



Daiwa House
Logistics Trust

Daiwa House Logistics Trust

Maiden Acquisition of Two Freehold Logistics Properties
and An Underlying Freehold Land in Japan

16 November 2022

Daiwa House

This Presentation is for information purposes only and does not constitute or form part of an offer, solicitation or invitation of any offer, to buy or subscribe for any Units in Singapore or any other jurisdiction, nor should it or any part of it form the basis of, or be relied upon in connection with, any contract or commitment whatsoever.

The value of Units and the income derived from them may fall as well as rise. The Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates.

An investment in 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 their Units while the Units are listed on the SGX-ST. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This Presentation is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for Units.

The past performance of DHLT is not necessarily indicative of the future performance of DHLT.

This Presentation may contain forward-looking statements that involve risks and uncertainties. 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. Predictions, projections or forecasts of the economy or economic trends of the markets are not necessarily indicative of the future or likely performance of DHLT. The forecast financial performance of Daiwa House Logistics Trust is not guaranteed. A potential investor is cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.

Any discrepancies in the figures in this Presentation between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Presentation may not be an arithmetic aggregation of the figures that precede them

This Presentation is qualified in its entirety by, and should be read in conjunction with, the full text of the DHLT's Circular dated 16 November 2022 (the “**Circular**”). In the event of any inconsistency or conflict between, on the one hand, the Circular and the information contained in this Presentation, the Circular shall prevail. All capitalised terms not defined in this Presentation shall have the meaning ascribed to them in the Circular.

DBS Bank Ltd. was the sole financial adviser for the initial public offering of DHLT (the “**Offering**”). DBS Bank Ltd. and Nomura Singapore Limited were the joint issue managers for the Offering. DBS Bank Ltd. and Nomura Singapore Limited assume no responsibility for the contents of this Presentation.

Transaction Overview



DPL Iwakuni 1 & 2

Proposed Acquisition

- Proposed acquisition of:
 - ✓ DPL Iwakuni 1 & 2 located in Chugoku
 - ✓ D Project Matsuyama S located in Shikoku
 - ✓ Underlying freehold land of D Project Iruma S⁽¹⁾, located in Greater Tokyo (collectively, the “**Target Portfolio**” or “**Target Properties**” and each, a “**Target Property**”)

Aggregate Value

- JPY5,301.5 million (S\$54.1 million)
- The Target Properties were valued by CBRE K.K. (“**CBRE**”) and Savills Japan Valuation G.K. (“**Savills**”) at JPY5,231.0 million (S\$53.4 million) and JPY5,372.0 million (S\$54.8 million), respectively as at 30 June 2022⁽²⁾

Aggregate Purchase Consideration

- JPY4,676.0 million (S\$47.7 million)
- 11.8% below the Aggregate Value

Method of Financing

- JPY1,250 million (S\$12.8 million) of New Units to be subscribed by the Sponsor at the higher of (i) S\$0.77 per Unit or (ii) the volume-weighted average price per Unit on the SGX-ST for a period of 10 Market Days prior and up to (and including) the Market Day immediately preceding the date of issuance of the new Units (the “**10-Day VWAP**”) (“**Proposed Subscription**” and together with the Proposed Acquisition, “**Transactions**”)
- JPY4,000 million (S\$40.8 million) through Loan Facilities
- The remaining costs through internal resources of DHLT

Note: For illustrative purposes, unless otherwise indicated, in this presentation, certain JPY amounts have been translated into Singapore dollars based on the exchange rate of S\$1.00 = JPY 98.0. Such translations should not be construed as representations that the JPY amounts referred to could have been, or could be, converted into Singapore dollars, as the case may be, at that or any other rate or at all and vice versa.

- D Project Iruma S itself is a property within DHLT's Existing Portfolio. Currently, DHLT indirectly owns the Leasehold and the building thereon, which was acquired from the Sponsor at the Listing.
- The Aggregate Value of the Target Portfolio is the aggregate of all the Average Values of the Target Properties. “**Average Value**” means (a) (with respect to each Target Property (other than D Project Iruma S Land)) the average of the two independent valuations of the Target Property (other than D Project Iruma S Land) conducted by the Independent Valuers as at 30 June 2022, and (b) (with respect to D Project Iruma S Land) the average of the two implied values of D Project Iruma S Land (each being each Independent Valuer's Iruma Appraisal Value less its Iruma Reference Value). The Independent Valuers were commissioned to determine the Iruma Appraisal Value and the Iruma Reference Value.

Acquisition of 2 properties and an underlying land

Daiwa House®

2 + 1
High Quality
Logistics Assets

100.0%
Target Portfolio
Occupancy⁽¹⁾

JPY5,301.5m
(S\$54.1m)
Aggregate Value⁽¹⁾

20,808 sq m
Total
NLA

4.0 Years
Target
Portfolio WALE^(1,2)

JPY4,676.0m
(S\$47.7m)
Aggregate Purchase
Consideration



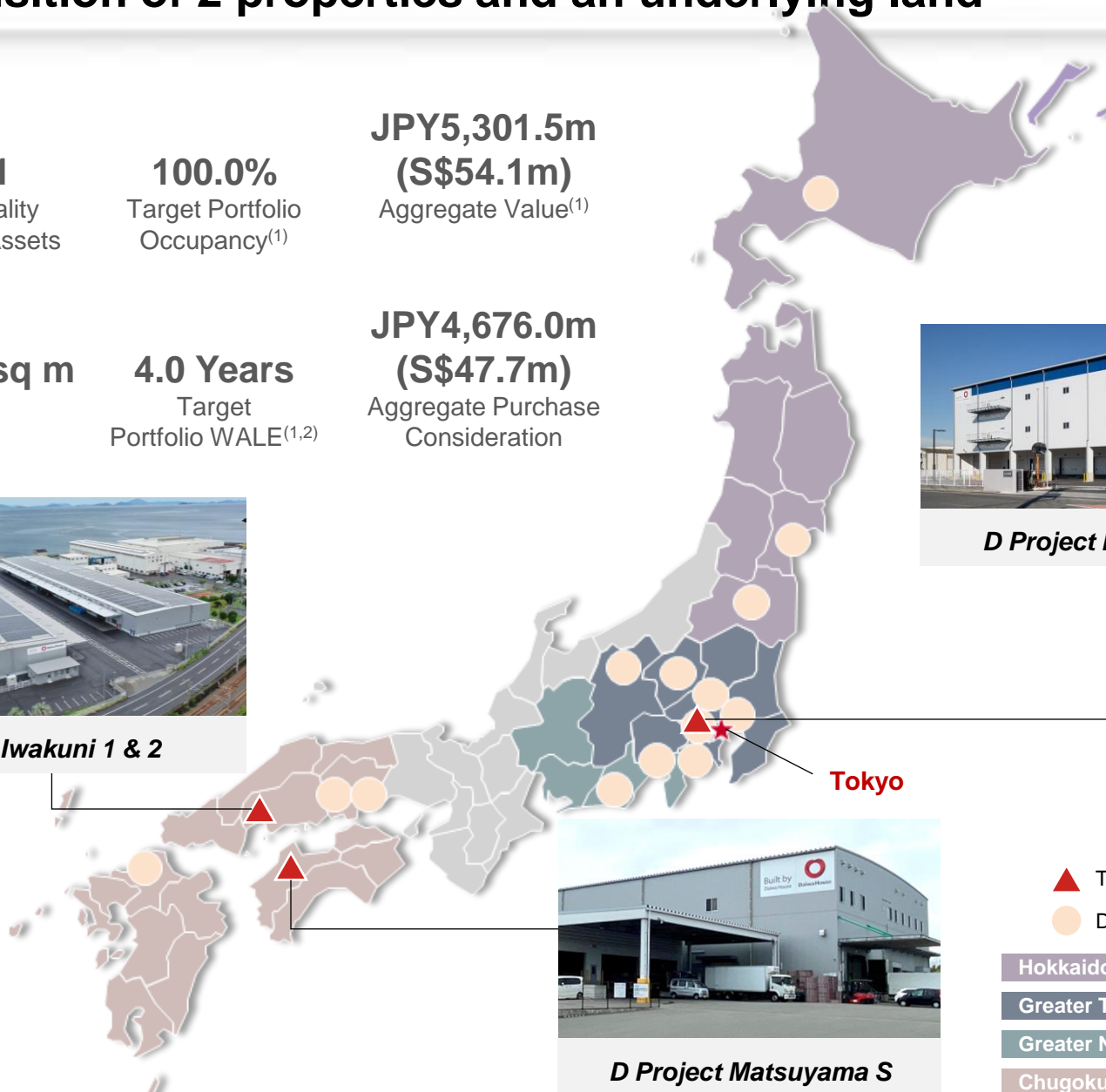
DPL Iwakuni 1 & 2



D Project Iruma S Land



D Project Matsuyama S



Tokyo

- ▲ Target Property
- DHLT Existing Property

Hokkaido / Tohoku

Greater Tokyo

Greater Nagoya

Chugoku / Shikoku / Kyushu

(1) As at 30 June 2022.

