



(a real estate investment trust constituted on 2 November 2021
under the laws of the Republic of Singapore)
managed by
Daiwa House Asset Management Asia Pte. Ltd.

PROPOSED ACQUISITION OF TWO FREEHOLD LOGISTICS PROPERTIES AND UNDERLYING FREEHOLD LAND OF D PROJECT IRUMA S LOCATED IN JAPAN AND PROPOSED SPONSOR SUBSCRIPTION

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 Announcement.

Note: For illustrative purposes, unless otherwise indicated, in this announcement, 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.

1. INTRODUCTION

Daiwa House Asset Management Asia Pte. Ltd., the manager of Daiwa House Logistics Trust (“**DHLT**”, and the manager of DHLT, the “**Manager**”) is pleased to announce that DH-CRUX Japan TMK (“**DH TMK**”), a *tokutei mokusetsu kaisha* (“**TMK**”), being a special purpose company (“**SPC**”) indirectly held by DHLT, and Daiwa House Industry Co., Ltd. (the “**Sponsor**” or “**Seller**”) have today entered into a trust beneficial interest sale and purchase agreement (“**DHI TBI SPA**”) for DH TMK to acquire from the Seller the trust beneficial interests (“**TBIs**”) in each of the Target Properties (as defined herein) (the “**DHI TBIs**”).

The aggregate purchase consideration for the Target Properties (the “**Aggregate Purchase Consideration**”), which was negotiated on a willing-buyer and willing-seller basis taking into consideration the independent valuations by the Independent Valuers (as defined herein) as at 30 June 2022, is JPY 4,676.0 million (S\$47.7 million). The Aggregate Purchase Consideration is intended to be partially funded by debt and partially out of the proceeds from the proposed issuance of new units in DHLT (“**New Units**”) to the Sponsor (the “**Proposed Sponsor Subscription**”).

2. THE PROPOSED ACQUISITION

2.1 Overview of the Proposed Acquisition

The Manager proposes that DHLT acquires two freehold properties (comprising the underlying freehold land, and the buildings thereon), namely DPL Iwakuni 1 & 2 and D Project Matsuyama

S, and the underlying freehold land of D Project Iruma S¹ (the “**D Project Iruma S Land**”, and together with DPL Iwakuni 1& 2 and D Project Matsuyama S, the “**Target Portfolio**” or “**Target Properties**” and each, a “**Target Property**”) (the “**Proposed Acquisition**”). DPL Iwakuni 1 & 2 and D Project Matsuyama S have an aggregate net lettable area (“**NLA**”) of approximately 20,808 sq m. The Target Properties have a total land area of approximately 50,046 sq m.

2.2 Description of the Target Properties

The Target Properties comprising two freehold logistics properties, namely DPL Iwakuni 1 & 2 and D Project Matsuyama S, and the underlying D Project Iruma S Land, are located in Japan.

The table below sets out a summary of selected information on the Target Properties. Unless otherwise specified, all information relating to the existing portfolio of DHLT (“**Existing Portfolio**” or “**IPO Properties**”), the enlarged portfolio of DHLT (the “**Enlarged Portfolio**”) and the Target Properties contained in this announcement is as at 30 June 2022.

Name of Target Property	DPL Iwakuni 1 & 2	D Project Matsuyama S	D Project Iruma S Land ⁽¹⁾
Address	1528-2, 1815-3, Naganojiri, Iwakuni, Yamaguchi, Japan	74-10, 375-16, 386-6 Wakamiya, Minaminoda, Toon, Ehime, Japan	224-1, Sayamagahara, Iruma-shi, Saitama, Japan
Land Title	Freehold	Freehold	Freehold
Date of completion of the construction of the building	DPL Iwakuni 1: 28 September 2016 DPL Iwakuni 2: 19 March 2020	Building 1: 31 October 1994 Building 2: 31 July 2017	N.A.
Occupancy as at 30 June 2022 (%)	100.0	100.0	N.A.
Parking Bays	60	62	N.A.
Number of Storeys	1	2	N.A.
NLA (sq m)	15,461.34	5,346.96	N.A.
Land Area (sq m)	30,105.22	8,412.15	11,528.52
Net Property Income for FP2022 (as defined herein)	JPY 62.7 million SGD 0.7 million ⁽²⁾	JPY 32.1 million SGD 0.3 million ⁽²⁾	N.A. ⁽³⁾
Type of property	Multi-tenanted	Single-tenanted built-to-suit (“ BTS ”)	N.A.
Number of Tenants as at 30 June 2022	5	1	N.A.
WALE (as defined herein) by NLA (years) ⁽⁴⁾	2.9 (as at 30 June 2022)	7.1 (as at 10 August 2022) ⁽⁵⁾	N.A.

¹ D Project Iruma S itself is already a property within DHLT’s Existing Portfolio (as defined herein). Currently, DHLT indirectly owns the TBI of a leasehold interest on the D Project Iruma S Land expiring on 31 December 2048 (the “**Leasehold**”) and the building thereon, which it acquired from the Sponsor at the listing of DHLT on the SGX-ST on 26 November 2021 (the “**Listing**”). After the Proposed Acquisition, it is intended that DHLT will continue to indirectly hold the TBI of the Leasehold and the building on D Project Iruma S Land, and DHLT will also indirectly hold the TBI of the D Project Iruma S Land. Collectively, DHLT will, in substance, through the TBIs own the full freehold property of D Project Iruma S after the completion of the Proposed Acquisition.

Notes:

- (1) Currently, DHLT (through DH-MIMOSA GK (“**TK Operator (GK2)**”), as part of the *tokumei kumiai-godo kaisha* structure in DHLT’s existing Japan property holding structure) owns the TBI of the Leasehold of the D Project Iruma S Land expiring on 31 December 2048 and the building thereon, which it acquired from the Sponsor at the Listing. After the Proposed Acquisition, it is intended that DHLT will continue to indirectly hold the TBI of the Leasehold and the building on D Project Iruma S Land through the TK Operator (GK2), and DHLT will also indirectly hold the TBI of the D Project Iruma S Land through DH TMK. Collectively, DHLT will, in substance, through the TBIs, own the full freehold property of D Project Iruma S after the completion of the Proposed Acquisition.
- (2) Based on the actual exchange rate of S\$1.00 : JPY 89.09 as adopted in the profit and loss statement of the unaudited financial statements of DHLT for the financial period from 26 November 2021 (being the date of Listing) to 30 June 2022 (“**FP2022**”, and the unaudited financial statements of DHLT for FP2022, the “**FP2022 Unaudited Financial Statements**”).
- (3) By acquiring the D Project Iruma S Land, DHLT will improve its operating cashflow by saving on land rent payments in respect of the Leasehold which it presently owns on the D Project Iruma S Land.
- (4) The calculation of WALE of each relevant Target Property is based on the total NLA of the relevant Target Property, which is the same as its occupied NLA since the occupancy rate of each relevant Target Property as at 30 June 2022 is 100.0%.
- (5) 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.

As at 30 June 2022, the Existing Portfolio has a total land area of approximately 420,393 sq m², an overall occupancy rate of 98.6% as at 30 June 2022 and a weighted average lease expiry (“**WALE**”) by NLA of 6.8 years as at 30 June 2022. Following the completion of the Proposed Acquisition, the Enlarged Portfolio will have a total NLA of 444,728 sq m, total land area of 458,910 sq m³, an overall occupancy rate of 98.6% and a WALE by NLA of 6.7 years on a pro forma basis as at 30 June 2022.

2.3 Structure of the Proposed Acquisition

The Manager is proposing for DHLT to adopt the same structure for the Proposed Acquisition as the structure for the existing freehold properties of DHLT. Accordingly, DHLT will be acquiring the DHI TBIs of the Target Properties through DH TMK which was set up by DHLT at the time of the Offering to hold the existing freehold properties of DHLT and is indirectly held by DHLT.

DH TMK will be responsible for holding the DHI TBIs in each of the Target Properties and managing their day-to-day operations upon completion of the Proposed Acquisition.

Target Properties

DH TMK, an SPC indirectly held by DHLT, and the Seller have on 21 September 2022 entered into the DHI TBI SPA for DH TMK to acquire from the Seller the DHI TBIs in each of the Target Properties.

Pursuant to the terms of the DHI TBI SPA, on the closing date of the DHI TBI SPA (the “**Completion Date**”), the Seller shall entrust the Target Properties to Sumitomo Mitsui Trust

² The calculation of the total land area of the Existing Portfolio includes the land area of D Project Iruma S, given that D Project Iruma S is a property within DHLT’s Existing Portfolio. The land area of D Project Iruma S (being the same as the land area of the underlying D Project Iruma S Land) is 11,528.52 sq m.

³ The calculation of the total land area of the Enlarged Portfolio represents the sum of the total land area of the Existing Portfolio (which includes the land area of the underlying D Project Iruma S Land). DPL Iwakuni 1 & 2 and D Project Matsuyama S (being the remaining two Target Properties other than the D Project Iruma S Land) have a total land area of approximately 38,517 sq m.

Bank, Limited, a licensed trust bank in Japan which will hold the legal ownership of the Target Properties (the “**Property Trustee**”). In turn, (i) the Property Trustee will acquire the legal ownership of each of the Target Properties and, at the same time, will succeed the contractual status of the lessor from the Seller under each lease agreement with each end-tenant of the Target Properties and the contractual status of the lessor from the Seller under the Land Leasehold Right Creation Agreement (Iruma)⁴; and (ii) the Seller will hold the DHI TBIs in each of the Target Properties. On the Completion Date, the Seller will transfer the DHI TBIs to DH TMK, which will succeed the status of the Seller as a beneficiary and settlor of trust of the Target Properties in accordance with the trust agreements entered into between the Property Trustee and the Seller.

DPL Iwakuni 1 & 2 – Multi-Tenanted Property

Similar to the pass-through master lease arrangements in place for DHLT’s multi-tenanted properties at the time of Listing, pass-through conditional master lease agreements were entered into on 21 September 2022 between DH-CRUX Japan Intermediate GK (the “**New Master Lessee**”) and the Property Trustee in respect of DPL Iwakuni 1 & 2, a multi-tenanted Target Property. For the avoidance of doubt, the pass-through conditional master lease agreements will only take effect on the condition that the Proposed Acquisition is successfully completed.

D Project Matsuyama S – Single-Tenanted BTS Property

In relation to D Project Matsuyama S, which is a single-tenanted BTS property, the Property Trustee will remain as the lessor to the end-tenant.

D Project Iruma S Land

Currently, DHLT (through TK Operator (GK2)) owns the TBI of the Leasehold of the D Project Iruma S Land expiring on 31 December 2048 and the building thereon, which it acquired from the Sponsor at the Listing.

Upon completion of the Proposed Acquisition, DHLT will:

- (i) continue to indirectly hold the TBI of the Leasehold and the building on D Project Iruma S Land through the TK Operator (GK2). The Property Trustee will remain as the lessor under the Land Leasehold Right Creation Agreement (Iruma); and
- (ii) will indirectly hold the TBI of the D Project Iruma S Land through DH TMK.

Collectively, DHLT will, in substance, through the TBIs, own the full freehold property of D Project Iruma S upon the completion of the Proposed Acquisition.

⁴ “**Land Leasehold Right Creation Agreement (Iruma)**” means the business use fixed-term land leasehold right creation agreement between Yuasa Trading Co., Ltd. and the Seller dated 19 December 2017 and the business use fixed-term land leasehold right creation agreement notarial deed dated the same day between Yuasa Trading Co., Ltd. and the Seller (as amended from time to time), in each case, in respect of D Project Iruma S.

