



**ARA LOGOS Logistics Trust
2020 First Half Year Unaudited Financial Statements & Distribution Announcement**

INTRODUCTION

ARA LOGOS Logistics Trust (“ALOG”) is a Singapore-based real estate investment trust constituted by the Trust Deed entered into on 11 February 2010 (as amended) between ARA LOGOS Logistics Trust Management Limited, in its capacity as the manager (the “Manager”), and HSBC Institutional Trust Services (Singapore) Limited, in its capacity as the trustee (the “Trustee”), to invest in income-producing real estate predominantly used for logistics purposes in Asia-Pacific, as well as real estate-related assets.

ALOG’s portfolio as at 30 June 2020 comprised of 27 quality logistics properties located in Singapore and Australia (collectively “Investment Properties”).

The financial information for the six months ended 30 June 2020 set out in this announcement has been extracted from financial information for the period from 1 January 2020 to 30 June 2020 which has been reviewed by ALOG’s independent auditors in accordance with Singapore Standard on Review Engagements 2410 “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*”. For this announcement, references to “Trust” are to ALOG; and references to “Group” are to ALOG and its subsidiaries.

SUMMARY OF RESULTS FOR ARA LOGOS LOGISTICS TRUST

	Notes	Group		
		1H 2020	1H 2019	Change
		S\$'000	S\$'000	%
Gross revenue		57,785	58,632	(1.4)
Net property income		43,921	44,222	(0.7)
Distributable amount to Unitholders		27,319	30,616	(10.8)
Distributable amount declared to Unitholders	(a)	25,319	30,616	(17.3)
- from operations		25,319	29,967	(15.5)
- from capital	(b)	-	649	nm
Distribution per unit ("DPU") (cents)	(c)	2.323	2.834	(18.0)
- from operations		2.323	2.774	(16.3)
- from capital		-	0.060	nm
Number of units issued and to be issued at end of period		1,090,825,691	1,081,138,360	0.9

	Notes	Group		
		1H 2020	1H 2019	Change
		S\$'000	S\$'000	%
Breakdown of DPU (cents)				
1Q 2020	(d)	0.997	1.513	(34.1)
2Q 2020		1.326	1.321	0.4
For the half year ended 30 June		2.323	2.834	(18.0)

Notes:

- (a) Distributable amount declared to Unitholders for 1H 2020 was S\$25.3 million, including S\$0.5 million of the S\$2.5 million distributable income retained in 1Q 2020 released as part of 2Q 2020 distributable income. The remaining S\$2.0 million distributable income is retained to address potential mandatory rental deferment and/or waivers required to support some tenants.
- (b) Capital distribution for 1H 2019 relates to reimbursements received from the vendor in relation to outstanding lease incentives at the point of completion of the acquisition of certain properties in Australia and rental support received from the vendor in relation to a property acquired in Australia.
- (c) 1H 2020 DPU excludes 0.183 cents equivalent to the S\$2.0 million retained. Without the retention amount, DPU would have been 2.506 cents.
- (d) DPU of 0.997 cents in 1Q 2020 was paid to Unitholders on 29 May 2020.

1(a)(i) Statement of Total Return and Distribution Statement for the Half Year ended 30 June 2020

	Notes	Group		
		1H 2020	1H 2019	Change
		S\$'000	S\$'000	%
Statement of Total Return				
Gross revenue	(a)	57,785	58,632	(1.4)
Property expenses	(b)	(13,864)	(14,410)	(3.8)
Net property income		43,921	44,222	(0.7)
Other income		-	25	nm
Net financing costs	(c)	(10,326)	(10,652)	(3.1)
Manager's base fee	(d)	(3,167)	(3,296)	(3.9)
Manager's performance fee	(d)	(614)	(618)	(0.6)
Trustee fees		(270)	(278)	(2.9)
Other trust expenses	(e)	(1,425)	(1,408)	1.2
Foreign exchange gain/(loss)	(f)	1,082	(2,152)	(150.3)
		(14,720)	(18,379)	(19.9)
Net income		29,201	25,843	13.0
Net change in fair value of investment properties	(g)	(1,580)	(1,522)	3.8
Net change in fair value of financial derivatives	(h)	(3,022)	232	nm
Total return for the period before taxation and distribution		24,599	24,553	0.2
Tax expense	(i)	(959)	(1,075)	(10.8)
Total return for the period after taxation before distribution		23,640	23,478	0.7
Attributable to:				
Unitholders and Perpetual securities holders		23,640	23,478	0.7

