



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.

ACQUISITION OF A LOGISTICS ASSET LOCATED IN VIETNAM

Note: For illustrative purposes, unless otherwise indicated, in this announcement, certain VND amounts have been translated into Singapore dollars based on the exchange rate of S\$1.00 = VND 18,197.15. Such translations should not be construed as representations that the VND amounts referred to could have been, or could be, converted into Singapore dollars, as the case may be, at that or any other rate or at all and vice versa.

1. INTRODUCTION

Daiwa House Asset Management Asia Pte. Ltd., the manager of Daiwa House Logistics Trust (“**DHLT**”, and the manager of DHLT, the “**Manager**”), is pleased to announce that HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of DHLT (“**Trustee**”), and its wholly-owned subsidiary, DH-CRUX Pte. Ltd. (“**Purchaser 2**”, and together with DHLT, the “**Purchasers**” and each, a “**Purchaser**”), have today entered into a conditional capital contribution purchase agreement (the “**Conditional Capital Contribution Purchase Agreement**”) with DH Asia Investment Peony Pte. Ltd. (the “**Vendor**”), a company incorporated in Singapore which is indirectly wholly owned by Daiwa House Industry Co., Ltd. (the “**Sponsor**”) for the DHLT Group¹ to acquire (“**Acquisition**”) a cold storage logistics facility located in Long An Province, Vietnam, known as D Project Tan Duc 2 (the “**Property**”).

The Acquisition will be carried out via the DHLT Group’s purchase from the Vendor of the entire contributed charter capital (the “**Sale Capital Contribution**”) of DH Logistics Management Vietnam Co., Ltd. (the “**Target Company**”), a company incorporated in Vietnam which currently holds the entire legal and beneficial interest in the Property. The Acquisition is conditional upon, among other conditions, the obtaining of certain requisite regulatory approvals from the competent authorities of Vietnam.

By acquiring the Sale Capital Contribution, it is the intention of the DHLT Group to acquire 100.0% of the Property directly held by the Target Company.

In connection with the acquisition of the Sale Capital Contribution, DHLT or a Purchaser Designated Affiliate² will enter into a deed of assignment with the Vendor and the Target Company for the Vendor to assign and transfer absolutely to DHLT or the Purchaser

1 “**DHLT Group**” means DHLT and its subsidiaries.

2 “**Purchaser Designated Affiliates**” means (i) such affiliate as may be designated by DHLT to purchase the DHLT Sale Capital Contribution (as defined herein) pursuant to the Conditional Capital Contribution Purchase Agreement and (ii) such affiliate as may be designated by the Purchasers to accept the assignment and transfer of the Shareholder Loans from the Vendor pursuant to the Conditional Capital Contribution Purchase Agreement, and “**Purchaser Designated Affiliate**” means any one of them.

Designated Affiliate all the Vendor’s rights, title and interest in the two loans extended by the Vendor to the Target Company (the “**Shareholder Loans**”), free from all encumbrances. The sale and purchase of the Sale Capital Contribution and the assignment of the Shareholder Loans will take place simultaneously upon the completion of the sale and purchase of the Sale Capital Contribution (the “**Completion**”, and the date of Completion, the “**Completion Date**”), and are collectively referred to herein as the “**Transaction**”.

2. THE TRANSACTION

2.1 Information on the Target Company

The Target Company is the owner of the Property and also holds the right to use the land located at Lot 6, Street No. 15A, Tan Duc Industrial Park, Huu Thanh Commune, Duc Hoa District, Long An Province, Vietnam (the “**Land**”).

The table below sets out a summary of selected information on the Property and Land.

Information on the Property

Date of completion	29 September 2023
Net lettable area (“NLA”)	18,465 square metres (“ sqm ”)
Property type	Built-to-suit cold storage logistics facility
Occupancy	100.0%
Lease term	20 years from 31 October 2023

Information on the Land

Location	Lot 6, Street No. 15A, Tan Duc Industrial Park, Huu Thanh Commune, Duc Hoa District, Long An Province, Vietnam
Total Land Area	41,318 sqm
Land Sublease Term	Until 3 June 2058 (approximately 34.5 years remaining)

2.2 Purchase Consideration and Valuation

The Trustee has commissioned an independent valuer, VAS Valuation Co., Ltd. in association with CBRE Vietnam³ (“**VAS**”), and the Manager has commissioned an independent valuer, Jones Lang LaSalle Vietnam Company Limited (“**JLL**”), to respectively value the Property.

VAS has independently valued the Property at VND 490.0 billion (approximately S\$26.9 million) as at 30 November 2023 using the capitalisation and discounted cash flow methods.

³ VAS Valuation Co., Ltd. is an affiliate company of the CBRE group.

