

Daiwa House Logistics Trust

(SGX: DHLU)

Lower distributable income from higher interest expenses

- **Higher net property income driven by Vietnam contribution.** Daiwa House Logistics Trust (DHLT) delivered a resilient set of results for the nine months ended 30 September 2025 (9M FY2025), with net property income (NPI) rising 3.3% year-on-year (YoY) to S\$33.7 million. The improvement was driven by a full nine-month contribution from D Project Tan Duc 2 in Vietnam, which offset marginal weakness in the Japan portfolio due to temporary vacancies.
- **Lower distributable income.** Distributable income for 9M FY2025 was S\$23.4 million, down 8.4% YoY, primarily on the back of higher interest expenses and lower realised foreign exchange gains.
- **Portfolio occupancy drops slightly.** Portfolio occupancy declined slightly from 93.2% last quarter to 92.0% as of September 2025 as some premises were vacated following the expiry of the leases. During the quarter, five leases expiring in FY2025 were renewed or replaced with new tenants, and part of the space vacated in FY2024 was successfully backfilled. The trust continues to engage potential tenants for upcoming expiries representing roughly 3% of total NLA in 4Q FY2025 and 1.5% in 1H FY2026.
- **Slightly higher gearing ratio due to cash distribution.** Aggregate leverage increased to 41.2% in 3Q25 from 40.7% at the end of June 2025, mainly due to cash distribution in September 2025. The interest coverage ratio (ICR) remained robust at 6.0 $\times$ (or 6.8 $\times$ excluding perpetual distributions), comfortably above the 1.5 $\times$ threshold. Borrowing costs were contained, with a weighted average all-in cost of 1.69% and 99.3% of total borrowings fixed, effectively insulating the trust from near-term interest-rate volatility.
- **Refinancing progressing as scheduled.** The trust's debt maturity profile remains well-spread, with total borrowings of S\$379.2 million and no significant refinancing cliff. The upcoming JPY 10 billion debt maturing in November 2025 is on schedule to be refinanced with a new five-year fixed-rate facility, which would extend the average debt tenor to 3.1 years (from 2.0 years as at 30 Sep 2025).
- **Outlook remains stable.** DHLT's outlook remains stable, supported by resilient demand for logistics facilities in Japan and structural growth in Vietnam's industrial sector. The expected moderation of new supply in Japan and continued infrastructure-led expansion in Vietnam should help sustain occupancy and rental stability.
- **Maintain NEUTRAL.** DHLT currently trades at a price-to-book valuation of 0.82x, higher than its historical average of 0.75x. At S\$0.57, the closing price on 12 Nov 2025, DHLT trades at FY2025 dividend yield 7.9%.

Ticker	DHLU
Rating	Neutral
Price Target*	S\$0.57
Price (12 Nov)	S\$0.57
Upside/Downside:	+4.4%
52-week range	S\$0.52 - 0.60
Market Cap	S\$399M

*Target price is for 12 months

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Figure 1: Daiwa House Logistics Trust 3Q25 results summary

JPY million	9M 2025	9M 2024	Change (% YoY)
Gross rental income	4,220	4,175	1.1
Net property income (S\$ million)	33.7	32.6	3.3
Distributable income (S\$ million)	23.4	25.5	-8.4

Source: Company data, Beansprout Research

Figure 2: Daiwa House Logistics Trust balance sheet summary

	As of 30 September 2025	As of 30 June 2025
Total debt	S\$379.2 million	S\$384.2 million
Aggregate leverage	41.2%	40.7%
Weighted average borrowing costs	1.69%	1.69%
Interest rate fixed	99.3%	99.3%
Net asset value per unit	S\$0.67	S\$0.69

Source: Company data, Beansprout Research

Higher net property income driven by Vietnam contribution

Daiwa House Logistics Trust (DHLT) delivered a resilient set of results for the nine months ended 30 September 2025 (9M FY2025), with net property income (NPI) rising 3.3% year-on-year (YoY) to S\$33.7 million. The improvement was driven by a full nine-month contribution from D Project Tan Duc 2 in Vietnam, which offset marginal weakness in the Japan portfolio due to temporary vacancies.