	Notes	Group		
		1H 2020	1H 2019	Change
		S\$'000	S\$'000	%
Distribution Statement				
Total return for the period attributable to Unitholders and perpetual securities holders		23,640	23,478	0.7
Less: Amount reserved for distribution to perpetual securities holders	(j)	(2,742)	(2,727)	0.6
Distribution adjustments:				
Manager's fees paid/payable in units	(d)	2,836	2,936	(3.4)
Trustee fees		190	196	(3.1)
Amortisation of transaction costs	(k)	438	464	(5.6)
Transaction costs written-off	(l)	117	-	nm
Land rent	(m)	(3,015)	(3,013)	0.1
Interest expenses on lease liabilities	(m)	1,435	1,491	(3.8)
Net change in fair value of investment properties	(m)	1,580	1,522	3.8
Net change in fair value of financial derivatives	(h)	3,022	(232)	nm
Depreciation	(n)	156	273	(42.9)
Foreign exchange (gain)/loss	(f)	(607)	2,135	nm
Commitment fee		58	67	(13.4)
51 Alps Ave compensation amount	(o)	-	2,503	nm
Other items	(p)	162	98	65.3
Net profit from subsidiaries	(q)	(9,798)	(10,387)	(5.7)
Distribution adjustments		(3,426)	(1,947)	76.0
Taxable income		17,472	18,804	(7.1)
Tax exempt income	(r)	9,847	11,163	(11.8)
Income available for distribution		27,319	29,967	(8.8)
Capital distribution	(s)	-	649	nm
Distributable amount to Unitholders		27,319	30,616	(10.8)
Distributable amount declared to Unitholders	(t)	25,319	30,616	(17.3)

nm denotes "not meaningful"

Notes:

- (a) Gross revenue comprises mainly rental income from investment properties.

The decrease in gross revenue for the half year ended 30 June 2020 was mainly due to i) transitory downtime between leases at ALOG Cold Centre and Pandan Logistics Hub; ii) rental waivers to be given to qualifying SME tenants as part of the rental relief framework under the COVID-19 (Temporary Measures) (Amendment) Bill; and iii) a weaker Australian dollar. This was partially offset by higher revenue at ALOG Commodity Hub with the commencement of new leases in 2Q 2020 and additional rental contribution from a property in Altona, Victoria, Australia acquired in April 2019.

- (b) Property expenses comprise property management fee, lease management fee, reimbursable expenses payable to the Property Manager, property maintenance, lease commissions and other property related expenses.

The decrease for the half year ended 30 June 2020 was mainly due to lower maintenance expenses for the Singapore portfolio. This was partially offset by allowance for doubtful debts for certain Australia properties and expenses from the property in Altona, Victoria, Australia acquired in April 2019.

- (c) Included in the net financing costs are the following:

	Notes	Group		
		1H 2020	1H 2019	Change
		S\$'000	S\$'000	%
Finance income :				
Bank deposits		8	127	(93.7)
Finance expenses :				
Bank loans		(6,556)	(8,122)	(19.3)
Interest rate swaps		(1,617)	(577)	180.2
Amortisation of transaction costs	(k)	(500)	(520)	(3.8)
Transaction costs written-off	(l)	(141)	-	nm
Lease liabilities	(m)	(1,435)	(1,491)	(3.8)
Others		(85)	(69)	23.2
Net financing costs		(10,326)	(10,652)	(3.1)

The decrease in net financing costs for the half year ended 30 June 2020 was mainly attributable to lower floating rates, recurring savings following the completion of A\$140.0 million term loan refinancing in February 2020 as well as lower amount drawn on RCF as compared to 1H 2019. This was partially offset by the one-off transaction costs in relation to the refinancing of the Australia loan in February 2020.

- (d) Manager's fee consists of:
- A base fee of 0.5% per annum of the value of the total assets; and
 - A performance fee of 1.5% per annum of the Net Property Income ("NPI").

The Manager has excluded the impact of FRS 116 Leases ("FRS 116") and grant receivable arising from the property tax rebate in the computation of fees paid and payable. The Manager may elect to receive the base fee and performance fee in cash or units, or a combination of cash and units, as it may in its sole discretion determine.

- (e) Other trust expenses include professional fees, listing fees and other non-property related expenses.
- (f) Relates mainly to unrealised foreign currency exchange rate movement on shareholder loans to an Australia subsidiary as a result of fluctuations in the AUD/SGD foreign currency exchange rates.

