



**CACHE LOGISTICS TRUST**

(Constituted in the Republic of Singapore pursuant to a Trust Deed dated 11 February 2010 as amended and restated)

Press Release

**Cache Logistics Trust Reports  
Distributable Income of S\$14.3 million in 2Q FY19**

**Performance Highlights:**

- Completed the acquisition of a single-storey logistics warehouse and office facility in Altona, Victoria, Australia in line with the Manager’s Portfolio Rebalancing and Growth Strategy
- Completed initial phase of clean energy sustainability initiative with the operational commencement of rooftop solar panels at Commodity Hub, Pandan Logistics Hub and Cache Changi DistriCentre 1
- 51 Alps Ave Tax Matter - S\$2.7 million attributable to the rental period from 1 September 2016 to 31 March 2019, will be distributed in 2Q FY19’s distribution

**Financial Performance**

*In S\$’000 unless otherwise noted*

	<b>2Q FY19</b>	<b>2Q FY18</b>	<b>Change (%)</b>	<b>YTD FY19</b>	<b>YTD FY18</b>	<b>Change (%)</b>
<b>Gross Revenue</b>	<b>27,804</b>	<b>30,028</b>	<b>(7.4)</b>	<b>58,632</b>	<b>59,054</b>	<b>(0.7)</b>
<b>Net Property Income ("NPI")</b>	<b>20,456</b>	<b>21,633</b>	<b>(5.4)</b>	<b>44,222</b>	<b>44,493</b>	<b>(0.6)</b>
<b>Distributable Income</b>	<b>14,283</b>	<b>15,228</b>	<b>(6.2)</b>	<b>30,616</b>	<b>31,373</b>	<b>(2.4)</b>
- from operations	13,849 <sup>(2)</sup>	14,820	(6.6)	29,967	30,965	(3.2)
- from capital <sup>(1)</sup>	434	408	6.4	649	408	59.1
<b>Distribution per Unit ("DPU") (cents)</b>	<b>1.321<sup>(3)</sup></b>	<b>1.419</b>	<b>(6.9)</b>	<b>2.834</b>	<b>2.926</b>	<b>(3.1)</b>
- from operations	1.281 <sup>(2)</sup>	1.381	(7.2)	2.774	2.888	(3.9)
- from capital <sup>(1)</sup>	0.040	0.038	5.3	0.060	0.038	57.9
<b>Number of Units in Issue and to be issued (‘000)</b>	<b>1,081,138</b>	<b>1,072,933</b>	<b>0.8</b>	<b>1,081,138</b>	<b>1,072,933</b>	<b>0.8</b>

**Singapore, 25 July 2019** – ARA Trust Management (Cache) Limited, the manager (the “**Manager**”) of Cache Logistics Trust (“**Cache**”), announced today a Distributable Income of S\$14.3 million for the period 1 April 2019 to 30 June 2019 (“**2Q FY19**”). The distribution per unit (“**DPU**”) for 2Q FY19 was 1.321 cents.

<sup>1</sup> Relates to reimbursements received from the respective vendors in relation to lease incentives and rental support of certain property acquisitions in Australia. Capital distribution in 2Q FY18 relates to the capital gains from the disposal of Kim Heng warehouse in 2015.

<sup>2</sup> Includes one-off distribution in relation to 51 Alps Ave.

<sup>3</sup> Based on 1,081,138,360 units issued and to be issued as at 30 June 2019.

2Q FY19 Gross Revenue year-on-year (“y-o-y”) decreased to S\$27.8 million, mainly attributable to the conversion from a master lease to a multi-tenancy lease structure at Cache Gul LogisCentre (formerly known as Precise Two), absence of contribution from 40 Alps Ave and Jinshan Chemical Warehouse which were divested in 2018, and transitory downtime between replacement tenants in Commodity Hub during the quarter. This was partially offset by the contribution from the newly acquired warehouse located in Altona, Victoria, Australia in April 2019.

The 2Q FY19 NPI decrease of S\$20.5 million y-o-y was mainly due to lower revenue and higher property expenses resulting from the conversion of Commodity Hub and Cache Gul LogisCentre from a master lease to a multi-tenancy structure. This was partially offset by the S\$1.5 million land rent which was excluded from the property expenses following the adoption of FRS 116 effective on 1 January 2019 and the contribution from the newly acquired warehouse in Altona, Victoria, Australia in the quarter.

Distributable income for the quarter dipped to S\$14.3 million mainly due to lower NPI and a one-off reversal of professional fees associated with the 51 Alps Ave’s legal proceedings in 2Q FY18.

As for year-to-date (“YTD”) 2019, Gross Revenue and NPI decreased slightly by 0.7% and 0.6% to S\$58.6 million and S\$44.2 million respectively. Lower Gross Revenue and NPI were primarily due to the same attributable factors in 2Q FY19.