The Japan portfolio delivered broadly stable results for 9M FY2025, with net property income declining marginally by 0.3% year-on-year in JPY terms. The newly acquired DPL Gunma Fujioka (March 2025) and improved performance from DPL Kawasaki Yako contributed positively to income. However, these gains were partially offset by vacancies across certain assets, leading to a slight dip in overall portfolio performance.

Lower distributable income

Distributable income for 9M FY2025 was S\$23.4 million, down 8.4% YoY, primarily on the back of higher interest expenses from additional borrowings for acquisitions, higher interest rates from refinanced loans in November 2024 and lower realised gains from hedges.

Portfolio occupancy drops slightly

Portfolio occupancy declined slightly from 93.2% last quarter to 92.0% as of September 2025 as some premises were vacated following the expiry of the leases. During the quarter, five leases expiring in FY2025 were renewed or replaced with new tenants, and part of the space vacated in FY2024 was successfully backfilled. Upcoming expiries are manageable, with only 3% of NLA due in 4Q FY2025 and 1.5% in 1H FY2026.

Figure 3: Maintaining healthy portfolio occupancy

	Occupancy Rate	31 Mar 2025	30 Jun 2025	30 Sep 2025
- Leasing update for 9M FY2025⁽¹⁾: 2 leases renewed 3 leases signed with new tenants 3 leases expired and vacated 2 leases signed to partially backfill space vacated in FY2024	Japan Portfolio ⁽²⁾	91.8%	92.9%	91.6%
2 leases expiring in 4Q FY2025 (c.3% of total NLA of the portfolio) - In discussion with potential new tenants	Vietnam Portfolio ⁽³⁾	100.0%	100.0%	100.0%
3 leases expiring in 1H FY2026 (c.1.5% of total NLA of the portfolio)	Overall Portfolio	92.1%	93.2%	92.0%

- There are currently ongoing discussions with potential tenants for part of vacant space and space expected to be vacated
- The Manager will continue to work closely with the Property Manager and leverage on Sponsor's network to improve occupancy

(1) Refers to the period from 1 January 2025 to 30 September 2025.

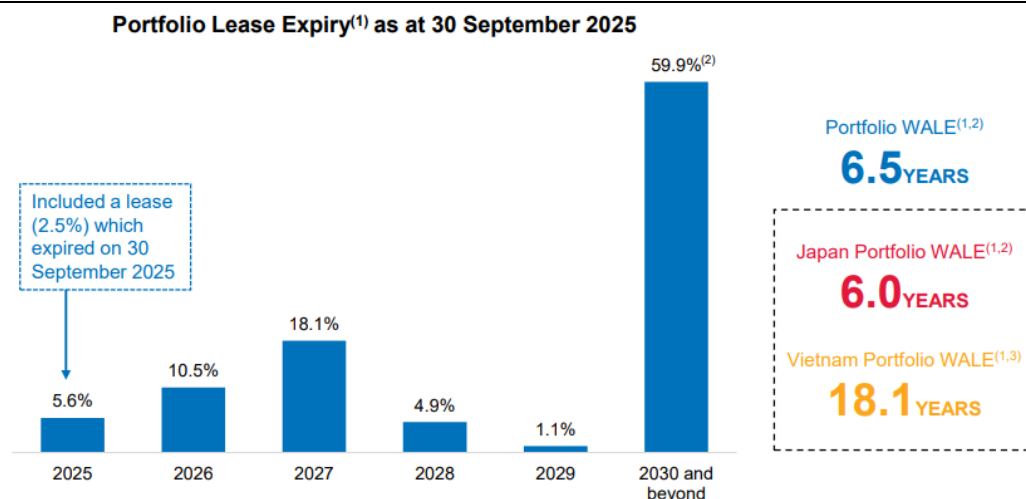
(2) The Japan portfolio comprised DHLT's properties located in Japan ("Japan Portfolio").