2.4 Aggregate Purchase Consideration and Valuation

The Trustee has commissioned an independent valuer, Savills Japan Valuation G.K. (“**Savills**”), and the Manager has commissioned an independent valuer, CBRE K.K. (“**CBRE**”), to respectively value the Target Properties.

The Aggregate Purchase Consideration, which was negotiated on a willing-buyer and willing-seller basis taking into consideration the independent valuations by Savills and CBRE (collectively, the “**Independent Valuers**”) as at 30 June 2022, is JPY 4,676.0 million or S\$47.7 million, which is at a discount of JPY 625.5 million or S\$6.4 million or approximately 11.8% to the average of the two independent valuations of the Target Properties as at 30 June 2022 of JPY 5,301.5 million or S\$54.1 million (the “**Aggregate Appraised Value**” and the appraised value for each property, “**Appraised Value**”)⁵. The Independent Valuers valued the Target Properties using the discounted cash flow method and the direct capitalisation method.

The table below sets out a comparison of the purchase consideration of each Target Property against its Appraised Value.

Name of Target Property	Independent Valuation by CBRE (¥ million) (S\$ million)	Independent Valuation by Savills (¥ million) (S\$ million)	Appraised Value (¥ million) (S\$ million)	Purchase Consideration (¥ million) (S\$ million)	Discount which the Purchase Consideration bears to the Appraised Value (%)
DPL Iwakuni 1 & 2	¥2,220.0 S\$22.7	¥2,240.0 S\$22.9	¥2,230.0 S\$22.8	¥1,900.0 S\$19.4	14.8% discount
D Project Matsuyama S	¥891.0 S\$9.1	¥912.0 S\$9.3	¥901.5 S\$9.2	¥800.0 S\$8.2	11.3% discount
D Project Iruma S Land ⁽¹⁾	¥2,120.0 S\$21.6	¥2,220.0 S\$22.7	¥2,170.0 S\$22.1	¥1,976.0 S\$20.2	8.9% discount
Aggregate	¥5,231.0 S\$53.4	¥5,372.0 S\$54.8	¥5,301.5 S\$54.1	¥4,676.0 S\$47.7	11.8% discount

Note:

- (1) The valuation of D Project Iruma S Land is implied based on the Appraised Value of D Project Iruma S as a freehold property as at 30 June 2022 less the Appraised Value of D Project Iruma S as a leasehold property as at 30 June 2022.

2.5 Total Acquisition Cost

The total cost of the Proposed Acquisition (the “**Total Acquisition Cost**”) is estimated to be approximately JPY 5,507.9 million or S\$56.2 million, comprising:

- (i) JPY 4,676.0 million or S\$47.7 million, being the Aggregate Purchase Consideration;

⁵ The Aggregate Appraised Value of the Target Portfolio is approximately JPY 5,301.5 million (S\$54.1 million). Appraised Value of each Target Property is calculated based on the average of the two independent valuations of the Target Property conducted by the Independent Valuers as at 30 June 2022.

- (ii) the acquisition fee payable to the Manager pursuant to the trust deed dated 2 November 2021 constituting DHLT (the “**Trust Deed**”) for the Proposed Acquisition (the “**Acquisition Fee**”) of approximately JPY 46.8 million or S\$0.5 million (representing an Acquisition Fee at the rate of 1.0% of the Aggregate Purchase Consideration)⁶;
- (iii) refundable consumption tax⁷ of approximately JPY 235.0 million or S\$2.4 million;
- (iv) cash reserves which are expected to be required by lenders under the Loan Facilities (as defined herein)⁸ and other debt-related costs of approximately JPY 199.9 million or S\$2.0 million; and
- (v) the professional and other fees and expenses of approximately JPY 350.2 million or S\$3.6 million incurred or to be incurred by DHLT in connection with the Proposed Acquisition.

2.6 Method of Financing

The Manager intends to finance the Total Acquisition Cost, less the Acquisition Fee (which will be paid through the issue of units in DHLT (“**Units**” and each a “**Unit**”) to be issued to the Manager as payment for the Acquisition Fee (“**Acquisition Fee Units**”)), in the following manner:

- (i) JPY 1,250.0 million or S\$12.8 million through the Proposed Sponsor Subscription; and
- (ii) JPY 4,211.1 million or S\$42.9 million through external debt, including the building consumption tax loan of JPY 211.1 million or S\$2.1 million and loan facilities (the “**Loan Facilities**”).

2.7 Principal Terms of the DHI TBI SPA

The principal terms of the DHI TBI SPA include, among others, the following:

- 2.7.1** on the Completion Date, the Seller shall entrust the buildings and the lands of DPL Iwakuni 1 & 2 and D Project Matsuyama S and the D Project Iruma S Land to the Property Trustee, and the Seller shall in turn transfer the DHI TBIs to DH TMK;

⁶ As the Proposed Acquisition will constitute an “interested party transaction” under Paragraph 5 of Appendix 6 to the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (the “**MAS**”, and Appendix 6 of the Code on Collective Investment Schemes, the “**Property Funds Appendix**”), the Acquisition Fee payable to the Manager in respect of the Proposed Acquisition will be paid entirely in Units. In addition, pursuant to the asset management agreement entered into between DH DMK and Daiwa House Real Estate Investment Management Co., Ltd., as local asset manager of the Target Properties in Japan (“**Japan Asset Manager**”), on 9 November 2021 in relation to post-Offering acquisitions, the Japan Asset Manager will receive the Japan Asset Manager’s acquisition fee of 0.3% of the purchase consideration (“**AM Acquisition Fee**”), out of the deposited property of DHLT in cash. The Trust Deed provides that where an AM Acquisition Fee is payable to the Japan Asset Manager, such fee shall reduce the Acquisition Fee payable to the Manager under the Trust Deed. However, in the case of the Proposed Acquisition, pursuant to the Trust Deed, the Manager is required to receive the Acquisition Fee in Units given that the Proposed Acquisition is entered into with a related party of DHLT. As such, in accordance with the Trust Deed, the Manager is required to refund DHLT the AM Acquisition Fee paid to the Japan Asset Manager in cash, to avoid any double counting of the fees.

⁷ 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.

⁸ These refer to cash reserves which are expected to be required by lending banks to be set aside for capital expenditure, property tax, cost to operate special purpose vehicles, interest expenses and insurance premium.

2.7.2 the purchase prices⁹ of the DHI TBIs are as follows:

DPL Iwakuni 1 & 2	JPY 1,900.0 million
D Project Matsuyama S	JPY 800.0 million
D Project Iruma S Land	JPY 1,976.0 million

2.7.3 in relation to DPL Iwakuni 1 & 2, the Seller is obligated to terminate the existing master lease and property management agreements entered into between Daiwa House Property Management Co., Ltd. and the Seller ("**Existing DHI MLPM Agreements**") by the Completion Date, and in relation to D Project Matsuyama S, the Seller is obligated to terminate the existing property management agreement by the Completion Date;

2.7.4 if DH TMK intends to transfer the TBIs or other beneficial interests held by DH TMK, DH TMK shall notify the Seller in writing of such intention and provide the Seller information regarding the property intended to be transferred prior to discussions or negotiations with a third party;

2.7.5 completion under the DHI TBI SPA is subject to the fulfilment of conditions precedent including, among others:

- (i) it is objectively confirmed that it is certain that the Seller will deliver the closing deliverables in accordance with the DHI TBI SPA;
- (ii) all approvals and licenses, etc. required for the transactions contemplated under the DHI TBI SPA to be valid have been obtained from governmental and regulatory authorities of Japan and are in full force and effect;
- (iii) there are no grounds for default or grounds resulting from any notice, passage of time, or both, that will result in grounds for default, grounds for termination, grounds for revocation, or grounds for voiding the DHI TBI SPA or the conditional trust agreements entered into between the Property Trustee and the Seller in relation to the Seller, and the DHI TBI SPA and the conditional trust agreements entered into between the Property Trustee and the Seller are validly existing;
- (iv) the Target Properties have been validly transferred in trust to the Property Trustee and each application for registration for the transfer of ownership, the creation of the trust, and the change in the beneficiary of the trust based on the entrustment has been duly and validly completed, or is reasonably anticipated to be completed on the Completion Date;
- (v) the existing lease agreements (excluding the Existing DHI MLPM Agreements), the succession agreements and the Land Leasehold Right Creation Agreement (Iruma) in the form approved by DH TMK are validly existing, and it is certain that they will be succeeded by the Property Trustee on the Completion Date;

⁹ The purchase prices set out in this paragraph 2.7.2 exclude consumption taxes.

- (vi) DH TMK has completed the fund procurement required for payment of the purchase price of the DHI TBIs;
- (vii) the passing of resolutions at an extraordinary general meeting (“**EGM**”) of the unitholders of DHLT (“**Unitholders**”) to approve the Proposed Acquisition and the Proposed Sponsor Subscription; and
- (viii) the Proposed Sponsor Subscription has been completed;

2.7.6 rent, utilities charges, services charges and other profits arising from the Target Properties, and expenses, taxes and other public charges incurred in connection with the Target Properties attributable to the period prior to and excluding the Completion Date shall be, regardless of who is legally liable to pay them, for the benefit and responsibility of the Seller, while those profits and expenses attributable to the period on or after the Completion Date shall be for the benefit and responsibility of DH TMK. The reference date of the fixed asset tax, city planning tax and depreciable asset tax shall be 1 January 2022 and the amount of such taxes up to the day prior to and excluding the Completion Date shall be borne by the Seller and the amount on or after the Completion Date shall be borne by DH TMK; and

2.7.7 the amounts due from the parties as set out in paragraph 2.7.6 above shall be settled on the Completion Date in a manner to be separately agreed between the Seller and DH TMK provided that any amount that cannot be determined and settled by the Completion Date shall be settled promptly after being finalised.

The Seller’s representations and warranties under the DHI SPA are in line with the industry practice in Japan including, but not limited to, warranties relating to title to the Target Properties and there being no encumbrances to third parties (excluding the leases under the existing lease agreements and the Land Leasehold Right Creation Agreement (Iruma)).

2.8 Property Manager of the Target Properties

In connection with the Offering of DHLT, Daiwa House Property Management Co., Ltd. (the “**Property Manager**”) was appointed on 26 November 2021 as the property manager of the IPO Properties as well as future properties to be acquired by DHLT from time to time pursuant to the master property management agreement entered into between DH TMK, the Japan Asset Manager and the Property Manager on 9 November 2021 regarding the property management agreements to be entered into among the Property Trustee, the New Master Lessee and the Property Manager from time to time (the “**Master Property Management Agreement**”). Subject to and upon the completion of the Proposed Acquisition, in accordance with the terms of the Master Property Management Agreement, the Property Manager will be appointed as property manager of each of the Target Properties pursuant to individual property management agreements dated 21 September 2022 in respect of each of the Target Properties (the “**2022 Individual Property Management Agreements**” and each, a “**2022 Individual Property Management Agreement**”) to provide property management, lease management, project management and marketing services in respect of such Target Properties. The 2022 Individual Property Management Agreements shall take effect subject to and conditional upon the completion of the Proposed Acquisition.

The 2022 Individual Property Management Agreements in respect of DPL Iwakuni 1 & 2 and D Project Matsuyama S will have the same rates and bases of the fees as those set out in the

Master Property Management Agreement. In addition, under the 2022 Individual Property Management Agreement in respect of D Project Iruma S Land, the rates and bases of the fees will be within the range set out in the Master Property Management Agreement. As the 2022 Individual Property Management Agreements are entered into pursuant to the Master Property Management Agreement which are deemed to have been specifically approved by Unitholders upon purchase of the Units at the time of the Offering, the entry into and the fees and charges payable by DHLT under the 2022 Individual Property Management Agreements are not subject to Unitholders' approval at the EGM under Chapter 9 of the listing manual of the SGX-ST (the "**Listing Manual**").

