Daiwa House
Logistics Trust

STRONG COMMITMENT
SUSTAINABLE GROWTH

ANNUAL REPORT FY2023

CONTENTS

RESILIENCE

The portfolio of Daiwa House Logistics Trust comprises high quality logistics properties, with a long portfolio WALE backed by a strong tenant base

CORPORATE PROFILE

Daiwa House Logistics Trust

Daiwa House® Daiwa House Group

AN ASIA-FOCUSED LOGISTICS TRUST...

About Daiwa House Logistics Trust

Daiwa House Logistics Trust is a Singapore real estate investment trust which is listed on the Singapore Exchange Securities Trading Limited.

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. As at 31 December 2023, the DHLT Portfolio comprised 16 quality logistics facilities that are well-diversified across Japan with an aggregate portfolio valuation of JPY89,108 million (S$831.9 million). Subsequent to 31 December 2023, DHLT has acquired one more property, DPL Ibaraki Yuki, in Japan on 15 March 2024[1], and is expected to complete the acquisition of D Project Tan Duc 2 in Vietnam, in the second quarter of 2024[2].

DHLT is managed by Daiwa House Asset Management Asia Pte. Ltd., which is a wholly-owned subsidiary of the Sponsor, Daiwa House Industry Co., Ltd..

...SUPPORTED BY A STRONG AND COMMITTED DEVELOPER SPONSOR

About Daiwa House Industry Co., Ltd.

Founded in 1955, Daiwa House Industry Co., Ltd. is listed on the Tokyo Stock Exchange 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 with business in more than 20 countries. 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.

The Sponsor also reinforced its long-term commitment by transferring approximately 62 million Units in DHLT (approximately 8.9% of the total outstanding Units in DHLT) to the Manager in March 2024.

1 Please refer to the announcement dated 31 January 2024 for further information on the acquisition of DPL Ibaraki Yuki ("**Japan Acquisition**").
2 Please refer to the announcement dated 29 December 2023 for further information on the acquisition of D Project Tan Duc 2 ("**Vietnam Acquisition**").

HIGHLIGHTS OF FY2023

PORTFOLIO[1]

PORTFOLIO VALUATION[2]:
JPY 89,108 MILLION
higher by 1.8% y-o-y[3]

WEIGHTED AVERAGE LEASE EXPIRY (BY GRI)[4]:
6.2 YEARS

OCCUPANCY RATE:
100.0%

GREEN-RATED PROPERTIES (BY NLA):
94.7%

FINANCIALS

DISTRIBUTION PER UNIT:
5.22 CENTS
higher by 0.2% y-o-y[5]

AGGREGATE LEVERAGE[1]:
35.2%

BORROWINGS ON FIXED RATE[1]:
100.0%

INTEREST COVERAGE:
11.9 TIMES

1 Information as at 31 December 2023.
2 Based on 16 properties as at 31 December 2023.
3 In JPY terms.
4 GRI is based on the monthly rent as at 31 December 2023.
5 The corresponding period for the DPU reported in FP2022 was for the period from the date of listing of DHLT (26 November 2021) to 31 December 2022. However, DPU for FY2023 were compared against the DPU for the corresponding 12-month period in FP2022 (1 January 2022 to 31 December 2022) for a more meaningful comparison. The DPU reported for FP2022 was 5.70 cents.

SIGNIFICANT EVENTS

2023

23 February 2023
Announced financial results for first full year (26 November 2021 to 31 December 2022), with DPU in line with forecast[1]

27 April 2023
Held DHLT's inaugural Annual General Meeting with more than 99% approval rate for each of the three resolutions tabled

11 May 2023
Announced business update for 1Q FY2023, distributable income was higher by 2.5% y-o-y[2]

19 May 2023
Announced change of leadership with Mr Jun Yamamura taking over from Mr Takeshi Fujita as Chief Executive Officer of the Manager with effect from 1 June 2023

30 June 2023
Changes to the composition of the Board with the announcements of the resignation of Mr Eiichi Shibata as Non-Independent Non-Executive Director, and the appointment of Mr Hirotsugu Otomo as Non-Independent Non-Executive Director

3 August 2023
Announced financial results for first half of FY2023 (January 2023 to 30 June 2023), DPU grew 0.4% y-o-y[3] and portfolio achieved 100% occupancy rate

3 November 2023
Announced business update for 3Q FY2023, portfolio performance remained stable with net property income growth of 3.9% in JPY terms[4]

29 December 2023
Announced the acquisition of D Project Tan Duc 2, a cold storage facility located in Vietnam which is DHLT's first foray outside of Japan, with the acquisition expected to complete in 2Q FY2024[5]

2024

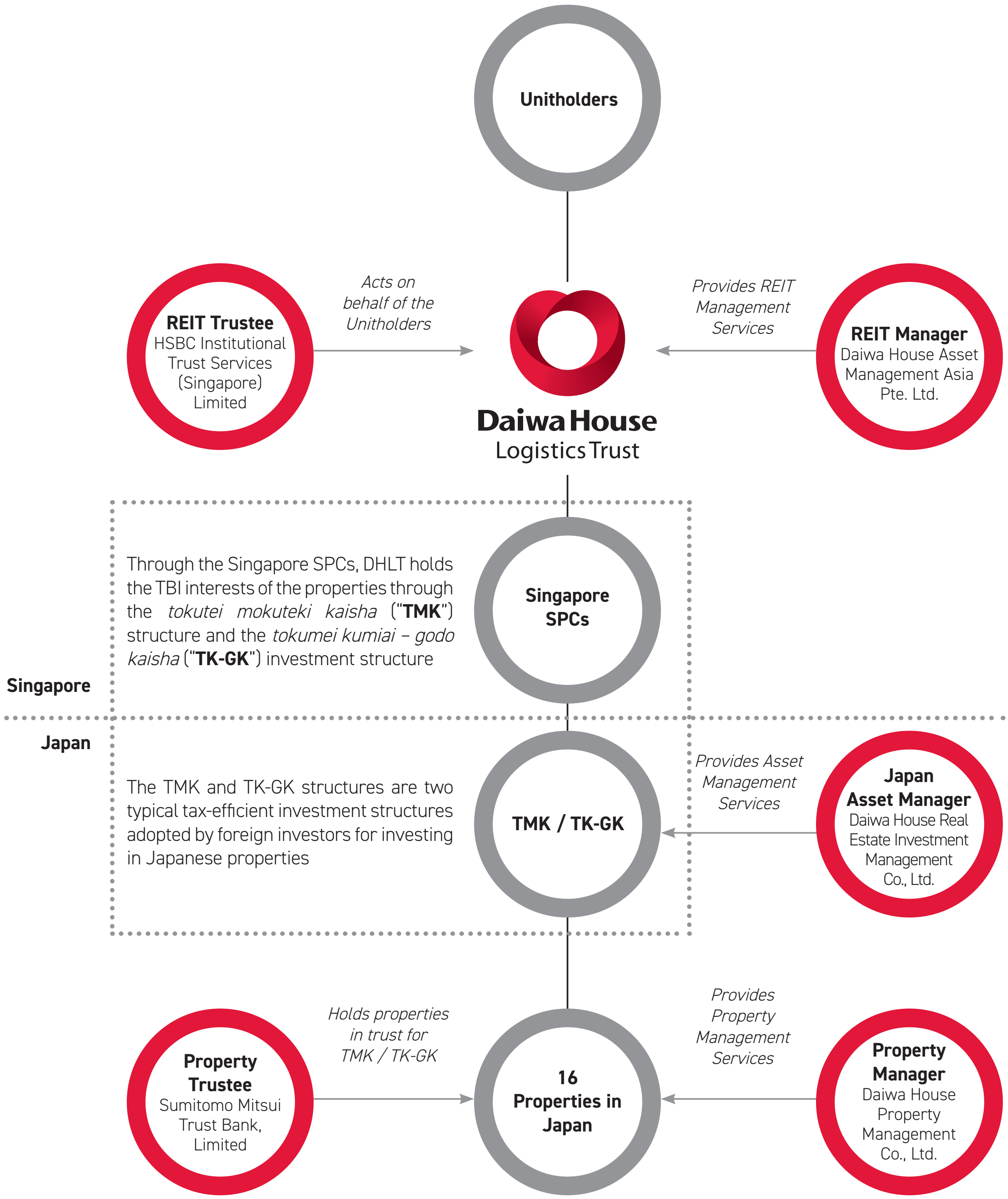
31 January 2024
Announced the acquisition of a freehold logistics property, DPL Ibaraki Yuki in Japan, at 18.1% below average valuation[6]

28 February 2024
Announced financial results for year ended 31 December 2023, full year DPU grew by 0.2% y-o-y[7] despite foreign exchange volatility

15 March 2024
Completed the acquisition of DPL Ibaraki Yuki

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 the forecast Consolidated Statements of Comprehensive Income for the financial year ended 31 December 2022 as disclosed in the IPO Prospectus dated 19 November 2021 ("**IPO Prospectus**").
2 Compared against the corresponding three-month basis in FP2022.
3 Compared against the corresponding six-month basis in FP2022.
4 Compared against the corresponding nine-month basis in FP2022.
5 Please refer to the announcement dated 29 December 2023 for further information on the Vietnam Acquisition.
6 Please refer to the announcement dated 31 January 2024 for further information on the Japan Acquisition.
7 Compared against the corresponding 12-month basis in FP2022.

TRUST STRUCTURE[1]



1 As at 31 December 2023.

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 2023):
- 2 years 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
- Previously Chairman of the Association of Banks in Singapore Corporate Finance Standing Committee
- Previously 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 2023):
- 2 years 2 months

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

Present directorships in other listed companies:
- Nil

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]
- Katrina Group Ltd.

Qualifications:
- Bachelor of Engineering from National University of Singapore
- Master of Business Administration from Nanyang Technological University, Singapore

Background and experience:
- More than 14 years of experience in real estate Investment trust management
- Previously Managing Director, REIT Investments of Ascott Ltd
- Previously 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 2023):
- 2 years 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, Tokyo, Japan
- Master 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

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 2023):
- 2 years 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
- Previously 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

2 Delisted from Tokyo Stock Exchange on 1 February 2023

BOARD OF DIRECTORS

HIROTSUGU OTOMO
Non-Independent Non-Executive Director

Date of first appointment as Director:
- 1 July 2023

Length of service as a Director (as at 31 December 2023):
- 6 months

Board Committee served on:
- Nil

Present directorships in other listed companies:
- DHI

Present principal commitments:
- Managing Executive Officer, DHI
- Head of Overseas, DHI
- Head of Management Strategy Planning Headquarters, DHI
- General Manager, Corporate Strategy Planning Department in charge of Livness Business, DHI

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

Qualifications:
- Bachelor of Law from Hosei University, Tokyo Japan

Background and experience:
- 30 years of experience in real estate development and sales
- Joined Sponsor in 1984 and held various senior positions across different real estate classes
- Currently serving as Chairman for Nagoya Housing Center of Housing Industries Association in Japan

JUN YAMAMURA
Non-Independent Executive Director and Chief Executive Officer

Date of first appointment as Director:
- 1 June 2023

Length of service as a Director (as at 31 December 2023):
- 7 months

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 The University of Tokyo, Japan
- Master of Business Administration in Finance and Real Estate from The University of North Carolina at Chapel Hill, USA

Background and experience:
- Previously spent 22 years in Marubeni Corp., one of the largest general trading companies in Japan, involved in the field of real estate development and investment
- Previously Senior Chief in the Business Development Department in Sponsor
- Certified Member Analyst of the Securities Analysts Association of Japan
- Certified Master of the Association for Real Estate Securitisation
- Certified Building Manager of Japan Building Management Institute
- Licensed real estate transaction agent in Japan

MANAGEMENT TEAM

From Left to Right:
Rahmaan Hamid • Tao Ye • Pung Yi Wen • Daijiro Nose • Ken Chen • Toru Aoki • Chee Kum Tin • Natalie Wong • Cho Hongrae • Jun Yamamura • Linda Wan • Bai Li • Chantell Koh • Yasuhiro Nakamura

JUN YAMAMURA
Chief Executive Officer

Mr Yamamura joined Marubeni Corp. ("**Marubeni**"), one of the largest general trading companies in Japan, in 1999. During his 22 years of services 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 also 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 he joined the Manager in August 2021, Mr Yamamura was the Senior Chief in the Business Development Department in DHI. He was Head of Planning of the Manager before he succeeded as CEO in June 2023.

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).

MANAGEMENT TEAM

NATALIE WONG
Chief Financial Officer

Prior to joining the Manager in September 2022, 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/or treasury functions including financial reporting, taxation, corporate finance and capital management.

Ms Wong has more than 25 years of experience in finance, accounting and treasury functions, with extensive experience within the real estate industry.

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. ("**SMTB**") 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 he joined the Manager in September 2021, Mr Aoki was the Deputy Department Manager in the Business Development Department in DHI, where he is responsible for promoting real estate securitization 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.

DAIJIRO NOSE
Head of Asset Management

Mr Nose joined SMTB 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 JPY 79 billion in equity, acquired 47 real estate and established 19 funds. Mr Nose joined the Manager in November 2021.

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 Securitisation in Japan.

CHO HONGRAE
Head of Investment

Mr Cho joined DHI 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 also has extensive experience negotiating with landlords in connection with acquisition of or development of logistics properties on site, which is relevant to his role as Head of Investment.

In December 2019, Mr Cho transferred from a subsidiary of the Sponsor in Vietnam to the General Construction Division of DHI and focused on promoting overseas industrial real estate of DHI to international companies based in Japan. Mr Cho joined the Manager in October 2021.

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

CHEE KUM TIN
Head of Investor Relations

Prior to joining the Manager in July 2021, 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.

YASUHIRO NAKAMURA
Head of Planning

Mr Nakamura joined DHI in 1995 and started his career in research of new technology for development of buildings in the Technology Division of DHI. After almost 20 years in the Technology Division, Mr Nakamura moved to the Project Development Group of DHI, where he was involved in development of projects in various countries including China, United States and Australia. In January 2021, Mr Nakamura was appointed as Chief Financial Officer, Chief Administrative Officer and General Manager (Engineering) of DHI's subsidiary in Australia, where he managed and oversaw a large land subdivision development in Sydney, amongst other projects. Mr Nakamura joined the Manager in July 2023.

Mr Nakamura holds a Bachelor of Engineering in Architecture from Yokohama National University, Kanagawa, Japan.

DPL Ibaraki Yuki

STABILITY

Despite facing various challenges, the performance of the DHLT Portfolio was steady and DPU remained stable over the past four distributions

CHAIRMAN & CEO MESSAGE

Dear Unitholders of Daiwa House Logistics Trust,

On behalf of the Board of Directors of the Manager, we are pleased to present the second Annual Report of Daiwa House Logistics Trust for the financial year ended 31 December 2023.

RESILIENCE THROUGH HIGH QUALITY PORTFOLIO[1]

In the aftermath of COVID-19, 2023 continued to be a challenging year. In order to curb inflation, many economies raised interest rates, which has hampered economic growth. Further, with China grappling with the issues faced by its property market and experiencing slower economic growth, this also had a contagion effect on the global economy. The volatile interest rate environment has also affected financial markets globally. Contrary to most economies, with the Bank of Japan maintaining an easy monetary policy by keeping rates low, JPY has continued to weaken against SGD. Notwithstanding, the Japan logistics market has remained relatively stable in general. While there was substantial new supply over the past year, demand for logistics space in Japan continued to be healthy, buoyed in particular, by the growing e-commerce and 3PL sectors.

DHLT's portfolio comprises logistics properties built with modern specifications with a portfolio age of 6.3 years as at 31 December 2023[2] . The portfolio has a relatively long WALE of 6.2 years[3] as at 31 December 2023, providing income stability. The long WALE is backed by a stellar tenant base, including blue-chip names, listed entities which are leaders in their respective fields. 83.3% of these tenants are involved in the 3PL and e-commerce sectors. The properties in DHLT's portfolio are all well-located and easily accessible with good connectivity via highways and roads. The quality of the properties and the strong tenant base underpinned the overall resilience of the portfolio, which saw portfolio valuation grew by 1.8% y-o-y in JPY terms to JPY89.1 billion as at 31 December 2023.

Operational performance of DHLT's portfolio remained steady during FY2023. DHLT ended the year with a portfolio occupancy rate of 100% and all leases that expired during the year were renewed. This ensured that any disruption to income is kept to a minimum, and allowed DHLT to retain high quality tenants, maintaining its strong tenant base. Augmented by full year contribution from DPL Iwakuni 1 & 2 and D Project Matsuyama S, the two properties that DHLT acquired in December 2022, NPI for FY2023 improved by 4.6% y-o-y[4] in JPY terms to JPY4.7

1 Information relating to the portfolio for FY2023 or as at 31 December 2023 does not include DPL Ibaraki Yuki which the acquisition was completed in March 2024 or D Project Tan Duc 2, which the acquisition is expected in 2Q FY2024, unless stated otherwise.

2 Weighted by NLA.

3 By GRI, based on the monthly rent as at 31 December 2023.

4 The corresponding period for the financial results reported for FP2022 was for the period from the listing of DHLT (26 November 2021) to 31 December 2023. However, the NPI was compared against the NPI for the corresponding 12-month period in FP2022 (1 January 2022 to 31 December 2022) for a more meaningful comparison.

We are proud to deliver stable DPU to unitholders over the past 4 distributions since listing, despite the challenges.

billion. As JPY weakened against SGD during FY2023, NPI in SGD terms was lower by 5.0% y-o-y[5]. To mitigate the impact of foreign currency volatility, we have put in place a hedging policy to systematically hedge distributions on a one-year rolling basis, where appropriate. Despite the lower NPI, distributable income was higher by 3.1% y-o-y[5] mainly due to realised foreign exchange gain from income hedging. This resulted in DPU of 5.22 cents for FY2023, a modest improvement of 0.2% y-o-y[5]. We are proud to deliver stable DPU to unitholders over the past 4 distributions since listing, despite the challenges.

PRUDENT CAPITAL MANAGEMENT

In addition to the operational performance of the portfolio, the overall performance of DHLT is also premised on prudent capital management. Apart from the income hedge in place, 100% of the existing borrowings are in JPY, providing a natural hedge to the properties denominated in the same currency. Further, 100% of the borrowings are on fixed-rate basis, which cushioned DHLT against the impact of interest rate volatility. As at 31 December 2023, the weighted all-in interest cost was 0.99% per annum, with a high interest cover ratio of 11.9 times. Aggregate leverage was 35.2% as at 31 December 2023. We are currently exploring options for the refinancing of JPY10.0 billion loan that matures in November 2024. We expect some increase in borrowing rates and will take a balanced approach taking into account the rates and tenor of the various options, amongst other factors.

5 Compared against the corresponding 12-month period in FP2022 (1 January 2022 to 31 December 2022).

CHAIRMAN & CEO MESSAGE

MAINTAINING GROWTH IN CHALLENGING TIMES

Japan has been a market where investment appetite in real estate has remained keen and has seen strong interest from foreign investors in recent years. Apart from political stability, such demand for investment is also supported by the relatively low cost of borrowing and weaker JPY. Investment interest in Japan logistics properties remained high, which resulted in stiffer competition for this asset class and downward trend in capitalisation rate in general.

Amidst increased competition for Japan logistics properties, DHLT was able to leverage on the pipeline of properties from the Sponsor, Daiwa House Industry Co., Ltd., to acquire high quality logistics facilities. This was demonstrated by the acquisition of DPL Iwakuni 1 & 2 and D Project Matsuyama S in December 2022 and followed by DPL Ibaraki Yuki in March 2024. DPL Ibaraki Yuki is a freehold logistics property which was completed in January 2023, and therefore capital expenditure is expected to be minimal in the near future. Well located in the Greater Tokyo region, the entire property is leased to one of the largest food distributors in Japan. Similar to the properties acquired in 2022, DPL Ibaraki Yuki was acquired at an attractive discount to valuation and this is possible because the Sponsor is the developer of these properties. Being one of the largest real estate players in Japan, the pipeline of properties is expected to continue growing as the Sponsor develops more properties.

In December 2023, DHLT also announced that it will acquire D Project Tan Duc 2 in Vietnam, its first acquisition outside of Japan. The property is a cold storage facility and is strategically situation in Long An province, a gateway location between Ho Chi Minh City, an economic centre in Vietnam and the Mekong Delta, an important aquaculture hub. Long An is also one of the key locations for cold storage logistics facilities in Vietnam, accounting for approximately 27% of the total existing stock of cold storage space in Vietnam in 2022[6]. Vietnam is one of the fastest growing economies in Asia, with a growing middle-class which has resulted in strong domestic demand for food products. This property was completed in September 2023 and is leased to a Vietnam entity of a Japanese 3PL company on a 20-year lease starting from October 2023. This will provide DHLT with long-term stable income from this property, which is especially important as this will be DHLT's first property outside Japan. The tenant, which specialises in frozen and chilled food transportation services, is well-established in the region with two other facilities and distributes F&B products to local supermarkets. The tenant is also a group company of a TSE-listed entity which specialises in cold chain logistics for food products. The acquisition is expected to be completed in 2Q FY2024.

6 Source: Savills Research Report – Asia Pacific Cold Storage (June 2023).

Assuming the completion of the acquisitions of both DPL Ibaraki Yuki and D Project Tan Duc 2, the pro forma aggregate leverage as at 31 December 2023 is 39.1%, which remains at a healthy level. These acquisitions reinforced the Manager's commitment to grow DHLT despite challenges, as well as the ability to acquire high quality properties from the Sponsor.

KEEPING UP SUSTAINABILITY EFFORTS

The Board and the management team of the Manager strongly believe in conducting the business activities of DHLT on a balanced and sustainable basis, taking into consideration the various aspects of environment, social and governance. Including DPL Ibaraki Yuki which was recently acquired in March 2024, DHLT now has 15 properties which are rated "green", which represented approximately 94.8% of the portfolio, by NLA[7]. We intend to install LED lightings in D Project Kuki S and upon completion of the installation, we are hopeful of obtaining "green" rating for this property. The acquisition of DPL Ibaraki Yuki has also increased the solar energy capacity of the portfolio to 16.1 MWp, a steady increase since listing in November 2021, where the initial portfolio had a capacity of 13.5 MWp. We also continue to work towards having 100% "green" leases, with all leases that were entered into or renewed since listing having a "green" clause included in the lease agreements.

Since the establishment of the Sustainability Committee in 2022, the Committee has met regularly to discuss matters relating to sustainability and review the status of the Manager's sustainability objectives. As a responsible corporate citizen, the Manager recognises its role within the local community. In FY2023, employees of the Manager participated in trash-picking and tree-planting activities to play its part in conserving the environment. The Manager also held a year-end gathering for employees to foster closer working relationships within the team. Please refer to the Sustainability Report in this Annual Report for further information on our sustainability efforts.

LOOKING AHEAD[8]

Even as DHLT expands outside of Japan, Japan will continue to remain as a key market for DHLT. While the logistics sector in Japan has seen large supply in recent years, demand for logistics space is expected to remain healthy. While there has been substantial supply in recent years, it is expected that such supply may moderate given the higher land prices and increase in development costs. Further, notwithstanding the supply, the proportion of modern logistics facilities in Japan remained relatively modest at 15% of the total logistics stock in Japan. All of the multi-tenanted properties in the DHLT portfolio are built with modern specifications.

It is expected that the demand for logistics space in Japan will continue to be supported by the growing e-commerce and 3PL sectors. While the e-commerce market in Japan has grown steadily with increasing e-commerce penetration rate to 9.1% in 2022, it is relatively low compared to other markets such as the United States, United Kingdom and China which have penetration rates ranging from 15% to 30%. As such, there is further growth potential for the e-commerce sector in Japan, which will lead to increased demand for modern logistics facilities. As companies continue to look to outsource logistics function, it is also expected that the 3PL sector will continue to expand. Further, restrictions on overtime hours on truck drivers may result in higher demand for logistics facilities in the regional areas, while the returning of overseas manufacturing processes by Japanese companies, particularly in the semiconductor and automotive industries, is also expected to benefit the Japan logistics sector. Accordingly, we believe that the fundamentals of the Japan logistics sector remain healthy in the long term and are confident that the quality of the portfolio enable DHLT to benefit from this.

In this current FY2024, we will continue to manage the portfolio pro-actively and maintain a high occupancy rate. We will also continue to seek growth opportunities in a disciplined and sustainable approach, while keeping in mind the sustainability efforts.

ACKNOWLEDGEMENTS

During FY2023, Mr Takeshi Fujita stepped down as Chief Executive Officer of the Manager while Mr Eiichi Shibata resigned as director. We would like to express our gratitude to both of them, who have contributed significantly to the listing of DHLT and have provided invaluable guidance to the Manager. The Board also welcomed Mr Hirotsugu Otomo who was appointed to the Board as a Non-Independent Non-Executive Director in July 2023. His wealth of experience in the real estate industry will benefit the Board and Manager. Further, the Board looks forward to working closely with Mr Jun Yamamura, who took over the rein from Mr Fujita in June 2023. The Board is confident he will lead DHLT into its next phase of growth.

On behalf of the Board, we would like to express our appreciation to the management team for their commitment to improve DHLT. We would also like to thank all of DHLT's unitholders for your confidence and support in DHLT. The Manager remains focused on developing DHLT and delivering value to you.

Yours sincerely,

Tan Jeh Wuan
Chairman

Jun Yamamura
Chief Executive Officer

7 Does not take into account D Project Tan Duc 2. The acquisition is expected to complete in 2Q FY2024.
8 Source: Independent market research by JLL Mori Valuation & Advisory K.K. (Please refer to the section on Independent Market Research).

OUR STRATEGIES

DHLT's key objectives are to provide Unitholders with regular and stable distributions, and to achieve long-term growth in DPU and NAV 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 property 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 FY2023

- 100% lease renewal rate which ensured minimal disruption to income
- Achieved portfolio occupancy rate of 100% and long WALE of 6.2 years as at 31 December 2023
- Portfolio valuation grew 1.8% y-o-y 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 Property Funds Appendix and utilise interest rate and foreign exchange hedging strategies where appropriate to minimise exposure to market volatility.

Actions taken or Achievements in FY2023

- Maintained aggregate leverage at healthy level of 35.2% as at 31 December 2023
- 100% of borrowings in fixed rate and 100% of borrowings in JPY for natural hedge
- Adopted systematic hedging mechanism to smooth out volatility in income due to foreign exchange movements

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, for the avoidance of doubt, 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 FY2023

- The acquisition of D Project Tan Duc 2, a built-to-suit cold storage facility located in Vietnam, expected to complete in 2Q FY2024, will be DHLT's first property outside of Japan
- Further strengthened presence in Japan, with the acquisition of a freehold logistics property, DPL Ibaraki Yuki, which was completed in March 2024
- Continue to leverage on Sponsor ROFR 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 FY2023

- Increased solar energy capacity from 15.4MWp to 16.1 MWp with the acquisition of DPL Ibaraki Yuki
- Maintain high proportion of green rated properties at 94.8%, by NLA, including DPL Ibaraki Yuki
- Progressively replaced a portion of lightings with LED lights in D Project Matsuyama
- All renewed/new leases entered into since listing contained "green" clause

PORTFOLIO OVERVIEW

HOKKAIDO & TOHOKU

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

GREATER TOKYO

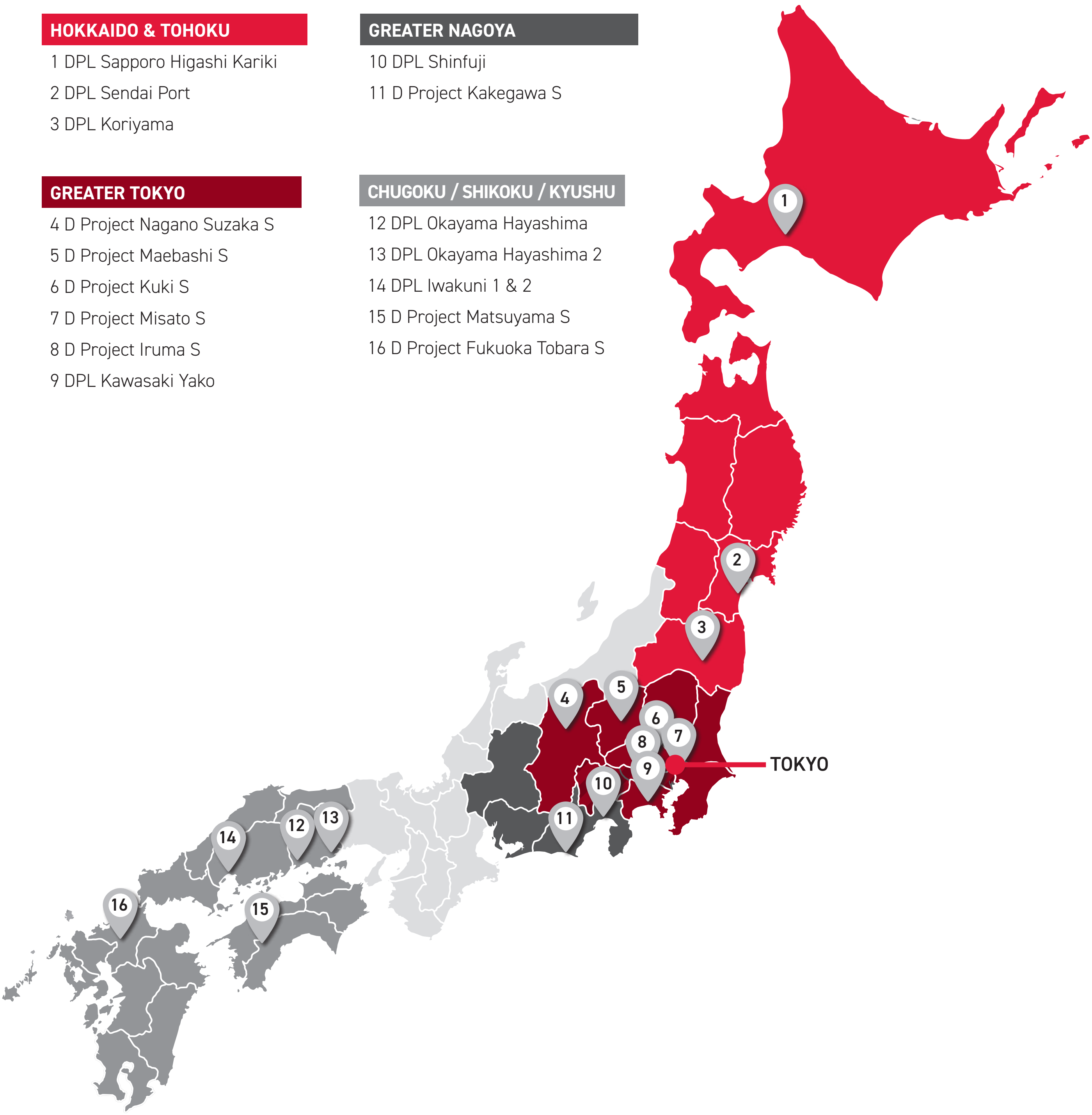
4 D Project Nagano Suzaka S
5 D Project Maebashi S
6 D Project Kuki S
7 D Project Misato S
8 D Project Iruma S
9 DPL Kawasaki Yako

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

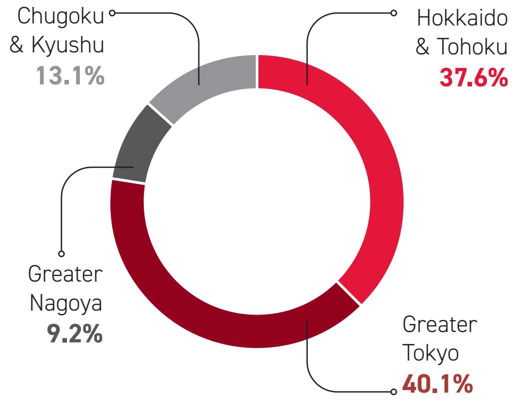


PORTFOLIO OVERVIEW[(1)]
As of 31 December 2023, the DHLT Portfolio comprised 16 high quality properties that are diversified across different regions in Japan, including the Greater Tokyo region and core regional markets in Japan. Each of these properties are strategically located with proximity to transportation network and shipping infrastructure.

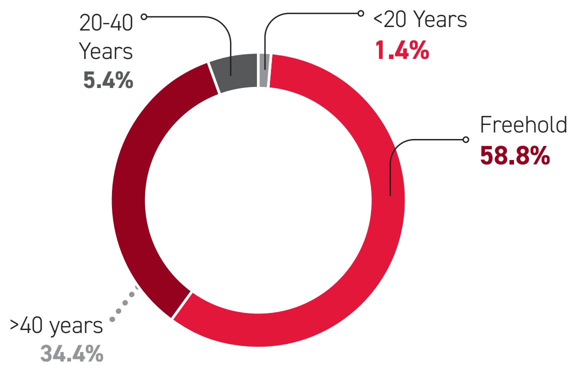
With a total NLA of 444,728 sqm, the DHLT Portfolio has a good mix of single-tenanted BTS and multi-tenanted properties, providing a balance of both long-term stability and opportunities for potential positive rent reversion upon lease renewals. Multi-tenanted properties are developed by the Sponsor under the DPL brand, which offers premium quality standardised warehouse spaces for lease. 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 DHLT Portfolio is 6.3 years as at 31 December 2023. The DHLT Portfolio also has a balanced mix of freehold and leasehold assets to optimise returns to unitholders. More than 90% of the portfolio (by valuation) comprise of freehold properties or properties with land tenor of more than 40 years.

