

# Daiwa House Logistics Trust

(SGX: DHLU)

## Lower DPU due to higher interest expenses

- **Lower Distribution per unit (DPU).** Distribution per unit declined to 2.09 cents in 2H FY25, -10.4% year-on-year. Interest expense increased by 30.3% year-on-year in 2H FY25 due to elevated interest rate and additional loans drawdown to fund acquisition. For the full year FY2025, DPU was 4.33 cents, a decline of 9.6% year-on-year.
- **Positive financial performance driven by accretive acquisition.** 2H FY25 revenue declined 3.0% year-on-year to S\$28.6 million and Net property income down 4.3% year-on-year to S\$21.7 million. The weaker performance was due to vacancies and unfavourable FX movements, partly cushioned by contribution from DPL Gunma Fujioka acquired in March 2025. As a result, income to be distributed to unitholders declined 8.2% year-on-year to S\$15.7 million in 2H FY25.
- **Portfolio valuation lower due to Singapore dollar appreciation.** Asset under management (AUM) was marginally lower, -0.1% year-on-year at S\$835.2 million, as at 31 December 2025. Despite valuation growth from newly acquired assets, portfolio valuation was lower due to weaker Japanese Yen and Vietnamese Dong against the Singapore Dollar.
- **Portfolio lease profile remains stable.** Weighted average lease expiry (WALE) was unchanged at 6.6 years at 31 December 2025. However, portfolio occupancy fell to 87.8% as at 31 December 2025, -9.8 percentage points from the previous year. The current lease expiry profile is well spread out with 54% of the leases to expire in 2030 or later.
- **Updates on leasing activities.** For FY2025, Daiwa House Logistics Trust renewed or signed on new tenants for nine leases. These leases achieved weighted average rent uplift of approximately 11%. Due to the lease structure in Japan, the renewed or new leases signed could achieved rental revision of at least high single digit. For Sendai Port, only one of the four expired leases in 2H FY25 was leased out. Management will actively look for new tenants and rejig the units to meet their requirements.
- **Healthy balance sheet.** As at 31 December 2025, aggregate leverage was at 40.2% and Interest coverage remained healthy at 5.5x. Weighted average debt tenure was 2.9 years, providing reasonable visibility over refinancing needs. Funding costs remain low, with a weighted average borrowing cost of 2.04%. Notably, 99.3% of debt is on fixed rates, supporting earnings stability.
- **Maintain Neutral and target price at S\$0.57.** Daiwa House is trading at S\$0.54, implying FY25 distribution yield of 8.0%. Based on our estimates, Daiwa House will offer a potential distribution yield of 8.2% for FY2026F.
- **Key risks** include foreign exchange risk, country concentration, regulatory and interest rate risks, amongst others.

<b>Ticker</b>	DHLU
<b>Rating</b>	Neutral
<b>Price Target*</b>	S\$0.57
<b>Price (5 Mar)</b>	S\$0.54
<b>Upside/Downside:</b>	+5.6%
<b>52-week range</b>	S\$0.52 – 0.60
<b>Market Cap</b>	S\$0.38B