2.9 Payment of the Acquisition Fee in Units

Pursuant to Clause 15.2.1 of the Trust Deed, the Manager shall be paid the Acquisition Fee of approximately JPY 46.8 million or S\$0.5 million for the Proposed Acquisition, which is 1.0% of the Aggregate Purchase Consideration of JPY 4,676.0 million or S\$47.7 million.

As the Proposed Acquisition will constitute an "interested party transaction" under Paragraph 5 of the Property Funds Appendix, 100.0% of the Acquisition Fee payable to the Manager in respect of the Proposed Acquisition will be in the form of the Acquisition Fee Units, which shall be determined in accordance with the Trust Deed and which shall not be sold within one year from the date of issuance in accordance with Paragraph 5.7 of the Property Funds Appendix.

2.10 Requirement for Unitholders' Approval

(i) Interested Person Transaction pursuant to the Listing Manual and Interested Party Transaction pursuant to the Property Funds Appendix

Under Chapter 9 of the Listing Manual, where DHLT proposes to enter into a transaction with an interested person and the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S\$100,000, with the same interested person during the same financial year) is equal to or exceeds 5.0% of DHLT's latest audited net tangible assets ("**NTA**"), Unitholders' approval is required in respect of the transaction.

Paragraph 5.2(b) of the Property Funds Appendix also imposes a requirement for Unitholders' approval for an interested party transaction by DHLT whose value (either in itself or when aggregated with the value of other transactions with the same interested party during the same financial year) is equal to or exceeds 5.0% of DHLT's net asset value ("**NAV**").

As DHLT was only listed on 26 November 2021, it does not have any audited financial statements. Based on the FP2022 Unaudited Financial Statements, the NTA and NAV of DHLT attributable to Unitholders was S\$539.8 million as at 30 June 2022. Accordingly, if the value of a transaction which is proposed to be entered into by DHLT with an interested person is, either in itself or in aggregation with all other earlier transactions (each of a value equal to or greater than S\$100,000) entered into with the same interested person during the current financial year, equal to or in excess of S\$27.0 million, being 5.0% of DHLT's latest unaudited NAV attributable to Unitholders, such a transaction would be subject to Unitholders' approval under Rule 906(1) of the Listing Manual and Paragraph 5.2(b) of the Property Funds Appendix.

Requirement for Unitholders' approval

As at the date of this announcement, the Seller holds an aggregate direct interest in 69,705,358 Units, which represents approximately 10.31% of the total number of Units in issue as at the date of this announcement (the **"Existing Units"**). As the Manager is a direct wholly-owned subsidiary of the Seller, the Seller is regarded as a "controlling shareholder" of the Manager for the purposes of both the Listing Manual and the Property Funds Appendix. As the Seller is a controlling shareholder of the Manager, the Seller is considered (under Chapter 9 of the Listing Manual) an "interested person" of DHLT and (under the Property Funds Appendix) an "interested party" of DHLT.

As such, the Proposed Acquisition will constitute an "interested person transaction" under Chapter 9 of the Listing Manual and an "interested party transaction" under the Property Funds Appendix.

The total amount payable by DHLT to the Sponsor and its subsidiaries (collectively, the **"Sponsor Group"**) as part of the Proposed Acquisition is JPY 4,678.2 million (S\$47.72 million), comprising the Aggregate Purchase Consideration of JPY 4,676.0 million (S\$47.7 million), and the Sponsor Tax Refund¹⁰ of JPY 2.2 million (S\$0.02 million). As this amount represents 8.8% of DHLT's latest unaudited NTA and NAV attributable to Unitholders, the Proposed Acquisition is subject to the approval of Unitholders pursuant to Rule 906(1)(a) of the Listing Manual and Paragraph 5.2(b) of the Property Funds Appendix.

Accordingly, the Manager will be seeking the approval of Unitholders for the Proposed Acquisition by way of an Ordinary Resolution¹¹ (**"Resolution 1"**).

The Manager will seek the approval of Unitholders by way of an Ordinary Resolution of Unitholders for the Proposed Sponsor Subscription of New Units to the Sponsor (**"Resolution 2"**).

In this respect, a Unitholders' circular (the **"Circular"**) will be issued and an EGM convened to obtain the approval of Unitholders of the Proposed Acquisition and the Proposed Sponsor Subscription.

(ii) Existing Interested Person Transactions

For the information of Unitholders, as at the date of this announcement, save for the Proposed Acquisition, the Proposed Sponsor Subscription and any transaction whose value is less than S\$100,000, the value of all other existing interested person transactions:

- (a) entered into between DHLT (whether directly or indirectly), the Sponsor and its associates during the course of the current financial year ending 31 December 2022 up to the date of this announcement is approximately S\$1.6 million, which

¹⁰ The **"Sponsor Tax Refund"** refers to the portion of the fixed asset tax, city planning tax and depreciable asset tax and other expenses and public charges pre-paid by the Sponsor in relation to the Target Properties for the period commencing from the Completion Date and ending on 31 December 2022, which DH TMK is obligated to reimburse the Sponsor under the DHI TBI SPA. The figures are computed on the assumption that the Proposed Acquisition and the Proposed Sponsor Subscription will be completed on 2 December 2022. (See paragraph 2.7.6 of this announcement for further details.)

¹¹ **"Ordinary Resolution"** means a resolution proposed and passed as such by a majority being greater than 50.0% of the total number of votes cast for and against such resolution at a meeting of Unitholders.

is approximately 0.3% of DHLT's latest unaudited NTA attributable to Unitholders as at 30 June 2022; and

- (b) entered into during the course of the current financial year up to the date of this announcement, between DHLT and all interested persons (including the Sponsor and its associates) is approximately S\$1.6 million which is approximately 0.3% of DHLT's latest unaudited NTA attributable to Unitholders as at 30 June 2022.

As DHLT was only listed on 26 November 2021, it does not have any audited financial statements and as such, DHLT's unaudited NTA and NAV as at 30 June 2022, which were announced via SGXNET on 3 August 2022, are used instead.

For the avoidance of doubt, the approval of Unitholders will not be sought in respect of all such other existing interested person transactions but such other existing interested person transactions will continue to be aggregated with the other interested person transactions (other than the Proposed Acquisition and the Proposed Sponsor Subscription in respect of which, Unitholders' approval will be sought at the EGM) which may be entered into by DHLT (whether directly or indirectly) in the current financial year in accordance with the Listing Manual and the Property Funds Appendix.

(iii) Discloseable Transaction

Chapter 10 of the Listing Manual governs significant transactions by DHLT such as the acquisition or divestment of assets. Such transactions are classified into various categories depending on the size of the relative figures computed on the following bases of comparison:

- (a) the NAV of the assets to be disposed of, compared with DHLT's NAV pursuant to Rule 1006(a) of the Listing Manual;
- (b) the net profits attributable to the assets acquired or disposed of, compared with DHLT's net profits pursuant to Rule 1006(b) of the Listing Manual;
- (c) the aggregate value of the consideration given or received, compared with DHLT's market capitalisation based on the total number of issued Units excluding treasury Units pursuant to Rule 1006(c) of the Listing Manual; and
- (d) the number of Units issued by DHLT as consideration for the acquisition, compared with the number of Units previously in issue pursuant to Rule 1006(d) of the Listing Manual.

Rule 1006(a) of the Listing Manual is not applicable to the Proposed Acquisition as DHLT will not be disposing of any assets under the Proposed Acquisition. Rule 1006(d) of the Listing Manual is not applicable to the Proposed Acquisition as DHLT will not be issuing any Units as consideration for the Proposed Acquisition.

The relative figures computed on the bases set out in Rules 1006(b) and 1006(c) of the Listing Manual in respect of the Proposed Acquisition are as follows:

	Proposed Acquisition (S\$ million)	DHLT (S\$ million)	Relative figure (%)
<u>Rule 1006(b)</u> Net property income ⁽¹⁾ (“NPI”) attributable to the Target Properties when compared with NPI of DHLT, in each case, for FP2022 ⁽²⁾	1.0 ⁽²⁾	30.0 ⁽³⁾	3.3%
<u>Rule 1006(c)</u> Aggregate value of the consideration and the Sponsor Tax Refund payable for the Proposed Acquisition, when compared with DHLT’s market capitalisation based on the total number of issued Units	47.72 ⁽⁴⁾	463.0 ⁽⁵⁾	10.3%

Notes:

- (1) In the case of a real estate investment trust, NPI is a close proxy to the net profits attributable to its assets.
- (2) Based on the actual exchange rate of S\$1.00 : JPY 89.09 as adopted in the profit and loss statement of the FP2022 Unaudited Financial Statements.
- (3) As DHLT was only listed on 26 November 2021, it does not have any audited financial statements. As such, the NPI figures are based on the FP2022 Unaudited Financial Statements, which were announced on 3 August 2022.
- (4) Based on exchange rate of S\$1.00 : JPY 98.0.
- (5) Based on the number of Units in issue multiplied by the volume-weighted average trading price (“VWAP”) of S\$0.6849 per Unit on 20 September 2022, being the Market Day immediately prior to the entry into the DHI TBI SPA. “**Market Day**” means a day on which the SGX-ST is open for securities trading.

Where any of the relative figures computed on the bases set out above exceeds 5.0% but does not exceed 20.0%, the transaction would be classified as a discloseable transaction under Rule 1010 of the Listing Manual which would not be subject to the approval of Unitholders.

As the relative figure computed on the basis set out in Rule 1006(c) exceeds 5.0% but does not exceed 20.0%, the Proposed Acquisition is classified as a discloseable transaction and is not subject to the specific approval of Unitholders at an EGM under Chapter 10 of the Listing Manual.

However, as the Proposed Acquisition constitutes an “interested person transaction” under Chapter 9 of the Listing Manual, as well as an “interested party transaction” under the Property Funds Appendix, the Proposed Acquisition will still be subject to the specific approval of Unitholders.

3. THE PROPOSED SPONSOR SUBSCRIPTION

3.1 Overview and Structure of the Proposed Sponsor Subscription

The Manager proposes to issue New Units to the Sponsor pursuant to the Subscription Agreement (as defined herein) to raise proceeds to partially finance the Total Acquisition Cost.

As at the date of this announcement, the Sponsor Group holds an aggregate of 69,705,358 Units, which represents approximately 10.31% of the total number of Existing Units.

Under the terms of the conditional subscription agreement dated 21 September 2022 between the Manager and the Sponsor in respect of the issuance of the New Units to the Sponsor pursuant to the Proposed Sponsor Subscription (the “**Subscription Agreement**”), the Sponsor shall subscribe for the following number of New Units for the Total Subscription Amount (as defined herein) at the Issue Price (as defined herein):

Number of New Units = Total Subscription Amount ÷ Issue Price, and rounded down to the nearest Unit, where applicable,

where:

“**10-Day VWAP**” means the VWAP per Unit on the SGX-ST for a period of 10 Market Days prior and up to (and including) the Price Determination Date (as defined herein);

“**Agreed Exchange Rate**” means the SGD/JPY telegraphic transfer middle rate, being the average of the telegraphic transfer buying and selling rates published by MUFG Bank, Ltd as at 10.00 a.m. (Japan time), or as soon as published thereafter, on the Price Determination Date;

“**Issue Price**” means (a) S\$0.77; or (b) the 10-Day VWAP, provided always that in the event the 10-Day VWAP is higher than S\$0.77, the Issue Price will be the 10-Day VWAP;

“**Price Determination Date**” means the Market Day immediately preceding the date of issuance of the New Units; and

“**Total Subscription Amount**” means the Singapore dollar equivalent of JPY 1,250.0 million based on the Agreed Exchange Rate.