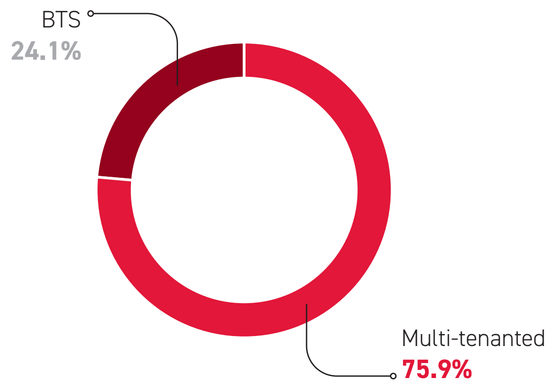
BREAKDOWN BY **TYPE OF REGIONS BY PORTFOLIO VALUATION**



BREAKDOWN BY **LAND TENURE BY PORTFOLIO VALUATION**



BREAKDOWN BY **TYPE OF ASSETS BY PORTFOLIO VALUATION**



1 The acquisition of DPL Ibaraki Yuki was completed on 15 March 2024. For this Annual Report, information on DPL Ibaraki Yuki is not included as part of the portfolio, unless otherwise stated.

PORTFOLIO OVERVIEW

	Completion Year	NLA (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 GRI based on monthly rent as at 31 December 2023.
2 Based on NLA as at 31 December 2023.
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 following the acquisition of the underlying freehold land.

Tenancy Type	WALE (by GRI)[1] (Years)	Occupancy[2]	Gross Revenue (JPY m)[3]	NPI (JPY m)
Multi-tenanted	2.8	100.0%	792.8	526.9
Multi-tenanted	1.4	100.0%	764.1	531.3
Multi-tenanted	0.4	100.0%	351.7	271.8
Single-tenanted	9.8	100.0%	–	164.5
Single-tenanted	0.6	100.0%	–	184.2
Single-tenanted	11.1	100.0%	–	239.9
Single-tenanted	14.0	100.0%	–	186.1
Multi-tenanted	10.4	100.0%	1,782.1	1,269.5
Single-tenanted	4.8	100.0%	–	127.9
Multi-tenanted	7.0	100.0%	402.6	289.0
Single-tenanted	10.3	100.0%	–	208.7
Multi-tenanted	3.4	100.0%	390.7	301.7
Multi-tenanted	1.0	100.0%	–	165.0
Multi-tenanted	1.5	100.0%	147.9	117.2
Single-tenanted	5.6	100.0%	–	53.7
Single-tenanted	10.6	100.0%	–	98.9
-	**6.2**	**100.0%**	**-**	**4,736.3**

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 CBD.

The property is a two-storey building, with eight warehouse units for multiple tenants. The ready-built warehouse units enable 3PL service providers to set up operations with speed and ease. Each warehouse unit is equipped with a dedicated office and loading and unloading bay. With the loading bays in the building, it ensures tenants can operate in snowy and rainy weather.

The property is equipped with LED lighting equipment, 24-hour security service and a common lounge space. There are 420 parking bays on 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
61,610 sqm

NLA
60,347 sqm

PARKING BAYS
420

OCCUPANCY as of 31 December 2023
100.0%

WALE BY GRI as at 31 December 2023
2.8 years

PURCHASE CONSIDERATION
JPY 10,520 million

VALUATION as at 31 December 2023
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 to 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 eight warehouse units for multiple tenants. Each warehouse unit is equipped with a dedicated office and loading and unloading bay. With the loading bays in the building, it ensures tenants can operate in snowy and rainy weather.

The property provides 24-hour security service and is equipped with LED lighting equipment. There are 204 parking bays on 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
58,867 sqm

NLA
63,119 sqm

PARKING BAYS
204

OCCUPANCY as of 31 December 2023
100.0%

WALE BY GRI as of 31 December 2023
1.4 years

PURCHASE CONSIDERATION
JPY 11,580 million

VALUATION as at 31 December 2023
JPY 13,400 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, HC Capital Community and manufacturing enterprises, are situated in KCIP.

The property is a single storey building with 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 on the property.

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

COMPLETION DATE
6 September 2019

LAND TENURE
Freehold

LAND AREA
56,306 sqm

NLA
34,174 sqm

PARKING BAYS
197

OCCUPANCY as of 31 December 2023
100.0%

WALE BY GRI as at 31 December 2023
0.4 years

PURCHASE CONSIDERATION
JPY 5,350 million

VALUATION as at 31 December 2023
JPY 7,270 million

D PROJECT MAEBASHI S • Greater Tokyo region

Completed in November 2018, this BTS warehouse is located in Gunma prefecture (approximately 100 km north of 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 on the property.

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

COMPLETION DATE
5 November 2018

LAND TENURE
Freehold

LAND AREA
23,225 sqm

NLA
14,736 sqm

PARKING BAYS
149

OCCUPANCY as of 31 December 2023
100.0%

WALE BY GRI as at 31 December 2023
9.8 years

PURCHASE CONSIDERATION
JPY 3,170 million

VALUATION as at 31 December 2023
JPY 3,690 million

OUR PROPERTIES

D PROJECT KUKI S • Greater Tokyo region

Completed in August 2014, this BTS warehouse is located in 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
14,198 sqm

NLA
18,257 sqm

PARKING BAYS
76

OCCUPANCY as of 31 December 2023
100.0%

WALE BY GRI as at 31 December 2023
0.6 years

PURCHASE CONSIDERATION
JPY 1,346 million

VALUATION as at 31 December 2023
JPY 1,200 million

D PROJECT MISATO S • Greater Tokyo region

Completed in February 2015, this BTS warehouse is located in 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 group company of Suntory Holdings, a global F&B conglomerate. There are 41 parking bays on 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
14,239 sqm

NLA
14,877 sqm

PARKING BAYS
41

OCCUPANCY as of 31 December 2023
100.0%

WALE BY GRI as at 31 December 2023
11.1 years

PURCHASE CONSIDERATION
JPY 1,668 million

VALUATION as at 31 December 2023
JPY 2,300 million

OUR PROPERTIES

D PROJECT IRUMA S • Greater Tokyo region

Completed in December 2017, this BTS warehouse is located in 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 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 F&B, 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.

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

COMPLETION DATE
18 December 2017

LAND TENURE
Freehold[1]

LAND AREA
11,528 sqm

NLA
14,582 sqm

PARKING BAYS
46

OCCUPANCY as of 31 December 2023
100.0%

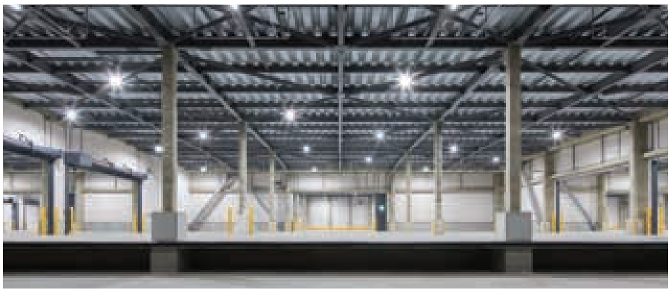
WALE BY GRI as at 31 December 2023
14.0 years

PURCHASE CONSIDERATION
JPY 4,406 million[2]

VALUATION as at 31 December 2023
JPY 4,870 million

1 DHLT, in substance, owns the full freehold property of D Project Iruma S after acquiring the underlying freehold land in December 2022.
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
47,868 sqm

NLA
93,159 sqm

PARKING BAYS
367

OCCUPANCY as of 31 December 2023
100.0%

WALE BY GRI as at 31 December 2023
10.4 years

PURCHASE CONSIDERATION
JPY 18,770 million

VALUATION as at 31 December 2023
JPY 21,000 million

OUR PROPERTIES

D PROJECT NAGANO SUZAKA S • Greater Tokyo region

Completed in September 2018, this BTS warehouse is located in 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. The warehouse has loading bays on two sides of the warehouse which is convenient for food supply chain or regional distribution activities. The property is equipped with LED lighting equipment. There are 90 parking bays on the property.

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

COMPLETION DATE
25 September 2018

LAND TENURE
Freehold

LAND AREA
19,178 sqm

NLA
9,810 sqm

PARKING BAYS
90

OCCUPANCY as of 31 December 2023
100.0%

WALE BY GRI as at 31 December 2023
4.8 years

PURCHASE CONSIDERATION
JPY 2,400 million

VALUATION as at 31 December 2023
JPY 2,710 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
28,217 sqm

NLA
27,537 sqm

PARKING BAYS
227

OCCUPANCY as of 31 December 2023
100.0%

WALE BY GRI as at 31 December 2023
7.0 years

PURCHASE CONSIDERATION
JPY 3,194 million

VALUATION as at 31 December 2023
JPY 3,770 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 Tokyo Area, Nagoya Area and 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 on the property.

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

COMPLETION DATE
1 May 2019

LAND TENURE
Freehold

LAND AREA
25,633 sqm[1]

NLA
22,523 sqm

PARKING BAYS
40

OCCUPANCY as of 31 December 2023
100.0%

WALE BY GRI as at 31 December 2023
10.3 years

PURCHASE CONSIDERATION
JPY 3,980 million

VALUATION as at 31 December 2023
JPY 4,440 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
27,274 sqm

NLA
23,541 sqm

PARKING BAYS
204

OCCUPANCY as of 31 December 2023
100.0%

WALE BY GRI as at 31 December 2023
3.4 years

PURCHASE CONSIDERATION
JPY 3,650 million

VALUATION as at 31 December 2023
JPY 4,540 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 global Japanese 3PL company servicing a major Japanese F&B manufacturer.

The property has a large drive-through canopy in between two warehouse buildings which enable tenants to continue operating even in rainy weather.

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
17,811 sqm

NLA
16,750 sqm

PARKING BAYS
60

OCCUPANCY as of 31 December 2023
100.0%

WALE BY GRI as at 31 December 2023
1.0 years

PURCHASE CONSIDERATION
JPY 1,750 million

VALUATION as at 31 December 2023
JPY 2,530 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 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 MWp.

DPL Iwakuni 1 & 2 is currently occupied by five tenants, including Nippon Express Co., Ltd. which is a global 3PL 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
30,105 sqm

NLA
15,461 sqm

PARKING BAYS
60

OCCUPANCY as of 31 December 2023
100.0%

WALE BY GRI as at 31 December 2023
1.5 years

PURCHASE CONSIDERATION
JPY 1,900 million

VALUATION as at 31 December 2023
JPY 2,280 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.

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 D Project Matsuyama S 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
8,412 sqm

NLA (SQ M)
5,347 sqm

PARKING BAYS
62

OCCUPANCY as of 31 December 2023
100.0%

WALE BY GRI as at 31 December 2023
5.6 years

PURCHASE CONSIDERATION
JPY 800 million

VALUATION as at 31 December 2023
JPY 948 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 F&B industry. The facility is equipped with temperature control facilities to dry, freeze, and chill There are 64 parking bays on 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
14,439 sqm

NLA
10,508 sqm

PARKING BAYS
64

OCCUPANCY as of 31 December 2023
100.0%

WALE BY GRI as at 31 December 2023
10.6 years

PURCHASE CONSIDERATION
JPY 1,260 million

VALUATION as at 31 December 2023
JPY 1,360 million

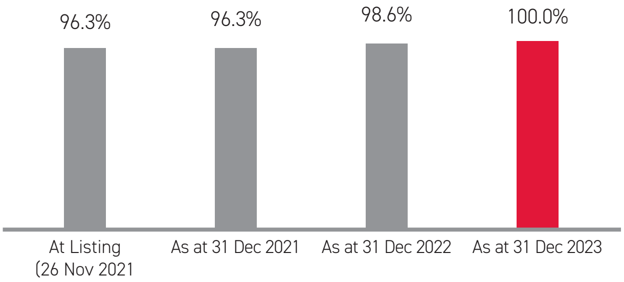
GROWTH

Keeping up the growth momentum with the addition of DPL Ibaraki Yuki in March 2024, and expected to complete the acquisition of D Project Tan Duc 2 located in Vietnam in 2Q2024

OPERATIONAL REVIEW

PROACTIVE ASSET MANAGEMENT

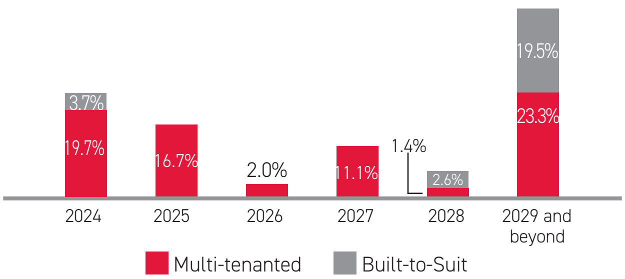
During FY2023, 4 leases were successfully renewed representing a 100% lease renewal rate, which ensured minimal disruption to the income derived from the portfolio. This also demonstrated the quality of the properties as well as the good relationship with the tenants. The average rent increase was 1.1%[1]. We were able to achieve rental increment of up to 7%. In July 2023, the remaining vacant space in the portfolio was occupied and as at 31 December 2023, all 16 properties were fully occupied. The new lease and renewed leases represented 13.7% of the GRI[2] and have a WALE of 1.4 years (by GRI[2]).



As at 31 December 2023, the DHLT Portfolio had a relatively long WALE of 6.2 years (by GRI[2]). There is one lease expiry for BTS property in third quarter of 2024, which represents approximately 3.7% of the GRI[2] of the portfolio. The Manager is in advance negotiation with the tenant of this BTS property on the renewal of the lease. Thereafter, there will not be any lease expiry for the BTS properties until 2028. For the multi-tenanted assets, there are 12 leases up for renewal in FY2024, this represents approximately 19.7% of the GRI[2] for the portfolio.

PORTFOLIO LEASE EXPIRY (BY GRI)[2]

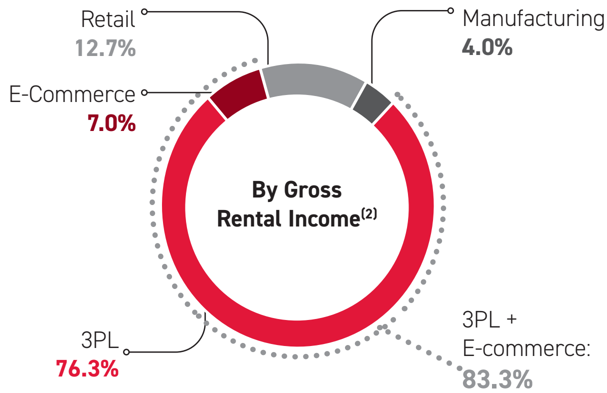
as at 31 December 2023



HIGH QUALITY TENANT BASE

As at 31 December 2023, DHLT has 33 tenants. The tenant base comprises high quality tenants with more than 80% of these tenants (by GRI[2]) in growing 3PL and e-commerce sectors. Over the course of FY2023, even as they faced rising cost, there was no request for rent relief or abatement. This demonstrated the financial stability of the tenants. Apart from the top tenant, no single tenant accounts for more than 10% of the NPI. The 3PL tenants serve end-customers across a diversified sector range including, but not limited to, F&B, medical supplies, grocery stores, chemical products.

BREAKDOWN BY **TENANT TRADE SECTOR**



TOP TEN TENANTS

	Tenant	Sector	% of NPI[3]
1	Mitsubishi Shokuhin	3PL	18.8
2	Nippon Express	3PL	8.4
3	Suntory Logistics	3PL	7.7
4	Nitori	Retail	5.6
5	Tenant A[4]	3PL	4.4
6	Create SD	3PL	4.2
7	Tenant B[4]	3PL	4.0
8	K.R.S Corporation	3PL	3.9
9	Tokyo Logistics Factory	3PL	3.9
10	CB Group Management	3PL	3.9
			64.9

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 31 December 2023.
3 Based on NPI for FY2023 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.
4 These tenants have not given consent to the disclosure of any terms of the tenancy agreement at all (including their names).

KEEPING UP GROWTH MOMENTUM

Expansion outside Japan – D Project Tan Duc 2[1]

On 29 December 2023, DHLT announced that it will be acquiring D Project Tan Duc 2 (the "**Vietnam Property**"), a BTS cold storage facility located in Long An province, Vietnam ("**Vietnam Acquisition**") from DH Asia Investment Peony Pte. Ltd., a wholly-owned subsidiary of the Sponsor. The acquisition of the Vietnam Property is via the purchase of 100% of capital in a company incorporated in Vietnam which is indirectly wholly owned by the Sponsor. The agreed property value of the Vietnam Property is VND483.0 billion, which is 3.0% lower than the average independent valuations of the Vietnam Property of VND498.0 billion[2]. The Vietnam Acquisition is expected to be financed via borrowings. The Vietnam Acquisition is expected to complete in 2Q 2024, and this will be DHLT's first acquisition outside of Japan.

Vietnam is one of the fastest growing economies in the Southeast Asia region. Vietnam's growing middle class and improving economy have bolstered the demand for high-quality food products, and together with a growing e-commerce sector, this has driven the development of cold storage sector in the country where there is currently a shortage of cold storage facilities[3]. The Vietnam Property was recently completed in September 2023, and therefore minimal capital expenditure is expected in the near term.

Long An is one of the key hubs for cold storage logistics facilities in Vietnam, accounting for approximately 27% of the total existing stock of cold storage space in Vietnam in 2022[3]. The Vietnam Property is strategically located in a gateway location which connects Ho Chi Minh City, a key economic hub, to the Mekong Delta region, an important aquaculture hub. The Vietnam Property is leased to a Vietnam entity of Japanese third-party logistics company which specialises in frozen and chilled food transportation services, on a 20-year lease term that commenced in October 2023, which will ensure income stability. The tenant is well-established in the region with two other facilities, and it distributes F&B products to local supermarkets. The tenant is a group company of a TSE-listed entity which specialises in cold chain logistics for food products.

Strengthening foothold in key market – DPL Ibaraki Yuki

On 15 March 2024, DHLT completed the acquisition of DPL Ibaraki Yuki ("**Japan Acquisition**") from the Sponsor. DPL Ibaraki Yuki (the "**Japan Property**") is a freehold logistics property that was also recently completed, in January 2023. The purchase consideration was JPY2,640.0 million, a discount of 18.1% to the average independent valuations of JPY3,225.0 million[4]. The Japan Acquisition was financed by borrowings and internal cash resources.

The Japan Acquisition further strengthened DHLT's foothold in Japan, where demand for modern logistics facilities is expected to continue its growth, supported by the e-commerce and 3PL sectors. Located approximately 100km from central Tokyo, the fully-occupied Japan Property is easily accessible via highways and is also connected to a wider region covering the Tohoku and Tokyo areas through the Tohoku Expressway.

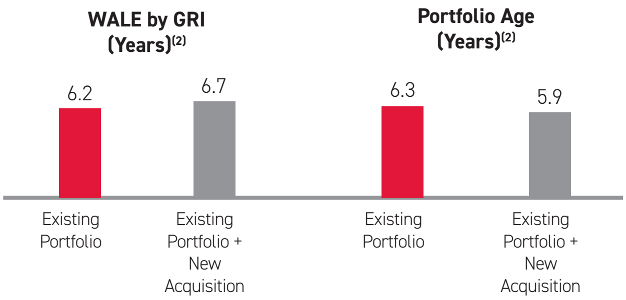
In line with DHLT's environmental commitments, the Japan Property is rated 5 stars by Building Energy-efficiency Labelling System (BELS) and its rooftop is installed with solar panels with solar energy capacity of 0.8 MWp, which brings the total solar energy capacity of the DHLT Portfolio to 16.1 MWp.

1 Please refer to the announcement dated 29 December 2023 for further information on the Vietnam Acquisition.
2 Based on the average of the two independent valuations of the Vietnam Property conducted by the independent valuers as at 30 September 2023 and 30 November 2023, respectively, using the discounted cash flow and capitalisation methods.
3 Source: Savills Research Report - Asia Pacific Cold Storage (June 2023).
4 Based on the average of the two independent valuations of the Japan Property conducted by the independent valuers as at 31 August 2023 using the discounted cash flow and direct capitalisation methods or using the discounted cash flow methods and supported by the direct capitalisation and cost approach methods.

OPERATIONAL REVIEW

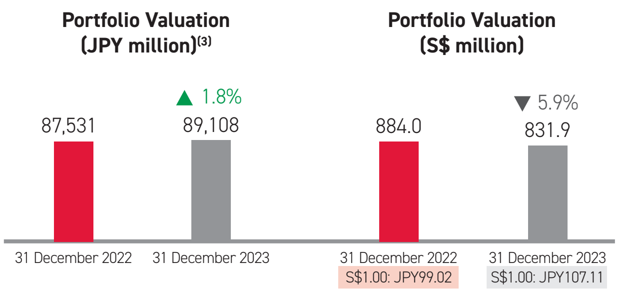
Adding value to the DHLT Portfolio

The Vietnam Acquisition and Japan Acquisition (collectively, the "**New Acquisitions**") demonstrated the ability of DHLT to acquire high quality properties from the Sponsor and also reinforced Sponsor's commitment to the development of DHLT. On a pro forma basis, assuming the completion of New Acquisitions on 31 December 2023, the aggregate leverage is 39.1% as at 31 December 2023[1].



PORTFOLIO VALUATION

The aggregate valuation of the 16 properties was JPY89,108 million as at 31 December 2023. This was an increase of 1.8% compared to portfolio valuation as at 31 December 2022, demonstrating the quality and resilience of the DHLT Portfolio. However, it declined in S$ terms due to weaker JPY against S$.



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.

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 only approximately 0.02% of the net asset value of the Sponsor as at 31 December 2023, 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 subleasehold interests thereof.

1 The pro forma aggregate leverage is based on the assumptions that the transaction costs (save for the acquisition fees) for the New Acquisitions were fully financed by debt financing and converted to S$ based on the foreign exchange rates of S$1.00 = VND18,412.82 and S$1.00 = JPY107.11 for the Vietnam Acquisition and Japan Acquisition, respectively.
2 On pro forma basis as at 31 December 2023, assuming the New Acquisitions were completed on 31 December 2023.
3 Based on the independent valuation of the properties as at 31 December 2023.

VALUATION BREAKDOWN BY PROPERTIES

	JPY million[1]	Proportion
HOKKAIDO / TOHOKU		
DPL Sapporo Higashi Kariki	12,800	14.4%
DPL Sendai Port	13,400	15.0%
DPL Koriyama	7,270	8.2%
GREATER TOKYO		
D Project Maebashi S	3,690	4.1%
D Project Kuki S	1,200	1.3%
D Project Misato S	2,300	2.6%
D Project Iruma S	4,870	5.5%
DPL Kawasaki Yako	21,000	23.6%
D Project Nagano Suzaka S	2,710	3.0%
GREATER NAGOYA		
DPL Shinfuji	3,770	4.2%
D Project Kakegawa S	4,440	5.0%
CHUGOKU / SHIKOKU / KYUSHU		
DPL Okayama Hayashima	4,540	5.1%
DPL Okayama Hayashima 2	2,530	2.8%
DPL Iwakuni 1 & 2	2,280	2.6%
D Project Matsuyama S	948	1.1%
D Project Fukuoka Tobara S	1,360	1.5%
	89,108	**100.0%**

1 Based on the independent valuation of the properties as at 31 December 2023.

FINANCIAL REVIEW

SUMMARY OF FINANCIAL RESULTS FOR FY2023

	FP2022	12M 2022	FY2023	Variance in %[1]
Gross Revenue (S$ '000)	68,719	62,120	59,852	(3.7)
Net Property Income (S$ '000)	52,985	47,724	45,324	(5.0)
Amount Distributable to Unitholders (S$ '000)	38,621	35,283	36,373	3.1
Distribution per Unit (cents)	5.70	5.21	5.22	0.2

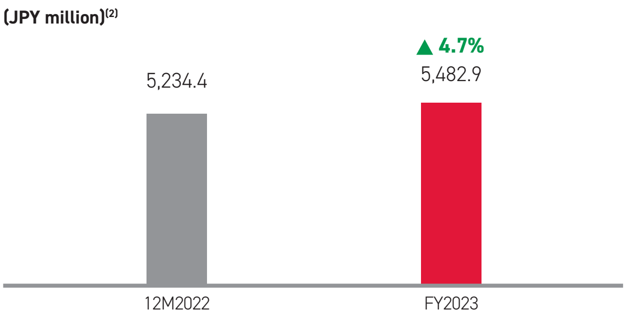
Supported by contributions from DPL Iwakuni 1 & 2, and D Project Matsuyama S that were acquired in December 2022 as well as higher portfolio occupancy, gross rental income and net property income improved by 4.7% and 4.6% y-o-y, respectively, in JPY terms. However, weaker JPY against S$ resulted in a 5.0% decline y-o-y for NPI in S$ terms.

Finance expenses of S$6.4 million were 9.6% lower y-o-y mainly due to weaker JPY, although it was higher in JPY term mainly due to additional loans drawn to fund the acquisitions that were completed in December 2022.

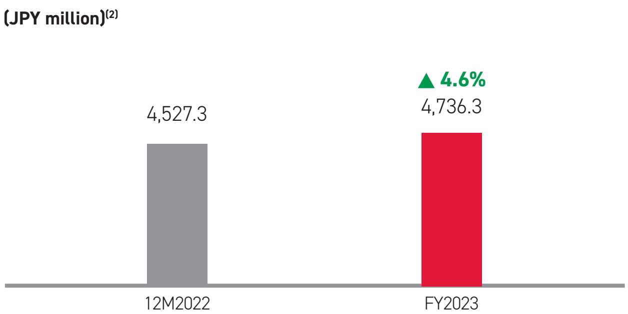
Trust expenses of S$1.8 million were S$0.7 million higher than FY2022 due to increase in the professional and statutory/indirect tax expenses, and reversal for some IPO related cost booked in the prior period in 2021, in 2022. Other income was higher mainly due to the realised exchange gain of S$3.7 million attributed mainly to the forwards.

Despite the lower net property income, distributable income was higher by 3.1% mainly due to realised gains from the hedging. This resulted in modest growth in DPU of 0.2% y-o-y to 5.22 cents.

GROSS RENTAL INCOME



NET PROPERTY INCOME

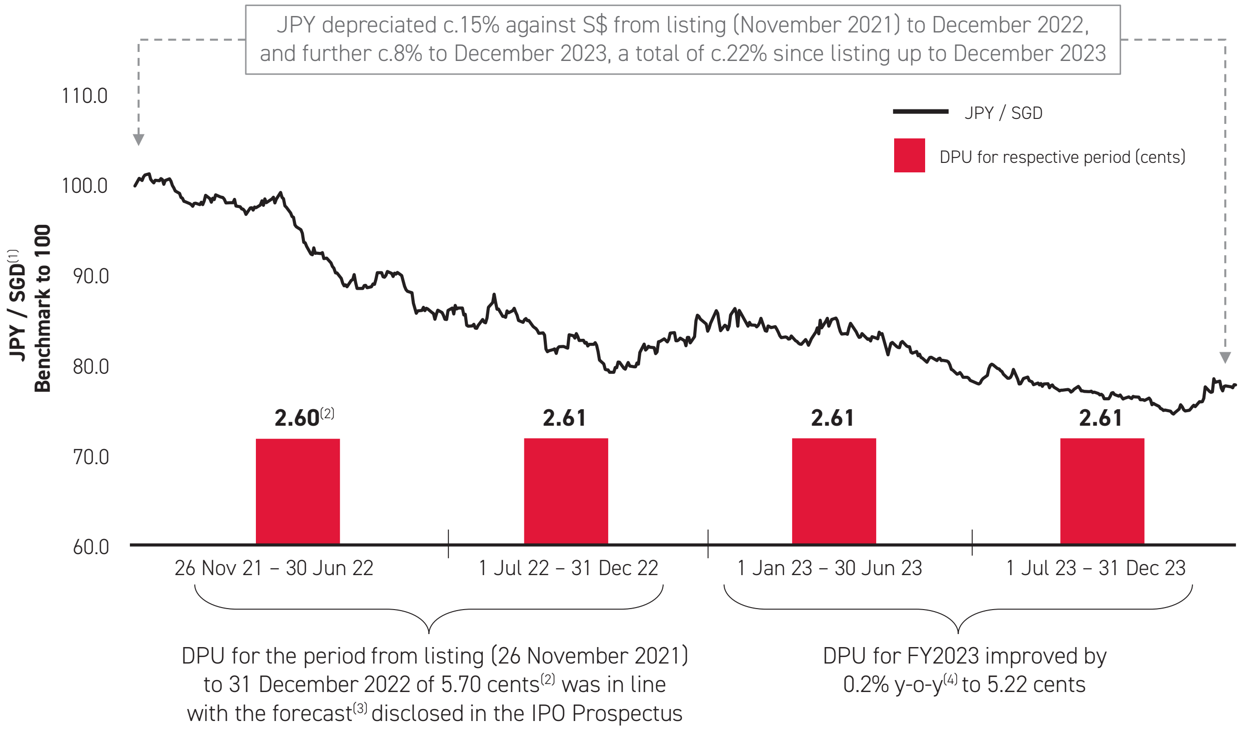


1 The corresponding period for the financial results reported in previous financial year was for the period from the listing of DHLT (26 November 2021) to 31 December 2022. However, financial results for FY2023 were compared against the DPU for the corresponding 12-month period in FP2022 (1 January 2022 to 31 December 2022) for a more meaningful comparison.

2 In respect of FY2023 compared against the corresponding 12-month period in FP2022, i.e. 1 January 2022 to 31 December 2022.

STABLE DPU

Despite foreign exchange volatility, DHLT has delivered stable DPU over the past four distributions.



Note: Please note that the past performance of DHLT is not necessarily indicative of the future performance of DHLT.


D Project Tan Duc 2

1 Source: Daily exchange rate obtained from the website of the Monetary Authority of Singapore.
2 The actual DPU for the period from 26 November 2021 to 30 June 2022 was 3.09 cents, which included DPU of 0.49 cents in relation to the period from 26 November 2021 to 31 December 2021.
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 as disclosed in the IPO Prospectus dated 19 November 2021.
4 In respect of FY2023 compared against the corresponding 12-month period in FP2022, i.e. 1 January 2022 to 31 December 2022.

FINANCIAL REVIEW

PRUDENT CAPITAL MANAGEMENT

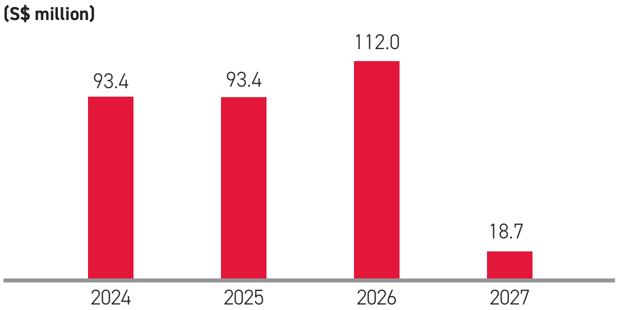
Key financial information and indicators

	As at 31 December 2023
Total assets	S$1,101.7 million
Total liabilities	S$548.3 million
Net asset	S$553.5 million
Net assets represented by:	
Unitholders' funds	S$517.7 million
Perpetual securities	S$35.8 million
NAV per Unit	0.74 cents
Total borrowings	S$317.4 million
Aggregate leverage[1]	35.2%
Interest coverage ratio[2]	11.9 times
Weighted average debt maturity	2.1 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 2023, 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. Approximately S$93.4 million is maturing in November 2024, and the Manager is currently in discussion with lenders on refinancing this amount of borrowings and is confident that it will be able to refinance the borrowings prior to the maturity date.

DEBT MATURITY PROFILE

As at 31 December 2023



As at 31 December 2023, the aggregate leverage was at a healthy level of 35.2%. As at 31 December 2023, DHLT has undrawn facilities of S$50 million 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. As at 31 December 2023, 100% of the borrowings are also denominated in JPY providing a natural capital hedge to the value of the properties which is denominated in the same currency.

1 Total debt (including perpetual securities) to net asset value ratio as at 31 December 2023 was 63.8%.
2 The adjusted interest coverage ratio, including payment of coupon for perpetual securities, was 9.5 times.

INVESTOR RELATIONS

DHLT 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 so as to allow the investment community and Unitholders to make informed decisions.

The Manager maintains an Investor Relations Policy to provide a framework for effective communication to the investment community. The Investor Relations Policy is subjected to regular review by the Manager to ensure its effectiveness. The Policy covers communication principles such as (i) to provide pertinent and accurate information to its Unitholders and the investing community in an effective and timely manner; (ii) to use clear and plain language in its communication; (iii) to observe "black-out" periods prior to announcements of business updates, financial results and property valuations. The Policy also covers the various communication channels.

The Manager ensures 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. Key updates on DHLT's performance, strategies and initiatives are communicated by way of announcements and press releases, which are promptly released on SGXNET and subsequently on DHLT's corporate website (www.daiwahouse-logisticstrust.com). Unitholders and the general public can also subscribe to DHLT's electronic mailing list via the corporate website through which, they will receive email notification of 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 Unitholders and cultivate new ties with prospective investors. The Manager holds quarterly briefings with analysts and investors in relation to the announcements of business updates and financial results to keep them updated of the latest performance, any new developments and market trends. The Manager also engages with Unitholders and prospective investors through one-on-one meetings, investors conferences, webinars and non-deal roadshows.

DHLT held its first annual general meeting in April 2023 which was well attended by Unitholders. Unitholders were also invited to send questions to the Manager ahead of the AGM and the responses to substantial and relevant questions were announced prior to the date of the AGM. The AGM offered a platform for Unitholders to ask questions before voting on the resolutions tabled and it was an interactive session as the Board and key management of the Manager fielded questions on various aspects including operations, financials, macro environment and growth strategy. All six members of the Board were in attendance at the AGM. The resolutions tabled at the AGM were supported with approval rates of more than 99% for each of the three resolutions. The minutes of the AGM were subsequently announced and made available on DHLT's website.

