19 October 2025

Beansprout

Daiwa House Logistics Trust

(SGX: DHLU)

Weaker yen to impact distributions

- **Weakening Japanese Yen.** Sanae Takaichi, the pro-stimulus leader of the ruling Liberal Democratic Party, is on course to become Japan's first female prime minister. This saw Singapore dollar hitting a 52-week high against Japanese Yen, reaching S$1 to JPY117.8. With 97.2% of its assets in Japan, we expect the weak yen to impact the DPU of Daiwa House Logistics Trust.
- **Lower DPU.** Daiwa House Logistics Trust (DHLT) Distributable Income fell by 8.2% year-on-year to S$15.7 million in 1H25, mainly due to lower realised exchange gains and increased interest expenses from loan refinancing and restructuring. DPU fell by 8.6% year-on-year to 2.24 cents.
- **Higher Net Property Income due to acquisitions.** DHLT reported a 6.1% year-on-year increase in Net Property Income (NPI) to S$22.5 million for 1H25. This growth was primarily driven by contributions from new acquisitions - D Project Tan Duc 2 in Vietnam and DPL Gunma Fujioka in Japan.
- **Portfolio occupancy improves.** Portfolio occupancy improved to 93.2% up from 92.1% as of March 2025. DHLT managed to backfill a space vacated in FY2024, with 2 leases signed in 1H25.
- **Rental uplift for renewals.** During 1H25, five of the six expired leases were successfully re-tenanted with three- to five-year lease terms, achieving a 10% rental uplift. Weighted average lease expiry (WALE) improved to 6.5 years, with 54.7% of leases set to expire in 2030 or later.
- **Acquisition of logistics asset in Tokyo.** In March 2025, DHLT acquired DPL Gunma Fujioka, a logistics property in Greater Tokyo, for JPY4.0 billion. The property is leased to a blue-chip multinational corporation under a six-year lease commencing in April 2025. The acquisition is expected to be yield accretive, increasing DPU by 3.3%.
- **Lower gearing ratio.** Aggregate leverage improved to 40.7%, from 41.1% at the end of March 2025. The interest coverage ratio (ICR) remains healthy at 6.6x, comfortably above the regulatory minimum of 1.5x.
- **Outlook.** Management expects limited direct impact from trade tariffs in the near term. Management expects minimal direct impact from global trade tariffs, given that less than 10% of its tenants in Japan are export-oriented. However, trade tensions may introduce short-term economic uncertainty.
- **Maintain NEUTRAL.** We maintain our Neutral rating and revise our target price down slightly to S$0.57. DHLT currently trades at a price-to-book valuation of 0.84x. At S$0.58, the closing price on 16 Oct 2025, DHLT trades at FY2025 dividend yield of 7.8%.

Ticker	DHLU
Rating	Neutral
Price Target*	S$0.57 (from S$0.59)
Price (17 Oct)	S$0.58
Upside/Downside:	-1.7%
52-week range	S$0.520 - 0.610
Market Cap	S$406M

*Target price is for 12 months

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Weaker Japanese Yen following election of New Japan Prime Minister

Recently, conservative politician Sanae Takaichi was elected as the leader of the ruling Liberal Democratic Party, putting her on course to become Japan's first female prime minister.

Takaichi is widely perceived as a fiscal and monetary dove, and is expected to dole out more expansionary fiscal policies. She has also largely opposed the BOJ's raising of interest rates, and has called for more accommodative policies to support a sluggish economy.

This saw Singapore dollar hitting 52-week high against Japanese Yen, reaching S$1 to JPY117.8. The Japanese Yen has weakened 2.3% against the Singapore year-to-date.

With 97.2% of its assets in Japan, we expect the weakness in the Japanese yen to impact the distribution of Daiwa House Logistics Trust (DHLT).