Pursuant to Rule 811(3) of the Listing Manual, the restrictions to the Issue Price under Rule 811(1) and Rule 811(5)¹² of the Listing Manual are not applicable if specific approval of Unitholders is obtained for the issuance of the New Units pursuant to the Proposed Sponsor Subscription.

The New Units to be issued pursuant to the Proposed Sponsor Subscription will not be underwritten.

¹² Under Rule 811(1) and Rule 811(3) of the Listing Manual, the Issue Price must not be priced at more than 10% discount to the weighted average price for trades done on SGX-ST for the full market day on which the Subscription Agreement was signed, or (if trading in the Units is not available for a full market day) for the preceding market day up to the time the Subscription Agreement is signed. Under Rule 811(5), for the purpose of Rule 811, the discount of the Issue Price may be computed with reference to the weighted average price excluding declared distributions for trades done for the underlying units on the SGX-ST for the full market day on which the Subscription Agreement is signed, provided that the Sponsor is not entitled to the declared distributions.

3.2 Principal Terms of the Subscription Agreement

The principal terms of the Subscription Agreement include, among others, the following:

- 3.2.1** the Sponsor shall subscribe for the New Units at the Issue Price for the Total Subscription Amount, with the number of New Units to be calculated based on the formula set out in the Subscription Agreement;
- 3.2.2** the subscription for, and issuance of, New Units pursuant to the Subscription Agreement is in all respects conditional upon satisfaction or waiver (as the case may be) of the following conditions:
- (i) the New Units having been approved in-principle by the SGX-ST for listing, there not having occurred any revocation or withdrawal of such approval and, where such approval is subject to conditions, and if such conditions are required to be fulfilled on or before the date of issuance of the New Units, such conditions are so fulfilled;
 - (ii) DHLT having obtained the approvals of its unitholders in respect of the Proposed Acquisition and the Proposed Sponsor Subscription at the EGM;
 - (iii) in respect of the Proposed Sponsor Subscription, the Manager having filed a Registration Statement of Foreign Investment Trust with the required documents attached therein to the Commissioner of Financial Services Agency of Japan under Article 58 of the Law concerning Investment Trusts and Investment Corporation of Japan;
 - (iv) the representations, warranties and undertakings by each party to the Subscription Agreement remaining true and correct in all material respects as if made on the date of issuance of the New Units, with reference to the then existing facts and circumstances, and each of them having performed all of its obligations hereunder to be performed on or before the date of issuance of the New Units; and
 - (v) the DHI TBI SPA not having been terminated and the DHI TBI SPA having become unconditional and all conditions precedent therein have been fulfilled or (as the case may be) waived, other than the conditions precedent regarding (i) DH TMK, as purchaser under the DHI TBI SPA, having completed the fund procurement required for payment of the purchase price in respect of the Proposed Acquisition and (ii) the completion of the Proposed Sponsor Subscription.

3.3 Use of Proceeds of the Proposed Sponsor Subscription

The gross proceeds of the Proposed Sponsor Subscription shall be the Total Subscription Amount, representing the Singapore dollar equivalent of JPY 1,250.0 million based on the Agreed Exchange Rate. For illustrative purposes only, based on the illustrative exchange rate

of S\$1.00 = JPY 98.0, the gross proceeds of the Proposed Sponsor Subscription will be approximately S\$12.8 million¹³.

Subject to relevant laws and regulations, the Manager intends to utilise 100.0% of the gross proceeds to partially finance the Aggregate Purchase Consideration.

Notwithstanding its current intention, the Manager may, subject to relevant laws and regulations, use the proceeds at its absolute discretion for other purposes, including funding other acquisitions and/or reducing DHLT's indebtedness.

The Manager will make periodic announcements on the utilisation of the gross proceeds of the Proposed Sponsor Subscription via SGXNET as and when such funds are materially disbursed and whether such a use is in accordance with the stated use and in accordance with the percentage allocated.

Where proceeds are to be used for general working capital purposes, the Manager will disclose a breakdown with specific details on the use of proceeds for working capital in DHLT's announcements and in DHLT's annual reports, and where there is any material deviation from the stated use of proceeds, the Manager will announce the reasons for such deviation.

Pending the deployment of the gross proceeds of the Proposed Sponsor Subscription, the gross proceeds may, subject to relevant laws and regulations, be deposited with banks and/or financial institutions, or to be used to repay outstanding borrowings or for any other purpose on a short-term basis as the Manager may, in its absolute discretion, deem fit. The Manager believes that upon the closing of the Proposed Sponsor Subscription and the completion of the Proposed Acquisition, the working capital will be sufficient to enable DHLT to meet its obligations and continue to operate as a going concern.

3.4 Approval In-Principle for the Listing and Quotation of the New Units pursuant to the Proposed Sponsor Subscription

The Manager will apply to the SGX-ST to seek approval in-principle for the listing and quotation of the New Units on the Main Board of the SGX-ST. The Manager will make an announcement when such approval in-principle has been obtained.

3.5 Status of the New Units

The New Units will not be entitled to distributions by DHLT for the period up to the day immediately preceding the date of issue of the New Units, and will only be entitled to receive distributions by DHLT from the date of their issue to the end of the financial half year in which the New Units are issued as well as all distributions thereafter. The New Units will, upon issue, rank *pari passu* in all respects with the existing Units in issue as at the date of issue of the New Units.

The New Units will be issued under a temporary stock counter separate from the existing DHLT stock counter. Such temporary stock counter will be maintained for the period commencing from the date of issuance of the New Units to the last day of "cum-distribution" trading for the existing Units, in respect of the distribution period ending 31 December 2022 (or such other period as the Manager may determine). After the last day of "cum-distribution trading", both the

¹³ The actual SGD equivalent amount will be determined based on the Agreed Exchange Rate to be determined on the Price Determination Date in accordance with the Subscription Agreement.

New Units and the existing Units will be aggregated and traded under the existing DHLT stock counter.

3.6 Requirement for Unitholders' Approval

The Manager will seek the approval of Unitholders for the issuance of New Units under the Proposed Sponsor Subscription pursuant to Rule 805(1) of the Listing Manual. For the avoidance of doubt, the Manager will not be relying on the unit issue mandate which Unitholders were deemed to have approved by subscribing for Units under the Offering of DHLT.

Specific approval of Unitholders for the Proposed Sponsor Subscription is required as Rule 812 of the Listing Manual prohibits a placement of New Units to, among others, DHLT's Substantial Unitholders, related companies, associated companies and sister companies of DHLT's Substantial Unitholders¹⁴ and corporations in whose shares the Substantial Unitholders and the directors of the Manager (the "**Directors**") have an aggregate interest of at least 10.0%, unless specific Unitholders' approval is obtained. As at the date of this announcement, the Sponsor holds an aggregate direct interest in 69,705,358 Units, which represents approximately 10.31% of the Existing Units, and is therefore a Substantial Unitholder of DHLT. The Sponsor is also the parent company of the Manager and has board representatives on the board of Directors of the Manager. Accordingly, the Sponsor is a restricted person under Rule 812(1)(a) of the Listing Manual. For the avoidance of doubt, the Sponsor will not be holding the New Units in trust or as nominees for other persons. As the Proposed Sponsor Subscription will constitute a placement to a restricted person under Rule 812(1)(a) of the Listing Manual, specific Unitholders' approval for the Proposed Sponsor Subscription is required pursuant to Rule 812(2) of the Listing Manual.

In addition, as mentioned above, as the Manager is a direct wholly-owned subsidiary of the Sponsor, the Sponsor is regarded as a "controlling shareholder" of the Manager for the purposes of the Listing Manual.

As DHLT is managed by a wholly-owned subsidiary of the Sponsor, and the Sponsor is in turn a controlling shareholder of the Manager as well as the sponsor of DHLT, the Sponsor is considered (under Chapter 9 of the Listing Manual) an "interested person" of DHLT.

In this respect, the value of the Proposed Sponsor Subscription, when aggregated with the total amount payable by DHLT to the Sponsor Group as part of the Proposed Acquisition, will exceed 5.0% of DHLT's latest unaudited NTA attributable to Unitholders. As the Total Subscription Amount is JPY 1,250.0 million (S\$12.8 million)¹⁵ and the total amount payable by DHLT to the Sponsor Group as part of the Proposed Acquisition is JPY 4,676.0 million (S\$47.7 million), when aggregated together, they represent 11.2% of DHLT's latest unaudited NTA and NAV attributable to Unitholders. Accordingly, under Rule 906(1) of the Listing Manual, the Manager is also required to seek the approval of Unitholders for the Proposed Sponsor Subscription.

As DHLT was only listed on 26 November 2021, it does not have any audited financial statements and as such, DHLT's unaudited NTA and NAV as at 30 June 2022, which were announced via SGXNET on 3 August 2022, are used instead.

¹⁴ "**Substantial Unitholder**" means a person with an interest in Units constituting not less than 5.0% of all the Units in issue.

¹⁵ This is an illustrative SGD amount based on the illustrative exchange rate of S\$1.00 : JPY 98.0. The actual SGD equivalent amount will be determined based on the Agreed Exchange Rate to be determined on the Price Determination Date in accordance with the Subscription Agreement.

Accordingly, the Manager will seek the approval of Unitholders for the Proposed Sponsor Subscription by way of Resolution 2. In this respect, the Circular will be issued and an EGM will be held in due course.

Under Rule 812(2) of the Listing Manual, where a meeting is held to obtain Unitholders' approval for a placement of Units to a Substantial Unitholder, the Substantial Unitholder and any associate of the Substantial Unitholder must not vote on the resolution approving the placement.

Given that Resolution 2 (the Proposed Sponsor Subscription) is also considered (under Chapter 9 of the Listing Manual) an "interested person transaction" and that it relates to the proposed placement of New Units to the Sponsor Group, the Sponsor will abstain, and will procure that each of its associates (as defined in the Listing Manual), including the Manager, abstain from voting on Resolution 2. The Manager will also disregard any votes cast by persons required to abstain from voting.

4. RATIONALE FOR AND KEY BENEFITS OF THE PROPOSED ACQUISITION AND THE PROPOSED SPONSOR SUBSCRIPTION

The Manager believes that the Proposed Acquisition will bring the following key benefits to Unitholders:

4.1 Proposed Acquisition expected to improve DPU to Unitholders

The Manager seeks to achieve portfolio growth through the acquisition of quality income-producing properties that fit within DHLT's investment strategy with a view of enhancing the returns to Unitholders.

4.1.1 DPU accretive acquisition

The Proposed Acquisition is expected to be distribution per Unit ("DPU") accretive to Unitholders. For illustration purposes, on a pro forma basis and based on the proposed methods of financing, the DPU for FP2022 will increase by approximately 1.3%¹⁶ from 3.09 cents to 3.13 cents.

4.1.2 Prudent capital management

DHLT is able to benefit from the relatively low borrowing costs in Japan to deliver a DPU-accretive transaction to Unitholders. It is envisaged that the proposed Loan Facilities to be taken up in relation to the Proposed Acquisition will be denominated in JPY, providing a natural hedge against the Aggregate Purchase Consideration for the Target Properties which is also denominated in JPY. The interest rate is expected to be fixed for the tenor of the Loan Facilities to mitigate against interest rate movements. The tenor of the Loan Facilities is also intended to be spread across four and five years so as to mitigate refinancing risks for DHLT by extending and diversifying the loan maturity profile.