Following the announcement on 17 April 2019 in relation to the 51 Alps Ave tax matter, S\$2.7 million attributable to the rental period from 1 September 2016 to 31 March 2019, net of expenses, will be distributed to Unitholders in 2Q FY19.

### **Portfolio Update**

In 2Q FY19, Cache executed over 415,600 square feet (“sq ft”) of new leases and renewals. Cache reported a committed portfolio occupancy of 90.0% and a portfolio WALE by net lettable area of 3.2 years. YTD FY19, the Manager has secured significant lease commitments amounting to approximately 657,800 sq ft. Only 5.5% of the portfolio expires within the remainder of the year. Since quarter-end, the Manager has successfully secured commitment for a further 308,000 sq ft of space, improving committed occupancy to 92.6%.

Daniel Cerf, Chief Executive Officer of the Manager, said: “Cache experienced a challenging quarter particularly due to the conversion of Cache Gul LogisCentre from master lease to multi-tenancy structure and transitory downtime between replacement tenants in Commodity Hub. Nevertheless, even though the economic environment continues to face headwinds and limited organic growth by logistics operators, we expect Singapore’s industrial supply market to stabilise bearing in mind the limited new supply entering the market. We also remain steadfast in our proactive asset management strategies and are heartened to say that we have made great strides in our leasing momentum in 2019, securing 657,800 sq ft of leases and renewals YTD. Further efforts are proving successful post end of 2Q FY19 with having agreed terms with an established GLC for a 308,000 sq ft lease at Commodity Hub.”

On 29 April 2019, the Manager announced the completion of the 182 – 198 Maidstone Street in Altona, Victoria, Australia acquisition. With this acquisition, it will further solidify Cache’s existing platform and strategic presence in the growing, high quality industrial market in Australia. In line with its ongoing Portfolio Rebalancing and Growth Strategy, the Manager will continue to pursue good quality, income-producing freehold assets to generate stable, long-term sustainable earnings while also continuing reviewing divestment of lower yield properties with short land tenure to recycle capital into the freehold pursuits.

Following the announcement on 16 April 2019 regarding CWT Pte. Limited. (“CWT”), to date CWT is not in arrears and has not delayed payments in relation to their rental commitments. CWT’s contribution to Gross Rental Income (“GRI”) further decreased to 14.8% following the previous announcement on 16 April 2019 and the WALE exposure by GRI is 0.8 years. Cache also maintains sufficient security deposits on account.

### **Maintaining a Prudent Capital Structure**

As part of its proactive capital management efforts, Cache continued to maintain a prudent capital structure with an aggregate leverage of 37.9% as at 30 June 2019. The year-to-date all-in financing cost stood at 3.86%. The debt maturity profile continues to remain well-staggered with a weighted average debt maturity of 3.5 years.

As for foreign exchange exposure, approximately 88.2% of Cache’s distributable income is either hedged or derived in Singapore dollars - representing minimal foreign currency risk.

### **Enhancing Portfolio Quality and Value**

Following the announcement on 2 January 2019 on the signing of a solar power agreement with Sembcorp Industries for the project to install and operate rooftop solar farms at three warehouses, the Manager is pleased to announce that the project is complete and operational. Out of the three logistics warehouses, Commodity Hub is Singapore’s largest rooftop solar facility to date. The solar PV system is expected to generate over 10,000 megawatt hours of power annually. This will not only allow Cache to take advantage of under-utilised rooftop space but more importantly, to reduce Cache’s carbon footprint.

### **Outlook**

Based on JTC’s 1Q 2019 report, island-wide warehouse occupancy was lower by 0.3% on a q-o-q basis. Both industrial space prices and rentals were stable in the first quarter of 2019. <sup>(4)</sup>

With an uncertain outlook on ongoing trade tensions, both Knight Frank and Savills expect industrial space demand in Singapore to remain soft. For 2Q 2019, monthly gross rents of industrial properties saw a dip of 1.0% q-o-q on the back of weaker sentiment in the manufacturing sector. Industrial rents continue to face pressure on the back of a subdued economic outlook, volatile external environment and contraction in the electronics sector. However, 1.6 million sq ft of warehouse space is expected to be brought to market in 2019, down from the 10-yr annual average of 3.9 million sq ft. With the moderated pipeline supply and

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<sup>4</sup> JTC Quarterly Market Report. First Quarter 2019.

measured growth in certain sectors, the industrial market and rental prices are expected to remain largely stable. <sup>(5)(6)</sup>

At the Reserve Bank of Australia's meeting in July 2019, the RBA lowered the cash rate by 25 basis points to 1.0%. In its recent statement, the RBA mentioned that "the central scenario for Australia's economy continues to remain reasonable, with growth around trend expected". An increase in infrastructure investment has offset the subdued consumption growth and a pick-up in activity in the resources sector is also expected, partly due to an increase in Australia's exports prices. <sup>(7)</sup>

The Manager is committed to maintain Cache's competitiveness and its proactive leasing and asset management strategy to enhance organic growth. The Manager will also continue to execute its Portfolio Rebalancing and Growth Strategy by pursuing strategic acquisition opportunities and developing asset enhancement initiatives to grow earnings and portfolio value over time to generate sustainable returns and value for Unitholders.