**Unaudited Financial Statements Announcement
For the Half Year ended 30 June 2020**

- (g) Represents the fair value adjustments of ROU assets in relation to the portfolio of land leases with Jurong Town Council (“JTC”) included in investment properties as at 30 June 2020, in accordance with FRS 116.
- (h) Represents the changes in fair value of interest rate swaps and forward foreign currency exchange contracts.
- (i) Tax expense includes withholding tax incurred on its overseas operations.
- (j) On 1 February 2018, the Trust issued S\$100.0 million of subordinated perpetual securities (the “Perpetual Securities”). The Perpetual Securities confer a right to receive distribution payments at a rate of 5.50% per annum, with the first distribution rate reset falling on 1 February 2023 and subsequent resets occurring every five years thereafter. Distributions are payable semi-annually in arrears on a discretionary basis and are non-cumulative in accordance with the terms and conditions of the Perpetual Securities.
- (k) Represents amortisation of non-tax deductible upfront fees on credit facilities.
- (l) Represents unamortised upfront fees written-off in relation to the refinancing of A\$140.0 million term loan in February 2020.
- (m) Adjustments in relation to the application of FRS 116 for changes in fair value of investment properties, land rent and interest expenses on lease liabilities. There is no impact to DPU as a result of the adoption of FRS 116.
- (n) Relates to depreciation of plant and equipment.
- (o) In respect of the tax matter associated with 51 Alps Avenue, Singapore. The S\$2.7 million, net of relevant expenses and attributable to the rental period from 1 September 2016 to 31 March 2019 was distributed in 2Q 2019 after obtaining IRAS confirmation that the amount qualifies for tax transparency.
- (p) Relates to specific property and finance expenses that are non-tax deductible and other tax adjustments.
- (q) Relates to net income from the Trust’s subsidiaries.
- (r) Relates to distribution of income from Australia and other overseas subsidiaries that have been received in Singapore (net of withholding tax).
- (s) Capital distribution for 1H 2019 relates to reimbursements received from the vendor in relation to outstanding lease incentives at the point of completion of the acquisition of certain properties in Australia and rental support received from the vendor in relation to a property acquired in Australia.
- (t) Distributable amount declared to Unitholders for 1H 2020 was S\$25.3 million, including S\$0.5 million of the S\$2.5 million distributable income retained in 1Q 2020 released as part of 2Q 2020 distributable income. The remaining S\$2.0 million distributable income is retained to address potential mandatory rental deferment and/or waivers required to support some tenants.

For a Real Estate Investment Trust to maintain tax transparency (such that distributions are tax exempt to eligible Unitholders), it is required to distribute at least 90.0% of its taxable income.

For the half year ended 2020, ALOG has distributed 100.0% of its taxable income. The dividends are distributed on a quarterly basis, no later than 60 days after the end of each distribution period.

1(b)(i) Statements of Financial Position

	Notes	Group		Trust	
		30/6/20	31/12/19	30/6/20	31/12/19
		S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets					
Investment properties	(a)	1,341,541	1,333,939	929,847	929,315
Plant and equipment		632	788	632	788
Investments in subsidiaries	(b)	-	-	187,786	187,786
Amounts due from subsidiaries	(c)	-	-	106,010	161,765
Trade and other receivables	(d)	-	262	-	-
Total non-current assets		1,342,173	1,334,989	1,224,275	1,279,654
Current assets					
Trade and other receivables	(d)	10,899	8,206	7,893	5,566
Amounts due from subsidiaries	(c)	-	-	306	27,715
Derivative assets	(e)	-	210	-	210
Cash and cash equivalents		17,975	15,259	11,535	8,907
Total current assets		28,874	23,675	19,734	42,398
Total assets		1,371,047	1,358,664	1,244,009	1,322,052
Current liabilities					
Trade and other payables	(f)	(20,291)	(18,474)	(16,808)	(14,617)
Amounts due to subsidiaries	(c)	-	-	(39)	(41)
Interest bearing borrowings	(g)	(25,900)	(113,277)	(25,900)	(67,500)
Derivative liabilities	(e)	(202)	(126)	(202)	-
Lease liabilities	(h)	(3,250)	(3,190)	(3,250)	(3,190)
Total current liabilities		(49,643)	(135,067)	(46,199)	(85,348)
Non-current liabilities					
Trade and other payables		(2,819)	(3,734)	(2,819)	(3,734)
Interest bearing borrowings	(g)	(493,901)	(396,562)	(360,117)	(396,562)
Derivative liabilities	(e)	(16,276)	(7,516)	(15,849)	(7,516)
Lease liabilities	(h)	(73,186)	(74,825)	(73,186)	(74,825)
Total non-current liabilities		(586,182)	(482,637)	(451,971)	(482,637)
Total liabilities		(635,825)	(617,704)	(498,170)	(567,985)
Net assets		735,222	740,960	745,839	754,067
Represented by:					
Unitholders' funds	(i)	633,706	639,413	644,323	652,520
Perpetual securities holders' funds	(j)	101,516	101,547	101,516	101,547
		735,222	740,960	745,839	754,067