\*Target price is for 12 months

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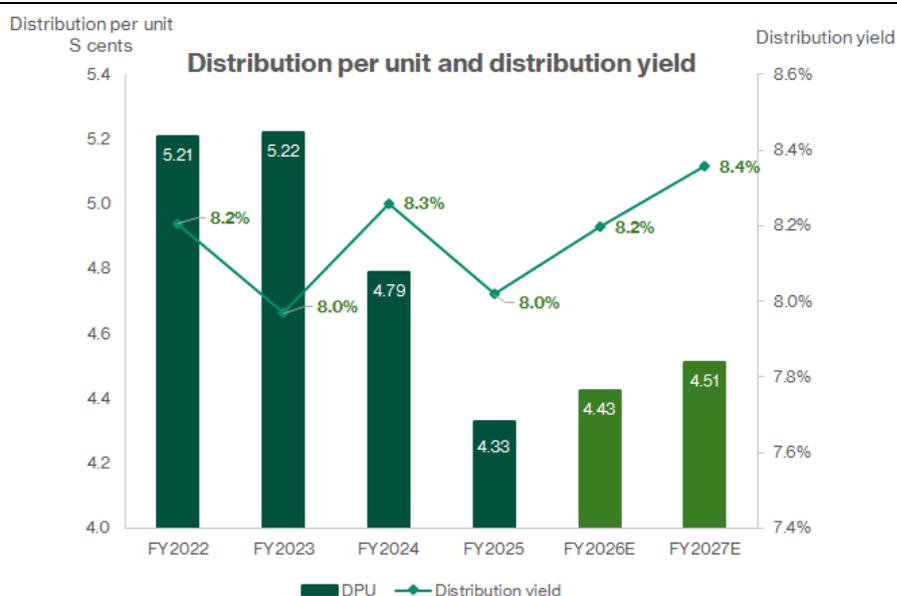
## Lower distribution per unit led by an increase in interest expense

Distribution per unit declined to 2.09 cents in 2H FY25, -10.4% year-on-year. Interest expense increased by 30.3% year-on-year in 2H FY25 due to elevated interest rate and additional loans drawdown to fund acquisition. In addition, vacancies increased at Sendai Port and Kawasaki Yako.

For the full year FY2025, DPU was 4.33 cents, a decline of 9.6% year-on-year. FY2025 DPU at 4.33 cents translated to a distribution yield of 8.0% based on the closing price of S\$0.54 as at 5 March 2026.

Including the contribution from recently acquired DPL Gunma Fujioka and rental reversion on upcoming rental expiry, we estimate the distribution per unit to grow steadily in FY2026 and FY2027 to 4.43 cents and 4.51 cents, respectively.

**Figure 1: Distribution per unit**



Source: Company data, Beansprout research

## Positive financial performance driven by accretive acquisition

**Figure 2: Financial highlights**

S\$ '000	2H FY25	2H FY24	change, % yoy	FY2025	FY2024	change, % yoy
Revenue	28,620	29,519	-3.0%	57,794	57,100	1.2%
Property operating expenses	-6,940	-6,862	1.1%	-13,595	-13,210	2.9%
Net property income	21,680	22,657	-4.3%	44,199	43,890	0.7%
Finance expenses	-4,674	-3,587	30.3%	-9,216	-6,630	39.0%
Income to be distributed to Unitholders	15,677	17,077	-8.2%	32,032	35,244	-9.1%
<b>Distribution per Unit (S cents)</b>	<b>2.09</b>	<b>2.34</b>	<b>-10.7%</b>	<b>4.33</b>	<b>4.79</b>	<b>-9.6%</b>