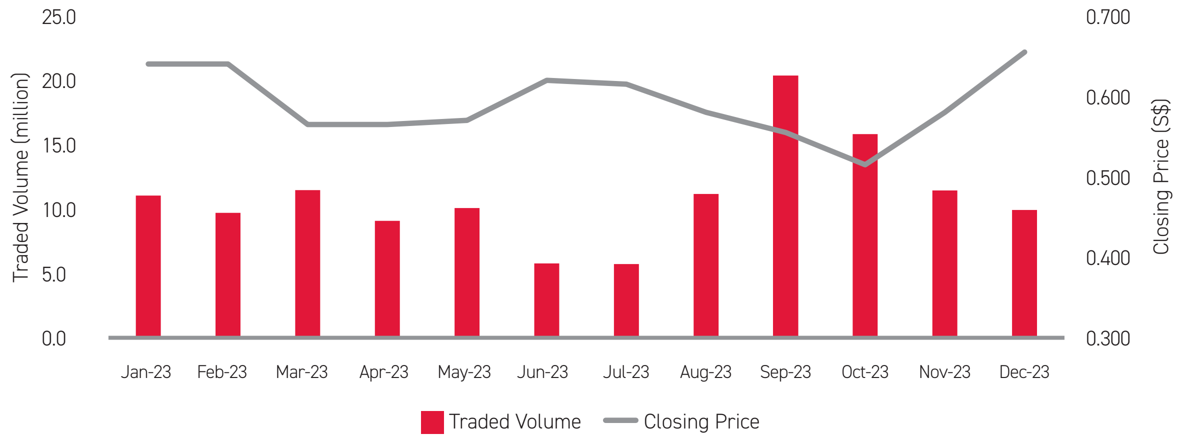
The Manager has a dedicated specific investor relations contact via an email address which is monitored by the Investor Relations team: ir@daiwahouse-lt.com. Through this email address, Unitholders or potential investors may reach out to clarify matters or ask questions relating to DHLT.

INVESTOR RELATIONS

UNIT PRICE INFORMATION FOR THE PERIOD FROM 1 JANUARY 2023 TO 31 DECEMBER 2023

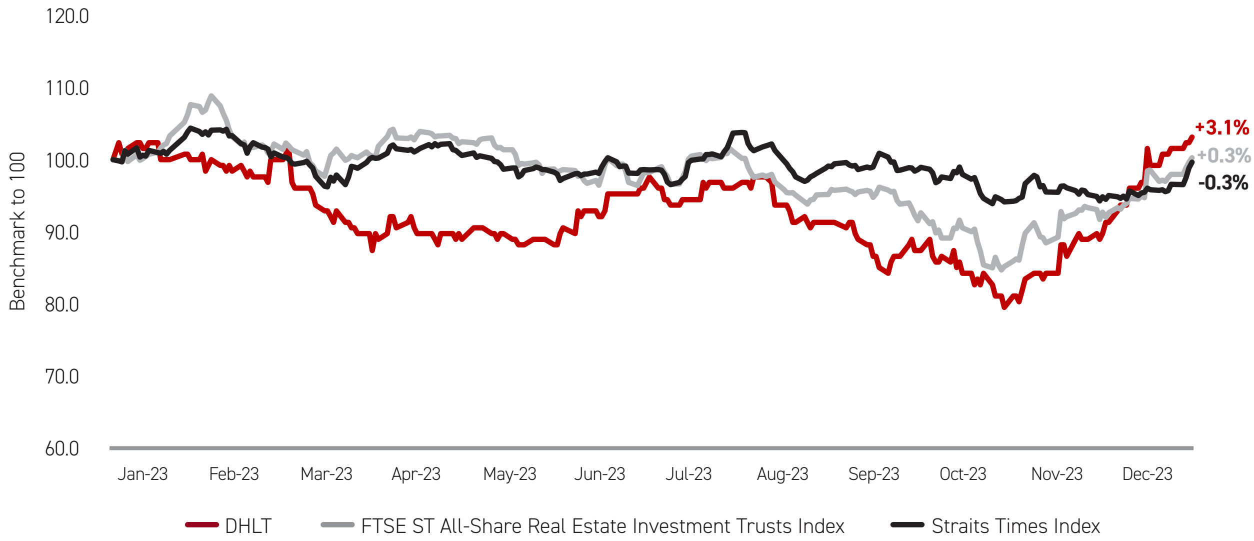
Opening price as at 3 January 2023[(1)]	S$0.635
Closing price as at 29 December 2023[(2)]	S$0.655
Highest price	S$0.660
Lowest price	S$0.500
Total traded volume ('000)	131,582
Average daily traded volume	528,000

MONTHLY TRADING PERFORMANCE IN FY2023[(3)]



UNIT PRICE PERFORMANCE AGAINST KEY INDICES[(3)]

For period from 3 January[(1)] to 29 December 2023[(2)]



Assuming the dividends paid during FY2023 are reinvested into DHLT, the total return for an investor would be 12.2% for FY2023.

1 First day of trading for FY2023
2 Last day of trading for FY2023.
3 Source: Based on information from website of ShareInvestor.com.

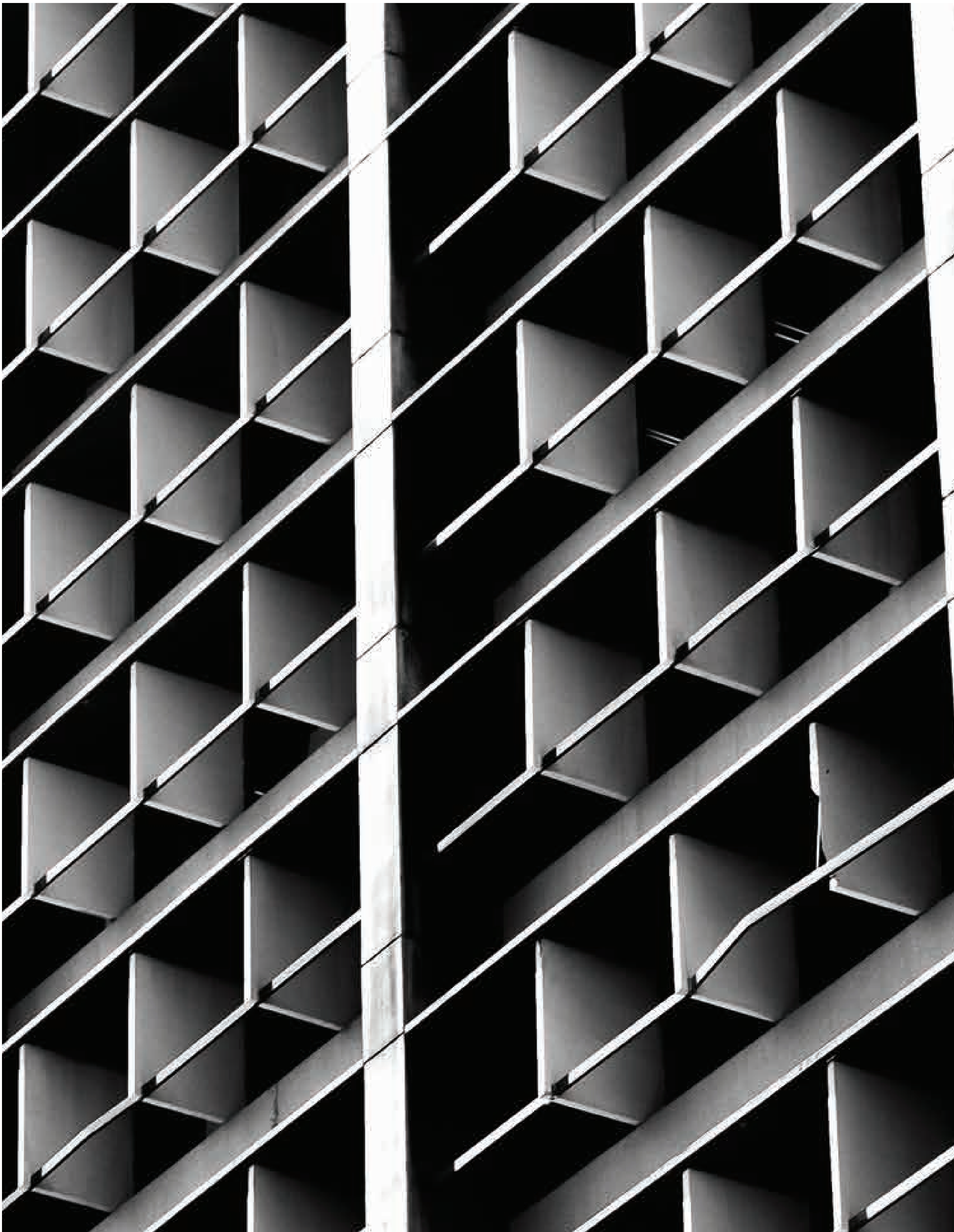
FY2023 CALENDAR

Date	Event
23 February 2023	Announced financial results for FP2022
23 February 2023	Analysts and investors briefing in relation to financial results for FP2022
24 February 2023	Non-deal roadshow with Daiwa Capital
30 March 2023	Payment of distribution for the period from 1 July 2022 to 31 December 2022
10 April 2023	Seminar on "Understanding REITs with Japan Assets" with SGX, Maybank and REITAS
27 April 2023	Annual General Meeting in relation to FP2022
11 May 2023	Announced business update for first quarter ended 31 March 2023 ("**1QFY2023**")
11 May 2023	Analysts and investors briefing in relation to business update for 1QFY2023
3 August 2023	Announced financial results for first half ended 30 June 2023 ("**1HFY2023**")
3 August 2023	Analysts and investors briefing in relation to financial results for 1HFY2023
17 August 2023	Singapore REIT Day by Maybank and REITAS
19 September 2023	Lunchtime webinar with Lim & Tan
26 September 2023	Payment of distribution for the period from 1 January 2023 to 30 June 2023
3 November 2023	Announced business update for third quarter ended 30 September 2023 ("**3QFY2023**")
3 November 2023	Analysts and investors briefing in relation to business update for 3QFY2023
30 November 2023	DBS-SGX-REITAS Bangkok Conference
2 January 2024	Analysts briefing on the acquisition in Vietnam
28 February 2024	Announced financial results for FY2023
28 February 2024	Analysts and investors briefing in relation to financial results for FY2023
29 February 2024	Briefing with DBS Private Banking on financial results for FY2023
5 March 2024	Lunchtime webinar with Philip Securities
15 March 2024	Non-deal roadshow with Daiwa Capital
26 March 2024	Payment of distribution for the period from 1 July 2023 to 31 December 2023

FY2024 CALENDAR[1]

Date	Event
May 2024	Announcement on business update for first quarter ended 31 March 2024
August 2024	Announcement on financial results for first half ended 30 June 2024
September 2024	Payment of distribution for the period from 1 January 2024 to 30 June 2024
November 2024	Announcement on business update for third quarter ended 30 September 2024
February 2025	Announcement on financial results for full year ended 31 December 2024
March 2025	Payment of distribution for the period from 1 July 2024 to 31 December 2024

1 Timings are indicative and subject to changes.



SUSTAINABILITY

The Manager strongly believe in conducting the business activities of DHLT on a balanced and sustainable basis, taking into consideration the various aspects of environment, social and governance

SUSTAINABILITY REPORT

BOARD STATEMENT

[GRI 2-22]

We are pleased to present Daiwa House Logistics Trust's ("DHLT") sustainability report for the financial year ended 31 December 2023 ("FY2023"). The report marks the second year of DHLT's sustainability journey, which DHLT aims to further advance in the coming years. The sustainability report incorporates the sustainability approach of its manager, Daiwa House Asset Management Asia Pte. Ltd. (the "Manager" or "DHAMA"), including its governance structure, initiatives, milestones and targets with regards to sustainability.

The Board of Directors of the Manager (the "Board") is responsible for overseeing DHLT's sustainability efforts and regards effective stewardship on environment, social and governance ("ESG") matters as crucial in ensuring the future of DHLT and its stakeholders. To achieve this, DHLT has incorporated sustainability and ESG considerations into its business strategies and operations. Through the integration of environmental and socially responsible values within DHLT's company culture and business activities, DHLT is able to instil a positive attitude to sustainability among its employees.

The Manager takes pride in, and draws inspiration from the mature sustainability practices of Daiwa House Industry Co., Ltd ("Sponsor" or "DHI") and Daiwa House Group, as well as Daiwa House REIT Investment Corporation, a sister real estate investment trust of DHLT, which is managed by another subsidiary of the Sponsor and listed on the Tokyo Stock Exchange. In determining the material sustainability matters to be managed and reported on, DHLT has taken into account its unique operating context and sector-specific sustainability challenges within the logistics industry. After reviewing the material matters from its prior assessment, DHLT has concluded that these are still pertinent for FY2023.

The stakeholder engagement survey conducted during FY2023 reflected changes in DHLT's material social topics. "Training and education" was included in the FY2023 list of material topics and "Occupational health and safety" was renamed to "Stakeholder health and safety". Throughout FY2023, the Manager focused on improving its sustainability practices by enforcing its policies and refining its current initiatives to ensure that the organisation continues to be environmentally and socially responsible, as well as maintaining the robust governance of the organisation. To continue pushing its corporate social responsibility objectives, the Manager participated in two volunteer activities during FY2023, which left a positive impact on the community it operates in. In FY2023, DHLT maintained its unblemished record in business and governance ethics.

DHLT continued to actively engage with its stakeholders in good faith and conduct business in a balanced manner while considering the needs of the environment, society and the economy. The persistent geopolitical circumstances across the globe that have caused disruptions to businesses, economies and communities globally have reinforced the urgency to tackle ESG concerns. DHLT has already outlined its climate-related risk management framework based on the Monetary Authority of Singapore ("MAS") Guidelines on Environmental Risk Management for Asset Managers, Banks and Insurers. DHLT continues to progress in its journey to adopt the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"). As DHLT refines its risk management processes to factor in climate-related risks, the organisation strives to achieve a holistic and sustainable approach to its decision-making process.

The Manager expresses gratitude to all of its stakeholders for their ongoing support of the sustainability initiatives. In order to meet its sustainability goals and objectives, the Manager will continue to step up its efforts. This means bringing on a more diverse workforce, continuing to strengthen internal controls and actively seeking to improve its ability to manage risks related to climate change. In the long term, the Manager will continue to explore innovative ways to stay up to date with advancements related to sustainability in the sector.

TAN JEH WUAN
Chairman of the Board

ABOUT THE REPORT

[GRI 2-1] [GRI 2-2] [GRI 2-3] [GRI 2-6] [GRI 2-14]

DPL Kawasaki Yako

DHLT is a Singapore real estate investment trust that was listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") on 26 November 2021. DHLT 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 Association of the Southeast Asian Nations ("ASEAN") region.

DHLT is managed by the Manager, 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.

This report is prepared in accordance with the Global Reporting Initiative ("GRI") Standards 2021. The GRI Standards were adopted due to their universality as well as their comprehensive, cohesive and comparable nature. DHLT's sustainability report has been prepared in accordance with SGX-ST Listing Rules 711A and 711B, including climate-related disclosures according to the TCFD recommendations and the MAS Guidelines on Environmental Risk Management ("ENRM"). Please refer to the GRI Content Index on pages 89-93 for more information regarding the disclosures detailed in the report.

This sustainability report covers DHLT's portfolio performance for the financial period from 1 January 2023 to 31 December 2023 and scopes in DHLT's current portfolio (the "DHLT Portfolio"). This comprises 16 high-quality modern logistics properties with an appraised value of approximately JPY89,108 million (approximately S$831.9 million) and an aggregate net lettable area ("NLA") of approximately 444,728 square metres ("sqm"). 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 beneficial interests of the properties via a tokutei mokuteki kaisha ("TMK") investment structure and a tokumei kumiai-godo kaisha ("TK-GK") investment structure. TMK and TK-GK investment structures are common investment vehicles 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 the DHLT Portfolio can be found on page 7 of the Annual Report.

In FY2023, DHLT announced the acquisition of 1 property in Vietnam at the end of December. This is expected to be completed in second quarter of FY2024. Accordingly, the Manager will include the data for this property in its future reporting.

This sustainability report outlines DHLT's dedication to sustainability by highlighting the enhancements the Manager has made since formally embarking on its the journey during the financial period ended 31 December 2022 ("FP2022"), 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 to the material topics for FY2023.

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

SUSTAINABILITY REPORT

ABOUT THE REPORT

INTERNAL REVIEW
[GRI 2-3] [GRI 2-5] [GRI 2-14]

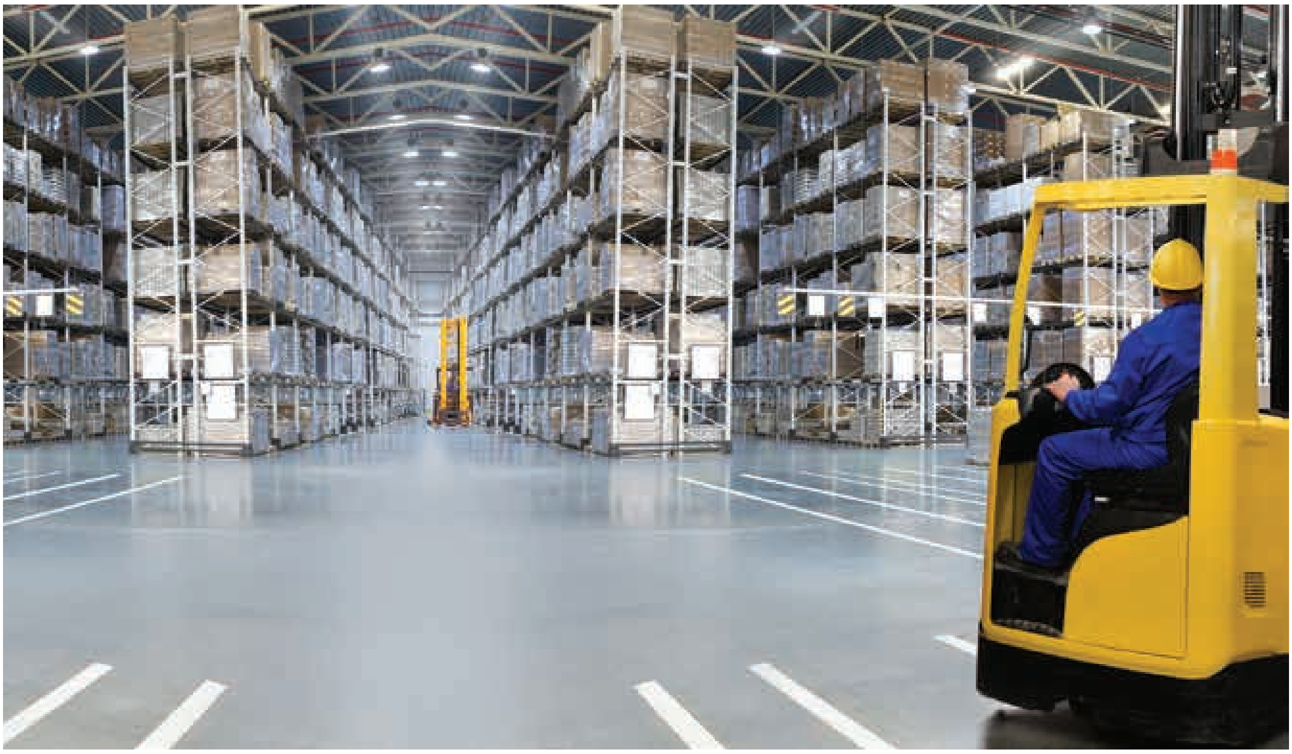
The Manager looks to publish DHLT's sustainability report annually. While no external assurance has been sought for FY2023's sustainability report, the Manager values the transparency from an added layer of external assurance and will consider implementing this in the future. The Manager has established a sustainability committee (the "Sustainability Committee") that reports to the Board, and has ensured an internal review of the sustainability report by the Sustainability Committee and the Board. The sustainability report was discussed with the Board at a board meeting and was also circulated to them for further feedback. The Manager engaged with its internal auditors to include a review of the sustainability report in the scope and audit plan of the internal audit.

RESTATEMENTS OF INFORMATION:
[GRI 2-4]

* Waste generation figure for 1 January 2022 to 31 December 2022 ("FY2022") have been restated in the waste management section.
* Energy consumption figures for Japanese properties in respect of FY2022 have been restated in the energy management and emissions reduction section.
* Emissions and emissions intensity figures for FY2022 have been restated in the energy management and emissions reduction section.

FEEDBACK
[GRI 2-3]

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. If you have any feedback or specific questions regarding the sustainability report, please reach out to us at ir@daiwahouse-lt.com for further clarification.



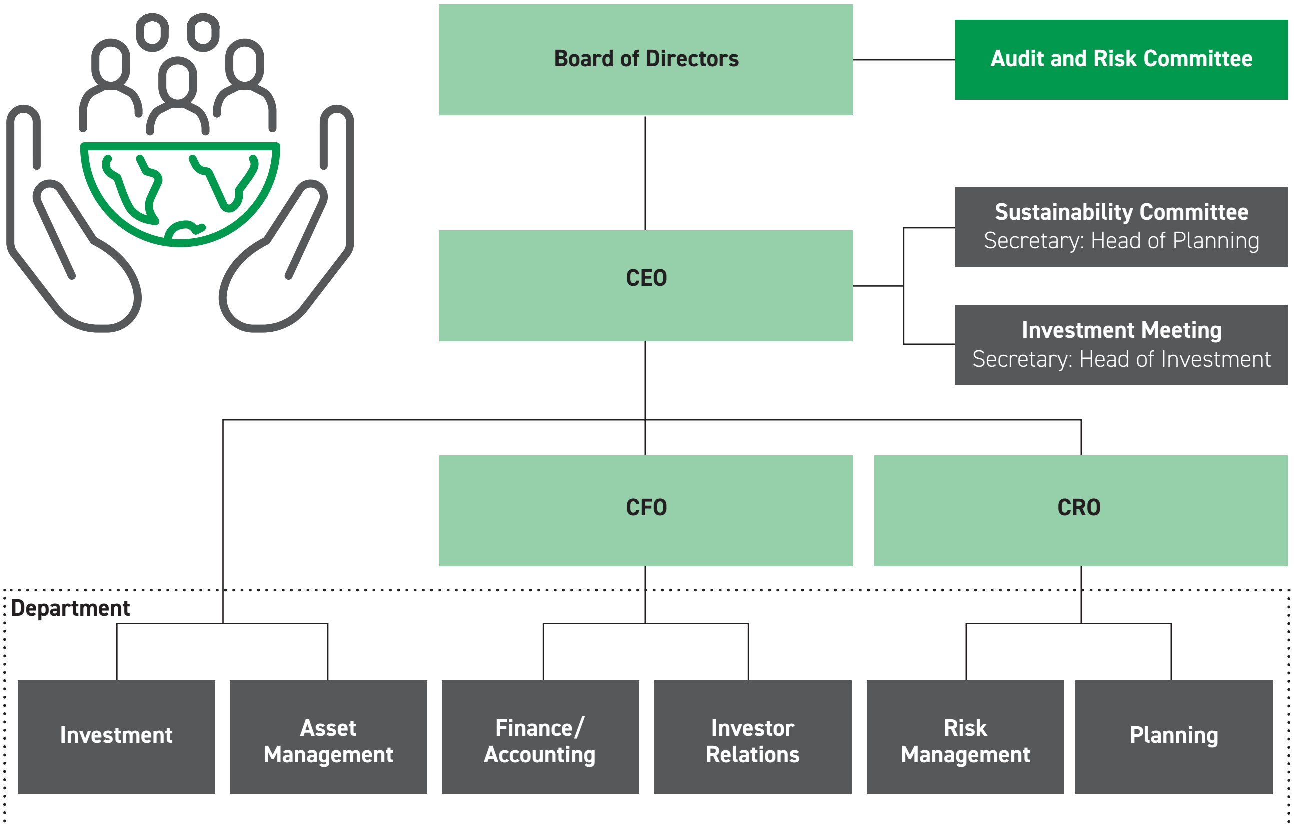
SUSTAINABILITY COMMITMENT

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 Japan, Singapore and Vietnam.

SUSTAINABILITY GOVERNANCE

[GRI 2-9] [GRI 2-12] [GRI 2-13] [GRI 2-17] [GRI 2-18] [GRI 2-19] [GRI 2-25]

ORGANISATION CHART



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 personnel from varying functions to enhance representation, garner varied perspectives and ensure that sustainability becomes the norm across the organisation. The Sustainability Committee is led by the Chief Executive Officer ("CEO") of the Manager and includes key members, namely the Chief Financial Officer ("CFO"), Chief Risk Officer ("CRO"), 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 and monitoring 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 and exploring sustainability initiatives. The Sustainability Committee designates responsibilities for each of these tasks to the various heads of department to enable cross-department collaboration and thereby enhance the sustainability practice of the Manager. Any potential and negative impacts that have been identified, if material, would be reported to the Board. The Head of Planning would commence the remediation process along with the relevant person in charge and the Sustainability Committee to negate affiliated risks.

SUSTAINABILITY REPORT

SUSTAINABILITY COMMITMENT

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. Ad hoc escalation to the Board takes place if there is a material trigger event, but the investigation and resolution of the event is carried out by the Sustainability Committee. These may include, but are not limited to, the discovery of hazardous substances in any of the properties, adverse impacts 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.

The 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 development 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 is a material component of total remuneration and is determined based on the achievement of financial key performance indicators ("KPIs") and non-financial KPIs. These KPIs are critical to improving the organisational effectiveness and operating efficiency of the Manager, including improving workflow, participation in Corporate Social Responsibility ("CSR") events, investor and tenant engagement and raising the capability of the workforce through increased participation in learning and development.

The need to address sustainability issues for the preservation of our planet has now become more pronounced. From an organisational perspective, it has become imperative to integrate ESG 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 while protecting the interests of the stakeholders of DHLT. To find the best practices for sustainability projects and reporting, the Manager consults international frameworks, third-party experts and industry leaders.

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. The group symbol of Daiwa House Group represents a 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 centre of the Heart represents harmony.

Daiwa House®
Daiwa House Group

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 practices of Daiwa House REIT, which is the first Japan-REIT ("J-REIT") to achieve multiple sustainability accreditation.

The Manager adopts the sustainability approach of the Sponsor and has an established sustainability policy that guides the incorporation of sustainability factors in DHLT's investment management practice and is based on the following eight focus areas.

PREVENTION OF GLOBAL WARMING	The Manager will promote energy conservation measures through the installation of energy conservation equipment and so forth to realise a carbon-free society. The Manager will also consider the 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 the abundant natural resources to future generations in order to protect and improve natural environment. The Manager will promote planning and management in harmony with the environment.
CONSERVATION OF NATURAL RESOURCES Protecting water resources, reducing waste	The Manager will work towards the realisation of a recycling-oriented society by promoting water conservation measures through the installation of water conservation equipment. The Manager will promote 3R (reduce, reuse and recycle) activities to support the conservation of resources.
PREVENTION OF CHEMICAL POLLUTION	The Manager will aim to achieve a society where people and ecosystems do not suffer adverse effects from chemical substances by promoting the reduction, substitution and appropriate management of harmful chemical substances and taking efforts to minimise 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 training and supporting ongoing education. The Manager will also aim to create workplaces where people can work safely and healthily and where diverse employees can work flexibly.
BUILDING TRUSTING RELATIONSHIPS WITH EXTERNAL STAKEHOLDERS	The Manager will aim to build trusted relationships with external stakeholders and the Manager will work with the property managers to enhance the satisfaction of tenant customers and promote CSR in DHLT's supply chain. The Manager will undertake neighbourhood 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 the continuous acquisition of Green Building Certification.
COMPLIANCE WITH LAWS AND REGULATIONS AND RISK MANAGEMENT	The Manager will comply with ESG-related laws and regulations. The Manager will strive to implement appropriate risk management, such as giving consideration to the environmental and social impacts of risk evaluations when acquiring real estate and promoting awareness of human rights.

1 Link to DHLT's policy commitments: https://www.daiwahouse-logisticstrust.com/sustainability.html

SUSTAINABILITY REPORT

SUSTAINABILITY COMMITMENT

As DHLT's sustainability practice matures, the objective of the Manager is to actively dedicate efforts to these focus areas.

The CRO and Head of Planning of the Manager keep the sustainability policy[1] updated 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 recognised sustainability bodies that the Manager deems most aligned with DHLT's goals.

SUSTAINABILITY REGULATIONS

In December 2020, the MAS released the Guidelines on ENRM for Asset Managers, which outline the expectations of all asset management companies and real estate investment trust managers to assimilate environmental risks across five crucial pillars: Governance and Strategy, Research and Portfolio Construction, Portfolio Risk Management, Stewardship and Disclosures.

In addition to the MAS Guidelines, in December 2021, the SGX mandated climate reporting based on the recommendations of the TCFD for all listed issuers. DHLT values the TCFD framework as a functional guide for climate reporting and for enabling the disclosure of insightful climate-related information. In line with the TCFD recommendations and the MAS Guidelines, the Manager conducted a scenario analysis exercise in FP2022, with the help of an external ESG consultant, that covered 14 properties in Japan that are part of the DHLT Portfolio. The physical and transition risks and opportunities of DHLT's assets and operations are exposed to 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 70 to 73.

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

MATERIALITY ASSESSMENT

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

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

The Manager has performed the materiality assessment in FP2022 according to GRI 3: Material Topics 2021 standards. The GRI 3: Material Topics 2021 provides step-by-step guidance for organisations on how to determine material topics and details the disclosures for which organisations need to report information about their process of determining material topics, their list of material topics and how they manage each of their material topics. In FY2023, the material topics from the previous year were reviewed and continue to be relevant for DHLT's current operations and business landscape.

In FY2023, the Manager conducted stakeholder engagement as a part of the materiality assessment process, which entailed reviewing existing material ESG topics identified in FP2022 and identifying whether any new positive or negative impacts were identified in FY2023. The review helps ensure the material topics represent the organisation's most significant impacts in each reporting period. The process of stakeholder engagement consisted of two parts, which included the Manager conducting an annual materiality assessment survey as well as interviews with DHLT's stakeholders.

The annual materiality assessment survey included a long list of material topics identified in the FP2022 sustainability report and new material topics to be potentially included in the sustainability report FY2023. Based on the feedback gathered from the respondents to the survey, the existing social topic in the FP2022 Sustainability Report, "Occupational Health and Safety", was renamed to "Stakeholder Health and Safety". Furthermore, the new material topic "Training and Education" was added to the existing list of topics in the FY2023 Sustainability Report's social section.

During one of the Board meetings, the Board of the Manager approved the final list of material topics and targets that are disclosed within this sustainability report. DHLT continues to improve its materiality assessment process for future reporting periods. The organisation's current materiality assessment process as well as the material topics, including the targets, are described below.

MATERIALITY ASSESSMENT METHODOLOGY

STEP 1
Analysis of industry standards and frameworks and current sustainability practices across key peers including an examination of public information about their ESG practices.

STEP 2
Engagement with DHLT's stakeholders using methods such as interviews and surveys to review existing material topics and identify any new material topics to be included in DHLT's FY2023 Sustainability Report.

STEP 3
Finalise the list of material topics for DHLT FY2023 Sustainability Report based on the results from the industry analysis and stakeholder engagement process by identifying any new material topics or impacts identified in the FY2023.

STEP 4
Development of corresponding short-term and long-term sustainability targets for each material topic.

STEP 5
Board's approval of material topics and corresponding short-term and long-term sustainability targets for each material topic.

SUSTAINABILITY REPORT

MATERIALITY ASSESSMENT

Category	UN SDGs	Material Topic	Targets disclosed in FP2022 sustainability report	Performance of previously set targets	FY 2024 Targets and KPIs
ENVIRONMENT	6 CLEAN WATER AND SANITATION 7 AFFORDABLE AND CLEAN ENERGY 11 SUSTAINABLE CITIES AND COMMUNITIES	**Energy Management and Emissions Reduction** **Climate Change Mitigation**	1) Increase solar power capacity by property acquisition and/or additional instalment to 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.	1) Solar power capacity by property acquisition was increased and additional instalment at 68.8% of the Japan properties was achieved. 2) DHLT's property D Project Matsuyama S installed LED lights whilst D Project Kuki S is considering installation of LED lights in the upcoming period. 3) The Manager continues to monitor the available data and study the reasons for any changes in energy consumption and level of emissions.	1) Maintain solar power capacity by property acquisition and/or additional instalment to at least 68% of Japanese properties. 2) 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.	1) The Manager continues to monitor the available data and study the reasons for any changes in water consumption. 2) The Manager maintains the quality of the water through periodical inspection by third parties. No concerns have been identified.	1) Continue to monitor available data and study the reasons for any changes in water consumption. 2) Maintain the quality of water through periodical inspection by third parties.
	11 SUSTAINABLE CITIES AND COMMUNITIES	**Waste Management**	1) Continue to monitor available data and study the reasons for any changes in waste generation.	1) The Manager continues to monitor the available data and study the reasons for any changes in waste generated.	1) Continue to monitor available data and study the reasons for any changes in waste generation.
	13 CLIMATE ACTION	**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 instalment.	1) DHLT has attained green building certifications, including the DBJ green building certification and BELS, for approximately 94.7% (14 out of the 16 properties) of DHLT's portfolio by NLA. 2) DHLT maintains 90% of the newly acquired properties in Japan as green-certified. 3) DHLT plans to acquire a green building certification for D Project Kuki S after the LED lighting installation.	1) 100% of existing lease agreements renewed, as well as 100% of new lease agreements signed will include a green clause. 2) Endeavour to maintain that at least 90% of the newly acquired properties in Japan are green certified. 3) To attempt green building certification for D Project Kuki S after LED instalment.