**Unaudited Financial Statements Announcement
For the Half Year ended 30 June 2020****Notes:**

- (a) Represents carrying value of the investment properties including asset enhancement initiatives, straight-line effective rental adjustments and foreign currency translation differences as well as right-of-use ("ROU") assets in relation to the portfolio of land leases with JTC, in accordance with FRS 116.
- (b) Relates to wholly-owned subsidiaries of ALOG, stated at cost.
- (c) The amounts due from subsidiaries mainly represents loans to an Australia subsidiary. The decrease during the period was mainly due to partial repayment of shareholder loans after the refinancing of A\$140.0 million term loan in February 2020.
- (d) The increase in trade and other receivables was mainly due to higher trade receivables, rental support receivable from the vendor of the newly acquired property in Altona, Victoria, Australia and the recognition of property tax rebates receivable from IRAS pursuant to the COVID-19 (Temporary Act) 2020 which landlord is required to pass on to its tenants.
- (e) Relates to the fair value of interest rate swaps and forward foreign currency exchange contracts. During the year, the Group has entered into A\$40.0 million interest rate swap effective from March 2020.
- (f) The increase in trade and other payables was mainly due to the recognition of property tax rebates to be passed on to tenants pursuant to the COVID-19 (Temporary Act) 2020.
- (g) Refer to Item 1(b)(ii), Aggregate amount of Borrowings and Debt Securities, for details.
- (h) Relates to lease liabilities in relation to the portfolio of land leases with JTC, in accordance with FRS 116.
- (i) Refer to Item 1(d)(i), Statement of Movements in Unitholders' Funds, for details. Changes were mainly due to movement in foreign currency translation reserves and the effective portion of changes in fair value of cash flow hedges, return and distribution to Unitholders for the period.
- (j) On 1 February 2018, the Trust issued S\$100.0 million of fixed-rate Perpetual Securities. Distributions to the perpetual securities holders are payable semi-annually in arrears on a discretionary basis and are non-cumulative. The perpetual securities are classified as equity and recorded within the Statement of Movements in Unitholders' Funds. The carrying value represents the perpetual securities issued, net of issue costs and includes the total return attributable to the perpetual securities holders from the last distribution date.

As at 30 June 2020, the Group's current liabilities exceeded its current assets primarily due to current borrowings of S\$19.9 million from the Revolving Credit Facility ("RCF") and S\$6.0 million short-term borrowings.

1(b)(ii) Aggregate amount of Borrowings and Debt Securities

	Group		Trust	
	30/6/20	31/12/19	30/6/20	31/12/19
	S\$'000	S\$'000	S\$'000	S\$'000
Secured borrowings				
Amount repayable within one year	-	45,808	-	-
Less : Unamortised transaction costs	-	(31)	-	-
	-	45,777	-	-
Amount repayable after one year	134,470	-	-	-
Less : Unamortised transaction costs	(686)	-	-	-
	133,784	-	-	-
Unsecured borrowing				
Amount repayable within one year	25,900	67,500	25,900	67,500
Less : Unamortised transaction costs	-	-	-	-
	25,900	67,500	25,900	67,500
Amount repayable after one year	363,000	400,000	363,000	400,000
Less : Unamortised transaction costs	(2,883)	(3,438)	(2,883)	(3,438)
	360,117	396,562	360,117	396,562
Total borrowings	519,801	509,839	386,017	464,062

Notes:

(a) The Group has in place the following unsecured Singapore dollar facilities:

- 5-year term loan of S\$90.0 million maturing in 2021⁽¹⁾;
- 5-year term loan of S\$110.0 million maturing in 2023;
- 5.5-year term loan of S\$200.0 million maturing in 2024;
- committed RCF of S\$65.0 million maturing in 2024; and
- uncommitted short-term borrowings of S\$20.0 million.

⁽¹⁾ The Trust had partially repaid S\$37.0 million of the S\$90.0 million term loan using the loan drawn down from the new A\$140.0 million term loan in February 2020, following the refinancing of the A\$48.5 million term loans mentioned in paragraph (b) below.

As at 30 June 2020, a total of S\$388.9 million was drawn.

(b) In February 2020, the Group has refinanced A\$48.5 million term loans which were due to mature in 2020 with the following secured Australian dollar facilities:

- 5-year term loan of A\$140.0 million maturing in 2025; and
- committed RCF of A\$15.0 million maturing in 2025.

As at 30 June 2020, a total of A\$140.0 million was drawn.

The secured facilities indicated are secured by way of a legal mortgage and charges against 13 Australia properties.

1(c) Statement of Cash Flows

	Notes	Group	
		1H 2020	1H 2019
		S\$'000	S\$'000
Cash flows from operating activities			
Total return for the period before taxation and distribution		24,599	24,553
Adjustments for:			
Manager's fees paid/payable in units		2,836	2,936
Depreciation		156	273
Foreign exchange (gain)/loss		(1,082)	2,152
Net financing costs	(a)	10,326	10,652
Net change in fair value of investment properties		1,580	1,522
Net change in fair value of financial derivatives		3,022	(232)
Changes in:			
Trade and other receivables		(2,652)	(2,356)
Trade and other payables		1,053	(377)
Provisions		-	(664)
Cash generated from operations		39,838	38,459
Tax paid		(880)	(954)
Net cash from operating activities		38,958	37,505
Cash flows from investing activities			
Interest received		8	127
Acquisition of investment property	(b)	-	(39,474)
Capital expenditure on investment properties	(c)	(2,099)	(1,044)
Net cash used in investing activities		(2,091)	(40,391)
Cash flows from financing activities			
Proceeds from borrowings	(d)	159,200	36,100
Repayment of borrowings	(e)	(152,705)	(7,100)
Financing costs paid		(721)	-
Interest paid on borrowings		(8,547)	(8,744)
Interest paid on lease liabilities		(1,435)	(1,491)
Payment of lease liabilities		(1,580)	(1,522)
Distributions to Unitholders		(25,795)	(32,511)
Distributions to perpetual securities holders		(2,773)	(2,773)
Net cash used in financing activities		(34,356)	(18,041)
Net increase/(decrease) in cash and cash equivalents		2,511	(20,927)
Cash and cash equivalents at the beginning of the period		15,259	33,338
Effect of exchange rate fluctuations on cash held		205	(172)
Cash and cash equivalents at the end of the period		17,975	12,239