JLL has independently valued the Property at VND 506.0 billion (approximately S\$27.8 million) as at 30 September 2023 taking into account the discounted cash flow and direct capitalisation methods.

The average independent valuation of the Property is VND 498.0 billion (approximately S\$27.4 million) (“**Average Valuation**”).

The consideration for the Sale Capital Contribution (the “**Sale Consideration**”) was negotiated on a willing-buyer and willing-seller basis and is based on the adjusted net asset value (“**NAV**”) of the Target Company as at the Completion Date (the “**Net Asset Value**”)⁴, taking into account, among others, the agreed property value of the Property of VND 483.0 billion (approximately S\$26.5 million) (the “**Agreed Property Value**”). The Agreed Property Value is at a discount of 1.4% to the independent valuation of the Property conducted by VAS and at a discount of 4.5% to the independent valuation of the Property conducted by JLL.

The consideration for the assignment and transfer of the Shareholder Loans (the “**Shareholder Loan Consideration**”), and together with the Sale Consideration, the “**Total Purchase Consideration**”) is an amount in cash equal to the Shareholder Loans.

2.3 Total Transaction Cost

The total cost of the Transaction (the “**Total Transaction Cost**”) is estimated to be approximately S\$28.5 million, comprising:

- (i) approximately S\$26.5 million, being the estimated Total Purchase Consideration comprising the sum of the estimated Net Asset Value⁵ and the Shareholder Loan Consideration. The estimated Net Asset Value will be subject to post-Completion adjustments to arrive at the actual Sale Consideration;
- (ii) the estimated acquisition fee payable to the Manager pursuant to the trust deed dated 2 November 2021 constituting DHLT (the “**Trust Deed**”) for the Transaction (the “**Acquisition Fee**”) of approximately S\$265,000 (representing an Acquisition Fee at the rate of 1.0% of the Agreed Property Value)⁶; and
- (iii) the professional and other fees and expenses of approximately S\$1.7 million incurred or to be incurred by DHLT in connection with the Transaction.

2.4 Method of Financing

The Manager intends to finance the Total Transaction Cost, less the Acquisition Fee (which will be paid through the issue of units in DHLT (“**Units**” and each a “**Unit**”) to the Manager as payment for the Acquisition Fee (“**Acquisition Fee Units**”)), mainly through external debt financing.

4 The Net Asset Value will be computed in accordance with the balance sheet line items as out in the Conditional Capital Contribution Purchase Agreement.

5 The estimated Net Asset Value is assumed to be the Agreed Property Value net of the Shareholder Loan Consideration.

6 As the Transaction will constitute an “interested party transaction” under Paragraph 5 of Appendix 6 to the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (the “**MAS**”, and Appendix 6 of the Code on Collective Investment Schemes, the “**Property Funds Appendix**”), the Acquisition Fee payable to the Manager in respect of the Transaction will be paid entirely in Units.

2.5 Principal Terms of the Conditional Capital Contribution Purchase Agreement

The principal terms of the Conditional Capital Contribution Purchase Agreement include, among others, the following:

- (i) DHLT has the right to designate a Purchaser Designated Affiliate to acquire all or part of the DHLT Sale Capital Contribution⁷ by notifying the Vendor in writing. The balance of the Sale Capital Contribution will be acquired by Purchaser 2, which is a party to the Conditional Capital Contribution Purchase Agreement and a wholly-owned subsidiary of DHLT;
- (ii) the Total Purchase Consideration is as described in paragraphs 2.2 and 2.8;
- (iii) Completion is subject to the fulfilment of conditions precedent including, amongst others:
 - (a) the obtaining of the economic concentration clearance issued by the governmental authority of Vietnam in accordance with the Vietnam Law on Competition confirming that the Transaction is not prohibited to proceed under the Vietnam Law on Competition;
 - (b) the obtaining of the approval(s) from the State Bank of Vietnam for (i) the assignment of the Shareholder Loans to be effected under the Deed of Assignment, and (ii) any other changes to the terms and conditions of the Shareholder Loans as requested by the Purchasers;
 - (c) the obtaining of the notification on satisfaction of conditions for foreign investors to contribute capital, acquire shares or contributed capital in a Vietnam-incorporated company issued by the governmental authority of Vietnam in accordance with the Law on Investment No. 61/2020/QH14 dated 17 June 2020 of Vietnam and any of its subsidiary legislation (each as may be amended from time to time) allowing DHLT (or the Purchaser Designated Affiliate if so designated by DHLT) to acquire the Sale Capital Contribution from the Vendor (if it is so required by the competent authorities of Vietnam);
 - (d) the obtaining of the amended investment registration certificate and enterprise registration certificate of the Target Company as necessary for the Acquisition to take place in the form and structure as described above;
 - (e) the obtaining of the investment registration certificate and enterprise registration certificate of the existing tenant of the Property (the “**Tenant**”) pursuant to the laws of Vietnam for them to implement their project and business at the Property according to the sublease of the Property from the Target Company, copies of such certificates shall be provided to the Purchasers; and
 - (f) there being no material breach of any warranty on the part of the Vendor; and
- (iv) notwithstanding anything to the contrary in the Conditional Capital Contribution Purchase Agreement, the Vendor hereby agrees with and undertakes to the