SOCIAL	**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.	1) During the last director selection process, DHLT considered three candidates including one female candidate however no female candidate has yet been appointed to the Board. 2) Total female employee representation for DHLT is 38.4 %. 3) DHLT continues to keep diversification of nationalities along with DHLT's business expansion to ASEAN countries.	1) Appoint a female director in the next three years.[1] 2) Ensure female employee representation is no less than 35%. 3) Keep diversification of nationalities along with DHLT's business expansion to ASEAN countries.
	Training and Education	1) Provide training programs to achieve an average of 15.0 hours of training per employee over FY2023.	1) The average hours of training provided to DHLT's employees in FY2023 was 21.9 hours.	1) Provide training programmes to achieve an average of 15 hours of training per employee over financial year ended 31 December 2024 ("FY2024").
	Stakeholder 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.	1) There were zero incidents of serious injuries or fatalities in FY2023. 2) DHLT continues to maintain good safety of the properties by conducting regular third-party inspection and ensuring prompt rectification of any findings.	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.	1) The response rate for the annual tenant survey in FY2023 was 85.7%. 2) All employees of the Manager participated in two CSR activities in FY2023. These involved picking up trash along the coastline at East Coast Park and a tree planting programme along Alexandra Canal Linear Park.	1) Maintain at least 80% responses from tenants in the annual tenant survey for FY2024. 2) Conduct at least two CSR activities during FY2024.

1 The completion of this target is ultimately subject to the availability of suitable female candidates with the right skill set and experience who will be able to add value to the Board.

SUSTAINABILITY REPORT

MATERIALITY ASSESSMENT

GOVERNANCE	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	**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.	1) The review of the relevant policies and SOPs was conducted during FY2023. 2) DHLT had a 100% attendance for its compliance awareness session conducted in FY2023. 3) There were zero cases of breaches of laws and regulations during FY2023.	1) Review policies and SOPs at least once a year. 2) Ensure 100% successful completion of compliance awareness session in FY2024. 3) Provide ESG training annually. 4) Maintain zero breaches of laws and regulations.
	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	**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.	1) DHLT had a 100% attendance for the annual business ethics training in FY2023. 2) Anti-corruption and anti-bribery training was conducted on 27 July 2023 and 100% attendance was achieved.	1) Ensure 100% of successful completion of annual business ethics training as well as the anti-corruption and anti-bribery practices. 2) Maintain zero breaches of business ethics, anti-corruption and anti-bribery practices.
	8 DECENT WORK AND ECONOMIC GROWTH	**Supply Chain Management**	1) Conduct annual checks on all vendors with ongoing business relations for financial concerns, compliance issues, and quality of service.	1) The Manager carries out regular checks on all its vendors with ongoing business relations for financial concerns, compliance issues, and quality of service.	1) Conduct annual checks on all vendors with ongoing business relations for financial concerns, compliance issues and quality of service.

STAKEHOLDER ENGAGEMENT

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

The stakeholders of DHLT form a monumental part of the business. The Manager engages with stakeholders to identify material impacts on its business, mitigate any negative impacts and improve the organisation's performance in areas that are important to them. The purpose of stakeholder engagement is to ensure that the opinions and interests of all stakeholders are thoroughly reviewed when making business decisions, conduct materiality assessments and encourage transparency and accountability in the decision-making process.

DHLT actively engages with the key stakeholders to understand their concerns and expectations in relation to the following objectives and engagement methods:

Stakeholder Group	Focused Issues	Engagement Methods	Engagement Issues	Frequency
UNITHOLDERS	• Timely and transparent disclosure • Understand investors' expectations	• Website/SGXNet Announcement and presentation • Meeting (physical and virtual) • Investor events including annual general meeting ("AGM") or extraordinary general meeting	• Growth strategy, operational performance, risk management • Impact on operations and financial performance	• AGM once a year • Financial results announcements on six-monthly basis • Business Update Presentation quarterly • Other on ad hoc or need-to basis
TENANTS	• Maintain long-term relationships	• Onsite meeting • Phone call • Email	• Tenant satisfaction survey • Green lease	• Site visit: at least once every three months • Survey: once a year
LOCAL COMMUNITIES	• Contribution to society • Lower environmental impact	• Onsite meeting • Phone call • Email	• Social activity • Environmentally friendly buildings	• 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 • Survey: once a year
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

SUSTAINABILITY REPORT

ENVIRONMENT

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

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 while 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, endeavours 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 3-3] [GRI 302-1] [GRI 302-3] [GRI 302-4] [GRI 305-2] [GRI 305-4] [GRI 305-5]

By 2030	*Increase solar power capacity by property acquisition and/or additional instalment to at least 90% of Japanese properties*
FY2024	*Continue to monitor available data and study the reasons for any changes in energy consumption and level of emissions*

The Manager recognises the adverse impacts it could potentially create from inadequate energy and emissions management and appreciates the commitments of Japan, Singapore and Vietnam to achieve carbon neutrality by 2050. As a responsible corporate citizen, the Manager seeks to align with Japan's road map by continually improving the energy consumption, efficiency and emissions intensity of the properties and will strive to remain informed by the national agendas of the host countries as it expands geographically in the future.

ENERGY CONSUMPTION AND INTENSITY (JAPAN)

	FY2023[3]		FY2022[4]
Number of assets	7	6	6
Net energy consumption[1] (GJ)	6,378.64	6,377.51	6,491.26
Floor space (m^2)	46,919	44,614	44,614
Energy intensity[2] (GJ/m^2)	0.14	0.14	0.15

The energy consumption comparison between FY2022 and FY2023 was done on six of DHLT's properties, which include DPL Sapporo Higashi-Kariki, DPL Sendai Port, DPL Koriyama, DPL Kawasaki Yako, DPL Shinfuji and DPL Okayama Hayashima. The total energy consumption for these six properties between FY2022 and FY2023 saw a 1.75% decrease while the energy intensity decreased 6.7% from 0.15 to 0.14.

ENERGY CONSUMPTION AND INTENSITY (SINGAPORE)

	FY2023		FY2022
Floor space (m^2)	134.53 (OUE Downtown, 7 July to 31 December 2023)	82.55 (Asia Square, 1 January to 6 July 2023)	HQ office (Asia Square) – 82.55
Energy consumption (GJ)	18.71		17.57
Energy intensity (GJ/m^2)	0.173		0.213

The direct consequence of energy consumption is the release of 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, DHLT's Scope 2 emissions comprise 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 DHLT Portfolio that fall under DHLT's operational purview. The energy consumed by DHLT solely entails electricity purchased from third-party power companies, thereby forming DHLT's reporting boundary for Scope 2 emissions.

The Manager is in the process of improving its data collection methods in relation to different Scope 3 categories and aims to disclose all applicable Scope 3 emissions categories in the future upon developing a credible data capture of the emissions and their sources relating to DHLT's tenants. To achieve this, the Manager will continue to monitor the available data and study the reasons for any changes in energy consumption and level of emissions from FY2024 onwards. The Manager will also proceed with securing evidence for future assurance as well as seek cooperation from tenants in providing appropriate data.

1 Net energy consumption 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 factor used to convert the amount of energy consumed from kWh to GJ is 0.0036.

2 Energy intensity has been calculated by dividing net energy consumption: mainly from electricity by floor space (common areas) for the DHLT's properties and the figures have been rounded off to two decimal points.

3 The data reported spans the period 1 January 2023 to 31 December 2023. DPL Iwakuni 1 & 2 has been added to the list of reported assets for the FY2023 in comparison to FY2022.

4 The data reported spans the period 1 January 2022 to 31 December 2022.

EMISSIONS AND INTENSITY (JAPAN)

	FY2023[3]		FY2022[4]
Number of assets	7	6	6
Emissions (tCO_2e) – Scope 1	N.A.	N.A.	N.A.
Net emissions[1] (tCO_2e) – Scope 2	848.13	847.99	873.96
Floor space (m^2)	46,919	44,614	44,614
Emissions intensity[2] (tCO_2/m^2)	0.02	0.02	0.02

The emissions comparison between FY2022 and FY2023 was done on six of DHLT's properties, which include DPL Sapporo Higashi-Kariki, DPL Sendai Port, DPL Koriyama, DPL Kawasaki Yako, DPL Shinfuji and DPL Okayama Hayashima. The total emissions for these six properties between FY2022 and FY2023 saw a 3.0% decrease while the emission intensity remained the same.

EMISSION AND INTENSITY (SINGAPORE)

	FY2023		FY2022
Floor space (m^2)	134.53 (OUE Downtown, 7 July to 31 December 2023)	82.55 (Asia Square, 1 January to 6 July 2023)	HQ office – 82.55
Emissions (tCO_2e) – Scope 1	N.A.		N.A.
Emissions[5] (tCO_2e) – Scope 2	2.10		1.98
Emissions intensity (tCO_2/m^2)	0.01		0.02

Many businesses in Japan have taken steps towards energy management in response to the country's rising electricity costs. DHLT consequently urged its tenants to conserve electricity by switching off lights in offices and restrooms while not in use. As a result, the amount of electricity used is trending down. To remain steadfast in this matter, DHLT's policies and standard of procedures regarding energy management and GHG emissions have stayed the same in FY2023.

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, to improve energy efficiency, the properties have been well equipped with systems that help not just conserve but, in certain properties, also generate energy, specifically renewable energy.

In FY2023, DHLT's property D Project Matsuyama S installed LED lights while D Project Kuki S is considering installation of LED lights in the upcoming period. Additionally, auto lighting motion sensors that curb energy consumption during hours of non-occupancy have been installed in common areas in 13 of the 16 properties. Both LED lights and motion sensors serve as energy-efficient equipment that bring about cost savings.

To generate renewable energy, solar panels have been installed by Daiwa House Energy Co., Ltd. on the rooftops of 11 out of the 16 properties in DHLT's Portfolio as of 31 December 2023, with an aggregate solar capacity of 15.4MWp megawatts peak ("MWp"). The Manager aims to increase solar power capacity, by property acquisition and/or additional instalments, to at least 90% of the Japanese properties by 2030.

CLIMATE CHANGE MITIGATION

[GRI 2-12] [GRI 2-13] [GRI 3-3]

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 organisations globally.

In FY2023, the Manager established the ENRM Framework that details its approach towards identification, assessment, monitoring and reporting of environmental risks. The Framework leverages the three-year implementation plan that was developed as a guide for the Manager to strengthen its environmental risk management practices and build its alignment with the MAS Guidelines on ENRM for Asset Managers. During FP2022, a comprehensive scenario analysis exercise was performed to determine the most pertinent physical and transition risks that DHLT faces. The existing scenario analysis includes 14 out 16 of the Japanese properties and does not include the Vietnamese property currently being acquired. This will be included in the scenario analysis in the coming years in order to determine the most pertinent physical and transition risks for this new geographical location.

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

1 Net emissions 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. Emissions have been calculated by multiplying the electricity by the CO_2 emission factor (sourced from official figure published by the Ministry of the Environment in Japan).
2 Emissions intensity has been calculated by dividing net emissions by the floor space (common areas) for the DHLT's properties and the figures have been rounded off to two decimal points.
3 The data reported spans the period 1 January 2023 to 31 December 2023. DPL Iwakuni 1 & 2 has been added to the list of reported assets for FY2023 in comparison to FY2022.
4 The data reported spans the period 1 January 2022 to 31 December 2022.
5 A grid emission factor of 0.4057 was used to calculate the Scope 2 emissions for the head office in Singapore (source: Energy Market Authority ("EMA")).

SUSTAINABILITY REPORT

ENVIRONMENT

TCFD Pillar	DHLT's activities
GOVERNANCE	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 the CEO of the Manager and includes the CFO, the CRO, the Head of Planning, the Head of Investor Relations, the Head of Finance and 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 its establishment, the Sustainability Committee has reported 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 practices 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 FY2023.
STRATEGY	The Manager performed a peer benchmarking analysis and identified a long list of material sustainability topics. DHLT subsequently shortlisted the most important areas after conducting stakeholder engagement. 2 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 performed a 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	87.5% (14 out of 16 logistics assets located in Japan)[1]
Baseline year	2021
Scenarios explored[1]	1.5°C warming (NGFS[2] Net-Zero & RCP 2.6) > 3°C warming (NGFS Current Policies & RCP 8.5)
Timeframes explored	Short term: 2030 Long term: 2050

1 The assets covered under the scope of the scenario analysis include 14 out of 16 properties in Japan and do not include the Vietnamese property. The acquisition of the Vietnamese property is expected to be completed in 2QFY2024.

2 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 decarbonisation road map
Changing customer behaviours	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 ENRM Guidelines, broader environmental risks were 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 the 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 considers obtaining earthquake insurance for properties with a probable maximum loss ("PML") exceeding 15.0%. The PML of the DHLT's Portfolio was assessed to be 1.6% in FY2022 and there is no individual property with a PML of more than 15.0% in the DHLT Portfolio.

SUSTAINABILITY REPORT

ENVIRONMENT

TCFD Pillar	DHLT's activities
	The Manager is still in the process of identifying the most effective way to manage environmental risks as a business. Based on the scenario analysis performed in FP2022, 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 will influence and guide overall strategy and decision-making. The Manager already includes an environmental evaluation in DHLT's investment process but will look to enhance this process in the coming years. Based on the most financially material climate-related risks identified in the scenario analysis, the Manager is considering viable mitigation and adaptation strategies that can be adopted. Environmental considerations, including climate change, are integrated into 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 in these areas in future disclosures.
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 reputation, financial, legal, and operational. The Manager has established an ENRM Framework that outlines its environmental risk management practices across its governance structure and throughout its investment cycle. The ENRM Framework details its approach towards the identification, assessment, monitoring and reporting of environmental risks. The Framework leverages on the three-year implementation plan that was developed as a guide for DHLT to strengthen its environmental risk management practice and build its alignment with the MAS ENRM Guidelines for Asset Managers. As a part of the ENRM Framework DHLT created a three lines of defence strategy to identify, assess and monitor environmental risks in its investments: • **First line of defence** – the Head of Asset Management is a member of the Sustainability Committee and thus aware of any policies, controls and initiatives implemented relating to the identification, assessment and monitoring of environmental risks at the investment/portfolio level and ensures that they are effectively taken into consideration in investment decision making. The investment team performs an environmental risk due diligence assessment when sourcing and screening potential investments. • **Second line of defence** – the CRO who oversees the risk management function is a member of the Sustainability Committee and is able to maintain effective oversight of the environmental risk management controls being executed by the Sustainability Committee, including the first line of defence and whether they meet the applicable regulatory requirements. • **Third line of defence** – DHAMA's internal auditor has scoped in sustainability aspects, including the review and reporting of ESG and climate-related risks, into the audit plan to inspect the efficacy of the environmental controls being implemented and performed by the first and second lines of defence.

TCFD Pillar — **DHLT’s activities**

The Manager also has 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 and protecting water resources)
4. Prevention of chemical pollution
5. Establishment of an internal framework and initiatives for employees
6. Building of trusted relationships with external stakeholders
7. Promotion of communication through information disclosure
8. Compliance with laws and regulations and risk management.

To screen potential environmental risks in a prompt manner, the investment team performs an environmental risk due diligence assessment prior to entering into new investments with the aid of an investment checklist. The following environmental factors are evaluated:

- At the portfolio level
  - solar power capacity
  - percentage of green lease by NLA

- At the asset level
  - building resilience (earthquake, including PML to assess risk related to earthquakes)
  - bio-diversification
  - natural disaster checkpoint
  - soil contamination
  - hazardous substance
  - solar panel
  - percentage of green leases
  - 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 remedy or mitigate 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

The Manager has disclosed data pertaining to energy consumption and generation, carbon emissions, water management, waste management, green building certifications. 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. During FY2023 the Manager was actively monitoring its performance against the set targets in FY2022 and will continue to actively monitor the progress towards each of the targets and revise any, as needed.

SUSTAINABILITY REPORT

ENVIRONMENT

WATER MANAGEMENT

[GRI 3-3] [GRI 303-1] [GRI 303-5]

FY2024	*Continue to monitor available data and study the reasons for any changes in water consumption*
	Maintain quality of water through periodical inspection by third parties

Water scarcity is one of the most pertinent issues facing the planet today. By 2025, two-thirds of the world's population is expected 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 cognisant of the value of water remains a key consideration for the organisation. In addition, the Manager will also continue to monitor the available data and study the reasons for any changes in water consumption, as well as maintain the quality of the water through periodical inspection by third parties. Even though most of DHLT's assets are located in Japan, where water stress is not a major concern, effective water management is nevertheless seen as critical to reducing the potential negative effects that excessive water use may have on the company, the economy and society.

WATER CONSUMPTION AND INTENSITY (JAPAN)

	FY2023[2]	FY2022[3]
Number of assets	5	5
Net water consumption[1] (m^3)	9,205	9,471
Floor space (m^2)	40,428.06	40,428.06
Water consumption intensity (m^3/m^2)	0.23	0.23

The water consumption comparison between FY2022 and FY2023 was done on five of DHLT's properties, which include DPL Sapporo Higashi-Kariki, DPL Koriyama, DPL Kawasaki Yako, DPL Shinfuji and DPL Okayama Hayashima. The total water consumption for these five properties between FY2022 and FY2023 saw a 2.8% decrease while the water intensity remained the same.

As all the properties have been built within the last 10 years, they are equipped with the latest motion sensor faucets that help to curb water consumption by preventing idling or overuse. In FY2023, efficient urinals and flush toilets made by a Japanese manufacturer were installed in DHLT's properties. Although the water consumption during flushing is not much different from that of foreign manufacturers, efficient flushing reduces the number of flushes, which results in water savings. There are currently no water-intensive activities conducted at any of the properties and any wastewater generated flows into the public wastewater system. DHLT's water consumption and management data is tabulated and checked based on year-to-year comparisons. The information presented at the Sustainability Committee meeting showed that there was a declining trend in water consumption across the span of half a year in FY2023. The progress is evaluated by monitoring the collected data and there were no changes to the policies or standard of procedures in terms of water management in FY2023.

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 pre-emptive mitigation to limit potential water leakages or wasteful consumption. Any damages are reported to the Manager and prompt action ensures any inefficiencies in water use are limited. 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.

1 Net water consumption 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 water consumption. The data for water consumption has been collected from monthly water usage invoices.
2 The data reported spans the period 1 January 2023 to 31 December 2023.
3 The data reported spans the period 1 January 2022 to 31 December 2022.

WASTE MANAGEMENT

[GRI 3-3] [GRI 306-1] [GRI 306-3]

FY2024	*Continue to monitor available data and study the reasons for any changes in waste generation*

The Manager is dedicated to conserving the use of natural resources in its operations while also minimising the amount of waste generated. This is in line with the third principle of its sustainability policy, "conservation of natural resources".

The one and only landfill in Singapore is filling up at an alarming rate, therefore as part of the Singapore Green Plan 2030, the quantity of garbage in landfills per capita per day is intended to be decreased by 26% by 2026, with the aim of reaching 30% by 2030. Japan too has faced challenges with waste management and while the volume of waste generated in Japan has decreased in recent years, it was once among the leading countries in terms of the generation of solid municipal waste that increasingly fills up landfill sites.

The negative externalities resulting from landfilling onto waste dumping grounds or emissions from the incineration of 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. The Manager acknowledges the significance of ensuring minimal waste and adequate waste disposal methods and thus will continue to monitor available data and study the reasons for any changes in waste generation in FY2024.

At the properties, daily waste generated is collected by the public waste disposal operator and special waste, including large, heavy, and chemical waste, is collected by other licensed service providers to ensure proper disposal. At DPL Kawasaki Yako, the waste from one of a tenant involved in the food and beverage business has increased in FY2023. To mitigate the negative impacts, the tenant is taking steps and employing a process that uses bacteria to break down food scraps to reduce its waste.

WASTE GENERATION (JAPAN)

	FY2023[2]	FY2022[3]
Total weight of waste generated in metric tonnes[1]	42,538	40,955

As the Manager commences the collection and tracking of the amount of waste generated at the properties and its office, the Manager is committed to studying the waste generation patterns resulting from its operations and subsequently exploring waste management opportunities, including recycling and waste segregation initiatives over the coming years. The Manager saw an increase in the waste generation in FY2023 due to the return of the onsite workers in the DHLT properties, especially Kawasaki Yako due to the lifting of the restrictions from the COVID-19. In December 2023, the Manager conducted a quarterly electronic waste recycling activity held at the DHLT Singapore office. Employees of the Manager who wanted to take part in the recycling activity had to first check with their department whether the things they wanted to recycle could be recycled. Following this, the employees would register their interest online prior to a recycling activity staff person picking up the items to be recycled from the Manager's office.

Overall, the weight of disposals is checked based on year-to-year comparisons and progress is evaluated by monitoring the collected data. The information presented in the Sustainability Committee meeting showed that there was a declining trend in waste produced at DHLT's properties across the span of half a year in FY2023. While DHLT continues to encourage its tenants to reduce their environmental impact, there were no changes to the policies or standard of procedures in terms of waste management in FY2023.

1 Total weight of waste generated by tenants at DHLT's properties and collected by DHLT. The total weight of waste generation has been collected from the invoices of disposal collector.
2 The data reported spans the period 1 January 2023 to 31 December 2023.
3 The data reported spans the period 1 January 2022 to 31 December 2022.

SUSTAINABILITY REPORT

ENVIRONMENT

GREEN BUILDING MANAGEMENT

FY2024	*Ensure 100% of existing lease agreements renewed, as well as 100% of new lease agreements signed will comprise of a green clause*
	Ensure 100% of the newly acquired properties in Japan are Green Certified
	To attempt green building certification for D Project Kuki S after LED instalment

The Manager is committed to making a positive environmental impact by ensuring that the properties are equipped with green retrofits. Among the many advantages are improved indoor air quality for tenants and employees, which promotes good health and a decrease in operating expenses through the conservation of energy and other natural resources. 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 on upholding the environmental performance standards of the properties and has attained Green Building Certification, including the DBJ Green Building Certification and BELS, for approximately 94.7% of the DHLT's Portfolio by NLA (or 14 out of the 16 properties). In FY2024, the Manager will ensure that 100% of the newly acquired properties in Japan are Green Certified.

The Manager further plans to obtain the DBJ Green Building Certification for D Project Kuki S after LED installation, which is the only requirement remaining for DHLT to achieve the DBJ Green Building Certification for D Project Kuki S. The Manager recognises the importance of certifying new buildings when they are built. However, to achieve the ratio of Green Certification within DHLT's properties, further efforts will be required for properties outside of Japan.

The Manager 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 an 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. The tenants are also mandated to participate in annual meetings conducted by the landlord to share and discuss environmental-related information and means of improving environmental performance. Environmental clauses are included in the template of the lease agreement and green clauses are automatically included at the time of renewal. The Manager aims to renew 100% of existing lease agreements as well as 100% of new lease agreements signed with a green clause. In FY2023, all lease agreements renewed and new leases included a green clause. As of FY2023, the green clause constitutes 36.2% of the lease agreements.

(1) Development Bank of Japan ("DBJ") Green Building Certificate

Star Rating	Properties	NLA % (sq m)
★★★	• DPL Sapporo Higashi Kariki • DPL Sendai Port • DPL Koriyama • DPL Kawasaki Yako • DPL Shinfuji	62.5%
★★	• D Project Misato S	3.3%
★	• 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	25.3%
Total		**91.2%**

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.

The DBJ Green Building Certification is an accreditation system established by DBJ Inc. to evaluate and measure the environmental and social awareness characteristics of real estate properties in Japan. The certification programme assesses the "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.

(2) BELS

Star Rating	Properties	NLA % (sq m)
★★★★★	DPL Iwakuni 1 & 2	3.5%

DPL Iwakuni 1 & 2 is rated 5 stars in the Building-Housing Energy-efficiency Labelling System ("BELS"). BELS is a third-party certification system in Japan that assesses the energy conservation performance of buildings in line with the guidelines set by the Ministry of Land, Infrastructure, Transport and Tourism of Japan.

DHLT's Portfolio is made up of 91.2% (NLA %) with DBJ Green Building Certification and 3.5% (NLA %) with BELS Green Building Certification making 94.7% (NLA %) of DHLT's Portfolio green building certified.


DPL Iwakuni 1& 2

SUSTAINABILITY REPORT

SOCIAL

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

The Manager recognises and respects its obligations to both 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 trusted relationships with external stakeholders", the Manager strives to continuously pursue initiatives that promote a dynamic social ecosystem reflective of strong relationships and harmony.

DIVERSITY AND EQUAL OPPORTUNITY

[GRI 2-7] [GRI 2-21] [GRI 2-30] [GRI 3-3] [GRI 401-1] [GRI 405-1] [GRI 406-1]

FY2024	*Ensure female employee representation is no less than 35%*
	Keep diversification of nationalities along with DHLT's business expansion to ASEAN countries
	Appoint a female Director[1] in the next three years

DHLT's ability to achieve organisational targets is amplified by its diverse and holistic workforce, which welcomes a range of skill sets and competencies. This leads to increased productivity that has good financial implications, which benefits all stakeholders, including employees. The Manager aims to maintain this while 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 outline the Anti-Discrimination Policy. The Manager has zero tolerance for discrimination and takes pride in not having any cases of discrimination in FY2023. 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.

Any actual or alleged breach of the Anti-Discrimination Policy will be taken seriously and will result in disciplinary action, which may include the termination of employment. There are currently no employees covered by collective bargaining agreements. However, to ensure fair, progressive and competent employment practices, the Manager collects the latest labour market information and trends (including salary and benefits) through various channels, for example, through the survey results of human resource recruiting firms and any updates provided by government bodies such as the Ministry of Manpower. The tables below show the annual compensation figures and comparison for DHLT's employees.

Table 1.1: Annual compensation figures for DHLT's employees in SGD

Particulars	Amount (SGD)	Percentage Increase
Annual compensation for DHLT's highest paid individual[2]	330,462	5.64%
Median annual compensation for all employees[3]	208,629	1.94%
Annual total compensation ratio[4]	1.58	
Percentage increase ratio[5]	–	2.91

Particulars	Women	Men
Basic Salary (SGD)	80,452	98,909
Remuneration (SGD)	166,702	112,936
Total	247,154	211,845
Ratio of the basic salary and remuneration of women to men[6]	1.16	

The annual compensation for DHLT's highest paid individual

1 The completion of this target is ultimately subject to the availability of suitable female candidates with the right skill set and experience who will be able to add value to the Board.

2 The highest-paid individual joined DHLT in the latter half of FY2022. The annual total used to calculate the percentage increase is based on a prorated estimate on basic salaries only (no variable bonus paid to this individual in FY2022). Expats' salaries paid in JPY have been converted to SGD based on the OANDA currency converter based on the exchange rate of the last working day of the month.

3 Excluding the highest-paid individual.

4 Annual total compensation for the organisation's highest paid-individual is divided by the Median annual total compensation for all the organisation's employees excluding the highest-paid individual.

5 Percentage increase in annual total compensation for the organisation's highest-paid individual is divided by the Median percentage increase in annual total compensation for all the organisation's employees excluding the highest-paid individual.

6 Due to the small size of DHLT, we only provide one female and one male comparison under the same (middle management) level. The female is an expat from Japan, the basic salary was in JPY currency and converted to SGD. The male joined DHLT in late April 2023 and the annual sum is prorated. However, it does not include any variable bonus pay.

was SGD 330,462.00 in FY2023 and this was a 5.64% increase compared to FY2022. The median annual compensation for all employees, excluding the highest-paid individual, was SGD 208,628.75 in FY2023 and this was a 1.94% increase compared to FY2022. DHLT's men employees overall had a higher basic salary as compared to women employees. However, women employees have a higher total figure when remuneration is included. The ratio of the basic salary and remuneration of women to men is 1.16.

The Manager also closely monitors updates from the Tripartite Alliance for Fair and Progressive Employment Practices ("TAFEP"). The following tables illustrate the gender and age composition of the Manager's Board of Directors and employees, which have been calculated based on the headcount at the end of the FY2023 reporting period.

Table 1.2: Total number of employees (Includes C-Suite level executives and Heads of Department)

	Men	Women	<30 Years Old	30-50 Years Old	>50 Years Old
Number of individuals	8	5	0	11	2

Total number of employees in percentage (%)

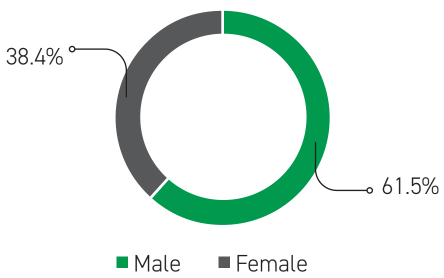


Table 1.3: Board of Directors

Particulars	<30 Years Old	30-50 Years Old	>50 Years Old
Age	0	1	5

Table 1.4: C-suite level executives and Heads of Department

	Men	Women	<30 Years Old	30-50 Years Old	>50 Years Old
Number of individuals	6	2	0	6	2

All employees were based in the Manager's head office location in Singapore during the FY2023 reporting period and were permanent, full-time employees. The Manager aims to improve gender balance by ensuring female employee representation is no less than 35% and fair hiring based on the skills and capabilities of potential employees and their potential contribution to a specific function. In FY2023 the Manager hired three new local employees (two male and one female) to strengthen its operations in the respective departments of Investment, Finance and Risk Management.

DHLT expects more demand from its investors and regulatory bodies to improve its diversity in its Directors' composition, which currently consists of six male Directors. When the former CEO resigned, the current CEO was selected from multiple candidates including a female candidate. During the selection process, various aspects were discussed and considered by the Directors. The Manager will source a female Director candidate for the next appointment and aims to achieve at least 15% female representation on the Board by 2030.

The Sponsor also conducted an internal recruitment process to source for different nationalities of employee candidates of the Manager to maintain sustainable job rotations. In the recruitment process for new staff, DHLT takes into consideration the male-female ratio. The following table illustrates the demographics of the employees hired in FY2023 by the Manager.

Employee movement for FY2023:

Table 1.5: Number of new employees hired by the Manager in FY2023

	Men	Women	<30 Years Old	30-50 Years Old	>50 Years Old
Total number of new employees hired	3	1	0	3	1

Table 1.6: Employee turnover for FY2023

	Men	Women	<30 Years Old	30-50 Years Old	>50 Years Old
Total number of resigned employees	2	–	–	–	2

The Manager embraces employees belonging to different nationalities. Currently, its employee base consists of individuals from Singapore, Japan, South Korea and China. In FY2024, the Manager will continue to augment the diversification of nationalities corresponding with DHLT's potential business expansion to ASEAN countries.

SUSTAINABILITY REPORT

SOCIAL

TRAINING AND EDUCATION

[GRI 3-3] [GRI 404-1]

FY2024	*Provide training programmes to achieve an average of 15.0 hours of training per employee over financial year ended 31 December 2024 ("FY2024")*

As part of its efforts to provide equal learning and development opportunities for all employees, employee upskilling is a crucial focus area for the Manager. The Manager is committed to providing its employees with an avenue for growth and development and has established a training SOP for the purpose of complying with mandatory requirements set by the relevant regulators, ultimately augmenting and diversifying the competencies of the workforce.

Table 1.7: Training hours by gender

	Men	Women
Total number of training hours provided to employees, by gender	172.5	93.9
Average number of training hours undertaken per employee, by gender	23.7	19.3

In FY2023, the average hours of training conducted per employee was approximately 21.9, 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 an average of 23.7 hours of training per employee and the female employees underwent an average of 19.3 hours of training per employee.

DHLT ensures that its employees constantly receive programmes to upgrade their skills and prepare for future transitions. Over the course of FY2023, the trainings disseminated covered a wide array of topics, including the Director's training. In FY2023, one of DHLT's employees received a total of 12 hours of Director's training conducted by the Singapore Institute of Directors ("SID") Additionally, all the Manager's licensed representatives have received their compulsory 6-hour core CPD training: Rules and Ethics Course 2023, provided by the REIT Association of Singapore ("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, business continuity management and Singapore taxation on REITs. For anti-corruption training and case studies, it was conducted internally.

DHLT tracks the learning hours of the employees to make sure the Manager meets its ESG targets. In FY2023, DHLT targets for training hours have been achieved. However, the Manager recognises that the content and quality of the training programmes that are currently in place need to be further considered for improvement. The Manager encourages its employees to take courses they think are beneficial to their work, assuming DHLT has a budget to support the learning on an application and claim basis.

Over the course of FY2023, the trainings disseminated comprised of a wide array of topics, including code of conduct, anti-corruption, compliance to rules and regulations and familiarisation 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 December 2023. This seminar covered the following agenda:

- Sustainability landscape: latest developments and trends
- Sustainability reporting landscape of standards and frameworks
- Nature-related risks/opportunities and the Task Force on Nature-related Financial Disclosures ("TNFD").

100% of the employees received regular performance and career development reviews.

STAKEHOLDER HEALTH AND SAFETY

[GRI 3-3] [GRI 403-9] [GRI 403-10] [GRI 416-1]

FY2024	*Maintain zero incidents of serious injuries or fatalities*
	Maintain good safety of the properties by conducting regular third-party inspections and ensuring prompt rectification of any findings

The Manager recognises 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 serious injuries and fatalities that could result from renovation, repair and maintenance work. In the Singapore office, the Manager circulates an employment handbook as well as its Business Continuity Plan ("BCP"). The employment handbook contains details regarding the rules and regulations that employees are expected to follow, including working hours, leave entitlement, medical and insurance coverage, conduct and disciplinary measures. The BCP provides details regarding safety management procedures, such as periodic fire drills and the evacuation plan, to all its employees. The BCP acts as a significant testament to DHLT's durability in responding to and managing adverse safety and health incidences, while 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.

The Manager maintains the good physical condition of the properties through annual inspections and onsite 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, water supply and water quality, including checks for colour, turbidity, smell, taste and residual chlorine. This limits the scope of faulty or lost wiring and equipment that could be the source of a potential injury or fatality, whilst ensuring the lack of impurities 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 their facilities. In FY2023, 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 FY2024.

In the event of damage to any of the properties, the Manager commits to taking prompt action to ensure its repair. In FY2023, the Manager continued to maintain the good safety of the properties by conducting regular third-party inspections and ensuring prompt rectification of any findings.