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

Source: DHLT

The trust's lease expiry profile is well spread, with over 50% of leases expiring in 2030 or later, supporting long-term income stability. The Japan portfolio has an average WALE of 6.0 years, while the Vietnam property adds further duration, bringing the blended WALE to 6.5 years by GRI.

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



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

(1) By GRI which is based on the monthly rent as at 30 September 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.

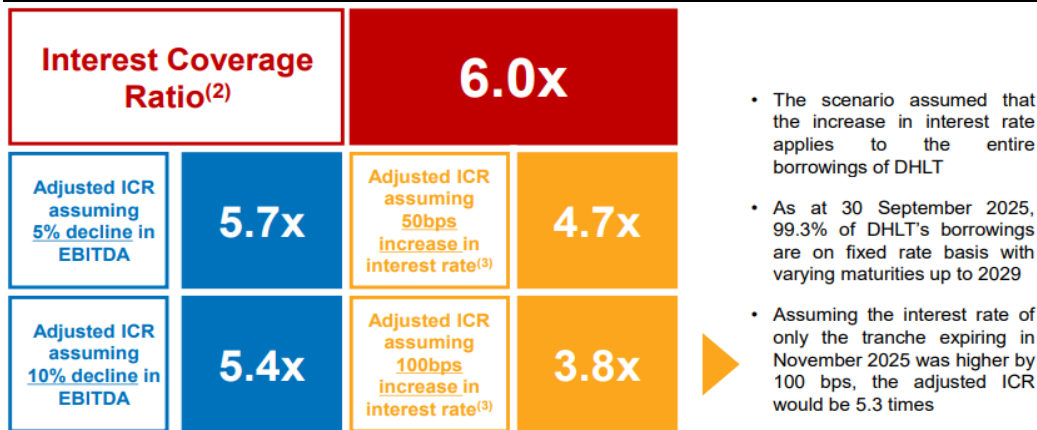
(3) The Vietnam portfolio comprised D Project Tan Duc 2.

Source: DHLT

Slightly higher gearing ratio due to cash distribution

Aggregate leverage increased to 41.2% in 3Q25 from 40.7% at the end of June 2025, mainly due to cash distribution in September 2025. The interest coverage ratio (ICR) remained robust at 6.0× (or 6.8× excluding perpetual distributions), comfortably above the 1.5× threshold. Borrowing costs were contained, with a weighted average all-in cost of 1.69% and 99.3% of total borrowings fixed, effectively insulating the trust from near-term interest-rate volatility.

Figure 5: ICR well above minimum threshold



(1) The Monetary Authority of Singapore has revised the Code on Collective Investment Schemes to, *inter alia*, rationalise the leverage requirements for REITs and all REITs are subjected to a minimum ICR threshold of 1.5 times and an aggregate leverage limit of 50%, effective from 28 November 2024.

(2) Based on last 12 months up to 30 September 2025 and including distributions in relation to perpetual securities.

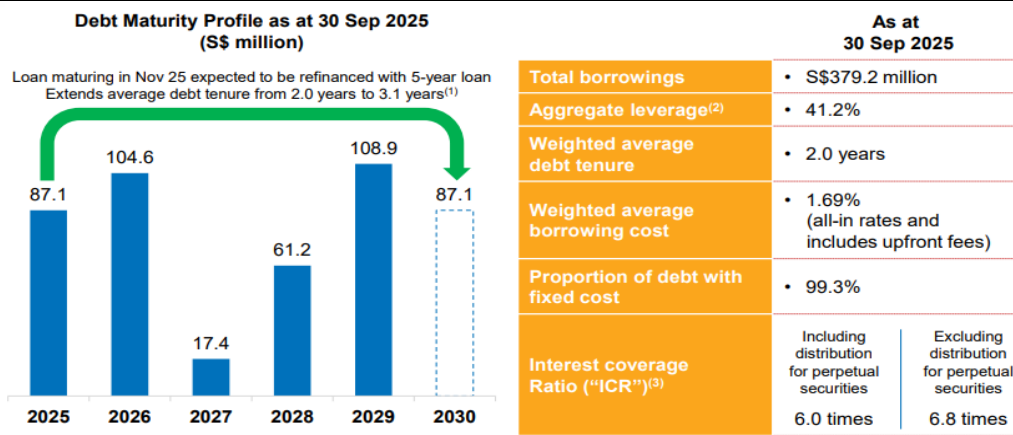
(3) Interest expenses incurred over the past 12 months up to 30 September 2025 were adjusted assuming the relevant interest rates were higher by 50bps / 100 bps.

