Non-current liabilities refer to the asset retirement obligations in respect of the leasehold investment properties

DAIWA HOUSE LOGISTICS TRUST

Unaudited Condensed Interim Financial Statements and Distribution Announcement For the six months and full year ended 31 December 2023

15. Loans and borrowings

Loans and borrowings comprise loans and bonds that were drawn down by DH-CRUX Japan TMK (“DH TMK”), a special purpose vehicle which holds directly and in trust each of the trust beneficial interests (“TBIs”) of the freehold properties and the ordinary land lease property.

	Group		Trust	
	31 Dec 2023 S\$ '000	31 Dec 2022 S\$ '000	31 Dec 2023 S\$ '000	31 Dec 2022 S\$ '000
Current				
Secured bank loans	93,359	-	-	-
	93,359	-	-	-
Non-current				
Secured bank loans	214,726	333,261	-	-
Secured fixed rate bonds	9,336	10,099	-	-
Less: Unamortised upfront debt-related transaction costs	(3,201)	(5,059)	-	-
	220,861	338,301	-	-
Total secured loans and borrowings	314,220	338,301	-	-
Percentage of borrowings to net assets	56.8%	57.5%	0.0%	0.0%

Secured Debt Facilities

DHLT, through DH TMK, has the following debt facilities as of 31 December 2023 and 31 December 2022:

- (1) 2 secured loan facilities amounting to JPY 33.0 billion from a syndicate of lenders. The loan facilities comprise various tranches between three to five year tenors with loan maturities between 2024 to 2027.
- (2) JPY 1.0 billion specified bonds issued to Sumitomo Mitsui Trust Bank Limited with a maturity in 2026.

DH-CRUX Japan TMK (“DH TMK”) is a special purpose vehicle which holds directly and in trust each of the trust beneficial interests (“TBIs”) of the freehold properties and the ordinary land lease property, while TK Operator (GK2) holds the TBIs of the special fixed-term land lease properties under a TK-GK structure.

Security Interests in connection with the Loan Facilities

The following security interests was created to secure the obligations of DH TMK as the borrower under the Loan Facilities:

- (i) revolving pledges over each TBI held by DH TMK or TK Operator (GK2);
- (ii) revolving mortgages over all real estate corresponding to the TBI (conditional upon the termination of the trust pursuant to the relevant trust agreement);
- (iii) revolving pledge over claims pursuant to insurance agreements for all real estate (conditional upon the termination of the trust pursuant to the relevant trust agreement);
- (iv) revolving pledge over the specified shares in DH TMK; and
- (v) revolving pledges over TK interests held by DH TMK in TK Operator (GK2).

Security Interests in connection with the Specified Bonds

A general security lien (*ippan tanpo*) was also created to secure the obligations of DH TMK as the issuer of the Specified Bonds. The subject of such general security lien (*ippan tanpo*) is the assets of DH TMK, which are, in substance, TBIs and TK interests in GKs. The Asset Liquidation Act grants

DAIWA HOUSE LOGISTICS TRUST

Unaudited Condensed Interim Financial Statements and Distribution Announcement For the six months and full year ended 31 December 2023

specified bondholders the right to receive all payments due in relation to such specified bonds out of the assets of DH TMK prior to any payments to other unsecured creditors.

The general security lien is subordinated to the above security interests (i) to (iii) and (v) held by DH TMK's lenders but takes preference over other unsecured creditors. Unless otherwise provided in the asset liquidation plan, that general security lien is automatically created by operation of law.

Unsecured Loan Facilities

In 2022, DHLT has obtained a 3 year committed revolving credit facility ("RCF") and an uncommitted RCF. There is no loan drawn under the 2 unsecured facilities and the total available facilities amount to S\$50 million as at 31 December 2023 and 31 December 2022.