**Unaudited Financial Statements Announcement
For the Half Year ended 30 June 2020****Notes:**

- (a) Refer to Item 1(a)(i)(c) for details.
- (b) Amount incurred on acquisition of a property in Altona, Victoria, Australia which was completed in April 2019.
- (c) Represents asset enhancement initiatives for existing investment properties.
- (d) Represents drawdown of A\$140.0 million term loan in February 2020 to refinance existing loans and RCF for working capital purposes. Refer to Item 1(b)(ii), Aggregate amount of Borrowings and Debt Securities, for details.
- (e) Represents repayment of A\$48.5 million secured term loans, S\$37.0 million partial repayment of the 5-year unsecured S\$90.0 million term loan in February 2020 as well as repayment of RCF.

1(d)(i) Statements of Movements in Unitholders' Funds

	Notes	Group	
		1H 2020 S\$'000	1H 2019 S\$'000
<u>Unitholders' Funds</u>			
Balance at the beginning of the period		639,413	713,157
Operations			
Total return for the period after tax, attributable to Unitholders and perpetual securities holders		23,640	23,478
Less: Amount reserved for distribution to perpetual securities holders		(2,742)	(2,727)
Net increase in net assets from operations		20,898	20,751
Effective portion of changes in fair values of cash flow hedges	(a)	(6,024)	(1,430)
Foreign currency translation reserve			
Translation differences from financial statements of foreign entities		2,839	(2,105)
Net loss recognised directly in Unitholders' funds		(3,185)	(3,535)
Unitholders' transactions			
Issue of new units			
- Manager's base fees paid in units		1,166	1,232
Units to be issued:			
- Manager's base fees payable in units	(b)	1,209	1,240
Distributions to Unitholders		(25,795)	(32,511)
Net decrease in net assets resulting from Unitholders' transactions		(23,420)	(30,039)
Unitholders' funds at the end of the period		633,706	700,334
<u>Perpetual Securities Holders' Funds</u>			
Balance at the beginning of the period		101,547	101,547
Amount reserved for distribution to perpetual securities holders		2,742	2,727
Distribution to perpetual securities holders		(2,773)	(2,773)
Balance as at the end of the period		101,516	101,501
Total		735,222	801,835

	Notes	Trust	
		1H 2020	1H 2019
		S\$'000	S\$'000
Unitholders' Funds			
Balance at the beginning of the period		652,520	725,030
Operations			
Total return for the period after tax, attributable to Unitholders and perpetual securities holders		23,688	24,253
Less: Amount reserved for distribution to perpetual securities holders		(2,742)	(2,727)
Net increase in net assets from operations		20,946	21,526
Effective portion of changes in fair value of cash flow hedges	(a)	(5,723)	(1,283)
Unitholders' transactions			
Issue of new units			
- Manager's base fees paid in units		1,166	1,232
Units to be issued:			
- Manager's base fees payable in units	(b)	1,209	1,240
Distributions to Unitholders		(25,795)	(32,511)
Net decrease in net assets resulting from Unitholders' transactions		(23,420)	(30,039)
Unitholders' funds at the end of the period		644,323	715,234
Perpetual Securities Holders' Funds			
Balance at the beginning of the period		101,547	101,547
Amount reserved for distribution to perpetual securities holders		2,742	2,727
Distribution to perpetual securities holders		(2,773)	(2,773)
Balance as at the end of the period		101,516	101,501
Total		745,839	816,735

Notes:

- (a) Relates to the effective portion of changes in fair value of derivative instruments designated as cash flow hedges.
- (b) Represents the value of units to be issued to the Manager as partial consideration of the Manager's base fees incurred for the second quarter ended 30 June 2020. The units are to be issued within 30 days from quarter-end.

1(d)(ii) Details of any changes in the units

	Notes	Group and Trust	
		1H 2020	1H 2019
		Units	Units
Issued units at the beginning of the period		1,085,818,549	1,077,881,375
Creation of units:			
- Manager's base fees paid in units		2,866,286	1,688,008
Issued units at the end of the period		1,088,684,835	1,079,569,383
Units to be issued:			
- Manager's base fees payable in units	(a)	2,140,856	1,568,977
Total issued and to be issued units		1,090,825,691	1,081,138,360

Notes:

(a) Represents units to be issued to the Manager as partial consideration of Manager's base fees incurred for the second quarter ended 30 June 2020. The units are to be issued within 30 days from quarter-end.

2 Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice

The figures have not been audited but have been reviewed by the auditors in accordance with Singapore Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

3 Where the figures have been audited, or reviewed, the auditors' report (including any qualifications or emphasis of matter)

See attached auditors' review report.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited financial statements have been applied

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial period, which are consistent with those described in the audited financial statements for the financial year ended 31 December 2019, except that in the current financial period, the Group has adopted all the new and revised standards that are effective for annual periods beginning on 1 January 2020. The adoption of these standards did not have any material effect on the financial performance or financial position of the Group.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Refer to Paragraph 4.

