Daiwa House
Logistics Trust

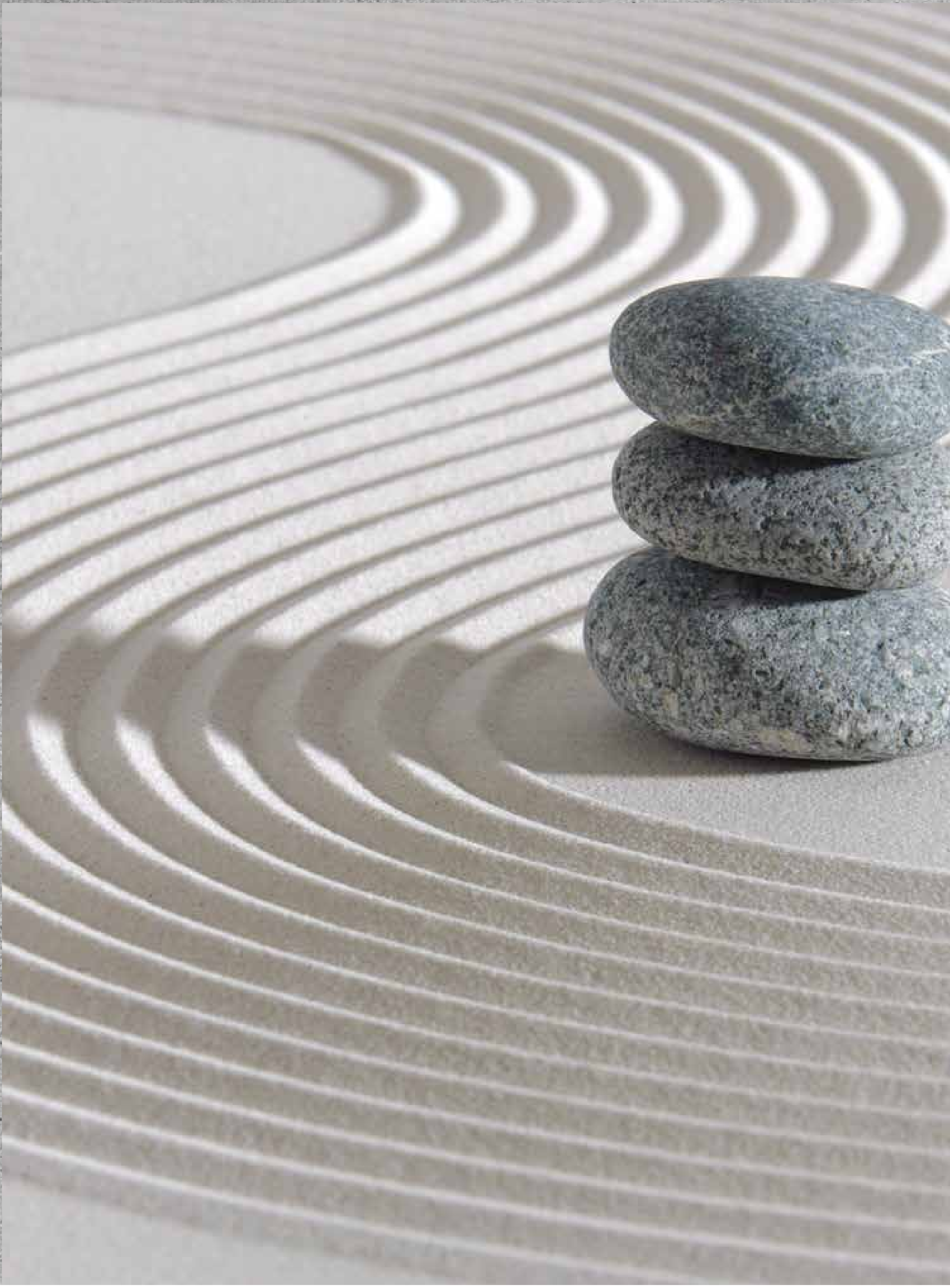
DELIVERING SUSTAINABLE VALUE

ANNUAL REPORT 2022

Financial Period Ended 31 December 2022

DPL Kawasaki Yako

CONTENTS



BUILDING SOLID FOUNDATION

The portfolio of Daiwa House Logistics Trust comprises 16 high quality properties that are diversified across different regions in Japan, and anchored by a strong tenant base

DPL Kawasaki Yako

CORPORATE PROFILE

AN ASIA-FOCUSED LOGISTICS TRUST...

Daiwa House Logistics Trust ("**DHLT**") is a Singapore real estate investment trust ("**REIT**") which is listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

Listed on the SGX-ST on 26 November 2021, DHLT is established with the investment strategy of principally investing in a portfolio of income-producing logistics and industrial real estate assets located across Asia.

The current portfolio of DHLT comprises 16 quality logistics facilities that are well-diversified across Japan with an aggregate portfolio valuation of JPY87,531 million (S$884.0 million) as at 31 December 2022.

DHLT is managed by Daiwa House Asset Management Asia Pte. Ltd. ("**Manager**"), which is a wholly-owned subsidiary of the Sponsor, Daiwa House Industry Co., Ltd. ("**DHI**" or "**Sponsor**").

...SUPPORTED BY A STRONG AND COMMITTED DEVELOPER SPONSOR

Founded in 1955, DHI is listed on the Tokyo Stock Exchange ("**TSE**") and is one of the largest construction and real estate development companies in Japan.

DHI is the principal company of the Daiwa House Group, which has a global presence. The Daiwa House Group principally engages in the business of construction and real estate development, with real estate investments in sectors such as housing and residential apartments, commercial real estate (including commercial, logistics, and medical facilities), and lifestyle properties (including hotels and fitness clubs).

The Sponsor is also experienced in both asset and fund management. The Daiwa House Group manages real estate funds which include TSE-listed Daiwa House REIT Investment Corporation, one of the largest REIT in Asia, as well as unlisted REITs and private funds.

To demonstrate the strong support from the Sponsor, DHLT has been granted a right of first refusal ("**ROFR**") by the Sponsor over its income-producing logistics and industrial real estate assets located in Asia, on the terms of the ROFR agreement.

KEY HIGHLIGHTS

PORTFOLIO[1]

PORTFOLIO VALUATION
JPY 87,531 MILLION
(S$844.0 MILLION)

WEIGHTED AVERAGE LEASE EXPIRY
(BY NLA/GROSS RENTAL INCOME[4])
6.4 YEARS / 7.1 YEARS

OCCUPANCY RATE
98.6 %

GREEN-RATED PROPERTIES
(BY NLA)
94.7 %

FINANCIALS[2]

DISTRIBUTION PER UNIT
5.70 CENTS
in line with forecast[3]

AGGREGATE LEVERAGE
35.9 %[1]

BORROWINGS
ON FIXED RATE
100.0 %[1]

INTEREST COVERAGE RATIO
11.8 TIMES

1 Information as at 31 December 2022
2 For the financial period ended 31 December 2022.
3 Pro-rated based on the forecast Consolidated Statements of Comprehensive Income for the period 1 October 2021 to 31 December 2021 as well as the forecast Consolidated Statements of Comprehensive Income for the financial year ended 31 December 2022 ("**Projection Year 2022**") as disclosed in the IPO Prospectus dated 19 November 2021 ("**IPO Prospectus**").
4 Based on monthly rent as at December 2022.

SIGNIFICANT EVENTS

2021

26 Nov 21
Successfully listed on SGX-ST

2022

11 Feb 22
Announced valuation of portfolio as at 31 December 2021, 14.1% above purchase consideration in JPY terms

19 Apr 22
Secured uncommitted revolving credit facility of S$30m

28 Apr 22
Repaid consumption tax loan following the refund of consumption tax[1], two months ahead of expected timeline and reduced interest expense

12 May 22
Announced business update for period 26 November 2021 to 31 March 2022, portfolio occupancy rate improved to 98.6% as at 31 March 2022

3 Aug 22
Announced financial results for period 26 November 2021 to 30 June 2022, distribution per unit ("**DPU**") in line with forecast

12 Aug 022
Units of DHLT included under the Central Provident Fund Board's CPF Investment Scheme – Ordinary Account (CPFIS-OA), offering alternative investment option for investors

1 Sep 22
Appointment of new Chief Financial Officer, Ms Natalie Wong Chin Ping, who has extensive experience in the Singapore REIT industry

DPL Iwakuni 1 & 2

21 Sep 22
Announced the maiden acquisition from Sponsor to acquire DPL Iwakuni 1 & 2, D Project Matsuyama S, and underlying freehold land of D Project Iruma S, for an aggregate purchase consideration of JPY4,676 million ("**Proposed Acquisition**")

31 Oct 22
Secured committed revolving credit facility of S$20m

9 Nov 22
Announced business update for period 26 November 2021 to 30 September 2022, lease renewal activities continue to be healthy at 100% renewal rate

1 Dec 22
Obtained overwhelming support from unitholders with approval rate of 99.6% for the Proposed Acquisition

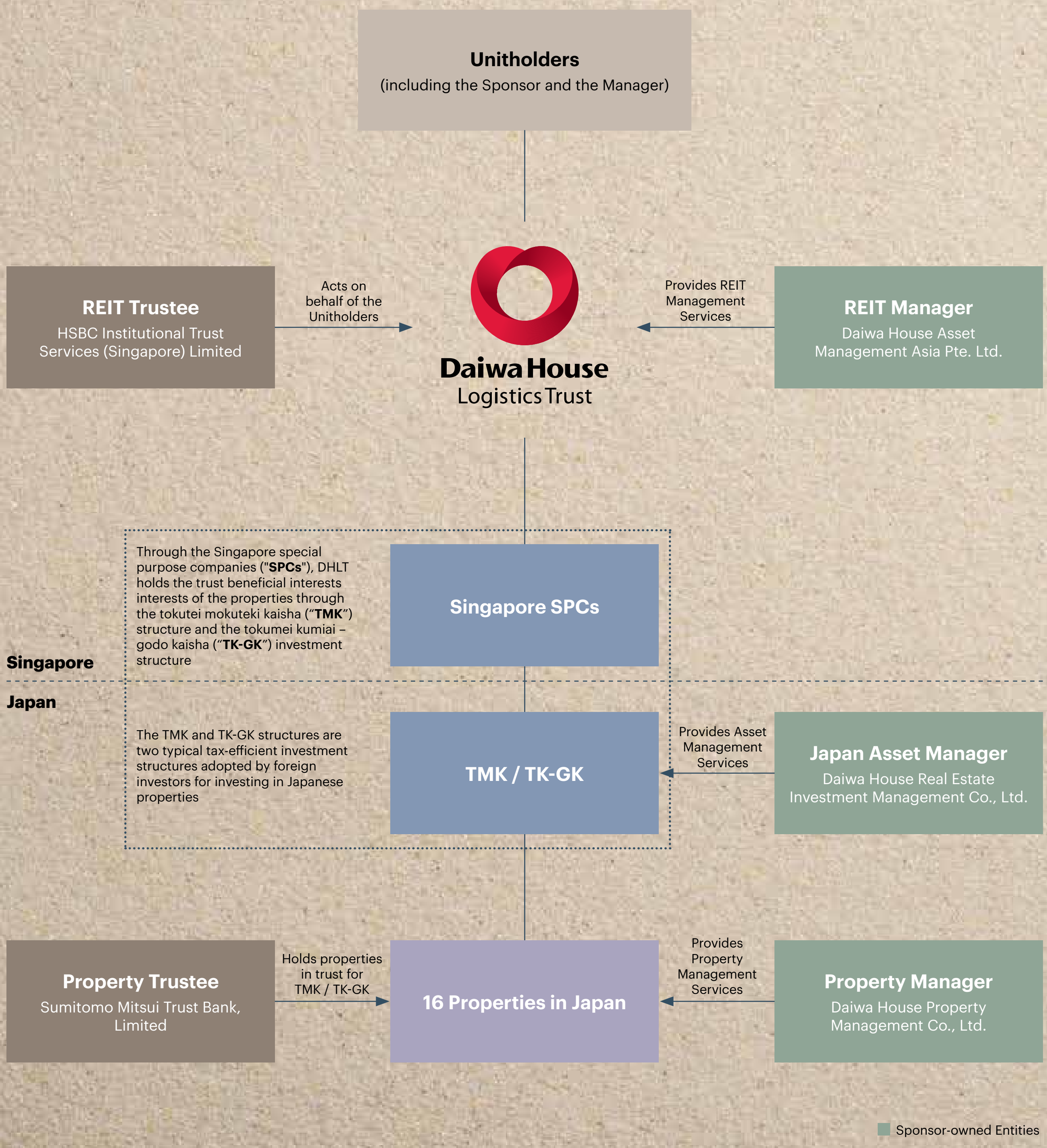
8 Dec 22
Completion of Proposed Acquisition

2023

23 Feb 23
Announced financial results for period 26 November 2021 to 31 December 2022, DPU in line with forecast

1 A loan was taken to pay the consumption tax in relation to the acquisition of the initial portfolio at IPO.

TRUST STRUCTURE



BOARD OF DIRECTORS

TAN JEH WUAN
Chairman and Independent Non-Executive Director

Date of first appointment as Director:
- 2 November 2021

Length of service as a Director (as at 31 December 2022):
- 1 year 2 months

Board Committee served on:
- Audit and Risk Committee (Member)

Present directorships in other listed companies:
- Digital Core Reit Management Pte. Ltd. (Manager of Digital Core REIT)

Present principal commitments:
- Non-Executive Director, Tower Capital Asia Pte. Ltd.
- Co-Deputy Chairman, SGX Listings Advisory Committee

Past directorship in other listed company held over the preceding three years:
- Nil

Qualifications:
- Bachelor of Science in Industrial Engineering and Operations Research from the University of California, Berkeley, United States of America

Background and experience:
- More than 30 years of experience in banking and finance-related industries
- Was with DBS Bank from 1989 to 2019, last held position was Managing Director & Head of Capital Markets Singapore
- Former Chairman of the Association of Banks in Singapore Corporate Finance Standing Committee
- Former member of the SGX Securities Advisory Committee
- Conferred as an Institute of Banking & Finance Fellow, Capital Markets in 2019

TAN JUAY HIANG
Independent Non-Executive Director

Date of first appointment as Director:
- 2 November 2021

Length of service as a Director (as at 31 December 2022)**:**
- 1 year 2 months

Board Committee served on:
- Audit and Risk Committee (Chairman)

Present directorships in other listed companies:
- Katrina Group Ltd.

Present principal commitments:
- Nil

Past directorship in other listed company held over the preceding three years:
- Ascendas Hospitality Fund Management Pte. Ltd. (manager of Ascendas Hospitality Real Estate Investment Trust)[1]
- Ascendas Hospitality Trust Management Pte. Ltd. (manager of Ascendas Hospitality Business Trust)[1]

Qualifications:
- Bachelors in Engineering from the National University of Singapore
- Masters in Business Administration from Nanyang Technological University, Singapore

Background and experience:
- More than 14 years of experience in real estate Investment trust management
- Former Managing Director, REIT Investments of Ascott Ltd
  Former Chief Executive Officer of the Manager and Trustee-Manager of Ascendas Hospitality Trust

1 Delisted from the official list of the SGX-ST on 3 January 2020.

TAKASHI SUZUKI
Independent Non-Executive Director

Date of first appointment as Director:
- 2 November 2021

Length of service as a Director (as at 31 December 2022)**:**
- 1 year 2 months

Board Committee served on:
- Audit and Risk Committee (Member)

Present directorships in other listed companies:
- Nil

Present principal commitments:
- Partner at Kyo Sogo Law Offices, Tokyo, Japan

Past directorship in other listed company held over the preceding three years:
- Takara Leben Infrastructure Fund, Inc.[2]

Qualifications:
- Bachelor of Arts in Law from Waseda University, Japan
- Masters of Law from the University of Cambridge, England

Background and experience:
- More than 30 years of experience in the legal and risk management field and has extensive experience and knowledge around financial and property-related transactions
- Partner at Kyo Sogo Law Offices since 2003
- Qualified as an Attorney-at-Law in the Supreme Court of Japan
- Admitted to the Japan Bar Association and the Daini Tokyo Bar Association
- Member of the International Bar Association

2 Delisted from Tokyo Stock Exchange on 1 February 2023.

YOSHIYUKI TAKAGI
Non-Independent Non-Executive Director

Date of first appointment as Director:
- 2 November 2021

Length of service as a Director (as at 31 December 2022)**:**
- 1 year 2 months

Board Committee served on:
- Audit and Risk Committee (Member)

Present directorships in other listed companies:
- Cosmos Initia Co., Ltd.

Present principal commitments:
- Chairman, Cosmos Initia Co., Ltd.

Past directorship in other listed company held over the preceding three years:
- Nil

Qualifications:
- Bachelor of Arts in Law from Hiroshima University, Japan

Background and experience:
- More than 30 years of experience in real estate development
- Former President of Cosmos Initia Co., Ltd., a Japanese residential real estate developer
- Has been with Cosmos Initia Co., Ltd. since 1983, where he also led residential real estate development businesses in Australia for 19 years

BOARD OF DIRECTORS

EIICHI SHIBATA
Non-Independent Non-Executive Director

Date of first appointment as Director:
- 12 April 2021

Length of service as a Director (as at 31 December 2022)**:**
- 1 year 9 months

Board Committee served on:
- Nil

Present directorships in other listed companies:
- Nil

Present principal commitments:
- Managing Executive Officer, Business Development Department, Daiwa House Industry Co., Ltd.

Past directorship in other listed company held over the preceding three years:
- Nil

Qualifications:
- Bachelor of Arts in Business and Commerce from Keio University, Japan

Background and experience:
- More than 38 years of experience in real estate and finance
- Joined Sponsor in 1983 and held various management positions
- Appointed to serve on various Boards in corporations in the construction and logistics industry since November 2017, in various capacities including as Non-Executive Director and Statutory Auditor

TAKESHI FUJITA
Non-Independent Executive Director and Chief Executive Officer

Date of first appointment as Director:
- 26 November 2020

Length of service as a Director (as at 31 December 2022)**:**
- 2 years 1 month

Board Committee served on:
- Nil

Present directorships in other listed companies:
- Nil

Present principal commitments:
- Chief Executive Officer of the Manager

Past directorship in other listed company held over the preceding three years:
- Nil

Qualifications:
- Bachelor of Arts in Economics from Kwansei Gakuin University, Japan
- Master of Business Administration in Finance and Investment from The George Washington University, USA

Background and experience:
- More than 36 years of experience in real estate and finance
- Previously Executive Manager in charge of Real Estate Business Planning Department at Sumitomo Mitsui Trust Bank, Ltd
- Former Chief Executive Officer at Daiwa House Asset Management Co., Ltd., the Manager of Daiwa House REIT
- Former Deputy Chief Executive Officer at Sumitomo Mitsui Trust Real Estate Investment Management Co., Ltd
- A licensed real estate transaction agent in Japan and a licensed representative of condominium management in Japan

MANAGEMENT TEAM

From Left to Right:
Daijiro Nose • Ang Thiam Huat • Bai Li • Tao Ye • Chee Kum Tin • Takeshi Fujita • Cho Hongrae • Natalie Wong • Toru Aoki • Jun Yamamura
Linda Wan • Chantell Koh

TAKESHI FUJITA
Chief Executive Officer

Mr Fujita joined Sumitomo Mitsui Trust Bank, Ltd.("**SMTB**") in 1986 and started his career in corporate finance business field until 2000. Thereafter, he pursued his career in real estate business field, such as brokerage, investment advisory, and property fund management in Sumitomo Mitsui Trust Bank, Ltd. and fund management companies, including Daiwa House Asset Management Co., Ltd. ("**DHAM**"), the manager of Daiwa House REIT.

During his tenure as Chief Executive Officer of DHAM from 2008 to 2011, the asset under management increased from JPY 55.5 billion to JPY 200.6 billion, and market capitalisation grew from JPY 15.7 billion to JPY 73.1 billion. One of his achievements was the successful acquisition of another TSE-listed REIT, which was under civil rehabilitation process. Following his term in DHAM, he took key management positions in SMTB from 2011 to 2020 where he succeeded in raising a private real estate fund with a French insurance company and several separate accounts with institutional investors, including corporate pension funds, formulated and implemented global business and alliance strategies, and was responsible for planning and promoting cross-border real estate investment business.

Mr Fujita holds a Bachelor of Arts in Economics from Kwansei Gakuin University, Japan, and a Master of Business Administration (Honors) in Finance and Investment from The George Washington University, USA. He is a licensed real estate transaction agent in Japan and a licensed representative of condominium management in Japan.

MANAGEMENT TEAM

NATALIE WONG CHIN PING
Chief Financial Officer

Ms Wong has more than 24 years of experience in finance, accounting and treasury functions, with extensive experience within the real estate industry.

Prior to joining the Manager, Ms Wong was Senior Vice President, Capital Markets in City Development Limited where she oversaw the capital raising, structuring, financial management and compliance for both capital market transactions in both public and private space. Ms Wong was also previously the Chief Financial Officer for the manager of OUE Commercial REIT and Head of Treasury for the manager of Mapletree Logistics Trust respectively, where she was responsible for the finance and treasury functions including financial reporting, taxation, corporate finance and capital management.

Ms Wong holds a Bachelor of Accountancy from Nanyang Technological University of Singapore. She is also a Chartered Accountant with the Institute of Singapore Chartered Accountants.

TORU AOKI
Chief Risk Officer

Mr Aoki joined Sumitomo Mitsui Trust Bank, Ltd. in 1986 and started his career in the fields of real estate finance and corporate finance. From 1994 to 2018 he had been responsible for global finance and global real estate related businesses in Tokyo, Hong Kong, Singapore and New York. From September 2018, he moved to the Internal Audit Department where he conducted risk assessments and internal audits for various business departments, overseas branches and subsidiaries of the bank, until he left SMTB in April 2020.

From May 2020 until the date he joined the Manager, Mr Aoki was the Deputy Department Manager in the Business Development Department in Daiwa House Industry Co., Ltd., where he is responsible for promoting real estate securitisation of assets and overseas mergers and acquisitions business of the company.

Mr Aoki holds a Bachelor of Arts in Economics from Hitotsubashi University, Japan. He is a Certified Internal Auditor registered in the Institute of Internal Auditors and a licensed real estate transaction agent in Japan.

JUN YAMAMURA
Head of Planning

Mr Yamamura joined Marubeni Corp. ("**Marubeni**"), one of the largest general trading companies in Japan, in 1999. During his 22 years of service in Marubeni, he expanded his career in the field of real estate development and investment. Mr Yamamura was involved in mergers of TSE-listed REITs, including the acquisition of Nippon Commercial Investment Corporation by United Urban Investment Corporation ("**United Urban**"), which is managed by Marubeni's subsidiary, in December 2010. Mr Yamamura contributed to the initial public offering of United Urban in 2003 and secondary offering in 2004 as an acquisition manager and in corporate planning as a General Manager from 2017 to 2020.

From April 2021 until the date he joined the Manager, Mr Yamamura was the Senior Chief in the Business Development Department in Daiwa House Industry Co., Ltd. ("**DHI**")

Mr Yamamura holds a Bachelor of Arts in Economics from The University of Tokyo, Japan, and a Master of Business Administration in Finance and Real Estate from The University of North Carolina at Chapel Hill, USA. He is a Certified Member Analyst of the Securities Analysts Association of Japan (inactive), a Certified Master of the Association for Real Estate Securitization (inactive), a Certified Building Manager of Japan Building Management Institute (inactive), and a licensed real estate transaction agent in Japan (inactive).

CHO HONGRAE
Head of Investment

Mr Cho joined Daiwa House Industry Co., Ltd. in 2005 and started his career in the field of general construction business. From 2011, he moved to Ho Chi Minh City and established a representative office for market research on industrial parks and construction business. He was involved in over 30 construction projects, with a focus on industrial buildings in Vietnam such as factories and warehouses. He has extensive experience negotiating with landlords in connection with acquisition and development of logistics properties on site.

In December 2019, Mr Cho transferred from a subsidiary of the Sponsor in Vietnam to the General Construction Division of DHI and focused on marketing international industrial real estate projects to companies in Japan.

Mr Cho holds a Bachelor of Arts in Humanities from Doshisha University, Japan. He is a licensed real estate transaction agent in Japan.

DAIJIRO NOSE
Head of Asset Management

Mr Nose joined Sumitomo Mitsui Trust Bank, Ltd. in 2005 and started his career in the field of real estate brokerage business. In January 2011, he moved to the Real Estate Investment Division of SMTB and focused on introducing Japanese real estate to investors abroad as a real estate broker. In April 2014, he moved to the fund arrangement division, where he worked with both Japanese and international investors and focused on fund raising for and establishment of private property funds. In this division as a fund arranger, he raised a total of JPY 79 billion in equity, acquired 47 real estates and established 19 funds.

Mr Nose holds a Bachelor of Arts in Economics from Keio University, Japan. He is a licensed real estate transaction agent in Japan and an ARES Master accredited by the Association for Real Estate Securitization in Japan.

CHEE KUM TIN
Head of Investor Relations

Prior to joining the Manager, Mr Chee was with CapitaLand where he was part of the Group Strategic Investment team. From December 2014 to December 2019, he was with Ascendas Hospitality Trust ("**A-HTRUST**") where he took on roles in investor relations, capital markets and asset management. Before A-HTRUST, Mr Chee worked in various financial institutions from 2004 to 2014 where he was involved in multiple corporate finance transactions across various industries, including initial public offerings, fund raisings and corporate advisory.

Mr Chee holds a Bachelor of Accountancy (Honours) from Nanyang Technological University. He is an associate with the Institute of Singapore Chartered Accountants.

D Project Nagano Suzaka S

DPL Sapporo Higashi Kariki

NAVIGATING NEW CHALLENGES

Despite facing various challenges, operations of the portfolio remained stable in FP2022 and DHLT was able to deliver DPU that was in line with forecast

CHAIRMAN & CEO MESSAGE

"We believe that we have the right building blocks in terms of human capital, quality of portfolio as well as the strength and support of the Sponsor to grow DHLT."

TAKESHI FUJITA
Chief Executive Officer

TAN JEH WUAN
Chairman

Dear Unitholders of
Daiwa House Logistics Trust,

On behalf of the Board of Directors of the Manager ("**Board**"), we are pleased to present the inaugural annual report ("**Annual Report**") of Daiwa House Logistics Trust ("**DHLT**") for the financial period 26 November 2021 to 31 December 2022 ("**FP2022**").

NAVIGATING CHALLENGES

FP2022 was a challenging yet enriching period for DHLT. The COVID-19 pandemic presented unprecedented disruptions, while the conflict in Eastern Europe and volatility in the interest rate environment brought about much uncertainties in the global economy. Of relevance to DHLT in particular, was the depreciation of JPY against S$ as the income generated from the portfolio was denominated in JPY while the reporting currency of DHLT was in S$.

We were, however, able to navigate these challenges, primarily through the quality of the portfolio ("**DHLT Portfolio**") as well as measures put in place to mitigate the adverse impact from such challenges. Over the course of FP2022, the resilience of the DHLT Portfolio stood out as operations remained stable without disruptions. Shortly after listing of DHLT, overall portfolio occupancy improved to 98.6% following the lease of a vacant space which commenced in March 2022. This high level of occupancy rate was maintained as at 31 December 2022. DHLT also achieved 100% renewal rate for leases that expired in FP2022, and the average increase in rent for the new and renewed leases was 3.0%[1]. This demonstrated the quality of the DHLT Portfolio as well as the strong relations with the tenants. As a result of the healthy leasing and renewal activities, the DHLT Portfolio had a weighted average lease expiry ("**WALE**") of 6.4 years as at 31 December 2022[2].

1 Based on the monthly rent for leases newly entered into or renewed in FP2022 compared against the preceding lease for the same space, weighted by net lettable area ("**NLA**").
2 By occupied NLA.

A key factor that contributed to the resilience of the portfolio is the quality of the tenants. Almost 80% of the tenants (by NLA) are involved in the growing 3PL and e-commerce sectors and there were no requests for any rental relief and abatements in FP2022. As at 31 December 2022, the DHLT Portfolio was valued at JPY87,531 million, which was 8.0% higher compared to portfolio valuation as at 31 December 2021, mainly due to the addition of properties acquired in FP2022. On a "same-store" basis (excluding the 2 new properties acquired in FP2022 and D Project Iruma S)[3], the valuation grew by 1.3% in JPY term, which further attest to the quality of the DHLT Portfolio.

To mitigate the impact of foreign currency volatility, the Manager has put in place a hedging policy to systematically hedge distributions on one-year rolling basis, where appropriate, to smoothen out volatility. As of 31 December 2022, the outstanding borrowings were fully denominated in JPY which provided a natural hedge against the JPY-denominated assets. As 100% of these borrowings were on fixed rate basis, DHLT was not exposed to the risk of rising interest rates. The Manager also maintained a healthy level of aggregate leverage of 35.9% as at 31 December 2022 and there is no refinancing requirement until November 2024.

As a result, we were able to deliver distribution per unit ("**DPU**") of 5.70 cents to the unitholders of DHLT ("**Unitholders**") in relation to FP2022, which was in line with the forecast[4] despite the challenges faced.

BUILDING TRUST

Sponsored by Daiwa House Industry Co., Ltd., ("**DHI**" or "**Sponsor**") one of the largest real estate players in Japan, DHLT was successfully listed on the SGX-ST on 26 November 2021 amidst strong demand from investors. The initial public offering ("**IPO**") was supported by high quality cornerstone investors, while the placement tranche and public tranche were well subscribed at 4.9 times and 9.5 times, respectively.

The initial portfolio of 14 properties at IPO ("**IPO Portfolio**") was acquired at a discount of 11.8% to valuation, and a consumption tax loan was also taken for the payment of refundable consumption tax in relation to the acquisition of the IPO Portfolio. Based on the aggregate purchase consideration of the IPO Portfolio and including the consumption tax loan, the aggregate leverage was 43.8% as at listing. The relatively high aggregate leverage was transient in nature.

Subsequent to the IPO, the Manager undertook a revaluation of the IPO Portfolio as at 31 December 2021 which resulted in an uplift in valuation of 14.1% from the purchase consideration in JPY term. The Manager also promptly commenced the filing required for the refund of consumption tax, which was successfully refunded in April 2022, two months ahead of the estimated timeline for refund. Following the refund, the loan taken for the consumption tax was also repaid. As a result, the aggregate leverage declined significantly to 34.0% as at 30 June 2022.


D Project Kuki S

3 Excluded D Project Iruma S as it was valued as a leasehold property as at 31 December 2021, while it was valued as freehold property as at 31 December 2022 after the acquisition of the underlying freehold land. Therefore, the comparison is not meaningful.
4 Pro-rated based on the forecast Consolidated Statements of Comprehensive Income for the period 1 October 2021 to 31 December 2021 as well as the forecast Consolidated Statements of Comprehensive Income for Projection Year 2022 as disclosed in the IPO Prospectus.

CHAIRMAN & CEO MESSAGE

To support the growth of DHLT, the Sponsor has granted a right of first refusal ("**ROFR**") to DHLT over its income-producing logistics and industrial real estate assets located in Asia, subject to certain pre-existing rights granted and commitments undertaken by the Sponsor in favour of Daiwa House REIT (listed on the TSE) and two private real estate funds for the properties in Japan. Even with such pre-existing commitments, the Manager believes that the Sponsor's strong pipeline of assets is more than sufficient to meet the investment capacity of all four existing funds including DHLT. This was further affirmed by the acquisition that DHLT completed in December 2022.

DRIVING GROWTH

In September 2022, DHLT announced its maiden acquisition of a portfolio of assets from the Sponsor, which comprised DPL Iwakuni 1 & 2, D Project Matsuyama S and the underlying freehold land of an existing property in the Initial Portfolio, D Project Iruma S ("**Target Portfolio**"). The two freehold facilities in the Target Portfolio are fully occupied and are anchored by a quality tenant base.

In a strong show of support by the Sponsor, the Target Portfolio was acquired at 11.8% below its Aggregate Value[5]. Part of the purchase consideration was funded by the proceeds from Sponsor's subscription in DHLT units ("**Units**") at S$0.77 per Unit, a premium of 21.2% to 10-Day VWAP[6].

The acquisition raised the proportion of freehold assets in the DHLT Portfolio and as at 31 December 2022, 54.0% of the portfolio (by NLA) are freehold and almost 90% of the portfolio (by NLA) are freehold or have land lease expiries of more than 40 years. On a pro forma basis, the acquisition was expected to be DPU-accretive. The transaction was premised on sound capital management and post-transaction, the aggregate leverage remained at a healthy level of 35.9% as at 31 December 2022.

The acquisition received resounding support from the Unitholders at the extraordinary general meeting ("**EGM**") held on 1 December 2022, with an approval rate of 99.6%. The acquisition was subsequently completed on 8 December 2022. The transaction validated DHLT's ability to source quality assets from the Sponsor and reinforced Sponsor's strong commitment to DHLT, especially during these challenging times.

COMMITTING TO SUSTAINABILITY

DHLT is committed to conducting business activities in a balanced manner, taking into consideration the impact to the environment, the society and the economy, while dealing with various stakeholders in good faith. We have taken efforts to include ESG considerations in our real estate investment management operations.

In line with our sustainability efforts, solar power capacity has increased to 15.4 MWp from 13.5 MWp at IPO. As at 31 December 2022, 11 of the 16 properties within the DHLT Portfolio are installed with solar panels, representing approximately 75% of the portfolio (by NLA), while 14 properties are rated "green", representing 94.7% of the portfolio (by NLA).

The Manager has also established a Sustainability Committee, chaired by the Chief Executive Officer with oversight from the Board. We are pleased to inform that the Sustainability Report has also been included in this Annual Report. Please refer to the Sustainability Report for further information on our sustainability efforts.

LOOKING FORWARD INTO 2023

The logistics market in Japan experienced strong growth in recent years, driven by the growth of e-commerce and third-party logistics ("**3PL**") sectors, which were accelerated by COVID-19. Due to increased demand

5 The Aggregate Value of the Target Portfolio is the aggregate of all the Average Values of the properties in the Target Portfolio. "Average Value" means (a) (with respect to each property (other than D Project Iruma S Land)) the average of the two independent valuations of the respective property (other than D Project Iruma S Land) conducted by the Independent Valuers as at 30 June 2022, and (b) (with respect to D Project Iruma S Land) the average of the two implied values of D Project Iruma S Land (each being each Independent Valuer's Iruma Appraisal Value less its Iruma Reference Value). The Independent Valuers were commissioned to determine the Iruma Appraisal Value and the Iruma Reference Value. Please refer to the circular dated 16 November 2022 for further information.

6 10-Day VWAP refers to the volume-weighted average price per Unit on the SGX-ST for a period of 10 market days prior and up to (and including) the market day immediately preceding the date of issuance of the new Units.

D Project Kuki S

for logistics facilities, supply had also increased and there was substantial new supply of logistics facilities in 2022 with further significant supply expected in 2023. However, majority of such supply was concentrated in the Greater Tokyo region. Currently, DHLT has five single-tenanted built-to-suit properties and one multi-tenanted property located in the Greater Tokyo region. The blended WALE is approximately 10 years (by NLA) as at 31 December 2022. Therefore, we believe that the impact from the new supply in Greater Tokyo is not expected to be significant to DHLT in the near term.

From the demand perspective, the growth of e-commerce and 3PL sectors is expected to continue driving the demand for logistics facilities in Japan. The e-commerce penetration rate in Japan was 8.8% as of 2021[7]. This was relatively low compared to more matured markets such as the United States, the United Kingdom, and China where the penetration rate ranged from 15% to 30%[7], thereby indicating potential for further growth of the e-commerce market in Japan. With increased focus on cost and efficiency, companies may continue to outsource logistics process to 3PL providers, supporting further growth of the 3PL sector. In addition, the proportion of modern logistics facilities is relatively low at 12% of the total logistics stock in Japan[7], with potential future increase in demand for such facilities.

In view of the above, we believe that the fundamentals of the logistics market in Japan remain strong and we continue to be optimistic on the prospects of the sector in the near term.

Moving into FY2023, the Manager will continue to remain vigilant of challenges. It will continue its approach in pro-active asset management on lease renewals and to foster stronger ties with the tenants. On the acquisition front, DHLT is expected to continue leveraging on the ROFR granted by the Sponsor to source for properties that can improve the quality of the portfolio and, where opportunities arise, to diversify outside of Japan.

ACKNOWLEDGEMENTS

On behalf of the Board, we would like to thank the management team for their dedication and efforts. We would also like to express our appreciation to you, the Unitholders, for your confidence in DHLT. We are humbled by the support shown at IPO and the EGM, and we look forward to your continual support.

We believe that we have the right building blocks in terms of human capital, quality of portfolio as well as the strength and support of the Sponsor to grow DHLT. We look to continue building trust and confidence with Unitholders and the Manager will remain focused on delivering value to you.

Yours Sincerely,

Tan Jeh Wuan	**Takeshi Fujita**
Chairman	Chief Executive Officer

7 Source: Independent market research by JLL Mori Valuation & Advisory K.K. (Please refer to the section on Market Overview of this Annual Report).

OUR STRATEGIES

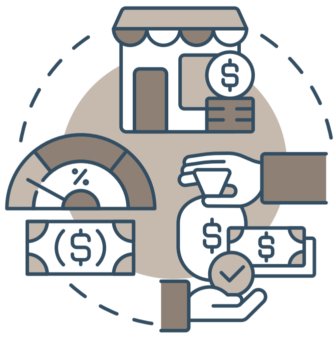
DHLT's key objectives are to provide Unitholders with regular and stable distributions, and to achieve long-term growth in DPU and net asset value per Unit, while maintaining an optimal capital structure and strengthening the portfolio in scale and quality.

PROACTIVE ASSET MANAGEMENT

The Manager will proactively manage the DHLT Portfolio to maintain and improve its operational performance, seeking to optimise the cash flow and the value of the properties. The Manager will also look to drive organic growth and improve occupancy rates, encourage strong relationships with the tenants of its portfolio properties, actively negotiate for extension of leases prior to maturity, implement asset management strategies with the aim of ensuring continued relevance of the properties and facilitate property enhancement opportunities.

Actions taken or Achievements in FP2022

- 100% lease renewal rate
- Average rental increase of 3.0%[1]
- Maintain high occupancy rate of 98.6% and WALE of 6.4 years (by NLA) as at 31 December 2022
- Portfolio valuation grew by 1.3% on "same-store" basis in JPY terms, demonstrating resilience of the portfolio



PRUDENT CAPITAL MANAGEMENT

The Manager will endeavour to maintain a strong balance sheet, employ an appropriate mix of debt and equity in financing acquisitions of properties, secure diversified funding sources to access both financial institutions and capital markets, optimise cost of capital within the borrowing limits set out in the Appendix 6 of the Code on Collective Investment Schemes, issued by the Monetary Authority of Singapore ("**Property Funds Appendix**") and utilise interest rate and foreign exchange hedging strategies where appropriate so as to minimise exposure to market volatility.

Actions taken or Achievements in FP2022

- Maintained aggregate leverage at healthy level of 35.9% as at 31 December 2022
- 100% of borrowings in fixed rate and 100% of borrowings in JPY for natural hedge
- Secured alternative funding option by obtaining facilities of S$50 million in aggregate, of which S$20 million are on committed basis
- Adopted hedging policy to smoothen out volatility in income due to foreign exchange movements

1 Based on the monthly rent for leases newly entered into or renewed in FP2022 compared against the preceding lease for the same space, weighted by NLA.

ACQUISITION GROWTH

The Manager will pursue opportunities to undertake acquisitions of quality income-producing logistics and industrial assets that it believes will be accretive to DHLT's portfolio and improve returns to Unitholders relative to DHLT's weighted average cost of capital, and opportunities for future income and capital growth. In evaluating future acquisition opportunities, the Manager will seek acquisitions that may enhance the diversification of the portfolio by location and tenant profile, and optimise risk-adjusted returns to the Unitholders.

The Manager believes it is well positioned to pursue its acquisition strategy. In the course of pursuing acquisition opportunities, the Manager will only invest in stable properties with high-occupancy rates and avoid high-risk investments within the sector and geographical regions, confined by the borrowing limits set out in the Property Funds Appendix, including the aggregate leverage limits.

In evaluating potential targets, the Manager will take into consideration factors such as, yield requirement, tenant mix and occupancy characteristics, location, value-enhancing opportunities and building specifications.

Actions taken or Achievements in FP2022

- Completed accretive acquisition in December 2022
- Continue to leverage on the ROFR from the Sponsor for future growth

SUSTAINABILITY

The Manager shares the Sponsor's fundamental approach to asset management and has included ESG considerations in its real estate investment management operations. As such, the Manager has established the following sustainability considerations as guidance in respect of its real estate investment and management responsibilities which include:

1 prevention of global warming;
2 harmony with the environment;
3 conservation of natural resources (reducing waste, protecting water resources);
4 prevention of chemical pollution;
5 establishment of an internal framework and initiatives for employees;
6 building of trust relationships with external stakeholders;
7 promotion of communication through information disclosure; and
8 compliance with laws and regulations, and risk management

In collaboration with Property Manager, the Manager will incorporate the ESG perspectives in both the management of properties and investment decisions.

Actions taken or Achievements in FP2022

- Established Sustainability Committee
- Increased solar energy capacity from 13.5MWp to 15.4MWp
- Maintained high level of green rating of the DHLT Portfolio at close to 95% by NLA

PORTFOLIO OVERVIEW

HOKKAIDO & TOHOKU

1 DPL Sapporo Higashi Kariki
2 DPL Sendai Port
3 DPL Koriyama

GREATER TOKYO

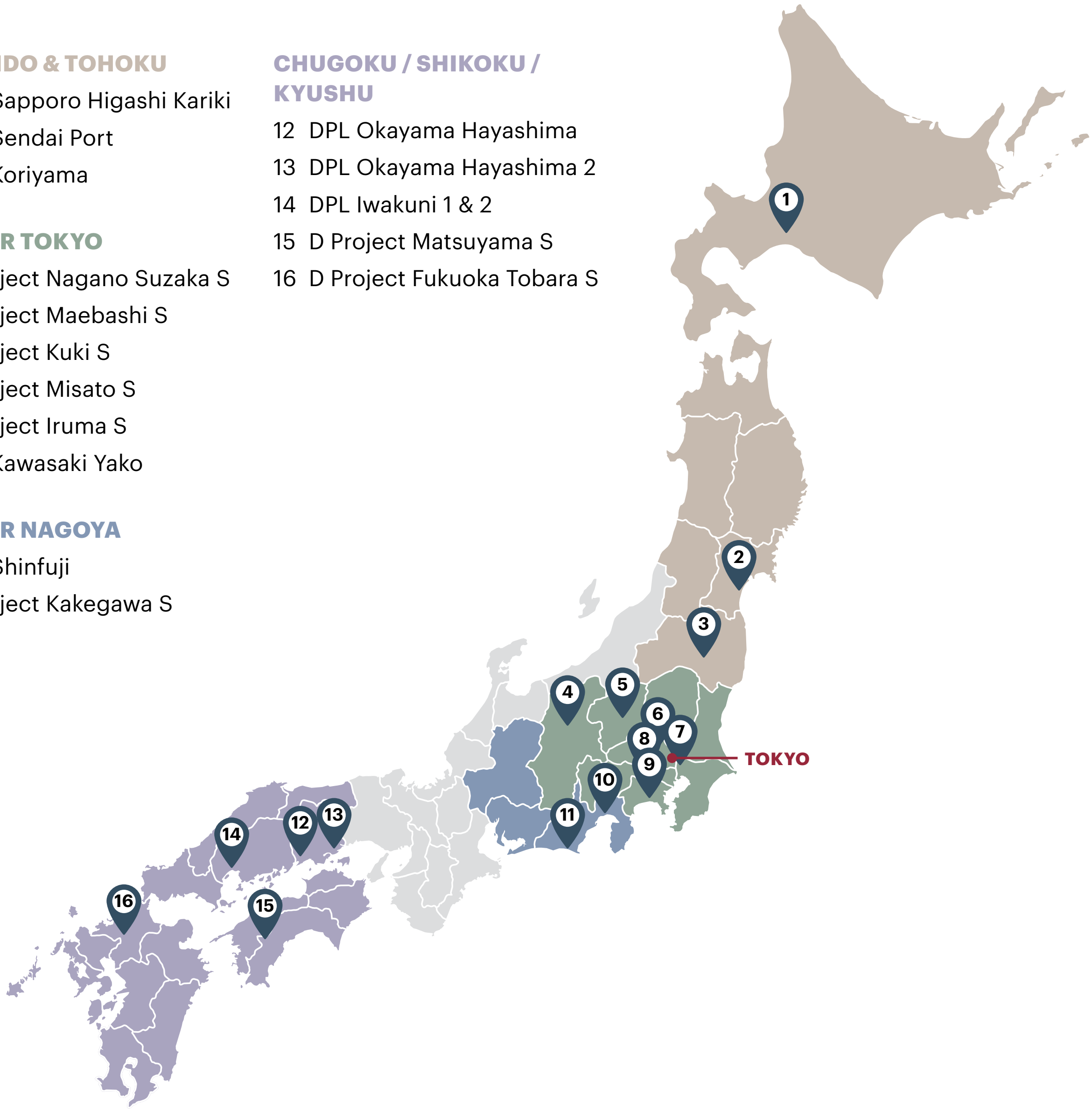
4 D Project Nagano Suzaka S
5 D Project Maebashi S
6 D Project Kuki S
7 D Project Misato S
8 D Project Iruma S
9 DPL Kawasaki Yako

GREATER NAGOYA

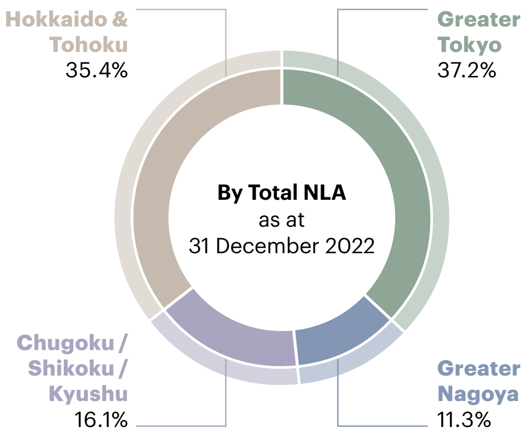
10 DPL Shinfuji
11 D Project Kakegawa S

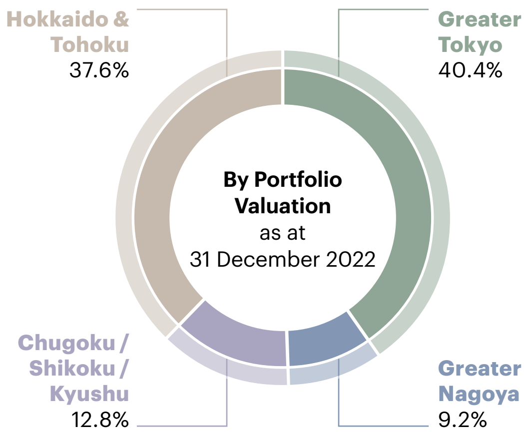
CHUGOKU / SHIKOKU / KYUSHU

12 DPL Okayama Hayashima
13 DPL Okayama Hayashima 2
14 DPL Iwakuni 1 & 2
15 D Project Matsuyama S
16 D Project Fukuoka Tobara S



Breakdown by
Type of Regions





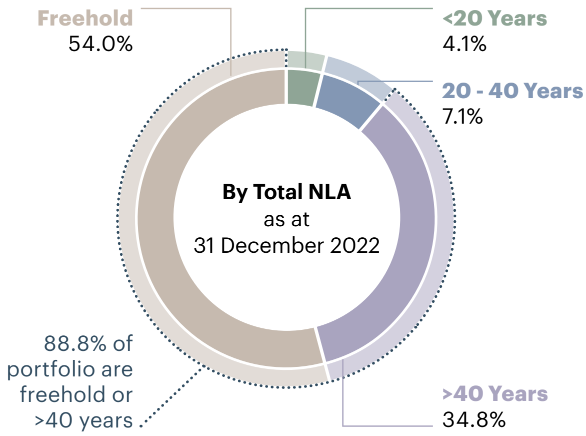
PORTFOLIO OVERVIEW

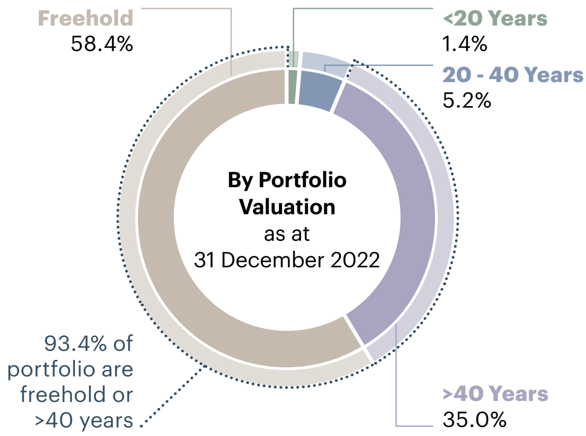
The DHLT Portfolio comprises 16 high quality properties that are diversified across different regions in Japan, including the Greater Tokyo region and core regional markets in Japan. Each of these properties are strategically located with proximity to transportation network and shipping infrastructure.