⁷ “**DHLT Sale Capital Contribution**” means 99.0% of the total Sale Capital Contribution in the Target Company.

Purchasers to pay to the Purchasers on the due date for payment an amount equal to 100% of:

- (a) all taxation liability of the Target Company;
- (b) all increase(s) in taxation liability of the Target Company (including any such increase(s) due to (i) any adjustments made by or (ii) any non-acceptance or deeming of the transfer price, gains from capital transfer or real estate transfer, cost price, or relevant expenses of the Transaction, by any taxation authority);
or
- (c) all cancellation(s) of, loss(es) of, non-availability of, reduction(s) in the amount of, or setting off against any taxation liability of any taxation benefits, losses or refunds,

in respect of or arising from the sale of Sale Capital Contribution or assignment of any Vendor's rights, title and interest in the Shareholder Loans to any Purchaser(s) therein.

The Conditional Capital Contribution Purchase Agreement contains usual warranties from the Vendor including, but not limited to, warranties relating to the ownership of the Sale Capital Contribution and the Property.

2.6 Completion

Subject to the satisfaction or waiver of the conditions precedent, Completion shall take place on a mutually agreed date after all the conditions precedent have been fulfilled or waived. Completion shall take place no later than the date falling six months of the date of the Conditional Capital Contribution Purchase Agreement. The Transaction is expected to be completed in the second quarter of 2024.

In connection with Completion, a property management agreement is intended to be entered into between the Target Company and a subsidiary of the Sponsor in Vietnam on the Completion Date, on terms to be mutually agreed between the DHLT Group and the Sponsor group, pursuant to which this subsidiary will be appointed as the property manager of the Property (the "**New Property Manager**"). It is currently intended that the New Property Manager will be appointed for a term of one year with effect from the Completion Date and the total fees and charges payable to the New Property Manager for the one-year term are expected to be less than S\$100,000.

2.7 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 S\$265,000 for the Transaction, which is 1.0% of the Agreed Property Value of approximately S\$26.5 million.

As the Transaction 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 Transaction will be in the form of Acquisition Fee Units, which shall be determined in accordance with the Trust Deed and which shall not be sold within one year from the date of issuance in accordance with Paragraph 5.7 of the Property Funds Appendix.

2.8 Interested Person Transaction and Discloseable Transaction

(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 of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**” and the Listing Manual of the SGX-ST, the “**Listing Manual**”), where DHLT proposes to enter into a transaction with an interested person (as defined in the Listing Manual) 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 3.0%, but is less than 5.0% of DHLT’s latest audited net tangible assets (“**NTA**”), an immediate announcement of the transaction must be made and if the value is equal to or exceeds 5.0% of DHLT’s latest audited NTA, approval of the unitholders of DHLT (“**Unitholders**”) is required in respect of the transaction.

As at the date of this announcement, the Sponsor holds an aggregate direct interest in 88,522,867 Units and is deemed to be interested in 728,785 Units held by the Manager (collectively comprising approximately 12.8% of the total number of existing Units in issue as at the date of this announcement). 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 both the Listing Manual and the Property Funds Appendix.

The Vendor is an indirect wholly-owned subsidiary of the Sponsor. As the Sponsor is a controlling shareholder of the Manager, the Vendor 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, for the purposes of Chapter 9 of the Listing Manual:

- (1) the Purchasers are each an “entity at risk”;
- (2) the Sponsor is a “controlling shareholder” of the Manager;
- (3) the Vendor is an “associate” of the Sponsor;
- (4) pursuant to the Transaction, the Purchasers, being an “entity at risk”, will acquire the Sale Capital Contribution and Shareholder Loans from the Vendor, an associate of the Sponsor; and
- (5) the Transaction constitutes an “interested person transaction” under Chapter 9 of the Listing Manual and an “interested party transaction” under the Property Funds Appendix.

No Requirement for Unitholders’ approval

Based on the latest audited financial statements of DHLT for the financial period from 26 November 2021 (being the date of listing of DHLT) to 31 December 2022 (“**FP2022**”, and the audited financial statements of DHLT for FP2022, the “**FP2022 Audited Financial Statements**”), the latest audited NTA and NAV of DHLT was approximately S\$589.0 million as at 31 December 2022.