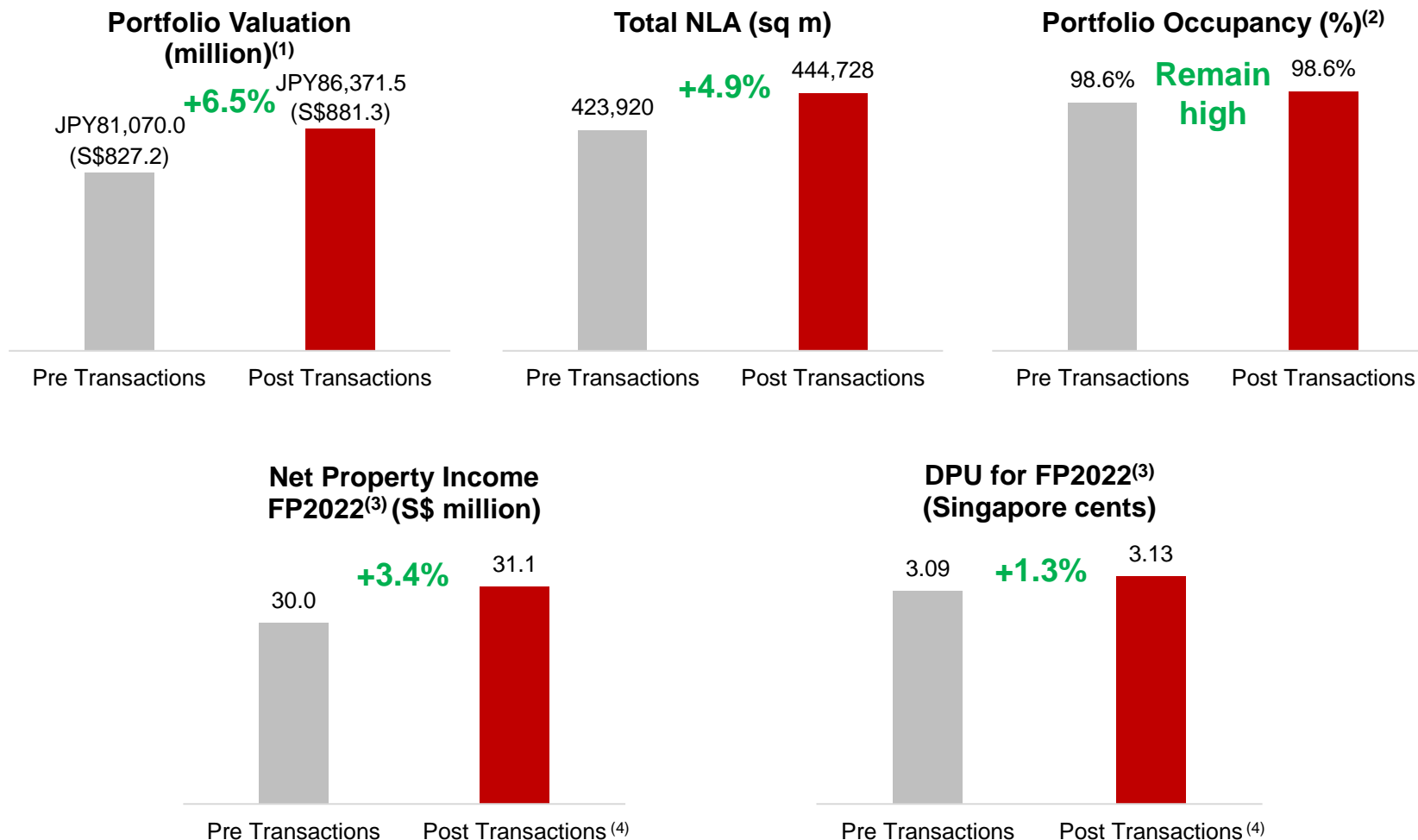
(2) By occupied NLA.

Summary of Target Portfolio

	DPL Iwakuni 1 & 2	D Project Matsuyama S	D Project Iruma S Land	Total
Region	Chugoku	Shikoku	Greater Tokyo	-
Date of Completion of Construction	DPL Iwakuni 1: September 2016 DPL Iwakuni 2: March 2020	Building 1: October 1994 Building 2: July 2017	-	-
Land Tenor	Freehold	Freehold	Freehold	-
Property Type	Multi-tenanted	Single-tenanted Built-to-Suit ("BTS")	-	-
Occupancy	100.0%	100.0%	-	100.0% ⁽⁴⁾
Net Lettable Area	15,461.34 sq m	5,346.96 sq m	-	20,808.30 sq m
Land Area	30,105.22 sq m	8,412.15 sq m	11,528.52 sq m	50,045.89 sq m
WALE by occupied NLA ⁽¹⁾	2.9 Years	7.1 Years ⁽²⁾ (as at 10 Aug 2022)	-	4.0 Years ⁽⁴⁾
Average Value	JPY2,230.0m S\$22.8m	JPY901.5m S\$9.2m	JPY2,170.0m ⁽³⁾ S\$22.1m	JPY5,301.5m S\$54.1m
Purchase Consideration	JPY1,900.0m S\$19.4m	JPY800.0m S\$8.2m	JPY1,976.0m S\$20.2m	JPY4,676.0m S\$47.7m

Note: Unless otherwise specified, all property-related information is as at 30 June 2022.

- (1) The calculation of WALE is based on total NLA, which is the same as occupied NLA since the occupancy rate as at 30 June 2022 is 100.0%.
- (2) On 10 August 2022, the lease in respect of D Project Matsuyama S was renewed for seven years, and accordingly, the resultant WALE is 7.1 years.
- (3) The value of D Project Iruma S Land is implied based on the difference between the Iruma Appraisal value and the Iruma Reference value.
- (4) Based on blended basis for DPL Iwakuni 1 & 2 and D Project Matsuyama S.



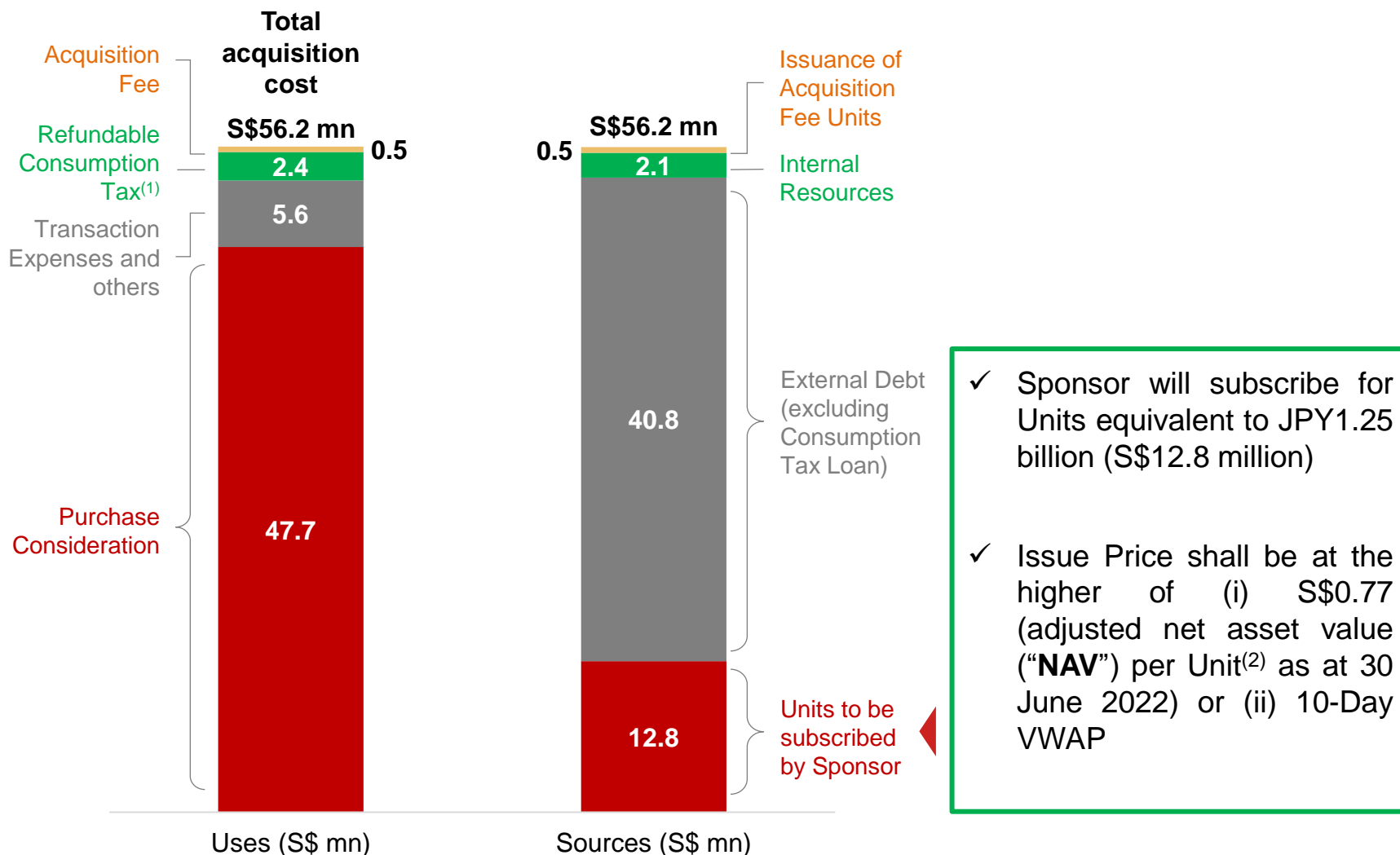
(1) Post transaction valuation based on valuation of existing portfolio as at 31 December 2021 and Aggregate Value of Target Portfolio.