With a total NLA of 444,728 sqm, the portfolio has a good mix of single-tenanted built-to-suit ("**BTS**") and multi-tenanted properties, providing a balance of both long-term stability and opportunities for rent increases upon lease renewals. Multi-tenanted properties are developed by the Sponsor under the DPL brand, which offers premium quality, standardised rental spaces. DPL assets are built with high-end specifications including minimum floor loads of 1.5 tonne/sqm, ceiling heights in excess of 5.5 metres, and high energy efficiency, amongst others industry leading standards. Single-tenanted BTS properties are developed under the D Project brand, with customisations including temperature control facilities, electric power capacities, higher floor loads, and other specialised features tailored to meet the exact needs of the tenant.

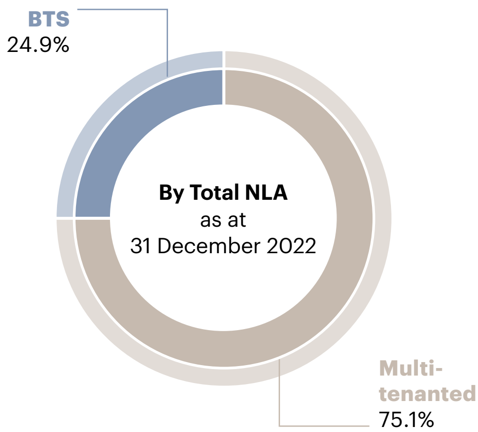
The weighted average age of the portfolio is only 5.3 years as at 31 December 2022, with more than 90% of the portfolio (by NLA) built less than 6 years ago. The portfolio also has a balanced mix of freehold and leasehold assets, so as to optimise returns to unitholders. Nearly 90% of the portfolio (by NLA) comprise of freehold properties or properties with land tenor of more than 40 years.

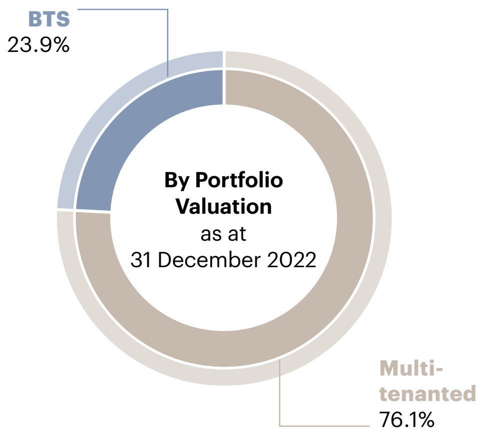
Breakdown by
Type of Land Tenure





Breakdown by
Type of Assets





PORTFOLIO OVERVIEW

	Completion Year	Net Lettable Area (sq m)	Land Tenure
HOKKAIDO / TOHOKU			
DPL Sapporo Higashi Kariki	2018	60,347	Freehold
DPL Sendai Port	2017	63,119	Freehold
DPL Koriyama	2019	34,174	Freehold
GREATER TOKYO			
D Project Maebashi S	2018	14,736	Freehold
D Project Kuki S	2014	18,257	Expiring 2034
D Project Misato S	2015	14,877	Expiring 2045
D Project Iruma S	2017	14,582	Freehold[4]
DPL Kawasaki Yako	2017	93,159	Expiring 2067
D Project Nagano Suzaka S	2018	9,810	Freehold
GREATER NAGOYA			
DPL Shinfuji	2017	27,537	Expiring 2065
D Project Kakegawa S	2019	22,523	Freehold
CHUGOKU / SHIKOKU / KYUSHU			
DPL Okayama Hayashima	2017 / 2018	23,541	Expiring 2067
DPL Okayama Hayashima 2	2017	16,750	Expiring 2051
DPL Iwakuni 1 & 2	2016 / 2020	15,461	Freehold
D Project Matsuyama S	1994 / 2017	5,347	Freehold
D Project Fukuoka Tobara S	2019	10,508	Expiring 2068
Total / Average / Weighted Average	–	444,728	–

1 Based on occupied NLA as at 31 December 2022.
2 Based on NLA as at 31 December 2022.
3 Not disclosed for properties with one tenant as DHLT is bound by confidentiality obligations in relation to the tenancy agreements, and these tenants did not consent to the disclosure of the gross rental income attributed to their tenancies.
4 DHLT, in substance, owns the full freehold property of D Project Iruma S after acquiring the underlying freehold land.
5 For the period from 8 December 2022 to 31 December 2022.

Tenancy Type	WALE (years)[1]	Occupancy[2]	FP2022 Gross Revenue (JPY million)[3]	FP2022 Net Property Income (JPY million)
Multi-tenanted	3.3	100.0%	801.8	586.4
Multi-tenanted	1.8	100.0%	805.7	547.7
Multi-tenanted	0.8	82.3%	357.3	260.0
Single-tenanted	10.8	100.0%	–	180.0
Single-tenanted	1.6	100.0%	–	201.5
Single-tenanted	12.1	100.0%	–	263.0
Single-tenanted	15.0	100.0%	–	211.8
Multi-tenanted	11.1	100.0%	1,916.5	1,389.8
Single-tenanted	5.8	100.0%	–	140.2
Multi-tenanted	8.2	100.0%	434.5	326.3
Single-tenanted	11.3	100.0%	–	228.2
Multi-tenanted	4.4	100.0%	411.9	332.4
Multi-tenanted	2.0	100.0%	–	180.5
Multi-tenanted	2.4	100.0%	9.3[5]	7.7[5]
Single-tenanted	6.6	100.0%	–	3.5[5]
Single-tenanted	11.6	100.0%	–	108.3
–	6.4	98.6%	–	4,967.4

OUR PROPERTIES

DPL SAPPORO HIGASHI KARIKI Hokkaido / Tohoku region

Completed in February 2018, DPL Sapporo Higashi Kariki is located in Sapporo, Hokkaido, and positioned within proximity of Sapporo expressway Kariki interchange and is also located approximately 7 km east of the Sapporo central business district ("CBD").

The property is a two-storey building, with maximum eight warehouse units for multiple tenants. The ready built warehouse units enable 3PL service providers to set up operations with speed and ease. The warehouse units have their own office spaces and dedicated loading and unloading bays inside warehouse which allows for an efficient workflow. Tenants are able to operate even in snowy weather or the winter season.

The property is equipped with LED lighting equipment, 24-hour security service and a common lounge space. There are 420 parking bays at the property.

LAND ADDRESS
1-1, Higashikariki 13-jyo 3-chome, Higashi-ku, Sapporo-shi, Hokkaido, Japan

COMPLETION DATE
1 February 2018

LAND TENURE
Freehold

LAND AREA (SQ M)
61,610

NLA (SQ M)
60,347

NUMBER OF STOREYS
2

PARKING BAYS
420

OCCUPANCY
As of 31 December 2022
100.0%

WALE BY OCCUPIED NLA
As of 31 December 2022
3.3 years

PURCHASE CONSIDERATION
JPY 10,520 million

VALUATION
As at 31 December 2022
JPY 12,800 million

DPL SENDAI PORT Hokkaido / Tohoku region

Completed in March 2017, DPL Sendai Port is located in Sendai (the biggest city of Tohoku (North East of Japan)), and positioned within proximity of an expressway and is also located approximately 15 km east of Sendai CBD. In addition, the property is located approximately 25 km and 1.5 km from Sendai Airport and the Port of Sendai-Shiogama respectively.

The property is a two-storey building, with a maximum of eight warehouse units for multiple tenants. The warehouse units have their own office spaces and dedicated loading and unloading bays inside warehouse which allows for an efficient workflow. Tenants are able to operate even in snowy weather or the winter season.

The property provides 24-hour security service and is equipped with LED lighting equipment. There are 204 parking bays at the property.

LAND ADDRESS
15-13, Minato 4-chome, Miyagino-ku, Sendai-shi, Miyagi, Japan

COMPLETION DATE
10 March 2017

LAND TENURE
Freehold

LAND AREA (SQ M)
58,867

NLA (SQ M)
63,119

NUMBER OF STOREYS
2

PARKING BAYS
204

OCCUPANCY
As of 31 December 2022
100.0%

WALE BY OCCUPIED NLA
As at 31 December 2022
1.8 years

PURCHASE CONSIDERATION
JPY 11,580 million

VALUATION
As at 31 December 2022
JPY 13,200 million

OUR PROPERTIES

DPL KORIYAMA Hokkaido / Tohoku region

Completed in September 2019, DPL Koriyama is positioned in Koriyama Chuo Industrial Park ("KCIP"), which is a 3.5 km distance from Koriyama CBD. More than 150 companies, including Panasonic, Hitachi and manufacturing enterprises, are situated in KCIP.

The property is a single storey building with maximum six warehouse units for multiple tenants. The ready built warehouse units enable third party logistics service providers to set up operations with speed and ease.

The property is equipped with LED lighting equipment, 24-hour security service and a common lounge space. There are 197 parking bays at the property.

LAND ADDRESS
8-1, Aza-Sotogawara,
Koriyama-shi Fukushima,
Japan

COMPLETION DATE
6 September 2019

LAND TENURE
Freehold

LAND AREA (SQ M)
56,306

NLA (SQ M)
34,174

NUMBER OF STOREYS
1

PARKING BAYS
197

OCCUPANCY
As of 31 December 2022
82.3%

WALE BY OCCUPIED NLA
As of 31 December 2022
0.8 years

PURCHASE CONSIDERATION
JPY 5,350 million

VALUATION
As at 31 December 2022
JPY 6,870 million

D PROJECT MAEBASHI S Greater Tokyo region

Completed in November 2018, this BTS warehouse is located at Gunma prefecture (approximately 100 km north from Tokyo). The property is situated within proximity of Kan Etsu Expressway Maebashi interchange, with easy access to Gunma area.

This two-storey warehouse was built for Mitsubishi Shokuhin Co., Ltd. as a distribution centre. The property is equipped with LED lighting equipment and temperature control facilities to dry, freeze or chill. There are 149 parking bays at the property.

LAND ADDRESS
1-10 Owatari-machi 1-chome,
Maebashi-shi, Gunma,
Japan

COMPLETION DATE
5 November 2018

LAND TENURE
Freehold

LAND AREA (SQ M)
23,225

NLA (SQ M)
14,736

NUMBER OF STOREYS
2

PARKING BAYS
149

OCCUPANCY
As of 31 December 2022
100.0%

WALE BY OCCUPIED NLA
As at 31 December 2022
10.8 years

PURCHASE CONSIDERATION
JPY 3,170 million

VALUATION
As at 31 December 2022
JPY 3,520 million

OUR PROPERTIES

D PROJECT KUKI S Greater Tokyo region

Completed in August 2014, this BTS warehouse is located at Kuki City, Saitama prefecture (approximately 60 km north of Tokyo). The property is situated within proximity of Tokyo Gaikan Expressway Shiraoka Shobu interchange, with easy access to Greater Tokyo Area, and Tohoku Area.

This three-storey warehouse is occupied by Chuo Bussan, a 3PL operator, which caters to the logistics needs of a nationwide supermarket chain. There are 76 parking bays at the property.

LAND ADDRESS
6201-3 Shobuchosanga,
Kuki-shi, Saitama,
Japan

COMPLETION DATE
1 August 2014

LAND TENURE
Leasehold expiring in July 2034

LAND AREA (SQ M)
14,198

NLA (SQ M)
18,257

NUMBER OF STOREYS
3

PARKING BAYS
76

OCCUPANCY
As of 31 December 2022
100.0%

WALE BY OCCUPIED NLA
As of 31 December 2022
1.6 years

PURCHASE CONSIDERATION
JPY 1,346 million

VALUATION
As at 31 December 2022
JPY 1,250 million

D PROJECT MISATO S Greater Tokyo region

Completed in February 2015, this BTS warehouse is located at Misato City, Saitama prefecture (approximately 20 km north-east of Tokyo). The property is situated within proximity of Metropolitan Expressway/Joban Expressway/Tokyo Gaikan Expressway Misato interchange, with easy access to Greater Tokyo Area, and Tohoku Area.

This three-storey warehouse was designed and built for Suntory Logistics Ltd., which is a subsidiary of Suntory Holdings, a global food and beverage conglomerate. There are 41 parking bays at the property.

LAND ADDRESS
1-28, Inter-Minami 2-chome,
Misato-shi, Saitama,
Japan

COMPLETION DATE
15 February 2015

LAND TENURE
Leasehold expiring in February 2045

LAND AREA (SQ M)
14,239

NLA (SQ M)
14,877

NUMBER OF STOREYS
3

PARKING BAYS
41

OCCUPANCY
As of 31 December 2022
100.0%

WALE BY OCCUPIED NLA
As at 31 December 2022
12.1 years

PURCHASE CONSIDERATION
JPY 1,668 million

VALUATION
As at 31 December 2022
JPY 2,300 million

OUR PROPERTIES

D PROJECT IRUMA S Greater Tokyo region

Completed in December 2017, this BTS warehouse is located at Iruma City, Saitama prefecture (approximately 30 km northwest of Tokyo). The Property is situated within proximity of Ken-O Expressway Iruma interchange, with easy access to Tokyo's CBD area, and also all Saitama area.

This three-storey warehouse was built for Tokyo Logi Factory Co., Ltd., a leading Japanese 3PL company which services numerous industries including food and beverages, medicines and industrial materials.

This warehouse has two loading bays which is suitable for regional distribution activities. Some warehouse units of the property are equipped with temperature control facilities to dry, freeze or chill. There are 46 parking bays at the property.

LAND ADDRESS
224-1, Sayamagahara,
Iruma-shi, Saitama,
Japan

COMPLETION DATE
18 December 2017

LAND TENURE
Freehold[1]

LAND AREA (SQ M)
11,528

NLA (SQ M)
14,582

NUMBER OF STOREYS
3

PARKING BAYS
46

OCCUPANCY
As of 31 December 2022
100.0%

WALE BY OCCUPIED NLA
As of 31 December 2022
15.0 years

PURCHASE CONSIDERATION
JPY 4,406 million[2]

VALUATION
As at 31 December 2022
JPY 4,580 million

1 DHLT, in substance, owns the full freehold property of D Project Iruma S after acquiring the underlying freehold land.
2 Comprised the aggregate purchase consideration for property and freehold land.

DPL KAWASAKI YAKO Greater Tokyo region

Completed in June 2017, DPL Kawasaki Yako is located in Kawasaki Bay/Industrial area and positioned within proximity of Metropolitan Expressway Hama Kawasaki interchange and is also located approximately 15 km south of Tokyo's CBD. In addition, the Property is located approximately 7 km from Haneda Airport and the Port of Kawasaki respectively. Public transportation and all other urban amenities are available in the vicinity.

This property is a five-storey, double ramp-up facility with maximum 40 warehouse units for multiple tenants. The ready built warehouse units enable third party logistics service providers to set up operations with speed and ease. The warehouse units have their own office spaces and dedicated loading and unloading bays to facilitate the operations of 3PL operators.

The property is currently occupied by tenants such as Mitsubishi Shokuhin Co., Ltd., one of the biggest food distributor in Japan, and Seino Transportation Co., Ltd, a leading 3PL company listed on the TSE.

The property is equipped with LED lighting equipment, 24-hour security service, convenience store and cafeteria. Some warehouse units of the Property are equipped with temperature control facilities to dry, freeze, or chill. There are 367 parking bays at the property.

LAND ADDRESS

2-3, 3-chome, Yako, Kawasaki-ku,
Kawasaki-shi, Kanagawa,
Japan

COMPLETION DATE

1 June 2017

LAND TENURE

Leasehold expiring in March 2067

LAND AREA (SQ M)

47,868

NLA (SQ M)

93,159

NUMBER OF STOREYS

5

PARKING BAYS

367

OCCUPANCY

As of 31 December 2022

100.0%

WALE BY OCCUPIED NLA

As at 31 December 2022

11.1 years

PURCHASE CONSIDERATION

JPY 18,770 million

VALUATION

As at 31 December 2022

JPY 21,000 million

OUR PROPERTIES

D PROJECT NAGANO SUZAKA S Greater Tokyo region

Completed in September 2018, this BTS warehouse is located at Nagano prefecture (a region in Central Japan). The Property is situated within proximity of the Joshinetsu Expressway Suzaka-Nagano-Higashi interchange, with easy access to Nagano area.

This two-storey warehouse was built for Itochu Shokuhin Co., Ltd. as a distribution centre. This warehouse has two loading bays which is convenient for food supply chain or regional distribution activities. The property is equipped with LED lighting equipment and there are 90 parking bays at the property.

LAND ADDRESS
34, Gokan,
Suzaka-shi, Nagano,
Japan

COMPLETION DATE
25 September 2018

LAND TENURE
Freehold[1]

LAND AREA (SQ M)
19,178

NLA (SQ M)
9,810

NUMBER OF STOREYS
2

PARKING BAYS
90

OCCUPANCY
As of 31 December 2022
100.0%

WALE BY OCCUPIED NLA
As of 31 December 2022
5.8 years

PURCHASE CONSIDERATION
JPY 2,400 million

VALUATION
As at 31 December 2022
JPY 2,690 million

DPL SHINFUJI Greater Nagoya region

Completed in September 2017, DPL Shinfuji is positioned within proximity of Shin-Tomei Expressway Shinfuji interchange, easy access to the Greater Tokyo area, Greater Nagoya area and Greater Osaka area. It is located approximately 100 km west of Tokyo's CBD.

The property is a two-storey warehouse for multiple tenants. The 1st floor and a part of 2nd floor are currently occupied by CREATE SD Co., Ltd., one of the largest drug store chains in Japan, whilst the rest of 2nd floor is occupied by NOK Corporation, a major Japanese car component supplier. Vehicles can directly access 2nd floor from the connecting road. The property is equipped with LED lighting equipment. There are 227 parking bays at the property.

LAND ADDRESS
1652-11, Atsuhara,
Fuji-shi, Shizuoka,
Japan

COMPLETION DATE
20 September 2017

LAND TENURE
Leasehold expiring in March 2065

LAND AREA (SQ M)
28,217

NLA (SQ M)
27,537

NUMBER OF STOREYS
2

PARKING BAYS
227

OCCUPANCY
As of 31 December 2022
100.0%

WALE BY OCCUPIED NLA
As at 31 December 2022
8.2 years

PURCHASE CONSIDERATION
JPY 3,194 million

VALUATION
As at 31 December 2022
JPY 3,790 million

OUR PROPERTIES

D PROJECT KAKEGAWA S Greater Nagoya region

Completed in May 2019, this BTS warehouse is located in Shizuoka prefecture. The property is situated within proximity of the Tomei Expressway Kakegawa interchange/ Shinkansen Express Train Kakegawa station, with easy access to Greater Tokyo area, Greater Nagoya area and Greater Osaka area.

This three-storey warehouse was built for a TSE-listed 3PL operator, which provides logistics service for a household goods manufacturer. The property is equipped with LED lighting equipment. There are 40 parking bays at the property.

LAND ADDRESS
1315-2, Minamisaigo,
Kakegawa-shi, Shizuoka
Japan

COMPLETION DATE
1 May 2019

LAND TENURE
Freehold[1]

LAND AREA (SQ M)
25,633[1]

NLA (SQ M)
22,523

NUMBER OF STOREYS
3

PARKING BAYS
40

OCCUPANCY
As of 31 December 2022
100.0%

WALE BY OCCUPIED NLA
As of 31 December 2022
11.3 years

PURCHASE CONSIDERATION
JPY 3,980 million

VALUATION
As at 31 December 2022
JPY 4,290 million

1 Land area is the aggregate of land area of two parcels acquired, where one parcel of the land will be co-owned by the Property Trustee and the Sponsor.

DPL OKAYAMA HAYASHIMA Chugoku / Shikoku / Kyushu region

Completed in September 2017, DPL Okayama Hayashima is positioned within proximity of Sanyo Expressway Hayashima interchange, with easy access to the Okayama area, Osaka area, and Kyushu area as well.

The property is a two-storey warehouse for multiple tenants. The property is currently occupied by tenants such as EDION Corporation, one of the largest appliances retailers in Japan, and K.R.S Corporation, a 3PL operator. Some warehouse units of the property are equipped with temperature control facilities to dry, freeze or chill. The property is equipped with LED lighting equipment. There are 204 parking bays at the property.

LAND ADDRESS
3500, Hayashima, Hayashima-cho,
Tsukubo-gun, Okayama,
Japan

COMPLETION DATE
Block A: 19 September 2017
Block B: 30 November 2018

LAND TENURE
Leasehold expiring in April 2067[1]

LAND AREA (SQ M)
27,274

NLA (SQ M)
23,541

NUMBER OF STOREYS
2

PARKING BAYS
204

OCCUPANCY
As of 31 December 2022
100.0%

WALE BY OCCUPIED NLA
As at 31 December 2022
4.4 years

PURCHASE CONSIDERATION
JPY 3,650 million

VALUATION
As at 31 December 2022
JPY 4,520 million

1 The Property Trustee holds some parcels of the land as freehold interest and the rest of the land parcels as sub-leasehold rights.

OUR PROPERTIES

DPL OKAYAMA HAYASHIMA 2 Chugoku / Shikoku / Kyushu region

Completed in October 2017, DPL Okayama Hayashima 2 is positioned within proximity of Sanyo Expressway Hayashima interchange, with easy access to the Okayama area, Osaka area and Kyushu area.

The property is a two-storey warehouse for multiple tenants. The property is currently solely occupied by Nippon Express Co., Ltd., one of the leading Japanese 3PL company servicing a major Japanese food and beverage manufacturer.

As the property has a large drive-through canopy in between the two warehouse buildings, which enable tenants to continue operating even during the rainy season. The property is equipped with LED lighting equipment. There are 60 parking bays.

LAND ADDRESS
4466-1, Hayashima, Hayashima-cho, Tsukubogun, Okayama, Japan

COMPLETION DATE
30 October 2017

LAND TENURE
Leasehold expiring in November 2051[1]

LAND AREA (SQ M)
17,811

NLA (SQ M)
16,750

NUMBER OF STOREYS
2

PARKING BAYS
60

OCCUPANCY
As of 31 December 2022
100.0%

WALE BY OCCUPIED NLA
As of 31 December 2022
2.0 years

PURCHASE CONSIDERATION
JPY 1,750 million

VALUATION
As at 31 December 2022
JPY 2,210 million

1 The ordinary land lease automatically renews for a term of 20 years unless otherwise agreed by the parties and lessor will not be able to object to renewal without the justifiable reason.

DPL IWAKUNI 1 & 2 Chugoku / Shikoku / Kyushu region

DPL Iwakuni 1 & 2 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.

The property has a spacious ground layout which makes movement and handling of goods and materials easy. DPL Iwakuni 1 & 2 has a floor load of 2.5 tonne per sq m, exceeding Japan's modern logistics facilities standardised at 1.5 tonne per sq m. DPL Iwakuni 1 & 2 is also equipped with LED lighting equipment and solar panels with a capacity of 1.8 megawatts-peak.

DPL Iwakuni 1 & 2 is currently occupied by five tenants, including Nippon Express Co., Ltd. which is a global third-party logistics company that utilises the space as a distribution hub to cover the Hiroshima metropolitan area. The property is equipped with LED lighting equipment. There are 60 parking bays.

LAND ADDRESS

1528-2, 1815-3, Naganojiri, Nagano,
Iwakuni, Yamaguchi,
Japan

COMPLETION DATE

DPL Iwakuni 1: 28 September 2016
DPL Iwakuni 2: 19 March 2020

LAND TENURE

Freehold

LAND AREA (SQ M)

30,105

NLA (SQ M)

15,461

NUMBER OF STOREYS

1

PARKING BAYS

60

OCCUPANCY
As of 31 December 2022

100.0%

WALE BY OCCUPIED NLA
As at 31 December 2022

2.4 years

PURCHASE CONSIDERATION

JPY 1,900 million

VALUATION
As at 31 December 2022

JPY 2,240 million

OUR PROPERTIES

D PROJECT MATSUYAMA S Chugoku / Shikoku / Kyushu region

D Project Matsuyama S is located at the suburb of Matsuyama City. Matsuyama City is one of the largest cities in Shikoku area and the city's major industries are manufacturing, tourism, and agriculture.

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. The logistics bases of regional logistics companies and food-related companies are located around the site.

D Project Matsuyama S is currently occupied by Nippon Access., Inc, a leading integrated food trading company in Japan. Nippon Access., Inc, currently uses D Project Matsuyama S as a distribution hub to cover the greater Matsuyama area. Portion of the property is equipped with temperature control facilities to maintain appropriate temperatures for frozen or chilled foodstuff. There are 62 parking bays.

LAND ADDRESS

74-10, 375-16, 386-6, Wakamiya, Minaminoda, Toon, Ehime, Japan

COMPLETION DATE

Building 1: 31 October 1994
Building 2: 31 July 2017

LAND TENURE

Freehold

LAND AREA (SQ M)

8,412

NLA (SQ M)

5,347

NUMBER OF STOREYS

2

PARKING BAYS

62

OCCUPANCY
As of 31 December 2022

100.0%

WALE BY OCCUPIED NLA
As of 31 December 2022

6.6 years

PURCHASE CONSIDERATION

JPY 800 million

VALUATION
As at 31 December 2022

JPY 921 million

D PROJECT FUKUOKA TOBARA S Chugoku / Shikoku / Kyushu region

Completed in February 2019, this BTS warehouse is located at Fukuoka (the biggest city in Kyushu area). The Property is situated within proximity of the Fukuoka Metropolitan Expressway Kasuya interchange, with easy access to Fukuoka CBD and all Kyushu area.

This two-storey warehouse was designed and built for Sonoda Rikuun Co., Ltd., a 3PL operator catering to the food and beverage segment. The property is equipped with temperature control facilities to dry, freeze, and chill, to cater to the tenant's usage demands. There are 64 parking bays at the property.

LAND ADDRESS
602-6, Oaza Tobara, Kasuyacho,
Kasuya-gun, Fukuoka,
Japan

COMPLETION DATE
21 February 2019

LAND TENURE
Leasehold expiring in March 2068

LAND AREA (SQ M)
14,439

NLA (SQ M)
10,508

NUMBER OF STOREYS
2

PARKING BAYS
64

OCCUPANCY
As of 31 December 2022
100.0%

WALE BY OCCUPIED NLA
As at 31 December 2022
11.6 years

PURCHASE CONSIDERATION
JPY 1,260 million

VALUATION
As at 31 December 2022
JPY 1,350 million

CULTIVATING TRUST

The Manager is committed to upholding the highest standards of corporate governance and will continue to maintain regular and timely communication with the Unitholders

D Project Nagano Suzaka S

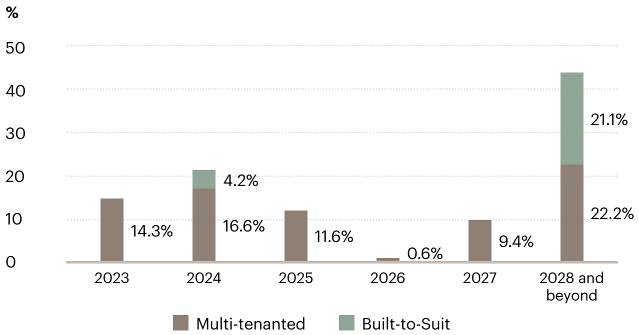
OPERATIONAL REVIEW

PROACTIVE ASSET MANAGEMENT

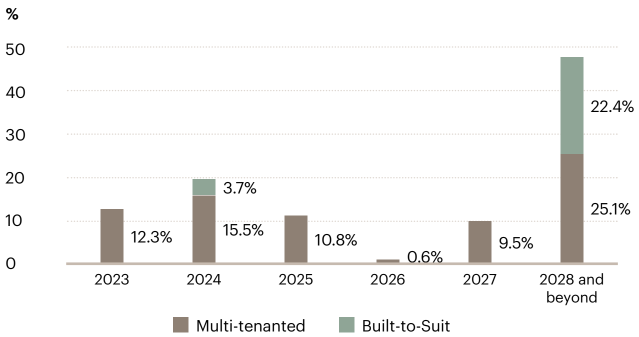
During FP2022, a new lease was secured and commenced in March 2022, and 9 leases were successfully renewed, representing a 100% lease renewal rate. This demonstrated the quality of the properties as well as the good relationship with the tenants. Taking into account the new lease and renewals, the average rent increase was 3.0%[1]. The new lease and renewed leases represented 17.9% of the gross rental income[2] and have a WALE of 2.7 years (by gross rental income[2])[3]. The new lease improved the portfolio occupancy rate from 96.3% at listing to 98.6%, which was a level that was maintained over the course of the year. As at 31 December 2022, except for DPL Koriyama, the other 15 properties are fully occupied.

As at 31 December 2022, the portfolio has a WALE of 6.4 years (by occupied NLA) or 7.1 years (by gross rental income[2]). There is no lease expiry for BTS properties until 2024, while the lease expiry is well-spread over the next few years for multi-tenanted properties. There are only 14.3% of the leases (by NLA) or 12.3% (by gross rental income) expiring in 2023, with more than 40% of the leases (by both NLA and gross rental income) expiring in 2028 or beyond.

Portfolio Lease Expiry
(By occupied NLA as at 31 December 2022)



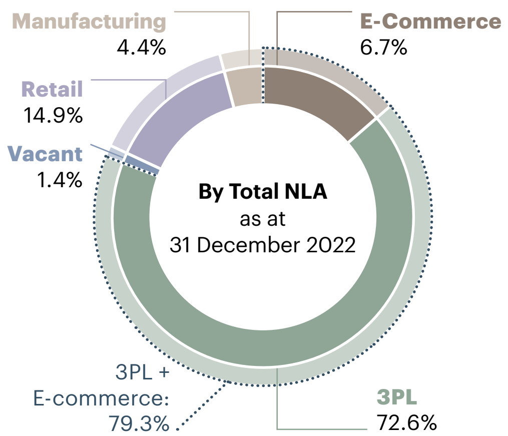
Portfolio Lease Expiry
(By Gross Rental Income[2])



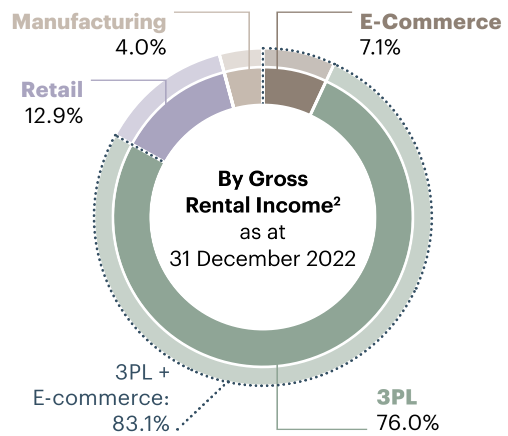
STRONG TENANT BASE

As at 31 December 2022, DHLT has 34 tenants. The tenant base comprises high quality tenants with approximately 80% of these tenants (by NLA) and in growing 3PL and e-commerce sectors. Over the course of FP2022, even as there were uncertainties faced due to COVID-19 pandemic and recession worries, there was no request for rent relief or abatement, demonstrating the strong quality of the tenants. Apart from the top tenant, no single tenant account for more than 10% of the NPI.

Breakdown by
Tenant Trade Sector



Breakdown by
Tenant Trade Sector



1 Based on the monthly rent for new or renewed lease compared against the preceding lease for the same space, weighted by NLA.
2 Based on the monthly rent as at December 2022.
3 Does not include leases from DPL Iwakuni 1 & 2 and D Project Matsuyama which were acquired in December 2022. Considering the leases from the acquired properties, the new leases and renewed leases would have represented 21.6% of gross rental income and have a WALE of 3.4 years (by gross rental income).

Top 10 Tenants[1]

	Tenant	Sector	% of NPI[1]
1	Mitsubishi Shokuhin	3PL	19.7
2	Nippon Express	3PL	8.0
3	Suntory Logistics	3PL	7.8
4	Nitori	Retail	5.2
5	Tenant A[2]	3PL	4.6
6	Create SD	3PL	4.5
7	Tokyo Logistics Factory	3PL	4.3
8	Tenant B[2]	3PL	4.2
9	K.R.S Corpoation	3PL	4.1
10	CB Group Management	3PL	4.1
			66.5

CREATING VALUE THROUGH ACQUISITION

On 8 December 2022, DHLT completed its maiden acquisition and acquired a portfolio from the Sponsor. The acquired portfolio comprised two freehold and fully occupied logistics facilities, namely DPL Iwakuni 1 & 2 and D Project Matsuyama S, as well as the underlying freehold land on which D Project Iruma S was built ("**D Project Iruma S Land**").

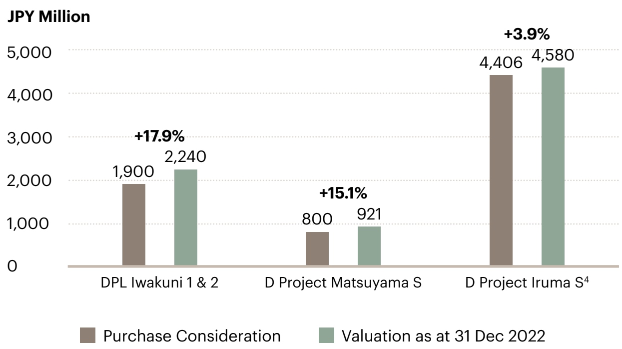
The purchase consideration was JPY4,676.0 million, which was a discount of 11.8% below the Aggregate Value of JPY5,301.5 million as at 30 June 2022[3]. The acquisition was funded by a combination of internal resources, borrowings and proceeds from Units issued to the Sponsor ("**Sponsor Subscription**"). JPY1,250 million of gross proceeds was raised from the Sponsor Subscription at an issue price of S$0.77 per Unit, which was fully applied towards the partial payment of the purchase consideration. 16,071,444 Units were issued to the Sponsor pursuant to the Sponsor Subscription. The issuance price was determined based on the higher of S$0.77 or 10-Day VWAP prior to completion. The issue price of S$0.77 represented a premium of 21.2% to the 10-Day VWAP.

This transaction demonstrated the strong support from Sponsor through offering high quality properties at substantial discount while agreeing to subscribe to the Units at a significant premium to prevailing market price. It also underscores the confidence of the Sponsor in DHLT.

Apart from demonstration of Sponsor's commitment to grow DHLT, the transaction offers other benefits to Unitholders. On a pro forma basis, it was 1.3% DPU accretive. DHLT was able to add well located freehold assets to further diversify its portfolio, strengthen resilience and preserve value. High quality tenant base complements that of the existing portfolio.

At the extraordinary general meeting held on 1 December 2022 in relation to the acquisition, Unitholders showed resounding support with an approval rate of 99.6%.

Through this acquisition, value was created for Unitholders through uplift in valuation against the purchase consideration.



SPONSOR'S OBLIGATIONS IN RELATION TO CERTAIN LEASEHOLD PROPERTIES

In respect of six properties within the DHLT Portfolio, which the Sponsor owns land leasehold interests or land subleasehold interests (being DPL Kawasaki Yako, D Project Kuki S, D Project Misato S, DPL Shinfuji, DPL Okayama Hayashima and D Project Fukuoka Tobara S (collectively, the "**Leasehold Properties**"), DHLT's interests as the lessee/sub-lessee or sub-sub-lessee would be subject to the interests of the landlords and/or lessors above DHLT.

1 Based on NPI for FP2022 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. DHLT is bound by confidentiality obligation in relation to the tenancy agreements and these tenants did not consent to the disclosure of the gross rental income attributed to their tenancies.
2 These tenants have not given consent to the disclosure of any terms of the tenancy agreement at all (including their names).
3 DPL Iwakuni 1 & 2 and D Project Matsuyama S were valued using both the discounted cash flow method and the direct capitalisation method. For D Project Iruma S Land, the value of D Project Iruma S Land is implied based on the difference between the appraisal value of D Project Iruma S as a freehold property as at 30 June 2022 (using both the discounted cash flow method and the direct capitalisation method) and the reference value of D Project Iruma S as a leasehold property as at 30 June 2022 (using the discounted cash flow method).
4 Based on the aggregate of the purchase consideration of (i) D Project Iruma S as a leasehold property acquired at IPO and (ii) the underlying freehold land acquired in December 2022, and the valuation was based on the property as a freehold property as at 31 December 2022.

OPERATIONAL REVIEW

To this end, in respect of these six Leasehold Properties in which the Sponsor owns land leasehold interests or land subleasehold interests, it has been disclosed in the IPO Prospectus that the Sponsor has provided a written undertaking that it will:

(i) provide a written confirmation to the REIT and the Trustee that the Sponsor is able to fulfil its obligations under the relevant lease agreements with its superior landlords over the six Leasehold Properties (including the bases and/or information to substantiate the confirmation) on an annual basis; and

(ii) properly perform and comply with its own obligations under the relevant lease agreements with its superior landlords.

The written confirmation described in paragraph (i) has been provided by the Sponsor. Having considered, inter alia, the written confirmation and that the annual rent payable by the Sponsor to the superior landlords in relation to the six Leasehold Properties comprise less than 0.005% of the net asset value of the Sponsor as at 30 September 2022, the Manager is satisfied that the Sponsor is able to fulfill its obligations under the relevant lease agreements with its superior landlords over the six Leasehold Properties in which the Sponsor owns land leasehold interests or land subleasehold interests and DHLT holds trust beneficial interests over the land sub-leasehold interests or land sub-subleasehold interests thereof.

PORTFOLIO VALUATION

		Valuation (JPY million)[1]	Valuation (S$ million)[2]	Proportion
HOKKAIDO / TOHOKU		**32,870.0**	**331.9**	**37.6%**
1	**DPL Sapporo Higashi Kariki**	12,800.0	129.3	14.6%
2	**DPL Sendai Port**	13,200.0	133.3	15.1%
3	**DPL Koriyama**	6,870.0	69.4	7.8%
GREATER TOKYO		**35,340.0**	**356.9**	**40.4%**
4	**D Project Maebashi S**	3,520.0	35.5	4.0%
5	**D Project Kuki S**	1,250.0	12.6	1.4%
6	**D Project Misato S**	2,300.0	23.2	2.6%
7	**D Project Iruma S**	4,580.0	46.3	5.2%
8	**DPL Kawasaki Yako**	21,000.0	212.1	24.0%
9	**D Project Nagano Suzaka S**	2,690.0	27.2	3.1%
GREATER NAGOYA		**8,080.0**	**81.6**	**9.2%**
10	**DPL Shinfuji**	3,790.0	38.3	4.3%
11	**D Project Kakegawa S**	4,290.0	43.3	4.9%
CHUGOKU / SHIKOKU / KYUSHU		**11,241.0**	**113.5**	**12.8%**
12	**DPL Okayama Hayashima**	4,520.0	45.6	5.2%
13	**DPL Okayama Hayashima 2**	2,210.0	22.3	2.5%
14	**DPL Iwakuni 1 & 2**	2,240.0	22.6	2.6%
15	**D Project Matsuyama S**	921.0	9.3	1.1%
16	**D Project Fukuoka Tobara S**	1,350.0	13.6	1.5%
Total		**87,531.0**	**884.0**	**100.0%**

Portfolio valuation was JPY87,531 million as at 31 December 2022. This was an increase of 8.0% compared to portfolio valuation as at 31 December 2021 of JPY81,070 million, mainly due to the acquisition of new properties. On a "same-store" basis (excluding the 2 new properties and D Project Iruma S), the valuation grew by 1.3% in JPY terms, demonstrating the quality and resilience of the portfolio.

1 Based on independent valuation of the properties as at 31 December 2022.
2 Based on exchange rate of S$1.00 = JPY 99.0213.

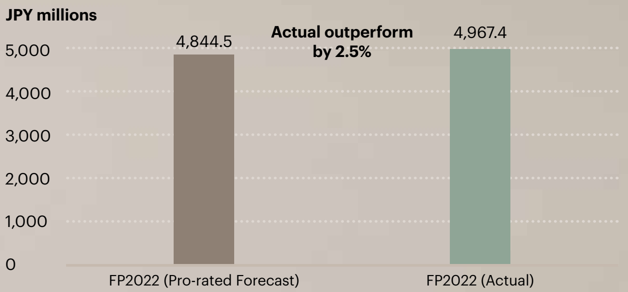
FINANCIAL REVIEW

Summary of financial results for FP2022

	Actual	Forecast	Variance in %
Gross Revenue (S$ '000)	68,719	74,144	(7.3)
Net Property Income (S$ '000)	52,985	57,784	(8.3)
Amount Distributable to Unitholders (S$ '000)	38,621	38,592	0.1
Distribution per Unit (cents)	5.70	5.70	–

Gross revenue and net property income ("**NPI**") was lower than forecast by 7.3% and 8.3%, respectively, primarily due to weaker JPY against S$. However, in JPY terms, NPI outperformed forecast by 2.5% due to the strong operational performance of the portfolio. The Manager achieved a strong lease renewal, resulting in less downtime with the leases renewed at higher rate, on average. On a "same-store" basis, excluding the new properties acquired in December 2022, NPI in JPY terms was higher by 2.3% compared to forecast.

Net Property Income
Actual Vs Pro-rated Forecast[1]



Finance expenses of S$8.0 million were 21.7% lower than forecast due to the lower interest rate secured for the loan facilities as well as the weaker JPY.

Trust expenses of S$1.7 million were 30.7% lower than forecast due to lower operating expenses compared with that assumed in the forecast. Other income is higher mainly due to the realised exchange gain of S$1.1 million attributed mainly to the forward contracts.

Underpinned by better operating performance, lower finance and trust expenses, distributable income in S$ was in line with forecast and DPU of 5.70 cents for FP2022 was also in line with forecast.

1 Pro-rated based on the forecast Consolidated Statements of Comprehensive Income for the period 1 October 2021 to 31 December 2021 as well as Projection Year 2022 as disclosed in the IPO Prospectus, and where relevant, converted to JPY based on assumed exchange rate.

FINANCIAL REVIEW

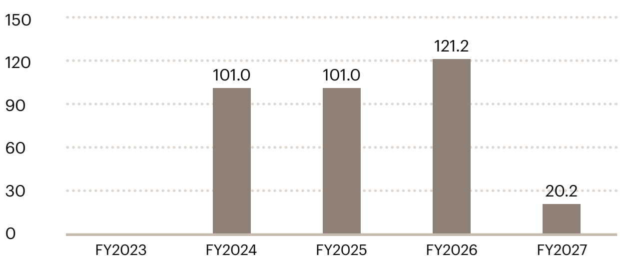
PRUDENT CAPITAL MANAGEMENT

Key financial information and indicators

	As at 31 December 2022
Total assets	S$1,177.0 million
Total liabilities	S$588.0 million
Net asset	S$589.0 million
Net assets represented by:	
Unitholders' funds	S$553.2 million
Perpetual securities	S$35.8 million
NAV per Unit	0.80 cents
Total borrowings	S$343.4 million
Aggregate leverage[1]	35.9%
Interest coverage ratio[2]	11.8x
Weighted average debt maturity	3.1 years
Proportion of borrowings in fixed interest rate	100.0%
Proportion of borrowings denominated in JPY	100.0%
Weighted average borrowing cost	0.99% (all-in rate)

The Manager adopts a prudent approach to capital management. As at 31 December 2022, 100% of the borrowings are on fixed rate and therefore, the current outstanding borrowings of DHLT are not exposed to risk of rising interest rate. The loan profile is well-spread with a weighted maturity of 3.1 years, and there are no refinancing requirements until November 2024.

Debt Maturity Profile
As at 31 December 2022



As at 31 December 2022, the aggregate leverage was at a healthy level of 35.9%[1]. The Manager has also obtained unsecured revolving credit facilities of S$50 million, of which S$20 million is on committed basis, to increase its liquidity and funding capacity

The Manager acknowledges that the income derived from the portfolio is susceptible to foreign exchange movements. The Manager adopts a prudent hedging policy to systematically hedge its distributions on one-year rolling basis, where appropriate, to smoothen out volatility. 100% of the borrowings are also denominated in JPY providing a natural capital hedge against the properties denominated in the same currency.

USE OF PROCEEDS

Initial public offering ("IPO")

The following table sets out the use of IPO proceed in accordance to the intended sources and applications of the total proceeds from the issuance of Units and the borrowings.

	Amount Allocated (S$ '000)	Amount Utilised (S$ '000)	Variance
Purchase consideration for the IPO Portfolio	840,549	845,300	(4,751)[3]
Issue expenses	26,229	24,885	1,344
Other transaction costs	27,329	23,648	3,681
Refundable consumption tax	67,948	68,300	(352)
Cash reserve required by lenders	19,091	19,008	83
Working capital[4]	15,389	15,394	(5)
Total	**996,535**	**996,535**	**-**

Sponsor Subscription

The gross proceeds of S$12.4 million (JPY1,250 million) raised pursuant to the Sponsor Subscription was fully applied towards the partial payment of the purchase consideration for the acquisition in December 2022. The use of the gross proceeds of the Sponsor Subscription was in accordance with the stated use and the percentage of the gross proceeds of the Sponsor Subscription allocated to such use.

1 Total debt (including perpetual securities) to net asset value ratio as at 31 December 2022 was 64.4%.
2 The adjusted interest coverage ratio, including payment of coupon for perpetual securities, was 9.4x.
3 The deviation was due to a change in the exchange rate.
4 Working capital use relates mainly for general property and trust payments obligations including tax and financing related payments

INVESTOR RELATIONS

The Manager is committed to regular, timely and effective communication with DHLT's stakeholders, including Unitholders and prospective investors. The Manager believes that timely and transparent dissemination of information is important to allow the investment community and the Unitholders to make informed decisions.

The Manager ensure that price sensitive information is disseminated to the public on a timely and non-selective basis via SGXNet as well as on DHLT's corporate website (www.daiwahouse-logisticstrust.com). Key updates on DHLT's strategies and performance are communicated by way of announcements and press releases, which are promptly released on SGXNET and subsequently on DHLT's corporate website so as to keep investors updated of the material developments and financial performance of DHLT. Unitholders and the general public can also subscribe to DHLT's electronic mailing list via the corporate website, to receive email notification of the latest updates. The website is updated regularly to provide up to date information.

The Manager believes that maintaining regular communication with the investment community is important to strengthen relationships with the Unitholders and to cultivate new ties with prospective investors. The Manager holds quarterly briefings with analysts and investors in relation to release of business updates and financial results to keep them informed of the latest performance. The Manager also engaged with the Unitholders and prospective investors through one-on-one meetings, investors conferences, webinars and non-deal roadshows. DHLT was also included in RHB Singapore's Top 20 Jewels 2022 in May 2022.

In relation to the Proposed Acquisition that was completed in December 2022, the Manager collaborated with Securities Investors Association (Singapore) ("**SIAS**") to hold a virtual dialogue session to address any questions retail investors may have on the Proposed Acquisition. Unitholders were also invited to send questions to the Manager ahead of the extraordinary general meeting in relation to the Proposed Acquisition ("**EGM**") and responses substantial and relevant questions were announced prior to the EGM. The EGM, which was held virtually, was attended by all members of the Board. Unitholders were able to view the live webcast of the EGM proceedings via their computers or mobile devices. The EGM also offered Unitholders a platform to ask questions regarding the Proposed Acquisition before live voting. The minutes of the EGM has also been announced and is available on DHLT's website.

During the IPO roadshows, the Manager held around 90 meetings, attended by approximately 200 investors and analysts. Post-listing, the Manager continued to engage the investment community actively and held more than 40 meetings attended by around 300 investors and analysts during FP2022. In total, including IPO roadshows, around 130 meetings were held, attended by more than 500 investors and analysts.

To find out more on DHLT, Unitholders can email to ir@daiwahouse-lt.com.

INVESTOR RELATIONS

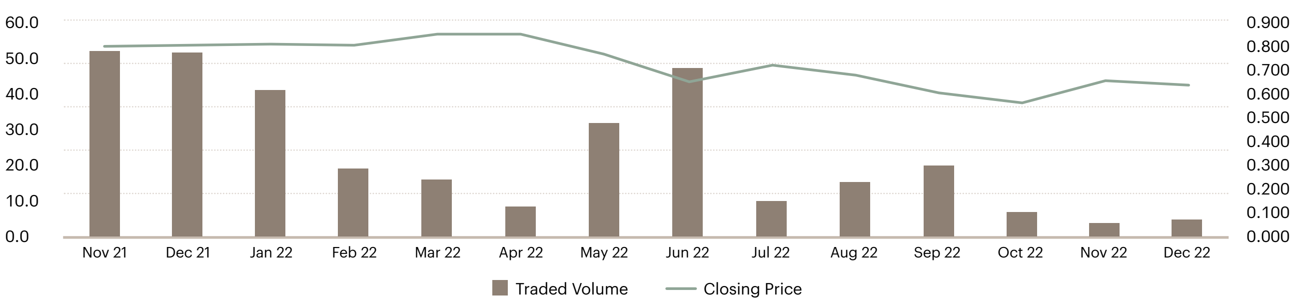
Financial Calendar

Date	Event
FP2022	
11 February 2022	Business Update for period from 26 November 2021 (Listing Date) To 31 December 2021
12 May 2022	Business Update for period ended 31 March 2022
3 August 2022	Financial Results announcement for period ended 30 June 2022
6 September 2022	Payment of distribution for the period from 26 November 2021 to 30 June 2022
9 November 2022	Business Update for period ended 30 September 2022
1 December 2022	Extraordinary General Meeting in relation to Proposed Acquisition
23 February 2023	Financial Results announcement for period ended 31 December 2022
30 March 2023	Payment of distribution for the period from 1 July 2022 to 31 December 2022
27 April 2023	Annual General Meeting in relation to FP2022
FY2023[1]	
May 2023	Business Update for first quarter ended 31 March 2023
August 2023	Financial Results announcement for period ended 30 June 2023
September 2023	Payment of distribution for the period from 1 January 2023 to 30 June 2023
November 2023	Business Update for third quarter ended 30 September 2023
February 2024	Financial Results announcement for year ended 31 December 2023
March 2024	Payment of distribution for the period from 1 July 2023 to 31 December 2023

Unit Price Information for the period from 26 November 2021 to 31 December 2022[2]

Opening price as at 26 November 2021[3]	S$0.800
Closing price as at 30 December 2022[4]	S$0.635
Highest price	S$0.870
Lowest price	S$0.520
Total traded volume[5]	326.0 million
Average daily traded volume	1.18 million

MONTHLY TRADING PERFORMANCE IN FP2022[2]



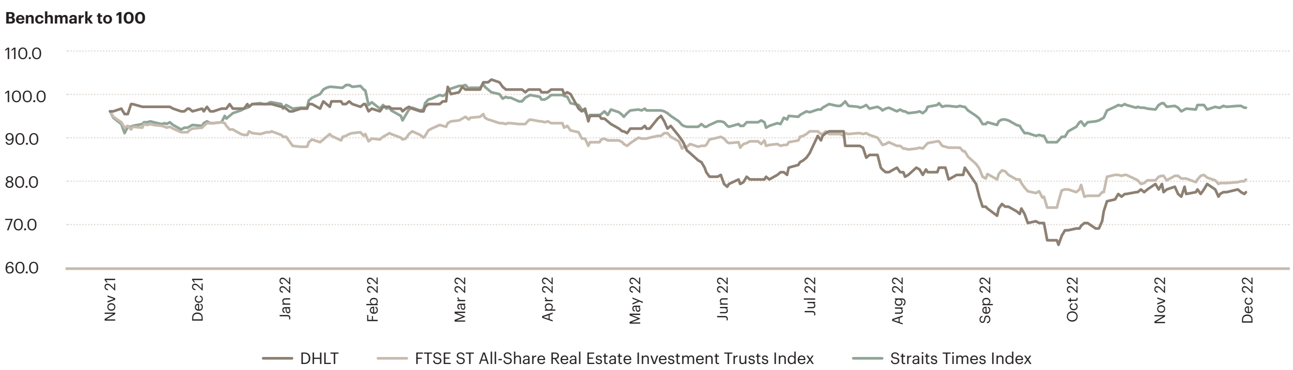
1 Timings are indicative and subject to changes.
2 Based on information from website of ShareInvestor.com.
3 Based on IPO price of S$0.80.
4 Last day of trading for FP2022.
5 Including approximately 28.9 million units traded on the Listing Date.

