

CIRCULAR DATED 16 NOVEMBER 2022

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

This circular dated 16 November 2022 ("**Circular**") is issued by Daiwa House Asset Management Asia Pte. Ltd., in its capacity as manager of Daiwa House Logistics Trust ("**DHLT**", and the manager of DHLT, the "**Manager**") to holders of units in DHLT ("**Units**", and the holders of Units, "**Unitholders**"). Singapore Exchange Securities Trading Limited (the "**SGX-ST**") assumes no responsibility for the correctness of any of the statements or opinions made or reports contained in this Circular.

If you are in any doubt about its contents or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Approval in-principle has been obtained from the SGX-ST for the listing and quotation of the New Units (as defined herein) in DHLT to be issued on the Main Board of the SGX-ST. The SGX-ST's in-principle approval is not to be taken as an indication of the merits of the Proposed Acquisition (as defined herein), the Proposed Sponsor Subscription (as defined herein), the New Units or DHLT and/or its subsidiaries.

If you have sold or transferred all your Units, you should immediately forward this Circular, together with the Notice of the EGM dated 16 November 2022 (the "**Notice of EGM**") and the accompanying Proxy Form (as defined herein) in this Circular, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular shall not constitute or form part of an offer to sell or an invitation or solicitation of an offer to buy, purchase or subscribe for Units or other securities (whether in Singapore, the United States or any other jurisdictions), including the New Units. This Circular may not be sent to any person or any jurisdiction in which it would not be permissible to deliver the New Units or make an offer of the New Units, and the New Units may not be offered, sold, resold, transferred or delivered, directly or indirectly, to any such person or in any such jurisdiction.

DBS Bank Ltd. was the sole financial adviser for the initial public offering of DHLT (the "**IPO**"). DBS Bank Ltd. and Nomura Singapore Limited were the joint issue managers for the IPO. DBS Bank Ltd. and Nomura Singapore Limited assume no responsibility for the contents of this Circular.

Unless otherwise defined, all capitalised terms used in this section shall have the meanings ascribed to them in this Circular.



Daiwa House
Logistics Trust

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.

CIRCULAR TO UNITHOLDERS IN RELATION TO:

- (1) PROPOSED ACQUISITION OF TWO FREEHOLD LOGISTICS PROPERTIES AND UNDERLYING FREEHOLD LAND OF D PROJECT IRUMA S LOCATED IN JAPAN, AS AN INTERESTED PERSON TRANSACTION; AND**
- (2) PROPOSED SPONSOR SUBSCRIPTION**

**Independent Financial Adviser to the Independent Directors,
the Audit and Risk Committee of the Manager and to the Trustee**



RHB Bank Berhad

(UEN: S99FC5710J)

(Incorporated in Malaysia 196501000373 (6171-M))

IMPORTANT DATES AND TIMES FOR UNITHOLDERS

Last date and time for pre-registration for Extraordinary General Meeting (" EGM "), submission of questions in advance of the EGM, and lodgment of Proxy Forms	: Monday, 28 November 2022 at 2.00 p.m.
Date and time of the EGM to be held wholly via electronic means ⁽¹⁾	: Thursday, 1 December 2022 at 2.00 p.m.

Note:

- (1) As a precautionary measure due to the evolving COVID-19 situation in Singapore, a Unitholder will not be able to attend the EGM physically. Instead, alternative arrangements have been put in place to allow Unitholders to participate in the EGM via electronic means. (See **paragraph 10** of the Letter to Unitholders, **Appendix F** (Procedures for Extraordinary General Meeting) and **Appendix G** (Notice of Extraordinary General Meeting) of this Circular for further details.) Due to the constantly evolving COVID-19 situation in Singapore, the Manager may be required to change the arrangements for the EGM at short notice. Unitholders should check DHLT's website at the URL <https://www.daiwahouse-logisticstrust.com> and the website of the SGX-ST at the URL <https://www.sgx.com/securities/company-announcements> for the latest updates on the status of the EGM.

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CORPORATE INFORMATION

Directors of the Manager (the “Directors”)	:	Mr Tan Jeh Wuan (Chairman and Independent Non-Executive Director)
		Mr Tan Juay Hiang (Independent Non-Executive Director and Chairman of the Audit and Risk Committee)
		Mr Takashi Suzuki (Independent Non-Executive Director)
		Mr Yoshiyuki Takagi (Non-Independent Non-Executive Director)
		Mr Eiichi Shibata (Non-Independent Non-Executive Director)
		Mr Takeshi Fujita (Non-Independent Executive Director and Chief Executive Officer)
Registered Office of the Manager	:	8 Marina View #14-09 Asia Square Tower 1 Singapore 018960
Trustee of DHLT (the “Trustee”)	:	HSBC Institutional Trust Services (Singapore) Limited 10 Marina Boulevard #48-01 Marina Bay Financial Centre Tower 2 Singapore 018983
Legal Adviser for the Proposed Acquisition and the Proposed Sponsor Subscription and to the Manager	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Legal Adviser for the Proposed Acquisition and the Proposed Sponsor Subscription as to Japanese Law	:	Mori Hamada & Matsumoto Marunouchi Park Building 2-6-1 Marunouchi Chiyoda-ku, Tokyo 100-8222 Japan
Legal Adviser to the Trustee	:	Dentons Rodyk & Davidson LLP 80 Raffles Place #33-00 UOB Plaza 1 Singapore 048624
Unit Registrar and Unit Transfer Office (the “Unit Registrar”)	:	Boardroom Corporate & Advisory Services Pte. Ltd. 1 Harbourfront Avenue #14-07 Keppel Bay Tower Singapore 098632

- Independent Financial Adviser to the Independent Directors, the Audit and Risk Committee of the Manager and to the Trustee (“IFA”)** : RHB Bank Berhad, through its Singapore branch
90 Cecil Street
#04-00 RHB Bank Building
Singapore 069531
- Independent Valuers (the “Independent Valuers”)** : Savills Japan Valuation G.K. (“**Savills**”)
(appointed by the Trustee)
Yurakucho Itocia 15F
2-7-1 Yurakucho,
Chiyoda-ku, Tokyo 100-0006 Japan
- CBRE K.K. (“**CBRE**”)
(appointed by the Manager)
2-1-1 Marunouchi,
Chiyoda-ku, Tokyo 100-0005 Japan
- Independent Market Research Consultant (the “Independent Market Research Consultant”)** : CBRE K.K.
2-1-1 Marunouchi,
Chiyoda-ku, Tokyo 100-0005 Japan

CERTAIN DEFINED TERMS AND CONVENTIONS

In this Circular, references to “S\$”, “SGD”, “Singapore dollars” or “cents” are to the lawful currency of the Republic of Singapore and references to “¥”, “JPY”, “Japanese yen” or “yen” are to the lawful currency of Japan. Certain monetary amounts set out in this Circular have been subject to rounding adjustments. Accordingly, figures shown as totals in tables may not be an arithmetic aggregation of the figures that precede them.

For illustrative purposes, unless otherwise indicated, in this Circular, certain JPY amounts have been translated into Singapore dollars based on the exchange rate of S\$1.00 = JPY 98.0. Such translations should not be construed as representations that the JPY amounts referred to could have been, or could be, converted into Singapore dollars, as the case may be, at that or any other rate or at all and vice versa.

Unless otherwise defined, capitalised terms used in this Circular shall have the meanings set out in the Glossary.

Any discrepancies in the tables, graphs and charts in this Circular between the listed amounts and totals thereof are due to rounding. Accordingly, figures shown as tables in this Circular may not be an arithmetic aggregation of the figures that precede them. Save in the case of figures relating to the distributions per Unit (“**DPU**”) which are rounded to two decimal places, and unless otherwise indicated, where applicable, figures and percentages are rounded to one decimal place. Measurements in square metres (“**sq m**”) are converted to square feet (“**sq ft**”) and vice versa based on the conversion rate of 1.0 sq m = 10.7639 sq ft. Measurements in tsubo are converted to sq m and vice versa based on the conversion rate of 1.0 tsubo = 3.3058 sq m. References to “Appendix” or “Appendices” are to the appendices set out in this Circular. All references in this Circular to dates and times shall mean Singapore dates and times unless otherwise specified.

(Unless otherwise stated herein, the industry and market-related data and information in this Circular (including **paragraphs 4.1 to 4.5** of the Letter to Unitholders) have been extracted from the independent market research report dated August 2022 which has been prepared by the Independent Market Research Consultant, as set out in **Appendix D** of this Circular (the “**Independent Market Research Report**”). In preparing the Independent Market Research Report, the Independent Market Research Consultant relied on a variety of source data from professional consultants or statistical providers. The data points and time periods are determined by the relevant professional consultants or statistical providers, and the selection of data points and time periods depends on various factors including but not limited to (i) statistical relevance, (ii) availability of relevant historical data and (iii) level of confidence of the periods being forecasted.)

Unless otherwise specified, all information relating to the Existing Portfolio, the Enlarged Portfolio and the Target Properties (each as defined herein) in this Circular is as at 30 June 2022.

SUMMARY

The following summary should be read in conjunction with the full text of this Circular. Meanings of defined terms may be found in the Glossary on pages 76 to 84 of this Circular.

OVERVIEW

Overview of DHLT

DHLT is a Singapore real estate investment trust established with the investment strategy of principally investing in a portfolio of income-producing logistics and industrial real estate assets located across Asia.

DHLT is managed by the Manager, a direct wholly-owned subsidiary of Daiwa House Industry Co., Ltd. (the “**Sponsor**” or “**Seller**”). DHLT was listed on the Main Board of the SGX-ST on 26 November 2021 and is authorised as a collective investment scheme under Section 286 of the Securities and Futures Act 2001 (“**SFA**”).

As at 4 November 2022, being the latest practicable date prior to the date of issuance of this Circular (the “**Latest Practicable Date**”), the existing portfolio of DHLT comprises 14 logistics properties in Japan with an aggregate net lettable area (“**NLA**”) of approximately 423,920 sq m and a total land area of approximately 420,393 sq m¹ (the “**Existing Portfolio**” or “**IPO Properties**”).

Overview of the Proposed Acquisition

The Manager proposes that DHLT acquires two freehold properties (comprising the underlying freehold land and the buildings thereon), namely DPL Iwakuni 1 & 2 and D Project Matsuyama S, and the underlying freehold land of D Project Iruma S² (the “**D Project Iruma S Land**”, and together with DPL Iwakuni 1 & 2 and D Project Matsuyama S, the “**Target Portfolio**” or “**Target Properties**” and each, a “**Target Property**”) (the “**Proposed Acquisition**”). DPL Iwakuni 1 & 2 and D Project Matsuyama S have an aggregate NLA (excluding D Project Iruma S Land) of approximately 20,808 sq m. The Target Properties have a total land area of approximately 50,046 sq m.

In connection with the Listing, the Sponsor had on 9 November 2021 granted to the Trustee a right of first refusal over certain of the Sponsor’s properties and its subsidiaries subject to the terms therein (the “**ROFR**”). The scope of the ROFR covers the Target Properties.

The Aggregate Value (as defined herein) of the Target Portfolio is approximately JPY 5,301.5 million (S\$54.1 million). Taking into account the Average Value (as defined herein) of each Target Property, the aggregate purchase consideration for the Target Properties agreed between the Sponsor and DHLT on a willing-buyer and willing-seller basis, payable by DHLT for the Target

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

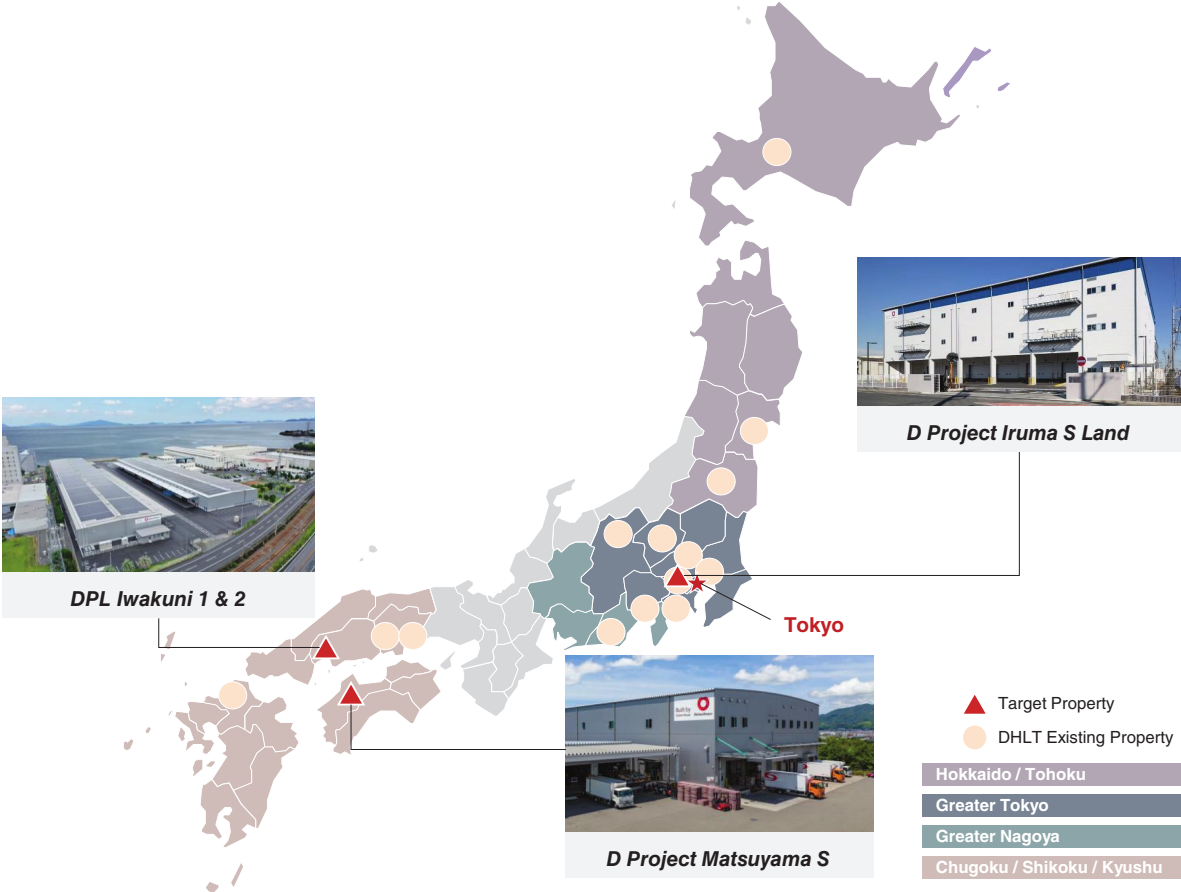
2 D Project Iruma S itself is a property within DHLT’s Existing Portfolio. Currently, DHLT indirectly owns the TBI (as defined herein) of a leasehold interest on D Project Iruma S Land expiring on 31 December 2048 (the “**Leasehold**”) and the building on D Project Iruma S, which was acquired from the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

Properties, is JPY 4,676.0 million (S\$47.7 million) (the “**Aggregate Purchase Consideration**”) (see details under the section titled “Aggregate Purchase Consideration and Valuation” under “Resolution 1: The Proposed Acquisition, as an Interested Person Transaction” and **paragraph 2.3** of the Letter to Unitholders).

The total cost of the Proposed Acquisition (the “**Total Acquisition Cost**”) is estimated to be approximately JPY 5,507.9 million (S\$56.2 million) (see details under the section titled “Total Acquisition Cost” under “Resolution 1: The Proposed Acquisition, as an Interested Person Transaction” and **paragraph 2.4** of the Letter to Unitholders).

The Aggregate Purchase Consideration is intended to be funded by debt, proceeds from the proposed issuance of Units (“**New Units**”) to the Sponsor (the “**Proposed Sponsor Subscription**”) (see details under “Resolution 2: The Proposed Sponsor Subscription”) and internal resources of DHLT.

A brief overview of the Target Properties, including their geographical locations, is set out in the diagram below.



SUMMARY OF APPROVALS SOUGHT

The Manager seeks approval from Unitholders for the resolutions (the “**Resolutions**” and each, a “**Resolution**”) stated below:

- (1) **Resolution 1:** the Proposed Acquisition, as an interested person transaction (Ordinary Resolution³); and
- (2) **Resolution 2:** the Proposed Sponsor Subscription (Ordinary Resolution) (collectively, the “**Transactions**”).

Unitholders should note that Resolutions 1 and 2 are inter-conditional and DHLT will only proceed with the Transactions if both of the Resolutions are approved.

However, Unitholders should note that even in the event that both Resolutions 1 and 2 are approved, there is no assurance that both the Proposed Acquisition and the Proposed Sponsor Subscription will complete. The Proposed Acquisition and the Proposed Sponsor Subscription each remains subject to the terms of the DHI TBI SPA (as defined herein) and the Subscription Agreement (as defined herein) respectively. For example, while the Proposed Acquisition is conditional upon the completion of the Proposed Sponsor Subscription, completion of the Proposed Sponsor Subscription is not conditional upon the completion of the Proposed Acquisition. As such, there remains a possibility that the Proposed Sponsor Subscription completes but the Proposed Acquisition does not.

RESOLUTION 1: THE PROPOSED ACQUISITION, AS AN INTERESTED PERSON TRANSACTION

DH-CRUX Japan Tokutei Mokuteki Kaisha (“**DH TMK**”), a *tokutei mokuteki kaisha* (“**TMK**”), being a special purpose company (“**SPC**”) indirectly held by DHLT, and the Seller have on 21 September 2022 entered into a trust beneficial interest sale and purchase agreement (the “**DHI TBI SPA**”) for DH TMK to acquire from the Seller the trust beneficial interests (“**TBIs**”) in each of the Target Properties (the “**DHI TBIs**”). (See **paragraphs 2.2** and **2.6** of the Letter to Unitholders for further details on the DHI TBI SPA. See **paragraph 2.2** of the Letter to Unitholders for further details on the overall structure of the Proposed Acquisition.)

³ “**Ordinary Resolution**” means a resolution proposed and passed as such by a majority being greater than 50.0% of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the trust deed dated 2 November 2021 constituting DHLT, as may be amended, modified, varied and/or supplemented from time to time (the “**Trust Deed**”).

Description of the Target Properties

The table below sets out a summary of selected information on the Target Properties.

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

Notes: Unless otherwise specified, all property-related information is as at 30 June 2022.

- (1) Currently, DHLT (through DH-MIMOSA GK (“TK Operator (GK2)”), as part of the *tokumei kumiai-godo kaisha* structure in DHLT’s existing Japan property holding structure) owns the TBI of the Leasehold and the building on D Project Iruma S, which was acquired from the Seller at the Listing. The TBI of the Leasehold is currently being recorded as a right-of-use asset in the balance sheet of DHLT. After the Proposed Acquisition, it is intended that DHLT will continue to indirectly hold the TBI of the Leasehold and the building on D Project Iruma S through TK Operator (GK2), and DHLT will also indirectly hold the TBI of D Project Iruma S Land through DH TMK. Collectively, DHLT will, in substance, through the TBIs, own the full freehold property of D Project Iruma S after the completion of the Proposed Acquisition. As such, the TBIs of the Leasehold and D Project Iruma S Land will be reflected as a single freehold investment property in the consolidated balance sheet of DHLT after the completion of the Proposed Acquisition.
- (2) Based on the actual exchange rate of S\$1.00 : JPY 89.09 as adopted in the profit and loss statement of the FP2022 Unaudited Financial Statements (as defined herein).
- (3) By acquiring D Project Iruma S Land, DHLT will improve its operating cashflow by saving on land rent payments for the Leasehold which it presently owns in respect of D Project Iruma S.
- (4) The calculation of WALE of each relevant Target Property is based on the total NLA of the relevant Target Property, which is the same as its occupied NLA since the occupancy rate of each relevant Target Property as at 30 June 2022 is 100.0%.
- (5) On 10 August 2022, the lease in respect of D Project Matsuyama S was renewed for seven years, and accordingly, the resultant WALE is 7.1 years.

(See **paragraph 2.1** of the Letter to Unitholders for further details.)

Aggregate Purchase Consideration and Valuation

The Trustee has commissioned an independent valuer, Savills, and the Manager has commissioned an independent valuer, CBRE, to respectively value the Target Properties⁴.

The Aggregate Purchase Consideration, which was negotiated on a willing-buyer and willing-seller basis, taking into consideration the independent valuations by the Independent Valuers as at 30 June 2022, is JPY 4,676.0 million (S\$47.7 million), which is at a discount of JPY 625.5 million (S\$6.4 million) or approximately 11.8% to the aggregate of the Average Values of the Target Properties as at 30 June 2022 of JPY 5,301.5 million (S\$54.1 million) (the “**Aggregate Value**”)⁵.

The Independent Valuers valued DPL Iwakuni 1 & 2 and D Project Matsuyama S using both the discounted cash flow method and the direct capitalisation method. For the purposes of determining the value of DPL Iwakuni 1 & 2 and D Project Matsuyama S, the Independent Valuers assumed that the properties are sold in the market in their existing state without any particular arrangement or benefit, such as any deferred terms contract, leaseback, joint venture, management agreement or any other similar arrangement or benefits that would affect the value of the properties. Additionally, the Independent Valuers assumed an occupancy rate of 100.0% as at 30 June 2022 for the buildings situated on DPL Iwakuni 1 & 2 and D Project Matsuyama S.

(See **Appendix C** of this Circular for further details on the assumptions made by the Independent Valuers in arriving at the value of DPL Iwakuni 1 & 2 and D Project Matsuyama S.)

For D Project Iruma S Land, the value of D Project Iruma S Land is implied based on the difference between the appraisal value⁶ of D Project Iruma S as a freehold property (comprising the freehold land and the tenant-occupied building thereon) as at 30 June 2022 (the “**Iruma Appraisal Value**”) and the reference value⁷ of D Project Iruma S as a leasehold property (comprising the fixed-term leasehold land and the tenant-occupied building thereon) as at 30 June 2022 (the “**Iruma Reference Value**”).

4 In respect of D Project Iruma S Land, the Independent Valuers were commissioned to conduct independent valuations to determine the Iruma Appraisal Value (as defined herein) and the Iruma Reference Value (as defined herein). Each of the two implied values of D Project Iruma S Land represents the difference between each Independent Valuer’s Iruma Appraisal Value and its Iruma Reference Value.

5 The Aggregate Value of the Target Portfolio is the aggregate of all the Average Values of the Target Properties and is approximately JPY 5,301.5 million (S\$54.1 million). “**Average Value**” means (a) (with respect to each Target Property (other than D Project Iruma S Land)) the average of the two independent valuations of the Target Property (other than D Project Iruma S Land) conducted by the Independent Valuers as at 30 June 2022, and (b) (with respect to D Project Iruma S Land) the average of the two implied values of D Project Iruma S Land (each being each Independent Valuer’s Iruma Appraisal Value less its Iruma Reference Value). The Independent Valuers were commissioned to determine the Iruma Appraisal Value and the Iruma Reference Value.

6 The term “**appraisal value**” means the result of an appraisal in accordance with the Real Estate Appraisal Standards in Japan under the “Guideline on the Determination of the Objectives and Scope of Work for Real Estate Valuation by Licensed Real Estate Appraisers and the Matters Required to Be Stated in Reports” stipulated by the Ministry of Land, Infrastructure, Transport and Tourism of Japan (the “**Guidelines**”).

7 The term “**reference value**” refers to the opinion of a valuer which is deemed to be equivalent in nature to a value which represents the result of a valuation under the Guidelines which is not in accordance with the Real Estate Appraisal Standards in Japan. To arrive at the reference value of D Project Iruma S as a leasehold property (comprising the fixed-term leasehold land and the tenant-occupied building thereon), the Independent Valuers had updated the valuations from their last appraisals of D Project Iruma S as a leasehold property (comprising the fixed-term leasehold land and the tenant-occupied building thereon) as at 30 June 2021 (in the case of Savills) and as at 31 December 2021 (in the case of CBRE). For the avoidance of doubt, the “reference value” is not an “appraisal value”.

The Independent Valuers determined the Iruma Appraisal Value using both the discounted cash flow method and the direct capitalisation method and determined the Iruma Reference Value using the discounted cash flow method. For the purposes of determining the Iruma Appraisal Value, the Independent Valuers assumed that D Project Iruma S as a freehold property is sold in the market in its existing state without any particular arrangement or benefit, such as any deferred terms contract, leaseback, joint venture, management agreement or any other similar arrangement or benefits that would affect the value of the property. Additionally, the Independent Valuers assumed an occupancy rate of 100.0% as at 30 June 2022 for the building situated on D Project Iruma S.

(See **Appendix C** of this Circular for further details on the assumptions made by the Independent Valuers in arriving at the Iruma Appraisal Value.)

For the purposes of determining the Iruma Reference Value using the discounted cash flow method, the Independent Valuers assumed a holding period of 10 years with a 100.0% occupancy of the building.

According to the Independent Valuers, in the case of a company which owns a leasehold property (comprising a fixed-term leasehold interest in land and a tenant-occupied building thereon) and intends to buy the underlying fee interest in land, given that the property post-acquisition will be a freehold property (comprising the underlying freehold land and the tenant-occupied building thereon), the difference between the valuation of the freehold property and the valuation of the leasehold property can generally be deemed as the value for the underlying fee interest in land (assuming no value is attributed to the right to use the building thereon beyond the existing leasehold term), and this is in line with the intent of the Real Estate Appraisal Standards in Japan. In this respect, Savills has confirmed that in the case of the proposed acquisition by DHLT of the underlying fee interest in D Project Iruma S Land, the difference between the Iruma Appraisal Value and the Iruma Reference Value can be deemed as the value for the underlying fee interest in D Project Iruma S Land, if there is no attribution of value increment to the tenant-occupied building on the fixed-term leasehold land in D Project Iruma S. In addition, CBRE has confirmed that if the Seller and DHLT have agreed for the purchase price for D Project Iruma S Land to be the difference between the Iruma Appraisal Value and the Iruma Reference Value, CBRE will raise no objection to such purchase price.

(See the independent property valuation summary reports as set out in **Appendix C** of this Circular and the full valuation reports issued by Savills and CBRE on 9 September 2022 and 21 September 2022 respectively in respect of DPL Iwakuni 1 & 2, D Project Matsuyama S and D Project Iruma S (the “**Full Valuation Reports**”) for more details on the various assumptions made by the Independent Valuers.)

The table below sets out a comparison of the purchase consideration of each of DPL Iwakuni 1 & 2 and D Project Matsuyama S against its Average Value.

Name of Target Property	Independent Valuation by CBRE (¥ million) (S\$ million)	Independent Valuation by Savills (¥ million) (S\$ million)	Average Value (¥ million) (S\$ million)	Purchase Consideration (¥ million) (S\$ million)	Discount which the Purchase Consideration bears to the Average Value (%)
DPL Iwakuni 1 & 2 (A)	¥2,220.0 S\$22.7	¥2,240.0 S\$22.9	¥2,230.0 S\$22.8	¥1,900.0 S\$19.4	14.8% discount
D Project Matsuyama S (B)	¥891.0 S\$9.1	¥912.0 S\$9.3	¥901.5 S\$9.2	¥800.0 S\$8.2	11.3% discount

The table below sets out a comparison of the purchase consideration of D Project Iruma S Land against its Average Value.

Name of Target Property	Implied Value (being CBRE's Iruma Appraisal Value less CBRE's Iruma Reference Value) ⁽¹⁾ (¥ million) (S\$ million)	Implied Value (being Savills' Iruma Appraisal Value less Savills' Iruma Reference Value) ⁽²⁾ (¥ million) (S\$ million)	Average Value (¥ million) (S\$ million)	Purchase Consideration (¥ million) (S\$ million)	Discount which the Purchase Consideration bears to the Average Value (%)
D Project Iruma S Land (C)	¥2,120.0 S\$21.6	¥2,220.0 S\$22.7	¥2,170.0 S\$22.1	¥1,976.0 S\$20.2	8.9% discount

Notes:

(1) CBRE was commissioned by the Manager to determine the Iruma Appraisal Value and the Iruma Reference Value.

(2) Savills was commissioned by the Trustee to determine the Iruma Appraisal Value and the Iruma Reference Value.

The table below sets out a comparison of the Aggregate Purchase Consideration against the Aggregate Value.

Aggregate (¥ million) (S\$ million) (A) + (B) + (C)	¥5,231.0 million S\$53.4 million	¥5,372.0 million S\$54.9 million	¥5,301.5 million S\$54.1 million	¥4,676.0 million S\$47.7 million	11.8% discount
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Total Acquisition Cost

The Total Acquisition Cost is estimated to be approximately JPY 5,507.9 million (S\$56.2 million), comprising:

- (i) JPY 4,676.0 million (S\$47.7 million), being the Aggregate Purchase Consideration;
- (ii) the acquisition fee payable to the Manager pursuant to the Trust Deed for the Proposed Acquisition (the "**Acquisition Fee**") of approximately JPY 46.8 million (S\$0.5) million (representing 1.0% of the Aggregate Purchase Consideration)⁸;
- (iii) refundable consumption tax⁹ (the "**Refundable Consumption Tax**") of approximately JPY 235.0 million (S\$2.4 million);

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

9 The Refundable Consumption Tax is the consumption tax paid in relation to the acquisition of the Target Portfolio, as well as consumption tax associated with relevant acquisition costs and financing-related cost for acquiring the Target Properties, all of which is expected to be refunded by end of June 2023.

- (iv) cash reserves which are expected to be required by lenders under the Loan Facilities (as defined herein)¹⁰ and other debt-related costs¹¹ of approximately JPY 199.9 million (S\$2.0 million); and
- (v) the professional and other fees and expenses of approximately JPY 350.2 million (S\$3.6 million) incurred or to be incurred by DHLT in connection with the Proposed Acquisition.

Method of Financing

The Manager intends to finance the Total Acquisition Cost, less the Acquisition Fee (which will be paid through the issue of Acquisition Fee Units (as defined herein)), in the following manner:

- (i) JPY 1,250.0 million (S\$12.8 million)¹² through the Proposed Sponsor Subscription; and
- (ii) JPY 4,000.0 million (S\$40.8 million) through secured loan facilities (the “**Loan Facilities**”)¹³; and
- (iii) the remaining costs (including the Refundable Consumption Tax¹⁴) through internal resources of DHLT.

With respect to the Loan Facilities, it is envisaged that the following security interests will be created to secure the obligations of DH TMK as the borrower under the Loan Facilities: (i) revolving pledges over the TBIs in each of the IPO Properties (the “**IPO Properties TBIs**”) and each DHI TBI to be acquired pursuant to the Proposed Acquisition; (ii) revolving mortgages over all real estate corresponding to the IPO Properties TBIs and DHI TBIs (conditional upon the termination of the trust pursuant to the relevant trust agreement); (iii) revolving pledge over claims pursuant to insurance agreements for all real estate corresponding to the IPO Properties TBIs and the DHI TBIs (conditional upon the termination of the trust pursuant to the relevant trust agreement); (iv) revolving pledge over the specified shares in DH TMK; and (v) revolving pledges over TK interests held by DH TMK in TK Operator (GK2).

Payment of the Acquisition Fee in Units

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

10 These refer to cash reserves which are expected to be required by lending banks to be set aside for capital expenditure, property tax, cost to operate special purpose vehicles, interest expenses and insurance premium. The cash reserves will be recognised as restricted cash in DHLT’s financial statements and will include an interest reserve which includes an estimated interest payment of six months to be set aside.

11 The debt-related costs include upfront fees and facility agent fees but do not include other interest payments.

12 The actual SGD equivalent amount will be determined based on the Agreed Exchange Rate (as defined herein) to be determined on the Price Determination Date (as defined herein) in accordance with the Subscription Agreement.

13 It is currently intended that the Loan Facilities will adopt a similar debt financing structure to the debt financing structure set out on pages 155 to 163 of the prospectus dated 19 November 2021 in connection with the Listing (the “**Prospectus**”). The commercial terms of the Loan Facilities are still subject to ongoing negotiations, although the Loan Facilities are currently expected to be based on similar contractual terms as the loan master agreement entered into by DH TMK in connection with the Listing and as disclosed in the Prospectus.

14 While it was originally envisaged that the Refundable Consumption Tax would be funded by a loan, it has been decided that the Refundable Consumption Tax will be entirely funded out of DHLT’s internal resources instead.

As the Proposed Acquisition will constitute an “interested party transaction” under the Property Funds Appendix, 100.0% of the Acquisition Fee payable to the Manager in respect of the Proposed Acquisition will be in the form of Units (the “**Acquisition Fee Units**”), the issue price of which shall be determined in accordance with the Trust Deed¹⁵, and shall not be sold within one year from the date of issuance in accordance with Paragraph 5.7 of the Property Funds Appendix.

Requirement for Unitholders’ Approval

Interested Person Transaction Pursuant to the Listing Manual and Interested Party Transaction Pursuant to the Property Funds Appendix

As the Manager is a direct wholly-owned subsidiary of the Seller, the Seller is regarded as a “controlling shareholder” of the Manager for the purposes of both the listing manual of the SGX-ST (the “**Listing Manual**”) and the Property Funds Appendix. As such, the Seller is considered (under Chapter 9 of the Listing Manual) an “interested person” of DHLT and (under the Property Funds Appendix) an “interested party” of DHLT. Accordingly, the Proposed Acquisition will constitute an “interested person transaction” under Chapter 9 of the Listing Manual and an “interested party transaction” under the Property Funds Appendix.

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

As the value of the Proposed Acquisition exceeds 5.0% of DHLT’s latest unaudited¹⁶ net tangible assets (“**NTA**”) and net asset value (“**NAV**”), Unitholders’ approval is required in respect of the Proposed Acquisition.

Accordingly, the Manager is seeking Unitholders’ approval for the Proposed Acquisition by way of an Ordinary Resolution. (See **paragraph 11** of the Letter to Unitholders for further details on Unitholders which are required to abstain from voting on the Resolutions.)

By approving the Proposed Acquisition, Unitholders are deemed to approve all agreements required to be entered into directly or indirectly by DHLT in connection with the Proposed Acquisition, pursuant to the DHI TBI SPA, including the Iwakuni MLA (as defined herein) and the agreement for the Property Trustee (as defined herein) to succeed the Seller as lessor under the Sublease Agreements (as defined herein).

(See **paragraph 2.9** of the Letter to Unitholders for further details.)

¹⁵ Pursuant to Clause 15.2.4 of the Trust Deed, the Acquisition Fee Units will be issued at the prevailing Market Price (as defined herein) on the date of completion of the relevant acquisition (and if that date is not a Business Day, on the next immediately following Business Day). For the purposes of this footnote only, “**Market Price**” means the volume weighted average price for a Unit for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST for the period of 10 Business Days immediately preceding (and including) the Completion Date (as defined herein) (and if that date is not a Business Day, on the next immediately following Business Day), and “**Business Day**” means any day (other than a Saturday, Sunday or gazetted public holiday or bank holiday) on which commercial banks are generally open for business in Singapore and the SGX-ST is open for trading.

¹⁶ DHLT’s unaudited NTA and NAV as at 30 June 2022, which was announced via SGXNET on 3 August 2022, is used as DHLT was only listed on the SGX-ST on 26 November 2021 and has not yet issued any audited financial statements.

Discloseable Transaction

Chapter 10 of the Listing Manual governs significant transactions by DHLT such as the acquisition or divestment of assets, including options to acquire or dispose of assets.

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

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

(See **paragraph 2.9(ii)** of the Letter to Unitholders for details.)

RESOLUTION 2: THE PROPOSED SPONSOR SUBSCRIPTION

The Manager is seeking Unitholders’ approval for the proposed issue of New Units to the Sponsor pursuant to the Subscription Agreement to raise proceeds to partially finance the Total Acquisition Cost.

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

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

where:

“**10-Day VWAP**” means the volume weighted average trading price per Unit on the SGX-ST for a period of 10 Market Days¹⁷ prior and up to (and including) the Price Determination Date (as defined below);

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

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

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

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

¹⁷ “**Market Day**” means a day on which the SGX-ST is open for securities trading.

(See paragraph 3.2 of the Letter to Unitholders for further details on the terms of the Subscription Agreement.)

The New Units to be issued pursuant to the Proposed Sponsor Subscription will not be underwritten. The Total Subscription Amount will be paid in cash in accordance with the Subscription Agreement.

Use of Proceeds of the Proposed Sponsor Subscription

The gross proceeds of the Proposed Sponsor Subscription shall be the Total Subscription Amount, representing the Singapore dollar equivalent of JPY 1,250.0 million based on the Agreed Exchange Rate. For illustrative purposes only, based on an illustrative SGD to JPY exchange rate of S\$1.00 = JPY 98.0, the gross proceeds of the Proposed Sponsor Subscription will be approximately S\$12.8 million¹⁸, and further assuming an Issue Price of S\$0.77 per New Unit, it is estimated that 16,565,067 New Units will be issued pursuant to the Proposed Sponsor Subscription.

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

However, Unitholders should note that even in the event that both Resolutions 1 and 2 are approved, there is no assurance that both the Proposed Acquisition and the Proposed Sponsor Subscription will complete. The Proposed Acquisition and the Proposed Sponsor Subscription each remains subject to the terms of the DHI TBI SPA and the Subscription Agreement respectively. For example, while the Proposed Acquisition is conditional upon the completion of the Proposed Sponsor Subscription, completion of the Proposed Sponsor Subscription is not conditional upon the completion of the Proposed Acquisition. As such, there remains a possibility that the Proposed Sponsor Subscription completes but the Proposed Acquisition does not.

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

Requirement for Unitholders' Approval

The Manager is seeking Unitholders' approval for the Proposed Sponsor Subscription by way of Ordinary Resolution pursuant to Rule 805(1) of the Listing Manual and Rule 812(2) of the Listing Manual. (See paragraph 3.6 of the Letter to Unitholders for details on the requirement for Unitholders' approval for the Proposed Sponsor Subscription. See paragraph 11 of the Letter to Unitholders for further details on Unitholders which are required to abstain from voting on the Resolutions.)

¹⁸ The actual SGD equivalent amount will be determined based on the Agreed Exchange Rate to be determined on the Price Determination Date in accordance with the Subscription Agreement.

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

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

- (i) Proposed Acquisition expected to improve DPU to Unitholders;
- (ii) Fundamentals of the Japan logistics market remain sound;
- (iii) Acquisition of high-quality freehold properties across regional markets in Japan;
- (iv) Further diversification of DHLT's portfolio; and
- (v) Reinforcement of the commitment and support from the Sponsor.

(See **paragraph 4** of the Letter to Unitholders for further details.)

ADVICE OF THE IFA

The Manager has appointed the IFA pursuant to Rule 921(4)(a) of the Listing Manual, as well as to advise the independent Directors of the Manager (the "**Independent Directors**"), the audit and risk committee of the Manager (the "**Audit and Risk Committee**") and the Trustee as to whether each of the Proposed Acquisition and the Proposed Sponsor Subscription is on normal commercial terms and is not prejudicial to the interests of DHLT and its minority Unitholders. A copy of the letter from the IFA to the Independent Directors, the Audit and Risk Committee and the Trustee, containing its advice in full (the "**IFA Letter**") is set out in **Appendix B** of this Circular and Unitholders are advised to read the IFA Letter carefully. It is important that Unitholders read the following summary on the advice of the IFA together with and in the context of the Letter to Unitholders and the IFA Letter, and Unitholders are advised against relying solely on the summary, which is only meant to draw attention to the opinion of the IFA.

The Proposed Acquisition

Having regard to the considerations set out in the IFA Letter, and subject to the assumptions and qualifications set out in the IFA Letter, the information made available to the IFA and the prevailing conditions as at the Latest Practicable Date, and based on, among others, the following:

- (i) the rationale for and key benefits of the Proposed Acquisition and Proposed Sponsor Subscription;
- (ii) the Aggregate Value of the Target Properties;
- (iii) the discount of the Aggregate Purchase Consideration to the Aggregate Value;
- (iv) the comparison of WALE and NPI Yields of the Target Properties with DHLT's Existing Portfolio and Enlarged Portfolio;
- (v) the comparison of the Target Properties with selected listed Industrial/Logistics REITs with broadly comparable property portfolios;

- (vi) the comparison of the implied Capitalisation Rates of DPL Iwakuni 1 & 2 and D Project Matsuyama S with the capitalisation rates (a) used in the latest independent valuation of DHLT's existing freehold properties, (b) of the Opinion by Market Participants and (c) of the Selected Comparable Properties;
- (vii) the assessment of the Purchase Consideration of D Project Iruma S Land and the valuation upside in converting D Project Iruma S into a full freehold property by acquiring D Project Iruma S Land;
- (viii) the pro forma financial effects on the DPU, NAV per Unit, Adjusted NAV per Unit and aggregate leverage of DHLT,

the IFA is of the opinion that the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of DHLT and its minority Unitholders.

Accordingly, the IFA has advised the Independent Directors and the Audit and Risk Committee to recommend that Unitholders vote in favour of Resolution 1 to be proposed at the EGM to be convened.

Unitholders should read the above in conjunction with, and in the context of, the full text of the IFA Letter. Unless otherwise stated, all terms and expressions used in sub-paragraphs (i) to (viii) above shall have the meanings given to them in the IFA Letter.

(See **paragraph 6.1** of the Letter to Unitholders and **paragraph 6** of the IFA Letter which is set out in **Appendix B** of this Circular for further details.)

The Proposed Sponsor Subscription

Having regard to the considerations set out in the IFA Letter, and subject to the assumptions and qualifications set out in the IFA Letter, the information made available to the IFA and the prevailing conditions as at the Latest Practicable Date, and based on, among others, the following:

- (i) the rationale for and key benefits of the Proposed Acquisition and Proposed Sponsor Subscription;
- (ii) the pricing of the Proposed Sponsor Subscription;
- (iii) the comparison of the Illustrative Issue Price to historical and current market prices;
- (iv) the comparison of the Illustrative Issue Price to NAV per Unit as at 30 June 2022 and P/NAV as implied by the Illustrative Issue Price to the historical trailing P/NAV multiple of DHLT between the Listing Date and the Latest Practicable Date;
- (v) the P/Adjusted NAV (adjusted for the DPU of 3.09 cents), as implied by the Illustrative Issue Price is 1.00x. This implies that at the minimum, the New Units will be issued at no less than the Adjusted NAV per Unit as at 30 June 2022;
- (vi) the historical closing prices of the Unit as compared to the NAV per Unit; and
- (vii) the dilution effects on the unitholding interests of the other Unitholders, other than the Sponsor,

the IFA is of the opinion that the Proposed Sponsor Subscription is on normal commercial terms and is not prejudicial to the interests of DHLT and its minority Unitholders.

Accordingly, the IFA has advised the Independent Directors and the Audit and Risk Committee to recommend that Unitholders vote in favour of Resolution 2 to be proposed at the EGM to be convened.

Unitholders should read the above in conjunction with, and in the context of, the full text of the IFA Letter. Unless otherwise stated, all terms and expressions used in sub-paragraphs (i) to (vii) above shall have the meanings given to them in the IFA Letter.

(See **paragraph 6.2** of the Letter to Unitholders and **paragraph 6** of the IFA Letter which is set out in **Appendix B** of this Circular for further details.)

RECOMMENDATIONS

The Proposed Acquisition

Based on the opinion of the IFA as set out in the IFA Letter and the rationale for and key benefits of the Proposed Acquisition, the Independent Directors and the Audit and Risk Committee (other than Mr Yoshiyuki Takagi) believe that the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of DHLT and its minority Unitholders.

Accordingly, the Independent Directors and the Audit and Risk Committee (other than Mr Yoshiyuki Takagi) recommend that Unitholders vote at the EGM in favour of the resolution to approve the Proposed Acquisition.

(See **paragraph 7.1** of the Letter to Unitholders for further details.)

The Proposed Sponsor Subscription

Based on the opinion of the IFA as set out in the IFA Letter and the rationale for and key benefits of the Proposed Sponsor Subscription, the Independent Directors and the Audit and Risk Committee (other than Mr Yoshiyuki Takagi) believe that the Proposed Sponsor Subscription is on normal commercial terms and is not prejudicial to the interests of DHLT and its minority Unitholders.

Accordingly, the Independent Directors and the Audit and Risk Committee (other than Mr Yoshiyuki Takagi) recommend that Unitholders vote at the EGM in favour of the resolution to approve the Proposed Sponsor Subscription.

(See **paragraph 7.2** of the Letter to Unitholders for further details.)

INDICATIVE TIMETABLE

Any changes to the timetable below will be announced by way of SGXNET announcements released on the SGX-ST.

Event	Date and Time
Last date and time for pre-registration for the EGM, submission of questions in advance of the EGM and lodgment of Proxy Forms	: Monday, 28 November 2022 at 2.00 p.m.
Date and time of the EGM to be held wholly via electronic means ⁽¹⁾	: Thursday, 1 December 2022 at 2.00 p.m.
If approvals for the Proposed Acquisition and the Proposed Sponsor Subscription are obtained at the EGM:	
Target date for completion of the Proposed Sponsor Subscription and the Proposed Acquisition	: On or after 8 December 2022 (or such other date as may be agreed between the parties)

Note:

- (1) As a precautionary measure due to the evolving COVID-19 situation in Singapore, a Unitholder will not be able to attend the EGM physically. Instead, alternative arrangements have been put in place to allow Unitholders to participate in the EGM via electronic means. (See **paragraph 10** of the Letter to Unitholders, **Appendix F** (Procedures for Extraordinary General Meeting) and **Appendix G** (Notice of Extraordinary General Meeting) of this Circular for further details.) Due to the constantly evolving COVID-19 situation in Singapore, the Manager may be required to change the arrangements for the EGM at short notice. Unitholders should check DHLT's website at the URL <https://www.daiwahouse-logisticstrust.com> and the website of the SGX-ST at the URL <https://www.sgx.com/securities/company-announcements> for the latest updates on the status of the EGM.

LETTER TO UNITHOLDERS



Daiwa House
Logistics Trust

DAIWA HOUSE LOGISTICS TRUST

(a real estate investment trust constituted on 2 November 2021 under the laws of the Republic of Singapore)

Directors:

Mr Tan Jeh Wuan
(Chairman and Independent Non-Executive Director)

Mr Tan Juay Hiang
(Independent Non-Executive Director and Chairman of the Audit and Risk Committee)

Mr Takashi Suzuki
(Independent Non-Executive Director)

Mr Yoshiyuki Takagi
(Non-Independent Non-Executive Director)

Mr Eiichi Shibata
(Non-Independent Non-Executive Director)

Mr Takeshi Fujita
(Non-Independent Executive Director and Chief Executive Officer)

Registered Office:

8 Marina View
#14-09 Tower 1
Asia Square
Singapore 018960

16 November 2022

To: The Unitholders of Daiwa House Logistics Trust

Dear Sir/Madam

1. SUMMARY OF APPROVALS SOUGHT

The Manager is convening the EGM to seek approval from Unitholders by way of Ordinary Resolution for:

- (i) Resolution 1: the Proposed Acquisition, as an interested person transaction (Ordinary Resolution); and
- (ii) Resolution 2: the Proposed Sponsor Subscription (Ordinary Resolution).

Unitholders should note that Resolutions 1 and 2 are inter-conditional and DHLT will only proceed with the Transactions if both of the Resolutions are approved.

However, Unitholders should note that even in the event that both Resolutions 1 and 2 are approved, there is no assurance that both the Proposed Acquisition and the Proposed Sponsor Subscription will complete. The Proposed Acquisition and the Proposed Sponsor Subscription each remains subject to the terms of the DHI TBI SPA and the Subscription Agreement respectively. For example, while the Proposed Acquisition is conditional upon the completion of the Proposed Sponsor Subscription, completion of the Proposed Sponsor Subscription is not conditional upon the completion of the Proposed Acquisition. As such, there remains a possibility that the Proposed Sponsor Subscription completes but the Proposed Acquisition does not.

2. RESOLUTION 1: THE PROPOSED ACQUISITION, AS AN INTERESTED PERSON TRANSACTION

2.1 Description of the Target Properties

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

The table below sets out a summary of selected information on the Target Properties.

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

Notes:

- (1) Currently, DHLT (through TK Operator (GK2), as part of the *tokumei kumiai-godo kaisha* structure in DHLT's existing Japan property holding structure) owns the TBI of the Leasehold and the building on D Project Iruma S, which was acquired from the Sponsor at the Listing. The TBI of the Leasehold is currently being recorded as a right-of-use asset in the balance sheet of DHLT. After the Proposed Acquisition, it is intended that DHLT will continue to indirectly hold the TBI of the Leasehold and the building on D Project Iruma S through TK Operator (GK2), and DHLT will also indirectly hold the TBI of D Project Iruma S Land through DH TMK. Collectively, DHLT will, in substance, through the TBIs, own the full freehold property of D Project Iruma S after the completion of the Proposed Acquisition. As such, the TBIs of the Leasehold and D Project Iruma S Land will be reflected as a single freehold investment property in the consolidated balance sheet of DHLT after the completion of the Proposed Acquisition.

- (2) Based on the actual exchange rate of S\$1.00 : JPY 89.09 as adopted in the profit and loss statement of the FP2022 Unaudited Financial Statements.
- (3) By acquiring D Project Iruma S Land, DHLT will improve its operating cashflow by saving on land rent payments for the Leasehold it presently holds in respect of D Project Iruma S.
- (4) The calculation of WALE of each relevant Target Property is based on the total NLA of the relevant Target Property, which is the same as its occupied NLA since the occupancy rate of each relevant Target Property as at 30 June 2022 is 100.0%.
- (5) On 10 August 2022, the lease in respect of D Project Matsuyama S was renewed for seven years and accordingly the resultant WALE is 7.1 years.

As at 30 June 2022, the Existing Portfolio of DHLT has a total NLA of 423,920 sq m¹⁹ and a total land area of approximately 420,393 sq m, an overall occupancy rate of 98.6% and a WALE by NLA of 6.8 years. Following the acquisition of the Target Properties, the enlarged portfolio of DHLT (the “**Enlarged Portfolio**”) will have a total NLA of 444,728 sq m, total land area of 458,910 sq m²⁰, an overall occupancy rate of 98.6% and a WALE by NLA of 6.7 years on a pro forma basis as at 30 June 2022.

DPL Iwakuni 1 & 2



DPL Iwakuni 1 & 2 is located at an industrial zone in Iwakuni City.

With a NLA of approximately 15,461 sq m, DPL Iwakuni 1 & 2 comprises two single-storey warehouses which were completed in September 2016 and March 2020. DPL Iwakuni 1 & 2 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.

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

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

DPL Iwakuni 1 & 2 is equipped with LED lighting equipment and solar panels with a capacity of 1.8 megawatts-peak (“MWp”).

DPL Iwakuni 1 & 2 is currently occupied by five tenants, including Nippon Express Co., Ltd. which is a global third-party logistics (“3PL”) company that utilises the space as a distribution hub to cover the Hiroshima metropolitan area.

The income derived from DPL Iwakuni 1 & 2 includes rental income from the tenants and also utilities income. It is also expected that income will be derived from leasing the usage of the rooftop of DPL Iwakuni 1 & 2.

D Project Matsuyama S



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. The two buildings comprising D Project Matsuyama S were completed in October 1994 and July 2017.

With a NLA of approximately 5,346 sq m, D Project Matsuyama S comprises two warehouse buildings of two storeys each. The logistics bases of regional logistics companies and food-related companies are located around the site.

D Project Matsuyama S is currently occupied by Nippon Access., Inc, a leading integrated food trading company in Japan. Nippon Access., Inc, currently uses D Project Matsuyama S as a distribution hub to cover the greater Matsuyama area.

D Project Matsuyama S is partially equipped with temperature control facilities to maintain appropriate temperatures for frozen or chilled foodstuff, in addition to dry warehouse zones.

The income derived from D Project Matsuyama S includes rental income from the tenants and also utilities income.

D Project Iruma S Land



With a land area of approximately 11,528 sq m, D Project Iruma S Land is the underlying freehold land title of the building on D Project Iruma S which is part of the Existing Portfolio of DHLT.

D Project Iruma S is a BTS warehouse located in Iruma City (approximately 40 km northwest of Tokyo) that was completed in 2017. The property is situated within proximity to the Ken-o expressway Iruma IC, with easy access to Tokyo's CBD area, and the whole Saitama area.

With a NLA of approximately 14,582 sq m, this three-storey warehouse was built for Tokyo Logistics Factory Co., Ltd., a leading Japanese 3PL company which services numerous industries including food and beverages, medicines and industrial materials.

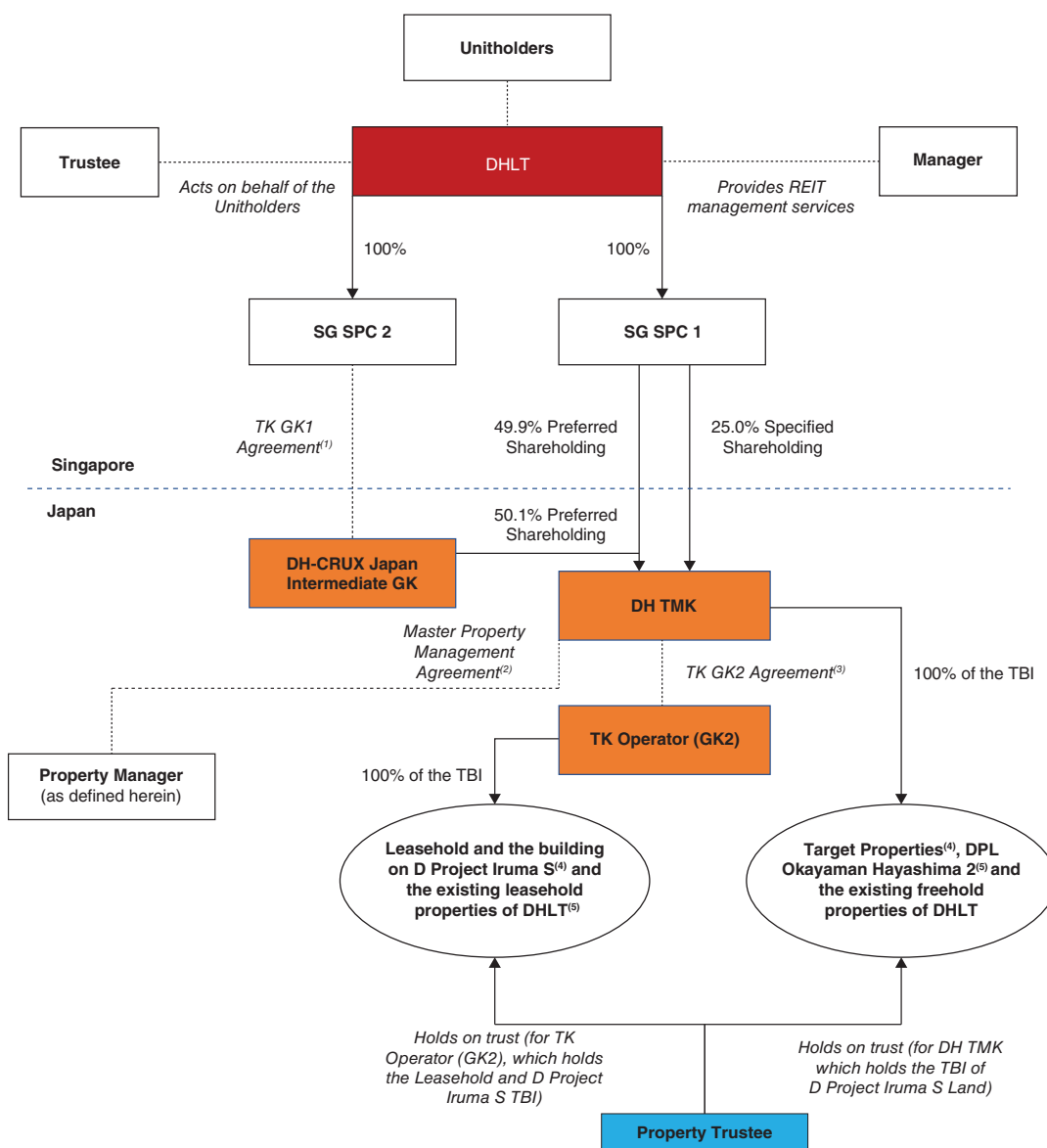
This warehouse is well-suited for regional distribution activities as it has loading bays situated on two sides. There are 46 parking bays in the premises.

Income will not be derived directly from D Project Iruma S Land as it is the underlying freehold land on which the building on D Project Iruma S is situated (and rental income is derived from such building instead).

2.2 Structure of the Proposed Acquisition

The Manager is proposing for DHLT to adopt the same structure for the Proposed Acquisition as the structure for the existing freehold properties of DHLT. Accordingly, DHLT will be acquiring the DHI TBIs of the Target Properties through DH TMK, a TMK which was set up by DHLT at the time of the IPO to hold the existing freehold properties of DHLT and is indirectly held by DHLT through DH-CRUX Pte. Ltd. (“**SG SPC 1**”).

The following diagram illustrates the structure of DHLT upon completion of the Proposed Acquisition:



Notes:

- (1) “TK GK1 Agreement” refers to the *tokumei-kumiai* (“TK”) agreement entered into between DH-CRUX2 Pte. Ltd. (“SG SPC 2”) and DH-CRUX Japan Intermediate GK on 9 November 2021 to appoint DH-CRUX Japan Intermediate GK as the operator of the TK business in a TK arrangement (“TK Operator”) for SG SPC 2 in respect of 50.1% of preferred shares of DH TMK.
- (2) “Master Property Management Agreement” refers to the master property management agreement entered into between DH TMK, DHREIM and the Property Manager on 9 November 2021 regarding property management agreements to be entered into among the Property Trustee, DH-CRUX Japan Intermediate GK as the New Master Lessee (as defined herein) and the Property Manager from time to time.
- (3) “TK GK2 Agreement” refers to the agreement entered into between DH TMK and TK Operator (GK2) on 9 November 2021 to appoint TK Operator (GK2) as the TK Operator of DH TMK in respect of seven special fixed-term land lease properties on the initial portfolio of DHLT.
- (4) The Target Properties comprise DPL Iwakuni 1 & 2, D Project Matsuyama S and D Project Iruma S Land. Currently, DHLT (through TK Operator (GK2)) owns the TBI of the Leasehold and the building on D Project Iruma S, which was acquired from the Sponsor at the Listing. After the Proposed Acquisition, it is intended that DHLT will continue to indirectly hold the TBI of the Leasehold and the building on D Project Iruma S through TK Operator (GK2), and DHLT will also indirectly hold the TBI of D Project Iruma S Land through DH TMK. Collectively, DHLT will, in substance, through the TBIs, own the full freehold property of D Project Iruma S after the completion of the Proposed Acquisition.
- (5) DPL Okayama Hayashima 2, a leasehold land and building, is the only leasehold property whose TBI is held by DH TMK instead of TK Operator (GK2).

As seen in the above diagram, DHLT indirectly holds DH TMK which in turn will be responsible for holding the DHI TBIs in each of the Target Properties and managing their day-to-day operations upon completion of the Proposed Acquisition.

Target Properties

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

Pursuant to the terms of the DHI TBI SPA, on the closing date of the DHI TBI SPA (the “**Completion Date**”), the Seller shall entrust the Target Properties to Sumitomo Mitsui Trust Bank, Limited, a licensed trust bank in Japan which will hold the legal ownership of the Target Properties (the “**Property Trustee**”). In turn, (i) the Property Trustee will acquire the legal ownership of each of the Target Properties and, at the same time, will succeed the contractual status of the lessor from the Seller under each lease agreement with each end-tenant of the Target Properties and the contractual status of the lessor from the Seller under the Land Leasehold Right Creation Agreement (Iruma)²¹ and (ii) the Seller will hold the DHI TBIs in each of the Target Properties. On the Completion Date, the Seller will transfer the DHI TBIs to DH TMK, which will succeed the status of the Seller as a beneficiary and settlor of trust of the Target Properties in accordance with the trust agreements entered into between the Property Trustee and the Seller.

For the avoidance of doubt, there are no income guarantees provided in respect of the Target Properties.

DPL Iwakuni 1 & 2 – Multi-Tenanted Property

In relation to DPL Iwakuni 1 & 2, which is a multi-tenanted property, Daiwa House Property Management Co., Ltd. is the current master lessee under the existing master lease and property management agreements entered into with the Seller (the “**Existing DHI MLPM Agreements**” and Daiwa House Property Management Co., Ltd., as the current master lessee of DPL Iwakuni 1 & 2, the “**Current Master Lessee**”).

Immediately before the entrustment of DPL Iwakuni 1 & 2 to the Property Trustee, the Existing DHI MLPM Agreements will be terminated and the Seller will succeed the contractual status of the Current Master Lessee as lessor under the sublease agreements entered into with the respective tenants of DPL Iwakuni 1 & 2 (the “**Sublease Agreements**”). Subsequently, upon the entrustment of DPL Iwakuni 1 & 2 to the Property Trustee, the Property Trustee concurrently succeeds the contractual status of the Seller as lessor under the Sublease Agreements, which is the automatic legal effect of the transfer of the legal ownership of DPL Iwakuni 1 & 2 under Japanese law.

Similar to the pass-through master lease arrangements in place for DHLT’s multi-tenanted properties at the time of the Listing, concurrently with the Seller’s entrustment of DPL Iwakuni 1 & 2 to the Property Trustee on the Completion Date, DH-CRUX Japan Intermediate GK will, pursuant to the pass-through conditional master lease agreement entered into on 21 September 2022 with the Property Trustee as the property owner of DPL Iwakuni 1 & 2 (the “**Iwakuni MLA**”), succeed the contractual status of the Property Trustee as lessor under the Sublease Agreements upon obtaining the consent of such end-tenant on or after the Completion Date (until such consent is obtained, the Property Trustee

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

remains as the lessor under the respective Sublease Agreement) (DH-CRUX Japan Intermediate GK, as the new master lessee of DPL Iwakuni 1 & 2, the “**New Master Lessee**”). For the avoidance of doubt, the Iwakuni MLA will only take effect on the condition that the Proposed Acquisition is successfully completed.

As the Iwakuni MLA is a pass-through master lease arrangement, the New Master Lessee is only required to pay to the Property Trustee the rent that it receives from the underlying end-tenants and the security deposit.

Please see **Appendix E** of this Circular for a summary of the salient terms of the Iwakuni MLA.

D Project Matsuyama S – Single-Tenanted BTS Property

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

D Project Iruma S Land

Currently, DHLT (through TK Operator (GK2)) owns the TBI of the Leasehold and the building on D Project Iruma S, which was acquired from the Sponsor at the Listing.

Upon completion of the Proposed Acquisition, DHLT will:

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

Collectively, DHLT will, in substance, through the TBIs, own the full freehold property of D Project Iruma S upon the completion of the Proposed Acquisition. DHLT will therefore have the benefit of and the right to use both the land and the building situated thereon and will not be restricted by the expiration of the Leasehold on 31 December 2048. The TBIs of the Leasehold and D Project Iruma S Land will be reflected as a single freehold investment property in the consolidated balance sheet of DHLT after the completion of the Proposed Acquisition.

2.3 Aggregate Purchase Consideration and Valuation

The Trustee has commissioned an independent valuer, Savills, and the Manager has commissioned an independent valuer, CBRE, to respectively value the Target Properties²².

²² In respect of D Project Iruma S Land, the Independent Valuers were commissioned to conduct independent valuations to determine the Iruma Appraisal Value and the Iruma Reference Value. Each of the two implied values of D Project Iruma S Land represents the difference between each Independent Valuer’s Iruma Appraisal Value and its Iruma Reference Value.

The Aggregate Purchase Consideration, which was negotiated on a willing-buyer and willing-seller basis, taking into consideration the independent valuations by the Independent Valuers as at 30 June 2022, is JPY 4,676.0 million (S\$47.7 million), which is at a discount of JPY 625.5 million (S\$6.4 million) or approximately 11.8% to the Aggregate Value²³.

The Independent Valuers valued DPL Iwakuni 1 & 2 and D Project Matsuyama S using both the discounted cash flow method and the direct capitalisation method. For the purposes of determining the value of DPL Iwakuni 1 & 2 and D Project Matsuyama S, the Independent Valuers assumed that the properties are sold in the market in their existing state without any particular arrangement or benefit, such as any deferred terms contract, leaseback, joint venture, management agreement or any other similar arrangement or benefits that would affect the value of the properties. Additionally, the Independent Valuers assumed an occupancy rate of 100.0% as at 30 June 2022 for the buildings situated on DPL Iwakuni 1 & 2 and D Project Matsuyama S. (See **Appendix C** of this Circular for further details on the assumptions made by the Independent Valuers in arriving at the value of DPL Iwakuni 1 & 2 and D Project Matsuyama S.)

For D Project Iruma S Land, the value of D Project Iruma S Land is implied based on the difference between the Iruma Appraisal Value and the Iruma Reference Value.