The Total Purchase Consideration (comprising the Sale Consideration and the Shareholder Loan Consideration) payable by the DHLT Group to the Vendor for the Transaction amounts to approximately S\$26.5 million, representing 4.5% of DHLT's latest NTA and NAV. As this is equal to or exceeds 3.0% but is less than 5.0% of DHLT's latest NTA and NAV, an immediate announcement of such interested person transaction must be made under Rule 905 of the Listing Manual, and the Transaction is not subject to the specific approval of Unitholders at an extraordinary general meeting ("EGM") under Rule 906(1) of the Listing Manual and Paragraph 5.2(b) of the Property Funds Appendix.

(ii) Existing Interested Person Transactions

For the information of Unitholders, as at the date of this announcement, save for the Transaction and excluding any transaction whose value is less than S\$100,000:

- (a) there are no other existing interested person transactions entered into between DHLT (whether directly or indirectly), the Vendor and its associates during the course of the current financial year ending 31 December 2023 up to the date of this announcement; and
- (b) there are no other existing interested person transactions entered into during the course of the current financial year up to the date of this announcement, between DHLT and all interested persons (including the Vendor and its associates).

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

(iii) Discloseable Transaction

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

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

- (d) the number of Units issued by DHLT as consideration for the acquisition, compared with the number of Units previously in issue pursuant to Rule 1006(d) of the Listing Manual.

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

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

	Transaction (S\$ million)	DHLT (S\$ million)	Relative figure (%)
<u>Rule 1006(b)</u> Net property income ⁽¹⁾ (“NPI”) attributable to the Property when compared with NPI of the DHLT Group for the period from 1 January 2023 to 30 June 2023	1.1 ^(2,3)	23.1 ⁽⁴⁾	4.9%
<u>Rule 1006(c)</u> Aggregate value of the consideration payable for the Transaction, when compared with DHLT’s market capitalisation based on the total number of issued Units	26.5 ⁽³⁾	452.0 ⁽⁵⁾	5.9%

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) Assuming that the lease agreement with the Tenant in respect of the Property was in place from 1 January 2023.
- (3) Based on the illustrative exchange rate of S\$1.00 : VND 18,197.15.
- (4) Based on the NPI disclosed in the profit and loss statement of the unaudited financial statements for the financial period from 1 January 2023 to 30 June 2023.
- (5) Based on the number of Units in issue multiplied by the volume-weighted average trading price (“VWAP”) of S\$0.6499 per Unit on 28 December 2023, being the Market Day immediately prior to the date of the Conditional Capital Contribution Purchase Agreement. “Market Day” means a day on which the SGX-ST is open for securities trading.

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

As the relative figure computed on the basis set out in Rule 1006(c) exceeds 5.0% but does not exceed 20.0%, the Transaction 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.

3. RATIONALE FOR AND KEY BENEFITS OF THE TRANSACTION

The Transaction is part of the Manager’s strategy to pursue acquisitions of quality assets that it believes will be accretive to DHLT’s portfolio and improve returns to Unitholders. The Transaction will also allow DHLT to diversify its portfolio with its first acquisition outside of Japan into Vietnam, a growth market. The Transaction demonstrates the ability of DHLT to acquire high quality properties from the Sponsor.

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

3.1 Accretive acquisition

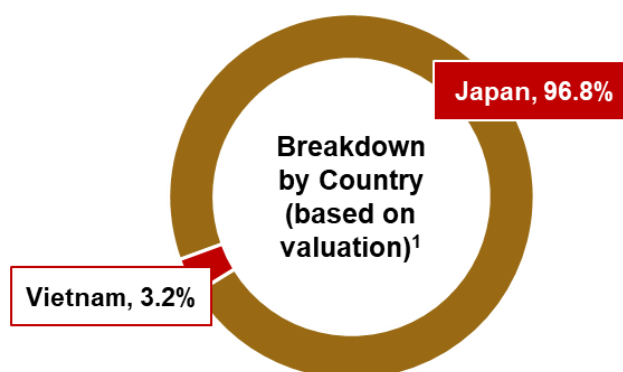
The Transaction is expected to be distribution per Unit (“DPU”) accretive to Unitholders on a pro forma basis. For illustrative purposes, on a pro forma basis and based on the proposed method of financing, the DPU for DHLT in relation to FP2022 will increase by approximately 1.9% from 5.70 cents to 5.81 cents, and NAV per Unit as at 31 December 2022 will remain unchanged on a pro forma basis.