(2) As at 30 June 2022.

(3) FP2022 refers to the financial period from listing (26 November 2021) to 30 June 2022.

(4) For illustration purpose and on pro forma basis. Please refer to paragraph 5 of the Circular dated 16 November 2022 for further information on pro forma financial effects.

Strong Support from Sponsor



(1) Refundable consumption tax is the consumption tax paid in relation to the acquisition of the Target Portfolio, as well as consumption tax associated with relevant acquisition costs and financing related cost for acquiring the properties, all of which is expected to be refunded by end of June 2023.

(2) Based on NAV per Unit of S\$0.80 as at 30 June 2022 less DPU of 3.09 cents in respect of FP2022.

Rationale and Benefits





DPU accretive acquisition



Fundamentals in Japan logistics market remain sound



Acquisition of high-quality properties



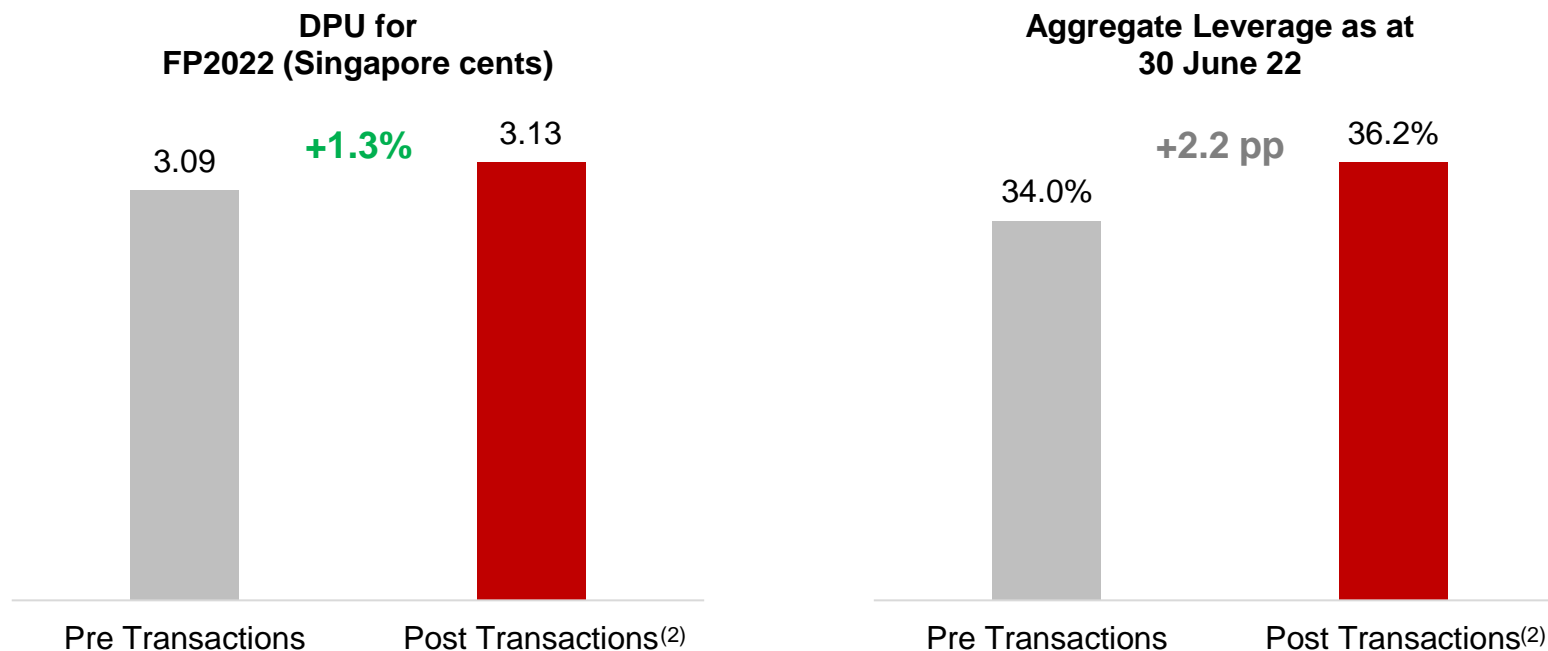
Further diversification of portfolio



Reinforces Sponsor commitment and support



- ✓ DPU accretion of 1.3% achieved whilst maintaining a prudent capital management for sustainable returns
- ✓ DHLT to benefit from **relatively low borrowing costs** in Japan
- ✓ Proposed loan facilities to be **fully hedged JPY loan** with interest rate fixed for tenor of the loan (4 / 5 years) and **natural capital hedge**
- ✓ Post transaction gearing at 36.2% with debt headroom of approximately S\$263.9 million⁽¹⁾, providing **funding flexibility for future acquisitions**



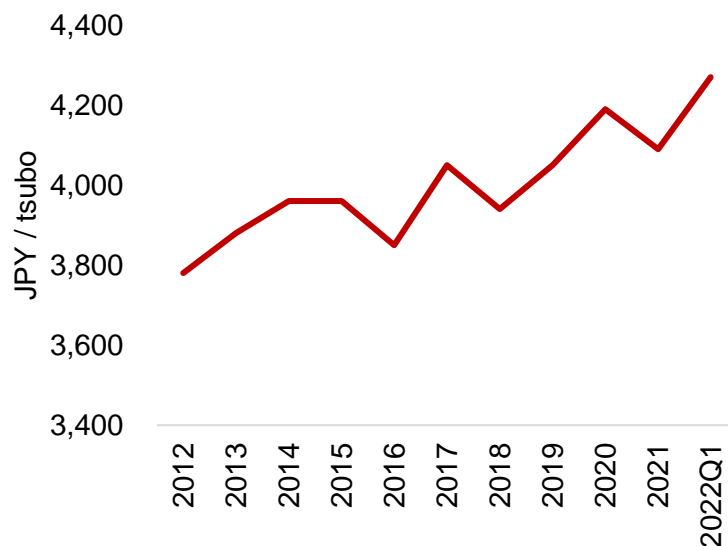
(1) Based on 50.0% aggregate leverage limit. Under the Property Funds Appendix, DHLT may borrow up to 50.0% if DHLT has a minimum interest coverage ratio of 2.5 times, failing which, it may borrow up to 45.0% of its deposited property.

(2) For illustration purpose and on pro forma basis. Please refer to paragraph 5 of the Circular dated 16 November 2022 for further information on pro forma financial effects.

