

# **Daiwa House Logistics Trust**

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Business Update for First Quarter Ended 31 March 2022

12 May 2022

Daiwa House

This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for units in Daiwa House Logistics Trust (“**DHLT**”, and the units in DHLT, the “**Units**”).

The past performance of DHLT is not necessarily indicative of the future performance of DHLT. The value of the Units and the income derived from them, if any, may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, Daiwa House Asset Management Asia Pte. Ltd., as manager of DHLT (the “**Manager**”) or any of its affiliates. An investment in the Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request the Manager to redeem or purchase their Units for so long as the Units are listed on Singapore Exchange Securities Trading Limited (“**SGX-ST**”). It is intended that unitholders of DHLT may only deal in their Units through trading on the SGX-ST. The listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This announcement may contain forward-looking statements. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses, property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager’s current view of future events.

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.

## Key Highlights for First Quarter Ended 31 March 2022



**DPL Kawasaki Yako**



## Operational

Overall portfolio occupancy improved to **98.6%<sup>(1)</sup>**

Leases entered / renewed maintain income stability with WALE of **6.8 Years<sup>(1,2)</sup>**

**Consumption tax refunded,** Consumption Tax Loan repaid on 28 April 2022

**Portfolio remained resilient** with no request for rental relief from tenant as of 31 March 2022



## Financial performance for 1Q FY2022 in line with forecast<sup>(3)</sup>

- Gross revenue **S\$16.8m**
- Net property income **S\$13.3m**
- Distributable income to unitholders **S\$8.9m**
- Distribution per Unit **1.31¢**

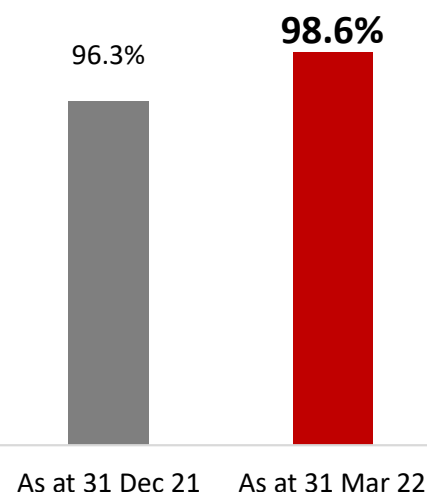
(1) As at 31 March 2022.

(2) By occupied NLA as at 31 March 2022.

(3) Pro-rated based on the forecast Consolidated Statements of Comprehensive Income for the financial year ended 31 December 2022 ("Projection Year 2022") as disclosed in the IPO Prospectus dated 19 November 2021 ("IPO Prospectus").