Source: DHLT

Refinancing progressing as scheduled

The trust's debt maturity profile remains well-spread, with total borrowings of S\$379.2 million and no significant refinancing cliff. The upcoming JPY 10 billion debt maturing in November 2025 is on schedule to be refinanced with a new five-year fixed-rate facility, which would extend the average debt tenor to 3.1 years (from 2.0 years as at 30 Sep 2025).

Figure 6: Debt maturity profile



- Aggregate leverage as at 30 September 2025 was slightly higher compared to 40.7% as at 30 June 2025, mainly due to cash distribution in September 2025
- The refinancing of JPY 10.0 billion borrowings maturing in November 2025 is on schedule and is expected to be refinanced with a 5-year fixed-rate loan

(1) On a pro forma basis, assuming the borrowings that mature in November 2025 is refinanced on 30 September 2025.

(2) 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).

(3) Based on period of last 12 months up to 30 September 2025.

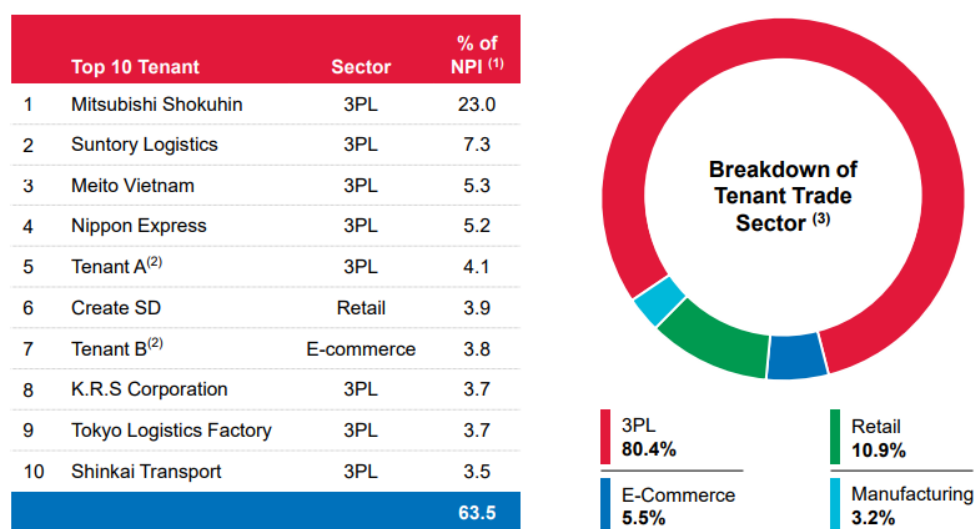
Source: DHLT

High quality tenant base anchored by blue-chip names

DHLT's portfolio continues to benefit from a stable tenant base, anchored by high-credit-quality logistics and retail occupiers. The top 10 tenants account for 63.5% of NPI, with 80.4% exposure to the 3PL sector, 10.9% to retail, and 5.5% to e-commerce.

Key tenants include Mitsubishi Shokuhin (23% of NPI), Suntory Logistics, and Meito Vietnam, providing strong income resilience. Recent acquisitions such as DPL Gunma Fujioka have further strengthened tenant quality, adding a new blue-chip lessee to the portfolio.

Figure 7: High quality tenant base



- DHLT has maintained a tenant base that comprised high quality tenants which has been further augmented by tenants from properties acquired

(1) Based on net property income ("NPI") for 9M FY2025 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).