IR Events Calendar

Date	Event
11 February 2022	Analysts and investors briefing in relation to Business Update for period from 26 November 2021 (Listing Date) To 31 December 2021
22 February 2022	Non-deal roadshow with Daiwa Capital Markets
4 March 2022	Nomura ASEAN Virtual Conference
31 March 2022	Singapore Exchange & Goldman Sachs Virtual Singapore Corporate Day 2022
14 April 2022	Lunchtime webinar with Philip Securities
12 May 2022	Analysts and investors briefing in relation to Business Update for period ended 31 March 2022
12 May 2022	RHB Small Cap Top 20 Jewels 2022
24 May 2022	DBS Property Conference Fireside Chat
8 June 2022	Nomura Investment Forum Asia 2022
22 June 2022	Citi Asia Pacific Property Conference 2022
1 July 2022	Non-deal roadshow with institutional investors from Korea with SGX
3 August 2022	Analysts and investors briefing in relation to Financial Results for period ended 30 June 2022
25 August 2022	Citi-SGX-REITAS REITS/Sponsors Forum 2022
22 / 23 September 2022	Analysts and investors briefing in relation to acquisition of properties from Sponsor ("**Proposed Acquisition**")
9 November 2022	Analysts and investors briefing in relation to Business Update for period ended 30 September 2022
21 November 2022	Briefing with DBS private banking in relation to the Proposed Acquisition
22 November 2022	Briefing with Credit Suisse private banking in relation to the Proposed Acquisition
23 November 2022	SIAS Virtual Dialogue Session
1 December 2022	Extraordinary General Meeting in relation to the Proposed Acquisition
23 February 2023	Analysts and investors briefing in relation to Financial Results for period ended 31 December 2022

Unit Price Performance against Key Indices[1]

For period from 26 November 2021[2] (Listing Date) to 30 December 2022[3]



Assuming the dividends paid during FP2022 are reinvested into DHLT, the total return for an investor would be -17.3% for FP2022.

1 Based on information from website of ShareInvestor.com.
2 Percentage changes based on DHLT IPO Price of S$0.80 and closing prices of respective indices as of 25 November 2021.
3 Last day of trading for FP2022.

FORGING AHEAD TOGETHER

The Manager believes that the fundamentals of the logistics market in Japan remain strong and is focused on delivering sustainable value to the Unitholders

DPL Kawasaki Yako

FINANCIAL PERIOD 2022 SUSTAINABILITY MILESTONES

- ESTABLISHED SUSTAINABILITY COMMITTEE
- ESTABLISHED ENVIRONMENTAL RISK MANAGEMENT FRAMEWORK
- BOARD OF DIRECTORS UNDERWENT SUSTAINABILITY TRAINING AS PER SGX REQUIREMENTS
- CONDUCTED ESG AWARENESS SEMINAR FOR EMPLOYEES
- PERFORMED SCENARIO ANALYSIS EXERCISE
- ADDED SOLAR CAPACITY OF 1.8MWP ACROSS THE PORTFOLIO THROUGH PROPERTY ACQUISITION

BOARD STATEMENT
[GRI 2-22]

We are pleased to present the inaugural sustainability report of Daiwa House Logistics Trust ("**DHLT**") for the financial period 26 November 2021 to 31 December 2022 ("**FP2022**"). The report marks the official commencement of our sustainability journey, which we aim to advance in the coming years. The sustainability report incorporates the sustainability approach of the manager of DHLT, Daiwa House Asset Management Asia Pte. Ltd. ("**Manager**"), including its governance structure, initiatives, milestones, and targets with regards to sustainability. The report has been prepared in accordance with the Singapore Stock Exchange ("**SGX**") requirements.

We take pride in and draw inspiration from the mature sustainability practices of the Sponsor, Daiwa House Industry Co., Ltd ("**Sponsor**") and its group of companies ("**Daiwa House Group**") as well as Daiwa House REIT Investment Corporation ("**Daiwa House REIT**"), a sister real estate investment trust ("**REIT**") of DHLT, and admire their continued sustainability commitments and achievements. We believe in and wish to pursue the mission of Daiwa House Group to conduct business activities in a balanced manner, taking into consideration the requirements of the environment, the society and the economy, and to engage with our stakeholders in good faith. Sustainability symbolises resilience, an attribute that has been tested to a significant degree in the past few years due to the COVID-19 pandemic, and an attribute that we hope to build upon through our own sustainability endeavors.

Hence, as we embarked on our sustainability reporting process last year, a critical priority for us was conducting a materiality assessment to determine the most relevant Environment, Social and Governance ("**ESG**") issues for DHLT taking into consideration its operations and investments. With assistance from an external ESG consultant, we identified 12 relevant material topics pertaining to environment, social, governance and economic factors in alignment with the updated expectations of the GRI Standards 2021, including GRI's revised definition of materiality. The material topics have been validated by the Board of Directors of the Manager (the "**Board**") and form the cornerstone of our sustainability endeavors by serving as a guide for the sustainability committee of the Manager (the "**Sustainability Committee**") to develop suitable initiatives and implement corresponding targets.

Apart from reviewing the materiality assessment, the Board has also reviewed the sustainability report for FP2022 as the Board holds ultimate oversight of the sustainability strategy of DHLT, including its sustainability initiatives and targets, and sets the direction to be pursued by DHLT with regards to sustainability. The Board has delegated the responsibility of day-to-day decision making and execution of the sustainability strategy of DHLT to the Sustainability Committee, which comprises of senior personnel from various functions of the Manager and is led by its Chief Executive Officer ("**CEO**"). As a subsidiary of the Sponsor, we have aligned our sustainability approach to that of the group and aspire to make similar progress and achievements as made by Daiwa House Group and Daiwa House REIT.

Cognizant of our duty as a responsible investor in real estate, we seek to ensure that our existing properties in Japan, as well as those that we will acquire in the future, are environmentally and socially friendly for the purposes of work. Thus, in FP2022, with the help of an external consultant, we conducted a scenario analysis exercise to evaluate the most pertinent climate-related risks, both physical and transition, that properties owned by DHLT (the "**Properties**" or each, a "**Property**") could be exposed to. More information regarding the methodology and findings of this exercise is detailed in the "Strategy" section of our TCFD disclosure. Furthermore, a progressive implementation plan was also developed to address and mitigate potential environmental risks that DHLT could encounter during its business activities. We strive to work towards this implementation plan in a dedicated manner.

In the near future, we aspire to continue to improve the monitoring and reporting of our ESG data, build on our TCFD disclosures, strengthen our internal capabilities with regards to ESG integration in investment management and diligently report on our advancement towards our sustainability targets. In the long term, we will make conscious efforts to remain up to date with sustainability developments in the industry and be adaptable to those developments.

Tan Jeh Wuan
Chairman of the Board

ABOUT THIS REPORT

[GRI 2-1] [GRI 2-6]

DHLT is a Singapore real estate investment trust that was listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 26 November 2021. The REIT has been established with the investment strategy of principally investing, directly or indirectly, in a portfolio of income-producing logistics and industrial real estate assets located in Asia, particularly in Japan as well as in the ASEAN region.

DHLT is managed by Daiwa House Asset Management Asia Pte Ltd, which is a licensed REIT manager in Singapore that provides discretionary management to DHLT, including investment, asset management, capital management, accounting, compliance, and investor relations related activities. The Manager is a wholly owned subsidiary of the Sponsor, a leading real estate player in Japan.

REPORTING STANDARDS AND GUIDELINES

This inaugural sustainability report of DHLT has been aligned with the requirements set forth in the SGX-ST's Listing Manual Rules 711A and 711B. The report has also been produced with reference to the GRI Standards 2021. The Manager has undertaken active measures to prepare the report as per the updated GRI Standards of 2021 to specifically ensure that the report adheres to all new requirements that are applicable to the organization. The GRI Standards were adopted due to their universality as well as comprehensive, cohesive, and comparable nature.

Please refer to the GRI Content Index on pages 84 to 87 for more information regarding the disclosures detailed in the report.

REPORTING PERIOD AND SCOPE

[GRI 2-2] [GRI 2-3] [GRI 2-6] [GRI 2-14]

The report covers the financial period from 26 November 2021 to 31 December 2022 and scopes in DHLT's initial portfolio (the "**IPO Portfolio**") that comprises of 14 high quality modern logistics properties with an appraised value of approximately JPY84,370 million[1] (approximately SGD852 million) and an aggregate net lettable area ("**NLA**") of approximately 423,920 square meters ("**sqm**")[2]. These properties are located across Japan, both in Greater Tokyo as well as in core regional areas.

The investment structure of DHLT is broader as it has two holding companies in Singapore, DH-CRUX Pte. Ltd. ("**SG SPC 1**") and DH-CRUX2 Pte. Ltd. ("**SG SPC 2**"), both of which are special purpose companies and wholly owned subsidiaries of DHLT. Through SG SPC 1 and SG SPC 2, DHLT holds the trust beneficial interests of the IPO Properties via the tokutei mokuteki kaisha ("**TMK**") structure and the tokumei kumiai–godo kaisha ("**TK-GK**") investment structure. TMK and TK-GK investment structures are common investment structures typically used for real estate investment in Japan. DHLT does not hold any minority interests, and more information regarding the investment structure of DHLT in relation to its IPO Portfolio (which forms the scope of this year's sustainability report) can be found on page 7 of this Annual Report.

DHLT completed the acquisition of 2 more properties in Japan on 8 December 2022. However, due to data limitations resulting from time constraints at the time of reporting, data for these properties will only be included in the next reporting cycle.

This sustainability report outlines DHLT's dedication to sustainability by highlighting the enhancements the Manager has made since formally embarking on the journey last year as well as the steps the Manager intends to take in the near future to further strengthen its commitment. The Manager is proud to disclose information regarding the sustainability achievements of DHLT, including its performance and initiatives, as well as its sustainability strategy for the future, which entails its ambition in the form of sustainability targets. The sustainability report also incorporates its approach towards the material topics for FP2022.

The sustainability report has been reviewed and approved by the Board.

1 Based on the independent valuations of the properties as of 31 December 2022. DHLT acquired two more properties on 8 December 2022, which will be scoped in the next reporting cycle.
2 By occupied NLA as of 30 September 2022.

INTERNAL REVIEW

[GRI 2-3] [GRI 2-14]

The Manager looks to publish DHLT's sustainability reports annually and while no external assurance has been sought for this year's sustainability report, the Manager values the transparency from an added layer of external assurance and hence will consider implementing it in the future.

The Manager has, however, ensured an internal review of the sustainability report by the Sustainability Committee and the Board. The sustainability report was discussed with the Board during the quarterly board meeting and was also circulated to them for further feedback. Furthermore, the Manager has planned to internally assure the sustainability report during the next two years with the support of its internal auditor to ensure robustness, accuracy, and efficacy of the internal sustainability controls. To do so, the internal audit team has scoped in the following audit focus area for evaluation:

- Roles and responsibilities in ESG governance are established.
- Reporting metrics for data collected for sustainability reporting are established.
- Data for sustainability reporting is collected and reported in a timely, complete and relevant manner.
- Review and Reporting of ESG and climate related risks.

FEEDBACK

[GRI 2-3]

As the Manager has embarked on its sustainability reporting journey, the Manager welcomes any feedback regarding the sustainability report including feedback on its sustainability vision, approach, performance, and targets. The Manager hopes to make progressive improvements to the sustainability reports of DHLT in the coming years. Please communicate your feedback to ir@daiwahouse-lt.com.

SUSTAINABILITY COMMITMENT

The need to address sustainability issues for the preservation of our planet has now become more pronounced. From an organizational perspective, it has become imperative to integrate environmental, social and governance considerations into corporate strategy and business planning in order to drive long-term value creation for the betterment of the environment and society.

The Manager aims to persistently augment DHLT's capabilities, as responsible stewards of capital, by devoting the Manager's efforts and resources to enhancing the ecosystems around the Properties whilst protecting the interests of the stakeholders of DHLT. The "Endless Heart" symbol of the Daiwa House Group, including that of the Manager, embodies the Sponsor's core philosophy of striving towards a sustainable future; a philosophy the Manager hopes to further strengthen through its sustainability initiatives.

Daiwa House Logistics Trust

The group symbol of Daiwa House Group represents bond with customers, a sense of unity, and the gentle heart this bond embraces.

The "Endless Heart" is, reminiscent of a Mobius Strip expressing unceasing efforts and endless growth. The true circle at the center of the Heart represents expresses harmony.

SUSTAINABILITY APPROACH

[GRI 2-23] [GRI 2-24]

The Manager aligns with the sustainability approach of the Sponsor and supports its vision of "Creating Dreams, Building Hearts." The Manager is also inspired by the advanced sustainability practice of Daiwa House REIT being the first Japan-REIT ("**J-REIT**") to achieve multiple sustainability accreditations.

The Manager adopts the sustainability approach of Daiwa House REIT and as of February 2022, has established a sustainability policy[3] that guides the incorporation of sustainability factors in DHLT's investment management practice and is based on the following eight focus areas of Daiwa House REIT. As DHLT's sustainability practice matures, the objective of the Manager is to actively dedicate efforts to these focus areas.

PREVENTION OF GLOBAL WARMING	The Manager will promote energy conservation measures through the installation of energy conservation equipment and so forth to realize a carbon-free society. The Manager will also consider introduction of renewable energy power generation facilities and acquisition of properties that have such equipment installed.
HARMONY WITH THE ENVIRONMENT **Preservation of biodiversity**	The Manager will aim for a society that is able to pass on abundant natural resources to future generations in order to protect and improve natural capital. The Manager will also promote planting and management considering harmony with the environment.
CONSERVATION OF NATURAL RESOURCES **Protecting water resources, reducing waste**	The Manager will work towards the realization of a recycling-oriented society by promoting water conservation measures through the installation of water conservation equipment. The Manager will also promote 3R activities (reduce, reuse, and recycle) for the conservation of resources.

3 The sustainability policy is publicly available on DHLT's website: https://www.daiwahouse-logisticstrust.com/sustainability.html

	**PREVENTION OF CHEMICAL POLLUTION**	The Manager will aim to realize a society where people and ecosystems do not suffer adverse effects from chemical substances by promoting reduction, substitution and appropriate management of harmful chemical substances and taking efforts to minimize risks.
	**ESTABLISHMENT OF AN INTERNAL FRAMEWORK AND INITIATIVES FOR EMPLOYEES**	The Manager will establish an internal framework for promoting sustainability and take steps to develop personnel by conducting regular employee education and training. The Manager will also aim to create workplaces where people can work safely and healthily, and workplaces where diverse employees can work flexibly.
	**BUILDING OF TRUSTING RELATIONSHIPS WITH EXTERNAL STAKEHOLDERS**	The Manager will aim to build trust relationships with external stakeholders, and the Manager will work with suppliers to enhance the satisfaction of tenant customers and promote CSR in DHLT's supply chain. The Manager will undertake neighborhood co-existence activities with local residents.
	**PROMOTION OF COMMUNICATION THROUGH INFORMATION DISCLOSURE**	The Manager will proactively disclose ESG-related information and utilise dialogues with stakeholders, such as investors, in the Manager's future business activities. Furthermore, the Manager will aim for continuous acquisition of Green Building Certification.
	**COMPLIANCE WITH LAWS AND REGULATIONS, AND RISK MANAGEMENT**	The Manager will comply with ESG-related laws and regulations. Moreover, the Manager will strive to implement appropriate risk management, such as giving consideration for the environmental and social impacts in risk evaluations when acquiring real estate and promoting awareness of human rights.

The sustainability policy was reviewed and approved by the Board prior to its formalisation and is communicated to key stakeholders, including DHLT's employees via email and during discussions.

The Chief Risk Officer and Head of Planning of the Manager keep the sustainability policy updated by accounting for any changes in circumstances and regulations. The Board has reviewed and approved the sustainability policy prior to its finalisation, and the Manager will continue to ensure that its materiality targets are set in accordance with the sustainability policy.

As part of the Manager's plan to progress DHLT's sustainability performance in the short-term, the Manager will carefully assess and implement measures to become a signatory of recognized sustainability bodies that the Manager deems most aligned with DHLT's goals.

SUSTAINABILITY COMMITMENT

SUSTAINABILITY REGULATIONS

The Manager is mindful of its responsibility to abide by applicable rules and regulations, as well as to take into careful consideration, the national sustainability pledges and commitments of both Japan and Singapore.

In December 2020, the Monetary Authority of Singapore ("**MAS**") released the Guidelines for Environmental Risk Management by Asset Managers, which outlines its expectations for all fund management companies and real estate investment trust managers to assimilate environmental risks across 5 crucial pillars: Governance and Strategy, Research and Portfolio Construction, Portfolio Risk Management, Stewardship, and Disclosures. As the Manager falls within the purview of these guidelines, an external ESG consultant was engaged to perform a comprehensive gap analysis of the Manager's existing environmental risk management practice against those proposed by MAS in its guidelines. Consequently, a three-year implementation plan was developed to inform the approach by the Manager to conform with the guidelines in a phased manner.

In addition to the MAS guidelines, in December 2021, the SGX mandated climate reporting based on the recommendations of the Task Force on Climate-related Financial Disclosures ("**TCFD**") for all listed issuers. DHLT values the TCFD framework as a functional guide on climate reporting and for enabling the disclosure of insightful climate-related information. In line with the TCFD recommendations and the MAS guidelines, the Manager has also conducted with the help of an external ESG consultant, a scenario analysis exercise which scoped in all 14 properties in Japan that are part of DHLT's IPO portfolio and assessed the physical and transition risks and opportunities DHLT's assets and operations are exposed to across 1.5°C (Network for Greening the Financial System ("**NGFS**") Net-Zero and Representative Concentration Pathway ("**RCP**") 2.6) and > 3°C (NGFS Current Policies & RCP 8.5) warming scenarios. More details regarding the scenario analysis can be found within the TCFD disclosure of DHLT detailed on pages 68 - 71.

The findings and resulting recommendations from the MAS guidelines gap assessment, as well as the scenario analysis exercise are integral to the development and growth of DHLT's sustainability plan and hence, the Manager will maintain a proactive stance towards implementation of the recommendations.

SUSTAINABILITY GOVERNANCE

[GRI 2-9] [GRI 2-12] [GRI 2-13] [GRI 2-17] [GRI 2-24] [GRI 2-25]

The Board holds ultimate oversight of and accountability for the sustainability agenda, strategy, and performance of DHLT, and has delegated the responsibility for achieving the desired outcomes to the sustainability committee of the Manager. The sustainability committee comprises of personnel from varying functions in order to enhance representation, garner varied perspectives and ensure that sustainability becomes a norm across the organization. The Sustainability Committee is chaired by CEO of the Manager and includes key members, namely the Chief Financial Officer, Chief Risk Officer, Head of Planning, Head of Investor Relations, Head of Finance/ Accounting, Head of Investment, and Head of Asset Management, as illustrated in the organisational chart. While the CEO is responsible for environmental risk management, the day-to-day implementation of initiatives is handled by the Head of Planning.

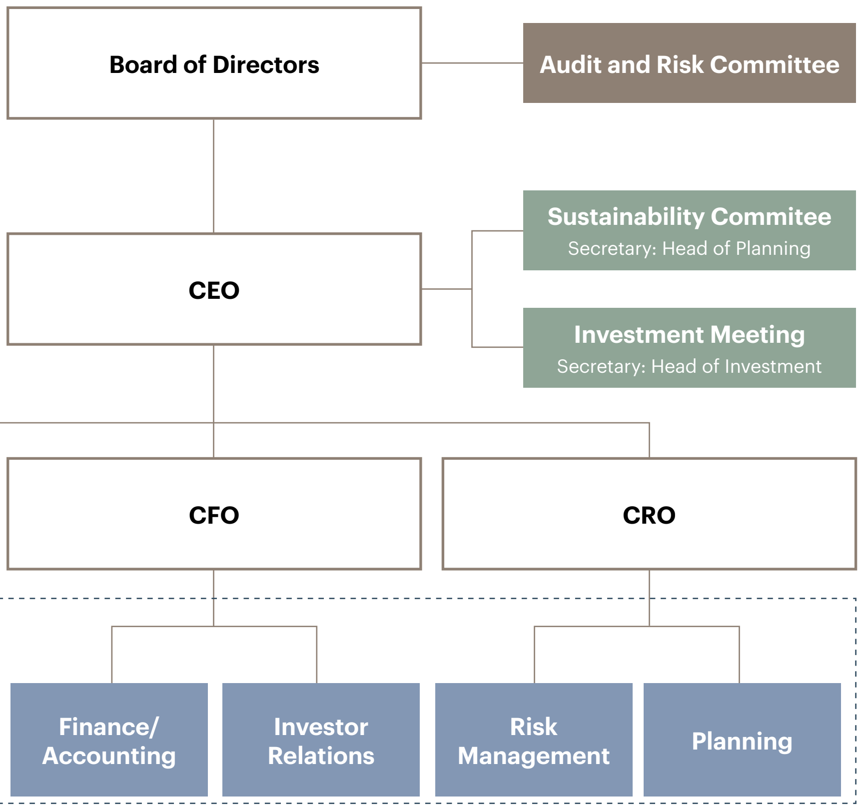
The Sustainability Committee meets at least quarterly, before the quarterly Board meeting, and is guided by the sustainability policy of the Manager. The roles and responsibilities of the Sustainability Committee include but are not limited to implementing and monitoring action plans to meet determined materiality targets, providing relevant sustainability education to the employees of the Manager, engaging with stakeholders, maintaining the sustainability database of the Properties, exploring sustainability initiatives, and where appropriate, determining a green finance strategy. The Sustainability Committee designates responsibilities for each of these tasks to the various heads of departments to enable cross-department work and thereby enhance the sustainability practice of the Manager.

The licensed local asset manager in Japan (Daiwa House Real Estate Investment Management Co., Ltd.) controls the Property Manager and reports the property-level information that is required to develop the sustainability report, to the Manager. The Manager attends monthly, and ad-hoc meetings conducted by the local asset manager, as well as the property manager, and provides any necessary instructions.

Since its establishment, the Sustainability Committee has reported to the Board on material sustainability-related matters, including the information received from the property managers, if deemed necessary, on a quarterly basis. In August 2022, the Sustainability Committee presented to the Board on DHLT's environmental risk management gap assessment and the corresponding three-year implementation plan. Ad-hoc escalations to the Board also take place if there is a material trigger event, but the investigation and resolution of the event is carried out by the Sustainability Committee. As per the Manager's formalised escalation procedure for the Sustainability Committee, certain potential and negative impacts have been identified, which if materialized, would be reported to the Board. These include but are not limited to the discovery of hazardous substances in any of the Properties, adverse impact on a worker's health due to a fault with the infrastructure of the property, and adverse effects on the sustainability goals and targets of DHLT. If any of these, or other similar negative impacts are discovered, the Head of Planning will commence the remediation process along with the relevant persons in charge and the Sustainability Committee to negate affiliated risks.

The establishment of an effective sustainability strategy is a critical agenda for the Board of DHLT. Hence, to develop the necessary expertise to build a robust sustainability strategy for DHLT, and to and approve its sustainability report, the Board has completed the Listed Entity Director Programme "Environmental, Social & Governance Essentials (Core)" conducted by Singapore Institute of Directors. This has enabled them to further educate themselves on the roles and responsibilities of the Board in relation to sustainability governance, including how it can drive sustainability compliance, as well as integrate ESG factors in corporate strategies. The training focused on the impacts of ESG developments on businesses, the examination of climate-related risks and opportunities, the TCFD recommendations, and the SGX requirements on sustainability and climate-related risks reporting. The Board assesses the effectiveness of the Board as a whole, the ARC, the contribution by each and every Director. On an annual basis, the Directors are required to complete the evaluation questionnaires for the Board, the ARC (if the Director is a member) and Director's

ORGANIZATION CHART



SUSTAINABILITY COMMITMENT

self-assessment form. As part of the assessment, the adequacy of the Board composition, the Board processes, internal control and risk management, access to information, accountability and the overall effectiveness of the Board, as well as each individual Director's knowledge and skill sets, contribution and participation at the Board and the Board committee meetings, which include sustainability matters. The Board also believes that performance evaluation is an ongoing process and strives to maintain regular feedback and interactions between Directors and Management.

Directors' remuneration is reviewed annually and subject to the approval of the Manager's shareholder which will take into account the contribution of each Director towards the management of DHLT and its business for the sustainable long-term interests of DHLT and its unitholders as a whole.

Executive remuneration should be linked to the performance of DHLT with a view to promoting the long-term success and sustainability of DHLT. Variable bonus ("**VB**") is a material component of total remuneration. The VB is determined based on the achievement of financial Key Performance Indicators ("**KPIs**") and non-financial KPIs which are critical to improving the organisational effectiveness and operating efficiency of the Manager, including improving workflow, participation in Corporate Social Responsibility ("**CSR**") events, investors and tenants engagement, raising the capability of the workforce through increased participation in learning and development, which consist of "Financial", "Customers, Operations & Risk" and "Environmental, Social and Goverance (ESG)" factors as performance metrics, a part of the organizational and departmental KPIs.

DPL Iwakuni 1 & 2

MATERIALITY ASSESSMENT

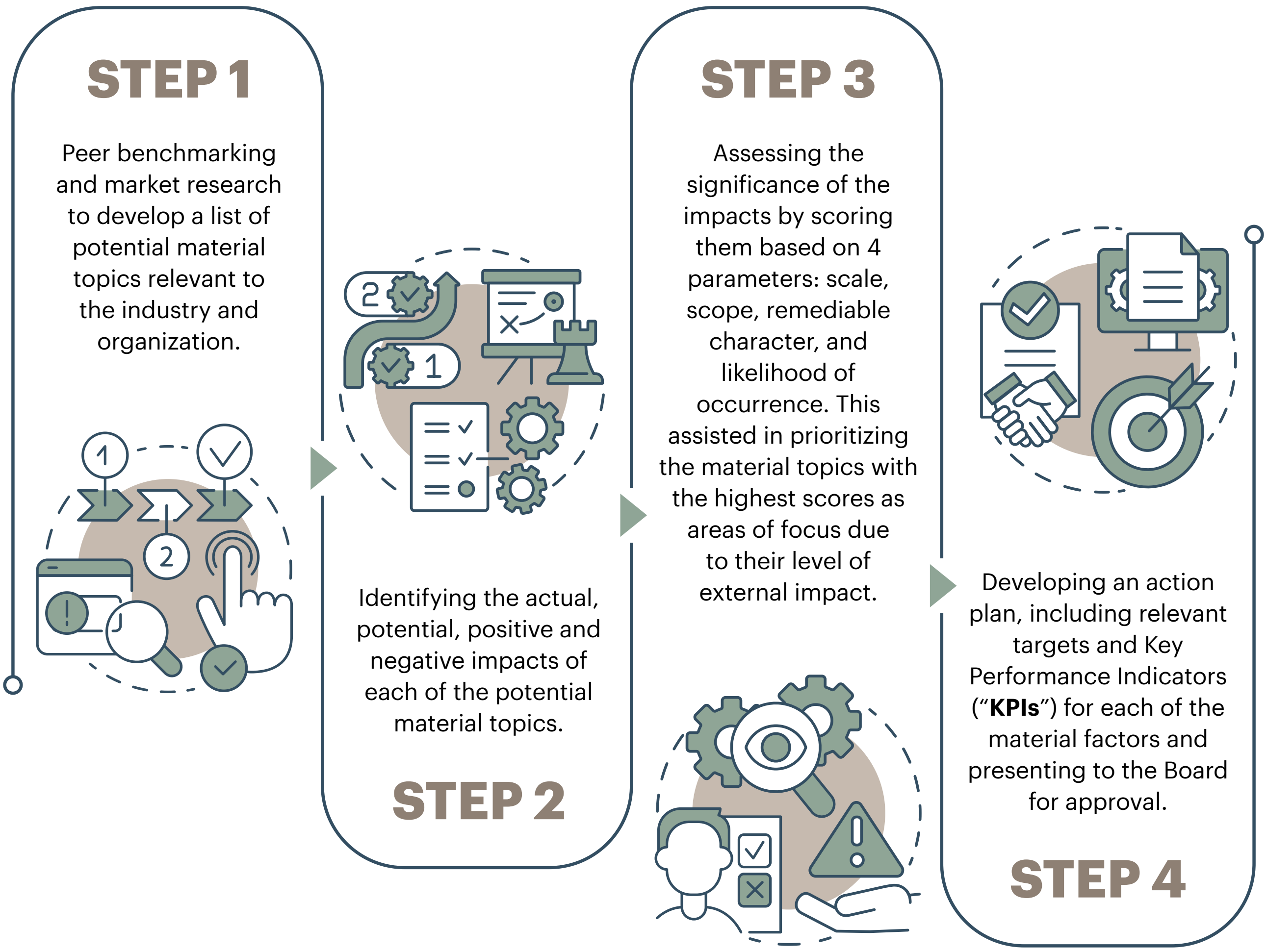
[GRI 2-14] [GRI 3-1] [GRI 3-2]

Assessing materiality is essential in identifying the relevant ESG risks and opportunities thereby enabling an organization to dedicate capital and resources towards targeted ESG matters which helps to mitigate risks and improve returns. Furthermore, disclosures on materiality assessments allow stakeholders such as investors to make more calculated decisions.

Hence, materiality formed a major focus for the Manager in FP2022 whereby it performed, with support from an external ESG consultant, an extensive materiality assessment in accordance with the updated GRI Standards of 2021. As the definition of materiality has been updated, GRI has transitioned from a stakeholder-driven materiality assessment process to an impact-driven materiality assessment process, resulting in a significant emphasis placed by DHLT on the outward impacts it creates on the economy, environment, and people, including human rights, with regards to each material topic. The most consequential impacts were highlighted, and the corresponding material topics were prioritised.

DHLT's materiality assessment process as well as our material factors are illustrated below.

MATERIALITY ASSESSMENT METHODOLOGY



MATERIALITY ASSESSMENT

[GRI 2-14] [GRI 3-1] [GRI 3-2]

Category	UN SDGs	Material Topic	Targets and KPIs
ENVIRONMENT	6 CLEAN WATER AND SANITATION 7 AFFORDABLE AND CLEAN ENERGY 11 SUSTAINABLE CITIES AND COMMUNITIES 13 CLIMATE ACTION	**Energy Management and Emissions Reduction** **Climate Change Mitigation**	1) Increase Solar Power Capacity by property acquisition and/ or additional instalment of at least 68% of properties 2) Consider LED lighting installation (D Project Kuki S) and have LED lighting of at least 90% of the portfolio 3) Continue to monitor available data and study the reasons for any changes in energy consumption and level of emissions
		Water Management	1) Continue to monitor available data and study the reasons for any changes in water consumption 2) Maintain quality of water through periodical inspection by third parties
		Waste Management	1) Continue to monitor available data and study the reasons for any changes in waste generation
		Green Building Management	1) 100% of existing lease agreements renewed, as well as 100% of new lease agreements signed will comprise of a green clause 2) To maintain that at least 90% of the newly acquiring properties in Japan are green certified 3) To attempt Green Building Certification for D Project Kuki S after LED installment
SOCIAL	5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 11 SUSTAINABLE CITIES AND COMMUNITIES	**Diversity and Equal Opportunity**	1) Source female candidate in the next director selection 2) Continue to provide equal hiring opportunity and raise or maintain female employee ratio to around 40% 3) Keep diversification of nationalities along with DHLT's business expansion to ASEAN countries 4) Provide training programs to achieve an average of 15.0 hours of training per employee over financial year 2023 ("**FY2023**")
		Occupational Health and Safety	1) Maintain zero incidents of serious injuries or fatalities 2) Maintain good safety of the properties by conducting regular third-party inspection and ensuring prompt rectification of any findings
		Community Impact	1) Maintain at least 80% of tenants respond to the annual tenant survey for FY2023 2) Conduct at least two CSR activities during FY2023
GOVERNANCE	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	**Compliance with Laws and Regulations**	1) Review Policies and SOPs at least once a year 2) Maintain 100% attendance for compliance awareness session in FY2023 3) Maintain zero breach of laws and regulations during FY2023
		Business Ethics and Anti-corruption	1) Ensure 100% attendance for the annual business ethics training, as well as the anti-corruption and anti-bribery training 2) Maintain zero breach of business ethics, anti-corruption and anti-bribery practices
		Supply Chain Management	1) Conduct annual checks on all vendors with ongoing business relation for financial concerns, compliance issues, and quality of service

The materiality process as well as its findings were presented to the Board during a board meeting and were circulated to them to seek their approval, which was duly provided. The Manager will strive to review DHLT's material factors annually, refresh the materiality assessment, and make suitable updates in a prompt manner to ensure continued relevance of the material topics to DHLT's business and stakeholders.

STAKEHOLDER ENGAGEMENT

[GRI 2-12] [GRI 2-29]

The stakeholders of DHLT form a monumental part of the business. The Manager believes it is imperative to engage with stakeholders to generate long-term mutually beneficial relationships that drive success. Hence, the Manager will continue to embrace efforts that strengthen its stakeholder engagement process by having regular discussions with stakeholders, exploring new channels to engage with them, addressing their queries and concerns, and improving DHLT's disclosures.

The stakeholders to be prioritised for engagement were determined based on the value chain of DHLT keeping in mind both its upstream stakeholders, such as the Sponsor and unitholders of DHLT ("**Unitholders**"), and its downstream stakeholders, such as the tenants, supply chain, local communities, and entities of DHLT.

The Board delegates the stakeholder engagement process to the Manager but annually reviews the stakeholder engagement activities carried out by the Sustainability Committee and provides any necessary guidance. Over the past year the Manager has adopted active measures to engage with key stakeholders as detailed in the table below.

Stakeholder Group	Focused Issues	Engagement Methods	Engagement Issues	Frequency
UNITHOLDERS	• Timely and Transparent Disclosure • Understand investors expectation	• Website/SGXNet Announcement and presentation • Meeting (physical and virtual) • Investor events	• Timely and transparent disclosure • Investor meetings, AGM/EGM	• AGM once a year • Financial results announcements on six-monthly basis • Business Update Presentation quarterly • Other on ad-hoc or need-to basis
TENANTS	• Keep long-term relationship	• Onsite meeting • Phone call • Email	• Tenant Satisfaction Survey • Green Lease and cooperation	• Site visit: at least once every three months • Survey: once a year
LOCAL COMMUNITIES	• Contribution to the Society • Lower Environment Impact	• Onsite meeting • Phone call • Email	• Social Activity • Environmentally Friendly Building	• Social Activity: at least twice a year
OFFICERS AND EMPLOYEES	• Competency • Retention	• Virtual/Physical learning session	• Human Capital Development • Diversity, Performance Evaluation	• Training: As needed and / or annually

STAKEHOLDER ENGAGEMENT

[GRI 2-12] [GRI 2-29]

Stakeholder Group	Focused Issues	Engagement Methods	Engagement Issues	Frequency
SUPPLY CHAIN	• Fair Competition • Collaboration and cooperation	• Meeting (Virtual/ Physical) • Email • Phone call	• Creation of appropriate mutual relationships • Keep safe working environment	• As needed
SPONSOR	• Property Pipeline • Operational support • Share Daiwa House Group philosophy	• Meeting (Virtual/ Physical) • Email • Phone call	• Keep market-level condition in Sponsor transaction • Co-work in social activities	• As needed

As a result of the stakeholder engagement activities, the Board is able to create open and constructive communication channels to garner feedback thereby taking into consideration stakeholder point of views. In the future, the Manager aims to expand the materiality assessment exercise to also identify the impacts of DHLT's material topics on its external stakeholders such that their needs are considered during the decision making process of the Manager.

ENVIRONMENT

[GRI 3-3]

The Manager is aware of its responsibility as an environmentally conscious investor to mitigate any actual and potential environmental risks to and through the Properties, and to conserve resources that are being utilised through DHLT's operations whilst promoting environmentally friendly practices through its initiatives.

Daiwa House Group aims to realise a sustainable society by meeting the challenge of achieving "zero environmental impacts". The Manager, aligned with the Sponsor, endeavors to pursue the Daiwa House Group's ideology by ensuring adequate collection and monitoring of environmental data, mitigation of climate-related risks, preservation of natural resources, such as water, and the minimisation of waste throughout DHLT's investments.

ENERGY MANAGEMENT AND EMISSIONS REDUCTION

[GRI 302-1] [GRI 302-3] [GRI 302-4] [GRI 305-2] [GRI 305-4]

The Manager recognises the adverse impacts it could potentially create from inadequate energy and emissions management and appreciates the commitments of Japan and Singapore to achieve carbon neutrality by 2050. Japan, where the entire DHLT portfolio is currently based, has established a roadmap to "Beyond-Zero" carbon which is marked by three key milestones, which are the reduction of GHG emissions by 26%, from 2013 levels, by 2030, development of innovative technologies that enable reduction in atmospheric carbon dioxide globally to "Beyond Zero", and the attainment of net zero GHG emissions by 2050.

As a responsible corporate citizen, the Manager seeks to align with Japan's roadmap by continually improving the energy consumption, efficiency and emissions intensity of the Properties and will strive to remain informed by such national agendas of the host countries as it expands geographically in the future.

As FP2022 is the inaugural year of reporting, it will be considered the baseline year for all energy and emissions targets deduced and assessed in the future.

Energy Consumption and Intensity FP2022

	Japan[1]	Singapore
Floor Space (m^2)	6 properties – 301,834	HQ office – 82.55
Energy Consumption (GJ)[2]	6,491.26	17.57
Energy Intensity (GJ/m^2)	0.0022	0.213

The direct consequence of energy consumption is the release of Greenhouse Gas ("GHG") emissions, air pollution and a depletion of natural resources due to the burning of fuel to produce electricity, which is then used for the day-to-day operations of a business.

DHLT currently does not emit any Scope 1 emissions as it rents out its properties in Japan and does not produce any of electricity, steaming, heating or cooling itself.

DHLT's Scope 2 emissions comprise of electricity that is consumed through the activities of the Manager at its Singapore head office, as well as in the security rooms and common areas of the multi-tenanted properties within the IPO Portfolio that fall under DHLT's operational purview. The energy consumed by DHLT solely entails electricity purchased from third party power companies, thereby forming our reporting boundary of Scope 2 emissions.

The Scope 3 emissions entail all indirect emissions resulting from the energy consumption of tenants. However, as this is DHLT's inaugural report and the Manager is still in the process of improving its data collection methods in relation with its tenants, it aims to disclose Scope 3 emissions in the future upon developing a credible data capture of the emissions and its sources relating to DHLT's tenants.

1 The data includes only multi-tenanted properties at which DHLT manages certain operations, such as security rooms, and common areas and thus is responsible for a certain amount of the total energy consumption. The data reported spans the period 1 December 2021 to 31 December 2022 except the energy consumption data for December 2021 for two of the six multi-tenanted properties as it was unavailable. Furthermore, the data does not include the two properties that were acquired on 8 December 2022 as they will be considered in the next reporting cycle.

2 The factor used to convert the amount of energy consumed from kWh to GH is 0.0036.

ENVIRONMENT

[GRI 3-3]

Emission and Intensity FP2022

	Japan[1]	Singapore
Floor Space (m^2)	6 properties – 301,834	HQ office – 82.55
Emissions (tCO_2e) – Scope 1	N.A.	N.A.
Emissions[2] (tCO_2e) – Scope 2	0.87	1.98
Emissions Intensity (tCO_2/m^2)	0.003	0.02

In line with the first principle of the organisational Sustainability Policy, "prevention of global warming", the Manager aims to conserve the energy being consumed, and reduce the amount of emissions being generated, across its operations in the aforementioned properties, as well as, in its Singapore office. Currently, in order to improve energy efficiency, the Properties have been well equipped with systems that help not just to conserve but also to generate energy, specifically renewable energy.

LED lights have been installed in 13 out of the 14 properties for the conservation of energy, and DHLT seeks to install LED lights at its remaining Properties in the IPO Portfolio, which is only D Project Kuki S. At all times, the Manager will attempt to maintain LED lighting at 90% of DHLT's property portfolio unless there is a valid reason why LED lights are unable to be installed at certain properties. Additionally, motion sensors that curb energy consumption during hours of non-occupancy, have also been installed in common areas in 13 of the Properties. Both LED lights and motion sensors serve as energy efficient equipment that bring about cost savings.

Solar panels had been installed by Daiwa House Energy on the rooftops of 10 out of the 14 Properties in the IPO portfolio as of December 2021, with an aggregate solar capacity of 13.5 megawatts peak ("MWp"), in order to generate renewable energy. With the acquisition of the property, DPL Iwakuni, on 8 December 2022, DHLT now has solar panels installed on 11 of its 16 properties in Japan. Consequently, the total solar power capacity for the Portfolio has increased to 15.4 MWp. As a result, DHLT is able to generate renewable energy through lessened reliance on scarce resources, ultimately promoting environmentalism and potentially curbing the amount of Scope 2 emissions generated.

DHLT leased its rooftops to Daiwa House Energy for the purpose of installation of solar panels, and as part of a scheme created by the Japanese government, Daiwa House Energy is required to sell all the solar power it generates through the solar panels to the regional power supplier for a fixed price for 20 years. This enables Daiwa House Energy to generate returns on its solar facilities and subsequently provides DHLT with the avenue to generate renewable energy for the benefit of the environment. As such, DHLT intends to increase its solar power capacity through property acquisition and/or, where feasible, increase the number of solar panels on 11 of the 16 Properties that already do have solar panels installations.

CLIMATE CHANGE MITIGATION

[GRI 2-12]

Climate change has been brought to the forefront in recent years due to rising global temperatures, sea levels, and incidences of natural calamities. This has consequently led to reporting on climate-related disclosures taking precedence among organizations, globally. Thus, one of the key objectives of the Manager during FP2022 was to identify and assess the environmental and climate-related risks that DHLT is exposed to, to develop a corresponding mitigation plan that addresses critical findings and to comprehensively report on the same, whilst satisfying all applicable laws and regulations.

As a result, the Manager engaged an external ESG consultant in May 2022 to perform a gap analysis of the current environmental risk management practice of the Manager against the MAS Environmental Risk Management Guidelines. Subsequently, an implementation plan was developed for DHLT to improve its alignment with the Guidelines and as a result strengthen its environmental risk management practice. Additionally, a comprehensive scenario

1 The data includes only multi-tenanted properties at which DHLT manages certain operations, such as security rooms, and common areas and hence is responsible for a certain amount of the total emissions. The data reported spans the period 1 January 2022 to 31 December 2022 as the data for December 2021 was not available. Furthermore, the data does not include the two properties that were acquired on 8 December 2022 as they will be considered in the next reporting cycle.

2 A grid emission factor of 0.4057 was used to calculate the Scope 2 emissions for the head office in Singapore. The factor was obtained from the Energy Market Authority. The grid emission factors used for the properties in Japan varied based on the electricity provider used for the respective property.

analysis exercise was performed to determine the most pertinent physical and transition risks that DHLT faces.

The Manager believes in the merit of climate-related reporting and values the TCFD for its clear and strategic framework on climate-related disclosures. The following is the Manager's first TCFD disclosure which it will build upon over the years.

TCFD pillar	DHLT's Activities
GOVERNANCE	The Board holds ultimate oversight of and accountability for DHLT's sustainability agenda, The Board of the Manager holds ultimate oversight of and accountability for DHLT's sustainability agenda, strategy, and performance, and has delegated the responsibility for achieving the desired outcomes to the Sustainability Committee. The Sustainability Committee is led by CEO of the Manager and includes the Chief Financial Officer, the Chief Risk Officer, the Head of Planning, the Head of Investor Relations, the Head of Finance / Accounting, the Head of Investment, and the Head of Asset Management. While the CEO is responsible specifically for environmental risk management, which includes climate-related risks, the day-to-day implementation of sustainability initiatives is handled by the Head of Planning. Since established, the sustainability committee reports directly and quarterly to the Board on material sustainability-related matters, including those tailored to address climate-related risks. The Manager aligns with the sustainability approach of the Daiwa House Group, to the extent feasible and seeks inspiration and guidance from the advanced sustainability practice of Daiwa House REIT. In order to equip its workforce with the relevant skillset and knowledge to manage climate-related risks, employees from varied functions attended an ESG Awareness Seminar in 2022. Furthermore, all Directors have completed the "Listed Entity Director Programme Environmental, Social & Governance Essentials (Core)" training courses conducted by Singapore Institute of Directors to further educate themselves regarding the topic of sustainability.
STRATEGY	This was the first year where materiality assessment was performed for the purposes of sustainability reporting process. The Manager performed a peer benchmarking analysis and identified the long list of material sustainability topics. DHLT subsequently shortlisted the most important areas after conducting stakeholder engagement and impact assessment. Two of the 13 prioritised material topics included emissions and climate change which shows the commitment of the Manager to limiting the impacts of climate change. In FP2022, the Manager also performed the first standalone scenario analysis to determine which climate-related risks and opportunities are material to the business. The risks were explored using the following parameters:

Scenario parameters	
Assets and countries coverage	100% coverage (14 logistics properties located in Japan)
Baseline year	2021
Scenarios explored[1]	1.5°C warming (The Network for Greening the Financial System("**NGFS**") Net-Zero & Representative Concentration Pathways ("**RCP**") 2.6) > 3°C warming (NGFS Current Policies & RCP 8.5)
Timeframes explored	Short term : 2030 Long term : 2050

1 The Network for Greening the Financial System ("NGFS") has developed a set of climate scenarios that provide a framework for assessing and managing climate-related risks by exploring the physical and transition impacts of climate change over different time horizons and under varying assumptions. Representative Concentration Pathways, first used in the Fifth Assessment Report of the Intergovernmental Panel on Climate Change ("IPCC"), are greenhouse gas concentration trajectories that can be used to model climate change and its impacts. RCP 2.6 require that carbon dioxide emissions start declining by 2020 and reach zero by 2100, whereas RCP 8.5 is considered the worst case scenario whereby emissions continue to rise throughout the 21st century.

TCFD pillar	DHLT's Activities
	Based on this analysis, some of the more material risks in financial terms, as well as some of the associated mitigation and adaptation strategies include:

Risk / opportunity type	Potential impacts	Risk level 1.5°C warming (2030 to 2050)	Risk level > 3°C warming (2030 to 2050)	Mitigation measures
Extreme and more frequent heatwaves	Increase in cooling demand which may lead to higher utilities costs for the landlord-controlled areas	Moderate	Moderate to High	Investing in adaptation measures for locations with high physical risks
Flooding	Loss of asset value	Moderate	Moderate	Performing specific site level climate risk assessments Considering mitigation and adaptation measures Reviewing insurance coverage
Windstorms, such as tropical cyclones	Loss of asset value	Moderate	Moderate to High	Performing specific site level climate risk assessments Considering mitigation and adaptation measures Reviewing insurance coverage
Carbon pricing	Increase in operational costs associated with carbon pricing	High	Low	Developing a decarbonization roadmap
Changing customer behaviors	Increased focus on green certifications while making landlord choices	Moderate (2030 perspective)		Green building certifications to stay up to date with industry trends

Since this exercise was also performed in response to the MAS Environmental Risk Management Guidelines, broader environmental risks were also evaluated. As part of this category, earthquakes were identified as relevant for DHLT's operations. As Japan is Prone to earthquake occurrences, any occurrences of earthquakes in vicinity of the Properties could potentially cause damages to DHLT's properties, which may result in higher maintenance and repair costs and asset value reductions. The Manager conducted an assessment upon consideration of how the relevant Property and the portfolio as a whole would be affected by earthquakes, as well as the ability to mitigate any adverse impact through insurance coverage. The Manager would consider obtaining earthquake insurance for properties with probable maximum loss ("**PML**") exceeding 15.0%. The PML of the IPO Portfolio was assessed to be 1.6% and there is no individual Property with PML in excess of 15.0% in the IPO Portfolio.