6 Earnings Per Unit (“EPU”) and Distribution Per Unit (“DPU”) for the financial period

EPU

	Notes	Group	
		1H 2020	1H 2019
Weighted average number of units		1,087,279,204	1,078,748,036
Earnings per unit for the period based on the weighted average number of units issued and to be issued (cents)	(a)	1.92	1.92
Weighted average number of units on the fully diluted basis		1,091,640,334	1,081,724,897
Earnings per unit for the period based on the fully diluted basis (cents)	(b)	1.91	1.92

Notes:

- (a) Basic EPU calculation has been calculated by dividing the total return for the period after tax attributable to Unitholders by the weighted average number of units issued and to be issued.
- (b) Diluted EPU calculation has been calculated by dividing the total return for the period after tax attributable to Unitholders by the weighted average number of units issued and to be issued, adjusted on the basis that the Manager’s base fee and performance fee paid in units were issued at the beginning of the period.

DPU

In computing the DPU, the number of units as at the end of each period is used for the computation.

	Notes	Group	
		1H 2020	1H 2019
Number of units issued and to be issued at end of period entitled to distribution	(a)	1,090,825,691	1,081,138,360
DPU based on the total number of units entitled to distribution (cents)	(b)	2.323	2.834

Notes:

- (a) Computation of DPU for the period from 1 January 2020 to 30 June 2020 is based on the number of units entitled to distribution at each quarter end:
- (i) Number of units in issue as at 30 June 2020 of 1,088,684,835; and
 - (ii) Units to be issued to the Manager by 30 July 2020 as partial consideration of Manager’s base fees incurred for the quarter ended 30 June 2020 of 2,140,856.
- (b) 1H 2020 DPU excludes 0.183 cents equivalent to the S\$2.0 million retained. Out of the 2.323 cents, 0.997 cents was paid to Unitholders on 29 May 2020. 1.326 cents will be paid to Unitholders on 28 August 2020.

7 Net Asset Value (“NAV”) per unit at the end of the period/year

	Group		Trust	
	30/6/2020 ^(a)	31/12/2019 ^(b)	30/6/2020 ^(a)	31/12/2019 ^(b)
NAV per unit attributable to Unitholders (S\$)	0.58	0.59	0.59	0.60

Notes:

- (a) NAV per unit is computed based on the net assets attributable to Unitholders. Number of units used to compute NAV per unit as at 30 June 2020 was 1,090,825,691 comprising the number of units in issue as at 30 June 2020 of 1,088,684,835 and units to be issued to the Manager as partial consideration of Manager’s base fees incurred for the quarter ended 30 June 2020 of 2,140,856.
- (b) Number of units used to compute NAV per unit as at 31 December 2019 was 1,085,818,549 comprising the number of units in issue as at 31 December 2019 of 1,082,845,470 and units to be issued to the Manager as partial consideration of Manager’s base fees incurred for the quarter ended 31 December 2019 of 1,706,974 and performance fees incurred for the full year ended 31 December 2019 of 1,266,105.

8 Review of the performance for the half year period ended 30 June 2020

Gross revenue for the half year ended 30 June 2020 was S\$57.8 million, a decrease of S\$0.8 million or 1.4% compared to 1H 2019. The decrease in gross revenue was mainly due to i) transitory downtime between leases at ALOG Cold Centre and Pandan Logistics Hub; ii) rental waivers to be given to qualifying SME tenants as part of the rental relief framework under the COVID-19 (Temporary Measures) (Amendment) Bill and; iii) a weaker Australian dollar. This was partially offset by higher revenue at ALOG Commodity Hub with the commencement of new leases in 2Q 2020 and additional rental contribution from a property in Altona, Victoria, Australia acquired in April 2019.

NPI for the half year ended 30 June 2020 was S\$43.9 million, a decrease of S\$0.3 million or 0.7% compared to 1H 2019. The decrease in NPI was mainly attributable to lower revenue, allowance for doubtful debts for certain Australia properties and expenses from the property in Altona, Victoria, Australia acquired in April 2019. This was partially offset by lower maintenance expenses for the Singapore portfolio.

Net financing costs for the half year ended were S\$10.3 million, 3.1% lower than 1H 2019. The decrease in net financing costs was mainly attributable to lower floating rates and recurring savings following the completion of A\$140.0 million term loan refinancing in February 2020 as well as lower amount drawn on RCF as compared to 1H 2019. This was partially offset by the one-off transaction costs in relation to the refinancing of the Australia loan in February 2020. The all-in financing cost for the period averaged 3.45% and the aggregate leverage stood at 40.4% as at 30 June 2020.