16. Movements in Units

	Group and Trust			
	2H FY2023 No. of Units	2H FP2022 No. of Units	FY2023 No. of Units	FP2022 No. of Units
Units in issue at beginning of year/period	694,355,286	675,499,392	692,535,066	-
Units issued during the financial period:				
- Issuance of new units under Initial public offering (IPO)	-	-	-	675,000,000
- Issuance of new units under Sponsor subscription	-	16,071,444	-	16,071,444
- Acquisition fees paid in units	-	-	728,785	-
- Manager's base fee paid in units ⁽¹⁾	1,147,766	964,230	2,239,201	1,463,622
Units issued at end of period	695,503,052	692,535,066	695,503,052	692,535,066
Units to be issued				
- Acquisition fees payable in units	-	728,785	-	728,785
- Manager's base fee payable in units	562,858	510,561	562,858	510,561
	562,858	1,239,346	562,858	1,239,346
Total Units issued and to be issued at end of the period	696,065,910	693,774,412	696,065,910	693,774,412

There are no treasury Units in issue as at 31 December 2023 and 31 December 2022

17. Net Asset Value ("NAV") Per Unit

	Group		Trust	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Number of units in issue and to be issued ('000)	696,066	693,774	696,066	693,774
Net asset attributable to unitholders (S\$'000)	517,703	553,211	376,391	427,015
NAV and NTA per unit attributable to unitholders ⁽¹⁾ (S\$)	0.74	0.80	0.54	0.62

⁽¹⁾ The computation of NAV and NTA is based on number of units in issue and to be issued at the end of the period. NAV and NTA are the same as there is no intangible asset as at the end of the period.

DAIWA HOUSE LOGISTICS TRUST

Unaudited Condensed Interim Financial Statements and Distribution Announcement For the six months and full year ended 31 December 2023

18. Earnings Per Unit (“EPU”) and Distribution Per Unit (“DPU”)

	2H FY2023	FY2023	2H FP2022	FP2022
EPU				
Weighted average number of Units in issue	691,235,868	692,458,277	674,474,239	676,340,612
Net income for the period (S\$'000)	27,386	43,320	28,668	141,329
Basic and diluted EPU (cents)	3.96	6.26	4.25	20.90
DPU				
Number of units in issue at end of period	696,065,910	696,065,910	693,263,851	693,263,851
Distributable income to be paid to Unitholders (S\$'000)	18,244	36,373	17,720	38,621
DPU (cents)	2.61	5.22	2.61	5.70

Basic EPU is calculated based on the net income for the period and the weighted number of Units for the period.

Diluted EPU is the same as the basic EPU as there are no dilutive instruments in issue during the period.

19. Fair value measurement

The Group classifies financial assets measured at fair value using a fair value hierarchy which reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3: Unobservable inputs for the asset or liability.

The fair values of financial assets and liabilities, including their levels in the fair value hierarchy are set out below. It does not include the fair value information of financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Group	Note	Carrying amount				Fair value			
		Financial assets at amortised cost S\$'000	Financial liabilities at amortised cost S\$'000	FVTPL S\$'000	Total carrying amount S\$'000	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
31 December 2023									
Financial assets measured at fair value									
Derivative assets	12	-	-	1,779	1,779	-	1,779	-	1,779
Financial liabilities not measured at fair value									
Loans and borrowings	15	-	314,220	-	314,220	-	-	314,123	314,123
Financial liabilities measured at fair value									
Derivative liabilities	12	-	-	43	43	-	43	-	43

DAIWA HOUSE LOGISTICS TRUST

Unaudited Condensed Interim Financial Statements and Distribution Announcement For the six months and full year ended 31 December 2023

Group	Note	Carrying amount				Fair value			
		Financial assets at amortised cost S\$'000	Financial liabilities at amortised cost S\$'000	FVTPL S\$'000	Total carrying amount S\$'000	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
31 December 2022									
Financial assets measured at fair value									
Derivative assets	12	-	-	1,123	1,123	-	1,123	-	1,123
Financial liabilities not measured at fair value									
Loans and borrowings	15	-	338,301	-	338,301	-	-	337,161	337,161
Financial liabilities measured at fair value									
Derivative liabilities	12	-	-	253	253	-	253	-	253

Measurement of fair values

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 and Level 3 of the fair value hierarchy:

Financial instruments measured at fair value

Derivatives

The fair value of forward contracts are based on valuations provided by the financial institutions that are the counterparties of the transactions.