Source: Company data

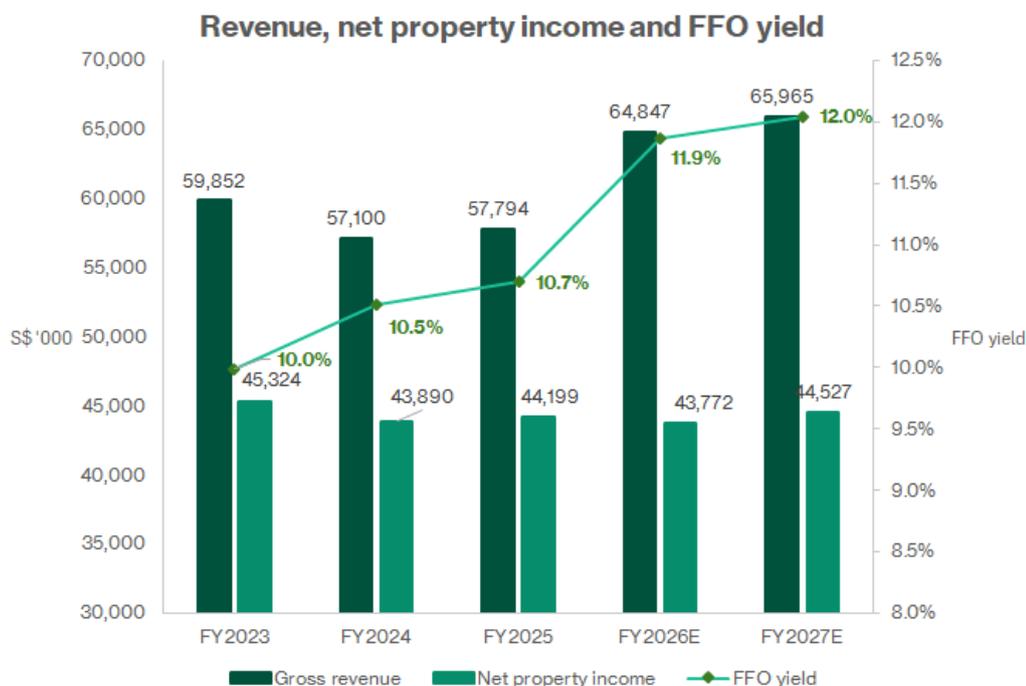
2H FY25 revenue declined 3.0% year-on-year to S\$28.6 million and Net property income down 4.3% year-on-year to S\$21.7 million. The weaker performance was due to vacancies and unfavourable FX movements, partly cushioned by contribution from DPL Gunma Fujioka acquired in March 2025.

As a result, income to be distributed to unitholders declined 8.2% year-on-year to S\$15.7 million in 2H FY25, with financing costs and currency effects weighing more heavily than the modest dip in topline.

Revenue rose by 1.2% year-on-year to S\$57.8 million in FY2025, supported by contributions from DPL Gunma Fujioka and a full-year contribution from D Project Tan Duc 2. Furthermore, Daiwa House Logistics Trust achieved 11% in weighted average rent increase on the nine leases signed in FY2025.

Net property income edged up 0.7% to S\$44.2 million, as acquisition gains were partly offset by vacancies and weaker foreign currencies.

**Figure 3: Revenue, net property income, and FFO yield**



Source: Company data

## Portfolio performance weakened due to lower occupancy

Figure 4: Portfolio metrics

Portfolio metrics	31-Dec-25	31-Dec-24	change, %
AUM, S\$ million	835.2	835.90	-0.1%
Net asset value per unit, S\$	0.65	0.69	-5.8%
Portfolio Occupancy	87.8%	97.6%	-9.8 ppt
Portfolio WALE, years (by annualised rent)	6.6	6.6	-
Total net leasable area, sq metres	499,000	476,614	4.7%

Source: Company data

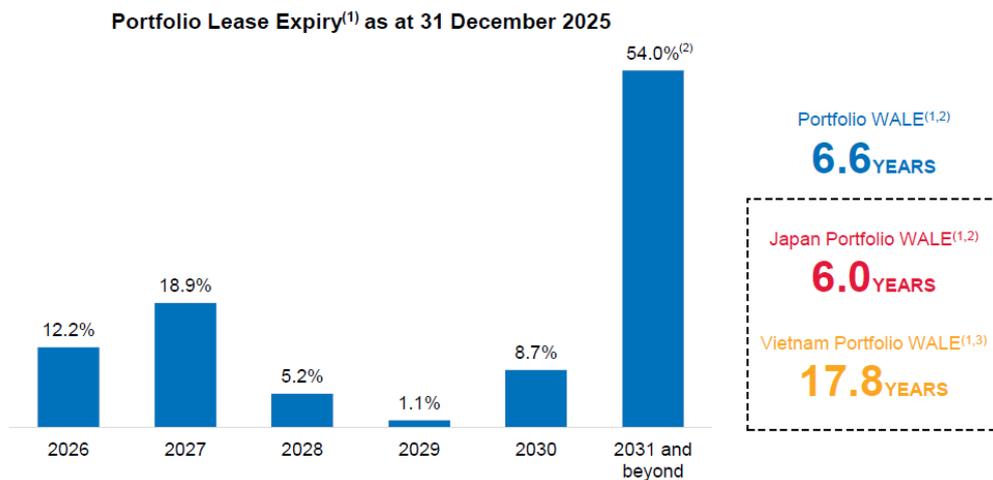
Asset under management (AUM) was marginally lower, -0.1% year-on-year at S\$835.2 million, as at 31 December 2025. Despite valuation growth from newly acquired assets, portfolio valuation was lower due to weaker Japanese Yen and Vietnamese Dong against the Singapore Dollar.