Lower DPU

DHLT distributable income fell by 8.2% year-on-year to S$15.7 million in 1H25, mainly due to lower realised exchange gains and increased interest expenses from loan refinancing and restructuring. DHLT also raised new borrowings to fund the acquisitions. DPU fell by 8.6% year-on-year to 2.24 cents, consistent with DHLT's policy to distribute at least 90% of its annual distributable income.

Figure 1: Acquisitions drove revenue, but distribution lower year-on-year

	1 January to 30 June (1H)		
	1H FY2024	1H FY2025	Variance
Gross Revenue (S$ '000)	27,581	29,174	+5.8%
Net Property Income (S$ '000)	21,233	22,519	+6.1%
Distributable Income to Unithoplders (S$ '000)	17,104	15,696	-8.2%
Distribution per Unit (cents)	2.45	2.24	-8.6%

Source: DHLT, Beansprout

Higher Net Property Income

DHLT reported a 6.1% year-on-year increase in Net Property Income (NPI) to S$22.5 million for 1H25. This growth was primarily driven by contributions from new acquisitions - D Project Tan Duc 2 in Vietnam and DPL Gunma Fujioka in Japan.

The positive impact from the new acquisition was partially offset by translation losses from weaker Japanese Yen (JPY) and reduced NPI from its Japan portfolio. The Japan segment saw a 0.5% year-on-year decline in NPI, as full six-month contribution from DPL Ibaraki Yuki and higher contribution from DPL Kawasaki Yako were offset by vacancies and higher property-related expenses.

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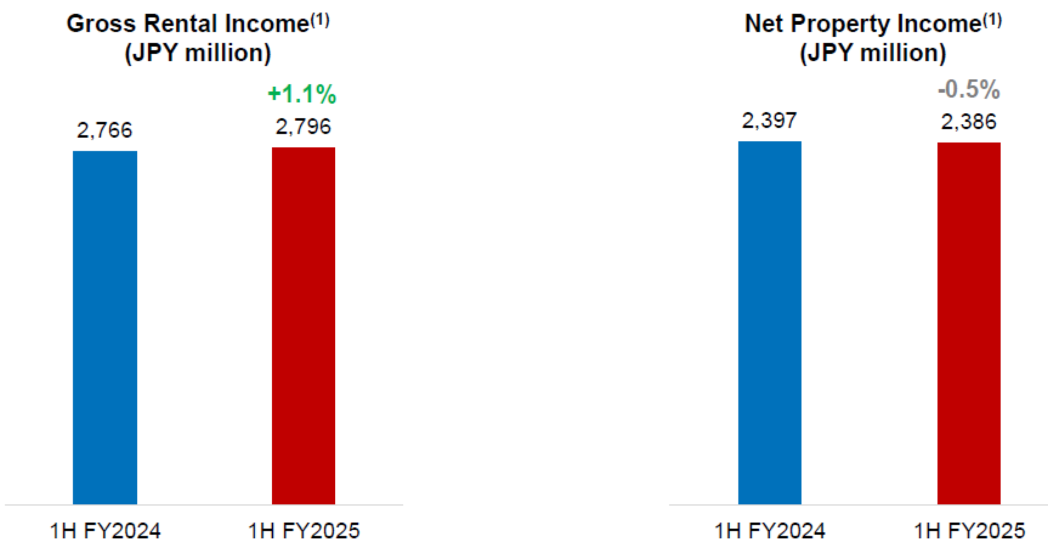
Figure 2: Japan portfolio reported stable NPI



Source: DHLT

Portfolio occupancy improves

Portfolio occupancy improved to 93.2% up from 92.1% as of March 2025. DHLT managed to backfilled space vacated in FY2024, with 2 leases signed in 1H25. In Japan, occupancy rate of DPL Koriyama improved to 92.3% as at 30 June 2025, from 66.6% as at 31 Dec 2024.

Of the 6 leases which expired in 1H25, DHLT renewed 2 leases and secured new tenants for 3 leases. In 1H25, DHLT achieved weighted average rent uplift of approximately 10%, for all leases renewed or new leases signed.