As DHLT has recently initiated the sustainability journey, the Manager is still in the process of identifying the most effective ways to manage environmental risks as a business. Based on this initial analysis performed, some climate and environmental risks and opportunities were identified. The Manager will, going forward, evaluate how best to manage and mitigate these risks and how these measures would influence and guide overall strategy and decision making. Currently, the Manager already includes environmental evaluation in DHLT's investment process but will be looking to enhance this process in the coming year.

Based on the most financially material climate-related risks identified in the scenario analysis, the Manager is considering the viable mitigation and adaptation strategies that can be adopted. Environmental, including climate change considerations are integrated in the process of sourcing and selecting DHLT's investments. However, the Manager is still evaluating other strategies that would help improve the resilience of DHLT's portfolio in the future, such as decarbonisation activities, investing in adaptation measures and incorporating climate and environmental risks into the risk management system. The Manager will report on progress towards these areas in future disclosures.

TCFD pillar	DHLT's Activities
RISK MANAGEMENT	The Manager acknowledges the severity of climate-related risks and treats them in the same regard as other potential critical risks faced by DHLT, such as, reputational, financial, legal, and operational. The Manager has established an Environmental Risk Management Framework that outlines its environmental risk management practice across its governance structure and throughout its investment cycle. The Manager established a sustainability policy, which serves as a guide for the incorporation of sustainability factors in DHLT's investment management practice based on eight focus areas: 1. Prevention of global warming, 2. Harmony with the environment (preservation of biodiversity), 3. Conservation of natural resources (reducing waste, protecting water resources), 4. Prevention of chemical pollution, 5. Establishment of an internal framework and initiatives for employees, 6. Building of trust relationships with external stakeholders, 7. Promotion of communication through information disclosure and 8. Compliance with laws and regulations, and risk management. The sustainability policy was formalised in February 2022 and is aligned with that of Daiwa House REIT. To screen potential environmental risks in a prompt manner, the investment team performs an environmental risk due diligence prior to entering investments through an investment checklist. The following environmental factors are evaluated: • **At the portfolio level** o solar power capacity o percentage of green lease by NLA • **At the asset level** o building resilience (earthquake including PML to assess risk related to earthquakes) o biodiversification o natural disaster checkpoint o soil contamination o hazardous substance o solar panel o percentage of green lease o availability of data - energy consumption and generation, water, waste The findings of the due diligence process are discussed in meetings that include the senior personnel of the Manager. If any concern is flagged, corresponding measures to remediate the risk are explored in the meeting. The conclusions from the discussion are then shared with the Board before the Board approves the property acquisition.
METRICS AND TARGETS	FP2022 is the first year of reporting for DHLT and forms its baseline year for benchmarking data and setting targets in the future. The Manager has disclosed data pertaining to energy consumption and generation, carbon emissions, water management, waste management, green building certifications and the diversity of the workforce. The Manager has not relied on any third-party tools or software to perform any of its environmental-related assessments but has sought the help of an external ESG consultant. The Manager will evaluate and utilise the results of the scenario analysis exercise to implement suitable climate-related metrics and targets in the near future. The Manager has implemented targets for each of DHLT's material topics. The targets are both quantitative and qualitative in nature and while some of them are short-term targets, others span a longer time horizon. Over the next reporting cycle, the Manager aims to actively monitor the progress towards each of the targets and revise any, if need be.

ENVIRONMENT
[GRI 3-3]

WATER MANAGEMENT
[GRI 303-1] [GRI 303-5]

Water scarcity is one of the most pertinent issues faced by the planet today. By 2025, two-thirds of the world's population is estimated to suffer from water shortages. With the Manager's office situated in Singapore, a geographical location that presents water related issues due to its position as a water-stressed nation, remaining cognizant about the value of water remains a key consideration for the organisation.

Despite water-stress not being a key concern in Japan, where the IPO Portfolio is located, the proper management of water, a scarce natural resource, is still considered paramount to mitigating the business, financial and societal impacts that could result from excessive water usage.

Water Consumption and Intensity FP2022

	Japan[1]
Floor Space (m^2)	6 properties – 301,834
Water Consumption[2] (m^3)	9,471
Water Consumption Intensity (m^3/m^2)	0.031

As all the Properties have been built within the last 10 years, they are all equipped with the latest motion sensor faucets that help to curb water consumption by preventing idling or overuse. There are currently no water intensive activities conducted at any of the Properties and any wastewater generated flows into the public wastewater system.

Building managers that reside at the multi-tenanted properties conduct monthly checks of the properties and inspect for any damages to DHLT's water equipment as a preemptive mitigation to limit potential water leakages or wasteful consumption. Any damages are reported to the Manager, and prompt action ensues to limit any inefficiencies in water use. In the near future, the Manager will continue to monitor and study the water consumption patterns at its properties and its Singapore office and adopt necessary measures such as installing additional water-efficient fittings at its properties, as required.

WASTE MANAGEMENT
[GRI 306-1] [GRI 306-3]

In accordance with the third principle that forms a part of its sustainability policy, "conservation of natural resources", the Manager is committed to conserving the use of natural resources in operations whilst also minimising the amount of waste generated.

In Singapore, as part of the Singapore Green Plan 2030, the amount of waste to landfill per capita per day is set to be reduced by 26% by 2026 with the goal of reaching 30% by 2030 as Singapore's one and only landfill is being filled up at a startling rate. Japan too has faced challenges with waste management, and while volume of waste generated in Japan has decreased in recent years, it was once amongst the leading countries in terms of the generation of solid municipal waste that increasingly fills up landfill sites.

The Manager acknowledges the significance of ensuring minimal waste and adequate waste disposal methods. The negative externalities resulting from landfilling onto waste dumping grounds or emissions from the incineration of waste, especially non-renewable waste, are too significant to be ignored. The repercussions are worse if the waste is hazardous in nature and affects the health of local communities.

Waste Generation FY2022

	Japan[3]
Total weight of waste generated in metric tonnes	40.895

1 The data includes only multi-tenanted properties at which DHLT manages certain operations, such as security rooms, and common areas and hence is responsible for a certain amount of the total water consumption. The data reported spans the period 1 January 2022 to 31 December 2022 as the data for December 2021 was not available. Furthermore, the data does not include the two properties that were acquired on 8 December 2022 as they will be considered in the next reporting cycle.

2 The water consumption data for the head office in Singapore has not been included as the amount is negligible.

3 The data includes only multi-tenanted properties at which DHLT manages certain operations, such as security rooms, and common areas and hence is responsible for a certain amount of the total waste generated. The data reported spans the period 1 January 2022 to 31 December 2022 as the data for December 2021 was unavailable. The data does not include 3 of the 6 multi-tenanted properties that form a part of DHLT's IPO portfolio, as the property manager was unable to provide the data in time. Furthermore, the data does not include the two properties that were acquired on 8 December 2022 as they will be considered in the next reporting cycle.

At the properties, daily waste generated is collected by the public waste disposal operator, and special waste, including large, heavy, and chemical waste, are collected by other licensed service providers to ensure proper disposal.

As the Manager commences the collection and tracking of the amount of waste generated at the Properties and its office, it commits to studying the waste generation patterns resulting from its operations, and to subsequently exploring waste management opportunities, including recycling and waste segregation initiatives, over the coming years.

GREEN BUILDING MANAGEMENT

The Manager is committed to making a positive environmental impact by ensuring that the Properties are equipped with green retrofits. This aids in ensuring reduction in operational costs through the conservation of energy and other natural resources, and an improvement in the health of tenants and workers due to better indoor air quality, among other benefits. Moreover, enhancements in the ecological quotient of a property help surrounding communities through lower rates of pollution and the preservation of flora and fauna.

Therefore, the Manager places great importance in upholding the environmental performance standards of the Properties and has attained green building certification including the Development Bank of Japan ("**DBJ**") Green Building Certification for approximately 95.7% (13 out of the 14 Properties) of the IPO Portfolio by NLA. The DBJ Green Building certification is an accreditation system established by the Development Bank of Japan Inc. to evaluate and measure the environmental and social awareness characteristics of real estate properties in Japan. The certification program assesses "green" characteristics of a building based on a comprehensive assessment of environmental performance, such as energy and resources, resilience, disaster prevention, amenity, consideration of community diversity and partnership.

Star Rating[1]	IPO Properties	No. of Properties	NLA% (sq m)
★★★	• DPL Sapporo Higashi Kariki • DPL Sendai Port • DPL Koriyama • DPL Kawasaki Yako • DPL Shinfuji	5	65.7%
★★	• D Project Misato S	1	3.5%
★	• D Project Maebashi S • D Project Iruma S • D Project Nagano Suzaka S • D Project Kakegawa S • DPL Okayama Hayashima • DPL Okayama Hayashima 2 • D Project Fukuoka Tobara S	7	26.5%
Total		**13**	**95.7%**

1 Under the DBJ Green Building Certification Program, only top 20% of the assessed investment grade properties in Japan are certified green. The top 20% of the assessed properties which qualify for the green certification will subsequently be assigned a star rating of one to five stars according to the score from the assessment.

ENVIRONMENT

[GRI 3-3]

Star Rating	Description	Percentile of scores amongst certified green properties
★★★★★	Highest-end-level environmentally and socially friendly building	Top 10%
★★★★	Extremely superior-level environmentally and socially friendly building	Top 30%
★★★	Highly superior-level environmentally and socially friendly building	Top 60%
★★	Fairly superior-level environmentally and socially friendly building	Top 85%
★	Satisfactory superior-level environmentally and socially friendly building	Top 100%

For more information on the DBJ Green Building Certification Programme, please refer to DBJ Green Building Certification Program's official webpage at www.dbj.jp/en/service/program/g_building.

After the acquisition of DPL Iwakuni 1&2 (rated the highest grade by Building Energy-efficiency Labelling System ("**BELS**")) and D Project Matsuyama S on 8 December 2022, 94.7% (14 out of the 16 properties in Japan) of the Portfolio by NLA or 14 out of 16 properties are accredited with a green building certification. 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.

The Manager further plans to obtain the DBJ certification or other green building certification for the remaining property, D Project Kuki S. As this property has been newly acquired during the IPO in November 2021, the Manager targets to install LED lights across the premise by 2023, this being the only requirement remaining to achieve the DBJ Green Building certification for D Project Kuki S. It is through such persistent efforts that the Manager aims to maintain green certifications for at least 90% of the properties across DHLT's portfolio.

The Manager also plans to reduce the environmental footprint within DHLT's value chain by incorporating a green clause in the lease agreements of tenants for both new and renewal leases. With the green clause, the tenant is required to cooperate with the landlord to improve the environmental performance of the building, ensuring the application for green building certification. The tenant is further required to provide the landlord with electricity consumption, water consumption, gas consumption and waste generation data. Moreover, tenants are mandated to participate in annual meetings conducted by the landlord, to share and discuss environmental-related information and means of improving environmental performance.

The green clause currently constitutes for 24.2% of the lease agreements. However, the Manager has enforced green clauses as part of all the 9 lease contracts that were signed in FP2022 and aims to ensure a green clause in 100% of the new and renewed leases signed in FY2023.

SOCIAL

[GRI 2-23] [GRI 3-3]

The Manager respects its responsibility towards its internal and external stakeholders. The Manager aspires to provide an inclusive and enriching work environment for its workforce, a safe and comfortable office for its employees, a secure business base for the tenants of DHLT's Properties, and resilient and sustainable surroundings for the local communities where DHLT's operations and investments are based.

As an advocate for the following principles of DHLT's sustainability policy, "establishment of an internal framework and initiatives for employees", and "building of trust relationships with external stakeholders", the Manager strives to continuously pursue initiatives that promote a dynamic social ecosystem reflective of strong relationships and harmony.

As this is DHLT's inaugural year of sustainability reporting and it is currently at a nascent stage in its sustainability journey, it does not have a policy that specifically covers human rights. However, the Manager attempts to protect the human rights of its stakeholders through other measures that have been highlighted throughout the material topics identified under the "Social" component of the Sustainability Report.

DIVERSITY AND EQUAL OPPORTUNITY

[GRI 2-7] [GRI 2-9] [GRI 2-10] [GRI 2-30]
[GRI 401-1] [GRI 404-1] [GRI 405-1] [GRI 406-1]

As a holistic and diversified workforce welcomes varying skillsets and capabilities, it amplifies the ability to achieve organisational outcomes, resulting in enhanced productivity that generates positive financial impacts, which is beneficial for all stakeholders, including employees. The Manager aims to ensure this whilst improving the well-being of DHLT's employees by providing them with a conducive work environment, as well as opportunities for professional development, growth, and upskilling.

The Daiwa House Group's Principles of Corporate Ethics and Code of Conduct outlines the anti-discrimination policy enforced by the Group. The Manager has zero tolerance for discrimination and takes pride in not having any case of discrimination during FY2022. Additionally, all the Manager's contracts with its employees contain the following "Equal Opportunity Employer" employment clause, reflecting the provision of equal opportunities for all its employees regardless of their gender, age, ethnicity or nationality.

"As an equal opportunity employer, we aim to ensure that all staff receive fair and equitable treatment regardless of gender, race, age, disability, color, nationality, ethnic or national origin, marital status, sexual orientation, responsibility for dependents, religion, or trade union membership. You have a duty not to discriminate against any staff or clients, or other third parties, on this basis."

Any actual or alleged breach of this policy will be taken seriously and will result in disciplinary action, which may include the termination of employment. Currently, no employees are covered by collective bargaining agreements. However, in order to ensure fair, progressive and competent employment practices, the Manager collects latest labour market information and trends (including salary and benefits) through various channels, for example, through the survey results of HR recruiting firms and any updates provided by government bodies such as the Ministry of Manpower. The Manager also closely monitors updates from the Tripartite Alliance for Fair and Progressive Employment Practices ("**TAFEP**").

The following tables illustrate the composition of the Manager's Board of Directors and workforce and has been calculated based on the headcount at the end of the reporting period. All employees were based in the Manager's head office location, Singapore, during the reporting period, and were permanent, full-time employees.

Board

Gender	Men	Women	Total
Number of individuals	6	0	6
Age Group	**< 30 years old**	**30-50 years old**	**> 50 years old**
Number of individuals	0	0	6

The Manager will source a female director candidate in the next appointment.

SOCIAL

[GRI 2-23] [GRI 3-3]

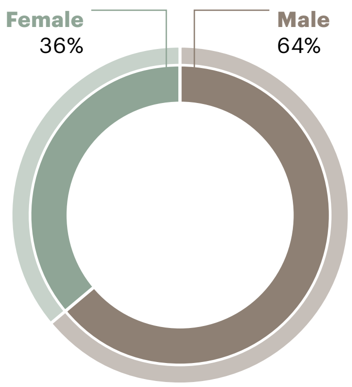
C-suite level executives and Heads of Department

Gender	Men	Women	
Number of individuals	6	2	
Age Group	**< 30 years old**	**30-50 years old**	**> 50 years old**
Number of individuals	0	6	2

Employees (includes C-Suite level executives and Heads of Department)

Gender	Men	Women	
Number of individuals	7	4	
Age Group	**< 30 years old**	**30-50 years old**	**> 50 years old**
Number of individuals	0	8	3

Total Employees of the Manager
By Gender



The Manager aims to improve the gender balance.

The Manager ensures fair hiring based on the skills and capabilities of potential employees and their potential contribution in a specific function. There were no significant fluctuations in turnover during FP2022.

Employee Movement for FP2022

Gender	Men	Women	Total
Number of people who resigned	0	1	1
% change	0	9.1%	9.1%
Age Group	**< 30 years old**	**30-50 years old**	**> 50 years old**
Number of people who resigned	0	0	1
% change	0	0	9.1%
Gender	**Men**	**Women**	**Total**
Number of people who joined	1	2	3
% change	9.1%	18.2%	27.3%
Age Group	**< 30 years old**	**30-50 years old**	**> 50 years old**
Number of people who joined	0	2	1
% change	0	18.2%	9.1%

The Manager embraces employees belonging to different nationalities. Currently, its employee base constitutes of individuals from Singapore, Japan, South Korea, and China. The Manager will continue to augment the diversification of nationalities corresponding with DHLT's potential business expansion to Southeast Asian countries.

As part of its efforts to provide equal learning and development opportunities for all employees, employee upskilling forms a crucial focus area for the Manager.

The Manager is committed to providing its employees an avenue for growth and development, and has established a training Standard Operating Procedure ("**SOP**") for the purpose of complying with mandatory requirements set by the relevant regulators, ultimately, augmenting and diversifying the competencies of the workforce.

In FP2022, the average hours of trainings conducted per employee were approximately 15.9 out of which company representatives appointed to carry out fund management activities received more hours of training due to regulatory requirements, such as the mandatory Continuing Professional Development ("**CPD**") training. The male employees underwent 18.2 hours of training per employee and the female employees underwent 11.9 hours of training per employee.

In FY2023, the Manager aims to achieve an average of 15 hours of training per employee, regardless of gender.

Over the course of FP2022, the trainings disseminated comprised of a wide array of topics, including code of conduct, anti-corruption, compliance to rules and regulations, and familiarization with internal policies. All employees with functions that entail sustainability considerations within their role and jurisdiction, were also part of an ESG Awareness Seminar conducted by an external ESG consultant in October 2022. This seminar covered the following agenda:

- Sustainability trends
- Value creation and preservation in real estate investment management
- MAS Environmental Risk Management Guidelines and the updated SGX climate-related reporting requirements

In FY2023, the Manager will continue to provide such trainings that are specific to the function of the employee and therefore play a pivotal role in upskilling employees whilst providing equal development opportunity to its workforce.

OCCUPATIONAL HEALTH AND SAFETY
[GRI 403-9] [GRI 403-10]

The Manager recognizes its duty to provide a safe and healthy work environment for its employees and for the tenants of DHLT's Properties by maintaining the physical condition of the Properties and preventing, to the best of its abilities, serious injuries and fatalities that could result from renovation works or repair and maintenance work.

The Manager maintains good physical condition of the Properties through annual inspections and on-site checks, performed by a third-party on an annual basis. These annual checks entail the examination of power transforming equipment, air conditioners, fire prevention facilities, elevators and water supply and water quality, including checks for color, turbidity, smell, taste and residual chlorine. This limits the scope of faulty or lose wiring and equipment that could be the source of a potential injury or fatality, whilst ensuring the lack of impurity in the air or water at the Properties that could precipitate the spread of diseases or ailments experienced by both, the employees of the Manager and the tenants in DHLT's Properties.

Moreover, the building managers conduct a monthly examination of the multi-tenanted properties as they are responsible for the daily maintenance of its facilities. During FP2022, there were no incidences of reported injuries, fatalities or ill health, relating to any of DHLT's operations or property-related faults, at any of the Properties. This is an accomplishment that DHLT aspires to maintain in FY2023.

In the event of damage to any of the Properties, the Manager commits to taking prompt action in ensuring its repair. The Manager's response to such damages was put to test in March 2022 as an earthquake of 7.4 magnitude occurred off the coast of Fukushima, Japan. This natural disaster impacted DPL Sendai Port, a multi-tenanted and one of the largest properties in the Portfolio. While the workers, products, and structure of the building were unscathed, 19 fire prevention shutters were damaged. With supportive understanding from related tenants, the repair work was promptly initiated as fire prevention shutters are key in combating incidents, hazards and risks affiliated with fire eruptions. The repair works was divided into phases to minimise disruption experienced by tenants and their operations. In FY2023, the Manager aims to maintain the physical condition of the Properties by continuing to conduct its regular third-party inspection and ensuring prompt rectification of any findings.

In addition to regular inspections, prompt repair and maintenance work, and adequate disaster management, the Properties are also equipped with innovative technologies that make the properties more

SOCIAL

[GRI 2-23] [GRI 3-3]

secure for both the tenants and the building managers. A carriage robot, partly sponsored by the Sponsor, is available at one of the multi-tenanted Properties and is used to carry objects around the warehouse which helps reduce the physical workload of the tenants; hence preventing fatigue or potential deterioration of health from exhaustion. Additionally, a vehicle control system partly sponsored by Daiwa House Industry is also made available at the properties which enables tenants to capture data pertaining to location tracking, delivery status and safe check-ins during emergencies, and to ensure the safety of their employees. The system also allows the drivers to gauge when to park at the berth, which reduces waiting time for vehicles around the warehouse site and the risk of congestions and collisions.

Furthermore, for any potential properties that DHLT acquires, the Manager performs a technical due diligence to evaluate whether the property would be a conducive and safe environment for work. As part of the technical due diligence for the two new properties acquired in December 2022, the Manager assessed certain environmental factors, such as exposure to asbestos, freon gas, PCB and other harmful substances. The due diligence also entailed an examination of certain social factors, such as, potential distress between the tenants and surrounding tenants, and influences of external factors such as excessive noise, smell, or traffic.

In the Singapore office, the Manager circulates an employment handbook, as well as its Business Continuity Plan ("BCP") comprising of details regarding safety management procedures, such as periodic fire drills and the evacuation plan to all its employees. The COVID-19 pandemic serves as a prime example of the need for a BCP, which was introduced by the Manager in April 2022. The plan acts as a significant testament to DHLT's durability in responding to and managing adverse safety and health incidences whilst forming the foundation for DHLT's target of maintaining zero cases of injuries and fatalities caused by an incident within the operational control of DHLT at its head office and properties.

These safety precautions allow for better response mechanisms in the event of an incident, ensuring minimal injuries and loss of human lives. Whilst these preemptive measures target the prevention of injuries or fatalities, the Manager remains committed to adopting prompt and elaborate measures in the midst of an unprecedented crisis, such as during the COVID-19 pandemic. Through the implementation of novel measures such as an institutionalized hybrid work model, which provides employees the opportunity to work remotely whilst upholding safe distancing measures, the Manager looks to amplify its adaptability and resilience to respond to unforeseen circumstances in its attempt to safeguard occupational health and safety.

COMMUNITY IMPACT

[GRI 2-28]

With regards to the broader stakeholder community, the Manager hopes to engage with and give back to the local community situated in Singapore, as well as in and around its properties in Japan through means that extend beyond its environmental responsibility. Comprehending the pressing social issues faced by the communities in which DHLT operates, whilst identifying their origin causes are important in ensuring good corporate citizenry and acknowledging social responsibility. As part of its mission as a responsible manager of a real estate investment trust, the Manager seeks to identify such social issues and do its part to positively contribute to the welfare of its local communities.

As all DHLT's properties are logistical warehouses and hence located in industrial areas, the Manager is currently venturing out to explore collaborative opportunities with local communities around DHLT's properties in Japan. In FY2023, the Manager will strive to pursue community engagements in Japan, including the creation of open spaces for evacuation during natural calamities.

An important part of DHLT's community, are its tenants. In addition to forming the foundation of DHLT's business, they also serve as a good indication of the living conditions within the properties, as well as of its surroundings. Hence, the Manager conducts a tenant satisfaction survey with its tenants on an annual basis to garner feedback regarding their level of satisfaction with the property, its building managers, and facilities, whilst inquiring about any issues they face, any amenities they require and any potential improvements to the environmental features of the properties they would like. In FP2022, the Manager obtained a 100% response rate for its tenant satisfaction survey as all tenants across the 14 Properties responded to the survey. In FY2023, the Manager seeks to achieve at least an 80% response rate for DHLT's tenant satisfaction survey, improve the "overall satisfaction" score and satisfy the concerns of the tenants while maintaining constant and transparent communication.

To cultivate the spirit of volunteering among the employees and to maintain the picturesque nature of the beaches in Singapore, such that the local community can continue to enjoy them, all employees of the Manager participated in a Corporate Social

Responsibility ("**CSR**") activity in November 2022 that involved picking trash along the coastline at East Coast Park. Striving to positively contribute to the environment through a clean-up, the total amount of trash collected amounted to 16.9 kg. Looking ahead, the Manager endeavors to conduct at least two CSR activities, in FY2023.

Additionally, the REIT community, comprising of the Manager's peers, forms an important community to the Manager. Hence, the Manager is a member of the REIT Association of Singapore ("**REITAS**"), an association purposed with strengthening the real estate investment trust sector in Singapore. Through its involvement, the Manager is able to effectively contribute to, as well as learn from the solutions being developed to tackle some of the most significant challenges being faced by the industry, whilst remaining abreast with the latest trends within the industry.

GOVERNANCE

[GRI 2-9] [GRI 2-10] [GRI 2-15] [GRI 3-3]

As means of maintaining its credibility as a reputed institution, the Manager prioritises adherence and compliance with all applicable laws and regulations. Furthermore, enforcing conduct that operates within the parameters of the law promotes organisational ethics, integrity, and transparency across all valued stakeholders. Therefore, the Manager prioritises any requirements mandated by regulations, including the implementation of specific procedures, policies or even trainings for employees.

The Manager will continue to proactively establish the necessary safeguards required to protect DHLT's assets and uphold its corporate governance structure whilst remaining oriented with DHLT's sustainability policy principles of promoting communication through information disclosure, compliance with laws and regulations and risk management.

The Board is the highest governing body of the Manager, with the Board being responsible for the organization's impacts on the environment, economy, and the society. To ensure adequate board representation from different key internal stakeholder groups in formulating corporate strategies, including those related to sustainability, the Board includes a member from the Manager – the CEO, and also two board members from the Sponsor.

Moreover, to maintain a strong corporate governance structure, the Manager values Board diversity with regards to skills, experience, industry, discipline, background, gender, age, ethnicity, culture, nationality, and other relevant factors, when nominating or appointing a new Director. The Board of Directors are ensured to have credible, commendable, and suitable experience and expertise for leading DHLT's real estate investment practice. In addition to their professional backgrounds, the Board also undergoes appropriate trainings to remain well-informed and up to date with the latest advancements and trends in the industry, ensuring their equipment of necessary skills in governing the organisation.

Furthermore, to build a bias-free governing body, views of key stakeholders, including shareholders are accounted for by ensuring their representation within the Board. DHLT's largest controlling unitholder Sponsor, Daiwa House Industry, and 2 of the Sponsor's affiliates currently serve on the board of DHLT, hence enabling stakeholder representation through the Sponsor's objectives and commitments. However, in order to prevent conflict of interests, the appointment and reappointment of the directors is not subject to approval by the unitholder. Furthermore, the CEO of the Manager is also a member of the Board, and his representation on the Board allows the Board to have better insights into DHLT's policies, procedures, and initiatives. For Board approval in relation to transactions where directors are deemed to be interested, such directors abstain from voting.

COMPLIANCE WITH LAWS AND REGULATIONS

[GRI 2-23] [GRI 2-27]

Wary of the reputational and financial risks affiliated with non-compliance to applicable laws and regulations, the Manager has assigned the responsibility of monitoring any regulatory developments to the Chief Risk Officer ("CRO"). The CRO is tasked with tracking regulatory changes, updating the Compliance Checklist and reporting on the same to the Audit and Risk Committee ("ARC"), on a quarterly basis.

As the Manager is based out of Singapore, it is aligned with the Code on Collective Investment Schemes (the "CIS Code"), the Capital Markets Services License for REIT Managers issued by the MAS, and the Securities and Futures Act ("SFA"), Chapter 289 of Singapore.

The Manager has constituted the following internal policies to strengthen its robust compliance framework:

- Whistle-Blowing Policy
- Anti-Bribery and Anti-Corruption Policy
- Anti-Money Laundering and Anti-Terrorist Financing Policy
- Insider Trading Policy
- Investor Relations Policy
- Ongoing Regulatory Obligations and Reporting License Conditions
- Outsourcing Risk Management Policy
- Business Continuity Plan
- Standard Operating Procedure for Information Management
- Group Information Management Basic Rules (Daiwa House Group)

The Manager has also established the following corporate registers for its licensed representatives:

- Details of Representatives including interests by Representatives and Fit and Proper declarations
- Substantial Unitholder
- Continuing Education
- Gift and Entertainment
- Suspicious Transactions Report
- Complaints
- Outsourcing

Additionally, all the Manager's licensed representatives have received their compulsory 6-hour core CPD training: Rules and Ethics Course 2022 provided by the REITAS. The course covered modules, such as regulations applicable for REITs, conflict of interest, capital market fundraising, including debt and equity, continuous listing obligations, code of conduct, anti-money laundering, acquisitions and disposals, environmental risk management, technology risk management, outsourcing management and business continuity management, and Singapore taxation on REITs.

During FP2022, the Manager undertook efforts to align with the new SGX climate-reporting requirements, as well as the expectations of the MAS Environmental Risk Management Guidelines.

There was a 100% attendance rate for the Compliance Awareness Session conducted by the Manager in FP2022 and was attended by the Manager's employees, as well as the Board and the Audit and Risk Committee. The Manager aims to maintain similar attendance rate in FY2023. In FP2022, there were no instances of non-compliance with laws and regulations, fines or non-monetary sanctions faced by the Manager, and it strives to maintain zero incidents of such breaches to imposable laws and regulations in FY2023. Lastly, to ensure continued relevance and adaptability of its internal manual, the Manager intends to review its policies and SOPs at least once a year.

GOVERNANCE

[GRI 2-9] [GRI 2-10] [GRI 2-11] [GRI 2-15] [GRI 3-3]

BUSINESS ETHICS AND ANTI-CORRUPTION

[GRI 2-9] [GRI 2-11] [GRI 2-15] [GRI 2-16] [GRI 2-23] [GRI 2-24] [GRI 2-26] [GRI 205-1] [GRI 205-2] [GRI 205-3]

The Manager strives to uphold the integrity of the company by reiterating the significance of ethical business, anti-bribery, and anti-corruption practices to its employees, and to enforce good corporate governance whilst sustaining positive symbiotic relationships with its internal and external stakeholders.

The Manager has adopted Daiwa House Group's Principle of Corporate Ethics and Code of Conduct, which is circulated to all new employees upon their onboarding, as well as to existing staff annually. The Manager has also established the following policies that serve to proliferate the Manager's anti-corruption agenda throughout the organisation:

- Anti-Bribery and Anti-Corruption Policy
- Anti-Money Laundering Manual
- Insider Trading Policy
- Whistle Blowing Policy

The policies are circulated to all the employees via email and communicated to them verbally during meetings to ensure familiarity, enforcement and required adherence. The Manager performs compliance checks on all its employees and obtains Fit and Proper declarations from all directors as well as any employees conducting activities regulated by the MAS, on an annual basis as a pre-emptive measure to avoid any instances of misconduct, malpractice, or fraudulent behaviors. Furthermore, all pay-outs of the organisation's business entertainment are reviewed to ensure that there are no suspicious transactions. There were no such suspicious transactions during FP2022.

The Manager has also established whistle-blowing policy to provide a clearly defined process for employees and any other persons to raise concerns about possible improprieties and obstructive actions, which they become aware of, and to provide reassurance that they will be protected from reprisals or victimization for whistle blowing in good faith and without malice. All such complaints can be reported to the Chairman of the ARC either in person or in writing. The Manager has also provided an email address in the website of DHLT for submission of such reports, which will automatically be forwarded to the Chairman of the ARC, who is responsible for conducting subsequent investigations, in the event that a malpractice does occur. The ARC Chairman is an independent and non-executive director who upon receiving such reports would commence an investigation with other directors of the Board and relevant persons of the Manager. However, no such concerns were received during the reporting period.

Furthermore, of the 6 directors of the Manager, 5 are non-executive directors, and 3 are independent directors, which helps avoid potential biases and judgement. Moreover, the Board Chairman is a non-executive director. Hence, preventing potential conflicts of interests. Furthermore, whilst four of the directors have concurrent directorships of other listed companies, the Manager does not engage in any form of business activities with the companies, and will continue to ensure the same with the external directorships of other directors in the future as well as a measure to avoid potential conflicts of interest. Moreover, currently, none of the Directors have a fixed tenure which allows for rotation and acts as an additional layer of protection from conflicts of interest.

The Manager is pleased to report that all 11 employees based in Singapore, as well as all directors, have received the in-house business ethics, and anti-corruption and anti-bribery trainings and that there were no breaches of business ethics, anti-corruption and anti-bribery in FP2022. The Manager aims to uphold this record FY2023.

The Manager also carries out due diligence on the tenants leasing space in the Properties, including assessing the credit rating scores of the tenants and investigating their reasons for renting the space. This is performed in order to safeguard DHLT from any adverse reputational and financial repercussions.

SUPPLY CHAIN MANAGEMENT

[GRI 2-6] [GRI 2-15]

The Manager recognises the need to build a responsible supply chain to be able to effectively integrate ESG considerations throughout DHLT's value chain and consequently reduce its affiliated environmental and social footprint. Hence, the Manager has implemented certain measures to successfully accomplish this.

As a real estate investment trust, DHLT does not provide any products or services but rather a medium for investors to invest in income-producing logistics and industrial real estate assets located in Japan. Hence, DHLT's supply chain comprises of its property third-party vendors, providing the necessary services that enable DHLT to carry out its operations effectively. These include consulting services, financial services, and Information Technology ("**IT**") services.

The Manager sources its vendors in accordance with the MAS Outsourcing Guidelines, which serve as a manual for financial institutions on risk management of outsourcing arrangements. The outsourcing process is subject to internal audits as and when it is scoped in for review to ensure accountability in all stages of DHLT's operations. The vendors that DHLT has continuous business with, are listed in the Vendor Masterfile, and their financial scores are checked annually to ensure the financial health of engaged vendors thereby limiting potential or sudden business disruptions across the value chain.

The Manager has constituted clauses pertaining to anti-corruption, human rights, environmental considerations, business continuity plans, in its contractual agreements with some of the vendors and will attempt to incorporate such clauses in more contractual agreements in the future. Meanwhile, to prevent any potential conflicts of interest in the vendor selection and appointment process, the CEO is required to review and approve the vendor post selection by the Head of Asset Management. Furthermore, if the engagement amount is significant, then an approval from the Board is sought as well prior to appointment of the vendor. There were no conflicts of interest found through the annual checks performed on all the engaged vendors in FP2022.

There were no conflicts of interest found through the annual checks performed on all the engaged vendors in FP2022. In FY2023, the Manager aims to diligently continue to perform annual checks on all its engaged vendors to inspect for financial concerns, compliance issues, and assure the quality of service rendered.

GRI CONTENT INDEX

GRI Disclosure Indicator	GRI Disclosure Title	Reference to a Section of the Report or any Reasons for Omission	Page No.
GRI 2: GENERAL DISCLOSURES			
2-1	Organizational details	About this Report	56
2-2	Entities included in the organization's sustainability reporting	Reporting Period and Scope Annual Report	56
2-3	Reporting period, frequency, and contact point	Reporting Period and Scope Internal Review Feedback	56 57 57
2-4	Restatements of information	Not applicable as this is the first year of reporting	
2-5	External Assurance	As DHLT became listed in November 2021 and this is the first year of sustainability reporting for the organization, it has not sought external assurance for the report but will consider it in future years	
2-6	Activities, value chain and other business relationships	About this Report Reporting Period and Scope Supply Chain Management	56 56 83
2-7	Employees	Diversity and Equal Opportunity	75-77
2-8	Workers who are not employees	Not applicable as there are no workers who are not employees	
2-9	Governance structure and composition	Sustainability Governance Diversity and Equal Opportunity Governance Business Ethics and Anti-Corruption	60-61 75-77 80-83 82
2-10	Nomination and selection of the highest governance body	Diversity and Equal Opportunity Governance Corporate Governance Report: Roles and Responsibilities of the Nominating Committee	75-77 80-83 105-106
2-11	Chair of the highest governance body	Business Ethics and Anti-Corruption	82
2-12	Role of the highest governance body in overseeing the management of impacts	Sustainability Governance Stakeholder Engagement Climate Change Mitigation (TCFD Disclosure – Strategy and Risk Management)	60-61 65-66 68-71
2-13	Delegation of responsibility for managing impacts	Sustainability Governance	60-61
2-14	Role of the highest governance body in sustainability reporting	Reporting Period and Scope Internal Review Materiality Assessment	56 57 63-64

GRI Disclosure Indicator	GRI Disclosure Title	Reference to a Section of the Report or any Reasons for Omission	Page No.
GRI 2: GENERAL DISCLOSURES			
2-15	Conflicts of interest	Governance Business Ethics and Anti-Corruption Supply Chain Management	80-83 82 83
2-16	Communication of critical concerns	Business Ethics and Anti-Corruption	82
2-17	Collective knowledge of the highest governance body	Sustainability Governance	60-61
2-18	Evaluation of the performance of the highest governance body	Assessing the effectiveness of the Board, Board Committees and Individual Directors	108
2-19	Renumeration Policies	Remuneration policy for Directors Remuneration Policy for Key Management Personnel of the Manager	109-110 110-112
2-20	Process to determine remuneration	Remuneration policy for Directors Remuneration Policy for Key Management Personnel of the Manager	109-110 110-112
2-21	Annual Total Compensation Ratio	As this is DHLT's first year of reporting, it is still in the process of building its disclosures and will enhance them by reporting on compensation ratios in future years	
2-22	Statement on sustainable development strategy	Board Statement	55
2-23	Policy commitments	Sustainability Approach Social Compliance with Laws and Regulations Business Ethics and Anti-Corruption	58-59 75-79 81 82
2-24	Embedding policy commitments	Sustainability Approach Sustainability Governance Business Ethics and Anti-Corruption	58-59 60-61 82
2-25	Processes to remediate negative impacts	Sustainability Governance	60-61
2-26	Mechanisms for seeking advice and raising concerns	Business Ethics and Anti-Corruption	82
2-27	Compliance with laws and regulations	Compliance with Laws and Regulations	81
2-28	Membership associations	Community Impact	79
2-29	Approach to stakeholder engagement	Stakeholder Engagement	65-66
2-30	Collective bargaining agreements	Diversity and Equal Opportunity	75-77
GRI 3: MATERIAL TOPICS 2021			
3-1	Process to determine material topics	Materiality Assessment	63-64
3-2	List of material topics	Materiality Assessment	63-64
3-3	Management of material topics	Environment Social Governance	67-74 75-79 80-83

GRI CONTENT INDEX

GRI Disclosure Indicator	GRI Disclosure Title	Reference to a Section of the Report or any Reasons for Omission	Page No.
GRI 205: ANTI-CORRUPTION			
205-1	Operations assessed for risks related to corruption	Business Ethics and Anti-Corruption	82
205-2	Communication and training about anti-corruption policies and procedures	Business Ethics and Anti-Corruption	82
205-3	Confirmed incidents of corruption and actions taken	Business Ethics and Anti-Corruption	82
GRI 302: ENERGY			
302-1	Energy consumption within the organization	Energy Management and Emissions Reduction	67-68
302-3	Energy intensity	Energy Management and Emissions Reduction	67-68
302-4	Reduction of energy consumption	Energy Management and Emissions Reduction	67-68
GRI 303: WATER AND EFFLUENTS			
303-1	Interactions with water as a shared resource	Water Management	72
303-5	Water consumption	Water Management	72
GRI 305: EMISSIONS			
305-1	Direct (Scope 1) GHG emissions	Not applicable as the business has no Scope 1 emissions	
305-2	Energy indirect (Scope 2) GHG emissions	Energy Management and Emissions Reduction	67-68
305-4	GHG emissions intensity	Energy Management and Emissions Reduction	67-68

GRI Disclosure Indicator	GRI Disclosure Title	Reference to a Section of the Report or any Reasons for Omission	Page No.
GRI 306: WASTE			
306-1	Waste generation and significant waste-related impacts	Waste Management	72-73
306-3	Waste generated	Waste Management	72-73
GRI 401: EMPLOYMENT			
401-1	New employee hires and employee turnover	Diversity and Equal Opportunity	75 - 77
GRI 403: OCCUPATIONAL HEALTH AND SAFETY			
403-9	Work-related injuries	Occupational Health and Safety	77-78
403-10	Work-related ill health	Occupational Health and Safety	77-78
GRI 404: TRAINING AND EDUCATION			
404-1	Average hours of training per year	Diversity and Equal Opportunity	75 - 77
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY			
405-1	Diversity of governance bodies and employees	Diversity and Equal Opportunity	75 - 77
GRI 406: NON-DISCRIMINATION			
406-1	Incidents of discrimination and corrective actions taken	Diversity and Equal Opportunity	75-77

MARKET OVERVIEW

This report was prepared by JLL Morii Valuation & Advisory K.K. (JLL). The report is provided based on the market analysis as of 4Q2022. This report focuses on modern logistics facility which refers to the below:

- Floor area: 50,000 sqm or larger in Greater Tokyo and Greater Osaka; 30,000 sqm or larger in other areas
- Completion: Year 2000 or later
- Property type: Logistics facilities for lease

All information has been obtained from sources that JLL believes to be reliable; however, JLL makes no warranties or representations as to its accuracy.

1 MACRO ECONOMY IN JAPAN

1-1. OVERVIEW

The Japan's economy has been on a recovery phase, although the global economy is under downward pressure due to Russia-Ukraine war, China's COVID-19 policy, global inflation, and rising interest rates.

Russia-Ukraine war has caused energy and food prices to soar, and China's lockdowns disrupted production and logistics supply chains, affecting global production and consumption. However, supply chain disruption is waning with the lifting of restrictions. The Federal Reserve Board (FRB) raised its policy rates to combat inflation, while the Bank of Japan (BOJ) aims to keep its accommodative monetary policy, and the differences in monetary policy between the United States and Japan caused the yen to weaken significantly. As there will be a new governor of BOJ in April of 2023, a review of the monetary policy by the new governor is anticipated.

1-2. ECONOMIC ACTIVITIES

For Japan's economic activities, consumer spending recovered, while the lifting of restrictions on activities due to the spread of COVID-19 in March 2022 helped to restore daily life, and the return of service-related activities such as dining out and lodging boosted overall consumer spending. In addition, the annual retail sales value was increased by 2.6% y-o-y in 2022. Retail sales growth has been significant in the E-commerce (EC) sector. Many retailers have outsourced their logistics to third parties to focus on their main businesses, resulting in third-party logistics (3PL) providers benefitting. In particular, the E-commerce retailers are strong growth driver for 3PL sector.

1-3. MANUFACTURING INDUSTRY

The corporate production activities were stagnant due to the shortage of material supply because of China's lockdowns, but they have picked up as supply constraints have eased with the lifting of the restrictions. Japan's manufacturing industry, led by the automotive sector, accounts for roughly 20% of total GDP and is one of the most important industries in the economy. The Industrial Production Index, which represents the production activity of the manufacturing sector, declined in 2020 due to the impact of COVID-19, however, it began to grow in 2021 supported by the strengthening western economies. Expansion of the manufacturing sector is expected to boost the growth of the logistics market, by the increase in the transport volume of raw materials and semi-finished products, as well as the demand increase in storage. However, according to Oxford Economics, Industrial production is expected to fall 4.9% in 2022 while exports and imports are likely to rise 4.8% and 7.4%, respectively. Downside risks include a decline in exports due to the global economic slowdown and supply-side constraints.

1-4. GROSS DOMESTIC PRODUCT (GDP) AND CONSUMER PRICE INDEX (CPI)

In 2020, COVID-19 caused a significant negative growth, pulling down the nation's economy by 4.3% from a year ago, while the real GDP rose by 2.2% in 2021. The real GDP growth in the second quarter of 2022 was 4.5% on an annualized basis due to the recovery in private consumption and fixed investment, while a slight decline in third quarter of 2022 was recorded because of a significant increase of imports. According to Oxford Economics, it is expected to rise continuously by 1.3% in 2022.

CPI is relatively high, above 2%, in the short run due to the effects of a pass-through to consumer prices of cost increases led by a rise in import prices. According to the BOJ, the rate of increase is expected to decelerate toward the middle of fiscal 2023 due to a waning of these effects, as well as to the effects of pushing down energy prices from the government's economic measures.

2 LOGISTICS MARKET ENVIRONMENT IN JAPAN

2-1. MODERN LOGISTICS FACILITIES

Prior to the introduction of modern logistics facilities in early 2000s, traditional warehouses were the only choice of venue for storage and distribution in Japan. They were mostly owner-occupied and leasing opportunities were scarce.

Sophisticated tenants are increasingly attracted to modern logistic facilities over conventional facilities, as modern logistics facilities offer a variety of advantages, including: (i) leasing opportunities, (ii) multi-purpose uses of facilities with high specifications, (iii) adequate seismic standards in construction for business continuity plans, and (iv) inclusion of amenities and good working environments.

COVID-19 has accelerated the changes of these trends in the logistics industry, leading to the continuous expansion of the demand for modern logistics facilities.

Modern logistics facilities accounted for only 12% of the total logistics facilities supply in Japan as of 4Q2022, leaving a potential of expansion in the future. The modern logistics facilities are mainly located in major urban regions, such as Greater Tokyo and Greater Osaka, while the regional areas have a limited stock of modern facilities. The share of modern logistics facilities in the Greater Nagoya and Greater Fukuoka is much smaller, as the number of new developments in these cities has been limited.

2-2. FUNDAMENTALS OF LOGISTICS REAL ESTATE MARKET

The demand for logistics facilities has been continuously expanding, supported by the buoyant EC market and 3PL sector. In addition, the suspension of production activities in China in 2020 due to COVID-19 and the shortage of semiconductor and other supplied parts in 2021, and supply chain disrupted by China's lockdowns in 2022, have made corporations aware of the risk of supply chain disruption. This has resulted in companies stockpiling inventories or raw materials. Companies invest in additional inventories in case of unexpected situations, causing a short-term spike in demand for logistics space. This may generate the review of a logistics process, including the relocation of their logistics facilities to a more efficient warehouse. There is a high possibility that modern logistics facilities, which can be secured quickly with little initial investment, is selected. It is considered that this leads to an increased demand for modern logistics facility as well.

MARKET OVERVIEW

Although there is still uncertainty due to China's COVID-19 policy, Business-to-Business (B2B) logistics is expected to continue to recover as well. As for the private sector, consumption of groceries and daily necessities has been steady, and the expansion of online shopping has continued, leading to a rise in deliveries and number of courier services. In particular, demand for modern logistics facilities remains strong, and vacancies remain low, although there are some properties which need longer lease-up periods. The trend to install automated and labour-saving equipment continues, and demand for modern logistics facilities is expected to continue to grow.

2-3. STOCK AND SUPPLY ANALYSIS

In Japan, the total stock of logistics facilities is 547 million sq m as of 4Q2022, mostly concentrated in the Greater Tokyo, Greater Osaka, and Greater Nagoya. Approximately 52% of the total stock is concentrated in these three areas, with 29% in Greater Tokyo, 16% in Greater Osaka and 7% in Greater Nagoya.

In Greater Tokyo, divestment of owner-occupied facilities for off-balance-sheet purpose and the shift in demand for modern logistics facilities have resulted in an increase in supply of for-lease facilities. On the other hand, in Greater Osaka and Nagoya, as many facilities are owned by manufacturers and logistics companies, the increase of the share of for-lease facilities remained smaller than the ones in Greater Tokyo. In the long run, business expansion of EC firms and increases in outsourcing to 3PL service providers are expected to increase the demand for rental modern logistics facilities, increasing its share in Greater Osaka and Greater Nagoya.

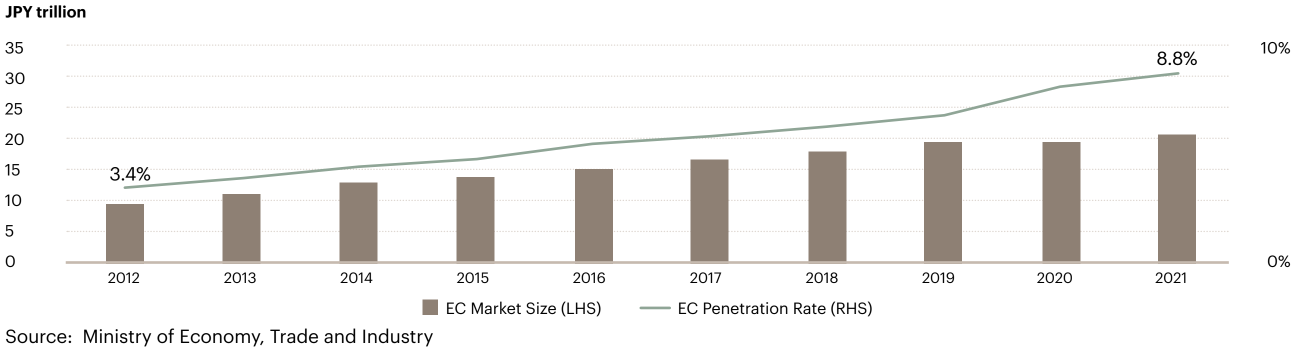
2-4. KEY DRIVERS OF DEMAND

2-4-1. E-commerce

The EC market has been expanding due to the impact of COVID-19, with an increasing number of people shopping online and many retailers adapting to the changing demands. In general, EC firms require large-scale logistics facilities to store and manage the large amounts of inventory in order to respond to online orders from across Japan. The Business to Consumers (B2C) EC industry has grown at rate of 9.0% from 2013 to 2021 (worth approximately JPY 21 trillion). The sales of B2C EC slightly declined in 2020, because of the contraction of consumption on services such as travels etc., due to COVID-19. However, EC has been continuously boosting the demand for modern logistics facilities, mainly driven by the expansion of product sales services. As a result, the sales of B2C EC in 2021 have increased by 7.4% y-o-y.