All properties except for one are at full occupancy as at 31 March 2022

Overall Portfolio Occupancy Rate



**6.8 Years<sup>(1)</sup>**

Overall Portfolio Aggregate WALE

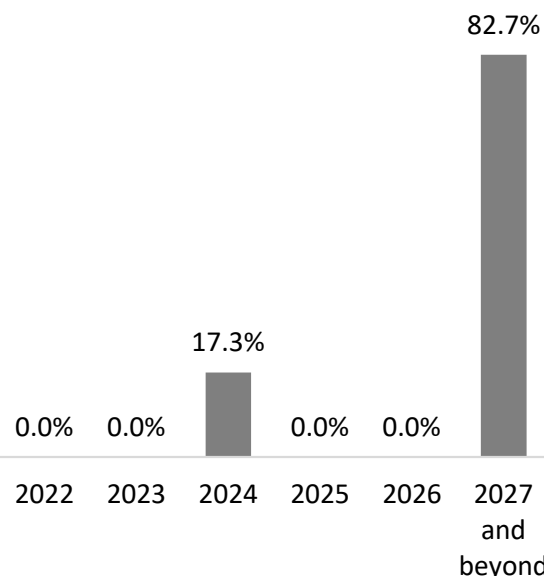
**10.5 Years<sup>(1)</sup>**

WALE of Single-Tenanted BTS Properties

**5.6 Years<sup>(1)</sup>**

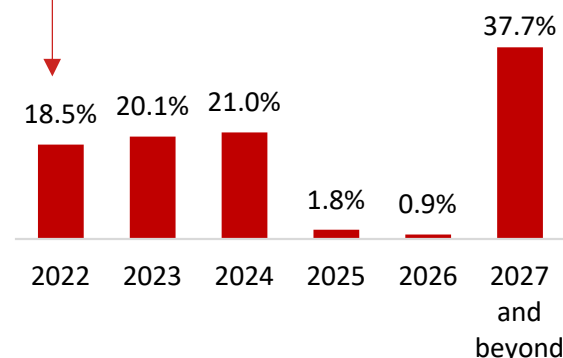
WALE of Multi-Tenanted Properties

Single-Tenanted BTS Assets Lease Expiry<sup>(1)</sup>



Multi-Tenanted Assets Lease Expiry<sup>(1)</sup>

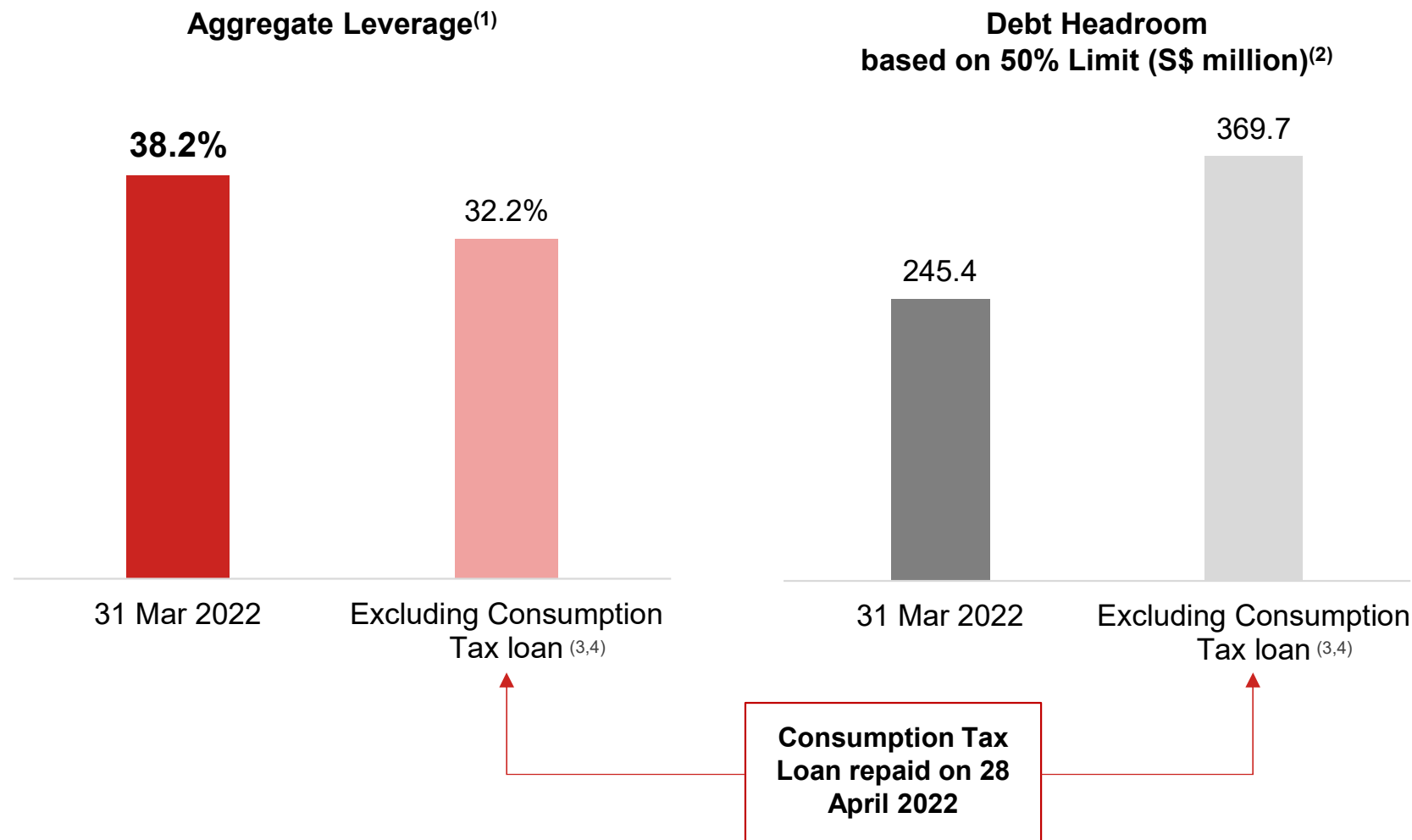
A further lease was renewed in April 2022, with only 15.4%<sup>(1)</sup> remaining for renewal in 2022



- During 1QFY2022, new leases were entered into or renewed, from no change in rental rate to rent increase of 2.0%<sup>(2)</sup>.
- New lease entered into was on a 10-year term which further improved income stability and minimised the need to offer rent-free period for renewal in near term.
- The new lease included a clause for re-negotiation of rent at the end of the 5<sup>th</sup> year.

(1) By occupied NLA as at 31 March 2022.

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



- Subsequent to 1Q FY2022, the consumption tax was refunded in April 2022 and the Consumption Tax Loan was repaid<sup>(3)</sup>. Accordingly, the aggregate leverage would be 32.2%<sup>(4)</sup>.

(1) Computed based on total borrowings (excluding lease liabilities arising from land rent) divided by total assets (excluding right of use assets, asset retirement obligation assets and security deposits) (2) The regulatory aggregate leverage is 50.0% if DHLT has a minimum Interest Coverage Ratio of 2.5x, failing which, it may borrow up to 45.0% of the Deposited Property. (3) A loan was taken to pay the consumption tax in relation to the acquisition of the portfolio ("**Consumption Tax Loan**"). The consumption tax has been refunded in April 2022 and the Consumption Tax Loan repaid. (4) Assuming repayment of Consumption Tax Loan on 31 March 2022.



# Overview of Daiwa House Logistics Trust



**DPL Sendai Port**

## ASIA-FOCUSED LOGISTICS REIT WITH HIGH QUALITY MODERN PROPERTIES

## STRONG AND COMMITTED DEVELOPER SPONSOR TO SUPPORT FUTURE GROWTH

**Daiwa House Logistics Trust (DHLT)** is established with the investment strategy of principally investing, directly or indirectly, in a portfolio of income-producing **logistics and industrial real estate assets** located across Asia, in particular, within **Japan** as well as in the **Southeast Asian region**

**14**

Modern  
Logistics Assets<sup>(1)</sup>

**98.6%**

Portfolio  
Occupancy Rate<sup>(1)</sup>

**\$900.0 mil**

Portfolio  
Valuation<sup>(2)</sup>

**6.8 Years**

Portfolio  
WALE<sup>(3)</sup>

**423,920 sqm**

Total  
NLA<sup>(1)</sup>

**4.5 Years**

Portfolio  
Age<sup>(4)</sup>

### CHUGOKU & KYUSHU

- 12. DPL Okayama Hayashima
- 13. DPL Okayama Hayashima 2
- 14. D Project Fukuoka Tobarā S