The Independent Valuers determined the Iruma Appraisal Value using both the discounted cash flow method and the direct capitalisation method and determined the Iruma Reference Value using the discounted cash flow method. For the purposes of determining the Iruma Appraisal Value, the Independent Valuers assumed that D Project Iruma S as a freehold property is sold in the market in its existing state without any particular arrangement or benefit, such as any deferred terms contract, leaseback, joint venture, management agreement or any other similar arrangement or benefits that would affect the value of the property. Additionally, the Independent Valuers assumed an occupancy rate of 100.0% as at 30 June 2022 for the building situated on D Project Iruma S. (See **Appendix C** of this Circular for further details on the assumptions made by the Independent Valuers in arriving at the Iruma Appraisal Value.)

For the purposes of determining the Iruma Reference Value using the discounted cash flow method the Independent Valuers assumed a holding period of 10 years with a 100.0% occupancy of the building.

²³ The Aggregate Value of the Target Portfolio is the aggregate of all the Average Values of the Target Properties and is approximately JPY 5,301.5 million (S\$54.1 million). “Average Value” means (a) (with respect to each Target Property (other than D Project Iruma S Land)) the average of the two independent valuations of the Target Property (other than D Project Iruma S Land) conducted by the Independent Valuers as at 30 June 2022, and (b) (with respect to D Project Iruma S Land) the average of the two implied values of D Project Iruma S Land (each being each Independent Valuer’s Iruma Appraisal Value less its Iruma Reference Value). The Independent Valuers were commissioned to determine the Iruma Appraisal Value and the Iruma Reference Value.

According to the Independent Valuers, in the case of a company which owns a leasehold property (comprising a fixed-term leasehold interest in land and a tenant-occupied building thereon) and intends to buy the underlying fee interest in land, given that the property post-acquisition will be a freehold property (comprising the underlying freehold land and the tenant-occupied building thereon), the difference between the valuation of the freehold property and the valuation of the leasehold property can generally be deemed as the value for the underlying fee interest in land (assuming no value is attributed to the right to use the building thereon beyond the existing leasehold term), and this is in line with the intent of the Real Estate Appraisal Standards in Japan. In this respect, Savills has confirmed that in the case of the proposed acquisition by DHLT of the underlying fee interest in D Project Iruma S Land, the difference between the Iruma Appraisal Value and the Iruma Reference Value can be deemed as the value for the underlying fee interest in D Project Iruma S Land, if there is no attribution of value increment to the tenant-occupied building on the fixed-term leasehold land in D Project Iruma S. In addition, CBRE has confirmed that if the Seller and DHLT have agreed for the purchase price for D Project Iruma S Land to be the difference between the Iruma Appraisal Value and the Iruma Reference Value, CBRE will raise no objection to such purchase price.

(See the independent property valuation summary reports as set out in **Appendix C** of this Circular and the Full Valuation Reports for more details on the various assumptions made by the Independent Valuers.)

The table below sets out a comparison of the purchase consideration of each of DPL Iwakuni 1 & 2 and D Project Matsuyama S against its Average Value.

Name of Target Property	Independent Valuation by CBRE (¥ million) (\$ million)	Independent Valuation by Savills (¥ million) (\$ million)	Average Value (¥ million) (\$ million)	Purchase Consideration (¥ million) (\$ million)	Discount which the Purchase Consideration bears to the Average Value (%)
DPL Iwakuni 1 & 2 (A)	¥2,220.0 S\$22.7	¥2,240.0 S\$22.9	¥2,230.0 S\$22.8	¥1,900.0 S\$19.4	14.8% discount
D Project Matsuyama S (B)	¥891.0 S\$9.1	¥912.0 S\$9.3	¥901.5 S\$9.2	¥800.0 S\$8.2	11.3% discount

The table below sets out a comparison of the purchase consideration of D Project Iruma S Land against its Average Value.

Name of Target Property	Implied Value (being CBRE's Iruma Appraisal Value less CBRE's Iruma Reference Value) ⁽¹⁾ (¥ million) (\$ million)	Implied Value (being Savills' Iruma Appraisal Value less Savills' Iruma Reference Value) ⁽²⁾ (¥ million) (\$ million)	Average Value (¥ million) (\$ million)	Purchase Consideration (¥ million) (\$ million)	Discount which the Purchase Consideration bears to the Average Value (%)
D Project Iruma S Land (C)	¥2,120.0 S\$21.6	¥2,220.0 S\$22.7	¥2,170.0 S\$22.1	¥1,976.0 S\$20.2	8.9% discount

Notes:

(1) CBRE was commissioned by the Manager to determine the Iruma Appraisal Value and the Iruma Reference Value.

(2) Savills was commissioned by the Trustee to determine the Iruma Appraisal Value and the Iruma Reference Value.

The table below sets out a comparison of the Aggregate Purchase Consideration against the Aggregate Value.

Aggregate (¥ million) (\$ million) (A) + (B) + (C)	¥5,231.0 million S\$53.4 million	¥5,372.0 million S\$54.9 million	¥5,301.5 million S\$54.1 million	¥4,676.0 million S\$47.7 million	11.8% discount
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2.4 Total Acquisition Cost

The Total Acquisition Cost is estimated to be approximately JPY 5,507.9 million (S\$56.2 million), comprising:

- (i) JPY 4,676.0 million (S\$47.7 million), being the Aggregate Purchase Consideration;
- (ii) the Acquisition Fee of approximately JPY 46.8 million (S\$0.5 million) (representing an Acquisition Fee at the rate of 1.0% of the Aggregate Purchase Consideration)²⁴;
- (iii) the Refundable Consumption Tax²⁵ of approximately JPY 235.0 million (S\$2.4 million);
- (iv) cash reserves which are expected to be required by lenders under the Loan Facilities²⁶ and other debt-related costs²⁷ of approximately JPY 199.9 million (S\$2.0 million); and
- (v) the professional and other fees and expenses of approximately JPY 350.2 million (S\$3.6 million) incurred or to be incurred by DHLT in connection with the Proposed Acquisition.

2.5 Method of Financing

The Manager intends to finance the Total Acquisition Cost, less the Acquisition Fee (which will be paid through the issue of Acquisition Fee Units), in the following manner:

- (i) JPY 1,250.0 million (S\$12.8 million)²⁸ through the Proposed Sponsor Subscription; and
- (ii) JPY 4,000.0 million (S\$40.8 million) through the Loan Facilities²⁹; and
- (iii) the remaining costs (including the Refundable Consumption Tax³⁰) through internal resources of DHLT.

24 As the Proposed Acquisition will constitute an “interested party transaction” under Paragraph 5 of the Property Funds Appendix, the Acquisition Fee payable to the Manager in respect of the Proposed Acquisition will be paid entirely in Units. In addition, pursuant to the TMK Asset Management Agreement, in relation to post-IPO acquisitions, the Japan Asset Manager will receive the AM Acquisition Fee out of the deposited property of DHLT in cash. The Trust Deed provides that where an AM Acquisition Fee is payable to the Japan Asset Manager, such fee shall reduce the Acquisition Fee payable to the Manager under the Trust Deed. However, in the case of the Proposed Acquisition, pursuant to the Trust Deed, the Manager is required to receive the Acquisition Fee in Units given that the Proposed Acquisition is entered into with a related party of DHLT. As such, in accordance with the Trust Deed, the Manager (in its personal capacity) is required to refund DHLT the AM Acquisition Fee paid to the Japan Asset Manager in cash, to avoid any double counting of the fees.

25 The Refundable Consumption Tax is the consumption tax paid in relation to the acquisition of the Target Portfolio, as well as consumption tax associated with relevant acquisition costs and financing-related cost for acquiring the Target Properties, all of which is expected to be refunded by end of June 2023.

26 These refer to cash reserves which are expected to be required by lending banks to be set aside for capital expenditure, property tax, cost to operate special purpose vehicles, interest expenses and insurance premium. The cash reserves will be recognised as restricted cash in DHLT’s financial statements and will include an interest reserve which includes an estimated interest payment of six months to be set aside.

27 The debt-related costs include upfront fees and facility agent fees but do not include other interest payments.

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

29 It is currently intended that the Loan Facilities will adopt a similar debt financing structure to the debt financing structure set out on pages 155 to 163 of the Prospectus. The commercial terms of the Loan Facilities are still subject to ongoing negotiations, although the Loan Facilities are currently expected to be based on similar contractual terms as the loan master agreement entered into by DH TMK in connection with the Listing and as disclosed in the Prospectus.

30 While it was originally envisaged that the Refundable Consumption Tax would be funded by a loan, it has been decided that the Refundable Consumption Tax will be entirely funded out of DHLT’s internal resources instead.

With respect to the Loan Facilities, it is envisaged that the following security interests will be created to secure the obligations of DH TMK as the borrower under the Loan Facilities: (i) revolving pledges over each of the IPO Properties TBIs and each DHI TBI to be acquired pursuant to the Proposed Acquisition; (ii) revolving mortgages over all real estate corresponding to the IPO Properties TBIs and DHI TBIs (conditional upon the termination of the trust pursuant to the relevant trust agreement); (iii) revolving pledge over claims pursuant to insurance agreements for all real estate corresponding to the IPO Properties TBIs and the DHI TBIs (conditional upon the termination of the trust pursuant to the relevant trust agreement); (iv) revolving pledge over the specified shares in DH TMK; and (v) revolving pledges over TK interests held by DH TMK in TK Operator (GK2).

As at the Latest Practicable Date, the Manager has obtained the in-principle approval on the terms and conditions of the Loan Facilities from the arranger bank.

2.6 Principal Terms of the DHI TBI SPA

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

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

2.6.2 the purchase prices³¹ of the DHI TBIs are as follows:

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

Please also refer to **paragraph 2.3** of this Letter to Unitholders where the above JPY purchase prices have been translated into Singapore dollars for illustrative purposes, based on the exchange rate of S\$1.00 = JPY 98.0;

2.6.3 in relation to DPL Iwakuni 1 & 2, the Seller is obligated to terminate the Existing DHI MLPM Agreements by the Completion Date, and in relation to D Project Matsuyama S, the Seller is obligated to terminate the existing property management agreement by the Completion Date;

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

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

- (i) it is objectively confirmed that it is certain that the Seller will deliver the closing deliverables in accordance with the DHI TBI SPA;
- (ii) all approvals and licenses, etc. required for the transactions contemplated under the DHI TBI SPA to be valid have been obtained from governmental and regulatory authorities of Japan and are in full force and effect;

³¹ The purchase prices set out in **paragraph 2.6.2** of this Letter to Unitholders exclude consumption taxes.

- (iii) there are no grounds for default or grounds resulting from any notice, passage of time, or both, that will result in grounds for default, grounds for termination, grounds for revocation, or grounds for voiding the DHI TBI SPA or the conditional trust agreements entered into between the Property Trustee and the Seller in relation to the Seller, and the DHI TBI SPA and the conditional trust agreements entered into between the Property Trustee and the Seller are validly existing;
- (iv) the Target Properties have been validly transferred in trust to the Property Trustee and each application for registration for the transfer of ownership, the creation of the trust, and the change in the beneficiary of the trust based on the entrustment has been duly and validly completed, or is reasonably anticipated to be completed on the Completion Date;
- (v) the existing lease agreements (excluding the Existing DHI MLPM Agreements), the succession agreements and the Land Leasehold Right Creation Agreement (Iruma) in the form approved by DH TMK are validly existing, and it is certain that they will be succeeded by the Property Trustee on the Completion Date;
- (vi) DH TMK has completed the fund procurement required for payment of the purchase price of the DHI TBIs;
- (vii) the passing of resolutions for the Proposed Acquisition and the Proposed Sponsor Subscription at an extraordinary general meeting of Unitholders; and
- (viii) the Proposed Sponsor Subscription has been completed;

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

2.6.7 the amounts due from the parties as set out in **paragraph 2.6.6** above of this Letter to Unitholders shall be settled on the Completion Date in a manner to be separately agreed between the Seller and DH TMK, provided that any amount that cannot be determined and settled by the Completion Date shall be settled promptly after being finalised.

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

2.7 Property Manager of the Target Properties

In connection with the IPO of DHLT, Daiwa House Property Management Co., Ltd. (the “**Property Manager**”) was appointed on 26 November 2021 as the property manager of the IPO Properties as well as future properties to be acquired by DHLT from time to time pursuant to the master property management agreement entered into between DH TMK, DHREIM and the Property Manager on 9 November 2021 regarding the property management agreements to be entered into among the Property Trustee, the New Master Lessee and the Property Manager from time to time (the “**Master Property Management Agreement**”). Subject to and upon the completion of the Proposed Acquisition, in accordance with the terms of the Master Property Management Agreement, the Property Manager will be appointed as property manager of each of the Target Properties pursuant to individual property management agreements dated 21 September 2022 in respect of each of the Target Properties (the “**2022 Individual Property Management Agreements**” and each, a “**2022 Individual Property Management Agreement**”) to provide property management, lease management, project management and marketing services in respect of such Target Properties³². The 2022 Individual Property Management Agreements shall take effect subject to and conditional upon the completion of the Proposed Acquisition.

The entry into and the fees and charges payable by DHLT under all future individual property management agreements to be entered into from time to time in relation to DHLT’s properties to be held directly or indirectly by DHLT from time to time pursuant to the Master Property Management Agreement, each of which constitutes, or will, when entered into, constitute a related party transaction³³, are deemed to have been specifically approved by Unitholders upon purchase of the 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 Prospectus³⁴ and there is no subsequent change to the rates and/or bases of the fees charged.

The 2022 Individual Property Management Agreements in respect of DPL Iwakuni 1 & 2 and D Project Matsuyama S will have the same rates and bases of the fees as those set out in the Master Property Management Agreement. In addition, under the 2022 Individual Property Management Agreement in respect of D Project Iruma S Land, the rates and bases of the fees will be within the range set out in the Master Property Management Agreement. Accordingly, the entry into and the fees and charges payable by DHLT under the 2022 Individual Property Management Agreements are not subject to Unitholders’ approval under Chapter 9 of the Listing Manual.

Please refer to **Appendix E** of this Circular for a summary of the salient terms of the Master Property Management Agreement and the 2022 Individual Property Management Agreements.

32 An individual property management agreement dated 9 November 2021 has been entered into between the Property Trustee and the Property Manager in respect of D Project Iruma S, as stated on page 329 of the Prospectus. Please refer to **Appendix E** of this Circular for a summary of the salient terms of the 2022 Individual Property Management Agreements.

33 Related party transaction refers to an “interested person transaction” which has the meaning ascribed to it in the Listing Manual and/or, as the case may be, “interested party transaction” which has the meaning ascribed to it in the Property Funds Appendix.

34 The key terms of the Master Property Management Agreement and the key terms of the form of the individual property management agreements pursuant to the Master Property Management Agreement (including the fees thereunder) are set out from pages 397 to 403 of the Prospectus. Please refer to **Appendix E** of this Circular for a summary of the salient terms of the Master Property Management Agreement.

2.8 Payment of the Acquisition Fee in Units

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

As the Proposed Acquisition will constitute an “interested party transaction” under Paragraph 5 of the Property Funds Appendix, 100.0% of the Acquisition Fee payable to the Manager in respect of the Proposed Acquisition will be in the form of the Acquisition Fee Units, the issue price of which shall be determined in accordance with the Trust Deed³⁵ and which shall not be sold within one year from the date of issuance in accordance with Paragraph 5.7 of the Property Funds Appendix.

2.9 Requirement for Unitholders’ Approval

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

Under Chapter 9 of the Listing Manual, where DHLT proposes to enter into a transaction with an interested person and the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S\$100,000, with the same interested person during the same financial year) is equal to or exceeds 5.0% of DHLT’s latest audited NTA³⁶, Unitholders’ approval is required in respect of the transaction.

Paragraph 5.2(b) of the Property Funds Appendix also imposes a requirement for Unitholders’ approval for an interested party transaction by DHLT whose value (either in itself or when aggregated with the value of other transactions with the same interested party during the same financial year) is equal to or exceeds 5.0% of DHLT’s NAV³⁷.

As DHLT was only listed on 26 November 2021, it does not have any audited financial statements. Based on the unaudited financial statements of DHLT for the financial period from 26 November 2021 (being the date of the Listing) to 30 June 2022 (“**FP2022**”, and the unaudited financial statements of DHLT for FP2022, the “**FP2022 Unaudited Financial Statements**”), the NTA and NAV of DHLT was S\$570.4 million as at 30 June 2022. Accordingly, if the value of a transaction which is proposed to be entered into by DHLT with an interested person is, either in itself or in aggregation with all other earlier transactions (each of a value equal to or greater than S\$100,000) entered into with the same interested person during the current financial year, equal to or in excess of S\$28.5 million, being 5.0% of DHLT’s latest unaudited NAV, such a transaction would be subject to Unitholders’ approval under Rule 906(1) of the Listing Manual and Paragraph 5.2(b) of the Property Funds Appendix.

35 Pursuant to Clause 15.2.4 of the Trust Deed, the Acquisition Fee Units will be issued at the prevailing Market Price (as defined herein) on the date of completion of the relevant acquisition (and if that date is not a Business Day, on the next immediately following Business Day). For the purposes of this footnote only, “**Market Price**” means the volume weighted average price for a Unit for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST for the period of 10 Business Days immediately preceding (and including) the Completion Date (and if that date is not a Business Day, on the next immediately following Business Day), and “**Business Day**” means any day (other than a Saturday, Sunday or gazetted public holiday or bank holiday) on which commercial banks are generally open for business in Singapore and the SGX-ST is open for trading.

36 DHLT’s unaudited NTA as at 30 June 2022, which was announced via SGXNET on 3 August 2022, is used as DHLT was only listed on the SGX-ST on 26 November 2021 and has not yet issued any audited financial statements.

37 DHLT’s unaudited NAV as at 30 June 2022, which was announced via SGXNET on 3 August 2022, is used as DHLT was only listed on the SGX-ST on 26 November 2021 and has not yet issued any audited financial statements.

Requirement for Unitholders' approval

As at the Latest Practicable Date, the Seller holds an aggregate direct interest in 69,705,358 Units, which represents approximately 10.31% of the Existing Units. As the Manager is a direct wholly-owned subsidiary of the Seller, the Seller is regarded as a “controlling shareholder” of the Manager for the purposes of both the Listing Manual and the Property Funds Appendix. As such, the Seller is considered (under Chapter 9 of the Listing Manual) an “interested person” of DHLT and (under the Property Funds Appendix) an “interested party” of DHLT.

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

The total amount payable by DHLT to the Sponsor and its subsidiaries (collectively, the “**Sponsor Group**”) as part of the Proposed Acquisition is JPY 4,677.7 million (S\$47.73 million), comprising the Aggregate Purchase Consideration of JPY 4,676.0 million (S\$47.71 million) and the Sponsor Tax Refund³⁸ of JPY 1.7 million (S\$0.02 million). As this total amount represents 8.4% of DHLT’s latest unaudited NTA and NAV, the Proposed Acquisition is subject to the approval of Unitholders pursuant to Rule 906(1)(a) of the Listing Manual and Paragraph 5.2(b) of the Property Funds Appendix. Please note that the above amount will be aggregated with the value of the Proposed Sponsor Subscription, which also constitutes an “interested person transaction” under Chapter 9 of the Listing Manual (see **paragraph 3.6** of this Letter to Unitholders for details on the requirement for Unitholders’ approval on the Proposed Sponsor Subscription, including the aggregation with the total amount payable by DHLT to the Sponsor Group as part of the Proposed Acquisition).

Accordingly, the Manager is seeking the approval of Unitholders by way of an Ordinary Resolution of Unitholders for the Proposed Acquisition (“**Resolution 1**”).

By approving the Proposed Acquisition, Unitholders are deemed to approve all agreements required to be entered into directly or indirectly by DHLT in connection with the Proposed Acquisition, pursuant to the DHI TBI SPA, including the Iwakuni MLA and the agreement for the Property Trustee to succeed the Seller as lessor under the Sublease Agreements.

The Manager will also seek approval of Unitholders by way of an Ordinary Resolution of Unitholders for the Proposed Sponsor Subscription of New Units to the Sponsor (“**Resolution 2**”). Please refer to **paragraphs 2 and 3** of this Letter to Unitholders of this Circular for details on Resolution 1 and Resolution 2, respectively.

Please refer to **paragraph 11** of this Letter to Unitholders for further details on Unitholders which are required to abstain from voting on the Resolutions.

38 The “**Sponsor Tax Refund**” refers to the portion of the fixed asset tax, city planning tax and depreciable asset tax and other expenses and public charges pre-paid by the Sponsor in relation to the Target Properties for the period commencing from the Completion Date and ending on 31 December 2022, which DH TMK is obligated to reimburse the Sponsor under the DHI TBI SPA. The figures are computed on the assumption that the Transactions will be completed on 8 December 2022. (See **paragraph 2.6.6** of this Letter to Unitholders for further details.)

(ii) Discloseable Transaction

Chapter 10 of the Listing Manual governs significant transactions by DHLT such as the acquisition or divestment of assets, including options to acquire or dispose of assets. Such transactions are classified into the following categories:

- (1) non-discloseable transactions;
- (2) discloseable transactions;
- (3) major transactions; and
- (4) very substantial acquisitions or reverse takeovers.

A transaction by DHLT may fall into any of the categories set out above depending on the size of the relative figures computed on the following bases of comparison:

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

Rule 1006(a) of the Listing Manual is not applicable to the Proposed Acquisition as DHLT will not be disposing of any assets under the Proposed Acquisition. Rule 1006(d) of the Listing Manual is not applicable to the Proposed Acquisition as DHLT will not be issuing any Units as consideration for the Proposed Acquisition³⁹.

³⁹ Purely for illustrative purposes only, although the New Units are not consideration units, if the New Units were to be applied to Rule 1006(d) of the Listing Manual for purposes of computing the relative figure under that rule, based on the 675,956,758 Units in issue as at 20 September 2022 and assuming that 16,565,067 New Units are issued pursuant to the Proposed Sponsor Subscription (as assumed under **paragraph 5** of this Letter to Unitholders), the relative figure would be 2.45%.

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

	Proposed Acquisition (S\$ million)	DHLT (S\$ million)	Relative figure (%)
<u>Rule 1006(b)</u> NPI ⁽¹⁾ attributable to the Target Properties when compared with NPI of DHLT, in each case, for FP2022 ⁽²⁾	1.0 ⁽²⁾	30.0 ⁽³⁾	3.3%
<u>Rule 1006(c)</u> Aggregate value of the consideration and the Sponsor Tax Refund payable for the Proposed Acquisition when compared with DHLT's market capitalisation based on the total number of issued Units	47.73 ⁽⁴⁾⁽⁵⁾	463.0 ⁽⁶⁾	10.3%

Notes:

- (1) In the case of a real estate investment trust, NPI is a close proxy to the net profits attributable to its assets.
- (2) Based on the actual exchange rate of S\$1.00 : JPY 89.09 as adopted in the profit and loss statement of the FP2022 Unaudited Financial Statements.
- (3) As DHLT was only listed on 26 November 2021, it does not have any audited financial statements. As such, the NPI figures are based on the FP2022 Unaudited Financial Statements, which were announced on 3 August 2022.
- (4) Based on exchange rate of S\$1.00 : JPY 98.0.
- (5) For the avoidance of doubt, the estimated amount payable to the Sponsor Group of S\$47.73 million, being the aggregate value of the consideration and the Sponsor Tax Refund payable for the Proposed Acquisition, is a subset of the Total Acquisition Cost of approximately S\$56.2 million which includes additional costs and expenses such as the Acquisition Fee, the Refundable Consumption Tax and cash reserves expected to be required under the Loan Facilities. Please refer to **paragraph 2.4** above of this Letter to Unitholders for a detailed expected breakdown of the Total Acquisition Cost.
- (6) Based on the number of Units in issue multiplied by the volume weighted average trading price ("VWAP") of S\$0.6849 per Unit on 20 September 2022, being the Market Day immediately prior to the entry into the DHI TBI SPA. "Market Day" means a day on which the SGX-ST is open for securities trading.

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

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

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

(iii) Existing Interested Person Transactions

For the information of Unitholders, as at the Latest Practicable Date, save for the Proposed Acquisition, the Proposed Sponsor Subscription and any transaction whose value is less than S\$100,000, the value of all other existing interested person transactions entered into between DHLT (whether directly or indirectly) and the Sponsor and its associates from 26 November 2021 (being the date of the Listing) up to the Latest Practicable Date is approximately S\$1.6 million, which is approximately 0.3% of DHLT's latest unaudited NTA as at 30 June 2022.

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

3. RESOLUTION 2: THE PROPOSED SPONSOR SUBSCRIPTION

3.1 Overview and Structure of the Proposed Sponsor Subscription

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

As at the Latest Practicable Date, the Sponsor Group holds an aggregate of 69,705,358 Units, which represents approximately 10.31% of the total number of Existing Units.

Under the Subscription Agreement, the Sponsor shall subscribe for the following number of New Units for the Total Subscription Amount at the Issue Price, on the terms and subject to the conditions of the Subscription Agreement:

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

where:

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

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

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

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

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

The Sponsor agreed to the minimum Issue Price of S\$0.77 per New Unit, which is at a premium to, among others, the Current Market Price (as defined herein), as a demonstration of its firm commitment to support the growth of DHLT.

Pursuant to Rule 811(3) of the Listing Manual, the restriction to the Issue Price under Rule 811(1) read with Rule 811(5)⁴⁰ of the Listing Manual is not applicable if specific approval of Unitholders is obtained for the issuance of the New Units pursuant to the Proposed Sponsor Subscription.

The New Units to be issued pursuant to the Proposed Sponsor Subscription will not be underwritten. The Total Subscription Amount will be paid in cash in accordance with the Subscription Agreement.

For illustrative purposes only, based on an illustrative SGD to JPY exchange rate of S\$1.00 = JPY 98.0, the gross proceeds of the Proposed Sponsor Subscription will be approximately S\$12.8 million⁴¹, and further assuming an Issue Price of S\$0.77 per New Unit, it is estimated that 16,565,067 New Units will be issued pursuant to the Proposed Sponsor Subscription.

Please refer to **paragraph 4.5.2** of this Letter to Unitholders for details relating to the minimum Issue Price of S\$0.77 and its comparison against, among others, the Current Market Price.

3.2 Principal Terms of the Subscription Agreement

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

- 3.2.1** the Sponsor shall subscribe for the New Units at the Issue Price for the Total Subscription Amount, with the number of New Units to be calculated based on the formula set out in the Subscription Agreement (see **paragraph 3.1** of this Letter to Unitholders of this Circular for further details);
- 3.2.2** the subscription for, and issuance of, New Units pursuant to the Subscription Agreement is in all respects conditional upon satisfaction or waiver (as the case may be) of the following conditions:
- (i) the New Units having been approved in-principle by the SGX-ST for listing, there not having occurred any revocation or withdrawal of such approval and, where such approval is subject to conditions, and if such conditions are required to be fulfilled on or before the date of issuance of the New Units, such conditions are so fulfilled;
 - (ii) DHLT having obtained the approvals of its unitholders in respect of the Proposed Acquisition and the Proposed Sponsor Subscription at the EGM;
 - (iii) in respect of the Proposed Sponsor Subscription, the Manager having filed a Registration Statement of Foreign Investment Trust with the required documents attached therein to the Commissioner of Financial Services Agency of Japan under Article 58 of the Law concerning Investment Trusts and Investment Corporation of Japan;

⁴⁰ Under Rule 811(1) of the Listing Manual, the Issue Price must not be priced at more than 10% discount to the weighted average price for trades done on SGX-ST for the full market day on which the Subscription Agreement was signed, or (if trading in the Units is not available for a full market day) for the preceding market day up to the time the Subscription Agreement is signed. Under Rule 811(5) of the Listing Manual, for the purpose of Rule 811 of the Listing Manual, the discount of the Issue Price may be computed with reference to the weighted average price excluding declared distributions for trades done for the underlying units on the SGX-ST for the full market day on which the Subscription Agreement was signed, provided that the Sponsor is not entitled to the declared distributions.

⁴¹ The actual SGD equivalent amount will be determined based on the Agreed Exchange Rate to be determined on the Price Determination Date in accordance with the Subscription Agreement.

- (iv) the representations, warranties and undertakings by each party to the Subscription Agreement remaining true and correct in all material respects as if made on the date of issuance of the New Units, with reference to the then existing facts and circumstances, and each of them having performed all of its obligations thereunder to be performed on or before the date of issuance of the New Units; and
- (v) the DHI TBI SPA not having been terminated and the DHI TBI SPA having become unconditional and all conditions precedent therein have been fulfilled or (as the case may be) waived, other than the conditions precedent regarding (a) DH TMK, as purchaser under the DHI TBI SPA, having completed the fund procurement required for payment of the purchase price in respect of the Proposed Acquisition and (b) the completion of the Proposed Sponsor Subscription.

3.2.3 The New Units when paid up and issued, will be free from all liens, charges, encumbrances and other third party rights, freely transferrable in Singapore without restrictions on the voting, transfer or disposal of the New Units under, among others, the laws of Singapore and shall rank *pari passu* in all respects with all existing Units in issue as at the date of completion of the Proposed Sponsor Subscription, except for any dividends, distributions or entitlements accruing up to the day immediately before the date of completion of the Proposed Sponsor Subscription.

3.2.4 The Subscription Agreement may be terminated:

- (i) by the Manager if the Sponsor fails to pay, or cause to be paid, the Total Subscription Amount to the account specified by the Manager in accordance with the Subscription Agreement by the specified time before the completion date of the Subscription Agreement; or
- (ii) if completion of the Subscription Agreement does not occur by 31 December 2022 (or such later date as may be agreed between the parties to the Subscription Agreement, provided that such date shall not be later than 31 March 2023); or
- (iii) with the written consent of all parties to the Subscription Agreement.

3.3 Use of Proceeds of the Proposed Sponsor Subscription

The gross proceeds of the Proposed Sponsor Subscription shall be the Total Subscription Amount, representing the Singapore dollar equivalent of JPY 1,250.0 million based on the Agreed Exchange Rate. For illustrative purposes only, based on the illustrative exchange rate of S\$1.00 = JPY 98.0, the gross proceeds of the Proposed Sponsor Subscription will be approximately S\$12.8 million.⁴²

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

However, Unitholders should note that even in the event that both Resolutions 1 and 2 are approved, there is no assurance that both the Proposed Acquisition and the Proposed Sponsor Subscription will complete. The Proposed Acquisition and the Proposed Sponsor Subscription each remains subject to the terms of the DHI TBI SPA and the Subscription Agreement respectively. For example, while the Proposed Acquisition is conditional upon the completion of the Proposed Sponsor Subscription, completion of the Proposed Sponsor

⁴² The actual SGD equivalent amount will be determined based on the Agreed Exchange Rate to be determined on the Price Determination Date in accordance with the Subscription Agreement.

Subscription is not conditional upon the completion of the Proposed Acquisition. As such, there remains a possibility that the Proposed Sponsor Subscription completes but the Proposed Acquisition does not.

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

The Manager will make periodic announcements on the utilisation of the gross proceeds of the Proposed Sponsor Subscription via SGXNET as and when such funds are materially disbursed and whether such a use is in accordance with the stated use and in accordance with the percentage allocated. If applicable, a status report on the use of the proceeds and whether the use of proceeds is in accordance with the stated use and is in accordance with the percentage allocated in the announcement of the Manager will be included in the annual report of DHLT.

Where the proceeds are used for general working capital purposes, the Manager will announce a breakdown with specific details on the use of proceeds for working capital, and where there is any material deviation from the stated use of proceeds, the Manager will announce the reasons for such deviation.

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

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

Approval in-principle has been obtained on 20 October 2022 from the SGX-ST for the listing and quotation of up to 25,000,000 New Units (representing approximately 3.7% of the Existing Units) on the Main Board of the SGX-ST, subject to the following conditions:

- (i) compliance with the SGX-ST's listing requirements for the New Units;
- (ii) a written undertaking from DHLT that it will comply with Rule 704(30) and Rule 1207(20) of the Listing Manual in relation to the use of the proceeds from the Proposed Sponsor Subscription and where proceeds are to be used for working capital purposes, DHLT will disclose a breakdown with specific details on the use of proceeds for working capital in DHLT's announcements on use of proceeds and in the annual report;
- (iii) a written undertaking from DHLT that it will comply with Rule 803 of the Listing Manual;
- (iv) a written undertaking from DHLT that it will comply with Rule 812 of the Listing Manual; and
- (v) independent Unitholders' approval on the issuance of the New Units.

The SGX-ST's in-principle approval is not to be taken as an indication of the merits of the Proposed Sponsor Subscription, the New Units or DHLT and/or its subsidiaries.

3.5 Status of the New Units

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

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

3.6 Requirement for Unitholders’ Approval

The Manager is seeking the specific approval of Unitholders for the issuance of New Units under the Proposed Sponsor Subscription pursuant to Rule 805(1) of the Listing Manual. For the avoidance of doubt, the Manager will not be relying on the unit issue mandate which Unitholders were deemed to have approved by subscribing for Units under the IPO of DHLT. Further, for the avoidance of doubt, Rule 803 of the Listing Manual is not applicable to the Proposed Sponsor Subscription as the Sponsor will not be considered a “controlling unitholder” for the purposes of the Listing Manual, given that the Sponsor is estimated to have a resulting unitholding of around 12.5% of the enlarged unit capital of DHLT⁴³ immediately after the completion of the Proposed Sponsor Subscription and the issuance of the Acquisition Fee Units.

Specific approval of Unitholders for the Proposed Sponsor Subscription is required as Rule 812(1) of the Listing Manual prohibits a placement of New Units to, among others, the Manager’s substantial shareholders and DHLT’s Substantial Unitholders⁴⁴, unless specific Unitholders’ approval is obtained.

As at the Latest Practicable Date, as the Manager is a direct wholly-owned subsidiary of the Sponsor, the Sponsor is regarded as a “controlling shareholder” of the Manager for the purposes of the Listing Manual. Accordingly, the Sponsor is a restricted person under Rule 812(1)(a) of the Listing Manual.

As at the Latest Practicable Date, the Sponsor holds an aggregate direct interest in 69,705,358 Units, which represents approximately 10.31% of the Existing Units, and is therefore a Substantial Unitholder of DHLT. The Sponsor is also the parent company of the Manager and has board representatives on the board of Directors of the Manager. Accordingly, the Sponsor is a restricted person under Rule 812(1)(a) of the Listing Manual.

For the avoidance of doubt, the Sponsor will not be holding the New Units in trust or as nominees for other persons.

43 Based on the minimum Issue Price of S\$0.77 per New Unit and the illustrative exchange rate of S\$1.00 : JPY 98.0. The actual percentage unitholding of the Sponsor in DHLT after the completion of the Proposed Sponsor Subscription and the issuance of the Acquisition Fee Units may vary.

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

As the Proposed Sponsor Subscription will constitute a placement to a restricted person under Rule 812(1)(a) of the Listing Manual, specific Unitholders' approval for the Proposed Sponsor Subscription is required pursuant to Rule 812(2) of the Listing Manual. A Unitholder who is an interested person for the purposes of the Listing Manual, and any associate of the interested person, must not vote on Resolution 2 (the Proposed Sponsor Subscription) in respect of which such person is interested, nor accept appointments as proxies, unless specific instructions as to voting are given.

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

In this respect, the value of the Proposed Sponsor Subscription, when aggregated with the total amount payable by DHLT to the Sponsor Group as part of the Proposed Acquisition, will exceed 5.0% of DHLT's latest unaudited NTA.

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

The Total Subscription Amount is JPY 1,250.0 million (S\$12.8 million)⁴⁵ and the total amount payable by DHLT to the Sponsor Group as part of the Proposed Acquisition is JPY 4,677.7 million (S\$47.73 million), which when aggregated together, represents 10.6% of DHLT's latest unaudited NTA and NAV. Accordingly, pursuant to Rule 906(1)(a) of the Listing Manual, the Manager is required to seek the approval of Unitholders for the Proposed Sponsor Subscription, which when aggregated together with the Proposed Acquisition, will exceed 5.0% of DHLT's latest unaudited NTA and NAV.

Accordingly, the Manager is seeking the approval of Unitholders for the Proposed Sponsor Subscription by way of an Ordinary Resolution.

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

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

4.1 Proposed Acquisition expected to improve DPU to Unitholders

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

4.1.1 DPU accretive acquisition

The Proposed Acquisition is expected to be DPU accretive to Unitholders. For illustrative purposes, on a pro forma basis and based on the proposed methods of financing, the DPU for FP2022 will increase by approximately 1.3%⁴⁶ from 3.09 cents to 3.13 cents.

⁴⁵ This is an illustrative SGD amount based on the illustrative exchange rate of S\$1.00 : JPY 98.0. The actual SGD equivalent amount will be determined based on the Agreed Exchange Rate to be determined on the Price Determination Date in accordance with the Subscription Agreement.

⁴⁶ Please refer to **paragraph 5** of this Letter to Unitholders for further details, including the underlying assumptions.

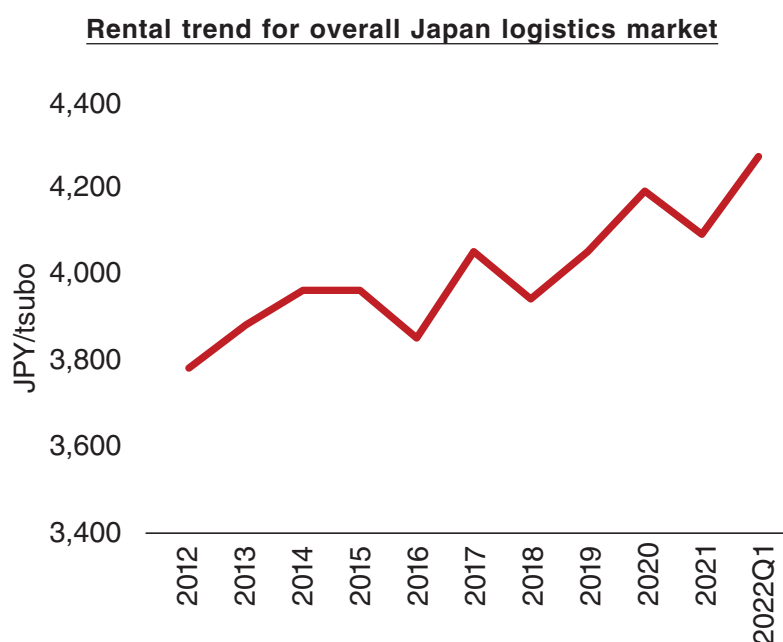
4.1.2 Prudent capital management

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

On a pro forma basis, the aggregate leverage after the Transactions is expected to be 36.2%⁴⁷ as at 30 June 2022, thus providing DHLT with headroom of approximately S\$263.9 million (up to an aggregate leverage limit of 50.0%⁴⁸).

4.2 Fundamentals of the Japan logistics market remain sound

Based on the Independent Market Research Report, the demand for rental logistics spaces in Japan has been robust for the past several years with low vacancy rates and growing rents in general. Whilst a significant amount of new supply has been slated for completion in the next few years, demand for logistics space is expected to remain healthy. The following chart shows the rental trend for the overall Japan market in the logistics sector.



Source: Independent Market Research Report

⁴⁷ Please refer to **paragraph 5** of this Letter to Unitholders for further details, including the underlying assumptions.

⁴⁸ Under the Property Funds Appendix, DHLT may borrow up to 50.0% of its deposited property if DHLT has a minimum adjusted interest coverage ratio of 2.5 times, failing which, DHLT may borrow up to 45.0% of its deposited property.

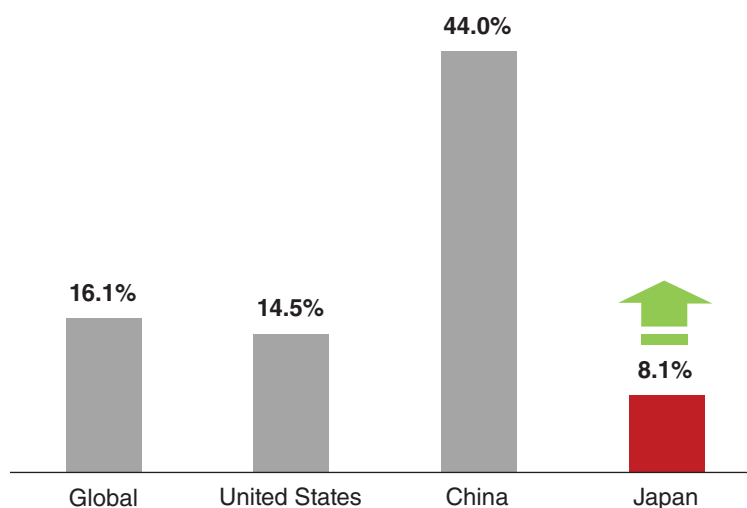
4.2.1 Demand for logistics space expected to continue growing

Growing e-commerce market

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

According to the Independent Market Research Consultant, despite the strong growth, the proportion of e-commerce sales as a proportion of the total retail sales in Japan is only 8.1%, which is far lower compared to the more developed e-commerce markets in China (44.0%) and the United States (14.5%) which implies that there is potential for continued growth in the e-commerce sector in Japan and e-commerce is expected to be the primary demand driver in the Japan logistics market.

Proportion of e-commerce sales to total retail sales



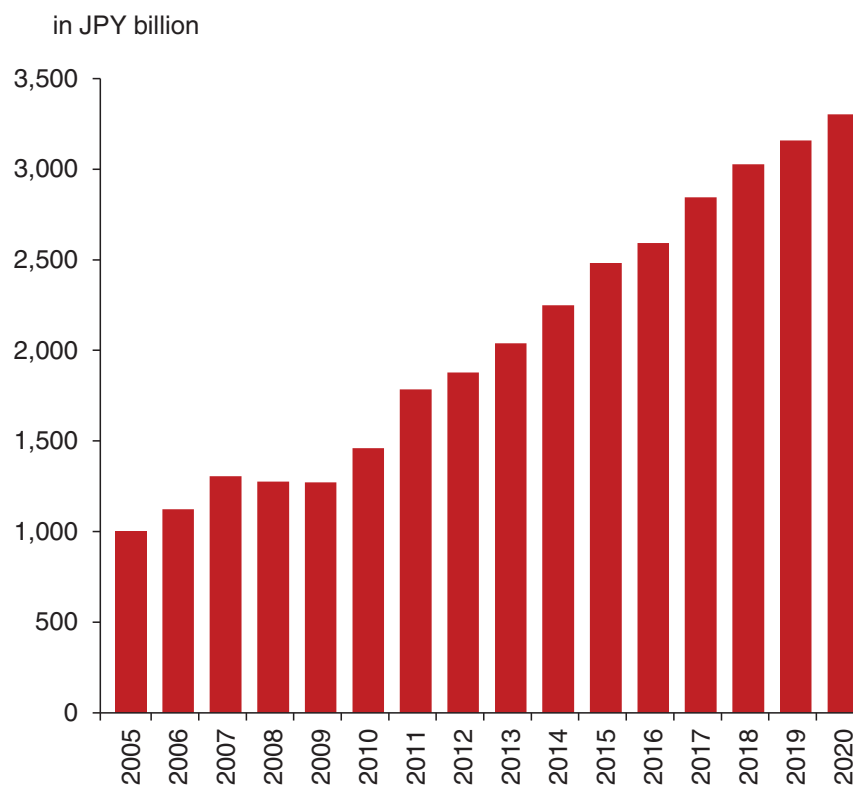
Source: Independent Market Research Report

Growing 3PL market

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

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

3PL market sales



Source: Independent Market Research Report

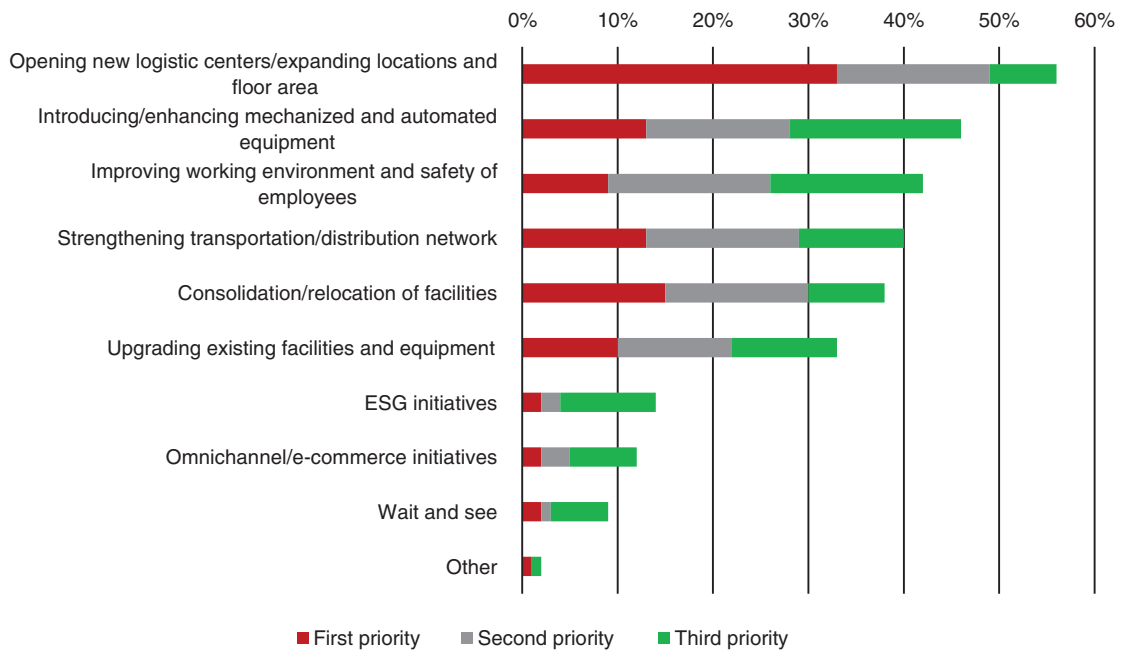
Increasing demand for logistics properties

Based on a survey conducted by the Independent Market Research Consultant in March 2022 of companies in Japan that own or lease logistics facilities, 56% of respondents indicated that they will be focusing on opening new logistics facilities or expanding locations and floor area over the next three years. According to the Independent Market Research Consultant, this was the top priority initiative for one in three companies surveyed in March 2022, suggesting that tenant demand for logistics facilities is likely to remain firm in the medium term.

Some of the key reasons for the increase in tenant demand include (i) business expansion; (ii) relocation for more efficient network; (iii) obsolescence of current existing facilities; and (iv) increase in volume of storage goods as recent shortages of raw materials and supply chain disruption have led to companies increasing inventories of products with a long lead time or holding larger inventories of products to be delivered to customers.

Going forward, the Independent Market Research Consultant expects more companies to revise their logistics strategies given the ageing of their own facilities, which should lead to a growth in the demand for modern, high-specifications facilities. Examples of such high-specifications facilities include DPL Iwakuni 1 & 2. The chart below sets out the key considerations of surveyed companies when considering logistics facilities in terms of priority.

Priority of logistics measures of surveyed companies for the next three years



Source: Independent Market Research Report

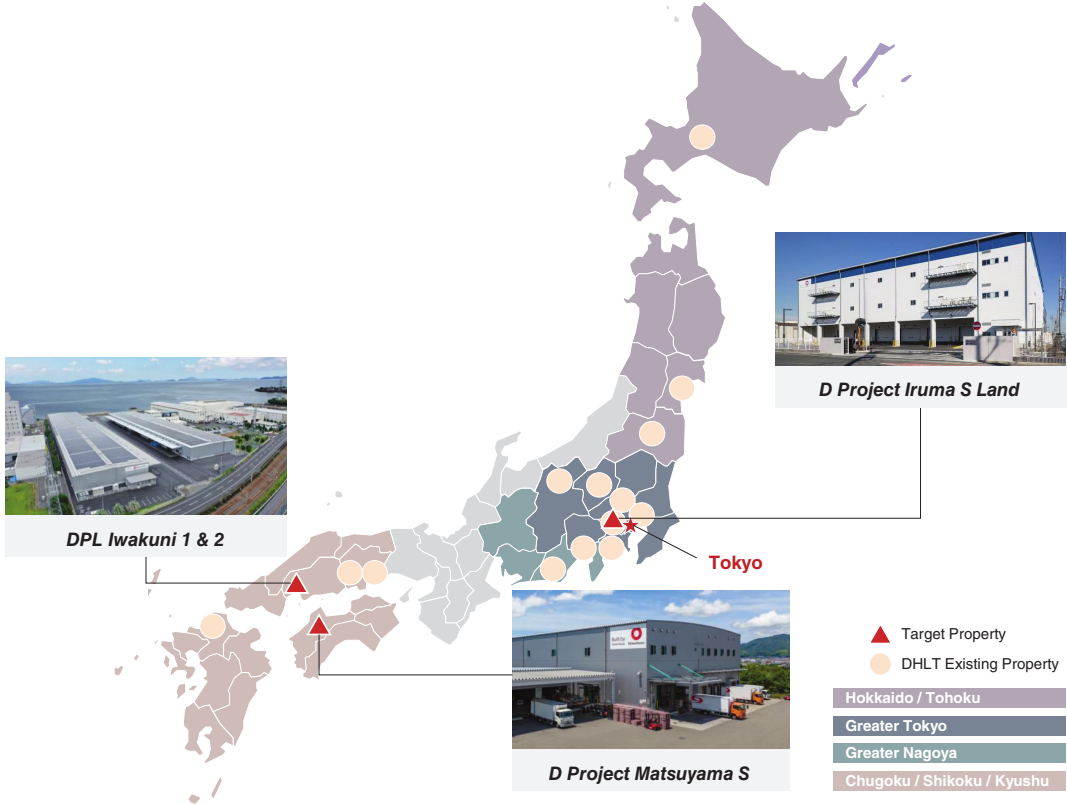
4.2.2 Scarcity of modern logistics facilities

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

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

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

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



4.3.1 Strategically located near key transport routes

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

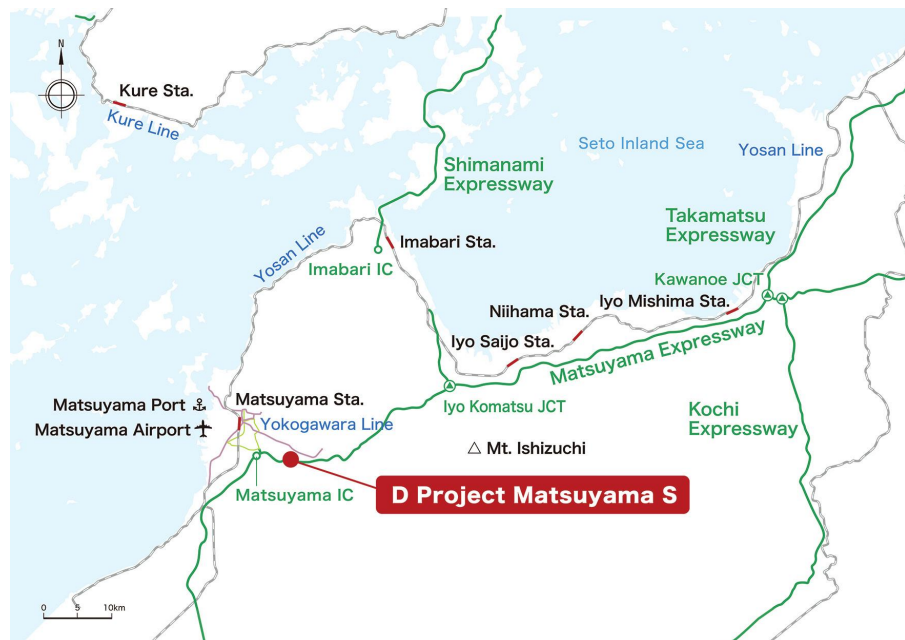
DPL Iwakuni 1 & 2

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



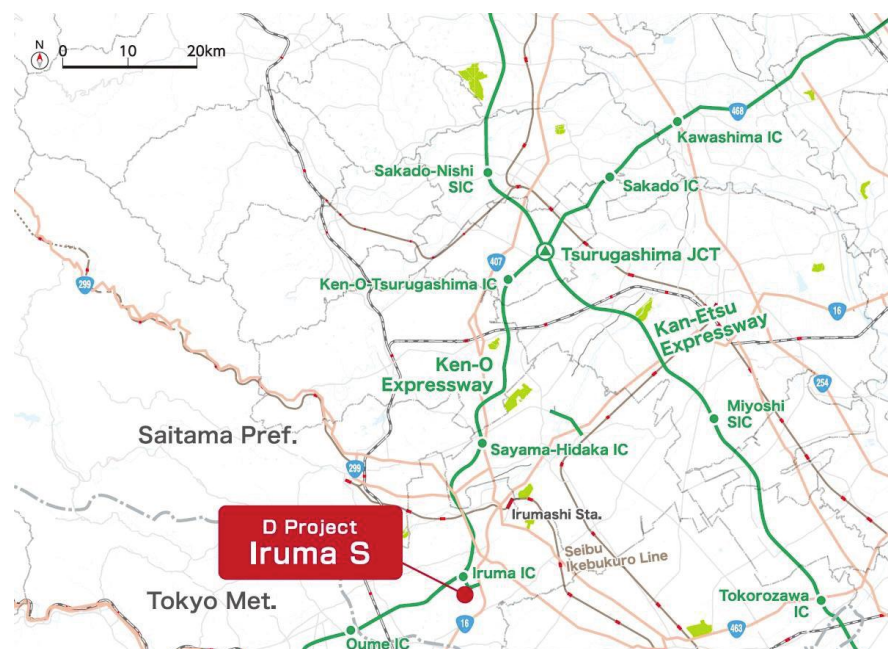
D Project Matsuyama S

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



D Project Iruma S Land

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



4.3.2 Addition of quality assets to DHLT's portfolio

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

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

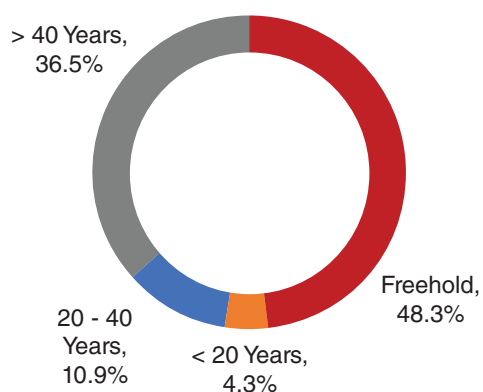
DPL Iwakuni 1 & 2 is a relatively new building completed in 2016 and 2020, respectively. D Project Matsuyama S is a BTS property with minimal capital expenditure requirements expected in the near term.

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

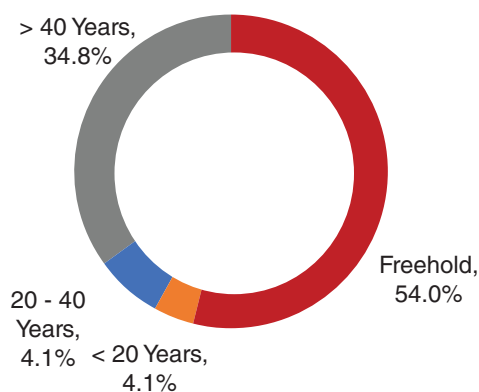
4.3.3 Acquisition of freehold properties and D Project Iruma S Land mitigates leasehold risk

The Target Properties are all freehold properties as DHLT continues to drive the value and resilience of its portfolio with a higher mix of freehold land and mitigates leasehold risks. On a pro forma basis, the proportion of freehold properties (by NLA) of the Enlarged Portfolio will increase from 48.3% to 54.0% as at 30 June 2022. As a result, the proportion of properties that are freehold or with land lease expiry of more than 40 years will increase from 84.8% to 88.8% as at 30 June 2022.

**Breakdown by land tenor
(Pre Transactions)**



**Breakdown by land tenor
(Post Transactions)**



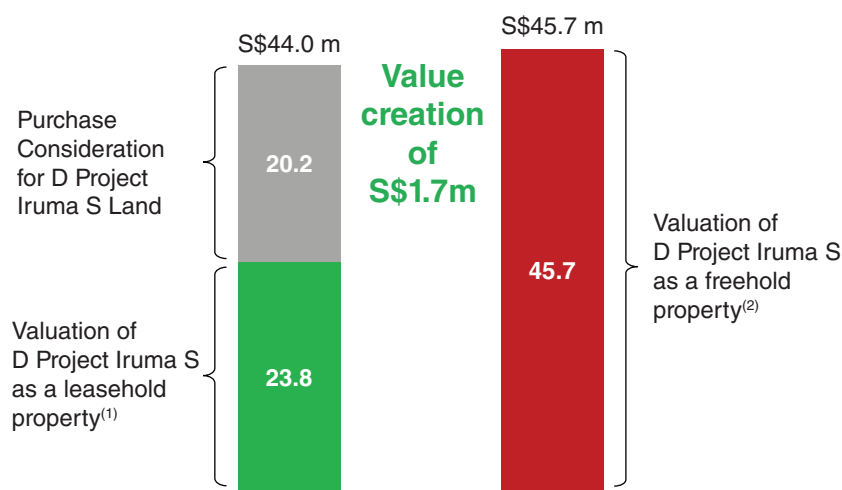
Acquisition of D Project Iruma S Land

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

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

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

Value creation for D Project Iruma S



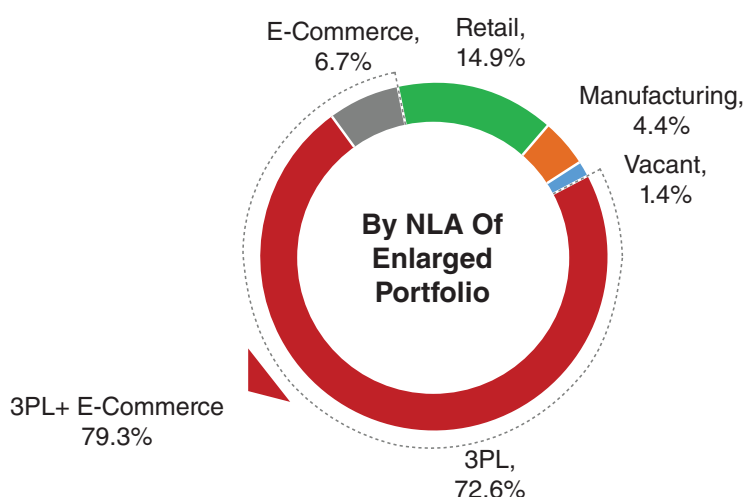
Notes:

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

4.3.4 100% occupancy rate with high quality tenants

The Existing Portfolio of DHLT has an occupancy rate of 98.6% as at 30 June 2022. Since DPL Iwakuni 1 & 2 and D Project Matsuyama S are fully occupied as at 30 June 2022, this will result in DHLT maintaining a high portfolio occupancy rate of 98.6% for the Enlarged Portfolio on a pro forma basis as at 30 June 2022. The two properties are leased to quality tenants, which include listed companies. The tenants include Nippon Express Co., Ltd, a global integrated logistics service provider as well as Nippon Access., Inc, a leading integrated food trading company in Japan which also provides 3PL services. Following the completion of the Transactions, the proportion of tenants in growing 3PL and e-commerce sectors in the Enlarged Portfolio will increase from 79.0% to 79.3%⁴⁹ on a pro forma basis as at 30 June 2022. The Manager believes that this can further enhance the resilience of the portfolio.

Breakdown by tenant sectors
(Post Transactions)



⁴⁹ The percentage was calculated based on the sectors of the end-tenants and not of the master lessee(s) under the pass-through master lease arrangements. The sub-tenants are in substance tenants of DHLT as all economic benefits that arise from the sub-lessees belong to the Property Trustee and under the pass-through master lease arrangements, all rent received by the master lessee from the underlying sub-lessees will be paid over to the Property Trustee for the benefit of DHLT.

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

Property	Tenants ⁽¹⁾	Description
DPL Iwakuni 1 & 2	Nippon Express Co., Ltd	Tokyo Stock Exchange listed global logistics service provider
	Tenant D ⁽²⁾	Automotive parts manufacturer
	Almatis Ltd.	Chemical manufacturing company
	Tokuyama Corporation	A major integrated chemical company
	Senko Co., Ltd.	A leading 3PL service provider in Japan
D Project Matsuyama S	Nippon Access., Inc	A leading integrated food trading and 3PL service provider in Japan

Notes:

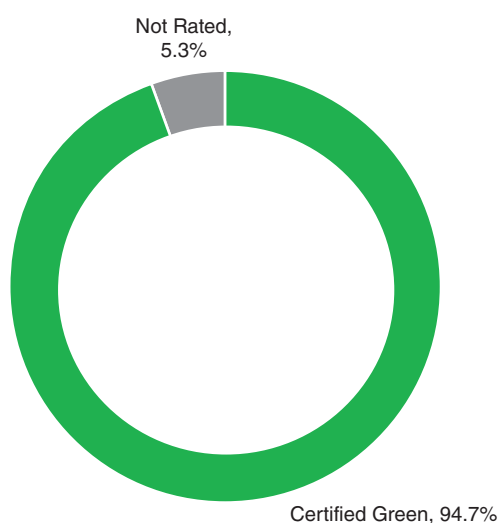
- (1) For the avoidance of doubt, none of the tenants are related parties to DHLT.
- (2) This tenant has not given its consent to the disclosure of any of the terms of its tenancy agreement (including its name).

4.3.5 In line with DHLT’s continuous sustainability efforts

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

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

Green certified properties (by NLA)



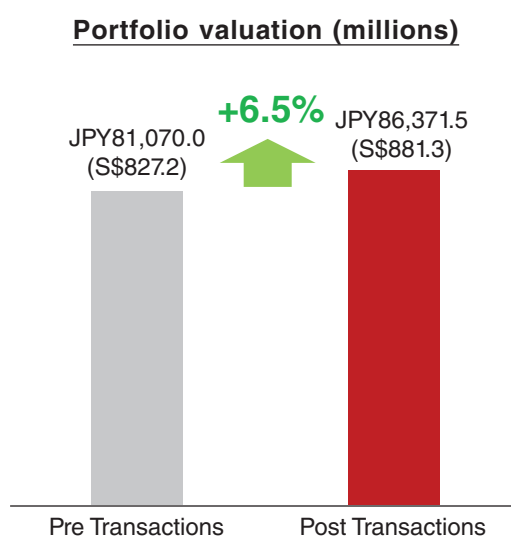
DPL Iwakuni 1 & 2 has energy-saving LED lightings installed in the property and also has solar panels installed on its rooftop with a capacity of 1.8 MWp. Following the completion of the Proposed Acquisition, DHLT's Enlarged Portfolio will have an aggregate solar energy capacity of 15.4 MWp.

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

4.4 Further diversification of DHLT's portfolio

4.4.1 Property diversification

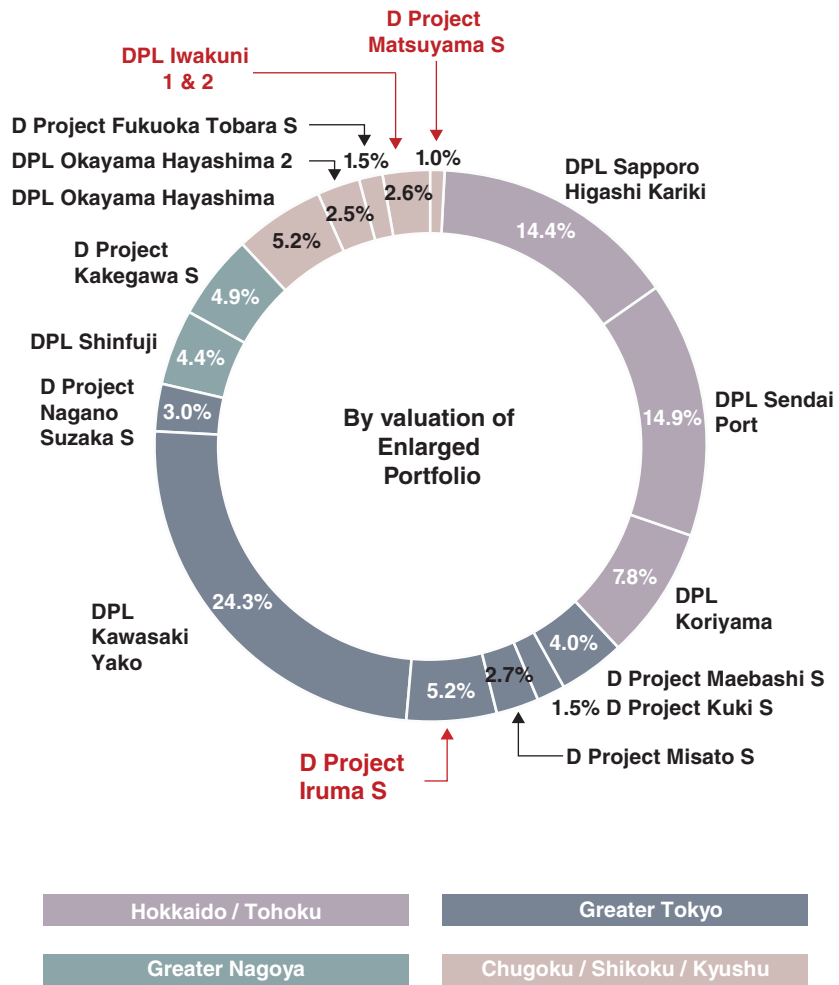
The Proposed Acquisition is expected to increase the valuation of the Enlarged Portfolio by approximately 6.5% to JPY 86,371.5 million (S\$881.3 million)⁵⁰ on a pro forma basis as at 30 June 2022.