SUSTAINABILITY REPORT

SOCIAL

In addition to regular inspections, prompt repair and maintenance work and adequate disaster management, DHLT's properties are also equipped with innovative technologies that make the properties more 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, thereby preventing fatigue or the potential deterioration of health from exhaustion. Additionally, a vehicle control system partly sponsored by DHI is 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 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 congestion and collisions.

For any potential properties that DHLT acquires, the Manager performs technical due diligence to evaluate whether the property would be a conducive and safe environment for work.

In July 2023, the Manager moved its office to a new building to expand its workspace and to have a better work environment. The Manager is in the process of gathering feedback from the employees to confirm the effectiveness of the new working environment.

To ensure the health of DHLT's employees, the Manager has introduced an insurance policy and health screening benefits for all its employees in FY2023. Under the insurance policy, all its employees are entitled to group hospital, accident and surgical insurance. In addition, employees who go on business trips also have travel insurance and expatriates who stay in rented apartments are entitled to home insurance. Under the health screening benefits, employees are encouraged to undergo health screening once a year (self-arranged) and reimbursement, with an agreed limit, will be given upon proof of receipt. The reimbursement limit is based on the age group and the table below depicts the benefits provided for the DHLT's employees.

Table 1.8: Reimbursement health screening benefits for the Manager's employees based on age group

Age group	Reimbursement up to
40 years old and above	$500
Below 40 years old	$300

All of DHLT's employees are insured by the Work Injury Compensation Act ("WICA") and covered by the organisation's occupational health and safety management system. To further mitigate the risk and prepare the employees for health-related hazards, DHLT has conducted fire drills by OUE Downtown (the Manager's office in Singapore) and an internal BCP exercise in FY2023.

100% of the DHLT's product and service categories for health and safety impacts were assessed for improvement. These safety precautions allow for better response mechanisms in the event of an incident, ensuring minimal injuries and the loss of human lives. While these pre-emptive 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 institutionalised hybrid work model, which provides employees the opportunity to work remotely while 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 3-3] [GRI 2-28]

FY2024	*Maintain at least 80% responses from tenants in the annual tenant survey for FY2024.*
	Conduct at least two CSR activities during FY2024.

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. Being a good corporate citizen and acknowledging social responsibility necessitates having a grasp of the pressing social and environmental issues that the communities in which DHLT operates are dealing with. As part of its mission as a responsible manager of a real estate investment trust, the Manager seeks to identify such 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 exploring collaborative opportunities with local communities around DHLT's properties in Japan. In FY2024, the Manager will strive to pursue community engagements in Japan, including the creation of open spaces for evacuation during natural disasters.

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. 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 FY2023, the Manager obtained a 85.7% response rate for its tenant satisfaction survey. In FY2024, the Manager seeks to maintain at least an 80% tenant response rate to the annual tenant 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 two CSR activities in FY2023 that involved picking up trash along the coastline at East Coast Park and a tree planting programme along Alexandra Canal Linear Park. To keep up with leaving a positive impact on the environment, the Manager aims to conduct at least two CSR activities in FY2024.

CSR Activity – Tree Planting (15 September 2023 at Alexandra Canal Linear Park)

CSR Activity – Trash Picking (10 November 2023 at East Coast Park)

The REIT community, comprising of the Manager's peers, forms an important community to the Manager. Hence, the Manager is a member of the 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, while remaining abreast with the latest trends within the industry.

SUSTAINABILITY REPORT

GOVERNANCE

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

The Manager places a high priority on adhering to and complying with all applicable laws and regulations in order to preserve its reputation as a respectable organisation. Enforcing behaviour that complies with the law also fosters corporate ethics, honesty and transparency among all important stakeholders. 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 while remaining oriented with DHLT's sustainability policy principles of promoting communication through information disclosure, compliance with laws and regulation and risk management.

The Board, which is responsible for the organisation's effects on the economy, society and environment, is the Manager's highest governing body. 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 affiliated with the Sponsor.

Additionally, while nominating or appointing a new Director, the Manager encourages diversity on the Board in terms of skills, experience, industry, discipline, background, gender, age, ethnicity, culture, nationality and other pertinent aspects in order to maintain a robust corporate governance framework. The Board of Directors is ensured to have credible, commendable and suitable experience and expertise to lead DHLT's real estate investment practice. In addition to their professional background, the Board undergoes appropriate training to remain well-informed and up to date with the latest advancements and trends in the industry, ensuring they have the necessary skills to govern the organisation.

The views of key stakeholders, including shareholders, are accounted for by ensuring their representation within the Board which helps to build a bias-free governing body. DHLT's largest controlling unitholder is the Sponsor, DHI and along with two of the Sponsor's affiliates currently serve on the board of DHLT, hence enabling stakeholder representation. Furthermore, the CEO of the Manager is 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 in which Directors are deemed to be interested, such Directors abstain from voting.

DPL Sendai Port

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COMPLIANCE WITH LAWS AND REGULATIONS

[GRI 2-23] [GRI 2-27] [GRI 3-3]

FY2024	*Ensure 100% successful completion of compliance awareness session*
	Maintain zero breach of laws and regulation
By 2030	*Provide ESG training annually*
Long-Term	*Review policies and SOPs at least once a year*

The CRO has been tasked by the Manager with oversight of any developments related to regulations, due to the Manager's concern for the reputation and financial risks that come with breaking applicable laws and regulations. The CRO is responsible for monitoring any regulatory developments and is tasked with tracking regulatory changes, updating the Compliance Checklist on a monthly basis 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 Licence for REIT Managers issued by the MAS and the Securities and Futures Act ("SFA"), Chapter 289 of Singapore. In June 2023, MAS updated its Guideline on Business Continuity Management ("BCM"). DHLT is currently in the midst of updating its BCM Policy or Statement of Purpose through engagement of a third-party service provider. In FY2023, the Manager established an ENRM Framework that outlines its environmental risk management practices across its governance structure and throughout its investment cycle. In FY2023, the Manager created an Individual Accountability Framework which focuses mainly on corporate governance.

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
- Outsourcing Risk Management Policy
- Business Continuity Plan
- Standard Operating Procedure for Information Management

The Manager has established the following corporate registers for its licenced 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

In FY2023, DHLT had zero instances of non-compliance with laws and regulations. Moving forward in FY2024, the Manager strives to maintain zero breaches of laws and regulations and ensure 100% successful completion of compliance awareness sessions. The Manager aims to review the policies and SOPs at least once a year as well as provide ESG training annually.

SUSTAINABILITY REPORT

GOVERNANCE

BUSINESS ETHICS AND ANTI-CORRUPTION

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

FY2024	*Ensure 100% successful completion of annual business ethics training as well as the anti-corruption and anti-bribery practices*
	Maintain zero breach of business ethics, anti-corruption and anti-bribery practices

The Manager strives to uphold the integrity of DHLT by reiterating the significance of ethical business, anti-bribery and anti-corruption practices to its employees and to enforce good corporate governance while 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 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 ("AML") Manual
- Insider Trading Policy
- Whistle Blowing Policy

The above 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 behaviours. Furthermore, all pay-outs of DHLT's business entertainment are reviewed to ensure that there are no suspicious transactions. There were no such suspicious transactions during FY2023.

The Anti-Bribery and Anti-Corruption Policy was approved by the Board and established in FP2022, which was subsequently revised in FY2023. The Anti-Bribery and Anti-Corruption Policy outlines the definition of bribery or corruption, compliance, consequences in the case of violation and working with third parties. The Anti-Bribery and Anti-Corruption Policy also emphasises the Manager's zero-tolerance approach to bribery and corruption.

The AML Manual defines the roles and responsibilities of the AML Compliance Officer, process of risk assessment and customer due diligence. The AML Manual states the AML record keeping policy and suspicious transaction reporting procedures.

The Manager has put in place a Whistle Blowing Policy to give staff members and anyone else who becomes aware of potential irregularities and obstructive actions a clear way to report their concerns and the assurance that doing so will shield them from retaliation or victimisation should they do so 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 on 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, if 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. There were no such concerns received in FY2023.

The composition of the Manager's 6 Directors comprises 5 non-executive Directors, of which 3 are independent, thus mitigating the possibility of biased judgements. In addition, the Chairman of the Board is a non-executive Director,

thereby preventing the possibility of conflicts of interest. The Manager does not engage in any form of business activity with other listed companies, even though 4 of the Directors hold concurrent directorships with the other companies. To prevent any conflicts of interest, the Manager will maintain this stance with regard to the external directorships of other Directors going into FY2024. There is currently no set term for any of the Directors, allowing for rotation and adding another layer of protection against conflicts of interest.

The Manager is pleased to report that in FY2023, 100% of the employees, including those within the governing body (for both Singapore and Japan), were informed of and received training on the anti-corruption policies and procedures. In addition, 100% of DHLT's business partners, including the vendors, tenant in properties and property management and building management (for both Singapore and Japan), were also informed of the anti-corruption policies and procedures. In FY2024, the Manager aims to maintain zero breaches of business ethics, anti-corruption and anti-bribery practices. No public legal cases regarding corruption have been brought against DHLT or its employees during the reporting period. The anti-corruption and anti-bribery training conducted in July 2023 by the Manager also achieved a 100% attendance rate. 100% of the Manager's operations were assessed for risks related to anti-corruption. While awareness has increased as a result of the training, the content and quality of the programme needs to be reviewed in order to further improve it in the future. The Manager aims to uphold this record for FY2024, ensuring 100% successful completion of annual business ethics training as well as anti-corruption and anti-bribery practices. In FY2023 there were no incidents found in which the employees were dismissed or disciplined for corruption or the contracts with business partners were terminated or not renewed due to violations related to corruption.

The Manager 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 reputation and financial repercussions.

SUPPLY CHAIN MANAGEMENT

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

Long-Term	*Conduct annual checks on all vendors with ongoing business relations for financial concerns, compliance issues and quality of service*

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 associated 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 is a medium for investors to invest in income-producing logistics and industrial real estate assets in the DHLT Portfolio. Hence, DHLT's supply chain consists of its property and third-party vendors, who provide 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 the 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.

SUSTAINABILITY REPORT

GOVERNANCE

The Manager carries out AML checks on its outsourced vendors and tenants. These checks are conducted as part of the Manager's due diligence process to mitigate the risk of money laundering activities within its operations. The AML checks involve a thorough examination of the background and finances including verifying their identities, assessing their financial transactions, and scrutinising their business relationships.

The Manager also reviews any relevant documentation, such as contracts, invoices, and financial statements, to gather additional information. By conducting these AML checks, the Manager aims to identify any suspicious or potentially illicit activities that may be associated with its outsourced vendors, or tenants. This proactive approach helps to prevent money laundering, terrorist financing, and other financial crimes within the organisation. In addition to the checks, the Manager also implements ongoing monitoring processes to ensure that outsourced vendors and tenants continue to meet AML compliance standards throughout their engagement process involving periodic reviews of their financial activities and updating their information as necessary.

The Manager has constituted clauses pertaining to anti-corruption, human rights, environmental considerations and 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 approval from the Board is sought prior to the appointment of the vendor. There were no conflicts of interest found through the annual checks performed on all the engaged vendors in FY2023.

In FY2024, the Manager aims to diligently continue to perform annual checks on all its engaged vendors to inspect for financial concerns and compliance issues and assure the quality of service rendered.

GRI CONTENT INDEX

Statement of use	DHLT has reported in accordance with the GRI Standards for the period from 1st January 2023 to 31st December 2023
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Not applicable

GRI Standard	Disclosure	Omission/comments	Section	Page number
GRI 2: General Disclosures	2-1 Organisational details		About the report	57
	2-2 Entities included in the organisation's sustainability reporting		About the report	57
	2-3 Reporting period, frequency and contact point	Date of publication: 1 April 2024	About the report, Internal review, Feedback	57, 58
	2-4 Restatements of information		Restatements of information	58
	2-5 External assurance		Internal review	58
	2-6 Activities, value chain and other business relationships		About the report Supply chain management	57, 87
	2-7 Employees		Diversity and equal opportunity	79
	2-8 Workers who are not employees	Not applicable as there are no works who are not employees		
	2-9 Governance structure and composition		Sustainability governance, Corporate Governance Report	59, 107, 109
	2-10 Nomination and selection of the highest governance body		Corporate Governance Report	112
	2-11 Chair of the highest governance body		Corporate Governance Report	111
	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)	59, 67, 70-73
	2-13 Delegation of responsibility for managing impacts		Sustainability governance, TCFD disclosure (Governance)	59, 70
	2-14 Role of the highest governance body in sustainability reporting		About the report, Internal review, Materiality assessment	57, 58, 63
	2-15 Conflicts of interest		Business ethics and anti-corruption	86, 87
	2-16 Communication of critical concerns		Business ethics and anti-corruption	86, 87
	2-17 Collective knowledge of the highest governance body		Sustainability governance	59

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	2-19 Remuneration policies		Sustainability Governance, Corporate Governance Report	60, 114-120
	2-20 Process to determine remuneration		Corporate Governance Report	114-120
	2-21 Annual total compensation ratio		Diversity and equal opportunity	78
	2-22 Statement on sustainable development strategy		Board statement	56
	2-23 Policy commitments		Sustainability approach, Environment, Social, Governance	61, 68-77, 78-83, 84-88
	2-24 Embedding policy commitments		Sustainability approach, Environment, Social, Governance	61, 68-77, 78-83, 84-88
	2-25 Processes to remediate negative impacts		Sustainability governance	59
	2-26 Mechanisms for seeking advice and raising concerns		Business ethics and anti-corruption	86 - 87
	2-27 Compliance with laws and regulations		Compliance with laws and regulations	85
	2-28 Membership associations		Community impact	82-83
	2-29 Approach to stakeholder engagement		Stakeholder engagement	67
	2-30 Collective bargaining agreements	Not applicable. None of our employees are covered by collective bargaining agreements		
GRI 3: Material topics	3-1 Process to determine material topics		Materiality assessment	63
	3-2 List of material topics		Materiality assessment	63-66

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Energy management and emissions reduction				
GRI 3: Material Topics 2021	3-3 Management of material topics		Energy management and emissions reduction	68-69
GRI 302: Energy 2016	302-1 Energy consumption within the organisation		Energy management and emissions reduction	68
	302-3 Energy intensity		Energy management and emissions reduction	68
	302-4 Reduction of energy consumption		Energy management and emissions reduction	68
GRI 305: Emissions 2016	305-2 Energy indirect (Scope 2) GHG emissions		Energy management and emissions reduction	69
	305-4 GHG emissions intensity		Energy management and emissions reduction	69
	305-5 Reduction of GHG emissions		Energy management and emissions reduction	69
Climate change mitigation				
GRI 3: Material Topics 2021	3-3 Management of material topics		Climate change mitigation	69-73
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DPL Sapporo Higashi Kariki

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 4Q2023. 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. JAPAN ECONOMIC OVERVIEW

The Japanese economy continues to gradually recover, albeit with downward pressure from the slow pace of global economic revival. In 2023, Japanese economy experienced normalization of economic activities due to increased inbound demand and consumption recovery, despite factors such as rising resource prices caused by the situation in Ukraine, global high inflation, and weakening yen. While a high wage increase rate in 2023 was expected to drive consumption growth, many industries faced increased import costs and passed such costs to the customers. As a result, real wages remained in negative territory compared to the previous year, leading to stagnation in personal consumption. Additionally, as economic activities normalized, labor shortages once again became a significant management risk. Corporate earnings have remained at a high level. While capital investment has been increasing, uncertainties about the future economic conditions, rising costs such as raw materials and labor, have made companies cautious about capital investments However, with strong corporate earnings, a recovery in capital investment is expected.

Amid rising US interest rates, the new governor of the Bank of Japan (BOJ), who took office in April 2023, implemented a flexible monetary policy and continued monetary easing, while gradually adjusting monetary policy. As a result, the 10-year Japanese Government Bond (JGB) yield rose to nearly 1% in early November 2023. Additionally, the yen depreciation exceeded expectations, with the exchange rate reaching around JPY 150 to the US dollar, further pushing up prices in Japan. The BOJ continues with monetary easing to prevent a decline in real wages caused by inflation, while simultaneously avoiding the exacerbation of an economic downturn. In the January 2024 monetary policy meeting, it was stated that while there is high uncertainty about the outlook, as medium- to long-term expected inflation and wage growth rates increase, the likelihood of achieving the 2% inflation target for price stability gradually increases.

1-2. GDP AND CPI

The real GDP growth rate in Japan experienced a significant decline in 2020 due to the impact of the COVID-19. However, there was a rebound in 2021 and 2022, with a growth rate of 2.6% and 0.9% respectively. It is expected that Japan's economy will remain stable over the next few years. According to Oxford Economics, real GDP is projected to experience moderate growth at 2.0%, and 0.7% in 2023, and 2024, respectively.

Regarding the Consumer Price Index (CPI), Japan have experienced a high inflation rate of 2.5% in 2022. This is attributed to the global rebound from the COVID-19 pandemic, rising raw material and resource prices, and a weakened yen. According to the Oxford Economics, the annual growth rate of CPI is likely to be 3.3% in 2023. It is mainly due to cost push factors. Inflation is expected to continue in the following year, albeit at a slower rate of 1.7% in 2024. The BOJ is maintaining its current monetary policy to achieve the sustainable and stable 2% target. It is important that the real wage increase are consistently linked to price increases.

1-3. MANUFACTURING INDUSTRY

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 declined in 2020 due to the impact of COVID-19. However, with the strengthening of western economies, it began to improve thereafter. In addition, as the impact of the COVID-19 and the situation in Ukraine has exposed the vulnerability of Japan's supply chains, significantly impacting the Japanese economy. The Japanese government is taking measures such as providing subsidies for domestic investment promotion projects to relocate the production bases of important products with high risks of supply chain disruption, such as semiconductor and electric vehicle industries, back to Japan and to enhance the development of production bases within Japan. Along with the continued slowdown in exports due to the deceleration of overseas economies and weak personal consumption affected by high prices, it is expected that industrial production will continue to experience a mixed performance in the near term. According to Oxford Economics, the industrial production index for 2023 is projected to be -1.5% compared to the previous year, but it is forecasted to enter a gradual upward trend from 2024 onwards. The expansion of the manufacturing sector is still expected to boost the growth of the logistics market as the volume of raw materials and semi-products being transported, as well as the demand for storage increases.

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. However, 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.

Due to the impact of COVID-19, retail sales experienced a significant decline in 2020, with a year-on-year (y-o-y) decrease of 3.2%. However, as economic activity has gradually recovered, retail sales have been on the rise, recording a y-o-y growth of 2.6% in 2022, surpassing the levels of 2019. The demand for logistics facilities has been continuously expanding, supported by the buoyant EC market and 3PL sector. In recent years, changes in consumption trends and corporations' repositioning towards their core businesses have been shifting the dynamics of the logistics industry, leading to its expansion. The increase

MARKET **OVERVIEW**

in sales of e-commerce and drug stores has been a driving force behind the continuous changes in the industry dynamics. These businesses, along with convenience stores, heavily rely on various logistics facilities' occupiers, such as in-house operations, 3PL companies, and wholesale companies. Consequently, the growth in these sectors is generating increased demand for modern logistics facilities.

2-2. SUPPLY ANALYSIS

As of 4Q2023, the total supply of logistics facilities in Japan is 568 million sq m, with the majority concentrated in the Greater Tokyo, Greater Osaka, and Greater Nagoya regions. These three areas account for approximately 58% of the total supply, with 32% in Greater Tokyo, 18% in Greater Osaka, and 8% in Greater Nagoya. Only 15% of the total logistics facilities supply in Japan as of 4Q2023 consists of modern logistics facilities, indicating potential for expansion in the future. Most modern logistics facilities are located in major urban regions such as Greater Tokyo and Greater Osaka, while regional areas have limited stock of modern facilities. In Greater Nagoya and Greater Fukuoka, the share of modern logistics facilities is significantly smaller due to limited new development in these regions.

However, there has been an increase in the development of modern logistics facilities in regional areas recently. Disruptions in the supply chain have led to corporates reevaluating the location of their manufacturing and logistics systems, resulting in growing demand for warehouses for storing manufacturing-related goods. Nationwide, there is a strong demand for multi-tenant modern logistics facilities that can replace outdated warehouses. Additionally, logistics companies are establishing more bases to avoid long-distance transportation.

2-3. KEY DRIVERS OF DEMAND

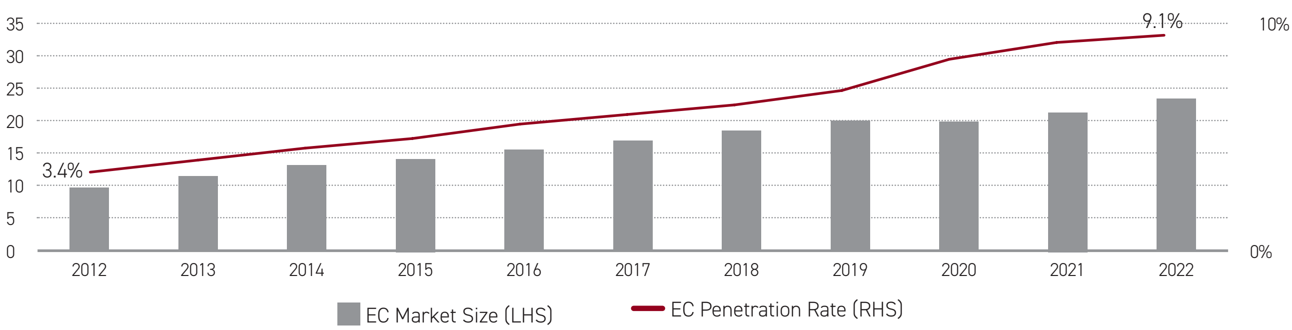
2-4-1. E-commerce ("EC")

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 and strengthening their EC strategies. This trend is expected to increase EC penetration rate in the market going forward. 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 sales of the Business to Consumers (B2C) EC industry have grown significantly from 2012 to 2022, with a Compound Annual Growth Rate (CAGR) of 9.1%, reaching a value of approximately JPY 23 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 and services sale. As a result, the sales of B2C EC in 2022 have increased by 9.9% y-o-y.

While the current EC market share in Japan remains relatively low, there was significant expansion in 2020 as consumers shifted from in-store to online shopping. The EC penetration rate or EC rate has been increased to 9.1% in 2022 from 8.8% in 2021. 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. The continuous expansion of EC has been driving the demand for modern logistics facilities, particularly large-scale facilities. Therefore, the growth of the EC market is expected to lead to increased demand for modern logistics facilities.

B2C E-COMMERCE MARKET

JPY trillion



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, due to rising logistics costs such as truck freight, labour costs, and fuel costs, 3PL companies' sales have grown with an increase of 6.1% y-o-y in 2022.

The logistics real estate market has experienced increased demand due to the expansion of the EC market and is expected to continue to grow. However, the rise in logistics operating costs has become a concern for many firms. To address this, companies are increasingly adopting more efficient operational strategies, including the use of automation and labor-saving equipment. Investment in material handling equipment has been growing alongside the expansion of EC and 3PL markets. This will enable the logistics industry to operate in a more efficient and innovative manner. Outdated logistics facilities often face challenges in fully utilizing material handling equipment due to limitations such as a shortage of electric power sources, insufficient ceiling height, and floor load capacity. Thus, there is further demand for modern logistics facilities that can accommodate advanced material handling equipment.

2-4-3. Rising Operational Costs in the Logistics Sector

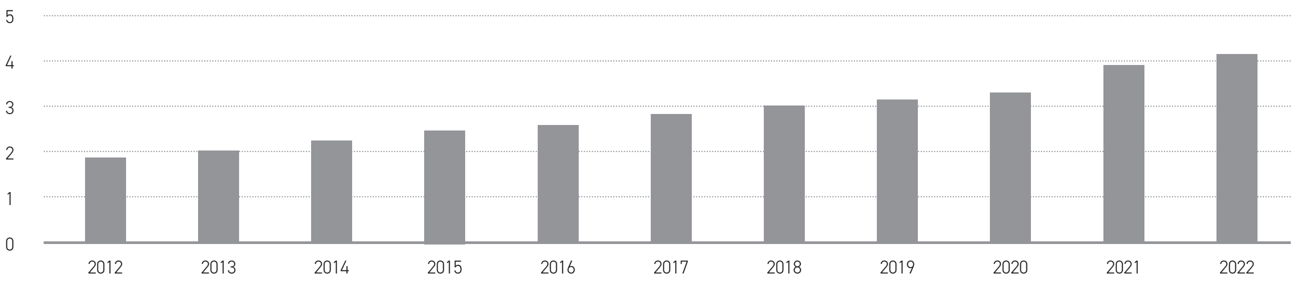
Structural shifts in the retail industry driven by the popularity of convenience and drugstores, as well as the expansion of EC, has resulted in a corresponding pickup in the number of deliveries. The increasing costs, particularly labor costs, are attributable to: (i) aging workforce; (ii) increased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

The demand for frequent deliveries and small lot shipments has been growing in response to increasing customer demands. Package delivery services have experienced significant expansion, with the number of packages increasing by approximately 40% over the past 10 years. This has led to a decrease in loading efficiency of trucks, as many trucks are dispatched for goods delivery despite being filled with low capacity. The rapid and significant growth in the EC market has contributed to a heightened demand for truck drivers. As a result, there is currently a severe shortage of drivers, leading to an increase in truck freight rates. Given the aging driver population and the continued expansion of e-commerce, it is expected that labor costs will rise in the future.

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

3PL SALES

JPY trillion



Source: Ministry of Economy, Trade and Industry

MARKET OVERVIEW

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. In order to enhance efficiency and streamline their operations, many freight delivery service providers have chosen large-scale logistics facilities instead of multiple smaller ones located in different areas. This trend has further increased the demand for modern logistics facilities.

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

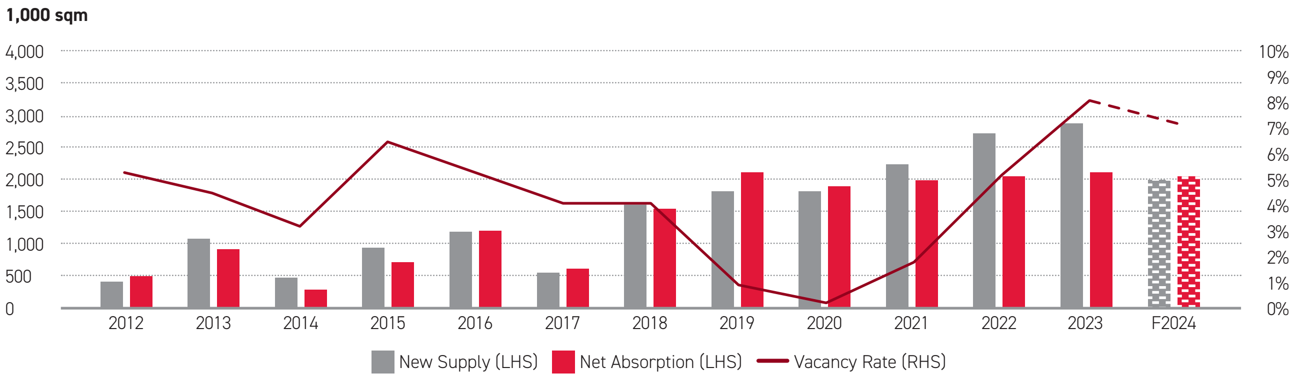
Starting 1 April 2024, truck drivers in Japan will be subject to a limit on the maximum number of overtime-working hours within a year, maximum to 960 hours. In addition, truck drivers can drive continuously 4-hour, however, they must take certain amount of time to rest during its driving hour. While these regulations are expected to improve the working conditions for drivers who often face long hours, they may also impose significant restrictions on the supply of truck transportation, leading to increased transportation costs and potential disruptions in the logistics industry.

This could impact logistics real estate as well. To address these issues, companies need to find solutions to improve working conditions and invest in technology to increase efficiency. They are seeking automation and robotization of warehouse operations, as well as implementing reservation systems, to reduce non-driving time and optimize operations. Furthermore, there is a possibility that logistics facilities may be located in areas that can be reached within approximately 3 hours from the delivery destinations, as companies seek to establish their bases in such locations. Older logistics facilities may not meet the requirements of tenants seeking high-frequency deliveries or distribution processing. The demand for modern logistics facilities with larger single-floor areas that can provide sufficient power supply and accommodate automation, robotization, and other advanced technologies is expected to continue. Furthermore, there may be increased development of logistics facilities in regional areas to ensure proximity to end consumers, which could be a more common choice across Japan.

2-4. GREATER TOKYO

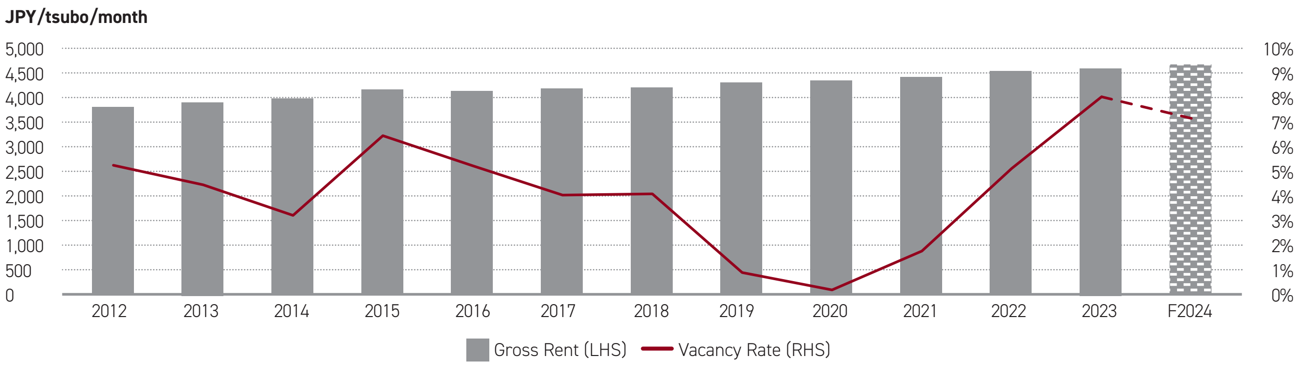
The Greater Tokyo has a population of 39 million people and serves as the economic center of Japan. The COVID-19 outbreak in 2020 prompted many developers and investors to expand their investments in logistics facilities, leading to a continued rise in new supply. The areas where new supply is being delivered have also expanded beyond existing regions, covering the entire Greater Tokyo area.

GREATER TOKYO – NEW SUPPLY, NET ABSORPTION AND VACANCY RATE



Source: JLL

GREATER TOKYO – RENT AND VACANCY RATE



Source: JLL

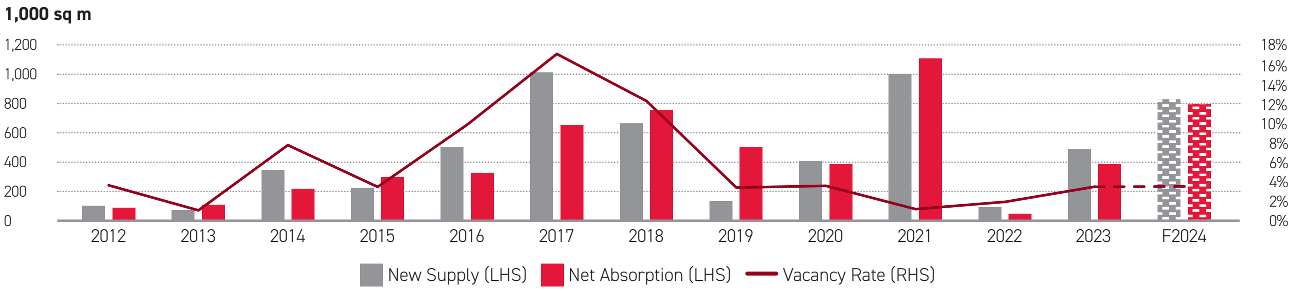
Since 2018, the annual new supply of logistics facilities in Greater Tokyo has consistently increased, reaching approximately 3 million sq m in both 2022 and 2023. This significant increase in supply has resulted in higher vacancy rates in areas such as the Kanagawa Bay Area, Kanagawa Inland Area, and Ken-O Expressway Area, thereby pushing up the overall vacancy rate. The decrease in new supply after 2024 is mainly due to a shortage of available development sites. Factors such as rising land prices, construction costs, and increased demand have contributed to the ongoing increase in rents for new properties. The moderate rental increase is expected to continue. However, in areas where the supply of logistics facilities has increased and vacancy rates have risen, tenants have the option to consider relocation, making it challenging for property owners to raise rents for existing tenants. It is forecasted that the overall vacancy rate in Greater Tokyo will decline to 7.2% in 2024 from 8.1% in 2023 due to the smaller new supply and strong demand.

2-5. GREATER OSAKA

The Greater Osaka is the second-largest metropolitan area in Japan with a population of 19 million people. Until 2017, the stock of logistics facilities in Greater Osaka 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.