Aggregate leverage is expected to increase from 36.2% as at 30 September 2023, but remain at a healthy level of 38.2%, on a pro forma basis.

Please refer to paragraph 4 of this announcement for the pro forma financial effects of the Transaction.

3.2 Maiden acquisition in growth market

The Transaction is DHLT’s first acquisition outside of Japan which will further diversify the DHLT portfolio.



Note:

(1) Based on valuation of existing portfolio as at 31 December 2022 of JPY87,531 million, converted to S\$ based on S\$1.00 = JPY106.68, and the Average Valuation of the Property converted to S\$.

Vietnam is one of the fastest growing economies in the Southeast Asia region. Gross domestic product (“GDP”) grew 5.3% year on year (“y-o-y”) in the third quarter of 2023, an improvement from the first and second quarters of 2023, which posted y-o-y growth of 3.3% and 4.1%, respectively. This was contributed by y-o-y improvements in all three key sectors being (i) agriculture, forestry and fishery; (ii) industrial and construction; and (iii) service. This resulted

in a 4.2% improvement in Vietnam's economy y-o-y for the nine-month period from January 2023 to September 2023⁸. The International Monetary Fund forecasted GDP growth of 4.7% for Vietnam in 2023, followed by 5.8% and 6.9% in 2024 and 2025, respectively, making it one of the fastest growing countries in Southeast Asia for 2024 to 2025⁹.

The Property is located in Long An province which is near to Ho Chi Minh City, a key economic hub in Vietnam. Ho Chi Minh City has the highest population in Vietnam at approximately 9.4 million in 2022, with one of the highest rates of population growth from 2018 to 2022 at an average of 1.7% per annum compared to the national average of 1.1% per annum for the same period¹⁰. It is also the city with the largest labour force in the country at approximately 4.7 million workers as of 2022. The city boasts one of the highest GDP per capita in the country with approximately VND157.5 million in 2022 compared to national GDP per capita of approximately VND95.6 million¹¹.

3.3 Addition of a high-quality property to DHLT portfolio

(i) Recently completed property with cold storage facility

The Property was completed in September 2023 and is a built-to-suit property developed to the specifications required by the Tenant. As it was only completed recently, this will minimise capital expenditure in the near term. On a pro forma basis, it will reduce the average age of the portfolio¹² from 6.0 years to 5.8 years, as at 30 September 2023. The Property is built for the purpose as a cold storage facility to store frozen and chilled food; there is currently a shortage of such cold storage facilities in Vietnam.

Strong domestic demand for food products coupled with a growing e-commerce sector are some of the key drivers for the development of the country's cold storage sector. Vietnam's growing middle class and improving economy have bolstered the demand for high-quality food products. The country's fresh food sales grew from US\$40.4 billion in 2020 to US\$45.7 billion in 2022, at a compound annual growth rate ("CAGR") of 6.3%. Vietnam's e-commerce market also recorded strong annualised growth rate of 21.5% from 2017 to 2022, resulting in the expansion of complementary services. For instance, the online food delivery market has grown at a CAGR of 5.5% from 2020 to 2022, driven by evolving consumer preferences and increasing use of e-commerce¹³.

(ii) Strategic location

The Property is located within the Tan Duc Industrial Park in Long An province, which is in the Mekong Delta region of Southern Vietnam. Long An is a key gateway that connects the economic centre, Ho Chi Minh City, to the region. The area's proximity to both the Mekong Delta region, an important aquaculture hub, and Ho Chi Minh City attracts numerous food and beverage factories to the area. The cold storage sector in Southern Vietnam is more developed due to higher demand for food, seafood, and retail processing in the area. Long An is one of the key hubs for cold storage logistics