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

⁵⁰ Based on the valuation of the Existing Portfolio as at 31 December 2021 and the Aggregate Value of the Target Properties.

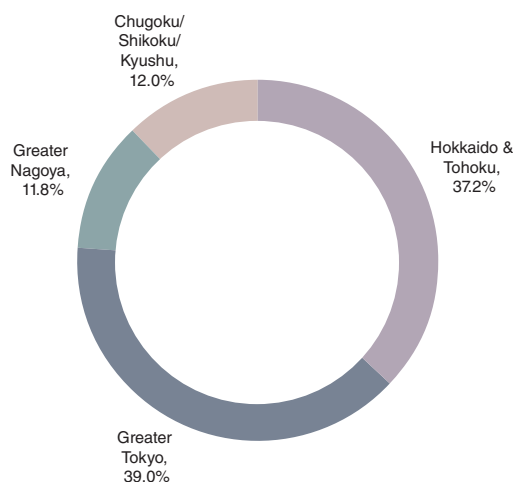
Contribution of each property to the total valuation of the Enlarged Portfolio (%)



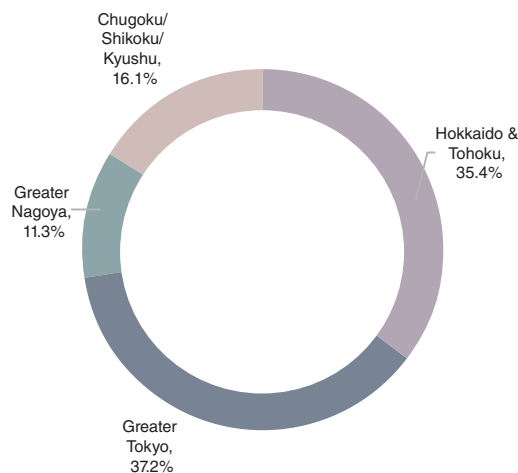
4.4.2 Geographical diversification

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

Breakdown by regions (Pre Transactions)



Breakdown by regions (Post Transactions)



4.4.3 Tenant diversity

DHLT will also have a wider pool of tenants which reduces its reliance on any single tenant. Following the completion of the Proposed Acquisition, on a pro forma basis as at 30 June 2022, the largest tenant contribution to NPI will decrease from 19.8% to 19.1% and the top 10 tenants' contribution to NPI will decrease from 69.9% to 68.4%.

As at 30 June 2022 (Existing Portfolio)

	Tenant	% of NPI ⁽¹⁾
1	Mitsubishi Shokuhin	19.8
2	Suntory Logistics	8.0
3	Nippon Express	8.0
4	Tenant A ⁽²⁾	7.1
5	Nitori	5.6
6	Tenant B ⁽²⁾	4.5
7	Create SD	4.5
8	Tokyo Logistics Factory	4.2
9	K.R.S Corporation	4.1
10	CB Group Management	4.1
		69.9%

As at 30 June 2022 (Enlarged Portfolio)

	Tenant	% of NPI ⁽¹⁾
1	Mitsubishi Shokuhin	19.1
2	Nippon Express	8.6
3	Suntory Logistics	7.7
4	Tenant A ⁽²⁾	6.9
5	Nitori	5.4
6	Tenant B ⁽²⁾	4.4
7	Create SD	4.3
8	Tokyo Logistics Factory	4.1
9	K.R.S Corporation	4.0
10	CB Group Management	3.9
		68.4%

Notes:

- (1) Based on the pro forma NPI for FP2022 and the percentage of NPI was calculated and adjusted based on the NPI of each property and allocated to the respective tenants by the proportion of NLA the tenants occupy in the property.
- (2) These tenants have not given their consent to the disclosure of any of the terms of their respective tenancy agreements (including their names).

4.5 Reinforcement of the commitment and support from the Sponsor

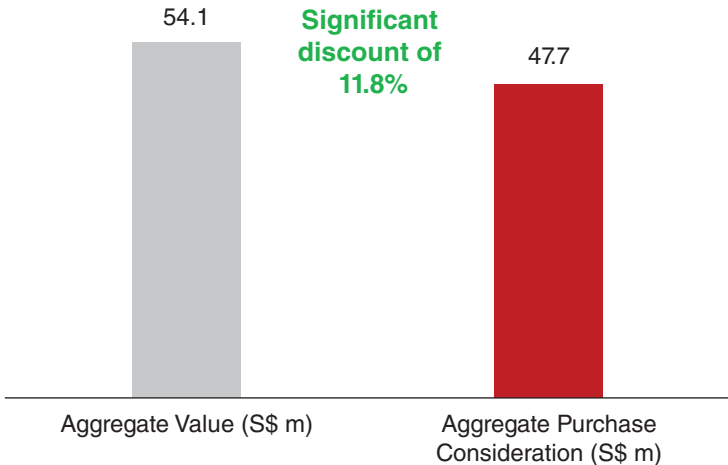
The Target Portfolio will be acquired from the Sponsor pursuant to the ROFR that was granted to DHLT at Listing. Through the Proposed Acquisition and together with the Proposed Sponsor Subscription, the Sponsor has demonstrated its firm commitment to support the growth of DHLT.

4.5.1 Acquiring the Target Portfolio at an attractive discount to valuation

The Aggregate Purchase Consideration for the Target Properties is approximately S\$47.7 million, representing an attractive discount of 11.8% to Aggregate Value of S\$54.1 million. The blended implied NPI yield for DPL Iwakuni 1 & 2 and D Project Matsuyama S based on the purchase consideration for these two properties is 6.5%, which is higher than the blended NPI yield of the Existing Portfolio of 6.1%.⁵¹

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

Aggregate Purchase Consideration vs Aggregate Value



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

The Sponsor will support the Proposed Acquisition by subscribing for the New Units at the Issue Price which is the higher of S\$0.77 per New Unit or the 10-Day VWAP. The minimum Issue Price of S\$0.77 per New Unit is equivalent to the adjusted NAV per Unit as at 30 June 2022 (being NAV per Unit of S\$0.80 net of DPU of 3.09 cents in respect of FP2022).

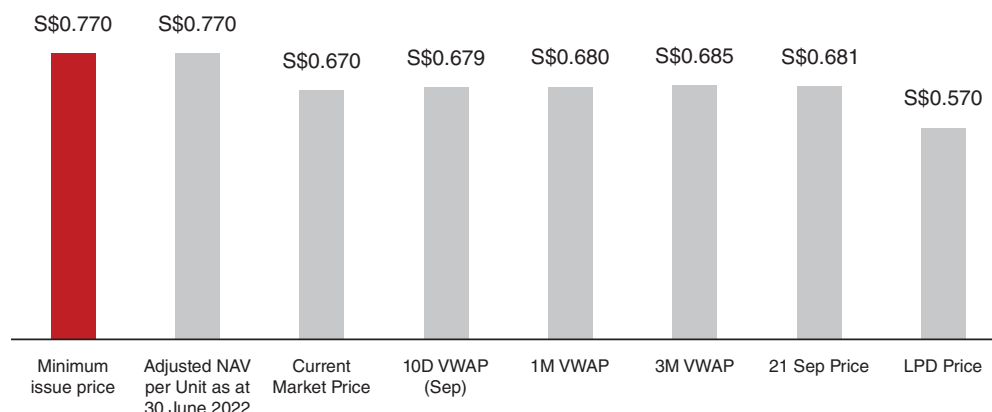
51 Based on annualised NPI of the respective properties for FP2022 converted to S\$ using the actual exchange rate of S\$1.00 : JPY 89.09 as adopted in the profit and loss statement of the FP2022 Unaudited Financial Statements where relevant, and purchase consideration (for DPL Iwakuni 1 & 2 and D Project Matsuyama S) and valuation as at 31 December 2021 (for the Existing Portfolio) converted to S\$ using an illustrative exchange rate of S\$1.00 : JPY 98.0.

The minimum Issue Price of S\$0.77 represents:

- (i) a premium of 14.9% to the closing price of the Units as at 20 September 2022 (being the Market Day immediately preceding 21 September 2022 which is the date of the announcement made by the Manager for the Transactions) (the “**Current Market Price**”);
- (ii) a premium of 13.4% to the VWAP per Unit on the SGX-ST for a period of 10 Market Days prior and up to (and including) 20 September 2022 (“**10D VWAP (Sep)**”);
- (iii) a premium of 13.2% to the VWAP per Unit on the SGX-ST for a period of one month prior and up to (and including) 20 September 2022 (the “**1M VWAP**”);
- (iv) a premium of 12.4% to the VWAP per Unit on the SGX-ST for a period of three months prior and up to (and including) 20 September 2022 (the “**3M VWAP**”);
- (v) a premium of 13.1% to the VWAP per Unit for trades done on the SGX-ST for 21 September 2022 (being the full market day on which the Subscription Agreement was signed) (the “**21 Sep Price**”); and
- (vi) a premium of 35.1% to the closing price per Unit as at the Latest Practicable Date (the “**LPD Price**”).

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

Comparison of minimum issue price which is at a premium in comparison to the Current Market Price, 10D VWAP (Sep), 1M VWAP, 3M VWAP, 21 Sep Price and LPD Price



4.5.3 Further alignment of interest with increase of the Sponsor’s ownership

The Sponsor’s increased ownership in DHLT will further strengthen the alignment of the interests between the Sponsor and the other Unitholders. Immediately after the completion of the Proposed Sponsor Subscription and the issuance of the Acquisition Fee Units, the Sponsor’s stake in DHLT will be increased from 10.31% as at the Latest Practicable Date to an estimated 12.5% of the enlarged unit capital of DHLT⁵². The Sponsor’s stake in DHLT immediately after the completion of the Proposed Sponsor Subscription, as a percentage of the 675,956,758 Units in issue as at Latest Practicable Date, is expected to be 12.8%.

⁵² Based on the minimum Issue Price of S\$0.77 per New Unit and the illustrative exchange rate of S\$1.00 : JPY 98.0. The actual percentage unitholding of the Sponsor in DHLT after the completion of the Proposed Sponsor Subscription and the issuance of the Acquisition Fee Units may vary.

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

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

5. PRO FORMA FINANCIAL EFFECTS

FOR ILLUSTRATIVE PURPOSES ONLY:

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

- the effect of the Proposed Acquisition on DHLT's DPU for FP2022 is based on the assumption that the Proposed Acquisition had been completed on 26 November 2021 (being the date of the Listing) and the Target Properties are held throughout FP2022;
- the effect of the Proposed Acquisition on DHLT's NAV per Unit for FP2022 is based on the assumption that the Proposed Acquisition had been completed on 30 June 2022;
- approximately 619,666 new Units⁵³ are issued for the Acquisition Fee⁵⁴ payable to the Manager at an issue price of S\$0.77 per Acquisition Fee Unit⁵⁵;
- approximately 16,565,067 New Units are issued at the Issue Price of S\$0.77 per New Unit in respect of the gross proceeds of up to approximately S\$12.8 million raised pursuant to the Proposed Sponsor Subscription;
- the remainder of the Total Acquisition Cost is financed by Loan Facilities of JPY 4,000.0 million and remaining costs through DHLT's own internal resources; and
- unless otherwise stated, an exchange rate of S\$1.00 : JPY 98.0 is applied for the conversion of Singapore dollars into Japanese yen for the purpose of completing the Proposed Acquisition.

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

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

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

5.1 Pro Forma DPU

FOR ILLUSTRATIVE PURPOSES ONLY:

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

	Actual FP2022 (Before the Proposed Acquisition)	Pro Forma FP2022 (After the Proposed Acquisition⁽¹⁾)
NPI (S\$'000) ⁽²⁾	30,035	31,052
Distributable Income to Unitholders (S\$'000)	20,901	21,701 ⁽³⁾
Units in issue ('000)	675,499 ⁽⁴⁾	692,699 ⁽⁵⁾
DPU (cents)	3.09	3.13
DPU Accretion (%)	–	1.3%

Notes:

- (1) The financial information relating to the Target Portfolio is based on its actual occupancy rate for the entire FP2022.
- (2) Based on the actual exchange rate of S\$1.00 : JPY 89.09 as adopted in the profit and loss statement of the FP2022 Unaudited Financial Statements.
- (3) For the purpose of converting JPY into SGD for distributions arising from the Target Portfolio only, an illustrative exchange rate of S\$1.00 : JPY 98.0 was used.
- (4) Number of Units in issue as at 30 June 2022.
- (5) The total number of Units in issue at the end of the period includes an assumed 16,565,067 New Units issued in connection with the Proposed Sponsor Subscription to raise proceeds to partially finance the Proposed Acquisition, an assumed 619,666 Acquisition Fee Units to be issued and an assumed 14,736 new Units issued by DHLT to the Manager representing 50.0% of the management fee paid in Units for FP2022 (with the management fee computed based on the Enlarged Portfolio).

Sensitivity Analysis

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

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

Notes:

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

5.2 Pro Forma NAV

FOR ILLUSTRATIVE PURPOSES ONLY:

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

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

Notes:

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

5.3 Pro Forma Aggregate Leverage

FOR ILLUSTRATIVE PURPOSES ONLY:

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

	Actual as at 30 June 2022 Before the Proposed Acquisition	Pro Forma as at 30 June 2022 After the Proposed Acquisition
Aggregate Leverage	34.0%	36.2%

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

6. ADVICE OF THE IFA

The Manager has appointed the IFA pursuant to Rule 921(4)(a) of the Listing Manual, as well as to advise the Independent Directors, the Audit and Risk Committee and the Trustee as to whether each of the Proposed Acquisition and the Proposed Sponsor Subscription is on normal commercial terms and is not prejudicial to the interests of DHLT and its minority

Unitholders. A copy of the IFA Letter is set out in **Appendix B** of this Circular and Unitholders are advised to read the IFA Letter carefully. It is important that Unitholders read the following summary on the advice of the IFA together with and in the context of this Letter to Unitholders and the IFA Letter, and Unitholders are advised against relying solely on the summary in this **paragraph 6**, which is only meant to draw attention to the opinion of the IFA.

6.1 The Proposed Acquisition

Having regard to the considerations set out in the IFA Letter, and subject to the assumptions and qualifications set out in the IFA Letter, the information made available to the IFA and the prevailing conditions as at the Latest Practicable Date, and based on, among others, the following:

- (a) the rationale for and key benefits of the Proposed Acquisition and Proposed Sponsor Subscription;
- (b) the Aggregate Value of the Target Properties;
- (c) the discount of the Aggregate Purchase Consideration to the Aggregate Value;
- (d) the comparison of WALE and NPI Yields of the Target Properties with DHLT's Existing Portfolio and Enlarged Portfolio;
- (e) the comparison of the Target Properties with selected listed Industrial/Logistics REITs with broadly comparable property portfolios;
- (f) the comparison of the implied Capitalisation Rates of DPL Iwakuni 1 & 2 and D Project Matsuyama S with the capitalisation rates (i) used in the latest independent valuation of DHLT's existing freehold properties, (ii) of the Opinion by Market Participants and (iii) of the Selected Comparable Properties;
- (g) the assessment of the Purchase Consideration of D Project Iruma S Land and the valuation upside in converting D Project Iruma S into a full freehold property by acquiring D Project Iruma S Land; and
- (h) the pro forma financial effects on the DPU, NAV per Unit, Adjusted NAV per Unit and aggregate leverage of DHLT,

the IFA is of the opinion that the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of DHLT and its minority Unitholders.

Accordingly, the IFA has advised the Independent Directors and the Audit and Risk Committee to recommend that Unitholders vote in favour of Resolution 1 to be proposed at the EGM to be convened.

Unitholders should read the above in conjunction with, and in the context of, the full text of the IFA Letter. Unless otherwise stated, all terms and expressions used in **paragraphs 6.1(a) to 6.1(h)** above shall have the meanings given to them in the IFA Letter.

6.2 The Proposed Sponsor Subscription

Having regard to the considerations set out in the IFA Letter, and subject to the assumptions and qualifications set out in the IFA Letter, the information made available to the IFA and the prevailing conditions as at the Latest Practicable Date, and based on, among others, the following:

- (a) the rationale for and key benefits of the Proposed Acquisition and Proposed Sponsor Subscription;
- (b) the pricing of the Proposed Sponsor Subscription;
- (c) the comparison of the Illustrative Issue Price to historical and current market prices;
- (d) the comparison of the Illustrative Issue Price to NAV per Unit as at 30 June 2022 and P/NAV as implied by the Illustrative Issue Price to the historical trailing P/NAV multiple of DHLT between the Listing Date and the Latest Practicable Date;
- (e) the P/Adjusted NAV (adjusted for the DPU of 3.09 cents), as implied by the Illustrative Issue Price is 1.00x. This implies that at the minimum, the New Units will be issued at no less than the Adjusted NAV per Unit as at 30 June 2022;
- (f) the historical closing prices of the Unit as compared to the NAV per Unit; and
- (g) the dilution effects on the unitholding interests of the other Unitholders, other than the Sponsor,

the IFA is of the opinion that the Proposed Sponsor Subscription is on normal commercial terms and is not prejudicial to the interests of DHLT and its minority Unitholders.

Accordingly, the IFA has advised the Independent Directors and the Audit and Risk Committee to recommend that Unitholders vote in favour of Resolution 2 to be proposed at the EGM to be convened.

Unitholders should read the above in conjunction with, and in the context of, the full text of the IFA Letter. Unless otherwise stated, all terms and expressions used in **paragraphs 6.2(a) to 6.2(g)** above shall have the meanings given to them in the IFA Letter.

7. RECOMMENDATIONS

7.1 The Proposed Acquisition

Based on the opinion of the IFA (as set out in the IFA Letter in **Appendix B** of this Circular) and the rationale for and key benefits of the Proposed Acquisition as set out in **paragraph 4** of this Letter to Unitholders, the Independent Directors and the Audit and Risk Committee (other than Mr Yoshiyuki Takagi) believe that the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of DHLT and its minority Unitholders.

Accordingly, the Independent Directors and the Audit and Risk Committee (other than Mr Yoshiyuki Takagi) recommend that Unitholders vote at the EGM in favour of the resolution to approve the Proposed Acquisition. As Mr Yoshiyuki Takagi is a Non-Independent Non-Executive Director of the Manager, he is abstaining from recommending to Unitholders to vote in favour of the resolution to approve the Proposed Acquisition.

7.2 The Proposed Sponsor Subscription

Based on the opinion of the IFA (as set out in the IFA Letter in **Appendix B** of this Circular) and the rationale for and key benefits of the Proposed Sponsor Subscription as set out in **paragraph 4** of this Letter to Unitholders, the Independent Directors and the Audit and Risk Committee (other than Mr Yoshiyuki Takagi) believe that the Proposed Sponsor Subscription is on normal commercial terms and is not prejudicial to the interests of DHLT and its minority Unitholders.

Accordingly, the Independent Directors and the Audit and Risk Committee (other than Mr Yoshiyuki Takagi) recommend that Unitholders vote at the EGM in favour of the resolution to approve the Proposed Sponsor Subscription. As Mr Yoshiyuki Takagi is a Non-Independent Non-Executive Director of the Manager, he is abstaining from recommending to Unitholders to vote in favour of the resolution to approve the Proposed Sponsor Subscription.

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL UNITHOLDERS

As at the Latest Practicable Date, certain Directors collectively hold, directly or indirectly, interests in the Units and/or ordinary shares in the Sponsor (“**DHI Shares**”), collectively amounting to an aggregate of 515,000 Units and 10,136 DHI Shares. Further details of the interests in the Units of the Directors and Substantial Unitholders are set out below.

Further, it should be noted that:

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

Each of (i) Mr Tan Jeh Wuan; (ii) Mr Tan Juay Hiang; and (iii) Mr Takashi Suzuki is an Independent Director.

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

Based on the Register of Directors’ Unitholdings maintained by the Manager, save as disclosed in the table below, none of the Directors currently holds a direct or deemed interest in the Units as at the Latest Practicable Date:

Name of Director	Direct Interest		Deemed Interest		Total No. of Units Held	%(¹)
	No. of Units	%(¹)	No. of Units	%(¹)		
Mr Tan Jeh Wuan	300,000	0.044	–	–	300,000	0.044
Mr Tan Juay Hiang	170,000	0.025	–	–	170,000	0.025
Mr Takashi Suzuki	–	–	–	–	–	–

Name of Director	Direct Interest		Deemed Interest		Total No. of Units Held	%(¹)
	No. of Units	%(¹)	No. of Units	%(¹)		
Mr Yoshiyuki Takagi	–	–	–	–	–	–
Mr Eiichi Shibata	–	–	–	–	–	–
Mr Takeshi Fujita	45,000	0.007	–	–	45,000	0.007

Note:

(1) The percentage is based on a total of 675,956,758 Existing Units as at the Latest Practicable Date.

Save as disclosed in the table below, none of the Directors currently holds a direct or deemed interest in the DHI Shares as at the Latest Practicable Date:

Name of Director	Direct Interest		Deemed Interest		Total No. of DHI Shares Held	%(¹)
	No. of DHI Shares	%(¹)	No. of DHI Shares	%(¹)		
Mr Tan Jeh Wuan	–	–	–	–	–	–
Mr Tan Juay Hiang	–	–	–	–	–	–
Mr Takashi Suzuki	–	–	–	–	–	–
Mr Yoshiyuki Takagi	–	–	–	–	–	–
Mr Eiichi Shibata	10,136	0.002	–	–	10,136	0.002
Mr Takeshi Fujita	–	–	–	–	–	–

Note:

(1) The percentage is based on a total of 666,290,951 DHI Shares as at the Latest Practicable Date.

Based on the information available to the Manager as at the Latest Practicable Date, the Substantial Unitholders of DHLT and their interests in the Units as at the Latest Practicable Date are as follows:

Name of Substantial Unitholder ⁽¹⁾	Direct Interest		Deemed Interest		Total No. of Units Held	%(²)
	No. of Units	%(²)	No. of Units	%(²)		
Daiwa House Industry Co., Ltd.	69,705,358	10.31	–	–	69,705,358	10.31
Metro ARC Investments Pte. Ltd. (“Metro ARC”)	51,625,000	7.64	–	–	51,625,000	7.64
Metro Holdings Ltd ⁽³⁾ (“Metro Holdings”)	–	–	51,625,000	7.64	51,625,000	7.64

Name of Substantial Unitholder ⁽¹⁾	Direct Interest		Deemed Interest		Total No. of Units Held	%(²)
	No. of Units	%(²)	No. of Units	%(²)		
Eng Kuan Company Private Limited ⁽⁴⁾ ("Eng Kuan")	–	–	51,625,000	7.64	51,625,000	7.64
Ong Ching Ping ⁽⁵⁾	–	–	51,625,000	7.64	51,625,000	7.64
Ong Jenn ⁽⁵⁾	–	–	51,625,000	7.64	51,625,000	7.64
Ong Ling Ling ⁽⁵⁾	–	–	51,625,000	7.64	51,625,000	7.64
Ong Sek Hian ⁽⁵⁾	–	–	51,625,000	7.64	51,625,000	7.64

Notes:

- (1) "Substantial Unitholder" means a person with an interest in Units constituting not less than 5.0% of all Units in issue.
- (2) The percentage is based on a total of 675,956,758 Existing Units as at the Latest Practicable Date. Percentages are rounded to the nearest 0.01%.
- (3) Metro Holdings holds 100.0% of the equity interest in 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.
- (4) 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.
- (5) 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.

Based on information available to the Manager as at the Latest Practicable Date, save as disclosed in this Circular, none of the Directors or the Substantial Unitholders have an interest, direct or indirect, in the Proposed Acquisition.

9. DIRECTORS' SERVICE CONTRACTS

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

10. EXTRAORDINARY GENERAL MEETING

The EGM will be held wholly by way of electronic means on Thursday, 1 December 2022 at 2.00 p.m. (Singapore time) for the purpose of considering and, if thought fit, passing (with or without modification), the Resolutions set out in the Notice of EGM which is set out on pages G-1 to G-7 of this Circular. The purpose of this Circular is to provide Unitholders with relevant information about the Resolutions. Approval by way of an Ordinary Resolution is required in respect of each Resolution. A Depositor shall not be regarded as a Unitholder entitled to attend the EGM and to speak and vote unless he is shown to have Units entered against his name in the Depository Register, as certified by The Central Depository (Pte) Limited ("CDP") as at 72 hours before the time fixed for the EGM.

The Chairman of the EGM will conduct the proceedings of the EGM and, together with the remaining directors and senior management of the Manager, will endeavour to address the substantial and relevant questions raised prior to or during the EGM which are related to the Resolutions.

Please refer to **paragraph 12** of this Letter to Unitholders and **Appendix F** of this Circular for further details on the steps for Unitholders to submit their questions in advance of the EGM.

11. ABSTENTIONS FROM VOTING

Under Rule 919 of the Listing Manual, where a meeting is held to obtain Unitholders' approval, the interested person and any associate of the interested person must not vote on a resolution in respect of which such person is interested, nor accept appointments as proxies, unless specific instructions as to voting are given.

Under Paragraph 5.2(b) of the Property Funds Appendix, where a meeting is held to obtain Unitholder's approval for an interested party transaction within the definition of the Property Funds Appendix, a person who has an interest, whether commercial, financial or personal, in the outcome of the transaction, other than in his capacity as a Unitholder, will not be allowed to vote on a resolution to approve that interested party transaction.

As at the Latest Practicable Date, the Sponsor holds an aggregate direct interest in 69,705,358 Units, which represents approximately 10.31% of the total number of Existing Units.

Given that Resolution 1 (the Proposed Acquisition) is considered (under Chapter 9 of the Listing Manual) an "interested person transaction", the Sponsor will abstain, and will procure that each of its associates (as defined in the Listing Manual), including the Manager, abstain from voting on Resolution 1 (the Proposed Acquisition). Further, each of them shall decline to accept appointments as proxies in respect of Resolution 1 and unless specific voting instructions are given, the Manager will also disregard any votes cast by persons required to abstain from voting.

As Resolution 1 (the Proposed Acquisition) is also an interested party transaction under the Property Funds Appendix, a person who has an interest, whether commercial, financial or personal, in the outcome of the Proposed Acquisition, other than in his capacity as a Unitholder, will not be allowed to vote on Resolution 1 (the Proposed Acquisition) and shall decline to accept appointments as proxies in respect of Resolution 1 and the Manager will also disregard any votes cast by persons required to abstain from voting.

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

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

For the purposes of good corporate governance, as Mr Yoshiyuki Takagi and Mr Eiichi Shibata are Non-Independent Non-Executive Directors, and as Mr. Takeshi Fujita is a Non-Independent Executive Director of the Manager, they will each voluntarily abstain from voting on Resolution 1 and Resolution 2 in respect of Units (if any) held by them. For the avoidance of doubt, Mr Eiichi Shibata and Mr Takeshi Fujita will not be making any recommendations to Unitholders in respect of Resolution 1 and Resolution 2 as they are neither Independent Directors nor part of the Audit and Risk Committee, and Mr Yoshiyuki Takagi, being a Non-Independent Director, will abstain from making any recommendation as a member of the Audit and Risk Committee. Additionally, the abovementioned directors will also procure their associates to abstain from voting on Resolution 1 and Resolution 2 in respect of Units held by such associates.

Please refer to **paragraph 8** of this Letter to Unitholders for information on the Directors' and Substantial Unitholders' interests.

12. ACTION TO BE TAKEN BY UNITHOLDERS

12.1 Background

The Manager refers to:

- (a) the COVID-19 (Temporary Measures) Act 2020 which enables the Minister for Law by order to prescribe alternative arrangements for listed entities in Singapore to, *inter alia*, conduct general meetings, either wholly or partly, by electronic communication, video conferencing, teleconferencing or other electronic means and the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the “**Order**”), which sets out the alternative arrangements in respect of, *inter alia*, general meetings of real estate investment trusts.
- (b) the joint statement by the Accounting and Corporate Regulatory Authority, MAS and Singapore Exchange Regulation of 13 April 2020 (and subsequently updated on 27 April 2020, 22 June 2020, 1 October 2020 and 4 February 2022), read together with the FAQs on “The Holding of General Meetings” dated 23 May 2022 issued by Singapore Exchange Regulation, which provides additional guidance on the conduct of general meetings; and
- (c) the article published by the SGX-ST dated 23 May 2022 titled “Regulator’s Column: Live engagement and voting expected at all AGMs for FYs ending 30 June 2022 or after” requiring any general meetings on or after 1 October 2022 seeking unitholders’ approval for corporate transactions to also take into account the expectations to accord unitholders with the same full rights should they choose to hold virtual-only meetings. These rights include the right to attend, ask questions and communicate their views; and to appoint proxies or to vote at general meetings.

12.2 Date, Time and Conduct of EGM

The EGM will be held wholly by way of electronic means on Thursday, 1 December 2022 at 2.00 p.m. (Singapore time).

Although Unitholders, including CPF and SRS investors, or, where applicable, their appointed proxy(ies), will be able to ask questions at the EGM, Unitholders, including CPF and SRS investors, may also submit questions related to the Resolutions in advance of the EGM. To do so, all questions must be submitted by 2.00 p.m. (Singapore time) on Monday, 28 November 2022 in the manner set out in **Appendix F** (Procedures for Extraordinary General Meeting) of this Circular. Unitholders are encouraged to submit their questions promptly so that they may be addressed by the Manager. Where substantially similar questions are received, the Manager will consolidate such questions and consequently, not all questions may be individually addressed.

12.3 Notice of EGM, Proxy Form and Circular

The Notice of EGM, the proxy form for the EGM (the “**Proxy Form**”), the Request Form (as defined herein) and the Circular 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 EGM, the Proxy Form and the request form for a printed copy of the Circular (“**Request Form**”) will be sent to Unitholders.

However, printed copies of the Circular will **not** be sent to Unitholders. Pursuant to the Order, the Circular has been published electronically in the manner set out above. Any Unitholder who wishes to receive printed copies of the Circular should submit his/her/its completed Request Form to the Unit Registrar by 2.00 p.m. (Singapore time) on Wednesday, 23 November 2022.

12.4 No Personal Attendance at EGM

As a precautionary measure due to the evolving COVID-19 situation in Singapore, a Unitholder will not be able to attend the EGM physically.

12.5 Alternative Arrangements for Participation in the EGM

Unitholders may participate in the EGM by:

- (i) observing and/or listening to the EGM proceedings via live audio-visual webcast via their mobile phones, tablets or computers or live audio-only stream via their mobile phones or telephones;
- (ii) submitting questions in advance of, or live at, the EGM; and
- (iii) voting at the EGM (a) live by the Unitholder or his/her/its duly appointed proxy(ies) (other than the Chairman of the EGM) via electronic means; or (b) by appointing the Chairman of the EGM as proxy to vote on the Unitholder's behalf at the EGM.

Please refer to **paragraph 12.2** of this Letter to Unitholders for how Unitholders may submit questions in advance of the EGM.

Details of the steps for attending the EGM, the submission of questions and voting are set out in **Appendix F** of this Circular and the Notice of EGM as set out in **Appendix G** of this Circular.

12.6 Key Dates and Times

The table below sets out the key dates/deadlines for Unitholders to note:

Key Dates/Timings	Actions
Wednesday, 16 November 2022	Unitholders, including CPF and SRS investors or where applicable, their appointed proxy(ies), may begin to pre-register at the URL https://www.daiwahouse-logisticstrust.com for the live audio-visual webcast or live audio-only stream of the EGM proceedings.
2.00 p.m. on Monday, 21 November 2022	Deadline for CPF/SRS investors who wish to appoint the Chairman of the EGM as proxy to approach their respective CPF Agent Banks ⁵⁶ or SRS Operators ⁵⁷ to submit their votes. CPF Agent Banks and SRS Operators may also appoint CPF/SRS investors as proxies to vote at the EGM.

56 "CPF Agent Bank" means an agent bank appointed to maintain CPF investment accounts under the CPF Investment Scheme.

57 "SRS Operator" means a bank appointed to operate Supplementary Retirement Scheme accounts.

Key Dates/Timings	Actions
2.00 p.m. on Monday, 28 November 2022	<p>Deadline to:</p> <ul style="list-style-type: none"> • pre-register at DHLT’s pre-registration website at the URL https://www.daiwahouse-logisticstrust.com for the live audio-visual webcast or live audio-only stream of the EGM proceedings; • submit questions in advance of the EGM; and • submit Proxy Forms.
2.00 p.m. on Wednesday, 30 November 2022	<p>Authenticated Unitholders, including CPF and SRS investors or where applicable, their appointed proxy(ies), who have pre-registered for the live audio-visual webcast or live audio-only stream of the EGM proceedings will receive a confirmation email which will contain unique login credentials and the instructions as well as the link to access the live audio-visual webcast and a toll-free telephone number to access the live audio-only stream of the EGM proceedings (the “Confirmation Email”).</p> <p>Authenticated Unitholders, including CPF and SRS investors or where applicable, their appointed proxy(ies), who do not receive the Confirmation Email by 2.00 p.m. (Singapore time) on Wednesday, 30 November 2022, but have registered by the 28 November 2022 deadline should contact DHLT’s Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at +65 6536 5355 (during office hours) or via email at DHLT-EGM2022@boardroomlimited.com.</p>
<p>Date and time of EGM 2.00 p.m. on Thursday, 1 December 2022</p>	<ul style="list-style-type: none"> • Click on the link in the Confirmation Email and enter the user ID and password to access the live audio-visual webcast of the EGM proceedings; or • Call the toll-free telephone number in the Confirmation Email to access the live audio-only stream of the EGM proceedings.

12.7 Unitholders who hold their Units through relevant intermediaries (other than CPF and SRS investors)

Persons who hold Units through relevant intermediaries, other than CPF and SRS investors, and who wish to participate in the EGM by (i) observing and/or listening to the EGM proceedings via live audio-visual webcast or live audio-only stream; (ii) submitting questions in advance of, or live at, the EGM; and/or (iii) voting at the EGM (a) live via electronic means by being appointed as proxy by their relevant intermediary; or (b) by appointing the Chairman of the EGM as proxy to vote on their behalf at the EGM, should contact their relevant intermediary through which they hold such Units as soon as possible in order for the necessary arrangements to be made for their participation in the EGM.

“**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 SFA and who holds Units in that capacity; or
- (iii) (if applicable) the Central Provident Fund 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 Central Provident Fund Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

12.8 CPF and SRS investors

CPF and SRS investors may (a) vote live via electronic means at the EGM 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) appoint the Chairman of the EGM as proxy to vote on their behalf at the EGM, in which case they should approach their respective CPF Agent Banks or SRS Operators by 2.00 p.m. (Singapore time) on Monday, 21 November 2022, being at least seven (7) working days before the date of the EGM, to ensure their votes are submitted. For the avoidance of doubt, while CPF and SRS investors may themselves be appointed as proxies by their respective CPF Agent Bank or SRS Operator, CPF and SRS investors will not be able to appoint third-party proxy(ies) (i.e., persons other than the Chairman of the EGM) to vote live at the EGM on their behalf.

12.9 Important Notice

Due to the constantly evolving COVID-19 situation in Singapore, the Manager may be required to change the arrangements for the EGM at short notice. Unitholders should check DHLT's website at the URL <https://www.daiwahouse-logisticstrust.com> and the website of the SGX-ST at the URL <https://www.sgx.com/securities/company-announcements> for the latest updates on the status of the EGM.

13. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Acquisition and the Proposed Sponsor Subscription, DHLT and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

14. CONSENTS

Each of the IFA, the Independent Valuers and the Independent Market Research Consultant has given and not withdrawn its written consent to the issue of this Circular with the inclusion of its name and, respectively, the IFA Letter, the independent property valuation summary reports and the Independent Market Research Report, and all references thereto, in the form and context in which they appear in this Circular.

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection⁵⁸ during normal business hours at the registered office of the Manager located at 8 Marina View, #14-09, Asia Square Tower 1, Singapore 018960, from the date of this Circular up to and including the date falling three months after the date of this Circular:

- (i) the DHI TBI SPA entered into between DH TMK and the Sponsor;
- (ii) the Subscription Agreement entered into between the Manager and the Sponsor;
- (iii) the IFA Letter;
- (iv) the Independent Market Research Report;
- (v) the independent property valuation summary reports by the Independent Valuers;
- (vi) the Full Valuation Reports issued by the Independent Valuers; and
- (vii) the written consents of each of the IFA, the Independent Valuers and the Independent Market Research Consultant.

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

Yours faithfully

Daiwa House Asset Management Asia Pte. Ltd.
(as Manager of Daiwa House Logistics Trust)
(Company Registration No. 202037636H)

Mr Tan Jeh Wuan
Chairman and Independent Non-Executive Director

⁵⁸ Prior appointment with the Manager is required. Please contact DHLT Investor Relations at email: ir@daiwahouse-lt.com or telephone: [+65 6202 0486](tel:+6562020486).

IMPORTANT NOTICE

This Circular shall not constitute or form part of an offer to sell or an invitation or solicitation of an offer to buy, purchase or subscribe for Units or other securities (whether in Singapore, the United States or any other jurisdictions), including the New Units. This Circular may not be sent to any person or any jurisdiction in which it would not be permissible to deliver the New Units or make an offer of the New Units, and the New Units may not be offered, sold, resold, transferred or delivered, directly or indirectly, to any such person or in any such jurisdiction.

This Circular is not for release, publication or distribution, directly or indirectly, in or into the United States, and should not be distributed, forwarded to or transmitted in or into any jurisdiction where to do so might constitute a violation of applicable securities laws or regulations. This Circular is not an offer of securities for sale into the United States. The securities referred to herein have not been, and will not be, registered under the US Securities Act, or the securities laws of any state of the United States or other jurisdiction, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable state or local securities laws. Any public offering of securities of DHLT in the United States would be made by means of a prospectus that would contain detailed information about DHLT and the Manager, as well as the relevant financial statements. The Manager does not intend to register any portion of the offering in the United States or to conduct a public offering of securities in the United States.

The value of Units and the income derived from them may fall as well as rise. The Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors have no right to request the Manager to redeem their Units while the Units are listed on the SGX-ST. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The past performance of DHLT is not necessarily indicative of the future performance of DHLT.

This Circular may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses, property expenses and governmental and public policy changes. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.

If you have sold or transferred all your Units, you should immediately forward this Circular, together with the Notice of EGM and the accompanying Proxy Form in this Circular, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

GLOSSARY

In this Circular, the following definitions apply throughout unless the context otherwise requires:

“%”	:	Per centum or percentage
“10-Day VWAP”	:	The volume weighted average trading price per Unit on the SGX-ST for a period of 10 Market Days prior and up to (and including) the Price Determination Date
“10D VWAP (Sep)”	:	The VWAP per Unit on the SGX-ST for a period of 10 Market Days prior and up to (and including) 20 September 2022
“1M VWAP”	:	The VWAP per Unit on the SGX-ST for a period of one month prior and up to (and including) 20 September 2022
“2022 Individual Property Management Agreements”	:	The individual property management agreements in respect of each of the Target Properties, each dated 21 September 2022
“21 Sep Price”	:	The VWAP per Unit for trades done on SGX-ST for 21 September 2022 (being the full market day on which the Subscription Agreement was signed)
“3M VWAP”	:	The VWAP per Unit on the SGX-ST for a period of three months prior and up to (and including) 20 September 2022
“3PL”	:	Third-party logistics
“Acquisition Fee”	:	The acquisition fee payable to the Manager for the Proposed Acquisition pursuant to the Trust Deed
“Acquisition Fee Units”	:	The Units to be issued as payment for the Acquisition Fee
“Aggregate Value”	:	The aggregate of the Average Values of the Target Properties as at 30 June 2022
“Aggregate Purchase Consideration”	:	The aggregate purchase consideration agreed between the Seller and DHLT on a willing-buyer and willing-seller basis, payable by DHLT for the Target Properties
“AM Acquisition Fee”	:	The acquisition fee of 0.3% of the purchase consideration payable out of the deposited property of DHLT in cash to the Japan Asset Manager in relation to a post-IPO acquisition pursuant to the TMK Asset Management Agreement

“Agreed Exchange Rate”	:	The SGD/JPY telegraphic transfer middle rate, being the average of the telegraphic transfer buying and selling rates published by MUFG Bank, Ltd as at 10.00 a.m. (Japan time), or as soon as published thereafter, on the Price Determination Date
“Audit and Risk Committee”	:	The Audit and Risk Committee of the Manager
“Average Value”	:	(a) (With respect to each Target Property (other than D Project Iruma S Land)) the average of the two independent valuations of the Target Property (other than D Project Iruma S Land) conducted by the Independent Valuers as at 30 June 2022, and (b) (with respect to D Project Iruma S Land) the average of the two implied values of D Project Iruma S Land (each being each Independent Valuer’s Iruma Appraisal Value less its Iruma Reference Value). The Independent Valuers were commissioned to determine the Iruma Appraisal Value and the Iruma Reference Value.
“BELS”	:	Building Energy-efficiency Labelling System
“BTS”	:	Built-to-suit
“CBRE”	:	CBRE K.K.
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This circular to Unitholders dated 16 November 2022
“Completion Date”	:	The closing date of the DHI TBI SPA
“Confirmation Email”	:	The confirmation email which will contain unique login credentials and the instructions as well as the link to access the live audio-visual webcast and a toll-free telephone number to access the live audio-only stream of the EGM proceedings to be sent to Unitholders by Wednesday, 30 November 2022 at 2.00 p.m. (Singapore time)
“CPF Agent Bank”	:	An agent bank appointed to maintain CPF investment accounts under the CPF Investment Scheme
“Current Market Price”	:	The closing price of the Units as at 20 September 2022 (being the Market Day immediately preceding 21 September 2022)
“Current Master Lessee”	:	Daiwa House Property Management Co., Ltd., as the current master lessee of DPL Iwakuni 1 & 2
“D Project Iruma S Land”	:	The freehold land of D Project Iruma S

“DHREIM”	:	Daiwa House Real Estate Investment Management Co., Ltd.
“DH TMK”	:	DH-CRUX Japan Tokutei Mokuteki Kaisha
“DHI Shares”	:	Ordinary shares in the Sponsor
“DHI TBI SPA”	:	The trust beneficial interest sale and purchase agreement dated 21 September 2022, entered into by DH TMK and the Seller for DH TMK to acquire from the Seller the DHI TBIs in respect of each of the Target Properties
“DHI TBIs”	:	The trust beneficial interests in each of the Target Properties
“DHLT”	:	Daiwa House Logistics Trust
“Directors”	:	The directors of the Manager
“DPU”	:	Distribution per Unit
“EGM”	:	The extraordinary general meeting of Unitholders, notice of which is set out in Appendix G of this Circular
“Eng Kuan”	:	Eng Kuan Company Private Limited
“Enlarged Portfolio”	:	The enlarged portfolio of DHLT immediately after completion of the Proposed Acquisition of all the Target Properties
“Existing DHI MLPM Agreements”	:	The existing master lease and property management agreements entered into between the Seller and Daiwa House Property Management Co., Ltd., as master lessee, in respect of DPL Iwakuni 1 & 2
“Existing Portfolio”	:	The existing portfolio of DHLT
“Existing Units”	:	The Units in issue as at the Latest Practicable Date
“FP2022”	:	The financial period from 26 November 2021 (being the date of listing of DHLT) to 30 June 2022
“FP2022 Unaudited Financial Statements”	:	The unaudited financial statements of DHLT for FP2022
“Full Valuation Reports”	:	The full valuation reports issued by Savills and CBRE on 9 September 2022 and 21 September 2022 respectively in respect of DPL Iwakuni 1 & 2, D Project Matsuyama S and D Project Iruma S

“Guidelines”	:	The “Guideline on the Determination of the Objectives and Scope of Work for Real Estate Valuation by Licensed Real Estate Appraisers and the Matters Required to Be Stated in Reports” stipulated by the Ministry of Land, Infrastructure, Transport and Tourism of Japan
“IFA”	:	RHB Bank Berhad, through its Singapore branch, as the independent financial adviser to the Independent Directors, the Audit and Risk Committee of the Manager and the Trustee
“IFA Letter”	:	The letter from the IFA to the Independent Directors, the Audit and Risk Committee and the Trustee containing its advice, as set out in Appendix B of this Circular
“Independent Directors”	:	The independent Directors of the Manager, being Mr Tan Jeh Wuan, Mr Tan Juay Hiang and Mr Takashi Suzuki
“Independent Market Research Consultant”	:	CBRE K.K.
“Independent Market Research Report”	:	The independent market research report dated August 2022 by the Independent Market Research Consultant, as set out in Appendix D of this Circular
“Independent Valuers”	:	Savills (appointed by the Trustee) and CBRE (appointed by the Manager)
“IPO”	:	The initial public offering of DHLT
“IPO Properties”	:	The existing portfolio of 14 logistics properties in Japan currently held by DHLT
“IPO Properties TBIs”	:	The TBIs in the IPO Properties
“Iruma Appraisal Value”	:	The appraisal value of D Project Iruma S as a freehold property (comprising the freehold land and the tenant-occupied building thereon) as at 30 June 2022
“Iruma Reference Value”	:	The reference value of D Project Iruma S as a leasehold property (comprising the fixed-term leasehold land and the tenant-occupied building thereon) as at 30 June 2022
“Issue Price”	:	(a) S\$0.77; or (b) the 10-Day VWAP, provided always that in the event the 10-Day VWAP is higher than S\$0.77, the Issue Price will be the 10-Day VWAP
“Iwakuni MLA”	:	The pass-through conditional master lease agreement entered into on 21 September 2022 with the Property Trustee as the property owner of DPL Iwakuni 1 & 2 and DH-CRUX Japan Intermediate GK

“Japan Asset Manager”	:	DHREIM, as the local asset manager of the Target Properties in Japan
“Land Leasehold Right Creation Agreement (Iruma)”	:	The business use fixed-term land leasehold right creation agreement between Yuasa Trading Co., Ltd. and the Seller dated 19 December 2017 and the notarised business use fixed-term land leasehold right creation agreement dated the same day between Yuasa Trading Co., Ltd. and the Seller (as amended from time to time), in each case, in respect of D Project Iruma S
“Latest Practicable Date”	:	The latest practicable date prior to the date of this Circular, being 4 November 2022
“Leasehold”	:	The leasehold interest on D Project Iruma S Land expiring on 31 December 2048
“Listing”	:	The listing of DHLT on the SGX-ST on 26 November 2021
“Listing Manual”	:	The listing manual of the SGX-ST, as may be amended or modified from time to time
“Loan Facilities”	:	The secured loan facilities which are intended to partially finance the Total Acquisition Cost
“LPD Price”	:	The closing price per Unit as at the Latest Practicable Date
“Manager”	:	Daiwa House Asset Management Asia Pte. Ltd., in its capacity as manager of DHLT
“Market Day”	:	A day on which the SGX-ST is open for securities trading
“MAS”	:	Monetary Authority of Singapore
“Master Property Management Agreement”	:	The master property management agreement entered into between DH TMK, DHREIM and the Property Manager on 9 November 2021 regarding the property management agreements to be entered into among the Property Trustee, DH-CRUX Japan Intermediate GK and the Property Manager
“Metro ARC”	:	Metro ARC Investments Pte. Ltd.
“Metro Holdings”	:	Metro Holdings Ltd
“MWp”	:	Megawatts-peak
“NAV”	:	Net asset value
“New Master Lessee”	:	DH-CRUX Japan Intermediate GK, as the new master lessee of DPL Iwakuni 1 & 2

“New Units”	:	The Units to be issued to the Sponsor under the Proposed Sponsor Subscription
“NLA”	:	Net lettable area
“Notice of EGM”	:	The notice dated 16 November 2022 of the EGM to be held on 1 December 2022
“NPI”	:	Net property income
“NTA”	:	Net tangible assets
“Order”	:	COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020
“Ordinary Resolution”	:	A resolution proposed and passed as such by a majority being greater than 50.0% of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed
“PML”	:	Probable maximum loss
“Price Determination Date”	:	The Market Day immediately preceding the date of issuance of the New Units
“Property Funds Appendix”	:	Appendix 6 to the Code on Collective Investment Schemes issued by the MAS
“Property Manager”	:	Daiwa House Property Management Co., Ltd., as the property manager of the IPO Properties as well as future properties to be acquired by DHLT from time to time
“Property Trustee”	:	Sumitomo Mitsui Trust Bank, Limited, a licensed trust bank in Japan which will hold the legal ownership of the Target Properties
“Proposed Acquisition”	:	The proposed acquisition of the Target Properties
“Proposed Sponsor Subscription”	:	The proposed issue of New Units to the Sponsor
“Prospectus”	:	The prospectus dated 19 November 2021 in connection with the Listing
“Proxy Form”	:	The proxy form for the EGM
“Refundable Consumption Tax”	:	The refundable consumption tax of approximately JPY 235.0 million

“Request Form”	:	The request form for a printed copy of the Circular
“Resolution 1”	:	The Ordinary Resolution relating to the Proposed Acquisition, as an interested person transaction
“Resolution 2”	:	The Ordinary Resolution relating to the Proposed Sponsor Subscription
“Resolutions”	:	Resolution 1 and Resolution 2
“ROFR”	:	The right of first refusal granted by the Sponsor on 9 November 2021 to the Trustee over certain of the Sponsor’s properties and its subsidiaries subject to the terms therein
“Savills”	:	Savills Japan Valuation G.K.
“Seller”	:	The Sponsor
“SFA”	:	Securities and Futures Act 2001
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“SG SPC 1”	:	DH-CRUX Pte. Ltd.
“SG SPC 2”	:	DH-CRUX2 Pte. Ltd.
“SPC”	:	Special purpose company
“Sponsor”	:	Daiwa House Industry Co., Ltd.
“Sponsor Group”	:	The Sponsor and its subsidiaries
“sq ft”	:	Square feet
“sq m”	:	Square metres
“SRS Operator”	:	A bank appointed to operate Supplementary Retirement Scheme accounts
“Sublease Agreements”	:	The sublease agreements entered into between the Current Master Lessee as lessor and the respective tenants of DPL Iwakuni 1 & 2
“Subscription Agreement”	:	The subscription agreement dated 21 September 2022 between the Manager and the Sponsor in respect of the issuance of the New Units to the Sponsor
“Substantial Unitholder”	:	A person with an interest in Units constituting not less than 5.0% of all Units in issue

“Target Properties”	:	DPL Iwakuni 1 & 2, D Project Matsuyama S and D Project Iruma S Land
“TBI”	:	Trust beneficial interest
“TK GK2 Agreement”	:	The agreement entered into between DH TMK and TK Operator (GK2) on 9 November 2021 to appoint TK Operator (GK2) as the TK Operator of DH TMK in respect of seven special fixed-term land lease properties on the initial portfolio of DHLT
“TK”	:	<i>Tokumei-kumiai</i>
“TK Operator (GK2)”	:	DH-MIMOSA GK
“TMK”	:	<i>Tokutei mokuteki kaisha</i>
“TMK Asset Management Agreement”	:	The asset management agreement entered into between DH TMK and the Japan Asset Manager on 9 November 2021
“Total Acquisition Cost”	:	The total cost of the Proposed Acquisition
“Total Subscription Amount”	:	The Singapore dollar equivalent of JPY 1,250.0 million based on the Agreed Exchange Rate
“Transactions”	:	The Proposed Acquisition and the Proposed Sponsor Subscription
“Trust Deed”	:	The trust deed constituting DHLT dated 2 November 2021, as may be amended, modified, varied and/or supplemented from time to time
“Trustee”	:	HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of DHLT
“Unit Registrar”	:	Boardroom Corporate & Advisory Services Pte. Ltd.
“Unit”	:	A unit representing an undivided interest in DHLT
“Unitholders”	:	Holders of Units
“US Securities Act”	:	United States Securities Act of 1933, as amended
“VWAP”	:	Volume weighted average trading price
“WALE”	:	Weighted average lease expiry

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons, where applicable, shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Any reference to a time of day or date in this Circular shall be a reference to Singapore time and dates unless otherwise stated.

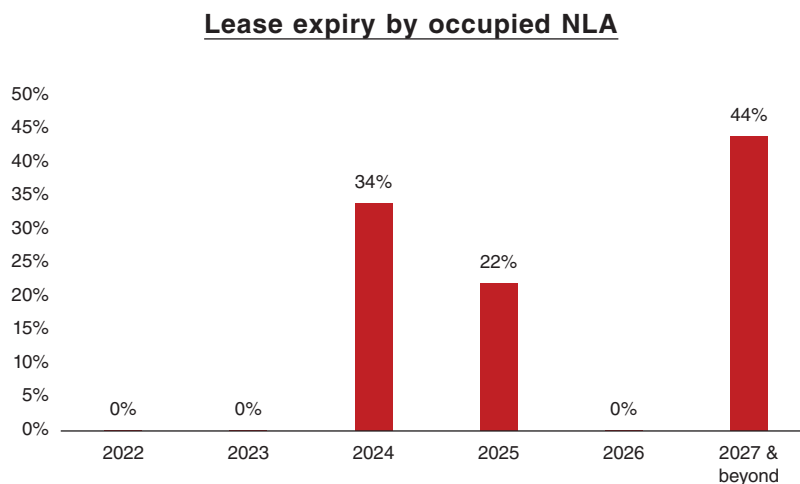
Any discrepancies in the figures in this Circular between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

APPENDIX A: DETAILS OF THE TARGET PROPERTIES, THE EXISTING PORTFOLIO AND THE ENLARGED PORTFOLIO

1. THE TARGET PROPERTIES

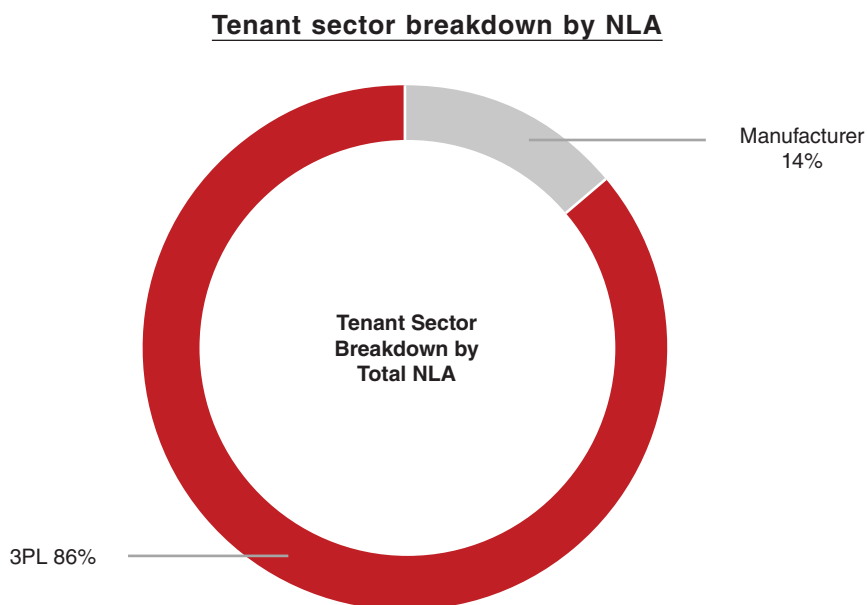
1.1 Lease Profile for the Target Properties (as at 30 June 2022)

The chart below illustrates the committed lease expiry profile of the Target Properties by occupied NLA as at 30 June 2022.



1.2 Trade Sector Analysis for the Target Properties (as at 30 June 2022)

The chart below provides a breakdown by total NLA of the different trade sectors represented in the Target Properties as at 30 June 2022.



2. THE EXISTING PORTFOLIO AND THE ENLARGED PORTFOLIO

As at 30 June 2022, DHLT's existing portfolio comprises 14 logistics properties located in Japan.

2.1 Selected information on the Existing Portfolio and the Enlarged Portfolio (as at the Latest Practicable Date)

The table below sets out selected information on the Existing Portfolio and Enlarged Portfolio as at the Latest Practicable Date (unless otherwise indicated).

	Existing Portfolio ⁽¹⁾	Target Portfolio (based on 100.0% interest)	Enlarged Portfolio
Portfolio Valuation (S\$ million)	827.2	54.1	881.3
Number of Properties	14	3 ⁽²⁾	16 ⁽²⁾
NLA (sq m)	423,920	20,808	444,728
Number of Tenants	29	6 (Iwakuni 5, Matsuyama 1)	35 ⁽³⁾
Occupancy Rate (%)	98.6	100.0	98.6
WALE by NLA (years)	6.8	4.0	6.7
Weighted Average Land Lease Expiry ⁽⁴⁾ (years)	38.0	–	38.8

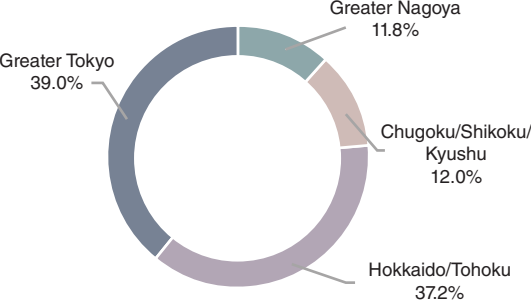
Notes:

- (1) Based on 14 properties as at 30 June 2022.
- (2) This includes D Project Iruma S Land. DHLT (through TK Operator (GK2)), already owns the TBI of the Leasehold and the building on D Project Iruma S as part of the Existing Portfolio.
- (3) For the avoidance of doubt, a tenant which leases more than one property in the portfolio is counted as one tenant.
- (4) Excluding freehold properties.

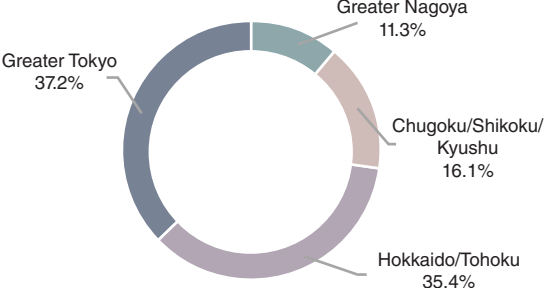
2.2 Property and Geographical Segment Analysis for Existing Portfolio and Enlarged Portfolio (as at 30 June 2022)

The charts below provide a breakdown of the different property segments and geographical locations represented in the Existing Portfolio and the Enlarged Portfolio (by NLA).

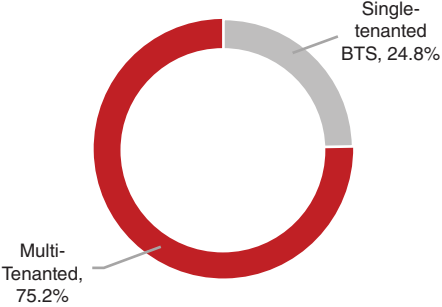
Breakdown by regions (Pre Transactions)



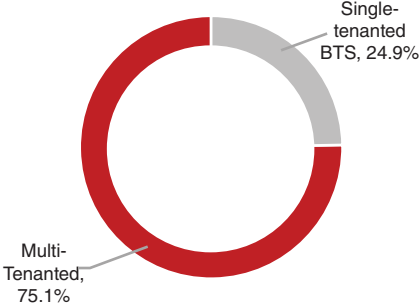
Breakdown by regions (Post Transactions)



Breakdown by property segments (Pre Transactions)



Breakdown by property segments (Post Transactions)

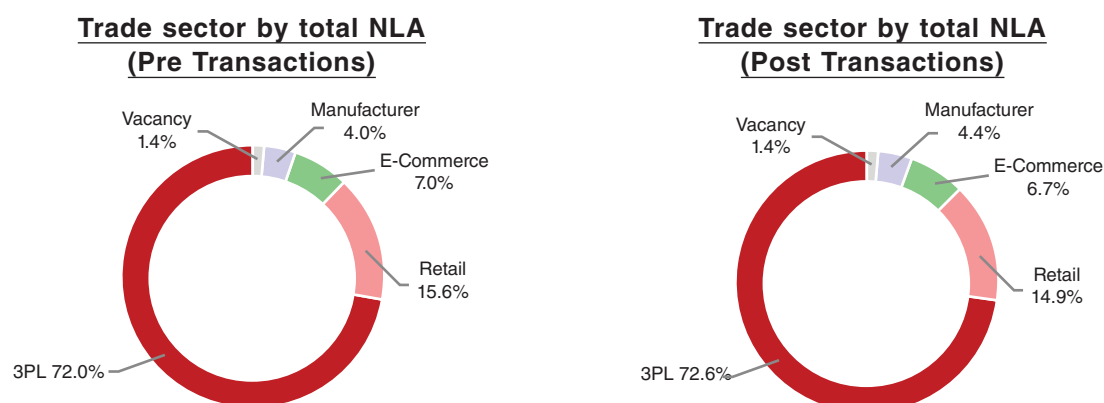


2.3 Lease Expiry Profile for the Existing Portfolio and Enlarged Portfolio (as at 30 June 2022)

The WALE for the Existing Portfolio and Enlarged Portfolio by occupied NLA are approximately 6.8 years and 6.7 years respectively, as at 30 June 2022.

2.4 Trade Sector Analysis for the Existing Portfolio and Enlarged Portfolio (as at 30 June 2022)

The charts below provide a breakdown by total NLA of the different trade sectors represented in the Existing Portfolio and the Enlarged Portfolio as at 30 June 2022.



2.5 Top 10 Tenants of the Existing Portfolio and Enlarged Portfolio (as at 30 June 2022)

**As at 30 June 2022
(Existing Portfolio)**

	Tenant	% of NPI⁽¹⁾
1	Mitsubishi Shokuhin	19.8
2	Suntory Logistics	8.0
3	Nippon Express	8.0
4	Tenant A ⁽²⁾	7.1
5	Nitori	5.6
6	Tenant B ⁽²⁾	4.5
7	Create SD	4.5
8	Tokyo Logistics Factory	4.2
9	K.R.S Corporation	4.1
10	CB Group Management	4.1
		69.9%

**As at 30 June 2022
(Enlarged Portfolio)**

	Tenant	% of NPI⁽¹⁾
1	Mitsubishi Shokuhin	19.1
2	Nippon Express	8.6
3	Suntory Logistics	7.7
4	Tenant A ⁽²⁾	6.9
5	Nitori	5.4
6	Tenant B ⁽²⁾	4.4
7	Create SD	4.3
8	Tokyo Logistics Factory	4.1
9	K.R.S Corporation	4.0
10	CB Group Management	3.9
		68.4%

Notes:

- (1) Based on pro forma NPI for FP2022 and the percentage of NPI was calculated and adjusted based on the NPI of each property and allocated to the respective tenants by the proportion of NLA the tenants occupy in the property.
- (2) These tenants have not given their consent to the disclosure of any of the terms of their respective tenancy agreements (including their names).

APPENDIX B: INDEPENDENT FINANCIAL ADVISER'S LETTER

16 November 2022

HSBC Institutional Trust Services (Singapore) Limited

(as trustee of Daiwa House Logistics Trust)

10 Marina Boulevard

#48-01 Marina Bay Financial Centre

Singapore 018983

The Independent Directors and the Audit and Risk Committee

Daiwa House Asset Management Asia Pte. Ltd.

(as manager of Daiwa House Logistics Trust)

8 Marina View

#14-09 Asia Square Tower 1

Singapore 018960

Dear Sirs,

INDEPENDENT FINANCIAL ADVISER'S LETTER IN RELATION TO

- (1) **PROPOSED ACQUISITION OF TWO FREEHOLD LOGISTICS PROPERTIES AND UNDERLYING FREEHOLD LAND OF D PROJECT IRUMA S LOCATED IN JAPAN ("PROPOSED ACQUISITION"); AND**
- (2) **PROPOSED SPONSOR SUBSCRIPTION (AS DEFINED BELOW)**

*Unless otherwise defined or the context requires otherwise, all terms used herein have the same meanings as defined in the circular to unitholders of Daiwa House Logistics Trust ("**Unitholders**") dated 16 November 2022 (the "**Circular**"). For illustrative purposes, unless otherwise indicated, certain JPY amounts have been translated into Singapore dollars based on the exchange rate of S\$1.00 = JPY 98.00. Such translations should not be construed as representations that the JPY amounts referred to could have been, or could be, converted into Singapore dollars, as the case may be, at that or any other rate or at all and vice versa.*

1. INTRODUCTION

1.1 Summary of Approvals Sought

Daiwa House Asset Management Asia Pte. Ltd. (in its capacity as manager of Daiwa House Logistics Trust ("**DHLT**", and the manager of DHLT, "**Manager**") is convening an extraordinary general meeting ("**EGM**") to seek the approval from Unitholders by way of Ordinary Resolution ("**Resolutions**" and each, a "**Resolution**") for:

- (i) Resolution 1: the Proposed Acquisition, as an interested person transaction; and
- (ii) Resolution 2: the Proposed Sponsor Subscription.

Resolutions 1 and 2 are inter-conditional and DHLT will only proceed with the Transactions if both of the resolutions are approved.