Weighted average lease expiry (WALE) was unchanged at 6.6 years at 31 December 2025.

However, portfolio occupancy fell to 87.8% as at 31 December 2025, -9.8 percentage points from the previous year. That said, 16 of the 19 properties remained at 100% occupancy.

The current lease expiry profile is well spread out with 54% of the leases to expire in 2030 or later. This provides a stable income visibility to the unitholders.

Figure 5: Portfolio lease expiry profile



- More than 50% of the leases<sup>(1)</sup> expire in 2030 or later, providing income stability to DHLT

(1) By GRI which is based on the monthly rent as at 31 December 2025.

(2) Including the lease of the recently acquired DPL Gunma Fujioka and assuming the lease is not terminated by the tenant on 31 March 2028 pursuant to its option to terminate under the lease agreement.

(3) The Vietnam portfolio comprised D Project Tan Duc 2.

Source: Company data

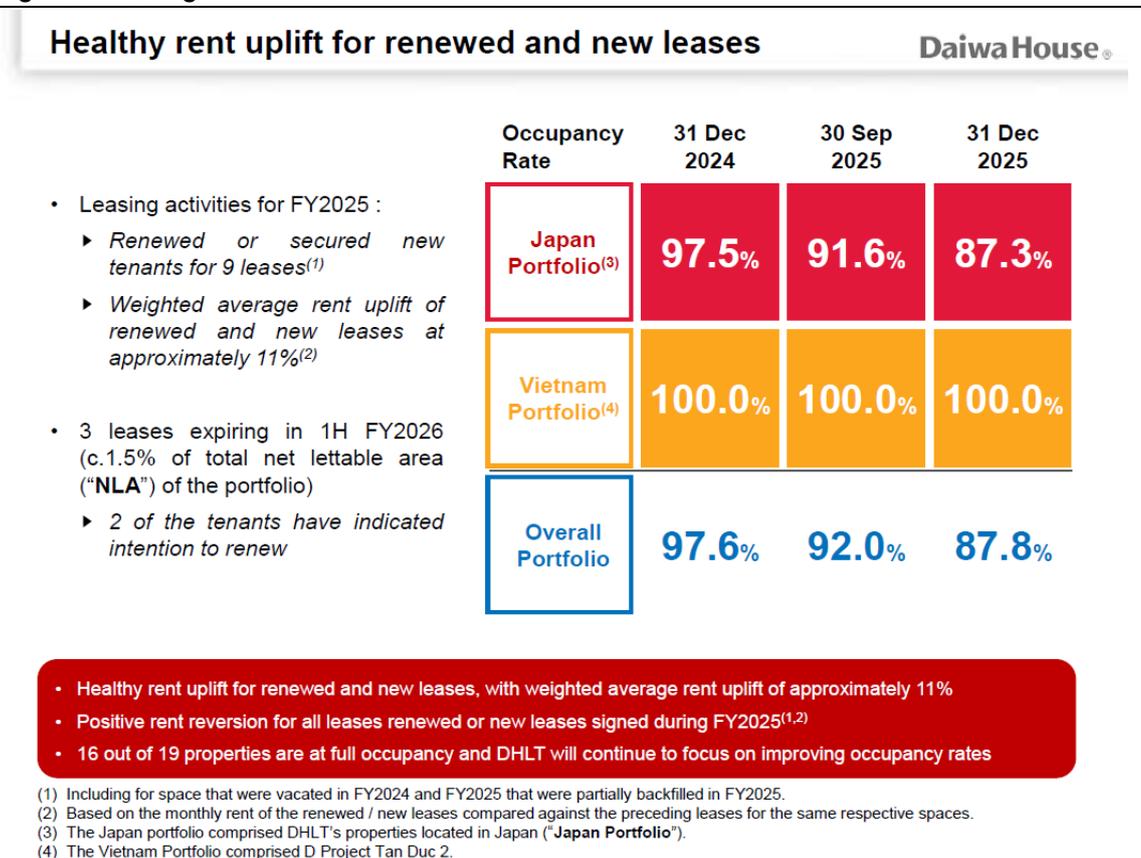
## Updates on leasing activities

For FY2025, Daiwa House Logistics Trust renewed or signed on new tenants for nine leases. These leases achieved weighted average rent uplift of approximately 11%. Due to the lease structure in Japan, the renewed or new leases signed could achieved rental revision of at least high single digit. Thus, for the leases expiring in 1H FY26, we expect a similar trend in rental reversion.

Portfolio occupancy fell to 87.8% as at 31 December 2025, compared with 92.0% as at 30 September 2025. This was due to lower occupancy rates at Sendai Port and Kawasaki Yako. Occupancy rates at Sendai Port fell to 31.9% as at 31 December 2025, from 50.% as at 30 September 2025.

For Sendai Port, only one of the four expired leases in 2H FY25 was leased out. For the remaining three units, the space will need to be reconfigured into smaller units to suit potential tenants. There is typically a two to three months downtime to backfill vacated space. Management will actively look to new tenants and rejig the units to meet their requirements.