Although EC continues to grow at a fast pace on a global basis, traditional convenience store and drug store formats remain popular in Japan, slowing the dissemination of EC. However, this is changing, as some customers have shifted to on-line shopping from physical shopping due to the COVID-19 restrictions. The number of people utilising EC has grown significantly. According to government statistics, the annual growth rates of the household expenditure over the internet have been continuously increased by 6.3% and 11.2% in 2021 and 2022, respectively. The EC penetration rate or EC rate has been increased to 8.8% in 2021 from 8.1% in 2020. However, the EC rate in Japan is still lower than that of other countries such as the US, UK, and China, with an EC penetration rate of 15%-30%, which indicates high growth potential for the EC market in Japan.

B2C E-Commerce Market

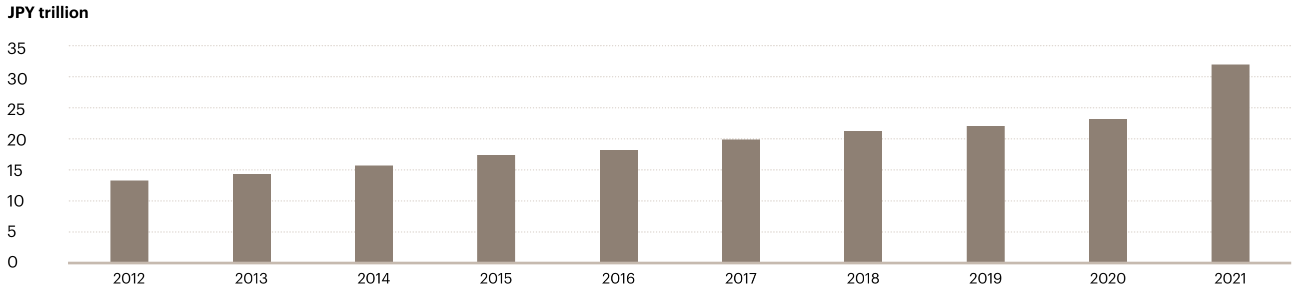


Source: Ministry of Economy, Trade and Industry

2-4-2. 3PL

As retailers and manufacturing firms are under pressure to reduce costs and invest more capital into their core businesses, the outsourcing of logistical operations to 3PL companies has been growing in popularity. They also tend to have higher building specification requirements, such as heavier floor loads and taller ceiling heights, that are compatible with various inventory types. The recovery of B2B from the impact of COVID-19 and the continuous growth of the EC market are supporting logistics demand from this segment of customers. In addition, as rising logistics costs such as truck freight, labour costs, and fuel costs are included in transaction volume, 3PL companies' sales have grown significantly with an increase of 37.7% y-o-y in 2021.

3PL Sales



Source: Ministry of Economy, Trade and Industry

2-4-3. Rising operational costs in the logistics sector

Structural shifts in the retail industry driven by the popularity of convenience and drugstores, as well as the expansion of EC, has resulted in a corresponding pickup in the number of deliveries. The increasing costs, particularly labor costs, are attributable to: (i) aging workforce; (ii) increased work strain from higher-frequency deliveries and re-deliveries; and (iii) reduced competitiveness to attract truck drivers from other sectors.

The increase in logistics operational costs has become an issue for many firms, encouraging them to review their existing logistics facility locations and develop more efficient operational strategies. As a result, the cases of consolidation of multiple facilities to a single large facility and/or relocation to facilities suitable for high-frequency deliveries and warehouse works have been increasing. Furthermore, in order to deal with high volume deliveries and structural shortages of labor force, logistics firms increasingly install automated machines and systems. The increase in the usage of automated machines in logistics facilities is prompting the need for more electric capacity and large-floor plate facilities. Older logistics facilities often provide limited electric capacity with small floor plates, as a result, demands are shifting towards modern logistics facilities.

2-4-4. The restriction on number of overtime-working hours in 2024

Starting 1 April 2024, truck drivers in Japan will be subject to a limit on the maximum number of overtime-working hours within a year, maximum to 960 hours. In addition, truck drivers can drive continuously 4-hour, however, they must take certain amount of time to rest during its driving hour. This restriction might give some impacts on the transportation and logistics industry, such as decline in profit for transportation and logistics companies due to an increase in transportation fee paid by consignee, decrease in driver’s income due to the shortage of working hours etc. In order to address these issues, companies may need to find solutions such as improving their working conditions, and investing in technology to increase efficiency etc. In addition, the demand and development of logistics facilities in regional areas, where it is nearer to the end consumers there, might be widely selected across Japan.

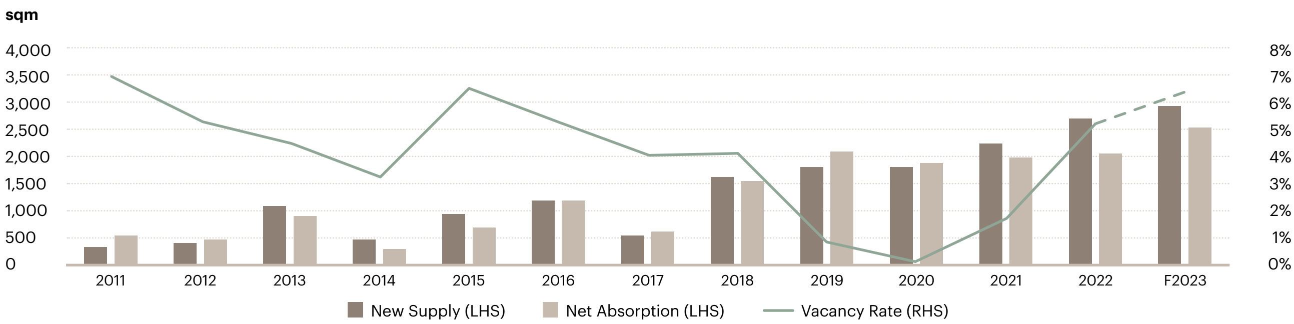
MARKET OVERVIEW

2-5. GREATER TOKYO

In Greater Tokyo, the large amount of new supply with over 2 million sq m continues since 2021. The new supply is scheduled mostly in inland areas, which accounts for about 70% of the total supply in Greater Tokyo, as there are limited available land for acquisition in bay areas. Although there are strong demands, new supply far exceeding new demand in 2021 and 2022. As a result, the vacancy increased moderately to 5.2% in 2022. The increases of vacancy in Tokyo Bay area, Kanagawa Bay area, and Kanagawa Inland area were pushing up the overall vacancy rate. Some new logistics facilities located far from the centre of Tokyo may remain vacant upon the completion, and it often takes about one year after completion for full occupancy. The length of leasing-up period tends to be longer.

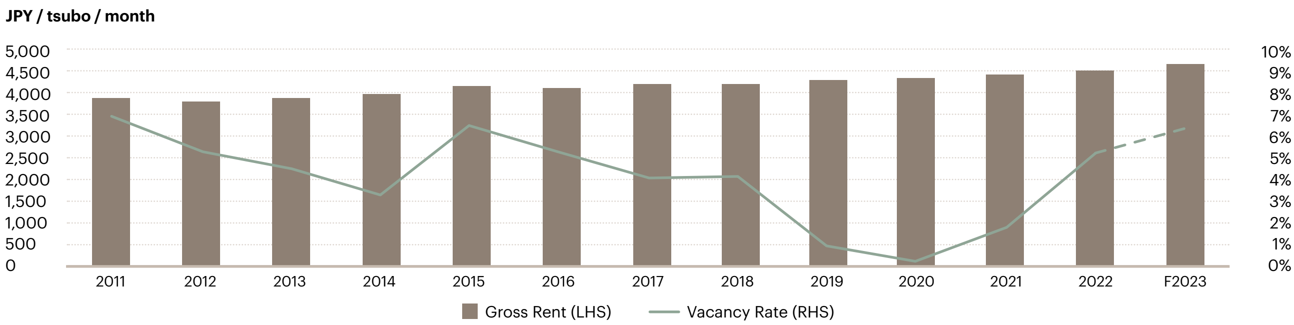
Although the demand is expected to increase significantly, more new supply is expected in 2023. The vacancy rate may continue to rise over 6% in 2023. Thereafter, the supply-demand balance is projected to remain tight, and vacancy rates will hover around the 5-6% range. However, the rent is expected to continue to increase moderately supported by the strong demand.

Greater Tokyo – New Supply, Net Absorption and Vacancy Rate



Source: JLL

Greater Tokyo – Rent and Vacancy Rate



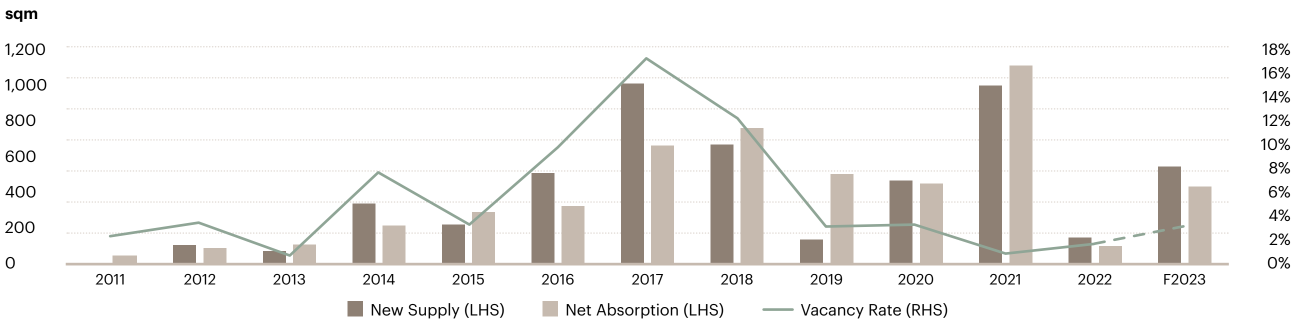
Source: JLL

2-6. GREATER OSAKA

Until 2017, the stock of logistics facilities in Greater Osaka area was mostly located in the bay area. However, infrastructure improvements created favourable access to East Japan and can more easily attract workers. In the past several years, more new supply has been shifting towards the inland areas. Same as the other regions, areas for development of logistics facilities have been expanding. In Greater Osaka, logistics companies and 3PL are more likely to locate in the bay area, while EC and retail companies tend to be more prevalent inland area. The large EC company, JP Rakuten Logistics, Inc., will take place as a single tenant of the modern logistics facilities in Yao city, with the completion in 2023.

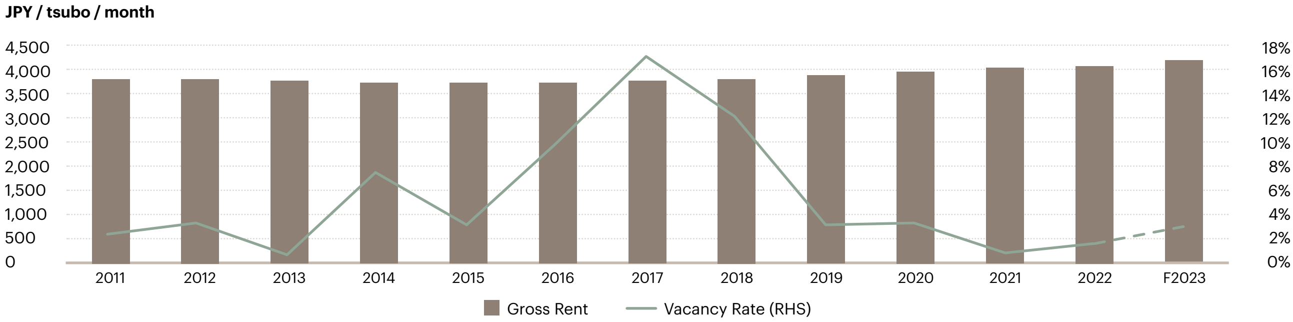
Although there was second largest supply with approximately 1 million sq m in 2021, the demands exceeded the supply and the vacancy declined to 1.1%. As the amount of new supply in 2022 was limited, tight supply-demand balance kept the vacancy rate low at 1.8%. However, the vacancy rate might go up with the new supply of 500,000 sq m in 2023. Since the rents in the inland area tend to be higher than ones in the bay area, overall rent in Greater Osaka has been going up. Going forward, vacancy rate is expected to remain low and rent continues to increase moderately.

Greater Osaka – New Supply, Net Absorption and Vacancy Rate



Source: JLL

Greater Osaka – Rent and Vacancy Rate



Source: JLL

MARKET OVERVIEW

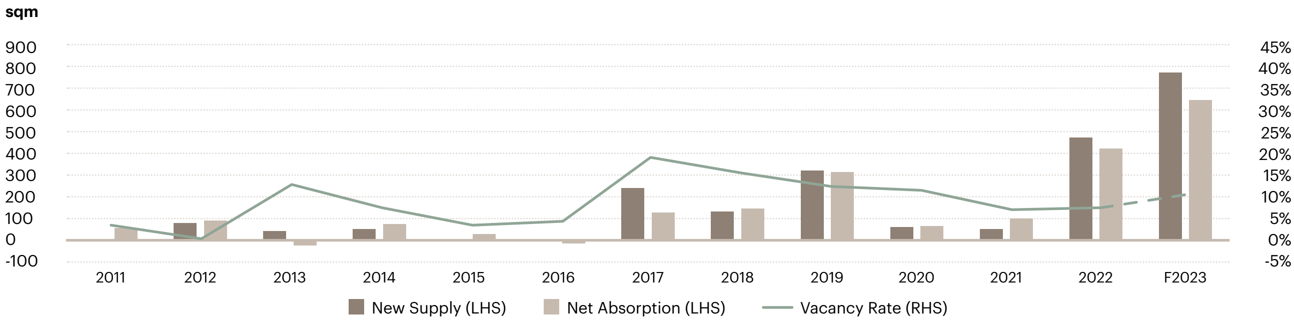
2-7. GREATER NAGOYA

In Greater Nagoya, the manufacturing industry is highly developed, mainly with the automotive industry led by Toyota Motor Corporation. The Nagoya Area is an important hub in the expressway network to connect Greater Tokyo and Greater Osaka. Along with the increase of available routes to the Port of Nagoya and Isewangan Expressway, the accessibility to wider areas has improved. With the opening of the Ise Bay Highway and the New Meishin Expressway, access to central Nagoya and wider areas has improved. The demand for logistic facilities is expanding to the Bay Area, while it used to be mostly in inland areas.

In Greater Nagoya, many manufacturing and logistics companies own their logistics facilities, while the number of modern logistics facilities is limited, compared to Greater Tokyo and Greater Osaka. The size of stock of modern logistics facilities in Greater Nagoya is relatively small and overall rent is easily impacted by new supply. As the rent for new properties is higher than that of existing properties, overall market rent in Nagoya has been rising.

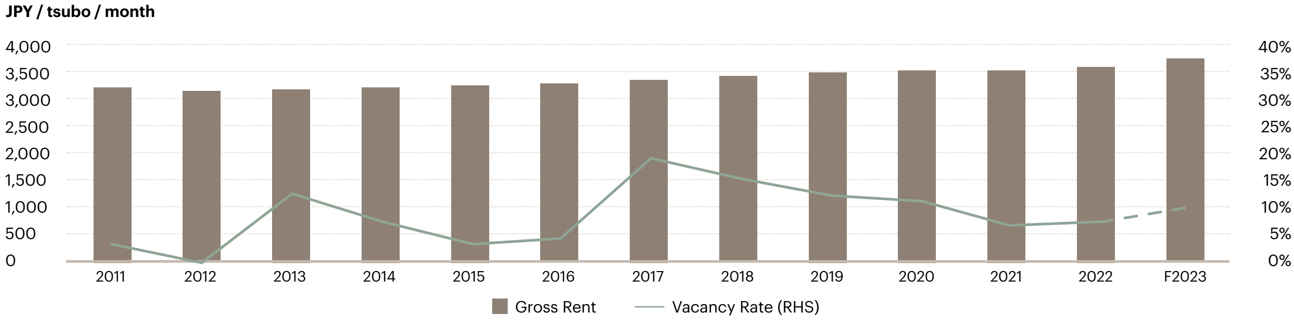
Similar to Greater Tokyo and Greater Osaka, supply-demand balance is not expected to deteriorate significantly due to strong demand. It is expected that a large amount of new supply in 2023, 780,000 sq m, may raise vacancy to around 10%, however, vacancy rate may go down to around 6.7% in 2024 supported by a strong demand. The rent is expected to continue to increase.

Greater Nagoya – New Supply, Net Absorption and Vacancy Rate



Source: JLL

Greater Nagoya – Rent and Vacancy Rate



Source: JLL

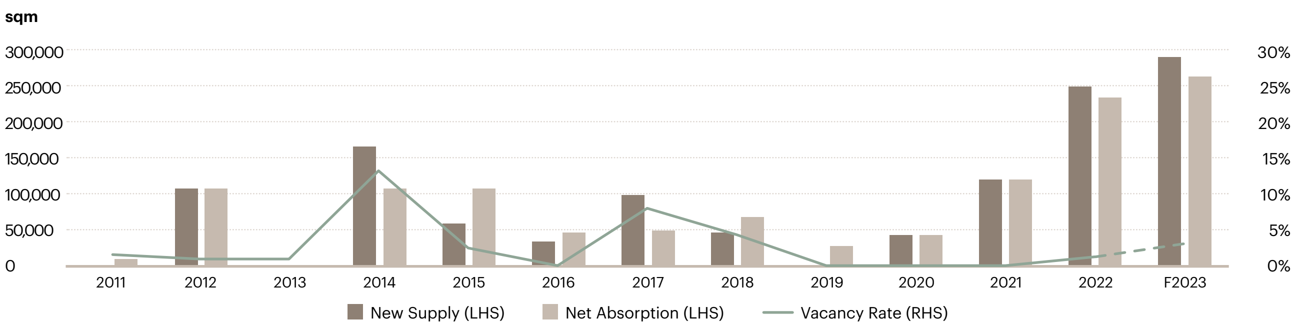
2-8. GREATER FUKUOKA

The logistics facilities are concentrated in northern Kyushu. Fukuoka prefecture has important rolls for all logistics routes, including the Port of Hakata and Fukuoka Airport, in addition to the Kyushu Expressway connecting to the Chugoku region. Fukuoka Prefecture accounts for 40% of the population in the Kyushu region, and Fukuoka City and Kitakyushu City are also important consumer destinations.

For the development of the large-scale logistics facilities, there used to be mainly by foreign funds, however, increased number of domestic real estate companies are also active nowadays. As the available lands for the development of the logistics facilities are very limited, it also causes the rental increase in Greater Fukuoka. As the same as other regions, the moderate rental increase is expected to continue.

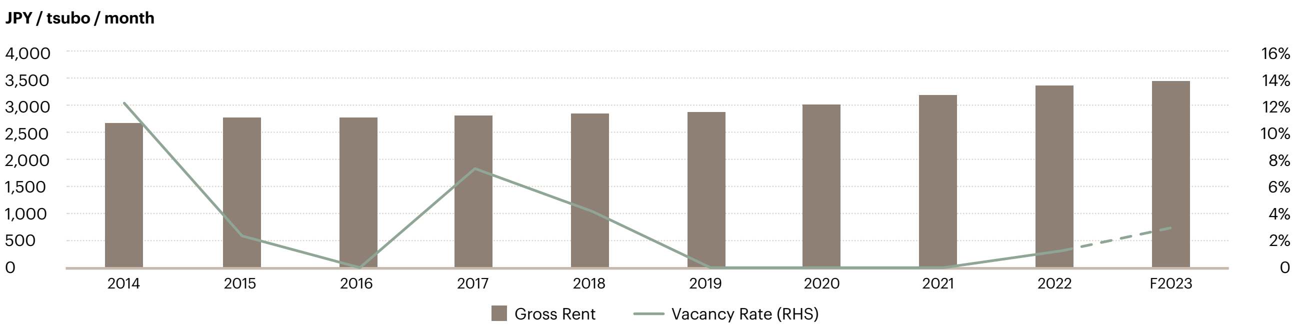
In Greater Fukuoka, the logistics facilities are used as logistics bases for manufacturing companies to serve entire Kyushu region and as distribution centres of convenience stores and supermarkets to cover Fukuoka City and northern Kyushu. Tenants include large companies with nationwide operations and local logistics companies, whose home-base is Kyushu etc. Although there are many multi-tenant logistics facilities, some of them are furnished rampways, and most of them are box-shaped and/or with slope. There is large new supply in Greater Fukuoka in 2022 and 2023 with 230,000 sq m and 270,000 sq m respectively, however, the vacancy rate remained low at 1.3% in 2022 and slightly rise to 3.0% in 2023, however, it is still below 5%.

Greater Fukuoka – New Supply, Net Absorption and Vacancy Rate



Source: JLL

Greater Fukuoka – Rent and Vacancy Rate



Source: JLL

MARKET OVERVIEW

2-9. OTHER REGIONS

The strong demand for 3PL sector resulting from the growth of EC market, as well as the factors such as limits on truck driver overtime-working hours, have led to the expansion of logistics facilities supply to regional areas. However, due to high demand of logistics facilities and rising land and construction costs, rents of logistics facilities are also upward trends in regional areas.

2-9-1. Sapporo

The population of Hokkaido is 1.9 million, and about one-third of the entire population is concentrated in Sapporo city. Sapporo city and its surrounding areas are highly important in all industries, and logistics facilities are concentrated in the Sapporo area, which is the largest consumer market. Sea transport accounts for more than 80% of logistics between Hokkaido and Honshu, with the majority of goods being unloaded at the port of Tomakomai. Therefore, the Hokkaido expressway, which connects the port of Tomakomai and Sapporo city, is significantly important. The Hokkaido expressway connects the second largest city of Asahikawa in the north and the third largest city of Hakodate in the south, making the surrounding area easily accessible. The main logistics facilities along the Hokkaido expressway are the Oyachi Distribution Centre with many aged warehouses, the Sapporo Junction area where beverage vendors and e-commerce companies are expanding, and the Wattsu industrial park located in Kitahiroshima city. In preparation for the risk of disruption to the Pacific Ocean shipping network, the importance of the Japan sea shipping routes has also increased. Many food-related companies and refrigerated warehouses are located behind the Ishikariwan-Shinko. In addition, the "DPL Sapporo Rail Gate" which enables railway container transport to various parts of the country, was completed in 2022 within the "Sapporo Freight Terminal" station premises. As demand remains resilient and new supply is limited, the supply-demand balance is expected to be maintained, and a trend of rising rents is anticipated to continue.

2-9-2. Sendai

Sendai city is the largest city in the Tohoku region with a population of 1.09 million. It plays a role as a logistics hub from Greater Tokyo. The logistics market in the Tohoku region has a shorter history compared to Greater Tokyo, and the supply of large facilities exceeding 20,000 sq m started around 2006. After the Great East Japan Earthquake, development was interrupted, but it resumed after 2014, and the supply of rental logistics facilities has been stable in recent years. Many of these facilities are located in Sendai city, but the supply of logistics facilities for lease is limited compared to the Greater Tokyo, and most of the large facilities are built-to-suit (BTS). The logistics market in Sendai is divided into an inland area centred on Izumi ward and Tomiya city, and a bay area centred on Sendai port and an airport area.

Tenants of logistics facilities are mainly logistics companies, with some EC, retail, food wholesale, and manufacturing companies. Izumi ward, where large logistics facilities are concentrated in the inland area, has been developed since 1979 in the complex new town of Izumi Park Town, and many have been constructed since 2014. Tomiya city, where is next to Izumi ward, is a bedroom town of Sendai city and has several industrial parks within the city. Infrastructure has also been improved, and transportation access to Sendai port has been improved. The area around Sendai port has become an industrial and logistics area, and construction of large logistics facilities has been underway since the 2000s. Although logistics facilities developed in the Sendai airport area in the 2000s, they suffered damage from the Great East Japan Earthquake because they were close to the coastline, and the development of large logistics facilities for lease had decreased. However, since the development sites behind Sendai port are limited, attention is also being paid to airport areas such as Iwanuma city and Natori city. Existing logistics facilities in Sendai city are almost fully occupied, and new supply is limited. A trend of rising rents is expected to continue.

2-9-3. Hiroshima

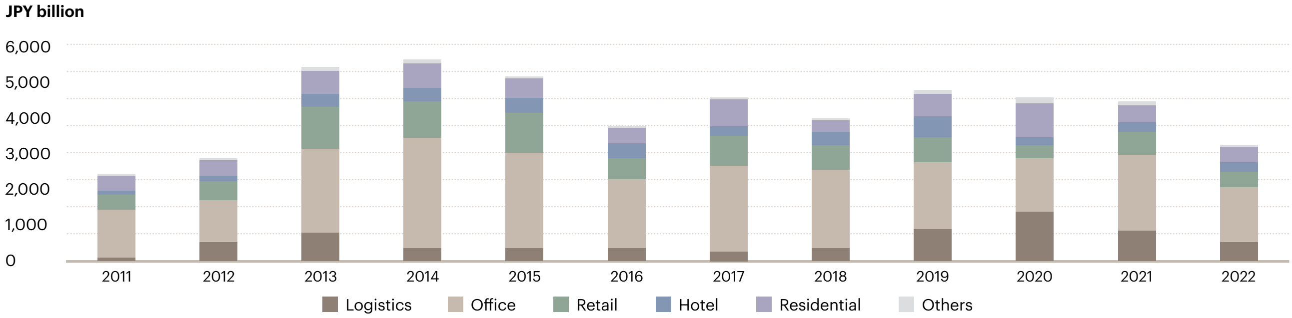
Hiroshima city has a population of 1.19 million and is home to industries such as shipbuilding, steel, automobiles, electrical machinery, and electronic components, as well as a concentration of companies that oversee the Chugoku region. Its manufacturing output has been the top in the Chugoku, Shikoku, and Kyushu regions for 11 consecutive years. Hiroshima city is situated between Kansai and Kyushu economic zones, and its strategic location, connected by the Sanyo expressway and the Hiroshima expressway, making it an excellent logistics hub that covers the entire Chugoku region. Hiroshima city's status as a consumer market generates significant demand for logistics facilities, particularly for delivery services in the city centre and surrounding regions. In the bay area centred on the reclaimed land of Hiroshima city and adjacent cities, unused reclaimed land has been subdivided and utilized for logistics facilities. However, in recent years, logistics facilities have also been developed on the sites, such as former factories. Previously, there were many BTS-type logistics facilities that housed tenants such as food wholesalers, but gradually since around 2017, multi-tenant logistics facilities have been supplied. Additionally, with the setting of a limit on the annual overtime-working hours for truck drivers in 2024, there has been a trend of establishing logistics hubs as inventory-type logistics centres and relay bases between the Kansai and Kyushu regions. Hiroshima city is located in a strategic position covering the Chugoku region, therefore there is a continuous demand, however, new logistics facilities supply is limited. Similar to other areas, a trend of rising rents is expected to continue.

3 LOGISTICS INVESTMENT MARKET

3-1. SALES TRANSACTION

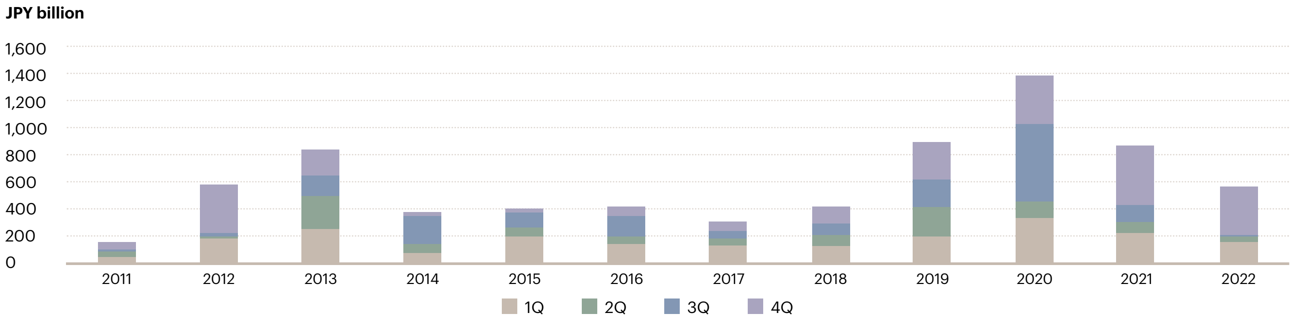
In terms of real estate investment and real estate development, logistics demand has been growing. Many investors have expanded their investment in logistics real estate and more developers have started development, as logistics assets are considered to offer a longer-term stable income attributing to the EC market growth and increased demand for 3PL

All Sector Transaction in Japan



Source: JLL

Logistics Transaction in Japan



Source: JLL

MARKET OVERVIEW

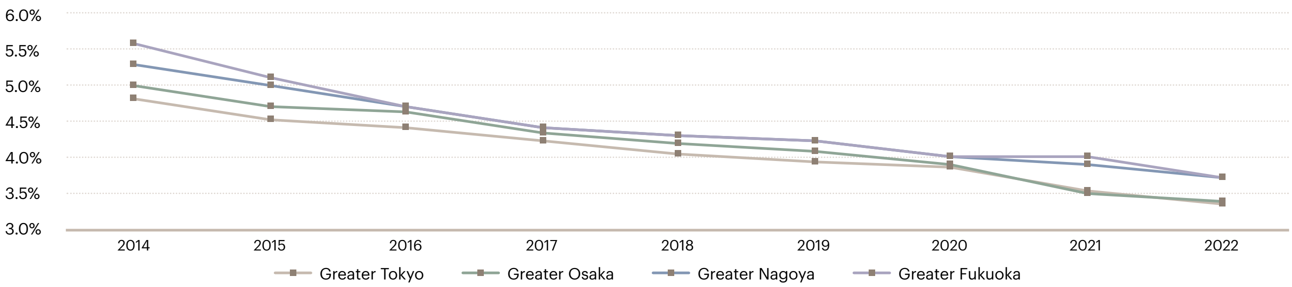
providers. Many domestic and foreign players have been increasing their investment in logistics facilities. Investors' interests for large-scale modern logistics facilities with high specification in superior locations remain continuously strong. This has resulted in the continued rising prices of logistics real estate.

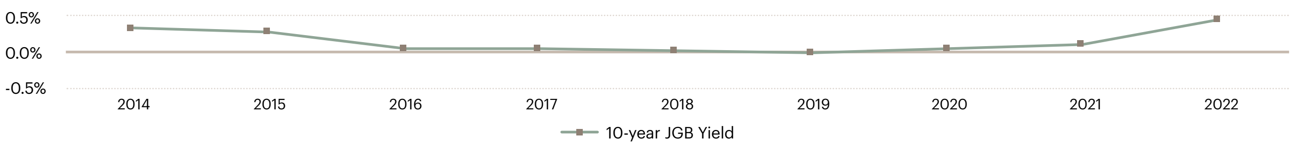
The decline in the number of transactions by J-REITs in 2022 resulted in the lower annual investment volumes compared to 2020 and 2021. Due to the limited number of investment opportunities and the strong investors' demands for high-quality logistics facilities, the logistics acquisition market has become competitive. As a result of the lack of available assets to buy, the transaction volume declined by 35% y-o-y in 2022 notwithstanding the strong demand.

3-2. CAPITALISATION RATE

The chart shows the capitalisation rate or cap rate trend of logistics sector across Japan. The cap rates have continuously compressed over the years in all areas. The attention to logistics facilities from domestic and foreign investors has further increased, as the logistics sector is considered as a stable investment target due to its stable income under the COVID-19 situation supported by the buoyant EC market, in contrast to the office sector which was severely affected by the pandemic. Reflecting such strong investor demand, cap rates of logistics facilities in Greater Tokyo and Greater Osaka have been largely compressing, at lower 3%, and its trend is continuing. As a result, the cap rates of logistics facilities across Japan are compressing.

Cap Rates





Source: JLL, Oxford Economics

4 OUTLOOK

Japan's economy is on the moderate recovery phase supported by an increase in economic activities. However, there is a downside risk due to the downward pressure of global economy. It has been the favorable financial environment with low financing costs in Japan, as the BOJ keeps its accommodative monetary policy. However, a review of the monetary policy by the new governor of the BOJ is anticipated.

As for the logistics market, the demand of modern logistics facilities will remain strong supported by the buoyant EC market and 3PL sector. The leasing-up period tends to be longer because of the large new supply, especially in Greater Tokyo. The areas for the development of logistics facilities expand in the most of regions across Japan. A certain amount of new logistics facilities supply is expected to continue in Greater Tokyo, Greater Osaka, Greater Nagoya, and Greater Fukuoka. However, moderate rental growth and remaining vacancy rates low are projected due to strong demand. The strong investment appetite for modern logistics facilities continues and leads to rise its price and to compress cap rate. These trends on logistics sector in Japan likely continue.

CORPORATE GOVERNANCE REPORT

The Manager of Daiwa House Logistics Trust ("**DHLT**" or the "**Trust**") is responsible for the strategic direction and management of the assets and liabilities of DHLT and its subsidiaries (collectively, "the **Group**"). As a REIT manager, the Manager is licensed by the Monetary Authority of Singapore ("**MAS**") and holds a Capital Markets Services Licence for REIT management ("**CMS Licence**").

The Manager discharges its responsibility for the benefit of DHLT and its unitholders ("**Unitholders**"), in accordance with the applicable laws and regulations as well as the trust deed constituting DHLT (the "**Trust Deed**"). To this end, the Manager sets the strategic direction of the Group and gives recommendations to HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of DHLT (the "**Trustee**"), on the acquisition, divestment and enhancement of assets of the Group.

The Manager was appointed in accordance with the terms of the Trust Deed. The Trust Deed outlines certain circumstances under which the Manager can be removed, including by notice in writing given by the Trustee upon the occurrence of certain events, or by resolution passed by a simple majority of Unitholders present and voting at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

The Manager's roles and responsibilities include:

- carrying on the Group's business to manage assets and liabilities and generate returns in a sustainable manner for the benefit of Unitholders and to conduct all transactions on an arm's length basis and on normal commercial terms;
- preparing annual budget proposal with forecast on gross revenue, property expenditure, capital expenditure and providing explanations on major variances against budget and prior year's actual results, written commentaries on key issues and any other relevant assumptions. The purposes of such plans, proposals and analysis are to chart the Group's business for the year ahead and to explain the performance of DHLT's properties compared to the prior year (where applicable); and
- ensuring compliance with applicable laws and regulations, including the Securities and Futures Act 2001 of Singapore, the Listing Manual of Singapore Exchange Securities Trading Limited ("**SGX-ST**") (the "**Listing Manual**"), the Code on Collective Investment Schemes ("**CIS Code**") issued by the MAS (including Appendix 6 of the CIS Code, the "**Property Funds Appendix**"), the Singapore Code on Take-overs and Mergers, the Trust Deed, the CMS Licence, written directions, notices, codes and other guidelines that the MAS may issue from time to time and any tax rulings and all relevant contracts and making final recommendations to the Trustee.

(A) BOARD MATTERS

The Board's Conduct of Affairs
Principle 1: Effective Board

The Manager adopts the principle that an effective Board of Directors (the "**Board**") for the Manager is one constituted with the right core competencies and diversity of experience, so that the collective wisdom of the Board can give guidance and provide insights as well as strategic thinking to the management team of the Manager ("**Management**").

The key roles of the Board are to:

- guide the corporate strategy and direction of the Manager;
- ensure that Management discharges business leadership and demonstrates the highest quality of management with integrity and enterprise;
- oversee the proper conduct of the Manager; and
- ensure that measures relating to corporate governance, financial regulations and other required policies are in place and enforced.

CORPORATE GOVERNANCE REPORT

Directors' Fiduciary Duties and Conflicts of Interest (Provision 1.1)

The Manager has in place a code on general conduct and discipline which sets out the framework and guidelines on ethical values such as honesty and responsibility as well as the appropriate conduct expected of Management and employees. The Board sets the appropriate tone from the top in respect of the desired organisational culture and ensure proper accountability within the Manager.

The Board recognises that the Directors are fiduciaries who are obliged at all times to act objectively in the best interests of DHLT and its Unitholders as a whole, and to hold the Management accountable for performance. In line with this, the Board has a standing policy that a Director must not allow himself to get into a position where there is a conflict between his duty to DHLT and his own interests. The Manager has a policy which provides that where a Director has a conflict of interest in a particular matter, he will be required to disclose his interest to the Board, recuse himself from deliberations on the matter and abstain from voting on the matter. Every Director has complied with this policy, and where relevant, such compliance has been duly recorded in the minutes of meeting or written resolutions.

In discharging their roles and responsibilities, all Directors of the Board are expected to act and have acted in the best interests of DHLT.

The positions of Chairman and CEO are held by two separate persons in order to maintain effective oversight. The Board has also established the Audit and Risk Committee (the "**ARC**") which operates under delegated authority from the Board, to assist the Board in discharging its oversight function. The Board comprises six Directors, of whom five are Non-Executive Directors. Of these five Non-Executive Directors, three are Independent Directors.

The following sets out the current composition of the Board:

- Mr Tan Jeh Wuan
  Chairman and Non-Executive Independent Director and Member of the ARC
- Mr Tan Juay Hiang
  Non-Executive Independent Director and Chairman of the ARC
- Mr Takashi Suzuki
  Non-Executive Independent Director and Member of the ARC
- Mr Yoshiyuki Takagi
  Non-Executive Non-Independent Director and Member of the ARC
- Mr Eiichi Shibata
  Non-Executive Non-Independent Director
- Mr Takeshi Fujita
  Executive Non-Independent Director and Chief Executive Officer

The Board comprises business leaders and distinguished professionals with banking, legal, real estate, strategic planning and management experience. The profiles of the Directors are set out in pages 8 to 10 of this Annual Report.

Board and Board Committee meetings and attendance (Provision 1.5)

The Board meets regularly at least once every quarter, to review the business performance and outlook of the Group and deliberate on business strategy, including any acquisitions, disposals, fund-raisings and development projects undertaken by the Group.

As the Directors reside in different countries, they may participate in a Board or Board Committee meeting by audio or video conference where necessary. When exigencies prevent a Director from attending a Board or Board Committee meeting in person, such Director can participate by audio or video conference.

CORPORATE GOVERNANCE REPORT

The Directors' attendance for the meetings of the Board, the ARC and the EGM of DHLT held during the financial period from 26 November 2021 (being the listing date of DHLT) to 31 December 2022 ("**FP2022**") is as follows:

		Board	**ARC**	**EGM**[1]
Number of meetings held in FP2022		5	4	1
Board Members	**Membership**			
Mr Tan Jeh Wuan (Appointed on 2 November 2021)	Chairman, Independent Non-Executive Director, and member of the ARC	5	4	1
Mr Tan Juay Hiang (Appointed on 2 November 2021)	Independent Non-Executive Director and Chairman of the ARC	5	4	1
Mr Takashi Suzuki (Appointed on 2 November 2021)	Independent Non-Executive Director and Member of the ARC	5	4	1
Mr Yoshiyuki Takagi (Appointed on 2 November 2021)	Non-Independent Non-Executive Director and Member of the ARC	5	4	1
Mr Eiichi Shibata (Appointed on 12 April 2021)	Non-Independent Non-Executive Director	5	–	1
Mr Takeshi Fujita (Appointed on 26 November 2020)	Non-Independent Executive Director and Chief Executive Officer	5	4*	1

1 Held on 1 December 2022.
* By invitation

Board Reserved Matters (Provision 1.3)

The Board approves all investments, and divestments projects. The Board has a set of delegations of authority to the CEO and other executive officers of the Manager which sets out approval limits for operational and capital expenditures and treasury activities to be undertaken by the Manager to facilitate operational efficiency as well as provide a system of checks and balances. Without prejudice to transactions which are required by applicable laws, rules and regulations and the Trust Deed to be subjected to Board's approval, Board's approval is required for material transactions undertaken by the Manager. Such material transactions are also included in the set of delegations of authority which has been clearly communicated to Management in writing.

Such material transactions include:

- equity fund-raising;
- acquisition, development and disposal of properties;
- overall project budget variance and ad hoc development budget above Board-prescribed limits;
- debt fund-raising above Board-prescribed limits; and
- derivative contracts above Board-prescribed limits.

CORPORATE GOVERNANCE REPORT

Directors' Orientation, Induction, Training and Development (Provision 1.2)

Each Director is given a formal letter of appointment setting out his duties and obligations under the relevant laws and regulations governing the Manager. The Manager conducts orientation to brief new Directors on the Manager's business, strategic directions, risk management policies, the regulatory environment in which the Group operates and the governance practices of the Group and the Manager, including in areas such as accounting, legal and industry-specific knowledge as appropriate. The Board is updated on any material change to relevant laws, regulations and accounting standards by way of briefings from professionals at the Manager's expense or updates issued by Management.

The Manager notes the requirement under the Code of Corporate Governance 2018 ("**2018 CG Code**") and Rule 210(5) of the Listing Manual on the training requirements for directors with no prior experience as directors of an issuer listed on the SGX-ST ("**First-time Directors**"). Mr Tan Jeh Wuan, Mr Takashi Suzuki, Mr Yoshiyuki Takagi, Mr Eiichi Shibata and Mr Takeshi Fujita are the First-time Directors. As part of the training programme arranged for the Directors during FP2022, they attended the "Listed Entity Director Programme" training courses conducted by the Singapore Institute of Directors ("**SID**") and the "Regulatory Requirements for Real Estate Investment Trust and REIT Manager" conducted by KPMG Services Pte. Ltd.

The Company Secretary, Boardroom Corporate & Advisory Services Pte. Ltd., the external auditor and compliance adviser update and brief the Directors on changes and new developments in regulatory requirements. Relevant releases issued by the SGX-ST, the Accounting and Corporate Regulatory Authority ("**ACRA**") as well as news articles which are relevant to the Group's business are also circulated to the Directors.

To be able to effectively establish the sustainability strategy for DHLT and develop the necessary expertise to review and approve its sustainability report, the Board also attended the "Listed Entity Director Programme - Environmental, Social & Governance Essentials (Core) module" conducted by SID to further equip themselves regarding the roles and responsibilities of the Board in relation to sustainability governance, including how the Board can drive sustainability compliance, as well as integrate ESG factors in its corporate strategies.

Access to Information (Provision 1.6)

The Management provides the Board with complete, adequate and timely information prior to Board meetings, as well as when the need arises to enable the Directors to make informed decisions and discharge their duties and responsibilities. These include matters requiring the Board's decision, as well as ongoing reports relating to the operational and financial performance of DHLT and the Manager. Management also furnishes any additional information requested by the Board in a timely manner in order for the Board to make informed decisions.

Access to Management and Company Secretary (Provision 1.7 and 2.5)

Directors have separate and independent access to Management and the Company Secretary which is an outsourced service provider.

The appointment and removal of the Company Secretary is subject to the approval of the Board.

The Company Secretary attends to the administration of corporate secretarial matters and advises the Board on governance matters. The Company Secretary also attends all Board and Board Committee meetings and provides assistance to the Chairman in ensuring adherence to Board procedures.

The Board seeks independent professional advice as and when necessary, at the Manager's expense, to enable it and/or the Independent Directors to discharge their responsibilities effectively. The ARC which comprises all Independent Directors meets the external and internal auditors separately at least once a year, without the presence of Management.

CORPORATE GOVERNANCE REPORT

Board Composition and Guidance
Principle 2: Appropriate level of independence and diversity of thought

Independent Directors and Non-Executive Directors comprise a majority of the Board (Provisions 2.1 to 2.3)

The Board reviews from time to time the size and composition of the Board and each Board Committee, to ensure that the size of the Board and each Board Committee is appropriate in facilitating effective decision making.

The Manager adopts the principle that a board composition with a strong and independent element as well as diversity of thought and background will allow the Directors to engage in robust deliberations with Management and provide external, diverse and objective insights on issues brought before the Board for discussion and deliberation. In particular, the Non-Executive Directors will also conduct periodic review of the investment mandate as well as the strategic focus of DHLT with Management.

Further, such a board composition, and the separation of the roles of the Chairman and the CEO, provides oversight to ensure that Management discharges its roles and responsibilities effectively and with integrity.

Board Composition and Diversity (Provision 2.4)

Half of the Board comprises Independent Directors. Non-Executive Directors make up a majority of the Board. The Board is of the opinion that its current size is appropriate, taking into account the scope and nature of operations of the Manager and the Group, for effective decision-making and constructive debate. The Board comprises Directors who collectively have the core competencies, such as accounting or finance, business or management experience, legal or industry knowledge, strategic planning experience and customer-based experience or knowledge, required for the Board to be effective in all aspects of its roles.

Provision 2.4 of the 2018 CG Code requires the disclosure of the Manager's board diversity policy and progress made towards implementing a board diversity policy. The Board has established a board diversity policy which facilitates due consideration to be given to the benefits of diversity. The Board will consider the differences in the skills, knowledge, experience, professional and industry background, geographical experience, expertise, gender, age, ethnicity, culture, nationality and other relevant aspects of diversity in determining the composition of the Board. The composition will be reviewed annually to ensure that the board size is appropriate and has the appropriate mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, taking into consideration the nature and scope of DHLT's operations, to discharge their duties and responsibilities. The Board supports gender diversity. As the Board is relatively new since DHLT's listing, the Board will seek female candidate for next director if the need arises. The ultimate decision will be based on merit and contribution that the selected candidate will bring to the Board.

The current Board comprises individuals whose diverse expertise and experience in the combined areas of accounting and finance, business and management, regulatory, industry knowledge and strategic planning provides core competencies necessary to lead and govern the Group effectively. The diverse professional backgrounds of the Directors enable Management to benefit from their external, varied and objective perspectives on issues brought before the Board for discussion and deliberation. Each Director is appointed on the strength of his calibre, experience, stature, and potential to give proper guidance to Management on the business of the Group.

The Board is of the view the Board and ARC have and the Board will ensure that the Board and the ARC will continue to have an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of DHLT and its Unitholders.

Chairman and CEO
Principle 3: Clear division of responsibilities

Separation of Chairman and CEO (Provision 3.1)

The Board and the Manager adopt the principle of clear separation of the roles and division of responsibilities between the Chairman of the Board and the CEO of the Manager (which has been set out in writing) and that no one individual has unfettered powers of decision-making. The Chairman and the CEO are not related to each other so as to maintain an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.

Roles of Chairman and CEO (Provision 3.2)

The Chairman is responsible for the overall management of the Board as well as ensuring that the Directors and Management work together with integrity and competency, and he guides the Board in constructive debates on the Group's strategic direction, management of its assets and governance matters.

The CEO is responsible for the running of the Manager's business operations. He has full executive responsibilities over the business and operational decisions of the Group. The CEO is also responsible for ensuring the Group's compliance with the applicable laws and regulations in its day-to-day operations.

Appointment of Lead Independent Director (Provision 3.3)

In view that the Chairman is independent, no lead independent director has been appointed.

Board Membership
Principle 4: Formal and transparent process for appointments

Roles and Responsibilities of the Nominating Committee ("NC") (Provision 4.1)
Composition of the NC (Provision 4.2)
Roles and Responsibilities of the Remuneration Committee ("RC") (Provision 6.1)
Composition of the RC (Provision 6.2)

The Board undertakes all the responsibilities of the nominating and remuneration committees and is able to do so because:

(a) the Manager does not manage any other REIT and in general, REITs (including DHLT) have a more focused scope and scale of business compared to those of listed companies. For this reason, the Board's capacity would not be unduly stretched by reason of it undertaking the responsibilities of a nominating and remuneration committee and the Board would be able to give adequate attention to such issues relating to nomination and remuneration matters; and

(b) the Independent Directors form half of the Board and the Chairman is an Independent Director, which demonstrate that the Independent Directors play a substantive role and assure the objectivity and independence of the decision-making process concerning nomination and remuneration.

The Manager was guided by an independent human resource and remuneration consulting firm, Mercer (Singapore) Pte. Ltd. ("**Mercer**"), who has no relationship with the Manager, the controlling shareholders of the Manager or its related entities and the Board, that would interfere with its ability to provide independent and objective advice to Board.

CORPORATE GOVERNANCE REPORT

The Manager adopts the principle that Board renewal is an ongoing process to ensure good governance and to remain relevant to the changing needs of the Manager and the Group's business. The Board decides on nominating and remuneration matters which include:

- the appointment and re-appointment of Board and Board Committee members;
- reviewing the succession plans of the Directors and Management, in particular the appointment and/or replacement of the Chairman, the CEO and Key Management Personnel ("**KMP**");
- training and professional development programmes for the Board;
- the process and criteria for evaluating the performance of the Board, the ARC and the Directors; and
- the determination, on an annual basis and as and when circumstances require, of the independent status of a Director, bearing in mind the relevant principles and provisions of the 2018 CG Code and the Securities and Futures (Licensing and Conduct of Business) Regulations ("**SFLCB Regulations**"), as well as any other applicable regulations and guidelines and salient factors.

Process for Selection, Appointment and Re-appointment of Directors (Provision 4.3)

The Board adheres to the principle of progressive renewal and seeks to ensure its composition provides for appropriate level of independence and diversity of thought and background. In identifying suitable candidates for appointment to the Board, the Board prioritises the needs of the Group and takes into account the industry and business experience, skills, expertise and background of the candidates. In addition, the Board will give due regard to the requirements in the Listing Manual and the 2018 CG Code. The Board will also consider the candidate's ability to commit sufficient time to the affairs of the Group so as to diligently fulfil director's duties. The Board has the option to engage external consultants if necessary to assist the Board in identifying suitable candidates. As at least half of the Board comprises Independent Directors, the appointment or reappointment of the Directors will not be subjected to the approval of Unitholders.

