



Daiwa House
Logistics Trust

Daiwa House Asset Management Asia Pte. Ltd.

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**Daiwa House Logistics Trust post
DPU of 3.09 cents, in line with forecast**

- ***All leases that were to expire during 1H FY2022 were renewed***
- ***Average rent of new and renewed leases increased by 3.1%¹***
- ***Portfolio maintained long WALE of 6.8 years² and occupancy rate remained high at 98.6% as at 30 June 2022***

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 2022 – 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 26 November 2021 (“**Listing Date**”) to 30 June 2022 (“**1H FY2022**”).

During 1H FY2022, there was a new lease entered into and all leases that were to expire during the period were renewed. As a result, a high occupancy rate of 98.6% was maintained as at 30 June 2022, where all properties were fully occupied except for one. The average rent increase for all the leases entered into or renewed during 1H FY2022 was 3.1%¹. There was no reduction of rent for any of the leases renewed.

The average lease term for the leases entered or renewed during 1H FY2022 was approximately 4 years, and the portfolio maintained its long weighted average lease expiry (“**WALE**”) of 6.8 years². Following the renewal of the leases, there was only 8.4% of NLA remaining for renewal in 2022 for multi-tenanted properties². There are no leases expiring in 2022 for built-to-suit properties.

¹ Based on the monthly rent for new or renewed lease compared against the preceding lease for the same space weighted by net lettable area (“**NLA**”).

² By occupied NLA.

Summary of Financial Results

	Period from 26 November 2021 to 30 June 2022		
	Pro-rated Forecast ^(a)	Actual (unaudited)	Variance
Gross Revenue (S\$ '000)	40,357	38,903	-3.6%
Net Property Income (S\$ '000)	31,461	30,035	-4.5%
Distributable Income (S\$ '000)	20,898	20,901	-
Distribution per Unit (cents)	3.09	3.09	-

a. Pro-rated based on (i) the forecast Consolidated Statements of Comprehensive Income for the period 1 October 2021 to 31 December 2021 and (ii) the forecast Consolidated Statements of Comprehensive Income for the period 1 January 2022 to 31 December 2022, as disclosed in the IPO Prospectus dated 19 November 2021 ("**IPO Prospectus**").

The gross revenue and net property income for 1H FY2022 were lower than forecast mainly due to weaker JPY against SGD. Distributable income to unitholders and DPU of 3.09 cents were in line with forecast as finance expense and trust expenses were lower than forecast.

DHLT's distribution policy is to distribute 100.0% of its annual distributable income for the period from the Listing Date to 31 December 2022. The first distribution, which will be in respect of the period from the Listing Date to 30 June 2022, will be paid on or around 6 September 2022. Please refer to the separate announcement on the distribution for further information.

Mr Takeshi Fujita, Chief Executive Officer of the Manager, said, "We are pleased to inform that the operational performance remained stable and the DPU from the period from 26 November 2022 to 30 June 2022 was in line with the forecast, amidst the recent challenges faced by various economies and financial markets.

During 1H FY2022, DHLT entered into a new lease and all leases that were to expire during the period were renewed. The average rent increase for the leases entered into or renewed during 1H FY2022 was 3.1%, which demonstrated the quality of the properties and reflected the healthy demand amidst new supply in the market. As a

result, DHLT maintained a high portfolio occupancy rate of 98.6%. Portfolio WALE³ was relatively long at 6.8 years as at 30 June 2022, providing income stability to DHLT. Following the renewal of leases, there was only 8.4% of NLA remaining for renewal this year for the multi-tenanted properties⁴, with no leases expiring for built-to-suit properties in 2022.”

Capital Management

Aggregate leverage was 34.0% as at 30 June 2022. The consumption tax that was paid in relation to the acquisition of the portfolio has been refunded in April 2022 and the loan taken for consumption tax has also been repaid.

The remaining borrowings are all denominated in JPY, thereby providing a natural hedge as the value of the properties is denominated in JPY. The all-in weighted average borrowing cost was 0.9% per annum (including upfront fee), and 100% of the borrowings are on fixed rate basis. The maturity date of the borrowings are well spread with a weighted maturity of 3.4 years as at 30 June 2022. As at 30 June 2022, there were no refinancing requirements until 2024.

Mr Fujita added: “Further to the refund of consumption tax in April 2022, the loan taken for consumption tax was repaid. This resulted in aggregate leverage of 34.0% as at 30 June 2022 compared to 43.8% as at Listing Date as disclosed in the Prospectus. This will provide DHLT with greater funding flexibility when pursuing growth opportunities, as the Manager continues to actively seek accretive acquisitions.”

Outlook

While large supply of logistics space is expected in 2022 and 2023, the Manager believed that the demand is expected to remain buoyant. Based on a recent survey⁴ conducted on companies in Japan that use logistics facilities, 56% of the respondents indicated that they plan to open new facilities or to expand locations and floor area as their focus over the next 3 years. Some of the key reasons for the increase in requirements included (i) business expansion; (ii) relocation for more efficient network;

³ By occupied NLA.

⁴ Source: Japan 2022 Logistics Occupier Survey (CBRE, published June 2022).

(iii) obsolescence of current existing facilities; and (iv) increased in volume of storage goods. Majority of the respondents indicated that they would look to lease space in existing or new multi-tenanted facilities. There were also indications that some of the respondents intends to increase use of 3PL over the next 3 years, which suggest that the 3PL sector may continue to expand.

The business environment is currently facing various challenges posed by current situations including ongoing pandemic, economic uncertainties, interest rate movements and geopolitical situation. While the Manager remained cautious of the impact from such challenges, it believed that prudent capital management and the resilient portfolio of DHLT may mitigate such impact.

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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 14 high-quality modern logistics properties across Japan with an appraised value of approximately JPY81,070 million as at 31 December 2021, and an aggregate net lettable area of approximately 423,920 sq m.

DHLT is managed by Daiwa House Asset Management Asia Pte. Ltd., a wholly-owned subsidiary of its Sponsor, Daiwa House Industry Co., Ltd.

About the Sponsor, Daiwa House Industry Co., Ltd. (www.daiwahouse.co.jp)

Daiwa House Industry Co., Ltd. (“**Daiwa House Industry**”) is one of the largest construction and real estate development companies in Japan. It is listed on the Tokyo Stock Exchange (“**TSE**”) with a market capitalisation of JPY2,106.6 billion (S\$21.5 billion) as of 30 June 2022.

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.