Resolution 1: The Proposed Acquisition

The Manager is seeking Unitholders' approval for the proposed acquisition of two freehold properties (comprising the underlying freehold land and the buildings thereon), namely DPL Iwakuni 1 & 2 and D Project Matsuyama S, and the underlying freehold land of D Project Iruma S ("**D Project Iruma S Land**", and together with DPL Iwakuni 1 & 2 and D Project Matsuyama S, the "**Target Portfolio**" or "**Target Properties**" and each, a "**Target Property**") ("**Proposed Acquisition**"). DPL Iwakuni 1 & 2 and D Project Matsuyama S have an aggregate NLA (excluding D Project Iruma S Land) of approximately 20,808 sq m. The Target Properties have a total land area of approximately 50,046 sq m.

In connection with the Listing, the Daiwa House Industry Co., Ltd. ("**Sponsor**" or "**Seller**") had on 9 November 2021 granted to the Trustee a right of first refusal over certain of the Sponsor's properties and its subsidiaries subject to the terms therein ("**ROFR**"). The scope of the ROFR covers the Target Properties.

Resolution 2: The Proposed Sponsor Subscription

The Aggregate Purchase Consideration (as defined in section 3.3 below) for the Target Properties is intended to be partially funded by debt, partially out of the proceeds from the proposed issuance of Units ("**New Units**") to the Sponsor ("**Proposed Sponsor Subscription**") and internal resources of DHLT.

The Manager is seeking Unitholders' approval for the proposed issuance of New Units to the Sponsor pursuant to the conditional subscription agreement dated 21 September 2022 entered into between the Manager and the Sponsor in respect of the Proposed Sponsor Subscription ("**Subscription Agreement**") to raise proceeds to partially finance the Total Acquisition Cost (as defined in section 3.4 below).

1.2 Interested Person Transactions and Interested Party Transaction

In relation to the Proposed Acquisition

As the Manager is a direct wholly-owned subsidiary of the Seller, the Seller is regarded as a "controlling shareholder" of the Manager for the purposes of both the listing manual of the SGX-ST ("**Listing Manual**") and the Property Funds Appendix. As such, the Seller is considered (under Chapter 9 of the Listing Manual) an "interested person" of DHLT and (under the Property Funds Appendix) an "interested party" of DHLT. Accordingly, the Proposed Acquisition will constitute an "interested person transaction" under Chapter 9 of the Listing Manual and an "interested party transaction" under the Property Funds Appendix.

As the value of the Proposed Acquisition exceeds 5.0% of DHLT's latest unaudited net tangible assets ("**NTA**") and net asset value ("**NAV**"), Unitholders' approval is required in respect of the Proposed Acquisition. DHLT's unaudited NTA and NAV as at 30 June 2022, which was announced via SGXNET on 3 August 2022, is used as DHLT was only listed on the SGX-ST on 26 November 2021 and has not yet issued any audited financial statements.

Accordingly, the Manager is seeking Unitholders' approval for the Proposed Acquisition by way of an Ordinary Resolution.

In relation to the Proposed Sponsor Subscription

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

As the Proposed Sponsor Subscription will constitute a placement to a restricted person under Rule 812(1)(a) of the Listing Manual, specific Unitholders' approval for the Proposed Sponsor Subscription is required pursuant to Rule 812(2) of the Listing Manual.

As DHLT is managed by a wholly-owned subsidiary of the Sponsor, and the Sponsor is in turn a controlling shareholder of the Manager as well as the sponsor of DHLT, the Sponsor is considered (under Chapter 9 of the Listing Manual) an "interested person" of DHLT. In this respect, the value of the Proposed Sponsor Subscription, when aggregated with the total amount payable by DHLT to the Sponsor Group as part of the Proposed Acquisition, will exceed 5.0% of DHLT's latest unaudited NTA. Accordingly, pursuant to Rule 906(1)(a) of the Listing Manual, the Manager is required to seek the approval of Unitholders for the Proposed Sponsor Subscription.

In connection with the above, RHB Bank Berhad, through its Singapore branch ("**RHB Bank Singapore**") has been appointed as the independent financial adviser ("**IFA**") pursuant to Rule 921(4)(a) of the Listing Manual as well as to advise the independent directors of the Manager (being Mr Tan Jeh Wuan, Mr Tan Juay Hiang and Mr Takashi Suzuki) (the "**Independent Directors**"), the audit and risk committee of the Manager comprising Mr Tan Jeh Wuan, Mr Tan Juay Hiang, Mr Takashi Suzuki and Mr Yoshiyuki Takagi (the "**Audit and Risk Committee**"), and the Trustee as to whether each of the Proposed Acquisition and the Proposed Sponsor Subscription is on normal commercial terms and is not prejudicial to the interests of DHLT and its minority Unitholders.

This letter ("**Letter**") sets out, *inter alia*, our evaluation of the Proposed Acquisition and the Proposed Sponsor Subscription (collectively, the "**Transactions**"), our opinion thereon and forms part of the Circular.

2. TERMS OF REFERENCE

RHB Bank Singapore has been appointed as the IFA pursuant to Rule 921(4)(a) of the Listing Manual as well as to advise the Independent Directors, the Audit and Risk Committee and the Trustee in respect of whether each of the Proposed Acquisition and the Proposed Sponsor Subscription is on normal commercial terms and is not prejudicial to the interests of DHLT and its minority Unitholders, and to provide our recommendations to the Independent Directors and the Audit and Risk Committee to assist them in formulating their recommendations to the Unitholders.

RHB Bank Singapore is neither a party to the negotiations or discussions with the Seller in relation to the Proposed Acquisition and the Proposed Sponsor Subscription nor were we involved in the deliberations leading up to the decision of the Manager to enter into the Proposed Acquisition or to carry out the Proposed Sponsor Subscription. We do not, by this Letter, in any way advise on the merits of the Proposed Acquisition and the Proposed Sponsor Subscription other than to form an opinion on whether the Proposed Acquisition and the

Proposed Sponsor Subscription are on normal commercial terms and are not prejudicial to the interests of DHLT and its minority Unitholders.

Our terms of reference do not require us to evaluate or comment on the strategic, commercial, financial merits or risks (if any) of the Proposed Acquisition and the Proposed Sponsor Subscription or to compare their relative merits vis-à-vis alternative transactions previously considered by the Manager (if any) or that may otherwise be available to DHLT currently or in the future, and we do not express any opinion on any of the aforesaid.

We are not required to and have not made any independent appraisal or valuation of the assets and liabilities of DHLT. However, we have been furnished with the valuation reports issued by Savills Japan Valuation G.K. ("**Savills**") dated 9 September 2022 and by CBRE K. K. ("**CBRE**" and together with Savills, the "**Independent Valuers**") dated 21 September 2022 (collectively, the "**Valuation Reports**"). The respective valuation summary reports are set out in Appendix C of the Circular. Accordingly, we have taken into consideration the Valuation Reports in arriving at our opinion. We have not made any independent verification of the matters or bases set out in the Valuation Reports. We have, however, made reasonable enquiries and have exercised our professional judgement in reviewing the information contained in the respective valuation reports. In our review, we have found no reason to doubt the accuracy or reliability of the Valuation Reports.

For the purpose of our advice and opinion, we have relied on publicly available information collated by us, information set out in the Circular, and information (including representations, opinions, facts and statements) provided to us by the directors of the Manager ("**Directors**"), the management of the Manager ("**Management**") and the advisers of the Manager. We have relied on the assurances of the Directors and the Management that they jointly and severally accept full responsibility for the accuracy, truth, completeness and adequacy of such information. They have confirmed to us that, upon making all reasonable inquiries and to the best of their respective knowledge, information and belief, the Circular constitutes full and true disclosure of all material facts in connection with the Proposed Acquisition, Proposed Sponsor Subscription and DHLT, and the Directors are not aware of any facts the omission of which would make any statement in the Circular misleading in any material respect.

We have not independently verified any of the aforesaid information whether written or verbal, and have assumed its accuracy, truth, completeness and adequacy, including without limitation any information on the assets and liabilities of DHLT. Accordingly, we cannot and do not represent or warrant (expressly or impliedly), and do not accept any responsibility for the accuracy, truth, completeness or adequacy of such information. We have further assumed that all statements of fact, belief, opinion and intention made by the Directors and the Management to us or in the Circular have been reasonably made after due and careful inquiry. Notwithstanding anything to the contrary in this Letter, we have made reasonable enquiries and exercised our judgement on the reasonable use of the information provided to us, and have found no reason to doubt the accuracy or reliability of such information.

The scope of our appointment does not require us to conduct a comprehensive independent review of the business, operations or financial conditions of DHLT, or to express, and we do not express, any view on the future growth prospects, value and earnings potential of DHLT. Such review or comment, if any, remains the responsibility of the Directors and the Management, although we may draw upon their views or make such comments in respect thereof (to the extent required by the Listing Manual and/or deemed necessary or appropriate by us) in arriving at our advice as set out in this Letter. We have not obtained from the Manager any projection of the future performance including financial performance of DHLT and further,

we did not conduct discussions with the Directors and the Management on, and did not have access to, any business plan and financial projections of DHLT. We also do not express any opinion herein as to the prices at which the Units of DHLT may trade or the future value, financial performance or condition of DHLT, upon or after completion of the Proposed Acquisition and the Proposed Sponsor Subscription.

Our advice and opinion herein are based upon market, economic, industry, monetary and other conditions prevailing on, and the information provided to us as of the Latest Practicable Date. Such conditions may change significantly over a relatively short period of time. We assume no responsibility to update, revise or reaffirm our opinion in light of, and this Letter does not take into account, any subsequent development after the Latest Practicable Date that may affect our opinion herein. Unitholders should also take note of any announcements relevant to the Proposed Acquisition and the Proposed Sponsor Subscription which may be released by the Manager after the Latest Practicable Date.

DHLT has been separately advised by its advisers in the preparation of the Circular (other than this Letter). We have no role or involvement and have not provided any advice, financial or otherwise, whatsoever in the preparation, review and verification of the Circular (other than this Letter). Accordingly, we take no responsibility for and express no views, expressed or implied, on the contents of the Circular (other than this Letter).

We have not had regard to the specific investment objectives, financial situation, tax position, risk profile and/or unique needs and constraints of any individual Unitholder. As different Unitholders would have different investment portfolios and objectives, we would advise the Independent Directors and the Audit and Risk Committee to recommend that any individual Unitholder who may require specific advice in relation to his or her investment portfolio should consult his or her stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers.

This Letter has been prepared as required under Rule 921(4)(a) of the Listing Manual as well as for the use and benefit of the Independent Directors, the Audit and Risk Committee and the Trustee, in connection with and for the purposes of their consideration of the Transactions and the recommendations of the Independent Directors and the Audit and Risk Committee to the Unitholders arising therefrom. Notwithstanding the above, the recommendations to be made by the Independent Directors and the Audit and Risk Committee to the Unitholders shall remain their responsibility.

3. DETAILS OF THE PROPOSED ACQUISITION

The details of the Proposed Acquisition, including details of the Target Properties are set out in the Summary section, Paragraph 2 of the Letter to Unitholders of the Circular and Appendix A to the Circular. We set out below the salient information on the Proposed Acquisition and the Target Properties. **Unitholders are advised to read the entire Circular carefully.**

3.1. Description of the Target Properties

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

The table below sets out a summary of selected information on the Target Properties.

Name of Target Property	DPL Iwakuni 1 & 2	D Project Matsuyama S	D Project Iruma S Land ⁽¹⁾
Address	1528-2, 1815-3, Naganojiri, Nagano Iwakuni, Yamaguchi, Japan	74-10, 375-16, 386-6, Wakamiya, Minaminoda, Toon, Ehime, Japan	224-1, Sayamagahara, Iruma-shi, Saitama, Japan
Land Title	Freehold	Freehold	Freehold
Date of Completion of the Construction of the Building	DPL Iwakuni 1: 28 September 2016 DPL Iwakuni 2: 19 March 2020	Building 1: 31 October 1994 Building 2: 31 July 2017	N.A.
Occupancy as at 30 June 2022 (%)	100.00	100.00	N.A.
Parking Bays	60	62	N.A.
Number of Storeys	1	2	N.A.
NLA (sq m)	15,461.34	5,346.96	N.A.
Land Area (sq m)	30,105.22	8,412.15	11,528.52
Net Property Income ("NPI") for FP2022 (as defined in paragraph 5.2.3 below)	JPY 62.70 million SGD 0.70 million ⁽²⁾	JPY 32.10 million SGD 0.30 million ⁽²⁾	N.A. ⁽³⁾
Type of Property	Multi-tenanted	Single-tenanted built-to-suit ("BTS")	N.A.
Number of Tenants as at 30 June 2022	5	1	N.A.
Weighted Average Lease Expiry ("WALE") by NLA (years) ⁽⁴⁾	2.9 (as at 30 June 2022)	7.1 (as at 10 August 2022) ⁽⁵⁾	N.A.

Notes: Unless otherwise specified, all property-related information is as at 30 June 2022.

- (1) Currently, DHLT (through DH-MIMOSA GK ("TK Operator (GK2)"), as part of the *tokumei kumiai-godo kaisha* structure in DHLT's existing Japan property holding structure) owns the TBI of the Leasehold and the building on D Project Iruma S, which was acquired from the Seller at the Listing. The TBI of the Leasehold is currently being recorded as a right-of-use asset in the balance sheet of DHLT. After the Proposed Acquisition, it is intended that DHLT will continue to indirectly hold the TBI of the Leasehold and the building on D Project Iruma S through TK Operator (GK2), and DHLT will also indirectly hold the TBI of D Project Iruma S Land through DH TMK. Collectively, DHLT will, in substance, through the TBIs, own the full freehold property of D Project Iruma S after the completion of the Proposed Acquisition. As such, the TBIs of the Leasehold and D Project Iruma S Land will be reflected as a single freehold investment property in the consolidated balance sheet of DHLT after the completion of the Proposed Acquisition.
- (2) Based on the actual exchange rate of S\$1.00: JPY 89.09 as adopted in the profit and loss statement of the FP2022 Unaudited Financial Statements.
- (3) By acquiring D Project Iruma S Land, DHLT will improve its operating cashflow by saving on land rent payments for the Leasehold which it presently owns in respect of D Project Iruma S.
- (4) The calculation of WALE of each relevant Target Property is based on the total NLA of the relevant Target Property, which is the same as its occupied NLA since the occupancy rate of each relevant Target Property as at 30 June 2022 is 100.00%.
- (5) On 10 August 2022, the lease in respect of D Project Matsuyama S was renewed for seven years and accordingly the resultant WALE is 7.1 years.

3.2. Structure of the Proposed Acquisition

DH-CRUX Japan Tokutei Mokuteki Kaisha (“**DH TMK**”), a *tokutei mokuteki kaisha* (“**TMK**”), being a special purpose company indirectly held by DHLT, and the Seller have on 21 September 2022 entered into a trust beneficial interest sale and purchase agreement (“**DHI TBI SPA**”) for DH TMK to acquire from the Seller the trust beneficial interests (“**TBIs**”) in each of the Target Properties (“**DHI TBIs**”).

The Manager is proposing for DHLT to adopt the same structure for the Proposed Acquisition as the structure for the existing freehold properties of DHLT. Accordingly, DHLT will be acquiring the DHI TBIs of the Target Properties through DH TMK, a TMK which was set up by DHLT at the time of the IPO to hold the existing freehold properties of DHLT and is indirectly held by DHLT. DH TMK will be responsible for holding the DHI TBIs in each of the Target Properties and managing their day-to-day operations upon completion of the Proposed Acquisition.

3.3. Aggregate Purchase Consideration and Valuation

The Independent Valuer commissioned by the Trustee is Savills and the Independent Valuer commissioned by the Manager is CBRE.

The Aggregate Purchase Consideration, which was negotiated on a willing-buyer and willing-seller basis, taking into consideration the independent valuations by the Independent Valuers as at 30 June 2022, is JPY 4,676.00 million (S\$47.71 million) (“**Aggregate Purchase Consideration**”), which is at a discount of JPY 625.50 million (S\$6.39 million) or approximately 11.80% to the Aggregate Value (as defined herein) as at 30 June 2022.

The Aggregate Value of the Target Portfolio is the aggregate of all the Average Values (as defined herein) of the Target Properties and is approximately JPY 5,301.50 million (S\$54.10 million) (“**Aggregate Value**”). Average Value (“**Average Value**”) means (a) (with respect to each Target Property (other than D Project Iruma S Land)) the average of the two independent valuations of the Target Property (other than D Project Iruma S Land) conducted by the Independent Valuers as at 30 June 2022, and (b) (with respect to D Project Iruma S Land) the average of the two implied values of D Project Iruma S Land (each being each Independent Valuer’s Iruma Appraisal Value (as defined herein) less its Iruma Reference Value (as defined herein)).

The Independent Valuers were commissioned to determine the Iruma Appraisal Value and the Iruma Reference Value. Iruma Appraisal Value refers to the appraisal value (as defined in paragraph 2.3 of the Circular) of D Project Iruma S as a freehold property (comprising the freehold land and the tenant-occupied building thereon) as at 30 June 2022 (“**Iruma Appraisal Value**”) and the Iruma Reference Value refers to the reference value (as defined in paragraph 2.3 of the Circular) of D Project Iruma S as a leasehold property (comprising the fixed-term leasehold land and the tenant-occupied building thereon) as at 30 June 2022 (“**Iruma Reference Value**”).

Please refer to paragraph 2.3 of the Circular for more information and a table setting out a comparison of the purchase consideration of each Target Property against its Average Value.

3.4. Total Acquisition Cost

The total cost of the Proposed Acquisition (“**Total Acquisition Cost**”) is estimated to be approximately JPY 5,507.90 million (S\$56.20 million), the breakdown of which is disclosed in paragraph 2.4 of the Circular.

3.5. Method of Financing

The Manager intends to finance the Total Acquisition Cost, less the acquisition fee payable to the Manager pursuant to the trust deed dated 2 November 2021 constituting DHLT, as may be amended, modified, varied and/or supplemented from time to time (“**Trust Deed**”) for the Proposed Acquisition (“**Acquisition Fee**”) (which will be paid through the issue of Acquisition Fee Units (as defined paragraph 3.7 below)), in the following manner:

- (i) JPY 1,250.00 million (S\$12.80 million) through the Proposed Sponsor Subscription; and
- (ii) JPY 4,000.00 million (S\$40.82 million) through secured loan facilities (“**Loan Facilities**”); and
- (iii) the remaining costs (including the Refundable Consumption Tax) through internal resources of DHLT.

Please refer to paragraph 2.5 of the Circular for more information.

3.6. Principal Terms of the DHI TBI SPA

Please refer to paragraph 2.6 of the Circular for the principal terms of the DHI TBI SPA.

3.7. Payment of the Acquisition Fees in Units

Pursuant to Clause 15.2.1 of the Trust Deed, the Manager shall be paid the Acquisition Fee of approximately JPY 46.76 million (S\$0.48 million) for the Proposed Acquisition, which is 1.0% of the Aggregate Purchase Consideration of JPY 4,676.00 million (S\$47.71 million).

As the Proposed Acquisition will constitute an “interested party transaction” under the Property Funds Appendix, 100.00% of the Acquisition Fee payable to the Manager in respect of the Proposed Acquisition will be in the form of Units (“**Acquisition Fee Units**”), the issue price of which shall be determined in accordance with the Trust Deed and shall not be sold within one year from the date of issuance in accordance with Paragraph 5.7 of the Property Funds Appendix.

4. DETAILS OF THE PROPOSED SPONSOR SUBSCRIPTION

The details of the proposed issue of the New Units are set out in the Summary section and Paragraph 3 of the Letter to Unitholders of the Circular. We set out below the salient information on the Proposed Sponsor Subscription. **Unitholders are advised to read the entire Circular carefully.**

4.1. Overview and Structure of the Proposed Sponsor Subscription

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

As at the Latest Practicable Date, the Sponsor Group holds an aggregate of 69,705,358 Units, which represents approximately 10.31% of the total number of Existing Units.

Under the Subscription Agreement, the Sponsor shall subscribe for the following number of New Units for the Total Subscription Amount (as defined herein) at the Issue Price (as defined herein), on the terms and subject to the conditions of the Subscription Agreement:

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

where:

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

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

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

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

“Total Subscription Amount” means the Singapore dollar equivalent of JPY 1,250.00 million based on the Agreed Exchange Rate.

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

The New Units to be issued pursuant to the Proposed Sponsor Subscription will not be underwritten. The Total Subscription Amount will be paid in cash in accordance with the Subscription Agreement.

4.2. Principal Terms of the Subscription Agreement

Please refer to paragraph 3.2 of the Circular for the principal terms of the Subscription Agreement.

4.3. Use of Proceeds of the Proposed Sponsor Subscription

The gross proceeds of the Proposed Sponsor Subscription shall be the Total Subscription Amount, representing the Singapore dollar equivalent of JPY 1,250.00 million based on the Agreed Exchange Rate.

Subject to relevant laws and regulations, the Manager intends to utilise 100.00% of the gross proceeds to partially finance the Aggregate Purchase Consideration. Please refer to paragraph 3.3 of the Circular for more information.

4.4. Status of the New Units

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

5. EVALUATION OF THE PROPOSED ACQUISITION AND THE PROPOSED SPONSOR SUBSCRIPTION

Throughout this evaluation, the Target Properties (i) DPL Iwakuni 1 & 2 and (ii) D Project Matsuyama S (comprising the underlying freehold land and the buildings thereon) are collectively known as “**Target Buildings**” while (iii) D Project Iruma S Land is known as “**Target Land**”.

In our evaluation and assessment of the Transactions, we have given due consideration to the following:

The Transactions

- (a) Rationale for and key benefits of the Proposed Acquisition and the Proposed Sponsor Subscription.

The Proposed Acquisition

- (a) Valuation approaches and key assumptions adopted by the Independent Valuers;
- (b) Aggregate Purchase Consideration and Total Acquisition Cost;
- (c) Comparison of WALE and net property income yields (“**NPI Yields**”) of the Target Properties with DHLT’s Existing Portfolio and Enlarged Portfolio;
- (d) Comparison of the Target Properties with selected listed industrial/logistics REITs with broadly comparable property portfolios;
- (e) Comparison of Capitalisation Rates (as defined in paragraph 5.2.5 below) of the Target Buildings with DHLT’s existing freehold portfolio and comparable properties;
- (f) Assessment of the purchase consideration of the Target Land;
- (g) Pro forma financial effects of the Transactions; and
- (h) Other considerations in relation to the Proposed Acquisition which may have a significant bearing on our assessment.

The Proposed Sponsor Subscription

- (a) Evaluation of the Illustrative Issue Price of the Proposed Sponsor Subscription (“**Illustrative Issue Price**”):
- (b) Number and pricing of the New Units for the Proposed Sponsor Subscription;
- (c) Historical unit price performance;
- (d) Historical trailing price to NAV per Unit (“**P/NAV**”) ratio of DHLT;
- (e) Comparison of Illustrative Issue Price to precedent placements and issuance of units to interested persons to fund/as consideration for acquisitions;
- (f) Potential dilution on the unitholding interests of Unitholders; and
- (g) Other relevant considerations that may have a significant bearing on our assessment.

5.1. Rationale for and key benefits of the Proposed Acquisition and the Proposed Sponsor Subscription

It is not within our terms of reference to comment or express an opinion on the merits of the Transactions or the future prospects of DHLT subsequent to the Transactions. Nevertheless, we have considered the rationale for and key benefits of the Proposed Acquisition and the Proposed Sponsor Subscription as set out in paragraph 4 of the Circular.

We note that Resolution 1 (Proposed Acquisition) and Resolution 2 (Proposed Sponsor Subscription) are inter conditional and that the Manager believes that the Proposed Acquisition will bring the following key benefits to Unitholders:

- (a) Proposed Acquisition expected to improve DPU to Unitholders
 - i) DPU accretive acquisition;
 - ii) Prudent capital management;
- (b) Fundamentals of the Japan logistics market remain sound
 - i) Demand for logistics space expected to continue growing;
 - ii) Scarcity of modern logistics facilities;
- (c) Acquisition of high-quality freehold properties across regional markets in Japan
 - i) Strategically located near key transport routes;
 - ii) Addition of quality assets to DHLT's portfolio;
 - iii) Acquisition of freehold properties and D Project Iruma S Land mitigates leasehold risk;
 - iv) 100.00% occupancy rate with high quality tenants;
 - v) In line with DHLT's continuous sustainability efforts;
- (d) Further diversification of DHLT's portfolio;
 - i) Property diversification;
 - ii) Geographical diversification;
 - iii) Tenant diversity; and
- (e) Reinforcement of the commitment and support from the Sponsor
 - i) Acquiring the Target Portfolio at an attractive discount to valuation;
 - ii) Subscription of New Units by Sponsor at a premium to current market price;
 - iii) Further alignment of interest with increase of the Sponsor's ownership;
 - iv) Ability to acquire quality properties through the ROFR granted by the Sponsor.

Please refer to paragraph 4 of the Circular for full details.

We note that the Proposed Acquisition is in line with DHLT's investment strategy to pursue opportunities to undertake acquisitions of quality income-producing logistics and industrial assets that are accretive to DHLT's portfolio and able to improve returns to Unitholders.

5.2. Evaluation of the Proposed Acquisition

5.2.1 Valuation approaches and key assumptions adopted by the Independent Valuers

In connection with the Proposed Acquisition, the Independent Valuer commissioned by the Trustee is Savills and the Independent Valuer commissioned by the Manager is CBRE. We

set out below a brief summary of the valuation approaches adopted in relation to the valuation of the Target Properties:

Valuation approaches
<p><u>In respect of DPL Iwakuni 1 & 2 and D Project Matsuyama S</u> The Independent Valuers valued DPL Iwakuni 1 & 2 and D Project Matsuyama S using both the discounted cash flow (“DCF”) method and the direct capitalisation method.</p> <p>The Independent Valuers assumed:</p> <p>(a) that the properties are sold in the market in their existing state without any particular arrangement or benefit, such as any deferred terms contract, leaseback, joint venture, management agreement or any other similar arrangement or benefits that would affect the value of the properties; and</p> <p>(b) an occupancy rate of 100.00% as at 30 June 2022 for the buildings situated on DPL Iwakuni 1 & 2 and D Project Matsuyama S.</p> <p><u>In respect of D Project Iruma S Land</u> For D Project Iruma S Land, the value of D Project Iruma S Land is implied based on the difference between the Iruma Appraisal Value and the Iruma Reference Value.</p> <p>The Independent Valuers determined:</p> <p>(a) the Iruma Appraisal Value using both the DCF method and the direct capitalisation method; and</p> <p>(b) the Iruma Reference Value using the DCF method.</p> <p>In respect of the Iruma Appraisal Value, the Independent Valuers assumed:</p> <p>(a) that D Project Iruma S as a freehold property is sold in the market in its existing state without any particular arrangement or benefit, such as any deferred terms contract, leaseback, joint venture, management agreement or any other similar arrangement or benefits that would affect the value of the property; and</p> <p>(b) an occupancy rate of 100.00% as at 30 June 2022 for the building situated in D Project Iruma S.</p> <p>In respect of the Iruma Reference Value, the Independent Valuers determined the value using the DCF method assuming a holding period of 10 years with a 100.00% occupancy of the building.</p>

Please refer to paragraph 2.3 of the Circular for more information on the valuation approaches of the Target Properties. Please refer to Appendix C of the Circular for the independent property valuation summary reports.

Valuation results as at 30 June 2022

The table below sets out the Average Values of DPL Iwakuni 1 & 2 and D Project Matsuyama S.

Name of Target Property	Independent Valuation by CBRE as at 30 June 2022⁽¹⁾ (¥ million) (S\$ million)	Independent Valuation by Savills as at 30 June 2022⁽¹⁾ (¥ million) (S\$ million)	Average Value⁽²⁾ (¥ million) (S\$ million)
DPL Iwakuni 1 & 2 (A)	¥2,220.00 S\$22.65	¥2,240.00 S\$22.86	¥2,230.00 S\$22.76
D Project Matsuyama S (B)	¥891.00 S\$9.09	¥912.00 S\$9.31	¥901.50 S\$9.20

Notes:

- (1) Figures extracted from the respective Valuation Reports are denominated in Japanese Yen and converted into Singapore dollar for information only and shall not be construed as representation that the amounts in Singapore dollar represent the valuation of the Target Properties by the Independent Valuers.

- (2) "Average Value" means the average of the two independent valuations of the Target Property conducted by the Independent Valuers as at 30 June 2022.

The table below sets out the Average Value of D Project Iruma S Land.

Name of Target Property	Implied Value (being CBRE's Iruma Appraisal Value less CBRE's Iruma Reference Value) as at 30 June 2022 ⁽¹⁾ (¥ million) (S\$ million)	Implied Value (being Savills' Iruma Appraisal Value less Savills' Iruma Reference Value) as at 30 June 2022 ⁽¹⁾ (¥ million) (S\$ million)	Average Value ⁽²⁾ (¥ million) (S\$ million)
D Project Iruma S Land ⁽³⁾ (C)	¥2,120.00 S\$21.63	¥2,220.00 S\$22.65	¥2,170.00 S\$22.14

Notes:

- (1) Figures extracted from the Valuation Report in respect of D Project Iruma S are denominated in Japanese Yen and converted into Singapore dollar for information only and shall not be construed as representation that the amounts in Singapore dollar represent the valuation of D Project Iruma S by the Independent Valuers.
- (2) "Average Value" means the average of the two implied values of D Project Iruma S Land (each being each Independent Valuer's Iruma Appraisal Value less its Iruma Reference Value).
- (3) The Independent Valuers were commissioned to conduct independent valuations to determine the Iruma Appraisal Value and the Iruma Reference Value. Each of the two implied values of D Project Iruma S Land represents the difference between each Independent Valuer's Iruma Appraisal Value and its Iruma Reference Value.

The table below sets out the Aggregate Value of the Target Properties.

Aggregate⁽¹⁾ (¥ million) (S\$ million) (A) + (B) + (C)	¥5,231.00 million S\$53.38 million	¥5,372.00 million S\$54.82 million	¥5,301.50 million S\$54.10 million
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Notes:

- (1) The discrepancies between the listed amounts and totals are due to rounding.

Based on the above, the respective Valuation Reports and the disclosures in paragraph 2.3 of the Circular, we note the following in our review:

- (a) 30 June 2022 is the date of value for each of the Target Properties;
- (b) the Independent Valuers valued DPL Iwakuni 1 & 2 and D Project Matsuyama S using both the DCF method and the direct capitalisation method. For D Project Iruma S Land, the value of D Project Iruma S Land is implied based on the difference between the Iruma Appraisal Value and the Iruma Reference Value; and
- (c) in respect of the value of D Project Iruma S Land, as extracted from paragraph 2.3 of the Circular and set out in italics below:

"According to the Independent Valuers, in the case of a company which owns a leasehold property (comprising a fixed-term leasehold interest in land and a tenant-occupied building thereon) and intends to buy the underlying fee interest in land, given that the property post-acquisition will be a freehold property (comprising the underlying

freehold land and the tenant-occupied building thereon), the difference between the valuation of the freehold property and the valuation of the leasehold property can generally be deemed as the value for the underlying fee interest in land (assuming no value is attributed to the right to use the building thereon beyond the existing leasehold term), and this is in line with the intent of the Real Estate Appraisal Standards in Japan. In this respect, Savills has confirmed that in the case of the proposed acquisition by DHLT of the underlying fee interest in D Project Iruma S Land, the difference between the Iruma Appraisal Value and the Iruma Reference Value can be deemed as the value for the underlying fee interest in D Project Iruma S Land, if there is no attribution of value increment to the tenant-occupied building on the fixed-term leasehold land in D Project Iruma S. In addition, CBRE has confirmed that if the Seller and DHLT have agreed for the purchase price for D Project Iruma S Land to be the difference between the Iruma Appraisal Value and the Iruma Reference Value, CBRE will raise no objection to such purchase price.”

5.2.2 Aggregate Purchase Consideration and Total Acquisition Cost

Aggregate Purchase Consideration

The Aggregate Purchase Consideration, which was negotiated on a willing-buyer and willing-seller basis taking into consideration the independent valuations by the Independent Valuers as at 30 June 2022, is JPY 4,676.00 million (S\$47.71 million), which is at a discount of JPY 625.50 million (S\$6.39 million) or approximately 11.80% to the Aggregate Value.

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

Name of Target Property	Average Value ⁽¹⁾⁽²⁾ (¥ million) (S\$ million)	Purchase Consideration ⁽³⁾ (¥ million) (S\$ million)	Discount which the Purchase Consideration bears to the Average Value (%)
DPL Iwakuni 1 & 2	¥2,230.00 S\$22.76	¥1,900.00 S\$19.39	14.80% discount
D Project Matsuyama S	¥901.50 S\$9.20	¥800.00 S\$8.16	11.26% discount
D Project Iruma S Land	¥2,170.00 S\$22.14	¥1,976.00 S\$20.16	8.94% discount
Aggregate	¥5,301.50 S\$54.10	¥4,676.00 S\$47.71	11.80% discount to the Aggregate Value

Notes:

- (1) Figures extracted from the respective Valuation Reports are denominated in Japanese Yen and converted into Singapore dollar for information only and shall not be construed as representation that the amounts in Singapore dollar represent the valuation of the Target Properties by the Independent Valuers.
- (2) Average Value means (a) (with respect to each Target Property (other than D Project Iruma S Land)) the average of the two independent valuations of the Target Property (other than D Project Iruma S Land) conducted by the Independent Valuers as at 30 June 2022, and (b) (with respect to D Project Iruma S Land) the average of the two implied values of D Project Iruma S Land (each being each Independent Valuer's

Iruma Appraisal Value less its Iruma Reference Value). The Independent Valuers were commissioned to determine the Iruma Appraisal Value and the Iruma Reference Value.

- (3) Purchase Consideration is denominated in Japanese Yen and converted into Singapore dollar for information only.

Based on the above, we note that the Aggregate Purchase Consideration represents a discount of JPY 625.50 million (S\$6.39 million) or approximately 11.80% to the Aggregate Value. We also note that the Total Acquisition Cost is estimated to be approximately JPY 5,507.90 million (S\$56.20 million), comprising:

- (a) JPY 4,676.00 million (S\$47.71 million), being the Aggregate Purchase Consideration;
- (b) the Acquisition Fee of approximately JPY 46.76 million (S\$0.48 million) (representing an Acquisition Fee at the rate of 1.0% of the Aggregate Purchase Consideration);
- (c) Refundable Consumption Tax of approximately JPY 235.00 million (S\$2.40 million);
- (d) cash reserves which are expected to be required by lenders under the Loan Facilities and other debt-related costs of approximately JPY 199.90 million (S\$2.00 million); and
- (e) the professional and other fees and expenses of approximately JPY 350.20 (S\$3.60 million) incurred or to be incurred by DHLT in connection with the Proposed Acquisition.

Please refer to paragraphs 2.3 and 2.4 of the Circular for more information relating to the Aggregate Purchase Consideration and Total Acquisition Cost.

5.2.3 Comparison of WALE by NLA and NPI Yields of the Target Properties with DHLT's Existing Portfolio and Enlarged Portfolio

We have compared the WALE by NLA and NPI Yields of the Target Properties with those of DHLT's existing portfolio comprising 14 logistics properties held by DHLT ("**Existing Portfolio**") and enlarged portfolio comprising the Existing Portfolio and the Target Properties ("**Enlarged Portfolio**").

DHLT's Existing Portfolio and the Target Properties are located in Japan and the cash flows from the operations of the properties are in Japanese Yen while the functional currency and reporting currency for the purposes of its financial statements is in Singapore dollar. As a result, DHLT is exposed to foreign currency fluctuations between Japanese Yen and Singapore dollar. For the purposes of this section, we have set out in the table below the NPI Yields measured based on (i) JPY denomination and (ii) S\$ denomination, to compare the NPI Yields before and after the effects of foreign currency translation.

	WALE by NLA (years)	NPI Yield based on JPY denomination ("NPI Yield JPY")⁽¹⁾ (%)	NPI Yield based on S\$ denomination ("NPI Yield S\$")⁽²⁾ (%)
DPL Iwakuni 1 & 2	2.90	5.55 ⁽³⁾	6.10 ⁽³⁾
D Project Matsuyama S	7.10	6.74 ⁽³⁾	7.42 ⁽³⁾
Target Buildings	3.98	5.90⁽³⁾	6.49⁽³⁾
Target Properties	-	3.41⁽⁴⁾	3.75⁽⁴⁾
Existing Portfolio	6.80	5.52⁽⁵⁾	6.11⁽⁵⁾
Enlarged Portfolio	6.67	5.40	5.97

Source: Manager, Circular, SGX-ST Announcements

Notes:

- (1) NPI Yield JPY is calculated based on JPY denominated NPI, before taking into account the effects of foreign currency translation.
- (2) NPI Yield S\$ is calculated based on S\$ denominated NPI, after taking into account the effects of foreign currency translation. NPI is translated from JPY to S\$ based on the actual exchange rate of S\$1.00 : JPY 89.09 as adopted in the profit and loss statement of the FP2022 Unaudited Financial Statements and the portfolio valuation is based on the exchange rate of S\$1.00 = JPY 98.00.
- (3) Based on the annualised NPI of the respective Target Property for FP2022 (being the financial period from 26 November 2021 (being the date of listing of DHLT) to 30 June 2022) ("FP2022") and the purchase consideration of the respective Target Property.
- (4) Includes NPI Yields of the Target Buildings and the purchase consideration of the Target Land. The Target Land does not have any contribution to the gross revenue.
- (5) Based on the annualised NPI of the Existing Portfolio for FP2022 divided by valuation based on the latest publicly available results announcement of DHLT as at the Latest Practicable Date.

We note that:

- (a) the NPI Yield JPY of DPL Iwakuni 1 & 2 is higher than the NPI Yield JPY of the Existing Portfolio but the NPI Yield S\$ is below the NPI Yield S\$ of the Existing Portfolio. Nevertheless, as discussed with the Manager, we also note that the NPI Yield JPY and S\$ of DPL Iwakuni 1 & 2 is still higher than NPI Yield JPY of the existing freehold properties of DHLT which ranges from 3.6% to 4.8% and NPI Yield S\$ of the existing freehold properties of DHLT which ranges from 3.9% to 5.3%. The WALE of DPL Iwakuni 1 & 2 is shorter than the WALE of the Existing Portfolio;
- (b) the NPI Yield of D Project Matsuyama S is higher than the NPI Yield of the Existing Portfolio. The WALE of D Project Matsuyama S is longer than the WALE of the Existing Portfolio;
- (c) the NPI Yield of the Target Buildings is higher than the NPI Yield of the Existing Portfolio. The WALE of the Target Buildings is shorter than that of the Existing Portfolio;
- (d) pursuant to the acquisition of the Target Land, DHLT will, in substance, own the full freehold property of D Project Iruma S (being the Target Land and the building thereon). Based on discussions with the Manager, the estimated NPI Yield JPY and NPI Yield S\$ of D Project Iruma S, on a freehold basis, after taking into account the purchase consideration of the Target Land is 4.24% and 4.67% respectively. The NPI Yield of D Project Iruma S on a freehold basis is within the range of the NPI Yield JPY of the

existing freehold properties of DHLT which ranges from 3.6% to 4.8% and NPI Yield S\$ of the existing freehold properties of DHLT which ranges from 3.9% to 5.3%;

In arriving at our overall opinion on the Target Land, we have also taken into consideration, amongst others, the benefits for the acquisition of the Target Land as disclosed in paragraph 4.3.3 of the Circular, the discount of the purchase consideration of the Target Land to its Average Value of 8.94% and valuation upside of converting D Project Iruma S into a freehold property in paragraph 5.2.6 of this Letter;

- (e) the NPI Yield of the Target Properties is lower than the NPI Yield of the Target Buildings because the acquisition of the Target Land, on a standalone basis, does not have any contribution to gross revenue. Notwithstanding the foregoing, the acquisition of the Target Land will improve the operating cashflow of DHLT by saving on land rent payments for the Leasehold which it presently owns in respect of D Project Iruma S (net of property tax and property management fee). Land rents are recognised after the NPI line in the statement of total return and statement of comprehensive income. Since the Target Land, on a standalone basis, has no gross revenue contribution, please note that the NPI Yield of the Target Properties are not benchmarked against the NPI Yield of the Existing Portfolio but included for reference and completeness only; and
- (f) on a combined basis, the estimated NPI Yield JPY of the Enlarged Portfolio is 5.40% and the estimated NPI Yield S\$ is 5.97%. This takes into account of the NPI Yield of the Target Building and we note that the acquisition of the Target Land, on a standalone basis, has no gross revenue contribution as mentioned in paragraph 5.2.3(e) of this Letter. The estimated WALE of the Enlarged Portfolio is shorter than the WALE of the Existing Portfolio.

5.2.4 Comparison of the Target Properties with selected listed industrial/logistics REITs with broadly comparable property portfolios

Based on our discussions with the Manager and due to the difficulties in identifying and collecting detailed comparable evidence by the Independent Valuers, we recognise that there may be no particular property portfolio that is considered to be directly comparable or lack of publicly available information thereof for comparison with the Target Properties.

However, in assessing the Aggregate Purchase Consideration, we have considered selected industrial/logistics REITs that are listed on the SGX-ST ("**Selected Comparable SG REITs**") with broadly comparable property portfolios to compare the WALE and NPI Yields of the Target Properties, Existing Portfolio and Enlarged Portfolio (as implied by the Aggregate Purchase Consideration) with the WALE and NPI Yields of the Selected Comparable SG REITs. We have not included real estate investment trust established in Japan ("**J-REIT**") as comparables given the differences in accounting standards compared to DHLT as well as limitation of the information available of the J-REITs to calculate their NPI Yields.

The Selected Comparable SG REITs have been identified through a search on publicly available information. We have had discussions with the Manager about the suitability and reasonableness of the Selected Comparable SG REITs acting as a basis for comparison with the Target Properties and DHLT. Relevant information has been extracted from the annual reports and/or public announcements of the Selected Comparable SG REITs.

We recognise, however, that our list of Selected Comparable SG REITs is not exhaustive and there may not be any listed REIT on the SGX-ST or other stock exchanges with property portfolios that are directly comparable to the Target Properties in terms of location, accessibility, size, profile and composition of tenants, usage, construction quality, age of

building, outstanding lease tenure, risk profile, track record, prospects, tax regime, accounting policies and other relevant factors. As such, any comparison made with respect to the Selected Comparable SG REITs is therefore intended to serve as an illustrative guide only.

We set out in the table below the list of Selected Comparable SG REITs, together with brief information on these REITs.

Selected Comparable SG REITS	Brief description
CapitaLand Ascendas REIT (“ CapitaLand Ascendas ”)	CapitaLand Ascendas is an industrial REIT that invests in business and science park properties; integrated development and amenities properties; high-specifications industrial properties and data centers; light industrial properties and flatted factories; and logistics and distribution centers.
Mapletree Logistics Trust (“ Mapletree Logistics ”)	Mapletree Logistics is an Asia-focused logistics REIT. It invests in a diversified portfolio of income-producing logistics real estate in Singapore, Japan, Hong Kong, South Korea, China, Australia, Malaysia, and Vietnam.
Mapletree Industrial Trust (“ Mapletree Industrial ”)	Mapletree Industrial is a Singapore-focused REIT with a large and diversified portfolio of industrial properties. It invests in a diverse portfolio of industrial properties with the primary objective of achieving an attractive level of return from rental income and for long-term capital growth.
Frasers Logistics & Commercial Trust (“ Frasers Logistics ”)	Frasers Logistics operates as a real estate investment company. The company is a multi-national owner and manager of logistics and commercial properties.
ESR-LOGOS REIT (“ ESR-LOGOS ”)	ESR-LOGOS operates as an industrial REIT that invests in logistics, warehousing, workshops, industrial business park, and light and general industrial sectors, as well as provides leasing and asset management services. It serves customers in Singapore.
AIMS APAC REIT (“ AIMS APAC ”)	AIMS APAC is a REIT and its principal investment objective is owning and investing in a diversified portfolio of income-producing industrial real estate assets in Singapore and Asia, including warehouse and logistics centres, manufacturing, business parks and hi-tech spaces.
EC World Real Estate Investment Trust (“ EC World ”)	EC World invests in real estate assets. It focuses on properties in the People's Republic of China. being used for supply-chain management, e-commerce, and logistical purposes.
Sabana Industrial Real Estate Investment Trust (“ Sabana ”)	Sabana is a REIT that focuses on investments in income-producing real estate used for industrial purposes in Asia, as well as real estate-related assets, in line with Sabana investment principles.

Source: Bloomberg L.P. and company website

We set out in the table below the WALE and NPI Yields of the Selected Comparable SG REITs against the WALE and NPI Yields of the Target Properties and Enlarged Portfolio based on publicly available information as at the Latest Practicable Date.

Selected Comparable SG REITs	Valuation ⁽¹⁾ (S\$ million)	TTM NPI ⁽¹⁾⁽²⁾ (S\$ million)	WALE ⁽¹⁾⁽³⁾ (years)	Occupancy Rate ⁽¹⁾ (%)	NPI yield (%)	
Capitaland Ascendas	16,554.31	952.08	3.90	94.50	5.75	
Mapletree Logistics	12,850.89	626.78	3.30	96.40	4.88	
Mapletree Industrial	7,616.86	507.17	4.00	95.60	6.66	
Frasers Logistics	6,540.80	370.41	4.60	96.50	5.66	
ESR-LOGOS	4,556.00 ⁽⁴⁾	215.16	3.20	92.40	4.72 ⁽⁶⁾	
AIMS APAC	2,213.65 ⁽⁵⁾	116.62	4.80	97.50	5.27	
EC World	1,563.72	115.35	2.10	99.10	7.38	
Sabana	871.10	53.28	2.70	89.10	6.12	
High			4.80	99.10	7.38	
Mean			3.58	95.14	5.96	
Median			3.60	96.00	5.75	
Low			2.10	89.10	4.88	
					NPI Yield JPY (%)	NPI Yield S\$ (%)
Target Buildings	27.55	1.79⁽⁷⁾	3.98	100.00	5.90	6.49
Target Properties	47.71	1.79⁽⁸⁾	-	-	3.41	3.75
Existing Portfolio	827.29	50.52⁽⁷⁾	6.80	98.60	5.52	6.11
Enlarged Portfolio	875.01	52.23⁽⁹⁾	6.67	98.64	5.40	5.97

Source: Annual reports, SGX-ST Announcements and Manager

Notes:

- (1) Based on the latest publicly available annual report, result announcements or SGX-ST announcements of the respective Selected Comparable SG REITs as at the Latest Practicable Date.
- (2) Trailing 12 months NPI ("TTM NPI") refers to the aggregate of the most recently announced four quarters NPI where publicly available.
- (3) WALE calculated by gross revenue, NLA or gross rental income as disclosed by the respective Selected Comparable SG REITs.
- (4) Includes (i) 100% of the valuation of 7000 Ang Mo Kio Avenue 5 in which ESR-LOGOS REIT holds 80% interest and (ii) 100% of the valuation of 48 Pandan Road in which ESR-LOGOS REIT holds 49% interest, but excludes the effects arising from the adoption of Financial Reporting Standard (FRS) 116 Leases which became effective on 1 January 2019.
- (5) Includes a 49.0% interest in Optus Centre located in Macquarie Park, NSW, Australia.
- (6) In computing the range, mean and median, ESR-LOGOS has been excluded as a statistical outlier. As the merger between ESR-REIT and ARA LOGOS Logistics Trust by way of a trust scheme of arrangement became effective on 22 April 2022, the TTM NPI of ESR-LOGOS may not be representative of the NPI of the enlarged portfolio post-merger, for the purposes of computing NPI Yield, as the NPI from the incoming assets were not accounted for in the periods prior to the completion of the merger.
- (7) Based on annualised NPI for FP2022.
- (8) Based on annualised NPI for FP2022 of the Target Buildings as there is no gross revenue contribution from the Target Land.

- (9) NPI of the Enlarged Portfolio is calculated based on the annualised NPI for FP2022 of the Existing Portfolio, the Target Buildings and net of property tax and property management fee from the Target Land.

Based on the above, we note that:

- (a) the NPI Yield JPY of the Target Buildings is within the range, above the median but below the mean, while the NPI Yield S\$ of the Target Buildings is within the range and above the mean and median of the NPI Yield of the Selected Comparable SG REITs;
- (b) on a combined basis, the estimated NPI Yield JPY of the Enlarged Portfolio is within the range but below the mean and median, while the estimated NPI Yield S\$ of the Enlarged Portfolio is within the range and above the mean and median of the NPI Yields of the Selected Comparable SG REITs;
- (c) the WALE of the Target Buildings of 3.98 years is within the range and above the mean and median WALE of the Selected Comparable SG REITs;
- (d) the estimated WALE of the Enlarged Portfolio of 6.67 years is slightly shorter than that of the Existing Portfolio, but remains to be above the range of the WALE of the Selected Comparable SG REITs;
- (e) the occupancy rate of the Enlarged Portfolio remains to be within the range and above the mean and median occupancy rate of the Selected Comparable SG REITs; and
- (f) the NPI Yield of the Target Properties is not benchmarked against the NPI Yield of the Selected Comparable SG REITs but included for reference and completeness only because there is no gross revenue contribution from the acquisition of the Target Land, on a standalone basis, due to the reasons highlighted in paragraph 5.2.3(e) of this Letter.

5.2.5 Comparison of Capitalisation Rates of the Target Buildings with DHLT's Existing Freehold Portfolio and Comparable Properties

We have compared the capitalisation rates of the Target Buildings (based on the average stabilised net cash flow of the respective Target Property extracted from the Valuation Reports divided by the purchase consideration) ("**Capitalisation Rate**") with the capitalisation rates (i) used in the latest independent valuation of DHLT's existing freehold properties, (ii) of the estimated range based on interviews with market participants (such as private equity fund investors, lenders, sales brokers) conducted by the Independent Valuers on the subject properties ("**Opinion by Market Participants**") and (iii) of selected properties that are broadly comparable to the Target Buildings ("**Selected Comparable Properties**"). We have had discussions with the Manager about the suitability and reasonableness of these benchmarks as a basis for comparison with the Target Buildings. Capitalisation rate is a measure indicating how well a real estate property generates income through its operation.

We wish to highlight that our list of Selected Comparable Properties is not exhaustive. In addition, the Selected Comparable Properties may not be directly comparable to the Target Buildings in terms of location, accessibility, size, profile and composition of tenants, usage, construction quality, age of building, outstanding lease tenure, risk profile, track record, prospects, tax regime, accounting policies and other relevant factors. As such, any comparison made with respect to the Selected Comparable Properties is therefore intended to serve as an illustrative guide only.

Existing Freehold Portfolio of DHLT

Property	Capitalisation Rate
Existing freehold properties of DHLT	4.30% - 4.95%

Source: Latest valuation reports of the properties as of 31 December 2021 by CBRE and Savills

Opinion by Market Participants

Property	Capitalisation Rate ⁽¹⁾	
	CBRE	Savills
DPL Iwakuni 1 & 2	Low 5%	4.90% - 5.10%
D Project Matsuyama S	High 5%	5.20% - 5.40%

Source: Valuation Reports

DPL Iwakuni 1 & 2

Selected Comparable Properties	Owner	Location	Capitalisation Rate ⁽²⁾
MFLP Hiroshima I	Mitsui Logistics Park REIT	Hiroshima City, Hiroshima, 4-2876-26, Kanon-shimmachi, Nishi-ku	5.20%
GLP Okayama Soja I	GLP REIT	Soja City, Okayama 4-10 Nagara	5.20%
Fukuoka Kashiihamafutou Logistics	Japan Logistics Fund REIT	Fukuoka City, Fukuoka 2-1-10, Kashiihamafutou Higashi-ku	4.80%
High			5.20%
Mean			5.07%
Median			5.20%
Low			4.80%
DPL Iwakuni 1 & 2		1528-2, 1815-3, Naganojiri, Iwakuni, Yamaguchi, Japan	5.86%⁽³⁾

Source: Valuation Reports

D Project Matsuyama S

Selected Comparable Properties	Owner	Location	Capitalisation Rate ⁽²⁾
IIF Hiroshima Seifu-shinto Logistics Center	Industrial & Infrastructure Fund REIT	Hiroshima City 2-3-1 Tomo-minami, Asa-minami-ku	5.50%
GLP Okayama Soja I	GLP REIT	Soja City, Okayama 4-10 Nagara	5.30%
GLP Nara	GLP REIT	Yamato-koriyama city, Nara, 6-4 Imagocho	5.20%
High			5.50%
Mean			5.33%
Median			5.30%
Low			5.20%
D Project Matsuyama S		74-10, 375-16, 386-6 Wakamiya, Minaminoda, Toon, Ehime, Japan	6.10%⁽³⁾

Source: Valuation Reports

Notes:

- (1) Capitalisation rates of the Opinion by Market Participants were extracted from the Valuation Reports.
- (2) Capitalisation rates of the Selected Comparable Properties are extracted from the Valuation Reports by Savills.
- (3) Based on the average stabilised net cash flow of the respective Target Property extracted from the Valuation Reports divided by the purchase consideration. The Manager is of the view that the established net cash flows are reasonable.

Based on the above, we note that the Capitalisation Rates of DPL Iwakuni 1 & 2 of 5.86% and D Project Matsuyama S of 6.10% are above the range of the capitalisation rates (i) used in the latest independent valuation of DHLT's existing freehold properties, (ii) of the Opinion by Market Participants and (iii) of the Selected Comparable Properties.

5.2.6 Assessment of the Purchase Consideration of the Target Land

Comparing the Target Land with Selected Comparable Land Transactions

In assessing the reasonableness of the purchase consideration of the Target Land, we have considered selected comparable land transactions that are broadly comparable to the Target Land ("**Selected Comparable Land Transactions**"). We have had discussions with the Manager about the suitability and reasonableness of the Selected Comparable Land Transactions acting as a basis for comparison with the Target Land.

We set out in the table below the price per sq m of the Selected Comparable Land Transactions against the price per sq m of the Target Land (implied by the purchase consideration). We wish to highlight that the transactions below are by no means exhaustive. In addition, the Selected Comparable Land Transactions may not be directly comparable to the Target Land in terms of, *inter alia*, age, condition, location, accessibility, and other relevant criteria. Therefore, any comparison made with the Selected Comparable Land Transactions is therefore intended to serve as an illustrative guide only.

Selected Comparable Land Transactions

Location	Zoning	Date of Transaction	Land Size (sq m)	Price per sq m ⁽¹⁾ (¥)
Niiza City 3-6-22, Owada ⁽²⁾	Industrial District	July 2021	17,047.00	186,450.52
Hanno City 12-1 Ashikariba ⁽²⁾	District not designated	January 2021	36,877.85	153,712.81
Irumagun 2291-1 Miyoshimachi ⁽²⁾	District not designated	July 2020	18,786.09	283,374.56
Miyanodai, Irumashi ⁽³⁾	Quasi-industrial District	June 2020	2,808.00	158,000.00
Miyanodai, Irumashi ⁽³⁾	Exclusive Industrial District	March 2020	2,126.00	149,000.00
4-chome, Sayamadai Irumashi ⁽³⁾	Exclusive Industrial District	June 2020	779.00	156,000.00
Nakadai 2-chome, Kawagoe-shi, Saitama ⁽³⁾	Semi-industrial District	March 2022	1,615.82	117,793.00
Yoshinodai 1-chome, Kawagoe-shi, Saitama ⁽³⁾	Exclusive Industrial District	January 2022	1,899.99	117,324.00
Miyadera, Iruma-shi, Saitama ⁽²⁾	Semi-industrial District	June 2020	2,808.18	111,057.00
High				283,374.56
Mean				159,190.21
Median				153,712.81
Low				111,057.00
Target Land			11,528.52	171,401.01⁽⁴⁾

Source: Valuation Reports, Announcements and Manager

Notes:

- (1) Extracted from Valuation Reports and public announcements.
- (2) Land with built-up property.
- (3) Vacant land.
- (4) Based on the purchase consideration of the Target Land of ¥1,976.00 million divided by the land size.

Based on the above, we note that the price per sq m of the Target Land as implied by the purchase consideration is within the range and above the mean and median of the Selected Comparable Land Transactions.

Comparing D Project Iruma S (as a freehold property) with its latest valuation

We note that DHLT will, in substance, through the TBIs, own the full freehold property of D Project Iruma S (being the Target Land and the building thereon) after the completion of the Proposed Acquisition. Information relating to the acquisition of the Target Land has been extracted from paragraph 4.3.3 of the Circular and set out in italics below:

“Acquisition of D Project Iruma S Land

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

In particular, the acquisition of D Project Iruma S Land will better preserve the value of D Project Iruma S. With less than 30 years of lease remaining on the land lease, the valuation

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

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

Hence, we have compared below the cost of converting D Project Iruma S into a full freehold property by acquiring the Target Land and the valuation of D Project Iruma S as a freehold property as at 30 June 2022 by the Independent Valuers.

	¥ million ⁽¹⁾	S\$ million ⁽¹⁾
Value of D Project Iruma S as a leasehold property recorded in the statement of financial position of DHLT as at 30 June 2022 ⁽²⁾	2,340.00	23.86
Purchase consideration of the Target Land	1,976.00	20.16
Total	4,316.00	44.02
Valuation of D Project Iruma S as a freehold property as at 30 June 2022 by:		
CBRE	4,440.00	45.31
Savills	4,520.00	46.12
Average value ⁽³⁾	4,480.00	45.71

Source: SGX-ST Announcements, Valuation Reports and Manager

Notes:

- (1) Figures extracted from the respective Valuation Reports are denominated in Japanese Yen and converted into Singapore dollar for information only and shall not be construed as representation that the amounts in Singapore dollar represent the valuation of D Project Iruma S by the Independent Valuers.
- (2) Includes the leasehold interest on the Target Land and the building thereon based on the independent valuation of the property as at 31 December 2021.
- (3) Based on the average of the two independent valuations of D Project Iruma S as a freehold property.

Based on the above, we note that the average value of D Project Iruma S as a freehold property as at 30 June 2022 of JPY 4,480.00 million (S\$45.71 million) is greater than the aggregation of the value of D Project Iruma S as a leasehold property recorded in the statement of financial position of DHLT as at 30 June 2022 and the purchase consideration of the Target Land of JPY 4,316.00 million (S\$44.02 million). Therefore, there is a valuation upside in converting D Project Iruma S into a full freehold property by acquiring the Target Land.

5.2.7 Pro Forma Financial Effects of the Transactions

Information relating to the financial effects is set out in paragraph 5 of the Circular.

On the basis presented and using the assumptions made as set out in paragraphs 5, 5.1, 5.2 and 5.3 of the Circular, we note the pro forma financial effects of the Proposed Acquisition and the Proposed Sponsor Subscription are as follows:

	Actual FP2022 Before the Proposed Acquisition	Pro Forma FP2022 After the Proposed Acquisition
DPU (cents)	3.09	3.13
DPU Accretion (%)	-	1.30%
	Actual as at 30 June 2022 Before the Proposed Acquisition	Pro Forma as at 30 June 2022 After the Proposed Acquisition
NAV per Unit attributable to Unitholders (S\$)	0.80	0.80
Adjusted NAV per Unit attributable to Unitholders (S\$)	0.77	0.77
Aggregate leverage	34.00%	36.20%

Based on the above, we note that following the completion of the Transactions:

- (a) the Transactions are DPU accretive where the pro forma DPU after the Transactions will increase by 1.30%, from 3.09 cents to 3.13 cents for FP2022;
- (b) the pro forma NAV per Unit attributable to Unitholders and Adjusted NAV per Unit attributable to Unitholders after the Transactions will remain unchanged at S\$0.80 and S\$0.77 as at 30 June 2022 respectively; and
- (c) the pro forma aggregate leverage after the Transactions will increase from 34.00% to 36.20% as at 30 June 2022.

Unitholders should note that the pro forma financial effects are for illustrative purposes and do not represent DHLT's actual DPU, NAV and/or aggregate leverage post-completion of the Transactions.

5.2.8 Other relevant considerations

5.2.8.1 The Proposed Sponsor Subscription to partially finance the Aggregate Purchase Consideration and Inter-conditionality of the Transactions

Subject to relevant laws and regulations, the Manager intends to utilise 100.00% of the gross proceeds from the Proposed Sponsor Subscription to partially finance the Aggregate Purchase Consideration.

It should be noted that Resolution 1 on the Proposed Acquisition and Resolution 2 on the Proposed Sponsor Subscription are inter-conditional and DHLT will only proceed with the Transactions if both of the resolutions are approved.

5.2.8.2 Abstention from Voting

Given that Resolution 1 (the Proposed Acquisition) is considered (under Chapter 9 of the Listing Manual) an “interested person transaction”, the Sponsor will abstain, and will procure that each of its associates (as defined in the Listing Manual), including the Manager, abstain from voting on Resolution 1 (the Proposed Acquisition). Further, each of them shall decline to accept appointments as proxies in respect of Resolution 1 and unless specific voting instructions are given, the Manager will also disregard any votes cast by persons required to abstain from voting.

For the purposes of good corporate governance, as Mr Yoshiyuki Takagi and Mr Eiichi Shibata are Non-Independent Non-Executive Directors, and as Mr. Takeshi Fujita is a Non-Independent Executive Director of the Manager, they will each voluntarily abstain from voting on Resolution 1 in respect of Units (if any) held by them.

Please refer to paragraph 11 of the Circular for details on the abstention from voting.

5.3 EVALUATION OF THE PROPOSED SPONSOR SUBSCRIPTION

Please note that our evaluation of the Issue Price of the Proposed Sponsor Subscription will be based on the Illustrative Issue Price of S\$0.77, as it represents the minimum price at which the New Units will be issued pursuant to the Proposed Sponsor Subscription.

5.3.1 Evaluation of the Illustrative Issue Price of the Proposed Sponsor Subscription

Number and Pricing of the New Units for the Proposed Sponsor Subscription

The Manager proposes to issue New Units to the Sponsor pursuant to the Subscription Agreement to partially finance the Total Acquisition Cost.

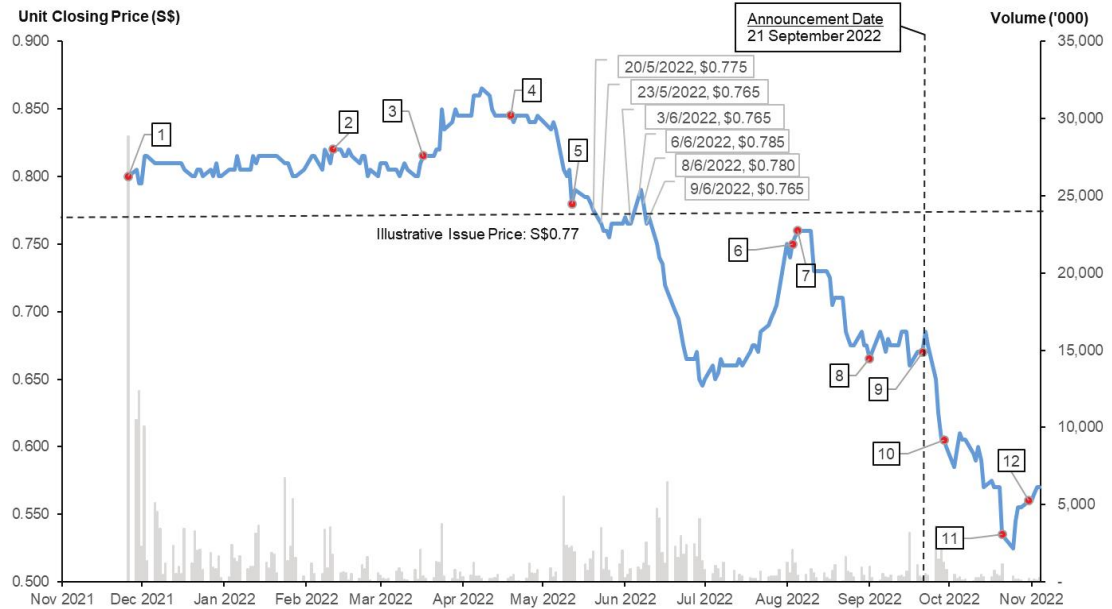
The exact number of New Units to be issued pursuant to the Proposed Sponsor Subscription will be based on the Singapore dollar equivalent of JPY 1,250.00 million based on the Agreed Exchange Rate ÷ Issue Price, and rounded down to the nearest Unit, where applicable. For illustrative purposes only, based on the illustrative SGD to JPY exchange rate of S\$1.00 = JPY 98.00, the gross proceeds of the Proposed Sponsor Subscription will be approximately S\$12.76 million, and further assuming an Illustrative Issue Price of S\$0.77 per New Unit, it is estimated that 16,565,067 New Units will be issued pursuant to the Proposed Sponsor Subscription.

The Issue Price of the Proposed Sponsor Subscription will be determined based on the higher of (a) S\$0.77; or (b) the 10-Day VWAP. The 10-day VWAP is calculated based on the VWAP per Unit on the SGX-ST for a period of 10 Market Days prior and up to (and including) the Price Determination Date (“**10-Day VWAP**”). Price Determination Date is the Market Day immediately preceding the date of issuance of the New Units.