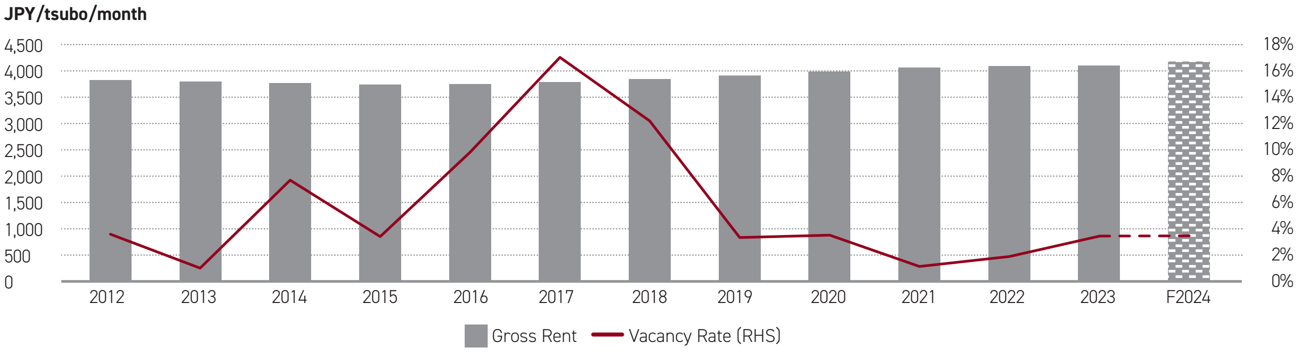
Although there was second largest supply with approximately 1 million sq m in 2021, the demands exceeded the supply and the vacancy declined to 1.1%. As the amount of new supply in 2022 was limited, tight supply-demand balance kept the vacancy rate low at 1.8%. However, the vacancy rate went up to 3.4% with the new supply of approximately 500,000 sq m in 2023. Supported by strong demand, the vacancy rate in 2024 is projected to remain the same as in 2023, even though new supply in 2024 is anticipated to be over 825,000 sq m. Since the rents in the inland area tend to be higher than ones in the bay area, the increase in supply in the Inland Area from 2017, overall rent in Greater Osaka has been going up. Going forward, vacancy rate is expected to remain low and rental rates are anticipated to continue increasing moderately. With the increase in new supply, in order to attract tenants, rent-free periods have increased in the Greater Osaka.

GREATER OSAKA – NEW SUPPLY, NET ABSORPTION AND VACANCY RATE



Source: JLL

GREATER OSAKA – RENT AND VACANCY RATE



Source: JLL

MARKET OVERVIEW

2-6. GREATER NAGOYA

The Greater Nagoya has a population of approximately 11 million people and is located in the central part of Japan. It serves as a key hub for both the movement of people and goods, connecting the Greater Tokyo, Greater Osaka, and Hokuriku, which is located to the north of Greater Nagoya. It is known for its manufacturing industry, particularly the automotive industry centered around Toyota Motor Corporation.

The Greater Nagoya has a relatively small market for modern logistics facilities and is susceptible to the impact of new supply. With the opening of the Ise-Wangan Expressway and Shin-Meishin Expressway, the central area of Nagoya City has improved its overall accessibility. As a result, the demand for logistics facilities, primarily in the Inland Area, has expanded to the Bay Area. Rental levels for new properties are higher than existing properties due to increasing land prices and construction costs, contributing to an overall increase in rents in the Greater Nagoya. It is anticipated that rents in the entire Greater Nagoya will continue to rise. Existing properties have low vacancy rates, however, in order to attract tenants, there is a tendency for longer rent-free periods. As there was a large amount of new supply in 2023, 734,000 sq m, the vacancy rate was slightly increased to 9.8%. However, it is forecasted to go down to around 8.9% in 2024 supported by a strong demand and smaller size of new supply compared to the ones in 2022 and 2023. The rent is expected to continue to increase.

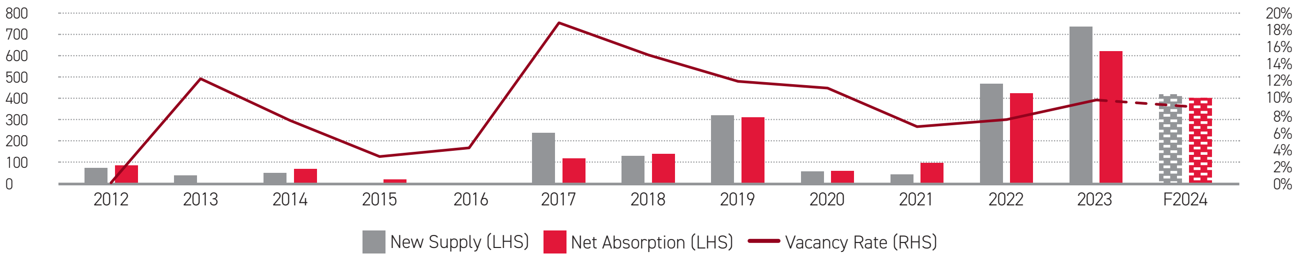
2-7. GREATER FUKUOKA

Fukuoka is the fourth-largest city in Japan and Fukuoka Prefecture accounts for over 40% of the population of Kyushu, with approximately 6 million people in the Greater Fukuoka area. Fukuoka City and Kitakyushu City are important consumer markets in the region. Fukuoka Prefecture is a crucial hub for transportation routes, including Hakata Port, Fukuoka Airport, and the Kyushu Expressway, connecting to the Chugoku region in western Japan.

To mitigate leasing risks, many developers prefer to construct build-to-suit (BTS) properties. Due to limited availability, there are few multi-tenant properties, resulting in strong demand and no vacancies between 2019 and 2021. However, with the growth of EC and increased demand, the number of multi-tenant properties has increased, and most new properties are fully occupied upon completion. Logistics facilities in the Greater Fukuoka are also concentrated in the northern part of Kyushu Large-scale rental logistics facilities, including those owned by J-REIT portfolios, are primarily located in the Tosu Area, spanning Fukuoka and Saga Prefecture.

GREATER NAGOYA – NEW SUPPLY, NET ABSORPTION AND VACANCY RATE

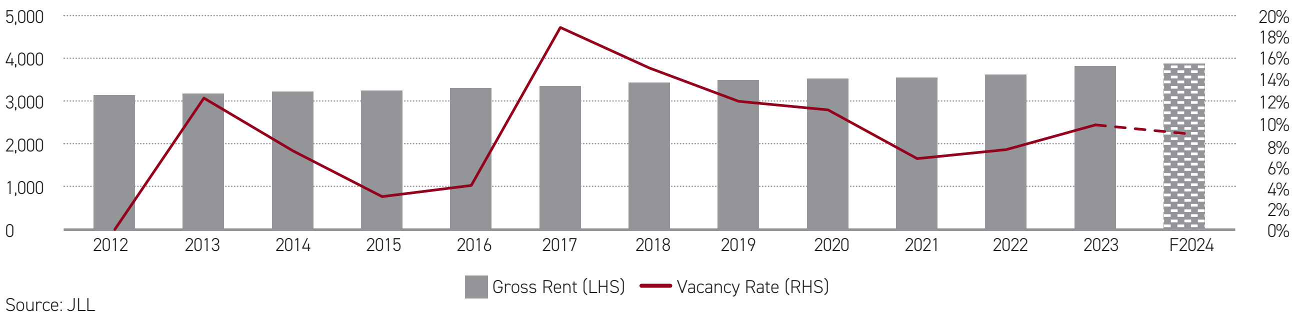
1,000 sq m



Source: JLL

GREATER NAGOYA – RENT AND VACANCY RATE

JPY/tsubo/month



Source: JLL

Tenants in the Greater Fukuoka area are diverse, serving industries such as manufacturing for all of Kyushu, distribution centers for convenience stores and supermarkets in Fukuoka City and the northern part of Kyushu, and major nationwide companies and local logistics companies based in Kyushu. Additionally, the establishment of new factories by Taiwan's major semiconductor manufacturer, Taiwan Semiconductor Manufacturing Company (TSMC) and Sony in Kumamoto Prefecture, known as the Silicon Island, has increased demand for logistics facilities in the Kyushu region. Consequently, new supply in the Greater Fukuoka area, similar to other major metropolitan areas, is also increasing. Due to limited development sites for logistics facilities, rents in the Greater Fukuoka area have been rising and are expected to continue moderately increasing.

From 2022 to 2024, there will be a consistent new supply in Greater Fukuoka, each year with over 200,000 sq m. However, the temporary increase in vacancy rate to 8.8% in 2023 is expected to decline to 6.6% in 2024 due to strong demand. Rent is also projected to moderately increase, following the trend seen in other metropolitan areas.

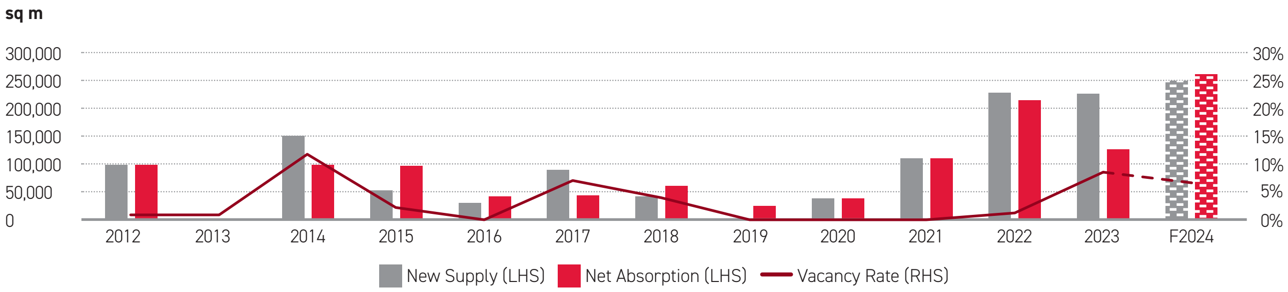
2-8. OTHER REGIONS

The strong demand for the 3PL sector resulting from the growth of the e-commerce market, along with factors such as limits on truck driver overtime working hours, has led to an expansion of the supply of logistics facilities in regional areas. Alongside the growing demand for intermediate hubs in long-distance transportation, there is an increasing trend of developing logistics facilities that connect urban areas nationwide. As a result, due to the strong demand for logistics facilities and rising land and construction costs, rents for logistics facilities are also trending upward in regional areas.

2-9-1. Sapporo

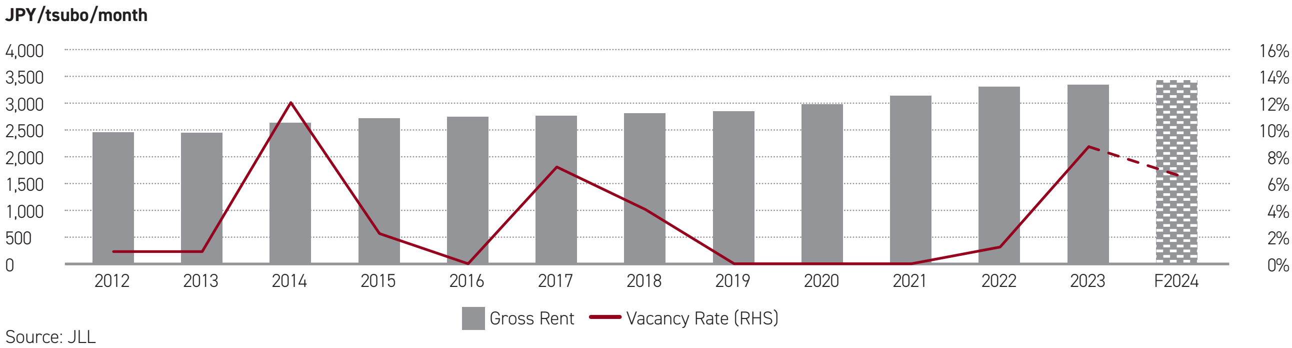
The population of Hokkaido is 1.9 million, with about one-third of the entire population concentrated in Sapporo city. Sapporo and its surrounding areas are of great importance to all industries, and logistics facilities are heavily concentrated in the region, which is the largest consumer market in Hokkaido. More than 80% of the logistics between Hokkaido and Honshu are handled by sea transport, with the majority of goods being unloaded at the port of Tomakomai. As such, the Hokkaido expressway, which connects the port of Tomakomai to Sapporo city, is of significant importance.

GREATER FUKUOKA – NEW SUPPLY, NET ABSORPTION AND VACANCY RATE



Source: JLL

GREATER FUKUOKA – RENT AND VACANCY RATE



Source: JLL

MARKET OVERVIEW

Construction of logistics facilities is also advancing in Hokkaido. In March 2023, Rapidus, a Japanese semiconductor manufacturer established in 2022, announced the construction of a factory in Chitose City. Similar to the expansion of TSMC in Kumamoto, the development of semiconductor factories is expected to further increase the demand for modern logistics facilities in the surrounding areas. Nisshin is planning to build a warehouse with 37,000 sq m of Gross Floor Area (GFA) in Tomakomai's Tomatou Industrial Park, which will serve as a receiving point for semiconductor manufacturing materials and supplies, focusing on high-pressure gas and chemicals. Japan ES Con Japan has announced the development of a logistics facility on a site measuring 26,000 sq m, located 9.5 km from Rapidus' semiconductor factory in Chitose City. Additionally, Mitsubishi Corporation Urban Development and Invesco Global Real Estate Asia Pacific completed "MCUD Sapporo" in 2023. This storage base supports regional logistics and is situated in the Yonesato Kita Industrial Park, 7 km from the center of Sapporo City. Besides rental logistics facilities, there is also a trend towards companies operating their own warehouses and distribution centers in the areas surrounding Sapporo City.

2-9-2. Sendai

Sendai City, with a population of 1.09 million, is the largest city in the Tohoku region and serves as a crucial logistics hub connecting to Greater Tokyo. The logistics market in the Tohoku region has a relatively shorter history compared to Greater Tokyo, with the supply of large facilities exceeding 20,000 sq m beginning in 2006. Development was temporarily interrupted after the Great East Japan Earthquake but resumed in 2014. In recent years, the supply of rental logistics facilities has been stable, with many of these facilities located in Sendai City. However, compared to Greater Tokyo, the supply of logistics facilities for lease is limited, and most large facilities are built-to-suit (BTS) developments.

The logistics market in Sendai is divided into two main areas: an inland area centered around Izumi Ward and Tomiya City, and a bay area centered around Sendai Port and the airport. Similar to other regions, the Tohoku region is experiencing a growing demand for intermediate hubs in long-distance transportation, leading to an increasing trend of developing logistics facilities that connect urban areas. Sendai City is approximately 4.5 hours away from central Tokyo, around 1 hour from Fukushima City in Fukushima Prefecture, and approximately 3 hours from Morioka City in Iwate Prefecture. As for recent developments in multi-tenant logistics facilities in the surrounding areas of Sendai, Kajima is expected to complete a facility with 47,000 sq m of GFA in Tomiya City in 2024. Additionally, Daiwa House Industry is planning to complete a facility with 19,000 sq m of GFA in the central Fukushima Prefecture in 2024, and Prologis recently completed a facility with 100,000 sq m of GFA in Morioka in 2023.

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. It also serves as a hub for companies overseeing the Chugoku region. The city's manufacturing output has consistently ranked at the top in the Chugoku, Shikoku, and Kyushu regions. Situated between the Kansai and Kyushu economic zones, Hiroshima City's strategic location connected by the Sanyo Expressway and Hiroshima Expressway makes it an excellent logistics hub that covers the entire Chugoku region. It is approximately a 3-hour drive from Kita-Kyushu and Okayama, and about 4 hours from Osaka. The city's strong consumer market generates substantial demand for logistics facilities, especially for delivery services in the city center and surrounding areas. Additionally, with the implementation of limits on annual overtime-working hours for truck drivers in 2024, there has been a growing trend of establishing logistics hubs as inventory-type logistics centers and relay bases between the Kansai and Kyushu regions.

Given Hiroshima City's strategic position covering the Chugoku region, the demand for logistics facilities remains constant. Similar to other regions, the development of logistics facilities in Hiroshima City, as well as in Okayama, has been increasing. For example, GLP completed "GLP Hiroshima II" with about 50,000 sq m of GFA in 2023 and will complete "GLP Hayashima III" with 18,000 sq m of GFA in Okayama next year. It is expected that rents will continue to rise in line with this trend in Hiroshima City, as in other areas.

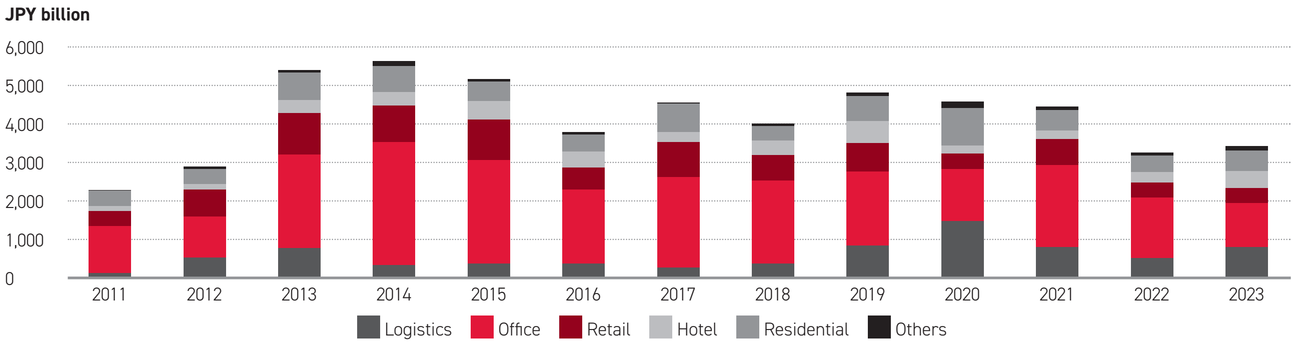
3 LOGISTICS INVESTMENT MARKET

3-1. SALES TRANSACTION

Investor interest in Japanese real estate remains high as low-interest-rate financial policies are expected to continue. In 2020, the office sector saw a significant decline in transaction volume due to the impact of COVID-19. As a result, investment funds started flowing into logistics properties and residential properties, which benefited from the growth of e-commerce during the pandemic.

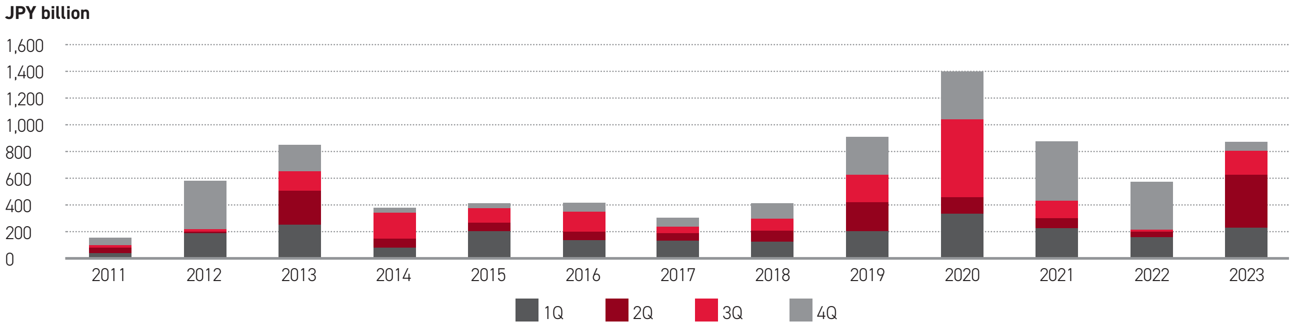
Modern logistics facilities in Japan are typically not sold to external groups, limiting investment opportunities for those without development pipelines. However, the liquidity of the logistics facility investment market has been increasing, allowing developers and development funds without exit strategies to venture into new developments. Overall, the transaction volume in 2022 decreased by 27% y-o-y due to limited investment opportunities. However, in 2023, the transaction volume rebounded with a growth of 3.9% y-o-y. The share of investment in the logistics sector increased while the shares in the office and retail markets declined. Additionally, hotel investments surged as inbound tourism began to recover. Despite the challenges, the total transaction volume in 2023 recovered with a 3.9% year-on-year increase.

ALL SECTOR TRANSACTION IN JAPAN



Source: JLL

LOGISTICS TRANSACTION IN JAPAN



Source: JLL

Looking at industrial transactions, in 2020, the industrial sector experienced a 54% y-on-y increase in transaction volume, driven by the stability and profitability of industrial properties and the surge in EC market. However, the limited availability of industrial properties caused a decline in transaction volume in 2021 and 2022. The volume rebounded in 2023, with a 53% year-on-year increase, due to the increased liquidity of the logistics facility investment market. As low-interest-rate financial policies are anticipated to maintain for a while, it is expected to continue a strong appetite among investors, particularly for logistics facilities, which present attractive income opportunities due to their stability.

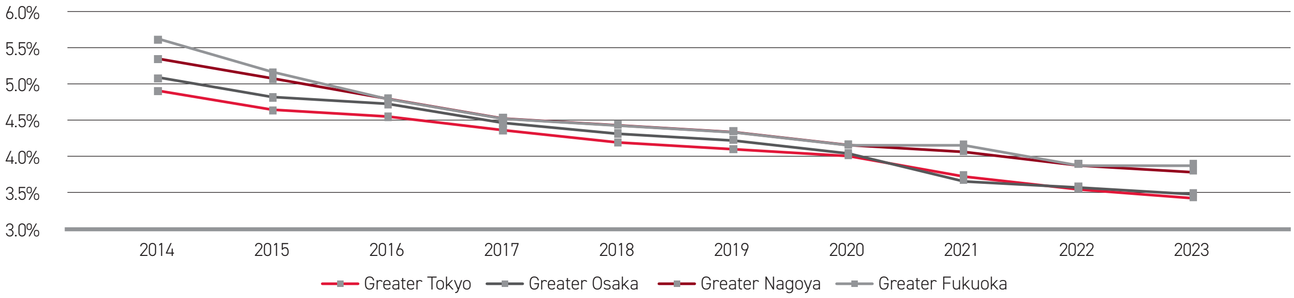
3-2. CAP RATE

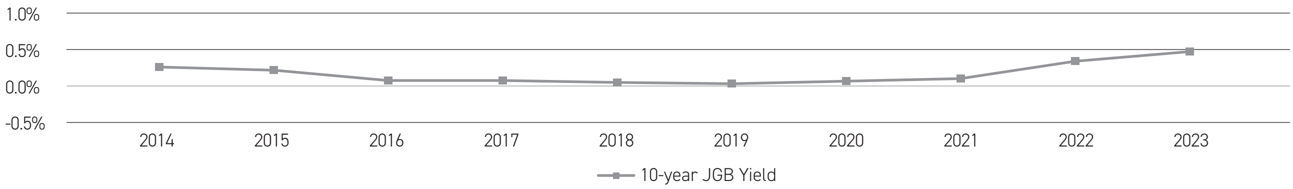
Amidst the continued low interest rates, cap rates for commercial real estate have also been compressing. In this context, the attention to logistics facilities from domestic and foreign investors has further increased. The chart shows the cap rate trend of logistics sector across Japan. The cap rates 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.

In particular, investors are focusing on opportunities in the Greater Tokyo. However, the investment opportunities are limited in the Greater Tokyo, investor interest is diversifying into the Greater Osaka, Greater Nagoya and Greater Fukuoka. Reflecting such strong investor demand, cap rates of logistics facilities in all regions have been largely compressing over the years, and its trend is continuing. The current low interest rate environment is expected to persist for the foreseeable future. It is anticipated that investors will continue to show strong interest, particularly in stable income-generating logistics facilities.

MARKET OVERVIEW

CAP RATES





Source: JLL, Oxford Economics

4 OUTLOOK

Japan's economy is in the moderate recovery phase, however, there are risks from the global economy. While real estate investment markets in other countries are experiencing a slowdown due to rising interest rates, Japan's favourable funding environment and resilient investment demand in real estate are expected to continue. Although there is a possibility of future interest rate increases, the demand for logistics facilities remains robust, driven by the growth of EC and 3PL sector. While investors show interest in logistics facilities in the Greater Tokyo, there is also a growing interest in diverse locations throughout Japan.

The logistics market in Japan is experiencing a widespread expansion in the development of logistics facilities across the country. The forthcoming introduction of new overtime regulations for truck drivers in 2024 is anticipated to further accelerate this development. Across all regions, there continues to be a trend of longer leasing-up periods. Tenants are increasingly choosing modern logistics facilities that offer enhanced efficiency and convenient proximity to end consumers. The diverse locations and specifications of logistics facilities are likely contributing to a noticeable polarization within the market. In the long term, the demand for modern logistics facilities is expected to sustain growth due to evolving consumption patterns and the increasing need for flexible, high-quality rental spaces in close proximity to end consumers. Rising construction costs have also contributed to rent increases, and this upward trend is anticipated to persist. This may also lead developers to delay the timing and consider smaller size of the logistics facilities they develop.

CORPORATE GOVERNANCE REPORT

Daiwa House Logistics Trust ("**DHLT**" or the "**Trust**") is a real estate investment trust constituted pursuant to the trust deed dated 2 November 2021 (as amended, varied and/or supplemented from time to time) (the "**Trust Deed**"). DHLT is listed on the Mainboard of Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and is managed by Daiwa House Asset Management Asia Pte. Ltd. (the "**Manager**" or "**REIT manager**"), who is responsible for the strategic direction and management of the assets and liabilities of DHLT and its subsidiaries (collectively, "**the Group**"). The Manager is licensed by the Monetary Authority of Singapore (the "**MAS**") and holds a Capital Markets Services Licence ("**CMS Licence**") to conduct real estate investment trust management activities.

The Manager discharges its responsibility in the best interests of DHLT and the unitholders of DHLT ("**Unitholders**"), in accordance with the applicable laws and regulations as well as the Trust Deed. The primary role of the Manager is to set the strategic direction of the Group and make recommendations to HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of DHLT (the "**Trustee**"), on any acquisition, divestment and enhancement of assets of the Group in accordance with the stated investment strategy of DHLT.

The Manager's roles and responsibilities include:

- carrying on the Group's business and managing its assets and liabilities and generating returns in a sustainable manner for the benefit of Unitholders and conducting all transactions with or on behalf of DHLT on an arm's length basis and on normal commercial terms;

- preparing an annual budget proposal with forecasts on gross revenue, property expenditure, capital expenditure and providing explanations on major variances against budget and the prior year's actual results, written commentaries on key issues and any other relevant assumptions. The purposes of such plans, proposals and analyses 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);

- ensuring compliance with relevant laws and regulations, including the Securities and Futures Act 2001 of Singapore ("**SFA**"), the Listing Manual of the 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 Code of Corporate Governance 2018 (the "**CG Code**") and the Singapore Code on Take-overs and Mergers, the Trust Deed, the CMS Licence, written directions, notices, codes and other guidelines that may be issued by the MAS from time to time and any tax rulings and all relevant contracts and making final recommendations to the Trustee;

- attending to all regular communications with Unitholders; and

- overseeing the performance by Daiwa House Property Management Co., Ltd. (the "**Property Manager**") of its day-to-day property management duties and obligations pursuant to the property management agreement in respect of DHLT's properties located in Japan.

DHLT, constituted as a trust, is externally managed by the Manager and therefore has no employees of its own. The Manager's management team runs the day-to-day operations of DHLT. All the Directors and employees of the Manager are remunerated by the Manager, and not by DHLT.

(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 skills with integrity;

CORPORATE GOVERNANCE REPORT

- 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.

All Directors of the Board participated in decision-making for matters pertaining to corporate governance, business operations and risks, financial management performance, and the nomination and review of the Directors.

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 ensures proper accountability within the Manager.

The Board recognises that the Directors are fiduciaries who are obliged at all times to act honestly and objectively in the best interests of DHLT and its Unitholders as a whole, and hold the Management accountable for performance. 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 Hirotsugu Otomo
  Non-Executive Non-Independent Director
- Mr Jun Yamamura
  Executive Non-Independent Director and Chief Executive Officer

The Board comprises business leaders and distinguished professionals with a breadth of skills and experience in banking, legal, real estate, strategic planning and management. 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.

The Board reviews and approves the release of the financial results. The Board also reviews risk management and sustainability issues which have material impact on DHLT's operations and financial performance and examine liability management to act upon any opinions from DHLT's auditors.

The Board and Board Committee meetings are scheduled and notified to the Directors prior to the beginning of the financial year to allow Directors to plan ahead and actively attend in such meetings to maximise the participation of the Directors. As the Directors reside in different countries, they may participate in a Board or Board Committee meeting by way of 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.

The number of Board and Board Committee meetings held as well as the Directors' attendance for the meetings of the Board, the ARC and the AGM of DHLT held during the financial year from 1 January 2023 to 31 December 2023 ("**FY2023**") are as follows:

		Board	**ARC**	**AGM**[1]
Number of meetings held in FY2023		4	4	1
Board Members	**Membership**			
Mr Tan Jeh Wuan (Appointed on 2 November 2021)	Chairman, Independent Non-Executive Director, and member of the ARC	4	4	1
Mr Tan Juay Hiang (Appointed on 2 November 2021)	Independent Non-Executive Director and Chairman of the ARC	4	4	1
Mr Takashi Suzuki (Appointed on 2 November 2021)	Independent Non-Executive Director and Member of the ARC	4	4	1
Mr Yoshiyuki Takagi (Appointed on 2 November 2021)	Non-Independent Non-Executive Director and Member of the ARC	4	4	1
Mr Eiichi Shibata[1] (Appointed on 12 April 2021)	Non-Independent Non-Executive Director	2	2*	1
Mr Takeshi Fujita[2] (Appointed on 26 November 2020)	Non-Independent Executive Director and Chief Executive Officer	2	2*	1
Mr Hirotsugu Otomo (Appointed on 1 July 2023)	Non-Independent Non-Executive Director	2	2*	–
Mr Jun Yamamura (Appointed on 1 June 2023)	Non-Independent Executive Director and Chief Executive Officer	2	2*	–

* By invitation

Notes:

1 Mr Eiichi Shibata resigned as a Non-Executive Non-Independent Director of the Manager on 30 June 2023.

2 Mr Takeshi Fujita resigned as an Executive Non-Independent Director and Chief Executive Officer of the Manager on 31 May 2023.

CORPORATE GOVERNANCE REPORT

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, the 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.

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

Each Director is given a formal letter of appointment setting out the Director's duties and obligations under the relevant laws and regulations governing the Manager. The Manager conducts orientation to brief newly-appointed 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 also 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. Newly appointed Directors may also be brought on site visits to selected DHLT properties to facilitate their understanding of DHLT's business and operations.

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 Hirotsugu Otomo and Mr Jun Yamamura are the First-time Directors. As part of the training programme arranged for the Directors during FY2023 and pursuant to the mandatory training for First-time Directors under Rule 210(5)(a) of the Listing Manual (the "**Mandatory Training**"), Mr Jun Yamamura has attended training courses conducted by the Singapore Institute of Directors ("**SID**") in the "Listed Entity Director Programme", including "Board Dynamics", "Stakeholder Engagement", and "Nominating Committee Essentials". Mr Jun Yamamura's Mandatory Training have been completed in March 2024, which is within one year from his date of appointment on 1 June 2023.

Pursuant to paragraph 3.2 of Practice Note 2.3 of the Listing Manual, First-time Directors may be assessed by a listed issuer's nominating committee as to whether they possess such relevant experience and therefore need not attend the Mandatory Training. In the case of Mr Hirotsugu Otomo, the Board, performing the role of a nominating committee, has accessed that Mr Hirotsugu Otomo has the necessary relevant experience as a director of a listed corporation (albeit listed in Japan) which is comparable to the experience of a person who has served as a director of an issuer listed on Singapore Exchange Securities Trading Limited ("**SGX-ST**") and should qualify to be exempted from the requirement to undergo Mandatory Training for the purposes of Rule 210(5)(a) of the Listing Manual after considering the following factors:

(a) Mr Hirotsugu Otomo has extensive directorship experience in DHLT's sponsor, Daiwa House Industry Co., Ltd. ("**DHI**"), a public-listed company on the Tokyo Stock Exchange ("**TSE**") and has been a director for more than seven years and he is subject to stringent directors' duties as well as Japan's Corporate Governance Code, including the listing requirements of the TSE; and

(b) Mr Hirotsugu Otomo has attended several director training courses conducted by DHI every year since his appointment as a director in DHI and the Manager will also be arranging for Mr Hirotsugu Otomo to attend relevant director training from time to time.

As announced on 13 February 2024 on SGXNET (the "**Exemption Announcement**"), SGX-ST has exempted Mr Hirotsugu Otomo from the requirements of undergoing the Mandatory Training subject to conditions disclosed in the Exemption Announcement, including DHLT submitting a written confirmation to SGX-ST that (among others) Mr Hirotsugu Otomo will attend the relevant trainings of board committees of the Manager ("**Board Committees**") if he is appointed to any Board Committees in the future and the completion of such relevant training to be disclosed in DHLT's annual report. Mr Hirotsugu Otomo was not appointed to any Board Committee in FY2023.

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, all the Directors except Mr Hirotsugu Otomo and Mr Jun Yamamura have undergone the requisite training in relation to Environmental, Social and Governance Essentials under Rule 720(7) of the Listing Manual in FY2023. Mr Hirotsugu Otomo and Mr Jun Yamamura have undergone the training in March 2024, which is within one year from their respective dates of appointment.

Access to Information (Provision 1.6)

The Management provides the Board with complete, adequate and timely information on all matters relating to DHLT 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. Directors are briefed by the Management during the Board meetings and 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 renders assistance to the Chairman in ensuring adherence to Board procedures.

The Board seeks independent professional advice where necessary, at the Manager's expense, 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. The ARC Chairman of such meetings provides feedback to the Board as appropriate.

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.

CORPORATE GOVERNANCE REPORT

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 background, expertise, gender, age, ethnicity, culture, nationality, track record as a Director, tenure of service and other relevant aspects of diversity in determining the composition of the Board.

The targets of the Board Diversity Policy include:

1. Committing to achieve a Board composition that reflects the appropriate mix of skills, knowledge, experience, background and abilities. 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 Diversity Philosophy**").

2. Appointing at least one female candidate with good track record and appropriate skills and experience to the Board.

As of FY2023, the Board and the ARC have reviewed the size and composition of the Board and are of the opinion that it meets the Board Diversity Philosophy targets. The current Board comprises six individuals, of whom four Board members have working experience in various markets, and have executed and/or led cross-border transactions. The current Board members have diverse expertise and experience in the combined areas of accounting and finance, business and management, regulatory, industry knowledge and strategic planning which provides core competencies necessary to lead and govern the Group effectively. The diverse professional backgrounds of the Directors, particularly their mix of experience in real estate markets and capital markets in Japan and Asia, as well as skills and expertise in the legal, finance, REIT management and real estate development industries, which are relevant to the business of DHLT, 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.