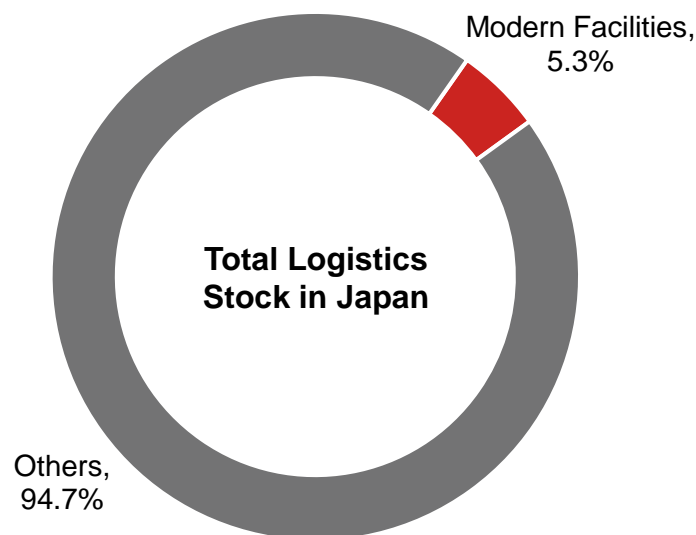


- ✓ Demand for logistics space in Japan has been robust for the past several years resulting in low vacancy rates and growing rent in general
- ✓ Even as supply increased over recent years and expected to increase in the future, **modern logistics facilities**, such as DPL Iwakuni 1 & 2, only accounted for 5.3% of the total logistics stock in Japan
- ✓ Demand for logistics space **expected to remain healthy** driven by e-commerce and 3PL sector

Rental trend for overall Japan logistics market



Proportion of Modern Facilities in Japan

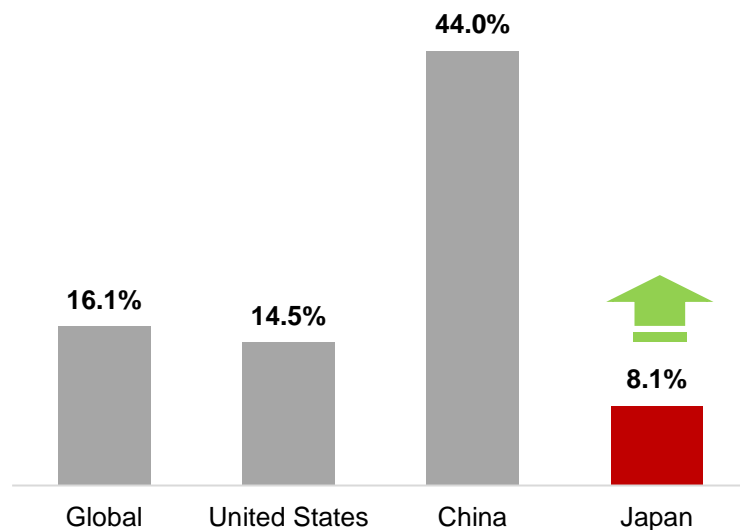




- ✓ Japan's e-commerce sales, at 8.1% of total retail sales, is far lower compared to other developed e-commerce markets, *implying potential for continued growth of the sector*

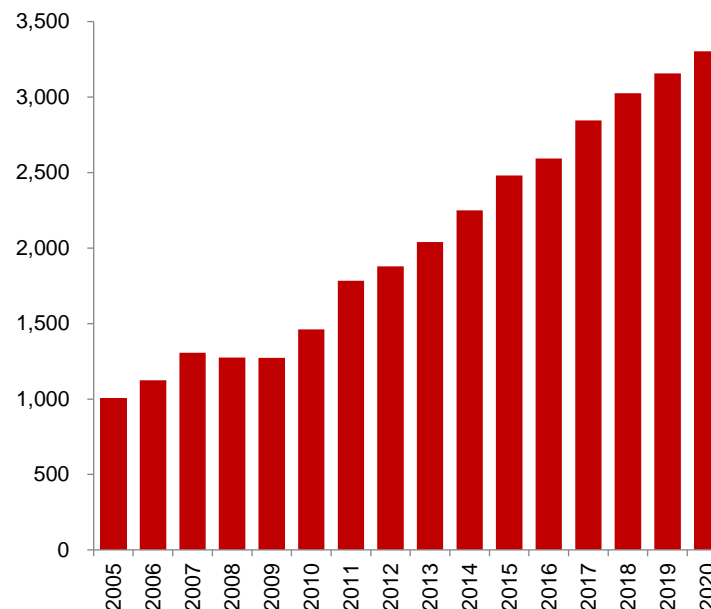
- ✓ Increasing focus by companies to outsource logistics process and supply chain management to achieve an efficient and low-cost transport system, and *expansion of 3PL sector is expected to continue*