8 Source: General Statistics Office of Vietnam (September 2023).

9 Source: International Monetary Fund Regional Economic Outlook - Asia and Pacific (October 2023).

10 Source: General Statistics Office of Vietnam – Statistical Year Book of Vietnam 2022.

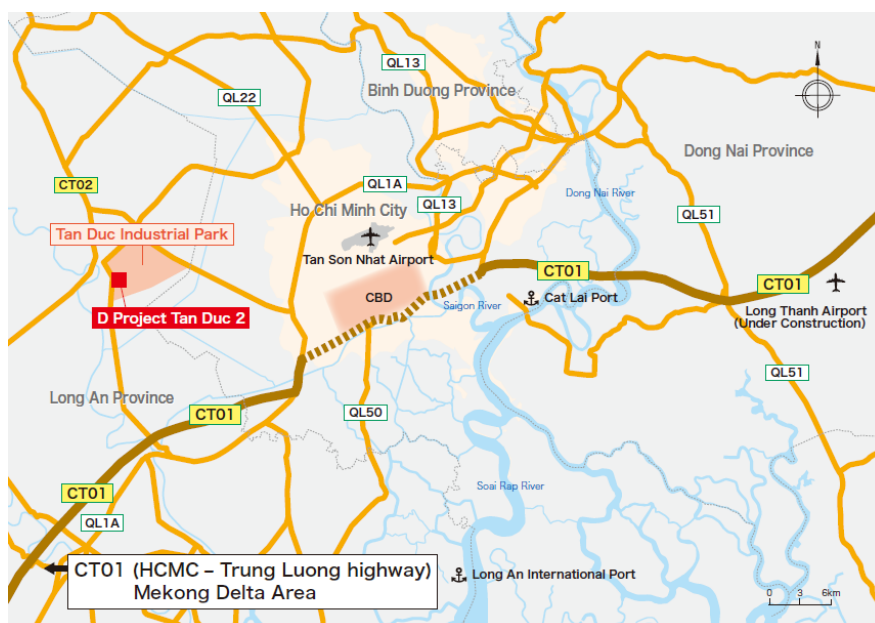
11 Source: General Statistics Office of Vietnam – Statistical Year Book of Vietnam 2022.

12 Weighted by NLA.

13 Source: Savills Research Report - Asia Pacific Cold Storage (June 2023).

facilities in Vietnam, accounting for approximately 27% of the total existing stock of cold storage space in Vietnam in 2022¹⁴.

The Property is well connected to major cities via multiple roads and highways, while the central business district of Ho Chi Minh City is approximately 37 kilometres from the Property¹⁵. The Long An International Port and Tan Son Nhat International Airport are also accessible from the Property.



(iii) 100% occupied by a high-quality tenant on long lease term

The Tenant of the Property is a Japanese third-party logistics company which specialises in frozen and chilled food transportation services. The Tenant is well-established in the region with two other facilities, and it distributes food and beverage products to local supermarkets. The Tenant is a group company of a Tokyo Stock Exchange-listed entity which specialises in cold chain logistics for food products.

The Property is leased to the Tenant on a 20-year lease term that commenced in October 2023. Given that this is DHLT's maiden acquisition outside of Japan, this will provide DHLT with a stable income with the majority of the operating expenses, including utility expenses, borne by the Tenant. On a pro forma basis, the weighted average lease expiry of the portfolio (by gross rental income)¹⁶ will increase from 6.3 years to 6.9 years as at 30 September 2023.

14 Source: Savills Research Report - Asia Pacific Cold Storage (June 2023).

15 Source: Valuation report issued by JLL, as referred to in paragraph 8(iii) below.

16 Based on the monthly rent as at September 2023 and assuming that the lease agreement with the Tenant was in place from 1 January 2023.

The Transaction also further diversifies the tenant base of DHLT’s portfolio. On a pro forma basis, the proportion of the Tenant’s contribution¹⁷ is 4.6% for the six-month period from 1 January 2023 to 30 June 2023 (“1H FY2023”).

Top 10 Tenants (Pre Acquisition) ⁽¹⁾				Top 10 Tenants (Post Acquisition) ⁽¹⁾				
	Tenant	Sector	% of NPI ⁽²⁾		Tenant	Sector	% of NPI ⁽²⁾	
1	Mitsubishi Shokuhin	3PL	18.9	➔	1	Mitsubishi Shokuhin	3PL	18.0
2	Nippon Express	3PL	8.7		2	Nippon Express	3PL	8.3
3	Suntory Logistics	3PL	7.7		3	Suntory Logistics	3PL	7.4
4	Nitori	Retail	5.4		4	Nitori	Retail	5.2
5	Tenant A ⁽²⁾	3PL	4.5		5	The Tenant⁽²⁾	3PL	4.6
6	Create SD	3PL	4.2		6	Tenant A ⁽²⁾	3PL	4.3
7	K.R.S Corporation	3PL	4.0		7	Create SD	3PL	4.0
8	Tenant B ⁽²⁾	3PL	4.0		8	K.R.S Corporation	3PL	3.8
9	Tokyo Logistics Factory	3PL	4.0		9	Tenant B ⁽²⁾	3PL	3.8
10	CB Group Management	3PL	3.9		10	Tokyo Logistics Factory	3PL	3.8
			65.4				63.3	

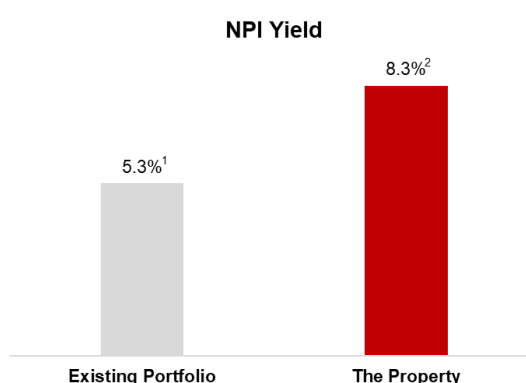
Notes:

- (1) Based on NPI for 1H FY2023 and % of NPI was calculated and adjusted based on the NPI of each property and allocated to the respective tenants by the proportion of NLA the tenants occupy in the property.
- (2) These tenants have not given consent to the disclosure of the terms of their tenancy agreement (including their names).