### HOKKAIDO & TOHOKU

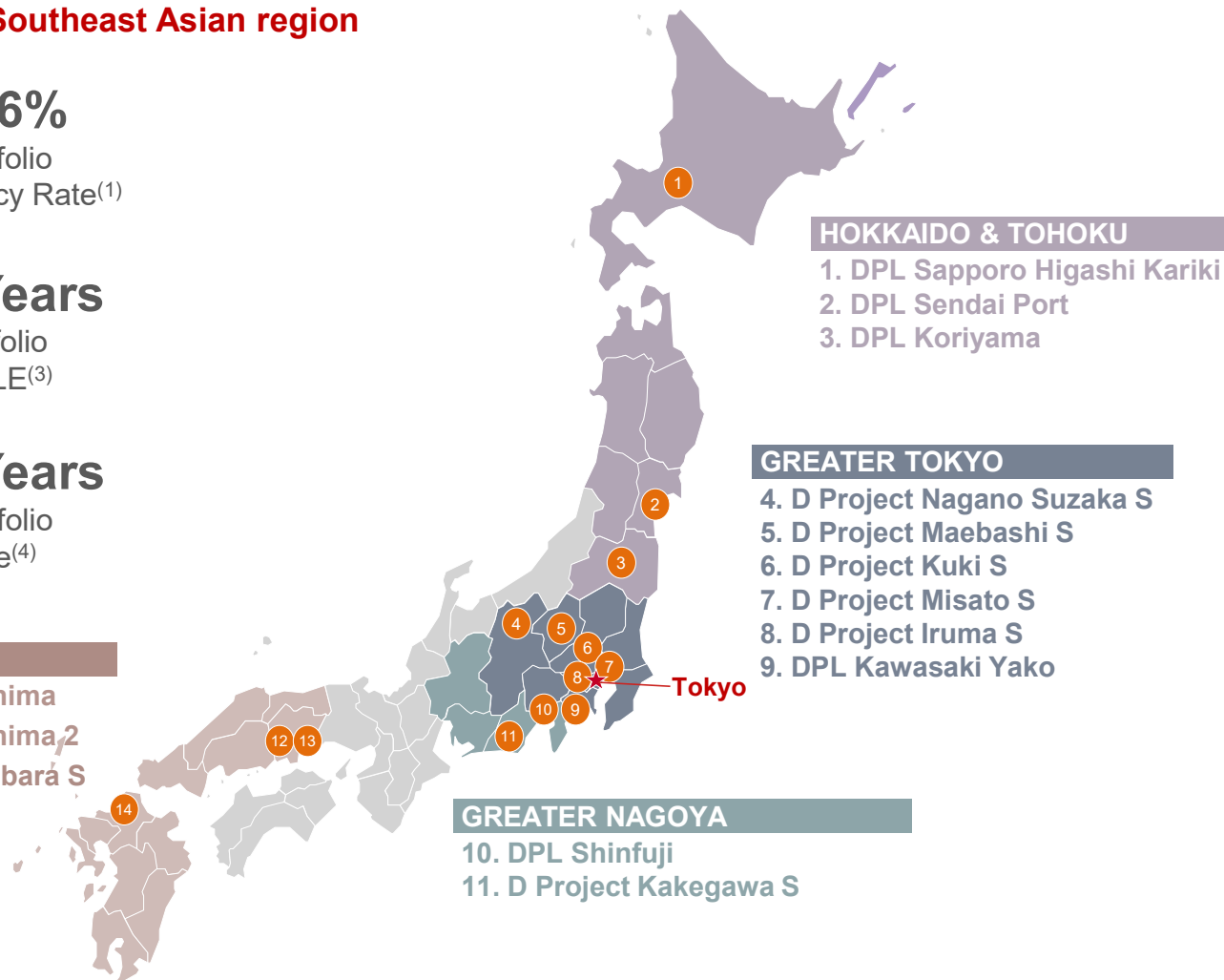
- 1. DPL Sapporo Higashi Kariki
- 2. DPL Sendai Port
- 3. DPL Koriyama

### GREATER TOKYO

- 4. D Project Nagano Suzaka S
- 5. D Project Maebashi S
- 6. D Project Kuki S
- 7. D Project Misato S
- 8. D Project Iruma S
- 9. DPL Kawasaki Yako