Proportion of e-commerce sales to total retail sales



in JPY billion

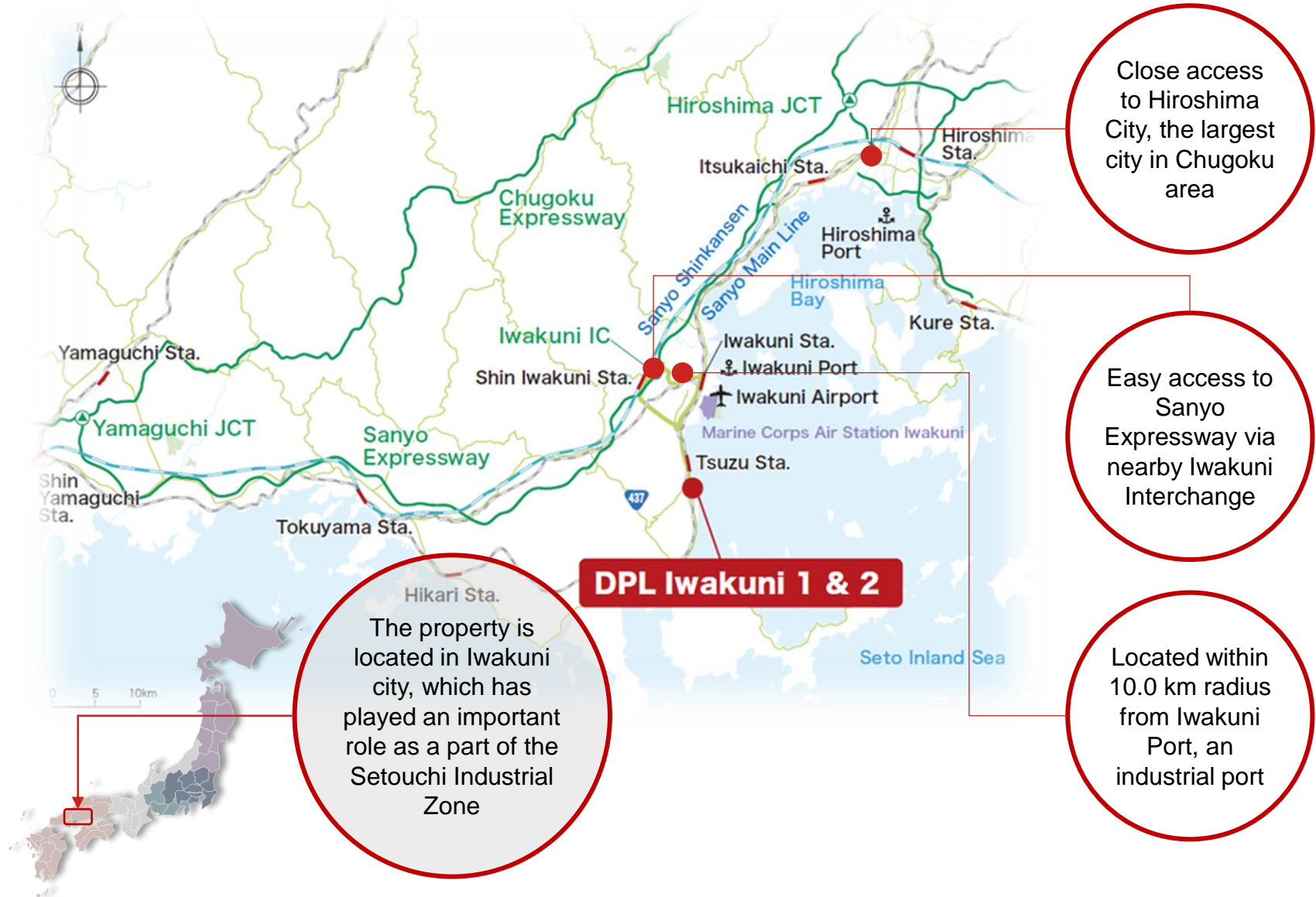
3PL Market Sales



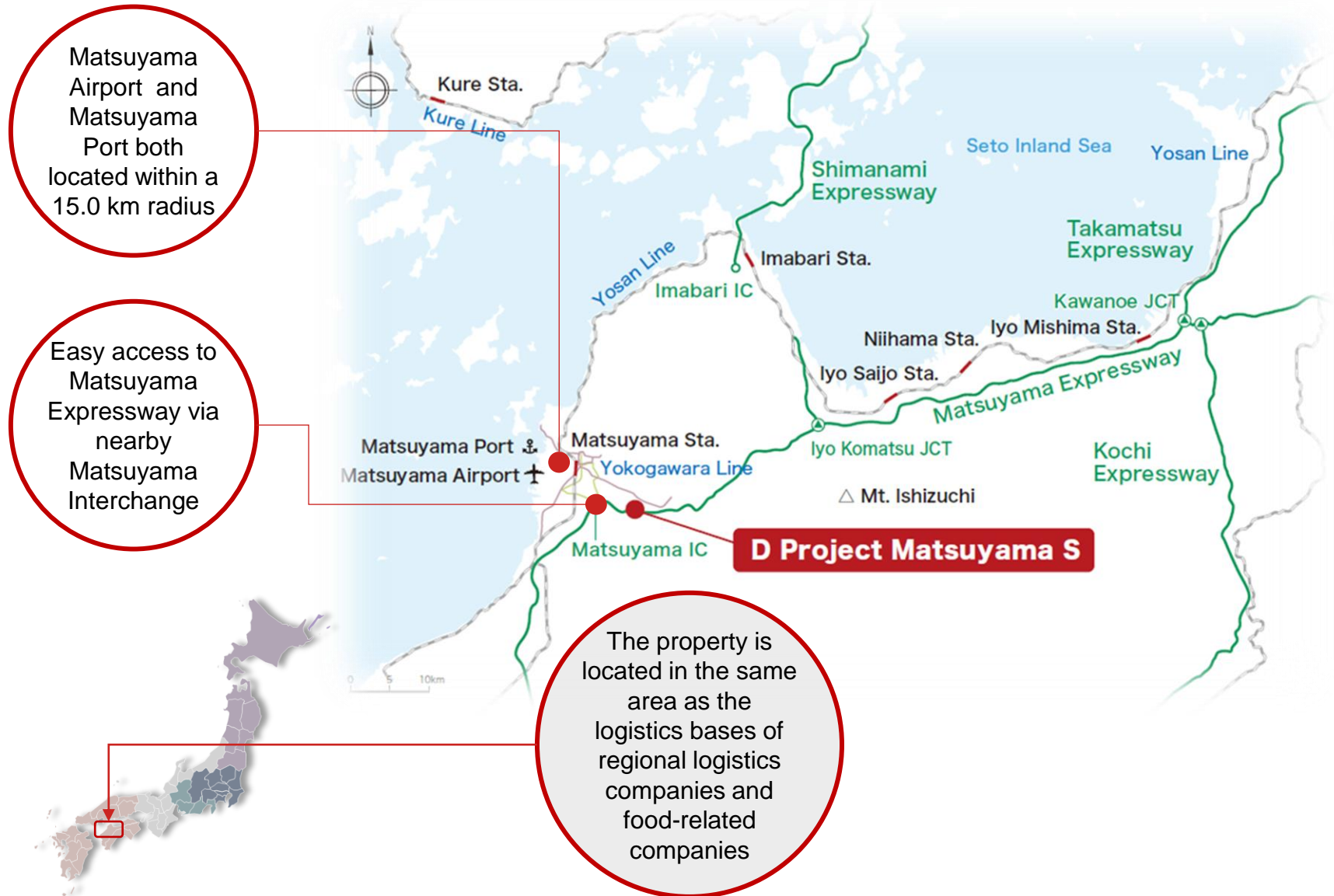


Strategic location – DPL Iwakuni 1 & 2

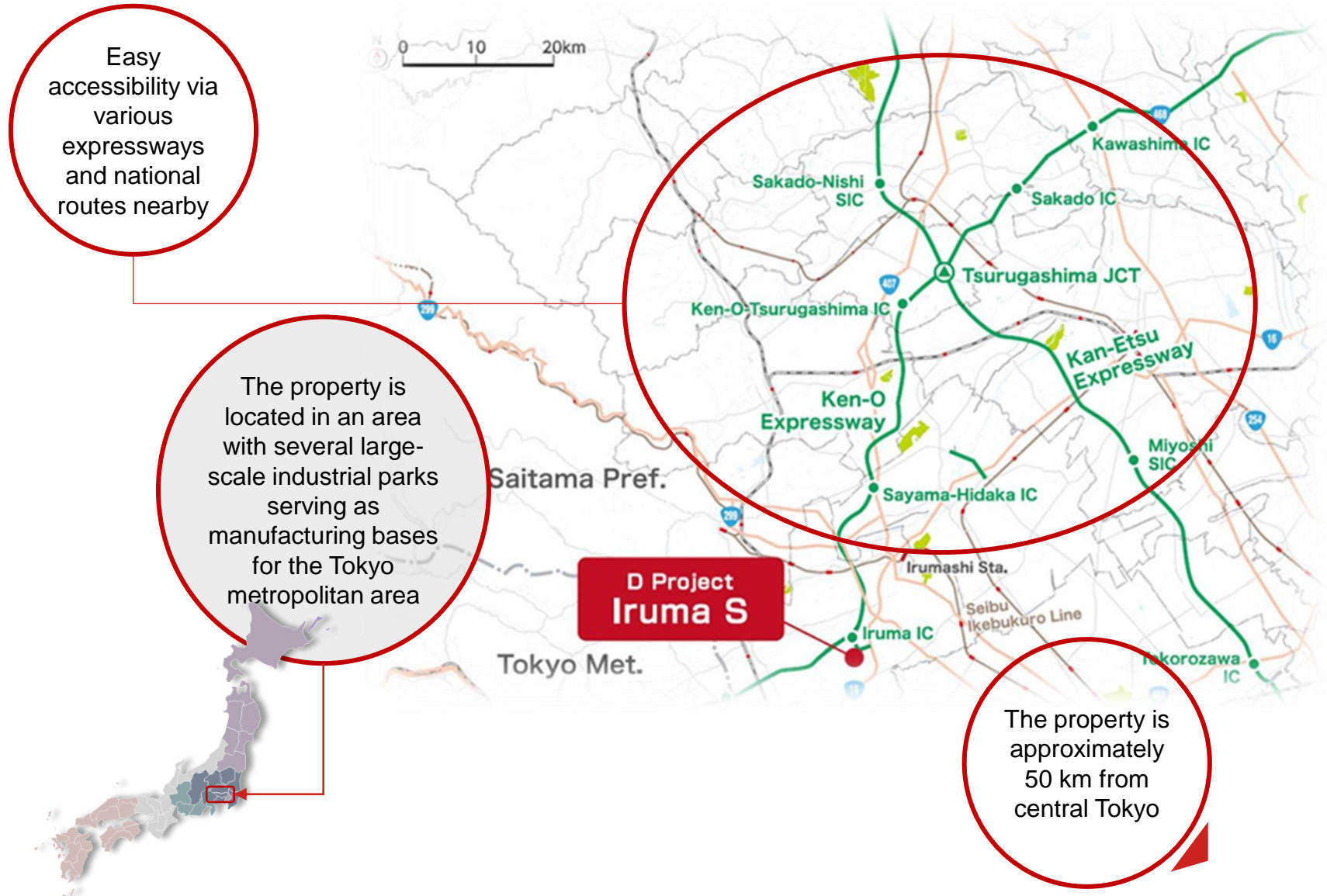
Daiwa House®



Source: Independent Market Research Report.



Source: Independent Market Research Report.



Source: Independent Market Research Report.



Addition of high quality facilities to portfolio

Daiwa House®

- ✓ DPL Iwakuni 1 & 2 *is a modern logistics facility developed with high specifications*, and comprises two *relatively new buildings* completed in 2016 and 2020
- ✓ D Project Matsuyama S is developed to *cater for the specific needs of its tenant* and comprises 2 buildings, where the annex building was constructed in 2017 based on the demand of tenant
- ✓ *Minimal capital expenditure requirements* are expected in near term for these two properties



- *DPL Iwakuni 1 & 2 is a multi-tenanted property with ceiling heights of up to 8.0 metres and floor loads of up to 2.5 tonnes per sq m*