Distributable amount declared to Unitholders for the half year ended 30 June 2020 was S\$25.3 million, 17.3% lower compared to 1H 2019. The lower distribution was mainly due to i) S\$2.5 million distribution from 51 Alps Avenue in 1H 2019; ii) S\$0.7 million tax-exempt distribution from the divestment of Jinshan Chemical Warehouse in 1H 2019; iii) S\$0.6 million capital distribution in 1H 2019; and iv) net retention of S\$2.0 million distributable income with the release of S\$0.5 million from the S\$2.5 million retained in 1Q 2020 to address potential mandatory rental deferment and/or waivers required to support some tenants. Excluding the above, on a like-for like comparison, distributable income would have been 2.1% higher as compared to 1H 2019.

9 Variance between the projection and actual results

The current results are broadly in line with the Trust’s commentary made in the first quarter 2020 press release under market outlook. The Trust has not disclosed any financial forecast to the market.

**Unaudited Financial Statements Announcement
For the Half Year ended 30 June 2020****10 Commentary on the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

Based on JTC's 2Q 2020 report, occupancy rate for the overall industrial property market was at 88.3%, which saw a marginal increase of 0.2% on a quarter-on-quarter basis and 0.1% on a year-on-year basis. This slight increase was mainly due to higher occupancy achieved for single-user factory and warehouse space due to factors such as pre-commitments, stockpilings and storage. Overall warehouse occupancy rate was also at 88.3%, 0.8% higher as compared to 1Q 2020 and 0.4% lower as compared to the same quarter last year.¹

In a report by Savills Research, logistics and warehouse properties' rents in Singapore are expected to see an improved outlook with a marginal decline of 5.0% Y-o-Y this year, due to higher food and cold storage demand, including logistics warehouses. Amongst the various real estate sectors in Singapore, Savills Research believe that the industrial and warehousing markets has the highest potential for a recovery after 2020.²

According to the Reserve Bank of Australia ("RBA"), the Australian economy is experiencing a challenging period, including facing the biggest economic contraction since the 1930s. Substantial, coordinated and unprecedented easing of fiscal and monetary policy may be required for some time to tide through this difficult period. RBA will continue to maintain the current cash rate until full employment and inflation is sustainably maintained within the 2–3 per cent target band.³

Based on a report by Savills Research Australia, e-commerce growth has translated into heightened tenant demand in the industrial and logistics sector. Estimates from National Australia Bank showed that online retail trade grew 5.6% month on month in March, and 21.8% Y-o-Y, exceeding the annual total retail trade growth of 4.6%. Higher spending on food and consumer goods during the COVID-19 outbreak has resulted in more demand for additional warehouse space on either a temporary or permanent basis. As businesses in the industrial and logistics sector are considered essential services, landlords have also reported that rental reliefs are not required to be provided to as many of their tenants so far, helping to keep cash flows stable.⁴

In relation to the New Rental Relief Framework for Small-Medium Enterprises in the 'Fortitude Budget'⁵ announced by the Singapore government, the Manager is currently proactively engaging its tenants to determine their eligibility and administer the requisite support. ALOG has also commenced passing on property tax rebates announced in the Singapore Government's Resilience Budget to its tenants.

Looking ahead, the Manager will continue to closely monitor all regional and global developments and has made capital and liquidity management its strategic priorities. While ensuring the safety and well-being of its tenants, employees and communities at ALOG's properties, the Manager will also continue to proactively manage the portfolio and capital structure to safeguard the long-term sustainability of Unitholders' returns.

¹ JTC Quarterly Report, Industrial Properties, 2Q 2020.

² Savills Research, Market in Minutes, Industrial, May 2020.

³ Statement by Philip Lowe, Governor: Monetary Policy Decision, 7 July 2020.

⁴ Savills Research, Australian Industrial & Logistics, Q2 2020 Update.

⁵ Fortitude Budget announced by the Singapore Government on 26 May 2020.

11 Distributions

(a) Current financial period

Any distribution declared for the current period? Yes

Name of distribution: Distribution for the period from 1 April 2020 to 30 June 2020

Distribution Type:

Distribution Income Period	1/4/20 to 30/6/20
Distribution Type	cents
Tax exempt income component	0.282
Taxable income component	1.044
Total	1.326

Number of units entitled to distribution: 1,090,825,691

Par value of units: Not meaningful

Tax rate: **Tax exempt income component**
The tax-exempt income component of the distribution is exempt from tax in the hands of all Unitholders.

Taxable income component
Distributions are derived from ALOG's taxable income. Unitholders receiving distributions will be assessable to Singapore income tax on the distributions received except for individuals where these distributions are exempt from tax.

Distributions made to individuals, irrespective of their nationality or tax residence status, who hold units as investment assets will be tax exempt. However, distributions made to individuals who hold units as trading assets or through a partnership in Singapore will be taxed at their applicable income tax rates.

All Unitholders who are not individuals are subject to Singapore income tax / withholding tax on distributions of ALOG.