### GREATER NAGOYA

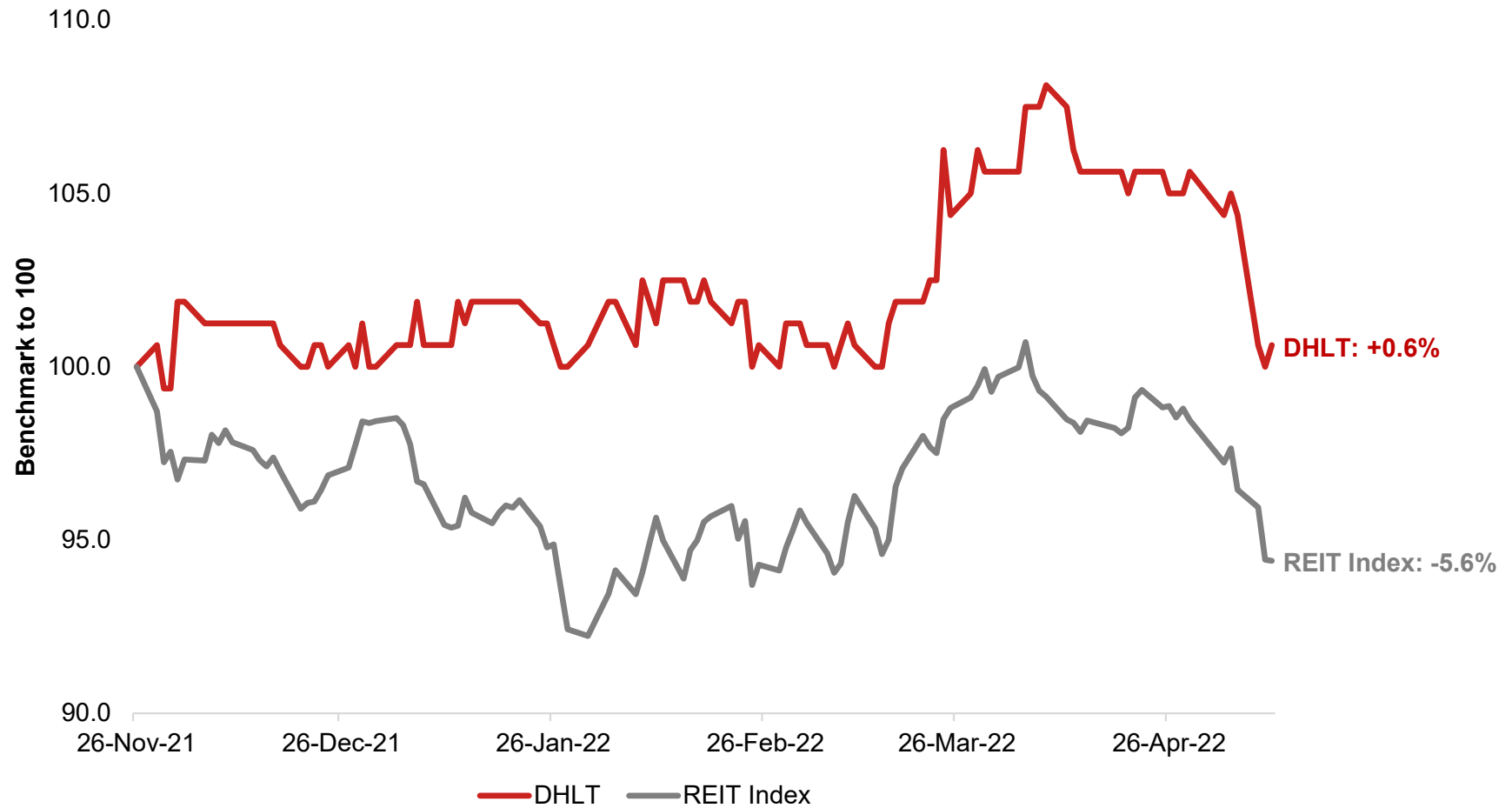
- 10. DPL Shinfuji
- 11. D Project Kakegawa S



(1) As at 31 March 2022. (2) Based on the independent valuation of the properties of JPY81,070 million as at 31 December 2021 and converted from JPY to S\$ based on exchange rate of 90.0813 (3) By occupied NLA as at 31 March 2022. (4) Portfolio age as at 31 March 2022 based on weighted average by NLA.



## Closing Unit Price from Listing Date (26 November 2021) to 11 May 2022



- The trading performance of DHLT's Units has been relatively stable since listing on 26 November 2021 despite market volatility, and has continued to outperformed the S-REITs market in general.