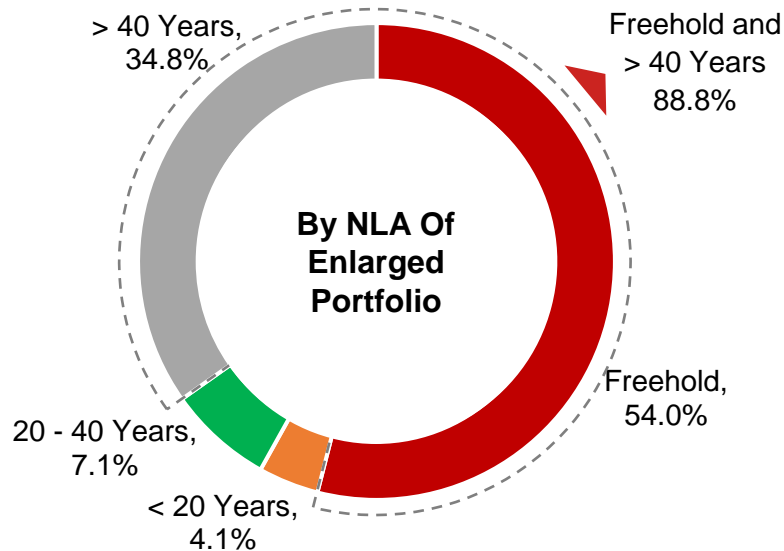
- *D Project Matsuyama S was built for single-tenanted use, and one of the buildings has a temperature-controlled facilities for frozen or chilled foodstuff storage*



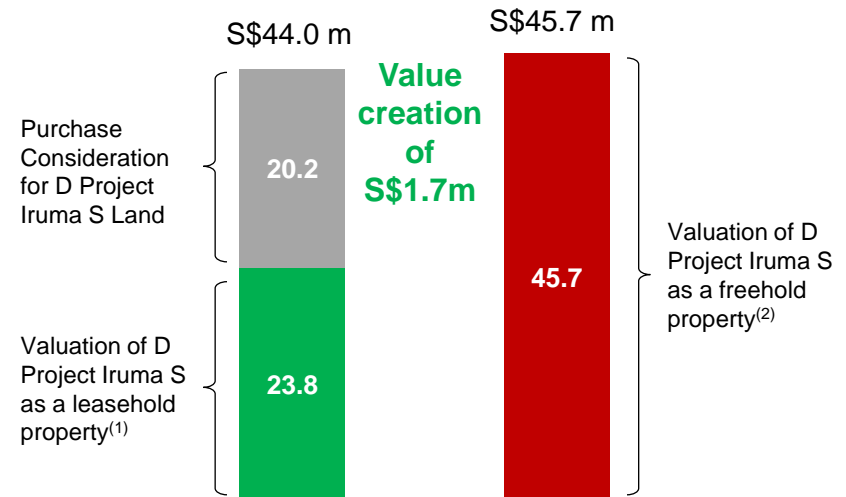
Strengthens portfolio resilience with freehold assets Daiwa House®

- ✓ The Target Properties are **all freehold properties**
- ✓ On a pro forma basis, the proportion of freehold properties (by NLA) of the Enlarged Portfolio **will increase from 48.3% to 54.0% and mitigates leasehold risk**
- ✓ Acquisition of D Project Iruma S Land will **better preserve the value** of D Project Iruma S
- ✓ The **overall value of D Project Iruma S will also be enhanced** as freehold properties are generally valued based on a tighter cap rate compared to leasehold properties

Breakdown by Land Tenor (Post Transaction)



Value Creation for D Project Iruma S

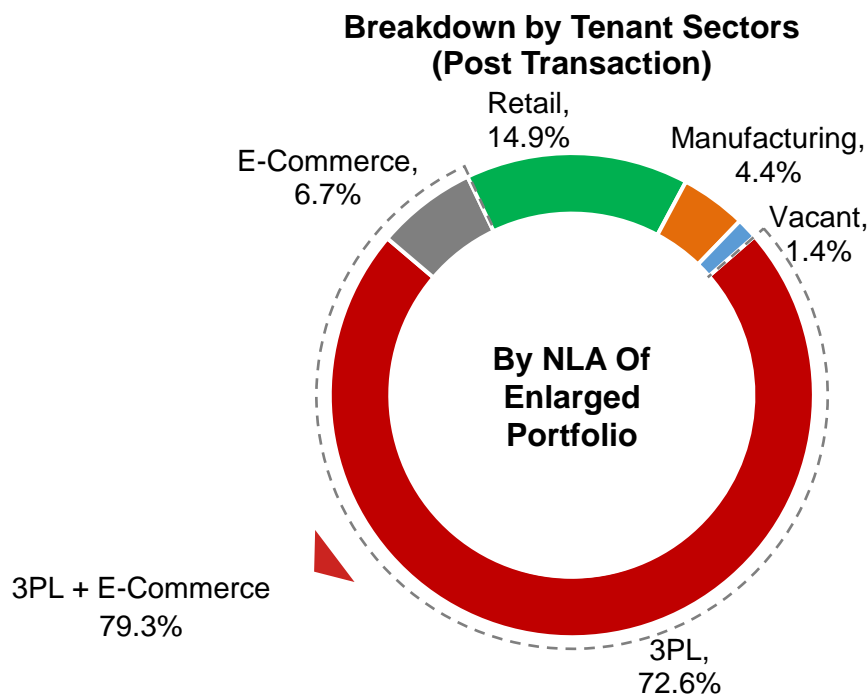


(1) Based on the independent valuation of D Project Iruma S as at 31 December 2021 as a leasehold property and converted from JPY to SGD based on an illustrative exchange rate of S\$1.00 : JPY 98.0.

(2) Based on the Average Value of D Project Iruma S as at 30 June 2022 as a freehold property and converted from JPY to SGD based on an illustrative exchange rate of S\$1.00 : JPY 98.0.

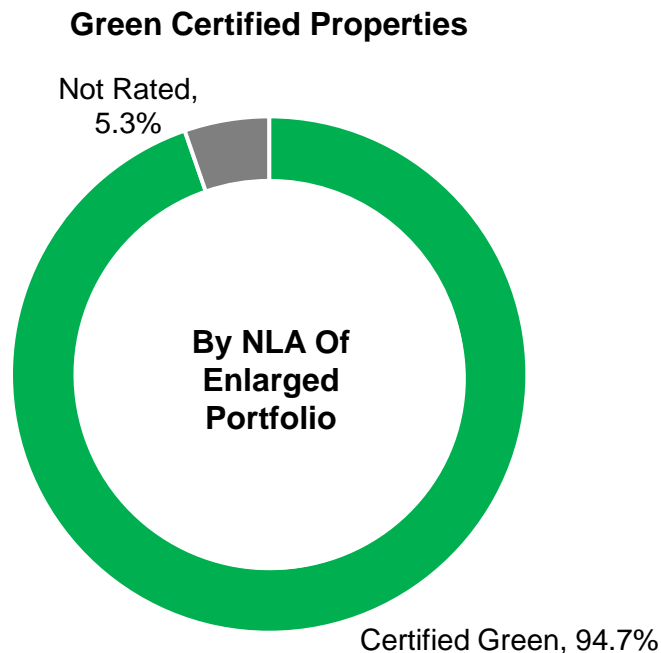


- ✓ The two properties are **fully occupied** as at 30 June 2022, and are **leased to quality tenants, including listed companies**
- ✓ Such tenants include Nippon Express Co., Ltd, a global 3PL company, as well as Nippon Access., Inc, a leading integrated food trading company in Japan which also provides 3PL logistics services
- ✓ Following the completion of the Transactions, the proportion of tenants in growing **3PL and e-commerce sectors increases to 79.3%** on a pro forma basis





- ✓ DPL Iwakuni 1 & 2 is a **certified green building** by Building Energy-efficiency Labelling System (“BELS”), rated 5 stars (highest rating under BELS)
- ✓ Based on the Enlarged Portfolio, the proportion of properties that are certified green will **remain high at 94.7%** (by NLA)
- ✓ DPL Iwakuni 1 & 2 has solar panels installed on its rooftop, with a capacity of 1.8 MWp
- ✓ Following the completion of the Proposed Acquisition, the Enlarged Portfolio will have an **aggregate solar energy capacity of 15.4 MWp**