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

Historical Unit Price Performance

We set out below a chart showing the Illustrative Issue Price relative to the daily closing market prices and trading volume of the Units for the period between 26 November 2021, being the listing date of DHLT (“**Listing Date**”) to the last trading date on 21 September 2022 (the “**Last Trading Date**”), being the last trading date prior to the announcement of the Transactions on 21 September 2022 (“**Announcement Date**”) and up to the Latest Practicable Date.



Source: Bloomberg L.P.

A summary of the salient announcements on the SGX-ST relating to DHLT from the Listing Date and up to the Latest Practicable Date is set out below:

No	Date of announcement	Event
1	26 Nov 2021	Announcement on the listing of DHLT on the Main Board of the SGX-ST and the completion of the acquisition of the IPO Properties.
2	11 Feb 2022	<p>Announcement on (i) the business update for the period from Listing Date to 31 December 2021 and (ii) notice of valuation of the Existing Portfolio.</p> <p>Valuation of the Existing Portfolio increased by 14.07% as they were revalued to JPY81,070 million (S\$949.7 million) as at 31 December 2021. The portfolio was acquired for JPY71,068 million (S\$840.5 million) on Listing Date.</p> <p>NAV per Unit attributable to Unitholders was S\$0.92 and aggregate leverage was 37.70%. Financial performance the period from Listing Date to 31 December 2021 were in line with the pro-rated financials for the forecast period disclosed in the Prospectus (“Forecast”). Gross revenue for the period was S\$6.60 million (+0.40%), net property income was S\$5.26 million (+2.40%) and distributable income to Unitholders was S\$3.32 million (+0.40%).</p> <p>Overall portfolio occupancy rate was 96.30% and WALE of 7.00 years as at 31 December 2021. During the period from Listing Date to 31 December 2021, there</p>

No	Date of announcement	Event
		were no request for any form of rental relief or abatements amidst the COVID 19 situation.
3	17 Mar 2022	<p>Announcement on the properties following an earthquake in Northeast Japan on 16 March 2022.</p> <p>A preliminary inspection was conducted on the properties of DHLT following the earthquake and initial assessments on two properties located near the earthquake zone, namely DPL Sendai Port and DPL Koriyama, had sustained only minor physical damage. Based on information provided by the Property Manager, there were no casualties reported and all the properties remained in operation.</p>
4	19 Apr 2022	Announcement on the entering into a revolving credit facility agreement of up to S\$30.00 million.
5	12 May 2022	<p>Announcement on the business update for the first quarter ended 31 March 2022.</p> <p>NAV per Unit attributable to Unitholders was S\$0.86 and aggregate leverage was 38.20%. The decrease in NAV as compared to 31 December 2021 was due mainly to depreciating JPY against SGD. Financial performance for the period from Listing Date to 31 March 2022 was in line with Forecast. Gross revenue was S\$23.36 million (-0.40%), net property income was S\$18.60 million (+1.60%) and distributable income to Unitholders was S\$12.19 million (+0.50%).</p> <p>Overall portfolio occupancy rate improved to 98.60% and WALE of 6.80 years as at 31 March 2022. During the period, there were new leases entered into and renewals with unchanged rent to rent increment of 2.00%. All properties except one were at full occupancy and the portfolio continued to demonstrate resilience with no request for any form of rental relief or abatements, amidst the COVID-19 situation.</p>
6	3 Aug 2022	<p>Announcement on the financial results and distribution of 3.09 cents per Unit to DHLT Unitholders for FP2022.</p> <p>NAV per Unit attributable to Unitholders was S\$0.80, NAV adjusted for distribution was S\$0.77 and aggregate leverage decreased to 34.00% due to the repayment of consumption tax loan. Gross revenue was S\$38.90 million (-3.60%), net property income was S\$30.04 million (-4.50%) and distributable income to Unitholders was S\$20.90 million (in line with Forecast). Gross revenue and net property income were lower than Forecast due to weaker JPY against SGD.</p> <p>Overall portfolio occupancy rate was maintained at 98.60% and WALE of 6.80 years as at 30 June 2022. During the period, there were new leases entered into and renewals with an average rental increment of 3.10%, with no rental reductions. All leases that were to expire during the period were renewed.</p>
7	5 Aug 2022	Announcement on the resignation of the Chief Financial Officer (“CFO”).
8	1 Sep 2022	Announcement on the appointment of a new CFO.
9	21 Sep 2022	Announcement on the Proposed Acquisition and the Proposed Sponsor Subscription.

No	Date of announcement	Event
10	29 Sep 2022	Announcement on the payment of perpetual security distribution of 2.95 per cent. per annum for the period from 31 March 2022 to 29 September 2022 amounting to JPY 44.37 million in respect of the perpetual securities in issue to the Sponsor.
11	21 Oct 2022	Announcement on the receipt of approval in-principle for the listing and quotation of up to 25.00 million New Units which are proposed to be issued to the Sponsor pursuant to the Subscription Agreement.
12	31 Oct 2022	Announcement on the entering into a committed revolving credit facility agreement of S\$20.00 million.

Based on the above, we note that:

- (a) from the Listing Date to the Announcement Date, the closing prices of the Units were generally above the Illustrative Issue Price from the Listing Date to 20 May 2022 and from 6 June 2022 to 8 June 2022. Subsequently, the close prices of the Units were generally below the Illustrative Issue Price from 9 June 2022 to the Announcement Date; and
- (b) between 22 September 2022, being the Market Day immediately after the Announcement Date and the Latest Practicable Date, the closing prices of the Units were below the Illustrative Issue Price.

We also set out in the table below the VWAP, the highest and the lowest closing prices and the average daily trading volume (“ADTV”) of the Units for the selected reference periods prior to and including the Last Trading Date and after the Announcement Date up to the Latest Practicable Date.

Reference Periods	Highest closing price (S\$)	Lowest closing price (S\$)	VWAP (S\$)	Premium/ (Discount) of the Illustrative Issue Price over/(to) VWAP (%)	ADTV ⁽¹⁾	ADTV as a percentage of Free Float ⁽²⁾ (%)
Periods prior to the Announcement Date						
Since Listing Date	0.865	0.645	0.778	(1.03)	1,458,870	0.26
Last 6 months	0.865	0.645	0.741	3.91	1,034,285	0.19
Last 3 months	0.760	0.645	0.685	12.41	803,438	0.14
Last 1 month	0.710	0.665	0.680	13.24	621,711	0.11
Last Trading Date	0.690	0.670	0.681	13.07	252,300	0.05
Periods after the Announcement Date up to the Latest Practicable Date						
Between 22 September 2022, being the Market Day immediately after the Announcement Date and the Latest Practicable Date (both dates inclusive)	0.685	0.525	0.608	26.64	563,861	0.10
As at the Latest Practicable Date	0.570	0.545	0.557	38.24	267,400	0.05

Source: Bloomberg L.P.

Notes:

- (1) The ADTV is computed based on the total volume of Units traded for all the Market Days for the relevant reference periods, divided by the total number of Market Days (including Market Days on which no Units were traded) during the respective reference periods.
- (2) Free Float ("**Free Float**") is defined as the number of Units outstanding (excluding treasury Units, if any) held in the hand of the public (as defined in the Listing Manual). We have used 554,111,400 Units as Free Float for illustrative purposes in this section, which is computed by subtracting the total number of Units held by the Sponsor, Substantial Unitholder(s) and Director(s) from the total number of Units in issue (excluding treasury Units, if any) as at the Latest Practicable Date.

Based on the above, we note that:

- (a) the Illustrative Issue Price represents a premium of 13.24%, 12.41% and 3.91% over the VWAP for the one-month, three-month and six-month periods prior to and including the Last Trading Date and a discount of 1.03% to the VWAP for the period from the Listing date to and including the Last Trading Date;
- (b) the Illustrative Issue Price represents a premium of 13.07% over the VWAP on the Last Trading Date;
- (c) the Illustrative Issue Price represents a premium of 26.64% over the VWAP for the period from the Market Day immediately after the Announcement Date up to the Latest Practicable Date (both dates inclusive);
- (d) the Illustrative Issue Price represents a premium of 38.24% over the VWAP on the Latest Practicable Date; and
- (e) the ADTV of the Units as a % of Free Float is less than one per cent. for all the reference periods above.

Illustrative Issue Price versus the NAV and NTA per Unit

Based on the unaudited NAV attributable to Unitholders of DHLT of S\$539.81 million as at 30 June 2022 and the units in issue of 675,956,758 as at Latest Practicable Date, the unaudited NAV per Unit attributable to Unitholders ("**NAV Per Unit**") was approximately S\$0.80. The NAV per Unit adjusted for the distribution of 3.09 cents per Unit for the period from 26 November 2021 to 30 June 2022 is S\$0.77 ("**Adjusted NAV Per Unit**").

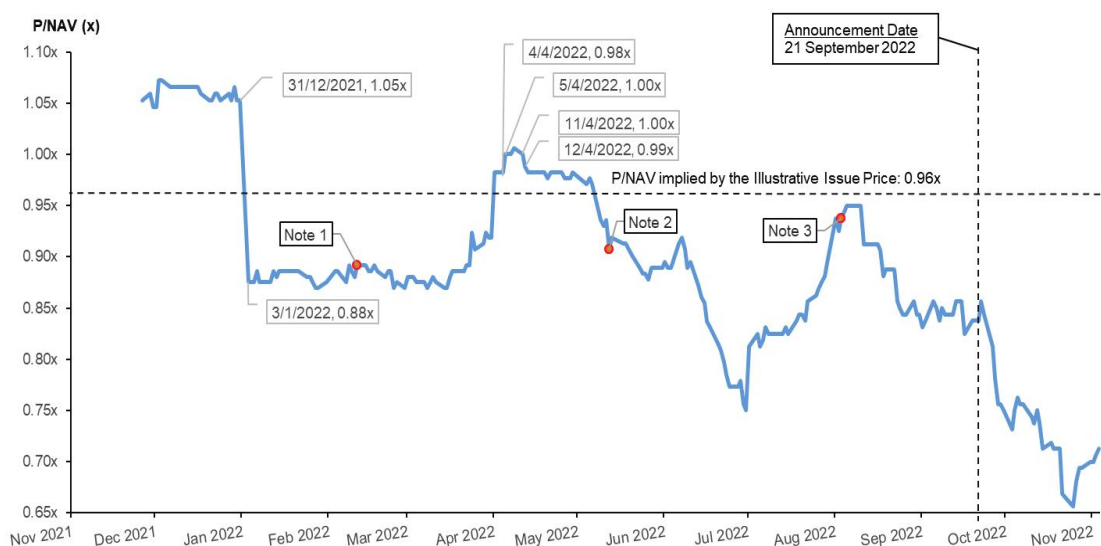
Based on the above, we noted that:

- (a) the P/NAV as implied by the Illustrative Issue Price is 0.96x and the discount of the Illustrative Issue Price to NAV per Unit as at 30 June 2022 is 3.75%; and
- (b) the price to Adjusted NAV per Unit ("**P/Adjusted NAV**") as implied by the Illustrative Issue Price is 1.00x. This implies that at the minimum, the New Units will be issued at no less than the Adjusted NAV per Unit as at 30 June 2022.

We noted that the NAV and NTA for the Group are the same as the Group had no intangible assets as at 30 June 2022.

Historical Trailing P/NAV multiple of DHLT

We set out below a chart showing the P/NAV implied by the Illustrative Issue Price over the NAV per Unit as at 30 June 2022 relative to the historical trailing P/NAV multiple of DHLT between the Listing Date and the Last Trading Date and up to the Latest Practicable Date.



Notes:

- (1) 11 February 2022 - announcement on the business update for the period from Listing Date to 31 December 2021.
- (2) 12 May 2022 - announcement on the business update for the first quarter ended 31 March 2022.
- (3) 3 August 2022 - announcement on the financial results for the period from the Listing Date to 30 June 2022.

P/NAV multiple (x)	P/NAV implied by Illustrative Issue Price	Historical trailing P/NAV multiple between the Listing Date and the Latest Practicable Date			
		High	Mean	Median	Low
	0.96	1.07	0.89	0.88	0.66

We note that:

- (a) based on the historical closing prices, the Units were trading at discounts to NAV per Unit, save for the periods from Listing Date to 31 December 2021 and from 5 April 2022 to 11 April 2022 where they were trading at or premiums over NAV per Unit; and
- (b) the P/NAV implied by the Illustrative Issue Price of 0.96x is within the range and above the mean and median of the historical trailing P/NAV multiple of DHLT between the Listing Date and the Latest Practicable Date.

5.3.2 Comparison of Illustrative Issue Price to Precedent Placements and Issuance of Units to Interested Persons to Fund/as Consideration for Acquisitions

As part of our analysis, we have considered and have set out below, for illustrative purposes only, the selected completed placements and issuance of units to interested persons to fund/as consideration for acquisitions undertaken by REITs or business trusts listed on the SGX-ST (“**Precedent Placements and Issuance of Units**”), for the period commencing 1 January 2020 up to the Latest Practicable Date. We wish to highlight that the transactions below are by no means exhaustive. In our analysis of similar offerings of units or stapled securities, we have not included the fund-raising exercises by way of rights issues.

REITs	Date of Announcement of Placement / Transaction	Unitholding of the interested person prior to issuance (%)	Total proceeds from placement / Value of consideration units (S\$ million)	Issue / Subscription Price (S\$)	Discount to VWAP over Reference Period ⁽¹⁾ (%)
Lendlease Global Commercial REIT ⁽²⁾	22-Mar-22	19.53	118.08	0.725 ⁽³⁾	9.00 ⁽³⁾
First REIT ⁽²⁾	8-Dec-21	15.27	131.50	0.305 ⁽⁴⁾	0.00 ⁽⁴⁾
Mapletree Logistics Trust ⁽²⁾	22-Nov-21	30.15	200.00	1.880 ⁽³⁾	3.50 ⁽³⁾
Ascendas REIT ⁽²⁾	04-May-21	17.41	80.00	2.944 ⁽³⁾	5.20 ⁽³⁾
ARA LOGOS Logistics Trust	26-Oct-20	10.96	18.70	0.5525 ⁽³⁾	7.20 ⁽³⁾
Mapletree Logistics Trust ⁽²⁾	20-Oct-20	28.81	300.00	2.027 ⁽³⁾	2.50 ⁽³⁾
Frasers Centrepoint Trust	28-Sep-20	36.57	575.00	2.350	6.60
Dasin Retail Trust	26-Jun-20	53.62	94.00	0.780	6.00

Source: SGX-ST announcements and relevant circulars to unitholders

Notes:

- (1) Discount to VWAP over Reference Period denotes VWAP for trades done on the SGX-ST for the full market day on which the respective placement or subscription agreement is signed or trades done on the preceding market day up to the time the respective placement agreement is signed.
- (2) Based on the consideration units issued to the interested person as partial consideration for the respective acquisition(s).
- (3) The units were issued at the same issue price of the private placement carried out by the respective REIT or business trust in connection with the acquisition(s). The discount of the issue price to Reference Period refer to the discount of the aforementioned private placement.
- (4) The issue price was equivalent to the closing price of the units on the date the sale and purchase agreement was signed.

We note that:

- (a) all of the Precedent Placements and Issuance of Units listed above except for First REIT were issued at a discount of no more than 10.00% to the VWAP over the Reference Period and none was issued at a premium; and
- (b) the Illustrative Issue Price represents a premium of 13.07% over S\$0.681, being the VWAP for trades done on the SGX-ST for the full market day on which the Subscription Agreement was signed.

Please note that the above comparison is for illustrative purposes only as the actual Issue price will be determined based on the higher of S\$0.77 per New Unit and the 10-Day VWAP. As the Proposed Sponsor Subscription will constitute a placement to a restricted person under

Rule 812(1)(a) of the Listing Manual, specific Unitholders' approval for the Proposed Sponsor Subscription is required pursuant to Rule 812(2) of the Listing Manual. Under Rule 811(1) of the Listing Manual, the Issue Price must not be priced at more than 10.00% discount to the weighted average price for trades done on SGX-ST for the full market day on which the Subscription Agreement was signed, or (if trading in the Units is not available for a full market day) for the preceding market day up to the time the Subscription Agreement is signed. Under Rule 811(5), for the purpose of Rule 811, the discount of the Issue Price may be computed with reference to the weighted average price excluding declared distributions for trades done for the underlying units on the SGX-ST for the full market day on which the Subscription Agreement is signed, provided that the Sponsor is not entitled to the declared distributions. Pursuant to Rule 811(3) of the Listing Manual, the restriction to the Issue Price under Rule 811(1) read with Rule 811(5) of the Listing Manual is not applicable in the event Resolution 2 on the Proposed Sponsor Subscription is approved by Unitholders.

5.3.3 Potential Dilution on the Unitholding Interests of Unitholders

The issuance of the New Units under the Proposed Sponsor Subscription and the new Units under the Acquisition Fee Units will result in the dilution of the unitholding of the existing Unitholders.

For illustrative purposes only, based on (i) the Illustrative Issue Price and assuming 16,565,067⁽¹⁾ New Units are issued pursuant to the Proposed Sponsor Subscription and (ii) 619,666⁽²⁾ new Units are issued for the Acquisition Fees payable to the Manager at an issue price of S\$0.77 per Acquisition Fee Unit ("**Illustrative Issue Price of Acquisition Fee Units**"), the unitholding of the Sponsor subsequent to the issuances will increase by 2.23% from approximately 10.31% to 12.54%. As a result, unitholding of the other Unitholders will be diluted. The dilution effects of the Proposed Sponsor Subscription are illustrated below.

	As at the Latest Practicable Date	After the issuance of 16,565,067 ⁽¹⁾ New Units under the Proposed Sponsor Subscription	After the Proposed Sponsor Subscription and the issuance of 619,666 ⁽²⁾ Acquisition Fee Units
Issued Units	675,956,758	692,521,825	693,141,491
Number of Units held by the Sponsor	69,705,358	86,270,425	86,890,091
Number of Units held by Unitholders, other than the Sponsor	606,251,400	606,251,400	606,251,400
% interest held by the Sponsor	10.31%	12.46%	12.54%
% interest held by the Unitholders, other than the Sponsor	89.69%	87.54%	87.46%

Notes:

- (1) Based on Singapore dollar equivalent of JPY 1,250.00 million based on an illustrative exchange rate of S\$1 : JPY98.00 divided by the Illustrative Issue Price, and rounded down to the nearest Unit.
- (2) Based on Singapore dollar equivalent of JPY46.76 million based on an illustrative exchange rate of S\$1 : JPY98.00 divided by the Illustrative Issue Price of Acquisition Fee Units, and rounded down to the nearest Unit.

We note that the unitholding interests of the other Unitholders, other than the Sponsor, will decrease by 2.23% from 89.69% to 87.46% following the issuance of New Units in connection with the Proposed Sponsor Subscription and the issuance of the Acquisition Fee Units. As such, the other existing public Unitholders' ability to influence the outcome of any resolutions tabled in a general meeting (where the Sponsor is not required to abstain from voting) will be reduced after the issuances.

5.3.4 Other relevant considerations

5.3.4.1 Partial Financing of the Aggregate Purchase Consideration and Inter-conditional of the Transactions

We note that subject to relevant laws and regulations, the Manager intends to utilise 100.00% of the gross proceeds from the Proposed Sponsor Subscription to partially finance the Aggregate Purchase Consideration.

Resolution 1 on the Proposed Acquisition and Resolution 2 on the Proposed Sponsor Subscription are inter-conditional and DHLT will only proceed with the Transactions if both of the resolutions are approved.

5.3.4.2 Abstention from Voting

Given that Resolution 2 (the Proposed Sponsor Subscription) is considered (under Chapter 9 of the Listing Manual) an "interested person transaction" and that it relates to the proposed placement of New Units to the Sponsor, the Sponsor will abstain, and will procure that each of its associates (as defined in the Listing Manual), including the Manager, abstain from voting on Resolution 2. Further, each of them shall decline to accept appointments as proxies in respect of Resolution 2 and unless specific voting instructions are given, the Manager will also disregard any votes cast by persons required to abstain from voting.

For the purposes of good corporate governance, as Mr Yoshiyuki Takagi and Mr Eiichi Shibata are Non-Independent Non-Executive Directors, and as Mr. Takeshi Fujita is a Non-Independent Executive Director of the Manager, they will each voluntarily abstain from voting on Resolution 2 in respect of Units (if any) held by them.

Please refer to paragraph 11 of the Circular for details on the abstention from voting.

5.3.4.3 Status of the New Units to be Issued under the Proposed Sponsor Subscription

Information relating to the status of the New Units has been extracted from paragraph 3.5 of the Circular and set out in italics below:

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

6 RECOMMENDATION

In arriving at our opinion and our advice to the Independent Directors, the Audit and Risk Committee and the Trustee on the Proposed Acquisition and the Proposed Sponsor Subscription, we have considered the factors that are relevant and have a significant bearing on our assessment as set out in the earlier paragraphs. The key factors are summarised below and should be read in conjunction with, and in the context of, the full text of the Circular and this Letter.

In relation to the Proposed Acquisition:

- (a) the rationale for and key benefits of the Proposed Acquisition and Proposed Sponsor Subscription.
- (b) the Aggregate Value of the Target Properties.
- (c) the Aggregate Purchase Consideration, was negotiated on a willing-buyer and willing seller basis, represents a discount of JPY 625.50 million (S\$6.39 million) or approximately 11.80% to the Aggregate Value.
- (d) the comparison of WALE and NPI Yields of the Target Properties with DHLT's Existing Portfolio and Enlarged Portfolio, whereby:
 - the NPI Yield JPY of DPL Iwakuni 1 & 2 is higher than the NPI Yield JPY of the Existing Portfolio but the NPI Yield S\$ is below the NPI Yield S\$ of the Existing Portfolio. Nevertheless, we also note that it is still higher than the NPI Yield JPY and NPI Yield S\$ of the existing freehold properties of DHLT;
 - the NPI Yield of D Project Matsuyama S is higher than the NPI Yield of the Existing Portfolio;
 - the NPI Yield of the Target Buildings is higher than the NPI Yield of the Existing Portfolio;
 - pursuant to the acquisition of the Target Land, DHLT will, in substance, own the full freehold property of D Project Iruma S (being the Target Land and the building thereon). The estimated NPI Yield of D Project Iruma S on a freehold basis is within the range of the NPI Yield of the existing freehold properties of DHLT. Additionally, we note that the manager believes the acquisition of the Target Land is beneficial due to the reasons disclosed in paragraph 4.3.3 of the circular which include:
 - i) The acquisition of the Target Land will better preserve the value of D Project Iruma S. With less than 30 years of lease remaining for the land lease, the valuation of DHLT's leasehold interest in D Project Iruma S will gradually decline over time as the remaining term on the lease decreases, assuming other factors remained constant. However, following the acquisition of the Target Land, this decline will not be applicable, as DHLT will own the freehold interest in the property and will not be subjected to the land lease expiry;
 - ii) by acquiring the Target Land, DHLT will also improve its operating cashflow by saving on land rent payments for the Leasehold which it presently owns in respect of D Project Iruma S;

- iii) the overall value of the property will be enhanced as freehold properties are generally valued based on a tighter capitalisation rate compared to leasehold properties; and
 - iv) on a pro forma basis, the proportion of freehold properties (by NLA) of the Enlarged Portfolio will increase from 48.3% to 54.0% as at 30 June 2022 subsequent to the Proposed Acquisition. As a result, the proportion of properties that are freehold or with land lease expiry of more than 40 years will increase from 84.8% to 88.8% as at 30 June 2022.
 - on a combined basis, the estimated NPI Yield JPY of the Enlarged Portfolio is 5.40% and the estimated NPI Yield S\$ is 5.97%. This takes into account of the NPI Yield of the Target Building and we note that the acquisition of the Target Land, on a standalone basis, has no gross revenue contribution as mentioned in paragraph 5.2.3(e) of this Letter.
- (e) the comparison of the Target Properties with selected listed Industrial/Logistics REITs with broadly comparable property portfolios, whereby:
- the NPI Yield JPY of the Target Buildings is within the range, above the median but below the mean while the NPI Yield S\$ of the Target Buildings is within the range and above the mean and median of the NPI Yield of the Selected Comparable SG REITs; and
 - on a combined basis, the estimated NPI Yield JPY of the Enlarged Portfolio is within the range but below the mean and median while the estimated NPI Yield S\$ of the Enlarged Portfolio is within the range and above the mean and median, of the NPI Yields of the Selected Comparable SG REITs.
- (f) the implied Capitalisation Rates of DPL Iwakuni 1 & 2 of 5.86% and D Project Matsuyama S of 6.10% are above the range of the capitalisation rates (i) used in the latest independent valuation of DHLT's existing freehold properties, (ii) of the Opinion by Market Participants and (iii) of the Selected Comparable Properties.
- (g) the assessment of the Purchase Consideration of the Target Land, whereby:
- the price per sq m of the Target Land as implied by the purchase consideration is within the range and above the mean and median of the Selected Comparable Land Transactions; and
 - average value of D Project Iruma S as a freehold property as at 30 June 2022 of S\$45.71 million is greater than the aggregation of the value of D Project Iruma S as a leasehold property recorded in the statement of financial position of DHLT as at 30 June 2022 and the purchase consideration of the Target Land of S\$44.02 million.

Therefore, notwithstanding that the price per sq m of the Target Land is within the range and above the mean and median of the Selected Comparable Land Transactions, there is a valuation upside in converting D Project Iruma S into a full freehold property by acquiring the Target Land.

- (h) the pro forma financial effects, whereby:
- the Transactions are DPU accretive where the pro forma DPU after the Transactions will increase by 1.30%, from 3.09 cents to 3.13 cents for FP 2022;
 - the pro forma NAV per Unit attributable to Unitholders and Adjusted NAV per Unit attributable to Unitholders after the Transactions will remain unchanged at S\$0.80 and S\$0.77 as at 30 June 2022 respectively; and
 - the pro forma aggregate leverage after the Transactions will increase from 34.00% to 36.20% as at 30 June 2022.
- (i) other relevant considerations highlighted in paragraph 5.2.8 of this Letter.

In relation to the Proposed Sponsor Subscription:

- (a) the rationale for and key benefits of the Proposed Acquisition and Proposed Sponsor Subscription.
- (b) the pricing of the Proposed Sponsor Subscription, where the Sponsor is willing to support the Proposed Acquisition by subscribing to the New Units at the higher of the 10-Day VWAP or S\$0.77 per Unit.
- (c) the subscription of New Units by the Sponsor is at a premium over current market price. The Illustrative Issue Price of S\$0.77, which denotes the minimum issue price of the New Units to be issued pursuant to the Proposed Sponsor Subscription:
- represents a premium over the VWAP for the (i) Last Trading Date, one-month, three-month and six-month periods prior to and including the Last Trading Date, (ii) for the period from the Market Day immediately after the Announcement Date up to the Latest Practicable Date and on the Latest Practicable Date; and
 - represents a discount of 1.03% to the VWAP for the period from the Listing date to and including the Last Trading Date.
- (d) The discount of the Illustrative Issue Price to NAV per Unit as at 30 June 2022 is 3.75%. The P/NAV as implied by the Illustrative Issue Price of 0.96x is within the range and above the mean and median of the historical trailing P/NAV multiple of DHLT between the Listing Date and the Latest Practicable Date.
- (e) the P/Adjusted NAV (adjusted for the DPU of 3.09 cents), as implied by the Illustrative Issue Price is 1.00x. This implies that at the minimum, the New Units will be issued at no less than the Adjusted NAV per Unit as at 30 June 2022.
- (f) based on the historical closing prices, the Unit were trading at discounts to NAV per Unit, save for the periods from Listing Date to 31 December 2021 and from 5 April 2022 to 11 April 2022 where they were trading at or premiums over NAV per Unit.
- (g) the dilution effects on the unitholding interests of the other Unitholders, other than the Sponsor.
- (h) other relevant considerations highlighted in paragraph 5.3.4 of this Letter.

Having regard to the considerations set out above and, in this Letter, and subject to the assumptions and qualifications set out herein, the information available to us and the prevailing conditions as at the Latest Practicable Date, we are of the opinion that the Proposed Acquisition and Proposed Sponsor Subscription are on normal commercial terms and are not prejudicial to the interests of DHLT and its minority Unitholders. **We therefore advise the Independent Directors, and the Audit and Risk Committee to recommend that Unitholders vote in favour of the Proposed Acquisition and Proposed Sponsor Subscription to be proposed at the EGM to be convened.**

The Independent Directors and the Audit and Risk Committee should note that our recommendation is based upon market, economic, industry, monetary and other conditions prevailing and information made available to us as at the Latest Practicable Date.

This Letter is prepared pursuant to Listing Rule 921(4)(a) as well as for the use and benefit of the Independent Directors, the Audit and Risk Committee and the Trustee. The recommendations made by the Independent Directors, and the Audit and Risk Committee to the Unitholders in respect of the Transactions shall remain their responsibility. Whilst a copy of this Letter may be reproduced in the Circular, neither the Manager, the Directors nor any other persons may reproduce, disseminate or quote this Letter for the purpose of any matter other than relating to the EGM and/or the Transactions, at any time in any manner without our prior written consent in each specific case. Notwithstanding anything to the contrary, nothing in this Letter shall prevent DHLT, the Directors, the Unitholders or any other persons from reproducing, disseminating or quoting this Letter without our prior consent (whether written or otherwise) for the purpose of any matter relating to the EGM and/or the Transactions.

Our recommendation is governed by and construed in accordance with the laws of Singapore and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully
For and on behalf of
RHB Bank Berhad

Goh Ken-Yi
Head
Corporate and Investment Banking

Alvin Soh
Head
Corporate Finance

APPENDIX C: INDEPENDENT PROPERTY VALUATION SUMMARY REPORTS



Savills Japan Valuation G.K.
Yurakucho ITOCIA 15F
2-7-1 Yurakucho, Chiyoda-ku
Tokyo 100-0006, Japan

10 November 2022

Daiwa House Asset Management Asia Pte. Ltd.
(in its capacity as manager of Daiwa House Logistics Trust)
(the "Manager")
8 Marina View
#14-09 Asia Square Tower 1
Singapore 018960

HSBC Institutional Trust Services (Singapore) Limited
(in its capacity as trustee of Daiwa House Logistics Trust)
(the "Trustee")
10 Marina Boulevard
#48-01 Marina Bay Financial Centre Tower 2
Singapore 018983

(together, the "Addressees")

Attention: SVP, REITs

Dear Sirs:

Re: Cover Letter of Valuation Certificates for Daiwa House Logistics Trust (the "REIT")

INSTRUCTION

In accordance with the instructions from the Trustee, we have prepared a comprehensive appraisal report for each of the 3 logistics properties (the "Properties", and the portfolio of the 3 logistics properties, the "Portfolio") located across Japan, as of 30 June 2022 (the "date of value"). The purpose of this valuation is to estimate the market value condition "as is" with respect to each of the above-referenced properties as of the date of value, for acquisition by the REIT (the "Acquisition") and for inclusion in the circular issued in connection with the Acquisition (the "Circular") or other documents in connection with the Acquisition.

The comprehensive appraisal reports have been provided to and are vested with the REIT. The comprehensive appraisal reports will be made openly available for inspection by all investors in the REIT. In that document, we have disclosed all matters to our knowledge that we anticipate would be required by the Addressees in order to meet the requirements of the Securities and Futures Act, the Monetary Authority of Singapore and the SGX-ST. This letter forms part of a suite of documents that collectively comprises our comprehensive appraisal report and must be read in conjunction with each other. This letter does not contain all the data and information provided in our comprehensive appraisal report. For further information, reference should be made to the additional documents, which include the individual property appraisal reports.

STATUS OF VALUER AND ANY CONFLICT OF INTEREST

We are authorized under the law of the state or country where the valuation takes place, to practice as a valuer and issue a comprehensive appraisal report. We have the necessary expertise and experience in valuing properties of the type in question and in the relevant area. All of our valuers are persons of good repute and have the necessary experience for the performance of their duties.

We are independent of the REIT, the Manager and its sponsor, including the fact that (a) we are not and will not be a substantial shareholder, subsidiary, related company or affiliate of any of the REIT, the Manager and the sponsor, and (b) there are no common directors, partners, officers or employees between our firm and any of the REIT, the Manager and the sponsor.

We can and will provide our services in the proposed Acquisition (the "Transaction") without any conflict of interest that (a) may arise from any association or relationship with any of the REIT, the Manager and the sponsor or any material financial, business or commercial links with any of the REIT, the Manager and the sponsor, and (b) may reasonably be expected to influence us such that the provision of our services, recommendations and advice (as applicable) in the Transaction will not be objective and impartial.

BASIS OF VALUATION

Our valuation of each of the Properties to be acquired by the Company is our opinion of the market value which we would define as intended to mean "Market Value is the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an "arms-length" transaction, after proper marketing, wherein the parties had each acted knowledgeably, prudently, and without compulsion." This definition is consistent with the definition stipulated in International Valuation Standards ("IVS") as of the effective date of 31 January 2022. Our valuation is also prepared taking into consideration the SISV Valuation Standards and Practice Guidelines (2022).

The market value specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, joint ventures, management agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of a property is also estimated without regard to the costs of sale and purchase, and without offset for any associated taxes.

The market value is a reflection of the real estate asset's estimated market value upon standard market transaction practices. It does not guarantee that this value will be realized. The future income/expense is a forecasted amount based on current market conditions. However, it does not guarantee that this will be realized.

The valuation services have been prepared in accordance with our Terms of Engagement letter dated 02 May 2022 and 19 August 2022, signed off by the Trustee.

Our valuation has been carried out in accordance with the Japanese Real Estate Appraisal Standards published by the Ministry of Land, Infrastructure, Transport and Tourism, and subject to the guidelines provided by the Japanese Association of Real Estate Appraisal.

INSPECTION

All of the Properties were inspected internally and externally between 25 May and 26 May 2022, or on 27 July 2022. No critical limitations of inspections were identified. We have been advised by the Manager that there have been no material changes to the Properties from the inspection date, to the date of value, in the case such that the inspection date is earlier than the date of value.

DESCRIPTION OF PROPERTIES

The Properties consist of 3 logistics properties located across Japan as described in the table below.

No.	Names of Properties	Land Area (sq m)	Gross Floor Area (sq m)	Net Lettable Area (sq m)	Tenure of Land	Property interest to be valued
1	DPL Iwakuni I & II	30,102.82	15,425.45	15,454.76	Freehold	A
2	D Project Matsuyama	8,418.16	4,885.14	5,346.96	Freehold	A
3	D Project Iruma S	11,524.89	15,328.49	14,581.81	Freehold	A

<Categories for the property interest to be valued>

A: The ownership interest in a tenant-occupied building and its site

The outlines of the Properties as well as the lease and income support are summarized below, whereas such information will be found in the relevant sections in each of the valuation certificates attached to this cover letter. Be noted of a unit size: 1 square meter (sq m) = 0.3025 tsubo (tb) = 10.7639 square feet.

No.1 DPL Iwakuni I & II

Mailing address: 1815-3, Nagano, Iwakuni City, Yamaguchi (Both I and II)

Tenancy profile: Multi-tenanted

- 1) Occupancy status: 100.0%
- 2) WALE: 2.8 years
- 3) Lease structure: Pass-through master lease agreement to be entered into, pursuant to which the amount of payable rents is the same amount that passes through to the REIT. In this master lease agreement, all the operating incomes and expenses are passed through via master lessee between the master lessor and the subleased tenants. In brief, all the pertinent terms of the master lease agreement mirror those of the sublease agreements in total such as rents, expenses, and leased areas.

Monthly rent: The monthly rent is not disclosed due to the confidentiality. No rental growth projection is included in our DCF analysis.

Property condition: Constructed in 2016 and 2020, the buildings are relatively new and appear to be well maintained. No critical issues were found relating to the property and environment by both our site inspection and a third-party engineering report.

Statutory inquiries: No statutory inquiries. According to the third-party engineering report issued in 2022, the subject's building coverage ratio and floor area ratio are both within their maximum legal limits. Inspection and confirmation certificates were also identified. Moreover, no issues were found throughout the property inspection. We assume that the subject property is statutorily compliant.

No.2 D Project Matsuyama

Mailing address: 386-6, Minami-noda, Toon City, Ehime

Tenancy profile: Single-tenanted

- 1) Occupancy status: 100%
- 2) WALE: 5.3 years
- 3) Lease structure: Lease agreement between the building owner and the tenant

Monthly rent: The monthly rent is not disclosed due to the confidentiality. No rental growth projection is included in our DCF analysis.

Property condition: Constructed in 1994 and 2017, the buildings appear to be well maintained. No critical issues were found relating to the property and environment by both our site inspection and a third-party engineering report.

Statutory inquiries: No statutory inquiries. According to the third-party engineering report issued in 2022, the subject's building coverage ratio and floor area ratio are both within their maximum legal limits. Inspection and confirmation certificates were also identified. Moreover, no issues were found throughout the property inspection. We assume that the subject property is statutorily compliant.

No.3 D Project Iruma S

Mailing address: 224-1, Sayamagahara, Iruma City, Saitama

Tenancy profile: Single-tenanted

- 1) Occupancy status: 100%
- 2) WALE: 15.5 years
- 3) Lease structure: Lease agreement between the building owner and the tenant

Monthly rent: The monthly rent is not disclosed due to the confidentiality. No rental growth projection is included in our DCF analysis.

Property condition: Constructed in 2017, the building is relatively new and appears to be well maintained. No critical issues were found relating to the property and environment by both our site inspection and a third-party engineering report.

Statutory inquiries: No statutory inquiries. According to the third-party engineering report issued in 2021, the subject's building coverage ratio and floor area ratio are both within their maximum legal limits. Inspection and confirmation certificates were also identified. Moreover, no issues were found throughout the property inspection. We assume that the subject property is statutorily compliant.

VALUATION RATIONALE

We have estimated market value through the Income Approach, and Cost Approach. It should be noted that we did not apply the Sales Comparison Approach due to the difficulty of collecting detailed comparable evidence. In conclusion, we have determined the market value solely by the Discounted Cash Flow Method.

The Income Approach estimates the total present value of the net cash flow ("NCF") that the Property is expected to generate in a future period. Direct Capitalization Method and Discounted Cash Flow Method are applied in this approach. Direct Capitalization Method is to capitalize the stabilized NCF in a single year by the capitalization rate. Discounted Cash Flow Method is to discount the NCF generated over the typical holding period together with the reversionary value at the time it is generated. The Cost Approach estimates the replacement cost of land, building and incidental expenses, and thereon the accrued depreciation.

As part of the valuation rationale, the Cost Approach should be less reliable, because the market participants would weigh income streams from each of the Properties as an income-generating property. In the Income Approach, the estimated market value of the property is based on the analysis of income and expenses generated by operating financial results of each of the Properties.

We determined our value indication solely by the Discounted Cash Flow Method instead of the Direct Capitalization Method due to the fact that the Discounted Cash Flow Method presents a more explicit analysis by reflecting the value of each of the Properties through consideration of its net incomes during the holding period which potentially change year after year. By comparison, the Direct Capitalization Method generates value by the net incomes of a single-year capitalized at a single rate of return. Therefore, we concluded market value for each of the Properties solely by the Discounted Cash Flow Method to consider the changeable cash flows, which is well supported by the Direct Capitalization Method.

COVID-19 is thought to continue to impact market conditions in Japan. However, the rise of e-commerce is expected to be a long-term transition, and therefore the sector is somewhat shielded from short-term adjustments. Also, the nature of the current crisis – prompting people to avoid crowded commercial hubs – will likely facilitate e-commerce through changing consumer behavior. Therefore, we considered that the effect of COVID-19 on the rental level of logistics properties would be limited.

All the key assumptions and parameters, as well as how each parameter is derived, is found in the relevant sections of each of the valuation certificates attached to this cover letter, but the key factors adopted in the Discounted Cash Flow Method are summarized in the table below.

[Fee simple properties]

No.	Property name	NCF Cap Rate	Discount Rate	Terminal Cap Rate	CPI growth assumption
1	DPL Iwakuni I & II	5.00%	4.70%	5.10%	Nil
2	D Project Matsuyama	5.30%	5.00%	5.40%	Nil
3	D Project Iruma S	4.00%	3.70%	4.10%	Nil

<Note>

NCF Cap Rate: Rate used in the direct capitalization method where property value is determined from the NCF of a single period. The NCF Cap Rate is based on the discount rate and estimated capitalization rates of sales comparables for each Property as well as information gathered from expected market participants.

Discount Rate: Rate used in DCF method to calculate the present value of income to be generated in the future. The Discount Rate was derived by applying real estate specific risk premiums to the base rate of a Class A office building in Marunouchi of Tokyo and incorporating risks specific to each Property.

Terminal Cap Rate: Rate applied to estimate the reversion or anticipated property value at the end of the holding period in DCF method for a fee simple property. The Terminal Cap Rate was derived based on each Property's NCF Cap Rate at the time of valuation as well as the market volatility risk, building age and liquidity risk.

Further details regarding the NCF Cap Rate, the Discount Rate and the Terminal Cap Rate are included in the comprehensive appraisal reports that were provided to and are vested with the REIT.

PERTINENT FACTORS AND/OR PARAMETERS

Save for what is disclosed in the "Description of Properties" and "Valuation Rationale" sections of this letter, there are no pertinent factors and/or parameters that have a significant impact on the value of the Properties.

VALUATION ASSUMPTION

As a basic assumption, our valuation is based on the property being used in its current form. For each property which required additional valuation assumptions, please refer to the relevant sections of this letter in relation to each of the Properties and valuation certificates as attached below.

Financial statements for the Properties were provided by the Manager. Since these statements were not prepared by us, we do not take responsibility for their accuracy, but have assumed that they are correct. That being said, we have no reason to doubt the truth and accuracy of the information provided by the Manager which is material to our valuation. We have also sought confirmation from the Manager that no material facts have been omitted from the information provided.

No allowance has been made in our valuation for any charges, mortgages, local taxation or amounts owing on the Properties. Unless otherwise stated, it is assumed that the Properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect its market value.

Unless otherwise stated, all money amounts stated in our report are in Japanese Yen (JPY).

SUMMARY OF VALUES IN THE PORTFOLIO

No.	Property Name	Value (in JPY)
1	DPL Iwakuni I & II	2,240,000,000
2	D Project Matsuyama	912,000,000
3	D Project Iruma S	4,520,000,000
-	Total of the 3 properties	7,672,000,000

The figure represents the aggregate of the individual values of the Properties and should not be regarded as a valuation of the portfolio as a whole in the context of the sale as a single lot.

DISCLAIMER, LIMITATIONS & QUALIFICATIONS

We assume that all existing defects, if any, are specified in the content of the appraisal report. If further defects are discovered hereon, the appraisal report will not take into account their existence.

We will conduct a standard investigation for asbestos, PCB, and soil contamination. However, if we believe that the investigation conducted by us and information gained from the REIT's engineering report is not sufficient, we will not be responsible for the extent in which such revelations will affect the value of real estate asset.

Our investigation of asbestos usage is limited to the content of materials provided by the Manager. Whether or not spraying of asbestos was conducted, will be judged based on the building completion date and general information. To be certain that asbestos spraying was not used, a thorough investigation by a certified professional institution is recommended. The usage of non-airborne construction materials was not conducted.

The real estate asset's legal conformity is proved by us, based on evidence described in the engineering report provided by the Manager. However, if we believe that the investigation conducted by us and information gained from the engineering report is not sufficient, we will not be responsible for the extent in which such revelations will affect the value of real estate asset.


The market value is a reflection of the real estate asset's estimated market value as at the date of value upon standard market transaction practices. It does not guarantee that this value will be realized. The future income/expense is a forecasted amount based on current market conditions. However, it does not guarantee that this will be realized.

In preparing the appraisal report, we shall, unless otherwise expressly agreed, rely upon information provided by the Manager or the Manager's legal or professional advisers such as tenure, areas, tenancies and other relevant matters. This information is believed to be reliable and we disclaim all responsibility if this should subsequently prove not to be so. We will not be measuring any part of the Property for confirmation. We will not convert any of the measurements localized in Japan to the ones based on the IPMS (International Property Measurement Standard). We take no responsibility for inaccurate data supplied and subsequent conclusions related to such data.

Save as provided in the agreement engaging Savills Japan Valuation G.K. to provide our opinion on the Market Value, within the comprehensive appraisal report and/or this cover letter and subject to applicable laws, including the Securities and Futures Act 2001 of Singapore, our responsibility in relation to this appraisal report is limited to the Manager, the Trustee, and the REIT as addressees of this appraisal report, together with their respective successors and assigns. To the extent permitted by law, maximum compensation amount for damages caused in respect of this appraisal report is limited to the fee we will receive upon completion of this appraisal report, unless due to our negligence or willful default.

Yours faithfully

For and on behalf of
Savills Japan Valuation G.K.



Takeshi Ichikawa
Managing Director, Executive Officer
of Savills Japan Valuation G.K.
Savills Japan Co., Ltd as Representative Member



VALUATION CERTIFICATE

No.1

Property name	DPL Iwakuni I & II
Address of property (Mailing address)	1815-3, Nagano, Iwakuni City, Yamaguchi (Both I and II)
Our reference No.	No.4669
Name of client	HSBC Institutional Trust Services (Singapore) Limited, as trustee of DHLT (the "Trustee")
Purpose of valuation	To estimate the market value "as is" condition in the above-referenced property as of the date of value, for acquisition (the "Acquisition") and for inclusion in the circular issued in connection with the Acquisition (the "Circular") or other documents in connection with the Acquisition.
Real property interest valued	Land: Fee simple Building: Fee simple
Basis of value	Market Value
Registered owner	Land: Daiwa House Industry Co., Ltd. Building: Daiwa House Industry Co., Ltd.
Tenure of property	Freehold
Master plan zoning	City Planning Area, Exclusive Industrial District with the allowed building coverage ratio of 60% and the allowed floor area ratio of 200%
Brief description of property	<p>The subject property consists of two buildings. Both are 1-story buildings of steel structure, used for warehouse and office by the building registry, and leased to multiple tenants.</p> <p>The buildings were completed on 28 September 2016 and 19 March 2020 according to the building registry, and the buildings were well maintained at our site inspection (26 May 2022).</p>
Tenancy profile	The occupancy rate of the subject property was 100% as of 30 June 2022.
WALE	2.8 years
Income support	No income support arrangements in place
Land size	30,102.82 sq m (based on the land surveyed size) adopted in our valuation 30,105.22 sq m (based on the land registry) for reference
Gross floor area (GFA)	15,425.45 sq m (based on the building registry)
Net lettable floor area (NLA)	15,454.76 sq m (based on the property management report)
Premises of subject identification	<ol style="list-style-type: none">1) Appraisal is based on the asset being used in its current form.2) In the subject property exist both master-lease and sub-lease contracts. In fact, all the cash flows pass through between the owner and the end tenants. Therefore, we appraise the subject property on the basis of the sub-lease contracts.3) Because the subject two properties are operated as a whole, we value them as an unified property.
Valuation approaches	Income Approach including Discounted Cash Flow Method and Direct Capitalization Method, and Cost Approach We determined the market value solely by the Discounted Cash Flow Method.



Key assumptions

Existing Monthly Rent	Not disclosed
Stabilized Monthly Rent	Not disclosed
Current Vacancy Rate	0.0%
Stabilized Vacancy Rate	1.5%

Date of value

30 June 2022

Date of report

9 September 2022

Value indication by approach

Discounted Cash Flow Method		JPY 2,240,000,000
	Discount Rate:	4.70%
	Terminal Cap Rate:	5.10%
Direct Capitalization Method		JPY 2,260,000,000
	Cap Rate:	5.00%
Cost Approach		JPY 2,760,000,000

Market value

JPY 2,240,000,000

Market value/GFA sq m

JPY 145,000 (rounded to the first 3 digits)

Market value/NLA sq m

JPY 145,000 (rounded to the first 3 digits)

Prepared by Savills Japan Valuation G.K.

This valuation certificate is subject to the Valuation Assumption and Disclaimer, Limitations & Qualifications included in the Cover Letter.

Be noted that the value above excludes the consumption tax.



VALUATION CERTIFICATE

No.2

Property name	D Project Matsuyama
Address of property (Mailing address)	386-6, Minami-noda, Toon City, Ehime
Our reference No.	No.4670
Name of client	HSBC Institutional Trust Services (Singapore) Limited, as trustee of DHLT (the "Trustee")
Purpose of valuation	To estimate the market value "as is" condition in the above-referenced property as of the date of value, for acquisition (the "Acquisition") and for inclusion in the circular issued in connection with the Acquisition (the "Circular") or other documents in connection with the Acquisition.
Real property interest valued	Land: Fee simple Building: Fee simple
Basis of value	Market Value
Registered owner	Land: Daiwa House Industry Co., Ltd. Building: Daiwa House Industry Co., Ltd.
Tenure of property	Freehold
Master plan zoning	Urbanization control area with the allowed building coverage ratio of 70% and the allowed floor area ratio of 200%
Brief description of property	<p>The subject property consists of two buildings. Both are 2-story buildings of steel structure. They are used for warehouse and office by the building registry, leased to a single tenant.</p> <p>The buildings were completed on 31 October 1994 and 31 July 2017 according to the building registry, and the buildings were well maintained at our site inspection (25 May 2022).</p>
Tenancy profile	The occupancy rate of the subject property was 100% as of 30 June 2022.
WALE	5.3 years
Income support	No income support arrangements in place
Land size	8,418.16 sq m (based on the land surveyed size) adopted in our valuation 8,412.15 sq m (based on the land registry) for reference
Gross floor area (GFA)	4,885.14 sq m in total (based on the building registry)
Net lettable floor area (NLA)	5,346.96 sq m (based on the lease contract)
Premises of subject identification	Appraisal is based on the asset being used in its current form.
Valuation approaches	Income Approach including Discounted Cash Flow Method and Direct Capitalization Method, and Cost Approach We determined the market value solely by the Discounted Cash Flow Method.

**Key assumptions**

Existing Monthly Rent	Not disclosed
Stabilized Monthly Rent	Not disclosed
Current Vacancy Rate	0.0%
Stabilized Vacancy Rate	0.0%

Date of value

30 June 2022

Date of report

9 September 2022

Value indication by approach

Discounted Cash Flow Method		JPY 912,000,000
	Discount Rate:	5.00%
	Terminal Cap Rate:	5.40%
Direct Capitalization Method		JPY 920,000,000
	Cap Rate:	5.30%
Cost Approach		JPY 1,030,000,000

Market value**JPY 912,000,000****Market value/GFA sq m** JPY 187,000 (rounded to the first 3 digits)**Market value/NLA sq m** JPY 171,000 (rounded to the first 3 digits)

Prepared by Savills Japan Valuation G.K.

This valuation certificate is subject to the Valuation Assumption and Disclaimer, Limitations & Qualifications included in the Cover Letter.

Be noted that the value above excludes the consumption tax.



VALUATION CERTIFICATE

No.3

Property name	D Project Iruma S
Address of property (Mailing address)	224-1, Sayamagahara, Iruma City, Saitama
Our reference No.	No.4970
Name of client	HSBC Institutional Trust Services (Singapore) Limited, as trustee of DHLT (the "Trustee")
Purpose of valuation	To estimate the market value "as is" condition in the above-referenced property as of the date of value, for acquisition (the "Acquisition") and for inclusion in the circular issued in connection with the Acquisition (the "Circular") or other documents in connection with the Acquisition.
Real property interest valued	Land: As fee simple Building: Fee simple
Basis of value	Market Value
Registered owner	Land: Daiwa House Industry Co., Ltd. Building: Sumitomo Mitsui Trust Bank, Limited.
Tenure of property	Land: As freehold in accordance with the "Premises of subject identification" below
Master plan zoning	City Planning Area, Exclusive Industrial District with the allowed building coverage ratio of 60% and the allowed floor area ratio of 200%
Brief description of property	<p>The subject property is a 3-story building of steel structure. It is used for warehouse and office by the building registry, leased to a single tenant.</p> <p>The building was completed on 18 December 2017 according to the building registry, and the building was well maintained at our site inspection (27 July 2022).</p>
Tenancy profile	The occupancy rate of the subject property was 100% as of 30 June 2022.
WALE	15.5 years
Income support	No income support arrangements in place
Land size	11,524.89 sq m (based on the land surveyed size) adopted in our valuation 11,528.52 sq m (based on the land registry) for reference
Gross floor area (GFA)	15,328.49 sq m (based on the building registry)
Net lettable floor area (NLA)	14,581.81 sq m (based on the property management report)
Premises of subject identification	<ol style="list-style-type: none">1) Appraisal is based on the asset being used in its current form.2) The current status of the subject property is a building and its leasehold land (the ownership interest in a tenant-occupied building and its fixed-term land leasehold interest). Because the land owner is a sponsoring company of the beneficial owner of the building and the land owner is planning to sell the land to the building owner, we valued the subject property as a fee simple property.



Valuation approaches Income Approach including Discounted Cash Flow Method and Direct Capitalization Method, and Cost Approach
We determined the market value solely by the Discounted Cash Flow Method.

Key assumptions	Existing Monthly Rent	Not disclosed
	Stabilized Monthly Rent	Not disclosed
	Current Vacancy Rate	0.0%
	Stabilized Vacancy Rate	0.0%

Date of value 30 June 2022

Date of report 9 September 2022

Value indication by approach	Discounted Cash Flow Method	JPY 4,520,000,000
	Discount Rate:	3.70%
	Terminal Cap Rate:	4.10%
	Direct Capitalization Method	JPY 4,560,000,000
	Cap Rate:	4.00%
	Cost Approach	JPY 4,310,000,000

Market value **JPY 4,520,000,000**

Market value/GFA sq m JPY 295,000 (rounded to the first 3 digits)

Market value/NLA sq m JPY 310,000 (rounded to the first 3 digits)

Prepared by Savills Japan Valuation G.K.

This valuation certificate is subject to the Valuation Assumption and Disclaimer, Limitations & Qualifications included in the Cover Letter.

Be noted that the value above excludes the consumption tax.



10 November 2022

Daiwa House Asset Management Asia Pte. Ltd. (in its capacity as manager of Daiwa House Logistics Trust) (the "Manager")

8 Marina View
#14-09 Asia Square Tower 1
Singapore 018960

HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of Daiwa House Logistics Trust) (the "Trustee")

10 Marina Boulevard
#48-01 Marina Bay Financial Centre Tower 2
Singapore 018983

(together, the "Addressees")

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2-1-1 Marunouchi, Chiyoda-ku
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東京都千代田区丸の内 2-1-1
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Dear Sirs & Madams,

SUMMARY LETTER OF THE VALUATION OF A PORTFOLIO OF THREE PROPERTIES (THE "PORTFOLIO") PROPOSED TO BE ACQUIRED BY DAIWA HOUSE LOGISTICS TRUST ("DHLT")

As instructed by the Manager, we, CBRE K.K. ("CBRE"), have issued valuation reports dated 21 September 2022 with material date of valuation as at 30 June 2022 ("Valuation Reports"), outlining the Market Value for each of the 3 properties within the Portfolio ("Properties") for the purpose of the acquisition of the Properties by DHLT (the "Acquisition") and incorporating or referencing the Valuation Reports in the circular issued in connection with the Acquisition (the "Circular") or other documents in connection with the Acquisition.

For the specific purposes of the Circular, we provide this Letter which is a condensed version of our more extensive Valuation Reports, which are vested with the Manager, outlining key factors that have been considered in arriving at our opinions of value. This Letter should be read in conjunction with the said issued Valuation Reports.

We have issued the comprehensive formal full Valuation Reports and this Letter, in accordance with the terms of engagement entered into between CBRE and the addressees, dated 2 May 2022 and 13 July 2022. The terms and conditions set out in the engagement are standard for providing valuation services.

For the purpose of the basis of valuation, the valuation is prepared in accordance with the Japanese Real Estate Appraisal Standards, and Market Value is defined as follows:

"Market value refers to the probable value that would be formed for the marketable real estate in a market that satisfies conditions associated with a rational market under actual socio-economic circumstances. A market that satisfies the conditions associated with a rational market under actual socio-economic circumstances refers to a market that satisfies the conditions listed below."

- 1) The market participants must be acting on their own free will and be able to enter or leave the market as they wish. Motivated by the desire to maximize their returns while exhibiting wise and prudent behaviour, market participants will satisfy the requirements listed below.
 - a. No special motivation causes them to sell off or to initiate buying.
 - b. They have only access to ordinary knowledge and information, required to conduct transactions involving the subject property or in the subject property market.
 - c. They have expended the labour and costs normally considered necessary to conduct transactions.

- d. They premise value on the highest and best use of the subject property.
 - e. Purchasers have ordinary access to procuring funds (financing).
- 2) There must be no special curbs on transactions that restrict market participants nor any extraordinary incentives that induce participants to sell off or initiate buying.
- 3) The subject property must be exposed in the market for an appropriate period of time.

Meanwhile, under the International Valuation Standards 2017 (IVS), Market Value is defined as follows:

“Market value is the estimated amount for which an asset should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

With the above, we are on the opinion that the Market Value defined under the Japanese Real Estate Appraisal Standards is consistent with that of IVS. Moreover, we have adopted the Royal Institution of Chartered Surveyors (RICS) Valuations - Global Standards 2020, incorporating IVSC International Valuations Standards 2020, the definition of Market Value is as follows:

“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

The value conclusion reflects all information known by the valuers of CBRE who worked on the valuation in respect to the Property, market conditions and available data.

Title Investigation

We have been provided with copies of tenancy agreements and (in respect of the freehold land of D Project Iruma S) the land lease agreement entered into in respect of the land lease arrangement expiring on 31 December 2048, and have been advised by the Manager that no further relevant documents have been produced. However, we have not examined the original documents to verify ownership or to ascertain the existence of any amendment documents, which may not appear on the copies handed to us. All documents have been used for reference only.

Valuation Assumptions

Our valuations have been made on the assumption that the Properties are sold in the market in their existing state without the benefit of deferred terms contract, leaseback, joint venture, management agreement or any other similar arrangement which would serve to affect the value of the Properties. In addition, no forced sale situation in any manner is assumed in our valuations.

Valuation Considerations

We have inspected the exterior and where possible, the interior of the Properties. Inspection of the Properties was carried out in May and July of 2022 by licensed real estate appraisers who belong to the Japanese Association of Real Estate Appraisers.



During the course of our inspections, we did not note any serious defects. However, no structural surveys have been made nor have any tests been carried out on any of the services provided in the Properties. We are, therefore, unable to report that the Properties are free from rot, infestation or any other structural defects.

In the course of our valuations, we have relied to a very considerable extent on the information provided by the Manager and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenures, particulars of occupancy, floor areas, identification of the Properties and other relevant information.

We have not carried out detailed on-site measurements to verify the correctness of the floor areas in respect of the Properties but have assumed that the floor areas shown on the documents handed to us are correct. Dimensions, measurements and areas included in the valuation certificates are based on information contained in the documents provided to us by the Manager and are therefore only approximations.

We have no reason to doubt the truth and accuracy of the information provided to us by the Manager and we have relied on the Company's confirmation that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the Properties or for any expenses or taxation, which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

Our valuation has been prepared in accordance with the Japanese Real Estate Appraisal Standards" ("Appraisal") under the "Guideline on the Determination of the Objectives and Scope of Work for Real Estate Valuation by Licensed Real Estate Appraisers and the Matters Required to Be Stated in Reports" stipulated by the Ministry of Land, Infrastructure, Transport and Tourism of Japan.

Status of Valuer and Conflict of Interest

We confirm that we have sufficient current knowledge of the relevant markets, and the skills and understanding to undertake the valuations competently and independently. We also confirm that we have undertaken the valuations acting as an External Valuer, qualified for the valuation.

We certify that the valuer(s) who handled this valuation is competent, licensed and authorised to practice as a valuer. The valuer does not have a pecuniary interest, financial or otherwise, that could conflict with the proper valuation of the Property and is in a position to provide an objective and unbiased valuation.

CBRE is not aware of any conflict of interest which would prevent CBRE from undertaking this valuation engagement.

Reliance on this Letter

For the purposes of this Circular, we have prepared this Letter which summarises our Valuation Reports and outlines key factors which have been considered in arriving at our opinion of value. CBRE has provided the addressees with a comprehensive Valuation Report for each Property.

The valuation and market information are not guarantees or predictions and must be read in consideration of the following:

- This Letter alone does not contain all the necessary data and support information in terms of the valuation, which is included within our Valuation Reports. To understand the complexity of the methodology and the many variables involved, reference must be made to the Valuation Reports, copies of which are held by DHLT.

- The conclusions within the Valuation Reports as to the estimated value are based upon the factual information set forth in that Valuation Reports. Whilst CBRE has endeavoured to assure the accuracy of the factual information, it has not independently verified all information provided by Daiwa House Asset Management Asia Pte. Ltd. (primarily the leases and financial information with respect to the Property) or the published information by the Government of Japan (primarily statistical information relating to market conditions).
- The primary methodologies used by CBRE in valuing the Property – the DCF Method and Direct Capitalization Method – are based upon estimates of future financial performance and are not predictions. Each methodology begins with a set of assumptions as to income and expenses of the Property and future economic conditions in the local market. The income and expense figures are mathematically extended with adjustments for estimated changes in economic conditions. The resultant value is considered the best practice estimate but is not to be construed as a prediction or guarantee and is fully dependent upon the accuracy of the assumptions as to income, expenses, and market conditions.
- Each Valuation Report was undertaken based upon information available and provided to us during the valuation process. CBRE accepts no responsibility for subsequent changes in information as to income, expenses, or market conditions, subsequently to the valuation date.
- COVID-19 is continuing to impact market activity in most sectors. As at the valuation date, we consider that we can attach less weight to pre-pandemic market evidence for comparison purposes, to inform opinions of value. Our valuation is reported as being subject to ‘material valuation uncertainty’. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Values may change more rapidly and significantly than during standard market conditions.

No reliance may be placed upon the contents of this Letter by any party for any purpose other than in connection with the Purpose of Valuation and only with reference to the Valuation Reports.

Property Descriptions

There are no pertinent factors and/ or parameters that have a significant impact on the value for all properties.

DPL Iwakuni I & II

The subject property is located about 16.5 km from “Iwakuni Interchange” on the Sanyo Expressway. The region is located approximately 50 km from Hiroshima City and functions as an integral part of the Hiroshima Economic Region.

The subject property consists of two 1-story buildings with steel frame structure, which was built in 2016 and in 2020 respectively. They are logistics properties, currently leased to multiple tenants. The buildings are approximately 6 years old and approximately 2 years old respectively, and the maintenance quality is average. The parking lot provides 15 spaces for ordinary vehicles.

The WALE is 2.9 years. The contract and current gross rent (not disclosed due to confidentiality) is in line with market rates (JPY 2,200 to 2,700 per tsubo per month). The Security Deposit is equal to 4.7 months’ rent.

D Project Matsuyama

The subject property is located about 5.5 km to “Matsuyama Interchange” on the Matsuyama Expressway. The Toon district, in which the subject property is located, is an inland city adjacent to the east of Matsuyama City, the central city of Ehime Prefecture. There are highways such as expressways and bypasses, and it has proximity to the center of Matsuyama city within a 10 km radius.

The subject property, which consists of two buildings, is a two-story, single-tenant logistics facility with a gross floor area of 1,478 tsubo. The first floor is primarily a chilled/frozen warehouse, while the second floor is a dry warehouse. The buildings are approximately 5 years old and 28 years old. A truck yard and a waiting area are well secured, and there are no particular problems regarding driving in and out of the site.

The WALE is 5.3 years. The contract and current gross rent (not disclosed due to confidentiality) is in line with market rates (JPY 2,300 to 2,800 per tsubo per month for room temperature warehouse, and JPY 2,800 to 3,500 per tsubo per month for warehouse by 3-temperature zone). The Security Deposit is equal to 6 months' rent.

D Project Iruma S

The subject property is located in the southwestern part of Saitama, about 50 km from central Tokyo. It is close to "Iruma Interchange" on the Ken-O Expressway, about 0.6 km. Since it is possible to get on the Tohoku Expressway, the Kan-Etsu Expressway, the Chuo Expressway, and the Tomei Expressway from the Ken-O Expressway, it enables the location to be a base that can cover a broad area.

The subject property is a 3-story, box style logistics facility with a gross floor area of 4,637 tsubo, used by a single tenant. It is approximately 4 years old. The parking lot provides 46 spaces for ordinary vehicles.

The WALE is 15.5 years. The contract and current gross rent (not disclosed due to confidentiality) is in line with market rates (JPY 3,700 to 4,200 per tsubo per month). The Security Deposit is equal to 7 months' rent.

Property	Land Area (sqm)	Tenure	Gross Floor Area (sqm)	Net Lettable Area (sqm)	Occupancy Rate	Current Gross Rent Rate (yen/tsubo)	Gross Market Rate (yen/tsubo)	Market Position
DPL Iwakuni I & II	30,105.22	Freehold	15,425.45	15,454.78	100.0%	Not disclosed	2,200-2,700	At Market
D Project Matsuyama	8,412.15	Freehold	4,885.14	5,346.96	100.0%	Not disclosed	2,300-3,500	At Market
D Project Iruma S	11,528.52	Freehold	15,328.49	14,581.81	100.0%	Not disclosed	3,700-4,200	At Market

Master Lease and Income Support Details

There is no income support for each of the Properties.