For the one vacant premise, DHLT is actively seeking new tenants, particularly among major third-party logistics (3PL) providers and local logistics companies.

Figure 3: Weighted average rent uplift of 10% for 1H FY2025

- 6 leases expired in 1H FY2025 :
  - *2 leases renewed*
  - *New tenants secured for 3 leases*
  - *Premise vacated for 1 lease*
- Space vacated in FY2024 was partially backfilled, with 2 leases signed in 1H FY2025
- 4 leases expiring in 2HFY2025 (c.6% of total NLA of the portfolio)
  - *Existing tenants expected to vacate*
  - *Currently in negotiations with potential tenants, with one in advance stage*

Occupancy Rate	31 Dec 2024	31 Mar 2025	30 Jun 2025
Japan Portfolio(2)	97.5%	91.8%	92.9%
Vietnam Portfolio(3)	100.0%	100.0%	100.0%
Overall Portfolio	97.6%	92.1%	93.2%

Source: DHLT

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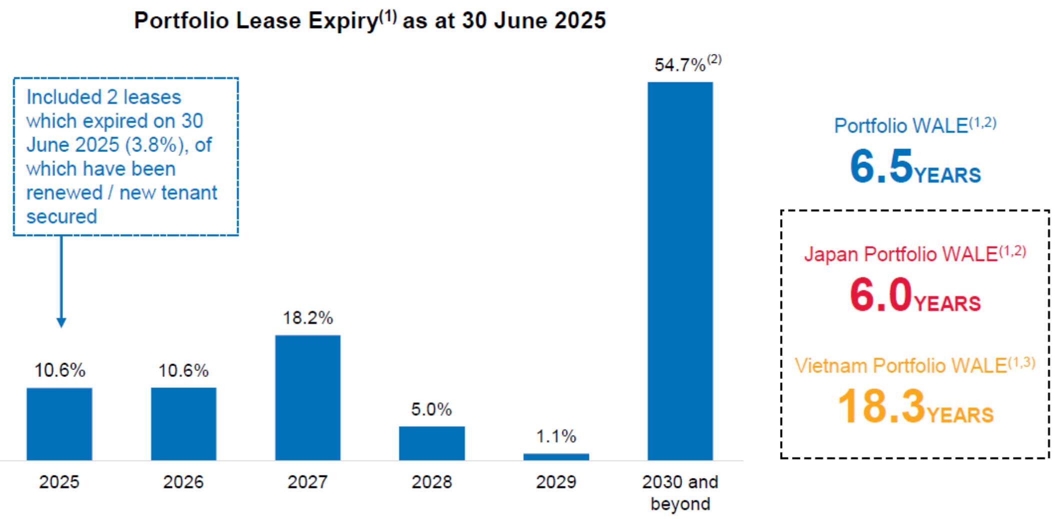
Strong rental uplift

Rental uplift for renewals. During 1H25, five of the six expired leases were successfully re-tenanted with three- to five-year lease terms, achieving a 10% rental uplift. In 2H25, DHLT there are four leases expiring, accounting for 6% of total NLA of the portfolio. For one of the leases, DHLT has received the letter of intent with a potential tenant. For the remaining leases, DHLT continues to source for tenants. The trust's weighted average lease expiry (WALE) improved to 6.5 years, with 54.7% of leases set to expire in 2030 or later.

Figure 4: More than 50% of the leases expire in 2030 or later



Source: DHLT

DPU accretive acquisition

Acquisition of logistics asset in Tokyo. In March 2025, DHLT acquired DPL Gunma Fujioka, a logistics property in Greater Tokyo, for JPY4.0 billion. The property is leased to a blue-chip multinational corporation under a six-year lease commencing in April 2025. The acquisition was made at a 23.4% discount to valuation and is expected to be yield accretive, increasing the trust's DPU by 3.3%.