**Figure 6: Leasing activities as of 31 December 2025**



Source: Company data

## Healthy balance sheet

As at 31 December 2025, total borrowings stood at S\$356.7 million, with aggregate leverage at 40.2%, comfortably below the 50% regulatory limit. Interest coverage remained healthy at 5.5x including perpetual distributions and 6.2x excluding them, indicating solid debt servicing capacity.

The weighted average debt tenure was 2.9 years, providing reasonable visibility over refinancing needs. The maturity profile is well staggered, although two tranches are due in November and December 2026, which will be the next key refinancing window.

Funding costs remain low, with a weighted average borrowing cost of 2.04% on an all-in basis. Notably, 99.3% of debt is on fixed rates, limiting exposure to interest rate volatility and supporting earnings stability.

In FY2025, Daiwa House established a sustainability-linked loan framework, securing its first sustainability-linked loan for a S\$30 million facility.

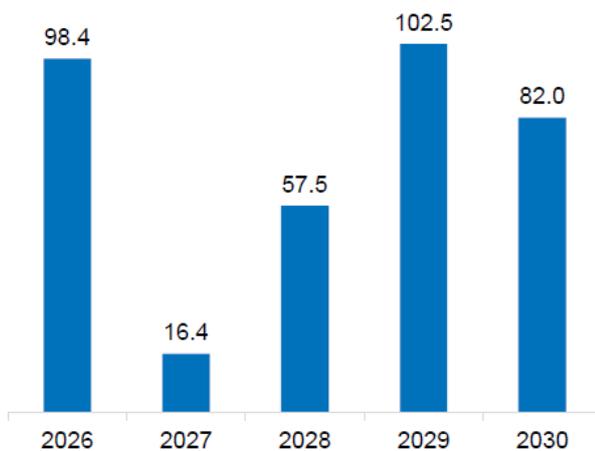
**Figure 7: Financial ratios**

As of end of period	31-Dec-25	31-Dec-24	change
Total debt outstanding, S\$ mil	357	343	3.9%
Aggregate leverage	40.2%	38.5%	+1.7 ppt
Weighted average debt maturity	2.9 years	2.7 years	+0.2 years
Weighted average cost of debt	2.0%	1.7%	0.3%
Fixed rate borrowings	99.3%	99.2%	+0.1%
Interest coverage ratio	5.5x	10.1x	-4.6x

Source: Company data

**Figure 8: Debt maturity profile well distributed in the next five years**

Debt Maturity Profile as at 31 Dec 2025  
(S\$ million)



Source: Company data

## Maintain Neutral and target price at S\$0.57

Daiwa House is trading at S\$0.54, implying FY25 distribution yield of 8.0%. Based on our estimates, Daiwa House will offer a potential distribution yield of 8.2% for FY2026F.