Financial instruments not measured at fair value

Loans and borrowings

The fair values of loans and borrowings are calculated using the discounted cash flow technique based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

DAIWA HOUSE LOGISTICS TRUST
Unaudited Condensed Interim Financial Statements and Distribution Announcement
For the six months and full year ended 31 December 2023

20. Significant related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant related party transactions were carried out at terms agreed between the parties during the financial years:

	Group	
	FY2023 S\$ '000	FP2022 S\$ '000
Trustee Fee paid and payable to Trustee	144	179
Rent from solar system income and other income from subsidiaries of Sponsor	(142)	(124)
Japan asset management fees	1,077	1,255
Property management fees	820	890
Building management fees	1,990	2,317
Construction management fees	47	19
Lease contract administration fees	72	664
Ground rent paid to Sponsor	6,370	7,790
Electricity paid/payable to a subsidiary of Sponsor	2,808	3,132
Repair cost/capex paid/payable to Sponsor or its subsidiaries	142	16
Insurance premium paid to a subsidiary of Sponsor	14	1,854
Acquisition of properties from Sponsor	-	902,967
Issuance of equity to Sponsor under Sponsor subscription ⁽¹⁾	-	67,523
Management fees paid/payable to the Manager	2,733	2,745
Distribution made to perpetual securities holder	847	1,035
Acquisition fees paid to the Manager	-	463
Set-up / acquisition fees paid to the Japan asset manager	-	2,709

⁽¹⁾ Including fees capitalised into issuance costs

21. Financial ratios

	Group	
	31 Dec 2023	31 Dec 2022
Ratio of expenses to weighted average net assets ⁽¹⁾		
- Including performance component of the Manager's management fees	1.06%	0.85%
- Excluding performance component of the Manager's management fees	1.05%	0.85%
Portfolio turnover ratio ⁽²⁾	-	-
Aggregate leverage	35.2%	35.9%
Interest coverage ratio	11.9x	11.8x

⁽¹⁾ The annualised ratios are computed in accordance with the guidelines of the Investment Management Association of Singapore ("IMAS"). The expenses used in the computation relate to expenses of DHLT, excluding property expenses, finance expenses, net foreign exchange differences and income tax expense for the trailing 12 months.

⁽²⁾ The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of DHLT expressed as percentage of average net asset value in accordance with the formulae stated in the Code on Collective Investment Schemes.

DAIWA HOUSE LOGISTICS TRUST

**Unaudited Condensed Interim Financial Statements and Distribution Announcement
For the six months and full year ended 31 December 2023**

22. Subsequent events

On 23 January 2024, the Group has incorporated a wholly-owned subsidiary, DH-CRUX3 PTE. LTD. which has been designated as the purchaser in lieu of the DHLT trustee (“Designated Purchaser” or “DH-CRUX3”) of the acquisition of the Target Company in Vietnam. (please see note 13 for details). In this connection, the vendor, the DHLT trustee and the Designated Purchaser have entered into a novation agreement pursuant to which the rights and obligations of the DHLT trustee under the CCPA have been novated to DH-CRUX3 in lieu of the DHLT trustee in respect of the acquisition.

On 31 January 2024, the Group, through its subsidiary DH-CRUX Japan TMK, has entered into a Trust Beneficial Interest Sale and Purchase Agreement with Daiwa House Industry Co., Ltd. to acquire a freehold property located in Ibaraki, Japan, known as DPL Ibaraki Yuki. Please refer to Note 13 for further details.

On 28 February 2024, the Manager announced a distribution of 2.61 Singapore cents per Unit to DHLT Unitholders for the period from 1 July 2023 to 31 December 2023.

DAIWA HOUSE LOGISTICS TRUST

Unaudited Condensed Interim Financial Statements and Distribution Announcement For the six months and full year ended 31 December 2023

OTHER INFORMATION

1. Whether the figures have been audited, or reviewed and if so which auditing standard or practice has been followed

The figures have not been audited nor reviewed by our auditors.

Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of matter)

Not applicable

2. Review of Actual Performance

A review of the 6 months results is performed between 2H FY2023 and 2H FP2022. The actual results of FP2022 covered the period from 26 November 2021 to 31 December 2022 (400 days), whereas FY2023 period was from 1 January 2023 to 31 December 2023 (365 days). The actual 12 months results for the period from 1 January 2022 to 31 December 2022 is also separately shown as FY2022 for comparison to FY2023.

GROUP						
	2H FY2023 Actual S\$ '000	2H FP2022 Actual S\$ '000	Change %	FY2023 Actual S\$ '000	FY2022 Actual S\$ '000	Change %
Gross revenue	28,951	29,816	(2.9)	59,852	62,120	(3.7)
- Rental Income	25,454	26,231	(3.0)	52,498	55,190	(4.9)
- Recoverable and other income	3,497	3,585	(2.5)	7,354	6,930	6.1
Property expenses	(6,759)	(6,866)	(1.5)	(14,528)	(14,396)	0.9
- Property taxes	(2,606)	(2,741)	(4.9)	(5,405)	(5,698)	(5.1)
- Utilities expenses	(2,059)	(2,245)	(8.3)	(4,634)	(3,875)	19.6
- Property management fees and expenses	(532)	(441)	20.5	(1,033)	(873)	18.2
- Building management expenses	(975)	(1,012)	(3.6)	(2,023)	(2,148)	(5.8)
- Other operating expenses	(588)	(427)	37.8	(1,434)	(1,800)	(20.4)
Net property income ("NPI")	22,192	22,950	(3.3)	45,324	47,724	(5.0)
Manager's management fee	(1,413)	(1,296)	9.0	(2,733)	(2,528)	8.1
Japan asset management fees	(518)	(540)	(4.0)	(1,077)	(1,129)	(4.6)
Trustee's fee	(127)	(139)	(8.5)	(257)	(269)	0.0
Trust expenses	(796)	(443)	79.7	(1,776)	(1,027)	72.9
Finance expenses	(3,078)	(3,187)	(3.4)	(6,394)	(7,074)	(9.6)
Other income	2,563	1,141	NM	4,181	1,141	NM
Net income before tax and fair value change in investment properties	18,822	18,485	1.8	37,267	36,838	1.2
Fair value change in investment properties	13,072	13,451	NM	11,576	11,876	NM
Fair value change in derivatives	(445)	870	NM	866	870	NM
Tax expenses	(4,063)	(4,139)	(1.8)	(6,389)	(21,169)	(69.8)
Total returns	27,386	28,667	NM	43,320	28,415	NM

DAIWA HOUSE LOGISTICS TRUST

Unaudited Condensed Interim Financial Statements and Distribution Announcement For the six months and full year ended 31 December 2023

Attributable to:

Unitholders	26,974	28,223	NM	42,487	27,485	NM
Perpetual Securities Holders	412	444	(7.3)	847	930	(9.0)
Total returns	27,386	28,667	NM	43,320	28,415	NM

Distribution Statement

Total returns attributable to Unitholders of DHLT	26,974	28,223	NM	42,472	27,485	NM
Adjustments	(8,730)	(10,903)	NM	(6,099)	7,398	NM
Distribution of capital	-	400	NM	-	400	NM
Total returns	18,244	17,720	3.0	36,373	35,283	3.1

Review of actual performance for 2H FY2023 vs 2H FP2022

2H FY2023 gross revenue was S\$29.0 million, a decrease of S\$0.9 million or 2.9% from 2H FP2022, weighed down by the weaker JPY. In JPY terms, gross revenue which amounted to JPY 3,135 million outperformed 2H FP2022 by 4.6%. This is contributed by higher rental income underpinned by higher occupancy as well as the contribution from acquisitions completed in December 2022.