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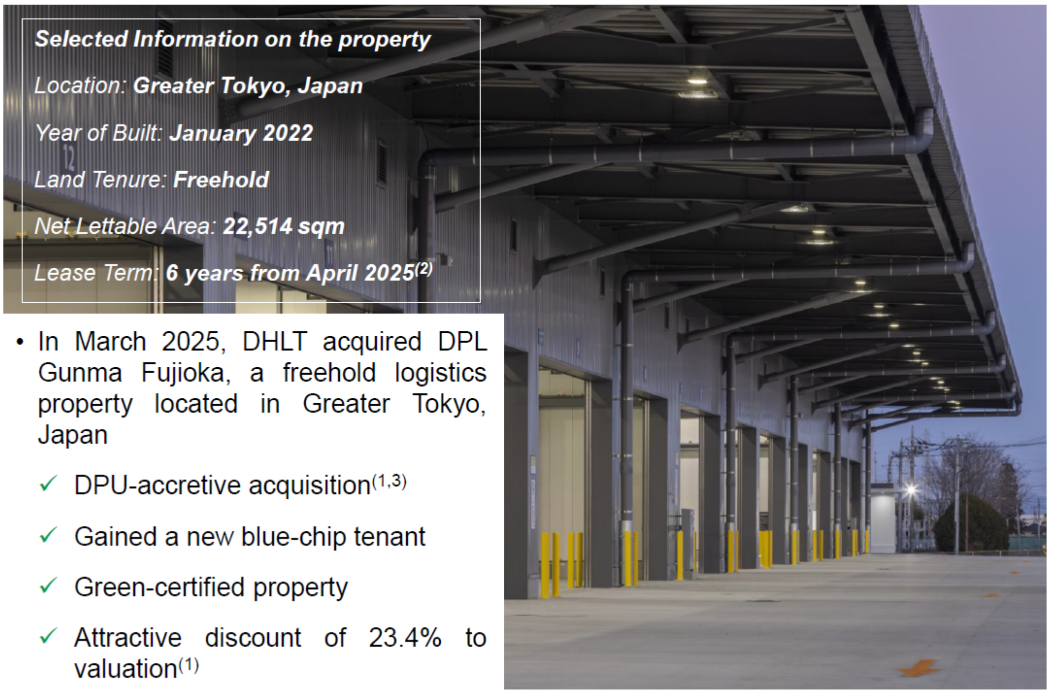
Figure 5: DHLT's 19th property: DPL Gunma Fujioka



(1) Please refer to the announcement dated 24 March 2025 for further information on the acquisition of DPL Gunma Fujioka.
(2) Assuming the lease is not terminated by the tenant on 31 March 2028 pursuant to its option to terminate under the lease agreement.
(3) On a pro forma basis, assuming that the acquisition was completed on 1 January 2024.

Source: DHLT

Lower gearing ratio

Aggregate leverage improved to 40.7%, from 41.1% at the end of March 2025. The interest coverage ratio (ICR) remains healthy at 6.6x, comfortably above the regulatory minimum of 1.5x. DHLT continues to manage its capital prudently, with 99.3% of its debt at fixed rates and all properties unencumbered.

The weighted average debt tenure remains steady at 2.3 years, while the average borrowing cost was stable at 1.69%, unchanged from end-March 2025. Management has started discussions with banks for the refinancing of JPY10.0 billion maturing in November 2025.