Prospective candidates may be shortlisted through recommendations by the Directors, business associates or through external consultants and professional search firms. The Board shall make the initial assessment of the candidates' suitability from their CVs or reference letter. Designated members of the Board shall interview each candidate to determine his or her suitability. There was no new Director appointed subsequent to the listing of DHLT.

Determining Directors' Independence (Provision 4.4)

The Board assesses the independence of each Director in accordance with the requirements of the Listing Manual, the 2018 CG Code and Regulations 13D to 13H of the SFLCB Regulations. A Director is considered to be independent if he or she is independent in conduct, character and judgement, and has no relationship with the Manager, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of his or her independent business judgement in the best interests of DHLT; and is independent from the management and any business relationship with the Manager and DHLT, every substantial shareholder of the Manager and every substantial unitholder of DHLT, is not a substantial shareholder of the Manager or a substantial unitholder of DHLT and has not served on the Board for a continuous period of nine years or longer[1].

For FP2022, each of the Independent Directors had also carried out an assessment on whether there were any relationships or circumstances which may impact his independent status. Accordingly, each of the Independent Directors had made a declaration to confirm their independence. The declaration made by each Independent Director had been reviewed by the Board.

[1] Pursuant to Practice Note 4.2 of the Listing Manual, Rule 210(5)(d)(iv) of the Listing Manual does not apply to DHLT as DHLT complies with the provisions of the Securities and Futures Act 2001.

CORPORATE GOVERNANCE REPORT

Based on a review of the relationships between the Directors and the Group in accordance with the requirements of the 2018 CG Code and the SFLCB Regulations and declarations of independence by the Independent Directors, the Board considers the following Directors to be independent despite them being deemed not to be independent from the Sponsor, being a substantial shareholder of the Manager and a substantial unitholder of DHLT under the SFLCB Regulations:

- Mr Tan Jeh Wuan;
- Mr Tan Juay Hiang; and
- Mr Takashi Suzuki

Mr Yoshiyuki Takagi, Mr Eiichi Shibata and Mr Takeshi Fujita are Non-Independent Directors of the Manager.

Mr Yoshiyuki Takagi is the Chairman and Director of Cosmos Initia Co., Ltd. ("**CI**"), a subsidiary of the Sponsor, and also holds directorships in several subsidiaries of CI, namely Cosmos Australia Pty. Ltd., Cosmos Australia Holdings Pty. Ltd. and Cosmos More Co., Ltd.

Mr Eiichi Shibata serves as the Managing Executive Officer in the Business Development Department in the Tokyo Head Office of the Sponsor, and has also been appointed to serve on the Boards of various entities within the Sponsor group, including as supervisory director of Daiwa House Modular Europe B.V.

Prior to joining the Manager as the CEO, Mr Takeshi Fujita served as the General Manager of the Business Development Department of the Sponsor. He has served as the CEO of the Manager on secondment from the Sponsor since June 2021.

As at 31 December 2022, Mr Yoshiyuki Takagi, Mr Eiichi Shibata and Mr Takeshi Fujita were able to act in the best interests of all Unitholders as a whole and the Board has determined and is satisfied that Mr Yoshiyuki Takagi, Mr Eiichi Shibata and Mr Takeshi Fujita were able to act in the best interests of all Unitholders as a whole.

Directors' other directorships and principal commitments (Provision 4.5)

The Manager does not, as a matter of policy, limit the maximum number of listed company board representations its Board members may hold as long as each of the Board members is able to commit his or her time and attention to the affairs of the Group, including attending Board and Board Committee meetings and contributing constructively to the management of the Manager and the Group. The Manager believes that each Director is best placed to decide whether he or she has sufficient capacity to discharge his or her duties and responsibilities as Director in the best interests of the Manager and Unitholders.

In keeping with the principle that a Director must be able to commit his or her time and attention to the affairs of the Group, the Board will generally not approve the appointment of alternate directors. There were no alternate directors appointed in FP2022.

Directors' present directorships in other listed companies and past directorships in other listed companies held over the preceding three years are referred to the section of Directors' Profile on pages 8 to 10 of the Annual Report.

Board Performance
Principle 5: Formal assessment of the effectiveness of the Board, Board Committees and individual Directors

Assessing the effectiveness of the Board, Board Committees and Individual Directors (Provisions 5.1 and 5.2)

The Manager adopts the principle that the Board's performance is ultimately reflected in the performance of the Manager and the Group.

Taking into account the meeting attendance records of the Directors in FP2022 as well as the contribution and performance of each individual Director at these meetings, the Board is satisfied that all the Directors have been able to adequately carry out their duties as Director notwithstanding their principal commitments.

The Board assesses the effectiveness of the Board as a whole, the ARC and, the contribution by each and every Director. On an annual basis, the Directors are required to complete the evaluation questionnaires for the Board, the ARC (if the Director is a member) and the Director's self-assessment form. As part of the assessment, the Board considers the adequacy of Board composition, the Board processes, internal control and risk management, access to information, accountability and the overall effectiveness of the Board, as well as each individual Director's knowledge and skill sets, contribution and participation at the Board and Board Committee meetings, which include sustainability matters. The Board also believes that performance evaluation is an ongoing process and strives to maintain regular feedback and interactions between the Directors and the Management.

For FP2022, the outcomes of the evaluations were satisfactory and the Directors as a whole received positive ratings across all evaluation criteria. The Board has the discretion to engage external facilitators to conduct the evaluation, if it deems necessary.

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies
Principle 6: Formal and transparent procedure for fixing the remuneration of Directors and KMP

Level and Mix of Remuneration
Principle 7: Appropriate level of remuneration

Disclosure on Remuneration
Principle 8: Clear disclosure of remuneration matters

The Board in performing its function on remuneration matters include:

- reviewing and approving the remuneration framework for the Directors, the CEO, and the KMP of the Manager, including all share plans and the like, as well as the performance hurdles of such plans; and

- reviewing and approving the specific remuneration package for the Directors and the CEO.

Remuneration Framework (Provision 6.3)

The Manager adopts the principle that remuneration matters should be sufficiently structured and benchmarked with good market practices to attract talented professionals with the relevant expertise to grow and manage its business. The Manager adopts the principle that remuneration for the Board and Management should be viewed in totality. The remuneration structure supports the continuous development of the management bench strength to ensure robust talent management and succession planning.

Additional information on remuneration matters is disclosed in accordance with the Alternative Investment Fund Managers Directive (the "AIFMD") in compliance with the requirements of the AIFMD.

Decision-making Process for Determining the Remuneration Policy

The Board is responsible for the annual review of the remuneration policy (including termination terms), its implementation and ensuring that such terms of remuneration are fair and in compliance with relevant legislation and regulation.

Remuneration considerations include the full-year financial results and other non-financial goals and objectives. The Manager's remuneration policy is designed with a number of principles mentioned below.

The overarching policy is to ensure that the remuneration structure and framework for the Directors and its executives are in alignment with the Manager's objective of promoting sustainable long-term success of DHLT.

The remuneration policy ensures:

- Alignment with Unitholders: A proportion of variable remuneration is deferred and delivered in the form of deferred awards over DHLT units, thereby aligning the interests of employees and Unitholders;
- Alignment with performance and value creation: Total variable compensation is managed and structured taking into consideration the level of performance and value creation attained which is being assessed holistically and determined based on financial performance and achievement of non-financial goals;
- Staff retention: Deferred variable compensation, granting share rewards require the participant to be employed continuously by the Manager until at least the third anniversary of the grant in order to vest in full; and
- Market competitiveness: Employees receive competitive compensation and benefits packages, which are reviewed annually and benchmarked to the external market.

In determining specific individual compensation amounts, a number of factors are considered including non-financial goals and objectives, financial performance of DHLT and the individual's performance and contributions to DHLT during the financial year. Particularly for KMP, a portion of their variable compensation is deferred for purposes of aligning with the objective of achieving the sustainable long-term success of DHLT, as elaborated below under "Remuneration Policy for CEO and other Top Five KMP of the Manager".

Remuneration policy for Directors (Provisions 7.1 and 7.2)
Disclosure of the remuneration of Director (Provision 8.1)

Guided by the Remuneration Principles, the key objectives and features of the Manager's policy on the remuneration of its Directors are as follows:

- the level of remuneration should be appropriate to attract, retain and motivate the directors to provide good stewardship of the Manager and KMP to successfully manage the business of DHLT for the best interests of DHLT and its Unitholders as a whole for the long term;
- Directors' remuneration is reviewed annually and subject to the approval of the Manager's shareholder which will take into account the contribution of each Director towards the management of DHLT and its business for the sustainable long-term interests of DHLT and its Unitholders as a whole;
- each Director's fees are commensurate with his responsibilities and time spent, each Director is paid a basic retainer, attendance fee (see Notes below) and Directors who perform additional services through the Board Committees are paid additional fees for such services;
- Non-Executive Directors who are employees of the Sponsor do not receive any director's fees in their capacity as Directors, and the CEO also does not receive any director's fees in his capacity as a Director; and
- A Director is not involved in deciding his own remuneration.

The Manager has set out in the table below information on the fees paid to the Directors for FP2022:

Board Members	Membership	Fees[1] paid for FP2022
Mr Tan Jeh Wuan	Chairman, Independent Non-Executive Director, and member of the ARC	S$138,360.27
Mr Tan Juay Hiang	Independent Non-Executive Director and Chairman of the ARC	S$110,250.68
Mr Takashi Suzuki	Independent Non-Executive Director and Member of the ARC	S$89,284.93[2]
Mr Yoshiyuki Takagi	Non-Independent Non-Executive Director and Member of the ARC	S$9,315.07[3]
Mr Eiichi Shibata	Non-Independent Non-Executive Director	Nil[4]
Mr Takeshi Fujita	Non-Independent Executive Director and CEO	Nil[5]

Notes:

1 Inclusive of attendance fees of (a) S$1,500 (local meeting) and S$2,000 (overseas meeting) per meeting attendance in person, (b) S$1,000 per meeting attendance via audio or video conference, (c) S$700 per meeting attendance at project and verification meetings, and (d) S$500 per meeting attendance via audio or video conference at project and verification meetings. Attendance fees at project and verification meetings were subject to a maximum of S$7,000 per Director per annum. Excluding such attendance fees, the Directors' fees are a fixed sum.

2 Total fees paid to Mr Takashi Suzuki is before deducting withholding tax.

3 Total fees paid to Mr Yoshiyuki Takagi is before deducting withholding tax. Mr Yoshiyuki Takagi did not receive any attendance fees. However, he received $8,000 from the Manager as he is assigned from the Sponsor's group company. In accordance with Sponsor Group's policy Mr Yoshiyuki Takagi was paid this fixed sum.

4 Non-Executive Directors who are employees of the Sponsor do not receive any director's fees in their capacity as Directors.

5 Mr Takeshi Fujita does not receive any director's fee in his capacity as director of the Manager. For his remuneration as CEO, please see below "*Total Remuneration Bands of CEO and other Top Five KMP for Calendar Year 2022*".

The Directors' fees were paid by the Manager from the Manager's own assets and were not paid out of the deposited property of DHLT. The Directors' fees are paid entirely in cash.

Remuneration Policy for CEO and other Top Five KMP of the Manager (Provision 7.3)
Disclosure of the remuneration of CEO and other Top Five KMP (Provision 8.3)

Guided by the Remuneration Principles, the key objectives and features of the Manager's policy on the remuneration of its executives are as follows:

- the level and structure of executive remuneration should be competitive to attract, motivate and retain a pool of talented executives for the present and future growth of the Manager; and
- executive remuneration should be linked to the performance of DHLT with a view to promoting the long-term success and sustainability of DHLT.
- in addition, the Manager has put great effort on remodelling the remuneration policy, while having consultation with Mercer and advice from the Board . The new DHLT remuneration policy is effective from 1 January 2023. Please refer to the paragraph on "New Remuneration Framework for Executives of the Manager" for further information.

CORPORATE GOVERNANCE REPORT

The remuneration for the CEO in bands of S$250,000, and the breakdown of the remuneration of the CEO and the top five KMP of the Manager in percentage terms, are provided in the remuneration table below.

Total Remuneration Bands of CEO and other Top Five KMP for Calendar Year 2022

	Salary, Allowances and Statutory Contributions	Bonus andother benefits inclusive of employer's CPF[1]	Total
CEO			
Remuneration Band for CEO: S$250,000 to S$500,000			
Mr Takeshi Fujita	98%	2%	100%
Top Five KMP			
Ms Natalie Wong Chin Ping[2]	78%	22%	100%
Ms Chua Tai Hua Anne[3]	66%	34%	100%
Mr Toru Aoki	78%	22%	100%
Mr Jun Yamamura	78%	22%	100%
Mr Hongrae Cho	78%	22%	100%
Mr Daijiro Nose	86%	14%	100%

Notes:

1 The amounts disclosed are bonuses declared and benefits entitled from 1 January 2022 to 31 December 2022. DHLT LTI award is effective from 1 January 2023, there was no LTI awarded from 1 January 2022 to 31 December 2022.

2 As Ms Natalie Wong Chin Ping was appointed as Chief Financial Officer of the Manager ("**CFO**") on 1 September 2022, her remuneration disclosed is only from 1 September 2022 to 31 December 2022.

3 As Ms Chua Tai Hua Anne resigned as CFO from the Manager on 19 August 2022, her remuneration disclosed is only up to 31 August 2022.

The total remuneration for the CEO and the above-listed KMP from 1 January 2022 to 31 December 2022 was S$1.81 million.

No termination, retirement or post-employment benefits has been granted to Directors and KMP.

No executive Director or executive officers are paid in the form of shares or interests in the Manager's controlling shareholder or its related entities and their remuneration is not linked (directly or indirectly) to the performance of any entity other than DHLT.

The Manager is cognisant of the requirements as set out under Provision 8.1 of the 2018 CG Code and the "Notice to All Holders of a Capital Markets Services Licence for Real Estate Investment Trust Management" issued by MAS ("**MAS Notice to REIT Managers**") to disclose:

(a) the remuneration of its CEO and each individual Director on a named basis;

(b) the remuneration of at least its top five KMP (who are neither Directors nor the CEO), on a named basis, in bands of S$250,000; and

(c) in aggregate the total remuneration paid to its top five KMP (who are not Directors or the CEO), and in the event of non-disclosure, the Manager is required to provide reasons for such non-disclosure.

CORPORATE GOVERNANCE REPORT

The Board had carefully considered and decided not to disclose (i) the remuneration of the CEO in exact quantum; and (ii) the remuneration of at least its top five KMP (who are neither Directors nor the CEO) in bands of S$250,000, as the Board decided that such disclosure would not be in the interests of the Manager or Unitholders. The Manager is making available, however, the CEO's remuneration amount in a band of S$250,000 and the aggregate of the total remuneration of the CEO and the top five KMP together with a breakdown of their respective remuneration components in percentage terms, which are set out in the "Total Remuneration Bands of CEO and other Top Five KMP for Calendar Year 2022" table on page 111 of this Annual Report. The Manager is of the view that remuneration details are commercially sensitive due to the confidential nature of remuneration matters and with keen competition for management staff in the REIT industry, such disclosure may result in talent retention issues. The Board is of the view that despite the deviation from Provision 8.1 of the 2018 CG Code and MAS Notice to REIT Managers, the Manager has been transparent on remuneration matters in line with the intent of Principle 8 of the 2018 CG Code, as information on the Manager's remuneration policies, level and mix of remuneration, procedure for setting remuneration and the relationships between remuneration, performance and value creation has been disclosed in detail in the preceding paragraphs.

Since the remuneration of the CEO and KMP of the Manager are paid by the Manager in its personal capacity out of its own assets, the Manager is also of the view that the interest of the Unitholders would not be prejudiced as the indicative range of the CEO's remuneration, as well as the total remuneration for the CEO and KMP of the Manager, have been provided.

Disclosure of the remuneration of employees who are substantial shareholders of the Manager, substantial unitholder of DHLT, immediate family members of a Director, the CEO or a substantial shareholder of the Manager or a substantial unitholder of DHLT (Provision 8.2)

There were no employees of the Manager who were substantial shareholders of the Manager, substantial unitholder of DHLT or immediate family members of a Director, the CEO, a substantial shareholder of the Manager or a substantial unitholder of DHLT and whose remuneration exceeded S$100,000 during FP2022.

Remuneration Disclosure Under AIFMD

According to the AIFMD, the Manager is required to make quantitative disclosures of remuneration. Disclosures are provided in relation to:

(a) the employees of the Manager;

(b) employees who are senior management; and

(c) employees who have the ability to materially affect the risk profile of DHLT.

All individuals included in the aggregated figures disclosed are rewarded in line with the Manager's remuneration policies. The aggregate amount of remuneration awarded by the Manager to its staff in Calendar Year 2022 was S$2.54 million. This figure comprised fixed pay of S$1.64 million, variable incentive of S$0.35 million, and allowances and benefits of S$0.55 million.

There was a total of 12 beneficiaries of the remuneration described above. In respect of the Calendar Year 2022, the aggregate amount of remuneration awarded by the Manager to its senior management (who are also members of staff whose actions have a material impact on the risk profile of DHLT) was S$2.24 million, comprising 8 individuals identified and having considered, among others, their roles and decision-making powers.

CORPORATE GOVERNANCE REPORT

Engagement of Remuneration Consultants (Provision 6.4)

New Remuneration Framework for Executives of the Manager

New DHLT remuneration policy was designed in FP2022 with advice from Mercer, and became effective from 1 January 2023.

Employee remuneration at the Manager comprises fixed pay, variable incentive, allowances and benefits. Fixed pay comprises a salary and an annual wage supplement. All employees receive a salary that reflects their responsibilities and the level of experience and expertise needed to undertake their roles.

Allowances and benefits include statutory provident contributions and benefits-in-kind to enable employees to undertake their roles by ensuring their wellbeing.

Variable incentive is a material component of total remuneration and comprises Variable Bonus ("**VB**") and Long-term Incentive ("**LTI**") awards. The VB is determined based on the achievement of financial Key Performance Indicators ("**KPIs**") and non-financial KPIs which are critical to improving the organisational effectiveness and operating efficiency of the Manager, including improving workflow, participation in Corporate Social Responsibility ("**CSR**") events, investors and tenants engagement, raising the capability of the workforce through increased participation in learning and development, which consist of "Financial", "Customer, Operations & Risk" and "Environmental, Social and Governance (ESG)" as performance metrics, a part of the organizational and departmental KPIs.

The VB amount is assessed based on the achievement of financial KPIs such as Distribution per Unit ("**DPU**"), Net Property Income ("**NPI**") which measure the financial metrics essential to the Unitholders and to promote the long-term interest of DHLT. KPIs and their weightages may change from year to year.

The LTI award is a form of unit-linked incentive plan and represents conditional rights to receive DHLT's units based on the achievement of DHLT's performance. The LTI award is implemented under the Manager's vesting schedule of three years, and available to C-suites and other KMPs. Executives seconded from the Sponsor are not entitled to DHLT's LTI award as they are under the Sponsor's pay policies.

The implementation of the LTI award is a key mechanism to building sustainable business performance. For the LTI award, it is subject to three years vesting schedule. The settlement value of the LTI award is linked to the value of DHLT's units at the time of vesting. This ensures alignment between remuneration and sustaining business performance of DHLT in the longer term.

In addition to Management, other employees of the Manager are also eligible to be considered for VB each year. VB for all employees takes into account DHLT, the Manager and the individual's performance against agreed financial and non-financial objectives.

The Manager will continue to be guided by the objective of delivering sustainable long term returns to Unitholders. The remuneration of the senior management team will continue to be aligned with the goal of value creation for Unitholders.

All fixed pay, VB and allowances are payable wholly in cash. All payments are entirely paid by the Manager in its personal capacity from its own assets and not as an additional expense imposed on DHLT. The Sponsor secondees are covered by pay policies and programmes of the Sponsor, but their VB is assessed based on the achievement of goals corresponding to performance of DHLT. Based on such framework, the Sponsor secondees are held directly accountable for the results and performance of the REIT in line with the other management team members. The remuneration of the Sponsor secondees will be reimbursed in full by the Manager from its own assets.

To assess the individual performance of each employee, a 5-point rating scale is used by the supervisors to provide an overall assessment of an employee's performance, and employees are required to perform a self-evaluation. The Manager has ensured that this has been adhered to. The overall final rating is reconciled during each employee's performance appraisal.

(C) ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls
Principle 9: Sound system of risk management and internal controls

Risk management and Internal control systems and setting up a Board Risk Committee (Provision 9.1)

The Manager adopts the principle that a sound system of internal controls and risk management is necessary for the Group's business.

The Manager has established internal controls and risk management systems that address key operational, financial, compliance and information technology risks relevant to the Group's business and operating environment. These systems provide reasonable but not absolute assurance on the achievement of their intended internal controls and risk management objectives. These systems also allow the Board to determine the nature and extent of the risks which DHLT is willing to take to achieve its strategic objectives and value creation. The key elements of the Group's internal controls and risk management systems are as follows:

Operating Structure

The Manager has a well-defined operating structure with clear lines of responsibility and delegated authority, as well as reporting mechanisms to Management and the Board. This structure includes certain functions, such as Human Resource, and Risk Management. The Manager also conducts an annual review of its material outsourced providers to ensure required performance standards are met.

Policies, Procedures and Practices

Controls are detailed in formal policies and standard operating procedures. For example, the Board has approved a set of delegations of authority which sets out approval limits for investments and divestments, development, operational and capital expenditures and treasury activities.

Approval sub-limits are also provided at various management levels which include the CEO and KMP to facilitate operational efficiency, as well as provide a system of checks and balances.

The Board's approval is required for material transactions, including the following:

- equity fund-raising;
- acquisition, development and disposal of properties;
- overall project budget variance and ad hoc development budget above Board-prescribed limits;
- debt fund-raising above Board-prescribed limits; and
- derivative contracts above Board-prescribed limits.

The Group's procedures and practices are regularly reviewed and revised where necessary to enhance controls and efficiency.

CORPORATE GOVERNANCE REPORT

Whistle-blowing Policy

To reinforce a culture of good business ethics and governance, the Manager has a Whistle-blowing Policy to encourage the reporting, in good faith, of any suspected improper conduct, including possible financial irregularities, while keeping the identities of those making such reports confidential so that they would be treated fairly and protected from reprisal. The ARC is responsible for oversight and monitoring of whistle-blowing incidents, if any. Any reporting concerning the Manager is notified to the ARC Chairman of the Manager for investigation.

The Whistle-blowing Policy is made available to all new employees when they join the Manager and they are briefed on this.

Please refer to DHLT's website (https://www.daiwahouse-logisticstrust.com/whistle-blowing.html) for further information on whistle-blowing.

There was no whistle-blowing report for FP2022.

Risk Management

Risk management is an integral part of the Manager's business strategy. In order to safeguard and create value for Unitholders, the Manager proactively manages risks and embeds the risk management process into the Manager's planning and decision-making process. The risk management function oversees the Enterprise Risk Management ("**ERM**") framework.

The risk management system established by the Manager, which encompasses the ERM framework and the risk management process, is dynamic and evolves with the business. The Manager reviews and enhances the risk management system in accordance with market practices and regulatory requirements, under the guidance and direction of the ARC and the Board.

The Manager's Risk Management function can be found on pages 123 to 126 of this Annual Report.

Information Technology Controls

As part of the Manager's risk management process, information technology controls and cybersecurity measures have been put in place and are periodically reviewed to ensure that information technology risks and cybersecurity threats are identified and mitigated. In addition, as part of the Manager's business continuity plan, information technology disaster recovery planning and tests are conducted to ensure that critical information technology systems remain functional in a crisis situation.

In addition, a review of the information technology controls was conducted by Deloitte and Touche Enterprise Risk Services Pte. Ltd. ("**Deloitte**") as part of the FP2022 annual internal audit programme. The audit findings were submitted to the ARC and the Board for review and appropriate remedial actions were implemented as at 31 December 2022.

Financial Management

The Manager practices financial and operational discipline and reviews on a monthly basis the performance of the DHLT portfolio.

The Board is updated on a quarterly basis on the Group's financial performance. The Management reports on significant variances in financial performance, in comparison with budgets and financial performance of corresponding periods in the preceding year where applicable.

The key financial risks which the Group is exposed to include interest rate risk, foreign exchange rate risk, liquidity risk, and credit risk. Where appropriate, the Manager procures hedging transactions to be entered into so as to protect the Group against interest rate and foreign exchange rate fluctuations. In addition, the Manager proactively manages liquidity risk by ensuring that sufficient working capital lines and loan facilities are maintained for the Group. The Manager's capital management strategy can be found on page 20 of this Annual Report. The Manager also has in place credit control procedures for managing tenant credit risk and monitoring of arrears collection.

The Manager's Financial Risk Management function can be found on pages 125 of this Annual Report.

Internal Audit (Provision 10.4)

The internal audit function has been outsourced to Deloitte. The primary reporting line of the internal audit function is to the ARC, which also decides on the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has unfettered access to all the company's documents, records, properties and personnel, including the ARC, and has appropriate standing within the company. The outsourced Internal Auditor prepares a risk-based audit plan annually to review the adequacy and effectiveness of the Manager's system of internal controls and its audit plan is approved by the ARC before execution. The Manager has obtained assurance that business objectives for the internal control processes under review are being achieved and key control mechanisms are in place.

Upon completion of each review, a formal report detailing the audit findings and the appropriate recommendations is issued to the ARC. The outsourced Internal Auditor monitors and reports on a quarterly basis the timely implementation of the action plans to Management and the ARC.

The Manager adopts the principle that a robust system of internal audits is required to safeguard Unitholders' interests, the Group's assets, and to manage risks.

Deloitte, the outsourced Internal Auditor reports directly to the ARC Chairman of the Manager. The Chairman of the ARC is consulted in the hiring, removal, remuneration and evaluation of the outsourced Internal Auditor.

The outsourced Internal Auditor conducts internal audit work in consultation with, but independently of, Management. Its annual audit plan and audit findings are submitted to the ARC for approval and review respectively. The ARC also meets with the outsourced Internal Auditor at least once a year without the presence of Management.

Deloitte, the outsourced Internal Auditor is a member of the Institute of Internal Auditors Inc. (the "IIA"), which has its headquarters in the United States. The outsourced Internal Auditor subscribes to, and is in conformance with, the International Standards for the Professional Practice of Internal Auditing developed by the IIA (the "IIA Standards") and has incorporated these standards into its audit practices.

To ensure that the internal audits are performed by competent professionals, the outsourced Internal Auditor recruits and employs qualified employees. In order that their technical knowledge remains current and relevant, the outsourced Internal Auditor identifies and provides training and development opportunities to the employees.

For FP2022, the ARC has reviewed and is satisfied that the REIT's internal audit function is independent, effective and adequately resourced.

External Audit

The external auditors also provide an independent perspective on certain aspects of the internal financial controls system arising from their work and report their findings to the ARC on an annual basis.

Interested Person Transactions

All interested person transactions are undertaken on normal commercial terms and the ARC regularly reviews all interested person transactions to ensure compliance with the internal control system, as well as with relevant provisions of the Listing Manual and the Property Funds Appendix. In addition, the Trustee has the right to review such transactions to ascertain that the Listing Manual and the Property Funds Appendix have been complied with.

The following procedures are also undertaken:

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) equal to or exceeding S$100,000 in value but below 3.0% of the value of the Group's net tangible assets will be subject to review by the ARC at regular intervals;

CORPORATE GOVERNANCE REPORT

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of the Group's net tangible assets will be subject to the review and prior approval of the ARC. Such approval shall only be given if the transactions are on normal commercial terms and are consistent with similar types of transactions made by the Trustee with third parties which are unrelated to the Manager; and

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) equal to or exceeding 5.0% of the value of the Group's net tangible assets will be reviewed and approved prior to such transactions being entered into, on the basis described in the preceding paragraph, by the ARC which may, as it deems fit, request advice on the transaction from independent sources or advisers, including the obtaining of valuations from independent professional valuers. Further, under the Listing Manual and the Property Funds Appendix, such transactions would have to be approved by the Unitholders at a meeting of the Unitholders.

The interested person transactions undertaken by the Group in FP2022 are set out on page 180 of this Annual Report. For the purpose of the disclosures, the full contract sum is taken as the value of the transaction where the interested person transaction has a fixed term and contract value, while the annual amount incurred and/or accrued is taken as the value of the transaction where an interested person transaction has an indefinite term or where the contract sum is not specified.

Dealing in DHLT Units (Listing Rule 1207(19))

The Manager has put in place internal guidelines in relation to dealings in DHLT's securities. All Directors are required to disclose their interests in DHLT and are also provided with disclosures of interests by other Directors, as well as reminders on trading restrictions.

On trading in DHLT units, the Directors and employees of the Manager are reminded not to deal in DHLT units on short term considerations and are prohibited from dealing in DHLT units:

- in the period commencing one month before the public announcement of the DHLT's annual results and semi-annual results;

- in the period commencing two weeks before the public announcement of the DHLT's first quarter and third quarter business updates (where applicable); and

- at any time whilst in possession of price-sensitive information.

Each Director is required to notify the Manager of his or her acquisition of DHLT units or of changes in the number of DHLT units which he or she holds or in which he or she has an interest, within two business days of such acquisition or change of interest. In addition, employees of the Manager and the Sponsor are to give pre-trading notifications before any dealing in DHLT units.

The Manager has complied with its internal guidelines in relation to dealings in DHLT's securities in FP2022.

CORPORATE GOVERNANCE REPORT

Role of the Board and ARC

The Board recognises the importance of maintaining a sound internal controls and risk management system to safeguard the assets of the DHLT and Unitholders' interests, through a framework that enables risks to be assessed and managed. The ARC provides oversight of the financial reporting, accounting policies and the adequacy and effectiveness of the Manager's internal controls and risk management systems, as well as its compliance processes.

The Board and the ARC also take into account the results from the Manager's compliance checklist conducted monthly and reported quarterly to the ARC which requires various departments to review and report on compliance with key control processes. It should be recognised that all internal controls and risk management systems contain inherent limitations and, accordingly, the internal controls and risk management systems can only provide reasonable but not absolute assurance.

Written assurance from the CEO, CFO and other KMP (Provision 9.2)

The Board has received written assurance from the CEO and the CFO of the Manager that the Group's financial records have been properly maintained and the Group's financial statements give a true and fair view of the Group's operations and finances. It has also received assurance from the CEO and the Chief Risk Officer of the Manager ("**CRO**") that the systems of risk management and internal controls in place for the Group are adequate and effective to address the risks (including financial, operational, compliance and IT risks) that the Manager considers relevant and material to the current business environment which the Group operates in.

Comment and Opinion on Internal Controls

Based on the internal controls (including financial, operational, compliance and information technology controls) and risk management systems established and maintained by the Manager, work performed by the outsourced Internal Auditor and Risk Management Department, as well as by the external auditors, reviews performed by Management and the above-mentioned assurance from the CEO, the CFO and the CRO, the Board is of the opinion that the Group's internal controls and risk management systems, addressing key financial, operational, compliance, information technology and risk management objectives and which the Group considers relevant and material to its operations, were adequate and effective to meet the needs of the Group in its business as at 31 December 2022.

The Board notes that the system of internal controls and risk management provides reasonable assurance that the Group will not be significantly adversely affected by any event that could be reasonably foreseen as it works to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, losses, fraud or other irregularities. The ARC concurs with the Board's comments provided in the foregoing. For FP2022, the Board and the ARC have not identified any material weaknesses in the Group's internal controls and risk management systems.

The Manager, on behalf of the Group, confirms that the Group has complied with Listing Rule 1207(10).

Audit and Risk Committee
Principle 10: The Board has an ARC which discharges its duties objectively

The Board is supported by the ARC which provides additional oversight of financial, risks and audit matters, so as to maximise the effectiveness of the Board and foster active participation and contribution.

The Manager adopts the principle that the ARC shall have at least three members, all of whom must be non-executive and the majority of whom, including the ARC Chairman, must be independent. The Board is of the view that the ARC members collectively have recent and relevant expertise or experience in financial management and are appropriately qualified to discharge their responsibilities.

CORPORATE GOVERNANCE REPORT

Composition of the ARC (Provision 10.2)

The ARC consists of four members, three of whom are independent and are appropriately qualified to discharge their responsibilities. They are:

Mr Tan Juay Hiang, Chairman, Independent Director;
Mr Tan Jeh Wuan, Member, Independent Director;
Mr Takashi Suzuki, Member, Independent Director;
Mr Yoshiyuki Takagi, Member, Non-Independent Director.

Former partner or Director of the Manager's/REIT's existing auditing firms (Provision 10.3)

None of the ARC members is a partner or director of the incumbent external auditors, member firms of Ernst & Young LLP ("**EY**"), within the previous two years, nor does any of the ARC members have any financial interest in EY.

Duties and activities of ARC (Provision 1.4 and 10.1)

The ARC has written terms of reference setting out its scope and authority, which include:

- examination of interested person transactions;
- review and approval of the scope of internal audit activities;
- review of the adequacy, effectiveness, independence, scope and audit findings of internal and external auditors as well as Management's responses to them and the implementation of remedial actions to address such findings;
- evaluation of the nature and extent of non-audit services performed by external auditors. In this regard, for FP2022 the fees paid and/or payable by DHLT to the network of member firms of EY are S$2,434,000, of which S$434,000 was for audit services and S$2,000,000 was for non-audit services relating to advisory services for the Group. The amount of fees paid to the network of member firms of EY for non-audit services included $1,922,000 for the services provided in relation to the IPO of DHLT. The ARC has undertaken a review of all non-audit services provided by EY and is of the opinion that such non-audit services would not affect the independence of EY as the external auditors; and
- making recommendations to the Board on the appointment and reappointment of external auditors.

In addition, the ARC also:

- reviews significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance;
- reviews at least annually the adequacy and effectiveness of the Group's internal controls and risk management systems;
- reviews the assurance from the CEO and the CFO on the financial records and financial statements;
- makes recommendations to the Board on (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;
- reviews the adequacy, effectiveness, independence, scope and results of the external audit and the Group's internal audit function;

- meets with the external and internal auditors (Provision 10.5), without the presence of Management, at least once a year to review and discuss the financial reporting process, system of internal controls (including financial, operational, compliance and information technology controls), and significant concerns, audit comments and recommendations;

- reviews the arrangements in place for the whistle-blowing mechanism and, if required, investigates the matters reported via the whistle-blowing mechanism, by which employees may, in confidence, raise concerns about suspected improprieties including financial irregularities. The objective of the whistle-blowing mechanism is to ensure that arrangements are in place for independent investigations of any reported matters and reviews of such investigations, to ensure appropriate follow-up actions are taken;

- discuss during the ARC meetings any changes to accounting standards and issues which have a direct impact on the financial statements;

- reviews and approves any decision to make an optional distribution (as defined in the Perpetual Securities Subscription Agreement) on the perpetual securities ("**Perpetual Securities**");

- reviews all hedging policies and instruments to be implemented by DHLT to the Board and monitoring the implementation of such policies and instruments; and

- monitors the relevant tax regimes applicable to DHLT.

In the review of the financial statements, the ARC has discussed with the Management the accounting principles that were applied and their judgment of items that might affect the integrity of the financial statements. The ARC has reviewed, in discussion with the Management, the following key audit matter as reported by the external auditor.

Key Audit Matter

As part of its oversight role over financial reporting, the ARC reviewed the financial statements before recommending them to the Board for approval. The process involved discussions with the Management and external auditors on significant accounting matters. The ARC reviewed among other matters, the valuation of investment properties, being the key audit matter identified by external auditors.

The annual valuation of DHLT's properties as at 31 December 2022 was performed by independent external valuers. The ARC considered the selection of valuers based on their independence, expertise and relevant experience in valuing the logistics properties. The independent valuer should not value the same property for more than two consecutive financial years as required by the CIS Code.

The ARC reviewed the valuation methodologies, key assumptions applied, and discussed the outcomes with Management, focusing on significant changes in fair value including assessing the reasonableness of the assumptions used by the valuers.

The ARC also considered the work performed by the external auditor, including their assessment of the appropriateness of valuation, methodologies and the key assumptions applied in the valuation of investment properties.

The ARC is satisfied that the methodology and assumptions used are reasonable and the valuation for investment properties as adopted and disclosed in the financial statements is appropriate. A total of four ARC meetings were held in FP2022.

The Manager, on behalf of the Group, confirms that the Group has complied with Rules 712 and 715 of the Listing Manual in relation to the Group's auditing firm.

(D) UNITHOLDER RIGHTS AND ENGAGEMENT

Unitholder rights and conduct of general meetings
Principle 11: Fair and equitable treatment of all Unitholders

Engagement with Unitholders
Principle 12: Regular, effective and fair communication with Unitholders

Communication with Unitholders (Provision 12.1)

The Manager adopts the principle that all Unitholders should be treated fairly and equitably in order to enable them to exercise their ownership rights arising from their unitholdings in DHLT and have the opportunity to communicate their views on matters affecting DHLT. The Manager provides Unitholders with periodic, balanced and understandable assessments of DHLT's performance, position and prospects.

To this end, the Manager issues via SGXNET announcements and press releases on the Group's latest corporate developments on an immediate basis where required by the Listing Manual. Where immediate disclosure is not practicable, the relevant announcement will be made as soon as possible to ensure that all stakeholders and the public have equal access to the information.

Prior announcement on expected date of release of half-yearly and full year results will normally be released to SGX-ST ahead of the actual date of the half-yearly and full year results. In addition to the announcement of financial results on a half-yearly basis, the Manager also issues quarterly business updates to keep Unitholders updated on the performance of DHLT on timely basis. In addition, the Manager also conducts analysts and media briefings.

Participation of Unitholders at general meetings (Provision 11.1 and 11.3)

DHLT welcomes Unitholders' view on matters concerning the Group and encourages Unitholders' participation at general meetings. Unitholders are informed of the requirements and procedures that govern general meetings set out in the notices of general meetings.

An Extraordinary General Meeting ("**EGM**") was held virtually with the attendance of all directors on 1 December 2022 on DHLT's maiden acquisition of two freehold properties and an underlying freehold land in Japan.

As DHLT was listed on 26 November 2021, there was no Annual General Meeting ("**AGM**") held in FP2022. The first AGM will be held on 27 April 2023, which will be held physically.

An electronic copy of Annual Report for FP2022 has been published on the DHLT's website at www.daiwahouse-logisticstrust.com and made available on the SGXNet website at www.sgx.com. Notice of AGM and Proxy Form are mailed to Unitholders and are also made available to Unitholders by electronic means via publication on DHLT's website and on SGXNet. Should Unitholders wish to have a printed copy of the Annual Report, they may also submit a request by completing the Request Form mailed to them and sending it back to DHLT's Unit Registrar.

An AGM is held once a year to provide a platform for Unitholders to interact with the Board and Management, in particular the Chairman of the Board, the Chairman of the ARC, the CEO and the CFO. The external auditors are also present to address Unitholders' queries about the audit and the financial statements of the Group.

CORPORATE GOVERNANCE REPORT

Absentia voting (Provision 11.4)

Provision 11.4 of the 2018 CG Code requires an issuer's constitutive documents to allow for absentia voting at general meetings of Unitholders. The Trust Deed currently does not provide for absentia voting which may be considered by the Manager following careful study, to ensure that the integrity of information and authentication of the identity of Unitholders through the web are not compromised, and legislative changes are affected to recognise remote voting.

The Manager is of the view that despite the deviation from Provision 11.4 of the 2018 CG Code, Unitholders nevertheless have opportunities to communicate their views on matters affecting the Group even when they are not in attendance at general meetings. For example, in an ordinary meeting setting (i.e. physical meetings), Unitholders may appoint proxies to attend, speak and vote, on their behalf, at general meetings. Where a general meeting is convened, all Unitholders are entitled to receive a circular enclosing a proxy form with instructions on the appointment of proxies. Prior to voting at an AGM or any other general meeting, the voting procedures will be made known to the Unitholders to facilitate them in exercising their votes.

Separate resolutions at general meetings on each substantially separate issue (Provision 11.2)

To safeguard Unitholders' interests and rights, a separate resolution is proposed for each substantially separate issue at an AGM. Each resolution proposed at an AGM and any other general meeting will be voted on by way of electronic polling. An independent scrutineer is also appointed to validate the vote tabulation and procedures. The Manager will announce the results of the votes cast for and against each resolution and the respective percentages and prepare minutes of such meetings. Unitholders may appoint the Chairman of the meeting as proxy to vote on their behalf at the general meeting. Please refer to the Notice of AGM dated 5 April 2023 for further information.

Minutes of general meetings (Provision 11.5)

Minutes of the general meetings recording the substantive and relevant comments made and questions raised by Unitholders are available to Unitholders for their inspection upon request. Minutes of the annual general meeting (which record substantial and relevant comments and queries from Unitholders and the response from the Board and the Management) are also available on DHLT's website at www.daiwahouse-logisticstrust.com.

Distribution Policy (Provision 11.6)

DHLT's distribution policy is to distribute 100.0% of DHLT's annual distributable income for Forecast Period 2021 and Projection Year 2022 (both terms as defined in DHLT's IPO prospectus dated 19 November 2021) and at least 90.0% of its annual distributable income thereafter on a semi-annual basis. For FP2022, DHLT made a total of two distributions to Unitholders.

Investor Relations (Provisions 12.2 and 12.3)

The Manager has an Investor Relations Department which facilitates effective communication with Unitholders and analysts. The Manager also maintains the DHLT's website which contains information on DHLT including but not limited to its Prospectus, current and past announcements and news releases, financial statements, investor presentations and Annual Reports.

The Manager's investor relations policy prioritises proactive engagement and timely and effective communication with its stakeholders. The Manager regularly communicates major developments in the Group's businesses and operations to Unitholders through the issuance of announcements and press releases. In addition, all announcements and press releases are first made on SGXNET and subsequently on DHLT's website. The Manager also communicates with DHLT's investors on a regular basis through group/individual meetings with investors, investor conferences and non-deal roadshows. The Manager's CEO and CFO are present at briefings and communication sessions to answer questions from investors. Unitholders can subscribe for email alerts to receive the latest updates on the Group and also contact the Investor Relations Department via a dedicated email address at ir@daiwahouse-lt.com. Further details on the Manager's investor relations activities and efforts are found on pages 49 to 51 of this Annual Report.

CORPORATE GOVERNANCE REPORT

(E) MANAGING STAKEHOLDERS RELATIONSHIPS
Principle 13: Engagement with Stakeholders

Material stakeholder groups (Provision 13.1)
Management of stakeholder relationships (Provision 13.2)
Corporate website to communicate and engage with stakeholders (Provision 13.3)

The Manager adopts the principle that to build confidence among stakeholders, there is a need to deliver sustainable value. DHLT's stakeholders include unitholders, tenants, local communities, employees, suppliers and the Sponsor. The Manager believes it is imperative to engage with stakeholders to generate long-term mutually beneficial relationships that drive success. The Manager will continue to strengthen its stakeholder engagement process by having regular discussions with stakeholders, exploring new channels to engage with them, addressing their queries and concerns, and improving DHLT's disclosures.

The Sustainability Report from pages 54 to 87 in the Annual Report provides the Group's approach in identifying its material stakeholders, as well as addressing stakeholders' concerns and methods of engagement. The Sustainability Report also sets out the strategy and key areas of focus in relation to the management of stakeholder relationships for FP2022. The Annual Report together with the Sustainability Report will be published on the Manager's website.

Both current information and information previously released on the SGX-ST are made available on the DHLT's website at www.daiwahouse-logisticstrust.com.

RISK MANAGEMENT

Risk Management is an important function in the Manager's business objective to deliver sustainable total returns to Unitholders. The Manager considers risk management angles in its planning, decision-making and implement processes to safeguard DHLT's assets and create value for Unitholders.

Strong Oversight and Governance

The Board ensures that the Manager implements sound risk management and internal control practices as part of overall risk strategy and risk governance. The Board also sets the risk culture and approves the risk limits that the Manager can take to achieve its business objectives. The Board is supported by the ARC. The members of the ARC have diverse collective experience and knowledge to guide the Manager. The ARC has direct access to the Manager's Risk Management department.

The Manager has put in place a culture and process where risk management includes top-down oversight and bottom-up engagement with employees. This process ensures that the risk approach is aligned with DHLT's business strategies and objectives, and embedded in its policies and operating procedures.

To ensure operational effectiveness and accountability the Manager's ERM framework is dynamic and caters to the changing business environment. The Manager uses the risk process of risk identification, assessment, management, monitoring and risk reporting. The CRO and Risk Management department review and enhance the risk management system to be in line market practices and regulatory requirements.

Risk Analysis

The Manager considers outlook of property risk drivers such as rental rates, occupancy rates, capital values, interest rates and foreign exchange rates, and changes in market environment and asset cash flows.

In time as DHLT's property portfolio expands in geography, it would reap the benefits of diversifying into more countries.

CORPORATE GOVERNANCE REPORT

Risk Identification and Risk Assessment

The Manager identifies a spectrum of foreseeable risks and assesses their likelihood and impact on the business. The Manager then determine the best ways to manage these risks. A Risk Register is maintained and is reviewed and updated regularly or if triggered by a risk event.

The Manager identified key risks including:

Market Risk

DHLT's portfolio is subject to real estate market risks such as rental rate, occupancy rate, competition, local regulations and supply and demand dynamics. Such risks are measured for existing assets and prospective acquisitions. Material risk profile changes to the property portfolio is reported for further deliberation and action.

Investment Risk

Investment activities including asset evaluation and pricing are managed in a rigorous and disciplined manner. All property acquisitions must meet DHLT's business objective to enhance returns to Unitholders. Key property variables and their assumptions are tested for robustness. Where deemed necessary independent risk assessments are conducted by external consultants and included in the investment proposal submitted to the Board for approval. Upon having the Board's approval, the investment proposals are then submitted to the Trustee, which is the final approving authority for all investment decisions.

The Trustee also monitors the compliance of the Manager's executed investment transactions with the Listing Manual of the SGX-ST, MAS' Property Funds Appendix and the provisions in the Trust Deed.

Economic and Geopolitical Risk

Difficult geopolitical situations and remnants from the COVID-19 pandemic continue to pose risks to the recovery of the global economy. The Manager closely monitors country risk, real estate market risk, and the economic, geopolitical and political developments in Japan and Southeast Asia. The Manager is continually on a look out for suitable acquisition opportunities in these markets to enhance diversification of income stream and property portfolio resilience.

Environmental Risk

The Manager takes climate change seriously and is committed to reducing carbon emissions to mitigate environmental risk. The Manager identifies asset enhancement initiatives to improve the environmental performance of DHLT's properties. The Manager is committed towards carbon emission reduction, water and energy efficiency and adopts renewable energy sources and attaining green building certifications, wherever possible.

Environmental risk due diligence is incorporated as part of investment consideration. Existing properties are regularly inspected for exposure to physical risks. The Manager monitors changes in climate regulations and actively engages with stakeholders on ESG matters.

Operational Risks

- **Operational Risk**

  The Manager uses its operating, reporting and monitoring procedures to manage its daily operations and mitigate operational risks. Where appropriate, industry benchmarks and recent developments in industry practices are considered when the Manager reviews its policies and standard operating procedures ("**SOPs**") regularly, and at least once a year. Compliance with policies and SOPs is coupled with the training of employees and periodic Internal Audits.

CORPORATE GOVERNANCE REPORT

- **Human Resource Risk**

  The loss of performing employees, inability to attract, grow and retain key talent and management personnel will likely disrupt the Manager's business operations and slow down the achievement of its business objectives. The Manager has put in place succession planning, talent management, competitive compensation and benefits plans to attract, reward and retain performing employees.

- **Property Damage and Business Disruption Risks**

  In the event of unforeseen catastrophic events such as earthquakes and pandemics, the Manager has in place a business continuity plan and crisis communication plan to resume business operations as soon as possible and with minimal loss and disruptions. DHLT's properties are insured in accordance with industry norms in Japan where they are situated.

- **Health and Safety Risks**

  The Manager takes the health and safety of its stakeholders seriously. Safety operational practices are incorporated in the Manager's SOPs, including fire emergency plans and regular checks on fire protection systems. Necessary certificates and permits are checked for validity in compliance with regulatory requirements.

- **Credit Risk**

  Credit risk management includes credit assessment of tenants. This is also in the property acquisition and investment due diligence process. The Manager must be satisfied that prospective tenants are of good credit standing before entering into lease agreements. The Manager's Asset Management Department closely monitor tenants' credit worthiness. To mitigate credit risk, security deposits are collected from prospective tenants prior to the commencement of leases. Any late rental payment by tenant is a red flag which alerts the Manager's Asset Management Department to discuss the matter with the tenant. In FP2022 since IPO, the Group did not receive any request for rental relief or abatement.

Financial Risks

- **Financial Risks**

  Financial market risks and capital adequacy of DHLT are closely monitored and managed by the Manager, and reported to the Board on a quarterly basis. At the property portfolio level, the risk impact of interest rate and currency movements is monitored, reported and deliberated quarterly. Refinancing risk is also quantified, taking into account the concentration of loan maturity profile and change in credit spread.

- **Interest Rate Risk**

  The Manager minimises exposure of interest rate risk in DHLT's debt funding through fixed rate borrowings. In future, where necessary, interest rate risk may be mitigated through the use of interest rate derivative instruments. As at 31 December 2022, 100% of the borrowings are on fixed rate basis.

- **Foreign Exchange Risk**

  The Manager borrows in the same currency as the underlying assets to provide a natural hedge. To hedge against foreign exchange risk and to provide Unitholders more income stability, the expected rental income receivable from properties outside Singapore is hedged into Singapore Dollars through the use of forward contracts. The Manager adopts a prudent hedging policy to systematically hedge its distributions on one-year rolling basis, where appropriate, to smoothen out volatility.