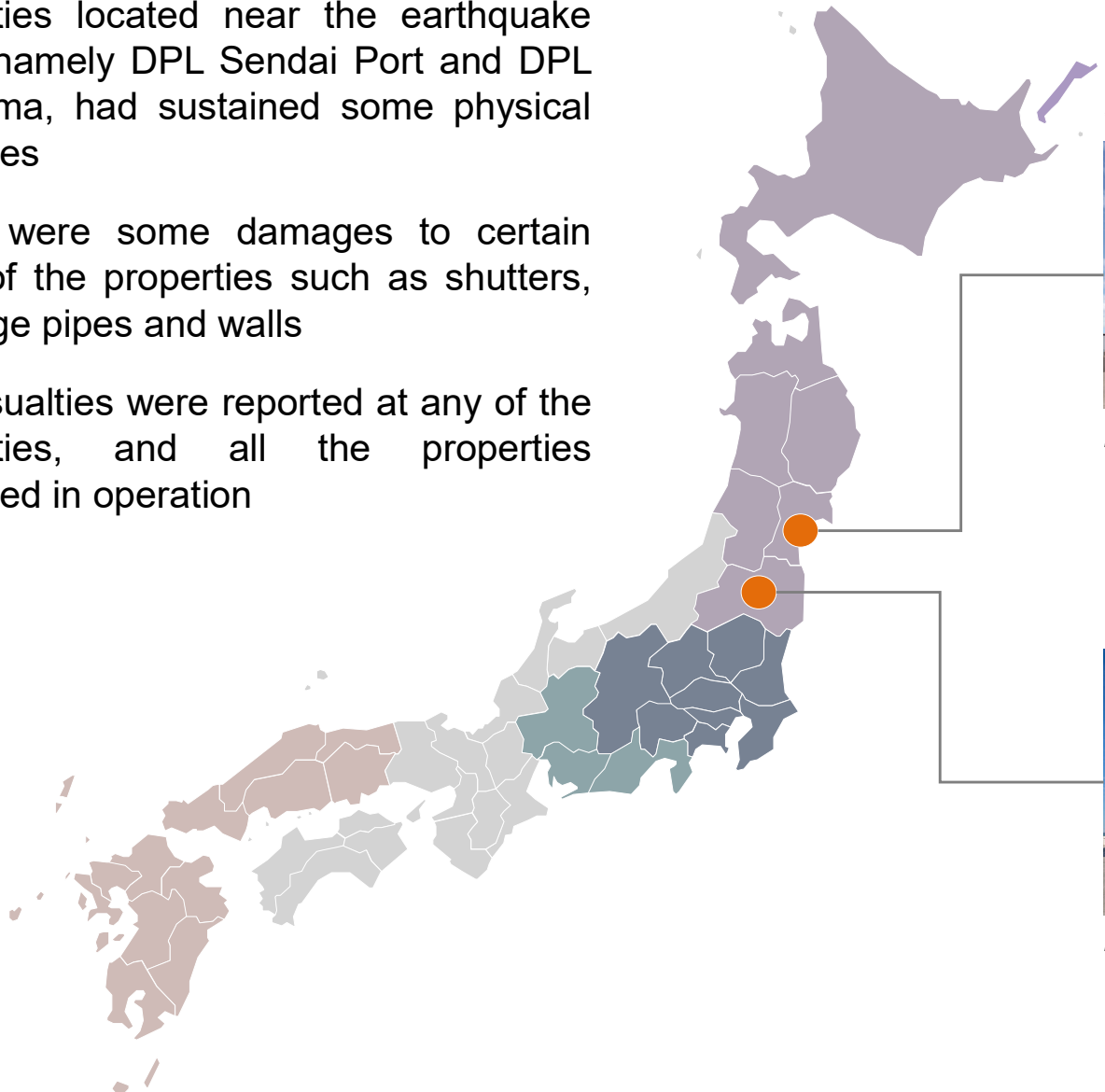
# Operations Update



***D Project Fukuoka Tobarā S***

*On 16 March 2022, an earthquake with a magnitude of 7.4 affected northeast Japan...*

- Initial assessments was that two properties located near the earthquake zone, namely DPL Sendai Port and DPL Koriyama, had sustained some physical damages
- There were some damages to certain parts of the properties such as shutters, drainage pipes and walls
- No casualties were reported at any of the properties, and all the properties remained in operation

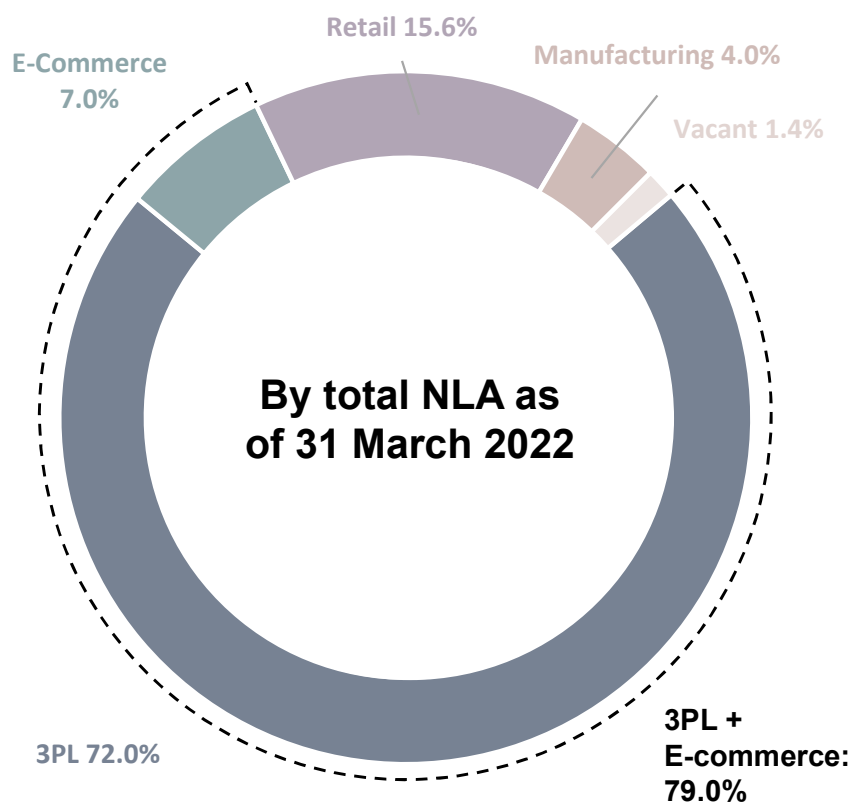


*DPL Sendai Port*



*DPL Koriyama*

## Breakdown by Tenant Trade Sector



## Top 10 Tenants<sup>(1)</sup>

	Tenant	Sector	% of NPI <sup>(1)</sup>
1	Mitsubishi Shokuhin	3PL	18.7
2	Nippon Express	3PL	8.6
3	Suntory Logistics	3PL	8.2
4	Nitori	Retail	6.6
5	Tenant A <sup>(2)</sup>	3PL	6.5
6	Tenant B <sup>(2)</sup>	3PL	4.9
7	Create SD	Retail	4.2
8	CB Group Management	3PL	4.2
9	Tokyo Logistics Factory	3PL	4.1
10	K.R.S Corporation	3PL	4.0
			<b>70.0</b>

- 79.0% of the tenants are involved in growth sectors such as 3PL and e-commerce, and no tenants have requested for any rental relief as of 31 March 2022.
- High quality tenant base where majority of tenants (by NLA) are listed on Tokyo Stock Exchange (TSE) or entities related to TSE-listed companies.

(1) Based on NPI for 1QFY2022 and % of NPI was calculated and adjusted based on the NPI of each property and allocated to the respective tenants by the proportion of NLA the tenants occupy in the property.

(2) These tenants have not given consent to the disclosure of any terms of the tenancy agreement at all (including their names).



- DHLT has been granted a right of first refusal (“**ROFR**”) by the Daiwa House Industry Co., Ltd. (“**Sponsor**”) over income-producing logistics and industrial real estate assets located in Asia held by the Sponsor or its subsidiaries, on the terms of the ROFR agreement
- The Manager has been engaging the Sponsor on potential acquisition and evaluating potential acquisition targets
- As part of its strategies, the Manager will pursue opportunities to undertake acquisitions of quality income-producing logistics and industrial assets that it believes will be accretive to DHLT’s portfolio and able to improve returns to Unitholders





# Financials Update



***DPL Okayama Hayashima 1***



	First Quarter FY2022 1 January 2022 to 31 March 2022		Variance
	Pro-rated Forecast <sup>(1)</sup>	Actual (unaudited)	
Gross Revenue (S\$ '000)	16,893	16,765	-0.8%
Net Property Income (S\$ '000)	13,161	13,339	+1.4%
Distributable Income to Unitholders (S\$ '000)	8,822	8,872	+0.6%
Distribution per Unit <sup>(2)</sup> (cents)	1.30	1.31	+0.8%

- Financial performance for 1Q FY2022 was in line with forecast<sup>(1)</sup>.