### **Distribution to Unitholders**

For 2Q FY19, Cache will pay a distribution of 1.321 cents per unit on 28 August 2019 for the period from 1 April 2019 to 30 June 2019. The books closure date is on 2 August 2019.

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By Order of the Board  
ARA Trust Management (Cache) Limited (as manager of Cache Logistics Trust)  
(Company registration no. 200919331H)

Daniel Cerf  
Chief Executive Officer  
25 July 2019

For enquiries, please contact:

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<sup>5</sup> Knight Frank Singapore Research. Industrial. Q2 2019 Industrial Market Snapshot.

<sup>6</sup> Savills Research. Industrial rental market remains soft, June 2019.

<sup>7</sup> Reserve Bank of Australia. Statement By Philip Lowe, Governor: Monetary Policy Decision. 2 July 2019.

## ABOUT CACHE LOGISTICS TRUST (“CACHE”)

Listed on the Singapore Exchange on 12 April 2010, Cache Logistics Trust is a real estate investment trust (“REIT”) that invests in quality income-producing industrial real estate used for logistics purposes, as well as real estate-related assets, in Asia Pacific. Cache is managed by ARA Trust Management (Cache) Limited.

As at 30 June 2019, Cache’s portfolio comprised 27 high quality logistics warehouse properties strategically located in established logistics clusters in Singapore and Australia. The portfolio has a total gross floor area of approximately 9.0 million square feet valued at approximately S\$1.31 billion.

For more information, please visit [www.cache-reit.com](http://www.cache-reit.com).

## ABOUT ARA TRUST MANAGEMENT (CACHE) LIMITED

Cache is managed by ARA Trust Management (Cache) Limited, a wholly-owned subsidiary of ARA Asset Management Limited (“ARA” or the “Group”).

ARA Asset Management Limited is a premier global integrated real assets fund manager. Gross Assets Managed by ARA Group and its Associates is more than S\$80 billion<sup>8</sup> across over 100 cities in 23 countries.

Driven by a vision to be the best-in-class real assets fund management company, ARA Group and its Associates’ businesses include:

- (a) **REITs** – ARA is one of the largest REIT managers in Asia Pacific. The Group directly manages Fortune REIT, dual-listed in Singapore and Hong Kong; Suntec REIT, Cache Logistics Trust and ARA US Hospitality Trust, listed in Singapore; and Hui Xian REIT and Prosperity REIT, listed in Hong Kong. It also indirectly manages REITs in Japan, Australia, Singapore and Malaysia through its associate companies.
- (b) **Private real estate funds** – The Group manages private funds providing investment opportunities in diverse real estate sectors and geographies that cater to different investor risk appetites.
- (c) **Country desks** – ARA operates country desks in China, Korea, Japan, Malaysia, Australia, Europe and the United States. The country desks employ a strong understanding of each local market to facilitate the flow of inbound and outbound capital and cross-country collaborations. ARA has an expanded presence in Japan via its strategic stake in Kenedix, Inc. and in Europe via its strategic stake in Cromwell Property Group.
- (d) **Infrastructure** – ARA Infrastructure was established in 2018 to cater to strong investor demand for global infrastructure investment.
- (e) **Real estate management services** – As part of the Group’s investor-operator philosophy, its dedicated property management teams actively work the ground to manage its assets globally.

ARA’s multi-platform, multi-product global fund management strategy, combined with its dedicated teams with in-depth local knowledge, enables the Group to offer enduring value to investors. Built on a foundation of strong corporate governance and business integrity, ARA counts some of the world’s largest pension funds, sovereign wealth funds, financial institutions, endowments and family offices as its investors.

For more information, please visit <http://www.ara-group.com>.

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<sup>8</sup> Includes assets under management by ARA Asset Management Limited and the Group of companies (“ARA Group”) and its Associates.

## **IMPORTANT NOTICE**

The value of units in Cache ("**Units**") and the income derived from them, if any, may fall or rise. Units are not obligations of, deposits in, or guaranteed by, ARA Trust Management (Cache) Limited (as the manager of Cache) (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 Cache is not necessarily indicative of the future performance of Cache.