



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\$14.2 million in 3Q FY19

Performance Highlights:

- Portfolio committed occupancy up from 90.0% to 94.0% for 3Q FY19 on the back of signing 1.3 million sq ft of new leases and renewals YTD
- Of the entire Cache portfolio, the committed occupancy in Singapore stood at 92.8%, well-above JTC's average of 89.3%⁽¹⁾
- Improved quarter-on-quarter NPI performance by 3.3%
- Well-staggered debt maturity profile of 3.3 years with only 1.1% remaining in 2019

Financial Performance

In S\$'000 unless otherwise noted

	3Q FY19	3Q FY18	Change (%)	YTD FY19	YTD FY18	Change (%)
Gross Revenue	27,721	31,498	(12.0)	86,353	90,552	(4.6)
Net Property Income ("NPI")	21,140	23,063	(8.3)	65,362	67,556	(3.2)
Distributable Income	14,213	15,858	(10.4)	44,829	47,231	(5.1)
- from operations	13,677	15,472	(11.6)	43,644	46,437	(6.0)
- from capital ⁽²⁾	536	386	38.9	1,185	794	49.2
Distribution per Unit ("DPU") (cents)	1.313⁽³⁾	1.475	(11.0)	4.147	4.401	(5.8)
- from operations	1.263	1.439	(12.2)	4.037	4.327	(6.7)
- from capital ⁽²⁾	0.050	0.036	38.9	0.110	0.074	48.6
Number of Units in Issue and to be issued (mil)	1,082.8	1,074.7	0.8	1,082.8	1,074.7	0.8

Singapore, 25 October 2019 – ARA Trust Management (Cache) Limited, the manager (the "**Manager**") of Cache Logistics Trust ("**Cache**"), announced today a Distributable Income of S\$14.2 million for the period 1 July 2019 to 30 September 2019 ("**3Q FY19**"). The distribution per unit ("**DPU**") for 3Q FY19 was 1.313 cents.

¹ JTC Quarterly Market Report - Industrial Properties, 3Q 2019.

² Relates to reimbursements received from the respective vendor in relation to lease incentives and rental support of certain property acquisitions in Australia. Capital distribution in 3Q FY18 relates to reimbursements received from the vendor in relation to lease incentives of the acquisition of certain properties in Australia.

³ Based on 1,082,845,470 units issued and to be issued as at 30 September 2019.

Gross Revenue for 3Q FY19 decreased year-on-year (“y-o-y”) to S\$27.7 million, mainly attributable to the lower revenue from the conversion of Cache Gul LogisCentre from the previous master lease to a multi-tenancy structure in April 2019, transitory downtime between replacement tenants in Commodity Hub, lease expiries at certain properties, absence of contribution from the divested Jinshan Chemical Warehouse and a weaker Australian dollar. This was partially offset by rental contribution from the warehouse in Altona, Victoria, Australia that was acquired in April 2019.

On a y-o-y basis, 3Q FY19 NPI decreased by 8.3% to S\$21.1 million due to lower revenue and higher expenses incurred from the conversion of Cache Gul LogisCentre. This was partially offset by the S\$1.4 million land rent that was excluded from the property expenses following the adoption of FRS 116 effective on 1 January 2019 and lower property expenses. Distributable income for the quarter decreased by 10.4% y-o-y to S\$14.2 million as compared to S\$15.9 million in 3Q FY18.

On a quarter-on-quarter (“q-o-q”) basis, gross revenue was marginally lower by 0.3% in 3Q FY19 while NPI for the quarter increased 3.3% from S\$20.5 million in 2Q FY19. This is due to the commencement of new leases and lower property expenses incurred during the quarter. In comparison to the preceding quarter, excluding the one-off distribution of approximately S\$2.7 million in relation to the 51 Alps Ave tax matter, DPU would have risen 22.3% q-o-q on a like-for-like basis.

For year-to-date (“YTD”) 2019, Gross Revenue and NPI decreased by 4.6% and 3.2% to S\$86.4 million and S\$65.4 million respectively. Lower Gross Revenue and NPI were primarily due to the same attributable factors in 3Q FY19.