(3) By GRI which is based on the monthly rent as at 30 September 2025

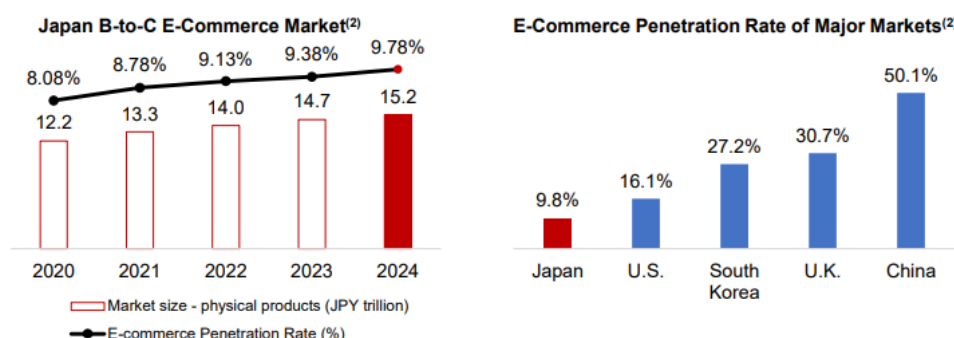
Source: DHLT

Japan logistics sector remains stable with firm demand

The logistics sector in Japan remains healthy, underpinned by robust demand and expected moderation in new supply after 2025. The e-commerce market grew 3.7% YoY to JPY 15.2 trillion in 2024, yet Japan's e-commerce penetration of 9.8% remains lower than other mature markets (U.S. 16%, U.K. 30.7%, China 50.1%), suggesting ample room for growth.

Figure 8: E-commerce sector in Japan continued its momentum**E-commerce sector in Japan continued to grow**

- E-commerce in Japan continued its growth momentum
- Japan's e-commerce penetration rate relatively lower than other mature e-commerce markets



Source: DHLT

Rising construction and land costs are expected to curb new logistics supply post-2025, supporting rental stability in key industrial clusters. DHLT's exposure to major logistics hubs and modern multi-tenanted facilities positions it well to capture long-term tenant demand from 3PL and e-commerce operators.

Vietnam market growth supported by infrastructure push

Vietnam remains a bright spot for DHLT. The Southern Key Economic Zone (SKEZ), where D Project Tan Duc 2 is located, continues to enjoy strong structural demand for ready-built warehouses (RBWs). The average occupancy rate stood at 89% in 3Q2025, supported by robust demand from FMCG, pharmaceutical, and e-commerce sectors.

More than 1.2 million sqm of new RBW supply is expected between 2025–2027 to meet rising demand. Despite global headwinds, Vietnam's GDP grew 7.85% YoY in 9M2025, aided by government-backed infrastructure projects aimed at improving logistics connectivity – including expressways, seaports, and airports.

These developments reinforce DHLT's strategic foothold in Vietnam, providing both diversification and a platform for future growth.

Valuation

Maintain NEUTRAL. DHLT currently trades at a price-to-book valuation of 0.82x, higher than its historical average of 0.75x. At S\$0.57, the closing price on 12 Nov 2025, DHLT trades at FY2025 dividend yield 7.9%.