(1) Pro-rated based on the forecast Consolidated Statements of Comprehensive Income for Projection Year 2022 as disclosed in the IPO Prospectus.

(2) Distributions will be based on 100% of DHLT's annual Distributable Income for the period from the Listing Date (26 November 2021) to the end of Projection Year 2022.

	Period from 26 November 2021 to 31 March 2022		Variance
	Pro-rated Forecast <sup>(1)</sup>	Actual (unaudited)	
Gross Revenue (S\$ '000)	23,463	23,364	-0.4%
Net Property Income (S\$ '000)	18,300	18,600	+1.6%
Distributable Income to Unitholders (S\$ '000)	12,125	12,190	+0.5%
Distribution per Unit <sup>(2)</sup> (cents)	1.79	1.80	+0.6%

- The first distribution, which will be in respect of the period from the Listing Date to 30 June 2022 is expected to be paid on or before 30 September 2022<sup>(2)</sup>.
- Disciplined approach to mitigate foreign exchange risk with distributable income systematically hedged on a monthly basis to reduce volatility of foreign exchange movement over time.

(1) Pro-rated based on the forecast Consolidated Statements of Comprehensive Income for the period 1 October 2021 to 31 December 2021 as well as Projection Year 2022 as disclosed in the IPO Prospectus.

(2) Distributions will be based on 100% of DHLT's annual Distributable Income for the period from the Listing Date (26 November 2021) to the end of Projection Year 2022.

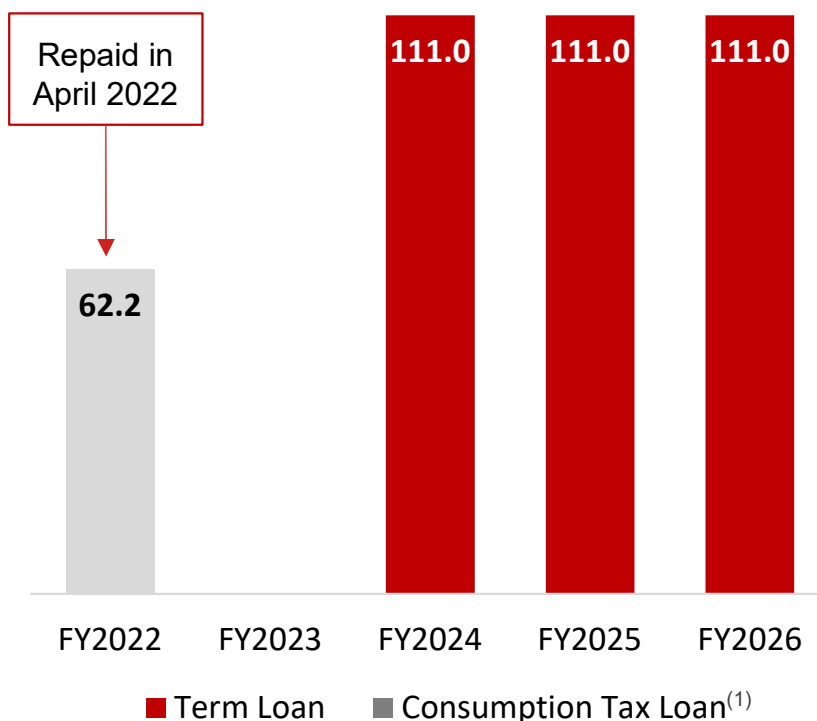
	31 December 2021 (unaudited)	31 March 2022 (unaudited)
<b>Total Assets (S\$ million)</b>	1,375.6	<b>1,290.5</b>
<b>Total Liabilities (S\$ million)</b>	721.7	<b>678.0</b>
<b>Net Assets Attributable to Unitholders (S\$ million)</b>	618.8	<b>579.5</b>
<b>NAV per Unit attributable to Unitholders (S\$)</b>	0.92	<b>0.86</b>
<b>Aggregate Leverage<sup>(1)</sup></b>	37.7%	<b>38.2%<sup>(2)</sup></b>

- The change in NAV was due to depreciating JPY against SGD
- The Manager seeks to mitigate foreign exchange risk by matching currencies of borrowings with the portfolio thereby providing a natural hedge. Currently, 100% of the borrowings are in JPY.

(1) Computed based on total borrowings (excluding lease liabilities arising from land rent) divided by total assets (excluding right of use assets, asset retirement obligation assets and the amount of restricted cash equivalent to security deposits payable by end-tenants).

(2) Subsequent to 31 March 2021, the Consumption Tax Loan was fully repaid on 28 April 2022. Accordingly, aggregate leverage would be 32.2%.

## Debt Maturity Profile as at 31 March 2022 (S\$ million)



## As at 31 March 2022

Total borrowings	JPY35,600 million (S\$395.2 million)
Weighted average debt tenure	3.2 years
Weighted average borrowing cost	0.9% (all-in rates and includes upfront fees)
Debt with fixed cost	100.0%

- Consumption tax loan of JPY5.6 billion or S\$62.2 million was repaid on 28 April 2022. Accordingly, the total borrowings following the repayment of consumption tax loan would be JPY 30.0 million or S\$333.0 million.
- No refinancing requirements until FY2024.
- Revolving credit facility of S\$30.0 million obtained in April 2022, with no draw down to date.