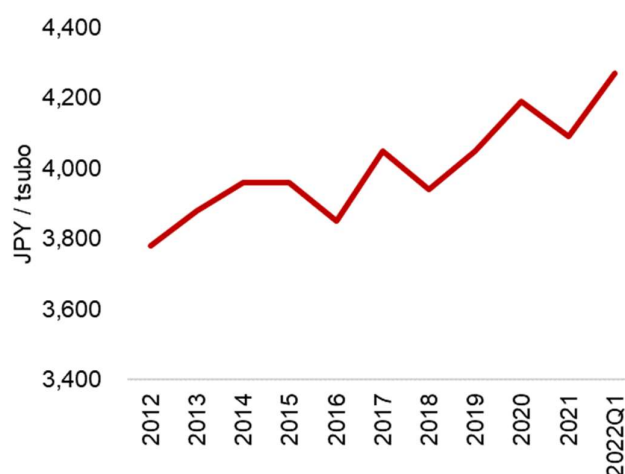
¹⁶ Please refer to paragraph 5 of this announcement for further details, including the underlying assumptions.

On a pro forma basis, the aggregate leverage after the Proposed Acquisition and the Proposed Sponsor Subscription is expected to be 36.4%¹⁷ as at 30 June 2022, thus providing DHLT with headroom of approximately S\$259.6 million (up to an aggregate leverage limit of 50.0%¹⁸).

4.2 Fundamentals of the Japan logistics market remain sound

Based on the independent market research report issued in August 2022 (the “**Independent Market Research Report**”) by CBRE K.K. (“**Independent Market Research Consultant**”), the demand for rental logistics spaces in Japan has been robust for the past several years, with low vacancy rates and growing rents in general. Whilst a significant amount of new supply has been slated for completion in the next few years, demand for logistics space is expected to remain healthy. The following chart shows the rental trend for the overall Japan market in the logistics sector.

Rental trend for overall Japan logistics market



Source: Independent Market Research Report

4.2.1 Demand for logistics space expected to continue growing

Growing e-commerce market

According to the Independent Market Research Consultant, the e-commerce market in Japan has grown significantly from 2006 to 2020. E-commerce sales amounted to almost JPY 20 trillion in 2020, an increase of four times since 2006.

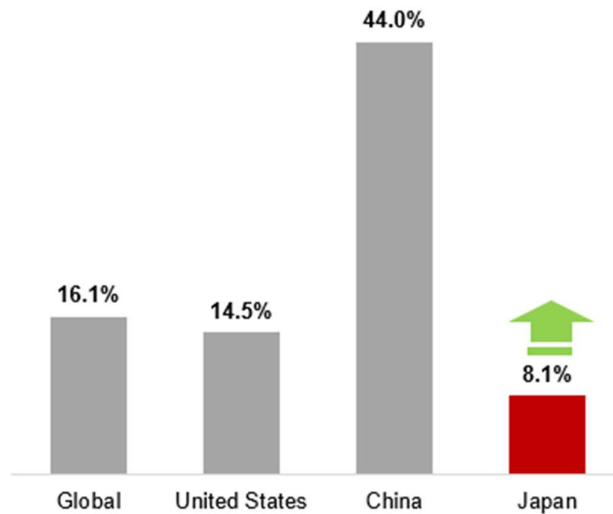
Despite the strong growth, the proportion of e-commerce sales as a proportion of the total retail sales in Japan is only 8.1%, which is far lower compared to the more developed e-commerce markets in China (44.0%) and the United States (14.5%). This implies that there is potential for continued growth in the e-commerce sector in Japan

¹⁷ Aggregate leverage after repayment of consumption tax loan is 36.2%, on a pro forma basis. Please refer to paragraph 5 of this announcement for further details, including the underlying assumptions.

¹⁸ 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.

and e-commerce is expected to be the primary demand driver in the Japan logistics market according to the Independent Market Research Consultant.

Proportion of e-commerce sales to total retail sales



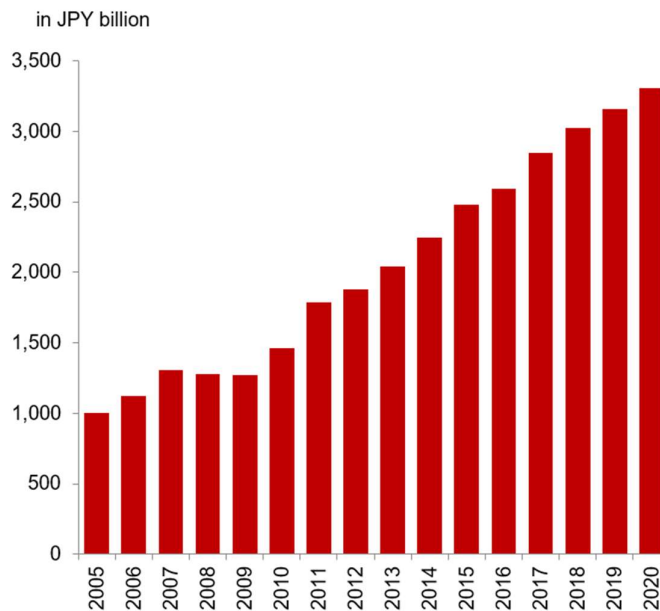
Source: Independent Market Research Report

Growing 3PL market

Third-party logistics (“**3PL**”) operators have a major role to play in the logistics sector due to the increasing focus on the outsourcing of the logistics process and supply chain management, which includes services such as cargo, transportation, inventory management, warehousing, customs and storage of goods. The aim is to achieve an efficient and low-cost transport system.

Benefitting from such trend, the 3PL market in Japan has grown from JPY 1 trillion in 2005 to JPY 3.2 trillion in 2020, and this expansion is expected to continue according to the Independent Market Research Consultant.

3PL market sales



Source: Independent Market Research Report

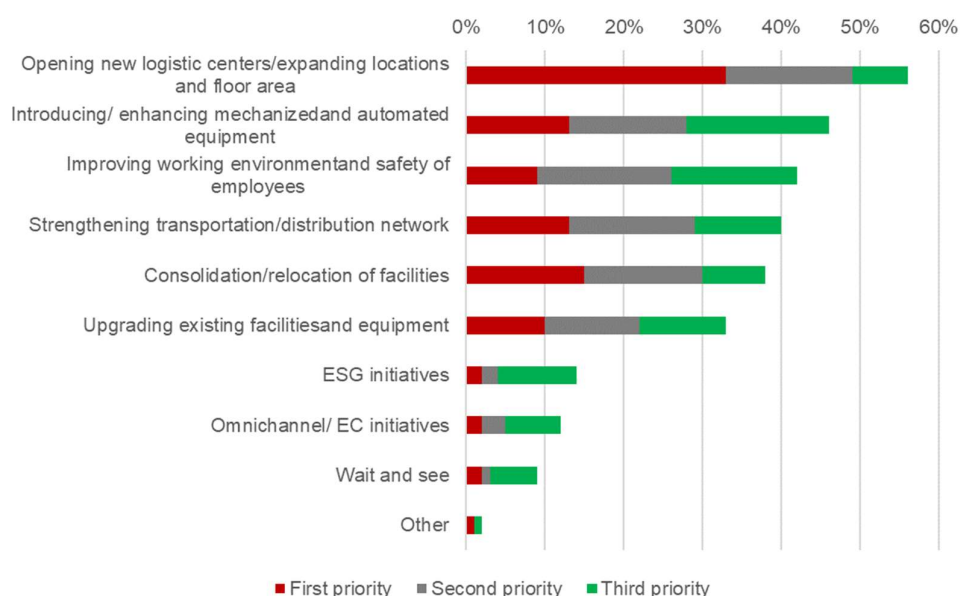
Increasing demand for logistics properties

Based on a survey conducted by the Independent Market Research Consultant in March 2022 of companies in Japan that owns or leases logistics facilities, 56% of respondents indicated that they will be focusing on opening new logistics facilities or expanding locations and floor area over the next three years.

Going forward, the Independent Market Research Consultant expects more companies to revise their logistics strategies given the aging of their own facilities, which should lead to a growth in the demand for modern, high-specifications facilities. Examples of such high-specifications facilities include DPL Iwakuni 1 & 2.

The chart below sets out the key considerations of surveyed companies when considering logistics facilities, in terms of priority.

Priority of logistics measures of surveyed companies for next three years



Source: Independent Market Research Report

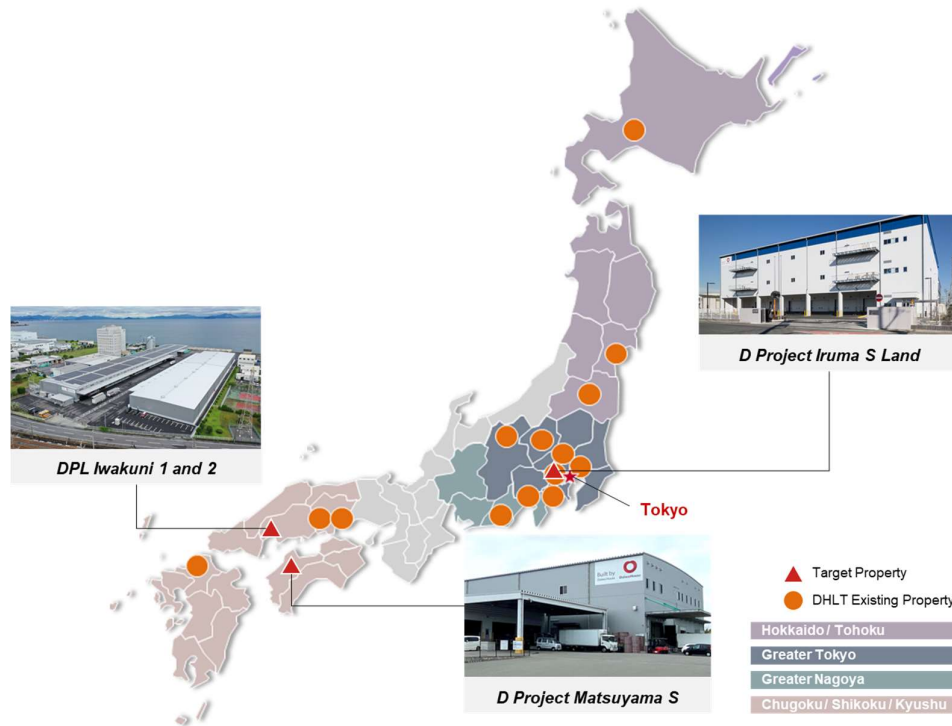
4.2.2 Scarcity of modern logistics facilities

In Japan, modern logistics facilities are characterised by high ceilings, wide column spaces and minimum floor loads, among other features. Based on the Independent Market Research Report, such highly sought-after modern logistics facilities only make up 5.3% of the total logistics stock in Japan.

DPL Iwakuni 1 & 2 is a modern logistics facility developed with high-end specifications including ceilings as high as 8.0 metres and minimum floor loads of 2.5 tons per sq m. This is compared to other modern logistics facilities in Japan which generally have ceiling heights of about 5.5 metres and floor loads of 1.5 tons per sq m.

4.3 Acquisition of high-quality freehold properties across regional markets in Japan

The Proposed Acquisition is expected to not only improve the quality of DHLT's portfolio, but also strengthen its resilience.



4.3.1 Strategically located near key transport routes

DPL Iwakuni 1 & 2 and D Project Matsuyama S are well located within their respective precincts, offering good accessibility to tenants delivering goods to and from the respective properties.