3.4 Demonstration of continual support from the Sponsor

The Sponsor has continued to show its commitment to the growth of DHLT by offering a high-quality property at a discount of 3.0% to the Average Valuation of the Property.

Based on the Agreed Property Value, the implied NPI yield of the Property is 8.3%¹⁸, which is higher than the blended NPI of the existing properties in DHLT’s portfolio. The Transaction reinforces the importance of a strong developer Sponsor which is able to support DHLT by providing a pipeline of high-quality properties such as the Property.



Notes:

- (1) Based on the annualised NPI for 1H FY2023 and valuation of the existing portfolio as at 31 December 2022.
- (2) Based on the Agreed Property Value and annualised NPI of the Property assuming that the lease agreement with the Tenant in respect of the Property was in place from 1 January 2023.

¹⁷ Based on NPI for the six-month period ended 30 June 2023 and % of NPI was calculated and adjusted based on the NPI of each property and allocated to the respective tenants by the proportion of NLA the tenants occupy in the property.

¹⁸ Based on the Agreed Property Value and annualised NPI of the Property assuming that the lease agreement with the Tenant in respect of the Property was in place from 1 January 2023.

4. PRO FORMA FINANCIAL EFFECTS

FOR ILLUSTRATIVE PURPOSES ONLY:

The pro forma financial effects of the Transaction on the DPU, NAV per Unit and aggregate leverage presented below are strictly for illustrative purposes and were prepared based on DHLT's financial statements for FP2022, taking into account the estimated Total Transaction Cost and assuming:

- approximately 421,311 new Units¹⁹ are issued for the Acquisition Fee²⁰ payable to the Manager at an issue price of S\$0.63 per Acquisition Fee Unit²¹;
- the estimated Total Transaction Cost is financed by debt financing; and
- unless otherwise stated, an exchange rate of S\$1.00 : VND 18,197.15 is applied for the conversion of Singapore dollars into Vietnamese dong for the purpose of completing the Transaction; and
- the Property is assumed to be fully occupied for the entire FP2022, and the existing lease with the Tenant was in place since 26 November 2021.

4.1 Pro Forma DPU

FOR ILLUSTRATIVE PURPOSES ONLY:

On the bases and assumptions set out above, the pro forma financial effects of the Transaction on DHLT's DPU for FP2022, as if the Transaction and the issuance of an aggregate of 421,311 Acquisition Fee Units were completed on 26 November 2021 (being the date of listing of DHLT on the SGX-ST) and DHLT held the Sale Capital Contribution through to 31 December 2022, are as follows:

	Actual FP2022 (Before the Transaction)	Pro Forma FP2022 (After the Transaction ⁽¹⁾)
Net Property Income (S\$'000)	52,985	55,500
Distributable Income to Unitholders (S\$'000)	38,621	39,393 ⁽²⁾
Units in issue ('000)	692,535 ⁽³⁾	693,015 ⁽⁴⁾
DPU (cents)	5.70	5.81
DPU Accretion (%)	-	1.9

19 Based on the illustrative issue price of S\$0.63 per Acquisition Fee Unit.

20 As the Transaction 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.

21 The illustrative issue price of S\$0.63 per Acquisition Fee Unit is purely for illustrative purposes. For the avoidance of doubt, the actual issue price of the Acquisition Fee Units 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.

Notes:

- (1) Assuming the Transaction is fully funded by debt.
- (2) For the purpose of converting VND into SGD for distributions arising from the Transaction only, an illustrative exchange rate of S\$1.00 : VND 18,197.15 was used where applicable.
- (3) Number of Units in issue as at 31 December 2022.
- (4) The total number of Units in issue at 31 December 2022 includes an assumed 421,311 Acquisition Fee Units to be issued and an assumed 58,418 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 existing portfolio of DHLT together with the Property).