As for DPL Iwakuni I & II, a master lease agreement has been signed. However, the property has a pass-through master lease agreement, pursuant to which the amount of payable rent by the tenant(s) will be the same amount that passes through to DHLT. Therefore, there are no impacts on the value.

Valuation Rationale

In arriving at our opinion of value, we have considered relevant general and economic factors and in particular have investigated recent sales and leasing transactions of comparable properties that have occurred in this sector of the property market.

According to the Japanese Real Estate Appraisal Standards ("Appraisal Standards"), "basically, the final value should be determined based on the value indicated by the income approach (adopt the DCF Method and examine the result with the Direct Capitalization Method) and reconciled with values indicated by the sales comparison approach and cost approach." Accordingly, our valuation process follows this instruction. Please note that due to difficulty in collecting sales comparables that substantially resemble the subject property, the sales comparison approach was not applied for this valuation.

In this valuation, considerable emphasis was placed on the value indicated by the income approach as this approach most effectively reflects the economic value of the subject property, and the value indicated by the cost approach was used as a reference. In the process, the following three factors were comprehensively analyzed and considered.

- i) Investor survey
- ii) Sales comparables
- iii) Interview with market participants

Cost Approach

Value indicated by cost approach is estimated as follows; firstly, estimating the reproduction cost of the subject property as of the date of value, and then the reproduction cost is adjusted with depreciation. The value indicated by the cost approach focuses on the cost of the subject property from a seller's viewpoint. The value is a sum of the land value and building value. The land value was estimated by the sales comparison approach based on the actual transaction data, thus the indicated value is reliable. For the estimation of the building reproduction cost, the time adjustment is made reflecting the standard required period from the acquisition of the land to construction and completion of the building.

Direct Capitalization Method

The Direct Capitalization Method applies a capitalization rate directly to NCF generated over a single period. This method is represented by the following formula.

$$P = \frac{a}{R}$$

- P : Subject property value indicated by direct capitalization method
- a : NCF for a single period
- R : Capitalization rate

The NCF used in the Direct Capitalization Method may in some cases be the subject property's Year 1 NCF, and in other cases the standardized NCF. In this valuation, by paying attention to the current rent and other terms and conditions in the lease agreement, the NCF in Year 11 in the DCF Method is applied as the NCF in this valuation.

The standard capitalization rate estimated in the process of DCF Method is a capitalization rate for the standardized NCF. For the estimation of the capitalization rate of the subject property, the changes in cash flow from Year 1 to the stabilized year must be reflected.

In this valuation, the capitalization rate of the subject property is estimated based on the standard capitalization rate and taking into account the cash flow changes toward the stabilized NCF.

DCF Method

The DCF Method discounts the NCF generated over several consecutive periods and the reversionary value at the end of the holding period. The NCF is discounted to present value in accordance with the timing of the NCF. The discounted NCF is then added up. This method is represented by the following formula.

$$P = \sum_{k=1}^n \frac{a_k}{(1 + Y)^k} + \frac{P_R}{(1 + Y)^n}$$

- P : Subject property value indicated by income capitalization approach
- a_k : NCF for each period
- Y : Discount rate
- n : Holding period
- P_R : Reversionary value

The holding period in this estimation is determined as 10 years, comprehensively considering the actual holding period plan and typical holding period that investors usually use for analysis.

In accordance with the Appraisal Standards, the NCF of the subject property was estimated by calculating net operating income (NOI) (deducting operating expenses from operating income) and then adding interest on deposit to and deducting CAPEX from the NOI.

Reversionary value refers to the value of the subject property at the end of the holding period. In this valuation, the potential sales price at the end of the holding period is determined first, and then the required sales expenses are deducted from that price.

The discount rate is estimated taking into account the characteristics and feasibility of estimated cash flow, with particular notice given to the uncertainty not reflected in the estimated cash flow. In this estimation, the relation between the standard capitalization rate and the surveys used during the process was regarded as an important reference.

The terminal capitalization rate was estimated based on the standard capitalization rate and by taking into account attributes of the building such as remaining economic life and future uncertainty.

The adopted capitalization rate, discount rate and terminal capitalization rate have been estimated based the comparable market evidence and are as follows:

Property	Capitalization Rate	Discount Rate	DCF NOI Growth 10yr	Terminal Capitalization Rate
DPL Iwakuni I & II	4.90%	4.70%	-0.58%	5.00%
D Project Matsuyama	5.40%	5.20%	3.26%	5.50%
D Project Iruma S	4.10%	3.90%	2.47%	4.20%

Valuation Methodology Weighting

The following table indicated the individual property values based on the Direct Capitalization Method and the DCF Method.

Property	Capitalized Value	DCF Value	Value Weighting	Adopted Value
DPL Iwakuni I & II	2,240,000,000	2,220,000,000	Nil/100%	2,220,000,000
D Project Matsuyama	905,000,000	891,000,000	Nil/100%	891,000,000
D Project Iruma S	4,540,000,000	4,440,000,000	Nil/100%	4,440,000,000

The DCF Method clearly specifies each year's NCF and the reversionary value, as well as the timing when they are generated. Accordingly, it is a persuasive method for the estimation of the value indicated by the income approach. In this valuation, NCF changes toward stabilization are appropriately projected with the current lease agreement, current market level, and future market conditions.

The Direct Capitalization Method applies a capitalization rate to the NCF generated over a single period. It reflects long-term stable profitability. The capitalization rate is estimated assuming future changes.

Taking into account the more accurate NCF changes in the DCF Method, the value indicated by the income approach was concluded placing weight on the DCF Method.

Assessment of Value

We are of the opinion that the Market Value of the Properties, subject to the existing tenancies and occupational arrangements, is as follows:

Property	Adopted Value
DPL Iwakuni I & II	2,220,000,000
D Project Matsuyama	891,000,000
D Project Iruma S	4,440,000,000

The Total Market Value of the Portfolio as at 30 June 2022 is JPY 7,551,000,000 (Seven Billion, Five Hundred and Fifty One Million Japanese Yen).

The figure represents the aggregate of the individual values of the properties and should not be regarded as a valuation of the portfolio as a whole in the context of the sale as a single lot.

Assumptions, Disclaimers, Limitations & Qualifications

CBRE have prepared this Letter which appears in this Circular and, to the extent permitted by law, specifically disclaim liability to any person in the event of any omission from or false or misleading statement included in the Circular, other than in respect of the information provided within the aforementioned Valuation Reports and this Letter. CBRE does not make any warranty or representation as to the accuracy of the information in any other part of the Circular other than as expressly made or given by CBRE in this Letter.

CBRE has relied upon property data supplied by DHLT which we assume to be true and accurate. CBRE takes no responsibility for inaccurate client supplied data and subsequent conclusions related to such data.

The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and is our personal, unbiased professional analyses, opinions, and conclusions. CBRE and the respective valuers involved in the assignment have no present or prospective interest in the Property and have no personal interest or bias with respect to the parties involved.

The valuers' compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event (such as a lending proposal or sale negotiation).

We hereby certify that the valuers undertaking these valuations are authorized to practice as valuers and have at least 5 years continuous experience in valuation.

None of the information in this Letter or our Valuation Reports constitutes advice as to the merits of entering into any form of transaction. Furthermore, none of the information in this Letter or our Valuation Reports constitutes financial product advice.

Neither this letter, nor the Valuation Reports purport to contain all the information that any interested party may require. They do not consider individual circumstances, financial situation, investment objectives or requirements. They are intended to be used as guide only and do not constitute advice including without any limitation, investment, tax, legal or any other type of advice. The valuations stated are only best estimates and are not to be construed as a guarantee. The material contained in this Letter and the Valuation Reports should not be relied upon as a statement or representation of fact without confirmation or satisfaction as to its correctness by independent investigation and review of the valuation reports to understand the assumptions and methodologies stated in the valuation.

This Letter and the Valuation Reports are strictly limited to the matters contained within those documents and are not to be read as extending, by implication or otherwise, to any other matter in the Circular. To the extent permitted by law, and as provided in the agreement engaging CBRE K.K. to provide their opinion on the Market Value, within the full valuation reports and/or this summary valuation letter, CBRE specifically disclaims any liability in respect of the use of or reliance on this Letter to any person in the event of any omission or false or misleading statement other than to the Manager and the Trustee as the Addressees, together with their respective successors and assigns. CBRE does not give any warranty or representation as to the accuracy of the information in any other part of the Circular.

Yours sincerely
CBRE K.K.



Name: Eiji Sakaguchi

Title: Representative Director



Per: **Taku Ozora**
Appraiser's License No. 7570
Senior Director
– Valuation, Advisory & Consulting Services

Per: **Masayuki Mizukami**
Appraiser's License No. 8774
Associate Director
– Valuation, Advisory & Consulting Services

Per: **Yutaka Watanabe**
Appraiser's License No. 8468
Associate Director
- Valuation, Advisory & Consulting Services

Per: **Emi Yoshida**
Appraiser's License No. 9072
Associate Director
- Valuation, Advisory & Consulting Services

Encl.: Appendix 1 – Valuation Certificates

Appendix 1

Valuation Certificate

Property Name:	DPL Iwakuni I & II
Address of Property:	1815-3 Nagano, Iwakuni-shi, Yamaguchi
Name of Client:	Daiwa House Asset Management Asia Pte. Ltd., as manager of Daiwa House Logistics Trust ("DHLT", and as manager of DHLT, "the Manager") and HSBC Institutional Trust Services (Singapore) Limited, as trustee of DHLT (the "Trustee")
Purpose of Valuation:	To assess the market value of the subject property (trust beneficiary interest) for the purpose of acquisition of the subject property by DHLT (the "Acquisition")
Interest to Be Valued:	Land: Fee simple Building: Fee simple
Basis of Valuation:	Market value on an "as-is" basis subject to existing tenancies
Land Registered Owner:	DAIWA HOUSE INDUSTRY CO., LTD.
Bldg. Registered Owner:	DAIWA HOUSE INDUSTRY CO., LTD.
Tenure of Property:	Freehold
Town Planning & Main Zoning Restrictions:	City Planning Area, Urbanization Area, Exclusive Industrial District, Area SCR: 60%, Subject SCR: 60%, Area FAR: 200%, Subject FAR: 200%
Brief Description of Subject Property:	The subject property consists of two 1-story buildings with steel frame structure, which were built in 2016 and in 2020 respectively. They are logistics properties, currently leased to multiple tenants. The buildings are approximately 6 years old and approximately 2 years old respectively, and the maintenance quality is average.
Tenancy Profile:	The occupancy rate of the subject property is 100.0% as of 30 June 2022.
WALE:	2.9 years
Income Support:	There are no income support arrangements in place.
Key Assumptions & Parameters:	
In-place Rent:	Not disclosed due to confidentiality
Stabilized Rent:	Not disclosed due to confidentiality
Current Vacancy:	0.0%
Stabilized Vacancy:	3.0%
Land Area (sqm):	30,105.22
Gross Floor Area (GFA) (sqm):	15,425.45
Net Lettable Area (NLA) (sqm):	15,454.78
Valuation Approaches:	The income approach (DCF Method, Direct Capitalization Method) and the cost approach were applied in this valuation. The subject property produces income; therefore, its value is formed mainly from the viewpoint of investment profitability. As such, the final value was determined by the income approach (DCF Method).

Date of Value: 30 June 2022
Date of Completion of
Valuation Process: 12 September 2022
Date of Report: 21 September 2022

Valuation Approaches Applied

Income Approach - Discounted Cash Flow Method	JPY	2,220,000,000
Discount Rate (DR):		4.7%
Terminal Cap Rate (TCR):		5.0%
Income Approach - Direct Capitalization Method	JPY	2,240,000,000
Cap Rate (CR):		4.9%
Cost Approach	JPY	2,340,000,000

Final Value Conclusion

	JPY	2,220,000,000
(The value is exclusive of consumption tax)	JPY per GFA (sqm)	143,918
	JPY per NLA (sqm)	143,645

Assumptions, Disclaimers, Limitations & Qualifications:

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Prepared By:

CBRE K.K.

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 Associate Director
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Taku Ozora
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Valuation Certificate

Property Name:	D Project Matsuyama
Address of Property:	74-10, 375-16 and 386-6, Aza Wakamiya, Minaminoda, Toon-shi, Ehime
Name of Client:	Daiwa House Asset Management Asia Pte. Ltd., as manager of Daiwa House Logistics Trust ("DHLT", and as manager of DHLT, "the Manager") and HSBC Institutional Trust Services (Singapore) Limited, as trustee of DHLT (the "Trustee")
Purpose of Valuation:	To assess the market value of the subject property (trust beneficiary interest) for the purpose of acquisition of the subject property by DHLT (the "Acquisition")
Interest to Be Valued:	Land: Fee simple Building: Fee simple
Basis of Valuation:	Market value on an "as-is" basis subject to existing tenancies
Land Registered Owner:	DAIWA HOUSE INDUSTRY CO., LTD.
Bldg. Registered Owner:	DAIWA HOUSE INDUSTRY CO., LTD.
Tenure of Property:	Freehold
Town Planning & Main Zoning Restrictions:	City Planning Area, Urbanization Control Area, No use zoning restriction, Area SCR: 70%, Subject SCR: 70%, Area FAR: 200%, Subject FAR: 200%
Brief Description of Subject Property:	The subject property consists of two buildings, one is a 2-story building with steel frame structure built in 1994, the other is a 2-story building with steel frame structure built in 2017. They are logistics properties, currently leased to a single tenant. The buildings are approximately 28 years old and 5 years old, and the maintenance quality is average.
Tenancy Profile:	The occupancy rate of the subject property is 100.0% as of 30 June 2022.
WALE:	5.3 years
Income Support:	There are no income support arrangements in place.
Key Assumptions & Parameters:	
In-place Rent:	Not disclosed due to confidentiality
Stabilized Rent:	Not disclosed due to confidentiality
Current Vacancy:	0.0%
Stabilized Vacancy:	0.0%
Land Area (sqm):	8,412.15
Gross Floor Area (GFA) (sqm):	4,885.14
Net Lettable Area (NLA) (sqm):	5,346.96
Valuation Approaches:	The income approach (DCF Method, Direct Capitalization Method) and the cost approach were applied in this valuation. The subject property produces income; therefore, its value is formed mainly from the viewpoint of investment profitability. As such, the final value was determined by the income approach (DCF Method).

Date of Value: 30 June 2022
Date of Completion of Valuation Process: 12 September 2022
Date of Report: 21 September 2022

Valuation Approaches Applied

Income Approach - Discounted Cash Flow Method	JPY	891,000,000
Discount Rate (DR):		5.2%
Terminal Cap Rate (TCR):		5.5%
Income Approach - Direct Capitalization Method	JPY	905,000,000
Cap Rate (CR):		5.4%
Cost Approach	JPY	732,000,000

Final Value Conclusion

(The value is exclusive of consumption tax)	JPY	891,000,000
	JPY per GFA (sqm)	182,390
	JPY per NLA (sqm)	166,637

Assumptions, Disclaimers, Limitations & Qualifications:

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Prepared By: CBRE K.K.

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水 上 政 之

Masayuki Mizukami
Associate Director
Licensed No.8774
Licensed Real Estate Appraiser

Valuation Certificate

Property Name:	D Project Iruma S
Address of property:	224-1, Sayamagahara, Iruma city, Saitama
Name of client:	Daiwa House Asset Management Asia Pte. Ltd., as manager of Daiwa House Logistics Trust ("DHLT", and as manager of DHLT, "the Manager") and HSBC Institutional Trust Services (Singapore) Limited, as trustee of DHLT (the "Trustee")
Purpose of valuation:	To understand the market value of the subject property as a tenant-occupied building and its site, after purchasing the subject site (the "Acquisition")
Interest to be valued:	Land: Fee simple Building: Fee simple
Basis of valuation:	Market value as a "tenant-occupied building and its site" basis subject to existing tenancies
Land Registered Owner:	DAIWA HOUSE INDUSTRY CO., LTD.
Bldg. Registered Owner:	Sumitomo Mitsui Trust Bank, Limited
Tenure of property:	Freehold
Town Planning & Main Zoning Restrictions:	City Planning Area, Urbanization Area, Exclusive Industrial District, Area SCR: 60%, Subject SCR: 70%, Area FAR: 200%, Subject FAR: 200%
Brief Description of Subject Property:	The subject property is a 3-story building with steel frame structure, which was built in 2017. It is a logistics property, currently leased to a single tenant. The building is approximately 4 years old and the maintenance quality is average.
Tenancy profile:	The occupancy rate of the subject property is 100.0% as of 30 June 2022.
WALE:	15.5 years
Income Support:	There are no income support arrangements in place.
Key Assumptions & Parameters:	
In-place Rent:	Not disclosed due to confidentiality
Stabilized Rent:	Not disclosed due to confidentiality
Current Vacancy:	0.0%
Stabilized Vacancy:	0.0%
Land Area (sqm):	11,528.52
Gross Floor Area (GFA) (sqm):	15,328.49
Net Lettable Area (NLA) (sqm):	14,581.81
Valuation Approaches:	The income approach (DCF Method, Direct Capitalization Method) and the cost approach were applied in this valuation. The subject property produces income; therefore, its value is formed mainly from the viewpoint of investment profitability. As such, the final value was determined by the income approach (DCF Method).

Date of Value: 30 June 2022
Date of Completion of Valuation Process: 12 September 2022
Date of Report: 21 September 2022

Valuation Approaches Applied

Income Approach - Discounted Cash Flow Method	JPY	4,440,000,000
Discount Rate (DR):		3.9%
Terminal Cap Rate (TCR):		4.2%
Income Approach - Direct Capitalization Method	JPY	4,540,000,000
Cap Rate (CR):		4.1%
Cost Approach	JPY	3,440,000,000

Final Value Conclusion

(The value is exclusive of consumption tax)

JPY	4,440,000,000
JPY per GFA (sqm)	289,657
JPY per NLA (sqm)	304,489

Assumptions, Disclaimers, Limitations & Qualifications:

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APPENDIX D: INDEPENDENT MARKET RESEARCH REPORT



Prepared for Daiwa House Asset Management Asia Pte. Ltd.

Market Study for Subject Property

Report Date:
August 2022



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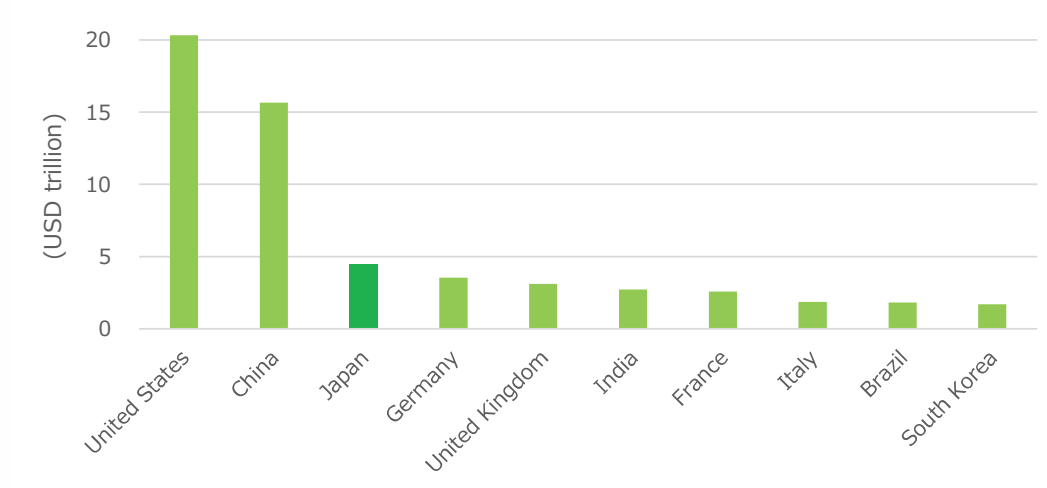
1. MACRO-ECONOMIC OVERVIEW OF JAPAN ECONOMY

1-1.Commerntary on Japanese economy

1-1-1.Description of the Japanese economy

Japan's GDP in 2020 was USD4.4 trillion (JPY 559 trillion), ranking third in size globally, after U.S. and China.

Top 10 countries by real GDP (constant prices and exchange rate, 2021)

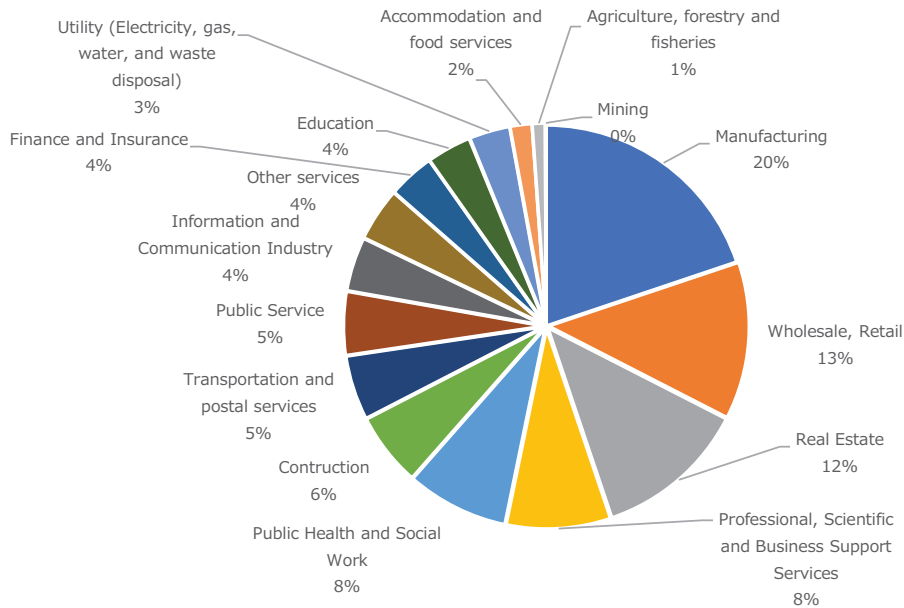


Source: Oxford Economics Global Data Workstation

1-1-2.Breakdown of GDP by sector and by region

By industry sector, manufacturing accounts for approximately 20% of the Japanese economy, followed by wholesale/retail and real estate.

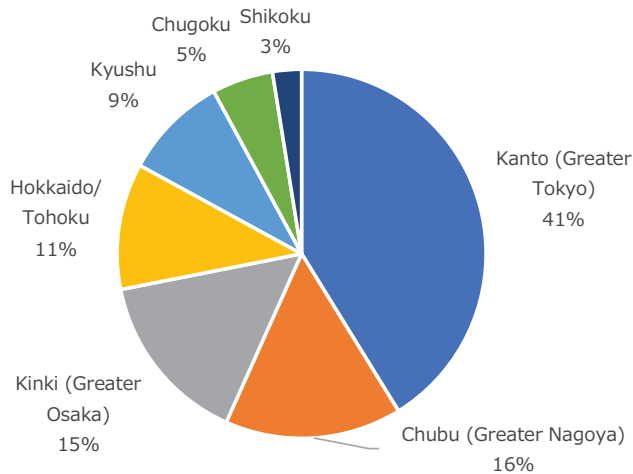
• Breakdown of GDP by industry (2020)



Source: Cabinet Office “Annual Report on National Accounts”

By region, Kanto (= Greater Tokyo, including Tokyo, Kanagawa, Chiba, and Saitama prefectures) represents more than 40% of the nation’s economy, followed by Chubu (Greater Nagoya), and Kinki (Greater Osaka). Tokyo accounts for 47% of GDP in the Kanto Region, or 19% of Japan’s total GDP.

• Breakdown of GDP by region (2019)



Source: Cabinet Office “Prefectural Accounts”



1-1-3. Commentary of key trends and outlook for the broader Japanese economy

After the contraction in 2020 as a result of a number of declarations of state of emergency to prevent the spread of COVID-19, Japanese economy has been on track for a gradual recovery, although repeated restrictive measures during 2021 and at the beginning of 2022 have kept the economy from returning to the pre-COVID level even as of Q1 2022. However, with the last restrictive measure lifted in March, recovery led by service consumption is expected to drive the economy here onwards.

With the impact of pandemic gradually receding, the looming risk factor is now inflation, as is the case globally. In Japan, however, while the weaker Yen and rising energy prices are leading the producer price to rise at a fastest pace in 40 years (at 10% y-o-y as of April 2022), companies' reluctance to pass on the rising cost to their final products means that price rise at a consumer price level remains relatively subdued at 2%. Seeing this as reflective of the fact that the overall economic demand is still below the supply level, the Bank of Japan has been making it clear that it intends to maintain its easy monetary policy, in contrast to the tightening moves taken by most of the major central banks globally since the beginning of the year.

For the full year 2022 and 2023, CBRE expects Japan's GDP growth rate to continue its moderate recovery trend at around +2.5% and +2.3% y-o-y, respectively. However, the weakening of the yen (which is predominantly due to difference in monetary policies between Japan and other major countries) which would exacerbate the rise in resource/raw material prices are risks that may weigh on growth going forward.

1-2.Key economic indicators

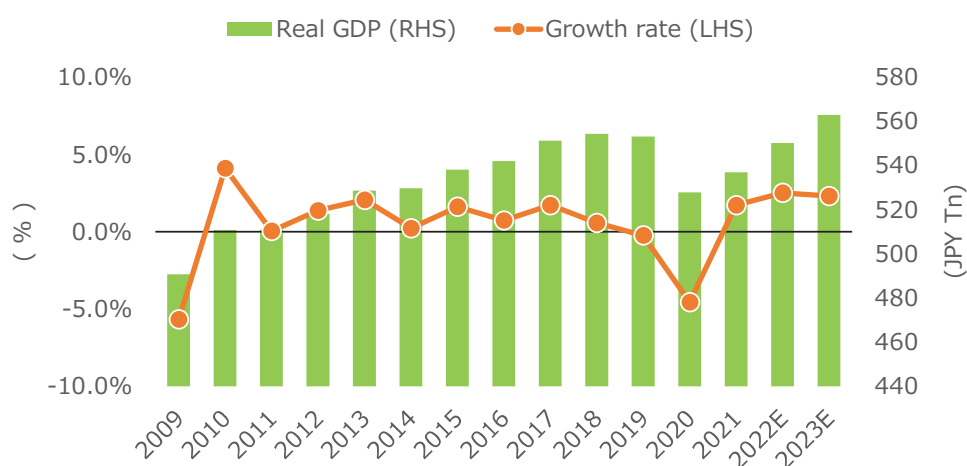
1-2-1 GDP growth rate

Japan's GDP growth rate had hovered at a low level (below 2%) in the ten years following the Great Financial Crisis and leading up to the COVID-19 pandemic. The economy contracted sharply in the wake of the pandemic, due to the nationwide state of emergency declared in April and May 2020. Real GDP was -29% q-o-q on an annualized basis in Q2 2020, the largest decline since current records began in 1955. Despite returning to positive growth in Q3 and Q4 2020, thanks in part to the "GoTo Travel" campaign to stimulate domestic consumption from July 2020, real GDP was -4.6% y-o-y for the full year in 2020.

For the most part of 2021, the major regions in Japan were placed under some form of restriction, including the declaration of state of emergency. Having said that, economic activity was sustained with offices open but with lower physical attendance, and shops/ restaurants operating for shortened hours. As a result, for the full year 2021, real GDP recorded growth of +1.7% y-o-y.

Since the beginning of 2022, Japan has witnessed the "sixth wave" of new positive cases, which was much larger in scale compared to the previous waves. With the reissuing of restrictive measures across many regions, Q1 2022 GDP was -0.5% q-o-q on an annualized basis. However, the government has since shifted gears toward a "full reopening" of the economy. The restrictive measures were all lifted on March 21, and restrictions on Japan's borders have also been partially relaxed. As such, for the full year 2022 and 2023, CBRE expects Japan's GDP growth rate to be +2.5% and +2.3% y-o-y, respectively. Having said that, the recent sharp weakening of the yen and higher raw material prices are risks that may weigh on GDP growth going forward.

- Japan's real GDP and growth rate

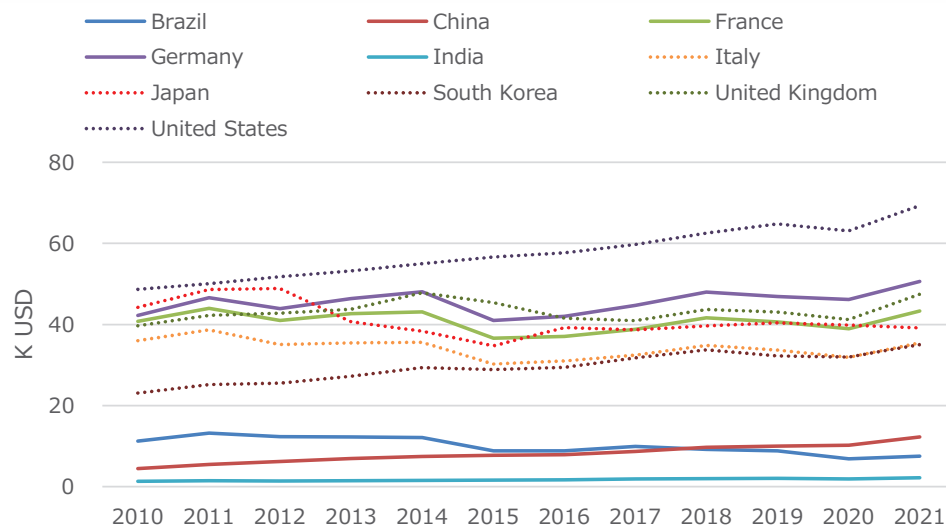


Source: Cabinet Office "Quarterly Estimates of GDP", Oxford Economics Global Data Workstation, CBRE

1-2-2.GDP per capita (vs top 10 economies)

Japan’s real GDP per capita in 2021 was JPY 4.25 million, hovering around 4 million yen over the past few years. On a global comparison, Japan’s nominal GDP per capita on a USD basis ranked 29th in the world in 2020 according to the United Nations. Among the top 10 countries (by size of GDP), Japan ranked fifth in terms of per-capita GDP. Japan has fallen in the global rankings over the past decade, in part due to the impact of foreign exchange rate fluctuations, but also because of its aging and declining population and the slow progress in adopting digital technologies to improve on labor productivity.

• Nominal GDP per capita of top 10 economies (USD, 2020)



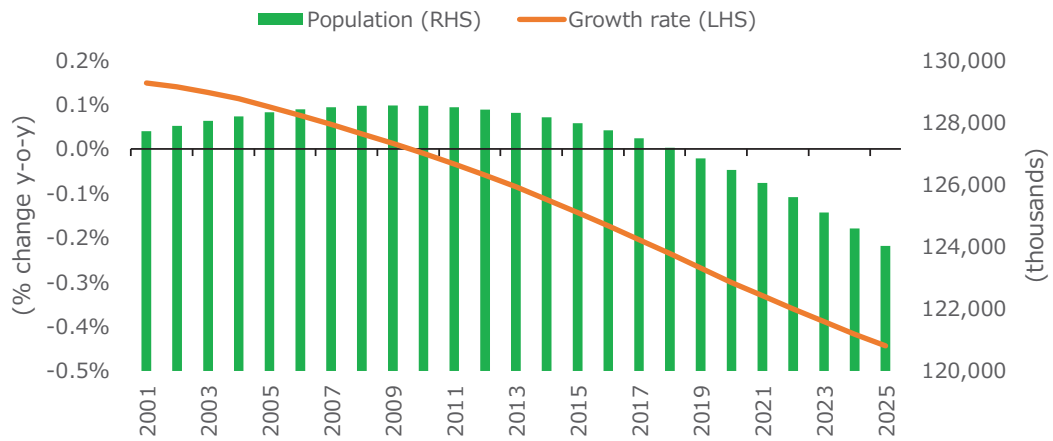
Source: Oxford Economics Global Data Workstation, United Nations



1-2-3. Population growth rate

Japan's population peaked in 2009 and has been declining since. Given the downward trend in the fertility rate since the 1970s (total fertility rate in 2021 was 1.30), the overall population in Japan is likely to continue to drop. Moreover, while the annual rate of decline has been around 0.13% on average over the last ten years, the rate is anticipated to accelerate to around 0.4% in the coming years.

- Japan's population and growth rate



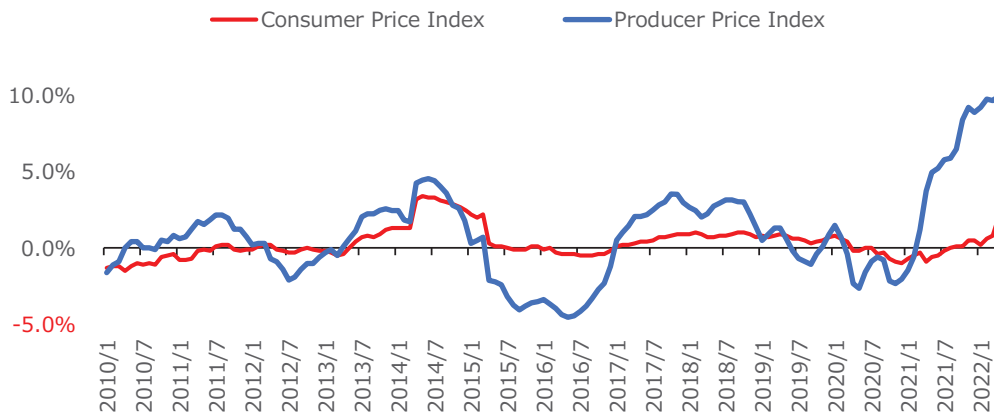
Source: Oxford Economics Global Data Workstation, United Nations

1-2-4.CPI/ inflation

Excluding the 2014-2015 period when the Consumer Price Index (CPI) was largely affected by the consumption tax hike, inflation has remained much below the Bank of Japan (BoJ)'s target inflation rate of 2%. Core CPI (excluding fresh foods) fell into negative territory in April 2020 on the back of the COVID-19 pandemic, and again in August 2020 due to the impact of the "GoTo Travel campaign", a campaign introduced by the government to stimulate tourism and consumption, which drove down the lodging prices. Core CPI remained negative for 13 consecutive months up to July 2021, with much of the additional negative impact coming from cut in mobile phone fees, initiated under the Suga administration.

Since August 2021, core CPI had been trending slightly below 1% with the negative impact of mobile tariffs cuts being offset by rising energy prices and the absence of the "GoTo Travel campaign". However, the most recent figure for April 2022 was 2.1%, a notable 1.3-point increase from the previous month and exceeding 2% for the first time since March 2015 (which was due to the consumption tax hike in the previous year). While this was mainly driven by the exclusion of the impact of mobile phone fee cuts, prices of energy as well as food (excluding fresh foods) have also been rising since the beginning of the year. Rise in prices of energy and raw materials have had a bigger impact on producer price index (PPI), which was up 10% y-o-y in April 2022, marking the highest growth rate since 1980. The wide gap between the rise in CPI and that of PPI reflects the difficulties the companies are facing in passing on the higher cost to their final products. This could lead to a pressure on the corporate profit margins in the coming quarters.

- Consumer price ("Core" excluding fresh food) and producer price, % change y-o-y



Source: Ministry of Internal Affairs and Communications, Refinitiv Eikon Datastream



1-2-5. Interest rates

The 10-year Japanese government bond (JGB) yield declined following the Global Financial Crisis, as a result of the BoJ's Zero Interest Rate policy implemented in 2008, as well as the qualitative and quantitative monetary easing measures implemented in 2013. The BoJ took further steps in 2016, by introducing the Yield Curve Control (YCC) policy; i.e., keeping short-term policy rates at -0.1% and purchasing JGBs to control the 10-year JGB yield at around 0% (within a range of plus or minus 0.25%). The US Federal Reserve has shifted to monetary tightening in March 2022 and raised its benchmark policy rates in May for the first time since 2000, and the ECB has also stated in June that it would start raising rates from July. Meanwhile, BoJ has repeatedly made it clear that it intends to maintain its easy monetary policy, stating that the relatively slow pace of recovery in demand does not yet justify any tightening. While the 10-year US Treasury yield has risen to 3% in response to the recent rate hikes and quantitative tightening by the Federal Reserve, 10-year JGB yields remain below 0.25%. This has led to the significant weakening of the yen in the past few months.

• 10-year JGB vs US Treasury



Source: Refinitiv Eikon Datastream

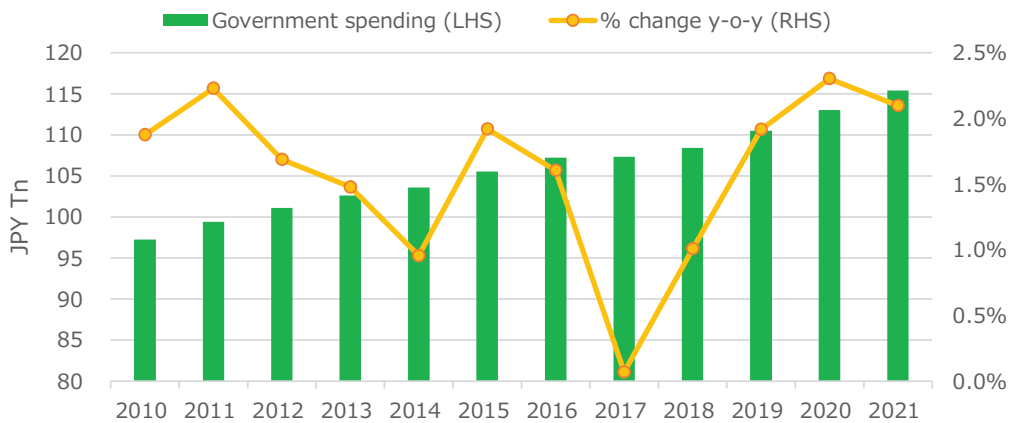
1-2-6. Government expenditure and fiscal policy

Government spending has been steadily increasing over the last decade, as fiscal stimulus was one of the “Three Arrows” that comprised Abenomics. Annual government spending has exceeded JPY 100 trillion since 2012.

In the onset of the COVID-19 pandemic, the Japanese government implemented emergency stimulus measures such as subsidies to support households and small businesses and the “GoTo Travel campaign” to support domestic tourism and consumption. The total amount of stimulus packages budgeted for in the three supplementary budgets for FY2020 exceeded JPY 75 trillion. The supplementary budget for FY2021 approved in December 2021 was JPY 31 trillion, mostly for economic stimulus but also to support Prime Minister Kishida’s agenda to realize a “new form of capitalism”. The initial budget for FY2022 is JPY 107 trillion, with another JPY 10 trillion worth of extra budget likely to be compiled after the Upper House elections.

As a result of the aggressive government spending over the years and particularly in response to the pandemic, government debt has been on the rise. Government bonds outstanding exceeded 1 quadrillion at the end of FY 2021 for the first time in history. Japan’s public debt ratio is 1.6 times GDP on a net basis, according to the IMF.

• Government spending (GDP components)



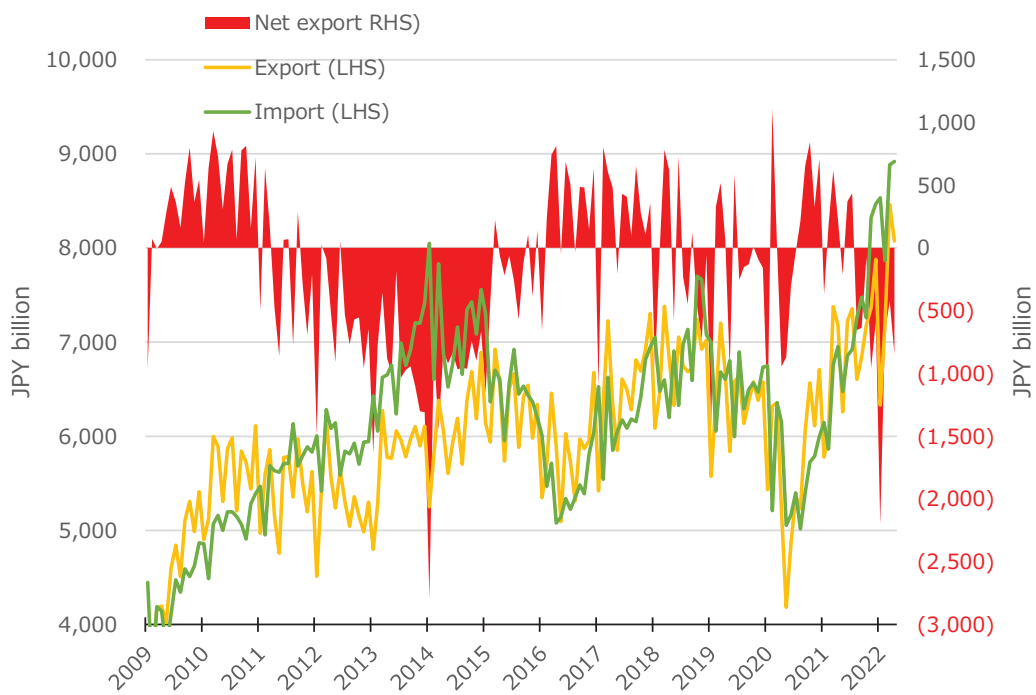
Source: Cabinet Office “Annual Report on National Accounts”, Oxford Economics Global Data Workstation

1-2-7.Import / export volume

Trading slumped quite sharply during the 1H of 2020 due to the pandemic, with the decline in both imports and exports particularly pronounced from March 2020. However, trading volumes started to recover since June 2020 led mainly by exports of automobiles and semi-conductors.

Although both imports and exports have been on an upward trend, the trade balance (net exports) has been in the red since August 2021, primarily due to the rise in oil prices and supply chain disruptions. Furthermore, the weak yen has caused import costs to rise significantly. In January 2022, the trade deficit reached JPY 2.2 trillion, recording the second largest since records began in 1979 (the largest was January 2014) .The most recent April 2022 figure was a deficit of JPY 843 billion. Exports increased driven by semiconductors, although automobile exports dropped due to shortages of parts and components. Meanwhile, imports recorded a historical high for the third consecutive month, due to further increases in oil and gas imports.

• Export and Import



Source: Ministry of Finance, Refinitiv Eikon Datastream

1-2-8. Employment rate, employment by sector

The unemployment rate reached its recent peak at 5.5% during the GFC in 2009. Since then, it has been on a downward trajectory, reaching a low point of below 2.5% in 2018. The increase in employment in Japan has been driven by sectors such as information & communication (IT), medical care, professional business support and real estate.

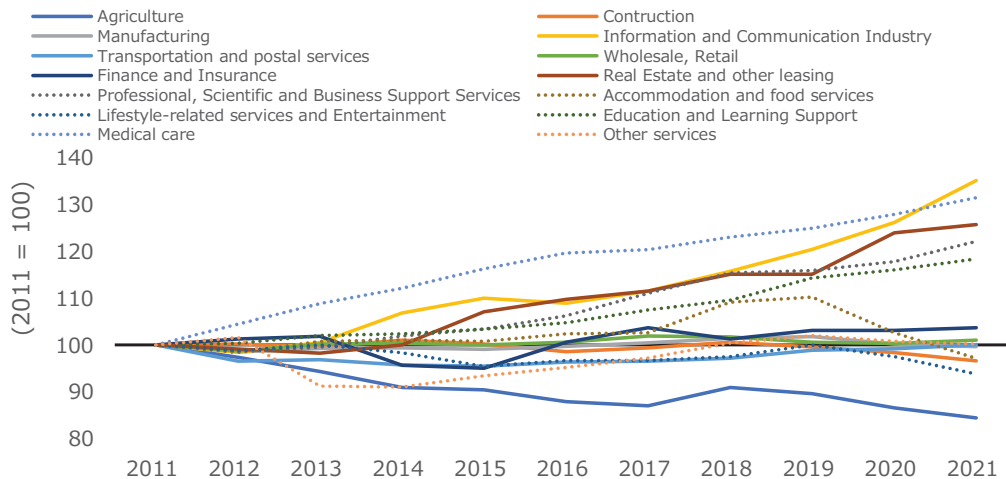
More recently, the COVID-19 pandemic led to a slight rise in the unemployment rate, reaching 3.1% in October 2020. The drop in employment amid the pandemic was particularly notable in the accommodations and food services segment. However, the unemployment rate has turned back down over the course of the one year, with the latest figure in March 2022 back to a low point of 2.5%.

• Nationwide unemployment rate



Source: Ministry of Internal Affairs and Communications, Refinitiv Eikon Datastream

• Employed population by sector (indexed)



Source: Ministry of Internal Affairs and Communications (Statistics Bureau of Japan)

1-2-9. Consumer and business confidence index

Both consumer and corporate sentiment had started to show some weakness toward the end of 2018, due to concerns over the conflict between the U.S. and China. In Q2 2020, as the pandemic resulted in the government's declaration of state of emergency in April 2020, sentiment plummeted across both consumers and corporates. As the economic activity started to resume, consumer and corporate sentiment recovered to pre-pandemic levels.

However, the most recent BoJ Tankan survey for Q1 2022 saw large manufacturers' sentiment deteriorate for the first time in seven quarters, to +14 (down by 3 points). This was due to uncertainty in the business environment, particularly pertaining to the weakening yen. Historically, Japanese manufacturers had benefited from a weaker currency through increases in exports, but the impact of such benefits have subsided due to increasing shift to overseas production. The weaker yen could be a net negative for the economy through higher costs for imported materials and components, which is expected to drag on corporate earnings.

Meanwhile, consumer sentiment deteriorated from the start of the year due to rising prices for daily necessities such as foods. However, it has turned up over the past two months of April and May, on the back of lifting of restrictive measures to prevent the spread of COVID-19.

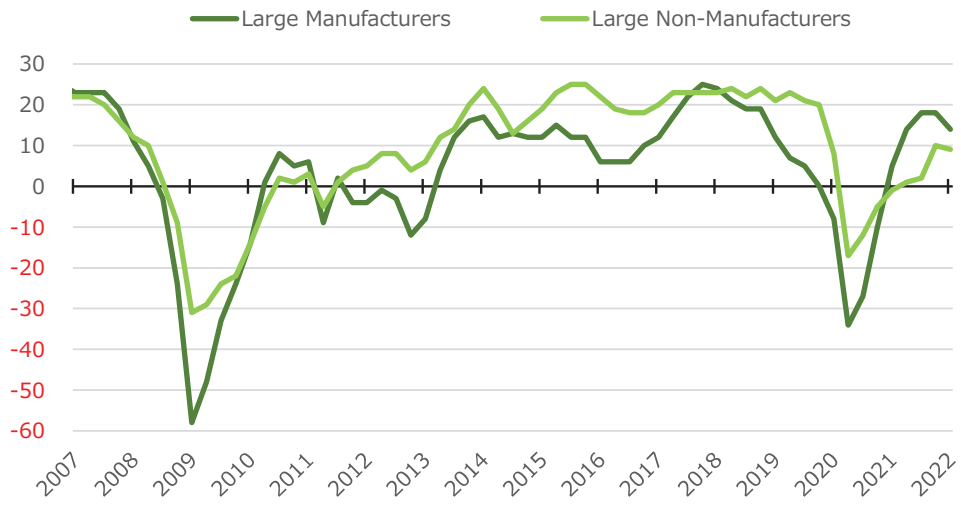
• Consumer Confidence Index



Source: Cabinet Office "Consumer Confidence Survey", Refinitiv Eikon Datastream

Note: The index is calculated from the surveyed scoring of four items including: "overall livelihood"; "income growth"; "employment"; and "willingness to buy durable goods".

• Business Condition Diffusion Index



Source: Bank of Japan “Short-Term Economic Survey of Enterprises in Japan (Tankan)”, Refinitiv Eikon Datastream

Note: The index is calculated by subtracting the percentage of respondents who have replied the business condition is “bad” from the percentage of those who replied that the business condition is “good”.

1-2-10. Industrial production

Industrial production index started to drop in March 2020, mainly as the onset of COVID-19 pandemic in China has started to disrupt the supply chain. With the Japanese government's first declaration of state of emergency in April 2020, its May figure reached the lowest level since March 2009 (during the Global Financial Crisis).

Industrial production recovered through 2020 and into 2021 as strict restrictions on business activity were lifted. However, the index dropped notably again in September 2021, as manufacturers were faced with serious semiconductor and component shortage issues partly due to the spread of the new variant of COVID-19 in Southeast Asia. This weighed particularly on automotive production. Industrial production has since recovered, but to a moderate degree and remains below the pre-pandemic levels. Most recently, industrial production in April 2022 was down by 1.3% m-o-m, for the first time in three months, primarily due to the impact of supply chain disruptions caused by the lock-down in China.

• Industrial production index



Source: Ministry of Economy, Trade and Industry, Refinitiv Eikon Datastream

2. JAPAN LOGISTICS MARKET OVERVIEW

TERMS AND DEFINITIONS

Floor Space of New Supply	Leasing floor space of buildings completed during each period
Net Absorption	Difference between occupied floor space (floor space used by tenants) in a given period and that of the previous period
Vacancy Rate	Vacancy rate provides a measure of the balance between supply and demand (Vacancies are those that are ready to receive tenants at time of survey) Calculation formula = (vacant floor space/leasing floor space) x 100
Asking Rent	Rental rates (monthly rent per tsubo) officially offered by the landlord to a prospective tenant Average asking rent: Sum of the rent per tsubo of each rental logistics facility ÷ number of buildings
Gross Floor Area	Gross floor area of the building, regardless of purpose (commercial, hotel, etc.) or type of use (own use, rental, common area, etc.)

Segment Definitions

Medium/large logistics facility
A rental logistics facility with a gross floor area of at least 5,000 sqm owned by a real estate investment company, etc.
Large multi-tenant logistics facility (LMT)
A facility with a gross floor area of at least 10,000 tsubo that, in principle, was planned and designed during the development stage based on the assumption of use by multiple tenants

Published Data

- Published market data may be corrected retroactively due to updated information on aggregated samples.
- Data with no source specified is based on CBRE's research.

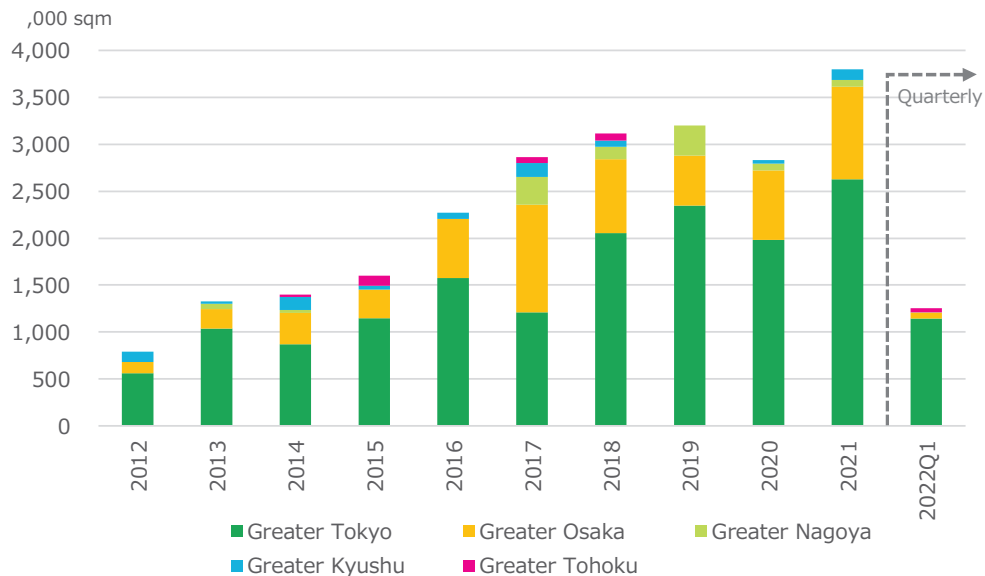
2-1. Macro Trend of Logistics Market

New supply has continued to increase especially in Greater Tokyo and Greater Osaka, and Greater Tokyo hit a new record high in 2021. Logistics demand has been robust especially for e-commerce business, that well reduced vacant space and pushed vacancy rates down at low levels. In Greater Osaka, development areas have tended to expand, that creates new demand. While new supply is currently limited in Greater Nagoya, significant supply is slated to come on stream; as such, the market is likely to grow at a more rapid pace.

Reflecting the tight supply-demand balance, rents have risen in all cities over the past several years; however, the large new supply slated for the next couple of years has somewhat slowed down the pace of rent rise.

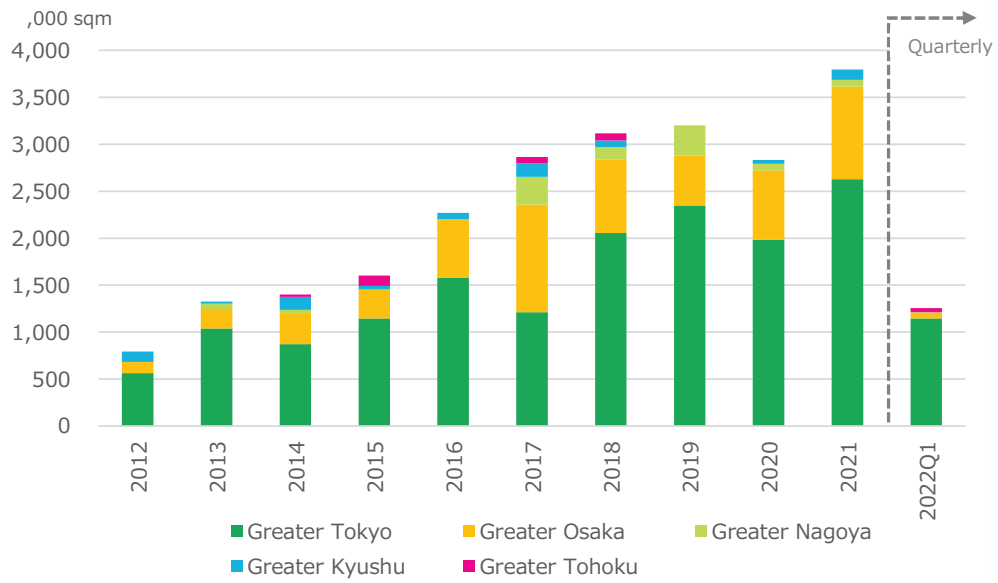
In response to growing logistics demand, developers have a strong appetite especially for large-scale land in prime locations and tend to pay even higher prices than the previous market price. In recent years, there have been many new players entering into market, and logistics sector has become the preferred asset type among real estate companies. The main players are constantly developing even though it becomes difficult to acquire land in prime locations due to the increase in competing players. Logistics development is likely to expand even further in the coming years, especially in Greater Tokyo where logistics demand has been particularly strong, but also the development of regional logistics assets can be increased.

•Supply



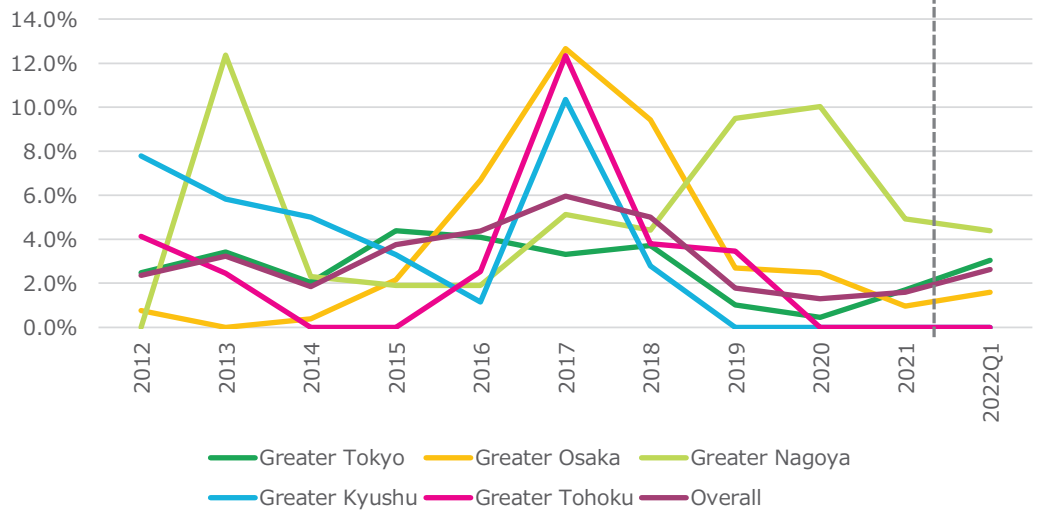
Source: CBRE

• Net Absorption



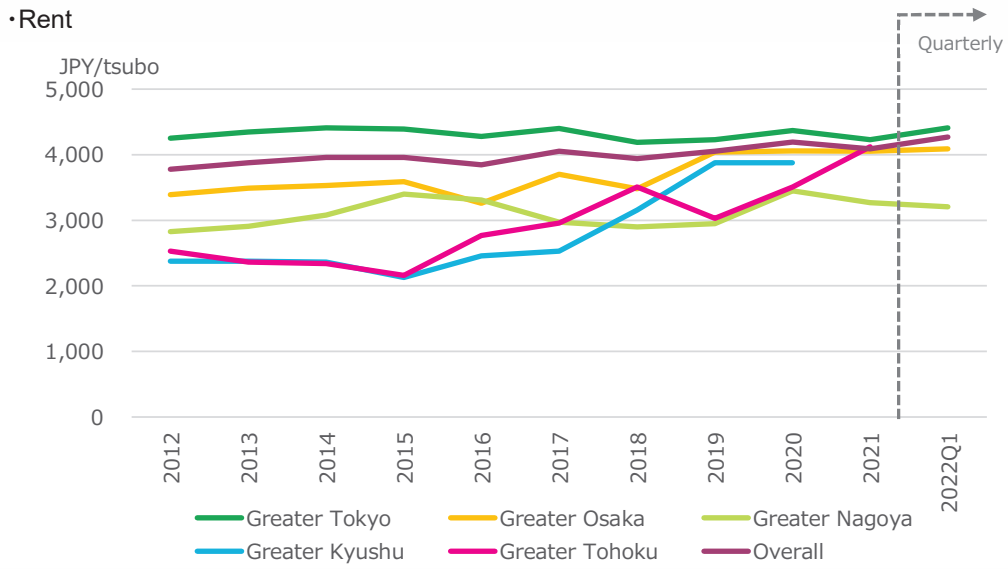
Source: CBRE

• Vacancy Rate



Source: CBRE





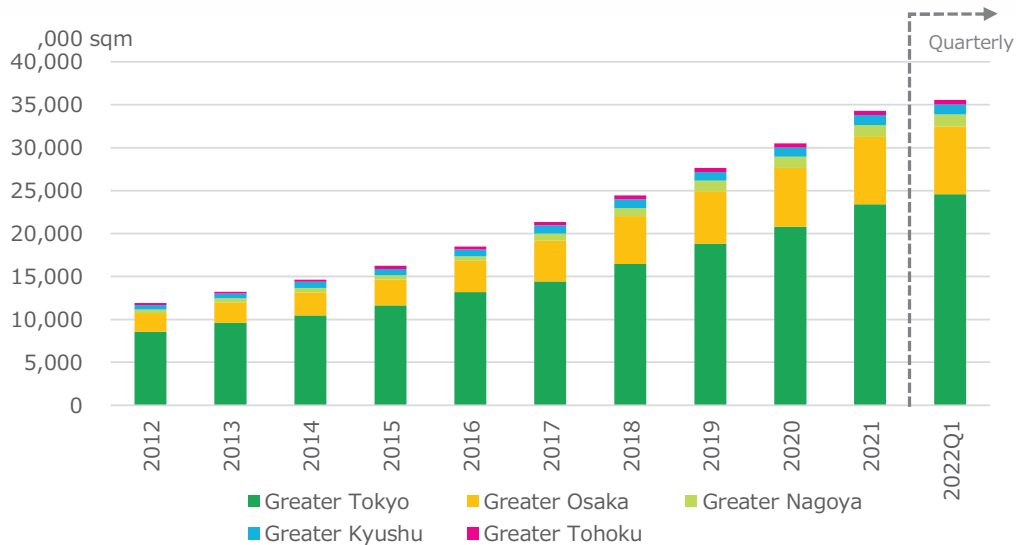
Source: CBRE

2-2. Logistics Stock in Japan

Since the beginning of 2000, logistics development has been progressing mainly in Greater Tokyo by foreign-affiliated real estate developers etc. In recent years, logistics stock amounted to approximately 35 million sqm, and has almost tripled in volume over the past 10 years. New logistics developers have increased over the past several years, and the logistics stock has expanded at an even faster pace.

Japan's market share of advanced rental warehouses is 5.3%, that is still a small percentage although large-scale development has expanded mainly in metropolitan areas. However, with a growing concern among occupiers about optimizing operational efficiency in recent years, market share is expected to grow further.

• Stock

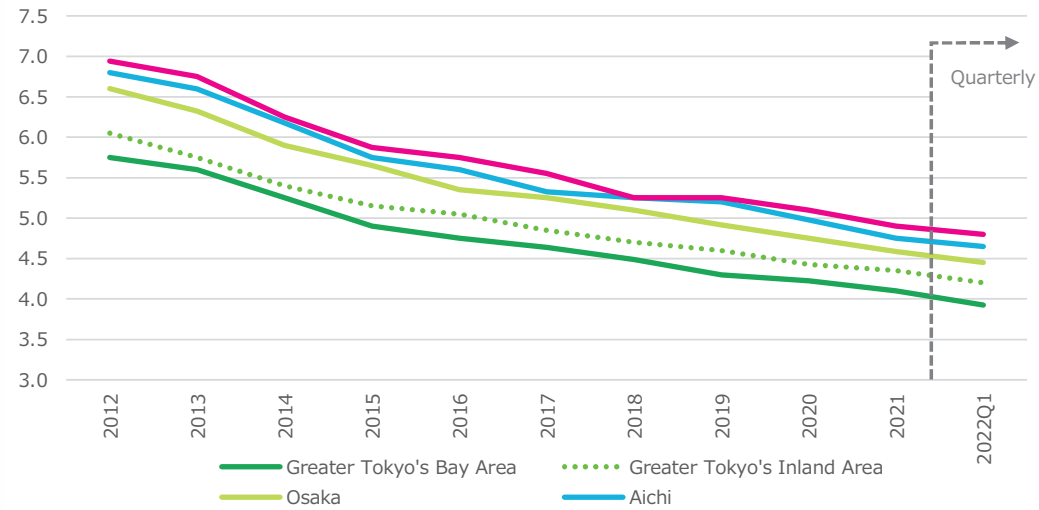


Source: CBRE

2-3. Expected Cap Rate Trends

Expected cap rates have been on a downward trend in all areas due to the increasing interest in logistics properties as an investment asset and the growing number of new players. The actual transacted yields have been compressed to low 3% for high spec assets in prime locations in Greater Tokyo.

• Expected Cap Rate Trends



Source: CBRE

2-4. Trend of E-commerce and 3PLs

E-commerce operators have drastically improved their business performance and made positive capital investments, and they have become the biggest tenants of large-scale logistics facilities. E-commerce sales have grown fourfold since 2006, and reached nearly JPY 20 trillion in 2020. Japan's retail e-commerce sales share was 8.1% as of December 2020, which is still a smaller percentage compared to the global average, but can be expected to expand in the future. E-commerce sector is expected to become the primary demand driver in the logistics market.

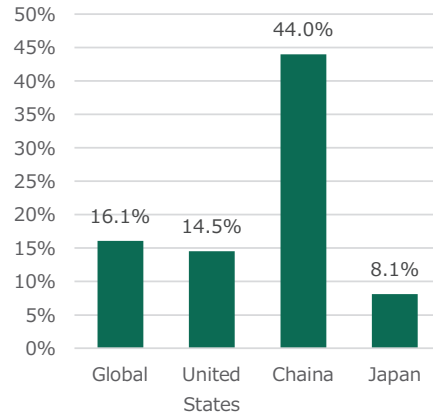
Third-party logistics (3PL) operators has played a major role since the logistics market began to emerge. 3PL market has grown from JPY 1 trillion in 2005 to JPY 3.2 trillion in 2020.

Looking at the history of logistics structural changes in the outsourcing of logistics operations in companies and the trend of market expansion in Europe and the U.S., it is expected that the 3PL market in Japan is likely to expand further in the future. In the past, logistics companies generally handled facilities by themselves, but they now focus on the process of better transport integration which includes cargo, transportation, customs and storage of goods, to achieve an efficient and low-cost transport system.