In particular, (i) Mr Tan Jeh Wuan has considerable working experience in the financial sector and was involved in various domestic and international equity fund raising and financial advisory transactions; (ii) each of Mr Tan Juay Hiang, Mr Yoshiyuki Takagi and Mr Hirotsugu Otomo has considerable real estate investment management and fund management expertise, including in-country expertise and networks for the Japan market and other parts of Asia; (iii) Mr Takashi Suzuki brings with him considerable legal and in-country expertise for the Japan market; and (iv) Mr Jun Yamamura brings with him considerable expertise in real estate development, investment, and finance. The collective diversity, backgrounds and skill sets of the Board members serve to optimally support the business growth as well as the effective and sound governance of DHLT and its subsidiaries.

Additionally, the Board supports gender diversity and will seek to appoint a female Director within the next three years. This is ultimately subject to the availability of suitable female candidates with the right skill set and experience who will be able to add value to the Board. The Board had intended to appoint a new female director to replace Mr Takeshi Fujita as an Executive and Non-Independent Director when he resigned on 31 May 2023, and a female candidate was among the proposed candidates identified and shortlisted for consideration. However, after conducting an intensive review of the proposed candidates and taking into account the candidates' experience and skills, the Board eventually considered Mr Jun Yamamura to be most suitable and appointed Mr Yamamura as Executive and Non-Independent Director in place of Mr Fujita. Please refer to the

"Process for Selection, Appointment and Re-appointment of Directors" on page 112 of this Annual Report for further details of the process of selection of the new Directors in FY2023. The Board will continue to seek to appoint a female director who possesses the right skill set and experience and who will be able to add value to the Board.

The Board is committed to achieve its objectives under the Board Diversity Policy and 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 and are not immediate family members. This is 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. With the assistance of the management team, the CEO makes strategic proposals to the Board and executes the approved strategy, manages and develops DHLT's businesses and implements the Board's decision. He is also responsible for ensuring the Group's compliance with the applicable laws and regulations in its day-to-day operations.

The Manager has put in place written terms of reference for the Chairman and the CEO. This provides clear separation and guidance on the role of Chairman and CEO.

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.

CORPORATE GOVERNANCE REPORT

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 the Board.

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**");
- the 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 Listing Manual, 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, the 2018 CG Code and the SFLCB Regulations. 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, the Sponsor, 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. The new Directors appointed to the Board in FY2023 were Mr Jun Yamamura and Mr Hirotsugu Otomo. Prior to his appointment as CEO and Executive Director on 1 June 2023, Mr Jun Yamamura had been Head of Planning of the Manager since the IPO in 2021, succeeded as CEO of the Manager in June 2023 upon recommendation by the Sponsor and was thereby appointed as Executive Director on the Board. Mr Hirotsugu Otomo was recommended by the Sponsor as a representative of the Sponsor on the Board, following the resignation of Mr Eiichi Shibata, and was appointed as Non-Executive Non-Independent Director on 1 July 2023. A few candidates were shortlisted for each of the position of CEO as well as the position of Non-Executive, Non-Independent Director, and the Board assessed and considered Mr Jun Yamamura and Mr Hirotsugu Otomo to be suitable for their respective appointments based on their relevant work experience and skills Please refer to the "Board Composition and Diversity" section on page 110 of this Annual Report for further details of the work experience of Mr Jun Yamamura and Mr Hirotsugu Otomo.

Determining Directors' Independence (Provision 4.4)

The Board assesses annually, and as and when circumstances require, 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, among others:

(a) has no relationship with the Manager, its related corporations, its substantial shareholders or the Trustee or their respective officers, or DHLT's substantial unitholders 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;

(b) is independent from the management of and any business relationship with the Manager and the Trustee, every substantial shareholder of the Manager and every substantial unitholder of DHLT;

(c) is not a substantial shareholder of the Manager or a substantial unitholder of DHLT; and

(d) has not served on the Board for a continuous period of nine years or longer.

The Manager has a rigorous process to assess the independence of each Independent Director, taking into consideration the applicable regulatory requirements. The process is as follows:

1. Each Independent Director provides information of his business interests and confirms annually that there is no relationship which interferes with the exercise of his independent business judgement with a view to the best interests of the Unitholders, and such information is reviewed and tabled to the Board; and

2. The Board also evaluates Independent Directors' conduct and contributions at Board and Board Committee meetings, whether the relevant independent Director has exercised independent judgement in discharging his duties and responsibilities. Each independent Director is required to recuse himself from the Board's deliberations on his independence.

Based on a review of the relationships between the Directors and the Group in accordance with the requirements of the 2018 CG Code, the SFLCB Regulations and the Listing Manual 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 based solely on 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.

Listing Rule 210(5)(d)(i) has been complied with as each of Mr Tan Jeh Wuan, Mr Tan Juay Hiang and Mr Takashi Suzuki:

(a) is not employed and has not been employed by the Manager or DHLT or their respective related corporations in the current financial year or any of the past three financial years;

(b) does not have an immediate family member who is employed or has been employed by the Manager or DHLT or their respective related corporations in the current financial year or any of the past three financial years and whose remuneration is or was determined by the Board; and

(c) has not been a Director of the Manager for an aggregate period of more than nine years (whether before or after the listing of DHLT).

Mr Yoshiyuki Takagi, Mr Hirotsugu Otomo and Mr Jun Yamamura 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 as at 31 December 2023 which subsequently became an affiliate company of the Sponsor on 26 February 2024, and holds directorships in several subsidiaries of CI, namely Cosmos Australia Holdings Pty. Ltd. and Good Place Co., Ltd.

Mr Hirotsugu Otomo serves as Head of Management Strategy Planning Headquarters, and he oversees the Corporate Strategy Planning Department of the Sponsor. He is also a Director on the Board of the Sponsor, and has been appointed to serve on the Boards of various entities within the Sponsor group.

Prior to his appointment as CEO of the Manager, Mr Jun Yamamura served as the Head of Planning in DHAMA. Before he joined the Manager in August 2021, he previously served as the Senior Chief in the Business Development Department in DHI.

CORPORATE GOVERNANCE REPORT

As at 31 December 2023, Mr Tan Jeh Wuan, Mr Tan Juay Hiang, Mr Takashi Suzuki, Mr Yoshiyuki Takagi, Mr Hirotsugu Otomo and Mr Jun Yamamura were able to act in the best interests of all Unitholders as a whole and the Board has determined and is satisfied that Mr Tan Jeh Wuan, Mr Tan Juay Hiang, Mr Takashi Suzuki, Mr Yoshiyuki Takagi, Mr Hirotsugu Otomo and Mr Jun Yamamura 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 FY2023.

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 FY2023 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 set, 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 FY2023, 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 packages for the Directors and the CEO and the KMP of the Manager.

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 for the executives ensures:

- Alignment with Unitholders: A proportion of variable remuneration for the executives is deferred and delivered in the form of deferred awards over DHLT units held by the Manager, 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 DHLT unit rewards as part of the variable compensation 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 Key Management Personnel of the Manager".

CORPORATE GOVERNANCE REPORT

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 FY2023:

Board Members	Membership	Fees[1] paid for FY2023
Mr Tan Jeh Wuan	Chairman, Independent Non-Executive Director, and member of the ARC	S$122,600
Mr Tan Juay Hiang	Independent Non-Executive Director and Chairman of the ARC	S$100,900
Mr Takashi Suzuki	Independent Non-Executive Director and Member of the ARC	S$80,100[2]
Mr Yoshiyuki Takagi	Non-Independent Non-Executive Director and Member of the ARC	S$8,000[3]
Mr Eiichi Shibata (Resigned on 30 June 2023)	Non-Independent Non-Executive Director	Nil[4]
Mr Takeshi Fujita (Resigned on 31 May 2023)	Non-Independent Executive Director and CEO	Nil[5]
Mr Hirotsugu Otomo (Appointed on 1 July 2023)	Non-Independent Non-Executive Director	Nil[4]
Mr Jun Yamamura (Appointed on 1 June 2023)	Non-Independent Executive Director and CEO	Nil[6]

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, (d) S$500 per meeting attendance via audio or video conference at project and verification meetings, and (e) S$500 in-person and S$300 via audio or video conference per meeting attendance at Ad-hoc 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 are before deducting withholding tax.

3 Total fees paid to Mr Yoshiyuki Takagi are 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 FY2023*"

6 Mr Jun Yamamura 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 FY2023*"

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 Key Management Personnel of the Manager (Provision 7.3)
Disclosure of the remuneration of CEO and other Top Five KMP for FY2023 (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.

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 FY2023

	Salary, Allowances and Statutory Contributions	Bonus and other benefits inclusive of employer's CPF[1]	Total
CEO			
Mr Takeshi <u>Fujita</u>	87%	13%	100%
Mr Jun <u>Yamamura</u>*	80%	20%	100%
Remuneration Band for CEO (Combined amount paid to Mr Takeshi Fujita for 1 January 2023 to 31 May 2023 and Mr Jun Yamamura for 1 June 2023 to 31 December 2023): S$250,000 to S$500,000			

* This includes Mr Jun Yamamura's remuneration as Head of Planning from 1 January 2023 to 31 May 2023.

Top Five KMP			
Ms Natalie <u>Wong</u> Chin Ping	83%	17%	100%
Mr Hongrae <u>Cho</u>	80%	20%	100%
Mr Daijiro <u>Nose</u>	87%	13%	100%
Mr <u>Chee</u> Kum Tin	73%	27%	100%
Remuneration Band for Ms Natalie Wong Chin Ping, Mr Hongrae Cho, Mr Daijiro Nose and Mr Chee Kum Tin: S$250,000 to S$500,000			
Mr Toru <u>Aoki</u>	72%	28%	100%
Remuneration Band for Mr Toru Aoki: S$100,000 to S$250,000			

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Notes:

1 The amounts disclosed are bonuses declared and benefits entitled from 1 January 2023 to 31 December 2023 in Singapore dollars. Long-term incentive ("**LTI**") awards for a total of 199,475 DHLT units was awarded on 1 January 2023 to two KMPs, which is not included in the above remuneration disclosure, as it will vest at the end of a three-year period depending on performance against pre-agreed targets.

The total remuneration for the CEO and the above-listed KMP from 1 January 2023 to 31 December 2023 was S$1.73 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.

Given the confidentiality and sensitivity of remuneration matters, the Board had carefully considered and decided not to disclose (i) the remuneration of the CEO in exact quantum, as 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 FY2023" table on page 117 of this Annual Report. It is vital for the Manager to retain an experienced and competent management team and talent for the long-term interests of DHLT and its Unitholders to ensure the continuity and stability of the business operations. With increasing competition and the specialised skill sets required in the Singapore REIT industry, disclosure of remuneration may potentially cause staff movement. 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 FY2023.

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 FY2023 was S$2.78 million. This figure comprised fixed pay of S$1.55 million, variable incentive of S$0.37 million and allowances/benefits-in-kind of S$0.86 million.

There was a total of 15 beneficiaries of the remuneration described above. In respect of the FY2023, 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$2.22 million, comprising 9 individuals identified and having considered, among others, their roles and decision-making powers.

Engagement of Remuneration Consultants (Provision 6.4)

New Remuneration Framework for Executives of the Manager

New DHLT remuneration policy became effective from 1 January in FY2023 with advice from Mercer.

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 well-being.

Variable incentive is a material component of total remuneration and comprises Variable Bonus ("**VB**") and 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 held by the Manager based on the achievement of DHLT's performance. The LTI award is 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 by the Manager is a key mechanism to building sustainable business performance. For the LTI award, it is subject to a three-year vesting schedule. The settlement value of the LTI award is linked to the value of DHLT's units held by the Manager at the time of vesting. This ensures alignment between remuneration and sustaining business performance of DHLT in the longer term.

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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 DHLT 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 internal controls and effective risk management practices to good corporate governance, 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.

Whistle-blowing Policy

The Manager has zero-tolerance stance against any form of illegal activity, corruption, bribery and other impropriety, misconduct or wrongdoings involving the Manager and its officers. To reinforce a culture of good business ethics and governance, the Manager has established a Whistle-blowing Policy to encourage employees, service providers and associates to report in good faith, which in the view of the Whistle-blower, is:

a. dishonest;

b. a fraudulent misappropriation of assets;

c. corrupt;

d. illegal or breach of any applicable laws;

e. unethical conduct or a breach of the Manager's code of conduct;

f. other serious improper conduct or gross mismanagement;

g. an unsafe work-practice; or

h. any other conduct which may cause financial and non-financial loss to the Manager or detrimental to the interests of the Manager,

while keeping the identities of Whistle-blower confidential, regardless of whether the report was made openly or anonymously 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. Reports are provided to relevant parties of the senior management and the ARC, unless the whistle-blowing report is related to the senior management directly. The Manager will not tolerate any retaliation towards employees who report concerns and any employees taking action in response to a report will be subject to disciplinary procedure.

The Whistle-blowing Policy is made available to all employees and outside parties, such as suppliers, contractors, tenants and other stakeholders.

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 reported for FY2023.

Risk Management

Risk management is an integral part of the Manager's business strategy. 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 129 to 132 of this Annual Report.

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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 during crisis.

Financial Management

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

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 131 to 132 of this Annual Report.

Internal Audit (Provision 10.4)

The internal audit function has been outsourced to Deloitte and Touche Enterprise Risk Services Pte. Ltd. ("**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 of the Group's documents, records, properties and personnel, including the ARC, and has appropriate standing within the Group. 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 (including financial, operational, compliance and IT controls), risk management systems and any material non-compliance in internal controls, together with corrective measures recommended by the outsourced Internal Auditor. The audit plan is also 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 FY2023, the ARC has reviewed and is satisfied that DHLT'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.

Business Continuity Management

The Manager has adopted a new Business Continuity Management ("**BCM**") framework on January 2024 and put in place a Business Continuity Plan ("**BCP**") for its crisis management team to respond to business disruptions, ensure the resumption of business, as well as minimise impact of adverse business disruptions.

Under the BCM framework, the Management has identified the critical business functions and services, processes and resources, service recovery time and performed business impact analysis. The objectives of the BCM framework is to support and manage the development, implementation and maintenance of effective BCPs and measures. During FY2023, the Manager has performed BCP exercises simulating different scenarios to test the effectiveness of processes, procedures and escalation protocols. This holistic approach under the BCP ensure organisational and staff preparedness and readiness to deal with adverse business disruptions. The BCP aims to minimise the negative impacts on the operations, financials and reputation of DHLT and allows the Manager to better fulfil its obligations as the REIT manager.

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. The Manager also must demonstrate to the ARC that such transactions satisfy the procedure criteria. This includes obtaining quotations from parties unrelated to the Manager. 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;

- 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.

CORPORATE GOVERNANCE REPORT

The interested person transactions undertaken by the Group in FY2023 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 and adopted the best practices on securities dealing issued by the SGX-ST. In compliance with the Rule 1207(19) of the Listing Manual on best practices on dealing in 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 notices 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 FY2023.

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**"), being the key management personnel responsible for various aspects of risk management and internal controls, 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 address the risks (including financial, operational, compliance and information technology risks), which the Board considers relevant and material to meet the needs of the Group in its business as at 31 December 2023.

The Board notes that the system of internal controls and risk management provides reasonable assurance that the Group will not be significantly and 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 FY2023, 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.

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 is governed by 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 FY2023 the fees paid and/or payable by DHLT to the network of member firms of EY are S$445,000, of which S$344,000 was for audit services and S$101,000 was for non-audit services relating to advisory services for the Group. 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.

CORPORATE GOVERNANCE REPORT

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 Unitholders 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 2023 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 FY2023.

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 unitholding 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 the expected date of release of half-yearly and full year results will generally 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' views on matters concerning the Group and provides Unitholders with the opportunity to participate in and vote at general meetings. Unitholders are informed of the rules and voting procedures that govern the general meetings.

When an Extraordinary General Meeting ("**EGM**") is to be held, Unitholders will receive a copy of the circular, detailing the proposed matters and a proxy form for Unitholders' consideration and approval.

In FY2023, the first AGM was held physically on 27 April 2023. The 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.

An electronic copy of Annual Report for FY2023 has been published on the DHLT's website at www.daiwahouse-logisticstrust.com and made available on the SGXNet website at www.sgx.com. 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. A Notice of AGM setting out all items of business to be transacted at the general meeting or AGM and a 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.

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. An independent scrutineer is also appointed for the purpose of vote-taking and validation of votes at general meetings.

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 unless the issues are interdependent and linked so as to form one significant proposal, in which case the Manager shall explain the reason and material implications of such bundling of issues in the notice of general meeting. 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 1 April 2024 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 at least 90.0% of its annual distributable income on a semi-annual basis. For FY2023, DHLT made a total of two distributions to Unitholders. Under the Trust Deed, the Manager shall pay distributions no later than 90 days after the end of each distribution period.

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 51 to 53 of this Annual 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 56 to 93 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 FY2023. 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.

(F) 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 implements 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 risk management policies and operating procedures, covering areas of significant risks such as anti-money laundering and countering of terrorism, financial risk management, outsourcing risk and business continuity risk to ensure that DHLT maintains a sound system of risk management.

To ensure operational effectiveness and accountability the Manager's ERM framework is dynamic and caters to the changing business environment. The ERM framework is in line with ISO31000 and guided by COSO ERM Integrated Framework and other relevant best practices and guidelines. 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:

Strategic Risks

- **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. The Manager has a diversified tenants base and adopts proactive tenant management strategies to retain and secure tenants. Feedback is also obtained from tenants to further promote the long-term relationship between landlord and tenant. The Manager will tap on asset enhancement activities and redevelopment opportunities to maintain the competitiveness and improve the value and performance of DHLT's properties.

- **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.

- **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, and 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 and Climate 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 a 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**"), and BCP regularly, and at least once a year to ensure their relevance, effectiveness and compliance with the latest regulations and legislations. Compliance with policies and SOPs is also coupled with the training of employees and periodic Internal Audits.

In January 2024, the Manager has established and adopted a new BCM framework with the help from an external consultant (KPMG) to reflect the latest MAS Guidelines on Business Continuity Management. The BCM framework will be reviewed annually to mitigate risks of operational disruption due to the occurrence of adverse external events (including events that are man-made and events that have a natural cause).

- **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 remuneration, staff development and training opportunities, as well as benefits plans to attract, reward and retain performing employees.

- **Property Damage and Business Disruption Risk**

  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.

- **Occupational Health and Safety Risk**

  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 FY2023, the Group did not receive any request for rental relief or abatement.

Financial Risks

- **Financial Risk**

  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 2023, 100% of the borrowings are on fixed rate basis.

CORPORATE GOVERNANCE REPORT

- **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 DHLT's 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.

Information 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. On an annual basis, the Manager conducts a BCP exercise to ensure timely return of its business functions and IT systems.

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 140 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
14 March 2024

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 Logistics Trust (the "Trust"), the accompanying financial statements set out on pages 140 to 179 comprising the Statements of Financial Position of the Trust and its subsidiaries (the "Group") and the Trust as at 31 December 2023, 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 year ended 31 December 2023, Statement of Portfolio of the Group as at 31 December 2023 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 2023, 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.

Jun Yamamura
Director

Singapore
14 March 2024

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Daiwa House Logistics 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 2023, 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 year ended 31 December 2023, Statement of Portfolio of the Group as at 31 December 2023 and notes to the financial statements, including material accounting policy information.

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 2023, 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.

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 2023, the carrying amount of investment properties was S$1,006.3 million which accounted for 91.3% 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.

Key Audit Matters (cont'd)

Valuation of investment properties (cont'd)

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.

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 Logistics 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.

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

14 March 2024

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023

		Group		Trust	
	Notes	2023 S$'000	2022 S$'000	2023 S$'000	2022 S$'000
Current assets:					
Cash and cash equivalents	4	**45,801**	48,938	**9,100**	11,393
Restricted cash	5	**42,363**	45,826	**–**	–
Trade receivables	6	**667**	346	**–**	–
Prepaid expenses and other assets	7	**4,844**	5,155	**400,844**	450,676
Derivative assets	8	**1,779**	1,123	**1,779**	1,123
Total current assets		**95,454**	101,388	**411,723**	463,192
Non-current assets:					
Investment properties	9	**1,006,288**	1,075,651	**–**	–
Investment in subsidiaries	10	**–**	–	**1,532**	1,504
Total non-current assets		**1,006,288**	1,075,651	**1,532**	1,504
Total assets		**1,101,742**	1,177,039	**413,255**	464,696
Current liabilities:					
Trade and other payables	11	**9,799**	10,270	**999**	1,636
Lease liabilities	12	**2,662**	2,788	**–**	–
Loans and borrowings	13	**93,359**	–	**–**	–
End-tenants security deposits		**3,721**	–	**–**	–
Provision for taxation		**54**	7	**45**	–
Total current liabilities		**109,595**	13,065	**1,044**	1,636
Non-current liabilities:					
Trade and other payables	11	**16,415**	17,464	**–**	–
Lease liabilities	12	**154,823**	170,879	**–**	–
Loans and borrowings	13	**220,861**	338,301	**–**	–
End-tenants security deposits		**23,046**	29,149	**–**	–
Derivative liabilities	8	**43**	253	**43**	253
Deferred tax liabilities	14	**23,479**	18,925	**–**	–
Total non-current liabilities		**438,667**	574,971	**43**	253
Total liabilities		**548,262**	588,036	**1,087**	1,889
Net assets		**553,480**	589,003	**412,168**	462,807
Represented by:					
Unitholders' funds		**517,703**	553,211	**376,391**	427,015
Perpetual securities	15	**35,777**	35,792	**35,777**	35,792
Total equity at end of the year/period		**553,480**	589,003	**412,168**	462,807
Units in issue and to be issued ('000)	16	**696,066**	693,774	**696,066**	693,774
Net asset value per Unit (S$)	17	**0.74**	0.80	**0.54**	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 year ended 31 December 2023

	Notes	Group Year ended 31 December 2023 S$'000	Group 2 November 2021 (date of constitution) to 31 December 2022 S$'000
Gross revenue	18	**59,852**	68,719
Property expenses	19	**(14,528)**	(15,734)
Net property income		**45,324**	52,985
Manager's management fees		**(2,733)**	(2,745)
Japan asset management fees		**(1,077)**	(1,255)
Trustee's fee		**(257)**	(294)
Trust expenses	20	**(1,776)**	(1,659)
Finance expenses	21	**(6,394)**	(8,030)
Other income		**4,180**	1,141
Net income before tax and fair value changes		**37,267**	40,143
Fair value change in investment properties	9	**11,576**	121,485
Fair value change in derivatives		**866**	870
Net income before tax		**49,709**	162,498
Tax expenses	22	**(6,389)**	(21,169)
Total return for the year/period		**43,320**	141,329
Attributable to:			
Unitholders		**42,473**	140,294
Perpetual securities holders		**847**	1,035
Total return for the year/period		**43,320**	141,329
Earnings per Unit (cents)			
Basic and diluted	23	**6.26**	20.90

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

DISTRIBUTION STATEMENT

For the financial year ended 31 December 2023

	Group	
	31 December 2023 S$'000	2 November 2021 (date of constitution) to 31 December 2022 S$'000
Amount available for distribution to Unitholders at the beginning of the year/period	**17,748**	–
Net income for the period	**42,473**	140,294
Distribution adjustments (Note A)	**(6,100)**	(101,673)
Income available for distribution to Unitholders for the year/period	**36,373**	38,621
Amount available for distribution to Unitholders	**54,121**	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)
Distribution of 2.61 cents per Unit for the period from 1 July 2022 to 31 December 2022	**(17,675)**	–
Distribution of 0.31 cents per Unit for the period from 8 December 2022 to 31 December 2022	**(50)**	–
Distribution of 2.61 cents per Unit for the period from 1 January 2023 to 30 June 2023	**(18,123)**	–
Net amount available for distribution to Unitholders at end of the year/period	**18,273**	17,748
Distribution per Unit ("DPU") (cents):		
– DPU	**5.22**	5.70
Note A – Distribution Adjustments		
Manager's management fees paid/payable in Units	**1,349**	1,372
Fair value change in investment properties	**(14,309)**	(126,509)
Fair value change in derivatives	**(866)**	(870)
Unrealised forex (gain)/loss	**(142)**	245
Amortisation of loan/bond upfront fee	**1,581**	2,148
Deferred tax expenses	**6,072**	21,169
Issue costs partly reimbursed from government grant	**200**	400
Others	**15**	372
Total distribution adjustments	**(6,100)**	(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 year ended 31 December 2023

	Group		Trust	
	31 December 2023 S$'000	2 November 2021 (date of constitution) to 31 December 2022 S$'000	31 December 2023 S$'000	2 November 2021 (date of constitution) to 31 December 2022 S$'000
Unitholders' funds				
Balance at beginning of year/period	**649,746**	–	**427,015**	–
Operations				
Total return for the year/period attributable to Unitholders	**43,320**	141,329	**(15,278)**	(81,402)
Less: Amount reserved for distribution to perpetual securities holders	**(847)**	(1,035)	**(847)**	(1,035)
Net increase/(decrease) in net assets resulting from operations	**42,473**	140,294	**(16,125)**	(82,437)
Unitholders transactions				
Movement during the year/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	**1,349**	1,835	**1,349**	1,835
Distribution to unitholders	**(35,848)**	(20,873)	**(35,848)**	(20,873)
Net change in unitholders' transactions	**(34,499)**	509,452	**(34,499)**	509,452
Balance at end of the year/period	**657,720**	649,746	**376,391**	427,015
Foreign currency translation reserve				
Balance at beginning of year/period	**(96,535)**	–	**–**	–
Net change in foreign currency transaction reserve	**(43,482)**	(96,535)	**–**	–
Balance at end of the year/period	**(140,017)**	(96,535)	**–**	–
Net assets attributable to Unitholders	**517,703**	553,211	**376,391**	427,015
Perpetual securities				
Beginning balance of year/new units issued on listing	**35,792**	35,574	**35,792**	35,574
Amount reserved for distribution to perpetual securities holders	**847**	1,035	**847**	1,035
Distribution to perpetual securities holders	**(862)**	(817)	**(862)**	(817)
Balance at end of the year/period	**35,777**	35,792	**35,777**	35,792
Total	**553,480**	589,003	**412,168**	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 year ended 31 December 2023

	Note	Group Year ended 31 December 2023 S$'000	Group 2 November 2021 (date of constitution) to 31 December 2022 S$'000
Cash flows from operating activities:			
Net income before tax but after fair value changes		**49,709**	162,498
Adjustments for:			
Amortisation and straight lining of rents		**70**	(747)
Manager's fee paid in units	16	**1,349**	1,372
Manager's acquisition fee payable in units	16	**–**	463
Finance expenses	21	**4,813**	5,882
Amortisation of financing costs	21	**1,581**	2,148
Amortisation of prepaid expenses		**319**	372
Amortisation of leasing commission		**166**	–
Fair value change in investment properties	9	**(11,576)**	(121,485)
Fair value change in derivatives		**(866)**	(870)
Interest income		**(272)**	(75)
Operating income before working capital changes		**45,293**	49,558
Changes in working capital:			
Trade receivables		**(356)**	(366)
Prepaid expenses and other assets		**(481)**	(826)
Trade and other payables		**32**	10,892
Cash flows generated from operations		**44,488**	59,258
Taxes paid		**(23)**	–
Net cash flows generated from operating activities		**44,465**	59,258
Cash flows from investing activities:			
Acquisition of investment properties and related assets and liabilities		**(243)**	(885,722)
Receipt of security deposits		**15**	–
Payment of leasing commission		**(72)**	–
Cash flow used in investing activities		**(300)**	(885,722)[1]
Cash flows from financing activities:			
Repayments of lease liability	12	**(3,136)**	(4,121)
Proceeds from issuance of new units		**–**	552,375[2]
Payment of issue cost		**–**	(24,885)
Proceeds from grant		**–**	1,000
Proceeds from perpetual securities		**–**	35,574
Proceeds from debt financings	13	**–**	408,900[3]
Payments of deferred financing costs	13	**–**	(8,208)
Payment of the finance expenses		**(4,482)**	(4,835)
Payments of perpetual securities distribution		**(862)**	(817)
Distribution paid to unitholders		**(35,848)**	(20,873)
Receipt of interest		**238**	53
Restricted cash for financing activities		**–**	(54,260)
Net cash (used in)/generated from financing activities		**(44,090)**	879,903

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

	Note	Group Year ended 31 December 2023 S$'000	2 November 2021 (date of constitution) to 31 December 2022 S$'000
Net increase in cash and cash equivalents:		**75**	53,439
Cash and cash equivalents at beginning of the year/period		**48,938**	–
Effect of exchange rate changes on cash and cash equivalents		**(3,212)**	(4,501)
Cash and cash equivalents at end of the year/period	4	**45,801**	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.

STATEMENT OF PORTFOLIO

For the financial year ended 31 December 2023

Property	Geographic Area	Date of Construction	Tenure of Land	As at 31 December 2023 S$'000	% of Net Assets Attributable to Unitholders %	As at 31 December 2022 S$'000	% of Net Assets Attributable to Unitholders %
DPL Sapporo Higashi Kariki	Hokkaido and Tohoku	1 Feb 2018	Freehold	**119,499**	23.1	119,499	23.1
DPL Sendai Port	Hokkaido and Tohoku	10 Mar 2017	Freehold	**125,101**	24.2	125,101	24.2
DPL Koriyama	Hokkaido and Tohoku	6 Sep 2019	Freehold	**67,872**	13.1	67,872	13.1
D Project Maebashi S	Greater Tokyo	5 Nov 2018	Freehold	**34,449**	6.7	34,449	6.7
D Project Kuki S	Greater Tokyo	1 Aug 2014	Leasehold	**11,203**	2.2	11,203	2.2
D Project Misato S	Greater Tokyo	15 Feb 2015	Leasehold	**21,473**	4.1	21,473	4.1
D Project Iruma S	Greater Tokyo	18 Dec 2017	Freehold	**45,466**	8.8	45,466	8.8
DPL Kawasaki Yako	Greater Tokyo	1 Jun 2017	Leasehold	**196,055**	37.9	196,055	37.9
D Project Nagano Suzaka S	Greater Tokyo	25 Sep 2018	Freehold	**25,300**	4.9	25,300	4.9
DPL Shinfuji	Greater Nagoya	20 Sep 2017	Leasehold	**35,196**	6.8	35,196	6.8
D Project Kakegawa S	Greater Nagoya	1 May 2019	Freehold	**41,451**	8.0	41,451	8.0
DPL Okayama Hayashima	Chugoku	19 Sep 2017/ 30 Nov 2018	Leasehold	**42,385**	8.2	42,385	8.2
DPL Okayama Hayashima 2	Chugoku	30 Oct 2017	Leasehold[1]	**23,620**	4.6	23,620	4.6
D Project Fukuoka Tobara S	Kyushu	21 Feb 2019	Leasehold	**12,697**	2.5	12,697	2.5
DPL Iwakuni 1 & 2	Chugoku	28 Sep 2018/ 19 Mar 2020	Freehold	**21,286**	4.1	21,286	4.1
D Project Matsuyama S	Shikoku	31 Oct 1994/ 31 Jul 2017	Freehold	**8,850**	1.7	8,850	1.7
				831,903	160.9	883,961	159.8

(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.

	Carrying Value as at 31 December 2023 S$'000	% of Net Assets Attributable to Unitholders %	Carrying Value as at 31 December 2022 S$'000	% of Net Assets Attributable to Unitholders %
Investment properties	**831,903**	160.7	883,961	159.8
Other assets and liabilities (net)	**(278,423)**	(53.8)	(294,958)	(53.3)
Net Assets of the Group	**553,480**	106.9	589,003	106.5
Perpetual securities	**(35,777)**	(6.9)	(35,792)	(6.5)
Net assets attributable to Unitholders	**517,703**	100.0	553,211	100.0

As disclosed in the Statement of Financial Position

	31 December 2023 S$'000	31 December 2022 S$'000
Investment properties	**1,006,288**	1,075,651
Less:		
Right-of-use	**(157,970)**	(174,226)
Asset Retirement Obligation	**(16,415)**	(17,464)
Total investment properties, at valuation	**831,903**	883,961

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

These notes form an integral part of the financial statements.

1. GENERAL INFORMATION

Daiwa House Logistics 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 6 Shenton Way, #21-08 OUE Downtown, Singapore 068809.

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% of the base management fees in units and 50% in cash for the financial year ended 31 December 2023.

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 year ended 31 December 2023

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.

The Manager has elected to receive 100% of its performance fee in the form of cash for the financial year ended 31 December 2023.

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.

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.

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.

1. GENERAL INFORMATION (CONT'D)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

1. GENERAL INFORMATION (CONT'D)

(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.

(e) Japan asset management 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 of up to 0.15% of the purchase price of the trust beneficial interest ("TBI"); comprising an ongoing property operation and administrative fee of 0.10%-0.15% of the purchase price of TBI held by TMK, 0.10% of the purchase price of the TBI held by 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 Management 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.

As at 31 December 2023, the Group's current liabilities exceed its current assets by S$14.1 million. Notwithstanding the net current liabilities position, based on the Group's existing financial resources, the Manager is of the opinion that the Group will be able to refinance its borrowings and meet its current obligations as and when they fall due.

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.

2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgements (cont'd)

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

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.

2.5 Adoption of new and amended standards and interpretation

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023 (unless otherwise stated). The adoption of these standards did not have any material effect on the financial performance or position of the Group. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2 BASIS OF PREPARATION (CONT'D)

2.6 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 year ended 31 December 2023. 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: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IAS 1: Non-current Liabilities with Covenants	1 January 2024
Amendments to IFRS 16: Lease Liability in a Sale and Leaseback	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.

3 MATERIAL ACCOUNTING POLICY INFORMATION

The material 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.