Proactive Asset Management

For the YTD FY19, Cache successfully executed approximately 1.3 million square feet (“sq ft”) of new leases and renewals. Cache achieved a committed portfolio occupancy of 94.0%, a significant lift from 90.0% in 2Q FY19. The portfolio WALE by net lettable area (“NLA”) was 3.2 years as at 30 September 2019.

For the quarter ended 30 September 2019, the Manager secured lease commitments amounting to approximately 610,000 sq ft. Only 1.1% of the portfolio by NLA is due for expiry for the remainder of 2019.

Daniel Cerf, Chief Executive Officer of the Manager, said: “We are pleased with the improvement in portfolio committed occupancy to 94.0%. Signing of 1.3 million sq ft of leases year-to-date is no easy task. This is testament to our proactive asset management efforts to maintain high portfolio occupancy in a challenging business environment. We continue to be very focused and committed in our strategy to driving organic growth and operational efficiencies while identifying suitable opportunities to further unlock and build portfolio value.”

Maintaining a Prudent Capital Structure

As at 30 September 2019, Cache’s aggregate leverage ratio stood at 38.3% and YTD all-in financing cost was relatively stable at 3.87%. The weighted average debt maturity profile continues to remain well-staggered at 3.3 years. The Management is also looking at opportunities to refinance the Australian dollar borrowings to lower interest expenses.

On foreign exchange exposure, approximately 87.0% of Cache's distributable income is either hedged or derived in Singapore dollars - representing minimal foreign currency risk.

Looking Ahead with a Focused Strategy

Colliers expects rental for logistics assets in Singapore to remain subdued amidst the volatile global trade situation and near term potential economic slowdown. Easing in supply pipeline of logistics space is expected to be seen over 2019 - 2023 with an annual expansion averaging 1.5% of total warehouse stock as compared to 7.6% for the previous four years across 2014 – 2018. With the amount of new supply tapering off, vacancy is also expected to stabilise going forward. ⁽⁴⁾

Following their meeting in October 2019, the Reserve Bank of Australia further lowered the cash rate by 25 bps to 0.75%. Over the year till end-June, Australia's economy saw an expansion of 1.4% and a slightly higher economic growth in 1H 2019 as compared to 2H 2018. Growth is expected to continue to be underpinned by factors including low interest rates, recent tax cuts, ongoing infrastructure spending, stabilisation in some established housing markets and a more positive outlook in the resources sector. ⁽⁵⁾ Australia's industrial sector continues to see growth and is the best performing sector in the property market. The strong demand in 2018 and low vacancy has translated into higher supply in the first half of 2019 as tenants saw challenges in finding existing spaces that can meet their needs. ⁽⁶⁾

Mr Cerf commented: "Going forward, as part of our longer-term strategy to build a balanced and more resilient portfolio, the Manager will continue to explore ways to recycle its capital with the aim to pursue strategic value-add acquisition opportunities of freehold assets. This is in line with our Portfolio Rebalancing and Growth Strategy to improve Cache's earnings and income return as well as to generate sustainable returns for our Unitholders. We will also continually evaluate potential redevelopment and asset enhancement initiatives to continuously improve the quality of the portfolio, meet tenants' operational requirements and maintain its competitiveness in the market."

Distribution to Unitholders

For 3Q FY19, Cache will pay a distribution of 1.313 cents per unit on 28 November 2019 for the period from 1 July 2019 to 30 September 2019. The books closure date is on 5 November 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 October 2019

⁴ Colliers Research, The Future of Logistics Real Estate, 3 October 2019.

⁵ Reserve Bank of Australia. Statement By Philip Lowe, Governor: Monetary Policy Decision. 1 October 2019.

⁶ m3property Insight. Australian Industrial Winter 2019.

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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 September 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.

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. As at 30 June 2019, Gross Assets Managed by ARA Group and its Associates is more than S\$83 billion⁷ 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 Suntec REIT, Cache Logistics Trust and ARA US Hospitality Trust, listed in Singapore; and Fortune REIT, 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>.

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.

⁷ Includes assets under management by ARA Asset Management Limited and the Group of companies (“ARA Group”) and its Associates as at 30 June 2019.