Property expenses for 2H FY2023 were S\$6.8 million, a decrease of S\$0.1 million or 1.5% from 2H FP2022 of S\$6.9 million, mainly due to weaker JPY. In JPY terms, the properties expenses for 2H FY2023 of JPY 731 million were higher than that of 2H FP2022 by JPY 45 million or 6.6%, due to the depreciable asset tax credit for the tax refund adjusted in 2H FP2022 and property expenses related to acquisitions completed in December 2022.

Net property income ("NPI") was S\$22.2 million for 2H FY2023, a decrease of S\$0.8 million or 3.3% from S\$23.0 million in 2H FP2022. However, in JPY terms, NPI was JPY 2,403 million for 2H FY2023, an increase of JPY 93 million or 4.1% from JPY 2,310 million in 2H FP2022, mainly due to the contribution of acquisitions.

Finance expenses of S\$3.1 million for 2H FY2023, a decrease of S\$0.1 million or 3.4% from S\$3.2 million in 2H FP2022 was due to the weaker JPY. In JPY terms, finance expenses were JPY 328.9 million for 2H FY2023 higher than that of 2H FP2022 by 17.4 million or 5.6%, due to additional loans drawn to fund the acquisitions completed in December 2022, partially offset by lower finance on lease liabilities given the conversion of the leasehold interest on one of the properties to freehold in December 2022.

Trust expenses of S\$0.8 million was S\$0.4 million higher than 2H FP2022 mainly due to increase in the professional and statutory/indirect tax expenses recorded in 2H FY2023 and reversal for some IPO related cost booked in the prior period in 2021, in 2H FP2022 on the receipt of the incentives.

Other income comprises mainly net foreign exchange gain and interest income. The other income in 2H FY2023 was higher mainly due to realised exchange gain of S\$2.4 million attributed mainly to the forwards.

Fair value on financial derivatives arose mainly from the revaluation of foreign exchange forward contracts entered to hedge against the foreign exchange exposures of the Group. This is a non-cash item and therefore does not affect income available for distribution to Unitholders.

Tax expense of S\$4.0 million largely relates to deferred tax expenses that arose from property fair value gains.

Notwithstanding the weaker JPY against S\$, income available for distribution to Unitholders for 2H FY2023 was S\$18.2 million, 3.0% higher compared to S\$17.7 million for 2H FP2022.

DAIWA HOUSE LOGISTICS TRUST

Unaudited Condensed Interim Financial Statements and Distribution Announcement For the six months and full year ended 31 December 2023

Review of actual performance for FY2023 vs FY2022

FY2023 gross revenue was S\$59.9 million, a decrease of S\$2.3 million or 3.7% from FY2022, weighed down by the weaker JPY. In JPY terms, gross revenue is JPY 6,250 million, which outperformed FY2022 by 6.0%; due to the full year contribution in FY2023 from acquisitions completed in December 2022 and additional rental income from higher occupancy. There is also higher utilities recoverable income underpinned by the higher occupancy and higher electricity tariff rates.

Property expenses for FY2023 were S\$14.5 million, an increase of S\$0.1 million or 0.9% from FY2022 of S\$14.4 million, due to contribution from acquisitions completed in December 2022, offset by a weaker JPY. In JPY terms, the property expenses for FY2023 of JPY 1,514 million were higher than that of FY2022 by JPY 145 million or 10.6%, due to higher utilities expenses resulting from higher electricity tariff rates, as well as the full year of property expenses related to acquisitions completed in December 2022.

NPI was S\$45.3 million for FY2023, a decrease of S\$2.4 million or 5.0% from S\$47.7 million in FY2022. However, in JPY terms, NPI was JPY 4,736 million for FY2023, an increase of JPY 209 million or 4.6% from JPY 4,527 million in FY2022.

Finance expenses of S\$6.4 million were 9.6% lower than FY2022 mainly due to the weaker JPY. In JPY terms, finance expenses were JPY 664.7 million for FY2023 higher than that of FY2022 by JPY 4.1 million or 0.6%, due to the additional loans drawn to fund the acquisitions completed in December 2022, partially offset by lower finance on lease liabilities given the conversion of the leasehold interest on one of the properties to freehold in December 2022.