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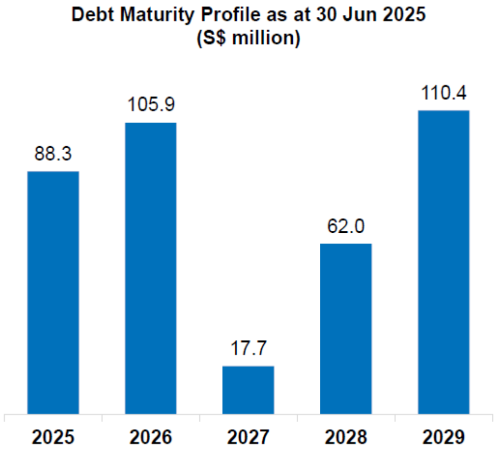
Figure 6: Aggregate leverage remained at healthy level



	As at 30 June 2025	
Total borrowings	• S$384.2 million	
Aggregate leverage[1]	• 40.7%[2]	
Weighted average debt tenure	• 2.3 years	
Weighted average borrowing cost	• 1.69% (all-in rates and includes upfront fees)	
Proportion of debt with fixed cost	• 99.3%	
Interest coverage Ratio (“ICR”)[3]	Including distribution for perpetual securities 6.6 times	Excluding distribution for perpetual securities 7.6 times

- Aggregate leverage of 40.7% was considerably lower than the limit of 50%, and debt level well supported by healthy ICR
- The Manager has commenced discussions with banks for the refinancing of JPY10.0 billion that matures in November 2025

(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) Total debt (including perpetual securities) to net asset value ratio as at 30 June 2025 was 80.8%.
(3) Based on period of last 12 months up to 30 June 2025 and including distributions in relation to perpetual securities.

Source: DHLT

Outlook

Management expects minimal direct impact from global trade tariffs, given that less than 10% of its tenants in Japan are export-oriented. However, trade tensions may introduce short-term economic uncertainty.

The large supply of logistics space in Japan has presented near-term challenges, although the supply pipeline is projected to peak in Greater Tokyo by the end of 2026. Growth in 3PL and e-commerce is expected to drive demand for logistics space moving forward. DHLT expected a more balanced supply-demand equilibrium going forward.

In Vietnam, economic growth remains supportive of logistics sector expansion. DHLT's D Project Tan Duc 2 is fully leased to a single tenant under a long-term lease expiring in 2043, underscoring the stability and income visibility of its Vietnamese operations.

Maintain NEUTRAL

We maintain our Neutral rating and revise target price down slightly to S$0.57. At S$0.58, the closing price on 16 Oct 2025, DHLT trades at FY2025 dividend yield of 7.8%. and a price-to-book valuation of 0.84x.

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Financial Summary

Y/E Dec (S$m)	FY22	FY23	FY24	FY25E	FY26E
Income Statement					
Revenue	68,719	59,852	57,100	54,589	55,045
Property expenses	(15,734)	(14,528)	(13,210)	(12,847)	(11,722)
Net property income	**52,985**	**45,324**	**43,890**	**41,742**	**43,323**
Manager's management fees	(2,745)	(2,733)	(2,393)	(2,441)	(2,490)
Japan asset management fees	(1,255)	(1,077)	(1,045)	(1,066)	(1,087)
Trustee fees and trust expenses	(1,953)	(2,033)	(1,955)	(1,994)	(2,034)
Interest income	1,141	4,180	2,013	2,013	2,013
EBIT	**48,173**	**43,661**	**40,510**	**38,254**	**39,725**
Finance costs	(8,030)	(6,394)	(6,630)	(7,134)	(7,134)
Net change in fair value of financial derivatives	870	866	(1,024)	(1,024)	(1,024)
Net change in fair value of investment properties	121,485	11,576	8,483	(7,054)	0
Income tax expense	(21,169)	(6,389)	(6,634)	(3,698)	(5,066)
Attributable to perpetual holders	1,035	847	784	784	784
Attributable to unit holders	**140,294**	**42,473**	**33,921**	**18,560**	**25,717**
Balance sheet					
Assets					
PPE	1,075,651	1,006,288	996,406	989,352	989,352
Others	0	0	55	55	55
Total non-current assets	1,075,651	1,006,288	996,461	989,407	989,407
Cash & cash equivalents	48,938	45,801	41,598	41,221	39,939
Trade & other receivables	346	667	792	757	763
Others	52,104	48,986	44,664	44,664	44,664
Total current assets	101,388	95,454	87,054	86,642	85,366
Total assets	**1,177,039**	**1,101,742**	**1,083,515**	**1,076,049**	**1,074,773**
Liabilities					
ST borrowings	0	93,359	86,482	86,482	86,482
Trade & other payables	10,270	9,799	12,491	12,148	11,084
Others	2,795	6,437	5,102	5,033	4,821
Total current liabilities	13,065	109,595	104,075	103,663	102,387
LT borrowings	338,301	220,861	251,617	251,617	251,617
Others	236,670	217,806	209,696	209,696	209,696
Total non-current liabilities	574,971	438,667	461,313	461,313	461,313
Total liabilities	**588,036**	**548,262**	**565,388**	**564,976**	**563,700**
Equity					
Share Capital	553,211	517,703	482,358	475,304	475,304
Total equity	**553,211**	**517,703**	**482,358**	**475,304**	**475,304**
Perpetual securities	35,792	35,777	35,769	35,769	35,769
Total equity and liabilities	**1,177,039**	**1,101,742**	**1,083,515**	**1,076,049**	**1,074,773**