• E-commerce Market



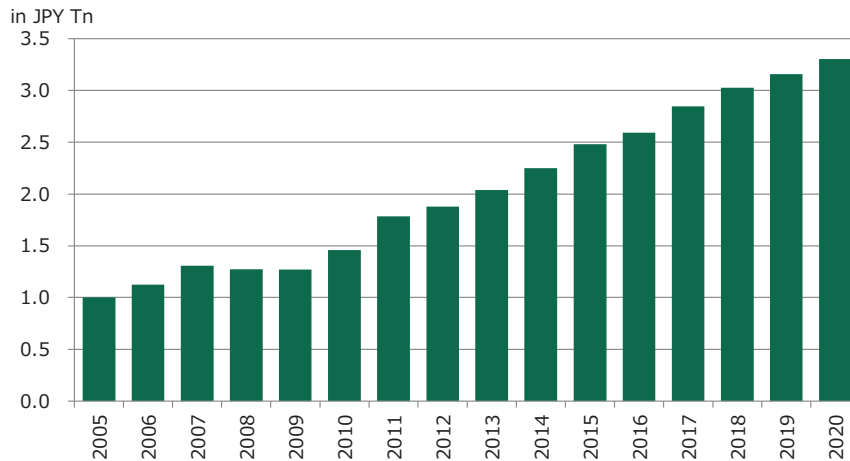
• Retail E-commerce Sales Share



Source: Ministry of Economy, Trade and Industry, "International Economic Research Project for Establishing an Integrated Domestic and Foreign Economic Growth Strategy in FY2020 (Market Research on e-commerce)" (June 2021)

*Retail e-commerce sales share as of December 2020

• 3 PL Market



Source: Monthly Logistics Business, “3PL Market Size in Japan” (September 2021)

2-5. LOGISTICS OCCUPIER SURVEY

CBRE’s 2022 Japan Occupier Survey of Logistics Facility Usage conducted in March 2022 revealed that needs to expand and modernize logistics facilities are continuing and rising. When asked what measures would be prioritized over the medium term (the next three years), 56% of respondents indicated that focus would be placed on opening new logistics facilities or expanding locations and floor area. This was the top priority initiative for one in three companies, suggesting that tenant demand for logistics facilities is likely to remain firm in the medium term.

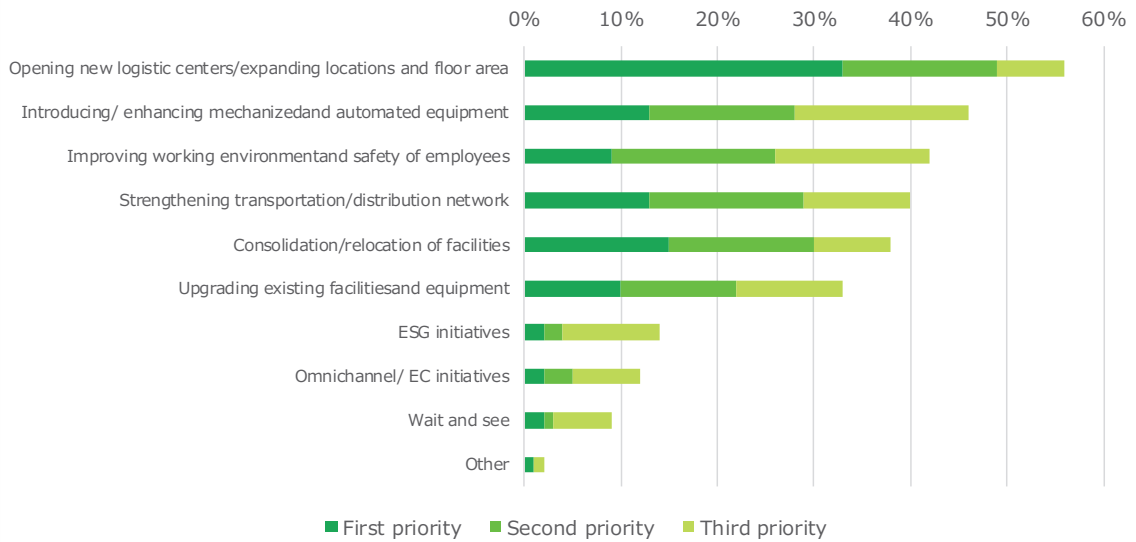
Other measures that were raised by a significant number of companies centered upon the issue of labor shortages, including “introducing/enhancing mechanization and automation” and “improving the working environment and safety of employees”. The fact that “upgrading existing facilities and equipment” was identified as a priority by a fairly large percentage of respondents also underlines the tenants’ focus on modernizing and improving the efficiency of logistics facilities.

Logistics tenants are now facing the “2024 problem”, which will see the stricter enforcement of truck driver overtime restrictions. Moreover, rising fuel prices are creating an additional burden. The survey results reveal that amid this increasingly austere business environment, moves are underway to restructure logistics networks in a more efficient manner.

When companies were asked to identify the reasons for their logistics network plans, 78% of logistics operators raised “business expansion”. Even amid the difficulties wrought by the COVID-19 pandemic between 2020 and 2021, the increased prevalence of e-commerce and the rise in home delivery services allowed the logistics sector to maintain high levels of activity despite the slowdown in B2B volume. The next most common reason was “relocating sites to achieve efficient network”, which was selected by 35% of both logistics operators and consignors. This underlines the fact that, due to rising costs and tighter regulations, occupiers are extremely keen to optimize their logistics networks so that they are as efficient as possible. “Increase in volume of goods stored” was also raised by a relatively large number of companies, particularly consignor firms (23%). Recent shortages of raw materials and supply chain disruptions are likely factors behind the increase in storage volume, as this has led

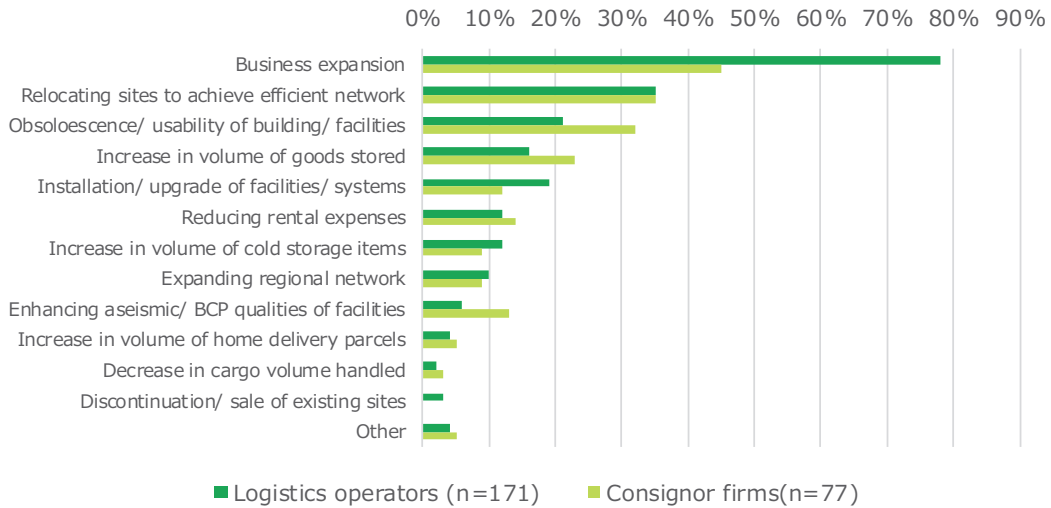
some companies to increase their inventory of parts and products with long lead times and/ or to hold larger inventory of products to be delivered to their customers. Two factors highlighted by consignor firms that are worthy of comment are “obsolescence and usability of facilities” and “enhancing aseismic or BCP qualities of facilities”, selected by 32% and 13% of respondents, respectively. Going forward, we should expect to see more companies revisiting their logistics strategies given the aging of their own facilities, which should lead to growth in demand for modern, high-spec facilities.

• Priority measures for next three years



Source: CBRE

• Reasons for logistics network plans (up to three answers allowed)



Source: CBRE



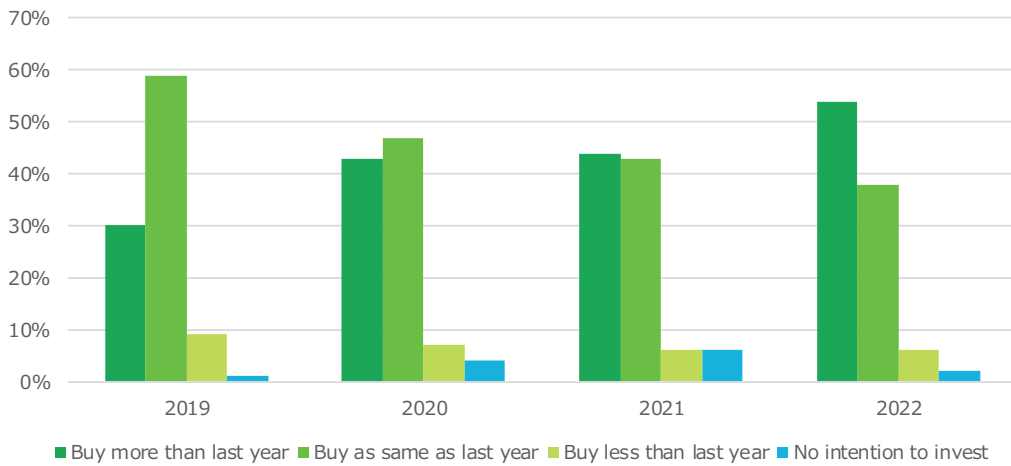
2-6. Japan Investor Intentions Survey

Some 54% of Japanese respondents stated that they expected their investment volume in 2022 to exceed the previous year, a 10pp increase on the results of the same survey conducted in December 2020, and the highest figure recorded since the survey began in 2015.

Around 39% of respondents named offices as their preferred asset class for investment, helping the sector regain top spot in the rankings from logistics, for which interest fell 7pp from the previous survey to 26%.

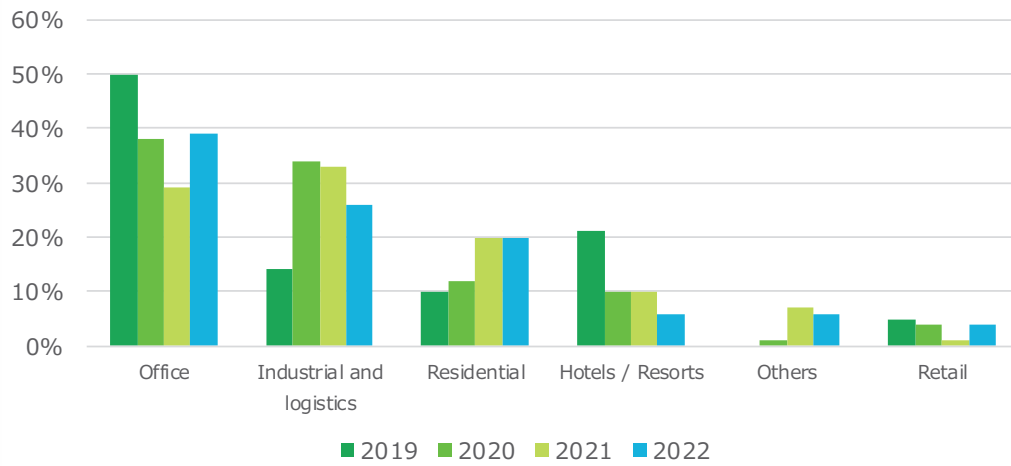
The major factor behind the resurgence in investors favoring offices is believed to be the improvement in investors' views on the outlook for future office demand. An increasing number of investors appear to believe that previously-held fears of a dramatic drop in office demand are unlikely to eventuate. As of the end of 2021, the Tokyo office vacancy rate remained at the low level of 3.9%. Even in Shibuya, where the closure of multiple offices by IT companies at the beginning of the pandemic was once a major concern, the vacancy rate began to fall during 2021. Lower vacancy is a result of a return to office-based operations by corporations looking to strengthen new hiring.

- Purchase volume projections (single answer)



Source: CBRE

• Preferred sector for investment (single answer)



Source: CBRE

2-7. Japan's Top Industrial Real Estate Players

Looking at Japan's Top 20 Industrial Real Estate Players, the top performers are Daiwa House Industry, GLP Japan, and Prologis which have been participating in the market since the beginning of the logistics market. Other players such as ESR and LaSalle, have also continued investments for the long term. Among Japanese developers, Mitsui Fudosan, Mitsubishi Estate, Nomura Real Estate, and Tokyu Land Corporation have significant performance. Since most developers have logistics REITs in their group, their properties are often sold to their logistics REITs that are in the pipeline; therefore, income-producing properties are less likely to come onto the market.

• Japan's Top 20 Industrial Real Estate Players

NO	Company	Total Assets (sqm)
1	Daiwa House Industry Co., Ltd.	4,518,743
2	Nippon Prologis REIT, Inc.	3,898,072
3	GLP J-REIT	3,220,224
4	GLP Japan Inc.	3,028,797
5	ESR	2,111,084
6	LaSalle LOGIPORT REIT	1,885,089
7	Daiwa House REIT Investment Corporation	1,832,642
8	Mitsui Fudosan Logistics Park Inc.	1,678,567
9	Japan Logistics Fund, Inc.	1,452,255
10	Goodman Japan Ltd.	1,328,786
11	Mitsui Fudosan Co., Ltd.	1,283,627
12	Mitsubishi Estate Logistics REIT Investment Corporation	1,059,487
13	Nomura Real Estate Master Fund. Inc.	1,023,318
14	Industrial & Infrastructure Fund Investment Corporation	922,495
15	Diamond Realty Management	770,930
16	Blackstone	705,188
17	Tokyu Land Corporation	648,067
18	SG REALTY CO.,LTD.	594,108
19	Nomura Real Estate Development Co., Ltd.	580,902
20	CRE Logistics REIT, Inc.	560,988

Source: CBRE, Q1 2022

2-8. Mid-to-long Term Outlook for Logistics Market

While new supply hit a record high in 2021, likewise after 2022, a significant amount of new supply has slated for completion in the next several years, and new supply will continue to reach record highs.

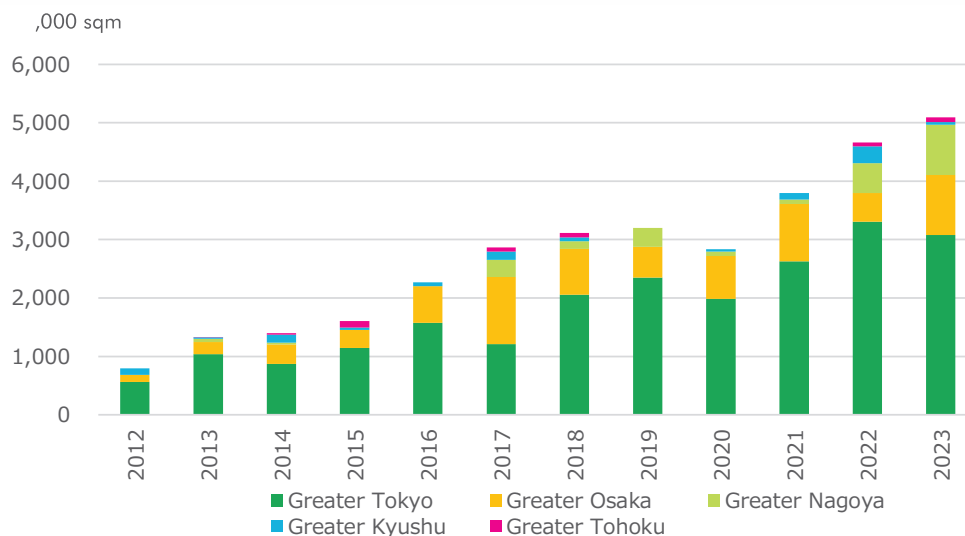
In terms of demand, e-commerce market, which is the main driver of demand, is expected to expand further over the medium to long term as e-commerce's share of total retail sales have still remained small. 3PL market is also expected to grow in the following years too, as many tenants tend to focus on modernizing and improving the efficiency of logistics facilities, which should contribute to the expansion of the logistics market.

Vacancy rates are expected to rise gradually in Greater Tokyo and Greater Osaka due to the impact of large new supply; however, it is unlikely to overly impact the supply-demand balance, as demand is expected to remain strong. On the other hand, in Greater Nagoya, the supply-demand balance is likely to ease temporarily due to the impact of large new supply.

Furthermore, many occupiers are likely to consider investment in automation technologies for their warehouse operation in near future, and if facilities are automated through the introduction of automated transfer robots etc., it will no longer be necessary to establish logistics bases in highly populated CBD to secure employees; as such, the development area is expected to become more expanded. Automated trucks can make long-distance transportation possible, and tenants will have more options for their locations since there is no need to establish their logistics hubs near consumption areas.

New supply has been seen mainly in the three major metropolitan areas. However, logistics demand is likely to expand further to neighboring prefectures or local regions with more new options for logistics location, and accordingly, new supply will expand to local regions in the future.

•Future Supply



Source: CBRE

3. MICRO ANALYSIS (SUBJECT PROPERTY)

Location Map of Subject Properties

- Location map of subject properties (including previous valuation)



- Location map of subject properties (2022)



• List of subject properties (2022)

NO	Property Name	Location	Land Area	GFA	Completion
1	DPL Iwakuni I & II	1815-3 Nagano, Iwakuni-shi, Yamaguchi	32,976 sqm	15,425 sqm	September 2016/ March 2020
2	D Project Matsuyama S	74-10, 375-16 and 386-6, Aza Wakamiya, Minaminoda, Toon-shi, Ehime	8,412 sqm	4,885 sqm	October 1994/ July 2017

• List of subject properties (previous valuation)

NO	Property Name	Location	Land Area	GFA	Completion
1	DPL Sapporo Higashi Kariki	1-1, Higashikariki 13-jyo 3-chome, Higashi-ku, Sapporo-shi, Hokkaido	61,610 sqm	65,653 sqm	February 2018
2	DPL Sendai Port	15-13, Minato 4-chome, Miyagino-ku, Sendai-shi, Miyagi	58,864 sqm	64,309 sqm	March 2017
3	DPL Koriyama	8-1, Aza-Sotogawara, Koriyama-shi, Fukushima	56,306 sqm	34,299 sqm	September 2019
4	D Project Maebashi S	10-1, Owatari-machi 1chome, Maebashi-shi, Gunma	23,225 sqm	14,075 sqm	November 2018
5	D Project Kuki S	6201-5, Shobuchosanga, Kuki-shi, Saitama	14,198 sqm	18,302 sqm	August 2014
6	D Project Misato S	1-28, Inter-Minami 2-chome, Misato-shi, Saitama	14,239 sqm	14,835 sqm	February 2015
7	D Project Iruma S	224-1, Sayamagahara, Iruma city, Saitama	11,529 sqm	15,328 sqm	December 2017
8	DPL Kawasaki Yako	2-3, 3-chome, Yako, Kawasaki-ku, Kawasaki-shi, Kanagawa	47,868 sqm	94,799 sqm	June 2017
9	D Project Nagano Suzaka S	34 Gokan, Suzaka-shi, Nagano	18,805 sqm	9,797 sqm	September 2018
10	DPL Shinfuji	1652-11, Atsuhara, Fuji-shi, Shizuoka	28,217 sqm	27,416 sqm	September 2017
11	D Project Kakegawa S	1315-2, Minamisaigo, Kakegawa-shi, Shizuoka	20,322 sqm	21,173 sqm	May 2019
12	DPL Okayama Hayashima	3500, Hayashima, Hayashima-cho, Tsukubo-gun, Okayama	26,508 sqm	24,173 sqm	September 2017/ November 2018
13	DPL Okayama Hayashima 2	4358-14, Hayashima, Hayashima-cho, Tsukubo-gun, Okayama	17,811 sqm	14,000 sqm	October 2017
14	D Project Fukuoka Tobar S	602-6, Oaza Tobar, Kasuyacho, Kasuya-gun, Fukuoka	14,439 sqm	10,058 sqm	February 2019

3-1. DPL Iwakuni 1 & 2

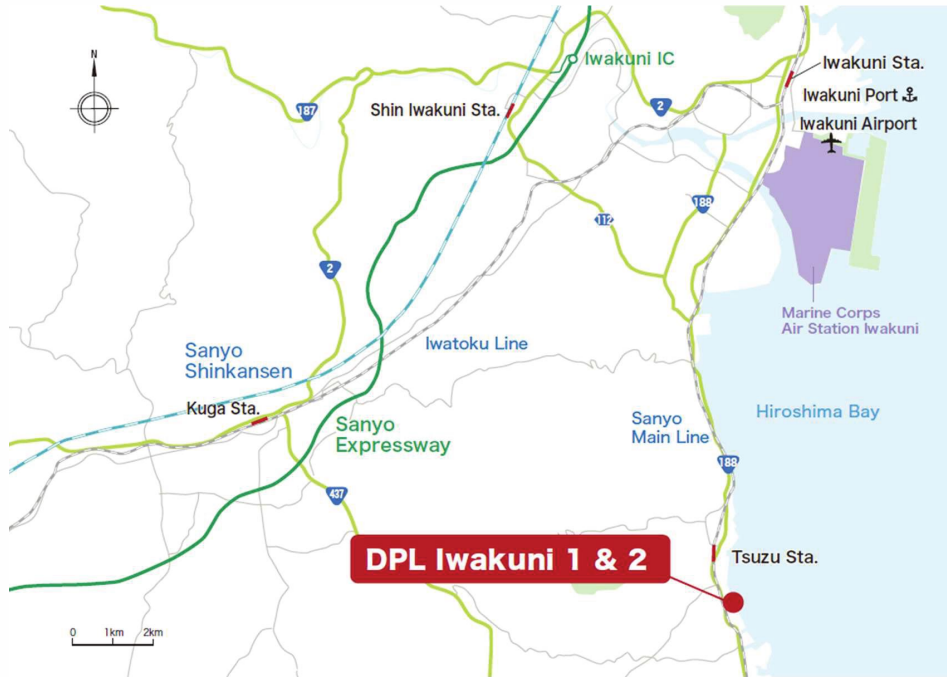
3-1-1. Overview of Subject Property

Property Name	:	DPL Iwakuni 1 & 2	
Location	:	1815-3 Nagano, Iwakuni-shi, Yamaguchi	
Structure/Floor	:	Steel/1F	
Completion	:	September 2016/March 2020	
Land Area	:	32,976.22 sqm	9,975.31 tsubo
Gross Froo Area	:	15,425.45 sqm	4,666.20 tsubo
Zoning, Regulations	:	Zoning: Exclusive Industrial District, Building Site Coverage: 60%, Floor-Area Ratio: 200%	

- Location map of subject property(large scale)



- Location map of subject property (small scale)



3-1-2. Macro Analysis (Yamaguchi)

1) Location characteristics

In Yamaguchi prefecture, most rental logistics facilities are small- and medium-scale, and the number of large facilities that could be a target of investment such as the subject property is limited. Large facilities are primarily warehouses owned by local logistics/warehouse companies.

In terms of logistics infrastructure, there are two expressways crossing Greater Chugoku: the Sanyo Expressway, which connects cities located on the Seto Inland Sea side (Iwakuni, Shunan and Hofu cities etc.), and the Chugoku Expressway, which runs through inland mountainous areas and connects Greater Osaka and Kyushu areas.

The major ports in the prefecture are Shimonoseki Port and Tokuyama-Shimomatsu Port. Yamaguchi prefecture has become one of the leading industrial prefectures in Japan with the development of petrochemical complexes along the coast of Seto Inland Sea. In the western part of Yamaguchi prefecture, such as Ube city, cement production factories are located (cement is produced from raw materials such as limestone). Meanwhile, in the eastern area, such as Shunan and Iwakuni cities, there is a concentration of factories that produce chemical products such as soda in petroleum refining complexes.

In addition to basic materials-based industries such as steel, petroleum, and chemical products, transport equipment manufacturing is also active in Yamaguchi prefecture. Major transportation machinery industries such as Mazda Motor Corporation (automobile manufacturer), Hitachi, Ltd. (railroad car manufacturer), and Mitsubishi Heavy Industries (manufacture and sale of ships) are all located here, and also their related industries are concentrated. Other thriving industries include mechatronics and electronic component-related industries, and the pharmaceutical sector, which is one of the top ranked prefectures in annual value of production.

In 2020, the value of manufactured goods shipments exceeded JPY 6.5 trillion, with chemical sector accounting for about 30%, followed by transportation machinery, petroleum, and steel, which contribute largely to Yamaguchi's overall industry.

2) Population/GDP

Yamaguchi prefecture's population has been declining year by year, but it has a consumption scale of over 1.3 million residents.

Real GDP growth has been positive for the past three years, but has recently been negative for the first time since 2015, mainly due to a decline in the manufacturing sector.

• Population growth (Yamaguchi prefecture)



Source: Source: "Population Estimates, April 2022" published by Ministry of Internal Affairs and Communications



• Real GDP growth (Yamaguchi prefecture)



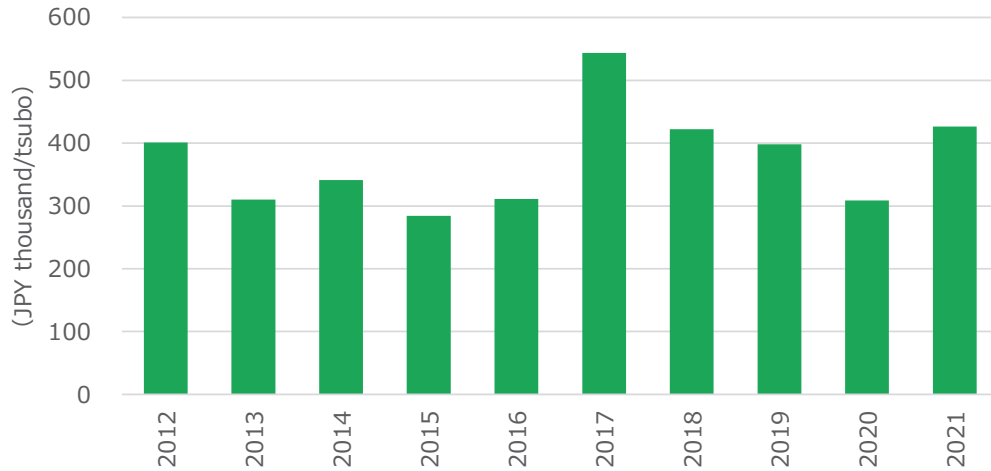
Source: "Prefectural Accounts" published by the Economic and Social Research Institute, Cabinet Office

3) Trends in construction cost and land prices

Construction costs have been fluctuating since 2017, and marked JPY 400,000 /tsubo in 2021, the most recent year.

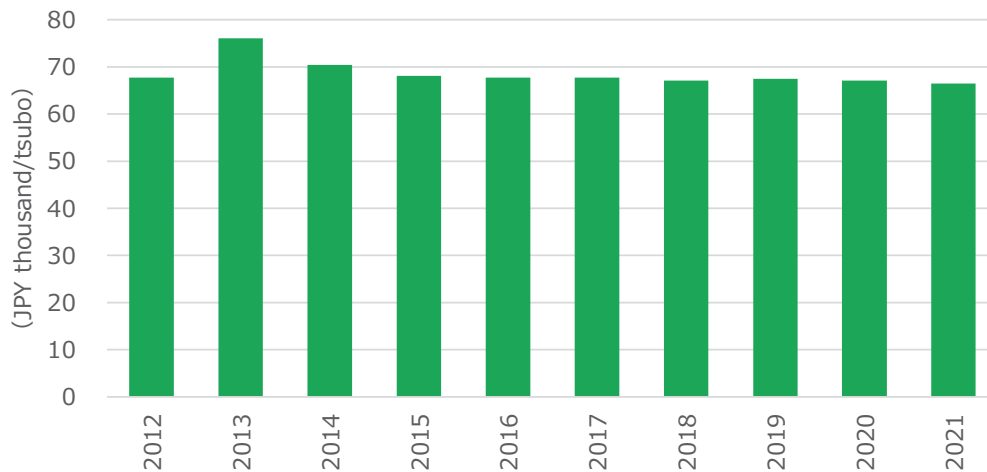
Industrial land prices have remained stable with no significant changes.

- Trends in construction cost (Yamaguchi prefecture)



Source: "Construction Starts Statistics Survey (April 2022)", conducted by MLIT

- Land prices growth (industrial area in Yamaguchi prefecture)

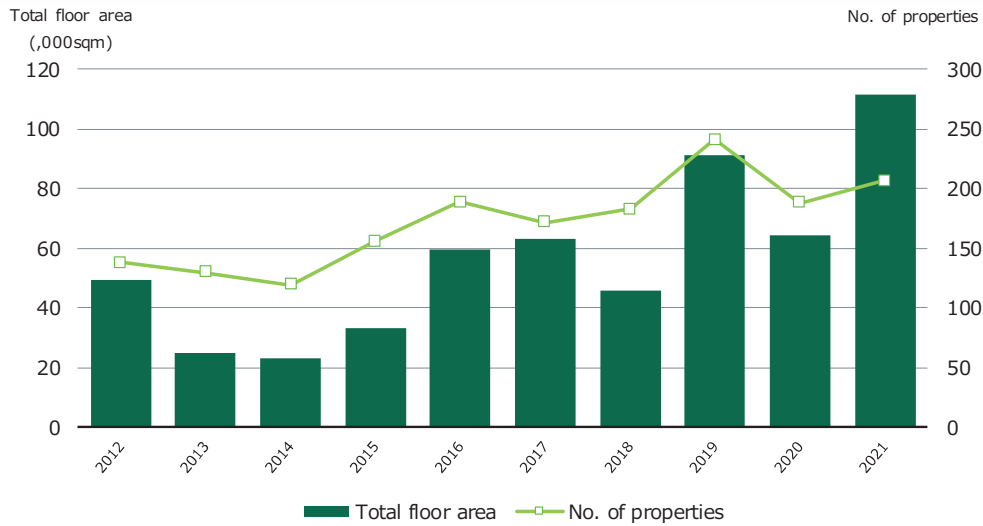


Source: Official Land Prices as of March 2022, announced by MLIT

4) Construction trend, stock

Total floor area of construction starts in Yamaguchi prefecture have recovered since 2016 and exceeded about 110,000 sqm in 2021, reaching the 1997 level. Although large-scale development for rental logistics facility is currently limited, construction of both owner-occupied and rental facilities, is expected to continue to increase as the local economy stabilizes.

- Change in construction starts of logistics facilities (Yamaguchi prefecture)



Source: Official Land Prices as of March 2022, announced by MLIT

- Estimated stock (Yamaguchi prefecture)



Source: CBRE

5) Supply-Demand Balance

*Since the rental market based on industrial real estate investment has not yet been formed in Yamaguchi prefecture, we refer to supply-demand and rent trends in neighboring Hiroshima prefecture.

Looking at supply and demand trends for mid-to-large scale logistics facilities in Hiroshima prefecture, the number of existing investment properties is not yet large, and large-scale supply is limited to development by a few developers and regional companies. Most of other cases is acquisition of existing properties.

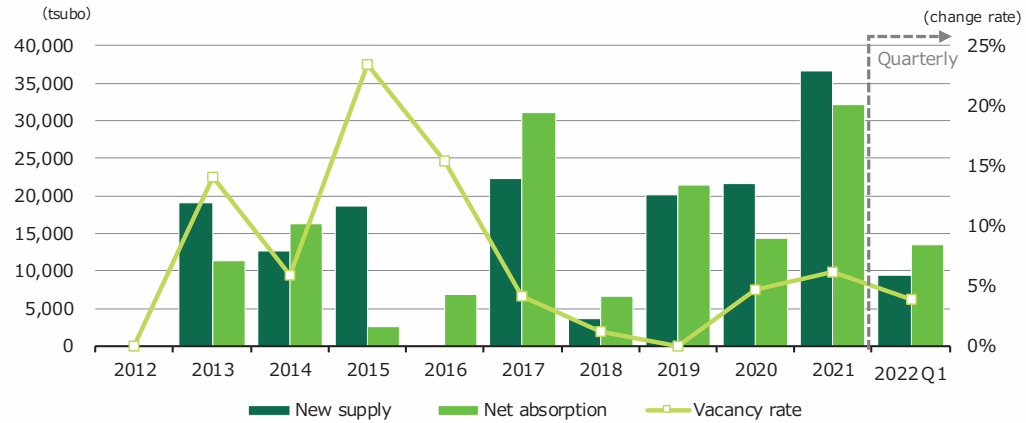
Before 2016, the logistics market was primarily driven by the development of single-tenant/built-to-suit facilities or sales and leaseback transactions; however, since 2017, LMT development has increased and Hiroshima's logistics market has expanded. New supply of large facilities in recent years includes one new property each in 2017 and 2019, two properties in 2020, and two properties in 2021. One of the largest facilities is "DPL Hiroshima Kannon" (total rentable area of approx. 22,000 tsubo), which was completed in 2021. In recent years, large-scale logistics facilities have been continuously constructed in Hiroshima prefecture, meaning that industrial real estate investment has become more popular.

The main tenants of newly-built facilities are 3PL operators, manufacturing companies, wholesalers etc., which primarily handle cargos such as food, beverages, home appliances/electric appliances, pharmaceuticals, daily necessities, etc. On the other hand, the main tenants of the existing properties belong to industries which primarily handle food-related products (dry, frozen and refrigerated) and various daily necessities etc., and such industry is the dominant industry among logistics tenants. As flat land is scarce in Hiroshima prefecture, it is difficult to secure large developable land near the consumption area; as such, warehouse locations are dispersed, and are mainly seen on reclaimed land in port areas, or industrial districts in mountainous areas. In recent years, early absorption has been seen among newly-supplied large-scale facilities, and the supply-demand balance has remained stable.

The average asking rent (all sizes) in Hiroshima prefecture has generally remained flat and slightly increased in recent years. Since 2011, it has generally been in the range between low to mid JPY 3,000/tsubo. There was some downward movement in rents, however this can be attributed to the limited supply of new medium- and large-sized rental warehouses. Functional general-purpose warehouses have tended to be quickly filled when they came online, meaning that older, existing warehouses with low competitiveness account for a high percentage of the market. As for newly-built properties, rents are on the rise, reflecting high construction costs, and the rent level for new lease in Hiroshima prefecture is expected to gradually recover and trend upward.

New supply has gradually increased, but that is unlikely to throw supply and demand out of balance due to such supply, since it is assumed that there has been little supply so far and it is expected to be absorbed by existing demand. As such, rents are expected to remain flat or even increase.

• Supply-demand balance for mid-to-large scale logistics facilities (Hiroshima prefecture)

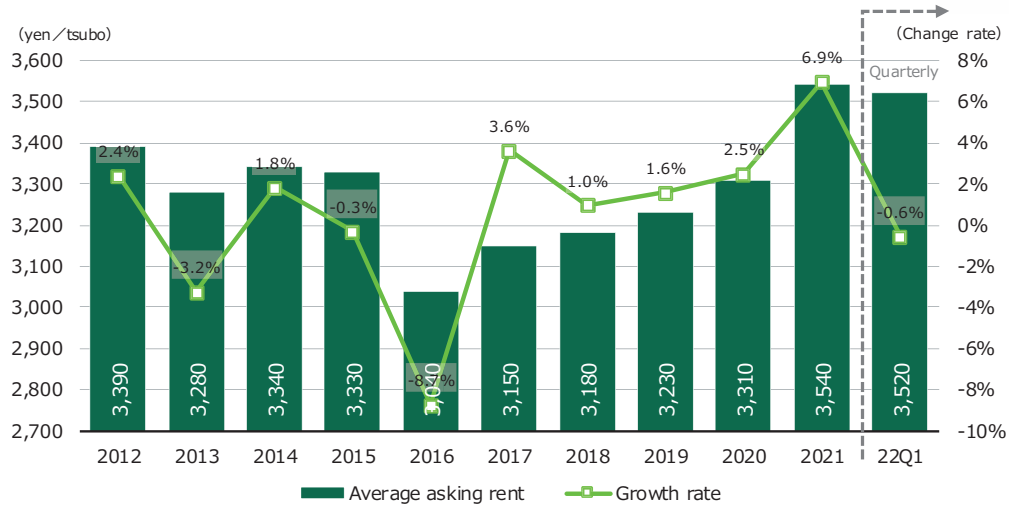


	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
New supply	0	19,083	12,636	18,675	0	22,300	3,552	20,166	21,667	36,580
Net absorption	0	11,364	16,385	2,529	6,860	31,132	6,607	21,535	14,413	32,099
Vacancy rate	0.0%	14.1%	5.9%	23.4%	15.4%	4.1%	1.2%	0.0%	4.7%	6.2%

2022 Q1	
New supply	9,482
Net absorption	13,460
Vacancy rate	3.9%

Source: CBRE

• Average asking rent trends for rental logistics facilities of all sizes (Hiroshima prefecture)



	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Average asking rent	3,390	3,280	3,340	3,330	3,040	3,150	3,180	3,230	3,310	3,540
Change rate	2.4%	-3.2%	1.8%	-0.3%	-8.7%	3.6%	1.0%	1.6%	2.5%	6.9%

2022 Q1	
Average asking rent	3,520
Change rate	-0.6%

Source: CBRE



6) List of development pipeline with map

Since there are only few development plans in Yamaguchi prefecture, we also refer to development pipelines in neighboring Hiroshima prefecture.

• List of development pipeline

NO	Property Name	Developer	Location	Land Area (sqm)	Gross Floor Area (sqm)	Completion
1	CBREGI Hiroshima	CBREGI/ Hiroshima Seifu- shinto TMK	Asaminami-ku, Hiroshima-shi, Hiroshima	36,395	22,757	2021/8
2	DPL Hiroshima Kannon	Daiwa House Industry/ Fujita	Nishi-ku, Hiroshima-shi, Hiroshima	39,550	96,559	2021/11
3	GLP Hiroshima II	GLP Japan	Naka-ku, Hiroshima-shi, Hiroshima	23,000	50,073	2023/1
4	DLP Yamaguchi Hofu	Daiwa House Industry	Hofu-shi, Yamaguchi	33,838	34,000	2024/2

- Development pipeline map (Yamaguchi and Hiroshima)



3-1-3. Micro Analysis (Subject Property)

1) Location characteristics

National Route 188, crossing the port area of Iwakuni city, runs westward along the JR Sanyo Main line. It is about 16.5km from "Iwakuni Interchange", and 20km from "Kuga Interchange" both on the Sanyo Expressway. Iwakuni Port is located within a 10 km radius.

Iwakuni city, where the subject property is located, is in the eastern edge of Yamaguchi prefecture, and together with the adjacent city of Otake in Hiroshima prefecture, has played an important role as a part of the Setouchi Industrial Zone. Iwakuni Port is an industrial port managed by Yamaguchi Prefecture, and handles mainly cargo (crude oil, petroleum products, lumber and wood chips, etc.) related to the adjacent petroleum complex, pulp and paper, and chemical industries, as well as marine container cargo. However, there are many warehouses owned by local manufacturing/logistics companies in the area around the subject property, which are mostly aging or small-to-mid-sized warehouses. The subject neighborhood is surrounded by mountains close to the coast, and industrial land is limited to bay areas. For this reason, the location is capable of meeting the rental needs mainly from local companies. From a broader viewpoint, the area is located approx. 50 km from Hiroshima city and functions as an integral part of the Hiroshima Economic Zone. The bayside area around the subject property is an industrial area where production bases are located, mainly of chemicals and materials for local industries.

Demand can be expected for storage of raw materials and products at nearby factories, and for a distribution base to a broad area by using trucks and vessels to and from neighboring cities. In addition, as it is difficult to secure large land parcels for warehouses in bayside areas of Seto Inland Sea, the subject property has a scarcity value due to the advantage for the tenant being able to start their operations earlier.

The main tenants are assumed to be logistics companies and local manufacturers that handle parts and raw materials related to transportation machinery, materials, and chemicals. In addition, with growing local industries and expanding production, future demand can be expected from such tenants to expand their storage space.

As for the operation environment, since the area was developed as the bayside industrial area, where factories are fairly well concentrated with large roadway widths, it has no issues for the operation of logistics facilities including 24-hour operation.

The front road of the subject property and National Route 188, an arterial road, run parallel north-south, but because the road passes through the JR railroad site, east-west traffic can not be possible, and therefore, the frontage is only accessed from the junction with National Route 188, which is approximately 1.7 km north of the subject property.

In terms of securing labours, though driving to work is assumed, parking spaces are available and access from surrounding cities is generally considered good.

2) Building characteristics

The subject property is a logistics facility consisting of two single-story warehouses with a total gross floor area of approximately 5,400 tsubo (I : approx. 3,000 tsubo. II : approx. 2,400 tsubo), and is currently occupied by totally four companies, including a major logistics provider, a regional chemical manufacturer and an automobile parts manufacturer.

Iwakuni I is a rectangular low-floor warehouse with a length of 230 m x depth of 37.5 m. It is a versatile warehouse with basic specifications including effective ceiling height of 7.3-8 m, floor loading capacity of about 2.45 t/sqm, column interval of 10 m×18.75 m. Floors can be divided into approximately 350-450 tsubo units. Iwakuni II is a low-floor warehouse 180 meters in length, and its specifications are almost the same as Iwakuni I. It also has an office space.

The subject property has adequate floor loading capacity and low-floor specifications that can accommodate heavy loads such as materials and raw materials handled in the factory's

production process. Moreover, it faces the Seto Inland Sea and has a private berth providing a waiting area for ships; as such, sea transportation for large or raw materials is also possible in addition to land transportation.

There are no particular problems regarding driving in and out of the site. The parking lot provides 15 spaces for ordinary vehicles.

3) Analysis of competitive facilities (asking rent comparables)/ Competitiveness of subject property (Estimation of market rent level for subject property)

Since there are a limited number of comparable warehouses in the surrounding area of the subject property, lease comparables in a broader area have been taken into consideration. Looking at the asking rent comparables, there are differences in each location, but all of those properties are single-story warehouses which are older and smaller than the subject property Comp.3, being close to Hiroshima city, is judged to be the most competitive warehouse, and is assumed to be superior to the subject property. As such, Comp. 3's rent level is used as a reference to determine the upper limit of the subject property's rent level.

In the surrounding area of the subject property, there are a limited number of large rental warehouses, and hardly any particular development pipelines of logistics facilities have been seen. DPL Iwakuni I is the first LMT facility supplied in Yamaguchi prefecture, and both Iwakuni I and II are highly useful single-story warehouses, providing high operational efficiency. It provides an exclusive berth, which is available to freight vessels, and sea transportation for large or raw materials is possible in addition to land transportation. The property is considered to have a certain level of market competitiveness in the area.

Considering the supply-demand conditions, asking-rent/taking-rent comparables, etc, the subject property's assumed achievable rent is estimated to be around JPY 2,200–2,700/tsubo.

• Asking rent comparables in area

NO	Location	Structure	Floors	Completion	Land area	GFA	Available space	Deposit	Assumed asking rent
1	901-27 Ogoori Kamigo Ryutsu Center-nishi, Yamaguchi-shi	S	2	1989	3,018 tsubo	636 tsubo	636 tsubo	seven months' rent	2,670 yen/tsubo
2	3 Miso, Iwakuni-shi, Yamaguchi	S	2	1994	453 tsubo	158 tsubo	-	-	2,540 yen/tsubo
3	1 Mokuzaiko-minami, Hatsukaichi-shi, Hiroshima	S	2	-	927 tsubo	1,744 tsubo	-	six months' rent	2,810 yen/tsubo

• Property overview

NO	Type	Building Specifications etc.
1	One-story	Raised-floor, effective ceiling height: more than 6.5m
2	One-story	Lower-floor
3	One-story	Lower-floor, effective ceiling height: approx. 6m, floor loading: 1t/sqm (2F)

- Map of asking rent comparable locations

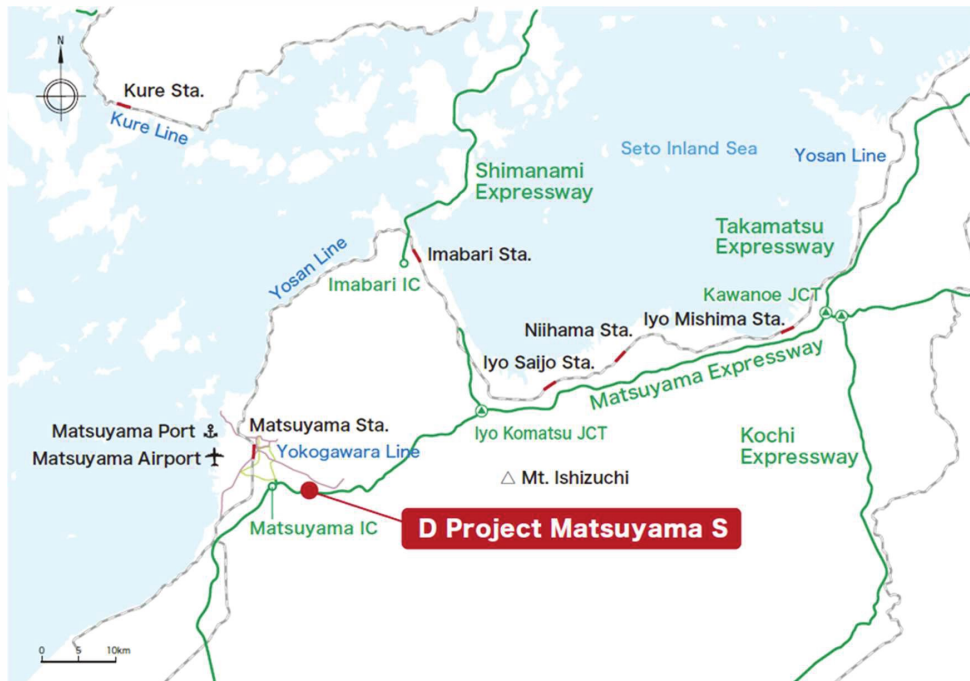


3-2. D Project Matsuyama S

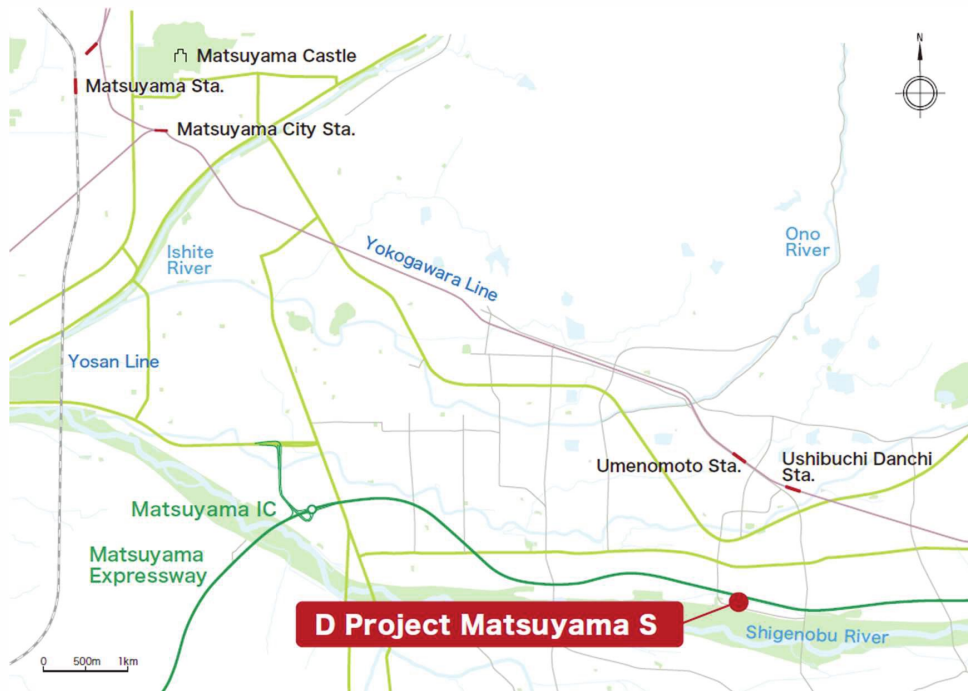
3-2-1. Overview of Subject Property

Property Name	:	D Project Matsuyama S	
Location	:	74-10, 375-16 and 386-6, Aza Wakamiya, Minaminoda, Toon-shi, Ehime	
Structure/Floor	:	Steel/2F	
Completion	:	October 1994/July 2017	
Land Area	:	8,412.15 sqm	2,544.68 tsubo
Gross Froot Area	:	4,885.14 sqm	1,477.75 tsubo
Zoning, Regulations	:	Zoning: Urbanization Control Area Building Site Coverage: 60%, Floor-Area Ratio: 200%	

- Location map of subject property (large scale)



- Location map of subject property (small scale)



3-2-2. Macro Analysis (Ehime)

1) Location characteristics

In Ehime prefecture, most rental logistics facilities are small- and medium-scale, and the number of large facilities that could be a target of investment such as the subject property is limited. Larger facilities are primarily warehouses owned by local logistics/warehouse companies.

Major logistics infrastructures in Ehime prefecture include Matsuyama Expressway, which crosses the northern part of the Greater Shikoku area (Ehime prefecture) in a vertical direction and connects cities located on the Seto Inland Sea side (Shikokuchuo, Niihama, and Matsuyama cities etc.). Shikokuchuo city in the east part of the prefecture is connected to the Takamatsu Expressway (toward Takamatsu), the Shikoku Longitudinal Expressway (toward Tokushima), and the Kochi Expressway (toward Kochi), while the western area is connected to the Uwajima Road (western Ehime prefecture), providing a road network covering throughout the Greater Shikoku area. Matsuyama Port is one of the most important ports in Ehime prefecture.

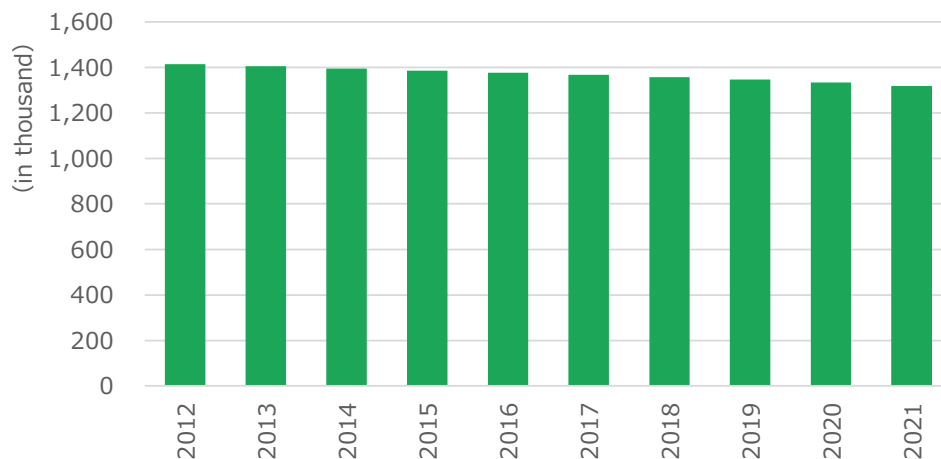
Compared to the nationwide trends in industrial composition, Ehime prefecture has a higher percentage of primary industry (agriculture, forestry, and fisheries) and secondary industry (mining, manufacturing, and construction), and a lower percentage of tertiary industry. By region, Toyo area (Imabari, Saijo, Niihama and Shikokuchuo cities etc.) has a high percentage of secondary industry, Chuyo area (Matsuyama, Iyo and Toon cities etc.) has a high percentage of tertiary industry, Nanyo area (Yawatahama, Ozu, Seiyo and Uwajima cities etc.) has a higher percentage of primary industry. Each area has a different industrial composition. The value of shipments in the manufacturing sector in 2020 was over 4.3 trillion yen, and Ehime prefecture accounts for about 45% of Shikoku's total shipments. By segment, nonferrous metals, petroleum and coal, pulp and paper, and transportation machinery (ship etc.) have higher ranks. Ehime accounts for only about 1% of the nation's manufactured goods shipments.

2) Population/GDP

Ehime's population has been declining year by year, but has a consumption scale of over 1.3 million residents. Matsuyama, the central city of the prefecture, has the third largest population after Hiroshima and Okayama prefectures in Chugoku and Shikoku regions.

Real GDP growth was positive from 2015 to 2017, but has been negative in 2018 for the first time since 2014, mainly due to a decline in the manufacturing sector

• Population growth (Ehime prefecture)

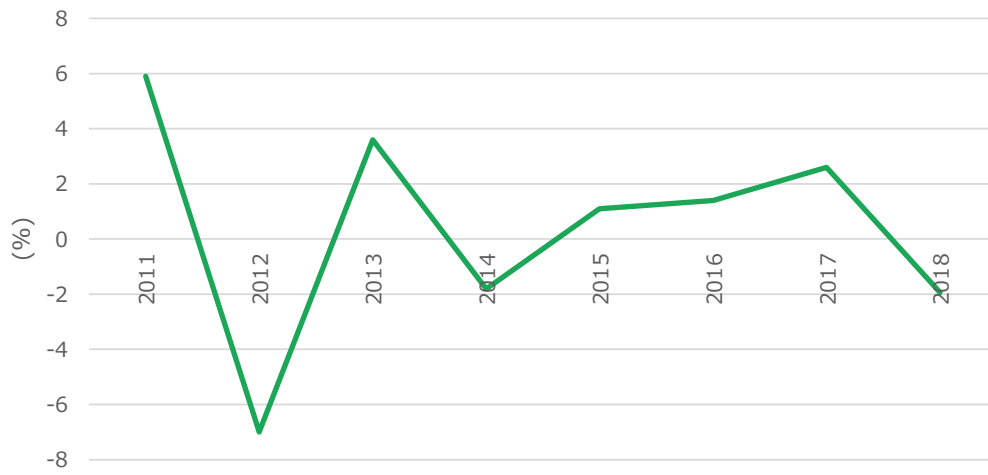


Source: "Population Estimates, April 2022" published by Ministry of Internal Affairs and Communications

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• Real GDP growth (Ehime prefecture)



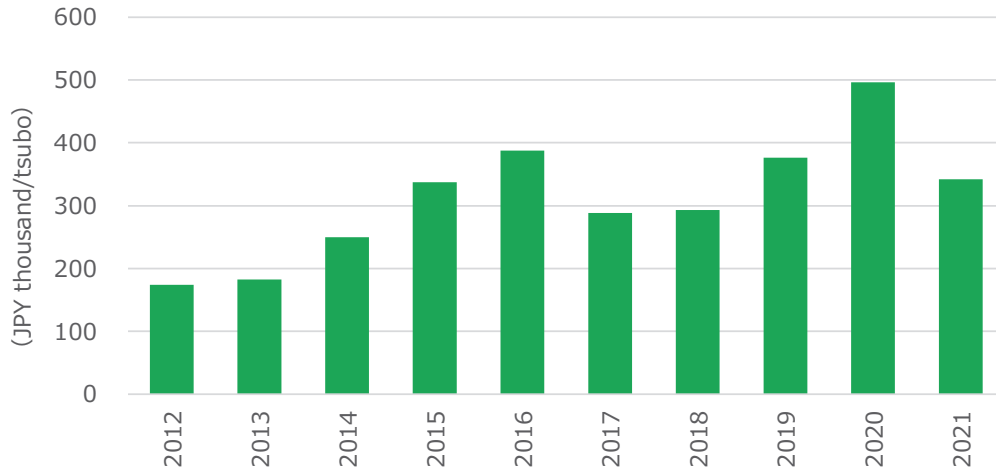
Source: "Prefectural Accounts" published by the Economic and Social Research Institute, Cabinet Office

3) Trends in construction cost and land prices

Construction costs have tended to fluctuate widely.

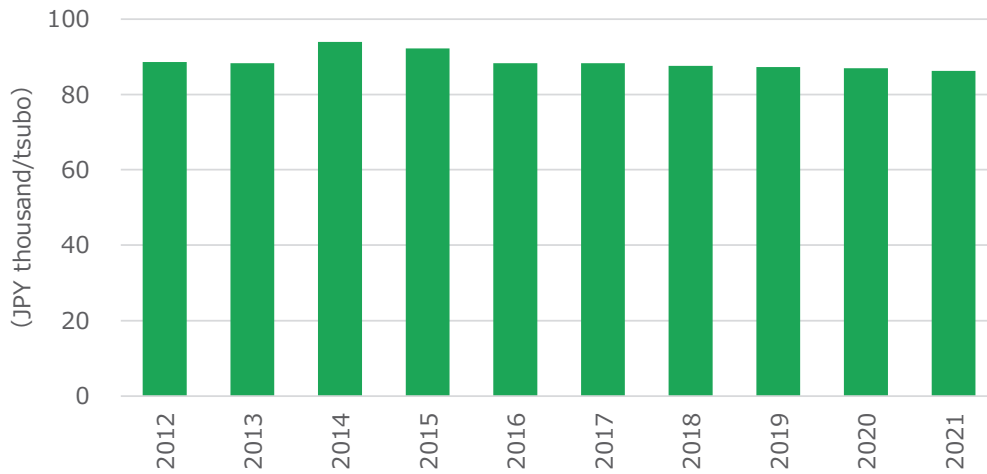
Land prices in industrial areas have remained stable with no major changes.

• Trends in construction cost (Ehime prefecture)



Source: "Construction Starts Statistics Survey (April 2022)", conducted by MLIT

• Land prices growth (industrial areas in Ehime prefecture)



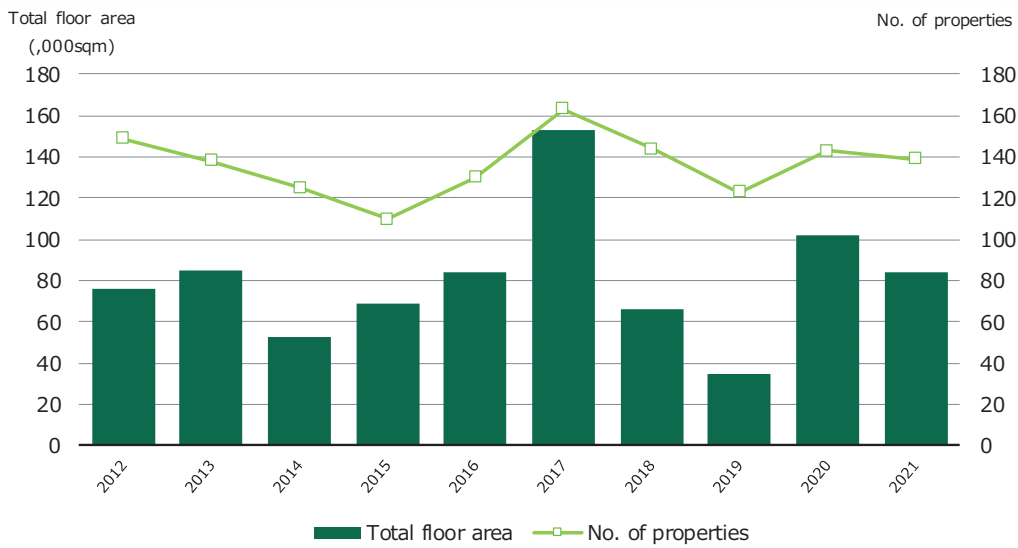
Source: Official Land Prices as of March 2022, announced by MLIT

4) Construction trend, stock

Total floor area of construction starts in Ehime prefecture have been gradually recovering since 2012, and in 2017, it exceeded approximately 150,000 sqm, reaching the 1997 level. Construction starts fluctuate from year to year, and although logistics development is currently limited, construction starts, including both owner-occupied and rental facilities, are expected to increase as the local economy grows.

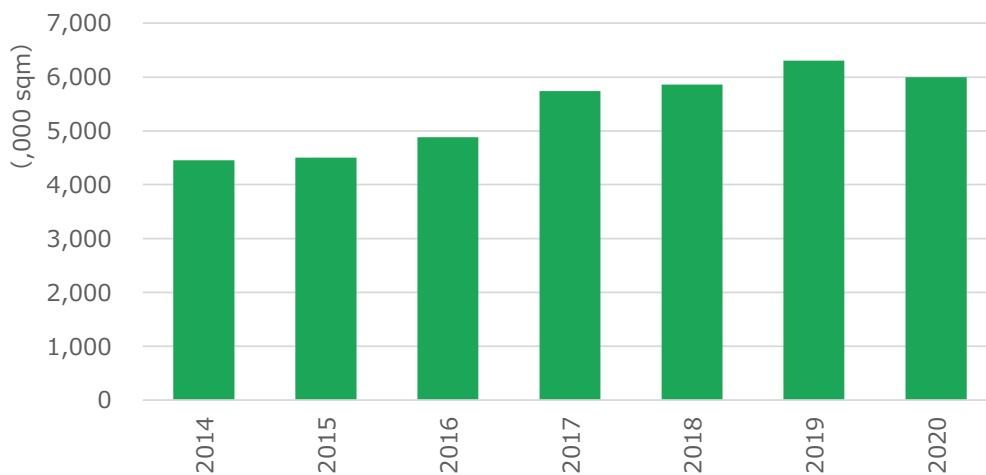
Although Hiroshima and Okayama prefectures, the centers of consumption and distribution, account for the majority of construction starts in Greater Chugoku, there have been demand from local companies and land acquisition by developers, and construction starts are expected to trend upward in the future.

• Change in area of construction starts for logistics facilities (Ehime prefecture)



Source: Official Land Prices as of March 2022, announced by MLIT

• Estimated stock (Ehime prefecture)



Source: CBRE

3-2-3. Micro Analysis (Subject Property)

1) Location characteristics

In the subject neighborhood, National Route 11, a major arterial road, which crosses the northern coast area of Ehime prefecture, runs about 800 meters to the north. It is located approx. 7 km from "Matsuyama Interchange" and approx. 7.5 km from the "Kawauchi Interchange" on the Matsuyama Expressway. Matsuyama Airport is located within a 15km radius and Matsuyama Port is located within a 20km radius.

The Toon District, where the subject property is located, is an inland city adjacent to the east of Matsuyama city, the central city of Ehime prefecture. There are highways such as expressways and bypasses, and it has proximity to the center of Matsuyama city within a 10 km radius. Offices are located along the Shigenobu River, including the eastern part of Matsuyama city, and there are many factories and food processing facilities for small and medium-sized industries. It is also an area where regional logistics companies and food-related companies has their logistics bases.

Since the subject property is in an area with a cluster of industrial facilities between river and highway, it has no issue for the operation of logistics facilities including 24-hour operation and frequent delivery.

In terms of securing labours, though driving to work is assumed, parking spaces are available and access from surrounding cities is generally considered good.

2) Building characteristics

The subject property is a 2-story logistics facility having 3 temperature zones (dry/chilled/frozen) with a total gross floor area of 1,600 tsubo (A : approx. 400 tsubo/ B : approx. 1,200 tsubo).

The 1st floor is primarily a chilled/frozen storage, and the 2nd floor is a dry storage. Its basic specifications are effective ceiling height of 6.5 m (chilled storage), 7.9m (dry storage) on 1F, and 5.5m (dry storage) on 2F; floor loading capacity of 1.5 t/sqm and column interval of 10.5×7.76m. As for transport capacity, one freight elevator (3 t), one vertical conveyor, and one dock shelter (1F) are provided. A truck yard and a waiting area are well secured, and there are no particular problems regarding driving in and out of the site.

3) Analysis of competitive facilities (asking rent comparables)/ Competitiveness of subject property (Estimation of market rent level for subject property)

The subject neighborhood is an industrial area with a concentration of offices of consumer goods companies (food etc.), mainly targeting Matsuyama city. The subject property is highly competitive in location, with a cluster of food-related companies' bases in the neighboring areas and good access to large consumption area in Matsuyama city.

In the surrounding area of the subject property, there are a limited number of large rental warehouses, and hardly any particular development pipelines of logistics facilities have been seen. The subject property has scarcity value as BTS-type facility for food companies that features 3 temperature zones (dry/chilled/frozen).

Considering the supply-demand conditions, asking-rent/taking-rent comparables, etc, the subject property's assumed achievable rent is estimated to be around JPY 2,300–2,800/tsubo (incl. CAM).

However, rents for warehouses with three temperature zones differ from those of dry warehouses. For warehouses with three temperature zones, extra construction of temperature-controlled zones will be required in addition to the basic structure and equipment. Therefore, it is appropriate to add an appropriate amount to the rent for the additional investment (except for freezing and refrigeration equipment), considering the lease period and risk etc. Considering the lease comparables of temperature-controlled

warehouses that substantially resemble the subject property, the rent level shall be multiplied by 1.25 times the upper limit of the above-mentioned rent level estimated by assuming a dry warehouse. Therefore, we estimated the subject property's achievable rent, assuming a temperature-controlled warehouse (BTS-type), to be JPY 2,800-3,500 /tsubo.