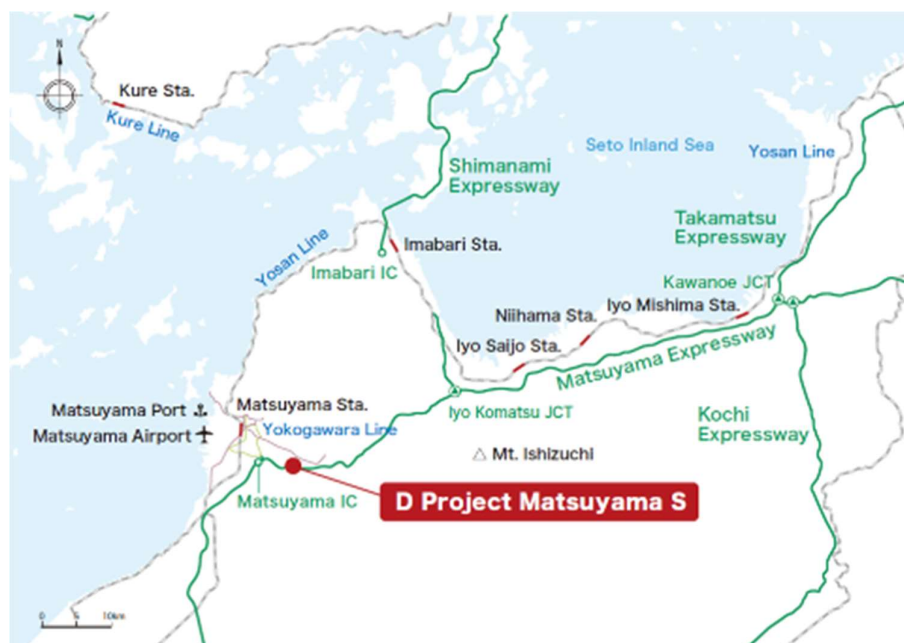
DPL Iwakuni 1 & 2

The property is located in Iwakuni city, which has played an important role as a part of the Setouchi Industrial Zone and has close access to Hiroshima City, the largest city in Chugoku area. It is easily accessible via the nearby "Iwakuni Interchange" on the Sanyo Expressway. DPL Iwakuni 1 & 2 is also located within a 10.0 km radius from Iwakuni Port, an industrial port that handles mainly cargo related to the adjacent petroleum complex, pulp and paper, and chemical industries, as well as marine container cargo.



D Project Matsuyama S

Matsuyama is the largest city in the Shikoku island area and is well-recognised as an industrial and sightseeing hub. Matsuyama Expressway directly connects industrial cities including Matsuyama, Niihama, and Mishima. The property is located in the same area as the logistics bases of regional logistics companies and food-related companies. It is less than 1.0 km from a major arterial road, approximately 5.8 km from “Matsuyama Interchange” on the Matsuyama Expressway. Both Matsuyama Airport and Matsuyama Port are located within a 15.0 km radius of D Project Matsuyama S.



D Project Iruma S Land

Iruma is one of the leading industrial cities in the Saitama prefecture, with several large-scale industrial parks serving as manufacturing bases for the Tokyo metropolitan area. The property is located approximately 50 km from central Tokyo and is in close proximity to several expressways and national routes.



4.3.2 Addition of quality assets to DHLT's portfolio

DPL Iwakuni 1 & 2 is a multi-tenanted property and modern logistics facility developed with high specifications with ceiling heights of up to 8.0 metres and floor loads of up to 2.5 tons per sq m.

D Project Matsuyama S comprises two separate buildings that were built for single tenant use, and one of the buildings has temperature-controlled facilities for frozen or chilled foodstuff storage.

DPL Iwakuni 1 & 2 is relatively new building completed in 2016 and 2020 respectively. D Project Matsuyama is a BTS property with minimal capital expenditure requirements expected in the near term.

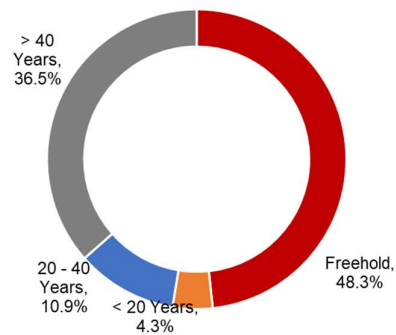
On a pro forma basis, the average age of the Enlarged Portfolio remains relatively low at 4.8 years as at 30 June 2022.

4.3.3 Acquisition of freehold properties and the D Project Iruma S Land mitigates leasehold risk

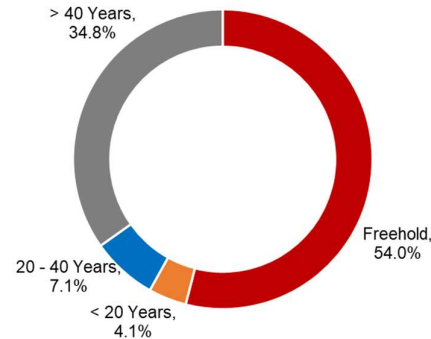
The Target Properties are all freehold properties as DHLT continues to drive the value and resilience of its portfolio with a higher mix of freehold land and mitigates leasehold risks. On a pro forma basis, the proportion of freehold properties (by NLA) of the

Enlarged Portfolio will increase from 48.3% to 54.0% as at 30 June 2022. As a result, the proportion of properties that are freehold or with land lease expiry of more than 40 years will increase from 84.8% to 88.8% as at 30 June 2022.

Breakdown by land tenor
(Pre Transactions)



Breakdown by land tenor
(Post Transactions)



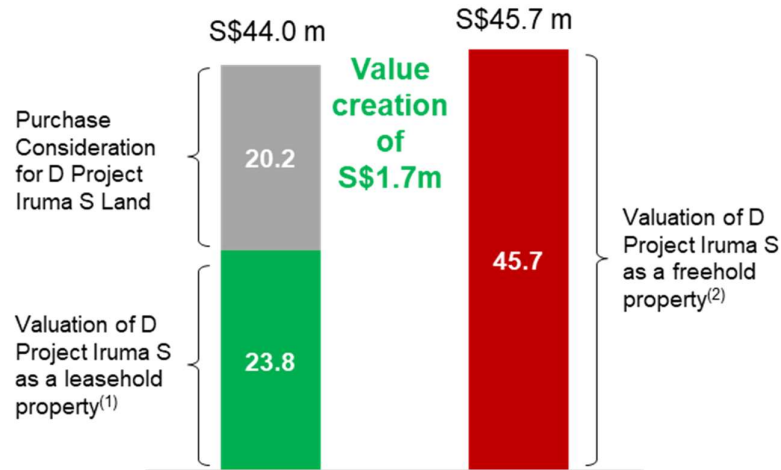
Acquisition of the D Project Iruma S Land

The current leasehold interest held by DHLT in D Project Iruma S has less than 30 years remaining on the underlying land lease term, and the proposed acquisition of the D Project Iruma S Land demonstrates DHLT's active asset management to mitigate the risk of leasehold land depreciation.

In particular, the acquisition of the D Project Iruma S Land will better preserve the value of D Project Iruma S. With less than 30 years of lease remaining on the land lease, the valuation of DHLT's leasehold interest in D Project Iruma S will gradually decline over time as the remaining term on the lease decreases, assuming other factors remained constant. However, following the acquisition of the D Project Iruma S Land, this decline will not be applicable, as DHLT will own the freehold interest in the property and will not be subjected to the land lease expiry. The overall value of the property will also be enhanced as freehold properties are generally valued based on a tighter capitalisation rate compared to leasehold properties.

By acquiring the D Project Iruma S Land, DHLT will also improve its operating cashflow by saving on the land rent payments in respect of the Leasehold which it presently owns on the D Project Iruma S Land.

Value creation for D Project Iruma S



Notes:

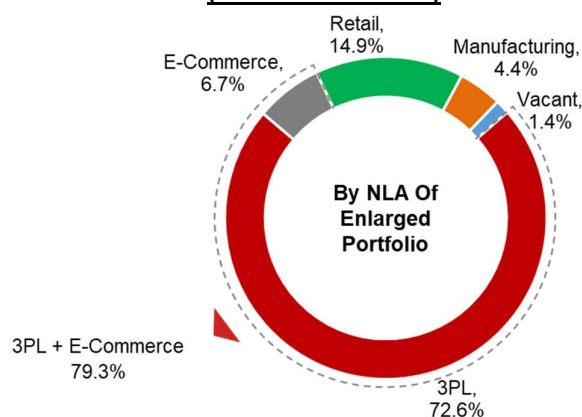
- (1) Based on the independent valuation of D Project Iruma S as at 31 December 2021 as a leasehold property and converted from JPY to SGD based on an illustrative exchange rate of S\$1.00 : JPY 98.0.
- (2) Based on the Appraised Value of D Project Iruma S as at 30 June 2022 as a freehold property and converted from JPY to SGD based on an illustrative exchange rate of S\$1.00 : JPY 98.0.

4.3.4 100% occupancy rate with high quality tenants

DPL Iwakuni 1 & 2 and D Project Matsuyama S are fully occupied as at 30 June 2022, which will result in DHLT maintaining a high portfolio occupancy rate of 98.6% for the Enlarged Portfolio on a pro forma basis as at 30 June 2022.

The two properties are leased to quality tenants, which include listed companies. The tenants include one of the largest integrated logistics companies in Japan as well as a leading integrated food trading company in Japan which also provides 3PL services. Following the completion of the Proposed Acquisition and the Proposed Sponsor Subscription, the proportion of tenants in growing 3PL and e-commerce sectors in the Enlarged Portfolio will increase to 79.3% on pro forma basis. The Manager believes that this can further enhance the resilience of the portfolio.

Breakdown by tenant sectors
(Post Transactions)



The profiles of the tenants of the two properties are set out in the table below.

Property	Tenants ⁽¹⁾	Description
DPL Iwakuni 1 & 2	Tenant A	One of the largest integrated logistics companies in Japan
	Tenant B	Automotive parts manufacturer
	Tenant C	Chemical manufacturing company
	Tenant D	A major integrated chemical company
	Tenant E	A leading 3PL player in Japan
D Project Matsuyama S	Tenant F	A leading integrated food trading company in Japan; also provides 3PL services

Note:

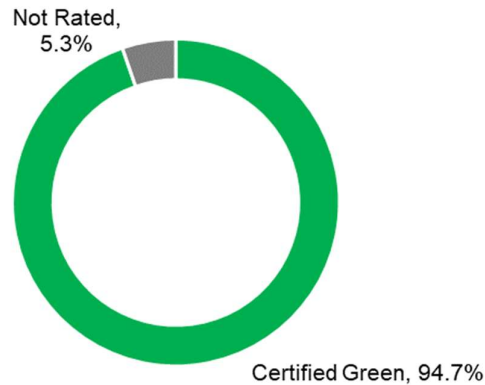
- (1) As at the date of this announcement, these tenants have not given their consent to the disclosure of any of the terms of their respective tenancy agreements at all (including their names).

4.4 In line with DHLT's continuous sustainability efforts

DPL Iwakuni 1 & 2 is a certified green building by Building Energy-efficiency Labelling System ("BELS"), with a rating of 5 stars (the highest rating under BELS). BELS is a third-party certification system in Japan that assesses the energy conservation performance of buildings, in line with the guidelines set by the Ministry of Land, Infrastructure, Transport and Tourism of Japan. Certifications are based on a five-scale system (one to five stars).

With the inclusion of DPL Iwakuni 1 & 2, the proportion of properties in the Enlarged Portfolio that are certified green remains high at 94.7% (by NLA) as at 31 August 2022.

Green certified properties (by NLA)



DPL Iwakuni 1 & 2 has energy-saving LED lightings installed in the property, and also has solar panels installed on its rooftop with a capacity of 1.8 megawatt peak (“**MWp**”). Following the completion of Proposed Acquisition, DHLT’s Enlarged Portfolio will have aggregate solar energy capacity of 15.4 MWp.