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.

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.1 Basis of consolidation (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.2 Foreign currency (cont'd)

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.

3.3 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.

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.4 Leases (cont'd)

As lessee (cont'd)

(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;
- 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

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.

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.

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.5 Financial instruments (cont'd)

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.6 Impairment (cont'd)

Non-derivative financial assets (cont'd)

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.

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 MATERIAL ACCOUNTING POLICY INFORMATION (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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.11 Tax (cont'd)

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 at least 90% of its annual distributable income on a semi-annual basis. 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.

3.14 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.

4. CASH AND CASH EQUIVALENTS

	Group		Trust	
	2023	**2022**	**2023**	**2022**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Cash at bank	**37,955**	40,436	**1,254**	2,891
Fixed deposit	**7,846**	8,502	**7,846**	8,502
Cash and cash equivalents	**45,801**	48,938	**9,100**	11,393

Fixed deposit earns interest based on bank fixed deposit rates. The interest rates of fixed deposit placed with financial institutions range from 2.4% to 3.4% per annum (2022: 2.2% to 3.9% per annum) with average maturity ranging from one to three months.

The Group's and the Trust's exposure to foreign currency risk on cash and cash equivalents are disclosure in Note 25.

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		Trust	
	2023	**2022**	**2023**	**2022**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Trade receivables	**667**	346	**–**	–

Impairment losses

The ageing of trade receivables at the end of the reporting date is as follows:

	Gross		Impairment	
	2023	**2022**	**2023**	**2022**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Group				
Not past due	**667**	346	**–**	–
	667	346	**–**	–

The Group has trade receivables amounting to S$0.7 million (2022: 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

7. PREPAID EXPENSES AND OTHER ASSETS

	Group		Trust	
	2023 S$'000	2022 S$'000	2023 S$'000	2022 S$'000
Prepayment	**1,538**	1,305	**129**	–
Refundable deposits	**3,237**	3,713	**2**	2
Others	**69**	137	**33**	136
Amounts due from subsidiaries	**–**	–	**400,680**	450,538
	4,844	5,155	**400,844**	450,676

The amounts due from subsidiaries included loans to subsidiaries amounting to S$400.6 million (2022: S$450.5 million) which are unsecured, interest free and repayable on demand.

8. FINANCIAL DERIVATIVES

	Group		Trust	
	2023 S$'000	2022 S$'000	2023 S$'000	2022 S$'000
Derivative assets				
Current	**1,779**	1,123	**1,779**	1,123
Derivative liabilities				
Non-current	**(43)**	(253)	**(43)**	(253)
Total derivative financial instruments	**1,736**	870	**1,736**	870
Percentage of derivative financial instruments to net assets	**0.31%**	0.15%	**0.42%**	0.19%

The Group has entered into forward exchange contracts to manage its foreign currency risk. As at 31 December 2023, the notional principal amount of the financial instruments was S$28.0 million (2022: 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	
	2023 S$'000	2022 S$'000
Consolidated Statement of Financial Position		
At beginning of year/Acquisition value of investment properties as at 26 November 2021 (Listing Date)	**883,961**	866,155
Acquisition of investment properties	**–**	47,886[1]
Capital expenditure capitalised	**236**	190
Fair value changes in investment properties	**14,309**	126,509
Foreign exchange rate changes	**(66,603)**	(156,779)
Investment properties value at the end of year/period	**831,903**	883,961
Add: Right-of-use assets and assets corresponding to asset-retirement obligation	**174,385**	191,690
Carrying value of investment properties at the end of year/period	**1,006,288**	1,075,651
Consolidated Statement of Comprehensive Income		
Fair value changes in investment properties	**14,309**	126,509
Right-of-use assets and assets corresponding to asset-retirement-obligation	**(2,896)**	(3,735)
Amortisation and straight lining	**163**	(1,289)
Net fair value changes recognised in the statement of comprehensive income	**11,576**	121,485

(1) Including acquisition fees and acquisition costs

9. INVESTMENT PROPERTIES (CONT'D)

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$158.0 million (2022: S$174.2 million) have been included as part of the investment properties as at 31 December 2023 upon the adoption of IFRS 16 Leases. The remaining lease terms range from less than 11 years to 45 years as of 31 December 2023. In addition, an asset corresponding to asset-retirement-obligation of S$16.4 million (2022: S$17.5 million) have been included at fair value as at 31 December 2023.

All the investment properties are pledged as security to secure bank loans (see Note 13).

On 29 December 2023, the Group entered into a Conditional Capital Contribution Purchase Agreement ("CCPA") with DH Asia Investment Peony Pte. Ltd. where it intends to acquire a cold storage logistic facility located in Long An Province, Vietnam, known as D Project Tan Duc 2 (the "Property"), through the purchase of the entire charter capital of DH Logistics Management Vietnam Co., Ltd., (the "Target Company"). The agreed Property's value is Vietnamese Dong ("VND") 483.0 billion (approximately S$26.5 million). The final purchase consideration is conditional on the net asset value of the Target Company and will be determined as of the acquisition completion date which is expected to be in the second quarter of 2024.

On 31 January 2024, the Group, through its subsidiary DH-CRUX Japan TMK, has entered into a Trust Beneficial Interest Sale and Purchase Agreement with Daiwa House Industry Co., Ltd. to acquire a freehold property located in Ibaraki, Japan, known as DPL Ibaraki Yuki. The purchase consideration is JPY 2,640.0 million (approximately S$24.1 million) and the acquisition is expected to be completed in the first quarter of 2024.

Measurement of fair value

(i) Fair value hierarchy

As at 31 December 2023, 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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

9. INVESTMENT PROPERTIES (CONT'D)

Measurement of fair value (cont'd)

(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 2023: JPY 2,500 – JPY 7,150 (2022: JPY 2,500 – JPY 6,929)	Higher/(lower) rental rate would result in a higher/ (lower) fair value.
	Discount rate: 2023 3.30% – 4.80% (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 2023: 3.40% – 5.20% (2022: 3.45% – 5.35%)	
Direct capitalisation method	Rental rate per Tsubo/ 3.31 sq metres 2023: JPY 2,500 – JPY 7,150 (2022: JPY 2,500 – JPY 6,929)	Higher/(lower) rental rate would result in a higher/ (lower) fair value.
	Capitalisation rate 2023: 3.40% – 5.10% (2022: 3.45% – 5.25%)	Lower/(higher) capitalisation rate would result in a higher/ (lower) fair value.

10. INVESTMENT IN SUBSIDIARIES

	Trust	
	2023 S$'000	2022 S$'000
Unquoted equity investment at cost	1,532	1,504

10. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Effective equity interest held 2023 %	2022 %
DH-Crux Pte. Ltd.[1]	Singapore	Investment Holding	100%	100%
DH-Crux2 Pte. Ltd.[1]	Singapore	Investment Holding	100%	100%
DH-CRUX Japan Intermediate GK[2]	Japan	Investment Holding	100%	100%
DH-CRUX Japan TMK[2]	Japan	Property Holding	100%	100%
DH-MIMOSA GK[2]	Japan	Property Holding	100%	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		Trust	
	2023 S$'000	2022 S$'000	2023 S$'000	2022 S$'000
Current				
Trade payables	**59**	168	**55**	164
Other payables	**1,794**	1,456	**139**	212
Accrued expenses	**3,112**	3,569	**805**	1,260
Interest payable	**679**	628	**–**	–
Deferred revenue	**4,155**	4,449	**–**	–
	9,799	10,270	**999**	1,636
Non-current				
Asset retirement obligation	**16,415**	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		Trust	
	2023 S$'000	2022 S$'000	2023 S$'000	2022 S$'000
At the beginning of the financial year/period	**173,667**	–	**–**	–
Recognition due to acquisition of investment properties	**–**	219,726	**–**	–
De-recognition due to early termination[1]	**–**	(9,538)	**–**	–
Payments	**(3,136)**	(4,121)	**–**	–
Finance cost on lease liabilities	**2,796**	3,646	**–**	–
Exchange differences	**(15,842)**	(36,046)	**–**	–
At the end of the financial year/period	**157,485**	173,667	**–**	–
Current	**2,662**	2,788	**–**	–
Non-current	**154,823**	170,879	**–**	–
	157,485	173,667	**–**	–

(1) The de-recognition was 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.

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For the financial year ended 31 December 2023

13. LOANS AND BORROWINGS

	Group		Trust	
	2023	**2022**	**2023**	**2022**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Current				
Secured bank loan	**93,359**	–	**–**	–
	93,359	–	**–**	–
Non-current				
Secured bank loans	**214,726**	333,261	**–**	–
Secured bonds	**9,336**	10,099	**–**	–
Less: Unamortised transaction costs	**(3,201)**	(5,059)	**–**	–
	220,861	338,301	**–**	–
Total borrowings	**314,220**	338,301	**–**	–
Percentage of borrowings to net assets	**56.8%**	57.5%	**0.0%**	0.0%

The Group, through DH-CRUX Japan TMK ("DH TMK"), has the following debt facilities as of 31 December 2023:

(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 the previous financial period, the Group and Trust 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 2023, there is no loan drawn under the 2 unsecured facilities.

At the end of the financial year/period, the total available facilities for the Group and Trust amount to S$50.0 million (2022: S$50.0 million).

The outstanding principal, interest rate and maturity of the facilities as at 31 December 2023 are as set forth below:

			2023		2022	
	Nominal interest rate %	**Year of maturity**	**Face value S$'000**	**Carrying amount S$'000**	**Face value S$'000**	**Carrying amount S$'000**
Group						
Secured bank loans/bonds	0.90% – 1.40%	2024 – 2027	**317,421**	**314,220**	343,360	338,301

The weighted average all-in interest rate on borrowings as at 31 December 2023 was 0.99% (2022: 0.99%) per annum.

13. LOANS AND BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities:

		Financing cash flows		Others		
	1 January 2023 S$'000	Recognition/ repayment S$'000	Payment of transaction costs S$'000	Finance expense S$'000	Currency translation S$'000	31 December 2023 S$'000
Group						
Loans and borrowings	**338,301**	–	–	1,581	(25,662)	**314,220**
Lease liabilities	**173,667**	(3,136)	–	2,796	(15,842)	**157,485**

		Financing cash flows		Others		
	2 November 2021 (date of constitution) S$'000	Recognition/ repayment S$'000	Payment of transaction costs S$'000	Finance expense S$'000	Currency translation S$'000	31 December 2022 S$'000
Group						
Loans and borrowings	–	408,900	(8,208)	2,148	(64,539)	338,301
Lease liabilities	–	206,067	–	3,646	(36,046)	173,667

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).

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

14. DEFERRED TAX LIABILITIES

Deferred tax liabilities are attributable to the following:

	Group	
	2023 **S$'000**	**2022** **S$'000**
Investment properties	**23,425**	18,894
Other	**54**	31
	23,479	18,925

Movements in deferred tax liabilities of the Group for the financial year/period ended 31 December 2022 and 2023 are as follows:

	At 2 November 2021 (date of constitution) S$'000	**Statement of Comprehensive Income S$'000**	**At 31 December 2022 S$'000**	**Statement of Comprehensive Income S$'000**	**At 31 December 2023 S$'000**
Deferred tax liabilities					
Investment properties					
– Change in fair value of investment properties	–	15,635	15,635	1,827	**17,462**
– Tax depreciation	–	5,499	5,499	4,214	**9,713**
Other	–	35	35	31	**66**
Exchange differences	–	(2,244)	(2,244)	(1,518)	**(3,762)**
	–	18,925	18,925	4,554	**23,479**

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 (2022: S$35.8 million) presented in the Statements of Financial Position represents the carrying value of the S$35.4 million (2022: 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

	2023		2022	
	No of Units ’000	**S$’000**	**No of Units ’000**	**S$’000**
Units in issue				
As at beginning of year/period	**692,535**	**508,666**	–	–
Units issued during the financial year/ 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	**2,239**	**1,310**	1,464	1,049
– Issuance cost	**–**	**–**	–	(23,885)
– Acquisition fees paid in units	**729**	**463**	–	–
Distribution to Unitholders	**–**	**(35,848)**	–	(20,873)
Units issued at end of the year/period	**695,503**	**474,591**	692,535	508,666
Units to be issued				
– Acquisition fees payable in Units	**–**	**–**	729	463
– Manager’s base fee payable in Units	**563**	**362**	510	323
	563	**362**	1,239	786
Total Units issued and to be issued at end of the year/period	**696,066**	**474,953**	693,774	509,452

<u>During the financial year ended 31 December 2023</u>:

- Approximately 2,239,000 new Units were issued at issue prices ranging from S$0.55 to S$0.63 per Unit, amounting to S$1,310,808 as satisfaction of the Manager’s base fee payable in Units for the period from 1 October 2022 to 30 September 2023.

- There were approximately 563,000 units to be issued in satisfaction of the Manager’s base fee for the period from 1 October 2023 to 31 December 2023 on 4 March 2024.

<u>During the financial period ended 31 December 2022</u>:

- 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 Iwakuni 1 & 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

16. UNITS IN ISSUE AND TO BE ISSUED (CONT'D)

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.

17. NET ASSET VALUE PER UNIT

		Group		Trust	
	Note	2023 S$'000	2022 S$'000	2023 S$'000	2022 S$'000
Net asset value per Unit is based on:					
– Net assets (S$'000)		**517,703**	553,211	**376,391**	427,015
– Total Units issued and to be issued at 31 December ('000)	16	**696,066**	693,774	**696,066**	693,774
NAV and NTA per unit attributable to unitholders[1] (S$)		**0.74**	0.80	**0.54**	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	
	2023 S$'000	2022 S$'000
Rental income	**52,498**	61,172
Recoverable and other income	**7,354**	7,547
	59,852	68,719

19. PROPERTY OPERATING EXPENSES

	Group 2023 S$'000	Group 2022 S$'000
Property taxes	**5,405**	6,333
Utilities expenses	**4,633**	4,171
Property management fees and expenses	**1,033**	962
Building management expenses	**2,023**	2,377
Other operating expenses	**1,434**	1,891
	14,528	15,734

20. OTHER TRUST EXPENSES

Included in other trust expenses are the following:

	Group 2023 S$'000	Group 2022 S$'000
Auditors of the Group		
– Audit fees	**344**	530
– Non-audit fees	**101**	29
Valuation fees	**144**	269
Tax and legal expenses	**107**	210
Investor relations and related expenses	**200**	200
Other expenses	**880**	421
	1,776	1,659

21. FINANCE EXPENSES

	Group 2023 S$'000	Group 2022 S$'000
Interest expense	**1,659**	1,840
Amortisation of debt-related expense	**1,581**	2,148
Commitment and financing fees	**80**	14
Finance cost on lease liabilities and other liabilities	**3,074**	4,028
	6,394	8,030

22. TAX EXPENSES

	Group 2023 S$'000	Group 2022 S$'000
Current tax	**317**	–
Deferred tax	**6,072**	21,169
	6,389	21,169

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22. TAX EXPENSES (CONT'D)

	Group 2023 S$'000	Group 2022 S$'000
Reconciliation of effective tax rate		
Net income for the year before tax	**49,709**	162,498
Tax calculated using Singapore tax rate of 17%	**8,451**	27,625
Effect of different tax rate in foreign jurisdictions	**(2,147)**	(6,799)
Income not subject to tax	**(3,013)**	(12,642)
Expenses not deductible for tax purposes	**3,098**	12,985
	6,389	21,169

23. EARNINGS PER UNIT

Basic earnings per Unit is based on:

	Group 2023 S$'000	Group 2022 S$'000
Net income for the year/period	**43,320**	141,329

	Group 2023 No. of Units '000	Group 2022 No. of Units '000
Weighted average number of Units	**692,458**	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.

24. CAPITAL MANAGEMENT (CONT'D)

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% (2022: 50%) during the financial year, with an Aggregate Leverage of 35.2% (2022: 35.9%) and ICR of 11.9 times (2022: 11.8 times) as at 31 December 2023.

The Manager actively monitors the terms 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		Trust	
	2023 S$'000	**2022 S$'000**	**2023 S$'000**	**2022 S$'000**
Cash and cash equivalents	**1,220**	2,739	**1,211**	2,729
Other assets	**-**	–	**400,583**	450,488
Trade and other payables	**-**	(111)	**-**	(111)
	1,220	2,628	**401,794**	453,106

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Market risk (cont'd)

Foreign Currency risk (cont'd)

A 8.0% (2022: 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		Trust	
	2023 S$'000	**2022 S$'000**	**2023 S$'000**	**2022 S$'000**
JPY	**(90)**	(127)	**(29,763)**	(21,579)

A 8.0% (2022: 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

At the end of the financial year/period, the Group had S$317.4 million (2022: 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.

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.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Liquidity risk (cont'd)

The following are the contractual maturities of financial liabilities, including estimated interest payments:

	Carrying amount S$'000	Contractual cash flows S$'000	Cash flows Within 1 year S$'000	Within 2 to 5 years S$'000	More than 5 years S$'000
Group					
2023					
Non-derivative financial liabilities					
Trade and other payables[1]	**5,644**	**5,644**	**5,644**	**–**	**–**
Security deposits	**26,767**	**26,767**	**3,721**	**6,690**	**16,356**
Lease liabilities	**157,485**	**218,178**	**5,819**	**23,278**	**189,081**
Asset retirement obligation	**16,415**	**31,799**	**–**	**–**	**31,799**
Loans and borrowings	**314,220**	**321,078**	**94,432**	**226,646**	**–**
	520,531	**603,466**	**109,616**	**256,614**	**237,236**
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

	Carrying amount $'000	Contractual cash flows $'000	Cash flows Within 1 year $'000	Within 2 to 5 years $'000	More than 5 years $'000
Trust					
2023					
Non-derivative financial liabilities					
Trade and other payables	**999**	**999**	**999**	**–**	**–**
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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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.

Group	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
2023									
Financial assets measured at fair value									
Derivative assets	8	**–**	**–**	**1,779**	**1,779**	**–**	**1,779**	**–**	**1,779**
Financial liabilities not measured at fair value									
Loans and borrowings	13	**–**	**314,220**	**–**	**314,220**	**–**	**–**	**314,123**	**314,123**
Financial liabilities measured at fair value									
Derivative liabilities	8	**–**	**–**	**43**	**43**	**–**	**43**	**–**	**43**

Trust	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
2023									
Financial assets measured at fair value									
Derivative assets	8	**–**	**–**	**1,779**	**1,779**	**–**	**1,779**	**–**	**1,779**
Financial liabilities measured at fair value									
Derivative liabilities	8	**–**	**–**	**43**	**43**	**–**	**43**	**–**	**43**

26. FAIR VALUES OF ASSETS AND LIABILITIES (CONT'D)

(a) Classification and fair value of financial instruments (cont'd)

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			
Group	**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**
2022									
Financial assets measured at fair value									
Derivative assets	8	–	–	1,123	1,123	–	1,123	–	1,123
Financial liabilities not measured at fair value									
Loans and borrowings	13	–	338,301	–	338,301	–	–	337,161	337,161
Financial liabilities measured at fair value									
Derivative liabilities	8	–	–	253	253	–	253	–	253

		Carrying amount				Fair value			
Trust	**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**
2022									
Financial assets measured at fair value									
Derivative assets	8	–	–	1,123	1,123	–	1,123	–	1,123
Financial liabilities measured at fair value									
Derivative liabilities	8	–	–	253	253	–	253	–	253

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

26. FAIR VALUES OF ASSETS AND LIABILITIES (CONT'D)

(b) Measurement of fair values (cont'd)

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	
	2023	**2022**
	S$'000	**S$'000**
Within 1 year	**49,162**	55,888
After 1 year but within 5 years	**123,454**	147,985
After 5 years	**165,657**	206,177
	338,273	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.

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	
	2023	**2022**
	S$'000	**S$'000**
Trustee Fee paid and payable to Trustee	**144**	179
Rent from solar system paid and payable to a subsidiary of Sponsor	**(142)**	(124)
Japan asset management fees	**1,077**	1,255
Property management fees	**820**	890
Building management fees	**1,990**	2,317
Construction management fees	**47**	19
Lease contract administration fees	**72**	664
Ground rent paid to Sponsor	**6,370**	7,790
Electricity paid/payable to Sponsor and its subsidiary	**2,808**	3,132
Repair cost paid/payable to Sponsor or its subsidiaries	**142**	16
Insurance premium paid to a subsidiary of Sponsor	**14**	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	**2,733**	2,745
Distribution made to perpetual securities holder	**847**	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	
	2023 %	2022 %
Ratio of expenses to weighted average net assets[1]		
– including performance component of the Manager's management fees	**1.06**	0.85
– excluding performance component of the Manager's management fees	**1.05**	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.

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 23 January 2024, the Group has incorporated a subsidiary, DH-CRUX3 PTE. LTD. which has been designated as the purchaser in lieu of the DHLT trustee ("Designated Purchaser" or "DH-CRUX3") of the acquisition of the Target Company in Vietnam (please refer to Note 9 for further details). In this connection, the vendor, the DHLT trustee and the Designated Purchaser have entered into a novation agreement pursuant to which the rights and obligations of the DHLT trustee under the CCPA have been novated to DH-CRUX3 in lieu of the DHLT trustee in respect of the acquisition.

On 31 January 2024, the Group, through its subsidiary DH-CRUX Japan TMK, has entered into a Trust Beneficial Interest Sale and Purchase Agreement with Daiwa House Industry Co., Ltd. to acquire a freehold property located in Ibaraki, Japan, known as DPL Ibaraki Yuki. Please refer to Note 9 for further details.

On 28 February 2024, the Manager announced a distribution of 2.61 Singapore cents per Unit to DHLT Unitholders for the period from 1 July 2023 to 31 December 2023.

31. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements for the financial year ended 31 December 2023 were authorised for issue in accordance with a resolution of the directors on 14 March 2024.

ADDITIONAL INFORMATION

INTERESTED PERSON TRANSACTIONS

The transactions entered into with interested persons during FY2023, 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		
– Management fees		2,733	–
Daiwa House Industry Co., Ltd. and its subsidiaries and associates	Sponsor and controlling shareholder of the Manager		
– Rent from solar system paid/payable		(142)	–
– Japan asset management fees		1,077	–
– Property management fees		820	–
– Building management fees		1,990	–
– Construction management fees		47	–
– Lease contract administration fees		72	–
– Ground rent paid		6,370	–
– Electricity paid/payable		2,808	–
– Repair cost paid/payable		142	–
– Insurance premium paid		14	–
– Distribution made to perpetual securities holder		847	–
– Acquisition of property[1]		26,543	–
HSBC Institutional Trust Service (Singapore) Ltd	Trustee		
– Trustee fees		144	–

1. On 29 December 2023, the Group entered into a Conditional Capital Contribution Purchase Agreement ("**CCPA**") with DH Asia Investment Peony Pte. Ltd., a company incorporated in Singapore which is indirectly wholly owned by Daiwa House Industry Co., Ltd., to acquire a cold storage logistic facility located in Long An Province, Vietnam, known as D Project Tan Duc 2 (the "**Property**"), through the purchase of the entire charter capital of DH Logistics Management Vietnam Co., Ltd., (the "**Target Company**"). The agreed Property's value is VND 483.0 billion (approximately S$26.5 million). The final purchase consideration is conditional on the net asset value of the Target Company and will be determined as of the acquisition completion date which is expected to be in the second quarter of 2024.

The payments of the Manager's management 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 FY2023 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 FY2023, Units in DHLT were issued pursuant to the following:

(i) an aggregate of 2,239,201 Units ("**Management Fee Units**")[1] as payment for part of the Manager's base management fees; and

(ii) 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 4 March 2024, 562,858 Management Fee Units were issued to the Manager as payment for part of the Manager's base management fees for the period from 1 October 2023 to 31 December 2023.

ADDITIONAL DISCLOSURE FOR OPERATING EXPENSES

The total operating expenses incurred by the Group for the financial year from 1 January 2023 to 31 December 2023 amounted to S$5.8 million, which was equivalent to 1.1% of the Group's net asset value as at 31 December 2023. The amount included all fees and charges paid to the Manager and interested parties.

1 The Manager nominated Daiwa House Industry Co., Ltd. to receive such Management Fee Units.

STATISTICS OF UNITHOLDINGS

As at 11 March 2024

Issued and Fully Paid-Up Units: 696,065,910 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	558	11.31	534,900	0.08
1,001 – 10,000	2,878	58.34	18,283,900	2.62
10,001 – 1,000,000	1,474	29.88	76,072,408	10.93
1,000,001 AND ABOVE	23	0.47	601,174,702	86.37
TOTAL	**4,933**	**100.00**	**696,065,910**	**100.00**

TWENTY LARGEST UNITHOLDERS

No.	Name	Units	%
1	DBS NOMINEES (PRIVATE) LIMITED	196,076,160	28.17
2	RAFFLES NOMINEES (PTE.) LIMITED	106,932,570	15.36
3	CITIBANK NOMINEES SINGAPORE PTE LTD	79,577,404	11.43
4	DAIWA HOUSE ASSET MANAGEMENT ASIA PTE LTD	63,257,650	9.09
5	METRO ARC INVESTMENTS PTE LTD	51,625,000	7.42
6	BNP PARIBAS NOMINEES SINGAPORE PTE. LTD.	27,945,200	4.01
7	HSBC (SINGAPORE) NOMINEES PTE LTD	15,360,900	2.21
8	NOMURA SINGAPORE LIMITED	9,713,300	1.40
9	DB NOMINEES (SINGAPORE) PTE LTD	6,610,900	0.95
10	DBSN SERVICES PTE. LTD.	6,128,348	0.88
11	IFAST FINANCIAL PTE. LTD.	5,810,300	0.83
12	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	5,365,500	0.77
13	PHILLIP SECURITIES PTE LTD	5,208,270	0.75
14	MILLENNIUM SECURITIES PTE LTD	3,650,000	0.52
15	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	3,639,800	0.52
16	ABN AMRO CLEARING BANK N.V.	2,631,200	0.38
17	XIAO ZHONGMIN	2,418,000	0.35
18	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	1,860,800	0.27
19	DAIWA CAPITAL MARKETS SINGAPORE LIMITED	1,619,700	0.23
20	WONG SIEW WHYE	1,562,500	0.22
	TOTAL	**596,993,502**	**85.76**

SUBSTANTIAL UNITHOLDERS' UNITHOLDINGS AS AT 11 MARCH 2024

(As recorded in the Register of Substantial Unitholders' Unitholdings)

Name of Substantial Unitholder	Direct Interest Units	Direct Interest %	Deemed Interest Units	Deemed Interest %
Daiwa House Asset Management Asia Pte. Ltd.	63,257,650	9.09	–	–
Daiwa House Industry Co., Ltd.(1)	26,556,860	3.82	63,257,650	9.09
Metro ARC Investments Pte. Ltd.	51,625,000	7.42	–	–
Metro Holdings Ltd(2)	–	–	51,625,000	7.42
Eng Kuan Company Private Limited(3)	–	–	51,625,000	7.42
Ong Ching Ping(4)	–	–	51,625,000	7.42
Ong Jenn(4)	–	–	51,625,000	7.42
Ong Ling Ling(4)	–	–	51,625,000	7.42
Ong Sek Hian(4)	–	–	51,625,000	7.42

Notes:

(1) Daiwa House Asset Management Asia Pte. Ltd. (the "**Manager**") is wholly-owned by Daiwa House Industry Co., Ltd. ("**DHI**"). As such, DHI has a deemed interest in the 63,257,650 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.

DIRECTORS' UNITHOLDINGS AS AT 21 JANUARY 2024

(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 Director	Direct Interest Units	Direct Interest %	Deemed Interest Units	Deemed Interest %
Tan Jeh Wuan	300,000	0.043	–	–
Tan Juay Hiang	170,000	0.024	–	–
Jun Yamamura	90,000	0.013	–	–

PUBLIC 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 11 March 2024, approximately 79.6% 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 The Auditorium (Level 3),The Japanese Association, Singapore, 120 Adam Road, Singapore 289899 on **Tuesday, 23 April 2024 at 3.00 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 year ended 31 December 2023 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

(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
1 April 2024

NOTICE OF ANNUAL GENERAL MEETING

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.

   "**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 The Auditorium (Level 3), The Japanese Association, Singapore, 120 Adam Road, Singapore 289899. **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 the URL https://www.daiwahouse-logisticstrust.com/ and on SGXNET at the URL 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 the URL https://www.daiwahouse-logisticstrust.com/, and will also be made available on SGXNET at the URL 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 submit 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 **3.00 p.m. (Singapore time) on Tuesday, 9 April 2024**:

   (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 the URL https://www.daiwahouse-logisticstrust.com/, and will also be made available on SGXNET at the URL 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-AGM2024@boardroomlimited.com

in either case, by **3.00 p.m. (Singapore time) on Saturday, 20 April 2024**, being 72 hours before the time fixed for holding the AGM.

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 **3.00 p.m. (Singapore time) on Thursday, 11 April 2024**, being at least seven working days before the date of the AGM, to ensure their votes are submitted.

NOTICE OF ANNUAL GENERAL MEETING

9. The Annual Report for the financial year ended 31 December 2023 ("**Annual Report**") has been uploaded on SGXNET on 1 April 2024 at the URL https://www.sgx.com/securities/company-announcements and may be accessed at DHLT's website at the URL 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 Manager c/o the Unit Registrar, 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 Manager c/o the Unit Registrar at DHLT-AGM2024@boardroomlimited.com

   which should reach the Unit Registrar by **5.00 p.m. (Singapore time) on Monday, 8 April 2024**.

   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:**

    Unitholders should check DHLT's website at the URL https://www.daiwahouse-logisticstrust.com/ and SGXNET at the URL https://www.sgx.com/securities/company-announcements for the latest updates on the status of the AGM.

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 the URL https://www.daiwahouse-logisticstrust.com and may be accessed at Daiwa House Logistics Trust's ("**DHLT**") website at the URL https://www.sgx.com/securities/company-announcements. 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 1 April 2024 ("**Notice of AGM**").

IMPORTANT
1. The Annual General Meeting ("**AGM**") will be held in a wholly physical format at The Auditorium (Level 3), The Japanese Association, Singapore, 120 Adam Road, Singapore 289899 on **Tuesday, 23 April 2024 at 3.00 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 the URL https://www.daiwahouse-logisticstrust.com and on the SGX-ST's website at the URL 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 **3.00 p.m. (Singapore Time) on Thursday, 11 April 2024**, 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 The Auditorium (Level 3),The Japanese Association, Singapore, 120 Adam Road, Singapore 289899, on Tuesday, 23 April 2024 at 3.00 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 year ended 31 December 2023 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 ____________________ 2024

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

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Postage will be paid by addressee. For posting in Singapore only.

Daiwa House Logistics Trust

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

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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 the URL https://www.daiwahouse-logisticstrust.com, and will also be made available on the SGX-ST's website at the URL 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-AGM2024@boardroomlimited.com,

   in each case, by **3.00 p.m. (Singapore time) on Saturday, 20 April 2024**, being 72 hours before the time fixed for the AGM.

   Unitholders are strongly encouraged to submit completed instruments appointing a proxy(ies) electronically via email.

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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.

GLOSSARY

3PL	Third party logistics
AGM	Annual General Meeting
Annual Report	The annual report of DHLT
ARC	Audit and Risk Committee of the Manager
Board	Board of Directors of the Manager
BTS	Built-to-suit
CBD	Central business district
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CRO	Chief Risk Officer
Directors	Directors of the Manager
DHLT	Daiwa House Logistics Trust
DHLT Portfolio	DHLT's portfolio of properties
DPU	Distribution per Unit
ESG	Environmental, Social and Governance
F&B	Food and beverages
FP2022	Financial period from 26 November 2021 to 31 December 2022
FY2023	Financial year from 1 January 2023 to 31 December 2023
FY2024	Financial year from 1 January 2024 to 31 December 2024
GRI	Gross rental income
IPO	Initial public offering
JPY	Japanese Yen
km	Kilometres
Listing Date	26 November 2021, being the date on which DHLT was listed on the Main Board of the SGX-ST
Manager or DHAMA	Daiwa House Asset Management Asia Pte. Ltd., as the manager of DHLT
MWp	Megawatts peak
NAV	Net asset value
NLA	Net lettable area
NPI	Net property income
ROFR	Right of first refusal
REIT	Real estate investment trust
SGX-ST	Singapore Exchange Securities Trading Limited
sqm	Square metres
S$ or SGD	Singapore Dollar
Sponsor or DHI	Daiwa House Industry Co., Ltd.
Sponsor Group or Daiwa House Group	Sponsor and its subsidiaries
Sponsor ROFR	The ROFR granted by the Sponsor to the Trustee
Trust Deed	The trust deed dated 2 November 2021 entered into between the Manager and the Trustee constituting DHLT, and as may be amended, varied or supplemented from time to time
Trustee	HSBC Institutional Trust Services (Singapore) Limited, as the trustee of DHLT
TSE	Tokyo Stock Exchange
Unit(s)	An undivided interest in DHLT as provided for in the Trust Deed
Unitholder(s)	Holder(s) of Units
VND	Vietnamese Dong
WALE	Weighted average lease expiry
y-o-y	year-on-year

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CORPORATE DIRECTORY

Manager
Daiwa House Asset Management Asia Pte. Ltd.
(Company Registration Number: 202037636H)
6 Shenton Way
#21-08 OUE Downtown 2
Singapore 068809
Telephone: (65) 6202 0486
Email: ir@daiwahouse-lt.com
Website: www.daiwahouse-logisticstrust.com

Trustee
HSBC Institutional Trust Services (Singapore) Limited
10 Marina Boulevard
Marina Bay Financial Centre Tower 2
#45-01
Singapore 018983
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 year 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 Hirotsugu Otomo, Non-Independent Non-Executive Director
Mr Jun Yamamura, 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 Asia Pte. Ltd.
www. daiwahouse-logisticstrust.com