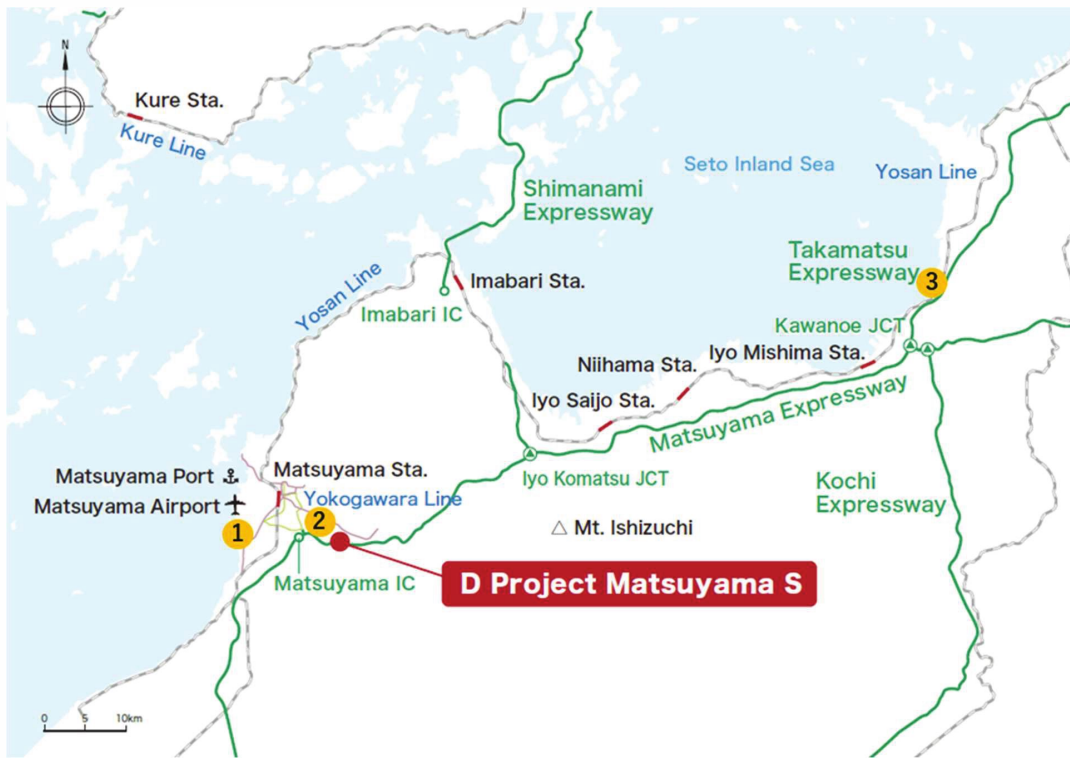
• Asking rent comparables in area

NO	Location	Structure	Floors	Completion	Land area	GFA	Available space	Deposit	Assumed asking rent
1	2889 Nishihabu-machi, Matsuyama-shi, Ehime	S	1	-	6,230 tsubo	9,711 tsubo	1,210 tsubo	-	3,000 yen/tsubo
2	525-1 Minamikume-machi, Matsuyama-shi, Ehime	S	1-2	-	939 tsubo	594 tsubo	-	-	2,530 yen/tsubo
3	Minoura, Toyohama-cho, Kanonji-shi, Kagawa	S	1-2	-	7,223 tsubo	3,962 tsubo	-	-	2,300 yen/tsubo

• Property overview

NO	Type	Building Specifications etc.
1	One-story	Lower-floor, ceiling height: 8.1m
2	One-story	Lower-floor
3	One-story	Partially lot rentals, lower-floor, raised-floor, eaves: 12m

- Map of asking rent comparable locations



- Market Study for Subject Property
- Project Code: 20220608



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APPENDIX E: SUMMARY OF SALIENT TERMS OF THE MASTER PROPERTY MANAGEMENT AGREEMENT, THE 2022 INDIVIDUAL PROPERTY MANAGEMENT AGREEMENTS AND THE IWAKUNI MLA

Key Terms of the Master Property Management Agreement

On 9 November 2021, DH TMK, the Property Manager and DHREIM entered into the Master Property Management Agreement to confirm the form and content of the property management agreements to be entered into among the Property Trustee, DH TMK and the Property Manager from time to time.

In connection with the TBIs that will be acquired in the future either by DH TMK itself or through the new GK (as defined herein), DH TMK may appoint the Property Manager or its affiliated company as the property manager for the TBIs. If the Property Manager accepts such appointment, then the Property Manager or its affiliated company shall execute an individual property management agreement in the form and content generally set forth in the Master Property Management Agreement.

The key terms of the Master Property Management Agreement, which were also disclosed in the Prospectus, are as follows:

Key Term	Summary
<p>The agreement concerning asset management agreements</p>	<ol style="list-style-type: none"> 1. In connection with the TBI that will be acquired in the future either by DH TMK itself or through a <i>godo kaisha</i> (“GK”), DH TMK may appoint the Property Manager or an affiliated company of the Property Manager as property manager for the real estate that is the trust property (“Trust Real Estate”). In this case, DH TMK shall notify the Property Manager regarding such an appointment. 2. If the Property Manager accepts the appointment set forth in the preceding paragraph and either assumes the role of property manager of the Trust Real Estate or causes an affiliated company to do so, the trustee of each Trust Real Estate, the building master lessee (if any), and the Property Manager or its affiliated company shall execute a property management agreement in the form and content generally set forth in the appendix of the Master Property Management Agreement (the “Individual Property Management Agreement”) by reflecting individual terms, and the parties to this agreement shall carry out the acts required for this arrangement.

Key Term	Summary
Term	<ol style="list-style-type: none"> <li data-bbox="544 210 1362 450">1. The term of this agreement shall be 10 years from the date of this agreement's execution; provided, however, that if neither party gives written notice of refusal to renew at least three months prior to the expiration of the term, the term shall, subject to approval of the unitholders if such approval is required under the Listing Manual, be extended for another ten years, and the same shall apply thereafter. <li data-bbox="544 488 1362 651">2. Notwithstanding the preceding paragraph, this agreement shall automatically terminate upon DH TMK's termination of its business and (i) all the TBI or the Trust Real Estate held by DH TMK and the GK or (ii) all the assets held by DH TMK are sold. <li data-bbox="544 689 1362 965">3. The termination of the appointment of the Property Manager or its affiliated company as the property manager for a particular Trust Real Estate under an Individual Property Management Agreement shall not affect this agreement or any other Individual Property Management Agreement which has been entered into in relation to any other Trust Real Estate which shall remain in effect in accordance with their respective terms. <li data-bbox="544 1003 1362 1133">4. The termination of this agreement shall not affect any Individual Property Management Agreement which has been entered into in relation to any Trust Real Estate which shall remain in effect in accordance with their respective terms.
Governing Law	Japan
Dispute Resolution	The Tokyo District Court is the agreed court of first instance with exclusive jurisdiction.

The form and key terms of the individual property management agreements are as follows:

Key Term	Summary
Term	<p>The term of the property management agreement is one year from the execution date of the property agreement and will automatically renew each year. However, the term shall not automatically renew in the event that one of the parties concerned sends written notification regarding the rejection of the renewal three months prior to the expiration of the property management agreement or in the event that the property management agreement is cancelled.</p> <p>If any of the following situation were to take place, the term will automatically be terminated on the date that such situation took place.</p> <ol style="list-style-type: none"> 1. If the related TBI was transferred from DH TMK or the new GK to a third party, and, thereby, relocated to the transferee. 2. If the trust agreement has ended (excluding the case in which the property trustee delivered the property to DH TMK or the new GK).
Property Management Business	<p>The business of the Property Manager includes, but is not limited to, the following: (i) planning, management, supervision, evaluation and reporting services, (ii) tenant leasing and management services, (iii) facility operation services, (iv) facility maintenance and management services, (v) management and supervision of the building maintenance and management performed by the building maintenance companies or tenants, (vi) tenant management services, (vii) payments, accounts and ledger management services and (viii) facility technology management services. The building management services mentioned in the business specifications prepared by the Property Trustee and the Property Manager upon separate agreement is included only in the property management agreements for multi-tenanted properties.</p> <p>The property management business shall be calculated at the last day of each month and the calculation period shall be from the day immediately following the last calculation day until the relevant calculation day. The first calculation period shall be from the execution date of the property management agreement until the last day of the month and the final calculation period shall be from the day immediately following the last calculation day until the final day of the relevant calculation day.</p>
Governing Law	Japan

Key Term	Summary										
Fee	<p>The property trustee shall provide a fee to the Property Manager for the price of the property management business (relating to the property management agreements for DPL projects which excludes the building management business) from the trust property under the trust agreement.</p> <ul style="list-style-type: none"> Basic fee <p>The basic fee for each calculation period shall be the product of the sum of the rental fee paid to the Property Manager for the term from the first day of the previous month (including the 1st day) until the final day of the previous month (including the final day) under the tenant lease agreement plus common service fees, multiplied by up to 1.2% (however, amounts less than 100 yen shall be dropped.). However, if this amount is less than 300,000 yen, basic fee shall be 300,000 yen. Furthermore, when the calculation period of basic fee is less than one month, the calculation shall be based on the number of actual days for the relevant month and amounts less than 100 yen shall be rounded off.</p> <ul style="list-style-type: none"> Fee for improvement and repairs <p>When performing the improvement and repair work in accordance with the property management agreement, the property trustee shall appoint the Property Manager as the construction manager and provide the following fee. In addition, amounts less than one yen shall be rounded off.</p> <table border="1" data-bbox="536 1211 1374 1919"> <tbody> <tr> <td data-bbox="536 1211 954 1328">The total for one order of construction work is less than 1,000,000 yen</td> <td data-bbox="954 1211 1374 1328">Free of charge</td> </tr> <tr> <td data-bbox="536 1328 954 1480">The total for 1 order of construction work is equal to JPY 1,000,000 or higher but less than JPY 5,000,000</td> <td data-bbox="954 1328 1374 1480">5% of the total for the order of construction work (excluding tax)</td> </tr> <tr> <td data-bbox="536 1480 954 1632">The total for one order of construction work is equal to JPY 5,000,000 but less than JPY 10,000,000</td> <td data-bbox="954 1480 1374 1632">250,000 yen + 4% of the amount for one order of construction work that exceeds 5,000,000 yen (excluding tax)</td> </tr> <tr> <td data-bbox="536 1632 954 1785">The total for one order of construction work is 10,000,000 yen or higher</td> <td data-bbox="954 1632 1374 1785">450,000 yen + 3% of the amount for one order of construction work that exceeds 10,000,000 yen (excluding tax)</td> </tr> <tr> <td data-bbox="536 1785 954 1919">The total for one construction job exceeds 100,000,000 JPY</td> <td data-bbox="954 1785 1374 1919">Up to 3,150,000 yen + 2% of the amount for one order of construction work that exceeds 100,000,000 yen</td> </tr> </tbody> </table>	The total for one order of construction work is less than 1,000,000 yen	Free of charge	The total for 1 order of construction work is equal to JPY 1,000,000 or higher but less than JPY 5,000,000	5% of the total for the order of construction work (excluding tax)	The total for one order of construction work is equal to JPY 5,000,000 but less than JPY 10,000,000	250,000 yen + 4% of the amount for one order of construction work that exceeds 5,000,000 yen (excluding tax)	The total for one order of construction work is 10,000,000 yen or higher	450,000 yen + 3% of the amount for one order of construction work that exceeds 10,000,000 yen (excluding tax)	The total for one construction job exceeds 100,000,000 JPY	Up to 3,150,000 yen + 2% of the amount for one order of construction work that exceeds 100,000,000 yen
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The total for one construction job exceeds 100,000,000 JPY	Up to 3,150,000 yen + 2% of the amount for one order of construction work that exceeds 100,000,000 yen										

Key Term	Summary														
	<ul style="list-style-type: none"> • Lease Contract Administration Fee <p>In the event that a new lease contract is signed or the term of an existing lease is extended, a lease contract administration fee for work done including to give tenants tours of the property, conduct the necessary surveys, negotiate the contract terms and prepare the relevant documents will be payable as follows. Any lease contract administration fee payable shall not exceed the maximum amount stipulated under the relevant laws and regulations</p> <table border="1" data-bbox="539 548 1374 2018"> <thead> <tr> <th colspan="2" data-bbox="539 548 1374 593">(A) New tenants</th> </tr> </thead> <tbody> <tr> <td colspan="2" data-bbox="539 593 1374 638">(i) Signing a new lease with a term of three years or more</td> </tr> <tr> <td data-bbox="539 638 954 1346">Where new tenants are sought by third parties (including the Sponsor and its subsidiaries and affiliates)</td> <td data-bbox="954 638 1374 1346"> <p>The third party shall be entitled to a lease contract administration fee up to an amount equivalent to one month of the new tenant's monthly rent (excluding consumption tax) ("New Tenant's Rent") payable by the Property Manager. The Property Manager may request the reimbursement of the lease contract administration fee out of the deposited property of DHLT.</p> <p>In this case, the Property Manager shall be entitled to a lease contract administration fee equivalent to 0.5 months of the New Tenant's Rent up to 5 million yen and no less than 3 million yen payable out of the deposited property of DHLT.</p> </td> </tr> <tr> <td data-bbox="539 1346 954 1637">Where new tenants are sought by the Property Manager</td> <td data-bbox="954 1346 1374 1637">The Property Manager shall be entitled to an amount consisting of the lease contract administration fee equivalent to one month of the New Tenant's Rent as consideration for the lease contract administration and leasing services rendered.</td> </tr> <tr> <td colspan="2" data-bbox="539 1637 1374 1682">(ii) Signing a new lease with a term less than three years</td> </tr> <tr> <td data-bbox="539 1682 954 1850">Where new tenants are sought by third parties (including the Sponsor and its subsidiaries and affiliates)</td> <td data-bbox="954 1682 1374 1850">The lease contract administration fee shall be separately negotiated and not exceed the amount payable in (A)(i) above.</td> </tr> <tr> <td data-bbox="539 1850 954 2018">Where new tenants are sought by the Property Manager</td> <td data-bbox="954 1850 1374 2018">The lease contract administration fee shall be separately negotiated and not exceed the amount payable in (A)(i) above.</td> </tr> </tbody> </table>	(A) New tenants		(i) Signing a new lease with a term of three years or more		Where new tenants are sought by third parties (including the Sponsor and its subsidiaries and affiliates)	<p>The third party shall be entitled to a lease contract administration fee up to an amount equivalent to one month of the new tenant's monthly rent (excluding consumption tax) ("New Tenant's Rent") payable by the Property Manager. The Property Manager may request the reimbursement of the lease contract administration fee out of the deposited property of DHLT.</p> <p>In this case, the Property Manager shall be entitled to a lease contract administration fee equivalent to 0.5 months of the New Tenant's Rent up to 5 million yen and no less than 3 million yen payable out of the deposited property of DHLT.</p>	Where new tenants are sought by the Property Manager	The Property Manager shall be entitled to an amount consisting of the lease contract administration fee equivalent to one month of the New Tenant's Rent as consideration for the lease contract administration and leasing services rendered.	(ii) Signing a new lease with a term less than three years		Where new tenants are sought by third parties (including the Sponsor and its subsidiaries and affiliates)	The lease contract administration fee shall be separately negotiated and not exceed the amount payable in (A)(i) above.	Where new tenants are sought by the Property Manager	The lease contract administration fee shall be separately negotiated and not exceed the amount payable in (A)(i) above.
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Where new tenants are sought by the Property Manager	The lease contract administration fee shall be separately negotiated and not exceed the amount payable in (A)(i) above.														

Key Term	Summary				
	<p data-bbox="549 210 1361 271">B. Re-contracting with an existing tenant or extending the contract term</p> <p data-bbox="549 293 1361 495">The Property Manager shall be entitled to a lease contract administration fee consisting of a re-contract base fee and a re-contract incentive fee as follows, up to an amount equivalent to one month of the new rent. If the lease contract administration fee is less than JPY 600,000, it shall be negotiated with JPY 600,000 as the upper limit:</p> <table border="1" data-bbox="549 506 1361 1294"> <tr> <td data-bbox="549 506 954 651">(i) Re-contract base fee</td> <td data-bbox="954 506 1361 651">The re-contract base fee shall be 50% of the current monthly rent (excluding common service fees).</td> </tr> <tr> <td data-bbox="549 651 954 1294">(ii) Re-contract incentive fee</td> <td data-bbox="954 651 1361 1294"> <p data-bbox="967 663 1361 797">The re-contract incentive fee shall be calculated in accordance with the formula below.</p> $\frac{(\text{New rent} - \text{Current rent})}{2} \times \text{No. of contract months}$ <p data-bbox="967 954 1361 1088">The new and current rents are calculated on a monthly basis and exclude common service fees.</p> <p data-bbox="967 1122 1361 1294">For the avoidance of doubt, in the event that the current rent exceeds the new rent, no re-contract incentive fee will be payable.</p> </td> </tr> </table> <p data-bbox="549 1305 1361 1366">C. Increase in the leased space of an existing tenant or an additional contract for office space, etc.</p> <p data-bbox="549 1388 1361 1449">The lease contract administration fee shall be separately determined and negotiated.</p> <ul data-bbox="549 1505 994 1534" style="list-style-type: none"> <li data-bbox="549 1505 994 1534">• Date and Method of Payment <p data-bbox="549 1574 1361 1944">The property trustee shall provide the Property Manager, in accordance with the instructions of DHREIM, acting as the agent for DH TMK (the “Instruction Agent”), basic fee for all calculation periods by the 20th of the month following the calculation month for the relevant calculation period (or the previous business day if that date is a non-business day; however, when the instructions of the Instruction Agent are not given by five business days prior to the payment date, the property trustee shall not be responsible for delay in performance) as well as the consumption tax and regional consumption taxes assessed on such.</p>	(i) Re-contract base fee	The re-contract base fee shall be 50% of the current monthly rent (excluding common service fees).	(ii) Re-contract incentive fee	<p data-bbox="967 663 1361 797">The re-contract incentive fee shall be calculated in accordance with the formula below.</p> $\frac{(\text{New rent} - \text{Current rent})}{2} \times \text{No. of contract months}$ <p data-bbox="967 954 1361 1088">The new and current rents are calculated on a monthly basis and exclude common service fees.</p> <p data-bbox="967 1122 1361 1294">For the avoidance of doubt, in the event that the current rent exceeds the new rent, no re-contract incentive fee will be payable.</p>
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(ii) Re-contract incentive fee	<p data-bbox="967 663 1361 797">The re-contract incentive fee shall be calculated in accordance with the formula below.</p> $\frac{(\text{New rent} - \text{Current rent})}{2} \times \text{No. of contract months}$ <p data-bbox="967 954 1361 1088">The new and current rents are calculated on a monthly basis and exclude common service fees.</p> <p data-bbox="967 1122 1361 1294">For the avoidance of doubt, in the event that the current rent exceeds the new rent, no re-contract incentive fee will be payable.</p>				

Key Term	Summary
Termination	<p>If the trust agreement has ended for any reason (excluding the case in which the property trustee has delivered the trust property to DH TMK or the new GK), the property management agreement will automatically end.</p> <p>The property trustee or the master lessee (if any) may terminate the property management agreement by notifying the Property Manager in writing of such 10 or more days in advance when fact of any of the following items applies to the Property Manager. However, the property trustee or the master lessee (if any) may terminate immediately without requirement of any notice when any one of Items (i) through (iii), (vi), and (vii) apply to the Property Manager:</p> <ul style="list-style-type: none"> (i) Petition is filed to start dissolution, stop payment or bankruptcy procedures, corporate reorganisation, civil rehabilitation proceedings, special liquidation, specific arbitration procedures or similar procedures; (ii) Receives a disposition to suspend transactions with a clearing house; (iii) Receives a disposition for seizure, delinquency or compulsory execution; (iv) Acts to breach the property management agreement; (v) An objective reason exists that is sufficient for the property trustee or the master lessee (if any) and the asset manager to reasonably determine the Property Manager to be incapable of properly conducting the property management business; (vi) The property trustee or the master lessee (if any) deems such necessary in order to protect a subcontractor or the rights and profits of a party receiving profit under the trust agreement; (vii) A change to facts represented and warranted in the items that makes it difficult to continue to subcontract the property management business to the Property Manager arises; and (viii) Improvements to the property management business are not carried out despite instructions, etc. provided by the property trustee or the master lessee (if any) and asset manager.
Compensation for Damage	<p>If the property trustee incurs damage or expenses (including such resulting from third party demands) as a result of intention or negligence on the part of the Property Manager, its executives or employees or a subcontractor, the Property Manager shall compensate for all damages and expenses incurred as property trustee and Instruction Agent.</p>

Key Terms of the 2022 Individual Property Management Agreements

The key terms of the 2022 Individual Property Management Agreements are as follows:

Key Term	Summary
<p>The agreement concerning asset management agreements</p>	<p>The term of the property management agreement (the “Management Commission Term”) is one year from 2 December 2022 (or a date separately agreed to by the parties) (the “Management Commission Start Date”) until the last day of December 2023 and will automatically renew each year. However, the term shall not automatically renew in the event that one of the parties concerned sends written notification regarding the rejection of the renewal three months prior to the expiration of the property management agreement or in the event that the property management agreement is cancelled.</p> <p>If any of the following situation were to take place, the term will automatically be terminated on the date that such situation took place.</p> <ol style="list-style-type: none"> 1. If the related TBI was transferred from DH TMK to a third party, and, thereby, relocated to the transferee. 2. If the trust agreement has ended (excluding the case in which the Property Trustee delivered the property to DH TMK).
<p>Property Management Business</p>	<p>The business (the “Property Management Business”) of the Property Manager includes, but is not limited to, the following: (i) planning, management, supervision, evaluation and reporting services, (ii) tenant leasing and management services, (iii) facility operation services, (iv) facility maintenance and management services, (v) payments, accounts and ledger management services and (vi) facility technology management services. The building management services (the “BM Business”) mentioned in the business specifications prepared by the Property Trustee and the Property Manager upon separate agreement is included only in the 2022 Individual Property Management Agreement entered into in respect of DPL Iwakuni 1 & 2. However, the BM Business is not included under the Property Management Business in respect of D Project Matsuyama S and D Project Iruma S Land.</p> <p>The Property Management Business shall be calculated at the last day of each month and the calculation period (the “Calculation Period”) shall be from the day immediately following the last calculation day until the relevant calculation day. The first Calculation Period shall be from the Management Commission Start Date until the last day of the month and the final Calculation Period shall be from the day immediately following the last calculation day of the management commission until the final day of the Management Commission Term.</p>

Key Term	Summary										
Fee	<p>The Property Trustee shall provide fee to the Property Manager for the price of the Property Management Business (and in the case of the 2022 Individual Property Management Agreement entered into in respect of DPL Iwakuni 1 & 2 only, such excludes the BM Business) from the trust property under the relevant trust agreement.</p> <ul style="list-style-type: none"> Basic fee <p>The basic fee for each Calculation Period shall be the product of the sum of the rental fee paid to the Property Manager for the term from the first day of the previous month (including the first day) until the final day of the previous month (including the final day) under the tenant lease agreement plus common service fees, multiplied by 1.2% (However, amounts less than 100 yen shall be dropped.). However, if this amount is less than 300,000 yen, basic fee shall be 300,000 yen. Furthermore, when the Calculation Period of basic fee is less than one month, the calculation shall be based on the number of actual days for the relevant month and amounts less than 100 yen shall be rounded off.</p> <p>Notwithstanding the above, the basic fee for each Calculation Period in respect of D Project Iruma S Land is 50,000 yen per month.</p> <ul style="list-style-type: none"> Fee for improvement and repairs <p>When performing the improvement and repair work in accordance with the property management agreement, the Property Trustee shall appoint the Property Manager as the construction manager and provide the following fee. For work that the Property Manager undertakes as the builder, the Property Trustee shall not provide the following fees. In addition, amounts less than one yen shall be rounded off.</p> <table border="1" data-bbox="539 1319 1374 2022"> <tbody> <tr> <td data-bbox="539 1319 954 1431">The total for one order of construction work is less than 1,000,000 yen</td> <td data-bbox="954 1319 1374 1431">Free of charge</td> </tr> <tr> <td data-bbox="539 1431 954 1574">The total for one order of construction work is equal to JPY 1,000,000 or higher but less than JPY 5,000,000</td> <td data-bbox="954 1431 1374 1574">5% of the total for the order of construction work (excluding tax)</td> </tr> <tr> <td data-bbox="539 1574 954 1718">The total for one order of construction work is equal to JPY 5,000,000 or higher but less than JPY 10,000,000</td> <td data-bbox="954 1574 1374 1718">250,000 yen + 4% of the amount for one order of construction work that exceeds 5,000,000 yen (excluding tax)</td> </tr> <tr> <td data-bbox="539 1718 954 1861">The total for one order of construction work is JPY 10,000,000 or higher</td> <td data-bbox="954 1718 1374 1861">450,000 yen + 3% of the amount for one order of construction work that exceeds 10,000,000 yen (excluding tax)</td> </tr> <tr> <td data-bbox="539 1861 954 2022">The total for one construction job exceeds JPY 100,000,000</td> <td data-bbox="954 1861 1374 2022">Up to 3,150,000 yen + 2% of the amount for one order of construction work that exceeds 100,000,000 yen (excluding tax)</td> </tr> </tbody> </table>	The total for one order of construction work is less than 1,000,000 yen	Free of charge	The total for one order of construction work is equal to JPY 1,000,000 or higher but less than JPY 5,000,000	5% of the total for the order of construction work (excluding tax)	The total for one order of construction work is equal to JPY 5,000,000 or higher but less than JPY 10,000,000	250,000 yen + 4% of the amount for one order of construction work that exceeds 5,000,000 yen (excluding tax)	The total for one order of construction work is JPY 10,000,000 or higher	450,000 yen + 3% of the amount for one order of construction work that exceeds 10,000,000 yen (excluding tax)	The total for one construction job exceeds JPY 100,000,000	Up to 3,150,000 yen + 2% of the amount for one order of construction work that exceeds 100,000,000 yen (excluding tax)
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The total for one construction job exceeds JPY 100,000,000	Up to 3,150,000 yen + 2% of the amount for one order of construction work that exceeds 100,000,000 yen (excluding tax)										

Key Term	Summary								
	<p>Notwithstanding the above, no fee for improvement and repairs shall be incurred in respect of D Project Iruma S Land.</p> <ul style="list-style-type: none"> Lease Contract Administration Fee <p>In the event that a new lease contract is signed or the term of an existing lease is extended, a lease contract administration fee (“Lease Contract Administration Fee”) for work done including to give tenants tours of the property, conduct the necessary surveys, negotiate the contract terms and prepare the relevant documents will be payable as follows. Any Lease Contract Administration Fee payable shall not exceed the maximum amount stipulated under the relevant laws and regulations.</p> <table border="1" data-bbox="536 696 1374 1839"> <thead> <tr> <th colspan="2" data-bbox="536 696 1374 745">A. New tenants</th> </tr> </thead> <tbody> <tr> <td colspan="2" data-bbox="536 745 1374 790">(i) Signing a new lease with a term of three years or more</td> </tr> <tr> <td data-bbox="536 790 954 1525">Where new tenants are sought by third parties (including the Sponsor and its subsidiaries and affiliates)</td> <td data-bbox="954 790 1374 1525"> <p>The third party shall be entitled to a Lease Contract Administration Fee up to an amount equivalent to one month of the new tenant’s monthly rent (excluding consumption tax) (“New Tenant’s Rent”) payable by the Property Manager. The Property Manager may request the reimbursement of the Lease Contract Administration Fee.</p> <p>In this case, the Property Manager shall be entitled to a Lease Contract Administration Fee equivalent to 0.5 months of the New Tenant’s Rent up to 5 million yen and no less than 1 million yen.</p> </td> </tr> <tr> <td data-bbox="536 1525 954 1839">Where new tenants are sought by the Property Manager</td> <td data-bbox="954 1525 1374 1839">The Property Manager shall be entitled to an amount consisting of the Lease Contract Administration Fee equivalent to one month of the New Tenant’s Rent as consideration for the lease contract administration and leasing services rendered.</td> </tr> </tbody> </table>	A. New tenants		(i) Signing a new lease with a term of three years or more		Where new tenants are sought by third parties (including the Sponsor and its subsidiaries and affiliates)	<p>The third party shall be entitled to a Lease Contract Administration Fee up to an amount equivalent to one month of the new tenant’s monthly rent (excluding consumption tax) (“New Tenant’s Rent”) payable by the Property Manager. The Property Manager may request the reimbursement of the Lease Contract Administration Fee.</p> <p>In this case, the Property Manager shall be entitled to a Lease Contract Administration Fee equivalent to 0.5 months of the New Tenant’s Rent up to 5 million yen and no less than 1 million yen.</p>	Where new tenants are sought by the Property Manager	The Property Manager shall be entitled to an amount consisting of the Lease Contract Administration Fee equivalent to one month of the New Tenant’s Rent as consideration for the lease contract administration and leasing services rendered.
A. New tenants									
(i) Signing a new lease with a term of three years or more									
Where new tenants are sought by third parties (including the Sponsor and its subsidiaries and affiliates)	<p>The third party shall be entitled to a Lease Contract Administration Fee up to an amount equivalent to one month of the new tenant’s monthly rent (excluding consumption tax) (“New Tenant’s Rent”) payable by the Property Manager. The Property Manager may request the reimbursement of the Lease Contract Administration Fee.</p> <p>In this case, the Property Manager shall be entitled to a Lease Contract Administration Fee equivalent to 0.5 months of the New Tenant’s Rent up to 5 million yen and no less than 1 million yen.</p>								
Where new tenants are sought by the Property Manager	The Property Manager shall be entitled to an amount consisting of the Lease Contract Administration Fee equivalent to one month of the New Tenant’s Rent as consideration for the lease contract administration and leasing services rendered.								

Key Term	Summary	
	(ii) Signing a new lease with a term less than three years	
	Where new tenants are sought by third parties (including the Sponsor and its subsidiaries and affiliates)	The Lease Contract Administration Fee shall be separately negotiated and not exceed the amount payable in (A)(i) above.
	Where new tenants are sought by the Property Manager	The Lease Contract Administration Fee shall be separately negotiated and not exceed the amount payable in (A)(i) above.
	B. Re-contracting with an existing tenant or extending the contract term	
	The Property Trustee shall pay the Property Manager the total of the re-contract base fee and the re-contract incentive fee (the “ Re-contract Administration Fee ”). However, the maximum amount of the Re-contract Administration Fee shall be an amount equivalent to 1 month’s new rent. In addition, if the Re-contract Administration Fee is less than 600,000 yen according to the formula, it shall be negotiated with 600,000 yen as upper limit.	
	(iii) Re-contract base fee	The re-contract base fee shall be 50% of the current monthly rent (excluding common service fees).
	(iv) Re-contract incentive fee	<p>The re-contract incentive fee shall be calculated in accordance with the formula below.</p> $\frac{(\text{New rent} - \text{Current rent})}{2} \times \text{No. of contract months}$ <p>The new and current rents are calculated on a monthly basis and exclude common service fees.</p> <p>For the avoidance of doubt, in the event that the current rent exceeds the new rent, no re-contract incentive fee will be payable.</p>
	C. Increase in the leased space of an existing tenant or an additional contract for office space, etc.	
	The Lease Contract Administration Fee shall be separately determined and negotiated.	

Key Term	Summary
	<p>Notwithstanding the above, no Lease Contract Administration Fee shall be incurred in respect of D Project Iruma S Land.</p> <ul style="list-style-type: none"> • Form of Payment of Fees <p>The property trustee shall provide the Property Manager, in accordance with the instructions of DHREIM, acting as the agent for DH TMK (the “Instruction Agent”), a basic fee for all calculation periods by the 20th of the month following the calculation month for the relevant calculation period (or the previous business day if that date is a non-business day; however, when the instructions of the Instruction Agent are not given by five business days prior to the payment date, the Property Trustee shall not be responsible for delay in performance) as well as the consumption tax and regional consumption taxes assessed on such.</p>
Termination	<p>If the relevant trust agreement has ended for any reason (excluding the case in which the Property Trustee has delivered the relevant trust property to the Beneficiary), the 2022 Individual Property Management Agreement will automatically end. The Property Trustee may terminate the 2022 Individual Property Management Agreement by notifying the Property Manager in writing of such 10 or more days in advance when fact of any of the following items applies to the Property Manager. However, the Property Trustee may terminate immediately without requirement of any notice when any one of Items (i) through (iii), (vi), and (vii) apply to the Property Manager:</p> <ul style="list-style-type: none"> (i) Petition is filed to start dissolution, stop payment or bankruptcy procedures, corporate reorganisation, civil rehabilitation proceedings, special liquidation, specific arbitration procedures or similar procedures; (ii) Receives a disposition to suspend transactions with a clearing house; (iii) Receives a disposition for seizure, delinquency or compulsory execution; (iv) Acts to breach the property management agreement; (v) An objective reason exists that is sufficient for the property trustee or the master lessee (if any) and the asset manager to reasonably determine the Property Manager to be incapable of properly conducting the property management business; (vi) The property trustee or the master lessee (if any) deems such necessary in order to protect a subcontractor or the rights and profits of a party receiving profit under the trust agreement; (vii) A change to facts represented and warranted in the items that makes it difficult to continue to subcontract the property management business to the Property Manager arises; and (viii) Improvements to the property management business are not carried out despite instructions, etc. provided by the property trustee or the master lessee (if any) and asset manager.

Key Term	Summary
Compensation for Damage	If the Property Trustee incurs damage or expenses (including such resulting from third party demands) related to the relevant 2022 Individual Property Management Agreement as a result of intention or negligence on the part of the Property Manager, its executives or employees or a subcontractor, the Property Manager shall compensate for all damages and expenses incurred as the Property Trustee and the Instruction Agent directs.

Key terms of the Iwakuni MLA

The key terms of the Iwakuni MLA are as follows:

Key Term	Summary
Lease term and renewal	The term of the lease agreement is, subject to the completion of the Proposed Acquisition, from 2 December 2022 to the last day of December 2023 or the date separately agreed to by Sumitomo Mitsui Trust Bank, Limited (the “ Master Lessor ”) and DH-CRUX Japan Intermediate GK (the “ Master Lessee ”). The lease agreement will automatically renew each subsequent year unless the Master Lessor or the Master Lessee gives the other a written notification regarding the rejection of the renewal six (6) months prior to the expiration of the term or in the event that the Iwakuni MLA is terminated in accordance with stipulations in the lease agreement.
Rent	<p>The rent for the Master Lease (hereafter “Master Lease Rent”) shall be paid monthly and the amount from the first day of the previous month (including the first) to final day of the previous month (including that date) (hereafter “Period Corresponding to Tenant Rent”) out of the total rent payable by the tenant leasing the building of the property to the Master Lessee (“Tenant Rent”) under the tenant lease for the Period Corresponding to Tenant Rent shall be the Master Lease Rent for the current month. The Tenant Rent includes common service fees, rental fees for displays, rental fees for the parking lot, rental fees for auxiliary equipment which includes revenue from installing vending machines, and any revenue from delinquency charges. However, this excludes the security deposit and other deposits paid by the tenant.</p> <p>However, in the event that there is outstanding unpaid Tenant Rent for the relevant Period Corresponding to Tenant Rent, the payment of the amount equivalent to any outstanding Master Lease Rent payable by the Master Lessee to the Property Trustee shall be deferred until such amount is actually paid by the tenant. This is because under the pass-through master lease structure, the Master Lease Rent is paid out of the Tenant Rent collected including the case where such payment is appropriated from the security deposit or other deposits paid by the Tenant to the Master Lessee, in the event that the tenant defaults on rent or other payments under the tenant lease agreement.</p>

Key Term	Summary
<p>Security Deposit payable by the Master Lessee to the Property Trustee (“Master Lease Security Deposit”)</p>	<p>The Master Lessee will provide a security deposit to the Property Trustee equivalent to the total security deposit payable by the Tenant (which, regardless of naming conventions, includes anything that can be substantially regarded as a security deposit; the “Tenant Security Deposit”) that the Master Lessee received from the Tenant under the tenant lease agreement. In the event that the total amount of the security deposit which the Master Lessee receives from the Tenant fluctuates during the term of the Iwakuni MLA, the Master Lease Security Deposit shall be adjusted to be an equivalent amount (in accordance with the pass-through nature of the Master Lease Agreement under which the Master Lessee’s obligation is to provide such sum of the Tenant Security Deposit collected under the respective tenant lease agreements).</p> <p>At the termination of a tenant lease agreement (under any circumstances), if the Master Lessee should refund the security deposit to the Tenant in accordance with the tenant lease agreement, the Master Lessee shall submit a refund request in relation to the Master Lease Security Deposit paid by the Master Lessee to the Property Trustee a month prior to the term of refund of the Tenant Security Deposit, and upon receipt of such refund of the Master Lease Security Deposit by the Master Lessee, the Master Lessee shall refund to the Tenant the amount equivalent to the tenant’s security deposit.</p>
<p>Insurance, Taxes and Public Charges</p>	<p>The Master Lessor shall bear the taxes and public dues pursuant to the land, building, and facilities in the possession of the Master Lessor, as well as the insurance premium for them.</p> <p>The Master Lessee shall cause the Tenant to bear the taxes and public dues pursuant to facilities in the possession of the Tenant, fixtures, display implements, furnishing, and merchandise, as well as the insurance premium for them</p>
<p>Response to the Tenants in Breach of Obligations</p>	<p>In the event that the Master Lessee becomes aware of non-payment by the Tenant of the Tenant Rent, etc., parking fees, restoration expenses, etc., or any other breach by Tenant under the lease agreement with the Tenant (the “Tenant Lease Agreement”), the Master Lessee shall immediately report to the Master Lessor and DH CRUX Japan TMK (the “Beneficiary”) to that effect, and unless it constitutes a violation of law or agreements to which the Master Lessee is a party, the Master Lessee shall, in accordance with the instructions of the Master Lessor or the Beneficiary, cooperate with the Property Manager to take actions such as demand, appropriation from the security deposit of the Tenant, cancellation of the Tenant Lease Agreement, filing a lawsuit, and requesting the surrender of the building against such Tenant in breach.</p>

Key Term	Summary
Destruction	<p>In the event that the building is lost or damaged and it becomes impossible to achieve the purpose of the Iwakuni MLA due to natural disaster or other reasons attributable to either the Master Lessor or the Master Lessee, the both shall confer separately concerning remedial measures. Furthermore, neither the Master Lessor nor the Master Lessee shall be liable to compensate the counterparty for damage sustained in such an instance.</p>
Termination	<p>If any of the following situation were to take place, the Iwakuni MLA will automatically be terminated on the date that this took place:</p> <ul style="list-style-type: none"> (i) If the beneficial interest under the trust agreement (the “Trust Agreement (Master Lease Property)”) related to the Master Lease Property was transferred from the Beneficiary to a third party, and, thereby, relocated to the transferee; or (ii) If the Trust Agreement (Master Lease Property) has ended (excluding the case in which the Master Lessor delivered the building to the Beneficiary). <p>The Master Lessor may terminate the Iwakuni MLA by notifying the Master Lessee in writing of such 10 or more days in advance when fact of any of the following items applies to the Master Lessee. However, the Master Lessor may terminate immediately without requirement of any notice when any one of items (1) through (3) apply to the Master Lessee:</p> <ul style="list-style-type: none"> (i) Petition is filed to start dissolution, stop payment, or bankruptcy procedures, corporate reorganisation, civil rehabilitation proceedings, special liquidation, specific arbitration procedures or similar procedures; (ii) Receives a disposition to suspend transactions with a clearing house; (iii) Receives a disposition for seizure, delinquency or compulsory execution; or (iv) Acts to breach the Iwakuni MLA.
Governing Law	Japan
Dispute Resolution	The Tokyo District Court shall hold exclusive jurisdiction for the first instance.

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APPENDIX F: PROCEDURES FOR EXTRAORDINARY GENERAL MEETING

Unitholders (including CPF and SRS investors) will be able to (i) observe and/or listen to the EGM proceedings through a live audio-visual webcast or live audio-only stream by pre-registering, (ii) submit questions in advance of, or live at, the EGM and (iii) vote at the EGM (a) live by the Unitholder or his/her/its duly appointed proxy(ies) (other than the Chairman of the EGM) via electronic means; or (b) by appointing the Chairman of the EGM as proxy to vote on the Unitholder's behalf at the EGM. The relevant steps for doing so are summarised in the table below.

No.	Steps	Details
1.	Pre-registration	<p>Unitholders, including CPF and SRS investors, can pre-register themselves or, where applicable, their appointed proxy(ies), for the EGM at the pre-registration website at https://www.daiwahouse-logisticstrust.com from Wednesday, 16 November 2022 up to 2.00 p.m. (Singapore time) on Monday, 28 November 2022 to enable the Manager to verify their status. Unitholders who wish to appoint a proxy(ies) (other than the Chairman of the EGM) must, in addition to completing and submitting an instrument appointing a proxy(ies), pre-register their appointed proxy(ies) in the manner set out above.</p> <p>Following the verification, authenticated Unitholders, including CPF and SRS investors, or, where applicable, their duly appointed proxy(ies) who have (or have been) pre-registered will receive the Confirmation Email by 2.00 p.m. (Singapore time) on Wednesday, 30 November 2022 which will contain unique login credentials and the instructions as well as the link to access the live audio-visual webcast and a toll-free telephone number to access the live audio-only stream of the EGM proceedings.</p> <p>Unitholders, including CPF and SRS investors, or, where applicable, their appointed proxy(ies) who have (or have been) pre-registered by the 28 November 2022 deadline but have not received the Confirmation Email by 2.00 p.m. (Singapore time) on Wednesday, 30 November 2022 should immediately contact DHLT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at +65 6536 5355 (during office hours) or via email at DHLT-EGM2022@boardroomlimited.com.</p> <p>Investors who hold Units through a relevant intermediary, other than CPF and SRS investors, will not be able to pre-register at https://www.daiwahouse-logisticstrust.com for the live broadcast of the EGM. Such investors who wish to participate in the EGM should instead approach their relevant intermediary through which they hold such Units as soon as possible in order to make the necessary arrangements for their participation in the EGM.</p>

No.	Steps	Details
2.	Submission of questions in advance of the EGM	<p>Submission of questions in advance of the EGM: Unitholders, including CPF and SRS investors, can submit to the Chairman of the EGM substantial and relevant questions related to the Resolutions in advance of the EGM, in the following manner:</p> <p>(a) If submitted electronically, be submitted via (i) email to the Manager, at ir@daiwahouse-lt.com or (ii) the pre-registration website at https://www.daiwahouse-logisticstrust.com;</p> <p>(b) If submitted by post, be deposited at the office of DHLT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632;</p> <p>(c) 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:</p> <p>(i) the Unitholder's full name;</p> <p>(ii) the Unitholder's address; and</p> <p>(iii) the manner in which the Unitholder holds the Units (e.g., via CDP, CPF or SRS);</p> <p>(d) Deadline to submit questions: All questions must be submitted by 2.00 p.m. (Singapore time) on Monday, 28 November 2022.</p> <p>In view of the current COVID-19 situation in Singapore, Unitholders are strongly encouraged to submit their questions via the pre-registration website or by email.</p> <p>Addressing substantial and relevant questions: The Manager will endeavour to address all substantial and relevant questions (which are related to the Resolutions), received in advance of the EGM from Unitholders, prior to or during the EGM. The Manager will publish the responses to the substantial and relevant questions on DHLT's website and on SGXNET. Unitholders are encouraged to submit their questions promptly so that they may be addressed by the Manager. Where substantially similar questions are received, the Manager will consolidate such questions and consequently, not all questions may be individually addressed.</p> <p>Minutes of EGM: The Manager will publish the minutes of the EGM on DHLT's website and on SGXNET within one month from the date of the EGM, and the minutes will include the responses to substantial and relevant questions from Unitholders which are addressed during the EGM.</p>

No.	Steps	Details
3.	Question and answer at the EGM	<p>Asking of questions at the EGM: At the EGM, Unitholders (including CPF and SRS investors) or, where applicable, their duly appointed proxies can also ask substantial and relevant questions related to the Resolutions by typing in and submitting their questions through the live chat function via the audio-visual webcast platform. To do so, Unitholders must be pre-registered and authenticated.</p> <p>Minutes of EGM: The Manager will publish the minutes of the EGM on DHLT's website and on SGXNET within one month from the date of the EGM, and the minutes will include the responses to substantial and relevant questions from Unitholders which are addressed during the EGM.</p>
4.	Submission of Proxy Form to vote	<p>Appointment of proxy(ies): Unitholders (other than CPF and SRS investors) who wish to submit an instrument of proxy must complete and sign the Proxy Form, before submitting it in the manner set out below. The Proxy Form is accessible 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.</p> <p>Submission of Proxy Forms: Proxy Forms must be submitted in the following manner:</p> <p>(a) if submitted by post, be lodged at the office of DHLT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or</p> <p>(b) if submitted electronically, be submitted via email to DHLT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at DHLT-EGM2022@boardroomlimited.com,</p> <p>in either case, not later than 2.00 p.m. (Singapore time) on Monday, 28 November 2022, being not less than 72 hours before the time fixed for holding the EGM.</p> <p>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 EGM and at any adjournment thereof.</p> <p>Deemed revocation of proxy appointment if Unitholder attends the EGM as well. 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 EGM if he/she so wishes. The appointment of the proxy(ies) for the EGM will be deemed to be revoked if the Unitholder attends the EGM as well 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 EGM. For the avoidance of doubt, Unitholders will still need to pre-register at DHLT's pre-registration website at the URL https://www.daiwahouse-logisticstrust.com from Wednesday, 16 November 2022 up to Monday, 28 November 2022 at 2.00 p.m. (Singapore time) in order to attend the EGM via electronic means.</p>

No.	Steps	Details
		<p>A Unitholder who wishes to submit the Proxy Form by post or via email must first complete and sign the Proxy Form, before submitting it by post to the address provided above, or before attaching and sending a clear PDF copy of it to the email address provided above.</p> <p>In view of the evolving COVID-19 situation in Singapore, Unitholders are strongly encouraged to submit completed Proxy Forms electronically via email.</p> <p>Unitholders who hold their Units through relevant intermediaries (other than CPF and SRS investors): Persons who hold Units through relevant intermediaries, other than CPF and SRS investors, and who wish to participate in the EGM by (i) observing and/or listening to the EGM proceedings via live audio-visual webcast or live audio-only stream; (ii) submitting questions to the Chairman of the EGM in advance of, or live at, the EGM; and/or (iii) voting at the EGM (a) live via electronic means by being appointed as proxy by their relevant intermediary; or (b) by appointing the Chairman of the EGM as proxy to vote on their behalf at the EGM, should contact their relevant intermediary through which they hold such Units as soon as possible in order for the necessary arrangements to be made for their participation in the EGM.</p> <p>CPF and SRS investors: CPF and SRS investors may (a) vote live via electronic means at the EGM 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) appoint the Chairman of the EGM as proxy to vote on their behalf at the EGM, in which case they should approach their respective CPF Agent Banks or SRS Operators by 2.00 p.m. (Singapore time) on Monday, 21 November 2022, being at least seven (7) working days before the date of the EGM, to ensure their votes are submitted. For the avoidance of doubt, while CPF and SRS investors may themselves be appointed as proxies by their respective CPF Agent Bank or SRS Operator, CPF and SRS investors will not be able to appoint third-party proxy(ies) (i.e., persons other than the Chairman of the EGM) to vote live at the EGM on their behalf.</p>
5.	Voting live at the EGM	<p>Unitholders, including CPF and SRS investors, can pre-register themselves for the EGM at the pre-registration website at https://www.daiwahouse-logisticstrust.com from Wednesday, 16 November 2022 up to 2.00 p.m. (Singapore time) on Monday, 28 November 2022 to enable the Manager to verify their status. Unitholders who wish to appoint a proxy(ies) (other than the Chairman of the EGM) must, in addition to completing and submitting an instrument appointing a proxy(ies), pre-register their appointed proxy(ies) at the pre-registration website at https://www.daiwahouse-logisticstrust.com.</p>

APPENDIX G: NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an **EXTRAORDINARY GENERAL MEETING** (“**EGM**”) of the holders of units of Daiwa House Logistics Trust (“**DHLT**”, and holders of units in DHLT, the “**Unitholders**”) will be convened and held wholly by way of electronic means on **Thursday, 1 December 2022 at 2.00 p.m. (Singapore time)**, for the purpose of considering and, if thought fit, passing (with or without modification) the following resolutions (capitalised terms not otherwise defined herein shall have the meanings ascribed to them in the circular to Unitholders dated 16 November 2022 (the “**Circular**”)):

ORDINARY RESOLUTION 1

PROPOSED ACQUISITION OF TWO FREEHOLD LOGISTICS PROPERTIES AND UNDERLYING FREEHOLD LAND OF D PROJECT IRUMA S LOCATED IN JAPAN, AS AN INTERESTED PERSON TRANSACTION

That subject to and contingent upon the passing of Resolution 2:

- (i) approval be and is hereby given for the proposed acquisition of the properties known as DPL Iwakuni 1 & 2, D Project Matsuyama S and the D Project Iruma S Land from the Seller on the terms and conditions set out in the DHI TBI SPA (as described in the Circular) and the entry into the DHI TBI SPA be and is hereby approved and ratified;
- (ii) approval be and is hereby given for the payment of all fees and expenses relating to the Proposed Acquisition;
- (iii) approval be and is hereby given for the entry by DHLT (whether directly or indirectly through its subsidiaries) into all agreements and transactions in connection with the Proposed Acquisition and all ancillary agreements contemplated thereby or incidental thereto, or which are necessary to give effect to the Proposed Acquisition; and
- (iv) the Manager, any Director of the Manager and the Trustee, be and are hereby severally authorised to complete and do all such acts and things (including approving, modifying and executing all such documents as may be required) as the Manager, such Director or, as the case may be, the Trustee may consider expedient or necessary or in the interests of DHLT to give effect to the Proposed Acquisition and the entry into the DHI TBI SPA and all transactions in connection therewith.

ORDINARY RESOLUTION 2

PROPOSED SPONSOR SUBSCRIPTION

That subject to and contingent upon the passing of Resolution 1:

- (i) approval be and is hereby given for the Proposed Sponsor Subscription; and
- (ii) the Manager, the Directors of the Manager, the Trustee and each of them be and are hereby authorised to do all such things and execute all such documents as they or he may consider necessary or appropriate to give effect to this resolution as they or he may think fit with full power to assent to any condition, modification, variation and/or amendment that may be required, or that may be imposed by any regulatory authority and to issue or enter into any confirmations, agreements or arrangements as may be necessary or expedient to give full effect to, implement and complete the Proposed Sponsor Subscription.

Unitholders should note that Resolutions 1 and 2 are inter-conditional and DHLT will only proceed with the Proposed Acquisition and the Proposed Sponsor Subscription if both of the Resolutions are approved. In the event that Resolution 1 or Resolution 2 is not approved, DHLT will not proceed with the Proposed Acquisition and/or the Proposed Sponsor Subscription.

Unitholders should also note that even in the event that both Resolutions 1 and 2 are approved, there is no assurance that both the Proposed Acquisition and the Proposed Sponsor Subscription will complete. The Proposed Acquisition and the Proposed Sponsor Subscription each remains subject to the terms of the DHI TBI SPA and the Subscription Agreement respectively.

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
16 November 2022

Important Notice:

1. The EGM is being convened and will be held wholly by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 on **Thursday, 1 December 2022 at 2.00 p.m. (Singapore time)**. Any reference to a time of day is made by reference to Singapore time.

As a precautionary measure due to the evolving COVID-19 situation in Singapore, a Unitholder will not be able to attend the EGM physically. Alternative arrangements relating to conduct and attendance at the EGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions in advance of, or live at, the EGM, addressing of substantial and relevant questions in advance of, or live at, the EGM and voting at the EGM (i) live by the Unitholder or his/her/its duly appointed proxy(ies) (other than the Chairman of the EGM) via electronic means; or (ii) by appointing the Chairman of the EGM as proxy to vote on the Unitholder's behalf at the EGM, are set out below and in the Circular dated 16 November 2022.

This Notice of EGM, the Proxy Form, the Request Form and the Circular will be sent to Unitholders by electronic means via publication on DHLT's website at the URL <https://www.daiwahouse-logisticstrust.com> and will also be made available on the website of the SGX-ST at the URL <https://www.sgx.com/securities/company-announcements>.

Printed copies of this Notice of EGM, the Proxy Form and the Request Form will be sent to Unitholders.

However, printed copies of the Circular will **not** be sent to Unitholders. Any Unitholder who wishes to receive printed copies of the Circular should submit his/her/its completed Request Form to the Unit Registrar by **2.00 p.m. (Singapore time) on Wednesday, 23 November 2022**.

2. Pre-registration

Unitholders, including CPF and SRS investors, will be able to observe and/or listen to the EGM proceedings through a live audio-visual webcast via their mobile phones, tablets or computers or live audio-only stream via mobile phones or telephones. In order to do so, Unitholders, including CPF and SRS investors, or, where applicable, their appointed proxy(ies), must pre-register at DHLT's pre-registration website at <https://www.daiwahouse-logisticstrust.com>, from **Wednesday, 16 November 2022 up to 2.00 p.m. (Singapore time) on Monday, 28 November 2022** to enable the Manager to verify their status as Unitholders.

Following the verification, authenticated Unitholders, including CPF and SRS investors, or, where applicable, their duly appointed proxy(ies) who have (or have been) pre-registered, will receive a confirmation email, which will contain unique login credentials and the instructions as well as the link to access the live audio-visual webcast and a toll-free telephone number to access the live audio-only stream of the EGM proceedings, by **2.00 p.m. (Singapore time) on Wednesday, 30 November 2022**. Unitholders, including CPF and SRS investors, or, where applicable, their duly appointed proxy(ies), who have (or have been) pre-registered by the 28 November 2022 deadline but have not received the confirmation email by **2.00 p.m. (Singapore time) on Wednesday, 30 November 2022** should contact DHLT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at [+65 6536 5355](tel:+6565365355) (during office hours) or via email at DHLT-EGM2022@boardroomlimited.com.

3. Question and answer and EGM minutes

Unitholders, including CPF and SRS investors, or, where applicable, their appointed proxy(ies), can submit questions in advance of, or at, the EGM.

Submission of questions in advance of the EGM

Unitholders, including CPF and SRS investors, can submit substantial and relevant questions related to the Resolutions in advance of the EGM. Such questions must be received by the Manager no later than **2.00 p.m. (Singapore time) on Monday, 28 November 2022**, and can be submitted in the following manner:

- (a) if submitted by post, be deposited at the office of DHLT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or
- (b) if submitted electronically, be submitted via (i) email to the Manager, at ir@daiwahouse-lt.com or (ii) the pre-registration website at <https://www.daiwahouse-logisticstrust.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:

- (i) the Unitholder's full name;
- (ii) the Unitholder's address; and
- (iii) the manner in which the Unitholder holds Units in DHLT (e.g., via CDP, CPF or SRS).

In view of the current COVID-19 situation in Singapore, Unitholders are strongly encouraged to submit their questions via the pre-registration website or by email.

The Manager will endeavour to address all substantial and relevant questions (which are related to the Resolutions), received in advance of the EGM from Unitholders, prior to or during the EGM. The Manager will publish the responses to the substantial and relevant questions on DHLT's website and on SGXNET. Unitholders are encouraged to submit their questions promptly so that they may be addressed by the Manager. Where substantially similar questions are received, the Manager will consolidate such questions and consequently, not all questions may be individually addressed.

Ask questions at the EGM

At the EGM, Unitholders, including CPF and SRS investors, or, where applicable, their appointed proxy(ies) can also ask substantial and relevant questions related to the Resolutions by typing in and submitting their questions through the live chat function via the audio-visual webcast platform. To do so, Unitholders, including CPF and SRS investors, or, where applicable, their appointed proxy(ies), must be pre-registered and authenticated.

The Chairman of the EGM will conduct the proceedings of the EGM and, together with the remaining directors and senior management of the Manager, will endeavour to address the substantial and relevant questions raised prior to or during the EGM which are related to the Resolutions.

The Manager will publish the minutes of the EGM on DHLT's website at the URL <https://www.daiwahouse-logisticstrust.com> and the website of the SGX-ST at the URL <https://www.sgx.com/securities/company-announcements> within one month from the date of the EGM, and the minutes will include the responses to the substantial and relevant questions received from Unitholders which are addressed during the EGM.

4. Vote, or appoint proxy(ies) to vote, at the EGM

Unitholders, including CPF and SRS investors, or, where applicable, their duly appointed proxy(ies) who have (or have been) pre-registered, will be required to log-in to the live webcast using the unique login credentials provided in the confirmation email.

Unitholders, including CPF and SRS investors, or, where applicable, their duly appointed proxy(ies) who have (or have been) pre-registered must access the EGM proceedings via the live audio-visual webcast in order to vote live at the EGM, and will not be able to do so via the audio-only stream of the EGM proceedings.

A Unitholder who wishes to exercise his/her/its voting rights at the EGM may:

- (a) vote live at the EGM;
- (b) appoint the Chairman of the EGM as proxy to vote on their behalf at the EGM; or
- (c) appoint a proxy(ies) to vote at the EGM on their behalf at the EGM.

Appointment of proxy(ies)

Unitholders who wish to appoint a proxy(ies), including the Chairman of the EGM, must submit an instrument of proxy by post or via email in the manner stated below.

A Unitholder who is not a relevant intermediary (as defined below) is entitled to appoint not more than two proxies to attend, speak and vote at the EGM. Where such Unitholder's instrument appointing a proxy(ies) appoints more than one proxy, the proportion of his/her/its unitholding concerned to be represented by each proxy must be specified in the instrument appointing a proxy(ies).

A Unitholder who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder's instrument appointing a proxy(ies) appoints more than two proxies, the number and class of Units held in relation to which each proxy has been appointed must 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) (if applicable) the Central Provident Fund 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 Central Provident Fund Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Printed copies of the Proxy Form will be sent to Unitholders. The Proxy Form can also be downloaded from DHLT’s website at the URL <https://www.daiwahouse-logisticstrust.com> and from the website of the SGX-ST at the URL <https://www.sgx.com/securities/company-announcements>.

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, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, 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, Boardroom Corporate Advisory Services Pte. Ltd., at DHLT-EGM2022@boardroomlimited.com,

in each case, by **2.00 p.m. (Singapore time) on Monday, 28 November 2022**, being 72 hours before the time fixed for the EGM.

In view of the evolving COVID-19 situation in Singapore, Unitholders are strongly encouraged to submit their completed Proxy Forms electronically via email.

5. Persons who hold Units through relevant intermediaries (other than CPF and SRS investors)

Persons who hold Units through relevant intermediaries, other than CPF and SRS investors, and who wish to participate in the EGM by (i) observing and/or listening to the EGM proceedings via live audio-visual webcast or live audio-only stream; (ii) submitting questions in advance of, or live at, the EGM; and/or (iii) voting at the EGM (a) live via electronic means by being appointed as proxy by their relevant intermediary; or (b) by appointing the Chairman of the EGM as proxy to vote on their behalf at the EGM, should contact their relevant intermediary through which they hold such Units as soon as possible in order for the necessary arrangements to be made for their participation in the EGM.

6. CPF and SRS investors

CPF and SRS investors may (a) vote live via electronic means at the EGM 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) appoint the Chairman of the EGM as proxy to vote on their behalf at the EGM, in which case they should approach their respective CPF Agent Banks or SRS Operators by **2.00 p.m. (Singapore time) on Monday, 21 November 2022**, being at least seven (7) working days before the date of the EGM, to ensure their votes are submitted. For the avoidance of doubt, while CPF and SRS investors may themselves be appointed as proxies by their respective CPF Agent Bank or SRS Operator, CPF and SRS investors will not be able to appoint third-party proxy(ies) (i.e., persons other than the Chairman of the EGM) to vote live at the EGM on their behalf.

7. Other information

- (a) A proxy need not be a Unitholder.
- (b) The Circular dated 16 November 2022 (in relation to the Proposed Acquisition and the Proposed Sponsor Subscription) and its related documents (including this Notice of EGM, the Proxy Form and the Request Form) have been published on DHLT's website and may be accessed at the URL <https://www.daiwahouse-logisticstrust.com> and the website of the SGX-ST at the URL <https://www.sgx.com/securities/company-announcements>.
- (c) Due to the constantly evolving COVID-19 situation in Singapore, the Manager may be required to change the arrangements for the EGM at short notice. Unitholders should check DHLT's website at the URL <https://www.daiwahouse-logisticstrust.com> and the website of the SGX-ST at the URL <https://www.sgx.com/securities/company-announcements> for the latest updates on the status of the EGM.

PERSONAL DATA PRIVACY:

By (a) submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof; (b) submitting the pre-registration for the EGM in accordance with this Notice of EGM and/or (c) submitting any question in advance of, or at, the EGM, a Unitholder:

- (i) consents to the collection, use and disclosure of the Unitholder's personal data by DHLT, the Manager and the Trustee (and their respective agents or service providers) for the following purposes:
 - (1) the processing, administration and analysis by DHLT, the Manager and the Trustee (and their respective agents or service providers) of instruments appointing a proxy(ies) and/or representative(s) for the EGM (including any adjournment thereof);
 - (2) the processing of the pre-registration for purposes of verifying the status of Unitholders, granting access to Unitholders (or their appointed proxy(ies)) to the EGM and providing them with any technical assistance where necessary;
 - (3) the addressing of relevant and substantial questions received from Unitholders in advance of or at the EGM and, if necessary, the following up with the relevant Unitholders in relation to such questions;

- (4) the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the EGM (including any adjournment thereof); and
- (5) 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, “**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 DHLT, the Manager and the Trustee with written evidence of such prior consent upon reasonable request; and
- (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.

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PROXY FORM

Extraordinary General Meeting



Daiwa House
Logistics Trust

DAIWA HOUSE LOGISTICS TRUST

(a real estate investment trust constituted on 2 November 2021 under the laws of the Republic of Singapore)

NOTE

This Proxy Form may be accessed at Daiwa House Logistics Trust's ("DHLT") website at the URL <https://www.daiwahouse-logisticstrust.com>, and has also been made available on the SGX 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) and/or representative(s), the Unitholder accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 16 November 2022 (the "Notice of EGM").

IMPORTANT

- The Extraordinary General Meeting ("EGM") will be convened and held wholly by way of electronic means on **Thursday, 1 December 2022 at 2.00 p.m.** (Singapore time). The Circular (as defined herein), the Notice of EGM, this Proxy Form and the Request Form (as defined herein) will be sent to Unitholders by 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 EGM, the Proxy Form and the request form for a printed copy of the Circular ("**Request Form**") will be sent to Unitholders. However, printed copies of the Circular will **not** be sent to Unitholders. Any Unitholder who wishes to receive a printed copy of the Circular should submit his/her/its completed Request Form to the Unit Registrar. **Please refer to the Notice of EGM for details of the alternative arrangements relating to the conduct of the EGM.**
- This Proxy Form is for use by Unitholders wishing to appoint a proxy(ies) for the EGM. Please read the notes overleaf which contain instructions on, inter alia, the appointment of a proxy(ies).
- 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 or SRS Operators. Unitholders holding Units through relevant intermediaries who wish to participate/vote in the EGM should contact their respective relevant intermediary as soon as possible in order for the necessary arrangements to be made for their participation in the EGM. CPF and SRS investors may (a) vote at the EGM 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) appoint the Chairman of the EGM as proxy and in this respect, they should specify their voting instructions to their respective CPF Agent Banks or SRS Operators and approach their respective CPF Agent Banks or SRS Operators by **2.00 p.m. (Singapore time) on Monday, 21 November 2022**, being at least seven (7) working days before the date of the EGM, to ensure their votes are submitted.
- Capitalised terms not otherwise defined herein shall have the meanings ascribed to them in the circular to Unitholders dated 16 November 2022 (the "**Circular**").

*I/We, _____ (Name),
_____ (NRIC/Passport/Company Registration Number) of _____
_____ (Address)

being a *unitholder/unitholders of DHLT, hereby appoint the following persons(s):

Name:	NRIC/Passport No. :	Proportion of Unitholdings	
		No. of Units	%
Email Address:			

*and/or

Name:	NRIC/Passport No. :	Proportion of Unitholdings	
		No. of Units	%
Email Address:			

or, both of whom failing, the Chairman of the EGM, as *my/our *proxy/proxies to attend, speak and vote for *me/us on *my/our behalf at the EGM of DHLT to be convened and held wholly by way of electronic means on Thursday, 1 December 2022 at 2.00 p.m. (Singapore time) and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against, or to abstain from voting on, the resolutions to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given, or in the event of any other matter arising at the EGM and at any adjournment thereof, *my/our *proxy/proxies, will vote or abstain from voting at *his/her/their discretion.

No.	Resolutions relating to:	For**	Against**	Abstain**
ORDINARY RESOLUTIONS				
1.	To approve the Proposed Acquisition, as an interested person transaction (conditional upon Resolution 2 being passed)			
2.	To approve the Proposed Sponsor Subscription (conditional upon Resolution 1 being passed)			

* Delete where applicable

** Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the resolution, please tick (✓) within the "For" or "Against" box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the resolution, 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 resolution, 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 _____ 2022

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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**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 THIS 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 EGM. Where such Unitholder's instrument appointing a proxy(ies) appoints more than one proxy, the proportion of his/her/its 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 EGM, 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 must 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) (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. This Proxy Form may be accessed at DHLT's website at the URL <https://www.daiwahouse-logisticstrust.com>, and is also 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 EGM 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, #14-07 Keppel Bay Tower, 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, Boardroom Corporate Advisory Services Pte. Ltd., at DHLT-EGM2022@boardroomlimited.com, in each case, by **2.00 p.m. (Singapore time) on Monday, 28 November 2022**, being 72 hours before the time fixed for the EGM.

In view of the evolving COVID-19 situation in Singapore, Unitholders are strongly encouraged to submit their completed Proxy Forms 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 of DHLT, 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 EGM if he/she so wishes. The appointment of the proxy(ies) for the EGM will be deemed to be revoked if the Unitholder attends the EGM as well 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 EGM.
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 electronically 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 EGM regardless of whether they have attended or voted at the EGM.
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 personally and voting at the EGM 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 EGM, as certified by CDP to the Manager.