- **Liquidity Risk**

  The Manager monitors DHLTs cash flow position and funding requirements to ensure there is sufficient cash to all financial and operational funding requirements. The Manager maintains sufficient financial flexibility and debt headroom for DHLT to fund future property acquisitions. The Manager monitors and reviews its bank concentration risks by diversifying its sources of debt financing. The limit on DHLT's aggregate leverage ratio is monitored to maintain compliance with MAS' Property Funds Appendix.

Compliance Risks

- **Regulatory Risk**

  The Manager complies with applicable laws and regulations in all jurisdictions which DHLT operates in. As non-compliance may result in financial loss and damage to reputation, the Manager identifies and complies with the applicable laws and regulatory obligations in its daily business practices.

- **Fraud Risk**

  The Manager uses its Corporate Governance framework to ensure responsible and transparent business practices. The framework includes specific procedures and guidelines on anti-corruption practices, including prohibition of bribery.

  The Manager has a whistle-blowing policy that allows employees and stakeholders to raise any concerns, malpractices or wrongdoings in the workplace through email accessed by Chairman of the ARC. Employees who whistle-blow are protected from reprisals.

  At all times the Manager requires that all employees must comply with its policies and procedures. Employees are provided training in ethics, code of conduct, safe work practices and professional conduct. If an employee is found to be fraudulent, dishonest or engaged in criminal conduct, the Manager reserves the rights to take appropriate disciplinary action, including but not limited to the termination of employment.

Technology and Cyber Risks

The cyber environment is increasingly threatening as the number of cybersecurity attacks have risen, and the nature of such attacks are increasingly more sophisticated. The Sponsor Group has in place comprehensive policies and procedures governing data security and IT governance.

The Manager will provide resources for cybersecurity awareness training, monitoring of internet gateways and detection of potential security gaps.

FINANCIAL STATEMENTS

REPORT OF THE TRUSTEE

HSBC Institutional Trust Services (Singapore) Limited (the "Trustee") is under a duty to take into custody and hold the assets of Daiwa House Logistics Trust (the "Trust") held by it or through its subsidiaries (collectively, the "Group") in trust for the holders of units ("Unitholders") in the Trust. In accordance with the Securities and Futures Act 2001, its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of Daiwa House Asset Management Asia Pte. Ltd. (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 2 November 2021 (the "Trust Deed") between the Manager and the Trustee in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Trust and its subsidiaries during the period covered by these financial statements set out on pages 135 to 179, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee,
HSBC Institutional Trust Services (Singapore) Limited

Authorised Signatory

Singapore
17 March 2023

STATEMENT BY THE MANAGER

In the opinion of the directors of Daiwa House Asset Management Asia Pte. Ltd. (the "Manager"), the manager of Daiwa House Logistic Trust (the "Trust"), the accompanying financial statements set out on pages 135 to 179 comprising the Statements of Financial Position of the Trust and its subsidiaries (the "Group") and the Trust as at 31 December 2022, the Statements of Changes in Unitholders' Funds of the Group and the Trust, and the Consolidated Statement of Comprehensive Income, Distribution Statement, Consolidated Statement of Cash Flows of the Group for the financial period from 2 November 2021 (date of constitution) to 31 December 2022, Statement of Portfolio of the Group as at 31 December 2022 and notes to the financial statements are drawn up so as to present fairly, in all material respects, the consolidated financial position of the Group and the financial position of the Trust as at 31 December 2022, the consolidated financial performance, distribution, consolidated cash flows, consolidated changes in unitholders' funds and portfolio holdings of the Group, and changes in unitholders' funds of the Trust, in accordance with the International Financial Reporting Standards and the provisions of the Trust Deed between HSBC Institutional Trust Services (Singapore) Limited and the Manager dated 2 November 2021 and relevant requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore. At the date of this statement, there are reasonable grounds to believe that the Group and the Trust will be able to meet the respective financial obligations as and when they materialise.

For and on behalf of the Manager,
Daiwa House Asset Management Asia Pte. Ltd.

Takeshi Fujita
Director

Singapore
17 March 2023

INDEPENDENT AUDITOR’S REPORT

To the Unitholders of Daiwa House Logistic Trust

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Daiwa House Logistics Trust (the “Trust” or “DHLT”) and its subsidiaries (collectively, the “Group”), which comprise the Statements of Financial Position of the Group and the Trust as at 31 December 2022, the Statements of Changes in Unitholders’ Funds of the Group and the Trust, and the Consolidated Statement of Comprehensive Income, Distribution Statement, Consolidated Statement of Cash Flows of the Group for the financial period from 2 November 2021 (date of constitution) to 31 December 2022, Statement of Portfolio of the Group as at 31 December 2022 and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the Statement of Financial Position and the Statement of Changes in Unitholders’ Funds of the Trust are properly drawn up in accordance with the International Financial Reporting Standards (“IFRSs”), relevant provisions of the Trust Deed and relevant requirements of the Code on Collective Investment Schemes (the “CIS Code”) issued by the Monetary Authority of Singapore (the “MAS”), so as to present fairly, in all material respects, the consolidated financial position of the Group and the financial position of the Trust as at 31 December 2022, the consolidated financial performance, distributions, consolidated cash flows, consolidated changes in unitholders’ funds and portfolio holdings of the Group, and changes in unitholders’ funds of the Trust for the period then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (“IESBA Code”) and we have fulfilled our other ethical requirements in accordance with the IESBA Code. In addition, we are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (“ACRA”) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (“ACRA Code”) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Daiwa House Logistic Trust

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Valuation of investment properties

As at 31 December 2022, the carrying amount of investment properties was S$1,075.7 million which accounted for 91.4% of total assets. The valuation of the investment properties is significant to our audit due to the magnitude and the complexity of the valuation which is highly dependent on a range of assumptions and estimates made by the external appraisers engaged by the Manager.

As disclosed in Note 9, valuations of investment properties are sensitive to changes in the significant unobservable inputs, particularly those relating to market rents, discount rates and capitalisation rates. This is aggravated by an increase in the level of estimation uncertainty and judgement required arising from the rapid changes in market and economic conditions. Accordingly, we have identified this as a key audit matter.

The Manager uses external appraisers to support its determination of the individual fair value of the investment properties. Our audit procedures included, amongst others, an assessment of the Group's process relating to the selection of the external appraisers, the determination of the scope of work of the appraisers, and a review of the valuation reports issued by the external appraisers. We evaluated the objectivity, independence and expertise of the external appraisers and read their terms of engagement to ascertain whether there are matters that might have affected the scope of their work and their objectivity.

We involved our internal real estate and valuation specialists to assist us in assessing the reasonableness of the valuation model and the reasonableness of the significant assumptions and estimates by reference to historical rates and market data. Our procedures also included checking the reliability of property related data used by the external appraisers, assessing the appropriateness of the valuation techniques and basis for the significant assumptions and estimates used, including key valuation adjustments made by the external appraisers in response to the changes in market and economic conditions. We assessed the overall reasonableness of the movements in fair value of the investment properties and the associated deferred tax consequences. We also assessed the adequacy of disclosures in Note 9 to the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Daiwa House Logistic Trust

Other Information

The Manager is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the Financial Statements

The Manager is responsible for the preparation and fair presentation of financial statements in accordance with the IFRSs, relevant provisions of the Trust Deed and relevant requirements of the CIS Code issued by the MAS, and for such internal control as the Manager determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The responsibilities of the Manager include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR’S REPORT

To the Unitholders of Daiwa House Logistic Trust

Auditor’s Responsibilities for the Audit of the Financial Statements (cont’d)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

- Conclude on the appropriateness of the Manager’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Daiwa House Logistic Trust

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Nelson Chen.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

17 March 2023

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

	Notes	Group S$ '000	Trust S$'000
Current assets:			
Cash and cash equivalents	4	48,938	11,393
Restricted cash	5	45,826	–
Trade receivables	6	346	–
Prepaid expenses and other assets	7	5,155	450,676
Derivative assets	8	1,123	1,123
Total current assets		**101,388**	**463,192**
Non-current assets:			
Investment properties	9	1,075,651	–
Investment in subsidiaries	10	–	1,504
Total non-current assets		**1,075,651**	**1,504**
Total assets		**1,177,039**	**464,696**
Current liabilities:			
Trade and other payables	11	10,277	1,636
Lease liabilities	12	2,788	–
Total current liabilities		**13,065**	**1,636**
Non-current liabilities:			
Trade and other payables	11	17,464	–
Lease liabilities	12	170,879	–
Loans and borrowings	13	338,301	–
Derivative liabilities	8	253	253
End-tenants security deposits		29,149	–
Deferred tax liability	14	18,925	–
Total non-current liabilities		**574,971**	**253**
Total liabilities		**588,036**	**1,889**
Net assets		**589,003**	**462,807**
Represented by:			
Unitholders' funds		553,211	427,015
Perpetual securities	15	35,792	35,792
Total equity at end of the period		**589,003**	**462,807**
Units in issue and to be issued ('000)	16	**693,774**	**693,774**
Net asset value per Unit (S$)	17	**0.80**	**0.62**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial period from 2 November 2021 (date of constitution) to 31 December 2022

	Notes	Group 2 November 2021 (date of constitution) to 31 December 2022 S$ '000
Gross revenue	18	68,719
Property expenses	19	(15,734)
Net property income		**52,985**
Manager's management fees		(2,745)
Japan asset management fees		(1,255)
Trustee's fee		(294)
Trust expense	20	(1,659)
Finance expenses	21	(8,030)
Other income		1,141
Net income before tax and fair value changes		**40,143**
Fair value change in investment properties	9	121,485
Fair value change in derivative		870
Net income before tax		**162,498**
Tax expenses	22	(21,169)
Total return for the period		**141,329**
Attributable to:		
Unitholders		140,294
Perpetual securities holders		1,035
Total return for the period		**141,329**
Earnings per Unit (cents)		
Basic and diluted	23	20.90

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

DISTRIBUTION STATEMENT

For the financial period from 2 November 2021 (date of constitution) to 31 December 2022

	Group 2 November 2021 (date of constitution) to 31 December 2022 $'000
Amount available for distribution to Unitholders at the beginning of the period	–
Net income for the period	140,294
Distribution adjustments (Note A)	(101,673)
Income available for distribution to Unitholders for the period	38,621
Amount available for distribution to Unitholders	38,621
Distributions to Unitholders:	
– Distribution of 3.09 cents per Unit for the period from 26 November 2021 to 30 June 2022	(20,873)
Net amount available for distribution to Unitholders at the end of the period	17,748
Distribution per Unit ("DPU") (cents):	
– DPU	5.70

	Group 2 November 2021 (date of constitution) to 31 December 2022 S$ '000
Note A – Distribution Adjustments	
Manager's management fees paid/payable in Units	1,372
Fair value change in investment properties	(126,509)
Fair value change in derivative	(870)
Unrealised forex loss	245
Amortisation of loan/bond upfront fee	2,148
Deferred tax expenses	21,169
Issue costs partly reimbursed from government grant	400
Others	372
Total distribution adjustments	**(101,673)**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN UNITHOLDERS' FUNDS

For the financial period from 2 November 2021 (date of constitution) to 31 December 2022

	Group 2 November 2021 (date of constitution) to 31 December 2022 S$ '000	**Trust 2 November 2021 (date of constitution) to 31 December 2022 S$ '000**
Unitholders' funds		
Balance at beginning of period		
2 November 2021 (date of constitution)	–	–
Operations		
Total return for the period attributable to Unitholders	141,329	(81,402)
Less: Amount reserved for distribution to perpetual securities holders	(1,035)	(1,035)
Net increase/(decrease) in net assets resulting from operations	**140,294**	**(82,437)**
Unitholders transactions		
Movement during the period		
– Issuance of new Units at Initial Public Offering ("IPO")	540,000	540,000
– Issuance of new Units under Sponsor subscription	12,375	12,375
– Issue cost	(23,885)	(23,885)
– Manager's fee paid/payable in Units	1,835	1,835
Distribution to unitholders	(20,873)	(20,873)
Net change in unitholders' transactions	509,452	509,452
Balance at end of the period	**649,746**	**427,015**
Foreign currency translation reserve		
Balance at end of the period	**(96,535)**	**–**
Net assets attributable to Unitholders	**553,211**	**427,015**
Perpetual securities		
Beginning balance of period/ New units issued on listing	35,574	35,574
Amount reserved for distribution to perpetual securities holders	1,035	1,035
Distribution to perpetual securities holders	(817)	(817)
Balance at end of the period	**35,792**	**35,792**
Total	**589,003**	**462,807**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial period from 2 November 2021 (date of constitution) to 31 December 2022

	Note	Group 2 November 2021 (date of constitution) to 31 December 2022 S$'000
Cash flows from operating activities:		
Net income before tax but after fair value changes		162,498
Adjustments for:		
Amortisation of prepaid expenses		372
Amortisation and straight lining of rents		(747)
Fair value change in investment properties	9	(121,485)
Fair value change in derivative		(870)
Manager's fee paid in Units	16	1,372
Manager's acquisition fee payable in Units	16	463
Finance expenses	21	5,882
Amortisation of financing costs	21	2,148
Interest income		(75)
Operating income before working capital changes		49,558
Changes in working capital:		
Trade receivable		(366)
Prepaid expenses and other assets		(826)
Trade and other payables		10,892
Net cash flows generated from operating activities		59,258
Cash flows from investing activity:		
Acquisition of investment properties and related assets and liabilities		(885,722)
Cash flow used in investing activity[1]		(885,722)
Cash flows from financing activities:		
Repayments of lease liability	12	(4,121)
Proceeds from issuance of new Units[2]		552,375
Payment of issue cost		(24,885)
Proceeds from grant		1,000
Payment of the finance expenses		(4,835)
Proceeds from perpetual securities		35,574
Proceeds from debt financing[3]	13	408,900
Payments of deferred financing costs	13	(8,208)
Payments of perpetual securities distribution		(817)
Distribution to Unitholders		(20,873)
Receipt of interest		53
Restricted cash for financing activities		(54,260)
Net cash used in investing activities		879,903

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial period from 2 November 2021 (date of constitution) to 31 December 2022

	Note	Group 2 November 2021 (date of constitution) to 31 December 2022 S$'000
Net increase in cash and cash equivalents:		53,439
Cash and cash equivalents at beginning of the period		–
Effect of exchange rate changes on cash and cash equivalents		(4,501)
Cash and cash equivalents at end of the period	4	48,938

(1) Acquisitions of properties were funded via proceeds from issuance of units during IPO and Sponsor Subscription, debt financings and issuance of perpetual securities.

(2) Proceeds from issuance of 675,000,000 DHLT units during the initial public offering on Listing Date, as well as the issuance of 16,071,444 units under the Sponsor Subscription has been fully disbursed and is in accordance with the stated uses as disclosed in the Prospectus and circular respectively.

(3) Bank loans and bonds from banks for the acquisition of properties in relation to the initial public offering and acquisition has been fully disbursed and is in accordance with the stated uses as disclosed in the Prospectus and circular respectively.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF PORTFOLIO

For the financial period from 2 November 2021 (date of constitution) to 31 December 2022

Property	Geographic Area	Date of Construction	Tenure of Land	As at 31 December 2022 S$'000	% of Net Assets Attributable to Unitholders %
DPL Sapporo Higashi Kariki	Hokkaido and Tohoku	1 Feb 2018	Freehold	129,265	23.4
DPL Sendai Port	Hokkaido and Tohoku	10 Mar 2017	Freehold	133,305	24.1
DPL Koriyama	Hokkaido and Tohoku	6 Sep 2019	Freehold	69,379	12.5
D Project Maebashi S	Greater Tokyo	5 Nov 2018	Freehold	35,548	6.4
D Project Kuki S	Greater Tokyo	1 Aug 2014	Leasehold	12,624	2.3
D Project Misato S	Greater Tokyo	15 Feb 2015	Leasehold	23,227	4.2
D Project Iruma S	Greater Tokyo	18 Dec 2017	Freehold	46,253	8.4
DPL Kawasaki Yako	Greater Tokyo	1 Jun 2017	Leasehold	212,076	38.3
D Project Nagano Suzaka S	Greater Tokyo	25 Sep 2018	Freehold	27,165	4.9
DPL Shinfuji	Greater Nagoya	20 Sep 2017	Leasehold	38,275	6.9
D Project Kakegawa S	Greater Nagoya	1 May 2019	Freehold	43,324	7.8
DPL Okayama Hayashima	Chugoku	19 Sep 2017 / 30 Nov 2018	Leasehold	45,647	8.3
DPL Okayama Hayashima 2	Chugoku	30 Oct 2017	Leasehold[1]	22,318	4.0
D Project Fukuoka Tobara S	Kyushu	21 Feb 2019	Leasehold	13,633	2.5
DPL Iwakuni 1 & 2	Chugoku	28 Sep 2018 / 19 Mar 2020	Freehold	22,621	4.1
D Project Matsuyama S	Shikoku	31 Oct 1994 / 31 Jul 2017	Freehold	9,301	1.7
				883,961	**159.8**

	Carrying Value as at 31 December 2022	% of Net Assets Attributable to Unitholders
Investment properties as at 31 December 2022	883,961	159.8
Other assets and liabilities (net)	(294,958)	(53.3)
Net Assets of the Group	589,003	106.5
Perpetual securities	(35,792)	(6.5)
Net assets attributable to Unitholders	**553,211**	**100.0**

[1] The ordinary land lease will automatically renew for a term of 20 years upon expiry unless otherwise agreed by the parties and the lessor will not be able to object to renewal without a justifiable reason.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF PORTFOLIO

For the financial period from 2 November 2021 (date of constitution) to 31 December 2022

As disclosed in the Statement of Financial Position

	2022 S$'000
Investment properties	1,075,651
Less:	
Right-of-use	(174,227)
Asset Retirement Obligation	(17,463)
Total investment properties, at valuation	**883,961**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 2 November 2021 (date of constitution) to 31 December 2022

These notes form an integral part of the financial statements.

1. GENERAL INFORMATION

Daiwa House Logistic Trust (the "Trust" or "DHLT") is a Singapore real estate investment trust constituted pursuant to a trust deed dated 2 November 2021 (the "Trust Deed") made between Daiwa House Asset Management Asia Pte. Ltd. (the "Manager") and HSBC Institutional Trust Services (Singapore) Limited (the "Trustee"). The Trustee is under a duty to take into custody and hold the assets of the Trust and its subsidiaries in trust for the Unitholders of the Trust. The Trust and its subsidiaries are collectively referred to as the "Group" and individually as "Group entities".

The Trust was admitted to the Official List of Singapore Exchange Securities Trading Limited (the "SGX-ST") on 26 November 2021.

The registered office and principal place of business of the Manager is located at 8 Marina View, Asia Square Tower 1, #14-09, Singapore 018960.

The principal activity of the Trust is investment holding. The principal activities of the Trust's subsidiaries are to invest, directly or indirectly, in a diverse portfolio of stabilized income-producing logistics and industrial assets, and real estate-related assets in Asia, to provide unitholders of DHLT with regular and stable distributions.

The consolidated financial statements relate to the Trust and its subsidiaries.

The Trust has entered into several service agreements in relation to the management of the Trust and its property operations. The fee structures of these services are as follows:

(a) Manager's fees

The Manager is entitled under the Trust Deed to receive the following remuneration for the provision of asset management services:

Base fee

Pursuant to the Trust Deed, the Manager is entitled to a base fee of 10.0% per annum of Trust's annual distributable income (calculated before accounting for the base fee and the performance fee). The base fee is payable to the Manager either in the form of cash or Units as the Manager may elect, in such proportions as may be determined by the Manager.

The Manager has elected to receive 50.0% of its base fee in the form of Units for the financial period from 26 November 2021 to 31 December 2022.

The portion of the base fee, payable in the form of cash, shall be computed monthly in arrears. Where the base fee is payable in Units, such payment shall be made out quarterly in arrears. Units will be issued based on the volume weighted average price for a Unit for all trades transacted on SGX-ST in the ordinary course of trading for a period of 10 business days (as defined in the Trust Deed) immediately preceding the relevant business day.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 2 November 2021 (date of constitution) to 31 December 2022

1. GENERAL INFORMATION (CONT'D)

(a) Manager's fees (cont'd)

Performance fee

Pursuant to the Trust Deed, the Manager is entitled to a performance fee of 25.0% of the difference in DPU in a financial year with the DPU in the preceding financial year (calculated before accounting for the performance fee, but after accounting for the base fee in each financial year) multiplied by the weighted average number of Units in issue for such financial year. The performance fee is payable if the DPU in any financial year exceeds the DPU in the preceding financial year, notwithstanding that the DPU in the financial year where the performance fee is payable may be less than the DPU in any preceding financial year.

The performance fee is payable to the Manager either in the form of cash or Units as the Manager may elect, in such proportions as may be determined by the Manager.

No performance fee was payable for the financial period from 26 November 2021 to 31 December 2022.

Acquisition fee

Pursuant to the Trust Deed, the Manager is entitled to receive an acquisition fee of 1.0% of the acquisition price of any real estate purchased, whether directly or indirectly through one or more Specific Purpose Vehicles, by the Trust (pro-rated if applicable to the proportion of the Trust's interest in the real estate acquired) from related parties and 1.0% of the acquisition price for all other cases (or such lower percentage as may be determined by the Manager in its absolute discretion). Under Appendix 6 of the CIS Code (the "Property Funds Appendix"), in respect of any acquisition of real estate assets from interested parties, such a fee will be in the form of Units issued by the Trust at prevailing market price. Such Units may not be sold within one year from the date of their issuance. With respect to acquisitions from third parties, the acquisition fee is payable to the Manager either in the form of cash or Units as the Manager may elect, in such proportions as may be determined by the Manager.

There were acquisition fees of S$0.5 million (JPY 46.8million) in relation to the acquisition of DPL Iwakuni 1 & 2, D Project Matsuyama S and D Project Iruma S Land on 8 December 2022.

Divestment fee

Pursuant to the Trust Deed, the Manager is entitled to receive a divestment fee of 0.5% (or such lower percentage as may be determined by the Manager in its absolute discretion) of the sale price of any real estate sold or divested, whether directly or indirectly through one or more Specific Purpose Vehicles, by the Trust (pro-rated if applicable to the proportion of the Trust's interest in the real estate sold or divested).

The divestment fee is payable to the Manager either in the form of cash or Units as the Manager may elect, in such proportions as may be determined by the Manager. Any payment to third party agents or brokers in connection with the disposal of any assets shall be paid to such persons out of the deposited property, and not out of the divestment fee received or to be received by the Manager.

No divestment fee was payable for the financial period from 26 November 2021 to 31 December 2022.

1. GENERAL INFORMATION (CONT'D)

(a) Manager's fees (cont'd)

Development management fee

Pursuant to the Trust Deed, the REIT Manager is entitled to receive a development management fee of 3.0% of the total project costs incurred in development projects. Project costs is defined to mean the sum of construction cost based on project final account prepared by the project quantity surveyor or issued by the appointed contractor; principal consultants fees, cost of obtaining all approval for the project, site staff cost, interest costs on borrowings used to finance project cashflow and, any other costs including contingency expenses.

The development management fee is payable in equal monthly instalments over the construction period of each development project based on the Manager's best estimate of the total project costs and construction period and, if necessary, a final payment of the balance amount to be paid to the Manager or (as the case may be) paid by the Manager when the total project costs are finalised.

No development management fee was paid for the financial period from 26 November 2021 to 31 December 2022.

(b) Trustee's fee

The Trustee's fee shall not exceed 0.1% per annum of the value of the deposited property, subject to a minimum of S$12,000 per month, excluding out-of-pocket expenses and GST, in accordance with the Trust Deed. The Trustee's fee is accrued daily and will be paid monthly in arrears in accordance with the Trust Deed. The actual fee payable will be determined between the Manager and the Trustee from time to time.

(c) Fees under the property management agreements

Under the property management agreement in respect of the properties, the property manager will provide property management fee and expenses, project management fee, and leasing contract administration fee. The Property Manager is entitled to the following fees:

Property management fee and expenses

A monthly Property Management Fee equal to a certain percentage of rent or gross revenues, as more specifically defined in each Property Management Agreement.

Property Management Fee is assessed on a monthly basis and payable in arrears. The Property Management Fee for the multi tenanted properties in the IPO Portfolio is charged based on 1.2% of gross revenue income, subject to minimum of JPY 3.60 million (exclusive of consumption tax) per annum, save for DPL Okayama Hayashima 2 and DPL Shinfuji, which is entitled to receive JPY 5.04 million and JPY 3.6 million per annum respectively. The Property Management Fee for the built-to-suits properties in the IPO Portfolio is the fixed rate of JPY 3.60 million (exclusive of consumption tax) per annum respectively. The Property Management Fee for D Project Iruma underlying land is JPY 600k per annum.

1. GENERAL INFORMATION (CONT'D)

(c) Fees under the property management agreements (cont'd)

Project management fee

The Property Managers are entitled to project management fees in connection with providing construction management services for certain construction projects with respect to the Property managed by the Property Manager. The Property Manager is a wholly-owned subsidiary of the Sponsor.

Construction supervision fees are assessed as a percentage of the total cost of the applicable construction project with respect to the Properties, as more specifically set forth in each Property Management Agreement, construction management addendum to the Property Management Agreement or separate project management agreement for the Property, with the applicable percentage decreasing as the total cost of a construction project increases.

With respect to such construction supervision fees, the percentages typically range from 2.0% to 5.0% of the total cost of a construction project plus a fixed amount, depending on the values of the total project cost. There is no construction development fee payable if the total project cost is below JPY 1.0 million. The Manager who oversees the Property Managers will negotiate the amount of Construction supervision fees while taking into account the complexity and scale of the construction project. Most commonly, projects with construction costs over S$100.0 million are negotiable and on a case by case basis such that each construction supervision fee is reasonable depending on the size and complexity of any given project. The Manager believes that the Construction supervision fees payable to the third party independent Property Managers are in line with market practice for property managers in the respective markets.

Leasing contract administration fee

The Property Manager is entitled to leasing commissions for procuring leases with new tenants, re-contracting with an existing tenant or extending the contract term and increase in the leased space of an existing tenant or an additional contract for office space, and (i) in the event that a new lease contract with a term of three years or more is signed where the new tenant is sought by the Property Manager, a Leasing Contract Administration Fee equivalent to one month of the new tenant's monthly rent (excluding consumption tax) or (ii) in other cases, the amount of fees set out in each of the property management agreements.

(d) Fees under the building management agreements

The building management expenses include building management costs that relate to services provided in the day-to-day maintenance and upkeep of the Properties, and include security services costs, waste disposal costs, maintenance and cleaning costs, and other miscellaneous costs incurred in the management of the buildings of the Properties. Building management fees are estimated based on existing service and maintenance agreements with the service providers and adjusted for estimated inflation.

1. GENERAL INFORMATION (CONT'D)

(e) Japan asset manager's fees

Pursuant to the Asset Management Agreements entered into between the Japan Asset Manager and each of DH-CRUX Japan Tokutei Mokuteki Kaisha ("TMK"), DH-CRUX Japan Intermediate Godo Kaisha ("GK1") and DH-MIMOSA Godo Kaisha ("GK2"), the Japan Asset Manager is entitled to servicing and administrative fees comprising of an ongoing property operation and administrative fee of 0.10% of the purchase price of the trust beneficial interest (TBI) held by TMK, 0.10% of the purchase price of the TBI GK2, and 0.05% of the purchase price of the TBI held by TMK and GK2 billable to GK1, accrued monthly and payable on a semi-annual basis. The Japan Asset Manager's fees are payable in cash and will partly offset the Manager' Management Fees, to reduce the Management Fee paid to the Manager.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), the applicable requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Trust Deed.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise disclosed in the accounting policies below.

2.3 Functional and presentation currency

The financial statements are presented in Singapore Dollars ("SGD" or "S$"), which is the functional currency of the Trust. All financial information presented has been rounded to the nearest thousand (S$'000), unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about critical judgements and accounting estimates in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is described in the following notes:

- Note 6 – Measurement of expected credit losses ("ECLs") for trade receivables
- Note 8 – Fair value of derivatives
- Note 9 – Valuation of investment properties

2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgements (cont'd)

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group uses third party appraisal firms and financial institutions to perform valuations. The Manager assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: for unadjusted prices quoted in active markets for identical assets or liabilities;
- Level 2: for inputs, other than quoted prices included in Level 1, that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: for inputs that are based on unobservable market data. These unobservable inputs reflect the Group's own assumptions about the assumptions that market participants would use in pricing the asset or liability, and are developed based on the best information available in the circumstances (which might include the Group's own data).

If inputs of different levels are used to measure the fair value of an asset or liability, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied by the Group consistently to the period presented in these financial statements.

3.1 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method in accordance with IFRS 3 Business Combinations as at the acquisition date, which is the date on which control is transferred to the Group. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is an asset or liability are recognised in profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

Business combinations (cont'd)

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. Any goodwill that arises is tested annually for impairment. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

When the acquisition of an investment property does not represent a business combination, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based on their relative fair values at the date of purchase. Acquisition-related costs are capitalised to the investment property at the time the acquisition is completed.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The accounting policies of subsidiaries have been changed where necessary to align with the policies adopted by the Group.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or carried at fair value in accordance with IFRS 9 *Financial Instruments*.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Trust.

Changes in the Trust's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Trust.

3.2 Foreign currency

Foreign currency transactions and balances

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity.

Transactions in foreign currencies are translated to the respective functional currencies of the Group's entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date on which the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical costs are translated using the exchange rate at the date of the transaction. Foreign currency differences arising from settlement of monetary items or retranslation of monetary items at the end of reporting period are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated to presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to presentation currency at exchange rates at the dates of the transactions.

The exchange differences arising on the translation are recognised in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is transferred to profit or loss as part of the gain or loss on disposal.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognised in other comprehensive income and accumulated under foreign currency reserve in equity.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation, or both and right-of-use assets relating to ground leases where certain properties are built upon. Investment properties are not for sale in the ordinary course of business, used in the production or supply of goods or services, or for administrative purposes. Investment properties are measured at cost, including transaction costs, on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment properties. The Trust Deed requires the investment properties to be valued by independent registered valuers in such manner and frequency required under the Property Funds Appendix of the CIS Code issued by the MAS.

Investment properties are subject to renovations or improvements at regular intervals. The costs of major renovations and improvements are capitalised and the carrying amounts of the replaced components are written off to profit or loss. To the extent that lease commissions paid increase the future economic benefits of investment properties, they are capitalised as part of the assets.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the investment property) is recognised in profit or loss.

3.4 Leases

As lessee

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Reassessment is only required when the terms and conditions of the contract are changed.

(i) Right-of-use assets

The Group recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

Right-of-use asset which meets the definition of an investment property is presented within "Investment properties" and accounted for in accordance with Note 3.3.

(ii) Lease liabilities

The lease liability is initially measured at the present value of the lease payments measured at the present value of lease payments to be made over the lease term. Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Leases (cont'd)

As lessee (cont'd)

(ii) Lease liabilities (cont'd)

- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

As a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 3.9.

3.5 Financial instruments

Non-derivative financial assets

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

The Group's non-derivative financial assets which comprise cash and cash equivalents and trade and other receivables, are classified in the amortised cost measurement category.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments (cont'd)

Financial assets at amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost using effective interest method and are subject to impairment. Financial assets measured at amortised cost are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

Non-derivative financial liabilities

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

The Group initially recognises debt securities issued on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group classifies non-derivative financial liabilities as financial liabilities at amortised cost. Such financial liabilities are recognised initially at fair value and any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Interest expense, and gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Financial liabilities at amortised cost comprise trade and other payables, security deposits, loans and borrowings.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legally enforceable right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments (cont'd)

Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group does not hold or issue derivative financial instruments for trading purposes. The Group has not elected to apply hedge accounting for its derivative financial instruments.

3.6 Impairment

Non-derivative financial assets

The Group recognises an allowance for ECLs for all trade and other receivables. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

In certain cases, the Group may consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash generating units ("CGU") is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Impairment (cont'd)

Non-financial assets (cont'd)

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that a prior loss should be reversed. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognised.

3.7 Unitholders' funds

Unitholders' funds are classified as equity.

Issuance costs relate to expenses incurred in connection with the issue of Units. These expenses are deducted directly against Unitholders' funds.

3.8 Perpetual Securities

The perpetual securities may be redeemed at the option of the Trust. Distributions to the perpetual securities holders will be payable semi-annually in arrears on a discretionary basis and will be non-cumulative. Accordingly, the perpetual securities are classified as equity.

The expenses relating to the issue of the perpetual securities are deducted against the proceeds from the issue.

3.9 Revenue

Revenue is recognised when the Group satisfies a performance obligation by transferring control of a promised good or service to the customer. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Rental income

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature, except for contingent rental income which is recognised when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income.

Lease incentives that are paid or payable to the lessee are deducted from lease payments. Accordingly, tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the DHLT Group is reasonably certain that the tenant will exercise that option.

Rental income also includes lease cancellation fees. Lease cancellation fees are recognised as revenue once an agreement is reached with the tenant to terminate the lease and the collectability is reasonably assured.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Revenue (cont'd)

Recoverable income

Reimbursements from tenants are recognised as recoverable income in the period in which the applicable costs are incurred.

Other operating income

Other operating income comprising parking income and other non-rental income are recognised as services are provided and performance obligations are satisfied. Car park income consists of contractual and transient car park income, which are recognised upon utilisation of parking facilities. In addition, car park income paid by tenants represents the right to park in pre-determined parking stalls on certain tenant leases.

3.10 Finance expenses

Finance expenses comprise interest expense on loans and borrowings and amortisation of debt-related transaction costs incurred on the borrowings. Borrowing costs are recognised in profit or loss using the effective interest method.

3.11 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Current tax assets and liabilities are offset only if certain criteria are met.

The Group applies judgement in identifying uncertainties over income tax treatments. The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- the temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and

- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 2 November 2021 (date of constitution) to 31 December 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Tax (cont'd)

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity.

Deferred tax assets are recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised except for:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.12 Distribution Policy

DHLT's distribution policy is to distribute 100% of DHLT's annual distributable income for the period from 26 November 2021 (Listing Date) to 31 December 2022 and at least 90% of its annual distributable income thereafter. The actual level of distribution will be determined at the discretion of the Board of Directors of the Manager.

3.13 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and fixed deposits which are subject to an insignificant risk of changes in value.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Segment reporting

An operating segment is a component of the Group:

- that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components;
- whose operating results are regularly reviewed by the Chief Executive Officer and the directors of the Manager to make decisions about resources to be allocated to the segment and assess its performance; and
- for which discrete financial information is available.

The Group's investment properties comprise commercial office properties located in Japan. Therefore, the Manager considers that the Group operates within a single business segment and within a single geographical segment in Japan. Accordingly, no segment information has been presented in these financial statements.

3.15 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations have been issued as of the reporting date but are not yet effective for the financial period from 2 November 2021 (date of constitution) to 31 December 2022. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Description	**Effective for annual periods beginning on or after**
Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8: Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IAS 1: Non-current Liabilities with Covenants	1 January 2024

The Group expects that the adoption of the standards above will have no significant impact on the financial statements in the year of initial application.

4. CASH AND CASH EQUIVALENTS

	Group 2022 S$'000	Trust 2022 S$'000
Cash at bank	40,436	2,891
Fixed Deposit	8,502	8,502
Cash and cash equivalents	48,938	11,393

Fixed deposit earns interest based on bank fixed deposit rates. The interest rates of fixed deposit placed with financial institutions range from 2.2% to 3.9% per annum with average maturity ranging from one to three months.

5. RESTRICTED CASH

Restricted cash comprises cash reserves as required by the lenders for capital expenditure, interest expenses, property tax expenses, special purpose vehicle costs, security deposit for ground rent payable to Superior Landlords and insurance premium. Restricted cash also includes cash paid by the end-tenants which is to be deposited into a reserve cash account with the Property Trustee.

6. TRADE RECEIVABLES

	Group 2022 S$'000	Trust 2022 S$'000
Trade receivables	346	–

Impairment losses

The ageing of trade receivables at the end of the reporting date is as follows:

	Gross 2022 S$'000	Impairment 2022 S$'000
Group		
Not past due	346	–
	346	–

6. TRADE RECEIVABLES (CONT'D)

The Group has trade receivables amounting to S$0.3 million that are not past due at the end of the reporting period. The Group establishes allowances for impairment that represent its estimates of the ECL and specific loss component in respect of its trade receivables. ECL is estimated taking into consideration past due status of the trade receivables, adjusted as appropriate to reflect current condition and estimates of future economic conditions.

The Manager believes that no provision of ECLs is necessary in respect of the trade receivables as the balances are neither past due or relate to creditworthy debtors and counterparties with good payment record.

Concentration of credit risk relating to trade receivables is limited due to the Group's many varied tenants. Given the above factors, the Manager believes that no additional credit risk is inherent in the Group's trade receivables.

The Group's and Trust's exposure to credit risk related to trade receivables are set out in Note 25.

7. PREPAID EXPENSES AND OTHER ASSETS

	Group 2022 S$'000	**Trust 2022 S$'000**
Prepayment	1,305	–
Refundable deposits	3,713	2
Others	137	136
Amounts due from subsidiaries	–	450,538
	5,155	**450,676**

The amounts due from subsidiaries included loans to subsidiaries amounting to S$450.0 million which are unsecured, interest free and repayable on demand.

8. FINANCIAL DERIVATIVES

	Group 2022 S$'000	**Trust 2022 S$'000**
Current		
Derivative assets	1,123	1,123
Non-current		
Derivative liabilities	(253)	(253)
Total derivative financial instruments	**870**	**870**
Percentage of derivative financial instruments to net assets	**0.15%**	**0.19%**

The Group has entered into forward exchange contracts to manage its foreign currency risk. As at 31 December 2022, the notional principal amount of the financial instruments was S$46.0 million.

The changes in fair value of the forward exchange contracts are recognised in profit or loss for the financial year.

9. INVESTMENT PROPERTIES

	Group 2022 S$'000
Consolidated Statement of Financial Position	
Acquisition value of investment properties as at 26 November 2021(Listing date)	866,155
Acquisition of investment properties[1]	47,886
Capital expenditure capitalised	190
Fair value changes in investment properties	126,509
Foreign exchange rate changes	(156,779)
Investment properties value as at 31 December 2022	**883,961**
Add: Right-of-use assets and assets corresponding to asset-retirement obligation	191,690
Carrying value of investment properties as at 31 December 2022	**1,075,651**
Consolidated Statement of Comprehensive Income	
Fair value changes in investment properties	126,509
Right-of-use assets and assets corresponding to asset-retirement-obligation	(3,735)
Amortisation and straight lining	(1,289)
Net fair value changes recognised in the statement of comprehensive income	**121,485**

(1) Including acquisition fees and acquisition costs

Investment properties comprise logistics properties which are leased to external tenants. A right-of-use asset relating to the ground lease for leasehold properties of S$174.2 million have been included as part of the investment properties as at 31 December 2022 upon the adoption of IFRS 16 Leases. The remaining lease terms range from less than 12 years to 46 years as of 31 December 2022. In addition, an asset corresponding to asset-retirement-obligation of S$17.5 million have been included at fair value as at 31 December 2022.

All the investment properties are pledged as security to secure bank loans (see Note 13).

Measurement of fair value

(i) Fair value hierarchy

As at 31 December 2022, the investment properties, are stated at fair value based on independent valuations undertaken by CBRE K.K. and Savills Japan Valuation G.K. The independent valuers have the appropriate professional qualifications and recent experience in the location and category of the properties being valued.

The fair values were generally calculated using the Income Approach. The two primary income approaches that may be used are the Discounted Cash Flow (DCF) and the Direct Capitalisation Method (DCM). DCF calculates the present values of future cash flows over a specified time period, including the potential proceeds of a deemed disposal, to determine the fair value. DCM determines value by applying a capitalisation rate to the property's stabilised net operating income, normally at the first year. Both the DCF and DCM approaches convert the earnings of a property into an estimate of value. The Market Transaction or Direct Comparison approach may also be used, which is based on sound considerations for similarity and comparability between properties that have recently been sold. Considerations may include geographic location, physical, legal, and revenue generating characteristics, market conditions and financing terms and conditions. The final step in the valuation process involves the reconciliation of the individual valuation techniques in relationship to their substantiation by market data, and the reliability and applicability of each valuation technique to the subject property.

9. INVESTMENT PROPERTIES (CONT'D)

Measurement of fair value (cont'd)

(i) Fair value hierarchy (cont'd)

The valuation methods used in determining the fair value involve certain estimates including those relating to discount rate, terminal capitalisation rate and capitalisation rate, which are unobservable. In relying on the valuation reports, the Manager has exercised its judgement and is satisfied that the valuation methods and estimates used are reflective of the current market conditions.

Certain valuers have highlighted in their valuation reports that the real estate market has been impacted by the uncertainty brought by the global inflationary pressures (leading to higher interest rates) and the recent geopolitical events in Ukraine, in addition to the on-going effects of the global COVID-19 pandemic in some market. A higher degree of caution is to be exercised when relying on the valuations. The valuations were based on the market conditions and information available as at the valuation dates. Values may change more rapidly and significantly subsequently as the future impact of these factors might have on the real estate market remains unknown.

The fair value measurement for investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used.

(ii) Level 3 fair value

Valuation techniques and significant unobservable inputs

The following table shows the significant unobservable inputs used in the measurement of fair value of investment properties:

Valuation techniques	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flow approach	Rental rate per Tsubo/3.31 sq metres 2022: JPY 2,500 – JPY 6,929	Higher/(lower) rental rate would result in a higher/(lower) fair value.
	Discount rate 2022: 3.35% - 4.95%	Lower/(higher) discount rate or terminal capitalisation rate would result in a higher/(lower) fair value.
	Terminal capitalisation/terminal discount rate 2022: 3.45% - 5.35%	
Direct capitalisation method	Rental rate per Tsubo/3.31 sq metres 2022: JPY 2,500 – JPY 6,929	Higher/(lower) rental rate would result in a higher/(lower) fair value.
	Capitalisation rate 2022: 3.45% - 5.25%	Lower/(higher) capitalisation rate would result in a higher/(lower) fair value.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 2 November 2021 (date of constitution) to 31 December 2022

10. INVESTMENT IN SUBSIDIARIES

	Trust 2022 S$'000
Unquoted equity investment at cost	1,504

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Effective equity interest held 2022 %
DH-Crux Pte. Ltd.[1]	Singapore	Investment Holding	100%
DH-Crux2 Pte. Ltd.[1]	Singapore	Investment Holding	100%
DH-CRUX Japan Intermediate GK[2]	Japan	Investment Holding	100%
DH-CRUX Japan TMK[2]	Japan	Property Holding	100%
DH-MIMOSA GK[2]	Japan	Property Holding	100%

(1) Audited by Ernst & Young LLP Singapore

(2) Audited by a member firm of Ernst & Young Global Limited, Ernst & Young ShinNihon LLC

11. TRADE AND OTHER PAYABLES

	Group 2022 S$'000	Trust 2022 S$'000
Current		
Trade payables	168	164
Accrued expenses	3,569	1,260
Other payables	1,463	212
Interest payable	628	–
Deferred revenue	4,449	–
	10,277	1,636
Non-current		
Asset retirement obligation	17,464	–

Deferred revenue comprises mainly advance rental and recoveries received in advance.

Non-current liabilities refer to the asset retirement obligations in respect of the leasehold investment properties.

12. LEASE LIABILITIES

	Group 2022 S$'000	Trust 2022 S$'000
At the beginning of the financial period	–	–
Recognition due to acquisition of investment properties	219,726	–
De-recognition due to early termination[1]	(9,538)	–
Payments	(4,121)	–
Finance cost on lease liabilities	3,646	–
Exchange differences	(36,046)	–
At the end of the period	173,667	–
Current	2,788	–
Non-current	170,879	–
	173,667	–

(1) The de-recognition is due to early termination of leasehold property of D project Iruma S which was eventually acquired under D Project S Iruma Land on 8 December 2022.

13. LOANS AND BORROWINGS

	Group 2022 S$'000	Trust 2022 S$'000
Non-current		
Secured bank loans	333,261	–
Secured bonds	10,099	–
Less: Unamortised transaction costs	(5,059)	–
	338,301	–
Percentage of borrowings to net assets	57.5%	–

The Group, through DH-CRUX Japan TMK ("DH TMK"), has the following debt facilities as of 31 December 2022:

(a) JPY 29.0 billion loan facilities from a syndicate of lenders. The loan facilities comprise three tranches with a maturity in 2024 for JPY 10.0 billion, in 2025 for JPY 10.0 billion and in 2026 for JPY 9.0 billion;

(b) JPY 1.0 billion specified bonds issued to Sumitomo Mitsui Trust Bank Limited with a maturity in 2026;

(c) JPY 4.0 billion loan facilities from a syndicate of lenders. The loan facilities comprise two tranches with a maturity in 2026 for JPY 2.0 billion, and in 2027 for JPY 2.0 billion; and

(d) In 2022, DHLT has obtained two unsecured facilities comprising a 3-year committed revolving credit facility ("RCF") and an uncommitted RCF totalling S$50.0 million. As at 31 December 2022, there is no loan drawn under the 2 unsecured facilities.

The total available facilities for the Group and Trust amount to S$50.0 million as at 31 December 2022.

13. LOANS AND BORROWINGS (CONT'D)

The outstanding principal, interest rate and maturity of the Facilities as at 31 December 2022 are as set forth below:

	Nominal interest rate %	Year of maturity	2022 Face value S$'000	2022 Carrying amount S$'000
Group				
Secured bank loans / bonds	0.90% – 1.40%	2024 – 2027	343,360	338,301

The weighted average all-in interest rate on borrowings as at 31 December 2022 was 0.99% per annum.

Reconciliation of movements of liabilities to cash flows arising from financing activities:

		Financing cash flows		Others		
	2 November (date of constitution) S$'000	Net proceeds from / repayment of loans and borrowings S$'000	Payment of transaction costs S$'000	Finance expense S$'000	Currency translation S$'000	31 December S$'000
Group						
2022						
Loans and borrowings	–	408,900	(8,208)	2,148	(64,539)	338,301

Security Interests in connection with the Loan Facilities

The following security interests was created to secure the obligations of DH TMK as the borrower under the Loan Facilities:

(a) revolving pledges over each TBI held by DH TMK or TK Operator (GK2);

(b) revolving mortgages over all real estate corresponding to the TBI (conditional upon the termination of the trust pursuant to the relevant trust agreement);

(c) revolving pledge over claims pursuant to insurance agreements for all real estate (conditional upon the termination of the trust pursuant to the relevant trust agreement);

(d) revolving pledge over the specified shares in DH TMK; and

(e) revolving pledges over TK interests held by DH TMK in TK Operator (GK2).

13. LOANS AND BORROWINGS (CONT'D)

Security Interests in connection with the Specified Bonds

A general security lien (ippan tanpo) was also created to secure the obligations of DH TMK as the issuer of the Specified Bonds. The subject of such general security lien (ippan tanpo) is the assets of DH TMK, which are, in substance, TBIs and TK interests in GKs. The Asset Liquidation Act grants to specified bondholders the right to receive all payments due in relation to such specified bonds out of the assets of DH TMK prior to any payments to other unsecured creditors.

The general security lien is subordinated to the above security interests (a) to (c) and (e) held by DH TMK's lenders but takes preference over other unsecured creditors. Unless otherwise provided in the asset liquidation plan, that general security lien is automatically created by operation of law.

14. DEFERRED TAX LIABILITIES

Deferred tax liabilities are attributable to the following:

	Group 2022 S$'000
Investment properties	18,894
Other	31
	18,925

Movements in deferred tax liabilities of the Group during the period are as follows:

	At 2 November 2021 (date of constitution) S$'000	**Statement of Comprehensive Income S$'000**	**At 31 December 2022 S$'000**
Deferred tax liabilities			
Investment properties			
– Change in fair value of investment properties	–	15,635	15,635
– Tax depreciation	–	5,499	5,499
Other	–	35	35
Exchange differences	–	(2,244)	(2,244)
	–	18,925	18,925

15. PERPETUAL SECURITIES

On 26 November 2021, DHLT issued 150 perpetual securities in the aggregate principal amount of JPY 3.0 billion and the key terms of the perpetual securities are as follows:

- the perpetual securities will confer a right to receive distribution payments at a rate of 2.95% per annum with the first distribution rate reset falling on 26 November 2026 and subsequent resets occurring every five years thereafter;
- the distributions are payable semi-annually in arrears on a discretionary basis and are non-cumulative; and
- the perpetual securities will constitute direct, unsecured and subordinated obligations of the Trust and rank pari passu and without any preference among themselves and with any Parity Obligations (as defined in the conditions) of the Issuer.

The perpetual securities are classified as equity instruments and recorded as equity in the Statements of Financial Position. The S$35.8 million presented in the Statements of Financial Position represents the carrying value of the S$35.4 million perpetual securities issued, net of issue costs and includes the total return attributable to the perpetual securities holders from the last distribution date.

16. UNITS IN ISSUE AND TO BE ISSUED

	2022	
	No of Units '000	S$'000
Units in issue		
As at 2 November 2021 (date of constitution)	–	–
Units issued during the financial period:		
– Issuance of new units under Initial public offering (IPO)	675,000	540,000
– Issuance of new units under Sponsor subscription	16,071	12,375
– Manager's base fee paid in Units	1,464	1,049
– Issuance cost	–	(23,885)
Distribution to Unitholders	–	(20,873)
Units issued at end of the period	**692,535**	**508,666**
Units to be issued		
– Acquisition fees payable in Units	729	463
– Manager's base fee payable in Units	510	323
	1,239	**786**
Total Units issued and to be issued at end of the period	**693,774**	**509,452**

16. UNITS IN ISSUE AND TO BE ISSUED (CONT'D)

Units issued and to be issued were as follows:

- Approximately 16,071,000 new units under Sponsor subscription were issued at issue price S$0.77 per Unit, which was 21.2% premium over 10-Day VWAP (i.e. the volume-weighted average price per Unit on the SGX-ST for a period of 10 market days prior and up to (and including) the market day immediately preceding the date of issuance of the new Units).