Remarks: Nil

(b) Corresponding period of the immediately preceding financial year

Any distribution declared for the current period? Yes

Name of distribution: Distribution for the period from 1 April 2019 to 30 June 2019

Distribution Type:

Distribution Income Period	1/4/19 to 30/6/19
Distribution Type	cents
Tax exempt income component	0.219
Taxable income component	1.062
Capital component	0.040
Total	1.321

Number of units entitled to distribution: 1,081,138,360

Par value of units: Not meaningful

Tax rate:

Tax exempt income component

The tax-exempt income component of the distribution is exempt from tax in the hands of all Unitholders.

Taxable income component

Distributions are derived from ALOG's taxable income. Unitholders receiving distributions will be assessable to Singapore income tax on the distributions received except for individuals where these distributions are exempt from tax.

Distributions made to individuals, irrespective of their nationality or tax residence status, who hold units as investment assets will be tax exempt. However, distributions made to individuals who hold units as trading assets or through a partnership in Singapore will be taxed at their applicable income tax rates.

All Unitholders who are not individuals are subject to Singapore income tax / withholding tax on distributions of ALOG.

Capital component

The capital component of the distribution represents a return of capital to Unitholders for tax purposes and is therefore not subject to income tax. For Unitholders holding units as trading assets, the amount of capital distribution will be applied to reduce the cost base of their units for the purpose of calculating the amount of taxable trading gains arising from the disposal of the units.

Remarks: Nil

**Unaudited Financial Statements Announcement
For the Half Year ended 30 June 2020**

(c) **Date Payable** 28 August 2020

(d) **Books Closure Date /
Record Date** 6 August 2020

12 If no distribution has been declared/(recommended), a statement to that effect

Not applicable.

13 Interested Party Transaction Mandate

ALOG does not have in place a general mandate for interested party transactions.

14 Confirmation pursuant to Rule 705(5) of the Listing Manual

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the Manager of ALOG (the "Manager") which may render the unaudited interim financial statements of the Group and Trust (comprising the statements of financial position as at 30 June 2020, statements of total return & distribution statements, statement of cash flows and statements of movements in Unitholders' funds for the six month period ended on that date), together with their accompanying notes, to be false or misleading, in any material aspect.

15 Confirmation pursuant to Rule 720(1) of the Listing Manual

The Board of Directors of the Manager hereby confirms that the undertakings from all its directors and executive officers as required in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual were procured.

This release 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 (including employee wages, benefits and training costs), 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 current views of management on future events.

The value of units in ALOG (“**Units**”) and the income derived from them, if any, may fall or rise. Units are not obligations of, deposits in, or guaranteed by, ARA LOGOS Logistics Trust Management Limited (as the manager of ALOG) (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 should note that they will 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 (the “**SGX-ST**”). It is intended that holders of Units 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.

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

BY ORDER OF THE BOARD
ARA LOGOS LOGISTICS TRUST MANAGEMENT LIMITED
AS MANAGER OF ARA LOGOS LOGISTICS TRUST
(Company registration no. 200919331H)

Chia Nam Toon
Director
28 July 2020

For enquiries, please contact:

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The Board of Directors
ARA LOGOS Logistics Trust Management Limited
(in its capacity as manager of ARA LOGOS Logistics Trust)
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Singapore 038985

27 July 2020

ARA LOGOS Logistics Trust Review of Interim Financial Information

Introduction

We have reviewed the accompanying Interim Financial Information of ARA LOGOS Logistics Trust (the “Trust”) and its subsidiaries (collectively the “Group”) for the six-month period ended 30 June 2020. The Interim Financial Information consists of the following:

- Statements of financial position of the Group and the Trust as at 30 June 2020;
- Portfolio statements of the Group and the Trust as at 30 June 2020;
- Statement of total return of the Group for the six-month period ended 30 June 2020;
- Distribution statement of the Group for the six-month period ended 30 June 2020;
- Statements of movements in unitholders’ funds of the Group and the Trust for the six-month period ended 30 June 2020;
- Statement of cash flows of the Group for the six-month period ended 30 June 2020; and
- Certain explanatory notes to the above financial information.

ARA LOGOS Logistics Trust Management Limited (the “Manager” of the Trust) is responsible for the preparation and presentation of this Interim Financial Information in accordance with the recommendations of the Statement of Recommended Accounting Practice (“RAP”) 7 *Reporting Framework for Unit Trusts* issued by the Institute of Singapore Chartered Accountants. Our responsibility is to express a conclusion on this Interim Financial Information based on our review.



Scope of review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of the interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Financial Information is not prepared, in all material respects, in accordance with the recommendations of RAP 7 issued by the Institute of Singapore Chartered Accountants.

Restriction of use

Our report is provided in accordance with the terms of our engagement. Our work was undertaken so that we might report to you on the Interim Financial Information for the purpose of assisting the Trust to meet the requirements of paragraph 3 of Appendix 7.2 of the Singapore Exchange Limited Listing Manual and for no other purpose. Our report is included in the Trust's announcement of its interim financial information for the information of its unitholders. We do not assume responsibility to anyone other than the Trust for our work, for our report, or for the conclusions we have reached in our report.



Kugul
KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore
27 July 2020