Financial Summary

Y/E Dec (\$m)	FY22	FY23	FY24	FY25E	FY26E	Y/E Dec (\$m)	FY22	FY23	FY24	FY25E	FY26E
Income Statement						Cash Flow					
Revenue	68,719	59,852	57,100	54,589	55,045	Operating cash flow					
Property expenses	(15,734)	(14,528)	(13,210)	(12,847)	(11,722)	Pretax profit	162,498	49,709	41,339	23,042	31,567
Net property income	52,985	45,324	43,890	41,742	43,323	Adjustments	(112,940)	(4,416)	1,289	18,117	12,456
Manager's management fees	(2,745)	(2,733)	(2,393)	(2,441)	(2,490)	Working capital changes	9,700	(805)	(1,381)	(377)	(1,282)
Japan asset management fees	(1,255)	(1,077)	(1,045)	(1,066)	(1,087)	Tax paid	0	(23)	(397)	(3,698)	(5,066)
Trustee fees and trust expenses	(1,953)	(2,033)	(1,955)	(1,994)	(2,034)	Cash flow from operations	59,258	44,465	40,850	37,084	37,675
Interest income	1,141	4,180	2,013	2,013	2,013	Investing cash flow					
EBIT	48,173	43,661	40,510	38,254	39,725	CAPEX	(885,722)	(243)	(47,365)	0	0
Finance costs	(8,030)	(6,394)	(6,630)	(7,134)	(7,134)	Others	0	(57)	(1,726)	0	0
Net change in fair value of financial derivatives	870	866	(1,024)	(1,024)	(1,024)	Cash flow from investments	(885,722)	(300)	(49,091)	0	0
Net change in fair value of investment properties	121,485	11,576	8,483	(7,054)	0	Financing cash flow					
Income tax expense	(21,169)	(6,389)	(6,634)	(3,698)	(5,066)	Dividends paid	(20,873)	(35,848)	(35,244)	(31,557)	(33,052)
Attributable to perpetual holders	1,035	847	784	784	784	Perpetual security holders distribution	(817)	(862)	(792)	(784)	(784)
Attributable to unit holders	140,294	42,473	33,921	18,560	25,717	Others	901,593	(7,380)	38,666	(5,121)	(5,121)
Balance sheet						Cash flow from financing	879,903	(44,090)	2,630	(37,461)	(38,957)
Assets						Net change in cash	53,439	75	(5,611)	(377)	(1,282)
PPE	1,075,651	1,006,288	996,406	989,352	989,352	Beginning cash	0	48,938	45,801	41,598	41,221
Others	0	0	55	55	55	Currency translation	(4,501)	(3,212)	1,408	0	0
Total non-current assets	1,075,651	1,006,288	996,461	989,407	989,407	Ending cash	48,938	45,801	41,598	41,221	39,939
Cash & cash equivalents	48,938	45,801	41,598	41,221	39,939	Per share data (\$ cents)					
Trade & other receivables	346	667	792	757	763	Book value per unit	81.8	74.8	69.2	68.0	67.8
Others	52,104	48,986	44,664	44,664	44,664	Distribution per unit	5.2	5.2	4.8	4.5	4.7
Total current assets	101,388	95,454	87,054	86,642	85,366	Earnings per unit	20.7	6.1	4.9	2.7	3.7
Total assets	1,177,039	1,101,742	1,083,515	1,076,049	1,074,773	Valuation					
Liabilities						P/E (x)	2.7	9.3	11.7	21.5	15.5
ST borrowings	0	93,359	86,482	86,482	86,482	P/B (x)	0.7	0.8	0.8	0.8	0.8
Trade & other payables	10,270	9,799	12,491	12,148	11,084	EV/NPI (x)	12.7	14.6	15.8	16.7	16.1
Others	2,795	6,437	5,102	5,033	4,821	Dividend yield (%)	9.1	9.2	8.4	7.9	8.3
Total current liabilities	13,065	109,595	104,075	103,663	102,387	Ratios					
LT borrowings	338,301	220,861	251,617	251,617	251,617	ROE (%)	25.4	8.2	7.0	3.9	5.4
Others	236,670	217,806	209,696	209,696	209,696	ROA (%)	11.9	3.9	3.1	1.7	2.4
Total non-current liabilities	574,971	438,667	461,313	461,313	461,313	Net gearing (%)	0.49	0.48	0.57	0.58	0.58
Total liabilities	588,036	548,262	565,388	564,976	563,700	Margins (%)					
Equity						EBIT margin	70.1	72.9	70.9	70.1	72.2
Share Capital	553,211	517,703	482,358	475,304	475,304	Net margin	204.2	71.0	59.4	34.0	46.7
Total equity	553,211	517,703	482,358	475,304	475,304	Share Information					
Perpetual securities	35,792	35,777	35,769	35,769	35,769	Share price	0.570	0.570	0.570	0.570	0.570
Total equity and liabilities	1,177,039	1,101,742	1,083,515	1,076,049	1,074,773	No of shares	676,341	692,458	696,692	698,726	700,801
						Market cap	385,514	394,701	397,114	398,274	399,456
						EV	674,877	663,120	693,615	695,152	697,617

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