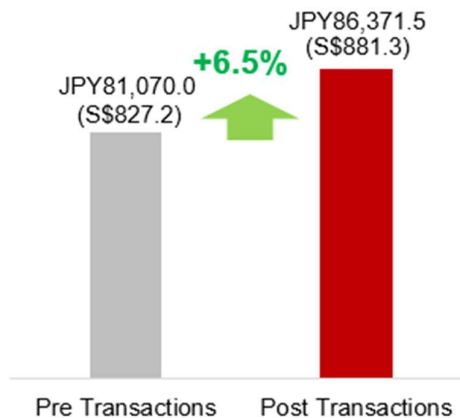
The Proposed Acquisition is consistent with DHLT’s commitment to adopt environmentally sustainable practices in its operations.

4.5 Further diversification of DHLT’s portfolio

4.5.1 Property diversification

The Proposed Acquisition is expected to increase the valuation of the Enlarged Portfolio by approximately 6.5% to JPY 86,371.5 million (S\$881.3 million) ¹⁹ on a pro forma basis as at 30 June 2022.

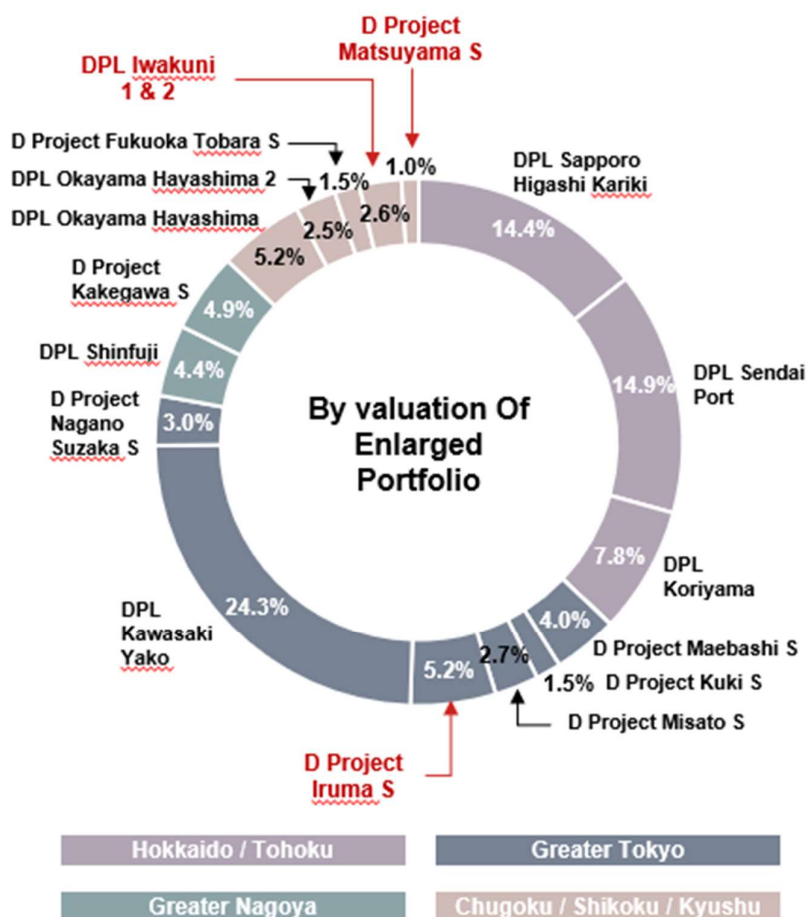
Portfolio valuation (millions)



¹⁹ Based on the valuation of the Existing Portfolio as at 31 December 2021 and the Aggregate Appraised Value of Target Properties.

The overall portfolio base will be broadened and will reduce reliance on any single property. No single property within the Enlarged Portfolio will account for more than 25% of the total valuation on a pro forma basis. The below diagram highlights the percentage contribution of each property in the Enlarged Portfolio to the total valuation of the Enlarged Portfolio.

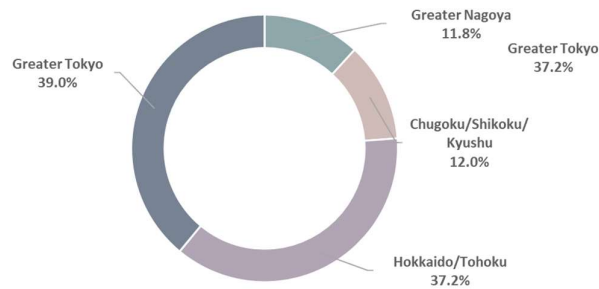
Contribution of each property to the total valuation of the Enlarged Portfolio (%)



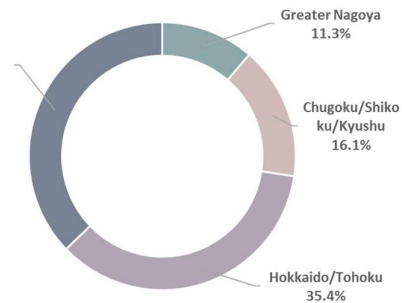
4.5.2 Geographical diversification

Following the completion of the Proposed Acquisition, DHLT's portfolio will be further diversified across various regions in Japan, mitigating concentration risk within a single region. This will also help to mitigate any potential impact to the portfolio from earthquakes. As disclosed in the prospectus dated 2 November 2021 in connection with the Listing, the Manager will consider obtaining earthquake insurance for properties that have a probable maximum loss ("PML") exceeding 15.0%. Based on the Enlarged Portfolio of DHLT upon completion of the Proposed Acquisition, the PML is expected to be at a low level of 1.6%.

Breakdown by regions **(Pre Transactions)**



Breakdown by regions **(Post Transactions)**



4.5.3 Tenant diversity

DHLT will also have a wider pool of tenants which reduces its reliance on any single tenant. Following the completion of the Proposed Acquisition, on a pro forma basis as at 30 June 2022, the largest tenant contribution to NPI will decrease from 19.8% to 19.3% and the top 10 tenants' contribution to NPI²⁰ will decrease from 69.9% to 68.1%.

4.6 Reinforcement of the commitment and support from the Sponsor

The Target Portfolio will be acquired from the Sponsor pursuant to the right of first refusal granted to DHLT by the Sponsor on 9 November 2021 over certain properties of the Sponsor and its subsidiaries subject to the terms therein ("ROFR"). Through the Proposed Acquisition and together with the Proposed Sponsor Subscription, the Sponsor has demonstrated its firm commitment to support the growth of DHLT.

4.6.1 Acquiring the Target Portfolio at an attractive discount to valuation

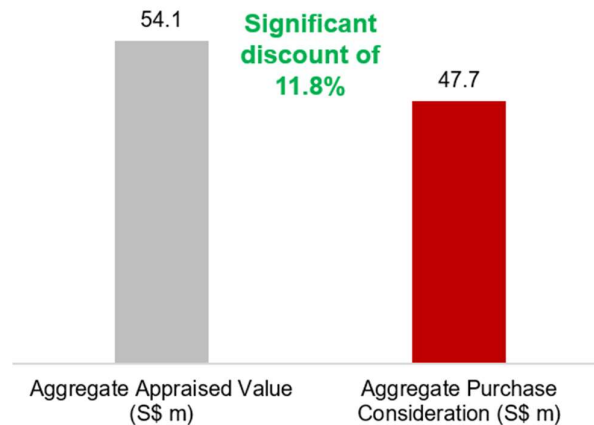
The Aggregate Purchase Consideration for the Target Properties is approximately S\$47.7 million, representing an attractive discount of 11.8% to Aggregate Appraised Value of S\$54.1 million. The blended implied NPI yield for DPL Iwakuni 1 & 2 and D Project Matsuyama S based on the purchase consideration for these two properties is 6.5%, which is higher than the blended NPI yield of the Existing Portfolio of 6.1%.²¹

DHLT benefits from the property development expertise of the Sponsor who is a property developer, as the acquisition targets, including DPL Iwakuni 1 & 2 and one of the two buildings on D Project Matsuyama S, were constructed by them. The discounts represented by the Aggregate Purchase Consideration to the Aggregate Appraised Value for the Target Properties shows the Sponsor's support and strong commitment to DHLT's sustainable and continuous growth.

²⁰ Based on pro forma NPI for FP2022. 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.

²¹ 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.

Aggregate Purchase Consideration vs Aggregate Appraised Value

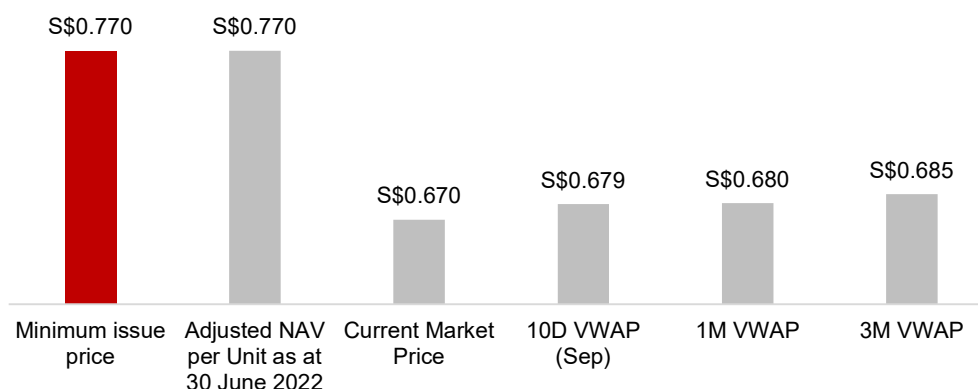


4.6.2 Subscription of New Units by Sponsor at a premium to Current Market Price

The Sponsor will support the Proposed Acquisition by subscribing for the New Units at the Issue Price which is the higher of S\$0.77 per New Unit or the 10-Day VWAP. The minimum Issue Price of S\$0.77 per New Unit is equivalent to the adjusted NAV per Unit as at 30 June 2022 (being NAV per Unit of S\$0.80 net of DPU of 3.09 cents in respect of FP2022). The minimum Issue Price represents a premium of 14.9% to the closing price of the Units as at 20 September 2022 (being the Market Day immediately preceding the date of this announcement) (the “**Current Market Price**”), a premium of 13.4% to the VWAP per Unit on the SGX-ST for a period of 10 Market Days prior and up to (and including) 20 September 2022 (“**10D VWAP (Sep)**”), a premium of 13.3% to the VWAP per Unit on the SGX-ST for a period of one month prior and up to (and including) 20 September 2022 (the “**1M VWAP**”) and a premium of 12.4% to the VWAP per Unit on the SGX-ST for a period of three months prior and up to (and including) 20 September 2022 (the “**3M VWAP**”).

The willingness of the Sponsor to subscribe for the New Units at not less than S\$0.77 per New Unit at a significant premium to the Current Market Price, underscores the confidence that the Sponsor has in the long-term performance of DHLT.

**Comparison of minimum issue price trading at a premium in comparison to the
Current Market Price, 10D VWAP (Sep), 1M VWAP and 3M VWAP**



4.6.3 Further alignment of interest with increase of the Sponsor's ownership

Immediately after the completion of the Proposed Sponsor Subscription and the issuance of the Acquisition Fee Units, the Sponsor's stake in DHLT will be increased from 10.31% as at the date of this announcement to an estimated 12.5%²². The Sponsor's increased ownership in DHLT will further strengthen the alignment of the interests between the Sponsor and the other Unitholders.

4.6.4 Ability to acquire quality properties through ROFR granted by the Sponsor

The Proposed Acquisition demonstrates DHLT's ability to acquire Japan properties of high quality from the Sponsor. This highlights the benefit of having a strong and prolific developer Sponsor where its property development capacity provides a continuous and abundant supply of pipeline targets to help drive the growth trajectory of DHLT in the long-term.

