



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.

RESPONSES TO SGX QUERIES

Daiwa House Asset Management Asia Pte. Ltd. (the “**Manager**”), in its capacity as the Manager for Daiwa House Logistics Trust (“**DHLT**”), hereby provides its response to the queries raised by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 1 March 2024 in relation to DHLT’s unaudited results for the half year and full year ended 31 December 2023 announced via the SGXNet on 28 February 2024 (“**FY2023 Results Announcement**”), as set out below:

Question 1

It is stated on page 13 of the unaudited financial statement states that “As at 31 December 2023, the Group’s current liabilities exceed its current assets by S\$14.1 million. Notwithstanding the net current liabilities position, based on the Group’s existing financial resources, the Manager is of the opinion that the Group will be able to refinance its borrowings and meet its current obligations as and when they fall due.”.

Given the Group’s significant short term liabilities of S\$109,595,000 and cash and cash equivalent of only S\$45,801,000, please disclose the Board’s assessment (i) whether the Company’s current assets are adequate to meet the Company’s short term liabilities of S\$109,595,000, including its bases of assessment; and (ii) how the Company intends to fulfil its significant payment obligations in the next 12 months. Where the Company has worked out debt repayment plans to fulfil its debt obligations, please disclose if the Company is on track to fulfilling these obligations.

The Manager’s Responses

As at 31 December 2023, the Group’s current liabilities of S\$109.6 million included S\$93.4 million of borrowings due in November 2024 (“**Borrowings**”). This is part of the term loan that was drawn on the listing date of DHLT on 26 November 2021, to partially fund the acquisition of the initial portfolio. As a result, the Group reported a net current liabilities position of S\$14.1 million as at 31 December 2023. The Group has undrawn credit facilities amounting to S\$50.0 million, as well as sufficient cash and cash equivalents to address its working capital requirements.

The Group is already in discussions with lenders to provide refinancing plan for the Borrowings, even though the maturity date is in November 2024. Concurrently, the Group is also looking to augment its liquidity and in discussions for additional credit facilities and exploring the establishment of a medium term note programme to provide further financing option and flexibility to the Group. The Manager is confident that it will be able to refinance the Borrowings prior to the maturity date.

The Group exercised discipline and prudence in capital management and is evidenced by its healthy financial position. As at 31 December 2023, the Group has a healthy level of aggregate leverage of 35.2%, and interest coverage ratio in respect of financial year ended 31 December 2023 remained high at 11.9 times.

Further, the operations remained resilient which generate stable cashflow. The portfolio was at full occupancy as at 31 December 2023, and DHLT has renewed all leases that has expired since listing up to 31 December 2023. Since listing to date, collections have been healthy and none of the tenants defaulted on their rent obligations.

Based on the above, the Board of Directors of the Manager assessed that the Group will be able to refinance its borrowings and meet its current obligations as and when they fall due.

Question 2

Listing 706A states that:-

- (1) An issuer must make a periodic announcement, in accordance with the timelines prescribed in Rule 705 on the announcement of its financial statements, on:
 - (a) any acquisition of:—
 - (i) shares resulting in a company becoming a subsidiary or an associated company of the issuer; and
 - (ii) shares resulting in the issuer increasing its shareholding percentage in a subsidiary or an associated company; and
 - (b) any sale of:—
 - (i) shares resulting in a company ceasing to be a subsidiary or an associated company of the issuer; and
 - (ii) shares resulting in the issuer reducing its shareholding percentage in a subsidiary or an associated company,for the relevant financial period reported on under Rule 705.
- (2) In the announcement required by Rule 706A, the issuer must, in respect of each acquisition or sale of shares, also include:
 - (a) the aggregate value of the consideration, stating the factors taken into account in arriving at it and how it will be satisfied, including the terms of payment; and
 - (b) in the case of unlisted shares, the net asset value represented by such shares and in the case of listed shares, the market value represented by such shares.

Please clarify whether and how the information required to be disclosed in the above Listing Rule has been announced.

The Manager's Responses

DHLT's acquisition of D Project Tan Duc 2 (the "**Property**"), a logistics asset located in Vietnam, through the acquisition of the entire contributed charter capital of DH Logistics Management Vietnam Co., Ltd., a company incorporated in Vietnam (the "**Target Company**"), has been announced on SGXNET on 29 December 2023 (the "**Acquisition Announcement**") and the acquisition of the Target Company, the "**Acquisition**"). The Acquisition is expected to complete in the second quarter of FY2024.

The information required to be disclosed in Rule 706A of the Listing Manual (such as the value of the Property and the purchase consideration payable for the Acquisition) has already been announced by the Manager via SGXNet as follows:

1. The agreed value of the Property of VND483.0 billion has been disclosed on page 17 of DHLT's full-year financial statements for the financial year ended 31 December 2023 released on 28 February 2024. It was disclosed in paragraph 2.2 of the Acquisition Announcement that such agreed value is at a discount of 1.4% to the independent valuation of the Property conducted by VAS Valuation Co., Ltd. in association with CBRE Vietnam and at a discount of 4.5% to the independent valuation of the Property conducted by Jones Lang LaSalle Vietnam Company Limited.
2. The total purchase consideration for the Acquisition (comprising the sale consideration for the acquisition of the sale capital contribution in the Target Company and the shareholder loan consideration for the assignment and transfer of the shareholder loans) has been disclosed in paragraph 2.3(i) of the Acquisition Announcement to be approximately S\$26.5 million, comprising the sum of the estimated net asset value of the Target Company (which is assumed to be the agreed value of the Property net of the shareholder loan consideration). The estimated net asset value will be subject to post-Completion adjustments to arrive at the actual sale consideration.

Unitholders may refer to the Acquisition Announcement for further details of the Acquisition.

Question 3

Please explain why interest income amounted to only S\$272,000 during the financial period ended 31 December 2023 when the Company has significant cash and bank balance amounting to S\$45,801,000.

The Manager's Responses

The Group's cash and bank balances mainly comprises JPY cash balances maintained at the subsidiaries in Japan which is largely non-interest bearing, given JPY is in a negative interest rate environment.

For and on behalf of the Board

Daiwa House Asset Management Asia Pte. Ltd.

(Company Registration Number: 202037636H)

(as manager of Daiwa House Logistics Trust)

Jun Yamamura

Director and Chief Executive Officer

6 March 2024

IMPORTANT NOTICE

This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for units in Daiwa House Logistics Trust (“**DHLT**”, and the units in DHLT, the “**Units**”).

The past performance of DHLT is not necessarily indicative of the future performance of DHLT. The value of the Units and the income derived from them, if any, may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, Daiwa House Asset Management Asia Pte. Ltd., as manager of DHLT (the “**Manager**”) or any of its affiliates. An investment in the 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 or purchase their Units for so long as the Units are listed on Singapore Exchange Securities Trading Limited (“**SGX-ST**”). It is intended that unitholders of DHLT may only deal in their Units through trading on the SGX-ST. The listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This announcement may contain forward-looking statements. 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 and the continued availability of financing in the amounts and the terms necessary to support future business. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager’s current view of future events.