Trust expenses of S\$1.8 million were S\$0.7 million higher than FY2022 due to increase in the professional and statutory/indirect tax expenses, and reversal for some IPO related cost booked in the prior period in 2021, in FY2022 on the receipt of the incentives resulting a lower amount of trust expenses in FY2022.

Other income comprises mainly net foreign exchange gain and interest income. Other income was higher mainly due to the realised exchange gain of S\$3.7 million attributed mainly to the forwards.

Tax expense of S\$6.3 million relates to deferred tax expenses that arose from property fair value gains.

Notwithstanding the weaker JPY against S\$, income available for distribution to Unitholders for FY2023 was S\$36.4 million, 3.1% higher compared to S\$35.3 million for FY2022.

DAIWA HOUSE LOGISTICS TRUST

Unaudited Condensed Interim Financial Statements and Distribution Announcement For the six months and full year ended 31 December 2023

3. Variance from Previous Forecast/Prospect Statement

There was no forecast or prospect statement previously disclosed to shareholders for the financial year ended 31 December 2023.

4. Commentary on the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

Large supply of logistics space in Japan over the past year has resulted in moderation of rental growth in for logistics space in general, with older facilities or those with poor accessibility facing challenges securing tenants. However, new supply may reduce in future, in view of the rising land prices and increasing construction costs, and this may tighten the demand-supply dynamics⁽¹⁾.

Despite the increased supply of logistics space, demand has remained healthy with third party logistics companies and e-commerce companies looking to expand their businesses and establish new bases. With the restriction on overtime for truck drivers coming into effect from April 2024 in Japan, this is expected to create new demand for logistics facilities in the regional areas. Further, the returning of overseas production process back to Japan, particularly in the semiconductor and automotive industries, may also boost demand for logistics space in Japan⁽²⁾.

In view of the above, the Manager believes that the long-term fundamentals of logistics sector in Japan is expected to remain healthy, and will remain vigilant to changes in market conditions.

Notes:

⁽¹⁾ Source: Savills Research – Japan: Review and 2024 Prospects (December 2023)

⁽²⁾ Source: CBRE Research – Asia Pacific Real Estate Market Outlook 2024: Japan (December 2023)

5. Distributions

(a) Current financial period

Any distributions declared for the current financial period? Yes

Name of distribution : 4th distribution for the period from 1 July 2023 to 31 December 2023

Distribution type	:	Tax-exempt	Capital	Total
Distribution rate	:	2.14 cents	0.47 cents	2.61 cents

Par value of units : Not applicable

Tax rate : Tax-exempt income distribution
Tax-exempt income distribution is exempt from tax in the hands of all Unitholders.

Capital distribution
Distributions out of capital are not taxable in the hands of all Unitholders.

Such distributions are treated as a return of capital for Singapore Income Tax purposes. For Unitholders who hold the Units as trading or business assets and are liable to Singapore income tax on gains arising from disposal of the Units, the amount of such distributions will be applied to reduce the cost of the Units for the

DAIWA HOUSE LOGISTICS TRUST

Unaudited Condensed Interim Financial Statements and Distribution Announcement For the six months and full year ended 31 December 2023

purpose of calculating the amount of taxable trading gain arising from a subsequent disposal of the Units. If the amount exceeds the cost of the Units, the excess will be subject to tax as trading income of such Unitholders.

Record date : 7 March 2024

Date of distribution : 26 March 2024

(b) Corresponding period of the immediately preceding financial year

Any distributions declared for the corresponding period of the immediately preceding financial year?

Yes.

Name of distribution : 3rd distribution for the period from 1 January 2023 to 30 June 2023

Distribution type : Capital distribution

Distribution rate : 2.61 cents

Par value of units : Not applicable

Tax rate : Capital distribution
Distributions out of capital are not taxable in the hands of all Unitholders.