Solar panels on rooftop of DPL Iwakuni 1 & 2

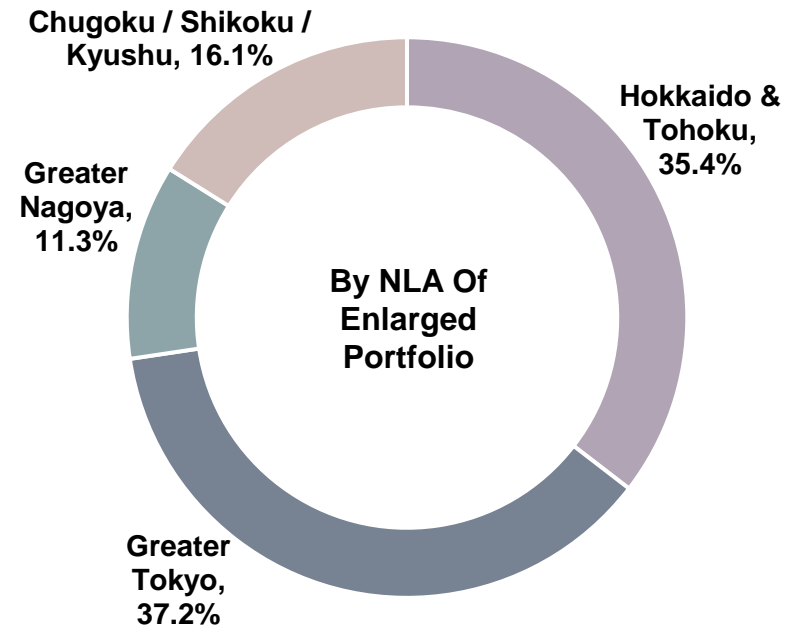
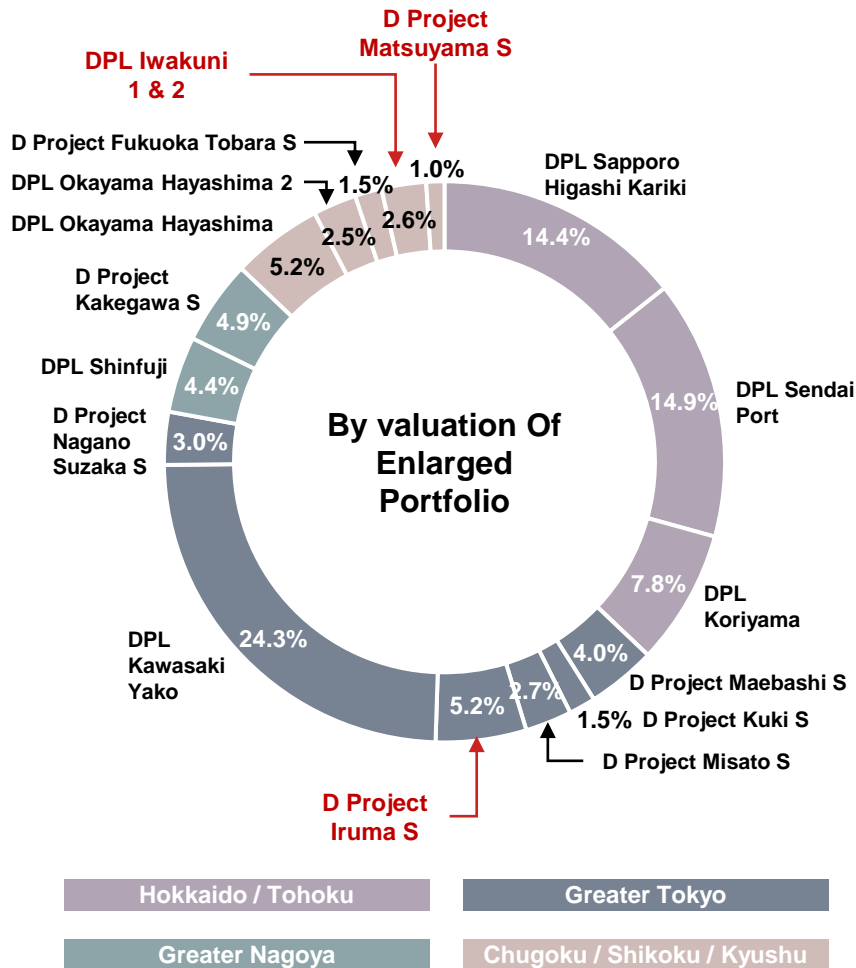




Further diversification of DHLT Portfolio

- ✓ Following the completion of the Proposed Acquisition, **no single property account for more than 25% of the total valuation**

- ✓ Portfolio **further diversified across various regions** in Japan, mitigating concentration risk in a single region





Lowers reliance on any single tenants

- ✓ DHLT will also have a wider pool of tenants which *reduces its reliance on any single tenant.*

As at 30 June 2022 (Existing Portfolio)

	Tenant	% of NPI ⁽¹⁾
1	Mitsubishi Shokuhin	19.8
2	Suntory Logistics	8.0
3	Nippon Express	8.0
4	Tenant A ⁽²⁾	7.1
5	Nitori	5.6
6	Tenant B ⁽²⁾	4.5
7	Create SD	4.5
8	Tokyo Logistics Factory	4.2
9	K.R.S Corporation	4.1
10	CB Group Management	4.1
		69.9%



As at 30 June 2022 (Enlarged Portfolio)

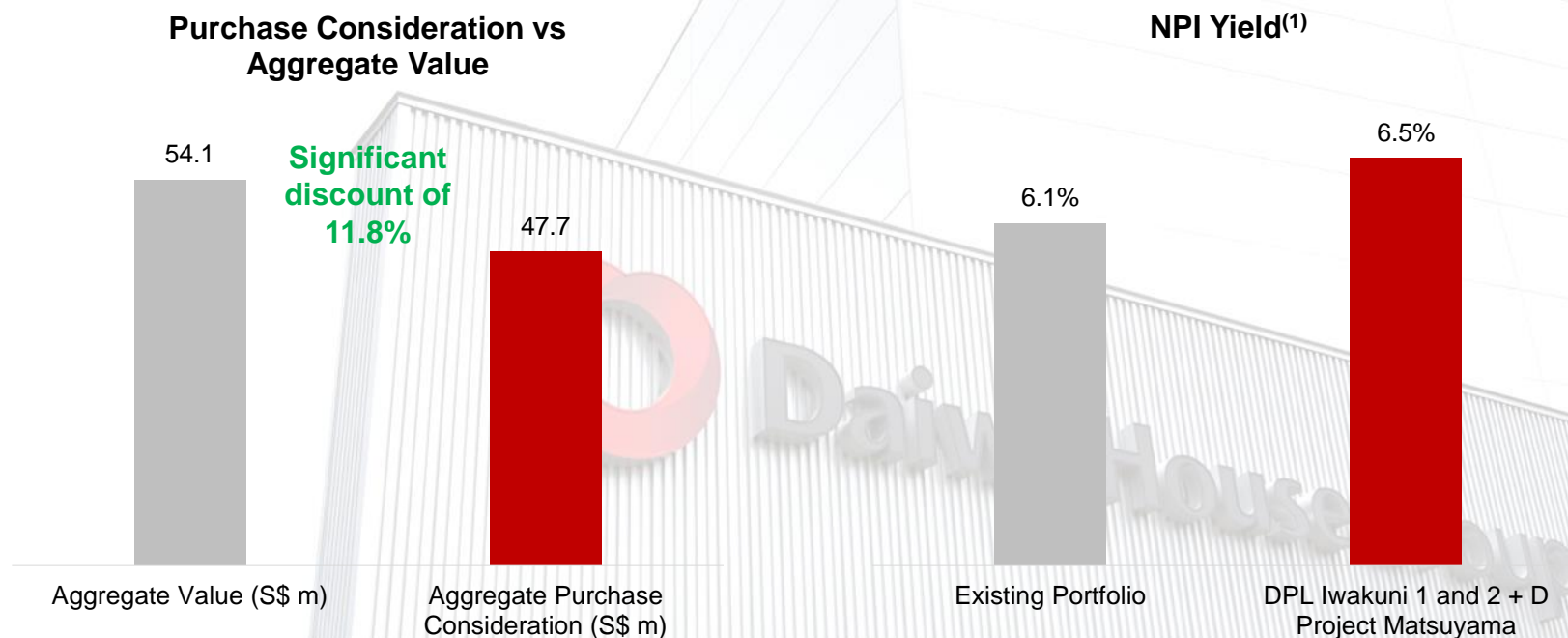
	Tenant	% of NPI ⁽¹⁾
1	Mitsubishi Shokuhin	19.1
2	Nippon Express	8.6
3	Suntory Logistics	7.7
4	Tenant A ⁽²⁾	6.9
5	Nitori	5.4
6	Tenant B ⁽²⁾	4.4
7	Create SD	4.3
8	Tokyo Logistics Factory	4.1
9	K.R.S Corporation	4.0
10	CB Group Management	3.9
		68.4%

(1) Based on pro forma NPI for FP2022 and the percentage 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).