5. PRO FORMA FINANCIAL EFFECTS

FOR ILLUSTRATIVE PURPOSES ONLY:

As DHLT was only listed on 26 November 2021, it does not have any audited financial statements. The pro forma financial effects of the Proposed Acquisition on the DPU, NAV per Unit and the aggregate leverage presented below are strictly for illustrative purposes only and do not reflect the actual financial results or the future financial performance and condition of DHLT after the Proposed Acquisition. The pro forma financial effects of the Proposed Acquisition were prepared based on the FP2022 Unaudited Financial Statements, taking into account the Aggregate Purchase Consideration, and assuming:

- the effect of the Proposed Acquisition on DHLT's DPU for FP2022 is based on the assumption that the Proposed Acquisition had been completed on 26 November 2021 (being the date of Listing) and the Target Properties are held throughout FP2022;

²² 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.

- the effect of the Proposed Acquisition on DHLT's NAV per unit for FP2022 is based on the assumption that the Proposed Acquisition had been completed on 30 June 2022;
- approximately 619,666 new Units²³ are issued for the Acquisition Fee²⁴ payable to the Manager at an issue price of S\$0.77 per Acquisition Fee Unit²⁵ (the **"Illustrative Issue Price of Acquisition Fee Units"**);
- approximately 16,565,067 New Units are issued at the Issue Price of S\$0.77 per New Unit in respect of the gross proceeds of up to approximately S\$12.8 million raised pursuant to the Proposed Sponsor Subscription;
- the remainder of the Total Acquisition Cost is financed by Loan Facilities of JPY 4,211.1 million, including the building consumption tax loan of JPY 211.1 million; and
- unless otherwise stated, an exchange rate of S\$1.00 : JPY 98.0 is applied for the conversion of Singapore dollars into Japanese yen for the purpose of completing the Proposed Acquisition.

5.1 Pro Forma DPU

FOR ILLUSTRATIVE PURPOSES ONLY:

On the bases and assumptions set out above, the pro forma financial effects of the Proposed Acquisition on DHLT's DPU for FP2022, as if the Proposed Acquisition and the issuance of an aggregate of 17,184,733 Units (comprising the New Units and the Acquisition Fee Units) were completed on 26 November 2021 and DHLT held the Target Properties through to 30 June 2022, are as follows:

	Actual FP2022 (Before the Proposed Acquisition)	Pro Forma FP2022 (After the Proposed Acquisition⁽¹⁾)
Net Property Income (S\$'000) ⁽²⁾	30,035	31,052
Distributable Income to Unitholders (S\$'000)	20,901	21,701 ⁽³⁾
Units in issue ('000)	675,499 ⁽⁴⁾	692,699 ⁽⁵⁾
Distribution per Unit (" DPU ") (cents)	3.09	3.13

²³ Based on the illustrative issue price of S\$0.77 per Acquisition Fee Unit.

²⁴ As the Proposed Acquisition will constitute an "interested party transaction" under the Property Funds Appendix issued by the MAS, the Acquisition Fee shall be paid in the form of Units and shall not be sold within one year from the date of issuance in accordance with Paragraph 5.7 of the Property Funds Appendix.

²⁵ The illustrative issue price of S\$0.77 per Acquisition Fee Unit and New Unit is purely for illustrative purposes. For the avoidance of doubt, the actual issue price of the Acquisition Fee Units may not be the same as the Issue Price for the New Units to be issued under the Proposed Sponsor Subscription as under the Trust Deed, the issue price per Acquisition Fee Unit is based on the VWAP for a Unit for all trades on the SGX-ST, in the ordinary course of trading on the SGX-ST, for the period of 10 Business Days (or such other period as may be prescribed by the SGX-ST) immediately preceding (and, for the avoidance of doubt, including) the Completion Date. For the purposes of this footnote only, "**Business Day**" shall mean any day (other than a Saturday, Sunday or gazetted public holiday or bank holiday) on which commercial banks are generally open for business in Singapore and the SGX-ST is open for trading.

	Actual FP2022 (Before the Proposed Acquisition)	Pro Forma FP2022 (After the Proposed Acquisition⁽¹⁾)
DPU Accretion (%)	-	1.3%

Notes:

- (1) The financial information relating to the Target Portfolio is based on its actual occupancy rate for the entire FP2022.
- (2) Based on the actual exchange rate of S\$1.00 : JPY 89.09 as adopted in the profit and loss statement of the FP2022 Unaudited Financial Statements.
- (3) For the purpose of converting JPY into SGD for distributions arising from the Target Portfolio only, an illustrative exchange rate of S\$1.00 : JPY 98.0 was used.
- (4) Number of Units in issue as at 30 June 2022.
- (5) The total number of Units in issue at the end of the period includes an assumed 16,565,067 New Units issued in connection with the Proposed Sponsor Subscription to raise proceeds to partially finance the Proposed Acquisition, an assumed 619,666 Acquisition Fee Units to be issued and an assumed 514,128 new Units issued by DHLT to the Manager representing 50.0% of the management fee paid in Units for FP2022 (with the management fee computed based on the Enlarged Portfolio).

Sensitivity Analysis

As DHLT is mainly exposed to foreign exchange movement in the JPY currency against SGD, the Manager wishes to set out below the illustrative impact in DPU accretion arising from such foreign exchange movements. As illustrated below, the impact of a 15% depreciation in the SGD/JPY exchange rate compared to the actual FP2022 exchange rates will only reduce the pro forma FP2022 DPU accretion by 0.006 cents, mainly due to the capital structure put in place which reduces the foreign exchange exposure to DHLT.

	Change in Accretion Impact to Pro Forma DPU^{(1) (2)}					
	JPY Appreciation			JPY Depreciation		
	+5%	+10%	+15%	-5%	-10%	-15%
Singapore Cents	0.002	0.004	0.006	-0.002	-0.004	-0.006

Notes:

- (1) Based on a pro forma DPU accretion of 0.04 Singapore cents.
- (2) The base foreign exchange rate is calculated using the exchange rates as disclosed in notes (2) and (3) of the pro forma DPU table in paragraph 5.1 above.

5.2 Pro Forma NAV

FOR ILLUSTRATIVE PURPOSES ONLY:

The pro forma financial effects of the Proposed Acquisition on DHLT's NAV per Unit as at 30 June 2022, as if the Proposed Acquisition and the issuance of an aggregate of 17,184,733 Units (comprising the New Units and the Acquisition Fee Units) were completed on 30 June 2022, are as follows:

	Actual as at 30 June 2022 (Before the Proposed Acquisition)	Pro Forma as at 30 June 2022 (After the Proposed Acquisition)
NAV (S\$'000)	539,812 ⁽¹⁾	553,048 ⁽¹⁾
Units in issue ('000)	675,499 ⁽²⁾	692,684 ⁽³⁾
NAV per Unit attributable to Unitholders (S\$) ⁽¹⁾	0.80 ⁽¹⁾	0.80 ⁽¹⁾
Adjusted ⁽⁴⁾ NAV per Unit attributable to Unitholders (S\$)	0.77 ⁽¹⁾	0.77 ⁽¹⁾

Notes:

- (1) Based on an illustrative exchange rate of S\$1.00 : JPY 98.0.
- (2) Number of Units in issue as at 30 June 2022.
- (3) The total number of Units in issue at the end of the period includes an assumed 16,565,067 New Units issued in connection with the Proposed Sponsor Subscription to partially finance the Proposed Acquisition and an assumed 619,666 Acquisition Fee Units to be issued.
- (4) Adjusting for the distributable income that is due to be paid at the end of the FP2022 period for both the Existing Portfolio and the Target Portfolio.

5.3 Pro Forma Aggregate Leverage

FOR ILLUSTRATIVE PURPOSES ONLY:

The pro forma aggregate leverage of DHLT as at 30 June 2022, as if the Proposed Acquisition and the issuance of an aggregate of 17,184,733 Units (comprising the New Units and the Acquisition Fee Units) were completed on 30 June 2022, is as follows:

	Actual as at 30 June 2022 (Before the Proposed Acquisition)	Pro Forma as at 30 June 2022 (After the Proposed Acquisition)
Aggregate Leverage (including consumption tax loan)	34.0%	36.4%
Aggregate Leverage (after repayment of consumption tax loan)	34.0%	36.2%

Note: Based on an illustrative exchange rate of S\$1.00 : JPY 98.0.

6. ADVICE OF THE INDEPENDENT FINANCIAL ADVISER

The Manager has appointed RHB Bank Berhad, Singapore branch, as the independent financial adviser (“**IFA**”) pursuant to Rule 921(4)(a) of the Listing Manual to advise the independent directors of the Manager (the “**Independent Directors**”), the audit and risk committee of the Manager (the “**Audit and Risk Committee**”) and HSBC Institutional Trust

Services (Singapore) Limited, in its capacity as trustee of DHLT (“**Trustee**”) as to whether each of the Proposed Acquisition and the Proposed Sponsor Subscription is on normal commercial terms and is not prejudicial to the interests of DHLT and its minority Unitholders.

The Independent Directors and Audit and Risk Committee will form their own views after reviewing the opinion of the IFA, which will be set out in the Circular.

Each of Mr Tan Jeh Wuan, Mr Tan Juay Hiang, and Mr Takashi Suzuki are Independent Directors.

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL UNITHOLDERS

As at the date of this announcement, certain Directors collectively hold, directly or indirectly, interests in the Units and/or ordinary shares in the Sponsor (“**DHI Shares**”), collectively amounting to an aggregate of 450,000 Units and 10,136 DHI Shares²⁶.

Further, it should be noted that:

- (a) Mr Yoshiyuki Takagi, a Non-Independent Non-Executive Director of the Manager, holds directorships in several subsidiaries of the Sponsor;
- (b) Mr Eiichi Shibata, a Non-Independent Non-Executive Director of the Manager, is the Managing Executive Officer of the Sponsor and holds directorships in several subsidiaries of the Sponsor; and
- (c) Mr Takeshi Fujita is a Non-Independent Executive Director and the Chief Executive Officer of the Manager.

As at the date of this announcement and based on information available to the Manager, the Sponsor has a direct interest in 69,705,358 Units, which comprises 10.31% of the total number of Units in issue.

Based on the Register of Directors’ Unitholdings maintained by the Manager, save as disclosed above and based on information available to the Manager as at the date of this announcement, none of the Directors or Substantial Unitholders has an interest, direct or indirect, in the Proposed Acquisition (otherwise than through their unitholdings, if any).

8. DIRECTORS’ SERVICE CONTRACTS

No person is proposed to be appointed as a Director in connection with the Proposed Acquisition or any other transactions contemplated in relation to the Proposed Acquisition.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection²⁷ during normal business hours at the registered office of the Manager located at 8 Marina View, #14-09, Asia Square Tower 1,

²⁶ This represents 10,136 DHI Shares held by Mr Eiichi Shibata, a Non-Independent Non-Executive Director of the Manager.

²⁷ Prior appointment with the Manager is required. Please contact DHLT Investor Relations at email: ir@daiwahouse-lt.com or telephone: +65 6202 0486.

Singapore 018960, from the date of this Announcement up to and including the date falling three months after the date of this Announcement:

- (i) the DHI TBI SPA entered into between DH TMK and the Sponsor;
- (ii) the Subscription Agreement entered into between the Manager and the Sponsor;
- (iii) the Independent Market Research Report;
- (iv) the full valuation report issued by Savills in respect of the Target Properties; and
- (v) the full valuation report issued by CBRE in respect of the Target Properties.

The Trust Deed will be available for inspection at the registered office of the Manager for so long as DHLT is in existence.

For and on behalf of the Board

Daiwa House Asset Management Asia Pte. Ltd.

(Company Registration No. 202037636H)

(as manager of Daiwa House Logistics Trust)

Takeshi Fujita

Director and Chief Executive Officer

21 September 2022

Important Notice

This announcement 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 announcement 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 announcement 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.