



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.

**ANNUAL GENERAL MEETING TO BE HELD ON 23 APRIL 2024
RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS**

Daiwa House Asset Management Asia Pte. Ltd., the manager of Daiwa House Logistics Trust (“**DHLT**”, and the Manager of DHLT, the “**Manager**”) would like to thank unitholders of DHLT (“**Unitholders**”) for submitting questions in advance of our Annual General Meeting (“**AGM**”) to be convened and held in a wholly physical format at The Auditorium (Level 3), The Japanese Association, Singapore, 120 Adam Road, Singapore 289899 on Tuesday, 23 April 2024 at 3.00 p.m. (Singapore time). Please refer to the attached Appendix A for the Manager’s responses to the substantial and relevant questions in relation to the questions from Unitholders.

Unless otherwise defined herein, all capitalised terms have the meanings ascribed to them in the Annual Report in relation to financial year ended 31 December 2023 announced on 1 April 2024 (the “**Annual Report**”).

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
18 April 2024

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 DHLT (“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 Singapore Exchange Securities Trading Limited (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 purposes 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.

APPENDIX

Responses to Substantial and Relevant Questions

1.	What is the SGD/JPY hedged rates that the Manager enters into for its hedges? Are there any changes expected to the hedging strategy going forward?
	<p>Response:</p> <p>The Manager adopts a systematic hedging mechanism to smoothen out volatility in income due to foreign exchange movements, where committed cashflows for distributable income is hedged substantially on a one-year forward rolling basis. The hedged rates will thus be in line with the trend of the movement of JPY / SGD.</p> <p>The Manager currently intends to continue with the current hedging strategy but will continue to monitor the market and where necessary, make appropriate changes to the hedging policy.</p>
2.	(i) What is the net property income yield for the Vietnam property? How will the Vietnam acquisition be funded, and what is the expected financing cost for the acquisition? (ii) What's the manager's strategy in managing the SGD/VND foreign exchange?
	<p>Response:</p> <p>(i) The net property income (“NPI”) yield for D Project Tan Duc 2 (the “Vietnam Property”) was 8.3% based on the agreed property value of the Vietnam Property of VND 483.0 billion, and the annualised NPI of the Vietnam Property assuming that the lease agreement was in place from 1 January 2023. Please refer to the announcement dated 29 December 2023 for further information on the acquisition of the Vietnam Property.</p> <p>The Manager intends to finance the acquisition of the Vietnam Property mainly through borrowings in Singapore. As the acquisition is yet to be completed, the financing cost has not been finalised.</p> <p>(ii) The acquisition in Vietnam helps to diversify our currency exposure. On a pro forma basis, the exposure to VND is relatively small at less than 5% of the net property income. The derivatives market for hedging VND currently is not as liquid and developed as some currencies. However, the Manager will continue to be prudent and will take into account the market conditions, cost of hedging and foreign exchange risk management considerations to evaluate the hedging solution.</p>

3.	<p>(i) What is the Manager's strategy to manage aggregate leverage? Will the Manager consider equity fund raising given that the unit price is trading below the net asset value (“NAV”) per unit?</p> <p>(ii) What's manager's strategy around managing debt profile given that the Bank of Japan (“BOJ”)’s monetary policy has shifted?</p>
	<p>Response:</p> <p>(i) The Manager adopts a prudent approach to capital management and intends to maintain aggregate leverage ratio at around 40% level.</p> <p>In deciding whether to raise fund through equity, the Manager will take into consideration the financial impact to DHLT in terms of distribution to unitholders, dilution to net asset value, amongst other factors. At the same time, the Manager continue to focus on driving the operating performance of the DHLT Portfolio.</p> <p>(ii) In March 2024, BOJ ended its negative rates regime, announcing its first rate hike in 17 years in Japan. The increase is albeit at a very gradual range of 0 – 0.1%, as they currently still maintain a fairly cautious and accommodative stance.</p> <p>The Manager will continue to exercise prudence in interest rate risk management and intends to maintain a high proportion of borrowings in fixed rates, extends the debt duration and maintain a well-staggered debt maturity profile.</p>
4.	<p>Would DHLT consider paying fees in 100% cash instead of mix of units and cash? Since unit price is below NAV, any issuance of units is NAV dilutive.</p>
	<p>Response:</p> <p>This practice has been adopted by the Manager since listing and at the moment, there is no intention to make any changes. Receiving part of management fees in units also helps to align interest between the Manager with the unitholders, which is a commonly adopted practice amongst the S-REITs. The NAV dilution is also not material given the size of the units issued for management fees.</p>