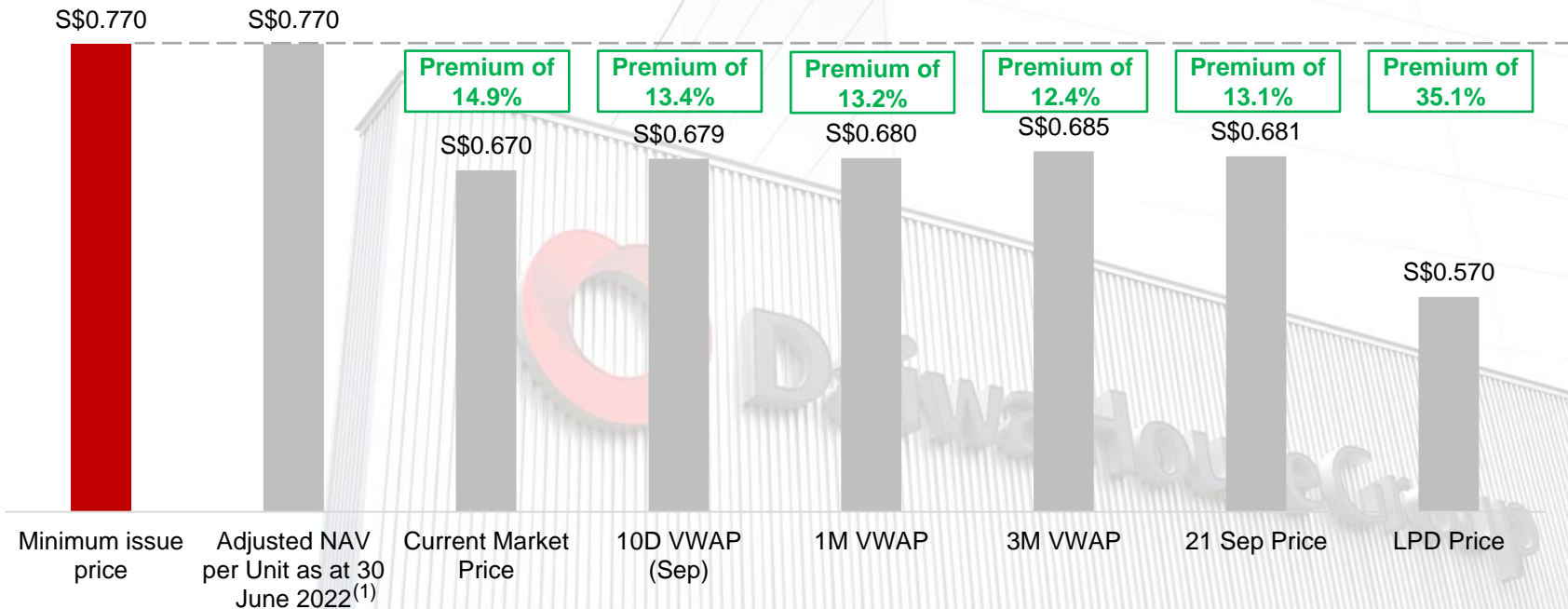
- ✓ The purchase consideration represents an **attractive discount of 11.8%** to Aggregate Value of S\$54.1 million
- ✓ The attractive discounts show the **Sponsor's strong commitment to DHLT's growth**
- ✓ Blended implied NPI yield for DPL Iwakuni 1 & 2 and D Project Matsuyama S based on the purchase consideration is **higher than NPI yield of existing portfolio⁽¹⁾**
- ✓ DHLT can leverage on **abundant supply of pipeline targets from prolific developer Sponsor to drive its growth trajectory in the long-term**



(1) Based on annualised NPI of the respective properties for FP2022 converted to S\$ using the actual exchange rate of S\$1.00 : JPY89.09 as adopted in the profit and loss statement of the FP2022 Unaudited Financial Statements where relevant, and purchase consideration (for DPL Iwakuni 1 & 2 and D Project Matsuyama S) and valuation as at 31 December 2022 (for the Existing Portfolio) converted to S\$ using an illustrative exchange rate of S\$ 1.00 : JPY 98.0.



- ✓ The Sponsor will support the fund raising for the proposed acquisition by subscribing for the New Units at the **higher of (i) S\$0.77 per Unit or (ii) the 10-Day VWAP**
- ✓ Based on the Minimum Issue Price of S\$0.77 per new Unit, it is equivalent to the adjusted NAV per Unit⁽¹⁾ and **represents a premium** to the closing price of the Unit on 20 September 2022 ("**Current Market Price**") as well as trading prices over certain periods and dates set out in the chart below
- ✓ The Sponsor's ownership will increase from 10.31% to an estimated 12.5%⁽²⁾ following the Transactions, which will further **strengthen the alignment of interests between the Sponsor and the other Unitholders**



(1) Based on NAV per Unit of S\$0.80 as at 30 June 2022 less DPU of 3.09 cents for FP2022.

(2) Based on the minimum Issue Price of S\$0.77 per New Unit and the illustrative exchange rate of S\$1.00 : JPY 98.0. The actual percentage unitholding of the Sponsor in DHLT after the completion of the Proposed Sponsor Subscription and the issuance of the Acquisition Fee Units may vary.

Summary



D Project Iruma S



DPU accretive acquisition

- *DPU accretion of 1.3%*
 - *Post-acquisition gearing remains healthy at 36.2%*
-



Fundamentals in Japan logistics market remain sound

- *Demand expected to remain healthy supported by 3PL and e-commerce sector*
-



Acquisition of high-quality properties

- *Strategically located freehold assets*
 - *100% occupied quality assets to enhance quality of portfolio*
-



Further diversification of portfolio

- *Reduces reliance on any single property*
 - *Further mitigates single region concentration risk within Japan*
-



Reinforces Sponsor commitment and confidence

- *Acquisition consideration 11.8% lower than Aggregate Value*
- *Sponsor to subscribe for units at premium to current price*

Opinion and Recommendation of the Independent Financial Adviser (“IFA”)⁽¹⁾

- ✓ The IFA is of the opinion that the Proposed Acquisition and Proposed Sponsor Subscription **are on normal commercial terms and are not prejudicial to the interests of DHLT and its minority Unitholders**.⁽¹⁾
- ✓ Accordingly, the IFA has advised the Independent Directors and the Audit and Risk Committee (“ARC”) to recommend that Unitholders **vote in favour** of the 2 resolutions to be proposed at the EGM to be convened.

Recommendation of Independent Directors and the Audit and Risk Committee⁽²⁾

- ✓ Based on the opinion of the IFA and the rationale for and key benefits of the Proposed Acquisition and the Proposed Sponsor Subscription, the Independent Directors and the ARC⁽²⁾ believe that **the Proposed Acquisition and the Proposed Sponsor Subscription are on normal commercial terms and are not prejudicial to the interests of DHLT and its minority Unitholders**.
- ✓ Accordingly, the Independent Directors and the ARC⁽²⁾ recommend that Unitholders **vote at the EGM in favour** of the resolutions to approve the Proposed Acquisition and the Proposed Sponsor Subscription.

(1) Unitholders are advised to read the IFA Letter as set out in Appendix B of the Circular dated 16 November 2022 for the considerations and assumptions adopted by the IFA in forming its opinion.

(2) As Mr Yoshiyuki Takagi is a Non-Independent Non-Executive Director of the Manager, Mr Yoshiyuki Takagi will be abstaining from recommending to Unitholders to vote in favour of the resolutions to approve the Proposed Acquisition and the Proposed Sponsor Subscription.

**Wednesday
16 November 2022**

- ✓ Unitholders, including CPF and SRS investors or where applicable, their appointed proxy(ies), may begin to pre-register at <https://www.daiwahouse-logisticstrust.com> for the live audio-visual webcast or live audio-only stream of the EGM proceedings

**2.00 p.m. on Monday
21 November 2022**

- ✓ Deadline for CPF/SRS investors who wish to appoint the Chairman of the EGM as proxy to approach their respective CPF Agent Banks or SRS Operators⁽¹⁾ to submit their votes

**2.00 p.m. on Monday
28 November 2022**

- ✓ Deadline to:
 - pre-register at DHLT's pre-registration website at <https://www.daiwahouse-logisticstrust.com> for the live audio-visual webcast or live audio-only stream of the EGM proceedings;
 - submit questions in advance of the EGM; and
 - submit Proxy Forms

**Extraordinary General Meeting
2.00 p.m. on Thursday
1 December 2022**

(1) "CPF Agent Bank" means an agent bank appointed to maintain CPF investment accounts under the CPF Investment Scheme, and "SRS Operator" means a bank appointed to operate Supplementary Retirement Scheme accounts.

Appendix





***Listed on Tokyo Stock Exchange with a
market capitalisation of JPY 1,961.2
billion (S\$19.4 billion) as of 30 September
2022***

AA Credit Rating⁽¹⁾

- 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 56,400 commercial facility projects as at 31 March 2022
- The Sponsor is also one of the largest logistics real estate developers in Japan. As of 31 March 2022, the Sponsor has completed, or is currently developing, more than 330 logistics properties located in Japan with a total GFA of close 12 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