Such distributions are treated as a return of capital for Singapore Income Tax purposes. For Unitholders who hold the Units as trading or business assets and are liable to Singapore income tax on gains arising from disposal of the Units, the amount of such distributions will be applied to reduce the cost of the Units for the purpose of calculating the amount of taxable trading gain arising from a subsequent disposal of the Units. If the amount exceeds the cost of the Units, the excess will be subject to tax as trading income of such Unitholders.

Record date : 14 August 2023

Date of distribution : 26 September 2023

Name of distribution : 2nd distribution for the period from 1 July 2022 to 31 December 2022 as follows :

Unitholder Class	Period	DPU (cents)
Ordinary	1 July 2022 to 7 December 2022	2.30
Ordinary / Class A	8 December 2022 to 31 December 2022	0.31
	Total for 2H2022	2.61

Distribution type : Capital distribution

Distribution rate : 2.61 cents

DAIWA HOUSE LOGISTICS TRUST

Unaudited Condensed Interim Financial Statements and Distribution Announcement For the six months and full year ended 31 December 2023

Par value of units	:	Not applicable
Tax rate	:	Capital distribution Distributions out of capital are not taxable in the hands of all Unitholders. Such distributions are treated as a return of capital for Singapore Income Tax purposes. For Unitholders who hold the Units as trading or business assets and are liable to Singapore income tax on gains arising from disposal of the Units, the amount of such distributions will be applied to reduce the cost of the Units for the purpose of calculating the amount of taxable trading gain arising from a subsequent disposal of the Units. If the amount exceeds the cost of the Units, the excess will be subject to tax as trading income of such Unitholders.
Record date	:	3 March 2023
Date of distribution	:	30 March 2023
Name of distribution	:	1 st distribution for the period from 26 November 2021 to 30 June 2022
Distribution type	:	Capital distribution
Distribution rate	:	3.09 cents
Par value of units	:	Not applicable
Tax rate	:	Capital distribution Distributions out of capital are not taxable in the hands of all Unitholders. Such distributions are treated as a return of capital for Singapore Income Tax purposes. For Unitholders who hold the Units as trading or business assets and are liable to Singapore income tax on gains arising from disposal of the Units, the amount of such distributions will be applied to reduce the cost of the Units for the purpose of calculating the amount of taxable trading gain arising from a subsequent disposal of the Units. If the amount exceeds the cost of the Units, the excess will be subject to tax as trading income of such Unitholders.
Remark	:	The capital distribution from 26 November 2021 to 30 June 2022 is expected to be funded from borrowing at the REIT level.
Record date	:	The Transfer Books and Register of Unitholders of Daiwa House Logistics Trust will be closed on 12 August 2022 for the purposes of determining each unitholder's entitlement to DHLT's distribution.
Date of distribution	:	6 September 2022

6. If no distribution has been declared/recommended, a statement to that effect and the reason(s) for the decision

Not applicable.

DAIWA HOUSE LOGISTICS TRUST

**Unaudited Condensed Interim Financial Statements and Distribution Announcement
For the six months and full year ended 31 December 2023**

7. Interested Person Transactions

The Group has not obtained a general mandate from Unitholders for interested person transactions.

8. Confirmation pursuant to Rule 704(13) of the Listing Manual

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Manager confirms that there is no person occupying a managerial position in the Manager or in any of DHLT's principal subsidiaries who is a relative of a director, chief executive officer, substantial shareholder of the Manager or substantial unitholder of DHLT.

9. Confirmation Pursuant to Rule 720 (1) of the Listing Manual

The Manager confirms that it has procured undertakings from all its directors and executive officers in the form as set out in Appendix 7.7 under Rule 720 (1) of the Listing Manual.

This release may contain forward-looking statements that involve risks and uncertainties. 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 other companies and venues for the sale/distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of management on future events.

For and on behalf of the Board
Daiwa House Asset Management Asia Pte Ltd
(Company Registration No. 202037636H)
As Manager of Daiwa House Logistics Trust

Tan Jeh Wuan
Chairman

Jun Yamamura
Director and Chief Executive Officer

28 February 2024