- Approximately 1,464,000 new Units were issued at issue prices ranging from S$0.64 to S$0.83 per Unit, amounting to S$1,049,094 as satisfaction of the Manager's base fee payable in Units for the period from 26 November 2021 to 30 September 2022.

- There were approximately 510,000 units to be issued in satisfaction of the Manager's base fee for the period from 1 October 2022 to 31 December 2022 on 15 March 2023 and 729,000 Units to be issued in satisfaction to the Manager's acquisition fee for the acquisition of DPL Iwakuni1 & 2, D Project Matsuyama S and D Project Iruma Land on 8 December 2022. The acquisition fees payable in units will be issued on 10 January 2023. Units to be issued are based on the volume weighted average price for the last 10 Business Days immediately preceding the year end of S$0.63 and S$0.64 respectively.

Each Unit in the Trust represents an undivided interest in the Trust. The rights and interests of Unitholders are contained in the Trust Deed and included the right to:

- receive income and other distributions attributable to the Units held;

- participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less any liabilities, in accordance with their proportionate interests in the Trust; and

- attend all Unitholders' meetings. The Trustee or the Manager convenes a meeting or unless not less than 50 Unitholders or Unitholders representing not less than 10% of the total Units issued give written request for a meeting to be convened.

A Unitholder has no equitable or proprietary interest in the underlying asset of the Group and is not entitled to the transfer to it of any asset (or any part thereof) or of any real estate or interest in any asset and the real estate-related assets (or any part thereof) of the Group.

A Unitholder's liability is limited to the amount paid or payable for any Units. The provisions of the Trust Deed provide that no Unitholders will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that liabilities of the Trust exceed its assets.

Issuance costs comprise professional, advisory and underwriting fees and other costs related to the issuance of Units. Included in issuance costs for the year ended 31 December 2022 are S$1.9 million of fees paid to the external auditors and tax advisors for services rendered in relation to the REIT's IPO.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 2 November 2021 (date of constitution) to 31 December 2022

17. NET ASSET VALUE PER UNIT

	Note	Group 2022 S$'000	Trust 2022 S$'000
Net asset value per Unit is based on:			
– Net assets (S$'000)		553,211	427,015
– Total Units issued and to be issued at 31 December ('000)	16	693,774	693,774
NAV and NTA per unit attributable to unitholders[1] (S$)		0.80	0.62

[1] The computation of NAV and NTA is based on number of units in issue and to be issued at the end of the period. NAV and NTA are the same as there is no intangible asset as at the end of the period.

18. GROSS REVENUE

	Group 2022 S$'000
Rental income	61,172
Recoverable and other income	7,547
	68,719

19. PROPERTY OPERATING EXPENSES

	Group 2022 S$'000
Property taxes	6,333
Utilities expenses	4,171
Property management fees and expenses	962
Building management expenses	2,377
Other operating expenses	1,891
	15,734

20. OTHER TRUST EXPENSES

Included in other trust expenses are the following:

	Group 2022 S$'000
Auditors of the Group	
– Audit fees	530
– Non-audit fees	29
Valuation fees	269
Tax and legal expenses	210
Investor relations and related expenses	200
Other expenses	421
	1,659

21. FINANCE EXPENSES

	Group 2022 S$'000
Interest expense	1,840
Amortisation of debt-related expense	2,148
Commitment and financing fees	14
Finance cost on lease liabilities and other liabilities	4,028
	8,030

22. TAX EXPENSE

	Group 2022 $'000
Current tax expense	–
Deferred tax expense	
Movement in temporary differences	21,169
	21,169
Reconciliation of effective tax rate	
Net income for the year before tax	162,498
Tax calculated using Singapore tax rate of 17%	27,625
Effect of different tax rate in foreign jurisdictions	(6,799)
Income not subject to tax	(12,642)
Expenses not deductible for tax purposes	12,985
	21,169

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 2 November 2021 (date of constitution) to 31 December 2022

23. EARNINGS PER UNIT

Basic earnings per Unit is based on:

	Group 2022 S$'000
Net income for the period	141,329

	Group 2022 No. of Units '000
Weighted average number of Units	676,341

Basic EPU is calculated based on the weighted number of Units for the year. This is comprised of:

(i) the weighted average number of Units in issue for the year; and

(ii) the estimated weighted average number of Units issuable as payment of the Manager's fees and Property Manager's management fees for the year.

Diluted EPU is the same as the basic EPU as there are no dilutive instruments in issue during the year.

24. CAPITAL MANAGEMENT

The Manager's objective when managing capital is to optimise the Group's capital structure within the borrowing limits set out in the CIS Code by the MAS to fund future acquisitions and asset enhancement projects at the Trust's properties. To maintain or achieve an optimal capital structure, the Manager may issue new Units or source additional borrowings from both financial institutions and capital markets.

The Group has a policy to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Manager monitors the yield, which is defined as net property income from the property divided by the latest valuation for the property. The Manager also monitors the level of distributions made to Unitholders.

The Group seeks to maintain a balance between the higher returns that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position.

The Group is subject to the aggregate leverage limit as defined in the Property Funds Appendix of the CIS Code. The Aggregate Leverage is computed by taking total borrowings (excluding lease liabilities arising from land rent) divided by total assets using the Fair Value (excluding right of use assets, asset retirement obligation assets and the amount of restricted cash equivalent to security deposits payable by end-tenants to the Property Trustee).

The Group has complied with the Aggregate Leverage limit of 50% during the financial year, with an Aggregate Leverage of 35.9% and ICR of 11.8 times as at 31 December 2022.

The Manager actively monitors the term of each loan facility, the weighted average cost of debt, and variable debt as a proportion of overall debt outstanding. The Manager also monitors the debt covenants on an ongoing basis and ensures there is sufficient cash available to make the payments under the loan agreement.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Overview of risk management

The Group's activities expose it to market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk in the normal course of its business. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors of the Manager is responsible for setting the objectives and underlying principles of financial risk management for the Group. This is supported by comprehensive internal processes and procedures which are formalised in the Manager's organisational and reporting structure, operating manuals and delegation of authority guidelines.

Market risk

Foreign Currency risk

Foreign currency risk arises when transactions are denominated in a currency other than the functional currency of the Group, and such changes will impact the Group's profit.

The Group has transactional currency exposures arising from cash and cash equivalents, prepaid expenses and other expense and trade and other payables that are denominated in a currency other than its functional currency. These transactions are mainly denominated in Japanese Yen ("JPY"). Where appropriate, based on the prevailing market conditions, the Group may adopt suitable hedging strategies to minimise any foreign exchange risk.

The exposures to currency risk of the Group and the Trust are as follows:

	Group 2022 S$'000	Trust 2022 S$'000
Cash and cash equivalents	2,739	2,729
Other assets	–	450,488
Trade and other payables	(111)	(111)
Net assets	2,628	453,106

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Overview of risk management (cont'd)

Market risk (cont'd)

Foreign Currency risk (cont'd)

A 5.0% weakening of JPY against the following foreign currency at the reporting date would (reduce) the profit or loss by the amounts shown below. This sensitivity analysis assumes that all other variables, in particular, interest rates, remain constant.

	Group 2022 S$'000	**Trust 2022 S$'000**
JPY	(127)	(21,579)

A 5.0% strengthening of JPY against the above currency would have had an opposite effect of similar quantum on the above currency to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

As at 31 December 2022, the Group had S$343.4 million of fixed rate interest-bearing borrowings. The Group had not been exposed to significant interest rate risk.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. In addition, tenants may experience financial difficulty and are unable to fulfil their lease commitments or tenants may fail to occupy and pay rent in accordance with lease agreements. The Group mitigates credit risk through staggered lease maturities, diversification of revenue sources by ensuring no individual tenant contributes a significant percentage of the Group's gross revenue and obtaining security deposits or letter of credits from the tenants. As at end of the reporting period, there are no significant concentrations of credit risk.

The Group's risk for trade receivables is disclosed in Note 6. The Manager believes that there is no other credit risk inherent in the Group's remaining trade receivables, based on historical payment behaviours and the security deposits held. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

Cash is placed with financial institutions which are regulated.

Financial derivatives are entered into with bank and financial institution counterparties which are regulated.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Overview of risk management (cont'd)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Manager monitors the liquidity risk of the Group and maintains a level of cash and credit facilities deemed adequate to finance its operations and to mitigate the effects of fluctuations in cash flows. The Manager also monitors and observes the CIS Code issued by the MAS concerning limits on total borrowings.

The Group's credit facilities are set out in Note 13.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

				Cash flows	
	Carrying amount S$'000	**Contractual cash flows S$'000**	**Within 1 year S$'000**	**Within 2 to 5 years S$'000**	**More than 5 years S$'000**
Group					
2022					
Non-derivative financial liabilities					
Trade and other payables[1]	5,828	5,828	5,828	–	–
Security deposits	29,149	29,149	1,953	8,177	19,019
Lease liabilities	173,667	241,743	5,735	25,180	210,828
Asset retirement obligation	17,464	34,397	–	–	34,397
Loans and borrowings	338,301	349,687	2,370	326,920	20,397
	546,409	660,804	15,886	360,277	284,641

[1] Excluding deferred revenue

				Cash flows	
	Carrying amount $'000	**Contractual cash flows $'000**	**Within 1 year $'000**	**Within 2 to 5 years $'000**	**More than 5 years $'000**
Trust					
2022					
Non-derivative financial liabilities					
Trade and other payables	1,636	1,636	1,636	–	–

The maturity analyses show the contractual undiscounted cash flows of the Group's financial liabilities on the basis of their earliest possible contractual maturity.

26. FAIR VALUES OF ASSETS AND LIABILITIES

(a) Classification and fair value of financial instruments

The fair values of financial assets and liabilities, including their levels in the fair value hierarchy are set out below. It does not include the fair value information of financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount				Fair value			
	Note	Financial assets at amortised cost S$'000	Financial liabilities at amortised cost S$'000	FVTPL S$'000	Total carrying amount S$'000	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
Group									
2022									
Financial assets measured at fair value									
Derivative assets	8	–	–	1,123	1,123	–	1,123	–	1,123
Financial assets not measured at fair value									
Cash and cash equivalents	4	48,938	–	–	48,938				
Trade and other receivables^	6 / 7	4,082	–	–	4,082				
		53,020	–	–	53,020				
Financial liabilities not measured at fair value									
Trade and other payables#	11	–	5,828	–	5,828				
Loans and borrowings	13	–	338,301	–	338,301	–	–	337,161	337,161
Security deposits		–	29,149	–	29,149				
Asset retirement obligation	11	–	17,464	–	17,464	–	–	17,464	17,464
		–	390,742	–	390,742				
Financial liabilities measured fair value									
Derivative liabilities	8	–	–	253	253	–	253	–	253

^ Excluding prepayments and GST receivables

\# Excluding deferred revenue

26. FAIR VALUES OF ASSETS AND LIABILITIES (CONT'D)

(a) Classification and fair value of financial instruments (cont'd)

	Note	Carrying amount				Fair value			
		Financial assets at amortised cost S$'000	Financial liabilities at amortised cost S$'000	FVTPL S$'000	Total carrying amount S$'000	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
Trust									
2022									
Financial assets measured at fair value									
Derivative assets	8	–	–	1,123	1,123	–	1,123	–	1,123
Financial assets not measured at fair value									
Cash and cash equivalents	4	11,393	–	–	11,393				
Trade and other receivables^	7	450,562	–	–	450,562				
		461,955	–	–	461,955				
Financial liabilities not measured at fair value									
Trade and other payables	11	–	1,636	–	1,636				
		–	1,636	–	1,636				
Financial liabilities measured at fair value									
Derivative liabilities	8	–	–	253	253	–	253	–	253

^ Excluding GST receivables

26. FAIR VALUES OF ASSETS AND LIABILITIES (CONT'D)

(b) Measurement of fair values

The following is a description of the valuation techniques and inputs used in the measuring Level 2 and Level 3 fair values.

Financial instruments measured at fair value

Financial derivatives

The fair value of forward exchange contracts are based on valuations provided by the financial institutions that are the counterparties of the transactions. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.

Financial instruments not measured at fair value

Loans and borrowings

The fair values of loans and borrowings are calculated using the discounted cash flow technique based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

27. COMMITMENTS

(a) Operating lease commitments – as lessor

Non-cancellable operating lease rentals are receivable as follows:

	Group 2022 S$'000
Within 1 year	55,888
After 1 year but within 5 years	147,985
After 5 years	206,177
	410,050

The above operating lease receivables are based on the rent receivable under the lease agreements, adjusted for increases in rent where such increases have been provided for under the lease agreements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 2 November 2021 (date of constitution) to 31 December 2022

28. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the following significant related party transactions were carried out at terms agreed between the parties during the financial years:

	Group 2022 S$'000
Trustee Fee paid and payable to Trustee	179
Rent from solar system paid and payable to a subsidiary of Sponsor	124
Japan asset management fees	1,255
Property management fees	890
Building management fees	2,317
Lease contract administration fees	664
Ground rent paid to Sponsor	7,790
Electricity paid/payable to Sponsor and its subsidiary	3,132
Repair cost paid/payable to Sponsor or its subsidiaries	35
Insurance premium paid to a subsidiary of Sponsor	1,854
Acquisition of properties from Sponsor	902,967
Issuance of equity to Sponsor under Sponsor subscription[1]	67,523
Management fees payable to the Manager	2,745
Distribution made to perpetual securities holder	1,035
Acquisition fees paid to the Manager	463
Set-up fees/acquisition fees paid to the Japan asset manager	2,709

(1) Including fees capitalised into issuance costs

29. FINANCIAL RATIO

	Group 2022 %
Ratio of expenses to weighted average net assets[1]	
– including performance component of the Manager's management fees	0.85
– excluding performance component of the Manager's management fees	0.85
Portfolio turnover rate[2]	–

(1) The annualised ratios are computed in accordance with the guidelines of the Investment Management Association of Singapore. The expenses used in the computation relate to expenses of the Group, excluding property expenses, finance expenses, net foreign exchange differences and income tax expense. The Group did not incur any performance fee for the period ended 31 December 2022.

(2) The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of daily average net asset value in accordance with the formulae stated in the CIS Code.

30. SUBSEQUENT EVENTS

On 10 January 2023, 728,785 acquisition fee in units were issued to the Manager in respect of the acquisition completed on 8 December 2022.

On 23 February 2023, the Manager announced a distribution of 2.61 Singapore cents per Unit to DHLT Unitholders for the period from 1 July 2022 to 31 December 2022. This comprises 2.30 Singapore cents for the period from 1 July 2022 to 7 December 2022 and 0.31 Singapore cents for the period from 8 December 2022 to 31 December 2022.

31. COMPARATIVE FIGURES

The financial statements cover the financial period from 2 November 2021 (date of constitution) to 31 December 2022. This being the first set of audited financial statements, there are no comparative figures.

32. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements for the financial period from 2 November 2021 (date of constitution) to 31 December 2022 were authorised for issue in accordance with a resolution of the directors on 17 March 2023.

ADDITIONAL INFORMATION

INTERESTED PERSON TRANSACTION[1]

The transactions entered into with interested persons during FP2022, which fall under the Listing Manual of the SGX-ST and the Property Funds Appendix under the Code on Collective Investment Schemes are as follows:

Name of Interested Party	Nature of Relationship	Aggregate value of all interested person/ interested party transactions during the financial year under review (excluding transactions less than S$100,000) S$ '000	Aggregate value of all interested person/ interested party transactions conducted under Unitholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) S$'000
Daiwa House Asset Management Asia Pte. Ltd.	Manager		
– Base management fees		2,745	–
– Acquisition fees		463	–
Daiwa House Industry Co., Ltd. and its subsidiaries and associates	Sponsor and controlling shareholder of the Manager		
– Rent from solar system paid / payable		124	–
– Japan asset management fees		1,255	–
– Property management fees		890	–
– Building management fees		2,317	–
– Lease contract administration fees		664	–
– Ground rent paid		7,790	–
– Electricity paid / payable		3,132	–
– Repair cost paid / payable		35	–
– Insurance premium paid		1,854	–
– Acquisition of properties[(2)]		46,296	–
– Issuance of equity to Sponsor under Sponsor Subscription[(2,3)]		12,524	–
– Distribution made to perpetual securities holder		1,035	–
– Set-up fees / acquisition fees paid to Japan AM		139	–
HSBC Institutional Trust Service (Singapore) Ltd	Trustee		
– Trustee fees		179	–

(1) Excluding acquisition of IPO Portfolio, issuance of Units at IPO and expenses related to IPO.
(2) The acquisition and issuance of units pursuant to Sponsor Subscription were approved by Unitholders at the EGM held on 1 December 2022.
(3) Including fees capitalised into issuance costs.

ADDITIONAL INFORMATION

The payments of the Manager's management fees and acquisition fees, and entry into and payments of fees and charges under certain agreements including the Trust Deed, the Perpetual Securities Subscription Agreement, the Asset Management Agreements (including all future Individual Asset Management Agreements to be entered into from time to time in relation to DHLT Properties pursuant to the Master Asset Management Agreement), the Property Management Agreements (including all future individual Property Management Agreements to be entered into from time to time in relation to DHLT Properties pursuant to the Master Property Management Agreement), the Land Lease Agreements, and the Solar Power Facilities Installation Agreements, are deemed to have been specifically approved by Unitholders upon purchase of the DHLT Units and are therefore not subject to Rules 905 and 906 of the Listing Manual to the extent that specific information on these agreements have been disclosed in the IPO Prospectus and there is no subsequent change to the rates and/or bases of the fees charged.

Save as disclosed above, there were no other interested person transactions (excluding transactions less than S$100,000 each) entered into during FP2022 nor any material contracts entered into by DHLT that involved the interest of the Chief Executive Officer, any Director or controlling Unitholder of DHLT. DHLT has not obtained a general mandate from Unitholders for interested person transactions.

Please also see significant related party transactions in Note 28 to the financial statements.

SUBSCRIPTION OF UNITS IN DHLT

During FP2022, Units in DHLT were issued pursuant to the following:

(i) an aggregate of 1,463,622 Units ("Management Fee Units")[4] as payment for part of the Manager's base management fees; and

(ii) an aggregate of 16,071,444 Units pursuant to the Sponsor Subscription.

On 10 January 2023, 728,785 acquisition fee in units were issued to the Manager in respect of the acquisition completed on 8 December 2022. On 15 March 2023, 510,561 Management Fee Units[4] were issued as payment for part of the Manager's base management fees for the period from 1 October 2022 to 31 December 2022.

ADDITIONAL DISCLOSURE FOR OPERATING EXPENSES

The total operating expenses incurred by the Group for the financial period from 2 November 2021 (date of constitution) to 31 December 2022 amounted to S$6.0 million, which was equivalent to 1.0% of the Group's net asset value as at 31 December 2022. The amount included all fees and charges paid to the Manager and interested parties.

[4] The Manager has nominated Daiwa House Industry Co., Ltd. to receive the Management Fee Units.

STATISTICS OF UNITHOLDINGS

As at 13 March 2023

ISSUED AND FULLY PAID UNITS

Issued and Fully Paid-Up Units: 693,263,851 units (voting rights: one vote per Unit)

There is only one class of Units in Daiwa House Logistics Trust.

DISTRIBUTION OF UNITHOLDINGS

Size of Unitholdings	Number of Unitholders	%	Number of Units	%
1 – 99	0	0.00	0	0.00
100 – 1,000	561	11.73	544,000	0.08
1,001 – 10,000	2,897	60.60	18,452,200	2.66
10,001 – 1,000,000	1,303	27.25	61,748,040	8.91
1,000,001 and above	20	0.42	612,519,611	88.35
Total	**4,781**	**100.00**	**693,263,851**	**100.00**

TWENTY LARGEST UNITHOLDERS

No.	Name of Unitholders	Number of Units	%
1.	DBS NOMINEES (PRIVATE) LIMITED	269,553,166	38.88
2.	RAFFLES NOMINEES (PTE.) LIMITED	117,548,062	16.96
3.	CITIBANK NOMINEES SINGAPORE PTE LTD	77,842,795	11.23
4.	METRO ARC INVESTMENTS PTE. LTD.	51,625,000	7.45
5.	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	28,220,200	4.07
6.	HSBC (SINGAPORE) NOMINEES PTE LTD	12,341,400	1.78
7.	DBSN SERVICES PTE. LTD.	11,550,200	1.67
8.	NOMURA SINGAPORE LIMITED	10,683,300	1.54
9.	DB NOMINEES (SINGAPORE) PTE LTD	6,087,900	0.88
10.	IFAST FINANCIAL PTE. LTD.	4,369,800	0.63
11.	MILLENNIUM SECURITIES PTE LTD	3,650,000	0.53
12.	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	3,624,741	0.52
13.	BPSS NOMINEES SINGAPORE (PTE.) LTD.	3,503,159	0.51
14.	PHILLIP SECURITIES PTE LTD	2,770,488	0.40
15.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	2,546,000	0.37
16.	WONG SIEW WHYE	1,962,500	0.28
17.	CHONG CHOON LIM	1,320,000	0.19
18.	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	1,197,200	0.17
19.	ABN AMRO CLEARING BANK N.V.	1,096,000	0.16
20.	XIAO ZHONGMIN	1,027,700	0.15
	Total	**612,519,611**	**88.37**

STATISTICS OF UNITHOLDINGS

As at 13 March 2023

SUBSTANTIAL UNITHOLDERS' UNITHOLDINGS AS AT 13 MARCH 2023
(As recorded in the Register of Substantial Unitholders' Unitholdings)

Name of Substantial Unitholders	No. of Units Direct Interest	%	No. of Units Deemed Interest	%
Daiwa House Industry Co., Ltd.[(1)]	86,283,666	12.45	728,785	0.11
Metro ARC Investments Pte. Ltd.	51,625,000	7.45	–	–
Metro Holdings Ltd[(2)]	–	–	51,625,000	7.45
Eng Kuan Company Private Limited[(3)]	–	–	51,625,000	7.45
Ong Ching Ping[(4)]	–	–	51,625,000	7.45
Ong Jenn[(4)]	–	–	51,625,000	7.45
Ong Ling Ling[(4)]	–	–	51,625,000	7.45
Ong Sek Hian[(4)]	–	–	51,625,000	7.45

Notes:

(1) The Manager is wholly-owned by Daiwa House Industry Co., Ltd. ("DHI"). As such, DHI has a deemed interest in the 728,785 Units held by the Manager pursuant to Section 4 of the Securities and Futures Act 2001 ("SFA").

(2) Metro Holdings Ltd ("Metro Holdings") holds 100.0% of the equity interest in Metro ARC Investments Pte. Ltd. ("Metro ARC"). Metro ARC holds approximately 7.64% of the Units. As such, Metro Holdings is deemed to be interested in the 51,625,000 Units held by Metro ARC pursuant to Section 4 of the SFA.

(3) Eng Kuan Company Private Limited ("Eng Kuan") holds 22.8% of the equity interest in Metro Holdings, which holds 100.0% of the equity interest in Metro ARC. As such, Eng Kuan is deemed have an interest in the 51,625,000 Units held by Metro ARC in which Metro Holdings is deemed to have an interest pursuant to Section 4 of the SFA.

(4) Ms Ong Ling Ling, Ms Ong Ching Ping, Mr Ong Jenn and Mr Ong Sek Hian, being substantial shareholders of Eng Kuan, are deemed to be interested in the 51,625,000 Units held by Metro ARC. They are associates of one another under Section 4(5)(b) of the SFA.

UNITHOLDINGS OF DIRECTORS OF THE MANAGER AS AT 21 JANUARY 2023
(As recorded in the Register of Directors' Unitholdings)

Save as disclosed in the table below, none of the Directors holds any interest in Units issued by Daiwa House Logistics Trust:

Name of Directors	No. of Units Direct Interest	%	No. of Units Deemed Interest	%
Tan Jeh Wuan	300,000	0.043	–	–
Tan Juay Hiang	170,000	0.025	–	–
Takeshi Fujita	45,000	0.006	–	–

FREE FLOAT

Disclosure pursuant to Rule 1207(9)(e) of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual

Based on information available to the Manager as at 13 March 2023, approximately 79.9% of the Units in Daiwa House Logistics Trust are held in public hands. Accordingly, Rule 723 of the Listing Manual of the SGX-ST has been complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**" or "**Meeting**") of the holders of units of Daiwa House Logistics Trust ("**DHLT**", and the holders of units in DHLT, the "**Unitholders**") will be convened and held in a wholly physical format at Meeting Room 331, Level 3, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Singapore 039593 on **Thursday, 27 April 2023 at 2.00 p.m. (Singapore time)** to transact the following business:

(A) AS ORDINARY BUSINESS

1. To receive and adopt the Report of HSBC Institutional Trust Services (Singapore) Limited, as trustee of DHLT (the "**Trustee**"), the Statement by Daiwa House Asset Management Asia Pte. Ltd., as manager of DHLT (the "**Manager**") and the Audited Financial Statements of DHLT for the period ended 31 December 2022 together with the Auditors' Report thereon. **(Ordinary Resolution 1)**

2. To re-appoint Ernst & Young LLP as Auditors of DHLT and to hold office until the conclusion of the next AGM and to authorise the Manager to fix their remuneration. **(Ordinary Resolution 2)**

(B) AS SPECIAL BUSINESS

To consider and if thought fit, to pass, with or without any modifications, the following resolution as an Ordinary Resolution:

3. **GENERAL MANDATE FOR THE ISSUE OF NEW UNITS AND/OR CONVERTIBLE SECURITIES** **(Ordinary Resolution 3)**

   That authority be given to the Manager to

   (a) (i) issue units in DHLT ("**Units**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, options, warrants, debentures or other instruments convertible into Units,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Manager may in its absolute discretion deem fit; and

(b) issue Units in pursuance of any Instrument made or granted by the Manager while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time such Units are issued),

provided that:

(1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent (50.0%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Units to be issued other than on a pro rata basis to existing Unitholders (including Units to be issued in pursuance of Instruments to be made or granted pursuant to this Resolution) shall not exceed twenty per cent (20.0%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below);

(2) subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), for the purpose of determining the aggregate number of Units and Instruments that may be issued under sub-paragraph (1) above, the total number of issued Units and Instruments shall be based on the total number of issued Units (excluding treasury Units, if any) at the time of the passing of this Resolution, after adjusting for:

  (a) any new Units arising from the conversion or exercise of the Instruments; and

  (b) any subsequent bonus issue, consolidation or subdivision of Units;

(3) in exercising the authority conferred by this Resolution, the Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Trust Deed constituting DHLT ("**Trust Deed**") for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);

(4) unless revoked or varied by Unitholders in a general meeting of DHLT, the authority conferred by this Resolution shall continue in force (i) until (a) the conclusion of the next AGM of DHLT or (b) the date by which the next AGM of DHLT is required by the applicable laws and regulations or the Trust Deed to be held, whichever is earlier or (ii) in the case of Units to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such Units in accordance with the terms of the Instruments;

(5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted in the event of rights, bonus or other capitalisation issues or any other events, the Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and

NOTICE OF ANNUAL GENERAL MEETING

(6) the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interest of DHLT to give effect to the authority conferred by this Resolution.

(Please see Explanatory Note)

BY ORDER OF THE BOARD

Daiwa House Asset Management Asia Pte. Ltd.
(as Manager of Daiwa House Logistics Trust)
(Company Registration No. 202037636H)

Josephine Toh
Company Secretary
5 April 2023

EXPLANATORY NOTE:

The Ordinary Resolution 3 above, if passed, will empower the Manager from the date of this AGM until (i) the conclusion of the next AGM of the Unitholders of DHLT, or (ii) the date by which the next AGM of the Unitholders of DHLT is required by the applicable laws and regulations or the Trust Deed to be held, or (iii) such authority is varied or revoked by the Unitholders in a general meeting, whichever is the earliest, to issue Units, make or grant Instruments and to issue Units pursuant to such Instruments, up to a number not exceeding, in total, fifty per cent (50.0%) of the total number of issued Units (excluding treasury Units, if any), with a sub-limit of twenty per cent (20.0%) for issues other than on a *pro rata* basis to Unitholders.

For the purpose of determining the aggregate number of Units that may be issued, the percentage of issued Units will be calculated based on the total number of issued Units (excluding treasury Units, if any) at the time this Ordinary Resolution is passed, after adjusting for new Units arising from the conversion and any subsequent bonus issue, consolidation or subdivision of Units.

IMPORTANT NOTICE:

1. A Unitholder who is not a relevant intermediary (as defined in paragraph 2 below) and entitled to attend and vote at the AGM is entitled to appoint one or two proxies to attend and vote in his/her/its stead. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she/it specifies the proportion of his/her/its unitholding (expressed as a percentage of the whole) to be represented by each proxy.

2. A Unitholder who is a relevant intermediary and entitled to attend and vote at the AGM is entitled to appoint more than two proxies to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed in the Proxy Form.

NOTICE OF ANNUAL GENERAL MEETING

"**Relevant intermediary**" means:

(i) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;

(ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds Units in that capacity; or

(iii) (if applicable) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act 1953, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

3. The AGM will be held in a wholly physical format at Meeting Room 331, Level 3, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Singapore 039593. **There will be no option for Unitholders to participate virtually**. Printed copies of this Notice of AGM will be sent to Unitholders. This Notice of AGM will also be made available on DHLT's website at https://www.daiwahouse-logisticstrust.com/ and on SGXNET at https://www.sgx.com/securities/company-announcements.

4. Arrangements for conduct of the AGM

Arrangements relating to the conduct of the AGM, including:

(a) attending the AGM in person;

(b) submitting questions related to the resolutions to be tabled for approval at the AGM, in advance of the AGM or at the AGM itself; and/or

(c) voting at the AGM by the Unitholder (a) in person or (b) by his/her/its duly appointed proxy(ies),

are set out in this Notice of AGM. Any reference to a time of day is made by reference to Singapore time. The Notice of AGM may be accessed at DHLT's website at https://www.daiwahouse-logisticstrust.com/, and will also be made available on SGXNET at https://www.sgx.com/securities/company-announcements.

Unitholders, including CPF and SRS investors, or, where applicable, their appointed proxy(ies) who will be attending the AGM in person should bring along their NRIC/passport so as to enable the verification of their identity on the day of the AGM.

5. Question and answer and AGM minutes

Unitholders, including CPF and SRS investors, or, where applicable, their appointed proxy(ies) will be able to raise questions related to the resolutions to be tabled for approval at the AGM to the Chairman of the AGM, at the AGM.

Unitholders, including CPF and SRS investors, may also submit questions related to the resolutions to be tabled for approval at the AGM, in advance of the AGM. To do so, all questions must be submitted in the following manner by **2.00 p.m. (Singapore time) on Thursday, 13 April 2023**:

(a) if submitted by post, be deposited at the office of the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or

(b) if submitted electronically, via email to the Manager at ir@daiwahouse-lt.com.

Unitholders, including CPF and SRS investors, who submit questions by post to the Unit Registrar or via email to the Manager must provide the following information:

(1) the Unitholder's full name;

(2) the Unitholder's address; and

(3) the manner in which the Unitholder holds Units in DHLT (e.g., via CDP, CPF or SRS).

Unitholders are strongly encouraged to submit their questions via email.

The Manager will endeavour to address all substantial and relevant questions received by it in the manner set out above, prior to or during the AGM. Where substantially similar questions are received, the Manager will consolidate such questions and consequently not all questions may be individually addressed.

The Manager will publish the minutes of the AGM on DHLT's website and on SGXNET within one month from the date of the AGM, and the minutes will include the responses to the substantial and relevant questions received from Unitholders which are addressed during the AGM.

6. Voting, or appointing proxy(ies) to vote, at the AGM

A Unitholder who wishes to exercise his/her/its voting rights at the AGM may: (a) vote at the AGM in person or (b) appoint proxy(ies) to vote on his/her/its behalf at the AGM.

A Unitholder who wishes to submit an instrument appointing proxy(ies) must complete the accompanying proxy form ("**Proxy Form**"), before submitting it in the manner set out below. Printed copies of the Proxy Form will be sent to Unitholders. The Proxy Form may also be accessed at DHLT's website at https://www.daiwahouse-logisticstrust.com/, and will also be made available on SGXNET at https://www.sgx.com/securities/company-announcements.

Where a Unitholder appoints proxy(ies), he/she/it may give specific instructions as to voting, or abstentions from voting, in respect of the resolutions in the Proxy Form, failing which the proxy(ies) will vote or abstain from voting at his/her/their discretion, as he/she/they may on any other matter arising at the AGM.

7. The Proxy Form must be submitted to the Manager c/o DHLT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., in the following manner:

(a) if submitted by post, by completing and signing the Proxy Form, and lodging the same at the Unit Registrar's office at Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or

(b) if submitted electronically, by completing and signing the Proxy Form, and attaching and sending a clear PDF copy of the same via email to the Unit Registrar at DHLT-AGM2023@boardroomlimited.com

in either case, by **2.00 p.m. (Singapore time) on Monday, 24 April 2023**, being 72 hours before the time fixed for holding the AGM.

NOTICE OF ANNUAL GENERAL MEETING

8. Relevant intermediaries:

   Persons who hold Units through relevant intermediaries, other than CPF and SRS investors, and who wish to participate in the AGM should contact the relevant intermediary through which they hold such Units as soon as possible. Persons who hold Units through relevant intermediaries, other than CPF and SRS investors, may (i) vote at the AGM if they are appointed as proxies by their respective relevant intermediaries; or (ii) specify their voting instructions to / arrange for their votes to be submitted with their respective relevant intermediaries, and should contact their respective relevant intermediaries as soon as possible in order for the necessary arrangements to be made.

   In addition, CPF and SRS investors may (a) vote at the AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or (b) specify their voting instructions to / arrange for their votes to be submitted with their respective CPF Agent Banks or SRS Operators, and should approach their respective CPF Agent Banks or SRS Operators by **2.00 p.m. (Singapore time) on Monday, 17 April 2023**, being at least seven working days before the date of the AGM, to ensure their votes are submitted.

9. The Annual Report for the financial period ended 31 December 2022 ("**Annual Report**") has been uploaded on SGXNET on 5 April 2023 at https://www.sgx.com/securities/company-announcements and may be accessed at DHLT's website at https://www.daiwahouse-logisticstrust.com/. Printed copies of the Annual Report will **not** be sent to Unitholders unless requested for by a Unitholder completing and returning the Request Form accompanying this Notice of AGM and the Proxy Form in the following manner:

   (a) by completing and returning the Request Form to the Unit Registrar's office at Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or

   (b) by completing and signing the Request Form, and attaching and sending a clear PDF copy of the same via email to the Unit Registrar at DHLT-AGM2023@boardroomlimited.com

   which should reach the Unit Registrar by **5.00 p.m. (Singapore time) on Wednesday, 12 April 2023**.

   A printed copy of the Annual Report will then be sent to the address specified by the Unitholder at his/her/its own risk.

10. **Important reminder:**

    Due to the constantly evolving COVID-19 situation in Singapore, the Manager may be required to change the arrangements for the AGM at short notice. Unitholders should check DHLT's website at https://www.daiwahouse-logisticstrust.com/. and SGXNET at https://www.sgx.com/securities/company-announcements for the latest updates on the status of the AGM.

    Additionally, the Manager encourages Unitholders and/or their proxy(ies) who are feeling unwell on the date of the AGM to exercise personal and social responsibility and to stay home and not attend the AGM.

NOTICE OF ANNUAL GENERAL MEETING

PERSONAL DATA PRIVACY:

By either (a) attending the AGM or (b) submitting an instrument appointing proxy(ies) to attend, speak and vote at the AGM and/ or any adjournment thereof; and/or (c) submitting any question in advance of, or at, the AGM, and/or (d) submitting the request form to request for a printed copy of the Annual Report, a Unitholder:

(i) consents to the collection, use and disclosure of the Unitholder's personal data by DHLT, the Manager and the Trustee (or their respective agents or service providers) for the following purposes:

(1) the processing, administration and analysis by DHLT, the Manager and the Trustee (or their respective agents or service providers) of instruments appointing proxy(ies) for the AGM (including any adjournment thereof);

(2) the addressing of questions received from Unitholders in advance of or at the AGM and, if necessary, the following up with the relevant Unitholders in relation to such questions;

(3) the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof); and

(4) in order for DHLT, the Manager and the Trustee (or their respective agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines,

(collectively, the "**Purposes**");

(ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to DHLT, the Manager and the Trustee (or their respective agents or service providers), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by DHLT, the Manager and the Trustee (or their respective agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes;

(iii) agrees to provide the Manager and the Trustee with written evidence of such prior consent upon reasonable request;

(iv) agrees that the Unitholder will indemnify DHLT, the Manager and the Trustee in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty; and

(v) agrees and consents to such photographic, sound and/or video recordings of the AGM as may be made by DHLT, the Manager and the Trustee (or their respective agents or service providers) for record keeping and to ensure the accuracy of the minutes prepared of the AGM. Accordingly, the personal data of the Unitholder (such as his/her name, his/her presence at the AGM and any questions he/she may raise or motions he/she may propose/second) may be recorded by DHLT, the Manager and the Trustee (or their respective agents or service providers) for such purpose.

PROXY FORM
ANNUAL GENERAL MEETING
(Please see notes overleaf before completing this Form)

Daiwa House Logistics Trust

(a real estate investment trust constituted on 2 November 2021 under the laws of the Republic of Singapore)

NOTE

This instrument appointing proxy(ies) ("**Proxy Form**") has been made available on SGXNET at https://www.sgx.com/securities/company-announcements and may be accessed at Daiwa House Logistics Trust's ("**DHLT**") website at https://www.daiwahouse-logisticstrust.com. Printed copies of this Proxy Form will be sent to unitholders of DHLT ("**Unitholders**").

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies), Unitholders accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 5 April 2023 ("**Notice of AGM**").

IMPORTANT

1. The Annual General Meeting ("**AGM**") will be held in a wholly physical format at Meeting Room 331, Level 3, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Singapore 039593 on **Thursday, 27 April 2023 at 2.00 p.m. (Singapore Time)**. **There will be no option for Unitholders to participate virtually.** The Notice of AGM, the Proxy Form and the Request Form (as defined herein) will be available through electronic means via publication on DHLT's website at https://www.daiwahouse-logisticstrust.com and on the SGX-ST's website at https://www.sgx.com/securities/company-announcements. Printed copies of the Notice of AGM, the Proxy Form and the request form for a printed copy of the Annual Report ("**Request Form**") will be sent to Unitholders. However, printed copies of the Annual Report will **not** be sent to Unitholders. Any Unitholder who wishes to receive printed copies of the Annual Report should submit his/her/its completed Request Form to the Unit Registrar. **Please refer to the Notice of AGM for details of the arrangements relating to the conduct of the AGM**.
2. This Proxy Form is for use by Unitholders wishing to appoint a proxy(ies) for the AGM. Please read the notes overleaf which contain instructions on, inter alia, the appointment of a proxy(ies).
3. This Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by investors holding Units through a relevant intermediary and CPF and SRS investors who hold Units through CPF Agent Banks/SRS Operators. Unitholders holding Units through relevant intermediaries who wish to participate/vote in the AGM should contact their respective relevant intermediary as soon as possible in order for the necessary arrangements to be made for their participation in the AGM. CPF and SRS investors (a) may vote at the AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators as soon as practicable if they have any queries regarding their appointment as proxies; or (b) may specify their voting instructions to their respective CPF Agent Banks or SRS Operators/arrange for their votes to be submitted with their respective CPF Agent Banks or SRS Operators, and should approach their respective CPF Agent Banks or SRS Operators by **2.00 p.m. (Singapore Time) on Monday, 17 April 2023**, being seven (7) working days before the date of the AGM, to ensure their votes are submitted.
4. Capitalised terms not otherwise defined herein shall have the meanings ascribed to them in the Notice of AGM.

I/We, ______________________________ (Name)

______________________________ (NRIC/Passport Number/Company Registration Number)

of ______________________________ (Address)

being a *Unitholder/Unitholders of DHLT, hereby appoint the following person(s):

Name	NRIC/Passport No.	Email Address	Proportion of Unitholdings	
			No. of Units	%
Address				

* and/or

Name	NRIC/Passport No.	Email Address	Proportion of Unitholdings	
			No. of Units	%
Address				

or, both of whom failing, the Chairman of the AGM, as *my/our proxy/proxies to attend, speak and vote for *me/us on *my/our behalf at the AGM of DHLT to be held in a wholly physical format at Meeting Room 331, Level 3, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Singapore 039593, on Thursday, 27 April 2023 at 2.00 p.m. (Singapore Time) and at any adjournment thereof.

*I/We direct *my/our proxy/proxies to vote for or against, or abstain from voting on, the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, or in the event of any other matter arising at the AGM and at any adjournment thereof, *my/our *proxy/proxies will vote or abstain from voting at *his/her/their discretion.

No.	Ordinary Resolutions	For**	Against**	Abstain**
ORDINARY BUSINESS				
1	To receive and adopt the Report of the Trustee, the Statement by the Manager, and the Audited Financial Statements of DHLT for the financial period ended 31 December 2022 together with the Auditors' Report thereon.			
2	To re-appoint Ernst & Young LLP as Auditors of DHLT and to hold office until the conclusion of the next AGM and to authorise the Manager to fix their remuneration.			
SPECIAL BUSINESS				
3	To authorise the Manager to issue new Units and to make or grant convertible instruments.			

* Delete where inapplicable

** Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the resolutions, please tick (√) within the "For" or "Against" box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the resolutions, please indicate the number of votes "For" or "Against" in the relevant boxes provided. If you wish your proxy(ies) to abstain from voting on the resolutions, please tick (√) within the "Abstain" box provided. Alternatively, please indicate the number of Units that your proxy(ies) is directed to vote "For" or "Against", or "Abstain" in the relevant boxes provided.

Dated this ____________ day of ____________ 2023

Total Number of Units Held

____

Signature(s) of Unitholder(s)/Common Seal of Corporate Unitholder

IMPORTANT: PLEASE READ NOTES TO PROXY FORM ON REVERSE PAGE

First fold Glue all sides firmly. Stapling and spot sealing are disallowed.

Postage will be paid by addressee.

For posting in Singapore only.

BUSINESS REPLY SERVICE
PERMIT NO. 09643

DAIWA HOUSE ASSET MANAGEMENT ASIA PTE. LTD.
(as Manager of Daiwa House Logistics Trust)
c/o Boardroom Corporate & Advisory Services Pte. Ltd.
1 Harbourfront Avenue
#14-07 Keppel Bay Tower
Singapore 098632

Second fold here

IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW

NOTES TO PROXY FORM:

1. A Unitholder who is not a relevant intermediary (as defined herein) is entitled to appoint not more than two proxies to attend, speak and vote at the AGM. Where such Unitholder's instrument appointing a proxy(ies) appoints more than one proxy, the proportion of the unitholding concerned to be represented by each proxy shall be specified in the instrument appointing a proxy(ies).
2. A Unitholder who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different unit in DHLT ("**Unit**") or Units held by such Unitholder. Where such Unitholder's instrument appointing a proxy(ies) appoints more than two proxies, the number of Units held in relation to which each proxy has been appointed shall be specified in the instrument appointing a proxy(ies).

   "**Relevant intermediary**" means:

   (i) a banking corporation licensed under the Banking Act 1970, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;

   (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001, and who holds Units in that capacity; or

   (iii) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act 1953, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. This Proxy Form may be accessed at DHLT's website at https://www.daiwahouse-logisticstrust.com, and will also be made available on the SGX-ST's website at https://www.sgx.com/securities/company-announcements. Where a Unitholder appoints proxy(ies), he/she/it may give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the proxy(ies) will vote or abstain from voting at his/her/their discretion, as he/she/they may on any other matter arising at the AGM and at any adjournment thereof.
4. A proxy need not be a Unitholder.
5. A Unitholder who wishes to submit an instrument of proxy must do so in the following manner:

   (a) if submitted by post, by completing and signing the Proxy Form, before lodging it at the office of DHLT's Unit Registrar at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632; or

   (b) if submitted electronically via email, by completing and signing the Proxy Form, before attaching and sending a clear PDF copy of it to DHLT's Unit Registrar at DHLT-AGM2023@boardroomlimited.com,

   in each case, by **2.00 p.m. on Monday, 24 April 2023** (Singapore time), being 72 hours before the time fixed for the AGM.

Third fold here

   Unitholders are strongly encouraged to submit completed instruments appointing a proxy(ies) electronically via email.

6. A Unitholder should insert the total number of Units held in the Proxy Form. If the Unitholder has Units entered against his/her/its name in the Depository Register maintained by The Central Depository (Pte) Limited, he/she/it should insert that number of Units. If the Unitholder has Units registered in his/her/its name in the Register of Unitholders of DHLT, he/she/it should insert that number of Units. If the Unitholder has Units entered against his/her/its name in the said Depository Register and registered in his/her/its name in the Register of Unitholders, he/she/it should insert the aggregate number of Units. If no number is inserted, the Proxy Form will be deemed to relate to all the Units held by the Unitholder.
7. The Proxy Form must be executed under the hand of the appointor or of his/her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
8. Completion and return of the instrument appointing a proxy(ies) by a Unitholder will not prevent him/her from attending, speaking and voting at the AGM if he/she so wishes. The appointment of the proxy(ies) for the AGM will be deemed to be revoked if the Unitholder attends the AGM in person and, in such event, the Manager reserves the right to refuse to admit any person or persons appointed under the relevant instrument appointing a proxy(ies) to the AGM.
9. Where the Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney or other authority under which it is signed (if applicable) or a duly certified copy thereof must (failing previous registration with the Manager), if the Proxy Form is submitted by post, be lodged with the Proxy Form, or, if the Proxy Form is submitted via email, be emailed with the Proxy Form, failing which the Proxy Form may be treated as invalid.
10. Any reference to a time of day is made by reference to Singapore time.
11. All Unitholders will be bound by the outcome of the AGM regardless of whether they have attended or voted at the AGM.
12. On a poll, every Unitholder who is present in person or by proxy shall have one vote for every Unit of which he/she is the Unitholder. There shall be no division of votes between a Unitholder who is present in person and voting at the AGM and his/her proxy(ies). A person entitled to more than one vote need not use all his/her votes or cast them the same way.

GENERAL

The Manager shall be entitled to reject this Proxy Form if it is incomplete, improperly completed or illegible or where the true intention of the appointor is not ascertainable from the instruction of the appointor specified in the Proxy Form. In the case of Unitholders whose Units are entered against their names in the Depository Register, the Manager may reject any Proxy Form lodged if such Unitholders are not shown to have the corresponding number of Units in DHLT entered against his/her/its name in the Depository Register not less than 72 hours before the time appointed for holding the AGM, as certified by CDP to the Manager.

CORPORATE DIRECTORY

DAIWA HOUSE LOGISTICS TRUST
(STOCK CODE: DHLU)

REGISTERED ADDRESS

HSBC Institutional Trust Services (Singapore) Limited
10 Marina Boulevard
Marina Bay Financial Centre
Tower 2 #48-01
Singapore 018983

MANAGER

Daiwa House Asset Management Asia Pte. Ltd.
(Company Registration Number: 202037636H)
8 Marina View
#14-09 Asia Square Tower 1
Singapore 018960

Telephone : (65) 6202 0486
Email : ir@daiwahouse-lt.com
Website : www.daiwahouse-logisticstrust.com

TRUSTEE

HSBC Institutional Trust Services (Singapore) Limited
20 Pasir Panjang Road (East Lobby)
#12-21 Mapletree Business City
Singapore 117439

Telephone : (65) 6658 6667

AUDITORS

Ernst & Young LLP
1 Raffles Quay
North Tower, Level 18
Singapore 048583

Telephone : (65) 6535 7777

Partner-in-charge: **Mr Nelson Chen**
(with effect from financial period ended 31 December 2022)

UNIT REGISTRAR
Boardroom Corporate & Advisory Services Pte. Ltd.
1 Harbourfront Avenue
#14-07 Keppel Bay Tower
Singapore 098632

Telephone : (65) 6536 5355

BOARD OF DIRECTORS

Mr Tan Jeh Wuan
Chairman and Independent Non-Executive Director

Mr Tan Juay Hiang
Independent Non-Executive Director

Mr Takashi Suzuki
Independent Non-Executive Director

Mr Yoshiyuki Takagi
Non-Independent Non-Executive Director

Mr Eiichi Shibata
Non-Independent Non-Executive Director

Mr Takeshi Fujita
Non-Independent Executive Director and
Chief Executive Officer

AUDIT AND RISK COMMITTEE

Mr Tan Juay Hiang, Chairman

Mr Tan Jeh Wuan

Mr Takashi Suzuki

Mr Yoshiyuki Takagi

COMPANY SECRETARY

Ms Josephine Toh Lei Mui

Daiwa House Logistics Trust

(a real estate investment trust constituted on 2 November 2021
under the laws of the Republic of Singapore)

managed by

Daiwa House Asset Management Pte. Ltd.

www.daiwahouse-logisticstrust.com

DAIWA HOUSE LOGISTICS TRUST

DELIVERING SUSTAINABLE VALUE

ANNUAL REPORT 2022