In terms of PB ratio, Daiwa House is trading at Price to book value 0.83x, fairly reflecting the smaller scale. In comparison, CapitaLand Ascendas REIT and Mapletree Logistics Trust are trading at PB 1.14x and 0.98x.

We maintain Neutral on Daiwa House and expect a modest uplift in the distribution per unit in the next twelve months.

**Figure 9: Valuation comparison**

Name	Ticker Symbol	Fiscal Period End Date	Currency	Close Price	Market cap, S\$ million	Revenue S\$ million	Dividend Yield	Dividend Yield	PB ratio, x
							% FY2025	% FY2026	
Daiwa House Logistics Trust	DHLU-SG	12/31/2025	SGD	0.54	378	59	8.02	8.20	0.83
CapitaLand Ascendas REIT	A17U-SG	12/31/2025	SGD	2.60	11,991	1,571	5.77	5.97	1.14
Frasers Logistics & Commercial Tru:	BUOU-SC	09/30/2025	SGD	0.97	3,682	473	6.52	5.99	0.88
Mapletree Industrial Trust	ME8U-SC	03/31/2025	SGD	2.00	5,708	713	6.49	6.36	1.19
Mapletree Logistics Trust	M44U-SG	03/31/2025	SGD	1.24	6,338	730	5.97	5.75	0.98
<b>Average</b>							<b>6.55</b>	<b>6.45</b>	<b>1.00</b>