(1) A Consumption Tax Loan was taken to pay the consumption tax in relation to the acquisition of the portfolio.



# Outlook



- Supported by robust demand for logistics facilities in Japan, vacancy levels for such facilities have remained low.
- Large supply is expected in 2022 and 2023, with majority of such supply located in the Greater Tokyo area and as a result, vacancy rates may increase with rental growth expected to be moderated.
- Further, with the upcoming supply, logistics facilities that are older and which are poorly located may face challenges.
- The Manager remained positive on the outlook of logistics sector in Japan which it believed will continue to be supported by the resilient 3PL and e-commerce sectors in the near term, but is also cautious of the challenges amidst the increase in supply.
- Majority of the properties in the DHLT portfolio were completed within the last five years, with an average age of 4.5 years, and the portfolio has remained resilient during the COVID-19 period with no request for any form of rental relief or abatement.
- Five of the six DHLT properties located in Greater Tokyo are built-to-suit assets with an average WALE of 9.8 years.



# Appendix





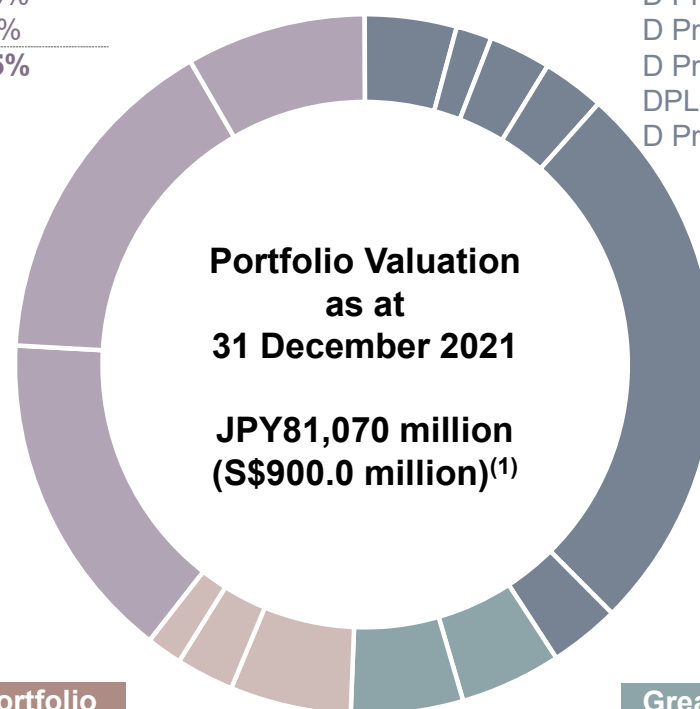
# Portfolio Summary

	Completion Year	NLA (sq m)	Land Tenure	Tenancy Type	WALE (By NLA) <sup>(1)</sup>	Occupancy <sup>(2)</sup>	Valuation (JPY million) <sup>(3)</sup>	Valuation (S\$ million) <sup>(4)</sup>
Hokkaido & Tohoku								
DPL Sapporo Higashi Kariki	2018	60,347	Freehold	Multi-tenanted	3.3	100.0%	12,400	137.7
DPL Sendai Port	2017	63,119	Freehold	Multi-tenanted	1.0	100.0%	12,900	143.2
DPL Koriyama	2019	34,174	Freehold	Multi-tenanted	1.6	82.3%	6,730	74.7
Greater Tokyo								
D Project Maebashi S	2018	14,736	Freehold	Single-tenanted	11.6	100.0%	3,430	38.1
D Project Kuki S	2014	18,257	Expiring 2034	Single-tenanted	2.3	100.0%	1,330	14.8
D Project Misato S	2015	14,877	Expiring 2045	Single-tenanted	12.9	100.0%	2,320	25.8
D Project Iruma S	2017	14,582	Expiring 2048	Single-tenanted	15.8	100.0%	2,340	26.0
DPL Kawasaki Yako	2017	93,159	Expiring 2067	Multi-tenanted	11.1	100.0%	21,000	233.1
D Project Nagano Suzaka S	2018	9,810	Freehold	Single-tenanted	6.6	100.0%	2,630	29.2
Greater Nagoya								
DPL Shinfuji	2017	27,537	Expiring 2065	Multi-tenanted	8.9	100.0%	3,790	42.1
D Project Kakegawa S	2019	22,523	Freehold	Single-tenanted	12.1	100.0%	4,190	46.5
Chugoku & Kyushu								
DPL Okayama Hayashima	2017	23,541	Expiring 2067	Multi-tenanted	5.2	100.0%	4,520	50.2
DPL Okayama Hayashima 2	2017	16,750	Expiring 2051	Multi-tenanted	2.8	100.0%	2,160	24.0
D Project Fukuoka Tobaru S	2019	10,508	Expiring 2068	Single-tenanted	12.3	100.0%	1,330	14.8
<b>Total / Average / Weighted Average</b>		<b>423,920</b>			<b>6.8</b>	<b>98.6%</b>	<b>81,070</b>	<b>900.0</b>

(1) Based on occupied NLA as at 31 March 2022. (2) Based on NLA as at 31 March 2022; (3) As at 31 December 2021; (4) Converted from JPY to S\$ based on exchange rate of 90.0813.