4.2 Pro Forma NAV**FOR ILLUSTRATIVE PURPOSES ONLY:**

The pro forma financial effects of the Transaction on DHLT's NAV per Unit as at 31 December 2022, as if the Transaction and the issuance of 421,311 Acquisition Fee Units were completed on 31 December 2022, are as follows:

	Actual as at 31 December 2022 (Before the Transaction)	Pro Forma as at 31 December 2022 (After the Transaction)
NAV attributable to Unitholders (S\$'000)	553,211	553,211 ⁽¹⁾
Units in issue / to be issued ('000)	693,774 ⁽²⁾	694,195 ⁽³⁾
NAV per Unit attributable to Unitholders (S\$) ⁽¹⁾	0.80	0.80 ⁽¹⁾
Adjusted ⁽⁴⁾ NAV per Unit attributable to Unitholders (S\$)	0.77	0.77 ⁽¹⁾

Notes:

- (1) Based on an illustrative exchange rate of S\$1.00 : VND 18,197.15 where applicable.
- (2) Number of Units in issue / to be issued as at 31 December 2022.
- (3) The total number of Units at the end of the period includes an assumed 421,311 Acquisition Fee Units to be issued.
- (4) Adjusting for the distributable income that is due to be paid at the end of the FP2022 period for the existing portfolio of DHLT together with the Property.

4.3 Pro Forma Aggregate Leverage**FOR ILLUSTRATIVE PURPOSES ONLY:**

The pro forma aggregate leverage of DHLT as at 31 December 2022, as if the Transaction and the issuance of an aggregate of 421,311 Acquisition Fee Units were completed on 31 December 2022, is as follows:

	Actual as at 31 December 2022 (Before the Transaction)	Pro Forma as at 31 December 2022 (After the Transaction)
Aggregate Leverage	35.9%	37.8%

Note: Based on an illustrative exchange rate of S\$1.00 : VND 18,197.15.

5. AUDIT AND RISK COMMITTEE STATEMENT

Having regard to the terms of the Transaction and the rationale for the Transaction as set out in paragraph 3 above, the Audit and Risk Committee is of the opinion that the Transaction is on normal commercial terms and is not prejudicial to the interests of DHLT and its minority Unitholders.

6. INTERESTS OF DIRECTORS AND SUBSTANTIAL UNITHOLDERS

As at the date of this announcement, certain Directors collectively hold, directly or indirectly, interests in the Units and/or ordinary shares in the Sponsor (“**DHI Shares**”), collectively amounting to an aggregate of 560,000 Units and 37,305 DHI Shares²². Further details of the interests in the Units of the Directors and Substantial Unitholders²³ 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 Hirotsugu Otomo, a Non-Independent Non-Executive Director of the Manager, is a director and Managing Executive Officer of the Sponsor and holds directorships in several subsidiaries of the Sponsor; and
- (c) Mr Jun Yamamura is a Non-Independent Executive Director and the Chief Executive Officer of the Manager.

As at the date of this announcement and based on information available to the Manager, the Sponsor holds an aggregate direct interest in 88,522,867 Units and is deemed to be interested in 728,785 Units held by the Manager (collectively comprising approximately 12.8% of the total number of existing Units in issue).

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

7. DIRECTORS’ SERVICE CONTRACTS

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

²² This represents 37,305 DHI Shares held by Mr Hirotsugu Otomo.

²³ “**Substantial Unitholder**” means a person with an interest in Units constituting not less than 5.0% of all the Units in issue.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection²⁴ during normal business hours at the registered office of the Manager located at 6 Shenton Way, #21-08 OUE Downtown 2, Singapore 068809, from the date of this announcement up to and including the date falling three months after the date of this announcement:

- (i) the Conditional Capital Contribution Purchase Agreement;
- (ii) the full valuation report issued by VAS in respect of the Property; and
- (iii) the full valuation report issued by JLL in respect of the Property.

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

For and on behalf of the Board

Daiwa House Asset Management Asia Pte. Ltd.

(Company Registration No. 202037636H)

(as manager of Daiwa House Logistics Trust)

Jun Yamamura

Director and Chief Executive Officer

29 December 2023

²⁴ Prior appointment with the Manager is required. Please contact DHLT Investor Relations at email: ir@daiwahouse-lt.com or telephone: +65 6202 0486.

Important Notice

This announcement is for information purposes only and does not constitute or form part of an offer, solicitation or invitation of any offer, to buy or subscribe for any Units in Singapore or any other jurisdiction, nor should it or any part of it form the basis of, or be relied upon in connection with, any contract or commitment whatsoever.

The value of Units and the income derived from them may fall as well as rise. The Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates.

An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request the Manager to redeem their Units while the Units are listed on the SGX-ST. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for Units.

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

This announcement may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses, property expenses and governmental and public policy changes. Predictions, projections or forecasts of the economy or economic trends of the markets are not necessarily indicative of the future or likely performance of DHLT. The forecast financial performance of DHLT is not guaranteed. A potential investor is cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.