Source: Factset, Beansprout research, price as 5 March 2026

## Financial summary

Y/E Dec (\$\$m)	FY23	FY24	FY25E	FY26E	FY27E	Y/E Dec (\$\$m)	FY23	FY24	FY25E	FY26E	FY27E
<b>Income Statement</b>						<b>Cash Flow</b>					
Revenue	59,852	57,100	57,794	64,847	65,965	<b>Operating cash flow</b>					
Property expenses	-14,528	-13,210	-13,595	-21,075	-21,439	Pretax profit	49,709	41,339	41,727	30,634	31,303
<b>Net property income</b>	<b>45,324</b>	<b>43,890</b>	<b>44,199</b>	<b>43,772</b>	<b>44,527</b>	Adjustments	-4,416	1,289	609	14,373	14,492
Manager's management fees	-2,733	-2,393	-2,075	-2,117	-2,159	Working capital changes	-805	-1,381	-377	6,513	307
Japan asset management fees	-1,077	-1,045	-1,067	-1,088	-1,110	Tax paid	-23	-397	-143	-4,458	-4,556
Trustee fees and trust expenses	-2,033	-1,955	-1,056	-1,077	-1,099	<b>Cash flow from operations</b>	<b>44,465</b>	<b>40,850</b>	<b>41,816</b>	<b>47,061</b>	<b>41,545</b>
Interest income	4,180	2,013	884	884	884	<b>Investing cash flow</b>					
<b>EBIT</b>	<b>43,661</b>	<b>40,510</b>	<b>40,885</b>	<b>40,374</b>	<b>41,043</b>	CAPEX	-243	-47,365	-35,060	-200	-200
Finance costs	-6,394	-6,630	-9,216	-9,567	-9,567	Others	-57	-1,726	-897	0	0
Net change in fair value of financial derivatives	866	-1,024	-174	-174	-174	<b>Cash flow from investments</b>	<b>-300</b>	<b>-49,091</b>	<b>-35,957</b>	<b>-200</b>	<b>-200</b>
Net change in fair value of investment properties	11,576	8,483	10,232	0	0	<b>Financing cash flow</b>					
Income tax expense	-6,389	-6,634	-6,073	-4,458	-4,556	Dividends paid	-35,848	-35,244	-30,378	-31,093	-31,783
Attributable to perpetual holders	847	784	773	773	773	Perpetual security holders distribution	-862	-792	-773	-773	-773
<b>Attributable to unit holders</b>	<b>42,473</b>	<b>33,921</b>	<b>34,881</b>	<b>25,402</b>	<b>25,974</b>	Others	-7,380	38,666	18,030	-8,683	-8,683
<b>Balance sheet</b>						<b>Cash flow from financing</b>					
<b>Assets</b>						<b>-44,090</b>	<b>2,630</b>	<b>-13,121</b>	<b>-40,548</b>	<b>-41,239</b>	
PPE	1,006,288	996,406	984,117	988,458	988,458	<b>Net change in cash</b>	<b>75</b>	<b>-5,611</b>	<b>-7,262</b>	<b>6,313</b>	<b>107</b>
Others	0	55	434	434	434	Beginning cash	48,938	45,801	41,598	32,060	38,373
Total non-current assets	1,006,288	996,461	984,551	988,892	988,892	Currency translation	-3,212	1,408	-2,276	0	0
Cash & cash equivalents	45,801	41,598	32,060	38,373	38,480	<b>Ending cash</b>	<b>45,801</b>	<b>41,598</b>	<b>32,060</b>	<b>38,373</b>	<b>38,480</b>
Trade & other receivables	667	792	717	805	818	<b>Per share data (\$\$ cents)</b>					
Others	48,986	44,664	43,025	43,025	43,025	Book value per unit	74.8	69.0	65.3	65.7	65.5
Total current assets	95,454	87,054	75,802	82,203	82,323	Distribution per unit	5.2	4.8	4.3	4.4	4.5
<b>Total assets</b>	<b>1,101,742</b>	<b>1,083,515</b>	<b>1,060,353</b>	<b>1,071,094</b>	<b>1,071,215</b>	Earnings per unit	6.1	4.9	5.0	3.6	3.7
<b>Liabilities</b>						<b>Valuation</b>					
ST borrowings	93,359	86,482	97,968	97,968	97,968	P/E (x)	8.8	11.1	10.8	14.9	14.6
Trade & other payables	9,799	12,491	9,945	15,417	15,683	P/B (x)	0.7	0.8	0.8	0.8	0.8
Others	6,437	5,102	4,496	5,625	5,679	EV/NPI (x)	14.2	15.4	15.8	15.8	15.6
Total current liabilities	109,595	104,075	112,409	119,010	119,330	Dividend yield (%)	9.7	8.9	8.0	8.2	8.4
LT borrowings	220,861	251,617	252,990	252,990	252,990	<b>Ratios</b>					
Others	217,806	209,696	201,904	201,904	201,904	ROE (%)	8.2	7.0	7.6	5.5	5.6
Total non-current liabilities	438,667	461,313	454,894	454,894	454,894	ROA (%)	3.9	3.1	3.3	2.4	2.4
<b>Total liabilities</b>	<b>548,262</b>	<b>565,388</b>	<b>567,303</b>	<b>573,904</b>	<b>574,224</b>	Net gearing (%)	0.48	0.57	0.65	0.63	0.63
<b>Equity</b>						<b>Margins (%)</b>					
Share Capital	517,703	482,358	457,289	461,430	461,230	EBIT margin	72.9	70.9	70.7	62.3	62.2
<b>Total equity</b>	<b>517,703</b>	<b>482,358</b>	<b>457,289</b>	<b>461,430</b>	<b>461,230</b>	Net margin	71.0	59.4	60.4	39.2	39.4
Perpetual securities	35,777	35,769	35,761	35,761	35,761	<b>Share Information</b>					
<b>Total equity and liabilities</b>	<b>1,101,742</b>	<b>1,083,515</b>	<b>1,060,353</b>	<b>1,071,095</b>	<b>1,071,215</b>	Share price	0.540	0.540	0.540	0.540	0.540
						No of shares	692,458	698,920	700,739	702,503	704,302
						Market cap	373,927	377,417	378,399	379,352	380,323
						EV	642,346	673,918	697,297	691,937	692,801

## Disclosure Appendix

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