Hokkaido & Tohoku	% of portfolio
DPL Sapporo Higashi Kariki	15.3%
DPL Sendai Port	15.9%
DPL Koriyama	8.3%
	<b>39.5%</b>

Greater Tokyo	% of portfolio
D Project Maebashi S	4.2%
D Project Kuki S	1.6%
D Project Misato S	2.9%
D Project Iruma S	2.9%
DPL Kawasaki Yako	25.9%
D Project Nagano Suzaka S	3.2%
	<b>40.8%</b>



Chugoku & Kyushu	% of portfolio
DPL Okayama Hayashima	5.6%
DPL Okayama Hayashima 2	2.7%
D Project Fukuoka Tobara S	1.6%
	<b>9.9%</b>

Greater Nagoya	% of portfolio
DPL Shinfuji	4.7%
D Project Kakegawa S	5.2%
	<b>9.8%</b>

- The properties within the portfolio are well-diversified across Japan, located in both Greater Tokyo as well as core regional areas, mitigating concentration risk

(1) Converted from JPY to S\$ based on exchange rate of 90.0813.



# Overview of Select Pipeline Assets – Japan

#	Name	Type	Land Type	GFA (sq m)	Completion Year
1	DPL Toyama Imizu	Multi-tenanted	Freehold	22,889	2021
2	DPL Iwate Hanamaki	Multi-tenanted	Freehold	13,666	2021
3	DPL Maebashi	Multi-tenanted	Freehold	12,972	2021
4	DPL Tosu	Multi-tenanted	Leasehold	50,807	2021
5	DPL Tsukuba Yatabe	Multi-tenanted	Freehold	41,487	2021
6	DPL Gunma Fujioka	Multi-tenanted	Freehold	23,755	2021
7	DPL Iwate Kitakami 3	Multi-tenanted	Freehold	10,803	2021
8	DPL Kakegawa	Multi-tenanted	Freehold	58,192	2023 <sup>(1)</sup>
9	DPL Sendai Rifu 1	Multi-tenanted	Freehold	48,860	2022 <sup>(1)</sup>
10	DPL Nagano Chikuma	Multi-tenanted	Freehold	42,780	2023 <sup>(1)</sup>
11	DPL Okayama Airport South	Multi-tenanted	Freehold	33,301	2023 <sup>(1)</sup>
12	DPL Iwate Kanegasaki	Multi-tenanted	Freehold	20,286	2022 <sup>(1)</sup>
13	DPL Koriyama 2	Multi-tenanted	Freehold	19,693	2023 <sup>(1)</sup>
14	DPL Ibaraki Yuki	Multi-tenanted	Freehold	11,519	2023 <sup>(1)</sup>
15	DPL Tomigusuku 2	Multi-tenanted	Leasehold	79,916	2022 <sup>(1)</sup>
16	DPL Tsukuba Ami 3	Multi-tenanted	Freehold	76,750	2023 <sup>(1)</sup>
17	DPL Sendai Rifu 2	Multi-tenanted	Freehold	15,851	2023 <sup>(1)</sup>
<b>Total</b>				<b>583,527</b>	



DPL Tosu



DPL Tomigusuku 2

- Please note that the above list is non-exhaustive and may change from time to time
- As part of its business, the Sponsor may divest certain properties that are listed and also develop new properties

# Overview of Select Pipeline Assets – Southeast Asia

#	Project	Country	Type	Land Type	GFA (sq m)	Completion Year
1	Long Duc Rental Factory	Vietnam	Rental Factory	Leasehold	27,253	2017
2	DPL Loc An - Binh Son 1	Vietnam	Multi-tenanted	Leasehold	36,860	2019
3	DPL Loc An - Binh Son 2	Vietnam	Multi-tenanted	Leasehold	31,891	2021
4	DPL Long Duc	Vietnam	Multi-tenanted	Leasehold	24,345	2022 <sup>(1)</sup>
5	DHML 1	Malaysia	Multi-tenanted	Leasehold	16,500	2020
6	DHML 2	Malaysia	Multi-tenanted	Leasehold	20,000	2021
7	DHML 3	Malaysia	Multi-tenanted	Freehold	85,000	2023 <sup>(1)</sup>
8	DMLP 1	Indonesia	Multi-tenanted	Leasehold	59,040	2018
9	DMLP 2	Indonesia	Multi-tenanted	Leasehold	54,294	2020
10	DMLP 3	Indonesia	Multi-tenanted	Leasehold	64,582	2023 <sup>(1)</sup>
11	DMLP 4	Indonesia	Multi-tenanted	Leasehold	104,098	N.A.
Total					523,863	

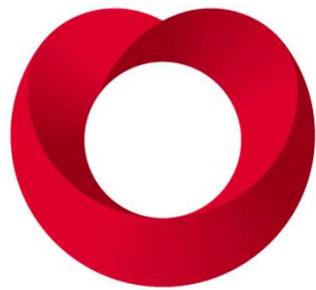


Note: Information as at 31 March 2022. (1) Estimated year of completion.



***Listed on Tokyo Stock Exchange  
with a market capitalisation of JPY  
2,132.6 billion (\$23.7 billion) as of  
31 March 2022  
AA Credit Rating<sup>(1)</sup>***

- The Sponsor, Daiwa House Industry Co., Ltd., was founded in 1955 and is one of the largest construction and real estate development companies in Japan
- The Sponsor has an extensive track record of asset development across a variety of real estate subsectors, having developed around 1.9 million residential units and completed around 54,900 commercial facility projects as at 31 March 2021
- The Sponsor is also one of the largest logistics real estate developers in Japan. As of 30 September 2021, the Sponsor has completed, or is currently developing, more than 300 logistics properties located in Japan with a total GFA of close 11 million sq m
- In addition to its primary operations in Japan, the Sponsor is also actively involved in other markets including ASEAN, East Asia, the US, Europe and Australia
- The Sponsor is also highly experienced in real estate fund management and currently manages TSE-listed Daiwa House REIT as well as multiple unlisted REITs and private funds



**Daiwa House**  
Logistics Trust

Thank you.

[www.daiwahouse-logisticstrust.com](http://www.daiwahouse-logisticstrust.com)