Y/E Dec (S$m)	FY22	FY23	FY24	FY25E	FY26E
Cash Flow					
Operating cash flow					
Pretax profit	162,498	49,709	41,339	23,042	31,567
Adjustments	(112,940)	(4,416)	1,289	18,117	12,456
Working capital changes	9,700	(805)	(1,381)	(377)	(1,282)
Tax paid	0	(23)	(397)	(3,698)	(5,066)
Cash flow from operations	**59,258**	**44,465**	**40,850**	**37,084**	**37,675**
Investing cash flow					
CAPEX	(885,722)	(243)	(47,365)	0	0
Others	0	(57)	(1,726)	0	0
Cash flow from investments	**(885,722)**	**(300)**	**(49,091)**	**0**	**0**
Financing cash flow					
Dividends paid	(20,873)	(35,848)	(35,244)	(31,557)	(33,052)
Perpetual security holders distribution	(817)	(862)	(792)	(784)	(784)
Others	901,593	(7,380)	38,666	(5,121)	(5,121)
Cash flow from financing	**879,903**	**(44,090)**	**2,630**	**(37,461)**	**(38,957)**
Net change in cash	**53,439**	**75**	**(5,611)**	**(377)**	**(1,282)**
Beginning cash	0	48,938	45,801	41,598	41,221
Currency translation	(4,501)	(3,212)	1,408	0	0
Ending cash	**48,938**	**45,801**	**41,598**	**41,221**	**39,939**
Per share data (S$ cents)					
Book value per unit	81.8	74.8	69.2	68.0	67.8
Distribution per unit	5.2	5.2	4.8	4.5	4.7
Earnings per unit	20.7	6.1	4.9	2.7	3.7
Valuation					
P/E (x)	2.8	9.5	11.9	21.8	15.8
P/B (x)	0.7	0.8	0.8	0.9	0.9
EV/NPI (x)	12.9	14.8	16.0	16.8	16.3
Dividend yield (%)	9.0	9.0	8.3	7.8	8.1
Ratios					
ROE (%)	25.4	8.2	7.0	3.9	5.4
ROA (%)	11.9	3.9	3.1	1.7	2.4
Net gearing (%)	0.49	0.48	0.57	0.58	0.58
Margins (%)					
EBIT margin	70.1	72.9	70.9	70.1	72.2
Net margin	204.2	71.0	59.4	34.0	46.7
Share Information					
Share price	0.580	0.580	0.580	0.580	0.580
No of shares	676,341	692,458	696,692	698,726	700,801
Market cap	392,278	401,626	404,081	405,261	406,464
EV	681,641	670,045	700,582	702,139	704,625

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